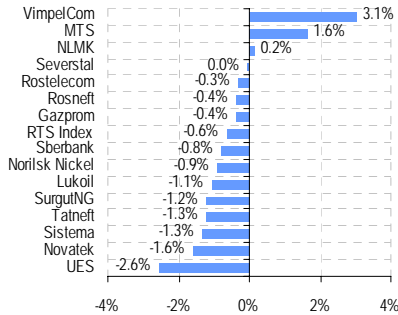
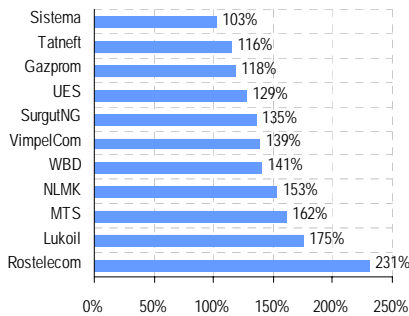


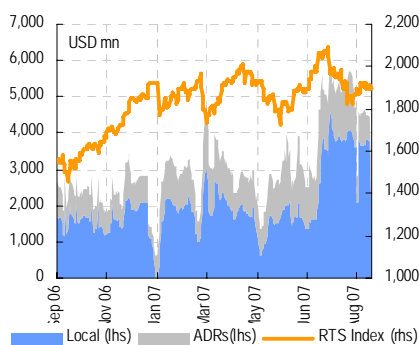
Blue chips: advancers and decliners



Volume monitor: daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

17 Sep	X5 Retail 1H07 IFRS results
Mid-Sep-Oct	OGK-4 IPO
Mid Sep	TGK-4 2006 IFRS results
Mid Sep	Kamaz 2006 IFRS results
25 Sep	Severstal-Auto 1H07 IFRS results
End-Sep	Regional telecoms 1H07 IFRS results
27 Sep	Polimetall 1H07 IFRS results
04 Oct	AFK Sistema 2Q07 U.S.GAAP results

Market

The unexpected cabinet resignation put slight downward pressure on Russian equities with the RTS declining by 0.6% to 1900 and the MICEX losing 0.8% to 1636. Oil prices touching USD80 per boe and improved metal prices should help today's opening.

Top news and ideas

- Lukoil: 2Q07 financials as expected.** EBITDA and net income rose in line with market expectations and we were pleased with the company's good EBITDA per boe level. However, the strong ruble may be a long term cause for concern.
- Lukoil: Set for EU asset acquisition spree?** Lukoil has allocated USD9 bn to acquire EU downstream companies and assets. We believe this is a sound policy as prices and conditions are favorable; however, execution is always the critical step.
- VimpelCom: Enters Vietnam for USD1 bn.** We view the deal as value-accretive given lucrative market, limited political risks and VimpelCom's successful track record in expansion beyond Russia.
- Sitronics: Poor 1H07 financials, in line with company guidance.** Delayed contracts in Telecom Solutions dragged down overall performance and led to a full-year revenue guidance downgrade, but the project pipeline warrants potential upside in the long term.
- Politics: Unexpected cabinet reshuffle.** We do not see any significant changes in economic policy and view this as evidence that political stability will prevail in the months leading to the presidential and parliamentary elections.

Other highlights

Brief - Novatek said in a regulatory filing that Levit reduced its stake in the company from 26.66% to 7.3% and state owned Vneshekonombank sold its 5.6% stake in the company. Levit Company belongs to Novatek's main shareholders, including CEO Leonid Mikhelson. We view this as negative for Novatek's shareholders but would like to wait until the new owners are announced.

>>> More news on page 7

Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	1,900	-0.6%	-0.3%	-1.4%	5.2%	22.1%
MSCI EM Europe Index	662	0.2%	0.1%	-0.6%	6.4%	19.5%
MSCI EM Index	1,090	0.2%	-0.4%	3.4%	7.3%	42.0%
S&P500 Index	1,472	0.0%	-0.1%	1.3%	-2.9%	11.6%
OIX (Oil majors) Index	771	1.2%	2.1%	5.9%	3.3%	32.2%
GSCI (Commodities) index	5,813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	79.9	2.2%	1.0%	11.8%	22.3%	25.3%
Nickel, USD/ton	27,025	1.0%	-2.5%	0.9%	-34.4%	-11.4%
Steel (HR), USD/ton	565	0.9%	-4.2%	-4.2%	2.7%	16.5%
LT U.S. Treasury YTM	4.7%	4.7%	4.8%	5.1%	5.4%	4.9%
EMBI-Russia spread, bp	141	148	152	143	122	111
RUB/USD	25.52	25.57	25.60	25.34	25.92	26.80

Source: Datastream, Bloomberg

Lukoil: 2Q07 financials as expected

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.
LKOH RU Equity	74.60	n/a	Not Rated	91.8/71.5	-3.1%	-0.5%	-5.9%
Financials, USD mn		2006A	2007E	2008E	Price performance, USD		
Revenue	67,876	67,588	67,913				
EBITDA	12,594	12,069	11,994				
Net income	7,592	7,155	6,967				
Revenue growth	21%	0%	0%				
EBITDA growth	14%	-4%	-1%				
Net income growth	16%	-6%	-3%				
EBITDA margin	19%	18%	18%				
Net margin	11%	11%	10%				
EV/Revenue	1.0	1.1	1.0				
EV/EBITDA	5.7	5.9	5.9				
P/E	8.4	8.9	9.1				
MCAP, USD mn	63,485	Com., mn	851	<p>Source: Bloomberg</p>			
EV, USD mn	71,178	Pref., mn					
Free float	45%	Total, mn	851				

Source: Datastream, IBES consensus

As expected, EBITDA, net income rise. Lukoil released its IFRS 2Q07 financials yesterday with both EBITDA (USD3.92 bn, up 9% y-o-y) and net income (USD2.51 bn, up 8%) essentially in line with the Bloomberg consensus. More importantly, according to our calculations, EBITDA per barrel rose to USD20.5 from USD18.5 in 2Q06.

Appreciating ruble a long term concern. Lukoil is benefiting from good price realizations as the crude price jumped by 20% q-o-q, a time lag of about two months until export duties get adjusted to the higher oil prices, and, more importantly, higher than expected domestic refined volumes which benefited from the appreciated ruble. However, Lukoil was also negatively affected by the problems giving headaches to all other Russian oil and gas companies: Transportation expenses have shot up by 33% y-o-y and the ruble has gained 13% against the USD. The latter trend takes away a big portion of the upstream profit as upstream revenues are usually in USD but production costs in the domestic fields are still incurred in rubles. Deputy CEO Leonid Fedun went a step further by predicting that in five years the ruble will have appreciated further against the USD and this trend has become a serious concern for the entire Russian oil and gas industry.

2007 production growth target downscaled. Lukoil's capex hit USD2.1 bn (up 42% y-o-y) – on track to reach close to USD9 bn for the year. The company also sees close to 11-12% cost inflation going forward. In terms of production growth, CEO Vagit Alekperov told analysts that the company will target a 4-5% annual growth in the next two years (2008 and 2009), with 80% of growth coming from newly developed regions. The 2007 target was revised downwards to 4-5% from 5-6.5% previously.

Good job on the cost side. We do not believe the financials held any big surprises for investors. While we suspect that the relatively pessimistic predictions of further ruble appreciation might be a wake up call for some international investors, we believe the company has performed well on the cost side as it managed to maintain good EBITDA per boe levels. Overall, we like Lukoil's strong upstream production growth potential, its high leverage to the domestic downstream business, its excellent effort on holding costs down and its low valuation when compared to international peers.

Lukoil 2Q07 financial results, USD bn

	2007, Reported	2007, Bloomberg Estimates	2006, Reported	Y-o-Y, %
Revenue	20.1	18.8	18.4	9.2%
EBITDA	3.92	3.98	3.66	7.1%
Net Income	2.52	2.45	2.32	8.6%
EBITDA per barrel	20.5	n/a	18.5	10.8%

Source: Company data, Bloomberg

Lukoil: Set for EU asset acquisition spree?

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

Favorable environment for M&A in Europe. The Financial Times reported yesterday that Lukoil is set for more acquisitions of both companies and assets in the European Union. According to Lukoil's deputy CEO, Leonid Fedun, the company has "earmarked USD9 bn for buying refining, distribution and retailing businesses in Europe". Mr. Fedun believes that the timing is better now as stock markets look healthier and valuations have become more reasonable. He also pointed out that shrinking refining margins in Central and Eastern Europe may force refineries to sell out, citing Hungarian Mol and Polish PKN Orlen as two refiners that have seen their margins decline lately. Outside Eastern Europe, Mr. Fedun also mentioned that Lukoil might be interested in refineries in Western Europe where several of the large oil and gas majors (BP, Shell, ExxonMobil) are shedding downstream assets as their North Sea production is falling.

We like Lukoil's strategy but execution is a risk. Lukoil has been intensifying its effort to increase domestic refining in the last few years and, indeed, the company said during a conference call yesterday that they will spend USD1bn each year on upgrades to existing capacity that could raise capacity by 23% in their Russian refineries. Outside that though, Lukoil has seen a big opportunity in the European markets, where margins are getting squeezed, and would like to improve its margins by refining its own cheap crude. This is a competitive advantage that very few European oil and gas companies can claim. Even though most of the Eastern European refiners (Mol, PKN, OMV) are still driven by nationalism and short sighted strategies, consolidation in one form or another will, in our opinion, take place in the coming years. We believe that Lukoil will be one of the major players in this M&A phase: they have the cash, the strategy and the crude resources to make this work. Buying individual refineries in Western Europe is also a high probability and would open new markets for Lukoil. Overall, we welcome Lukoil's strategy and have to give management credit for waiting until prices and conditions turn in its favor to start its M&A activity. However, a word of caution: execution is always the critical step.

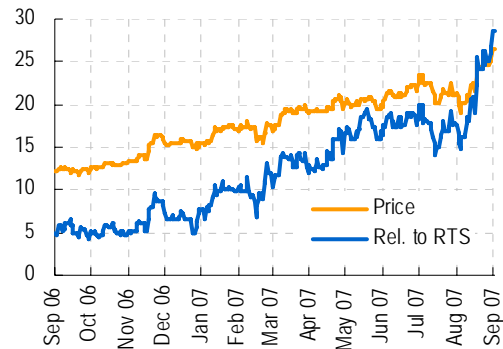
VimpelCom: Enters Vietnam for USD1 bn

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

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
VIP US Equity	26.39	24.00	Buy	26.39/11.83	24.1%	29.8%	116.2%

Financials, USD mn	2006A	2007E	2008E
Revenue	4,868	6,005	6,501
EBITDA	2,452	3,023	3,276
Net income	812	1,200	1,353
Revenue growth	52%	23%	8%
EBITDA growth	43%	23%	8%
Net income growth	32%	48%	13%
EBITDA margin	50%	50%	50%
Net margin	17%	20%	21%
EV/Revenue	6.0	4.8	4.5
EV/EBITDA	11.9	9.6	8.9
P/E	33.3	22.6	20.0
MCAP, USD mn	27,066	ADRs, mn	1,026
EV, USD mn	29,068		
Free float	28%	Total, mn	1,026

Price performance, USD



Source: Bloomberg

Source: Bloomberg, MDM estimates

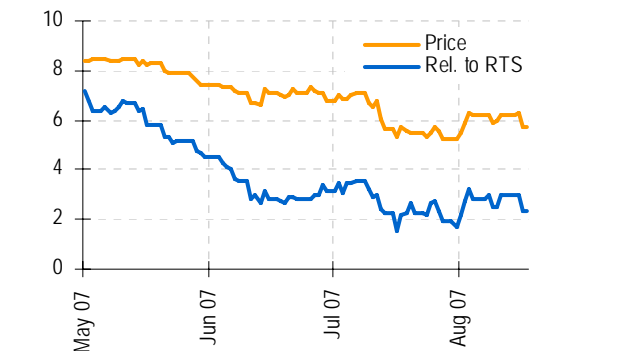
Established JV in Vietnam. VimpelCom announced yesterday that it signed an agreement to establish a JV with GTel Mobile in Vietnam. The other parties to the deal will be a company linked to the local Ministry of Public Security and US company Millennium Global Solutions Group. Under the agreement, VimpelCom is to invest up to USD1 bn in the deployment of a GSM network over the next several years and will have minority voting stake, but have significant influence in operational activity of the JV. The conditions and terms of the JV establishment are yet to be negotiated. According to VimpelCom's CEO Alexander Izosimov, cited by *Vedomosti*, it will take 6-9 months to construct and launch the network after the establishment of the JV is completed.

Entrance ticket to lucrative market. With increasing population (85 mn currently), mobile penetration of 32% and a 50% average market growth rate over the past two years we view the Vietnamese market as appealing. At present, there are three state-owned GSM operators – Viettel (10 mn subs), Mobifone (8.5 mn subs), Vinaphone (5.2 mn) – and a Korean CDMA operator SLD Telecom (0.4 mn subs).

We welcome the deal. Given VimpelCom's strong track record in gaining market share in competitive environments and the limited political risks (blessing was given from top political levels) we believe the company should prove capable of capitalizing on the solid Vietnamese market. The deal is the first step beyond the CIS for Russian mobile operators (after MTS's failures in Turkey and Egypt in 2005-06). However, *Vedomosti* reported today that Altimo, owner of 44% in VimpelCom, has signed a strategic cooperation agreement with Viettel, #1 GSM operator. In our view, this implies risk of a heating-up of competition from VimpelCom's major shareholder if it ends up with purchasing of this asset (similar situation occurred in Ukraine).

Sitronics: Poor 1H07 financials, in line with company guidance

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

Bloomberg ticker	Price, USD	FV, USD	Rating	12M High/Low	1M Perf.	3M Perf.	12M Perf.
SITR LI Equity	5.75	n/a	Not Rated	12/5.23	n/a	n/a	n/a
Financials, USD mn							
	2006A	2007E	2008E	Price performance, USD			
Revenue	1,891	2,284	2,726				
EBITDA	163	236	295				
Net income	43	92	127				
Revenue growth	28%	21%	19%				
EBITDA growth	14%	45%	25%				
Net income growth	13%	113%	37%				
EBITDA margin	9%	10%	11%				
Net margin	2%	4%	5%				
EV/Revenue	0.6	0.5	0.4				
EV/EBITDA	7.2	5.0	4.0				
P/E	25.4	11.9	8.7				
MCAP, USD mn	1,098	ADRs, mn	191				
EV, USD mn	1,172						
Free float	18%	Total, mn	191				

Source: Bloomberg, MDM estimates

1H07 results poor as expected. Sitronics, Sistema's technology arm, yesterday reported its 1H07 U.S.GAAP financials which proved to be disappointing as weak 1Q07 trends continued in 2Q07. Revenues declined 6% y-o-y to USD638 mn in 1H07, while both EBITDA and bottom line ended in the red. However, the unimpressive performance was basically in line with company guidelines provided during 1Q07 conference call.

Telecom solutions segment was key culprit, as it saw contract delays with several key clients (notably, deployment of NGN for MGTS and 3G for MTS postponed to 2008) in the wake of worsened market conditions. This loss-making division was the major top-line and EBITDA contributor in 2006, 44% and 86%, respectively (no segment breakdown was disclosed on a semi-annual basis). The company's heavy dependence on Sistema affiliated companies backfired here.

Mixed performance elsewhere. According to management, Sitronics' IT and microelectronic divisions outperformed in 1H07. The low-margin IT business (accounted for 35% top-line and 12% of EBITDA in 2006) posted a 23% y-o-y revenue growth, while microelectronic's proceeds more than doubled thanks to the successful launch of the SIM cards project and a contract with the Moscow subway. Still, it was insufficient to offset underperformance in telecom solutions. Meanwhile, consumer electronics (under restructuring) and electronics manufacturing were loss-makers for the period.

2007 revenue guidance lowered. The company scaled down its revenue guidance for the full year to USD1.6-1.7 bn but claimed an expected upturn in EBITDA dynamics starting from 3Q07 and that they would get "close to a break-even" by year end. Also, on a positive note, Sitronics' envisages a USD1.5 bn project pipeline in telecom solutions for the next 2-3 years (not including a USD1.2 bn project in Saudi Arabia), and is close to completing at least one sizable M&A deal and launching 0.18 micron production in Zelenograd by year end (to be followed by 0.065 micron next year), management said.

Good upside potential longer term. The stock price sank 8.7% after the 1H07 financials despite cautious guidance and prospects of a turnaround in 2H07. We agree with the management that Sitronics needs to sign more contracts (bringing more business on board and diversifying customer base) and to be successful in M&A activity in order to improve market perception. In our view, Sitronics is a good opportunity for patient long-term investors, but we do not rule out positive surprises from the project pipeline which may trigger a stock rebound in the short-term (the stock is trading at a 52% discount to IPO price).

Sitronics 1H07 U.S.GAAP results

	2Q06	1Q07	2Q07	q-o-q change	y-o-y change	1H06	1H07	y-o-y change
Revenues	328	310	328	6%	0.1%	681	638	-6%
EBITDA	16	-11.4	-27	n/a	n/a	70	-39	n/a
EBITDA margin	5%	n/a	n/a	n/a	n/a	10%	n/a	n/a
Net income	2	-28	-52	n/a	n/a	16	-80	n/a
Net margin	1%	n/a	n/a	n/a	n/a	2%	n/a	n/a

Source: Company data, MDM estimates

Politics: Unexpected cabinet reshuffle.

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

Cabinet resigns unexpectedly. A surprising move from President Putin yesterday interrupted the relatively calm trading session and fueled fervent discussions among political analysts. Prime Minister Mikhail Fradkov and his cabinet resigned and most analysts expected Putin to replace him with his preferred presidential successor, putting an end to any semblance of competition for the presidency. Instead, Putin appointed Viktor Zubkov, head of the Russian anti-money laundering agency, as Prime Minister. Many possible scenarios emerged as speculation abounded yesterday and will likely continue in the following weeks.

Economic policy to remain unchanged. Some scenarios came to the fore that Economy and Finance Ministers Gref and Kudrin might resign. These scenarios have been circulating since Gref and Kudrin were appointed. While we would not rule out anything, we believe that basic economic policies will remain intact. Strong growth and getting a grip on inflation are the main priorities. With the appointment of Zubkov the government might also intensify its anti-corruption campaign which could prove another positive for investors.

Speculation runs rife, but political stability will prevail. In terms of possible scenarios on the next President and the importance of yesterday's news, speculation ran wild among political analysts. We believe that the current model remains intact with the two main candidates Dmitry Medvedev and Sergei Ivanov starting the race on equal footing. Had president Putin appointed one of them as Prime Minister, that candidate would have been placed at a clear advantage which would have led to further attacks on Putin's democratic credentials. The appointment of, in our view, a transitional Prime Minister means that President Putin will keep its promise to not interfere in the race. This should be good news for investors, and, indeed, the absence of a strong negative market reaction yesterday was indicative of this. Political stability and continuity in existing economic policies should mitigate investor uncertainty.

News Briefs

Oil and Gas

Gazprom will submit the Sakhalin-2 environment action plan to the Natural Resources Ministry in September (Bloomberg). Environmental issues have proved costly for the project: EBRD reconsidered a USD200 mn loan and Shell ceded development rights. However, since President Putin prompted Transneft to move its pipeline further from Baikal last year, there is a chance Gazprom shows more environmental concern than the project's previous cast of shareholders.

Gazprom and TNK-BP announced that they will extend their negotiations on the sale of the Kovykta field until the end of November (Bloomberg). In our view, this is part of wider negotiations between Gazprom and BP on their upcoming JV and the final price of Kovykta might play a role in these negotiations.

Rosneft officials said yesterday that the company will not renew its crude oil contract with Chinese oil major CNPC after 2010 (Reuters). The contract was signed when Rosneft borrowed USD6 bn from the Chinese to buy the Yukanskneftegaz assets a few years ago. We believe that negotiations on the renewal of this contract are ongoing and Rosneft is putting pressure on the Chinese.

Utilities

The government will sell its stakes in OGK-4 and TGK-1 on September 15 (Interfax). The companies' books will be closed on September 14 and the tender commissions will name the purchaser the next day. The additional shares of TGK-1 will be sold on September 15 when the board will approve the placement price and name the winner. The book for OGK-4's additional shares will be opened on September 15 and within 5-10 days the purchaser of the stake will be determined.

Metals and Mining

Billionaire Mikhail Prokhorov raised his stake in Polyus Gold to a blocking share. *Vedomosti*, citing an unnamed source from Polyus Gold, reported that Prokhorov had recently acquired a 3% stake. This is another move in the rivalry between Prokhorov and Potanin, in our view.

Industrials, Consumer, Banks

The Russian Federal Anti-monopoly agency rejected Siemens' application to buy Interros' 30% stake in Power Machines on the grounds that it would threaten competition (Reuters). This was in line with both market and our own expectations. As we wrote last week, Power Machines is of strategic importance and the government would not permit a foreign company to take control.

Other

Rosstat announced that the official 1H07 GDP growth reached 7.9% with industrial production rising by 7.7% y-o-y, manufacturing 14.4%, imports 37%, investments 22.7%, construction 22.5%, real disposable income 11.9% and real wages 17.1%. Most of these figures are in line with expectations.

Stock performance summary									
	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	10.31	-0.4%	0.9%	-2.5%	9.1%	-6.1%	-10.3%	11.8/8.75
	Novatek	49.30	-1.6%	-2.4%	-5.0%	0.4%	5.6%	-22.4%	66/44.3
	Rosneft	8.22	-0.4%	0.2%	-0.2%	5.1%	10.0%	-10.2%	9.49/7.47
	Lukoil	74.60	-1.1%	0.1%	-3.1%	-0.5%	-5.9%	-15.2%	91.8/71.5
	TNK-BP Holding	1.95	0.3%	0.0%	-2.5%	0.3%	-25.0%	-24.9%	2.65/1.67
	Surgutneftegaz	1.23	-1.2%	-1.7%	2.9%	11.8%	-5.4%	-19.6%	1.53/1.07
	Gazprom Neft	3.74	0.0%	-0.3%	-4.1%	-4.1%	-5.3%	-18.0%	4.72/3.7
	Tatneft	4.89	-1.3%	2.0%	1.5%	4.8%	-0.2%	1.7%	5.45/3.95
	Bashneft	14.00	3.7%	3.7%	-4.4%	12.0%	-7.6%	-12.5%	17.65/12
	Transneft pref	1,600.00	0.6%	2.2%	-8.3%	11.5%	-20.8%	-30.3%	2540/1435
	Integra	15.51	0.7%	-4.3%	-4.6%	n/a	n/a	n/a	21.55/13.55
C.A.T Oil	20.12	1.8%	-0.9%	-1.3%	-1.4%	39.7%	0.6%	25.56/14.2	
West Siberian Resources	0.76	0.0%	-1.9%	0.0%	-11.3%	-26.1%	-30.6%	1.16/0.66	
Utilities	UES	1.17	-2.6%	-4.2%	-13.6%	-12.3%	49.9%	8.4%	1.46/0.69
	OGK-1	0.10	n/a	n/a	n/a	n/a	n/a	n/a	0.12/0.1
	OGK-2	0.16	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.09
	OGK-3	0.14	0.0%	0.0%	-15.3%	-20.5%	68.5%	10.6%	0.18/0.08
	OGK-4	0.12	0.0%	0.0%	2.6%	3.5%	103.4%	48.8%	0.13/0.06
	OGK 5	0.15	-0.2%	-2.7%	-2.4%	-3.9%	75.7%	18.6%	0.16/0.08
	OGK-6	0.13	n/a	n/a	n/a	n/a	n/a	n/a	0.17/0.09
Telecoms and technology	MTS	63.42	1.6%	0.2%	1.5%	9.5%	59.1%	26.4%	67.55/37.48
	Sistema	29.50	-1.3%	4.0%	2.0%	5.5%	2.8%	-7.8%	32.9/25.75
	VimpelCom	26.39	3.0%	7.5%	24.1%	29.8%	116.2%	67.1%	26.39/11.83
	Comstar	10.65	0.9%	0.7%	0.7%	25.3%	60.9%	26.8%	11.38/6.14
	Rostelecom	9.90	-0.3%	0.5%	2.6%	11.9%	110.6%	29.4%	9.95/4.62
	Golden Telecom	70.21	1.8%	2.8%	8.1%	38.9%	128.5%	49.9%	70.41/29.52
	MGTS	29.57	-2.2%	-3.3%	-10.7%	9.8%	44.1%	15.4%	34.29/19.44
	Uralsvyazinform	0.06	-0.5%	-2.3%	-1.9%	-11.1%	41.5%	-15.1%	0.07/0.04
	Volga Telecom	4.62	0.1%	0.0%	-8.1%	-12.8%	15.5%	-23.6%	6.6/3.75
	Sibirtelecom	0.09	0.0%	-4.9%	-10.2%	-20.3%	7.0%	-18.2%	0.13/0.08
	Northwest Telecom	1.43	-1.1%	-4.7%	-12.0%	-17.8%	20.3%	-13.6%	1.84/1.12
	Center Telecom	0.90	0.0%	0.0%	-5.8%	-2.2%	63.6%	20.0%	1/0.55
	Southern Telecom	0.17	-0.9%	-0.9%	-6.4%	-13.6%	33.7%	-6.4%	0.23/0.12
	Dalsvyaz	4.60	0.0%	0.0%	-6.1%	-4.2%	55.9%	10.6%	5.2/2.95
	Bashinformsvyaz	0.18	0.0%	0.0%	1.1%	0.0%	10.3%	-22.2%	0.23/0.17
	RBC	8.05	0.5%	-0.1%	-6.6%	-13.5%	-15.2%	-31.8%	12.1/7.53
	Metals and mining	Sitronics	5.75	-8.7%	-2.2%	8.5%	-31.1%	n/a	n/a
CTC Media		24.37	-1.4%	-1.3%	8.2%	-7.5%	14.8%	1.5%	28.77/19.59
Rambler Media		41.63	-1.2%	-2.0%	0.0%	0.6%	79.1%	23.3%	55/23.25
Norilsk Nickel		221.00	-0.9%	1.4%	6.4%	13.3%	78.2%	40.8%	225/112
Polyus Gold		41.50	1.0%	0.2%	0.5%	7.8%	3.8%	-15.8%	55.25/38.3
Severstal		17.26	-0.1%	2.7%	9.2%	35.4%	50.7%	54.1%	18.1/10.84
Evraz Group		51.10	0.2%	0.8%	5.0%	32.7%	137.7%	98.9%	53.4/21.5
Mechel		45.34	-0.7%	2.2%	12.0%	27.0%	111.9%	77.9%	47.7/19.91
NLMK		32.85	0.2%	1.7%	11.9%	21.2%	75.7%	41.3%	35.4/18.4
MMK		1.06	-5.4%	-5.4%	-3.6%	11.6%	63.1%	21.8%	1.18/0.65
TMK		38.70	-3.1%	-3.3%	2.0%	11.2%	n/a	10.6%	42.25/21.6
Industrials, consumer, banks	VSMPO	288.00	1.4%	1.4%	2.5%	0.7%	21.0%	-1.7%	330/221.5
	Sberbank	3.69	-0.8%	-0.5%	-2.6%	0.7%	73.6%	7.0%	4.42/2.02
	Rosbank	6.82	0.1%	-3.6%	-5.6%	1.2%	43.1%	-9.0%	7.67/4.4
	X5	33.96	-2.1%	0.5%	16.1%	9.5%	77.8%	30.6%	34.7/18.9
	Seventh Continent	25.20	0.0%	-0.8%	0.6%	-4.9%	14.3%	-5.6%	29.3/21.7
	Dixy Group	14.60	0.0%	-1.0%	-2.8%	6.9%	35.7%	19.7%	15.6/13.95
	Magnit	42.75	0.4%	1.5%	-2.8%	6.9%	35.7%	19.7%	47.6/31.5
	Wimm-Bill-Dann	107.84	-3.7%	-0.8%	15.2%	29.8%	136.8%	62.0%	112.75/41.2
	Lebedyansky	89.00	-1.4%	2.3%	-10.1%	14.8%	26.2%	11.3%	99/69
	Nutritek	45.00	-4.8%	-7.2%	-11.3%	0.8%	17.5%	6.2%	53.8/45
	Baltika (euro)	33.81	-3.0%	-3.0%	-6.0%	0.8%	17.5%	6.2%	36.96/30.97
	Razgulay	4.01	-2.0%	-0.2%	-2.2%	11.4%	-16.5%	0.3%	5.2/3.6
	Severstal Auto	42.70	0.5%	4.1%	8.1%	35.1%	123.6%	41.2%	42.7/19.1
	AvtoVAZ	160.00	0.0%	1.1%	-0.4%	10.9%	17.6%	25.1%	174/65
	Aeroflot	2.74	0.0%	1.1%	-0.4%	10.9%	17.6%	25.1%	3.05/2.17
	Veropharm	44.00	-0.9%	-2.2%	-9.6%	16.1%	66.0%	38.6%	48.65/26
	Apteka 36.6	76.30	0.0%	-4.0%	-10.5%	-19.7%	81.7%	31.0%	96.1/42
	Pharmstandard	17.10	0.3%	1.5%	9.6%	0.8%	n/a	n/a	17.18/13.6
	Kalina	35.00	0.0%	-4.1%	-18.0%	-7.9%	-26.6%	-32.0%	51.5/34.25
Oriflame (euro)	43.99	5.7%	8.2%	13.8%	18.3%	63.2%	44.7%	43.99/25.63	
Cherkizovo	12.25	0.0%	1.0%	-3.2%	-15.1%	-9.3%	-9.9%	16.1/11.05	
Sistema Hals	10.13	-1.2%	-6.8%	-9.6%	-20.1%	n/a	-23.8%	15.05/10.13	
RTS Index	1,899.95	-0.6%	-0.3%	-1.4%	5.2%	22.1%	-1.1%	2091.26/1452.54	

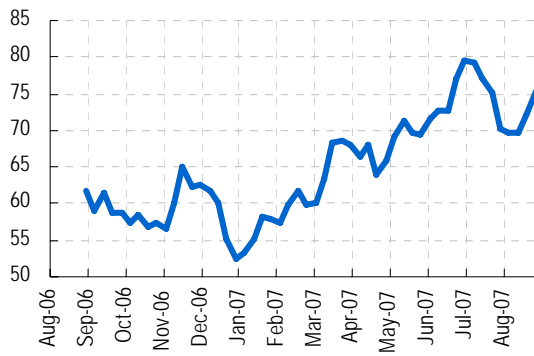
Source: Bloomberg

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	234,542	10.5	9.3	8.5	7.8	6.9	6.3	3.3	3.1	2.9	
	Novatek	14,967	21.7	16.0	12.2	13.6	10.3	8.1	6.5	5.0	3.7	
	Lukoil	63,485	8.4	8.9	9.1	5.7	5.9	5.9	1.0	1.1	1.0	
	Rosneft	87,124	22.1	18.5	16.3	11.9	10.6	8.7	2.9	2.7	2.4	
	Surгутneftegaz	48,641	12.0	11.8	14.3	5.7	5.8	6.5	2.0	2.0	2.0	
	Gazprom Neft	17,731	5.4	6.3	6.6	3.5	4.0	4.4	0.9	1.0	1.0	
	Tatneft	11,060	8.7	9.4	9.9	5.5	6.2	7.0	1.0	1.0	1.1	
	Bashneft	2,380	5.1	5.8	6.2	2.9	3.3	3.5	0.6	0.7	0.8	
	Transneft pref	11,058	4.9	4.2	3.8	3.6	3.0	2.6	1.9	1.6	1.5	
	West Siberian Resources	901	39.6	23.2	8.7	9.1	6.8	4.3	3.3	2.5	1.8	
	Aggregate - oil and gas	490,989	11.0	10.0	9.6	6.7	6.2	5.9	2.2	2.0	1.8	
Utilities	UES	48,060	36.4	26.9	18.9	18.0	13.9	10.1	3.4	2.9	2.6	
	Mosenergo	6,912	98.9	31.5	26.5	17.7	12.4	9.1	2.4	2.1	1.9	
	OGK-1	4,554	n/a	50.0	34.2	37.6	24.6	17.6	4.1	3.7	3.0	
	OGK-2	4,104	n/a	51.3	28.9	224.1	25.3	15.1	4.5	3.8	3.1	
	OGK-3	6,435	n/a	75.7	46.0	93.3	36.7	33.0	8.5	6.9	6.0	
	OGK-4	5,847	n/a	92.8	48.3	72.7	43.8	24.0	6.1	5.6	4.3	
	OGK 5	5,430	46.0	56.6	40.2	57.8	26.2	19.4	5.6	4.4	3.6	
	OGK-6	3,475	43.4	27.5	14.8	19.1	15.0	9.7	3.2	2.7	2.2	
	Aggregate - utilities	84,816	26.3	30.0	20.1	35.0	14.7	11.0	3.2	2.7	2.4	
Telecoms and technology	MTS	25,305	20.3	14.2	12.7	8.7	7.4	6.7	4.4	3.7	3.4	
	Sistema	14,249	15.8	11.8	10.8	7.3	6.1	5.6	2.7	2.4	2.2	
	VimpelCom	27,066	33.3	22.6	20.0	11.9	9.6	8.9	6.0	4.8	4.5	
		Aggregate - mobile telecoms	66,619	23.1	16.2	14.5	9.3	7.7	7.1	4.4	3.7	3.4
	Comstar	4,451	54.3	15.4	13.4	15.4	8.8	8.0	5.0	3.8	3.4	
	Rostelecom	7,795	n/a	67.8	56.9	19.8	17.7	15.8	3.3	3.3	3.1	
	Golden Telecom	2,573	30.1	22.0	16.4	11.4	8.1	6.1	3.0	2.2	1.8	
	MGTS	2,781	16.0	11.4	10.3	9.8	7.3	6.6	4.1	3.2	3.0	
	Uralsvyazinform	2,137	68.9	15.6	12.0	8.9	6.0	5.2	2.5	2.1	2.0	
	Volga Telecom	1,411	18.1	10.6	8.8	5.9	4.5	4.0	2.1	1.7	1.6	
	Sibirtelecom	1,355	31.8	6.5	5.1	7.3	4.2	3.5	1.8	1.5	1.3	
	Northwest Telecom	1,521	32.4	12.9	12.4	7.7	5.2	4.8	2.5	2.0	1.8	
	Center Telecom	1,710	25.3	26.7	15.5	6.3	5.8	4.9	2.3	2.0	1.8	
	Southern Telecom	620	47.7	15.5	13.8	6.1	5.7	5.2	2.1	1.9	1.7	
	Dalsvyaz	580	44.6	12.1	8.3	8.2	4.8	3.8	2.1	1.5	1.3	
	Bashinformsvyaz	173	7.6	8.1	4.7	3.3	3.2	n/a	1.1	1.0	0.8	
	Sitronics	1,098	25.4	11.9	8.7	7.2	5.0	4.0	0.6	0.5	0.4	
		Aggregate - fixed line telecoms	27,108	34.3	18.7	14.8	9.2	6.8	6.2	2.7	2.2	2.0
	RBC	926	20.5	24.3	11.5	11.5	9.6	6.9	4.1	3.2	2.6	
	CTC Media	3,692	24.9	19.2	15.0	14.9	11.6	9.3	7.1	5.5	4.4	
Rambler Media	625	51.6	25.8	16.9	31.6	14.3	9.9	7.8	4.5	3.5		
	Aggregate - media	5,244	32.3	23.1	14.5	19.3	11.8	8.7	6.3	4.4	3.5	
Metals and mining	Norilsk Nickel	40,443	5.4	6.6	9.1	3.5	4.4	6.3	2.5	2.8	3.4	
	Polyus Gold	7,927	37.9	49.3	56.5	17.7	21.1	21.0	7.6	7.9	8.0	
	Severstal	17,393	10.2	9.7	9.3	5.6	5.2	5.0	1.4	1.3	1.3	
	Evrz Group	17,921	10.2	10.6	9.5	6.5	6.5	6.7	2.1	1.9	1.8	
	Mechel	6,119	7.6	8.1	9.2	4.7	4.8	4.8	1.2	1.1	1.1	
	NLMK	19,687	9.6	10.3	9.8	5.9	6.2	5.7	2.7	2.7	2.4	
	MMK	10,773	7.1	7.1	6.0	4.8	4.8	4.2	1.5	1.4	1.2	
	TMK	8,437	12.7	8.8	11.1	7.7	5.7	7.3	2.3	1.9	1.8	
	VSMPO	3,456	13.6	10.7	8.5	8.7	7.1	5.6	3.4	2.8	2.2	
		Aggregate - metals and mining	132,155	14.7	14.4	14.3	8.4	7.8	7.5	3.1	2.8	2.7
Industrials, consumer, banks	Sberbank *	211	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
		Aggregate - banks	211	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	X5	7,352	35.7	26.0	19.0	16.2	12.2	9.7	1.7	1.2	0.9	
	Magnit	3,078	36.9	26.3	17.9	16.0	11.3	8.4	0.9	0.7	0.5	
	Seventh Continent	1,890	28.2	21.8	16.1	13.6	9.7	7.4	1.4	1.0	0.8	
	Lebedyansky	1,816	17.9	15.1	13.1	11.5	9.5	8.4	2.2	1.8	1.6	
	Baltika (euro)	5,785	12.6	11.5	9.4	8.1	7.4	5.8	2.5	2.3	1.9	
	Wimm-Bill-Dann	4,745	30.2	22.3	18.4	15.6	12.1	9.9	2.2	1.8	1.6	
		Aggregate - FMCG	24,666	26.9	20.5	15.7	13.5	10.4	8.3	1.8	1.5	1.2
	Razgulay	425	20.0	9.6	8.9	7.5	5.3	5.0	0.9	0.8	0.7	
	Severstal Auto	1,452	23.2	14.7	13.2	12.2	8.4	6.9	1.8	1.2	0.9	
	AvtoVAZ	4,570	35.7	31.1	17.5	9.8	9.3	n/a	0.9	0.8	0.8	
	Aeroflot	3,044	10.5	11.9	9.4	7.6	6.8	5.4	1.1	1.0	0.8	
	Veropharm	440	19.1	14.1	11.2	12.2	9.4	7.4	3.9	3.0	2.5	
	Kalina	341	11.7	9.6	9.3	7.3	6.4	6.0	1.1	1.0	0.9	
Oriflame (euro)	2,451	24.2	19.4	15.0	16.2	13.8	11.6	2.5	2.3	2.0		
	Aggregate valuation	844,529	11.4	10.5	9.8	7.5	6.9	6.5	2.3	2.1	2.0	
	FF-adj. MCAP W.A. valuation	238,642	13.8	13.4	12.2	9.2	7.6	7.0	3.0	2.8	2.6	

Source: MDM estimates, IBES consensus

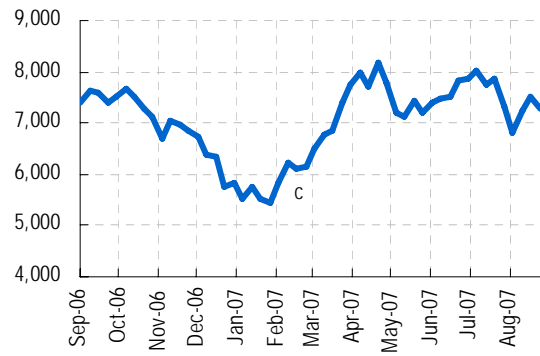
Key commodities

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



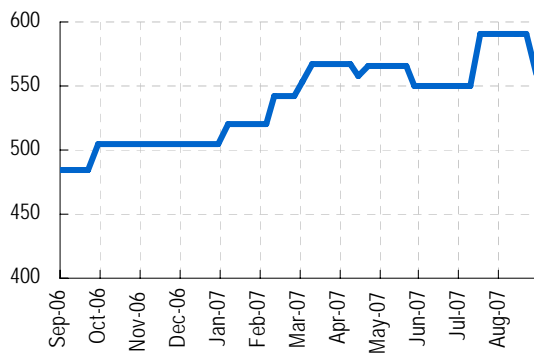
Source: Bloomberg

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



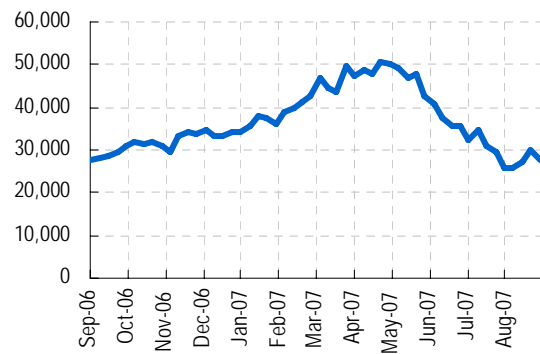
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MB-Steel HR Coil CIS, USD/ton



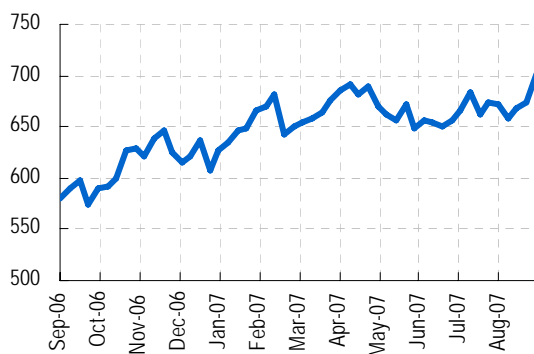
Source: Bloomberg

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



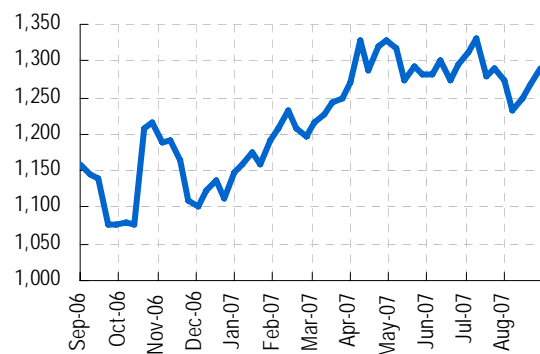
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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