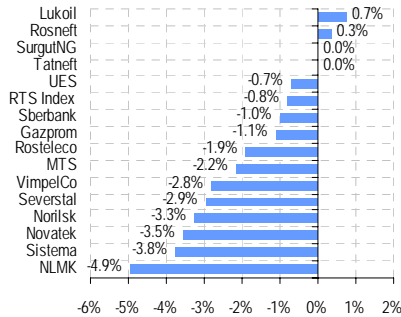
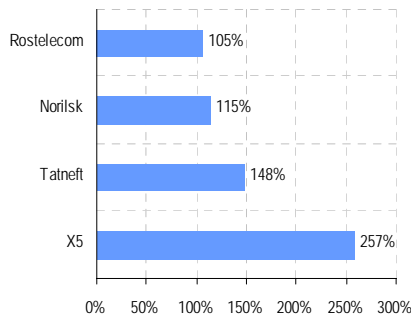


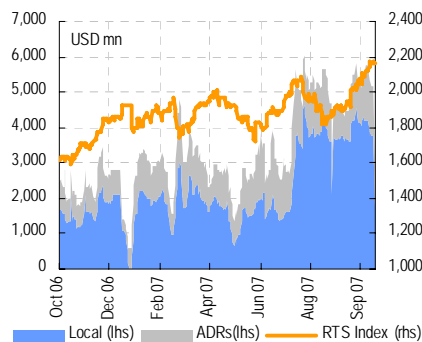
Blue chips: advancers and decliners



Volume monitor: daily/3M avg. volume



RTS index and weekly trading volumes



Upcoming events

mid October	Aeroflot 1H07 IFRS results
mid October	NLMK 3Q07 trading update
mid October	MMK 3Q07 trading update
mid October	UralKali 1H07 IFRS results
mid October	Cherkizovo 1H07 U.S.GAAP results
mid October	Acron 1H07 IFRS results
mid October	UES 1H07 IFRS results
25 Oct	Polymetal 3Q07 operating results
29 Oct	CTC Media 3Q07 U.S.GAAP results
late October	Tatneft 1H07 U.S.GAAP results

Market

■ Weaker international sentiment impacted on Russian equities yesterday: the MICEX declined by 1% to 1822 and the RTS fell 0.8% to 2160. Increasing concerns over US housing, oil prices and the big decline in India's stock market may set a negative tone at the opening. All eyes will be on US CPI and housing data this afternoon.

Top news and ideas

- **Rosneft: Strong 2Q07 US GAAP financials.** EBITDA grew by 55%, total volume by 25% and net income by 51% y-o-y, smashing Bloomberg estimates. However, we believe Rosneft still falls short of its high valuation.
- **UES: Plans to sell MRSKs released.** UES set a deadline of April 1 of 2008 for selling Interregional Distribution Grid Companies (MRSKs). The MRSKs most likely to be sold first include the Volga, Siberian and Northwest operations.
- **Mobile Telecoms: Subscriber growth continued in September.** Nominal subscriber statistics are no surprise, but confirm our positive view on the mobile sector. The figures are neutral for both MTS's and VimpelCom's stocks.
- **Wimm-Bill-Dann: Continues acquisition spree.** A Georgian dairy producer has been purchased in order to enter the promising Georgian, Armenian and Azerbaijani markets. We believe WBD's strategy points to strong long-term growth.
- **Economics: Weak industrial production data.** The y-o-y figure came in at 3%, even lower than August's 3.8%. We are concerned that this may be the reason behind government's reluctance to combat inflation by appreciating the ruble.

Other highlights

- **Brief - German pharma wholesaler Celesio AG may buy controlling stake in largest Russian pharma distributor Protek (*Kommersant*).** The deal may reach USD1 bn and could be closed by the end of the year. Protek is the largest distributor in Russia with 23% market share. The possible cut-off of state subsidies for distributors has led to more consolidation in this industry.
- **Brief - Aeroflot announced yesterday passenger stats for September.** The number of passengers grew by 1.9% y-o-y, traffic rose by 1.7% while the load factor stood at 74.3%. The nice improvement in load factor continued but the y-o-y increases in traffic and passengers was at the low end of expectations.

>>> More news on page 7

Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	2,160	-0.8%	0.8%	12.7%	5.1%	34.2%
MSCI EM Europe Index	758	-1.6%	0.0%	13.3%	6.0%	35.2%
MSCI EM Index	1,275	-1.2%	0.3%	16.0%	11.8%	58.7%
S&P500 Index	1,539	-0.7%	-1.7%	4.2%	-0.7%	12.8%
OIX (Oil majors) Index	840	1.1%	3.9%	8.2%	4.7%	38.8%
GSCI (Commodities) index	5,813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	87.6	1.7%	1.0%	10.8%	18.2%	46.2%
Nickel, USD/ton	31,198	-3.8%	3.1%	11.5%	-2.2%	-7.3%
Steel (HR), USD/ton	588	0.0%	4.0%	4.0%	6.8%	16.3%
LT U.S. Treasury YTM	5.0%	5.0%	4.9%	4.7%	5.2%	5.0%
EMBI-Russia spread, bp	111	110	109	114	136	107
RUB/USD	24.92	24.92	24.98	25.37	25.49	26.93

Source: Datastream, Bloomberg

Rosneft: Impressive 2Q07 US GAAP financials

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.
ROSN Ru	8.70	n/a	Not Rated	9.49/7.66	3.3%	-0.3%	7.4%
Financials, USD mn		2006A	2007E	2008E	Price performance, USD		
Revenue	36,555	40,513	42,233				
EBITDA	8,837	10,013	11,862				
Net income	4,138	4,907	5,335				
Revenue growth	39%	11%	4%				
EBITDA growth	11%	13%	18%				
Net income growth	23%	19%	9%				
EBITDA margin	24%	25%	28%				
Net margin	11%	12%	13%				
EV/Revenue	3.0	2.7	2.6				
EV/EBITDA	12.2	10.8	9.1				
P/E	22.3	18.8	17.3				
MCAP, USD mn	92,211	Com., mn	10,599	<i>Source: Bloomberg</i>			
EV, USD mn	108,017	Pref., mn					
Free float	15%	Total, mn	10,599				

Source: Datastream, IBES consensus

Rosneft financials top Bloomberg consensus. Rosneft reported yesterday US GAAP earnings for the second quarter of 2007. The company surprised investors when EBITDA and net income came in 18% above Bloomberg consensus median estimates (after adjusting for the one time payments the company received from Yukos tax claims.)

EBITDA, revenue and net income top expectations. Rosneft reported revenues of USD10.78 bn, up 19% y-o-y on an organic basis. The company's crude production increased by 6% on an organic basis, primarily due to growth from Yukanskneftegaz. Total volume grew by 25% in 2Q07, with the difference attributable to the acquisitions of Tomskneft and Samaraneftegaz. The company also clearly benefited from the acquisition of five refineries during Yukos auctions, which have been consolidated since mid May. All these improvements led to a 55% y-o-y jump in EBITDA and an EBITDA per boe margin of USD20.9, which compares favorably to last year's USD16.4. In terms of net income, the company reported USD1.66 bn from just USD690 mn in 1Q07.

FCF impressive, but capex is rising. The company also provided positive surprises for investors on the free cash flow front. FCF in 2Q07 almost tripled from last year to reach USD1.12 bn. Capex, on the other hand, rose by close to 63% to USD2.3 bn in the first half of the year due to more expenses for Yukanskneftegaz and the full scale expenses for Vankor field's development.

Impressive figures don't assuage long term concerns. Overall, we view the released figures as impressive and the kind of positive surprise to the markets that can lead to good stock performance. In our view, the company showed signs of improved operations and significant improvement on an organic basis for the first time since its IPO. The addition of the Yukos refineries not only increased the vertical integration of the company but already seem to have contributed to a significant improvement in Rosneft's margins. Nevertheless, we believe that the company has a long way to go if it is to improve its operations to a level that would justify its expensive valuation. We continue to question the sustainability of its long term growth potential now that Yukos acquisitions have come to an end. We do not officially cover this name.

Rosneft 2Q07 financials

USD, bn	2Q07 Actual	2Q07 Bloomberg consensus	2Q06 Actual	YoY change (%)
Revenues	10.78	10.91	8.60	25%
EBITDA	3.58	3.03	2.31	55%
Net Income	1.66	1.41	1.1	51%
EBITDA (USD per boe)	20.9		16.4	27%

UES: Plans to sell MRSKs released

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	1.17	Not Rated	1.46/0.73	31.9	17.0	48,019

Source: IBES consensus, Data Stream

UES specify the deadline for selling MRSKs. UES set a deadline of April 1 of 2008 for selling Interregional Distribution Grid Companies (MRSK), UES's head of strategy department Dmitry Akhanov said. We remind investors that these companies own and operate interregional grids which transmit electricity between local grids and take it to end users. A total of 12 MRSKs were formed. The MRSKs most likely to be sold first are the Volga, Siberian and Northwest operations, the UES representative said.

New tariff regulation should support growth. According to UES plans, the attractiveness of grid assets should be supported by changes in tariff regulation system that implies the transition from old soviet "cost plus" tariff regulation to a methodology based on return on capital employed (RAB). This new system was planned to be introduced in 2008 but it is now not likely to be implemented earlier than in 2009. The new system of tariff regulation is one of the main drivers for the MRSKs' value growth in our view.

Mobile Telecoms: Subscriber growth continued in September

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

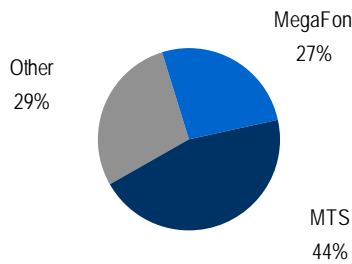
Steady growth continues. ACM-Consulting reported on Tuesday that the Russian mobile market rounded off September with 165 mn subscribers, up 1% m-o-m and 9% YTD. Net additions in Russia totaled 1.6 mn. Nominal penetration reached 114%, with penetration in Moscow at 170%, in St. Petersburg at 148% and regional penetration at 104%.

VimpelCom showed quality improvement in subscriber base. MTS was the leader in net adds in Russia in September, signing up 44% of total, while VimpelCom showed an outflow of about 70,000 in its Russian subscriber base (but an increase of 514,000 in the consolidated subscriber base thanks to CIS figures). MTS beat VimpelCom in terms of YTD net adds (3.2 mn vs. 2.2 mn, respectively). This discrepancy is explained by VimpelCom's more conservative approach to subscriber counting. The company is cleaning up dead SIM cards in the wake of promotion campaigns of 2H06 ahead of its planned switch to an active-subscriber counting with a three-month churn. This measure is aimed at improving subscriber base quality and is considered ARPU-supportive. Meanwhile, MTS admitted that it welcomed non-active subs as they generate incoming traffic, thus buoying ARPU. As a result, MTS retained its 33% market share, while VimpelCom's market share was down 1 pp to 30% in September.

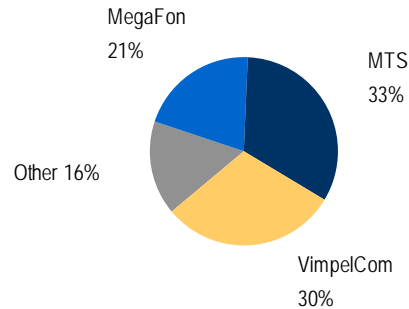
Ukrainian market strong. In both absolute terms, up 2% m-o-m to 53.6 subs, and in terms of penetration rate, which reached 113% in September, the Ukrainian market exhibited robust figures. Astelit signed up half of total net adds in September. VimpelCom's URS did well in Ukraine, signing up 16% of all net adds and retaining its market share (still modest at 5%). Meanwhile, MTS's UMC showed negative m-o-m dynamics, and saw its subscriber base decrease by 0.5% YTD and share squeeze marginally to 37%. This might be explained by MTS's more conservative tariff policy, which we view as a positive development for its ARPU in Ukraine

No implication for the stocks. Given the end of the rapid expansion phase of Russia's mobile market, the subscriber statistics are actually neutral for MTS and VimpelCom. However, the numbers point to momentum in the mature Russian market and bode well for 3Q07 financials.

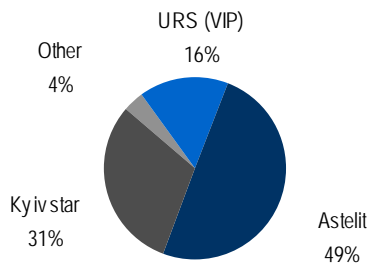
Russia: share of net subscriber adds, September 2007



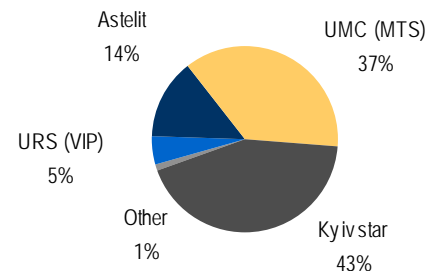
Russia: market share, September 2007



Ukraine: share of net subscriber adds, September 2007



Ukraine: market share, September 2007



Source: ACM-Consulting

Source: ACM-Consulting

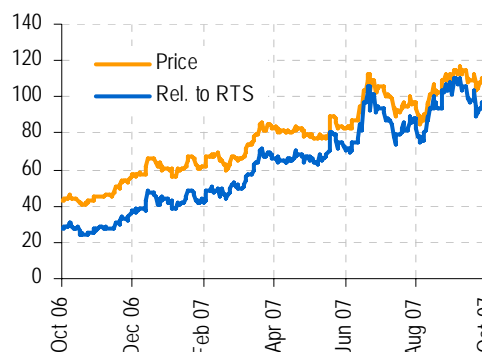
Wimm-Bill-Dann: Continues acquisition spree

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.
WBD US	110.25	n/a	Not Rated	117.31/41.2	-1.5%	6.0%	155.6%

Financials, USD mn	2006A	2007E	2008E
Revenue	2,306	2,808	3,179
EBITDA	327	422	517
Net income	157	213	259
Revenue growth	26%	22%	13%
EBITDA growth	56%	29%	22%
Net income growth	231%	36%	21%
EBITDA margin	14%	15%	16%
Net margin	7%	8%	8%
EV/Revenue	2.3	1.9	1.6
EV/EBITDA	15.9	12.3	10.1
P/E	30.9	22.8	18.8
MCAP, USD mn	4,851	Com., mn	44
EV, USD mn	5,209	Pref., mn	
Free float	39%	Total, mn	44

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

Acquisition to satisfy Caucasus demand. Wimm-Bill-Dann, Russia's largest dairy producer, announced yesterday one more acquisition this year. The company bought Georgian Foods Ltd for an undisclosed amount. No further terms of the deal were published and therefore investors will have to wait until the company discloses more details in its next SEC filings. Georgian Foods is the third largest dairy producer in Georgia with one plant in Tbilisi. This will be Wimm-Bill-Dann's first production plant in the Caucasus and its capacity will be used to satisfy demand in Georgia, Armenia and Azerbaijan.

Plans to raise USD180 mn in loans. In other news, the company said yesterday it has plans to raise USD180 mn in loans from four different banks, with three providing USD50 mn loans. The annual rates charged for 12 and 24 months are 1.-5-2.5% above LIBOR for dollar denominated loans and close to 1.5% above the Moscow prime rate for ruble denominated loans.

Acquisition suggests strong future growth. Since Georgian Foods is not listed and is a one plant company, we can argue that WBD is unlikely to have overpaid in terms of sales or EBITDA multiples. On the other hand, we believe the company will have to put in a big effort if it is to adjust the plant's operations to WBD standards in order to make a successful entrance to the promising Georgian, Armenian, and Azerbaijani dairy markets. The move is in line with the company's strategy to make acquisitions in Eastern and Central Europe, CIS countries and China. The company's CEO had actually hinted a few weeks ago that WBD was in talks to buy small producers in these countries. We find the company's strategy as reasonable and one that points to strong long term growth. We still see this highly valued name appropriate only for growth investors that want to bet on the high earnings growth rate and the superior management team of WBD. We do not officially cover this name.

Economics: Weak industrial production data

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

August disappointment not one-off. Rosstat yesterday reported industrial production data for the month of September, revealing some negative trends for the competitiveness of the Russian industrial sector. The y-o-y rate for September came at 3%, lower than the 7-8% rate established as the norm in the first half of the year and below the 5.4% expected by Bloomberg consensus. The rate was also lower than August's 3.8% y-o-y which at the time seemed an outlier.

Electricity consumption offers ray of light. In terms of components, manufacturing rose by just 4% y-o-y down from 5.5% in August and the peak of 15.6% in June. Orders for turbines that fueled the high growth rate earlier this year slowed down significantly, although they are volatile by nature. Mining slowed to a flat rate (0.2% y-o-y) from 2% earlier this year. Within mining, natural gas continued its negative trend (-4.3% y-o-y), offsetting positive rates in all other categories (crude oil up 1.5%). One positive surprise came from the electricity component, with a 4.1% rate up from 2.4% last month, showing signs of strong electricity consumption again. Moreover, weak hydro generation (-9.7% y-o-y) persisted and was combined with a decline in nuclear generation (-7.2%) due to maintenance that led to an 11.9% y-o-y increase in thermal generation. This should be great news for thermal generation stocks (including OGKs).

Industrial production may prevent inflationary controls. The weak trend in industrial production that was revealed in August has carried through into September. Some of the blame will go to fears caused by the credit turmoil which may have held back some orders. Another obvious reason behind this trend is the very high and probably unsustainable growth rates of previous months which were affected by large turbine orders. However, the one possible explanation that makes us more concerned over the long term health of the Russian economy is the reduction of competitiveness due to the stronger ruble. The recent comments from government officials that point to an unwillingness to fight inflation through ruble appreciation might have been partially explained by the weakening industrial production data. On balance, deteriorating industrial production will put the breaks on government incentives to allow more ruble appreciation as pressure from manufacturers is expected to intensify in the near future.

News Briefs

Oil and Gas

Ukrainian officials yesterday revealed more details on the arrangement with Gazprom for debt repayment (*Kommersant*). According to these officials, Gazprom is going to pay USD500 mn for transit fees that will be used by Ukraine to repay part of the debt. Gazprom will also buy 4 bcn of gas stored in Ukraine for approximately USD150 per th cm and then sell it on to European customers for USD250-290 per th cm.

Sinopec, one of China's largest oil and gas companies, may withdraw from Sakhalin-3 (*Interfax*). It is unknown at this point if this was initiated by the Russian (Rosneft) or the Chinese side but further complications for the relations between the two sides could be in the horizon.

Metals and Mining

Polyus Gold switches CEO (*Bloomberg*). Eugeniy Ivanov has replaced Pavel Skitovich as Polyus Gold's CEO position, the company reported yesterday. Share prices advanced by 0.5% on the news.

Industrials, Consumer, Banks

Sberbank called an EGM for Nov. 28 to vote on German Gref as the bank's new CEO (*Bloomberg*). Since the former economy minister is the only candidate, we view his appointment and accompanying management reshuffle as a *fait accompli*. Given Gref's focus on sustained Mcap growth and investor relations, the market will likely welcome his nomination.

Stock performance summary									
	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	11.74	-1.1%	0.3%	11.8%	3.2%	7.3%	2.1%	11.91/8.75
	Novatek	54.50	-3.5%	-4.7%	12.6%	-6.7%	-6.8%	-14.2%	66/46.5
	Rosneft	8.70	0.3%	2.2%	3.3%	-0.3%	7.4%	-4.9%	9.49/7.66
	Lukoil	89.40	0.7%	2.8%	18.9%	5.3%	12.5%	1.6%	91.8/71.9
	TNK-BP Holding	2.08	0.1%	0.8%	4.1%	2.6%	-11.0%	-19.8%	2.6/1.67
	Surgutneftegaz	1.32	0.0%	-1.9%	7.3%	9.1%	-2.2%	-13.7%	1.53/1.07
	Gazprom Neft	4.56	0.0%	1.8%	21.9%	8.6%	10.7%	0.0%	4.72/3.7
	Tatneft	5.73	-0.3%	15.0%	13.9%	5.1%	13.0%	17.2%	5.76/3.95
	Bashneft	15.20	3.1%	3.1%	8.6%	4.8%	5.6%	-5.0%	17.65/12
	Transneft pref	1,835.00	0.0%	-4.4%	11.2%	3.1%	-16.6%	-20.0%	2540/1435
	Integra	15.40	0.9%	-0.6%	4.8%	n/a	n/a	n/a	21.55/13.55
	C.A.T Oil	19.13	-2.1%	-0.5%	3.0%	-11.6%	13.2%	-4.4%	25.56/16.75
West Siberian Resources	0.90	-1.7%	0.0%	13.7%	-4.1%	-9.4%	-21.1%	1.16/0.66	
Utilities	UES	1.17	-0.7%	-2.0%	0.0%	-17.0%	59.6%	8.3%	1.46/0.73
	OGK-1	0.10	n/a	n/a	n/a	n/a	n/a	n/a	0.12/0.1
	OGK-2	0.14	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.09
	OGK-3	0.14	0.0%	-5.7%	3.3%	-17.9%	70.5%	14.3%	0.18/0.08
	OGK-4	0.13	0.5%	1.2%	2.4%	1.2%	128.6%	60.0%	0.13/0.06
	OGK 5	0.17	2.1%	3.8%	5.9%	2.6%	68.4%	25.9%	0.17/0.09
	OGK-6	0.13	n/a	n/a	n/a	n/a	n/a	n/a	0.17/0.09
Telecoms and technology	MTS	74.19	-2.2%	0.4%	14.0%	10.7%	87.4%	47.8%	76.89/39.58
	Sistema	35.00	-3.8%	-1.4%	15.3%	11.1%	34.4%	9.4%	36.37/25.85
	VimpelCom	30.25	-2.8%	2.7%	13.6%	33.9%	142.8%	91.6%	31.29/12.46
	Comstar	12.00	0.0%	-7.6%	9.2%	12.2%	76.5%	42.9%	13.71/6.8
	Rostelecom	10.30	-1.9%	-3.6%	2.2%	4.8%	108.1%	34.6%	10.7/4.9
	Golden Telecom	88.13	-0.2%	9.1%	23.9%	29.4%	136.9%	88.2%	89.51/35.75
	MGTS	30.07	-0.6%	-0.7%	2.7%	-7.1%	31.8%	15.4%	34.29/19.66
	Uralsvyazinform	0.06	-1.4%	0.1%	10.4%	-1.2%	50.0%	-7.7%	0.07/0.04
	Volga Telecom	5.72	0.0%	5.0%	24.2%	5.9%	44.1%	-5.5%	6.6/3.75
	Sibirtelecom	0.11	0.0%	3.6%	23.2%	1.3%	35.7%	1.3%	0.13/0.08
	Northwest Telecom	1.77	-0.1%	2.0%	23.3%	0.0%	38.8%	5.3%	1.84/1.12
	Center Telecom	0.93	0.0%	-3.1%	3.3%	-2.1%	53.7%	24.0%	1/0.56
	Southern Telecom	0.19	0.0%	0.7%	9.1%	-3.1%	53.1%	6.3%	0.23/0.12
	Dalsvyaz	5.05	0.0%	0.0%	9.8%	1.0%	65.6%	21.4%	5.2/3.02
	Bashinformsvyaz	0.18	0.0%	0.0%	-0.6%	-0.6%	-2.2%	-22.6%	0.23/0.17
	RBC	9.12	-1.5%	1.6%	11.3%	-1.9%	-19.4%	-24.1%	12.1/7.53
	Metals and mining	Sitronics	6.93	-4.4%	3.4%	38.6%	0.0%	n/a	n/a
CTC Media		23.13	0.7%	-1.6%	-3.5%	-17.2%	-1.8%	-3.7%	28.77/19.59
Rambler Media		38.31	-0.2%	1.3%	-8.0%	-11.7%	30.4%	13.5%	55/29.25
Norilsk Nickel		266.50	-3.3%	-2.5%	20.1%	25.7%	90.7%	69.7%	280/135.5
Polyus Gold		43.50	0.0%	1.2%	3.8%	0.0%	-3.9%	-11.8%	55.25/38.3
Severstal		21.50	-2.9%	-4.9%	22.9%	28.4%	74.8%	92.0%	23.84/10.84
Evrz Group		66.50	-1.9%	4.2%	33.0%	32.5%	172.5%	158.9%	70.2/24.25
Mechel		70.15	-3.7%	5.6%	50.7%	59.6%	216.7%	175.3%	72.86/21.79
NLMK		39.00	-4.9%	-6.0%	21.5%	13.0%	91.6%	67.7%	42.05/20.35
MMK		1.19	-7.4%	-1.7%	10.7%	0.4%	52.1%	36.2%	1.28/0.77
TMK		46.00	-1.1%	2.8%	20.3%	11.5%	n/a	31.4%	46.99/21.6
Industrials, consumer, banks	VSMPO	300.00	0.0%	4.2%	3.4%	-3.2%	24.0%	2.4%	330/221.5
	Sberbank	4.38	-1.0%	3.6%	16.8%	4.9%	95.3%	26.8%	4.4/2.2
	Rosbank	7.27	0.0%	1.6%	7.2%	-2.3%	19.2%	-4.6%	7.67/5.53
	X5	35.00	0.0%	-0.6%	5.7%	7.2%	55.6%	34.6%	37.5/22
	Seventh Continent	25.90	-1.5%	2.0%	3.4%	0.4%	3.6%	-3.0%	29.3/24.1
	Dixy Group	14.15	0.0%	0.0%	8.4%	-4.2%	40.2%	26.6%	15.6/13.95
	Magnit	45.20	0.4%	8.4%	8.4%	-4.2%	40.2%	26.6%	47.6/32.25
	Wimm-Bill-Dann	110.25	2.4%	2.0%	-1.5%	6.0%	155.6%	65.7%	117.31/41.2
	Lebedyansky	88.00	0.0%	1.4%	-1.1%	-3.3%	22.6%	10.0%	99/71.8
	Nutritek	51.50	-1.0%	2.0%	14.7%	0.8%	21.5%	8.5%	53.8/44.9
	Baltika (euro)	33.91	0.0%	0.0%	2.1%	0.8%	21.5%	8.5%	36.96/31.12
	Razgulay	4.48	0.0%	9.3%	10.3%	6.7%	-0.4%	12.0%	4.5/3.6
	Severstal Auto	47.50	-1.0%	-1.0%	9.4%	30.5%	108.8%	57.0%	48.75/22.75
	AvtoVAZ	1.60	3.3%	11.8%	20.6%	13.7%	45.9%	55.3%	1.74/0.65
	Aeroflot	3.40	3.3%	11.8%	20.6%	13.7%	45.9%	55.3%	3.4/2.17
	Veropharm	44.00	-0.3%	5.3%	0.0%	3.7%	56.6%	38.6%	48.65/27.6
	Apteka 36.6	77.50	2.9%	6.0%	1.6%	-9.9%	72.2%	33.0%	96.1/45
	Pharmstandard	20.51	1.3%	0.1%	18.9%	26.0%	n/a	n/a	20.51/13.6
	Kalina	36.20	0.0%	2.3%	3.4%	-12.8%	-22.2%	-29.7%	51.5/34.25
	Oriflame (euro)	41.04	-5.6%	-2.5%	-2.6%	9.5%	49.2%	33.3%	44.07/27.21
Cherkizovo	13.53	0.0%	2.3%	10.4%	4.6%	-3.4%	-0.5%	16.1/11.05	
Sistema Hals	10.00	-2.9%	1.0%	-3.4%	-24.5%	n/a	-24.8%	15.05/9.1	
RTS Index	2,159.84	-0.8%	0.8%	12.7%	5.1%	34.2%	12.4%	2176.9/1590.33	

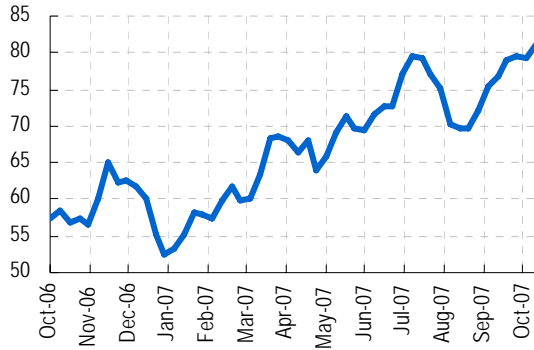
Source: Bloomberg

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	267,073	12.0	10.7	9.7	8.7	7.7	7.1	3.7	3.4	3.2	
	Novatek	16,546	24.0	17.7	13.5	15.0	11.4	9.0	7.2	5.5	4.1	
	Lukoil	76,079	10.2	10.9	10.9	6.8	7.1	7.0	1.2	1.2	1.2	
	Rosneft	92,211	22.3	18.8	17.3	12.2	10.8	9.1	3.0	2.7	2.6	
	Surгутneftegaz	52,550	12.5	12.8	15.5	6.1	6.4	7.1	2.2	2.1	2.2	
	Gazprom Neft	21,619	6.6	7.7	8.0	4.3	4.9	5.4	1.1	1.2	1.2	
	Tatneft	12,944	10.2	11.0	11.5	6.3	7.1	8.1	1.2	1.2	1.2	
	Bashneft	2,584	5.6	6.3	6.7	3.2	3.6	3.8	0.6	0.8	0.8	
	Transneft pref	12,683	5.6	4.9	4.4	3.9	3.3	2.8	2.1	1.8	1.6	
	West Siberian Resources	1,057	31.9	26.6	10.0	10.1	7.5	4.6	3.8	2.7	1.9	
	Aggregate - oil and gas	554,290	12.1	11.2	10.8	7.4	6.9	6.6	2.5	2.2	2.0	
Utilities	UES	48,019	31.9	28.0	18.8	17.0	13.8	10.0	3.3	2.9	2.5	
	Mosenergo	7,067	74.3	29.7	19.4	16.6	11.5	7.6	2.3	2.0	1.6	
	OGK-1	4,554	n/a	50.0	34.2	37.6	24.6	17.6	4.1	3.7	3.0	
	OGK-2	3,813	n/a	47.7	26.9	208.7	23.6	14.1	4.2	3.5	2.9	
	OGK-3	6,648	n/a	78.2	47.5	96.3	37.9	34.1	8.7	7.2	6.2	
	OGK-4	6,289	n/a	99.8	52.0	78.3	47.1	25.9	6.5	6.0	4.6	
	OGK 5	6,102	51.7	63.6	45.2	65.4	29.7	21.9	6.4	5.0	4.1	
	OGK-6	3,502	43.7	27.8	14.9	19.2	15.1	9.8	3.2	2.7	2.2	
	Aggregate - utilities	85,993	24.5	31.5	20.8	35.3	15.3	11.5	3.3	2.9	2.5	
Telecoms and technology	MTS	29,602	23.8	16.7	14.9	10.0	8.5	7.8	5.1	4.2	3.9	
	Sistema	16,905	18.7	14.0	12.9	8.6	7.2	6.6	3.2	2.9	2.6	
	VimpelCom	31,024	38.2	25.9	22.9	13.5	10.9	10.1	6.8	5.5	5.1	
		Aggregate - mobile telecoms	77,531	26.9	18.9	16.9	10.7	8.9	8.1	5.0	4.2	3.9
	Comstar	5,015	61.2	17.4	15.1	17.0	9.7	8.8	5.6	4.2	3.8	
	Rostelecom	8,128	n/a	70.7	59.3	20.7	18.5	16.5	3.5	3.5	3.2	
	Golden Telecom	3,230	37.8	27.6	20.6	14.3	10.1	7.6	3.8	2.8	2.2	
	MGTS	2,826	16.3	11.6	10.5	10.0	7.4	6.6	4.1	3.3	3.1	
	Uralsvyazinform	2,355	76.0	17.2	13.2	9.5	6.4	5.6	2.6	2.3	2.1	
	Volga Telecom	1,723	22.1	13.0	10.8	6.9	5.3	4.7	2.4	2.0	1.8	
	Sibirtelecom	1,649	38.7	7.9	6.2	8.4	4.8	4.0	2.1	1.7	1.5	
	Northwest Telecom	1,853	39.4	15.7	15.1	9.0	6.1	5.6	2.9	2.3	2.1	
	Center Telecom	1,781	26.4	27.8	16.2	6.5	5.9	5.0	2.4	2.0	1.9	
	Southern Telecom	693	53.3	17.3	15.4	6.4	5.9	5.5	2.2	2.0	1.8	
	Dalsvyaz	617	47.4	12.8	8.8	8.5	5.0	4.0	2.2	1.6	1.4	
	Bashinformsvyaz	172	7.5	8.1	4.6	3.3	3.2	n/a	1.1	1.0	0.8	
	Sitronics	1,324	30.6	14.4	10.4	8.6	5.9	4.7	0.7	0.6	0.5	
	Aggregate - fixed line telecoms	30,041	38.7	20.6	16.3	10.0	7.4	6.7	2.9	2.4	2.1	
RBC	1,049	26.5	27.4	13.0	15.7	10.8	7.9	4.7	3.6	2.9		
CTC Media	3,504	23.7	18.2	14.3	14.1	11.0	8.8	6.7	5.2	4.2		
Rambler Media	575	47.5	23.8	15.5	29.0	13.2	9.1	7.2	4.2	3.2		
	Aggregate - media	5,129	32.6	23.1	14.3	19.6	11.7	8.6	6.2	4.3	3.4	
Metals and mining	Norilsk Nickel	48,770	6.5	7.9	10.5	4.2	5.2	7.1	3.0	3.4	4.0	
	Polyus Gold	8,309	39.7	51.6	59.2	18.7	22.3	22.2	8.0	8.4	8.4	
	Severstal	21,665	12.5	11.6	11.2	6.7	6.2	6.0	1.7	1.6	1.5	
	Evraz Group	23,322	13.0	12.9	12.4	7.9	7.6	8.4	2.5	2.4	2.3	
	Mechel	9,468	11.8	12.6	14.3	7.2	7.4	7.4	1.8	1.7	1.7	
	NLMK	23,373	11.2	11.7	11.6	6.9	7.1	6.9	3.2	3.1	2.9	
	MMK	12,043	7.4	7.4	6.7	5.2	5.0	4.7	1.6	1.5	1.4	
	TMK	10,028	15.1	10.5	13.2	9.1	6.7	8.6	2.7	2.3	2.2	
	VSMPO	3,600	14.2	11.2	8.8	9.1	7.4	5.8	3.5	3.0	2.3	
		Aggregate - metals and mining	160,577	16.4	16.0	16.2	9.5	8.7	8.6	3.4	3.2	3.0
Industrials, consumer, banks	Sberbank *	237	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
		Aggregate - banks	237	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	X5	7,577	37.3	27.2	19.6	16.8	12.4	10.0	1.8	1.2	0.9	
	Magnit	3,254	39.8	28.9	19.6	17.0	11.9	8.9	1.0	0.7	0.6	
	Seventh Continent	1,943	29.8	23.4	16.5	14.3	10.2	7.6	1.5	1.1	0.8	
	Lebedyansky	1,796	17.8	15.2	13.3	11.5	9.5	8.3	2.1	1.8	1.5	
	Baltika (euro)	5,773	12.5	11.2	9.3	7.6	6.9	5.6	2.4	2.1	1.8	
	Wimm-Bill-Dann	4,851	30.9	22.8	18.8	15.9	12.3	10.1	2.3	1.9	1.6	
		Aggregate - FMCG	25,194	28.0	21.4	16.2	13.8	10.6	8.4	1.8	1.5	1.2
	Razgulay	475	22.3	10.8	10.0	8.0	5.6	5.3	1.0	0.8	0.8	
	Severstal Auto	1,615	25.8	16.3	14.7	13.3	9.2	7.4	1.9	1.2	1.0	
	AvtoVAZ	293	2.3	2.0	1.1	1.8	1.7	n/a	0.2	0.2	0.2	
	Aeroflot	3,777	13.0	14.7	11.7	9.2	8.2	6.6	1.3	1.2	0.9	
	Veropharm	440	17.9	13.3	10.4	11.4	8.8	6.6	3.9	3.0	2.5	
	Kalina	353	12.0	9.9	9.6	7.5	6.6	6.2	1.1	1.0	0.9	
Oriflame (euro)	2,286	22.8	18.3	13.9	15.3	13.0	10.8	2.4	2.1	1.8		
	Aggregate valuation	948,231	12.7	11.7	11.0	8.3	7.7	7.2	2.5	2.3	2.2	
	FF-adj. MCAP W.A. valuation	271,665	15.3	14.6	13.5	9.9	8.3	7.8	3.4	3.1	2.9	

Source: MDM estimates, IBES consensus

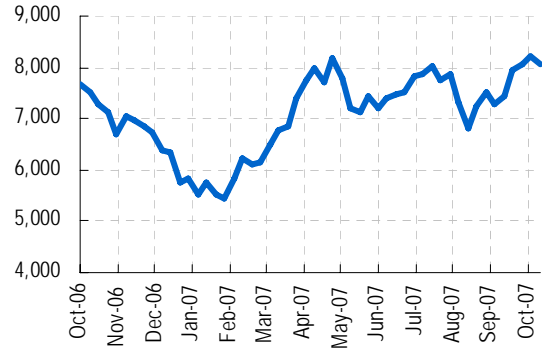
Key commodities

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



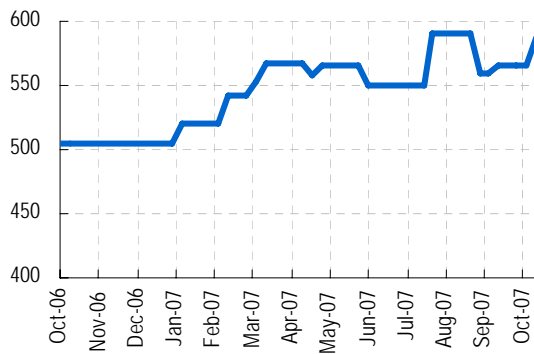
Source: Bloomberg

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



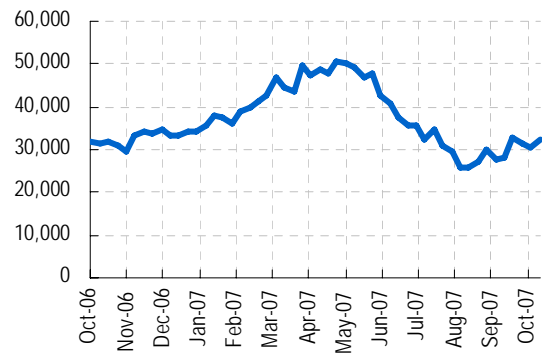
Source: Bloomberg

MB-Steel HR Coil CIS, USD/ton



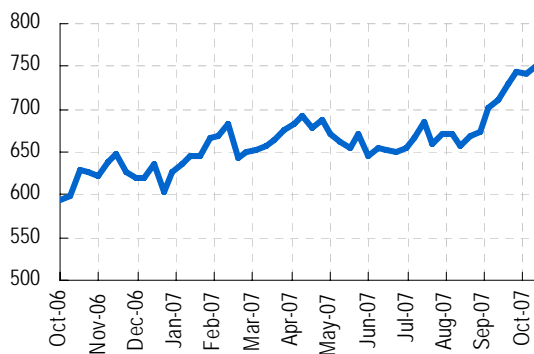
Source: Bloomberg

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



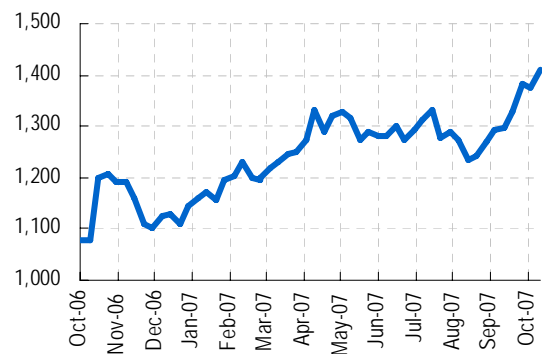
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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