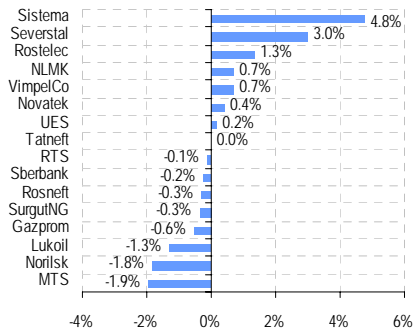
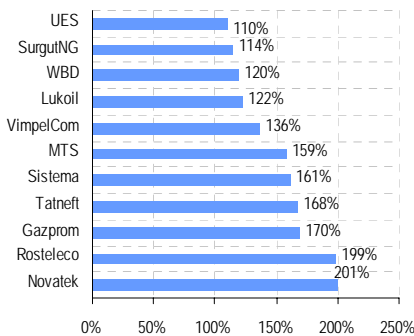


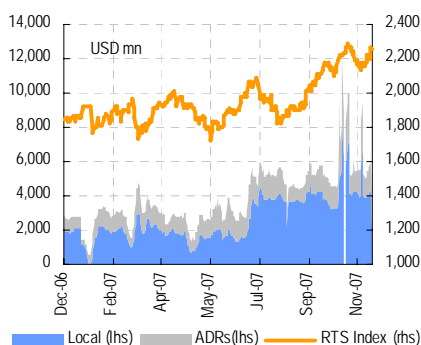
### Blue chips: Advancers and decliners



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



### RTS index and weekly trading volumes



### Upcoming events

10-Dec	Mechel 3Q07 US GAAP results
12-Dec	LUKoil 3Q07 US GAAP results
14-Dec	Wimm-Bill-Dann 3Q07 US GAAP results
20-Dec	VTB 3Q07 IFRS results
Mid Dec	OGK-1 9M07 IFRS results
Mid Dec	TGK-9 new share issue

### Market

- The RTS slipped 0.1% to 2259 and the MICEX 0.2% to 1891 yesterday as lower oil prices during the day led to minor profit taking after Wednesday's bullish trading. WTI back above USD90 this morning and a very good close in the US yesterday on the new government sub-prime mortgage plan may help the opening this morning. Later in the day, US economic data will set the tone with the payroll report the most important item.

### Top news and ideas

- Rosneft: Reassurances Vankor will start on time.** Vankor's volumes may go to Yukos acquired refineries if ESPO pipeline construction is delayed further. We applaud this pragmatism, and believe such a move would not dramatically alter profitability.
- Russneft: FAS Basic Element decision pushed back again.** Although the FAS did not confirm the news, its silence points to further delays. Rumor has Rosneft back in the hunt, but no matter who gets Russneft, our big concern is the deteriorating quality of the company's assets, which have been neglected since July.
- Sitronics: Posts bleak 3Q07 results.** EBITDA was negative and full-year revenue guidance was lowered again, with the no-show of telecom solutions contracts to blame. We are cautious in the short term but believe Sitronics may be an interesting long term play for patient investors.
- Dixy Group: President steps down, sells shares.** The new owner will be Mercuriy, which plans to build Dixy into Russia's lead food retailer. We believe the new owner will inject capital to kick start growth, and therefore view the move as positive.

### Other highlights

- Brief - Gazprom a price of USD165 per th cm to Belarus for 2008 gas (Interfax).** Belarus entered negotiations with a USD119.50 per th cm proposal. We believe that after recent agreements with Turkmenistan and Ukraine, Gazprom has proven its negotiating power and Belarus will in the end acquiesce to the gas behemoth's wishes.
- Brief - Lukoil, with partners Gazprom and KazMunaiGaz, are ready to drill their first exploration well in the Tsentralnaya field on the Russia-Kazakhstan border on the Caspian Sea (Interfax).** The field could hold 3.8 bn boes of oil and 92 bn cm of gas. Successful results from this well could provide a catalyst for these stocks

### >>> More news on page 5

### Russian market in context

	Last Close	Performance/Trends				
		1D	1WK	1M	3M	12M
RTS Index	2,259	-0.1%	3.6%	-1.0%	19.0%	22.2%
MSCI EM Europe Index	813	-0.1%	3.3%	1.3%	24.5%	27.9%
MSCI EM Index	1,281	0.9%	3.1%	-1.7%	17.6%	43.6%
S&P500 Index	1,507	1.5%	2.6%	2.2%	3.7%	7.1%
OIX (Oil majors) Index	845	2.4%	5.0%	1.2%	12.1%	27.9%
GSCI (Commodities) index	5,813	0.7%	-1.0%	-1.6%	1.4%	-15.7%
Oil (WTI), USD/bbl	90.2	3.1%	1.0%	-6.7%	18.3%	45.1%
Nickel, USD/ton	25,528	-0.3%	-8.0%	-19.1%	-4.3%	-26.7%
Steel (HR), USD/ton	595	1.3%	1.3%	1.3%	6.3%	17.8%
LT U.S. Treasury YTM	4.4%	4.4%	4.4%	4.7%	4.8%	4.7%
EMBI-Russia spread, bp	153	163	168	167	135	109
RUB/USD	24.42	24.47	24.36	24.67	25.70	26.18

Source: Datastream, Bloomberg

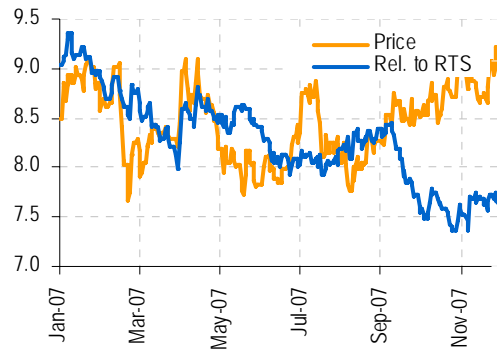
## Rosneft: Reassurances Vankor will start on time

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	9.18	n/a	Not Rated	9.49/7.66	-0.8%	10.9%	-3.3%

Financials, USD mn	2006A	2007E	2008E
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	3.1	2.8	2.7
EV/EBITDA	12.8	11.3	9.5
P/E	23.5	19.8	18.2
MCAP, USD mn	97,299	Com., mn	10,599
EV, USD mn	113,105	Pref., mn	
Free float	15%	Total, mn	10,599

Price performance, USD



Source: Bloomberg

Source: Datastream, IBES consensus

**Rosneft insists Vankor production will commence on time.** Rosneft officials held a news conference for journalists yesterday and although the company officials made no comment on the recent resignations of three vice presidents, they discussed several topics of high interest to investors. First, Vice President Sergei Kudryashov reassured investors that the development of the giant Vankor field in East Siberia is on track, and first production is still expected by the end of 2008. Despite the recently announced delay of at least six months in the construction of the Transneft ESPO pipeline and the stand-off in talks with the Chinese, which may lead to further delays, Kudryashov insisted that the field will produce 1.5 mn tons (11 mmbob) by the end of 2008 and is expected to produce 25 to 35 mn tons per year thereafter. He added that no reductions in the field's development capex has been made, simply because the field's output could go westward and be refined by Rosneft's refineries in Angarsk and Achinsk (acquired from Yukos).

**Rosneft may take its oil services companies to the market.** In other comments, Kudryashov said that Rosneft plans to keep Tomskenft off its balance sheet for the next five years (the stake was sold to Vneshekonombank earlier this year), but will remain the operator of the company. In addition, he told journalists Rosneft may sell or place on the market some or all of its oil services companies in the next 2-3 years, reiterating the company's view that there is a shortage of drilling services, especially in Eastern Siberia greenfield projects. The latter bodes well for oil services stocks, including Integra Group and CAT Oil.

**Rosneft promises to look West for Vankor refining applauded.** In our view, a delay in the ESPO pipeline would certainly affect Vankor's economics, and have a negative impact on its profitability. A few months, or even a year could be acceptable, but we fear current conditions in talks with the Chinese and disagreement in the funding sources of the pipeline may cause further delays that could potentially have a significant impact on Vankor's economics. However, we applaud the company's strategy to look in the opposite direction and refine the output at its own refineries, if indeed there is a long delay in the pipeline. Delaying the field's development could lead to cost overruns that would exceed the higher transportation costs the company will face under this option. While a large portion of the company's future growth is expected to come from Vankor and all news related to this field attracts extra attention from investors, we do not believe that the alternative presented from the company will dramatically change the cash flows from Vankor over the life of the field (domestic refining margins could increase further in the coming years).

## Russneft: FAS Basic Element decision pushed back again

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

**Decision on Basic Element Russneft purchase delayed again.** *RBC Daily* reported yesterday that the Federal Anti-Monopoly Service (FAS) has again delayed its final decision on the sale of 70% of Russneft to Basic Element. In early October, the FAS extended its deadline for reaching a decision on the proposed takeover, citing the additional time required to examine documents on Russneft's complex ownership structure and the charges (primarily tax claims) against its major shareholders, in particular its founder Mikhail Gutseriev. Thus far, the FAS has neither confirmed nor denied the news and, as a result, there is no official word as to the reasons behind the latest delay. However, the lack of any public announcements probably points to a *de facto* delay on this issue. In addition, *RBC Daily* reports that the FAS has denied it has received any bids other than from Basic Element. We remind clients that various news sources reported in September that Glencore, the Swiss based commodity trader and Russneft's largest creditor, had applied to the FAS to buy stakes in three Russneft subsidiaries.

**Neglected Russneft assets dip in real value.** Media and investor speculation suggests that Rosneft may have made an offer for Russneft and may also be behind these delays. When the Russneft story broke last July, we expressed the view that Rosneft would ultimately come to own Russneft, either directly, or indirectly after buying a large stake from Oleg Deripaska. By early September, however, Basic Element had become the clear favorite to buy and hold these assets, with Rosneft taking a back seat. Now, Rosneft has come back to the forefront as a potential bidder. Clearly it is very difficult to keep track of all the rumor and conjecture, but we believe that any solution will have to gain Kremlin approval. Our big concern has become the deterioration of Russneft's asset quality: Since July when the story broke, the company's operations have been neglected, as can be seen by its faltering production growth rates on a monthly basis. As a result, the big risk for the end winner of the race for Russneft is that the value of its assets may be far below their worth at start of the process.

## Dixy Group: President steps down, sells shares

Maria Shevtsova, e-mail: [Maria.Shevtsova@mdmbank.com](mailto:Maria.Shevtsova@mdmbank.com)

**Dixy Group gets new owner.** Yesterday, Mercuriy holding company, through its subsidiary Megapolis, acquired 100% of Dixy Retail Ltd., which owns 50.96% of Dixy Group. The deal must be closed by 1 February 2008, and required Federal Antimonopoly Service clearance. The final price was not disclosed. Oleg Leonov, Dixy's main shareholder, will give up his board membership, step down from the presidency and dissociate from Dixy. Mercuriy, a holding company, owns Megapolis, Orton Oil, Mercuriy Development, has a civil and military equipment plant and a Moscow wine and cognac production plant.

**First food retailer for Mercuriy.** This is the first Russian retail sector acquisition for Mercuriy and is "strategically interesting", according to its management. The company wants to use Dixy's existing market exposure as a foundation from which to build a lead player in the food retail sector. Given that Russian food retail is highly fragmented and is facing the potential menace of foreign majors entering the market, growing a strong retail chain is the right strategic move for Mercuriy. We therefore consider the change of ownership as a positive for Dixy. Mercuriy has experience extracting synergies from integrating diversified businesses. Assuming that the acquisition will be completed without additional debt, we believe that the new shareholder will bring additional capital to invest in the potential of the retailer, catalyzing its growth.

## Sitronics: Posts bleak 3Q07 results

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	5.30	n/a	Not Rated	12/5	n/a	n/a	n/a
Financials, USD mn				Price performance, USD			
	2006A	2007E	2008E				
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	6.7	4.6	3.7				
P/E	23.4	11.0	8.0				
MCAP, USD mn	1,012	ADRs, mn	191				
EV, USD mn	1,086						
Free float	18%	Total, mn	191				

Source: Datastream, IBES consensus

Source: Bloomberg

**3Q07 EBITDA and earnings failed to recover...** Sitronics, Sistema's technology arm, yesterday posted 3Q07 U.S.GAAP financials that delivered little evidence of an expected upturn. Top-line was up 15% y-o-y and q-o-q to USD376 mn in 3Q07, but was insufficient to reverse negative y-o-y dynamics for 9M07 revenues. Meantime, both EBITDA and bottom line still remained in the red vs. hopes for some improvement starting from 3Q07 (implied during 1H07 conference call). The company did not provide segment breakdowns or any financials, but assured that detailed performance presentations on a quarterly basis are envisaged from 2008.

**...because of key contract delay in telecom solutions.** Telecom solutions, which was the major top-line and EBITDA contributor in 2006 (44% and 86%, respectively) underperformed again in 3Q07, as Sitronics has struggled to add an expected Middle East project to its USD1.2 bn contract in Saudi Arabia, while the launch of the 3G project was shackled by unexpected regulatory issues. Sitronics signed up only USD150 mn worth of contracts over the last five months, mostly in the telecom equipment division. The ongoing restructuring in consumer electronics contributed to the total operational loss, which was not offset by strong performance in the IT and microelectronic divisions.

**EBITDA would break even if adjusted for non-cash items.** Losses on the EBITDA side were aggravated by USD21.3 mn non-cash costs linked to the stock option program. As suggested by management during the conference call, EBITDA would break even if adjusted for option payments and write-downs of receivables and underutilized inventories. Management specified that the latter costs emerged in the consumer electronics division not in the telecom equipment as might be feared.

**2007 revenue guidance again cut.** The company scaled down its revenue guidance for the full year to USD1.5 mn from USD1.6-1.7 bn but claims to top the blended market growth rate of 15% next year and envisages a positive EBITDA in 4Q07 and thereafter. Also, on a positive note, Sitronics' management assured that they have identified potential SG&A cost savings to the tune of USD50 mn in telecom solutions, centralization of management functions within the company, and the development a new strategy focusing on turn-key products and integrated projects with other vendors. Next week Sitronics will launch a production of 0.18 micron chips in Zelenograd to be followed by 0.065 micron chips next year.

**Better times might be in the long prospect.** The stock price sank 6.2% after the 3Q07 financials despite cautious guidance and prospects of a turnaround in 4Q07. The new management needs yet to prove its ability to bring in more business on board and make corporate structure more efficient in order to improve market perception. In our view, Sitronics is a good opportunity for patient long-term investors, while we are cautious on the company's performance in the short term (the stock is trading 56% below its IPO price).

### Sitronics 3Q07/9M07 US GAAP results

	3Q06	1Q07	2Q07	3Q07	q-o-q change	y-o-y change	9M06	9M07	y-o-y change
Revenues	328	310	328	376	15%	15%	1,050	1,015	-3%
EBITDA	44	-11.4	-27	-69	n/a	n/a	115	-108	n/a
EBITDA margin	14%	n/a	n/a	n/a	n/a	n/a	11%	n/a	n/a
Net income	2	-28	-52	-108	n/a	n/a	37	-188	n/a
Net margin	1%	n/a	n/a	n/a	n/a	n/a	4%	n/a	n/a

Source: Company data, MDM estimates

## News Briefs

### Oil and Gas

**Novatek will probably not participate in Libya's tenders for natural gas blocks this weekend** (*Kommersant*). Gazprom and Lukoil will likely take place in the auctions. According to the newspaper, Novatek considers the required investments in these blocks as too high. We suspect that intense competition in these auctions (at least 35 international companies) will drive prices to a very high level.

**Imperial Energy Plc announced yesterday that its capex program for 2008-12 will reach USD600 mn.** The company plans to drill 68 wells for oil in 2008. Imperial also confirmed it will buy a 70% stake in a small refinery in Tomsk that will have capacity of 1 mn tons. We believe the capex amount is rather aggressive for a company of Imperial's size, but highlights the British independent's high growth potential.

### Metals and Mining

**NLMK acquired a 50%+1 share stake in Maxi-group for USD600 mn** (Interfax). NLMK will pay in two tranches: the first totals USD300 mn and will follow the transfer of rights for the controlling stake to NLMK, and the second will be paid after the completion of due diligence. Maxi group will issue additional shares worth USD1.2 bn in 2008, which are to be bought by NLMK and current Maxi group owner Nicolay Maximov.

Stock performance summary									
	Company name	Last price, USD	1D	1WK	1M	3M	12M	YTD	12M High/Low
Oil and gas	Gazprom	14.02	-0.6%	8.3%	7.8%	36.5%	19.0%	21.9%	14.1/8.75
	Novatek	70.30	0.4%	9.5%	18.8%	42.2%	7.5%	10.7%	70.3/46.5
	Rosneft	9.18	-0.3%	4.1%	-0.8%	10.9%	-3.3%	0.3%	9.49/7.66
	Lukoil	87.05	-1.3%	1.8%	-8.4%	16.7%	-3.8%	-1.0%	95/71.9
	TNK-BP Holding	2.17	0.2%	-0.5%	-5.0%	11.3%	-13.6%	-16.6%	2.6/1.67
	Surgutneftegaz	1.19	-0.3%	1.4%	-8.1%	-2.9%	-20.9%	-22.2%	1.53/1.07
	Gazprom Neft	5.60	8.3%	8.3%	10.9%	49.7%	33.0%	22.8%	5.6/3.7
	Tatneft	6.10	-0.4%	4.2%	-2.4%	22.0%	15.3%	22.4%	6.25/3.95
	Bashneft	15.40	0.0%	-0.6%	-4.9%	14.1%	-7.8%	-3.8%	17.2/12
	Transneft pref	1,950.00	1.0%	4.8%	-6.3%	25.0%	-19.8%	-15.0%	2495/1435
	Integra	15.00	-0.1%	-0.3%	-4.9%	n/a	n/a	n/a	21.55/13.55
	C.A.T Oil	15.14	1.3%	-8.5%	-17.7%	-21.4%	-19.5%	-24.3%	25.56/14.93
	West Siberian Resources	0.77	0.6%	2.9%	-9.7%	-3.5%	-36.1%	-33.1%	1.13/0.66
Utilities	UES	1.27	0.2%	3.1%	3.6%	5.1%	35.4%	26.0%	1.37/0.92
	OGK-1	0.12	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.09
	OGK-2	0.13	n/a	n/a	n/a	n/a	n/a	n/a	0.18/0.12
	OGK-3	0.14	0.0%	2.9%	-2.1%	5.5%	36.2%	16.7%	0.18/0.1
	OGK-4	0.13	0.0%	2.9%	3.3%	11.6%	66.0%	66.0%	0.13/0.08
	OGK 5	0.17	0.0%	0.4%	2.4%	8.3%	44.8%	30.9%	0.18/0.11
	OGK-6	0.13	n/a	n/a	n/a	n/a	n/a	n/a	0.17/0.11
Telecoms and technology	MTS	96.83	-2.0%	7.4%	15.7%	56.5%	93.6%	92.9%	98.76/45.81
	Sistema	41.90	4.8%	6.6%	8.4%	52.1%	40.6%	30.9%	41.9/25.85
	VimpelCom	37.57	0.7%	9.8%	23.5%	52.2%	129.4%	137.9%	37.57/14.79
	Comstar	11.50	-1.3%	7.6%	-10.9%	12.7%	65.2%	36.9%	13.71/6.92
	Rostelecom	11.35	1.3%	6.6%	15.9%	14.6%	76.0%	48.4%	11.35/6.45
	Golden Telecom	105.33	-0.9%	4.2%	4.3%	56.7%	149.2%	124.9%	108.85/42.27
	MGTS	32.67	0.8%	6.2%	6.7%	5.7%	35.4%	23.1%	34.29/22.53
	Uralsvyazinform	0.07	0.5%	1.8%	1.7%	11.0%	23.7%	-5.8%	0.07/0.05
	Volga Telecom	5.78	-0.7%	-1.7%	-2.9%	25.1%	27.3%	-4.5%	6.6/4.47
	Sibirtelecom	0.12	0.0%	-3.3%	3.5%	25.3%	22.7%	5.8%	0.13/0.09
	Northwest Telecom	1.76	1.2%	2.0%	-4.1%	15.9%	13.6%	3.1%	1.92/1.23
	Center Telecom	0.91	0.0%	1.1%	0.6%	0.6%	32.1%	20.7%	1/0.66
	Southern Telecom	0.21	0.0%	-1.4%	3.5%	21.8%	35.3%	15.0%	0.23/0.15
	Dalsvyaz	5.40	0.0%	-1.8%	0.0%	17.4%	49.2%	29.8%	5.7/3.46
	Bashinformsvyaz	0.16	0.0%	-6.1%	-8.2%	-8.8%	-13.2%	-29.0%	0.23/0.16
	RBC	9.53	1.1%	3.3%	2.6%	16.0%	-20.3%	-22.1%	12.1/7.53
	Metals and mining	Sitronics	5.30	-6.2%	-7.0%	-25.4%	-15.2%	n/a	n/a
CTC Media		25.04	1.5%	4.9%	2.0%	3.9%	17.2%	4.3%	28.77/19.59
Rambler Media		31.50	-1.7%	-1.2%	-15.8%	-24.6%	-6.0%	-6.7%	55/31.5
Norilsk Nickel		272.00	-1.8%	-3.7%	-10.2%	24.8%	77.2%	73.2%	309.9/135.5
Polyus Gold		43.40	2.8%	1.9%	-7.5%	5.2%	-12.8%	-12.0%	55.25/38.3
Severstal		23.25	3.0%	2.4%	-1.3%	37.6%	102.2%	107.6%	23.84/10.85
Evrz Group		79.90	2.4%	9.5%	7.2%	54.5%	210.9%	211.0%	82.6/24.5
Mechel		94.35	-0.2%	14.0%	12.7%	115.0%	262.9%	270.3%	95.18/23.73
NLMK		41.30	0.7%	7.3%	-5.6%	31.1%	67.2%	77.6%	44.89/20.8
MMK		1.36	0.0%	8.8%	0.7%	21.4%	76.6%	56.3%	1.4/0.77
TMK		45.00	-0.4%	7.1%	2.3%	13.1%	n/a	28.6%	46.99/28.63
VSMPO		310.00	0.0%	-1.6%	-4.6%	9.2%	16.5%	5.8%	330/266
Sberbank		4.24	-0.2%	1.1%	-3.2%	15.2%	53.1%	22.9%	4.42/2.77
Rosbank	7.36	-1.0%	3.9%	-2.1%	2.9%	20.8%	-5.3%	7.67/5.64	
Industrials, consumer, banks	X5	32.15	1.3%	2.1%	-10.9%	-6.3%	23.4%	23.7%	37.5/24.6
	Seventh Continent	26.40	0.0%	1.5%	1.1%	4.3%	1.5%	-1.1%	29.3/24.1
	Dixy Group	14.85	3.8%	7.2%	2.1%	11.5%	39.1%	32.1%	15.6/13.85
	Magnit	47.15	1.9%	1.0%	2.1%	11.5%	39.1%	32.1%	48.45/33.75
	Wimm-Bill-Dann	116.98	-4.7%	3.4%	-2.6%	7.5%	119.9%	75.8%	134.62/52.4
	Lebedyansky	84.00	0.0%	-5.1%	-10.2%	-6.9%	4.7%	5.0%	99/73.5
	Nutritek	50.50	0.0%	-2.9%	-2.9%	3.2%	18.8%	13.0%	53.8/44.9
	Baltika (euro)	34.13	-1.9%	-2.0%	3.2%	3.2%	18.8%	13.0%	36.96/31.59
	Razgulay	5.20	0.8%	3.2%	-4.6%	27.1%	28.4%	30.0%	5.45/3.6
	Severstal Auto	50.10	3.1%	4.4%	4.4%	20.0%	85.6%	65.6%	51.1/27
	AvtoVAZ	1.94	0.0%	0.0%	3.7%	32.8%	65.9%	64.4%	1.94/0.67
	Aeroflot	3.60	0.0%	0.0%	3.7%	32.8%	65.9%	64.4%	3.6/2.17
	Veropharm	49.50	1.9%	2.6%	5.9%	11.5%	65.0%	55.9%	49.5/29.1
	Apteka 36.6	71.00	6.0%	-1.4%	-5.6%	-8.6%	34.0%	21.9%	96.1/53
	Pharmstandard	26.42	-3.6%	20.1%	17.9%	55.9%	n/a	n/a	27.4/13.6
	Kalina	43.40	0.0%	0.0%	5.2%	18.9%	-11.4%	-15.7%	51.5/34.25
	Oriflame (euro)	41.05	-1.4%	-0.6%	1.8%	2.8%	42.3%	36.7%	44.07/28
Cherkizovo	13.70	1.5%	4.3%	-7.4%	11.8%	-2.1%	0.7%	17.35/11.05	
Sistema Hals	8.75	-1.7%	-2.8%	-14.0%	-19.0%	n/a	-34.2%	15.05/8.75	
<b>RTS Index</b>	<b>2,259.14</b>	<b>-0.1%</b>	<b>3.6%</b>	<b>-1.0%</b>	<b>19.0%</b>	<b>22.2%</b>	<b>17.5%</b>	<b>2288.15/1724.69</b>	

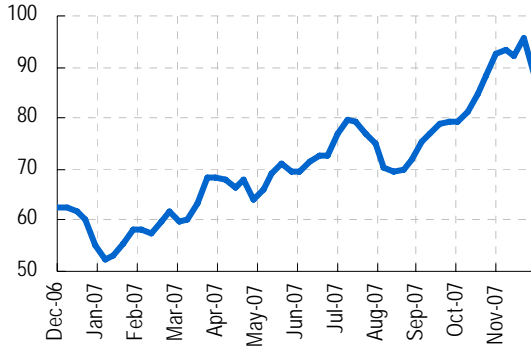
Source: Bloomberg

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	318,941	14.3	12.8	11.6	10.1	9.0	8.2	4.3	4.0	3.7	
	Novatek	21,343	31.0	22.9	17.4	19.4	14.8	11.6	9.3	7.1	5.3	
	Lukoil	74,080	10.0	10.6	10.6	6.6	6.9	6.8	1.2	1.2	1.2	
	Rosneft	97,299	23.5	19.8	18.2	12.8	11.3	9.5	3.1	2.8	2.7	
	Surгутneftegaz	47,551	11.3	11.6	14.0	5.5	5.7	6.4	2.0	1.9	2.0	
	Gazprom Neft	26,550	8.0	9.5	9.8	5.3	6.0	6.6	1.4	1.4	1.4	
	Tatneft	13,758	10.9	11.7	12.3	6.7	7.6	8.6	1.3	1.3	1.3	
	Bashneft	2,618	5.7	6.4	6.8	3.2	3.7	3.8	0.7	0.8	0.8	
	Transneft pref	13,478	6.0	5.2	4.6	4.1	3.4	2.9	2.2	1.9	1.7	
	West Siberian Resources	905	27.4	22.8	8.6	8.9	6.6	4.1	3.3	2.4	1.7	
	<b>Aggregate - oil and gas</b>	<b>615,617</b>	<b>13.4</b>	<b>12.3</b>	<b>11.7</b>	<b>8.2</b>	<b>7.6</b>	<b>7.2</b>	<b>2.8</b>	<b>2.5</b>	<b>2.2</b>	
Utilities	UES	52,205	34.6	30.5	20.5	17.5	14.2	10.3	3.4	3.0	2.6	
	Mosenergo	6,897	72.6	28.9	18.9	16.1	11.2	7.4	2.3	1.9	1.6	
	OGK-1	5,134	n/a	56.4	38.6	42.3	27.8	19.9	4.7	4.2	3.4	
	OGK-2	3,416	n/a	42.7	24.1	187.8	21.2	12.7	3.8	3.2	2.6	
	OGK-3	6,791	n/a	79.9	48.5	98.4	38.7	34.8	8.9	7.3	6.4	
	OGK-4	6,525	n/a	n/a	53.9	81.2	48.9	26.8	6.8	6.2	4.8	
	OGK 5	6,176	52.3	64.3	45.7	66.2	30.1	22.2	6.5	5.0	4.2	
	OGK-6	3,475	43.4	27.5	14.8	19.1	15.0	9.7	3.2	2.7	2.2	
	<b>Aggregate - utilities</b>	<b>90,619</b>	<b>24.5</b>	<b>27.5</b>	<b>21.3</b>	<b>34.7</b>	<b>15.6</b>	<b>11.7</b>	<b>3.4</b>	<b>2.9</b>	<b>2.5</b>	
Telecoms and technology	MTS	38,635	31.0	21.8	19.4	12.8	10.9	9.9	6.5	5.4	5.0	
	Sistema	20,238	22.4	16.8	15.4	10.5	8.7	8.0	3.9	3.5	3.2	
	VimpelCom	38,532	47.5	32.1	28.5	16.5	13.4	12.4	8.3	6.8	6.2	
		<b>Aggregate - mobile telecoms</b>	<b>97,405</b>	<b>33.6</b>	<b>23.6</b>	<b>21.1</b>	<b>13.3</b>	<b>11.0</b>	<b>10.1</b>	<b>6.2</b>	<b>5.2</b>	<b>4.8</b>
	Comstar	4,806	58.6	43.3	14.1	16.6	9.5	8.3	5.4	4.1	3.6	
	Rostelecom	8,930	n/a	77.7	65.2	22.8	20.4	18.1	3.8	3.9	3.6	
	Golden Telecom	3,860	45.1	33.0	24.6	17.1	12.0	9.1	4.5	3.3	2.7	
	MGTS	3,068	17.7	12.6	11.4	10.7	7.9	7.1	4.4	3.5	3.3	
	Uralsvyazinform	2,436	78.6	17.8	13.7	9.8	6.5	5.7	2.7	2.3	2.2	
	Volga Telecom	1,752	22.5	13.2	11.0	7.0	5.3	4.7	2.4	2.0	1.8	
	Sibirtelecom	1,738	40.8	8.3	6.5	8.7	5.0	4.2	2.1	1.7	1.6	
	Northwest Telecom	1,853	39.4	15.7	15.1	9.0	6.1	5.6	2.9	2.3	2.1	
	Center Telecom	1,754	26.0	27.4	15.9	6.4	5.9	5.0	2.3	2.0	1.8	
	Southern Telecom	737	56.7	18.4	16.4	6.6	6.1	5.6	2.3	2.1	1.9	
	Dalsvyaz	658	50.6	13.7	9.4	8.9	5.2	4.1	2.3	1.6	1.5	
	Bashinformsvyaz	158	6.9	7.4	4.3	3.1	2.9	n/a	1.0	0.9	0.7	
	Sitronics	1,012	23.4	11.0	8.0	6.7	4.6	3.7	0.6	0.5	0.4	
		<b>Aggregate - fixed line telecoms</b>	<b>31,753</b>	<b>40.3</b>	<b>24.0</b>	<b>17.3</b>	<b>10.6</b>	<b>7.8</b>	<b>7.1</b>	<b>3.0</b>	<b>2.5</b>	<b>2.2</b>
	RBC	1,096	27.7	28.6	13.6	16.5	11.3	8.2	4.9	3.8	3.0	
	CTC Media	3,804	25.7	19.7	15.5	15.4	12.0	9.6	7.3	5.7	4.6	
Rambler Media	473	39.0	19.5	12.8	23.8	10.8	7.5	5.9	3.4	2.7		
	<b>Aggregate - media</b>	<b>5,373</b>	<b>30.8</b>	<b>22.6</b>	<b>14.0</b>	<b>18.6</b>	<b>11.4</b>	<b>8.4</b>	<b>6.0</b>	<b>4.3</b>	<b>3.4</b>	
Metals and mining	Norilsk Nickel	49,776	6.7	8.0	10.7	4.3	5.3	7.2	3.1	3.5	4.1	
	Polyus Gold	8,289	39.6	51.5	59.1	18.6	22.3	22.1	8.0	8.3	8.4	
	Severstal	23,429	13.6	12.5	12.1	7.2	6.6	6.4	1.8	1.7	1.6	
	Evraz Group	28,022	15.6	15.5	14.9	9.3	8.9	9.8	3.0	2.8	2.7	
	Mechel	12,734	15.9	16.9	19.2	9.6	9.9	9.9	2.4	2.3	2.2	
	NLMK	24,751	11.8	12.4	12.3	7.3	7.6	7.3	3.4	3.3	3.1	
	MMK	13,822	8.5	8.5	7.7	5.9	5.8	5.4	1.8	1.7	1.6	
	TMK	9,810	14.8	10.3	13.0	8.9	6.6	8.4	2.7	2.2	2.1	
	VSMPO	3,720	14.6	11.5	9.1	9.4	7.6	6.0	3.7	3.1	2.4	
		<b>Aggregate - metals and mining</b>	<b>174,352</b>	<b>17.2</b>	<b>17.0</b>	<b>17.2</b>	<b>9.9</b>	<b>9.2</b>	<b>9.1</b>	<b>3.6</b>	<b>3.3</b>	<b>3.2</b>
Industrials, consumer, banks	Sberbank *	244	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
		<b>Aggregate - banks</b>	<b>244</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>	<b>n/a</b>
	X5	6,960	34.3	25.0	18.0	15.6	11.5	9.3	1.6	1.1	0.9	
	Magnit	3,395	41.6	30.2	20.4	17.7	12.4	9.2	1.0	0.7	0.6	
	Seventh Continent	1,980	30.4	23.8	16.9	14.6	10.4	7.8	1.5	1.1	0.8	
	Lebedyansky	1,714	17.0	14.5	12.7	11.0	9.1	8.0	2.1	1.7	1.5	
	Baltika (euro)	5,823	12.6	11.3	9.4	7.6	7.0	5.7	2.4	2.2	1.8	
	Wimm-Bill-Dann	5,147	32.8	24.2	19.9	16.8	13.0	10.6	2.4	2.0	1.7	
		<b>Aggregate - FMCG</b>	<b>25,019</b>	<b>28.1</b>	<b>21.5</b>	<b>16.2</b>	<b>13.9</b>	<b>10.6</b>	<b>8.4</b>	<b>1.8</b>	<b>1.5</b>	<b>1.2</b>
	Razulay	551	25.9	12.5	11.6	8.7	6.1	5.8	1.1	0.9	0.9	
	Severstal Auto	1,703	27.2	17.2	15.6	13.8	9.6	7.8	2.0	1.3	1.0	
	AvtoVAZ	56	0.4	0.4	0.2	1.4	1.3	n/a	0.1	0.1	0.1	
	Aeroflot	4,000	13.8	15.6	12.4	9.7	8.7	6.9	1.4	1.2	1.0	
	Veropharm	495	20.2	15.0	11.7	12.8	9.8	7.4	4.3	3.3	2.7	
	Kalina	423	14.4	11.9	11.5	8.8	7.6	7.2	1.3	1.1	1.1	
Oriflame (euro)	2,286	22.8	18.3	13.9	15.3	13.0	10.8	2.4	2.1	1.8		
	<b>Aggregate valuation</b>	<b>1,049,896</b>	<b>14.1</b>	<b>13.0</b>	<b>12.1</b>	<b>9.0</b>	<b>8.4</b>	<b>7.9</b>	<b>2.8</b>	<b>2.6</b>	<b>2.4</b>	
	<b>FF-adj. MCAP W.A. valuation</b>	<b>302,798</b>	<b>17.4</b>	<b>16.2</b>	<b>14.9</b>	<b>10.9</b>	<b>9.3</b>	<b>8.6</b>	<b>3.9</b>	<b>3.5</b>	<b>3.3</b>	

Source: MDM estimates, IBES consensus

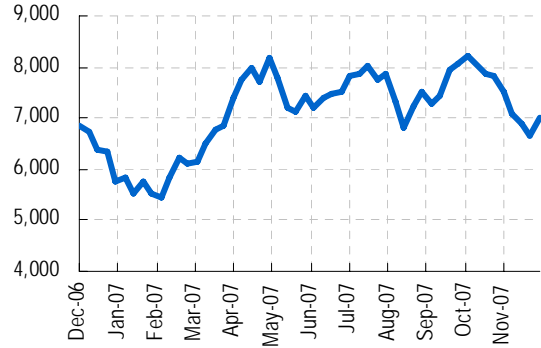
## Key commodities

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



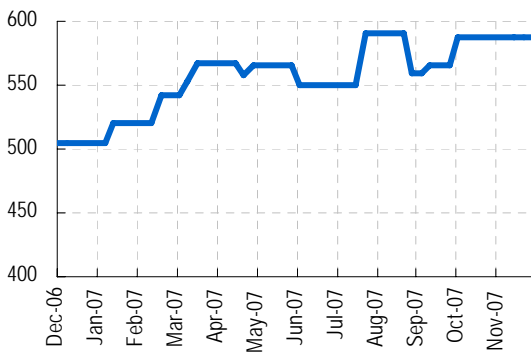
Source: Bloomberg

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



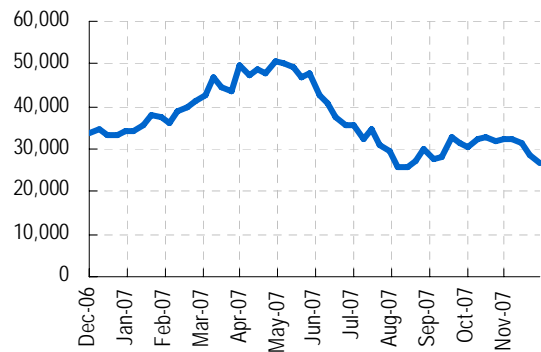
Source: Bloomberg

MB-Steel HR Coil CIS, USD/ton



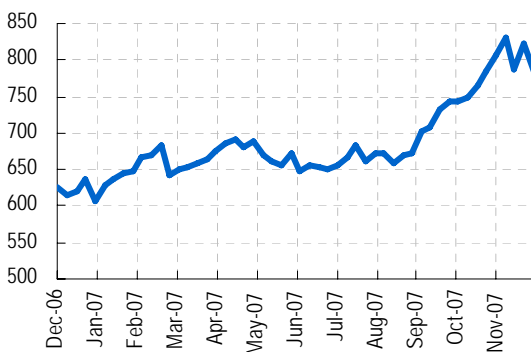
Source: Bloomberg

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



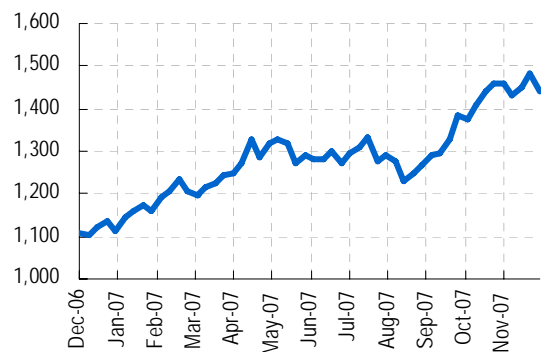
Source: Bloomberg

Gold Bullion, USD/oz



Source: Bloomberg

MB-Platinum Matthey, USD/oz



Source: Bloomberg



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

### Institutional Sales

Kate Korolkevich	Kate.Korolkevich@mdmbank.com	+7 495 411-6223
Martynenko Sergey	Sergey. Martynenko@mdmbank.com	+7 495 228-3304

**research@mdmbank.com**  
**+7(495) 795-2521**  
Bloomberg: MDMB <GO>  
Reuters Dealing: MBWM, MDMB  
<http://www.mdmbank.com>

### Research Team

George Lilis, CFA	George.Lilis@mdmbank.com
Vladislav Nigmatullin	Vladislav.Nigmatullin@mdmbank.com
Ekaterina Generalova	Ekaterina.Generalova@mdmbank.com
Maria Shevtsova	Maria.Shevtsova@mdmbank.com

### Editors/Production

Andrey Goncharov	Andrey.Goncharov@mdmbank.com
Andrew Mullinder	Andrew.Mullinder@mdmbank.com

© 2007 OAO MDM Bank. All rights reserved.

*This report is being distributed in the Russian Federation by OAO MDM Bank (the "Bank"), which accepts responsibility for its contents. This report is for your private information, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security and is specifically not a recommendation to purchase or sell any securities. The information herein has been obtained from, and any opinions herein are based upon, sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied upon as such. We accept no liability in relation to the use of this information or any investor activity taken in the securities described herein. Opinions, forecasts and estimates expressed are current as of the date appearing on this report only and are subject to change without notice. We make no representation that we will update the information discussed in this report on a regular basis, or correct any inaccuracies contained herein. We and our affiliates and employees may, from time to time, have long or short positions in, and buy, sell, make a market or otherwise act as principal in transactions in the securities, or derivatives thereof, of companies mentioned herein. Investors should assume that the Bank does, or seeks to do, investment banking business with any of the companies mentioned in this report.*

*This report was prepared by the Bank and may be used by investors in the Russian Federation subject to the laws of the Russian Federation. The Bank is not registered as a broker or dealer with the SEC or NASD in the United States and this report may be distributed in the United States only to persons who by the acceptance hereof confirm that they are a "major U.S. institutional investor" as defined in Regulation 15a-16 of the Securities Exchange Act of 1934. The Bank is not registered with the FSA in the United Kingdom and this report may not be distributed in the United Kingdom to private clients. This report may be distributed to foreign investors in other jurisdictions only to institutional investors to subject to the laws of their home jurisdiction.*

*This report is confidential and may not be distributed or reproduced, in whole or part, without the express written permission of the Bank.*