

MRSKs

Fundamentally attractive despite negative sentiment and no RAB

Sector ratings

	TP New	TP old	Chng	Rating, old	Rating, new
MOESK	1.54	1.43	8%	HOLD	HOLD
Lenenergo	10	14.22	-30%	BUY	BUY
Lenenergo pref	15.3	31.51	-51%	BUY	HOLD
MRSK Center	0.83	1.11	-25%	BUY	BUY
MRSK North-West	0.10	0.10	-2%	HOLD	HOLD
MRSK Center & Volga	0.23	0.17	36%	HOLD	BUY
MRSK Urals	0.21	0.23	-11%	HOLD	HOLD
MRSK Volga	0.11	0.13	-19%	BUY	BUY
MRSK Siberia	0.16	0.14	15%	HOLD	HOLD
MRSK South	0.08	0.11	-25%	BUY	BUY
MRSK NC	81.7	89.6	-9%	BUY	HOLD
MRSK Holding	2.95	3.69	-20%	HOLD	BUY
MRSK Holding pref	2.22	2.77	-20%	BUY	BUY

Sources: Otkritie Capital Research

We view the latest approval of tariffs and capex for MRSKs, along with the low tariff growth approved for FGC, as beneficial for regional MRSKs. Although the government continues to use RAB terminology, we regard the current regulation as long-term tariff indexation, which partly reduces regulatory risk. Despite current negative investor sentiment, we think it is time to look into the grid names, though it may be too early to commit. We upgrade MRSK Holding and MRSK of Center & Volga to a BUY, and downgrade Lenenergo pref and MRSK of North Caucasus (NC) to a HOLD.

The current regulatory approach is simple long-term tariff indexation.

The government has effectively abandoned the RAB approach, despite continuing to use its terminology, and has instead adopted long-term tariff indexation for all MRSKs. This indexation is based on Russia's programme for social and economic development, rather than defined by the RAB parameters. We believe it reduces regulatory risks and provides better transparency and predictability.

Average tariff growth for MRSKs and FGC has been approved at 11%, 10% and 10%, respectively, for the next three years.... The government recently approved long-term tariff growth and investment programmes for most MRSKs until 2017. We anticipate some changes could still be made for Lenenergo, while FGC's tariffs and capex programmes have been approved only until 2015.

...which puts end-consumer price growth well below the government's targets, thus reducing regulatory risks. Based on the approved grid tariffs, we estimate that end-consumer electricity prices will grow at 5%, 8%, and 9% in 2012, 2013, and 2014, respectively, which is well below the respective government targets of 11%, 10%, and 10%. This, in our view, reduces regulatory risks, and could even provide some upside potential for future tariff growth.

MRSKs to benefit from lower FGC tariffs. We estimate that the contribution of FGC to the total COGS of MRSKs is within the 15-33% range. This is lower than we previously expected, and results in better MRSK financials compared to our previous models and expectations. MRSK of Urals and MRSK of Siberia look to benefit the most from this.

Even in the most pessimistic scenario involving Rosneftegaz, we see speculative upside potential for the share prices of MRSKs. Even in a gloomy scenario in which the MRSKs and FGC are consolidated into a giant monopoly, we see some probability of a minority buyout at a premium to the current market value (due to the approved tariffs and capex, the valuation is transparent and direct).

As a result we have updated our target prices and ratings for regional MRSKs and started to view sector prospects more optimistically. After incorporating new data and the latest IFRS figures, we have lowered our target prices for MRSKs by 12% on average, upgraded MRSK Holding and MRSK of Center & Volga from a HOLD to a BUY, and downgraded Lenenergo pref and MRSK of NC from a BUY to a HOLD.

Important disclosures are found at the Disclosures Appendix.

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Despite continued use of RAB terminology, RAB approach is dead

Instead, long-term tariff indexation is being applied for all MRSKs

The government recently approved long-term tariff growth and investment programmes for most MRSKs until 2017. We believe some changes could still be made for Lenenergo, while the tariffs and capex programme for FGC is only approved until 2015.

This means that RAB is defunct, despite continuing rhetoric. We would now categorise the government's approach to grid segment regulation as a top-down methodology. The long-term regulation of tariffs is based on the macro parameters set in the government's plan for the social and economic development of Russia, rather than on RAB parameters. This approach enables the government to control utilities' contribution to inflation and restrain growth in end-consumer electricity prices.

However, the government still uses RAB terminology and is likely to approve the long-term RAB parameters until November 2012. It has put some regional subsidiaries of MRSKs (especially the Urals and Siberia) formally onto the long-term tariff indexation approach, but is keeping the rest on the RAB methodology (according to the government). The reloaded RAB parameters are slated to be approved by 1 November, but, in our view, these parameters have little application, as they will not determine utilities' tariffs and revenues.

New regulation could result in less aggressive cost cutting. The RAB methodology implies quite aggressive cost-cutting incentives, whereas the new approach could result in less cost-cutting, in our view. Nevertheless, we believe that the corporate culture and the government's attitude will be more important drivers for improving the efficiency of MRSKs. It remains to be seen how it develops, especially as we believe the government has no clear strategy for the sector. We believe that the 1H12 and FY12 IFRS figures could potentially hint at what direction, in terms of cost-cutting measures, the sector is moving.

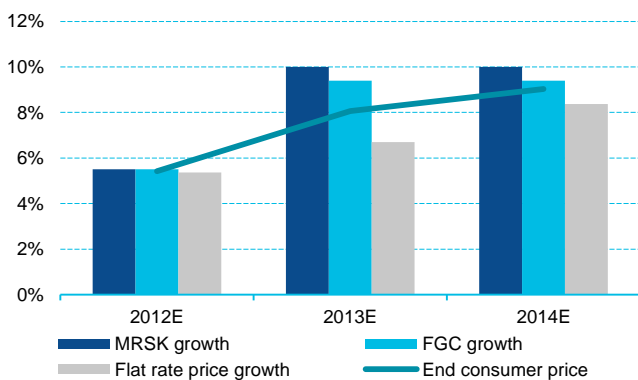
Forecasting MRSKs' financials has become more transparent and less volatile. We see no significant risk of the government changing the tariff growth parameters and capex programmes for the MRSKs, partly because end-consumer prices are well below the government's goals. However, we note that the potential adoption of RAB methodology would, in our view, carry the risk of a further reduction in tariff growth, as the methodology for capex incorporation could result in less capex utilisation through revenue streams. However, we consider this risk as minimal.

Lower Grid tariff growth – lower end-consumer price growth

End-consumer price will grow less than government’s goal of 11%, 10% and 10%

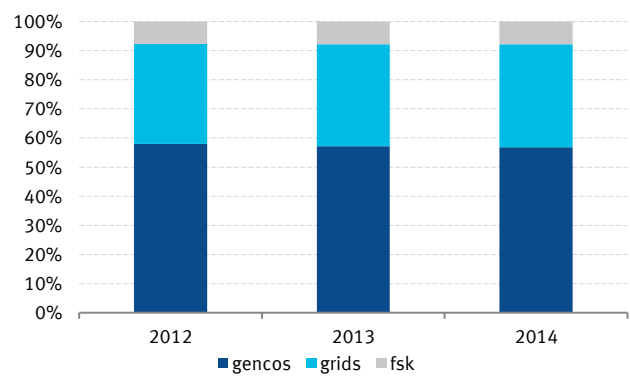
Growth in end-consumer prices to fall below government target. With suppressed growth in Grid tariffs, we forecast that the end-consumer electricity price will grow at 5.4% in 2012, 8.1% in 2013 and 9% in 2014, which is below the 11%, 10%, 10% respective levels set by the government.

Figure 1. End-consumer price growth, YoY %



Sources: Otkritie Capital Research

Figure 2. Share of segments in end price %



Sources: Otkritie Capital Research

Thus, a more favourable treatment for expensive Gencos and higher growth in heat tariffs is feasible, but unlikely. The lower growth in end-consumer prices could potentially allow for higher capacity prices (or higher capacity tariffs for Gencos operating in the “forced” mode), or higher growth in heat tariffs (their growth is below underlying fuel cost growth on our estimates). However, the heat and electricity business is governed by different government ministries (the Ministry of Energy is responsible for electricity regulation, while the Ministry of Regional Development – for heat regulation), which precludes potential upside in heat tariff growth, in our view, given the lack of coordination between the Ministries. Moreover we do not expect significant changes in the functioning of the capacity market, which is likely to prevent more favourable treatment of expensive generators or faster indexation of the capacity price cap.

Lack of unified lobbying also prevents realisation of more favourable scenarios. After the demise of RAO UES, the industry lacks unified lobbying power and comprises different groups (such as Gencos, consumer, grids, etc.) which often have contradictory goals. We believe this precludes a unified lobbying of the government and regulators, which could prevent a realisation of potentially higher growth in regulated tariffs.

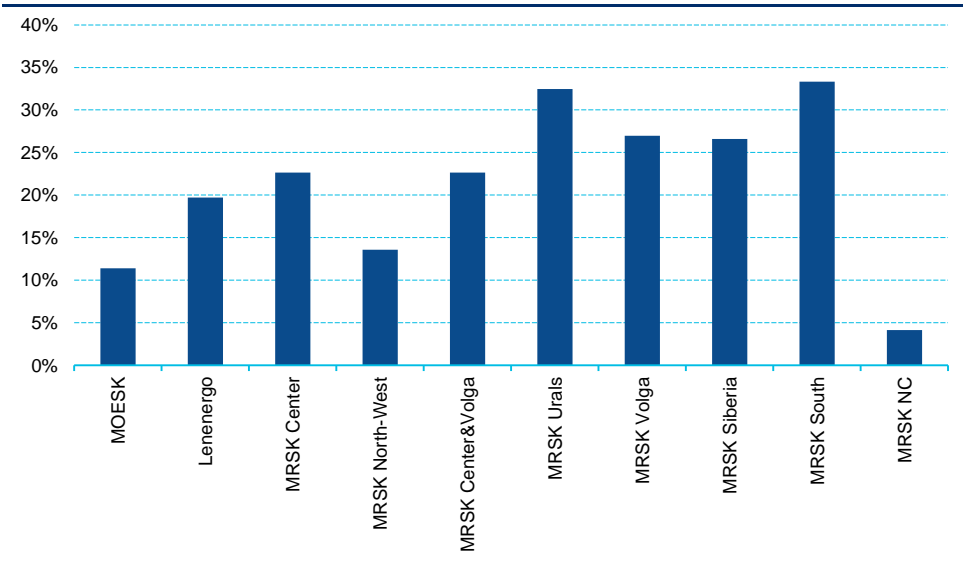
Nevertheless it reduces regulatory risks for MRSK, in our view. Given the end-consumer price growth is likely to stay below the government’s target and there is unlikely to be a hike in capacity or heat tariffs, we view regulatory risks for MRSKs as diminished. Since regulation is now totally reliant on long-term tariff indexation, we think it very unlikely that the government would make any major changes to the rules. We see only a very limited possibility of grid tariffs being raised.

MRSKs set to benefit from low FGC tariff growth

Since there is no RAB, growth in FGC tariffs does matter

FGC costs contribute 15% – 33% of total COGS of MRSKs. We estimate that FGC’s contribution to the total COGS of MRSKs (excluding MRSK of NC) ranges from 15% for MRSK of Center & Volga to 33% for MRSK of Urals. Since the tariffs for MRSKs are indexed and the indexation is long-term, FGC’s tariff growth is important, as MRSKs would not be compensated for high growth in FGC tariffs as is presumed in the RAB approach.

Figure 3. FGC contribution to COGS, %



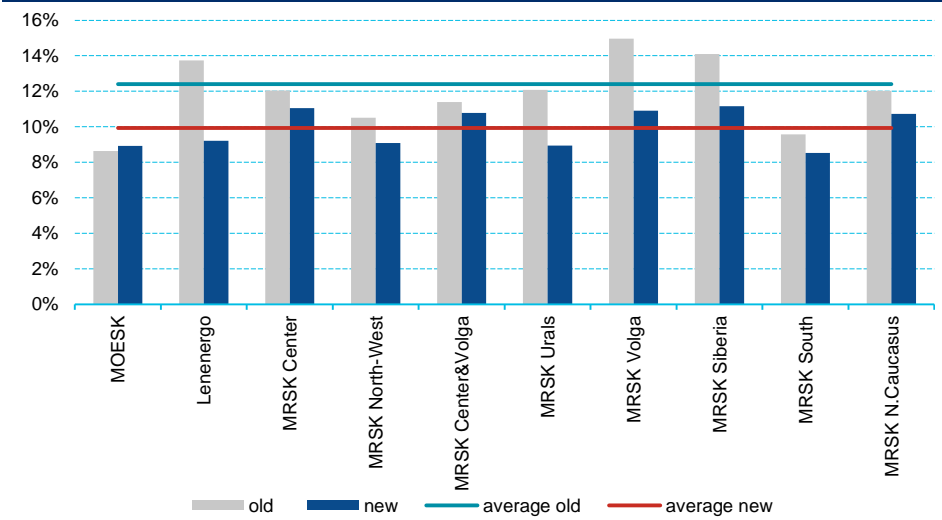
Sources: Company data, Otkritie Capital Research

Thus, the government’s approval of 10% tariff growth for both FGC and the MRSK average greatly benefits MRSKs in our view. The most benefits will be seen in MRSK of Urals, MRSK of Siberia, MRSK of South, and MRSK of Volga, and the least in MOESK, as it has the smallest contribution of FGC costs.

We cut average CAGR for MRSK tariffs over 2012-2017 from 12.4% to 9.8%

Despite room for higher grid tariff growth, we now view a 9.8% CAGR as more probable over 2012-2017. We previously estimated grid tariff growth based on our “top-down” RAB parameters for MRSKs and the government’s target for end-consumer electricity price growth. Since then the FTS and regional energy committees have approved long-term tariff growth for most MRSKs. We believe that the current tariff growth leaves some room for possible upside, but consider this scenario as unlikely given the government’s likely conservative stance thanks to the already high end-consumer electricity prices.

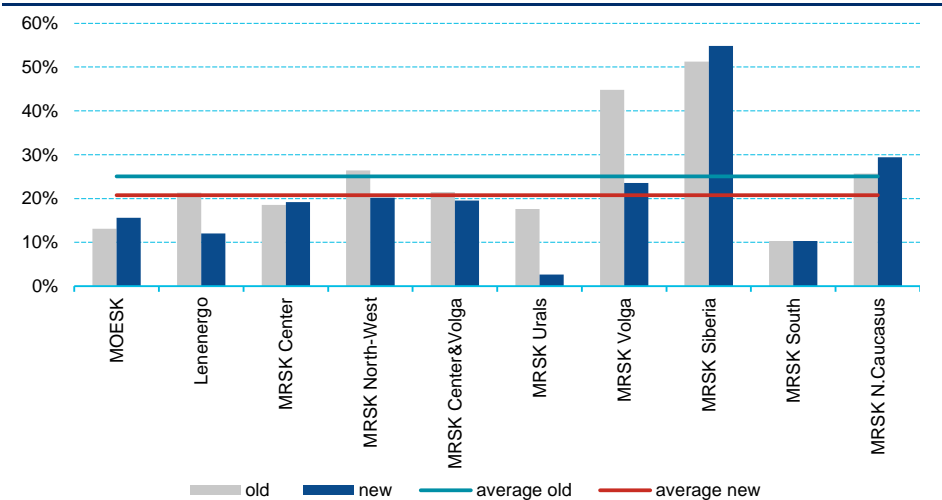
Figure 4. MRSKs revenue CAGR (2012-2017), new vs. old, %



Sources: Company data, Otkritie Capital Research

As a result the EBITDA growth profile has slightly deteriorated on average. Taking into account our cut to MRSKs’ revenue CAGR, along with the lower-than expected FCC tariff growth, the average EBITDA CAGR over 2012-2017 for MRSKs falls from 25% in our previous model to 20%.

Figure 5. MRSKs’ EBITDA CAGR (2012-2017), new vs. old, %



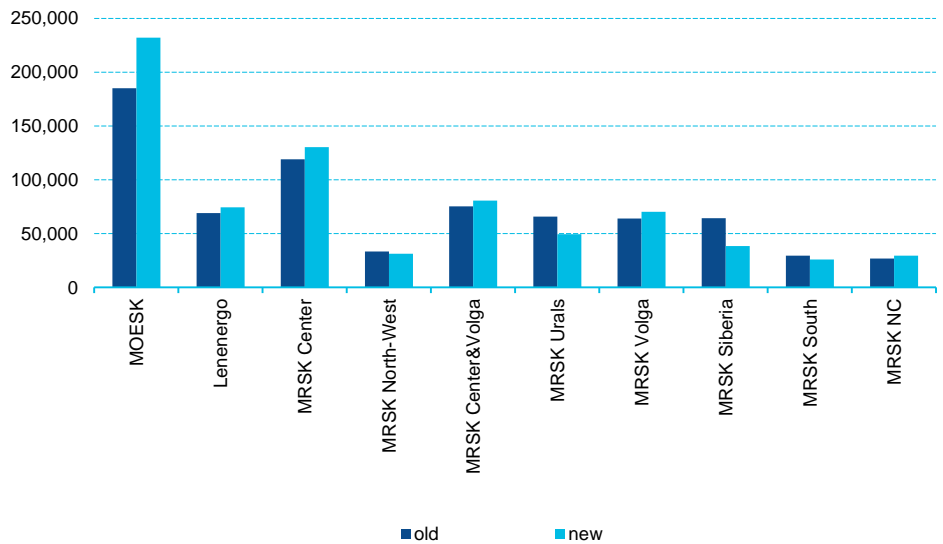
Sources: Company data, Otkritie Capital Research

The significant decrease in MRSK of Urals’ EBITDA CAGR is related to our conservative view on the company’s supply business, which is consolidated in IFRS figures. Conversely, the big increase in the EBITDA CAGR of MRSK of Siberia relates to a low base and is partly purely statistical.

Capex is updated based on approved investment programme by Minenergo

MRSKs' capex has become more transparent and certain. We previously estimated capex based on our "top-down" RAB parameters for MRSKs, which involved considerable uncertainty. The Energy Ministry has approved long-term capex programmes for MRSKs (until 2017). We would expect only minor corrections to this programme in the future.

Figure 6. MRSKs total capex (2012-2017), new vs. old, RUBmn



Sources: Company data, Otkritie Capital Research

We have increased MRSKs' average capex by approximately 4%, though we significantly hiked the capex for MOESK (by 26%) and lowered it for MRSK of Siberia (by 40%) and MRSK of Ural (by 25%). The latter is due to MRSK of Siberia's previous RAB regulation being dropped and the transference of all its subsidiaries to the long-term tariff indexation methodology. Its capex programme has been amended accordingly. Similarly, some of MRSK of Urals' subsidiaries have been transferred to the long-term tariff indexation methodology.

MRSK Holding and FGC merger: uncertainty persists

A proposed merger means unified tariffs and further uncertainty

Details of the deal are uncertain, so we outline two possible scenarios.

Igor Sechin, the first deputy prime minister in the old cabinet overseeing the energy sector, proposed the MRSK/FGC merger in early May, though there are currently no details over how it could be accomplished. The reasons cited by the government to justify the deal, such as lack of progress in finding a solution to the “last mile” problem, cross subsidies in the sector, etc., are outside the scope of corporate management and are the prerogative of the government. This indicates to us that the government has no clear strategy over the development of the Grid segment, especially given the pressure to contain growth in end-consumer prices. Moreover, the government has included FGC and MRSK Holding in the list of strategic enterprises, thus making their potential privatization very difficult. We see two possible scenarios for the merger:

- The consolidation of Grid assets and creation of a giant monopoly in charge of Russia’s entire Grid segment on the basis of Rosneftegaz.
- Transfer of management of MRSK Holding to FGC and possible privatization of regional MRSKs

However, the proposed deal has resulted in unified low growth in Grid tariffs.

After the announcement of the proposed merger, the FTS approved the following tariff growth: i) for MRSKs, an average of 11% from 1 July 2012, 10% from July 2013, and 10% from July 2014; ii) for FGC, growth of 11%, 10% and 10%, respectively. The latter (FGC) is a very pessimistic scenario and well below what the market was hoping for. This approval implies the final demise of RAB regulation in the Grid segment, although the government will continue to use these words to outline its regulatory approach. Long-term tariff and capex for FGC (i.e. beyond 2015) is likely to be approved later this year.

And an effective ban on privatization of FGC and MRSK Holding. The government included FGC and MRSK Holding in the list of strategic enterprises. Though this decision makes their privatization unlikely in the next three years, in our view, it doesn’t preclude the privatization of regional MRSKs, though possibly delaying it.

Nevertheless both companies are fundamentally attractive, thus providing speculative opportunities even if Rosneftegaz consolidates them. Although the approved tariffs are disappointing for FGC and in line with market expectations for MRSKs, both companies provide fundamental upside potential in our view. This opens up some possibility if Rosneftegaz makes a buy-out offer to minorities who are excluded from a potential deal. We would expect the valuation of these two companies to be closer to their fundamental values, which is likely to be above current share prices, especially as their valuations are relatively transparent given approval of the long-term tariffs and investment programmes. Thus, these two companies could provide a speculative bet on such a scenario, with MRSK Holding being the more preferable name to play this opportunity, as it has slumped much more than FGC during the current market turmoil (51% vs 43% over last three months weeks).

New “energy” structure of the cabinet

Unlikely to demonstrate very strong liberal view and will result in further uncertainty

The new government line-up for the energy sector is uninspiring.

- Alexander Novak has been appointed Minister of Energy, replacing Sergey Shmatko. He was previously suggested by the Russian press, but was not widely discussed. He is not a well-known politician, and had previously been a Deputy Finance Minister. His relation to the energy sector is unclear and his stance towards the utility sector is even murkier.
- Arkady Dvorkovich has effectively replaced Igor Sechin as deputy-PM in charge of the energy sector, and he will also oversee other sectors such as agriculture and transport.

Neither of the new appointees had commented much on the situation in the Russia utility sector while occupying their previous positions in the Ministry of Finance and presidential apparatus. As they have never been associated with utilities and are likely to avoid taking sector “strategic” decision in the short-to-medium terms, there is likely to be prolonged uncertainty in the sector, especially in the areas of privatization, creation of a Grid monopoly through the merger of FGC and MRSK Holding, and further development of the electricity market infrastructure (new capacity market, new retail market, etc). We also believe that the main decision related to the further development of the utility universe will be taken outside of the Ministry of Energy, at least in the short-to-medium terms, and is likely to be associated with the former deputy prime-minister Igor Sechin.

State-owned Rosneftegaz could consolidate stakes in utilities. The inclusion of FGC, RusHydro and MRSK Holding into the list of strategic enterprises effectively puts a stop to their privatisation in the short-to-medium term. However, due to lower-than-expected growth in FGC tariffs and the cancellation of the special investment component in RusHydro’s tariffs, the fulfilment of these companies’ investment programmes has been put under question. In RusHydro’s case, the government had previously considered putting additional capital into the company through a proposed deal with VEB (Vnesheconombank); however this deal has since been cancelled. We now believe that Rosneftegaz could play a similar role. We believe that depending on the structure of future deals with Rosneftegaz, FGC and RusHydro could eventually benefit, though at the moment it is too early to judge. Despite negative investor sentiment toward utilities, we believe that in the long term such recapitalisation could be beneficial for utility companies, given their future privatisation. However, if the proposed scheme with Rosneftegaz turns out to be a drive towards the ‘former RAO UES’, utility stocks are unlikely to recover.

Valuation

We have incorporated latest capex, tariff growth and IFRS figures

We utilize a DCF and RAB-based approach that takes into account FY11 IFRS results, the latest data for MRSKs' investment programmes, and the most recent guidance for their tariff growth. Our target price for MRSK Holding is equal to the SOTP of its subsidiaries, including both listed and unlisted entities. We have used our previous WACC of 13.2% for all MRSKs.

Based on our combined SOTP and DCF valuation method, our target price for MRSK Holding drops from RUB3.69/share to RUB2.95/share, implying 67% upside potential versus the current market price. The change in valuation is shown in Figure 7.

Figure 7. MRSKs and MRSK Holding: Target prices and Ratings old vs. new, RUB/share

	TP New	TP old	Change	Rating, old	Rating, new
MOESK	1.54	1.43	8%	HOLD	HOLD
Lenenergo	10	14.22	-30%	BUY	BUY
Lenenergo pref	15.3	31.51	-51%	BUY	HOLD
MRSK Center	0.83	1.11	-25%	BUY	BUY
MRSK North-West	0.10	0.10	-2%	HOLD	HOLD
MRSK Center&Volga	0.23	0.17	36%	HOLD	BUY
MRSK Urals	0.21	0.23	-11%	HOLD	HOLD
MRSK Volga	0.11	0.13	-19%	BUY	BUY
MRSK Siberia	0.16	0.14	15%	HOLD	HOLD
MRSK South	0.08	0.11	-25%	BUY	BUY
MRSK NC	81.7	89.6	-9%	BUY	HOLD
MRSK Holding	2.95	3.69	-20%	HOLD	BUY
MRSK Holding pref	2.22	2.77	-20%	BUY	BUY

Sources: Otkritie Capital Research

Despite potential upside relative to the current market price for MRSK of Siberia we rate the stock a HOLD, as we believe that uncertainty related to the “last mile” problem could influence investor sentiment towards the stock. We also downgrade MRSK of NC from a BUY to a HOLD (despite potential upside) as we see significant risk related to this stock and believe that the name will be highly speculative in the short-to-medium term. MRSK of North-West is a HOLD as its net income likely to be negative in the next couple of years.

With the uncertainty surrounding the grid segment regulation diminishing, we don't see significant regulatory risks coming from possible changes to tariff growth and the investment programmes. However, sentiment-wise, it is very important to ascertain what the government is planning for the MRSK Holding and FGC merger, as well as privatization within the sector. We haven't used a multiples valuation approach for calculating our target price, but nevertheless acknowledge that multiples do provide some guidance for possible upside/downside potential of MRSK shares, especially compared to their Russian peers.

Figure 9. MRSK valuation table

Company	Ticker	Current price, RUB	Target price, RUB	Upside	Rating	Market Cap, \$m	EV/EBITDA			P/E			EV/RAB
							'11	'12E	'13E	'11	'12E	'13E	
MOESK	MSRS	1.34	1.54	15%	HOLD	2,021	2.5	3.4	3.4	3.6	6.7	5.5	0.57
Lenenergo	LSNG	6.7	10.0	50%	BUY	191	3.8	4.4	4.2	n/m	18.9	4.5	0.30
Lenenergo PREF	LSNGP	17.2	15.3	-11%	HOLD								
MRSK Center	MRKC	0.46	0.83	81%	BUY	601	2.0	3.0	2.7	3.5	4.1	2.7	0.26
MRSK North-West	MRKZ	0.07	0.10	36%	HOLD	210	2.3	4.9	4.3	8.5	n/m	n/m	0.32
MRSK Center&Volga	MRKP	0.12	0.23	93%	BUY	410	2.2	2.7	2.2	2.9	3.5	2.3	0.29
MRSK Urals	MRKU	0.19	0.21	13%	HOLD	501	2.4	2.6	3.9	5.0	5.4	15.2	0.42
MRSK Volga	MRKV	0.06	0.11	77%	BUY	335	2.5	3.5	4.5	6.1	7.7	6.9	0.18
MRSK Siberia	MRKS	0.08	0.16	99%	HOLD	229	4.0	10.1	6.3	n/m	n/m	n/m	0.31
MRSK South	MRKA	0.05	0.08	47%	BUY	84	3.1	3.0	2.7	23.0	2.3	1.7	0.46
MRSK North Caucasus	MRKK	37.9	81.7	116%	HOLD	35	1.7	6.1	7.6	n/m	n/m	n/m	0.11
MRSKs Holding	MRKH	1.77	2.95	65%	BUY	2,250	2.0	2.5	2.6	1.9	3.5	3.0	0.39
MRSKs Holding pref	MRKHP	1.12	2.22	98%	BUY								
MRSKs average							2.6	4.2	4.0	6.8	6.5	5.2	0.33
Foreign peers average for MRSKs							14.0	11.1	11.3	16.3	14.2	38.5	1.54

Sources: Otkritie Capital Research

We have valued MRSK Holding through a SOTP and DCF approach. We have utilised both SOTP and DCF to value MRSK Holding, giving both approaches equal weight. Both methods give similar values for MRSK Holding, which serves as an additional test for our regional MRSK models.

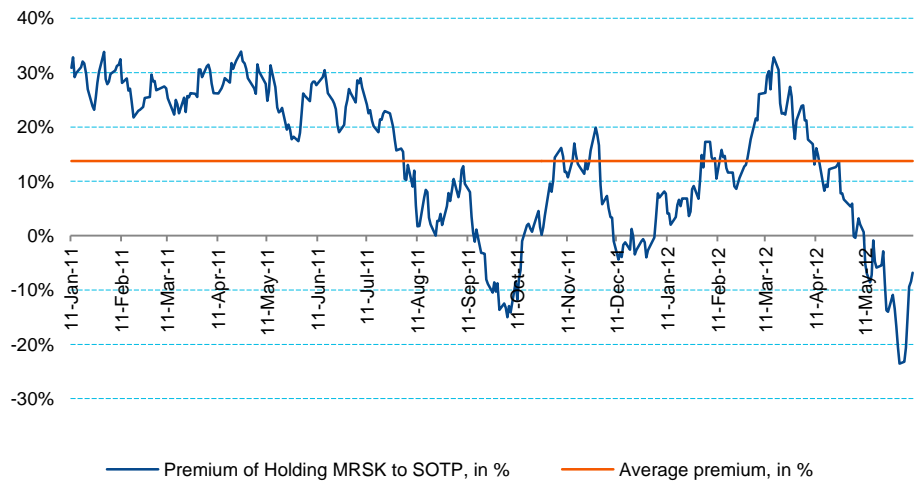
Figure 10. MRSK Holding: target price old vs. new, RUB/share

	Contribution of the parts, RUB mn
Listed companies value	135,912
Non-listed companies value	20,614
SoP listed, (MRSK Holding price/share)	2.58
SoP listed + non-listed, (MRSK Holding price/share)	3.04
DCF approach	2.87
Final TP	2.95

Sources: Otkritie Capital Research

MRSK Holding lost its historical premium to its listed SOTP during the recent market rout, however we expect it to be restored. The 14% average premium to its listed parts that MRSK traded at since the start of 2011 has disappeared during the recent market turmoil. However, we expect this premium to be restored once financial markets have settled and investors re-focus on possible corporate actions with FGC and a new regulatory and corporate environment.

Figure 11. Premium of MRSK Holding to its listed SOTP, %



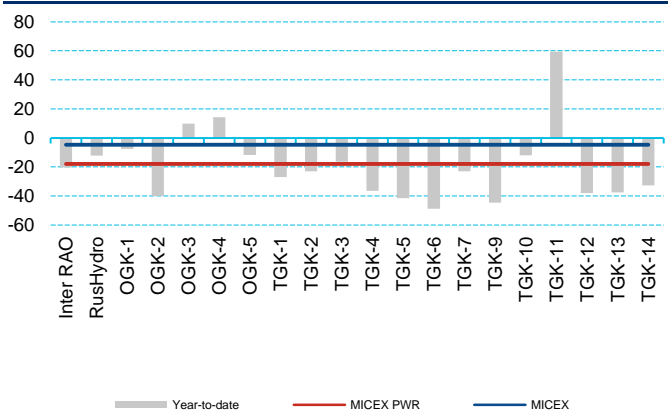
Sources: Bloomberg, Otkritie Capital Research

Significant drop in some utility names makes them attractive

Performance in 2011 and YtD

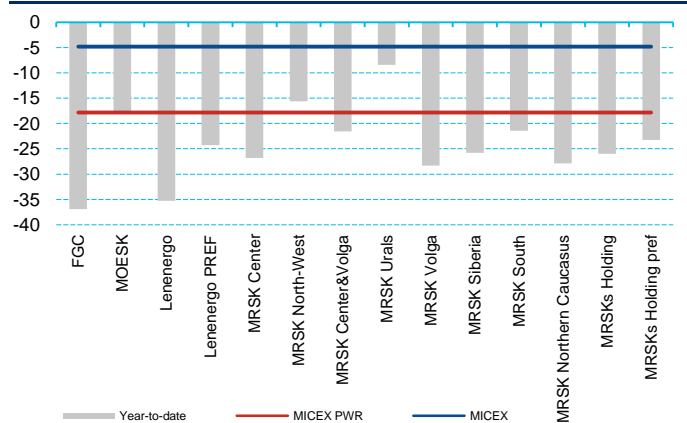
Utility stocks slumped around 40% in 2011... The pre-election government rhetoric and regulation tightening in the utility sector resulted in the utility stocks significantly underperforming the overall market last year. The average OGK share price dropped by 43%, the average TGK – by 52%, while RusHydro lost 41% of its value. The performance of Grids was equally dismal, with the MRSKs sliding 53% on average, though the performance of FGC was much better at just -23%.

Figure 12. Market performance, YTD, Gencos, %



Sources: Bloomberg, Otkritie Capital Research

Figure 13. Market performance, YTD, Grids, %



Sources: Bloomberg, Otkritie Capital Research

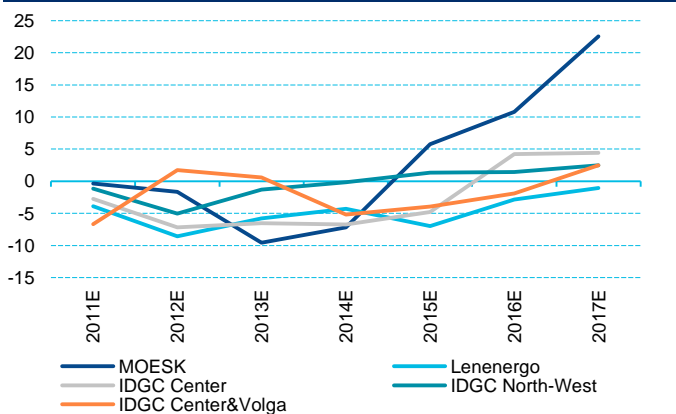
...And have yet to see a recovery in 2012. Despite the utility names outperforming the market in 1Q12, their sharper drop over the last two months has resulted in MICEX PWR index underperforming YtD at -18% vs. MICEX Index -5% YtD. Among the utility segments, OGKs have declined on average by 7% YtD, TGKs by 25%, while MRSKs have fallen 23%. RusHydro, Inter RAO and FGC share prices have changed -12%, -20%, and -37% respectively.

MICEX PWR is up 2% over the last four weeks vs. 8% for MICEX index

The underperformance of the utility sector over the last four weeks underscores its largely sentiment-driven nature. Over the last four weeks, MICEX PWR has underperformed the MICEX Index at 2% vs. 8%. Among the Gencos, OGKs has risen on average by 5%, TGKs have declined by 4%, Inter RAO has increased by 7%, while RusHydro has advanced 9%. The Grid segment demonstrated worse dynamics with FGC declining by 14%, and MRSKs dropping by 8% on average. Such volatility underscores, in our view, that many utility stocks are currently sentiment driven, reacting mostly to news flow and reflecting the uncertain regulatory environment in the Russian utility sector rather than stock fundamentals.

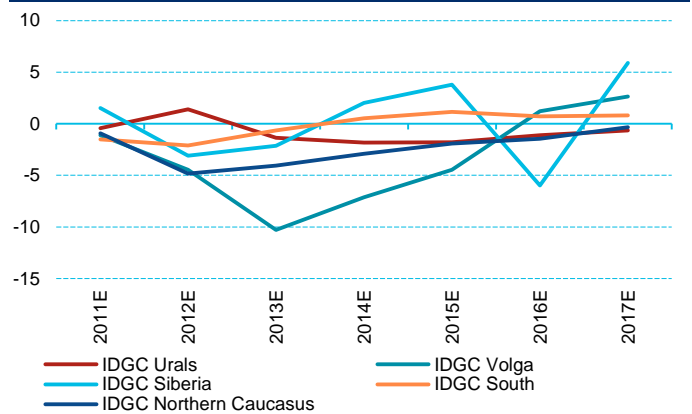
Despite our lowered target prices based on our new estimates, most MRSKs remain attractive after the recent market rout. However, we note that the free cash flow (FCF) for most of the grid distribution companies remains in negative territory until the end of the first regulation period (Figures 14 and 15), which could result in cautious market sentiment towards the sector as a whole and in particular to MRSKs.

Figure 14. MRSK's free cash flow, RUBbn



Sources: Otkritie Capital Research

Figure 15. MRSK's free cash flow (cont'd), RUBbn

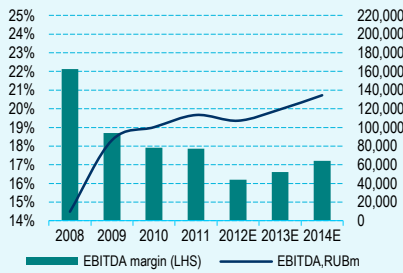


Sources: Otkritie Capital Research

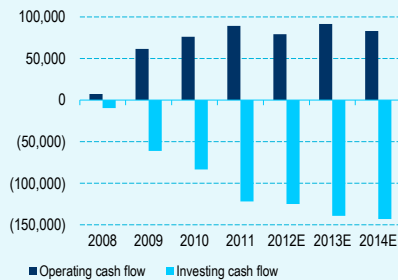
Appendix: Financial forecasts (MRSK Holding)

RUBmn unless otherwise stated

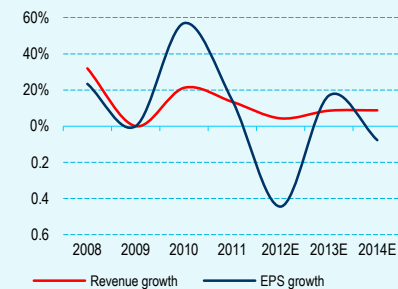
Profitability



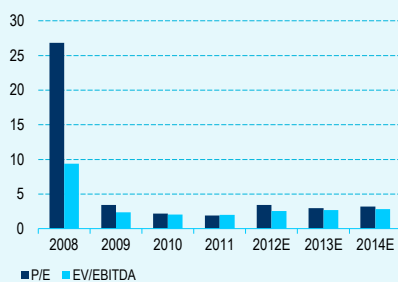
Cash flows, RUBmn



Momentum



Valuation



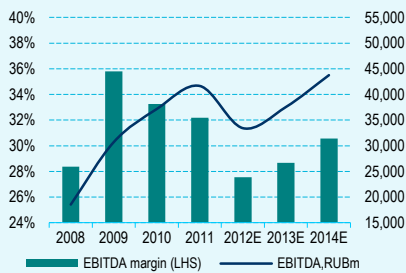
	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	461,660	559,496	634,608	661,881	718,476	781,304
Depreciation	40,329	46,025	54,075	57,641	61,612	65,692
EBITDA	86,338	100,244	113,329	107,191	119,335	134,467
Operating profit (EBIT)	46,010	54,219	59,254	49,550	57,723	68,775
Net interest expense	(17,925)	(8,037)	(5,843)	(22,500)	(26,100)	(39,600)
Non-op. expenses	0	0	0	0	0	0
Pretax profit	28,182	46,537	53,655	27,050	31,623	29,175
Taxes	6,430	12,400	14,689	5,410	6,325	5,835
Minority interest	7,931	11,969	13,662	7,587	8,870	8,184
Net income	21,752	34,137	38,966	21,640	25,298	23,340
Cash flow statement						
Net change in work. cap.	(41,828)	(19,393)	3,725	(119)	(4,752)	5,888
Provisions and write-offs	0	0	0	0	0	0
Other	(356)	(604)	545	0	0	0
Operating cashflow	61,461	76,424	89,338	79,463	91,662	83,144
Capex	(63,200)	(75,681)	(124,836)	(124,814)	(138,991)	(142,777)
Disposals (Acquisitions)	0	0	0	0	0	0
Investing cashflow	(61,070)	(83,215)	(121,818)	(124,814)	(138,991)	(142,777)
Equity	0	0	0	0	0	0
Debt	16,140	10,983	52,722	54,215	40,000	150,000
Financing cashflow	9,312	2,465	56,443	54,918	39,393	149,037
Net change in cash	9,703	(4,326)	23,963	9,567	(7,935)	89,404
Balance sheet						
Cash & equivalents	29,217	24,890	48,853	58,420	50,484	139,889
Current assets	121,484	131,855	156,686	176,529	177,472	276,688
PP&E	560,028	603,241	687,489	754,662	832,040	909,126
Goodwill and other	37,893	31,658	33,622	33,622	33,622	33,622
Total assets	720,134	767,806	879,077	966,093	1,044,414	1,220,715
Current liabilities	203,205	197,192	194,150	288,871	320,306	390,997
S-T Debt	67,242	27,139	26,954	111,280	129,085	195,853
L-T Debt	83,823	120,649	168,831	138,720	160,915	244,147
Other L-T liabilities	0	0	0	0	0	0
Shareholders funds	206,417	234,596	266,742	279,628	292,917	304,404
Total liabilities & equity	720,134	767,806	879,078	966,093	1,044,414	1,220,715
Net Debt	121,848	122,897	146,932	191,580	239,516	300,111
Margins and profitability						
EBIT Margin	10.0%	9.7%	9.3%	7.5%	8.0%	8.8%
EBITDA Margin	18.7%	17.9%	17.9%	16.2%	16.6%	17.2%
Net Margin	4.7%	6.1%	6.1%	3.3%	3.5%	3.0%
ROE	10.5%	14.6%	14.6%	7.7%	8.6%	7.7%
ROA	3.0%	4.4%	4.4%	2.2%	2.4%	1.9%
ROIC	7.5%	7.9%	7.5%	6.4%	6.9%	8.0%
Momentum						
Revenue growth	956%	21%	13%	4%	9%	9%
EBITDA growth	792%	16%	13%	-5%	11%	13%
EPS growth	681%	57%	14%	-44%	17%	-8%
Liquidity and solvency						
Cash Ratio	0.1	0.1	0.3	0.2	0.2	0.4
Current Ratio	0.6	0.7	0.8	0.6	0.6	0.7
Interest Coverage	(2.6)	(6.7)	(10.1)	(2.2)	(2.2)	(1.7)
Debt/Equity	0.7	0.6	0.7	0.9	1.0	1.4
Debt/Total assets	0.2	0.2	0.2	0.3	0.3	0.4
Net debt / EBITDA	1.4	1.2	1.3	1.8	2.0	2.2
Valuation						
P/E	3.4	2.2	1.9	3.5	3.0	3.2
P/CE	1.2	0.9	0.8	0.9	0.9	0.8
P/BV	0.4	0.3	0.3	0.3	0.3	0.2
EV/Sales	0.4	0.4	0.4	0.4	0.4	0.5
EV/EBITDA	2.4	2.0	2.0	2.5	2.7	2.8
Dividend yield, (ords)	0.3%	0.8%	0.9%	0.8%	1.3%	1.5%
Dividend yield, (prefs)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Per Share Data						
EPS	0.52	0.81	0.92	0.51	0.60	0.55
DPS, ords	0.01	0.01	0.02	0.01	0.02	0.03
DPS, prefs	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	4.89	5.56	6.32	6.62	6.94	7.21

Sources: Company data, Otkritie Capital estimates

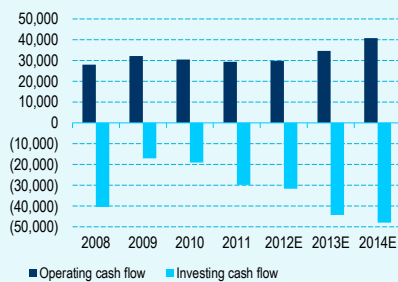
Appendix: Financial forecasts (MOESK)

RUBmn unless otherwise stated

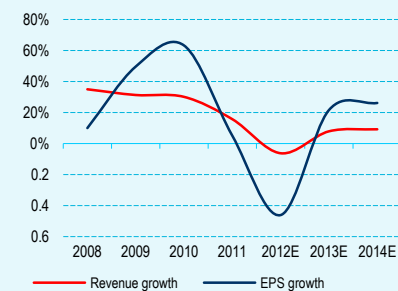
Profitability



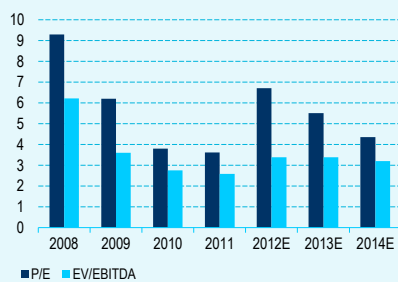
Cash flows, RUBmn



Momentum



Valuation

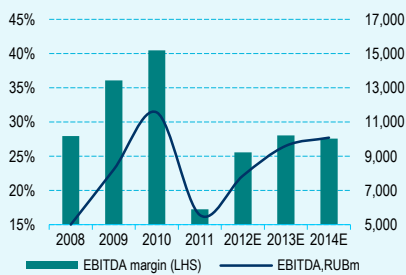


	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	85,831	111,732	129,366	121,354	131,005	143,133
Depreciation	10,236	13,340	16,539	17,445	18,711	20,085
EBITDA	30,722	37,166	41,649	33,426	37,553	43,755
Operating profit (EBIT)	20,486	23,827	25,110	15,981	18,842	23,669
Net interest expense	(6,501)	(2,236)	(1,665)	(3,815)	(4,041)	(4,986)
Non-op. expenses	0	0	0	0	0	0
Pretax profit	13,984	21,590	23,445	12,166	14,801	18,683
Taxes	3,476	4,427	5,402	2,433	2,960	3,737
Minority interest	(247)	(7)	95	51	62	79
Net income	10,508	17,163	18,043	9,733	11,841	14,947
Cash flow statement						
Net change in work. cap.	(13,526)	(18,302)	18,166	1,032	(6)	(808)
Provisions and write-offs	(336)	533	347	0	0	0
Other	(22)	(548)	(134)	0	0	0
Operating cashflow	32,128	30,450	29,425	29,961	34,598	40,826
Capex	(17,262)	(18,926)	(29,322)	(31,731)	(44,300)	(48,102)
Disposals (Acquisitions)	0	452	1	0	0	0
Investing cashflow	(16,977)	(19,040)	(29,776)	(31,606)	(44,176)	(47,978)
Equity	0	0	0	0	0	0
Debt	(5,661)	(10,496)	6,372	5,524	15,000	12,000
Financing cashflow	(16,208)	(13,574)	1,365	1,416	10,646	6,542
Net change in cash	(1,058)	(2,163)	1,014	(230)	1,068	(609)
Balance sheet						
Cash & equivalents	5,094	2,931	3,945	3,715	4,783	4,173
Current assets	25,604	29,212	28,782	29,478	32,506	34,315
PP&E	181,703	190,226	205,734	220,019	245,608	273,624
Goodwill and other	21,622	14,391	15,042	15,042	15,042	15,042
Total assets	228,930	233,829	249,559	264,540	293,158	322,981
Current liabilities	74,390	78,800	55,069	79,587	90,533	100,944
S-T Debt	30,295	10,631	6,509	31,134	40,114	47,299
L-T Debt	20,304	29,472	39,967	20,866	26,886	31,701
Other L-T liabilities	36,000	10,893	22,471	22,471	22,471	22,471
Shareholders funds	88,960	105,681	122,429	131,940	143,530	158,050
Total liabilities & equity	228,930	233,829	249,559	264,540	293,158	322,981
Net Debt	45,505	37,173	42,531	48,285	62,217	74,827
Margins and profitability						
EBIT Margin	23.9%	21.3%	19.4%	13.2%	14.4%	16.5%
EBITDA Margin	35.8%	33.3%	32.2%	27.5%	28.7%	30.6%
Net Margin	12.2%	15.4%	13.9%	8.0%	9.0%	10.4%
ROE	11.8%	16.2%	14.7%	7.4%	8.2%	9.5%
ROA	4.6%	7.3%	7.2%	3.7%	4.0%	4.6%
ROIC	11.0%	12.5%	10.5%	7.1%	7.6%	8.7%
Momentum						
Revenue growth	31%	30%	16%	-6%	8%	9%
EBITDA growth	66%	21%	12%	-20%	12%	17%
EPS growth	50%	63%	5%	-46%	22%	26%
Liquidity and solvency						
Cash Ratio	0.1	0.0	0.1	0.0	0.1	0.0
Current Ratio	0.3	0.4	0.5	0.4	0.4	0.3
Interest Coverage	(3.2)	(10.7)	(15.1)	(4.2)	(4.7)	(4.7)
Debt/Equity	0.6	0.4	0.4	0.4	0.5	0.5
Debt/Total assets	0.2	0.2	0.2	0.2	0.2	0.2
Net debt / EBITDA	1.5	1.0	1.0	1.4	1.7	1.7
Valuation						
P/E	6.2	3.8	3.6	6.7	5.5	4.4
P/CE	3.1	2.1	1.9	2.4	2.1	1.9
P/BV	0.7	0.6	0.5	0.5	0.5	0.4
EV/Sales	1.3	0.9	0.8	0.9	1.0	1.0
EV/EBITDA	3.6	2.8	2.6	3.4	3.4	3.2
Dividend yield, (ords)	0.7%	1.8%	0.3%	0.3%	0.5%	0.9%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	0.22	0.35	0.37	0.20	0.24	0.31
DPS, ords	0.01	0.02	0.00	0.00	0.01	0.01
DPS, prefs	-	-	-	-	-	-
BVPS	1.83	2.17	2.51	2.71	2.95	3.24

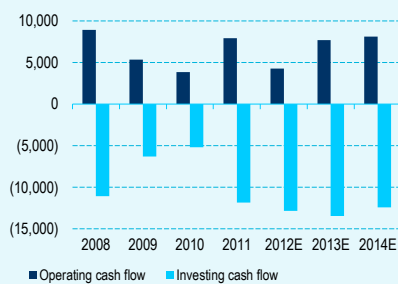
Sources: Company data, Otkritie Capital estimates

Appendix: Financial forecasts (Lenenergo)

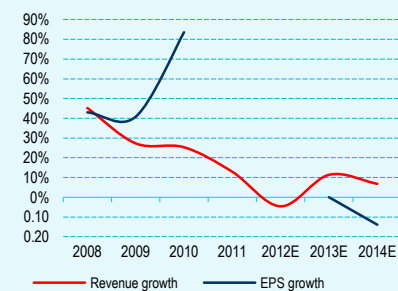
Profitability



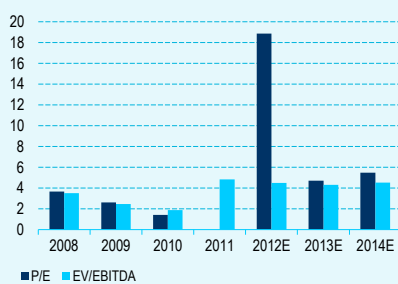
Cash flows, RUBmn



Momentum



Valuation



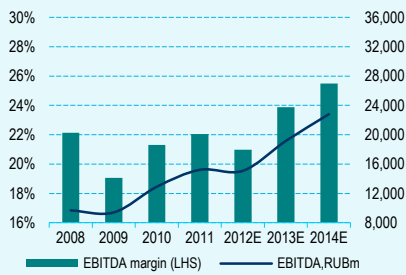
RUBmn unless otherwise stated

	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	22,800	28,574	32,257	30,767	34,257	36,583
Depreciation	3,918	4,431	4,813	5,181	5,567	5,924
EBITDA	8,229	11,564	5,566	7,864	9,613	10,087
Operating profit (EBIT)	4,311	7,133	754	2,683	4,046	4,163
Net interest expense	(2,006)	(805)	(1,598)	(2,234)	(2,249)	(2,616)
Non-op. expenses	(173)	(70)	0	0	0	0
Pretax profit	2,132	6,257	(845)	449	1,798	1,547
Taxes	(455)	1,507	99	90	360	309
Minority interest	6	4	7	(3)	(11)	(9)
Net income	2,588	4,750	(943)	359	1,438	1,238
Cash flow statement						
Net change in work. cap.	(5,191)	(1,672)	419	1,664	(289)	(558)
Provisions and write-offs	0	0	0	0	0	1
Other	1,294	94	358	0	0	0
Operating cashflow	5,348	3,856	7,944	4,275	7,692	8,119
Capex	(6,335)	(5,826)	(11,789)	(12,894)	(13,520)	(12,486)
Disposals (Acquisitions)	0	(99)	(120)	0	0	0
Investing cashflow	(6,282)	(5,170)	(11,846)	(12,833)	(13,459)	(12,424)
Equity	0	0	0	0	0	0
Debt	3,000	661	12,238	2,616	6,000	4,500
Financing cashflow	1,384	(902)	10,357	2,582	5,851	4,359
Net change in cash	450	(2,215)	6,456	(5,976)	84	54
Balance sheet						
Cash & equivalents	2,949	653	7,109	1,213	1,298	1,351
Current assets	9,363	6,372	11,993	6,397	6,651	6,825
PP&E	73,332	83,622	82,519	90,232	98,185	104,746
Goodwill and other	1,494	1,072	1,584	1,584	1,584	1,584
Total assets	88,325	93,382	96,951	99,068	107,274	114,010
Current liabilities	25,565	21,497	25,035	19,171	20,001	20,958
S-T Debt	6,611	1,566	6,356	1,858	2,230	2,508
L-T Debt	10,074	14,125	21,028	28,142	33,770	37,992
Other L-T liabilities	1,275	2,116	4,884	4,884	4,884	4,884
Shareholders funds	45,814	49,937	42,504	42,486	43,901	44,999
Total liabilities & equity	88,325	93,382	96,951	99,068	107,274	114,010
Net Debt	13,736	15,038	20,276	28,787	34,702	39,149
Margins and profitability						
EBIT Margin	18.9%	25.0%	2.3%	8.7%	11.8%	11.4%
EBITDA Margin	36.1%	40.5%	17.3%	25.6%	28.1%	27.6%
Net Margin	11.3%	16.6%	(2.9%)	1.2%	4.2%	3.4%
ROE	5.6%	9.5%	(2.2%)	0.8%	3.3%	2.8%
ROA	2.9%	5.1%	(1.0%)	0.4%	1.3%	1.1%
ROIC	5.8%	8.0%	0.9%	2.7%	3.8%	3.6%
Momentum						
Revenue growth	27%	25%	13%	-5%	11%	7%
EBITDA growth	64%	41%	-52%	41%	22%	5%
EPS growth	41%	84%	n/m	n/m	300%	-14%
Liquidity and solvency						
Cash Ratio	0.1	0.0	0.3	0.1	0.1	0.1
Current Ratio	0.4	0.3	0.5	0.3	0.3	0.3
Interest Coverage	(2.1)	(8.9)	(0.5)	(1.2)	(1.8)	(1.6)
Debt/Equity	0.4	0.3	0.6	0.7	0.8	0.9
Debt/Total assets	0.2	0.2	0.3	0.3	0.3	0.4
Net debt / EBITDA	1.7	1.3	3.6	3.7	3.6	3.9
Valuation						
P/E	2.6	1.4	nm	18.9	4.7	5.5
P/CE	1.0	0.7	1.8	1.2	1.0	0.9
P/BV	0.1	0.1	0.2	0.2	0.2	0.2
EV/Sales	0.9	0.8	0.8	1.2	1.2	1.3
EV/EBITDA	2.5	1.9	4.8	4.5	4.3	4.5
Dividend yield, (ords)	5.3%	5.3%	6.2%	0.5%	2.4%	2.3%
Dividend yield, (prefs)	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%
Per Share Data						
EPS	2.54	4.66	(0.93)	0.35	1.41	1.21
DPS, ords	0.35	0.35	0.41	0.04	0.16	0.15
DPS, prefs	0.00	0.00	0.00	0.00	0.00	1.00
BVPS	44.95	48.99	41.70	41.68	43.07	44.15

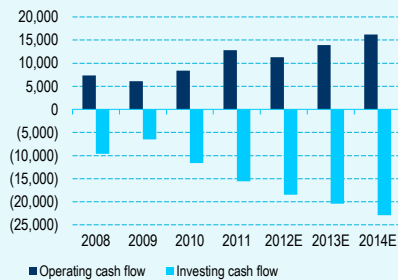
Sources: Company data, Otkritie Capital estimates

Appendix: Financial forecasts (Center)

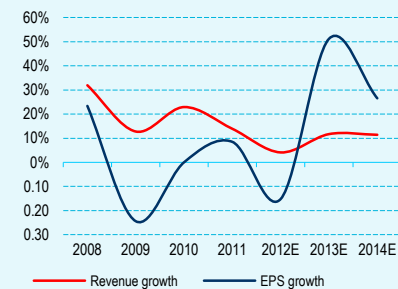
Profitability



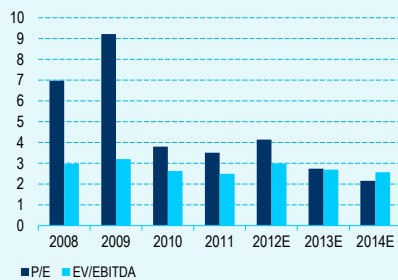
Cash flows, RUBmn



Momentum



Valuation



RUBmn unless otherwise stated

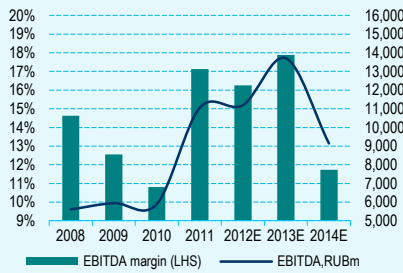
	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	49,314	60,614	69,041	71,875	80,282	89,441
Depreciation	4,631	5,011	6,285	6,815	7,402	8,061
EBITDA	9,401	12,908	15,217	15,081	19,165	22,806
Operating profit (EBIT)	4,770	7,897	8,932	8,266	11,763	14,746
Net interest expense	(2,025)	(1,507)	(1,556)	(2,402)	(2,897)	(3,527)
Non-op. expenses	0	0	0	0	0	0
Pretax profit	2,745	6,390	7,376	5,863	8,865	11,219
Taxes	639	1,289	1,841	1,173	1,773	2,244
Minority interest	617	4	4	4	6	7
Net income	2,106	5,101	5,534	4,691	7,092	8,975
Cash flow statement						
Net change in work. cap.	536	2,029	(533)	115	465	697
Provisions and write-offs	0	0	0	0	0	0
Other	(388)	(260)	(47)	(118)	(118)	(118)
Operating cashflow	6,100	8,418	12,818	11,274	13,911	16,221
Capex	(6,594)	(10,590)	(15,716)	(18,570)	(20,540)	(23,040)
Disposals (Acquisitions)	9	(1,075)	0	0	0	0
Investing cashflow	(6,506)	(11,586)	(15,542)	(18,452)	(20,422)	(22,922)
Equity	0	0	0	0	0	0
Debt	700	3,059	0	6,763	5,500	7,000
Financing cashflow	700	3,059	5,111	6,763	5,453	6,858
Net change in cash	293	(109)	2,387	(416)	(1,058)	157
Balance sheet						
Cash & equivalents	368	259	2,646	2,231	1,173	1,329
Current assets	6,807	9,333	12,968	13,159	13,265	14,709
PP&E	43,395	51,779	62,196	73,951	87,088	102,068
Goodwill and other	2,124	1,860	1,653	1,653	1,653	1,653
Total assets	52,326	62,972	76,817	88,762	102,006	118,429
Current liabilities	13,734	9,543	11,325	25,656	29,302	33,644
S-T Debt	5,963	1,166	1,167	15,007	17,954	21,706
L-T Debt	5,163	13,770	20,070	12,993	15,546	18,794
Other L-T liabilities	93	232	354	354	354	354
Shareholders funds	28,549	33,647	38,567	43,254	50,294	59,120
Total liabilities & equity	52,326	62,972	76,817	88,762	102,006	118,429
Net Debt	10,758	14,677	18,591	25,769	32,327	39,171
Margins and profitability						
EBIT Margin	9.7%	13.0%	12.9%	11.5%	14.7%	16.5%
EBITDA Margin	19.1%	21.3%	22.0%	21.0%	23.9%	25.5%
Net Margin	4.3%	8.4%	8.0%	6.5%	8.8%	10.0%
ROE	7.4%	15.2%	14.3%	10.8%	14.1%	15.2%
ROA	4.0%	8.1%	7.2%	5.3%	7.0%	7.6%
ROIC	10.0%	11.9%	11.4%	10.9%	13.2%	14.1%
Momentum						
Revenue growth	13%	23%	14%	4%	12%	11%
EBITDA growth	-3%	37%	18%	-1%	27%	19%
EPS growth	-24%	142%	8%	-15%	51%	27%
Liquidity and solvency						
Cash Ratio	0.0	0.0	0.2	0.1	0.0	0.0
Current Ratio	0.5	1.0	1.1	0.5	0.5	0.4
Interest Coverage	(2.4)	(5.2)	(5.7)	(3.4)	(4.1)	(4.2)
Debt/Equity	0.4	0.4	0.6	0.6	0.7	0.7
Debt/Total assets	0.2	0.2	0.3	0.3	0.3	0.3
Net debt / EBITDA	1.1	1.1	1.2	1.7	1.7	1.7
Valuation						
P/E	9.2	3.8	3.5	4.1	2.7	2.2
P/CE	2.9	1.9	1.6	1.7	1.3	1.1
P/BV	0.7	0.6	0.5	0.4	0.4	0.3
EV/Sales	0.6	0.6	0.6	0.6	0.6	0.7
EV/EBITDA	3.2	2.6	2.5	3.0	2.7	2.6
Dividend yield, (ords)	0.0%	3.1%	0.0%	0.2%	0.7%	1.4%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	0.05	0.12	0.13	0.11	0.17	0.21
DPS, ords	0.00	0.01	0.00	0.00	0.00	0.01
DPS, prefs	-	-	-	-	-	-
BVPS	0.68	0.80	0.91	1.02	1.19	1.40

Sources: Company data, Otkritie Capital estimates

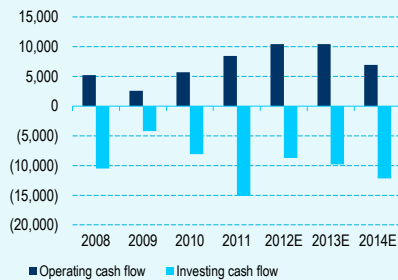
Appendix: Financial forecasts (Center&Volga)

RUBmn unless otherwise stated

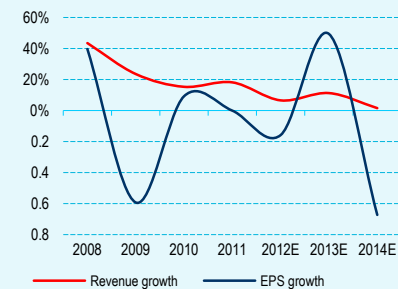
Profitability



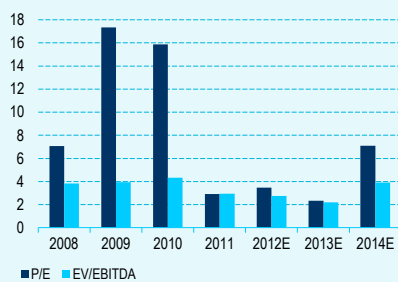
Cash flows, RUBmn



Momentum



Valuation



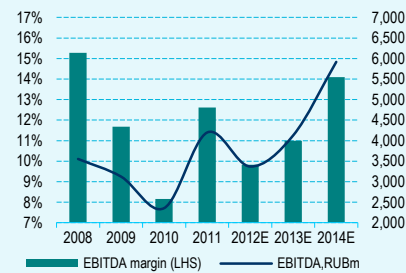
	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	47,353	54,630	64,590	68,864	76,664	77,903
Depreciation	3,746	3,640	4,270	4,525	4,810	5,161
EBITDA	5,946	5,900	11,058	11,194	13,706	9,142
Operating profit (EBIT)	2,201	2,260	6,788	6,669	8,897	3,981
Net interest expense	(952)	(1,040)	(1,021)	(1,906)	(1,777)	(1,649)
Non-op. expenses	(10)	(4)	0	0	0	0
Pretax profit	1,239	1,216	5,767	4,763	7,120	2,332
Taxes	475	381	1,243	953	1,424	466
Minority interest	0	0	0	0	0	0
Net income	764	835	4,524	3,811	5,696	1,866
Cash flow statement						
Net change in work. cap.	1,995	(1,534)	3,141	(2,309)	(78)	(75)
Provisions and write-offs	0	0	0	0	0	0
Other	5	(2)	(0)	(191)	(171)	(151)
Operating cashflow	2,595	5,723	8,435	10,453	10,413	6,951
Capex	(4,249)	(8,132)	(12,936)	(8,919)	(9,981)	(12,307)
Disposals (Acquisitions)	13	22	183	0	0	0
Investing cashflow	(4,212)	(8,068)	(15,110)	(8,728)	(9,810)	(12,156)
Equity	0	0	0	0	0	0
Debt	1,668	3,023	7,556	(2,150)	(1,000)	5,000
Financing cashflow	1,657	3,022	7,424	(2,150)	(1,000)	4,430
Net change in cash	41	677	750	(424)	(397)	(775)
Balance sheet						
Cash & equivalents	2,502	3,179	3,928	3,504	3,107	2,332
Current assets	9,943	8,983	13,684	13,704	14,078	13,515
PP&E	40,446	45,135	54,292	58,686	63,857	71,003
Goodwill and other	914	900	1,088	1,088	1,088	1,088
Total assets	51,304	55,019	69,064	73,479	79,024	85,607
Current liabilities	12,006	8,244	9,151	12,194	12,945	13,723
S-T Debt	5,337	1,678	1,776	2,065	1,966	2,458
L-T Debt	7,397	13,869	21,374	18,935	18,034	22,542
Other L-T liabilities	486	649	809	809	809	809
Shareholders funds	27,910	28,759	33,121	36,932	42,628	43,924
Total liabilities & equity	51,304	55,019	69,064	73,479	79,024	85,607
Net Debt	10,233	12,369	19,221	17,496	16,893	22,668
Margins and profitability						
EBIT Margin	4.6%	4.1%	10.5%	9.7%	11.6%	5.1%
EBITDA Margin	12.6%	10.8%	17.1%	16.3%	17.9%	11.7%
Net Margin	1.6%	1.5%	7.0%	5.5%	7.4%	2.4%
ROE	2.7%	2.9%	13.7%	10.3%	13.4%	4.2%
ROA	1.5%	1.5%	6.6%	5.2%	7.2%	2.2%
ROIC	4.8%	4.1%	9.7%	9.2%	11.3%	4.6%
Momentum						
Revenue growth	24%	15%	18%	7%	11%	2%
EBITDA growth	6%	-1%	87%	1%	22%	-33%
EPS growth	-59%	9%	442%	-16%	49%	-67%
Liquidity and solvency						
Cash Ratio	0.2	0.4	0.4	0.3	0.2	0.2
Current Ratio	0.8	1.1	1.5	1.1	1.1	1.0
Interest Coverage	(2.3)	(2.2)	(6.6)	(3.5)	(5.0)	(2.4)
Debt/Equity	0.5	0.5	0.7	0.6	0.5	0.6
Debt/Total assets	0.2	0.3	0.3	0.3	0.3	0.3
Net debt / EBITDA	1.7	2.1	1.7	1.6	1.2	2.5
Valuation						
P/E	17.3	15.9	2.9	3.5	2.3	7.1
P/CE	2.9	3.0	1.5	1.6	1.3	1.9
P/BV	0.5	0.5	0.4	0.4	0.3	0.3
EV/Sales	0.5	0.5	0.5	0.4	0.4	0.5
EV/EBITDA	3.9	4.3	2.9	2.7	2.2	3.9
Dividend yield, (ords)	0.0%	1.1%	0.0%	0.0%	4.3%	1.4%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	0.01	0.01	0.04	0.03	0.05	0.02
DPS, ords	0.00	0.00	0.00	0.00	0.01	0.00
DPS, prefs	-	-	-	-	-	-
BVPS	0.25	0.26	0.29	0.33	0.38	0.39

Sources: Company data, Otkritie Capital estimates

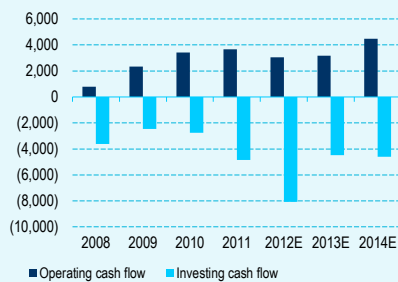
Appendix: Financial forecasts (North-West)

RUBmn unless otherwise stated

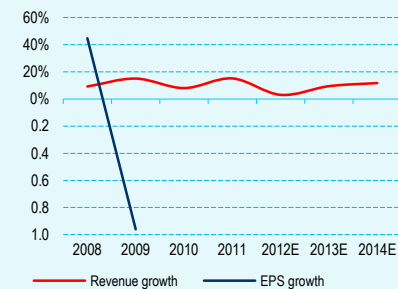
Profitability



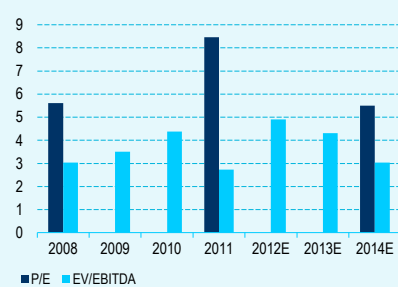
Cash flows, RUBmn



Momentum



Valuation

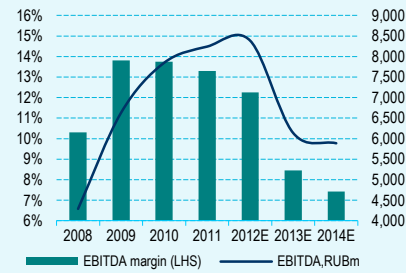


	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	26,749	28,900	33,288	34,306	37,554	41,974
Depreciation	2,456	2,577	2,884	3,115	3,243	3,375
EBITDA	3,123	2,355	4,198	3,369	4,127	5,917
Operating profit (EBIT)	733	(159)	1,325	254	884	2,542
Net interest expense	(651)	(397)	(259)	(603)	(940)	(1,000)
Non-op. expenses	(159)	284	187	0	0	0
Pretax profit	78	(273)	1,253	(349)	(56)	1,542
Taxes	30	40	451	0	0	308
Minority interest	0	(0)	1	0	1	2
Net income	48	(313)	802	(349)	(56)	1,233
Cash flow statement						
Net change in work. cap.	431	(1,126)	(673)	(279)	9	136
Provisions and write-offs	0	0	0	0	0	0
Other	2	1	(5)	0	0	0
Operating cashflow	2,348	3,428	3,675	3,045	3,178	4,473
Capex	(2,498)	(2,841)	(4,908)	(8,074)	(4,480)	(4,610)
Disposals (Acquisitions)	24	86	50	0	0	0
Investing cashflow	(2,464)	(2,746)	(4,838)	(8,074)	(4,480)	(4,610)
Equity	0	0	0	0	0	0
Debt	(21)	(93)	1,544	4,772	1,500	0
Financing cashflow	(33)	(97)	1,544	4,772	1,500	0
Net change in cash	(149)	585	381	(257)	198	(137)
Balance sheet						
Cash & equivalents	569	1,155	1,535	1,278	1,476	1,339
Current assets	6,379	6,356	7,225	7,055	7,723	8,208
PP&E	27,059	27,223	29,523	34,482	35,719	36,954
Goodwill and other	781	923	794	794	794	794
Total assets	34,218	34,502	37,542	42,331	44,236	45,955
Current liabilities	6,464	5,373	6,308	11,054	12,123	12,609
S-T Debt	1,916	308	80	4,461	5,069	5,069
L-T Debt	2,809	4,373	6,148	6,539	7,431	7,431
Other L-T liabilities	631	813	265	265	265	265
Shareholders funds	21,112	20,804	21,593	21,244	21,188	22,420
Total liabilities & equity	34,218	34,502	37,542	42,330	44,235	45,955
Net Debt	4,157	3,526	4,694	9,722	11,024	11,161
Margins and profitability						
EBIT Margin	2.7%	(0.6%)	4.0%	0.7%	2.4%	6.1%
EBITDA Margin	11.7%	8.1%	12.6%	9.8%	11.0%	14.1%
Net Margin	0.2%	(1.1%)	2.4%	(1.0%)	(0.1%)	2.9%
ROE	0.2%	(1.5%)	3.7%	(1.6%)	(0.3%)	5.5%
ROA	0.1%	(0.9%)	2.1%	(0.8%)	(0.1%)	2.7%
ROIC	2.2%	(0.5%)	3.6%	0.7%	2.3%	6.4%
Momentum						
Revenue growth	15%	8%	15%	3%	9%	12%
EBITDA growth	-12%	-25%	78%	-20%	23%	43%
EPS growth	-96%	n/m	n/m	n/m	n/m	n/m
Liquidity and solvency						
Cash Ratio	0.1	0.2	0.2	0.1	0.1	0.1
Current Ratio	1.0	1.2	1.1	0.6	0.6	0.7
Interest Coverage	(1.1)	0.4	(5.1)	(0.4)	(0.9)	(2.5)
Debt/Equity	0.2	0.2	0.3	0.5	0.6	0.6
Debt/Total assets	0.1	0.1	0.2	0.3	0.3	0.3
Net debt / EBITDA	1.3	1.5	1.1	2.9	2.7	1.9
Valuation						
P/E	nm	nm	8.5	nm	nm	5.5
P/CE	2.7	3.0	1.8	2.5	2.1	1.5
P/BV	0.3	0.3	0.3	0.3	0.3	0.3
EV/Sales	0.4	0.4	0.3	0.5	0.5	0.4
EV/EBITDA	3.5	4.4	2.7	4.9	4.3	3.0
Dividend yield, (ords)	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	0.00	(0.00)	0.01	(0.00)	(0.00)	0.01
DPS, ords	0.00	0.00	0.00	0.00	0.00	0.00
DPS, prefs	-	-	-	-	-	-
BVPS	0.22	0.22	0.23	0.22	0.22	0.23

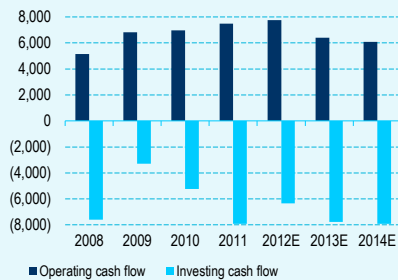
Sources: Company data, Otkritie Capital estimates

Appendix: Financial forecasts (Ural)

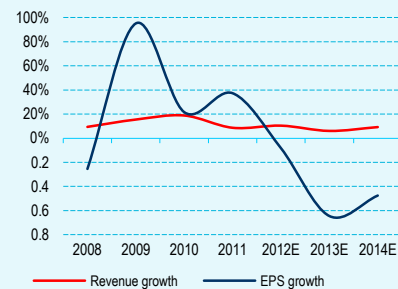
Profitability



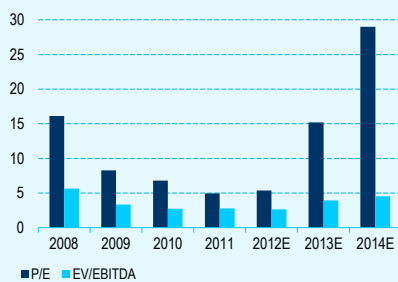
Cash flows, RUBmn



Momentum



Valuation



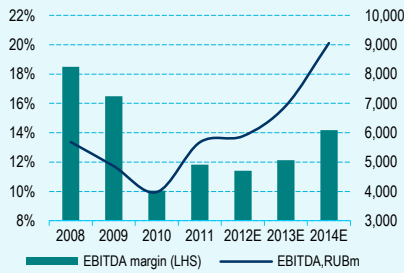
RUBmn unless otherwise stated

	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	48,026	57,066	62,000	68,455	72,590	79,279
Depreciation	3,371	3,791	4,152	4,334	4,557	4,785
EBITDA	6,632	7,847	8,242	8,386	6,136	5,886
Operating profit (EBIT)	3,260	4,057	4,090	4,052	1,579	1,102
Net interest expense	(956)	(509)	(221)	(564)	(532)	(709)
Non-op. expenses	0	0	0	0	0	0
Pretax profit	2,405	3,814	4,115	3,751	1,331	698
Taxes	446	1,432	844	750	266	140
Minority interest	41	50	68	63	22	12
Net income	1,959	2,382	3,271	3,001	1,065	558
Cash flow statement						
Net change in work. cap.	(188)	507	(406)	151	(255)	(35)
Provisions and write-offs	0	0	0	0	0	0
Other	(97)	(25)	62	0	0	0
Operating cashflow	6,829	6,978	7,481	7,747	6,409	6,087
Capex	(3,513)	(5,663)	(8,323)	(6,374)	(7,805)	(7,950)
Disposals (Acquisitions)	207	419	432	0	0	0
Investing cashflow	(3,278)	(5,220)	(7,911)	(6,336)	(7,777)	(7,924)
Equity	0	0	0	0	0	0
Debt	13,183	5,117	6,800	(1,046)	2,000	3,000
Financing cashflow	(2,966)	(1,332)	(17)	(1,776)	1,290	2,212
Net change in cash	586	425	(447)	(364)	(78)	375
Balance sheet						
Cash & equivalents	1,452	1,877	1,430	1,066	988	1,363
Current assets	9,258	9,740	9,553	9,911	10,368	11,530
PP&E	46,213	48,311	52,999	55,038	58,286	61,451
Goodwill and other	1,230	1,632	1,609	1,609	1,609	1,609
Total assets	56,923	59,781	64,246	66,644	70,348	74,675
Current liabilities	9,021	8,250	8,948	9,747	10,810	12,044
S-T Debt	1,021	699	731	959	1,233	1,645
L-T Debt	6,426	6,381	7,316	6,041	7,767	10,355
Other L-T liabilities	42	11	0	0	0	0
Shareholders funds	36,461	38,738	41,639	44,450	45,342	45,836
Total liabilities & equity	56,923	59,781	64,246	66,644	70,348	74,675
Net Debt	5,995	5,204	6,616	5,934	8,012	10,637
Margins and profitability						
EBIT Margin	6.8%	7.1%	6.6%	5.9%	2.2%	1.4%
EBITDA Margin	13.8%	13.8%	13.3%	12.3%	8.5%	7.4%
Net Margin	4.1%	4.2%	5.3%	4.4%	1.5%	0.7%
ROE	5.4%	6.1%	7.9%	6.8%	2.3%	1.2%
ROA	3.4%	4.0%	5.1%	4.5%	1.5%	0.7%
ROIC	5.6%	6.5%	6.1%	5.8%	2.2%	1.4%
Momentum						
Revenue growth	15%	19%	9%	10%	6%	9%
EBITDA growth	55%	18%	5%	2%	-27%	-4%
EPS growth	95%	22%	37%	-8%	-65%	-48%
Liquidity and solvency						
Cash Ratio	0.2	0.2	0.2	0.1	0.1	0.1
Current Ratio	1.0	1.2	1.1	1.0	1.0	1.0
Interest Coverage	(3.4)	(8.0)	(18.5)	(7.2)	(3.0)	(1.6)
Debt/Equity	0.2	0.2	0.2	0.2	0.2	0.3
Debt/Total assets	0.1	0.1	0.1	0.1	0.1	0.2
Net debt / EBITDA	0.9	0.7	0.8	0.7	1.3	1.8
Valuation						
P/E	8.3	6.8	5.0	5.4	15.2	29.0
P/CE	3.0	2.6	2.2	2.2	2.9	3.0
P/BV	0.4	0.4	0.4	0.4	0.4	0.4
EV/Sales	0.5	0.4	0.4	0.3	0.3	0.3
EV/EBITDA	3.3	2.7	2.8	2.6	3.9	4.6
Dividend yield, (ords)	0.0%	1.5%	0.8%	0.9%	0.3%	0.2%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	0.02	0.03	0.04	0.03	0.01	0.01
DPS, ords	0.00	0.00	0.00	0.00	0.00	0.00
DPS, prefs	-	-	-	-	-	-
BVPS	0.42	0.44	0.48	0.51	0.52	0.52

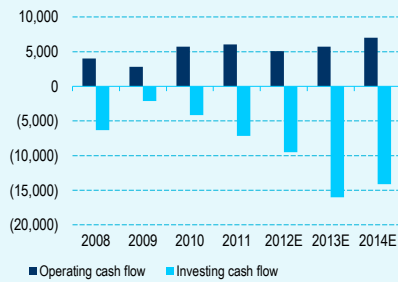
Sources: Company data, Otkritie Capital estimates

Appendix: Financial forecasts (Volga)

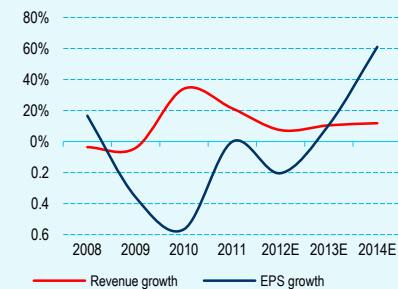
Profitability



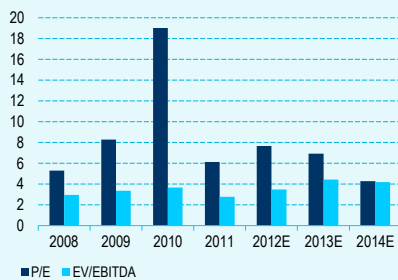
Cash flows, RUBmn



Momentum



Valuation



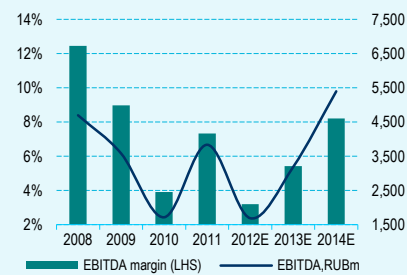
RUBmn unless otherwise stated

	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	29,484	39,560	48,037	51,606	57,050	63,838
Depreciation	2,838	2,811	3,267	3,540	3,998	4,402
EBITDA	4,861	3,978	5,675	5,883	6,922	9,056
Operating profit (EBIT)	2,023	1,167	2,407	2,343	2,924	4,654
Net interest expense	(502)	(278)	(250)	(587)	(977)	(1,517)
Non-op. expenses	0	0	0	0	0	0
Pretax profit	1,521	888	2,157	1,757	1,948	3,138
Taxes	217	321	392	351	390	628
Minority interest	0	0	0	0	0	0
Net income	1,305	567	1,765	1,405	1,558	2,510
Cash flow statement						
Net change in work. cap.	1,317	(2,258)	(825)	(142)	(179)	(99)
Provisions and write-offs	(62)	(1)	(34)	0	0	0
Other	(576)	(23)	35	0	0	0
Operating cashflow	2,798	5,717	6,045	5,074	5,721	6,997
Capex	(2,191)	(4,190)	(7,191)	(9,542)	(16,020)	(14,147)
Disposals (Acquisitions)	65	23	17	0	0	0
Investing cashflow	(2,125)	(4,164)	(7,160)	(9,528)	(16,007)	(14,133)
Equity	0	0	0	0	0	0
Debt	(733)	(503)	1,815	3,999	11,000	7,000
Financing cashflow	(733)	(503)	1,654	3,799	10,922	6,849
Net change in cash	(59)	1,050	539	(656)	636	(286)
Balance sheet						
Cash & equivalents	425	1,476	2,014	1,359	1,995	1,709
Current assets	5,305	5,198	8,161	7,891	9,055	9,405
PP&E	25,269	26,734	31,266	37,268	49,290	59,035
Goodwill and other	1,031	732	709	709	709	709
Total assets	31,605	32,664	40,136	45,867	59,054	69,148
Current liabilities	2,830	3,825	7,065	7,867	8,929	9,889
S-T Debt	195	88	80	355	710	936
L-T Debt	5,832	5,194	6,921	10,645	21,290	28,064
Other L-T liabilities	66	252	196	196	196	196
Shareholders funds	21,133	21,701	23,465	24,671	26,151	28,511
Total liabilities & equity	31,605	32,664	40,136	45,868	59,054	69,148
Net Debt	5,601	3,807	4,987	9,641	20,005	27,291
Margins and profitability						
EBIT Margin	6.9%	2.9%	5.0%	4.5%	5.1%	7.3%
EBITDA Margin	16.5%	10.1%	11.8%	11.4%	12.1%	14.2%
Net Margin	4.4%	1.4%	3.7%	2.7%	2.7%	3.9%
ROE	6.2%	2.6%	7.5%	5.7%	6.0%	8.8%
ROA	4.1%	1.7%	4.4%	3.1%	2.6%	3.6%
ROIC	5.7%	3.4%	6.2%	5.1%	4.9%	6.5%
Momentum						
Revenue growth	-4%	34%	21%	7%	11%	12%
EBITDA growth	-14%	-18%	43%	4%	18%	31%
EPS growth	-36%	-57%	211%	-20%	11%	61%
Liquidity and solvency						
Cash Ratio	0.2	0.4	0.3	0.2	0.2	0.2
Current Ratio	1.9	1.4	1.2	1.0	1.0	1.0
Interest Coverage	(4.0)	(4.2)	(9.6)	(4.0)	(3.0)	(3.1)
Debt/Equity	0.3	0.2	0.3	0.4	0.8	1.0
Debt/Total assets	0.2	0.2	0.2	0.2	0.4	0.4
Net debt / EBITDA	1.2	1.0	0.9	1.6	2.9	3.0
Valuation						
P/E	8.3	19.0	6.1	7.7	6.9	4.3
P/CE	2.6	3.2	2.1	2.2	1.9	1.6
P/BV	0.5	0.5	0.5	0.4	0.4	0.4
EV/Sales	0.6	0.4	0.3	0.4	0.5	0.6
EV/EBITDA	3.4	3.7	2.8	3.5	4.5	4.2
Dividend yield, (ords)	0.0%	0.0%	1.9%	0.7%	1.4%	2.4%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	0.01	0.00	0.01	0.01	0.01	0.01
DPS, ords	0.00	0.00	0.00	0.00	0.00	0.00
DPS, prefs	-	-	-	-	-	-
BVPS	0.12	0.12	0.13	0.14	0.15	0.16

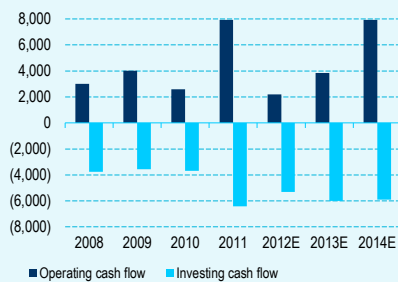
Sources: Company data, Otkritie Capital estimates

Appendix: Financial forecasts (Siberia)

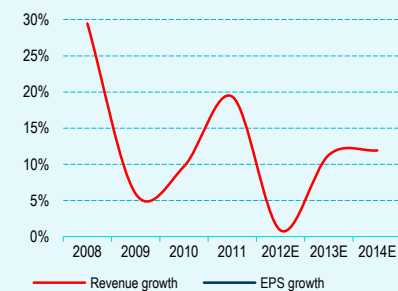
Profitability



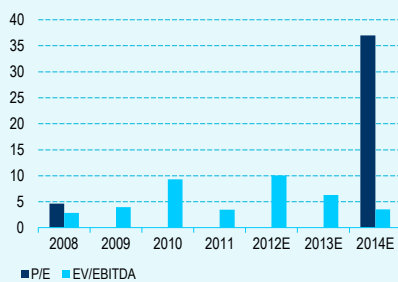
Cash flows, RUBmn



Momentum



Valuation



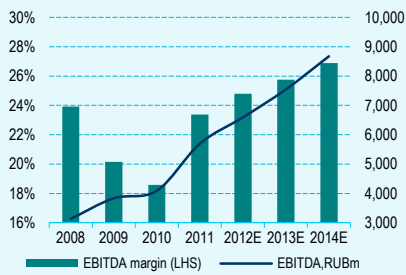
RUBmn unless otherwise stated

	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	39,949	43,829	52,312	52,763	58,730	65,730
Depreciation	3,555	3,598	3,726	3,879	4,052	4,222
EBITDA	3,584	1,717	3,837	1,691	3,188	5,399
Operating profit (EBIT)	29	(1,880)	111	(2,188)	(863)	1,177
Net interest expense	(927)	(754)	(421)	(599)	(823)	(927)
Non-op. expenses	0	0	0	0	0	0
Pretax profit	(898)	(2,635)	(310)	(2,787)	(1,686)	250
Taxes	(124)	(243)	165	0	0	50
Minority interest	(1)	0	0	0	0	(0)
Net income	(774)	(2,392)	(475)	(2,787)	(1,686)	200
Cash flow statement						
Net change in work. cap.	(174)	(1,272)	(5,442)	(504)	(657)	(2,583)
Provisions and write-offs	0	0	0	0	0	0
Other	0	0	0	0	0	0
Operating cashflow	4,018	2,590	7,921	2,195	3,846	7,932
Capex	(3,726)	(3,776)	(6,876)	(5,333)	(6,060)	(5,957)
Disposals (Acquisitions)	152	88	422	0	0	0
Investing cashflow	(3,567)	(3,673)	(6,404)	(5,297)	(5,990)	(5,904)
Equity	0	0	0	0	0	0
Debt	907	2,156	(1,998)	4,874	2,500	0
Financing cashflow	(349)	1,397	(788)	4,239	1,608	(980)
Net change in cash	101	314	729	1,136	(537)	1,048
Balance sheet						
Cash & equivalents	140	454	1,184	2,320	1,783	2,831
Current assets	7,346	7,623	8,239	9,468	9,594	11,410
PP&E	35,299	35,642	39,142	40,596	42,604	44,339
Goodwill and other	1,187	1,487	1,499	1,499	1,499	1,499
Total assets	43,832	44,752	48,880	51,563	53,696	57,248
Current liabilities	9,874	10,305	14,211	22,528	25,601	28,952
S-T Debt	2,575	1,771	347	8,068	9,821	9,821
L-T Debt	3,873	6,853	6,279	3,432	4,179	4,179
Other L-T liabilities	515	614	110	110	110	110
Shareholders funds	26,120	23,813	25,000	22,214	20,527	20,727
Total liabilities & equity	43,832	44,752	48,880	51,563	53,696	57,248
Net Debt	6,307	8,170	5,443	9,180	12,217	11,169
Margins and profitability						
EBIT Margin	0.1%	(4.3%)	0.2%	(4.1%)	(1.5%)	1.8%
EBITDA Margin	9.0%	3.9%	7.3%	3.2%	5.4%	8.2%
Net Margin	(1.9%)	(5.5%)	(0.9%)	(5.3%)	(2.9%)	0.3%
ROE	(3.0%)	(10.0%)	(1.9%)	(12.5%)	(8.2%)	1.0%
ROA	(1.8%)	(5.3%)	(1.0%)	(5.4%)	(3.1%)	0.3%
ROIC	0.1%	(4.4%)	0.3%	(6.6%)	(2.6%)	3.7%
Momentum						
Revenue growth	6%	10%	19%	1%	11%	12%
EBITDA growth	-24%	-52%	123%	-56%	89%	69%
EPS growth	n/m	n/m	n/m	n/m	n/m	n/m
Liquidity and solvency						
Cash Ratio	0.0	0.0	0.1	0.1	0.1	0.1
Current Ratio	0.7	0.7	0.6	0.4	0.4	0.4
Interest Coverage	(0.0)	2.5	(0.3)	3.7	1.0	(1.3)
Debt/Equity	0.2	0.4	0.3	0.5	0.7	0.7
Debt/Total assets	0.1	0.2	0.1	0.2	0.3	0.2
Net debt / EBITDA	1.8	4.8	1.4	5.4	3.8	2.1
Valuation						
P/E	nm	nm	nm	nm	nm	37.0
P/CE	2.7	6.1	2.3	6.8	3.1	1.7
P/BV	0.3	0.3	0.3	0.3	0.4	0.4
EV/Sales	0.4	0.4	0.3	0.3	0.3	0.3
EV/EBITDA	4.0	9.3	3.5	10.1	6.3	3.5
Dividend yield, (ords)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	(0.01)	(0.03)	(0.01)	(0.03)	(0.02)	0.00
DPS, ords	0.00	0.00	0.00	0.00	0.00	0.00
DPS, prefs	-	-	-	-	-	-
BVPS	0.29	0.27	0.28	0.25	0.23	0.23

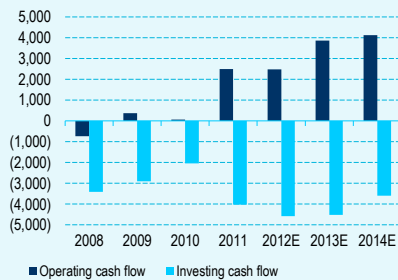
Sources: Company data, Otkritie Capital estimates

Appendix: Financial forecasts (South)

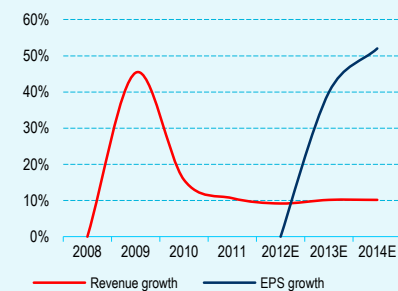
Profitability



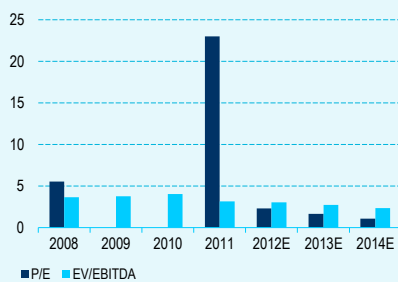
Cash flows, RUBmn



Momentum



Valuation



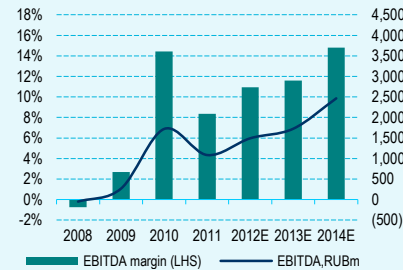
RUBmn unless otherwise stated

	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	19,027	22,014	24,356	26,590	29,295	32,274
Depreciation	2,039	2,052	2,158	2,289	2,418	2,521
EBITDA	3,834	4,089	5,695	6,591	7,548	8,676
Operating profit (EBIT)	1,795	2,037	3,537	4,302	5,130	6,155
Net interest expense	(1,750)	(1,725)	(1,480)	(1,584)	(1,733)	(1,600)
Non-op. expenses	(1,004)	(4,142)	(1,591)	(1,263)	(1,360)	(1,458)
Pretax profit	(959)	(3,830)	466	1,456	2,037	3,097
Taxes	150	(241)	349	291	407	619
Minority interest	0	0	0	0	0	0
Net income	(1,109)	(3,590)	117	1,165	1,630	2,478
Cash flow statement						
Net change in work. cap.	1,140	(1,471)	1,240	827	183	874
Provisions and write-offs	0	0	0	0	0	0
Other	(0)	(7)	(14)	0	0	0
Operating cashflow	377	60	2,504	2,480	3,865	4,125
Capex	(2,858)	(3,374)	(3,700)	(4,574)	(4,523)	(3,597)
Disposals (Acquisitions)	(44)	0	0	0	0	0
Investing cashflow	(2,902)	(2,044)	(4,030)	(4,574)	(4,523)	(3,597)
Equity	0	0	0	0	0	0
Debt	3,879	983	2,522	1,811	1,500	0
Financing cashflow	3,434	922	2,592	1,811	1,500	(163)
Net change in cash	909	(1,062)	1,066	(283)	842	365
Balance sheet						
Cash & equivalents	1,400	358	1,404	1,121	1,962	2,327
Current assets	13,958	10,509	11,569	14,059	15,075	16,675
PP&E	26,966	26,573	28,928	31,213	33,318	34,394
Goodwill and other	541	789	1,355	1,355	1,355	1,355
Total assets	41,465	37,871	41,848	46,627	49,747	52,424
Current liabilities	9,200	8,199	8,199	11,721	12,052	12,414
S-T Debt	1,464	1,400	2,626	4,202	4,542	4,542
L-T Debt	11,720	12,767	14,063	14,298	15,458	15,458
Other L-T liabilities	72	19	2,728	2,728	2,728	2,728
Shareholders funds	20,189	16,599	16,560	17,582	19,212	21,526
Total liabilities & equity	41,465	37,871	41,848	46,627	49,747	52,424
Net Debt	11,784	13,809	15,285	17,379	18,038	17,673
Margins and profitability						
EBIT Margin	9.4%	9.3%	14.5%	16.2%	17.5%	19.1%
EBITDA Margin	20.1%	18.6%	23.4%	24.8%	25.8%	26.9%
Net Margin	(5.8%)	(16.3%)	0.5%	4.4%	5.6%	7.7%
ROE	(5.5%)	(21.6%)	0.7%	6.6%	8.5%	11.5%
ROA	(2.7%)	(9.5%)	0.3%	2.5%	3.3%	4.7%
ROIC	4.7%	5.6%	8.8%	10.2%	11.5%	13.1%
Momentum						
Revenue growth	45%	16%	11%	9%	10%	10%
EBITDA growth	22%	7%	39%	16%	15%	15%
EPS growth	n/m	n/m	n/m	892%	40%	52%
Liquidity and solvency						
Cash Ratio	0.2	0.0	0.2	0.1	0.2	0.2
Current Ratio	1.5	1.3	1.4	1.2	1.3	1.3
Interest Coverage	(1.0)	(1.2)	(2.4)	(2.7)	(3.0)	(3.8)
Debt/Equity	0.7	0.9	1.0	1.1	1.0	0.9
Debt/Total assets	0.3	0.4	0.4	0.4	0.4	0.4
Net debt / EBITDA	3.1	3.4	2.7	2.6	2.4	2.0
Valuation						
P/E	nm	nm	23.0	2.3	1.7	1.1
P/CE	2.9	nm	1.2	0.8	0.7	0.5
P/BV	0.1	0.2	0.2	0.2	0.1	0.1
EV/Sales	0.8	0.7	0.7	0.8	0.7	0.6
EV/EBITDA	3.8	4.0	3.2	3.0	2.7	2.3
Dividend yield, (ords)	0.0%	0.0%	0.0%	0.0%	6.0%	9.2%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	(0.02)	(0.07)	0.00	0.02	0.03	0.05
DPS, ords	0.00	0.00	0.00	0.00	0.00	0.00
DPS, prefs	-	-	-	-	-	-
BVPS	0.41	0.33	0.33	0.35	0.39	0.43

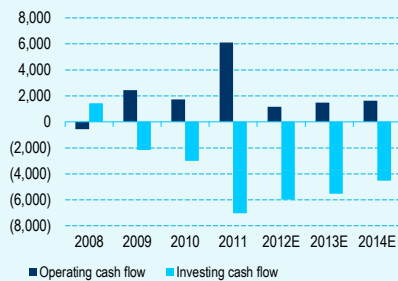
Sources: Company data, Otkritie Capital estimates

Appendix: Financial forecasts (North Caucasus)

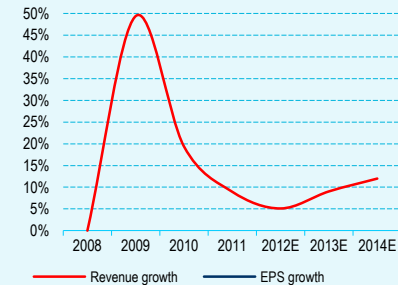
Profitability



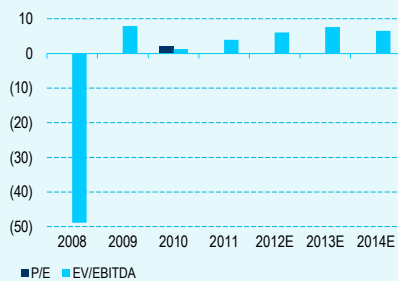
Cash flows, RUBmn



Momentum



Valuation



RUBmn unless otherwise stated

	2009	2010	2011	2012E	2013E	2014E
Income statement						
Revenues	9,980	11,914	12,979	13,641	14,874	16,657
Depreciation	738	726	989	1,160	1,318	1,448
EBITDA	268	1,720	1,084	1,492	1,724	2,465
Operating profit (EBIT)	(470)	994	95	331	406	1,017
Net interest expense	(31)	(136)	(248)	(436)	(653)	(1,154)
Non-op. expenses	(2,964)	0	0	0	0	0
Pretax profit	(502)	857	(153)	(104)	(247)	(136)
Taxes	65	337	398	0	0	0
Minority interest	0	0	0	0	0	0
Net income	(567)	521	(551)	(104)	(247)	(136)
Cash flow statement						
Net change in work. cap.	(932)	(171)	(4,362)	(111)	(412)	(320)
Provisions and write-offs	0	0	0	0	0	0
Other	(2)	2	24	(2)	(7)	(6)
Operating cashflow	2,454	1,733	6,105	1,165	1,476	1,625
Capex	(1,372)	(2,148)	(6,078)	(5,985)	(5,531)	(4,525)
Disposals (Acquisitions)	0	(831)	(936)	0	0	0
Investing cashflow	(2,155)	(2,987)	(7,030)	(5,983)	(5,524)	(4,518)
Equity	0	0	0	0	0	0
Debt	(44)	500	1,106	5,482	4,000	3,000
Financing cashflow	8	495	1,101	5,482	4,000	3,000
Net change in cash	307	(759)	177	664	(48)	106
Balance sheet						
Cash & equivalents	951	951	369	1,033	985	1,091
Current assets	4,543	3,263	3,801	4,607	4,847	5,339
PP&E	15,172	6,851	13,725	18,550	22,763	25,840
Goodwill and other	547	1,237	1,034	1,034	1,034	1,034
Total assets	21,814	11,352	18,560	24,192	28,644	32,214
Current liabilities	5,351	4,264	10,817	15,782	19,760	22,924
S-T Debt	1,571	1,593	2,664	7,375	10,653	13,111
L-T Debt	388	378	854	1,625	2,347	2,889
Other L-T liabilities	787	174	223	223	223	223
Shareholders funds	15,133	6,296	6,431	4,666	4,418	4,282
Total liabilities & equity	21,818	11,352	18,560	24,192	28,644	32,214
Net Debt	1,008	1,020	3,149	7,967	12,015	14,909
Margins and profitability						
EBIT Margin	(4.7%)	8.3%	0.7%	2.4%	2.7%	6.1%
EBITDA Margin	2.7%	14.4%	8.4%	10.9%	11.6%	14.8%
Net Margin	(5.7%)	4.4%	(4.2%)	(0.8%)	(1.7%)	(0.8%)
ROE	(3.7%)	8.3%	(8.6%)	(2.2%)	(5.6%)	(3.2%)
ROA	(2.6%)	4.6%	(3.0%)	(0.4%)	(0.9%)	(0.4%)
ROIC	(2.4%)	13.0%	1.0%	3.6%	4.1%	9.9%
Momentum						
Revenue growth	49%	19%	9%	5%	9%	12%
EBITDA growth	n/m	542%	-37%	38%	16%	43%
EPS growth	n/m	n/m	n/m	n/m	n/m	n/m
Liquidity and solvency						
Cash Ratio	0.2	0.2	0.0	0.1	0.0	0.0
Current Ratio	0.8	0.8	0.4	0.3	0.2	0.2
Interest Coverage	15.0	(7.3)	(0.4)	(0.8)	(0.6)	(0.9)
Debt/Equity	0.1	0.3	0.5	1.9	2.9	3.7
Debt/Total assets	0.1	0.2	0.2	0.4	0.5	0.5
Net debt / EBITDA	3.8	0.6	2.9	5.3	7.0	6.0
Valuation						
P/E	nm	2.1	nm	nm	nm	nm
P/CE	6.6	0.9	2.6	1.1	1.0	0.9
P/BV	0.1	0.2	0.2	0.2	0.3	0.3
EV/Sales	0.2	0.2	0.3	0.7	0.9	1.0
EV/EBITDA	7.9	1.2	3.9	6.1	7.6	6.5
Dividend yield, (ords)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield, (prefs)	-	-	-	-	-	-
Per Share Data						
EPS	(19.22)	17.64	(18.65)	(3.53)	(8.38)	(4.62)
DPS, ords	0.00	0.00	0.00	0.00	0.00	0.00
DPS, prefs	-	-	-	-	-	-
BVPS	512.44	213.18	217.77	157.99	149.61	144.99

Sources: Company data, Otkritie Capital estimates

Disclosures appendix

Analyst certification

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