

# Daily review

July 17, 2008

## Trader's view

Wednesday's dynamics of the stock market were variously-directed. Since the very morning external factors went at work, thanks to which market opened up soundly in the start. Prior to the publication of US statistics, however, the market moved down sharply, following panic of US depositors, who try to get their money off America's seventh largest bank – IndyMac. Besides of that – the negative pressure upon the oil & gas sector was brought by the dropped oil price. Nevertheless, throughout the second half of day the situation has changed considerably. This was supported by factors such as publication of strong corporate report and growth of US indices futures. US also published its industrial output data, which exceeded expectations.

## Main news

### Rostelecom to diversify itself.

Rostelecom's board of directors confirmed the main trends of development strategy over years 2008-2012, said Konstantin Solodukhin, the chief manager of the company, at the press-conference on Wednesday. The key trend of the strategy appears to be the possibility of Rostelecom to become the only operator of Svyazinvest, providing the services to federal corporate clients, enter to broadband market and conquer the foreign markets.

## Other news

### ➤ Mechel's preferred shares target at 50.5-60.5 USD per share and GDR of company.

Mechel Group announced its price range for preferred shares, states the company. The target range on preferred shares and GDR of Mechel is set at 50.5-60.5 USD apiece.

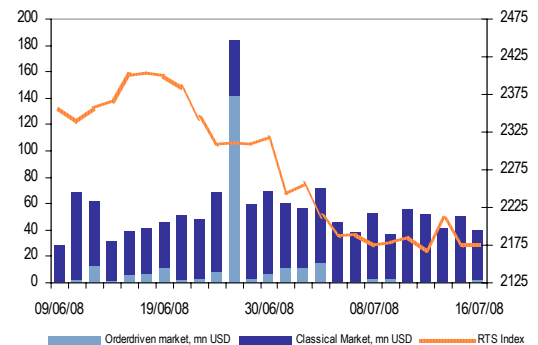
## Market estimates

### Main indicators and indices

	Close	Change, pt.	Change, %			
			day	week	month	year
RTS Index	▲ 2,175.46	1.24	0.06	-0.16	-8.07	5.85
MICEX Index	▲ 1,640.90	11.62	0.71	-0.90	-10.43	-8.32
USD / RUR	▲ 23.26	0.09	0.38	-0.72	-1.80	-8.71
EUR / RUR	▼ 36.81	-0.01	-0.03	-0.18	0.44	4.84
EUR / USD	▼ 1.58	-0.01	-0.54	0.53	2.25	14.81
Dow Jones Index	▲ 11,239.28	276.74	2.52	0.82	-8.39	-19.56
NASDAQ	▲ 2,284.85	69.14	3.12	2.24	-7.67	-15.76
FTSE 100	▼ 5,150.60	-21.30	-0.41	-6.85	-11.11	-22.65
Nikkei 225	▲ 12,760.80	6.24	0.05	-2.23	-11.10	-29.95
MSCI EM	▼ 1,015.90	-0.27	-0.03	-2.03	-10.33	-10.89

Source: Bloomberg, Estimation: Veles Capital

### RTS index vs. trade volume



### Resource markets

	Close, USD	Change, USD	Change, %			
			day	week	month	year
Brent, USD / bbl	▼ 134.54	-4.05	-2.92	-1.18	1.99	71.45
Urals, USD / bbl	▼ 130.67	-4.39	-3.25	-0.93	2.40	76.80
Gold, USD / ounce	▼ 986.16	-18.13	-1.80	3.45	8.99	41.01
Palladium, USD / ounce	▼ 440.58	-16.69	-3.65	-3.76	-7.19	14.70
Copper, USD / ton	▼ 8,080	-65	-0.80	-1.58	-0.25	4.06
Nickel, USD / ton	▼ 20,400	-450	-2.16	-4.90	-14.82	-36.23

Source: Bloomberg, Estimation: Veles Capital

### Russian share quotes

	Close, USD	Change, USD	Change, %			
			day	week	month	year
VTB	▲ 0.003	0.000	1.16	-1.97	-3.32	-36.20
Polyus-Gold	- 56.35	-	-	0.63	-10.77	27.49
NorNickel	▲ 228.00	11.000	5.07	-1.30	-15.87	5.56
Rostelecom	▲ 11.95	0.100	0.84	-1.24	2.36	20.89
MTS	▼ 11.70	-0.040	-0.34	-2.09	-7.14	7.83
Sberbank	▲ 3.140	0.040	1.29	-2.48	-5.71	-
LUKOIL	▼ 96.00	-0.200	-0.21	4.07	-8.57	13.74
Gazprom Neft	- 7.900	-	-	5.19	-	85.88
Surgutneftegas	▼ 1,030	-0.006	-0.58	-1.44	-12.15	-16.26
Gazprom	▼ 13.17	-0.050	-0.38	-1.72	-9.98	14.32
Tatneft	- 6.960	-	-	0.87	-9.61	28.89
Rosneft	▲ 11.110	0.110	1.00	4.61	-5.69	26.25

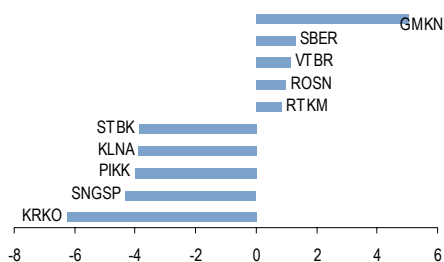
Source: RTS web page, Estimation: Veles Capital

### Veles Management MC Unit investment trusts

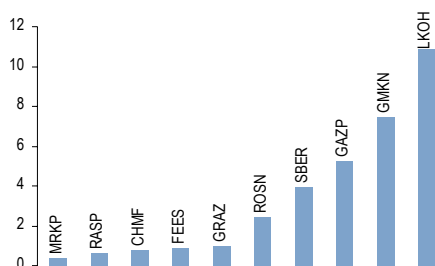
	Net asset value, RUR	Share price, RUR	Change, %			Since interest per annum formation, %
			day	month	year	
VELES Capital	▼ 9,656,754	1,098.69	-0.79	-6.99	-6.54	4.30
VELES Capital - Selected Shares	▼ 9,147,259	890.53	-0.99	-9.83	-13.57	-6.60
VELES Capital - Bonds	▼ 36,097,757	1,005.72	-0.10	-0.23	-	1.37

Source: Veles Management MC

Rise and fall leaders, %



Leaders on turnover volumes in RTS, mn USD



RTS index support and resistance levels

	support	resistance
1	2,173.1	2,178.1
2	2,170.5	2,188.7
3	2,150.0	2,203.7

## Trader's view

Wednesday's dynamics of the stock market were variously-directed. Since the very morning external factors went at work, thanks to which market opened up soundly in the start. Prior to the publication of US statistics, however, the market moved down sharply, following panic of US depositors, who try to get their money off America's seventh largest bank – IndyMac. Besides of that – the negative pressure upon the oil & gas sector was brought by the dropped oil price. Nevertheless, throughout the second half of day the situation has changed considerably. This was supported by factors such as publication of strong corporate report and growth of US indices futures. US also published its industrial output data, which exceeded expectations.

Towards the end of the trading session index compensated for the day's fall and closed at +0.06% above closing level and totaled 2175.46 points. The stocks of Norilsk Nickel (+5.07%) felt themselves well, on par with Sberbank (+1.29%) and VTB (+1.16%). Then again, the opposite side of the barricades was manned by stocks of Uralkali (-1.42%), Tatneft (-2.11%) and preferred stocks of Surgutneftegas (-4.3%).

Classic market's turnover of RTS has formed 38 mn USD yesterday. Some of the highest turnovers have been achieved by stocks of LUKOIL (10.8 mn USD), Norilsk Nickel (7.5 mn USD) and Gazprom (5.3 mn USD).

Today's Russian stock market could be supported by external positive factors. Yesterday DJ and Nasdaq rose +2.52% and +3.12% respectively. America's indices owe their dynamics to oil price, which dropped almost -3% yesterday. Markets may open up at an upward gap. However, today we should see the publication of US realty market, which is expected to be quite negative. All of this is meant to determine the further dynamics of Russian market today.

RTS index support and resistance levels



*Company profile*

Last price, USD	38.95
Market capitalization, mn USD	16,214
Ticker	MTLR
Fair value, USD	43.82
Undervaluation, Overvaluation %	12.50
Recommendation:	<b>ACCUMULATE</b>

**Ferrous metallurgy****Mechel**

Mechel's preferred shares target at 50.5-60.5 USD per share and GDR of company.

Mechel Group announced its price range for preferred shares, states the company. The target range on preferred shares and GDR of Mechel is set at 50.5-60.5 USD apiece. One GDR equals one preferred share. Mechel's pref. shares are listed at MICEX and RTS in Russia, whilst company's GDR is planned to be listed at Frankfurt Stock Exchange. Previous reports say that Mechel plans on offering up to 55 mn preferred shares, with a fixed dividend yield, which equals 11.67% of increased authorized capital of company. Dividends per one preferred share form 20% of consolidated net income, split onto 138,756.915 th – the maximum number of approved preferred shares of the company. The insider of the deal told Interfax that Mechel could get 2 bn USD during the offering. Interfax source also said that application list is to be closed on July 22<sup>nd</sup>, whilst pricing aimed at June 23<sup>rd</sup>.

We must first say that company plans on selling its preferred shares at least 30% above the quotes of yesterday trades. This fact has to be approached cautiously, as it brings a question, to which we cannot find answer for now – “are preferred shares better than common shares?”. And secondly – if Mechel manages to sell its shares at lower border of expected range, then the offering should be considered more than simply successful, as company gains over 2.7 bn USD (if the set volume is offered). On the other hand if we use info by Interfax, about Mechel plan to get about 2 bn out of the offering, it could mean that Mechel would either offer incomplete portfolio or offer it at 36.36 USD per share, which is considerably below the announced range. In general we find this news positive for quotes of common shares of the company, and we recommend “ACCUMULATE” on them.

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### Company profile

Last price, USD	11.950
Market capitalization, mn USD	9,196
Ticker	RTKM
Fair value, USD	4.130
Undervaluation, Overvaluation %	-65.44
Recommendation:	<b>SELL</b>

## Telecoms

## Rostelecom

### Rostelecom plans to be diversified.

Rostelecom's board of directors confirmed the main trends of development strategy over years 2008-2012, said Konstantin Solodukhin, the chief manager of the company, at the press-conference on Wednesday. The key trend of the strategy appears to be the possibility of Rostelecom to become the only operator of Svyazinvest, providing the services to federal corporate clients, enter to broadband market and conquer the foreign markets.

"The main target is the transformation of Rostelecom into leading universal operator, which can provide full package of telecommunication services to all categories of consumers in Russia and abroad", said Solodukhin.

While commenting the corporate market, the head of Rostelecom announced that "the issue refers to the clients, whose usage of the telecommunication services is not limited by one federal district". IRCs of Svyazinvest can not provide such services due to license provisions, he said. According to him, Rostelecom plans to provide the services of long-range communication and broadband access to the corporate clients by itself and in order to provide the local telecommunication services, Rostelecom will act as IRC's agent.

Solodukhin also expect that Rostelecom's subsidiaries to be able to successfully compete at Moscow corporate market. He added that Rostelecom and its subsidiaries already constructing the network for the end consumers in Moscow. Moreover, Solodukhin also reminded that Rostelecom plans to enter the regional broadband markets for natural persons. "It concerns those regions, in which we can increase our joint share of the market with Svyazinvest's companies", – he said.

The main scenario of broadband market entry is the purchase of regional Internet providers. "There are not so many companies, which are ready for sale, but they exist", – said the head of Rostelecom. Moreover, in some regions Rostelecom can create its own network of end-user access, said Solodukhin. Rostelecom intends to coordinate its activity at broadband market with Svyazinvest's regional companies and plans to rival, first of all, the alternative operators.

Rostelecom is looking for different opportunities to enter Moscow broadband market. One of the scenarios is merger of Rostelecom with one of Svyazinvest's subsidiaries – Central Telegraph. "The decision should be made by the shareholders and this scenario is under their consideration now", – said Solodukhin.

This information was provided by Itefax agency.

We think that the decision of Rostelecom, to take care about its further development, is very important. The main activity of the company is the long-range communication services to end-consumers. A small part of Rostelecom's revenue is formed by Internet access services by Zebra-Telecom, the subsidiary of the company. It is clear that in terms of decreasing tariffs and increasing competition, Rostelecom's potential is very limited. The company should provide measures, concerning the diversification of its business in order to achieve a growth and also raise the independence from regulatory institutions. Moreover, the company has one important advantage – the availability of free cash and low leverage level, which gives Rostelecom an opportunity to develop other businesses and also in case of necessity, to purchase other operators. Let us look through all the aspects more precisely.

Let us start with Moscow market. Moscow broadband market can be characterized by a high level of broadband service and also by a high level of competition, which led to decrease of prices. That is why, the creation of own network in Moscow, will be an inefficient decision for Rostelecom. However, the merger of Rostelecom with Central Telegraph is a sound scenario, which is in power of the government. Let us remind you that Comstar and Centertelecom wants to merge this asset and Rostelecom will have to give some arguments, concerning the opportunity to merge particularly with it.

Concerning the regional broadband markets for natural persons, the situation is much favorable from different point of view – a good growth potential and competition does not lead to decrease of tariffs yet. Thus, Rostelecom has an opportunity to strengthen its position at regional markets. Moreover, taking into account the “kinship” between Rostelecom and IRC, Rostelecom can rent the networks. However, it can lead to resistance from the side of regional operators, i.e. in such a way Rostelecom will take a piece of “pie”, on which IRC looks over. Though within the scale of Svyazinvest, such synergy is logical and could provide influence upon the price of the holding in general. However, down at operating “daughters” (subsidiaries) this could lead to a loss of market share and companies income. We must also point out the fact that industry is currently marked by a trend when companies attempt to expand their range of services, without limiting themselves with just one service type, like telephony or broadband. Therefore, it means if Rostelecom does enters regional markets and reaches end users, would not aim at broadband services only.

The corporate clients segment is very attractive, but it has some peculiarities. The corporate clients are pickier to the quality of the provided services. The big players (Comstar, Golden Telecom) appeared at this market, specialize on these clients. The given companies have a working experience with such clients and a good consumer base. Thus, Rostelecom will have to provide a range of serious measures, including the change of image of the company within consumers’ eyes. Taking into account Rostelecom’s status as a government company, it has all the opportunities to get the companies of the government as corporate clients.

To summarize all written before, we should say that the development strategy of Rostelecom is a logical and important step, which directed at increase of business value. However, all will depend on whether the company can achieve the target or not. From our point of view, if Rostelecom’s quotes are at normal level, the given news can stimulate their growth. We think that in the current situation, the price of company’s shares is overheated and it can be changed under the influence of the other factors. We issue “SELL” recommendation on Rostelecom’s common shares.

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## Trade results

	Ticker	Price, USD	Change, USD	Change, %				Current year, USD		Volume, USD	MCAP, mn USD	Fair price, USD	Potential, %	Recommendation	
				day	week	month	from Jan 1	year	min						max
<b>Oil and Gas</b>															
Bashneft	- BANE	18.000	-	-	-2.70	5.88	8.11	20.81	12.860	18.750	18,000	3,453	-	-	HOLD
Bashneft, pref.	- BANEP	11.2750	-	-	-1.96	-2.59	2.73	6.87	9.1000	12.1000	-	-	-	-	HOLD
Gazprom	▼ GAZP	13.170	-0.050	-0.38	-1.72	-9.98	-6.53	14.32	11.410	15.650	5,257,931	311,780	20.200	53.38	BUY
Gazprom Neft	- SIBN	7.9000	-	-	5.19	-	24.41	85.88	5.0000	8.1000	316,000	37,456	8.8800	12.41	ACCUMULATE
LUKOIL	▼ LKOH	96.00	-0.20	-0.21	4.07	-8.57	10.34	13.74	64.25	113.20	10,844,199	81,654	138.44	44.21	BUY
NOVATEK	- NVTK	8.5500	-	-	-0.58	-0.29	14.00	47.41	6.5000	9.1500	-	25,960	12.0500	40.94	BUY
RITEK	- RITK	8.5500	-	-	-	-1.44	-15.76	-17.99	7.0000	9.9000	-	1,238	-	-	-
Rosneft	▲ ROSN	11.110	0.110	1.00	4.61	-5.69	16.12	26.25	6.670	12.200	2,408,920	117,746	14.310	28.80	BUY
Surgutneftegas	▲ SNGS	1.0300	-0.0060	-0.58	-1.44	-12.15	-16.94	-16.26	0.8650	1.2980	309,900	40,225	-	-	UNDER REVISION
Surgutneftegas, pref.	▼ SNGSP	0.4450	-0.0200	-4.30	-11.88	-21.93	-31.33	-40.11	0.4340	0.6480	248,350	-	-	-	UNDER REVISION
Tatneft	- TATN	6.9600	-	-	0.87	-9.61	15.04	28.89	4.7500	8.0100	69,600	15,643	-	-	HOLD
Tatneft, pref.	- TATNP	3.2500	-	-	-3.70	-10.59	-12.16	9.24	2.7000	3.8300	32,500	-	-	-	HOLD
TNK-BP Holding	- tnbp	2.0150	-	-	-6.28	-1.23	-9.64	-1.83	1.5200	2.2190	165,245	32,647	2.5950	28.78	BUY
TNK-BP Holding, pref.	- tnbpp	1.5900	-	-	-5.07	-4.79	-16.32	-16.32	1.4220	1.8500	-	-	2.3410	47.23	BUY
Transneft, pref.	- TRNFP	1,175.0	-	-	-3.29	-18.03	-41.10	-34.36	1,170.0	2,007.0	176,000	7,308	2,580.0	119.57	BUY
<b>Energy</b>															
Bashkirenergo	- BEGY	1.4300	-	-	-4.35	-5.92	-32.55	-31.90	1.4100	2.1000	-	1,547	-	-	-
Bashkirenergo, pref.	- BEGYP	1.1250	-	-	-18.48	-27.65	-5.46	-15.41	1.1500	1.1750	-	-	-	-	-
Hydro-WGC	▼ HYDR	0.0640	-0.0020	-3.03	-5.88	-25.58	-	-	0.0640	0.0930	283,880	12,535	-	-	-
Irkutskenergo	- IRGZ	1.0000	-	-	-3.85	-14.93	-15.97	3.09	0.9700	1.1510	50,000	4,767	-	-	-
WGC-1	- OGKA	0.0810	-	-	-4.71	-20.00	-34.15	-	0.0795	0.1225	81,000	3,616	0.1530	88.89	BUY
WGC-2	- OGKB	0.0720	-	-	6.75	-7.34	-53.25	-58.20	0.0700	0.1500	84,840	2,357	0.2325	222.92	BUY
WGC-3	- OGKC	0.0890	-	-	4.71	-20.18	-40.77	-48.41	0.0840	0.1450	18,857	4,226	0.1651	85.51	ACCUMULATE
WGC-4	- OGKD	0.0665	-	-	6.40	-16.88	-50.00	-47.22	0.0650	0.1335	-	4,191	0.1943	192.18	BUY
WGC-5	- OGKE	0.1175	-	-	0.43	7.55	-32.93	-25.98	0.0955	0.1795	-	4,156	0.2046	74.13	BUY
WGC-6	- OGKF	0.0700	-	-	3.70	-3.45	-44.88	-	0.0700	0.1250	-	2,258	0.0932	33.14	BUY
TGC-1	- TGKA	0.0013	-	-	-1.47	-1.11	2.68	-15.46	0.0012	0.0014	33,500	5,160	0.0017	26.87	BUY
TGC-2	- TGKB	0.0010	-	-	-	1.03	-1.50	-11.66	0.0008	0.0012	-	1,092	0.0015	52.28	BUY
TGC-2, pref.	- TGKBP	0.0007	-	-	-	-	-5.23	-14.71	-	-	-	-	0.0011	51.72	BUY
TGC-3 (Mosenergo)	- MSNG	0.1495	-	-	-4.78	-15.54	-37.18	-36.11	0.1540	0.2460	-	5,943	-	-	REDUCE
TGC-4	- TGKD	0.0011	-	-	1.86	3.79	-11.69	-7.20	0.0010	0.0012	-	1,492	-	-	-
TGC-4, pref.	- TGKDP	0.0006	-	-	-	8.11	-16.67	-30.64	0.0005	0.0006	-	-	-	-	-
TGC-5	- TGKE	0.0007	-	-	0.71	-0.00	-21.55	-45.80	0.0007	0.0010	-	873	0.0012	69.01	BUY
TGC-6	▼ TGKF	0.0007	-0.0000	-2.78	-	-6.67	-38.86	-45.10	0.0007	0.0012	2,115	903	0.0009	28.57	REDUCE
TGC-7	- TGKG	0.0755	-	-	7.86	-19.47	-30.73	-	0.0700	0.1095	-	2,263	-	-	-
TGC-8	- TGKH	0.0016	-	-	2.18	-1.50	17.14	26.15	0.0013	0.0017	-	3,381	0.0009	-45.12	SELL
TGC-9	- TGKI	0.0003	-	-	3.77	-15.38	-14.06	-15.38	0.0002	0.0003	-	2,152	-	-	-
TGC-10	- TGKJ	4.6000	-	-	-2.13	0.33	12.47	13.86	3.5000	4.6100	-	4,042	-	-	-
TGC-11	▼ TGKK	0.0009	-0.0000	-3.30	-4.35	-22.12	-45.68	-	0.0009	0.0016	61,950	451	-	-	-
TGC-12 (Kuzbasenergo)	- KZBE	0.0190	-	-	-19.15	-22.45	-30.91	-47.59	0.0250	0.0281	-	1,342	-	-	-
TGC-13	- TGKM	0.0071	-	-	-0.70	-13.94	-32.81	-39.22	0.0065	0.0102	-	1,130	-	-	-
TGC-14	- TGKN	0.0003	-	-	1.79	-12.31	-16.18	-40.00	0.0003	0.0003	-	222	-	-	-
<b>Nonferrous metallurgy</b>															
BMSK	- bmsk	3.4500	-	-	-1.43	50.00	40.82	35.29	1.6850	3.5000	-	18	4.5900	33.04	SPECULATIVE BUY
BMSK, pref.	- bmskp	1.7000	-	-	-	-20.93	-20.93	-20.93	0.9500	0.9500	-	-	3.4400	102.35	HOLD
VSMPO	- VSMO	142.00	-	-	4.41	-29.00	-52.98	-54.16	133.00	314.00	255,450	1,637	-	-	HOLD
Norilsk Nickel	▲ GMKN	228.00	11.00	5.07	-1.30	-15.87	-13.96	5.56	203.00	316.50	7,465,450	43,463	314.68	38.02	BUY
Safyanovskaya med	- sfmd	6.0000	-	-	-	-	-35.14	-52.00	6.0000	7.0000	-	12	4.7300	-21.17	SELL
Sredneural'sky MPZ	- sumz	15.250	-	-	-6.15	-6.15	-17.90	-40.20	16.500	18.400	-	77	36.550	139.67	SPECULATIVE BUY
Uralsktromed	- uelm	105.50	-	-	-0.94	-7.46	-7.13	-6.43	100.00	121.00	-	535	126.38	19.79	ACCUMULATE
Ufaleynickel	- ufal	7.5200	-	-	-	-4.20	-2.97	-20.84	7.5000	7.5000	-	202	6.6300	-11.84	REDUCE
Chelyabinsk Zink Plant	- CHZN	6.90	-	-	-9.80	-24.38	-38.53	-95.75	6.80	12.15	-	374	22.53	226.52	BUY
Yuzhuralnickel	▲ unkl	802.0	42.0	5.53	-10.39	-20.59	-42.71	-20.83	760.0	1,300.0	8,020	481	463.4	-42.22	ACCUMULATE
Electrozinc	- eltz	78.62	-	-	-5.21	-17.58	-	-	79.00	110.00	-	110	-	-	-
<b>Ferrous metallurgy (Steel)</b>															
Ashinsky Metallurgy Plant	- AMEZ	0.5800	-	-	-4.13	-13.43	-38.95	-3.73	0.5500	0.9700	-	289	0.9400	62.07	BUY
Evrast**	▲ EVR	101.500	70.750	230.08	-4.69	-12.50	30.97	107.99	30.850	131.250	76,813,024	36,025	124.760	22.92	ACCUMULATE
Mechel	- MTLR	38.950	-	-	0.65	-5.00	44.26	159.67	20.000	45.800	-	16,214	43.820	12.50	ACCUMULATE
MMC	- MAGN	1.2600	-	-	-4.55	-0.79	-3.08	7.69	1.0500	1.4400	-	14,080	1.5100	19.84	ACCUMULATE
NLMC	- NLMK	4.9500	-	-	-5.71	0.61	22.07	41.43	3.4300	5.6500	-	29,666	5.7500	16.16	ACCUMULATE
Severstal	- CHMF	21.500	-	-	-5.91	-12.24	-5.70	25.73	20.000	28.000	741,525	21,666	32.660	51.91	BUY
Chelyabinsk Metallurgy Plant	- CHMK	382.50	-	-	-	-	4.08	120.46	330.00	450.00	-	1,209	-	-	-
Chusovskoy Metallurgy Plant	- chmz	128.000	-	-	1.59	-1.54	-	-	113.000	128.000	-	298	-	-	-
<b>Precious metals</b>															
Buryatoloto	- BRZL	14.750	-	-	-10.61	-22.37	-18.06	8.66	15.500	22.000	-	104	26.690	80.95	SPECULATIVE BUY
Lenzoloto	- lnzl	37.500	-	-	-6.25	-6.25	-34.78	31.58	40.000	60.000	-	43	34.210	-8.77	HOLD
Polymetal	- PMTL	8.1000	-	-	3.85	-6.36	17.05	21.35	7.0000	9.3500	-	2,552	8.2800	2.22	HOLD
Polys-Gold	- PLZL	56.350	-	-	0.63	-10.77	22.77	27.49	46.500	80.000	-	10,742	57.180	1.47	HOLD
Susumanzoloto	- sysy	47.000	-	-	-	-2.08	56.67	4.44	-	-	-	42	55.270	17.60	ACCUMULATE

Source: RTS website, Bloomberg (\* - NASDAQ, \*\* - LME, rest - RTS) Estimation: Veles Capital

## Trade results

	Ticker	Price, USD	Change, USD	Change, %					Current year, USD		Volume, USD	MCAP, mn USD	Fair price, USD	Potential, %	Recommendation	
				day	week	month	from Jan 1	year	min	max						
<b>Coal industry</b>																
	Belon	- BLNG	220.000	-	-	2.80	12.82	134.04	450.00	93.000	240.000	59.400	2.530	91.610	-58.36	SPECULATIVE BUY
	Vorkutaugol	- voug	178.50	-	-	-0.14	-2.46	-10.75	4.69	177.00	244.00	-	601	318.92	78.67	SPECULATIVE BUY
	Vorkutaugol, pref	- vougp	178.50	-	-	-	-2.72	-0.83	9.85	160.00	187.00	-	-	255.14	42.94	SPECULATIVE BUY
	Kuzbassrazrezugol	▲ kzru	0.8200	0.0010	0.12	-0.30	-4.93	90.92	99.27	0.4400	0.9000	66,525	5,030	0.3800	-53.66	HOLD
	Raspadskaya	- RASP	8.9500	-	-	2.05	-7.35	37.69	213.49	5.4000	10.3000	580,700	6,988	10.6500	18.99	ACCUMULATE
	Yuzny Kuzbass	- UKUZ	115.000	-	-	-	-14.81	112.96	251.15	56.000	158.900	-	4,153	50.380	-56.19	REDUCE
<b>Pipe industry</b>																
	Almetievsk Pipe Plant	- atza	13.500	-	-	-	-	14.89	14.89	-	-	-	40	26.780	98.37	SPECULATIVE BUY
	Vyksha Metallurgy Plant	- vsmz	1,465.0	-	-	-5.15	-9.85	-30.73	-9.96	1,650.0	2,080.0	-	2,757	2,439.8	66.54	SPECULATIVE BUY
	Pervouralsk New Pipe Plant	- PNTZ	29.875	-	-	-	-5.01	-4.40	-7.36	28.975	32.200	-	727	42.350	41.76	BUY
	Seversky Pipe Plant	- SVTZ	10.500	-	-	-	-12.50	-36.56	-2.55	10.000	15.800	-	505	16.180	54.10	SPECULATIVE BUY
	Sinarsky Pipe Plant	- SNTZ	82.50	-	-	-5.71	-17.50	-41.07	-24.49	85.00	138.50	-	519	230.47	179.36	SPECULATIVE BUY
	Taganrog Metallurgy Plant	- TAMZ	0.8000	-	-	-16.23	-17.95	-35.17	-34.16	0.8000	1.1000	48,100	370	1.3200	65.00	SPECULATIVE BUY
	TMK	- TRMK	8.3500	-	-	-1.76	7.74	-23.57	-18.54	7.1000	10.7000	-	7,290	10.0400	20.24	ACCUMULATE
	Chelyabinsk Pipe Plant	- CHEP	3.9955	-	-	-0.36	-4.72	-6.10	-8.78	3.8500	4.5500	-	1,887	5.5700	39.41	BUY
<b>Telecommunications</b>																
	Volgatelecom	- NNSI	4.1350	-	-	-4.83	-12.95	-29.56	-24.30	4.0000	5.9100	-	1,226	6.0110	45.37	BUY
	Volgatelecom, pref.	- NNSIP	2.5500	-	-	-2.95	-15.70	-38.55	-33.68	2.5500	4.1800	-	-	4.5083	76.80	BUY
	Vimpelcom*	- VIP	27.260	-	-	3.02	-13.02	-34.47	20.75	25.050	120,750	96,825,704	27,959	39.990	46.70	BUY
	Dalsvyaz	- ESPK	4.1750	-	-	1.21	-11.36	-21.23	-17.33	4.4000	5.7000	-	501	7.4457	78.34	BUY
	Dalsvyaz, pref.	- ESPKP	3.2750	-	-	-	-2.24	-26.82	-32.12	3.4000	4.2000	-	-	5.5812	70.42	BUY
	Comstar-UTS	- CMST	12.000	-	-	-	9.09	9.74	14.29	8.500	11.000	-	5,015	13.480	12.33	BUY
	MGTS	- MGTS	33.600	-	-	-	-8.20	-7.44	5.00	32.000	34.600	-	3,201	-	-	HOLD
	MGTS, pref.	- MGTSF	32.500	-	-	10.17	10.17	1.09	18.61	28.800	31.300	-	-	-	-	HOLD
	MTS	▼ MTSS	11.7000	-0.0400	-0.34	-2.09	-7.14	-23.78	7.83	11.5000	15.7000	110,401	23,322	16.2900	39.23	BUY
	Rostelecom	▲ RTKM	11.950	0.100	0.84	-1.24	2.36	0.76	20.89	10.400	12.440	119,500	9,196	4.130	-65.44	SELL
	Rostelecom, pref.	- RTKMP	2.0100	-	-	-3.60	-16.25	-31.28	-32.44	2.0000	2.8500	-	-	3.1000	54.23	ACCUMULATE
	North-West Telecom	▼ SPTL	1.1550	-0.0150	-1.28	-4.35	-13.97	-32.85	-33.24	1.1400	1.7000	57,750	1,199	1.3290	15.06	HOLD
	North-West Telecom, pref.	- SPTLP	0.7258	-	-	-5.75	-15.12	-41.00	-36.62	0.7800	1.2150	-	-	0.9967	37.33	ACCUMULATE
	Sibirtelecom	- ENCO	0.0830	-	-	-5.95	-14.87	-30.83	-26.48	0.0780	0.1170	41,500	1,218	0.1140	37.35	BUY
	Sibirtelecom, pref.	- ENCOP	0.0565	-	-	-3.00	-9.02	-29.81	-25.76	0.0545	0.0670	-	-	0.0855	51.33	BUY
	Uralsvyazinform	- URSI	0.0508	-	-	-2.40	-13.98	-20.39	-19.44	0.0462	0.0635	-	1,877	0.0573	12.91	BUY
	Uralsvyazinform, pref.	- URSIP	0.0303	-	-	-4.11	-10.22	-28.71	-29.53	0.0295	0.0418	-	-	0.0430	41.91	ACCUMULATE
	CenterTelecom	▼ ESMO	0.6000	-0.0150	-2.44	-5.51	-7.69	-35.62	-37.40	0.6000	0.9320	91,000	1,134	0.9018	50.30	BUY
	CenterTelecom, pref.	- ESMOP	0.3550	-	-	-6.46	-25.26	-42.97	-42.11	0.3550	0.6375	35,500	-	0.6763	90.51	BUY
	SouthTelecom	▼ KUBN	0.1350	-0.0010	-0.74	-6.57	-12.90	-31.82	-31.82	0.1345	0.2020	121,500	490	0.2526	87.11	BUY
	SouthTelecom, pref.	- KUBNP	0.0932	-	-	0.54	-11.19	-35.58	-31.68	0.0920	0.1450	-	-	0.1895	103.22	BUY
<b>Machinery</b>																
	AvtoVAZ	- AVAZ	1.4000	-	-	-10.83	-16.42	-27.46	-16.77	1.4000	1.9500	14,000	4,145	1.9890	42.07	BUY
	AvtoVAZ, pref.	- AVAZP	0.6850	-	-	-11.04	24.55	-10.46	15.61	0.5500	0.6500	-	-	1.4910	117.66	BUY
	GAZ	- GAZA	155.00	-	-	-6.06	-21.32	-8.82	4.73	151.00	210.00	-	3,005	197.30	27.29	HOLD
	GAZ, pref.	- GAZAP	92.50	-	-	-5.13	-20.94	-22.92	-12.32	95.00	125.50	-	-	148.00	60.00	BUY
	ZMZ	- ZMZN	5.2500	-	-	-5.41	4.06	75.00	103.88	2.9000	5.2000	-	736	4.4500	-15.24	HOLD
	ZMZ, pref	- zmznp	3.8250	-	-	-0.65	13.33	59.38	91.25	2.6000	3.5250	-	-	3.3400	-12.68	HOLD
	Kamaz	- KMAZ	5.3000	-	-	0.47	-9.79	1.92	19.77	5.5500	7.2500	-	3,748	6.4000	20.75	BUY
	Kirovsky zavod	- KIRZ	49.000	-	-	-7.55	-10.50	-10.91	56.80	48.000	56.000	-	532	33.290	-32.06	REDUCE
	NefAZ	- nfaz	40.000	-	-	-1.23	-5.88	11.11	148.06	36.500	50.250	-	322	49.150	22.88	BUY
	Saturn NPO	- satr	0.0815	-	-	0.62	-6.32	-31.51	-40.07	0.0810	0.1125	-	325	0.1379	69.20	HOLD
	OMZ	- OMZZ	7.0450	-	-	4.06	1.00	-9.97	-15.88	7.0000	7.6000	-	250	6.3200	-10.29	SELL
	RSC Energia	- satr	672.50	-	-	-1.10	-	-	-	489.90	705.00	-	756	641.10	-4.67	HOLD
	UAZ	- uaza	0.1475	-	-	-4.84	11.32	6.12	38.82	0.1125	0.1500	-	590	-	-	-
	UAZ, pref.	- uazap	0.0975	-	-	-	11.43	9.55	78.08	0.0710	0.0900	-	-	-	-	-
	Severstal-Auto	▼ SVAV	58.000	-1.000	-1.69	-5.31	-10.70	7.41	58.90	49.000	67.300	260,400	1,988	81.330	40.22	BUY
	Power Machines	- SILM	0.2130	-	-	-0.93	-0.58	5.19	18.66	0.1930	0.2220	115,647	1,855	0.1250	-41.31	SELL
<b>Industry</b>																
	ALNAS	- alnz	0.8250	-	-	-	3.12	-28.26	-8.33	0.8250	0.8500	-	170	1.2000	45.45	BUY
	Angeromash	- ange	35.050	-	-	-	-13.46	-39.04	-22.97	-	-	-	35	79.650	127.25	BUY
	BEPP	- bunz	52.000	-	-	-	-	9.47	-7.96	-	-	-	16	81.000	55.77	BUY
	BEPP, pref.	- bunzp	41.000	-	-	-	-	-1.20	-1.20	-	-	-	-	60.700	48.05	BUY
	Mikron	- mkro	12.0000	-	-	2.13	0.84	19.11	73.29	10.0000	12.2500	48,000	117	-	-	-
	Sitronics	- SITR	0.1202	-	-	-2.24	-7.50	0.21	-15.32	0.1150	0.1366	-	1,148	0.0854	-28.98	SELL
<b>Chemical industry</b>																
	Azot (Berezniki)	- azop	915.00	-	-	-0.76	-2.14	0.83	47.58	875.00	960.00	-	371	1,427.50	56.01	BUY
	Akron	- AKRN	123.00	-	-	-1.60	1.65	143.56	381.88	50.70	127.50	-	5,866	136.24	10.76	BUY
	Ammofos	- ammo	130.00	-	-	-3.35	-38.97	14.54	239.43	100.00	270.00	39,000	1,173	332.20	155.54	BUY
	Dorogobuzh	- DGBZ	1.3100	-	-	-2.24	1.16	191.11	385.19	0.4550	1.4000	-	3,475	1.1900	-9.16	HOLD
	Dorogobuzh, pref	- DGBZP	0.7300	-	-	2.64	14.11	128.12	224.44	0.3200	0.7400	14,240	-	0.6400	-12.33	HOLD
	Kujbyshevazot	- kazt	3.9500	-	-	-14.13	-15.96	46.30	100.00	2.3400	5.0100	-	936	5.7500	45.57	BUY
	Kujbyshevazot, pref	- kaztp	2.1750	-	-	-	8.75	38.10	49.59	1.5000	1.7000	-	-	3.2800	50.80	BUY
	Silvinit	- SILV	2,100.0	-	-	-	12.75	138.64	516.74	900.0	2,275.0	50,400	16,434	1,417.4	-32.50	REDUCE
	Silvinit, pref	- silvp	970.00	-	-	-1.02	-11.82	49.23	283.40	570.00	1,250.00	9,700	-	809.90	-16.51	REDUCE
	Uralkali	- URKA	13.900	-	-	3.35	-6.08	78.21	396.43	5.800	16.050	-	29,529	17.830	28.27	ACCUMULATE

Source: RTS website, Bloomberg (\* - NASDAQ, \*\* - LME, rest - RTS) Estimation: Veles Capital

## Trade results

	Ticker	Price, USD	Change, USD	Change, %				Current year, USD		Volume, USD	MCAP, mn USD	Fair price, USD	Potential, %	Recommendation		
				day	week	month	from Jan 1	year	min						max	
<b>Retail Trade</b>																
Pharmacy Network 36.6	-	APTK	35.750	-	-	-9.49	-14.88	-51.03	-58.79	39.000	70.000	-	340	-	-	UNDER REVISION
GUM	-	GUMM	2.6625	-	-	0.19	-4.91	29.88	16.27	1.9700	2.9500	-	160	-	-	UNDER REVISION
X5 Retail Group**	-	FIVE	31.800	-	-	6.00	-13.47	-12.88	3.81	26.960	38.930	4,231,806	6,732	-	-	UNDER REVISION
Seventh Continent	-	SCON	26.400	-	-	0.19	-3.39	1.93	2.52	22.750	28.500	-	1,980	-	-	UNDER REVISION
TzUM	-	TZUM	5.3750	-	-	-	-10.42	150.00	174.94	2.1200	6.1000	-	482	-	-	UNDER REVISION
<b>Consumer Sector</b>																
Baltika	-	PKBA	43.350	-	-	-0.34	-2.31	-10.39	-9.21	42.700	50.000	43,350	6,916	-	-	UNDER REVISION
Baltika, pref.	-	PKBAP	27.500	-	-	-0.90	-	-17.91	-12.28	25.500	31.000	-	-	-	-	UNDER REVISION
WBD	-	WBDF	64.250	-	-	-6.20	-17.10	-28.61	-22.59	66.000	93.000	-	2,827	-	-	UNDER REVISION
Kalina	▼	KLNA	30.750	-1.250	-3.91	-9.56	-10.22	-24.07	-25.90	29.750	39.000	30,750	300	-	-	UNDER REVISION
Lebedyansky	-	LEKZ	82.125	-	-	0.92	-0.15	-10.73	-10.00	80.000	93.500	-	1,676	-	-	UNDER REVISION
<b>Transport</b>																
Aeroflot	-	AFLT	3.1500	-	-	-3.96	-18.71	-16.00	5.00	3.0000	4.4500	31,500	3,498	4.1700	32.38	HOLD
Primorsk Shipping Corporation	-	PRIM	0.4500	-	-	-	-2.17	9.76	29.50	0.4200	0.4200	-	358	0.5610	24.67	BUY
FESCO	-	FESH	1.0750	-	-	-4.44	-11.16	-1.83	43.33	0.9800	1.3500	-	2,538	1.0500	-2.33	SELL
Novorossiysk Sea Shipping	-	NOMP	3.2510	-	-	-2.08	-2.96	10.96	34.90	2.9900	3.4000	9,753	1,378	3.6000	10.74	BUY
Novorossiysk Sea Shipping, pref.	-	NOMPP	1.2500	-	-	-2.34	-14.41	-30.56	-8.09	1.2800	1.7400	-	-	2.7000	116.00	BUY
<b>Banks</b>																
VTB	▲	VTBR	0.0035	0.0000	1.16	-1.97	-3.32	-31.03	-36.20	0.0034	0.0050	157,050	23,467	-	-	-
Sberbank	▲	SBER	3.1400	0.0400	1.29	-2.48	-5.71	-25.59	-	3.0200	4.3800	3,927,740	69,663	4.6210	47.17	ACCUMULATE
Sberbank, pref.	-	SBERP	1.8800	-	-	-1.05	-11.53	-37.33	-	1.8000	2.9300	-	-	3.4660	84.36	ACCUMULATE
<b>Media &amp; IT</b>																
RBC	▼	RBCI	8.0500	-0.2000	-2.42	-5.52	-10.31	-22.97	-11.54	8.0500	10.9000	80,500	1,127	9.8600	22.48	BUY
CTC Media*	-	CTCM	21.750	-	-	-1.89	-16.22	-27.98	-	21.160	105.040	16,053,381	3,309	32.900	51.26	BUY
<b>Oblgaz</b>																
Altairgasservice	-	akgs	157.50	-	-	2.61	-11.76	36.96	-42.73	105.00	105.00	-	18	339.43	115.51	BUY
Astrakhanoblgas	-	asog	2.5000	-	-	-	25.00	-7.41	17.65	2.7000	2.7000	-	10	2.3800	-4.80	HOLD
Belgorodoblgas	-	bogz	600.00	-	-	20.00	41.18	20.00	-	700.00	700.00	-	48	3,331.71	455.28	BUY
Bryanskoblgas	-	brog	445.00	-	-	-	9.20	32.84	-	380.00	510.00	-	49	1,140.89	156.38	BUY
Vladimiroblgas	-	vlog	810.00	-	-	-0.31	-7.43	-45.18	29.60	810.00	1,355.00	3,240	36	973.7	20.21	HOLD
Volgogradoblgas	-	vlgz	770.00	-	-	5.84	-19.79	18.92	136.92	495.00	805.00	-	66	1,329.23	72.63	BUY
Voronezhoblgas	▼	vogz	5.8500	-0.0500	-0.85	22.51	11.64	48.29	194.34	3.6000	7.0000	29,250	130	12.8200	119.15	BUY
Ivanovooblgas	-	ivog	20.000	-	-	-	-	263.64	300.00	-	-	-	8	150.760	653.80	BUY
Ivanovooblgas, pref.	-	ivogp	26.000	-	-	-	-	-46.39	766.67	-	-	-	-	150.760	479.85	BUY
Irkutskoblgas	-	irog	190.00	-	-	-	-2.56	-2.56	90.00	-	-	-	4	-	-	-
Kalugaoblgas	-	klog	975.00	-	-	21.88	28.29	62.50	225.00	800.00	800.00	-	29	1,286.95	31.99	BUY
Karelgas	-	klgz	113.50	-	-	-	-4.22	-10.98	-9.20	-	-	-	3	324.27	185.70	BUY
Kirovoblgas	-	krog	332.00	-	-	-	0.15	52.64	74.74	-	-	-	33	705.25	112.42	BUY
Komigaz	-	kgaz	32.500	-	-	-	-	-13.33	-0.76	30.000	30.000	-	11	80.440	147.51	BUY
Komigaz, pref.	-	kgazp	15.125	-	-	-	-0.33	-31.25	-5.47	-	-	-	-	60.330	298.88	BUY
Kostromaoblgas	-	koog	440.00	-	-	-	-0.68	15.79	86.84	331.00	400.00	-	24	935.74	112.67	BUY
Krasnodarkraigas	-	kgas	15.000	-	-	-	-	141.94	150.00	-	-	-	31	12.110	-19.27	SELL
Kurganoblgas	-	kuog	470.00	-	-	-	-	-27.69	44.62	-	-	-	14	-	-	-
Kurskoblgas	-	krgz	637.50	-	-	4.08	-23.88	96.15	150.00	600.00	700.00	-	56	1,184.98	85.88	BUY
Lenoblgas	-	leog	2,575.00	-	-	-	-	-0.96	296.15	-	-	-	204	717.7	-72.13	HOLD
Lipetskoblgas	-	lpog	160.00	-	-	-	-	28.00	60.00	-	-	-	19	716.78	347.99	BUY
Nizhegorodoblgas	-	nnog	3.1055	-	-	-0.62	1.82	-22.17	4.39	2.3500	4.5000	-	86	1.8700	-39.78	HOLD
Omskoblgas	-	omog	9.550	-	-	-	0.53	46.92	138.75	10.000	11.000	-	14	20.130	110.79	BUY
Omskoblgas, pref.	-	omogp	4.4000	-	-	-	-2.22	10.00	60.00	-	-	-	-	11.5500	162.50	BUY
Oreloblgas	-	orgz	442.50	-	-	-	-22.03	18.00	45.08	-	-	-	17	512.18	15.75	BUY
Orenburgoblgas	-	orog	2,175.00	-	-	-	1.16	125.39	209.61	1,000.00	2,250.00	-	167	2,855.8	31.30	HOLD
Pensgasifikatsiya	-	pgzf	140.00	-	-	-	-	-30.00	-6.67	-	-	-	5	869.49	521.06	BUY
Rostovoblgas	-	rtbg	760.00	-	-	-	-1.94	26.67	65.22	625.00	900.00	-	101	1,529.82	101.29	BUY
Rostovoblgas, pref.	-	rtbgp	430.00	-	-	-	-1.15	-8.51	23.74	400.00	460.00	-	-	1,529.82	255.77	BUY
Ryazanoblgas	-	rzog	6.0000	-	-	-	4.35	-42.03	-57.14	-	-	-	29	5.9200	-1.33	HOLD
Samaragas	-	sagz	150.000	-	-	20.00	-33.33	171.49	170.27	45.500	45.500	-	17	289.840	93.23	BUY
Saratovoblgas	-	srog	17.000	-	-	-2.86	3.03	109.23	200.88	7.750	25.000	-	63	50.010	194.18	BUY
Sibingasservice	-	sbsg	7.0500	-	-	-	-6.62	-6.62	25.33	-	-	-	33	-	-	-
Smolenskoblgas	-	smog	148.50	-	-	-0.34	-1.66	68.75	182.86	81.50	185.00	-	60	332.44	123.87	BUY
Stavropolkraigas	-	stkg	437.50	-	-	-	-12.50	-54.19	-	575.00	575.00	-	55	81.59	-81.35	SELL
Stavropolkraigas, pref.	-	stkgp	325.00	-	-	-	-	-45.83	-	280.00	400.00	-	-	81.59	-74.90	SELL
Tambovoblgas	-	togz	69.000	-	-	1.47	5.34	97.14	238.65	29.000	58.000	-	60	81.290	17.81	BUY
Tveroblgas	-	tveo	197.50	-	-	2.60	-8.14	-27.66	3.95	225.00	246.00	-	35	236.31	19.65	HOLD
Tulaoblgas	-	tuog	440.00	-	-	-26.67	12.82	62.96	253.34	180.00	705.00	-	70	1,106.23	151.42	BUY
Chitaoblgas	-	chog	67.500	-	-	-	22.73	22.73	-	-	-	-	5	-	-	-
Yaroslavlbgas	-	yrog	297.50	-	-	0.68	-0.83	14.42	48.75	250.00	250.00	-	21	503.81	69.35	BUY
<b>Services companys</b>																
Giprospetsgaz	-	gsgz	1,350.00	-	-	-	12.50	-42.55	9.09	1,800.00	1,850.00	-	57	7,463.00	452.81	BUY
Giprospetsgaz, pref.	-	gsgzp	747.50	-	-	-	0.34	-43.58	-11.54	800.00	800.00	-	-	5,970.00	698.66	BUY
Spetsgazremstroy	-	sgrs	180.00	-	-	-1.37	-18.18	-50.00	-32.08	344.00	425.00	-	96	741.25	311.81	BUY
Spetsgazremstroy, pref.	-	sgrsp	105.50	-	-	-	11.05	-43.73	-31.94	120.00	255.00	-	-	555.94	426.96	BUY
<b>Services companys</b>																
Belgorodasbestocement	-	belc	150.00	-	-	-	87.50	275.00	-	-	-	-	15	588.48	292.32	SPECULATIVE BUY
Strojpolymerkeramika	-	spke	35.000	-	-	-	-12.50	125.81	-	-	-	-	70	79.940	128.40	BUY
Strojpolymerkeramika, pref.	-	spkep	16.5000	-	-	-	106.25	45.37	-	8.0000	8.0000	-	-	27.9800	69.58	BUY

Source: RTS website, Bloomberg (\* - NASDAQ, \*\* - LME, rest - RTS) Estimation: Veles Capital

## Quotes of Russian ADR vs. shares in RTS

	ADR Code	RTS Code	Shares in ADR	Stock Market	Last ADR price, USD	Change, USD	Share's price in ADR, USD	Last RTS price, USD	ADR / RTS, %	ADR Change, %	RTS Change, %	ADR trade volume, ths. USD	RTS trade volume, ths. USD
AFK Sistema	SSA LI	AFKS	20.00	London	33.900	-0.400	1.7	1.3	-	-1.17	-	6,471	-
AFK Sistema	KO71 GR	AFKS	20.00	Frankfurt	27.391	-0.144	1.4	1.3	-	-0.52	-	-	-
Aeroflot	AETG GR	AFLT	100	Frankfurt	308.363	-0.407	3.084	3.150	-	-0.13	0.05	-	32
Wimm-Bill-Dann	WBD LI	WBDF	1	London	16.000	-	16.000	67.000	-	-	-	588	-
Wimm-Bill-Dann	WBD US	WBDF	1	New York	101.010	3.030	101.010	67.000	-	3.09	-	14,830	-
Wimm-Bill-Dann	WBPA GR	WBDF	1	Frankfurt	97.610	-1.769	97.610	67.000	-	-1.78	-	12	-
Volgaelcom	NZH GR	NNSI	2	Frankfurt	7.916	-0.996	3.958	4.205	-	-11.18	-	-	-
Vimpelcom	VIP US	VIMP	1/4	New York	27.260	0.870	545.20	420.00	-	3.30	-	96,826	-
Vimpelcom	VIP GR	VIMP	1/4	Frankfurt	26.299	0.960	525.97	420.00	-	3.79	-	59	-
Gazprom	OGZD LI	GAZP	4	London	52.600	0.200	13.150	13.170	-0.00	0.38	-0.00	501,470	5,258
Gazprom	OGZPY US	GAZP	4	New York	52.650	0.500	13.162	13.170	-	0.96	-0.00	-	5,258
Gazprom	GAZ GR	GAZP	4	Frankfurt	52.217	0.013	13.054	13.170	-0.01	0.02	-0.00	1,376	5,258
Golden Telecom	GLDN LI	GLDN	1	New York	105.020	-	105.020	-	-	-	-	-	-
Golden Telecom	GT7 GR	GLDN	1	Frankfurt	103.873	-	103.873	-	-	-	-	-	-
EvrazHolding	EVR LI	-	1/3	London	101.500	-2.250	304.500	-	-	-2.17	-	76,813	-
EvrazHolding	HK1A GR	-	1/3	Frankfurt	100.698	-3.074	302.094	-	-	-2.96	-	120	-
Irkutskenergo	IKSGY US	IRGZ	50	New York	-	-	-	0.815	-	-	-	-	-
Irkutskenergo	IRK GR	IRGZ	50	Frankfurt	-	-	-	0.815	-	-	-	-	-
Kuzbasenergo	KUW GR	KZBE	10	Frankfurt	22.382	-	2.238	2.500	-	-	-	-	-
Lenenergo	LNO GR	LSNG	80	Frankfurt	35.460	-	0.443	1.840	-	-	-	-	-
LUKOIL	LKOD LI	LKOH	1	London	95.900	0.300	95.900	96.000	-0.00	0.31	-0.00	379,608	10,844
LUKOIL	LUKOY US	LKOH	1	New York	96.000	0.800	96.000	96.000	-	0.84	-0.00	-	10,844
LUKOIL	LUK GR	LKOH	1	Frankfurt	95.235	-0.022	95.235	96.000	-0.01	-0.02	-0.00	1,210	10,844
MCTN	MOW GR	MGTS	1	Frankfurt	33.249	-0.174	33.249	31.500	-	-0.52	-	-	-
Mechel	MTL US	MTLR	3	New York	46.670	0.570	15.557	39.000	-	1.24	-	109,490	-
Mechel	FQF GR	MTLR	3	Frankfurt	43.353	-1.476	14.451	39.000	-	-3.29	-	2	-
Mosenergo	AOMD LI	MSNG	100	London	22.000	-	0.220	0.220	-	-	-	-	-
Mosenergo	AOMOY US	MSNG	100	New York	20.500	-	0.205	0.220	-	-	-	-	-
Mosenergo	MRO GR	MSNG	100	Frankfurt	14.614	-0.395	0.146	0.220	-	-2.63	-	22	-
MTS	MBDL LI	MTSS	5	London	-	-	-	11.700	-	-	-0.00	-	110
MTS	MBT US	MTSS	5	New York	-	-	-	11.700	-	-	-0.00	-	110
MTS	MKY GR	MTSS	5	Frankfurt	73.038	0.620	14.608	11.700	-	0.86	-0.00	-	110
Nizhnekamskneftekhim	OAD GR	NKNC	10	Frankfurt	7.046	-0.117	0.705	0.770	-	-1.63	-	0	-
NOVATEK	NVTK LI	NVTK	1/100	London	-	-	-	8.180	-	-	-	-	-
NOVATEK	NVATY US	NVTK	1/100	Frankfurt	-	-	-	8.180	-	-	-	-	-
Norilsk Nickel	MNOD LI	GMKN	1	London	23.050	1.170	23.05	228.00	-0.90	5.35	0.05	248,185	7,465
Norilsk Nickel	NILSY US	GMKN	1	New York	23.200	1.400	23.20	228.00	-	6.42	0.05	-	7,465
Norilsk Nickel	NNIA GR	GMKN	1	Frankfurt	22.974	1.328	22.97	228.00	-0.90	6.13	0.05	589	7,465
UHM	UHM GR	OMZZ	1	Frankfurt	7.125	0.122	7.125	8.750	-	1.74	-	0	-
Pyaterochka	FIVE LI	-	1/4	London	31.800	1.050	127.200	-	-	3.41	-	4,232	-
UES	UESD LI	EESR	100	London	100.000	-	1.000	1.020	-	-	-	-	-
UES	USERY US	EESR	100	New York	-	-	-	1.020	-	-	-	-	-
UES	UES GR	EESR	100	Frankfurt	97.504	-	0.975	1.020	-	-	-	-	-
Rostelekom	RKMD LI	RTKM	6	London	69.300	-	11.550	11.950	-	-	0.01	-	120
Rostelekom	ROS US	RTKM	6	New York	-	-	-	11.950	-	-	0.01	-	120
Rostelekom	RTL GR	RTKM	6	Frankfurt	72.040	1.532	12.007	11.950	0.00	2.17	0.01	22	120
Seversky pipe plant	SVY GR	SVTZ	10	Frankfurt	107.664	-0.564	10.766	14.500	-	-0.52	-	-	-
Gazprom Neft	GAZ LI	SIBN	5	London	39.480	-0.020	7.896	4.300	-	-0.05	-	4,121	-
Gazprom Neft	GZPFY US	SIBN	5	New York	32.250	-	6.450	4.300	-	-	-	-	-
Gazprom Neft	SCF GR	SIBN	5	Frankfurt	39.345	0.271	7.869	4.300	-	0.69	-	233	-
Surgutneftegas	SGGD LI	SNGS	50	London	10.250	-0.120	0.205	1.030	-0.80	-1.16	-0.01	24,380	310
Surgutneftegas	SGTZY US	SNGS	50	New York	-	-	-	1.030	-	-	-0.01	-	310
Surgutneftegas	SGN GR	SNGS	50	Frankfurt	10.355	0.089	0.207	1.030	-0.80	0.87	-0.01	41	310
Tatneft	ATAD LI	TATN	20	London	138.000	-5.250	6.900	6.960	-0.01	-3.66	-0.03	12,803	70
Tatneft	TNT US	TATN	20	New York	-	-	-	6.960	-	-	-0.03	-	70
Tatneft	TTFA GR	TATN	20	Frankfurt	96.244	-0.314	4.812	6.960	-0.31	-0.32	-0.03	324	70
Tyumenaviatrans	UTARY US	TMAT	100	New York	40.000	-	0.400	0.538	-	-	-	-	-
Tyumenaviatrans	TYV GR	TMAT	100	Frankfurt	56.207	-0.295	0.562	0.538	-	-0.52	-	-	-
Tsum	THT GR	TZUM	20	Frankfurt	98.956	-1.315	4.948	2.000	-	-1.31	-	-	-
STC	KUE GR	KUBN	50	Frankfurt	8.229	-	0.165	0.135	-	-	-0.01	-	122

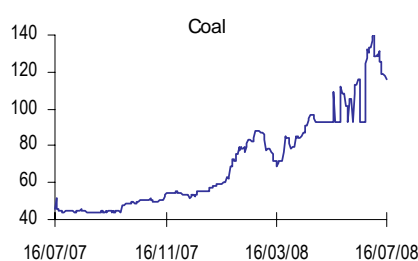
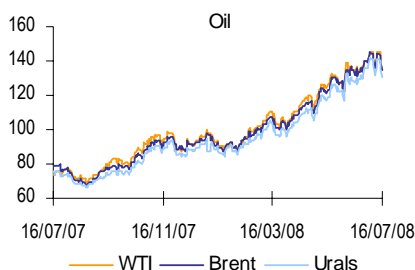
Source: Bloomberg, Estimation: Veles Capital

## Commodity markets

### Prices of energy carriers

	Close, USD	Change, USD	Change, %					Current year, USD	
			day	week	month	from Jan 1	year	min	max
Light, USD / bbl	▼ 135.19	-4.48	-3.21	-1.16	2.92	40.97	75.78	86.75	147.59
Brent, USD / bbl	▼ 134.54	-4.05	-2.92	-1.18	1.99	43.30	71.45	85.05	147.21
Urals, USD / bbl	▼ 130.67	-4.39	-3.25	-0.93	2.40	43.15	76.80	82.80	142.94
WTI, USD / bbl	▼ 134.60	-4.14	-2.98	-1.07	-0.01	40.21	81.84	86.47	146.30
Brent-Urals	▲ 3.87	0.34	9.63	-9.15	-10.00	48.28	-15.13	1.66	9.94
Coal, USD / ton	▼ 115.50	-2.00	-1.70	-7.78	-0.43	108.11	122.76	55.50	142.85

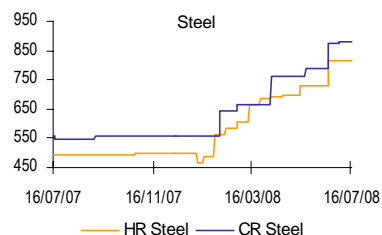
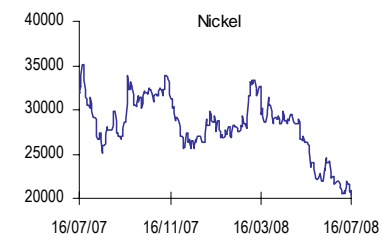
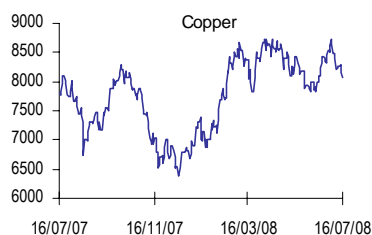
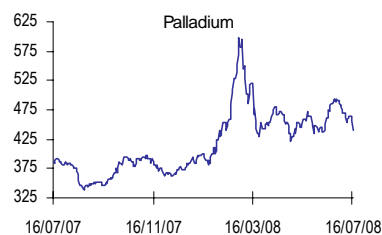
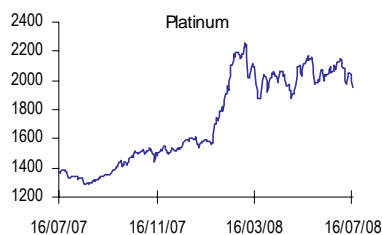
Source: Bloomberg, Estimation: Veles Capital



### Prices of metals

	Close, USD	Change, USD	Change, %					Current year, USD	
			day	week	month	from Jan 1	year	min	max
Gold, USD / ounce	▼ 986.16	-18.13	-1.80	3.45	8.99	13.17	41.01	871.38	1,027.52
Silver, USD / ounce	▼ 19.32	-0.14	-0.72	3.47	9.52	24.92	42.12	15.47	21.42
Platinum, USD / ounce	▼ 1,948.29	-51.01	-2.55	-2.01	-5.06	22.47	42.77	1,540.21	2,257.73
Palladium, USD / ounce	▼ 440.58	-16.69	-3.65	-3.76	-7.19	13.38	14.70	380.95	598.39
Aluminum, USD / ton	▼ 3,123.00	-92.00	-2.86	-2.10	4.97	29.64	11.62	2,409.00	3,317.00
Copper, USD / ton	▼ 8,080.00	-65.00	-0.80	-1.58	-0.25	21.05	4.06	6,675.00	8,730.00
Nickel, USD / ton	▼ 20,400.00	-450.00	-2.16	-4.90	-14.82	-22.43	-36.23	20,600.00	33,400.00
Lead, USD / ton	▼ 1,965.00	-25.00	-1.26	9.78	8.50	-22.94	-38.79	1,568.00	3,420.00
Tin, USD / ton	- 23,250.00	-	-	1.75	5.92	41.55	62.59	16,025.00	25,300.00
Zinc, USD / ton	▼ 1,796.00	-44.00	-2.39	-3.70	-4.47	-24.22	-48.90	1,765.00	2,830.00
Titanium, USD / ton	- 4,695.85	-	-	-	-14.80	4.93	-7.39	4,475.38	5,511.56
HR Steel, USD / ton	- 815.00	-	-	-	11.64	63.00	64.65	465.00	815.00
CR Steel, USD / ton	- 880.00	-	-	-	11.39	57.14	57.14	555.00	880.00

Source: Bloomberg, Estimation: Veles Capital



## International indices

### Russian indices

		Close, USD	Change, pt.	Change, %					Current year, pt.	
				day	week	month	from Jan 1	year	min	max
RTS Index	▲	2,175.46	1.24	0.06	-0.16	-8.07	-5.02	5.85	1,859.53	2,498.10
MICEX Index	▲	1,640.90	11.62	0.71	-0.90	-10.43	-13.13	-8.32	1,509.70	1,966.32
Technical RTS Index	▲	3,182.56	14.50	0.46	0.80	-8.28	0.75	13.47	2,536.61	3,730.73
MSCI Russia	▲	1,392.73	4.05	0.29	-0.21	-9.57	-9.35	6.93	1,251.20	1,649.20

Source: Bloomberg, Estimation: Veles Capital

### Indices of developed markets

		Close, USD	Change, pt.	Change, %					Current year, pt.	
				day	week	month	from Jan 1	year	min	max
DJ Industrial	USA ▲	11,239.28	276.74	2.52	0.82	-8.39	-15.27	-19.56	10,827.71	13,279.54
NASDAQ	USA ▲	2,284.85	69.14	3.12	2.24	-7.67	-13.85	-15.76	2,155.42	2,661.50
FTSE 100	Great Britain ▼	5,150.60	-21.30	-0.41	-6.85	-11.11	-20.23	-22.65	5,071.10	6,534.70
Nikkei 225	Japan ▲	12,760.80	6.24	0.05	-2.23	-11.10	-16.64	-29.95	11,691.00	15,413.37
S&P 500	USA ▲	1,245.36	30.45	2.51	0.05	-8.44	-15.19	-19.62	1,200.44	1,471.77
AEX	Netherlands ▲	383.99	0.33	0.09	-6.53	-16.29	-25.55	-31.53	374.09	518.27
OMX	Sweden ▲	826.83	11.84	1.45	-2.89	-12.73	-23.54	-36.41	801.54	1,081.44
DAX	Germany ▲	6,155.37	73.67	1.21	-3.62	-8.54	-23.70	-23.42	5,999.32	8,100.64
MIB 30	Italy ▲	28,135.00	73.00	0.26	-5.74	-11.81	-27.65	-33.76	27,531.00	38,885.00
CAC 40	France ▲	4,112.45	51.30	1.26	-5.24	-11.71	-26.75	-32.57	4,002.87	5,665.94
SMI	Switzerland ▲	6,583.49	21.51	0.33	-4.88	-9.05	-22.41	-28.59	6,422.85	8,571.76
ASX 200	Australia ▲	4,870.60	54.90	1.14	-2.82	-9.33	-23.17	-23.68	4,787.50	6,385.70
Bloomberg European 500	▲	193.57	1.21	0.63	-5.37	-12.03	-49.20	-50.44	189.56	386.01

Source: Bloomberg, Estimation: Veles Capital

### Indices of emerging markets

		Close, USD	Change, pt.	Change, %					Current year, pt.	
				day	week	month	from Jan 1	year	min	max
MSCI EM	▼	1,015.90	-0.27	-0.03	-2.03	-10.33	-18.46	-10.89	1,010.03	1,252.59
<b>Europe</b>										
ASE	Greece ▼	3,155.11	-22.82	-0.72	-7.31	-15.62	-39.08	-37.77	3,100.71	5,207.44
WSE WIG	Poland ▼	37,507.55	-146.57	-0.39	-6.24	-13.42	-32.60	-42.35	37,371.76	56,066.82
PFTS	Ukraine ▼	610.20	-31.98	-4.98	-14.38	-25.79	-48.02	-40.47	610.20	1,208.61
BUX	Hungary ▲	20,350.02	67.82	0.33	-2.26	-5.39	-22.43	-31.81	19,527.81	26,242.90
PX	Czech Republic ▼	1,398.60	-1.70	-0.12	-3.89	-12.37	-22.95	-24.51	1,372.40	1,819.50
TA-100	Israel ▼	891.31	-2.92	-0.33	-4.33	-13.20	-23.40	-22.33	882.87	1,167.04
XU 100	Turkey ▲	36,374.36	1,119.39	3.18	2.17	-5.44	-34.51	-29.57	32,645.90	55,281.66
<b>Asia and Africa</b>										
HSI	Hong Kong ▲	21,223.50	48.73	0.23	-2.67	-7.84	-23.69	-7.95	20,572.92	27,853.60
SENSEX	India ▼	12,575.80	-100.39	-0.79	-9.94	-18.32	-38.05	-17.75	12,514.99	21,206.77
JALSH	SAR ▼	26,876.95	-202.16	-0.75	-4.04	-13.49	-7.19	-9.22	24,005.35	33,309.82
JCI	Indonesia ▲	2,218.12	3.27	0.15	-2.97	-7.50	-19.22	-3.62	2,167.65	2,838.48
KOSPI	South Korea ▼	1,507.40	-1.93	-0.13	-0.79	-14.39	-20.54	-22.68	1,488.75	1,901.13
SHCOMP	China ▼	2,705.87	-73.58	-2.65	-7.35	-5.85	-48.57	-30.55	2,566.53	5,522.78
<b>America</b>										
MEXBOL	Mexico ▲	27,968.82	533.02	1.94	-0.45	-7.86	-5.31	-12.54	25,282.31	32,292.92
IBOV	Brazil ▲	62,056.47	1,041.38	1.71	4.23	-7.77	-2.86	7.63	53,010.96	73,920.38
IPSA	Chile -	2,728.11	-	-	-3.38	-9.80	-10.61	-19.36	2,369.06	3,113.93
IBVC	Venezuela ▲	39,066.59	459.40	1.19	0.37	6.58	3.07	-5.30	33,767.05	41,584.92

Source: Bloomberg, Estimation: Veles Capital

## Information disclosure

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The investment recommendations are given based on the evaluation of the company's share yield. The basis for the calculation of the expected company's cost is the evaluation by the discounted cash flows method (DCF). In some estimations the method of comparable coefficients, and also the mixed estimation (by DCF method and by comparable coefficients method) are applied. All recommendations are assigned based on the determined by us the fair cost of the shares within the nearest 12 months.

At the present moment the investment scale of the Investment Company Veles Capital is the following:

**BUY** – corresponds to the growth potential of the shares within the nearest 12 months by 15% or more.

**ACCUMULATE** – corresponds to the growth potential of the shares within the nearest 12 months for 5-15%.

**HOLD** – corresponds to the growth (reduction) potential of the shares within the nearest 12 months from -5% to 5%.

**REDUCE** – corresponds to the reduction potential of the shares within the nearest 12 months from 15% to 5%.

**SELL** – corresponds to the reduction potential of the shares within the nearest 12 months by 15% or more.

In some cases the deviations from the evaluation scale given above, based on which the recommendations are assigned, are possible. That fact relates to the high volatility of some securities in particular, and market in the whole, and also to the individual characteristics of one or another issuer.

In order to get additional information and specifications please contact the Research Department of the Investment Company Veles Capital.

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