Veles Capital

Investment company

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Comstar-UTS

Recommendation: BUY

Time to conquer the regions

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Bullet moments

- Last wee Comstar-UTS published its quarter and full year's report under US GAAP. The results of the company have proved to be "strong", even exceeding market's anticipations.

- On par with announced results company's management reported its targets on Comstar's financials for current year, whereas sales growth rate is estimated to add +15-20%, OIBDA margin to form 38-40%, CapEx – 460 mn USD.

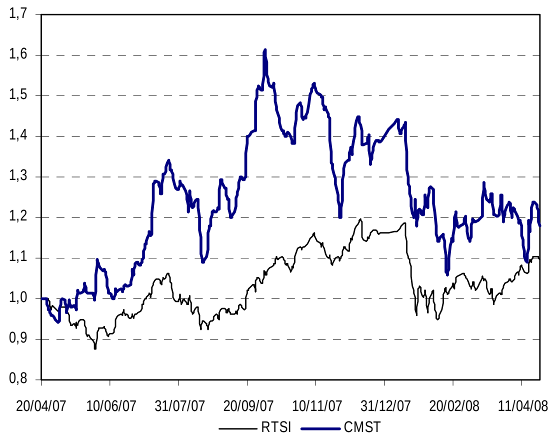
- Let us take a closer look at Comstar's latest project – Internet from MGTS. Company has launched a project late September 2007, and it was quite a successful move – according to Comstar's results. During 4Q the number of broadband subscribers rose +44% (and only +26% during first 9 months). This success was supported by convenient service, free installation, low tariffs and block offers such as "Telephony+Internet", which offered a discount on use of both services.

- Even so, company still has some factors that hold it back – cut of MGTS tariffs. Starting with February 2008 the price of unlimited tariff calling plan has been reduced from 380 RUR to 345 RUR per month (-9%). Considering the fact that over half of natural person subscribers of MGTS chose this tariff – this directly influenced company's income of local telephony. Such drop could have also warmed migration of subscribers from other tariffs, partially compensating for the drop of income. However, if we take increase of combined tariff plan limit into account (from December 2007 the limit has been increased expanded from 370 min. to 450 min.) this migration is unlikely to occur. In fact if we consider the growth of number of minutes included in combined tariff plan, we would see how much more attractive it gets for MGTS subscribers – in order for combined calling plan price to reach one of unlimited, the traffic of subscriber should exceed 930 min. per month, which is a very high value. More to that – MGTS will lose some more of its income due to elimination of compensatory payments.

- After making all necessary changes and updates in our model, we upgrade our forecast for fair price of Comstar's shares/GDR at year's late to 13.48 USD (+22 versus previous value). After serious fall of Comstar's quotes late we upgrade our recommendation from "HOLD" to "BUY".

Principal estimates

Company's shares vs RTS index



Information about Comstar-UTS	
Ticker RTS / LSE	CMST
Market price, USD	10.000
Min / max price during last year, USD	8.000 / 13.710
Fair price at year end, USD	13.479
Upside (downside), %	*34.8*
Total shares, units[1]	406,447,486
MC, mn USD	4,064
EV, mn USD	4,470

[1] *Excl. shares on MGTS-Finance's balance*

Financial values (US GAAP)	2007	2008 (F)	2009 (F)
Sales, mn USD	1,562	1,800	1,997
OIBDA, mn USD	663	663	768
Net income, mn USD	44	58	76
OIBDA margin, %	*42.5*	*36.8*	*38.5*
Net income margin, %	*2.8*	*3.2*	*3.8*

Financial coefficients	2007	2008 (F)	2009 (F)
EV / S	2.86	2.48	2.24
EV / OIBDA	6.74	6.74	5.82
P / E	92.67	69.88	53.19
ROIC, %	*10.0*	*6.9*	*8.4*
ROE, %	*2.8*	*2.8*	*3.6*

Financial and operational values of Comstar-UTS

Comstar-UTS operational results

	2006	Chg, %	2007	4Q 2006	Chg, %	1Q 2007	Chg, %	2Q 2007	Chg, %	3Q 2007	Chg, %	4Q 2007
Traditional segment												
Number of subscribers, th.												
Natural persons	3,571.6	*0.4*	3,586.0	3,571.6	*0.1*	3,575.3	*0.1*	3,577.9	*0.1*	3,582.5	*0.1*	3,586.0
Corporate clients	72.6	*-7.8*	67.0	72.6	*-2.7*	70.7	*4.8*	74.1	*0.1*	74.2	*-9.7*	67.0
Alternative segment												
Number of subscribers, Comstar-Direct, th												
Broadband subscribers	360.0	*65.3*	595.0	360.0	*n/m*	n/d	*n/m*	n/d	*n/m*	469.0	*26.9*	595.0
Dial-up subscribers	113.0	*-51.3*	55.0	113.0	*n/m*	n/d	*n/m*	n/d	*n/m*	63.0	*-12.7*	55.0
Number of subscribers, regions, th.												
Voice communcations subscribers	76.5	*452.9*	423.0	76.5	*5.5*	80.7	*1.5*	81.9	*2.0*	83.5	*406.6*	423.0
Corporate clients	9.8	*328.0*	42.0	9.8	*-4.2*	9.4	*4.3*	9.8	*8.2*	10.6	*296.2*	42.0

Source: company's data; Estimation: Veles Capital

Financial estimates of Comstar-UTS by US GAAP, mn USD

	2006	Chg, %	2007	4Q 2006	Chg, %	1Q 2007	Chg, %	2Q 2007	Chg, %	3Q 2007	Chg, %	4Q 2007
Sales	1,120	*39.5*	1,562	292	*12.6*	329	*15.3*	379	*-1.8*	372	*29.6*	482
traditional segment	695	*41.8*	985	179	*21.2*	216	*20.3*	260	*-5.0*	247	*5.6*	261
alternative segment	421	*27.4*	537	114	*-89.8*	12	*0.0*	12	*964.7*	124	*49.0*	184
Comstar-Direct and Comstar-UTS	386	*16.3*	449	97	*n/m*	n/d	*n/m*	n/d	*n/m*	113	*13.5*	128
Regions and international business	35	*148.6*	88	17	*-30.1*	12	*0.0*	12	*-8.6*	11	*427.4*	56
Costs	(885)	*21.7*	(1,077)	(297)	*-20.4*	(236)	*3.1*	(243)	*4.5*	(255)	*34.8*	(343)
inc. Amortisation	(91)	*28.3*	(117)	(40)	*-5.4*	(38)	*-0.2*	(38)	*11.9*	(42)	*45.0*	(61)
Operating income	236	*106.1*	485	(4)	*n/m*	93	*46.2*	136	*-13.2*	118	*18.2*	139
Operating income (excluding single items)	298	*63.0*	485	58	*60.9*	93	*46.2*	136	*-13.2*	118	*18.2*	139
Operating income margin, %	*21.0*	*10.0*	*31.1*	*Neg*	*29.7*	*28.2*	*7.6*	*35.8*	*-4.2*	*31.6*	*-2.8*	*28.9*
Operating income margin (excluding single items), %	*26.6*	*4.5*	*31.1*	*19.7*	*8.5*	*28.2*	*7.6*	*35.8*	*-4.2*	*31.6*	*-2.8*	*28.9*
EBITDA	327	*84.4*	602	35	*269.8*	130	*32.8*	173	*-7.8*	160	*25.2*	200
EBITDA (excluding single items)	389	*54.9*	602	97	*33.9*	130	*32.8*	173	*-7.8*	160	*25.2*	200
EBITDA margin, %	*29.2*	*9.4*	*38.6*	*12.1*	*27.6*	*39.6*	*6.0*	*45.7*	*-2.8*	*42.9*	*-1.4*	*41.5*
EBITDA margin (excluding single items), %	*34.7*	*3.8*	*38.6*	*33.3*	*6.3*	*39.6*	*6.0*	*45.7*	*-2.8*	*42.9*	*-1.4*	*41.5*
interest payable	(22)	*142.1*	(54)	(8)	*51.5*	(13)	*8.2*	(14)	*-8.9*	(13)	*17.2*	(15)
Other non-operating income/expense	3	*n/m*	(154)	(47)	*n/m*	22	*n/m*	(36)	*430.8*	(190)	*n/m*	49
Profit before tax	217	*28.0*	278	(60)	*n/m*	102	*-15.8*	86	*n/m*	(84)	*n/m*	173
Profit before tax margin, %	*19.4*	*-1.6*	*17.8*	*Neg*	*51.7*	*31.1*	*-8.4*	*22.7*	*-45.4*	*Neg*	*58.6*	*35.9*
Income tax	(72)	*63.4*	(118)	(15)	*83.9*	(27)	*33.0*	(36)	*-15.0*	(30)	*-15.8*	(26)
Minority interest	(65)	*81.0*	(118)	10	*n/m*	(33)	*2.6*	(33)	*n/m*	44	*n/m*	(96)
Affiliates income	3	*-17.9*	3	1	*-50.2*	1	*n/m*	0	*n/m*	2	*-84.7*	0
Net income	82	*-46.9*	44	(63)	*n/m*	44	*-60.7*	17	*n/m*	(69)	*n/m*	52
Net income margin, %	*7.4*	*-4.6*	*2.8*	*Neg*	*34.9*	*13.3*	*-8.8*	*4.5*	*-23.0*	*Neg*	*29.2*	*10.7*

Note: the change of percent estimates is given in percent points

Source: company's data; Estimation: Veles Capital

Financial model

Income statements of Comstar-UTS, mn USD

	2004	2005	2006	2007	2008 (F)	2009 (F)	2010 (F)	2011 (F)	2012 (F)	2013 (F)
Sales	695	908	1,120	1,555	1,800	1,997	2,197	2,424	2,625	2,807
Costs	(521)	(639)	(885)	(1,077)	(1,384)	(1,499)	(1,588)	(1,695)	(1,791)	(1,953)
Incl. amortization	(76)	(90)	(131)	(178)	(247)	(269)	(282)	(299)	(319)	(342)
OIBDA	250	359	429	656	663	768	891	1,028	1,153	1,196
OIBDA margin, %	*35.9*	*39.5*	*38.3*	*42.2*	*36.8*	*38.5*	*40.5*	*42.4*	*43.9*	*42.6*
EBIT	174	268	235	478	416	498	609	729	834	854
EBIT margin, %	*25.0*	*29.6*	*21.0*	*30.7*	*23.1*	*25.0*	*27.7*	*30.1*	*31.8*	*30.4*
Interest expenses	(19)	(18)	(22)	(54)	(77)	(74)	(69)	(66)	(66)	0
Non-operating income (losses)	6	7	3	(131)	13	11	12	16	24	9
EBT	161	258	216	293	352	435	552	679	792	863
EBT margin, %	*23.1*	*28.4*	*19.3*	*18.8*	*19.5*	*21.8*	*25.1*	*28.0*	*30.2*	*30.7*
Income tax	(41)	(59)	(69)	(116)	(137)	(153)	(174)	(188)	(190)	(207)
Minority interest	(44)	(93)	(65)	(118)	(157)	(206)	(276)	(358)	(439)	(478)
Loss from discontinued operations	0	0	0	0	0	0	0	0	0	0
Net income	76	106	82	59	58	76	103	133	163	178
Net income margin, %	*11.0*	*11.7*	*7.3*	*3.8*	*3.2*	*3.8*	*4.7*	*5.5*	*6.2*	*6.3*

Source: company's data, Estimation: Veles Capital

Balance sheets of Comstar-UTS, mn USD

	2004	2005	2006	2007	2008 (F)	2009 (F)	2010 (F)	2011 (F)	2012 (F)	2013 (F)
ASSETS										
Non-current assets										
PPE and intangible assets	1,062	1,200	1,569	2,098	2,311	2,441	2,599	2,785	2,991	3,069
Other non-current assets	21	37	1,523	1,591	1,591	1,591	1,591	1,591	1,591	1,591
Total non-current assets	1,083	1,236	3,092	3,689	3,902	4,032	4,189	4,375	4,581	4,659
Current assets										
Inventories	163	199	241	336	387	429	472	521	564	604
Accounts recievable	0	0	0	0	0	0	0	0	0	0
Short-term investments	105	144	68	426	362	413	536	796	285	825
Cash and equivalents	67	62	137	180	207	230	253	279	302	323
Total current assets	336	405	445	942	957	1,072	1,261	1,597	1,151	1,752
Total assets	1,418	1,641	3,538	4,630	4,859	5,104	5,451	5,972	5,733	6,412
LIABILITIES										
Shareholder's equity										
Total shareholder's equity	381	479	1,570	2,091	2,148	2,223	2,323	2,453	2,613	2,787
Minority interest	451	516	497	765	922	1,127	1,403	1,761	2,200	2,679
Non-current liabilities										
Long-term borrowings	217	234	843	1,011	992	927	868	868	1	1
Other non-current liabilities	275	281	319	447	447	447	447	447	447	447
Total non-current liabilities	491	515	1,161	1,459	1,439	1,375	1,316	1,316	449	449
Current liabilities										
Accounts payable	18	29	51	55	64	71	78	86	93	99
Other current liabilities	77	102	258	260	287	308	330	355	378	398
Total current liabilities	95	131	309	316	350	379	408	441	471	497
Total liabilities	1,418	1,641	3,538	4,630	4,859	5,104	5,451	5,972	5,733	6,412

Source: company's data, Estimation: Veles Capital

Statements of cash flow of Comstar-UTS, mn USD

	2004	2005	2006	2007	2008 (F)	2009 (F)	2010 (F)	2011 (F)	2012 (F)	2013 (F)
Cash flows from operating activities										
Net income	76	106	82	44	58	76	103	133	163	178
Loss from discontinued operations	(0)	0	0	0	0	0	0	0	0	0
Minority interest	44	93	65	118	157	206	276	358	439	478
Depreciation and amortization	76	90	131	178	247	269	282	299	319	342
Other	15	(1)	49	166	0	0	0	0	0	0
Changes in working capital	14	(21)	(39)	(18)	(16)	(14)	(14)	(16)	(14)	(13)
Net cash provided by operating activities	226	267	288	488	445	538	647	774	907	985
Cash flows from investing activities										
CapEx	(167)	(183)	(277)	(341)	(460)	(399)	(439)	(485)	(525)	(420)
Other	(20)	(68)	(1,490)	(519)	63	(50)	(123)	(260)	511	(540)
Net cash provided by investing activities	(188)	(251)	(1,767)	(860)	(397)	(450)	(563)	(745)	(14)	(960)
Cash flows from financing activities										
Proceeds from borrowings	101	125	1,504	850	0	0	0	0	0	0
Repayments of borrowings	(111)	(141)	(910)	(730)	(20)	(64)	(59)	0	(867)	0
Other	(10)	(5)	961	285	(1)	(2)	(2)	(3)	(3)	(4)
Net cash provided by financial activities	(19)	(20)	1,555	405	(21)	(66)	(61)	(3)	(870)	(4)
Net change of cash	18	(4)	76	34	27	23	23	26	23	21
Cash at the beginning of period	47	67	62	137	180	207	230	253	279	302
Cash at the end of period	67	62	137	180	207	230	253	279	302	323

Source: company's data, Estimation: Veles Capital

Price estimation

Discount rate (WACC) of Comstar-UTS, %

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cost of equity (k_s)	10.86	10.91	10.77	11.02	10.96	10.94	10.88	10.81	10.78	10.29
Risk-free rate	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
10 year US Treasures yeld	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Russia risk	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Stock market risk	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Coefficient β	0.7	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.7	0.6
Corporate risk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Share of equity, %	*80.1*	*79.3*	*81.0*	*71.0*	*73.8*	*75.6*	*78.3*	*81.1*	*82.9*	*100.0*
Cost of debt (k_d)	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49
Risk-free rate	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Debt premium	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Tax rate	25.6	23.0	33.5	42.6	38.9	35.2	31.5	27.7	24.0	24.0
Share of debt, %	*19.9*	*20.7*	*19.0*	*29.0*	*26.2*	*24.4*	*21.7*	*18.9*	*17.1*	*0.0*
WACC	9.81	9.85	9.67	9.07	9.29	9.45	9.63	9.79	9.91	10.29

Estimation: Veles Capital

Cash flows of Comstar-UTS, mn USD

	2004	2005	2006	2007	2008 (F)	2009 (F)	2010 (F)	2011 (F)	2012 (F)	2013 (F)
Net income (corr.)	139	217	229	361	292	356	447	557	668	656
Depreciation and amortization	76	90	131	178	247	269	282	299	319	342
CapEx	(167)	(216)	(277)	(341)	(460)	(399)	(439)	(485)	(525)	(420)
Changes in working capital	14	(21)	(39)	(18)	(16)	(14)	(14)	(16)	(14)	(13)
Free cash flow	62	70	44	181	62	213	276	355	448	565
Discount rate, %					*9.3*	*9.5*	*9.6*	*9.8*	*9.9*	*10.3*
Dicount coefficient					1.00	0.91	0.83	0.76	0.69	0.63
Discounted cash flow					62	194	230	269	309	354

Source: company's data, Estimation: Veles Capital

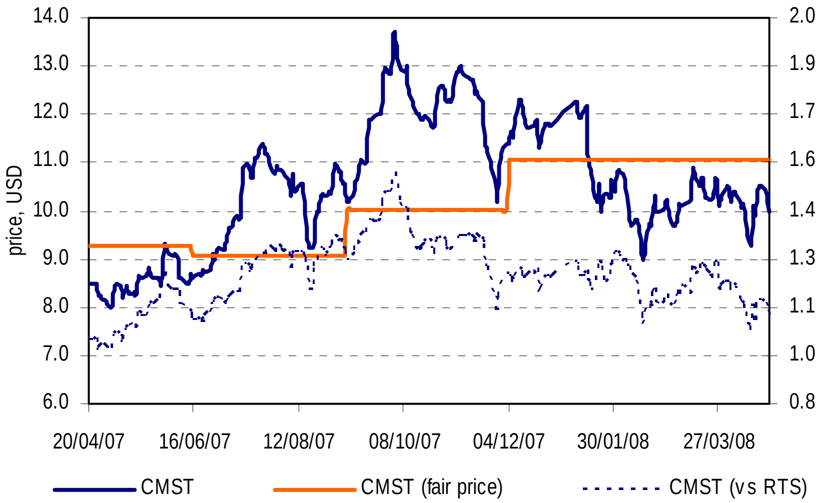
Comstar-UTS's shares/GDRs valuation

TGR, %	*3.0*
Sum of cash flows, mn USD	2,174
Termimal value, mn USD	9,988
Discounted terminal value, mn USD	4,562
Enterprise value, mn USD	6,736
Net debt, mn USD	730
Fair value of 25%+1share of Svyazinvest, mn USD	1,823
Shareholer's equity (incl. minority interest), mn USD	7,829
Minority interest, mn USD	2,351
Shareholer's equity, mn USD	5,478
Number of shares, mn units	406
Fair value of stock/GDR at the year end, USD	13.48
Upside (downside), %	*34.8*

[1] *Excpecting shares outstanding at end of 2008*

Source: company's data, Estimation: Veles Capital

Fair price history



Recommendations for shares within sector

Our recommendations

Share	Tiker	Current price, USD	Target for year end, USD	*Current growth potential, %*	Recommendation	Date of recommendation revision	Investment idea
Traditional telephony							
Volgatelecom, cs	NNSI	4.7500	6.0110	*26.5*	BUY	3/14/2008	High effectiveness and low debt make company into an attractive subject for investing
Volgatelecom, ps	NNSIP	3.2000	4.5083	*40.9*	BUY	8/28/2007	
Dalsvyaz, cs	ESPK	4.6500	7.4457	*60.1*	BUY	8/28/2007	Prospects of improving the effectiveness of activity due to the new services
Dalsvyaz, ps	ESPKP	3.8000	5.5842	*47.0*	BUY	8/28/2007	
NWT, cs	SPTL	1.2010	1.5002	*24.9*	HOLD	8/28/2007	The company's management takes the maximum from regulated services, however the prospects are limited
NWT, ps	SPTLP	1.1100	1.1251	*1.4*	HOLD	10/16/2007	
Sibirtelecom, cs	ENCO	0.0925	0.1140	*23.2*	BUY	2/5/2008	High share of non-regulated services allows company to improve its financial results
Sibirtelecom, ps	ENCOP	0.0664	0.0855	*28.9*	BUY	8/28/2007	
Uralsvyazinform, cs	URSI	0.0495	0.0573	*15.8*	BUY	3/13/2008	High debt load limits growth potential
Uralsvyazinform, ps	URSIP	0.0310	0.0430	*38.7*	ACCUMULATE	8/28/2007	
Centrtelecom, cs	ESMO	0.7200	1.0357	*43.8*	ACCUMULATE	11/15/2007	Aggressive investment program halts growth of quotes
Centrtelecom, ps	ESMOP	0.0000	0.7768	*0.5*	BUY	11/15/2007	
STC, cs	KUBN	0.1600	0.2465	*54.0*	BUY	11/28/2007	New rules of industry define company's prospects
STC, ps	KUBNP	0.1175	0.1848	*57.3*	BUY	11/28/2007	
Alternative telephony							
Comstar-UTS	CMST	9.9000	13.4790	*36.2*	BUY	4/24/2008	Growth potential due to development of regional markets
Long-distance communication							
Rostelecom, cs	RTKM	11.5500	4.8300	*-58.2*	SELL	2/14/2008	An extremely high market price, resulted from buyup of shares, yet unsupported by fundamental factors
Rostelecom, ps	RTKMP	2.2500	3.6200	*60.9*	BUY	2/14/2008	
Cellular communication							
Vimpelcom	VIMP	29.62	30.80	*4.0*	HOLD	3/17/2008	Market price had dropped to fair level, fair to absorption of GT
MTS	MTSS	11.88	16.53	*39.2*	BUY	4/21/2008	Sound financial results, prospects of 3G technology use, fundamental underestimation of shares
Media							
CTC Media	CTCM	26.01	32.90	*26.5*	ACCUMULATE	3/3/2008	Growth of ad market and prices
RBC	RBCI	8.65	9.86	*14.0*	BUY	10/2/2007	Separation of IT business and improvement of primary business' effectiveness
Other							
Sitronics	SITR	0.13	0.14	*6.8*	HOLD	10/16/2007	Shares reached their fair price

Data: Bloomberg; Estimation: Veles Capital

Brief investor's guide

Methods, used for company's share evaluation

Income approach | **Comparables approach** | **Expenses approach**

Multiplicative method (Comparables approach) | Net assets method (Expenses approach)

	DCF method	EVA method
*Concept of evaluating the unified object (EV) **	FCFF discounting	EVA discounting
*Shareholders' value direct calculation (SV) ***	FCFE discounting	EVA for shareholders discounting (**Edwards-Bell-Ohlson method**)

* *Debt cost is calculated separately and then subtracted from the sum total cost of business (target EV), formed considering the cash flows/ economic profits of firm.*

** *Debt is accounted integrated -via annual coverage. So the fair cost of shareholders' value (target SV) is formed directly - considering the cash flow / economic profits for holders.*

Note:

DCF methods differ from the methods of economic profit by the way of investments calculation. The methods of unified object evaluation concept differ from thee methods of direct calculation of shareholders' value costs - by the way of accounting cost and maintenance of debt liabilities.

Cost calculation within the frames of income approach:

	*Business cost calculation (**EV**) within the frames of united object cost evaluation*	*Shareholders' capital value calcculation (**SV**)*
DCF method (FCFF)	$EV = \sum_{i=1}^{n} \frac{FCFF_i}{(1+WACC_i)^i} + \frac{TV}{(1+WACC_i)^n} + NA$	$SV = EV - D$
DCF method (FCFE)		$SV = \sum_{i=1}^{n} \frac{FCFE_i}{(1+k_{si})^i} + \frac{TV}{(1+k_{si})^n} + Cash + NA$
EVA method	$EV = IC_1 + \sum_{i=1}^{n} \frac{EVA_i}{(1+WACC_i)^i} + \frac{TV}{(1+WACC_i)^n} + NA$	$SV = EV - D$
EBO method		$SV = BV_1 + \sum_{i=1}^{n} \frac{SVA_i}{(1+k_{si})^i} + \frac{TV}{(1+k_{si})^n} + Cash + NA$

Signs:

EV - Enterprise Value
SV - Shareholders Value
TV - Terminal Value
Cagr - development rates within the target period
BV, E - Balance Value, Equity
EBIT - operational profit from selling, profit before payments of credit interest and income tax
EBITDA - operational profit before payment of credit interest, income tax and amortization
EBT - Earnings Before Tax
EAT - Earnings After Tax
EPS - Earnings Per Share
NOPAT - net operational profit, free from effects of debt financing
NOPAT = EBIT * (1- income tax effective rate)
FCFF - Free Cash Flow to Firm
FCFF = gross cash flow - gross investments
Gross cash flow = NOPAT + amortization
FCFE - Free Cash Flow to Equity
FCFE= gross shareholders' cash flow - gross investments
Gross shareholders' cash flow = EAT of operational profit (including interest payoffs) -annual debt coverage + attracted borrowed assets + amortization
EVA - Economic Value Added
EVA = economic profit spread * IC = (ROIC - WACC) * IC
SVA - Shareholders Value Added
SVA = spread * E = (ROE - k_s) * E
WACC - Weighted Average Cost of Capital
k_s - required shareholders' yield
D - fair (market) cost of net debt
Cash - cash assets, along with market securities on thee balance
NA - non-operational assets
IC - Invested Capital
ROIC - Return on Invested Capital
ROIC = NOPAT / IC
ROE - Return on Equity
ROA - Return on Assets

Information disclosure

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The principle of recommendation assignment

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.

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