

June 2003

# Renaissance Capital

*Equity Research*

## Company Handbook



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## About This Handbook

This is the third edition of the Renaissance Capital 'Company Handbook'. This semi-annual publication provides a snapshot of the companies under our coverage in order to give a brief reminder of companies' business activities, and to allow you to compare our recommendations and forecasts with the market consensus.

Each of the companies in this handbook are covered within two pages which contain the following key information:

- Data on company shares, listings, tickers, and Renaissance Capital's recommendation and target price;
- Share price performance, both absolute and relative to the RTS over one year;
- Data on ownership and management;
- Description of main business activity;
- Actual and forecast financial data;
- Current valuations;
- Main upcoming events.

The combined capitalisation of the RTS was USD109 billion as of May 22, 2003, representing 59 stocks. Renaissance Capital's coverage encompasses 42 stocks, which are highlighted in this handbook, with a combined capitalisation of USD137 billion as of May 21, 2003. The difference in capitalisation is mainly due to:

- The absence of Gazprom, MTS, VimpelCom, Golden Telecom, Wimm-Bill-Dann, and SUN Interbrew, in the RTS, each of which has a large/relatively large market capitalisation;
- The presence of a larger number of small-cap second-tier stocks in the RTS.

Although Renaissance Capital does not cover all second-tier companies<sup>1</sup> on a regular basis (hence their exclusion from this handbook), we do have information and brief models on most of these stocks. As such, would you please refer any questions that you might have on any stock not included in this publication to the respective sector analyst.

In addition to presenting general, financial, and valuation, data on companies, we provide snapshots of cross-company cross-sector valuations. Focusing on the near-term 2003 multiples, and factoring in growth and risk elements, we find that current valuations are most favourable for LUKOIL, Gazprom, Norilsk Nickel, Uralmash, VimpelCom, Volga Telecom, Lenenergo, Wimm-Bill-Dann, and Zavolzhsky Motors. Our ultimate rating on a stock, however, also incorporates intangible issues, such as corporate governance, stock liquidity, and sensitivity to newsflow (for instance, dependence on the course of reform).

After a stellar performance over the past two years, and with the RTS gaining another 26% year-to-date, we expect the Russian equity market to record more modest gains in 2H03. Investor hurdle rates are likely to be lower due to the ongoing strength of the economy, reflected in improving credit ratings and the declining cost of borrowing. However, finding truly undervalued stocks is becoming trickier, especially with the background of a shrinking investable universe. We hope again that we, and you, are right more often than we are wrong this year – happy hunting!

*Alexander Kazbegi,  
Head Of Equity Research.*

<sup>1</sup> We have added 9 new companies to our coverage in the five months from the beginning of 2003.

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## Our Favourite & Least Favourite Stocks

Figure 1: Renaissance Capital Stock Focus List

Favourite Stocks		Least Favourite Stocks	
Company Name	Sector	Company Name	Sector
LUKOIL	Oil & Gas	Surgutneftegas	Oil & Gas
Gazprom (locals)	Oil & Gas	Tatneft	Oil & Gas
VimpelCom	Telecoms	Far East Telcom	Telecoms
Volga Telecom	Telecoms	Rostelecom	Telecoms
Lenenergo	Utilities	Irkutskenergo	Utilities
Samaraenergo	Utilities	Mosenergo	Utilities
Norilsk Nickel	Metals & Mining		
Uralmash	Metals & Machine Building	GUM	Retail & Consumer Goods
Wimm-Bill-Dann	Retail & Consumer Goods	SUN Interbrew	Retail & Consumer Goods
Zavolzhsky Motors	Automotive	TsUM	Retail & Consumer Goods
GAZ	Automotive	AvtoVAZ	Automotive

Source: Renaissance Capital

## Recap Of Stock/Sector Performance Year-To-Date

Driven by ever growing domestic liquidity, the Russian stock market has risen strongly over the year so far, gaining 26%. The top performers in 2003, similar to in 2002, were second- or even third-tier stocks. The only two 'blue chip' stocks to feature in the top 20 best performing companies – Mosenergo and UES – almost doubled in value year-to-date (this is a stark reversal of the situation in 2002 when each of these stocks lost about 25% over the year). 75% of the top 20 best performing stocks come from the utilities sector, implying that the game for control of the sector which started in the second half of 2002 is still on. The 'new' names on the list are Oskolsky Metal Works (MECH), and chemical/fertiliser companies Uralkaliyi, and Tolyatti Azot.

Figure 2: The Best Performing Russian Stocks In 2003 Year-To-Date<sup>2</sup>

Exchange	Ticker	Company	Share	YTD Change %	Avg Daily Value Traded USD mln
RU	MECH	Mechel	Common	236.2	3,286
RU	OMNG	Omskenergo	Common	183.5	172
RU	CHIE	Chitaenergo	Common	152.2	
RU	URKA	Uralkaliyi	Common	141.7	15,402
RU	NVNGP	Novosibirskenergo	Preferred	134.8	1,462
UK	AOMD	Mosenergo	ADR	127.9	1,906,807
RU	TLAZ	Tolyatti Azot	Common	120.4	31,660
RU	ASRE	Astrakhanenergo	Common	114.3	3,477
RU	CRGR	Cherepetskaya GRES	Common	103.7	84
RU	KHEL	Kazan Helicopter Plant	Common	92.3	3,711
RU	YAEN	Yakutskenergo	Common	83.7	3,819
RU	RZEN	Ryazanenergo	Common	83.3	328
RU	BEGY	Bashkirenergo	Common	82.1	18,386
UK	UESD	Unified Energy System	ADR	81.7	6,913,394
RU	SUAL	Sibirsko Uralskaya Aluminum Co	Common	81.2	7,059
RU	YARE	Yarenergo	Common	73.5	570
RU	KRGE	Kurganenergo	Common	73.1	446
RU	KUBE	Kubanenergo	Common	72.1	606
RU	CHNG	Chelyabenergo	Common	71.4	5,679
RM	EESRP	Unified Energy System	Preferred	69.2	
RU	UDMN	Udmurtneft	Common	66.7	597

Source: Renaissance Capital

<sup>2</sup> The stock prices throughout the document were taken as of Thursday, May 22.

The list of the worst performing stocks so far in 2003 has 4 utilities<sup>3</sup> firms, but otherwise is a much more diverse group, and contains a number of larger companies. Beer stocks were clearly out of favour with investors, with SUN Interbrew falling almost 40%, and Baltika down 10%. Despite the strong rally in the telecoms sector as a whole, two stocks – Far East Telecom and North-West Telecom – lagged behind their peers.

**Figure 3: The Worst Performing Russian Stocks In 2003 Year-To-Date**

Exchange	Ticker	Company	Share	YTD Change	Avg Daily Value Traded USD mln
RU	PNZE	Penzenergo	Common	-47.8	405
RU	KRSG	Krasnoyarsk Hydro-Power Plan	Common	-44.4	360
DE	SUGA	SUN Interbrew Ltd	A Shares	-38.3	149
RU	KMAZ	KamAZ	Common	-22.0	23,696
DE	VZY	Bank Vozrozhdeniye	ADR	-20.0	414
DE	BYT	Buryatzoloto JSC	ADR	-18.4	2,341
DE	SUG	SUN Interbrew Ltd	B Shares	-16.7	11,470
DE	AVVG	AvtoVAZ	ADR	-16.3	8,244
DE	JSCA	Samaraenergo	ADR	-13.0	14
DE	AETG	Aeroflot	ADR	-12.5	1,490
DE	CHRA	Chernogorneft	ADR	-11.6	18,899
RU	PKBA	Baltika Brewery	Common	-10.9	40,512
DE	TYV	UTair Aviation	ADR	-10.7	1,612
DE	IRK	Irkutskenergo	ADR	-9.9	7,160
DE	GUMRY	Trade House GUM	ADR	-8.4	84,329
RU	ESPK	Dalnevostochnaya Kompaniya Electrosvyazi	Common	-6.0	14,510
RU	SPTL	North-West Telecom	Common	-5.2	104
RU	SPTL	North-West Telecom	Common	-5.2	20,929
RU	UFMO	Ufimskiye Motors	Common	-0.8	92
RU	KZOS	Kazan Orgsintez	Common	-0.1	15

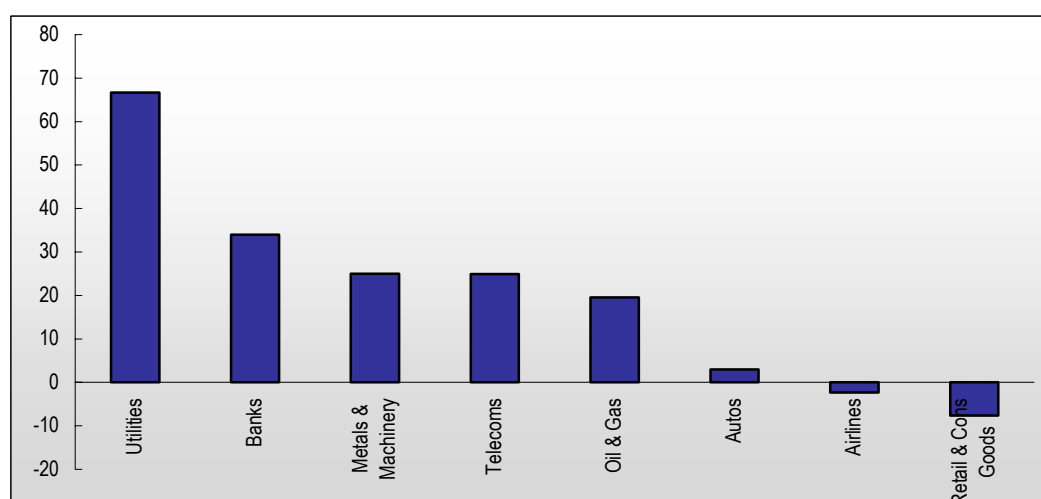
Source: Renaissance Capital

Sector performance is something of a misnomer, as several are comprised of just one or two companies, while others include common and preferred shares which often distort the overall picture. The banking sector (that is, Sberbank) which was the best performer in Russia in 2002, managed to clinch the second spot in 2003 year-to-date. The utilities sector, which was the only sector that finished down year-on-year in 2002, was the best performing one year-to-date, helped by hefty increases in UES and Mosenergo shares. At the other end of the spectrum were the airlines<sup>4</sup> (that is, Aeroflot), and the retail and consumer stocks (led down by SUN Interbrew's and Baltika's poor performances).

<sup>3</sup> In fact, the worst was Penzaenergo – 48% down in 2003.

<sup>4</sup> As it was in 2002.

Figure 4: Sector Performance In 2003 Year-To-Date Vs. 2002



Source: Renaissance Capital

Finally, all top 20 stocks (by market capitalisation), except Baltika, have increased in value since the beginning of the year. UES moved up from the middle of the table at the beginning of 2003 to become the 5<sup>th</sup> largest stock. Following a strong rally in the telecoms sector, 6 of the top 20 Russian stocks were telecoms companies, as of May 22, 2003.

Figure 5: Performance Of The Top Russian Stocks (By Market Cap) In 2003 Year-To-Date

Ticker	Name	YTD Ch %	Cap USD mln
GAZP	Gazprom (ADR)*	29.7	32,159
YUKO	YUKOS	29.8	26,454
LKOH	LUKOIL comm	11.2	14,141
SIBN	Sibneft	6.8	11,142
EESR	UES comm	77.6	9,762
SNGS	Surgutneftegas comm	32.5	9,742
GMKN	Norilsk Nickel	27.2	5,508
SBER	Sberbank	34.8	5,100
MBT	MTS (ADR)*	32.2	4,869
VIP	VimpelCom (ADR)*	31.2	2,128
TATN	Tatneft	25.1	2,044
MSNG	Mosenergo	126.2	2,027
PKBA	Baltika	-10.9	1,516
CHMF	Severstal	30.1	1,423
RTKM	Rostelecom comm	26	1,354
WBD	Wimm-Bill-Dann (ADR)****	2.7	811
URSI	Uralsvyazinform	40.5	709
AVAZ	AvtoVAZ	12.4	707
MGTS	MGTS	16.9	652
ESMO	Central Telecom	2.7	528

Source: Renaissance Capital

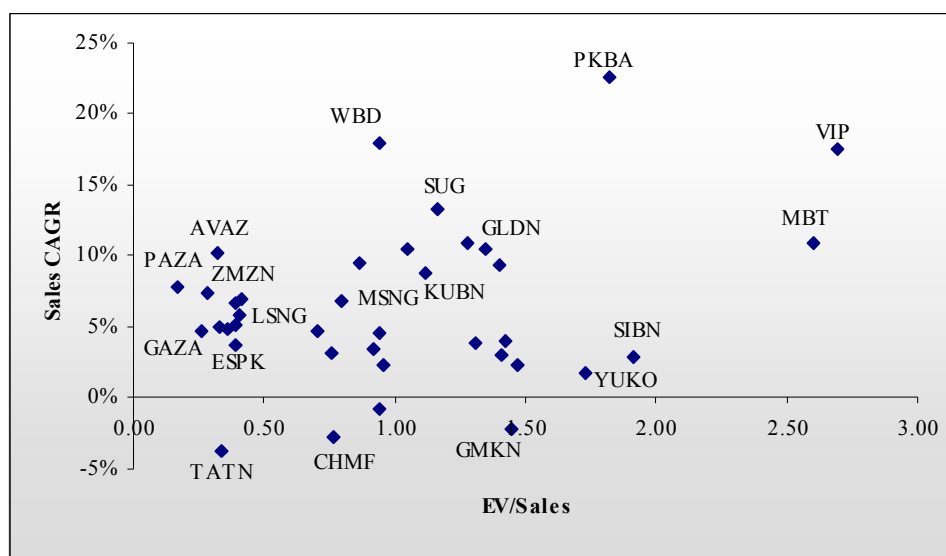
## On The Valuation Of Russian Equities

Valuation represents only one side of the multilayered decision process behind choosing a stock. Other tangible and less tangible issues such as, for example, the existence of earnings momentum, sensitivity to newsflow, and the quality of management, play important roles behind the selection process. Such intangibles have

traditionally held more weight in emerging market investment criteria than in developed ones, and continue to do so. This argument naturally pertains to Russia as well, but we argue that valuations can also incorporate intangible considerations.

The RTS is trading at a 2003 P/E of 6.8x, which albeit some 15% higher than at the beginning of the year, still compares favourably with IBES estimates for other developing markets. We now take a quick look at sectors and individual stocks within the Russian investment universe.

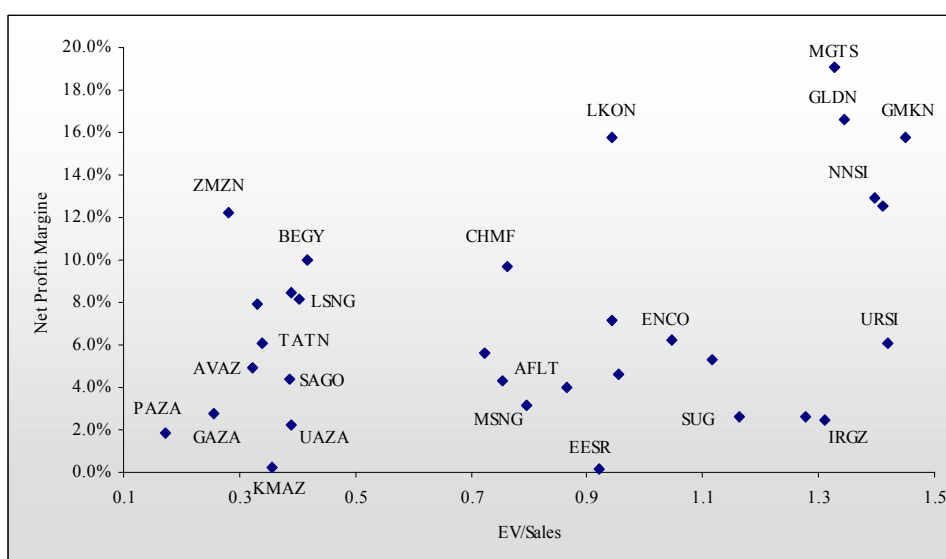
**Figure 6: 2003 EV/Sales Vs. Three Year 2003-06E Sales Growth Valuation**



Source: Renaissance Capital

The easiest multiple to use is EV/Sales. Unfortunately it is also the least useful of the multiples – the company may have an attractive multiple on a standalone basis, or on a growth adjusted basis, but nothing would tell us if the company is actually profitable or if it is losing money. One way of avoiding this problem is to compare EV/Sales and Net Margin – clearly the companies with low multiples and high margins are attractive on this scale. Some of the automakers are trading at the lowest multiples but many of them do not show growth and have low net income margins. Zavolzsky Motors (ZMZN) looks best among the automotives. Telecoms stocks are trading on high multiples, but they are also expected to post the fastest growth and their profit margins are above 15%.

**Figure 7: 2003 EV/Sales Vs. Net Margin**



Source: Renaissance Capital

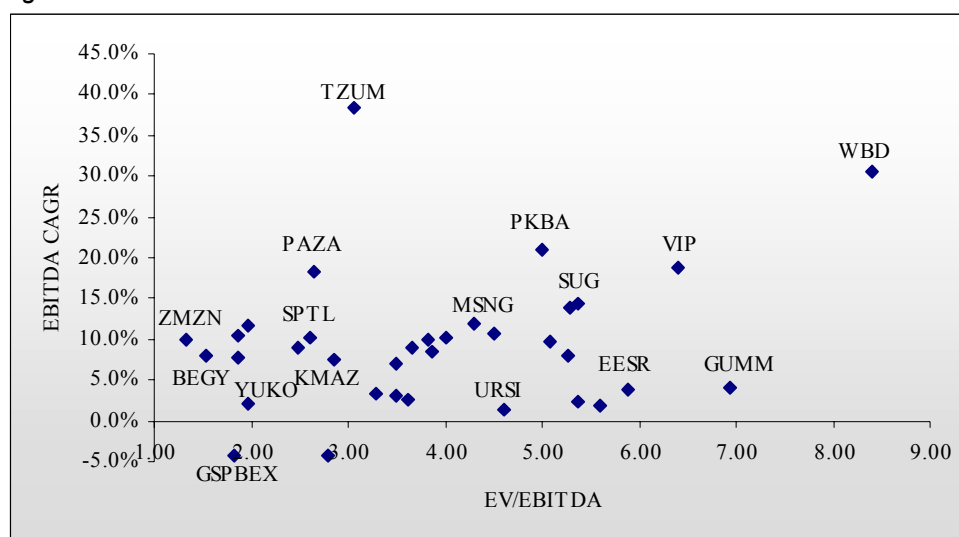


Admittedly, EV/EBITDA is also not the best multiple upon which to focus, taking no consideration, for example, of either taxes or capital expenditure. However, given ongoing differences in the reporting standards of Russian companies, EBITDA is frequently the line below which a lot of things go fuzzy. For instance, the Russian Accounting Standard (RAS) – still used by most companies, apart from blue chip stocks with ADRs – treats net income in a very different way from any other Generally Accepted Accounting Principles (GAAP), such as US GAAP and IAS. It is entirely normal to make social contributions, pay bonuses to employees, or divert funds elsewhere from whatever is called the net income under RAS, and hence RAS reported net income usually shrinks substantially when converted into GAAP figures.

The EBITDA line tends to be less distorted by accounting differences and thus our first step is to focus on it. The average Russian 2003 EV/EBITDA has somewhat increased over the past 5 months and is now about 3.8x, as opposed to 3.2x in January. There are a number of companies which trade at a substantial discount even to this already low number. However, in most cases, there is a good reason for this – either growth is not there, or the risks are too high. For instance, although many utilities companies are trading at or below 2x EV/EBITDA, the growth is on the low side, but the risks are on the high side. Retailer TSUM shows one of the most impressive growth profiles<sup>5</sup> (37% CAGR in EBITDA), and is also trading at a discount to the average. However, TSUM's 19%+ weighted average cost of capital (WACC) is substantially above the average, and we are uncertain about its long-term strategy.

PAZ, Wimm-Bill-Dann, Norilsk Nickel, and Baltika are the companies which, in our view, look appealing on an EV/EBITDA valuation basis, factoring in growth.

**Figure 8: 2003 EV/EBITDA Vs. Three Year 2003-06E EBITDA Growth Valuation**



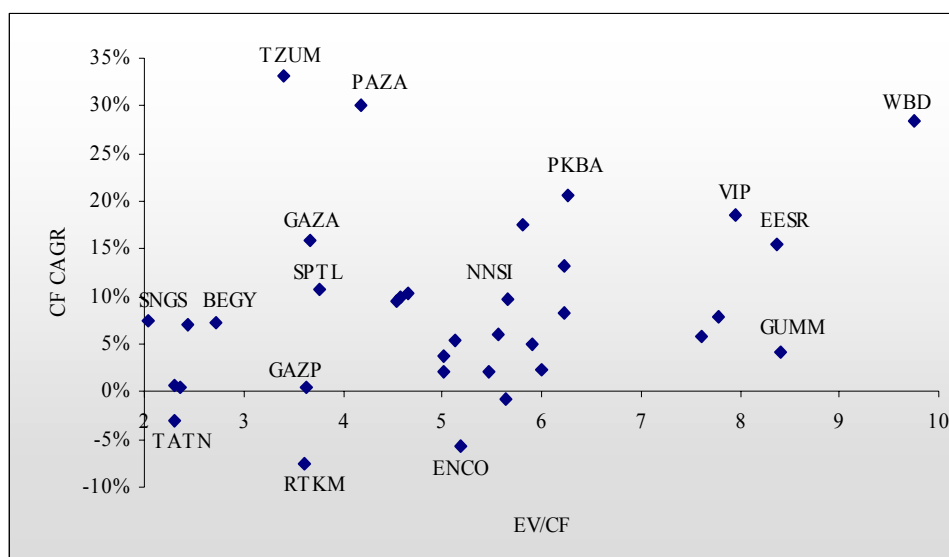
Source: Renaissance Capital

TSUM also shows up well on the EV/CF valuation sheet, followed by PAZ. Valuations of VimpelCom, Wimm-Bill-Dann, and Volga Telecom also look quite attractive, once growth is factored in. Tatneft and Surgutneftegas are two of the cheaper stocks by this measure, but there is no growth in Tatneft, while Surgut is no longer trading on fundamentals.

<sup>5</sup> And not only in EBITDA.



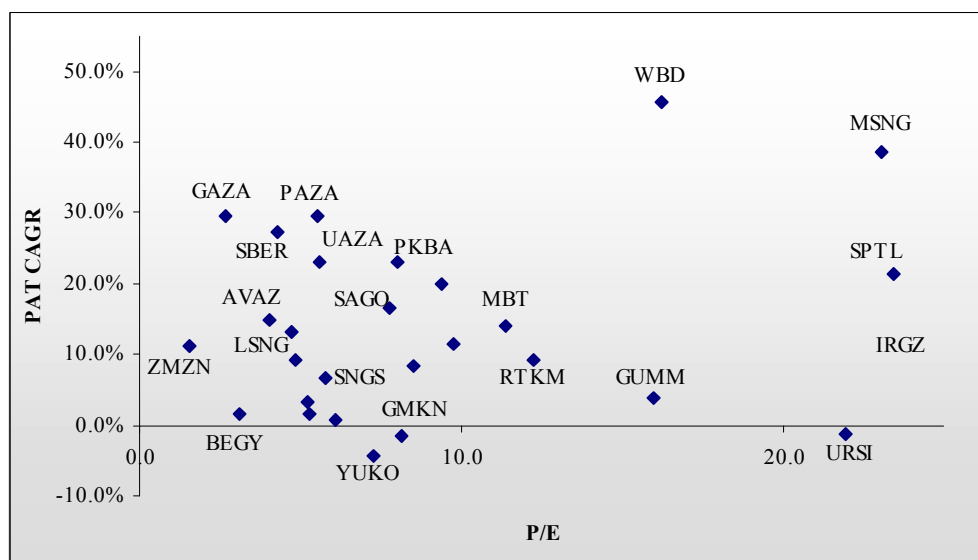
Figure 9: 2003 EV/OpCF Vs. Three Year 2003-06E Operating Cash Flow Growth Valuation



Source: Renaissance Capital

The P/E valuation also highlights the automotive and utilities stocks, and Sberbank, as some of the more attractively valued shares. MTS, VimpelCom, and Wimm-Bill-Dann also look good on growth adjusted measures, albeit that they are trading above the average of 6.8x.

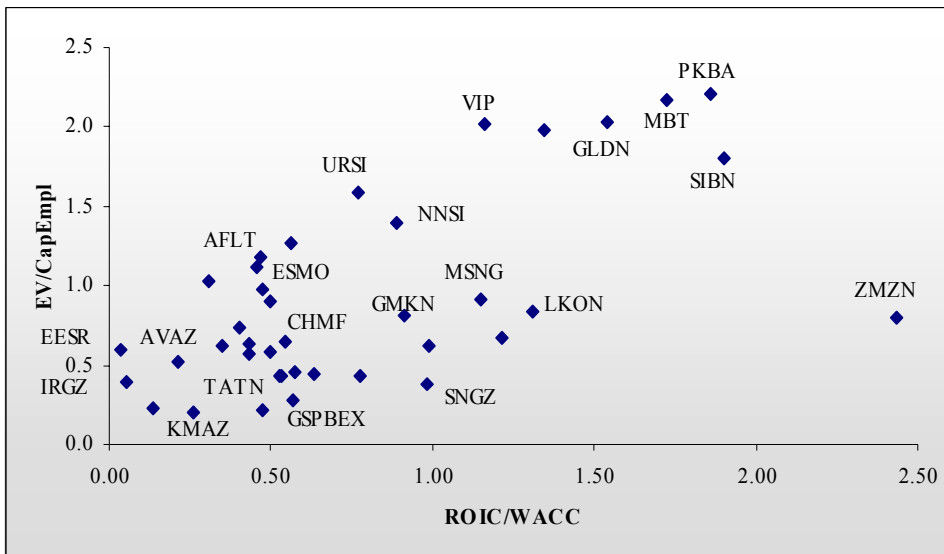
Figure 10: 2003 P/E Vs. Three Year 2003-06E EPS CAGR Valuation



Source: Renaissance Capital

The return on capital employed (ROCE) valuation which, at least in theory, incorporates all cash items – including taxes, company indebtedness, and capital expenditure – highlights that most of the companies which have positive returns over their WACC have already traded up. Examples are easy to find – YUKOS, Baltika, MTS, VimpelCom, and Sibneft.

Figure 11: 2003 EV/IC Vs. 2003E ROCE/WACC Valuation



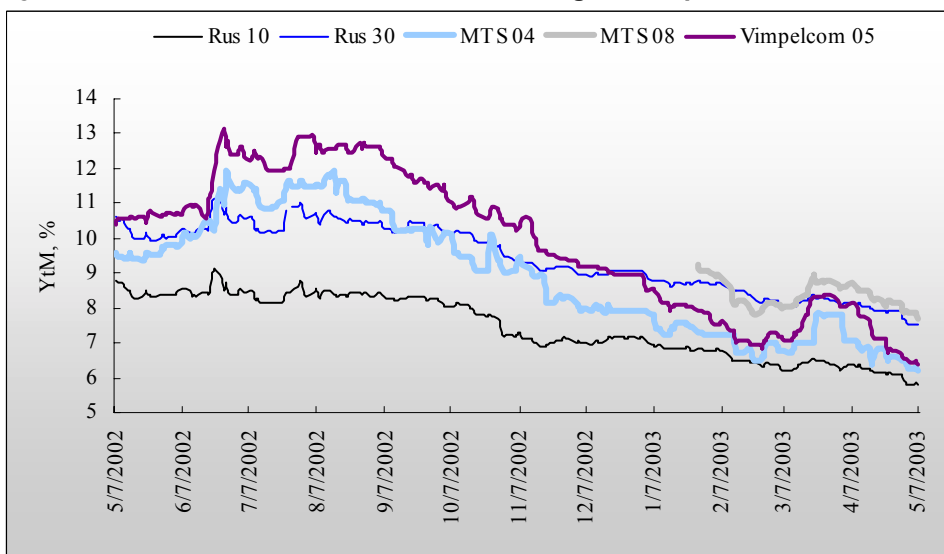
Source: Renaissance Capital

The companies which do have a positive spread of ROIC over WACC are LUKOIL, and Zavolzhsky Motors, and to a lesser degree Mosenergo and Norilsk Nickel. While Zavolzhsky Motors is forecast to keep its ROIC above WACC for the next two years, LUKOIL's economic returns are forecast to deteriorate in 2004, while those of Norilsk Nickel are expected to improve.

## The International Perspective<sup>6</sup>

While looking at the valuations of Russian companies internationally, it has to be borne in mind that while Russian company share prices have been going mostly up, their risk profile has been coming down, allowing more room for price appreciation. After all, valuations are meaningless before they have been compared to growth rates and risks, as measured by WACC.

Figure 12: Yields Of Selected Russian Sovereign &amp; Corporate Eurobonds

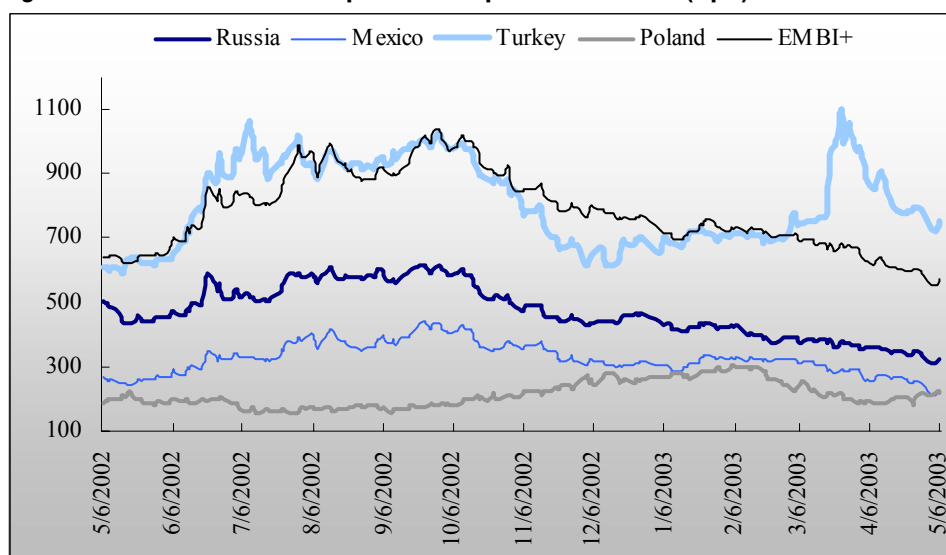


Source: Bloomberg, Renaissance Capital

<sup>6</sup> See the tables at the end of the Handbook.

The single largest change to the WACCs of Russian companies came from the significant reduction in the country risk, as measured by the basket of eurobonds. The yields of Russian eurobonds, both sovereign and corporate, have seen a considerable decline in the last 12 months, on average by a whopping 3-3.5 percentage points. To a large degree, however, this is attributable to a significant decline in US dollar yields – the tightening in EMBI spreads was far less steep than the decline in yields. Also, Russian debt yields have been declining in line with peers, as emerging market debt as an asset class has performed quite well in the low interest rate and low economic growth environment.

**Figure 13: Russian EMBI+ Spread Compared To Peers (bps)**



Source: Bloomberg, Renaissance Capital

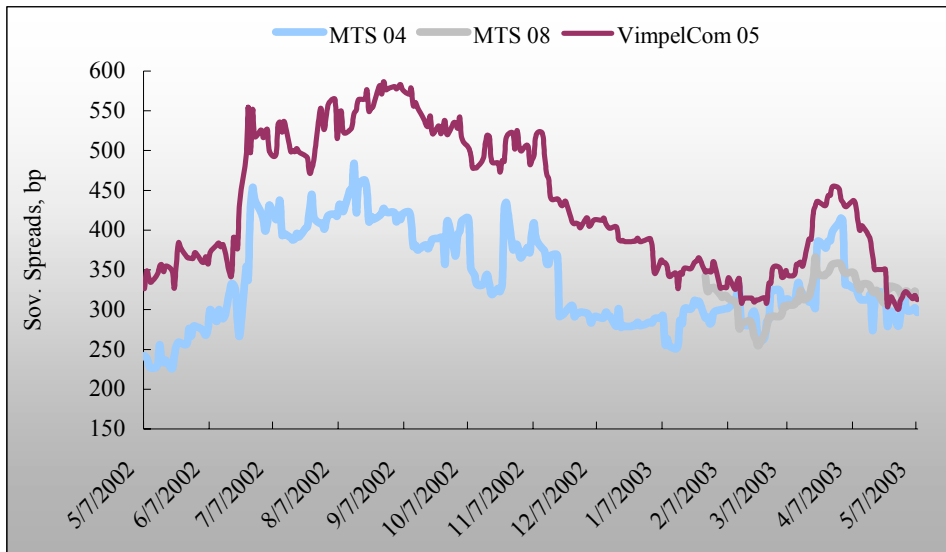
However, there are also some Russia-specific factors behind the great performance of Russian debt over the past several months. These include a significant current account surplus, forex reserves nudging the USD60 billion mark, a state budget surplus, a growing economy, significantly improved political stability, and some hesitant progress in structural reforms. This is all in sharp contrast with 1997-1998, when the decline in yields was driven by foreign 'hot money' rather than fundamentals. In contrast now domestic investor demand in the eurobond market is more stable than foreign demand. For these reasons, and due to the relatively low chance of rising dollar interest rates this year, we think that Russian debt yields, however ridiculously low they might appear, are sustainable in 2003. And Russia is still trading some healthy 100 basis points (bps) wider than Mexico, which is one investment grade higher, and about 200 bps wider than Poland, which is now trading as a quasi-EU country<sup>7</sup>.

As an example of corporate bonds, the yields of MTS and VimpelCom dollar debt instruments have also declined in the past year. It should be noted, though, that VimpelCom has closed the gap with MTS in terms of the cost of debt, which is due both to an improvement in VimpelCom's financial results and MTS' increasing leverage. MTS' eurobond maturing in 2008 now probably serves as the best proxy for the cost of debt for both companies<sup>8</sup>, which we would see in the relatively tight area of around 8%.

<sup>7</sup> Russian debt is trading at levels similar to that of Poland with regard to the EU three years ago – does this imply that Russia is soon to become an EU member?

<sup>8</sup> That is, if they were to raise new debt now.

Figure 14: MTS &amp; VimpelCom Sovereign Spreads (bps)



Source: Bloomberg, Renaissance Capital

Despite the decreasing macro risks, we do not think that there have been many changes which would allow us to consider Russian equity as any less risky than we did previously. Legislation has not changed much, the corporate governance risks remain the same, the dealings in shares of UES and Surgutneftegas over the past six months have proved that the market remains an 'insider's' place, and the overall breadth of the market – if anything – has worsened. Thus, we do not see any reasons to decrease our six percentage point equity risk premium.

## Oil & Gas

In general, the Russian oil universe remains attractively valued compared to international oil super-major group, with prospective 2003E EV/EBITDA and P/E at discounts of 34% and 55%, respectively (please note, though, that this is no longer the case compared to alternative GEM oil stocks). The average EV/Reserve multiple (ex-Gazprom) of USD2.13/boe looks particularly compelling compared to the USD8.89/boe multiple for the super-majors, although this needs qualifying because the unit profitability (net income/boe) of Russia's oils is 19% lower than that of international peers (because of their exposure to low domestic prices and their relatively lower degree of vertical integration). The unit profitability discount, though, does not appear to justify the 61% discount in terms of EV/Production (USD47.2/boe, versus USD119.8/boe).

The Russian oils also have considerably longer reserve lives. This guarantees an extension of the superior output growth that they seem able to deliver, but also, sadly, is a reason why the NPV of their reserves today is lower. In a global context, though, the primary source of competitive advantage for the Russian oils are their lower reserve replacement costs, which enable them to generate superior free cash flow (FCF) after producing and then adding a fresh barrel of reserves. If this is sustainable, which we believe, valuations will continue to converge over time.

YUKOS, with the best FCF performance to date among the main names, looks attractive on this basis alone, although LUKOIL, at half of YUKOS' ratings, seems to offer much more upside, subject to it delivering on the restructuring front. Finally, Gazprom, which retains old Russian-style valuation multiples, seems hugely attractive over the longer term, although a structural re-rating remains elusive while the government fails to embrace gas sector reforms.

## Telecoms

In general, Russian telecoms are more expensive than international peers and than where they traded at the beginning of 2003. Year-to-date all Russian telecoms stocks, apart for Far East Telecom – are up, and some of them by more than 25%, including Golden Telecom (up 60% year-to-date), Ural Telecom and Volga Telecom (up by roughly 40% each), and MTS and VimpelCom (up by about 30% each). While we have upgraded our estimates for the mobile companies, the forecasts for other stocks have not been altered. Hence, the discount of Russian telecoms to EMEA or global peers has shrunk over the past 5 months. The Russian fixed-line stocks are trading at around 4x 2003 EBITDA – still some 20-25% below the EMEA peers, but they do not offer significant growth and the risks remain considerable. The Russian mobile stocks which do not trade at a discount to EMEA peers any more, on the other hand, still offer double-digit growth, making their valuations attractive.

**Figure 15: MTS & VimpelCom – Historical EV/EBITDA 1 Year Forward, 2001-2003E**

EV/EBITDA, 1-Year Forward	Western Europe	EMEA	MTS	VimpelCom
In 2001	15.2	9.2	8.9	8.4
In 2002	10.0	6.5	7.4	6.6
In 2003	7.8	5.3	4.9	4.7

Source: Company data, Bloomberg, Renaissance Capital estimates

## Utilities

We believe that the key Russian utilities, UES and Mosenergo, have little appeal in the international context due to stretched valuations – both are trading at 2003 EV/EBITDA of 6x, while at the beginning of the year they traded at 3x. As a result, both stocks now trade in line with their emerging market peer group, which is not justified in our view, given significant restructuring risks. In contrast, we see some momentum behind Lenenergo, due to attractive valuations (2003 EV/EBITDA of 2.2x, implying a discount of 60% to its emerging market peer group), a prospering region, and the presence of a large Western strategic investor (the Finnish utility Fortum), which in our view provides a hedge against overly high restructuring risk.

## Metals & Mining

Over the past six month period, mining shares globally have acted as defensive stalwarts within a broader equity universe that has been grim. Miners have offered proper cash flows, transparency, and dividends, all rare features within an environment of mass write-downs and diminishing earnings. Base metals prices have also rallied over the period, with commodities either acting as reflation plays, or as hedges against US dollar weakness. China has played a large part in the slightly rosier than justified outlook for metal and mining stocks than may have been expected against an unimpressive macro backdrop for the West, Europe, and increasingly Asia ex-China. Sentiment has changed more recently to a more circumspect outlook for the mining equity universe, with restructuring taking over as the key driver of share activity over the past month. Lingering issues, such as mineral rights legislation in South Africa, have had a meaningful impact on the economic value of mining shares with high exposure to the South African environment. Currency fluctuations have also been instrumental, with the Australian dollar, South African rand and the Brazilian real all strengthening relative to the US dollar.

This has suppressed earnings forecast for producers exposed to these environments, with consensus for many mainstream mining shares still on the high side, in our view. In January 2003, Norilsk Nickel stood at a 50% discount to its diversified peers in London, and a 20% discount relative to its platinum peers in Johannesburg, on an earnings basis. For the period under review this has closed to a 30% discount relative to the London peers, whilst the South African discount has remained the same. The strength in the RTS has undoubtedly influenced the outperformance of Norilsk Nickel, and, conversely, the underperformance of the FTSE and US markets. Severstal has also enjoyed a period of strong outperformance relative to the Latin American, European, and EMEA steel population, showing more support, due to the illiquid nature of the shares.

## Retail & Consumer Goods & Automotive

With Russian beer stocks having lost about 10% of their value on the back of growing concerns about the Russian beer market (which has seen a slowdown in growth over last six months) and weak 2002 results (this applies only to SUN Interbrew), they have become more attractive relative to international peers on an EV/EBITDA basis. Baltika currently trades at discounts on PE ratios which are higher than 50% relative to emerging and developed market peers for 2003E-2004E. Such discounts are not justified, as Baltika is fundamentally very sound, which underscores our Buy recommendation.

Emerging markets food/dairy producers saw their stocks appreciating on a greater scale than their developed market peers, and became more expensive on EV/EBITDA and PE ratios for 2003-2004, due to higher consumption growth rates than expected in emerging markets. Whilst Wimm-Bill-Dann slightly appreciated year-to-date, its EBITDA and PE based valuations relative to international peers came down, as we upgraded our EBITDA and earnings forecasts for the company, based on expected acquisitions that it may opt for this year. Wimm-Bill-Dann currently trades with a 10-20% discount to its emerging market peers, but deserves to be traded at least on a par with them, which offers room for the stock price to increase, if backed up by strong fundamentals.

While international carmakers continued to see a slow recovery in car sales worldwide, Russian automotive stocks appreciated by about 10-15%, but purely on strategic buying and non-fundamental reasons. As their operating performance has continued to deteriorate, we see their current discounts to emerging and developed market peers of more than 55-60% as being fully justified.

## Banking

Sberbank has significantly outperformed both emerging market and global banking stocks over the year-to-date (YTD). While Sberbank's ordinary share price has risen by 35.8% YTD, the MSCI GEM Banking Index has risen by just 0.7%, while the MSCI World Banks Index has moved up by just 6.9%.

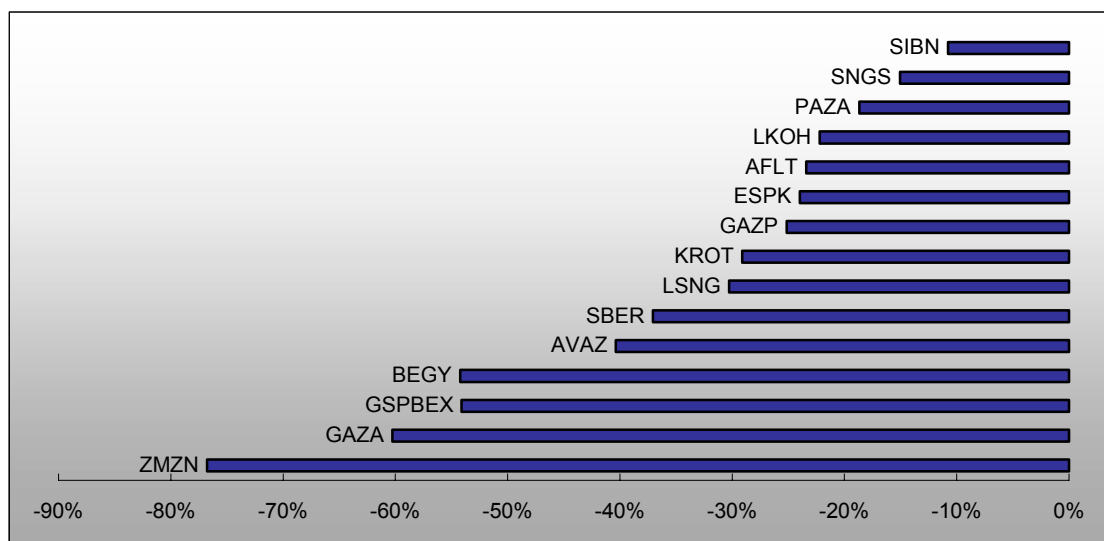
We note how the value of Sberbank's shares has risen recently in line with Russian Eurobonds, and in line with expectations of banking reform. This indicates that Sberbank, as the only banking stock in Russia, is being used as a proxy for the positive developments in the financial system. In line with our continued concerns about corporate governance, Sberbank remains valued at a discount to its international peers.

## Performance Indicators

### Valuation Momentum Relative To The Local Market

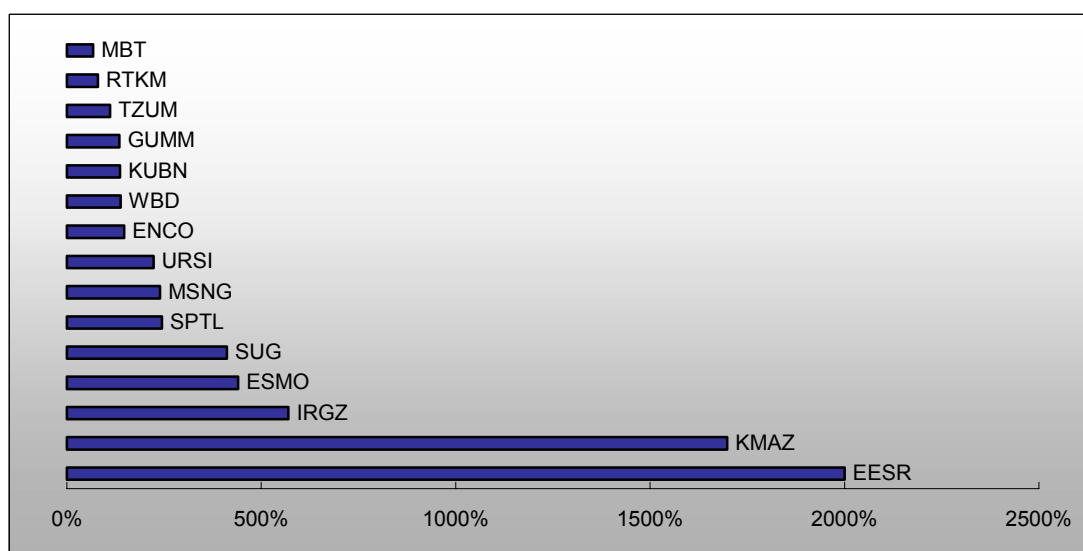
- Best 2003 P/Es:
  - Zavolzhsky Motors
  - Gaz
  - Gazprom (locals)
  - Baskirenergo
  - AvtoVAZ
- Worst 2003 P/Es:
  - UES
  - KamAZ
  - Irkutskenergo
  - Central Telecom
  - SUN Interbrew

Figure 16: Stocks With The Largest Discount To The Local Market On 7-Month Forward P/E



Source: Renaissance Capital

Figure 17: Stocks With The Largest Premium To The Local Market On 7-Month Forward P/E



Source: Renaissance Capital

## Valuation Momentum Relative To Historical Multiples<sup>9</sup>

- Sectors whose P/Es grew from 2002 to 2003 are:
  - Oil and gas
  - Utilities
  - Banks

<sup>9</sup> See the charts on the relevant sector pages.



- Sectors whose P/Es fell from 2002 to 2003 are:
  - Metals and mining
  - Automotive

## Price Momentum

- Most underperforming stocks relative to the local market are:
  - SUN Interbrew
  - KamAz
  - AvtoVAZ
  - Samaraenergo
  - Aeroflot
  - Baltika
- Most outperforming stocks relative to the local market are:
  - Mosenergo
  - Bashkirenergo
  - UES
  - Golden Telecom

## Earnings Momentum

- Stocks with most upward earnings revision year-to-date are:

**Figure 18: 2003 Summary Upward Projections Changes By RC Analysts From January 2003 To May 2003**

	<b>Tatneft</b>	<b>LUKOIL</b>	<b>Norilsk Nickel</b>	<b>Wimm-Bill-Dann</b>
Revenues	30%	33%	10%	2%
EBITDA	73%	43%	22%	5%
<b>EPS</b>	<b>248%</b>	<b>61%</b>	<b>45%</b>	<b>19%</b>
Capex	3%	7%	0%	146%
Net Debt	-85%	6%	-38%	514%

*\*the main change to our oil and gas estimates stems from changing the oil price from USD20/bbl in January to USD26.4 currently*

*Source: Renaissance Capital*

- Stocks with most downward earnings revision year-to-date are:

Figure 19: 2003 Summary Downward Projections Changes By RC Analysts From January 2003 To May 2003

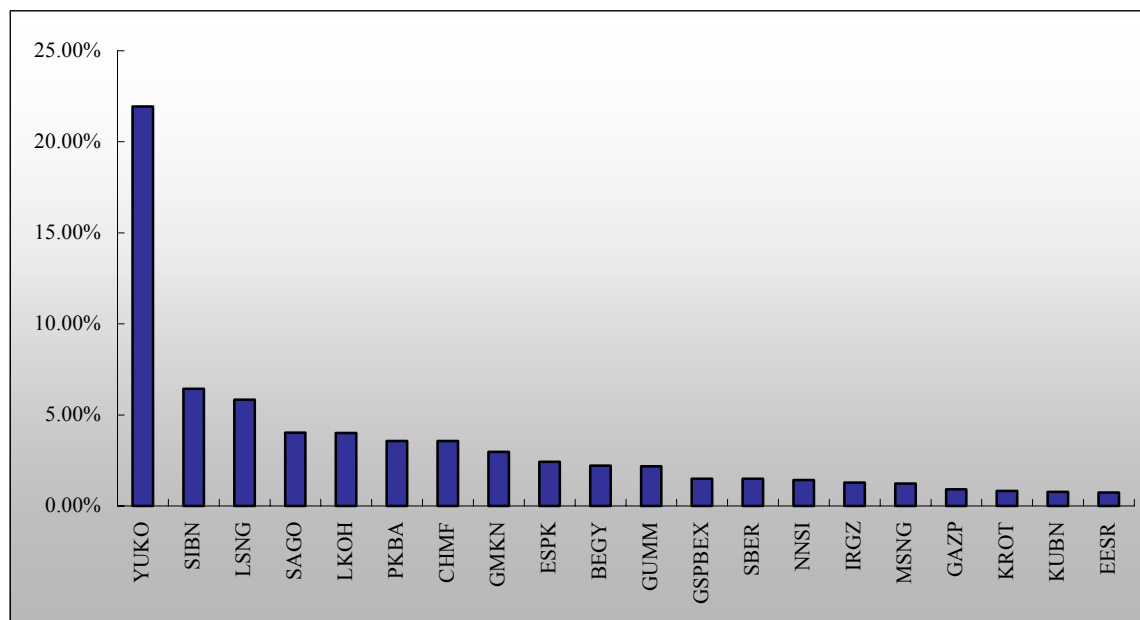
	OMZ	Mosenergo	SUN Interbrew	MTS
Revenues	-4%	6%	-3%	3%
EBITDA	-53%	-17%	9%	-5%
<b>EPS</b>	<b>-59%</b>	<b>-57%</b>	<b>-52%</b>	<b>-17%</b>
Capex	75%	30%	41%	0%
Net Debt	-18%	60%	212%	76%

Source: Renaissance Capital

## Yield Momentum

- Stocks with the best anticipated dividend yield are YUKOS<sup>10</sup>, Sibneft, and Lenenergo

Figure 20: Expected Dividend Yield, 2003



Source: Renaissance Capital

<sup>10</sup> The large dividend is expected due to a one-off special payment.



# Oil & Gas

Gazprom local  
Gazprom ADR  
LUKOIL  
Sibneft  
Surgutneftegas  
Tatneft  
YUKOS



## Sector Views

### Bull Points

- Large under-worked reserves
- Favourable full-cycle economics
- Growth sustainable, given infrastructure efforts

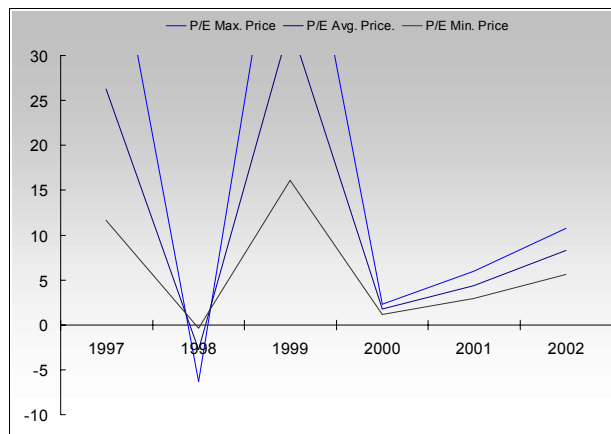
### Bear Points

- Regulatory and fiscal regimes still unstable
- Macroeconomic background hurts cost base
- Oil price downside

### Rating Of Stocks In The Sector

	Last Price	Rating	Target Price	Up/Down Side
Gazprom local	1.00	Buy	1.21	20%
Gazprom ADR	17	Buy	16	-5%
LUKOIL	17	Buy	22	26%
Sibneft	2.3	Hold	2.75	16%
Surgutneftegas	0.42	Sell	0.35	-18%
Tatneft	1.05	Sell	0.59	-44%
YUKOS	12	Hold	13	11%

### Sector PEs



## Sector Picks

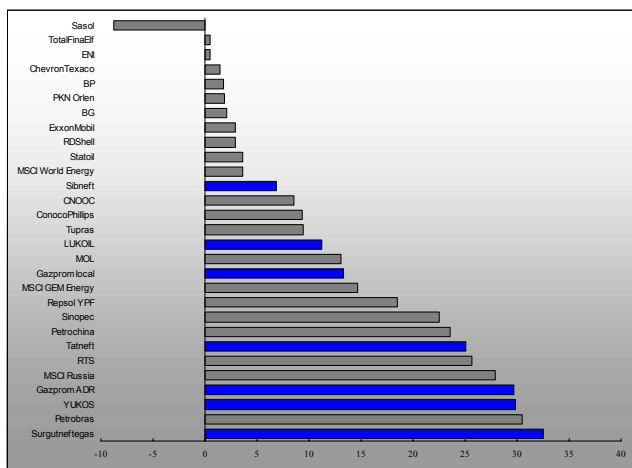
### Favourite

Gazprom local  
LUKOIL

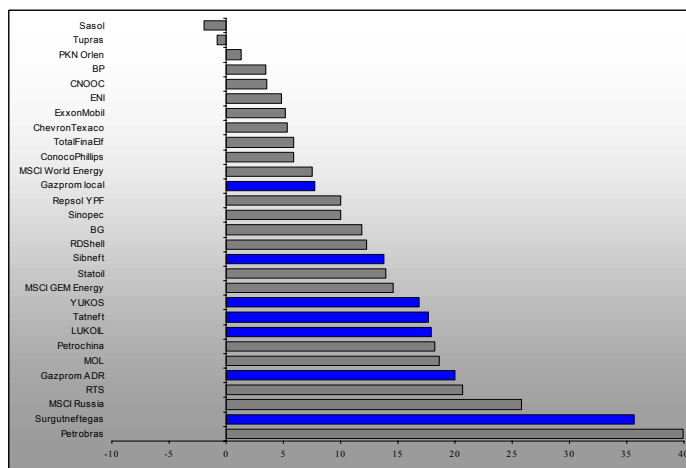
### Least Favourite

Surgutneftegas  
Tatneft

### YTD Sector Performance



### 3 Month Sector Performance

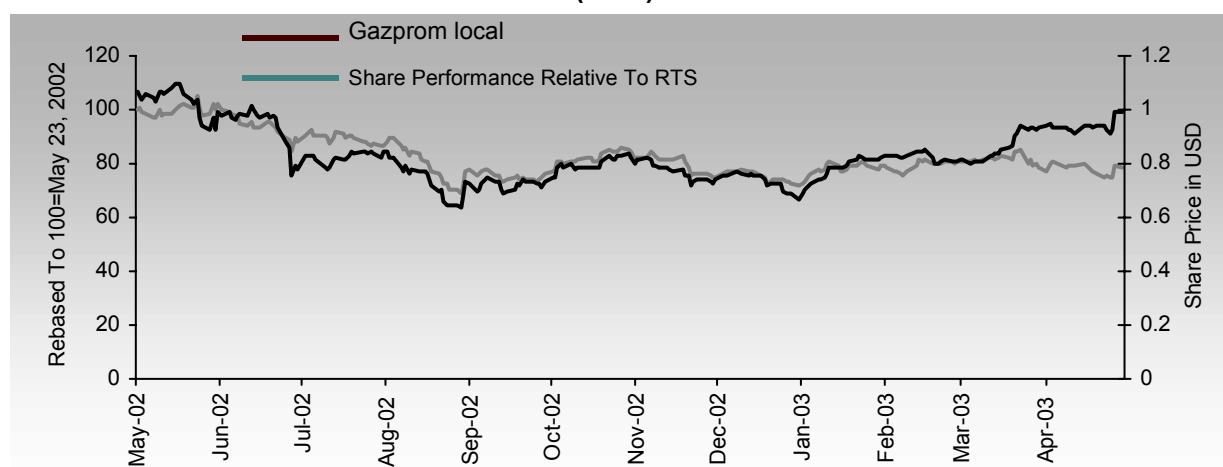


### Profile & Rating

Price Com USD:	1.00	Rating:	Buy
Price Pref USD:	-	Target Price USD:	1.21
Common Shares Outstanding, mln:	21,019	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	GAZPPE.RTS
Market Capitalisation, USD mln:	21,084	Bloomberg Ticker:	GSPBEX RU Equity
EV, USD mln:	29,040	CUSIP:	na
ADR/GDR Since:	1996	ISIN:	na
ADR/GDR Per Common Share:	0.10	IAS/US GAAP Financials Since:	1996

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Russian Government	38%	Chairman	Dmitry Medvedev
Gazprom Finance B.V.	5%	CEO	Alexei Miller
Ruhrgas	7%	CFO	Boris Yurlov
Other Treasury Stock	7%		
Stroytransgaz	5%		
Estimated Free Float	38%		

### Business Activity

Gazprom produces around 90% of Russia's natural gas, and is the monopoly transmission and export unit. It is the largest gas company in the world, and one of the largest energy companies. Its reserves – 167 billion boe (mostly gas) – are huge by any measure. Gazprom also controls the world's largest gas delivery system. Apart from being Russia's dominant domestic supplier, Gazprom controls an impressive 27% of the OECD Europe gas markets. Gazprom has a dual share structure, with foreign investors currently limited to owning a limited (pricier) amount of ADRs, listed on the LSE since October 1996. These account for only 3.4% of the company. The ring-fence around the local shares is due for reform, with the end goal being a single share class. This would prove a major GEM indexation event. Gazprom has had IAS audited accounts since 1996, and has recently moved to report quarterly. We see Gazprom as fundamentally mispriced, and by a very wide margin. However, we believe that gas sector reform will be a necessary catalyst for a further re-rating of the shares.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	19,904	18,634	23,992	24,314	24,265	9%
EBITDA	9,843	9,092	12,619	9,422	9,992	3%
EBIT	5,906	4,765	7,519	3,861	4,398	-3%
PBT	6,469	5,126	7,796	3,521	3,681	-10%
PAT	368	1,156	6,235	2,804	2,903	36%
EPS	0.018	0.055	0.30	0.13	0.14	36%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0.0078	0.010	0.014	0.018	0.021	29%
<b>Balance Sheet, USD mln</b>						
Current Assets	14,805	13,131	16,736	17,063	15,713	
Fixed Assets	56,695	67,315	71,827	67,728	69,020	
<b>Total Assets</b>	<b>70,221</b>	<b>74,617</b>	<b>89,940</b>	<b>95,423</b>	<b>89,781</b>	
Short-Term Liabilities	12,689	8,367	8,133	8,057	7,679	
Long-Term Liabilities	8,522	11,944	12,150	11,096	9,647	
Equity	48,515	53,724	68,804	75,291	71,482	
<b>Total Liabilities &amp; Equity</b>	<b>70,221</b>	<b>74,617</b>	<b>89,940</b>	<b>95,423</b>	<b>89,781</b>	
Net Debt	11,092	10,421	7,862	5,878	4,950	
Minority	495	583	852	978	973	
Associates	3,631	4,195	5,171	5,771	5,623	
Capital Employed	63,343	67,327	80,595	85,880	80,851	
NOPAT	3,839	3,621	5,714	2,935	3,343	-3%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	4,481	6,928	9,723	9,198	10,005	13%
CFPS	0.28	0.28	0.50	0.39	0.41	14%
Investment Cashflow	(4,329)	(4,684)	(5,593)	(5,712)	(7,269)	-
Enterprise Value	29,040	27,893	24,628	22,169	21,384	-8%
WACC, %	12	12	12	12	12	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.46	1.50	1.03	0.91	0.88	EBITDA Margin	49%	49%	53%	39%	41%
EV/EBITDA	2.95	3.07	1.95	2.35	2.14	Operating Margin	30%	26%	31%	16%	18%
EV/CF	6.48	4.03	2.53	2.41	2.14	NET Margin	2%	6%	26%	12%	12%
EV/CapEmp	0.46	0.41	0.31	0.26	0.26	ROA	0.5%	2%	8%	3%	3%
ROCE/WACC	0.49	0.43	0.57	0.27	0.33	ROCE	6%	5%	7%	3%	4%
P/CE	4.90	3.84	1.86	2.52	2.48	ROE	0.8%	2%	10%	4%	4%
P/B	0.43	0.39	0.31	0.28	0.29						
P/E	57	18	3.38	7.52	7.26						
DYield Pref	-	-	-	-	-						
DYield Com	0.8%	1%	1%	2%	2%						

## Upcoming Events

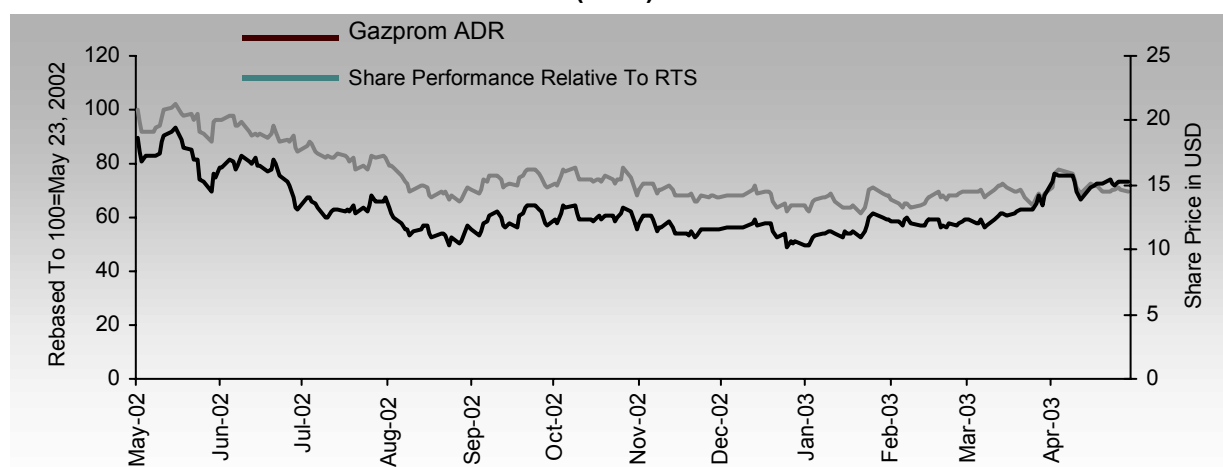
Date	Event
Jul-03	AGM
Jun-03	Gazprom to decide on its participation in RUSIA Petroleum
Jul-03	2002 IAS results (last year reported on August 19)
Late August 2003	Gazprom is expected to sign an agreement with Ukraine and Germany to manage Ukraine's gas pipelines
Sep-03	Q1 2003 IAS results (not reported last year)
Nov-03	Q2 2003 IAS results (last year reported on November 11)
By end-2003	Gazprom to launch full-scale development of the South Russia oil and gas deposit, containing an estimated 810 bcm of gas and 37 million tonnes of oil, this year

## Profile &amp; Rating

Price Com USD:	17	Rating:	Buy
Price Pref USD:	-	Target Price USD:	16
Common Shares Outstanding, mln:	2,102	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	GAZPq.L
Market Capitalisation, USD mln:	35,795	Bloomberg Ticker:	OGZD LI Equity
EV, USD mln:	43,752	CUSIP:	na
ADR/GDR Since:	1996	ISIN:	US3682872078
ADR/GDR Per Common Share:	0.10	IAS/US GAAP Financials Since:	1996

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Russian Government	38%	Chairman	Dmitry Medvedev
Gazprom Finance B.V.	5%	CEO	Alexei Miller
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Estimated Free Float	38%		

## Business Activity

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EBIT	5,906	4,765	7,519	3,861	4,398	-3%
PBT	6,469	5,126	7,796	3,521	3,681	-10%
PAT	368	1,156	6,235	2,804	2,903	36%
EPS	0.18	0.55	2.97	1.33	1.38	36%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0.078	0.10	0.14	0.18	0.21	29%
<b>Balance Sheet, USD mln</b>						
Current Assets	14,805	13,131	16,736	17,063	15,713	
Fixed Assets	56,695	67,315	71,827	67,728	69,020	
<b>Total Assets</b>	<b>70,221</b>	<b>74,617</b>	<b>89,940</b>	<b>95,423</b>	<b>89,781</b>	
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Equity	48,515	53,724	68,804	75,291	71,482	
<b>Total Liabilities &amp; Equity</b>	<b>70,221</b>	<b>74,617</b>	<b>89,940</b>	<b>95,423</b>	<b>89,781</b>	
Net Debt	11,092	10,421	7,862	5,878	4,950	
Minority	495	583	852	978	973	
Associates	3,631	4,195	5,171	5,771	5,623	
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NOPAT	3,839	3,621	5,714	2,935	3,343	-3%
<b>Cash Flow, USD mln (exc per share)</b>						
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CFPS	2.82	2.77	4.95	3.86	4.13	14%
Investment Cashflow	(4,329)	(4,684)	(5,593)	(5,712)	(7,269)	-
Enterprise Value	43,752	42,604	39,339	36,881	36,096	-5%
WACC, %	13	13	13	13	13	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	2.20	2.29	1.64	1.52	1.49	EBITDA Margin	49%	49%	53%	39%	41%
EV/EBITDA	4.45	4.69	3.12	3.91	3.61	Operating Margin	30%	26%	31%	16%	18%
EV/CF	9.76	6.15	4.05	4.01	3.61	NET Margin	2%	6%	26%	12%	12%
EV/CapEmp	0.69	0.63	0.49	0.43	0.45	ROA	0.5%	2%	8%	3%	3%
ROCE/WACC	0.45	0.40	0.53	0.25	0.31	ROCE	6%	5%	7%	3%	4%
P/CE	8.31	6.53	3.16	4.28	4.21	ROE	0.8%	2%	10%	4%	4%
P/B	0.74	0.67	0.52	0.48	0.50						
P/E	97	31	5.74	13	12						
DYield Pref	-	-	-	-	-						
DYield Com	0.5%	0.6%	0.8%	1%	1%						

## Upcoming Events

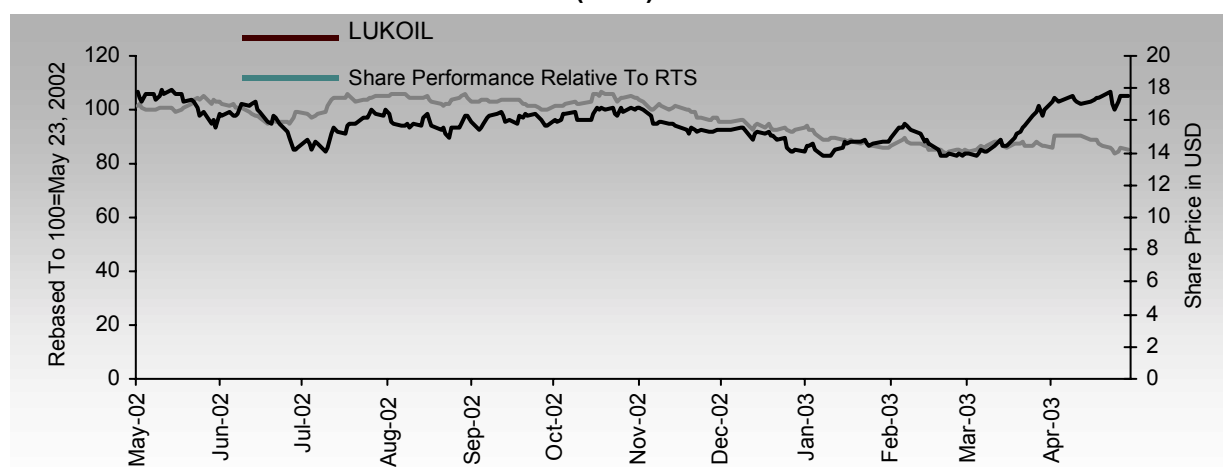
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By end-2003	Gazprom to launch full-scale development of the South Russia oil and gas deposit, containing an estimated 810 bcm of gas and 37 million tonnes of oil, this year

### Profile & Rating

Price Com USD:	17	Rating:	Buy
Price Pref USD:	-	Target Price USD:	22
Common Shares Outstanding, mln:	825	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	LKOH.RTS
Market Capitalisation, USD mln:	14,265	Bloomberg Ticker:	LKOH\$ RU Equity
EV, USD mln:	16,466	CUSIP:	na
ADR/GDR Since:	1995	ISIN:	na
ADR/GDR Per Common Share:	0.25	IAS/US GAAP Financials Since:	1998

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Russian Government	8%	Chairman	Valery Grayfer
NIKOIL	13%	CEO	Vagit Alekperov
LUKOIL-Garant	12%	CFO	Sergey Kukura
Directors/Management	21%		
Estimated Free Float	43%		

### Business Activity

LUKOIL was Russia's largest oil producer in 2002 (prior to the YukosSibneft merger) and remains its largest owner of reserves. LUKOIL's most recent consolidated reserve report indicated 19.7 billion boe. The core part of the company's reserve base is concentrated in Western Siberia, northern Russia's Timano-Pechora region, and the Caspian Sea. In the downstream business, LUKOIL owns four refineries in Russia, with a total capacity of 44.2 million tonnes, and the Neftokhim refinery in Bulgaria, the Petrotel Refinery in Romania, and the Odessa refinery in Ukraine, with a combined capacity of 18.1 million tonnes per annum. The company operates some 3,500 retail sites, in Russia and abroad. LUKOIL's major investment projects relate to the development of the company's reserve base in the Caspian and in Timan-Pechora, potential acquisitions of downstream assets outside Russia, and the development of oil and the oil product transportation infrastructure in Russia itself to boost exports. Last year, LUKOIL launched a wide-ranging restructuring programme aimed at increasing the efficiency of its operations. LUKOIL reports quarterly US GAAP numbers, and its US GAAP financial accounts date back to 1998. LUKOIL has a Level 1 ADR, and a full LSE listing.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	13,426	15,088	16,890	13,798	14,922	-0.4%
EBITDA	3,698	3,763	4,554	3,117	4,397	5%
EBIT	2,812	2,882	3,618	2,116	3,327	5%
PBT	2,835	3,005	3,906	2,255	3,527	5%
PAT	2,109	2,048	2,662	1,537	2,404	5%
EPS	2.72	2.48	3.23	1.86	2.92	5%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0.51	0.62	0.68	0.75	0.83	10%
<b>Balance Sheet, USD mln</b>						
Current Assets	5,676	7,098	7,826	5,935	5,927	
Fixed Assets	12,296	13,495	14,851	16,230	17,391	
<b>Total Assets</b>	<b>19,942</b>	<b>21,746</b>	<b>24,240</b>	<b>23,915</b>	<b>25,412</b>	
Short-Term Liabilities	3,825	4,009	4,141	3,318	3,399	
Long-Term Liabilities	2,801	2,877	3,231	2,866	2,705	
Equity	12,385	13,874	15,810	16,632	18,144	
<b>Total Liabilities &amp; Equity</b>	<b>19,942</b>	<b>21,746</b>	<b>24,240</b>	<b>23,915</b>	<b>25,412</b>	
Net Debt	2,040	1,265	1,132	1,132	1,558	
Minority	931	986	1,058	1,099	1,164	
Associates	770	20	320	620	920	
Capital Employed	15,813	17,073	19,180	19,443	20,650	
NOPAT	1,828	2,190	2,750	1,608	2,529	5%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	2,751	2,617	3,186	2,903	3,193	7%
CFPS	3.55	3.47	4.21	2.97	3.98	5%
Investment Cashflow	(3,715)	(1,381)	(2,562)	(2,696)	(2,523)	-
Enterprise Value	16,466	16,496	16,135	15,876	16,067	-0.9%
WACC, %	11	11	11	11	11	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.23	1.09	0.96	1.15	1.08	EBITDA Margin	28%	25%	27%	23%	29%
EV/EBITDA	4.45	4.38	3.54	5.09	3.65	Operating Margin	21%	19%	21%	15%	22%
EV/CF	5.99	6.30	5.06	5.47	5.03	NET Margin	16%	14%	16%	11%	16%
EV/CapEmp	1.04	0.97	0.84	0.82	0.78	ROA	11%	10%	12%	6%	10%
ROCE/WACC	1.06	1.17	1.31	0.75	1.12	ROCE	12%	13%	14%	8%	12%
P/CE	4.76	4.87	3.96	5.62	4.11	ROE	18%	16%	18%	9%	14%
P/B	1.15	1.03	0.90	0.86	0.79						
P/E	6.76	6.96	5.36	9.28	5.93						
DYield Pref	-	-	-	-	-						
DYield Com	3%	4%	4%	4%	5%						

## Upcoming Events

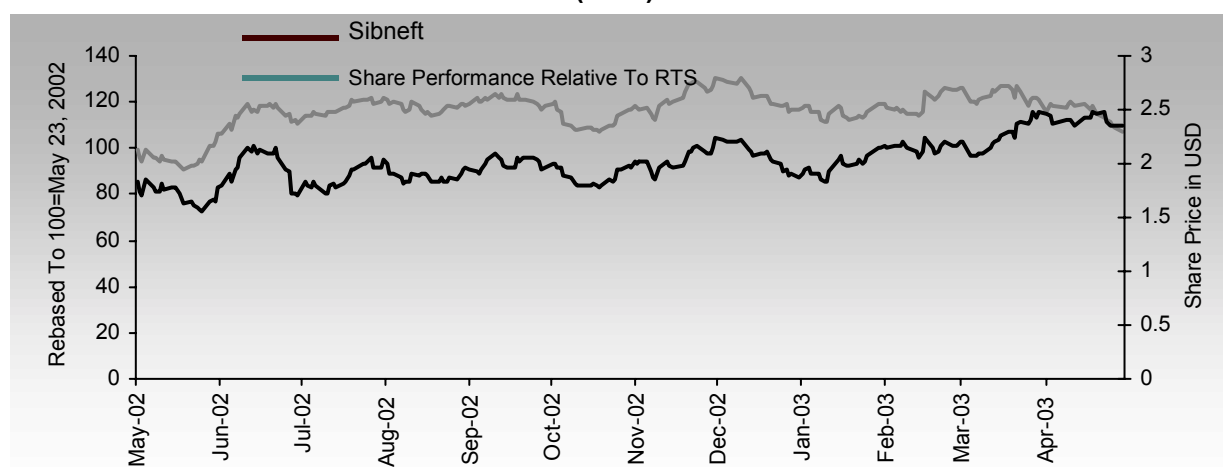
Date	Event
Jun-03	AGM
Jun-03	2002 US GAAP (last year reported on July 8)
Jul-03	Q1 2003 US GAAP (last year reported on July 24)
Nov-03	Q2 2003 US GAAP (last year reported on October 3)

## Profile &amp; Rating

Price Com USD:	2.36	Rating:	Hold
Price Pref USD:	-	Target Price USD:	2.75
Common Shares Outstanding, mln:	4,741	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	SIBN.RTS
Market Capitalisation, USD mln:	11,190	Bloomberg Ticker:	SIBN\$ RU Equity
EV, USD mln:	10,833	CUSIP:	906246
ADR/GDR Since:	1998	ISIN:	RU0009062467
ADR/GDR Per Common Share:	0.10	IAS/US GAAP Financials Since:	1996

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Millhouse Capital	92%	Chairman	Konstantin Potapov
Free Float	8%	CEO	Eugene Shvidler
		CFO	Tatiana Breeva

## Business Activity

Sibneft, stand alone, was Russia's fifth largest oil producer, and its fastest growing. Upon completion of the proposed YukosSibneft merger, it will become an integral part of its largest. Sibneft's major assets are Noyabrskneftegas, an oil-producing unit operating in Western Siberia, the Omsk refinery, and a network of gasoline stations (comprising 1,000 outlets, mainly in Omsk and the neighbouring regions). The company also owns a 37% stake in the Moscow refinery and, together with TNK, an almost 100% stake in Slavneft, which was privatised in December last year. This asset is expected to be divided up this summer. At year-end 2001, Sibneft's proved reserves stood at 4.899 billion boe. We expect that this will grow materially after the inclusion of Slavneft's upstream assets. Sibneft enjoys the youngest reserve base among Russian oil majors, which translates into above-average well flow rates and low water cut. Sibneft's Omsk refinery has a capacity of 19.5 million tonnes, which makes it the second-largest refinery domestically. Moreover, the Omsk refinery is the most technologically advanced in Russia, with a light product yield of 76.7% versus a Russian average of 60.2%. The 2001 acquisition of a stake in the Moscow refinery gave Sibneft access to the refined products markets of Central Russia. Sibneft outsources most of its field service needs to international companies, including Schlumberger and Halliburton. Sibneft's target, pre-merger, was to double crude oil production between 2001 and 2005. Under the proposed YukosSibneft merger terms, Sibneft's core shareholders will end up with 26% of the resulting group. Currently, Sibneft has a level 1 ADR. Sibneft reports semi-annually and has a seven-year history of audited US GAAP financial statements.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	3,576	4,925	6,271	5,563	6,388	9%
EBITDA	1,719	1,807	2,284	1,958	2,399	10%
EBIT	1,405	1,399	1,779	1,378	1,742	8%
PBT	1,439	1,310	2,188	1,435	1,844	12%
PAT	1,305	1,114	1,860	1,148	1,475	10%
EPS	0.28	0.23	0.39	0.24	0.31	10%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0.21	0.23	0.15	0.16	0.18	-8%
<b>Balance Sheet, USD mln</b>						
Current Assets	1,354	1,610	2,153	1,358	1,391	
Fixed Assets	3,423	4,078	4,787	5,141	5,565	
<b>Total Assets</b>	<b>5,713</b>	<b>6,938</b>	<b>7,795</b>	<b>7,593</b>	<b>8,315</b>	
Short-Term Liabilities	990	1,028	1,751	1,540	1,688	
Long-Term Liabilities	685	2,238	1,489	1,280	1,165	
Equity	4,037	3,672	4,556	4,772	5,462	
<b>Total Liabilities &amp; Equity</b>	<b>5,713</b>	<b>6,938</b>	<b>7,795</b>	<b>7,593</b>	<b>8,315</b>	
Net Debt	572	2,038	1,583	1,891	1,962	
Minority	1.68	0	0	0	0	
Associates	931	1,244	849	1,087	1,352	
Capital Employed	4,960	5,988	6,658	6,627	7,278	
NOPAT	913	1,063	1,352	1,047	1,324	8%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	1,446	1,459	2,201	1,710	1,914	9%
CFPS	0.34	0.31	0.46	0.32	0.40	8%
Investment Cashflow	(1,302)	(2,127)	(619)	(1,281)	(1,236)	-
Enterprise Value	10,833	11,984	11,924	11,994	11,800	-0.5%
WACC, %	11	11	11	11	11	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	3.03	2.43	1.90	2.16	1.85	EBITDA Margin	48%	37%	36%	35%	38%
EV/EBITDA	6.30	6.63	5.22	6.13	4.92	Operating Margin	39%	28%	28%	25%	27%
EV/CF	7.49	8.22	5.42	7.02	6.16	NET Margin	37%	23%	30%	21%	23%
EV/CapEmp	2.18	2.00	1.79	1.81	1.62	ROA	25%	18%	25%	15%	19%
ROCE/WACC	1.72	1.66	1.90	1.48	1.70	ROCE	18%	18%	20%	16%	18%
P/CE	6.91	7.35	4.73	6.47	5.25	ROE	36%	29%	45%	25%	29%
P/B	2.77	3.05	2.46	2.34	2.05						
P/E	8.57	10	6.02	9.75	7.58						
DYield Pref	-	-	-	-	-						
DYield Com	9%	10%	6%	7%	8%						

## Upcoming Events

Date	Event
Mid-Jun 2003	2002 US GAAP results release and presentation expected
Nov-03	H1 2003 US GAAP results release and presentation expected
By end-2003	Sibneft and TNK expected to agree on terms of division of Slavneft's assets
End-2003	YukosSibneft merger completion expected

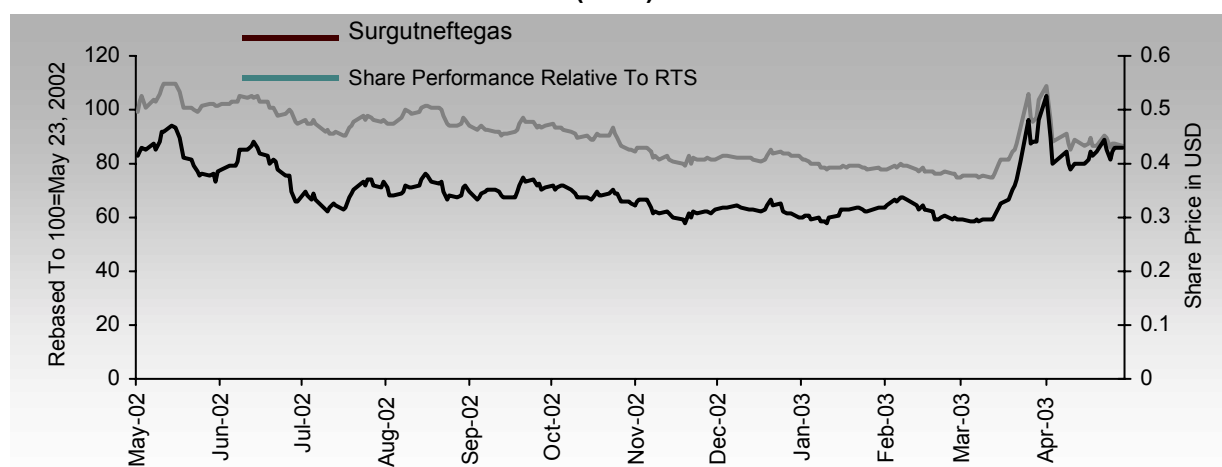


## Profile &amp; Rating

Price Com USD:	0.42	Rating:	Sell
Price Pref USD:	0.24	Target Price USD:	0.35
Common Shares Outstanding, mln:	19,119	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	6,729	Reuters RIC:	SNGS.RTS
Market Capitalisation, USD mln:	9,682	Bloomberg Ticker:	SNGS\$ RU Equity
EV, USD mln:	5,540	CUSIP:	892625
ADR/GDR Since:	1996	ISIN:	RU0008926258
ADR/GDR Per Common Share:	0.020	IAS/US GAAP Financials Since:	1999

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Pension Fund	14%	Chairman	Alexander Usoltsev
Invest-Zaschita	5%	CEO	Vladimir Bogdanov
Treasury Stock	47%	CFO	Vladislav Barankov
Free Float	35%		
Share Of Ords, Pre Hostile/Insider	0%		

## Business Activity

Surgutneftegas is a vertically integrated oil company and Russia's third largest in terms of crude output. The company carries out E&P operations primarily in the Surgut region of Western Siberia. The company owns the Kirishi refinery, with 17.3 million tonnes of capacity, located close to St. Petersburg, and a network of gasoline stations (comprising around 300 outlets in NorthWestern Russia). Surgutneftegas' proved reserves were some 8.610 billion boe at year-end 2001. Surgutneftegas invests heavily in upstream operations via drilling and deployment of secondary recovery techniques in order to boost the recovery rate of its reserve base. In 2002, Surgutneftegas produced 49.2 million tonnes of crude and 13.3 bcm of natural gas. It ranks first among oil companies in terms of gas output. The company's near-term target is to increase production to 65 million toe, and to become a major producer of natural gas once the government liberalises the domestic gas industry. In the downstream business, Surgutneftegas is undertaking a USD1.2 billion revamp of the Kirishi refinery, which should increase the depth of refining from roughly 50% in 2001 to 82% in 2008. The company is looking at downstream acquisition opportunities and upstream expansion into new regions. The company is very cash rich and holds a substantial treasury stock position as currency for future acquisitions. In May 2002, Surgutneftegas announced a programme to improve its corporate governance and disclosure, although this has faltered. More recently, indications of hostile stake-building were met with intense insider buying, severely reducing the size of the free float. US GAAP audited financial statements for 1999-2001 have now been published, but there is no assurance that these will continue to be published. The company has a level 1 ADR.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	5,232	6,127	7,305	7,062	7,825	8%
EBITDA	2,571	2,299	2,752	2,326	2,977	9%
EBIT	2,061	1,688	2,006	1,425	1,986	6%
PBT	2,215	1,836	2,121	1,546	2,132	5%
PAT	1,612	1,469	1,697	1,237	1,706	5%
EPS	0.062	0.057	0.066	0.048	0.066	5%
Preferred Dividend, per share	0.0034	0.0031	0.0040	0.0051	0.0059	24%
Common Dividend, per share	0.0011	0.0010	0.0024	0.0038	0.0059	79%
<b>Balance Sheet, USD mln</b>						
Current Assets	5,236	5,703	6,089	5,538	5,930	
Fixed Assets	3,208	3,681	4,329	5,112	5,652	
<b>Total Assets</b>	<b>11,897</b>	<b>13,423</b>	<b>15,197</b>	<b>16,317</b>	<b>17,976</b>	
Short-Term Liabilities	747	887	1,058	1,023	1,133	
Long-Term Liabilities	431	502	590	697	810	
Equity	10,713	12,028	13,543	14,591	16,027	
<b>Total Liabilities &amp; Equity</b>	<b>11,897</b>	<b>13,423</b>	<b>15,197</b>	<b>16,317</b>	<b>17,976</b>	
Net Debt	(4,148)	(4,499)	(4,654)	(4,150)	(4,393)	
Minority	6.00	6.00	6.00	6.00	6.00	
Associates	0	0	0	0	0	
Capital Employed	10,723	12,028	13,543	14,591	16,027	
NOPAT	1,340	1,283	1,524	1,083	1,509	6%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	2,161	2,221	2,532	2,384	2,790	8%
CFPS	0.095	0.093	0.11	0.098	0.12	8%
Investment Cashflow	(1,756)	(2,002)	(2,508)	(2,970)	(2,588)	-
Enterprise Value	5,540	5,190	5,035	5,538	5,295	0.7%
WACC, %	11	11	11	11	11	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.06	0.85	0.69	0.78	0.68	EBITDA Margin	49%	38%	38%	33%	38%
EV/EBITDA	2.15	2.26	1.83	2.38	1.78	Operating Margin	39%	28%	27%	20%	25%
EV/CF	2.56	2.34	1.99	2.32	1.90	NET Margin	31%	24%	23%	18%	22%
EV/CapEmp	0.52	0.43	0.37	0.38	0.33	ROA	14%	12%	12%	8%	10%
ROCE/WACC	1.09	0.93	0.98	0.65	0.82	ROCE	12%	11%	11%	7%	9%
P/CE	4.56	4.66	3.96	4.53	3.59	ROE	16%	13%	13%	9%	11%
P/B	0.90	0.81	0.71	0.66	0.60						
P/E	6.01	6.59	5.71	7.83	5.68						
DYield Pref	1%	1%	2%	2%	2%						
DYield Com	0.3%	0.2%	0.6%	0.9%	1%						

## Upcoming Events

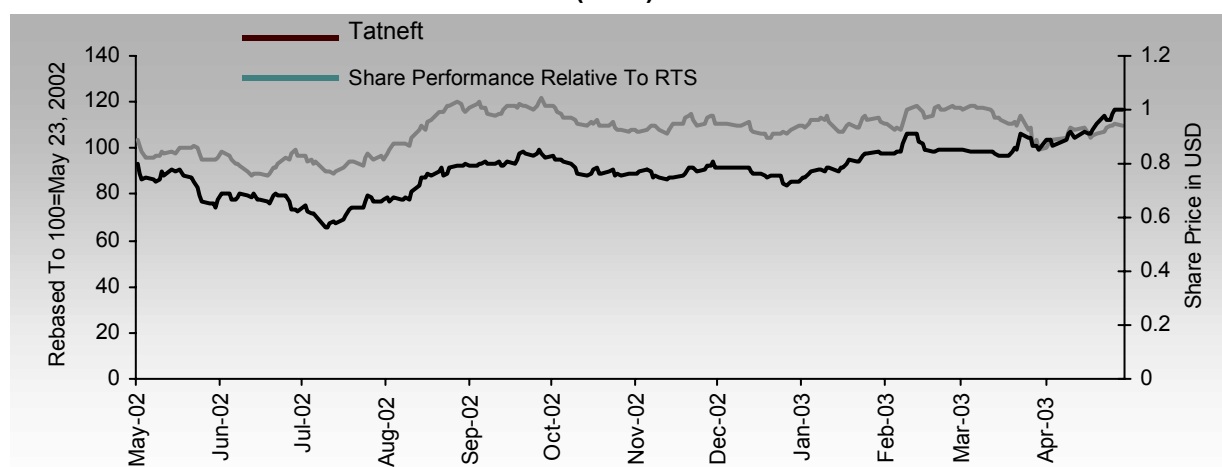
Date	Event
By end-2003	2002 US GAAP (last year reported on November 20)
Late May 2003	Q1 2003 RAS results (last year reported on May 20)
Aug-03	Q2 2003 RAS results (last year reported on Aug 22)
Nov-03	Q3 2003 RAS results (last year reported on Nov 25)

## Profile &amp; Rating

Price Com USD:	1.05	Rating:	Sell
Price Pref USD:	0.52	Target Price USD:	0.59
Common Shares Outstanding, mln:	2,003	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	148	Reuters RIC:	TATN.RTS
Market Capitalisation, USD mln:	2,179	Bloomberg Ticker:	TATN\$ RU Equity
EV, USD mln:	3,043	CUSIP:	903359
ADR/GDR Since:	1996	ISIN:	RU0009033591
ADR/GDR Per Common Share:	0.050	IAS/US GAAP Financials Since:	1996

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Republic Of Tatarstan	31%	Chairman	Rustam Minnikhanov
Employees	7%	CEO	Shafagat Takhautdinov
ADRs	18%	CFO	Vladimir Lavushchenko
Local Shares	43%		
Estimated Free Float	61%		

## Business Activity

Tatneft is the sixth largest oil producer in Russia, operating in the Tatarstan Republic. It is primarily an upstream company. Tatneft is also taking steps to diversify downstream through acquisitions of petrochemical enterprises and construction of its own refinery in Nizhnekamsk. As of December 2001, Tatneft had a reserve base of 5.455 billion boe. These reserves are very mature and have been producing for more than four decades. The depletion ratio of company's reserve base is above 80%, which translates into high water cut and low well flow rates. Around 40% of Tatneft's output is high sulphur content oil, which has lower quality characteristics, compared to Urals blend, and can be refined in very few CIS refineries. Tatneft owns a 63% stake in the Nizhnekamsk refinery, which is a holding company engaged in the upgrade of a 7 million tonne capacity distillation unit obtained from Nizhnekamskneftekhim, a Tatarstan petrochemical company. In 2002, the unit processed around 5.1 million tonnes of crude, with a marginal light product yield of around 27%. In 2000-2001, Tatneft acquired a 35% stake in Nizhnekamskshina, which is the largest tyre manufacturer in Russia, a 76% stake in the Yefremovsky Synthetic Rubber Plant, and a controlling stake in the Minibaevsky Gas Processing Plant. Tatneft's major challenge is diversification of its reserve base outside its home region and the completion of construction at its refinery. Tatneft is the only Russian oil company that is listed on the NYSE. The company has a Level 2 ADR and provides full disclosure under US SEC rules. Tatneft's accounts have been US GAAP audited since 1996 and the company reports semi-annually. The Tatarstan government, which is a major shareholder, enjoys a high degree of control over Tatneft's operations.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	4,341	4,419	5,051	4,174	4,383	-0.3%
EBITDA	817	801	806	362	577	-10%
EBIT	654	611	571	85	282	-23%
PBT	696	524	493	(82)	(20)	-
PAT	680	350	306	(88)	(38)	-
EPS	30	16	14	(4.08)	(1.77)	-
Preferred Dividend, per share	0.034	0.032	0.035	0.038	0.037	5%
Common Dividend, per share	0.0034	0.0032	0.0035	0.0038	0.0037	5%
<b>Balance Sheet, USD mln</b>						
Current Assets	2,165	2,966	3,721	2,695	2,831	
Fixed Assets	4,399	5,111	6,174	6,956	7,079	
<b>Total Assets</b>	<b>6,816</b>	<b>8,275</b>	<b>10,107</b>	<b>9,868</b>	<b>10,114</b>	
Short-Term Liabilities	1,989	2,024	2,320	2,023	2,105	
Long-Term Liabilities	858	974	1,026	1,022	914	
Equity	3,811	5,072	6,490	6,535	6,814	
<b>Total Liabilities &amp; Equity</b>	<b>6,816</b>	<b>8,275</b>	<b>10,107</b>	<b>9,868</b>	<b>10,114</b>	
Net Debt	832	94	(402)	19	(171)	
Minority	158	206	271	288	281	
Associates	127	135	155	168	164	
Capital Employed	4,895	6,330	7,966	7,550	7,281	
NOPAT	425	465	434	64	214	-23%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	550	820	746	683	676	-6%
CFPS	0.29	0.32	0.31	0.17	0.27	-5%
Investment Cashflow	(685)	(548)	(560)	(553)	(536)	-
Enterprise Value	3,043	2,344	1,894	2,318	2,125	-3%
WACC, %	11	11	11	11	11	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.70	0.53	0.37	0.56	0.48	EBITDA Margin	19%	18%	16%	9%	13%
EV/EBITDA	3.72	2.93	2.35	6.40	3.68	Operating Margin	15%	14%	11%	2%	6%
EV/CF	5.53	2.86	2.54	3.39	3.14	NET Margin	16%	8%	6%	-2%	-0.9%
EV/CapEmp	0.62	0.37	0.24	0.31	0.29	ROA	11%	5%	3%	-0.9%	-0.4%
ROCE/WACC	0.76	0.64	0.47	0.074	0.26	ROCE	9%	7%	5%	0.9%	3%
P/CE	2.59	4.04	4.03	11	8.49	ROE	21%	8%	5%	-1%	-0.6%
P/B	0.57	0.43	0.34	0.33	0.32						
P/E	3.21	6.23	7.13	(25)	(57)						
DYield Pref	7%	6%	7%	7%	7%						
DYield Com	0.3%	0.3%	0.3%	0.4%	0.4%						

## Upcoming Events

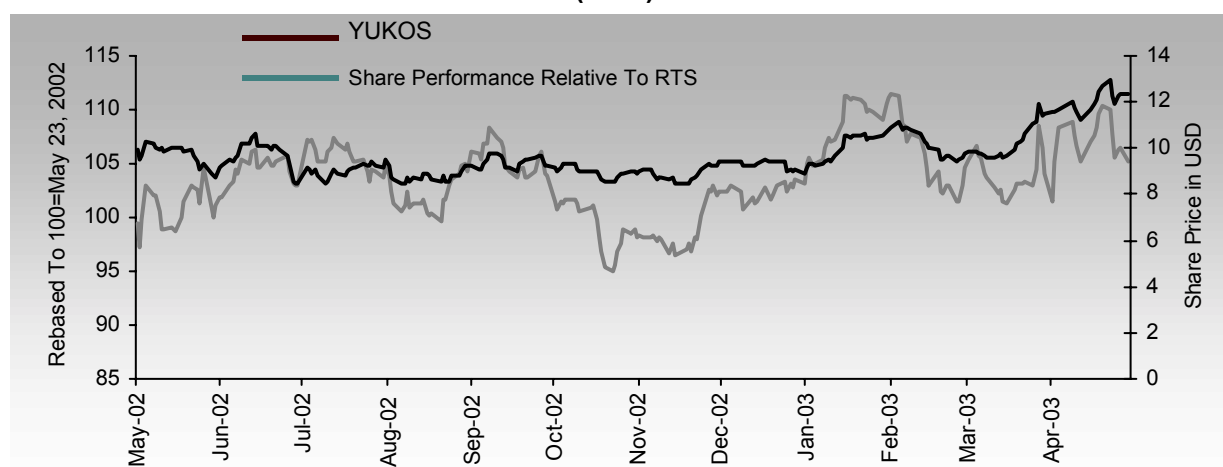
Date	Event
Jul-03	AGM
June 1-27, 2003	2002 US GAAP results to be released
Oct-03	Tatneft to participate in the privatisation of Ukraine's Ukratnafta
Nov-03	H1 2003 US GAAP (last year reported on Nov 5)

### Profile & Rating

Price Com USD:	12	Rating:	Hold
Price Pref USD:	-	Target Price USD:	13
Common Shares Outstanding, mln:	2,156	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	YUKO.RTS
Market Capitalisation, USD mln:	25,915	Bloomberg Ticker:	YUKO\$ RU Equity
EV, USD mln:	22,564	CUSIP:	905444
ADR/GDR Since:	2001	ISIN:	RU0009054449
ADR/GDR Per Common Share:	0.067	IAS/US GAAP Financials Since:	1996

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Core Shareholders	61%	Chairman	Sergei Muravlenko
Veteran Petroleum Trust	10%	CEO	Mikhail Khodorkovsky
Convertible Bonds	3%	CFO	Bruce Misamore
Treasury Stock	4%		
Free Float	23%		

### Business Activity

YUKOS, stand alone, was Russia's second largest oil producer in terms of crude output last year, and held the second highest level of reserves. The proposed YukosSibneft merger will make it the largest producer and place it marginally second in terms of reserves. Structurally, the company consists of an E&P arm (comprising four production divisions located in Western Siberia, the Volga-Urals region, and Eastern Siberia), and an R&M arm, which manages five refineries in Russia, and a network of gasoline stations (comprising around 1,200 retail outlets). YUKOS also controls Mazeikiu Nafta in Lithuania. As of year-end 2001, YUKOS' reserves were 13.329 billion boe (to SPE standards). Crude output in 2002 rose by 20.5% to 70 million tonnes, the second highest organic growth rate among peers. YUKOS is planning an 18.6% production increase in 2003. The company has a long-term production goal of 130 million tonnes of oil, plus 15 bcm of natural gas, from ongoing well flow rate enhancements and tapping undeveloped reserves. YUKOS has been a vociferous sponsor of new crude export capacity, including the construction of a USD1.7 billion oil pipeline to China, which will open new markets for the company's crude. YUKOS remains the leader among Russian oil majors in terms of corporate governance and disclosure. The company reports under US GAAP on a quarterly basis, and has audited US GAAP financials dating back to 1996. It has a level 1 ADR and plans to upgrade the programme, although this might have to await YukosSibneft closure.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	9,461	11,373	15,375	13,134	14,597	9%
EBITDA	3,904	3,942	4,752	3,098	4,212	2%
EBIT	3,634	3,483	4,124	2,361	3,355	-1%
PBT	3,866	3,810	4,663	2,347	3,358	-4%
PAT	3,156	3,058	3,617	1,852	2,616	-5%
EPS	1.47	1.42	1.68	0.86	1.21	-5%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0.24	0.33	2.69	0.34	0.49	14%
<b>Balance Sheet, USD mln</b>						
Current Assets	5,910	7,232	4,523	3,846	4,895	
Fixed Assets	3,763	6,116	7,250	8,784	9,631	
<b>Total Assets</b>	<b>10,498</b>	<b>14,394</b>	<b>13,121</b>	<b>13,861</b>	<b>15,882</b>	
Short-Term Liabilities	1,351	1,704	2,259	1,858	2,111	
Long-Term Liabilities	906	1,819	1,772	1,899	1,783	
Equity	8,059	10,555	8,774	9,788	11,672	
<b>Total Liabilities &amp; Equity</b>	<b>10,498</b>	<b>14,394</b>	<b>13,121</b>	<b>13,861</b>	<b>15,882</b>	
Net Debt	(3,329)	(3,496)	341	462	(170)	
Minority	182	316	316	316	316	
Associates	204	446	461	506	536	
Capital Employed	8,175	11,054	9,293	10,416	12,289	
NOPAT	2,362	2,647	3,134	1,794	2,550	-1%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	3,232	3,419	3,498	3,146	3,394	-0.2%
CFPS	1.77	1.88	2.01	1.27	1.69	-4%
Investment Cashflow	(1,076)	(3,053)	(1,791)	(2,489)	(1,841)	-
Enterprise Value	22,564	22,289	26,110	26,188	25,525	5%
WACC, %	11	11	11	11	11	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	2.38	1.96	1.70	1.99	1.75	EBITDA Margin	41%	35%	31%	24%	29%
EV/EBITDA	5.78	5.65	5.49	8.45	6.06	Operating Margin	38%	31%	27%	18%	23%
EV/CF	6.98	6.52	7.46	8.32	7.52	NET Margin	33%	27%	24%	14%	18%
EV/CapEmp	2.76	2.02	2.81	2.51	2.08	ROA	33%	25%	26%	14%	18%
ROCE/WACC	2.65	2.20	3.10	1.58	1.91	ROCE	29%	24%	34%	17%	21%
P/CE	7.56	7.37	6.10	10	7.46	ROE	48%	33%	37%	20%	24%
P/B	3.22	2.46	2.95	2.65	2.22						
P/E	8.21	8.47	7.16	14	9.91						
DYield Pref	-	-	-	-	-						
DYield Com	2%	3%	22%	3%	4%						

## Upcoming Events

Date	Event
Late May 2003	2002 US GAAP results expected
Jun-03	Russian government plans to sell the remaining 0.073% stake in YUKOS by June 10
Jun-03	AGM
Jul-03	Q1 2003 US GAAP (last year reported Sep 25)
Oct-03	Q2 2003 US GAAP (last year reported Oct 24)
Nov-03	Trips to YUKOS' production facilities planned
End-2003	YukosSibneft merger completion expected





# Telecoms

VimpelCom  
Golden Telecom  
MGTS  
MTS  
Rostelecom  
UralSvyzinform  
Center Telecom  
North West Telecom  
Far East Telecom  
Siberia Telecom  
South Telecom  
Volga Telecom



## Sector Views

### Bull Points

- Strong subscriber growth and solid financials of mobile operators
- New "Law on Communications" may bring positive as well as negative surprises but adds more clarity
- Integration and corporate restructuring of regional operators
- Tariff reform in fixed line sector

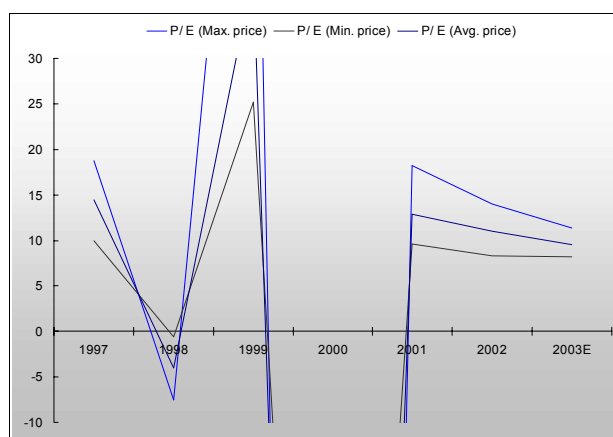
### Bear Points

- Lower LD tariffs and regulation may hurt the CLEC business
- New interconnection rules (if implemented) are likely to cause a significant decrease in profitability of fixed line operators
- Growing capex & debt leads to a longer period of negative FCF
- Low level liquidity and management at regional operators

### Rating Of Stocks In The Sector

	Last Price	Rating	Target Price	Up/Down Side
Golden Telecom	20	Hold	17	-17%
MGTS	7.25	Buy	8.50	17%
MTS	51	Hold	52	1%
Rostelecom	1.80	Sell	0.90	-50%
VimpelCom	43	Buy	50	16%
UralSvyzinform	0.021	Hold	0.019	-10%
Center Telecom	0.29	Sell	0.20	-30%
North West Teleco	0.37	Hold	0.35	-4%
Far East Telecom	0.70	Sell	0.55	-22%
Siberia Telecom	0.030	Hold	0.030	2%
South Telecom	0.087	Hold	0.085	-2%
Volga Telecom	1.86	Buy	1.85	-0.5%

### Sector PEs



## Sector Picks

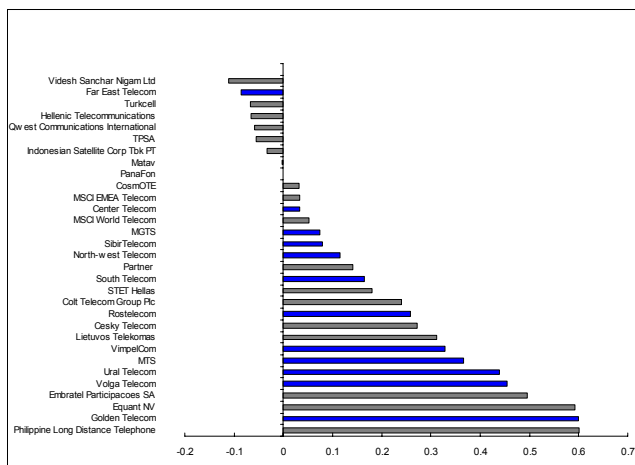
### Favourite

VIP  
Volga Telecom

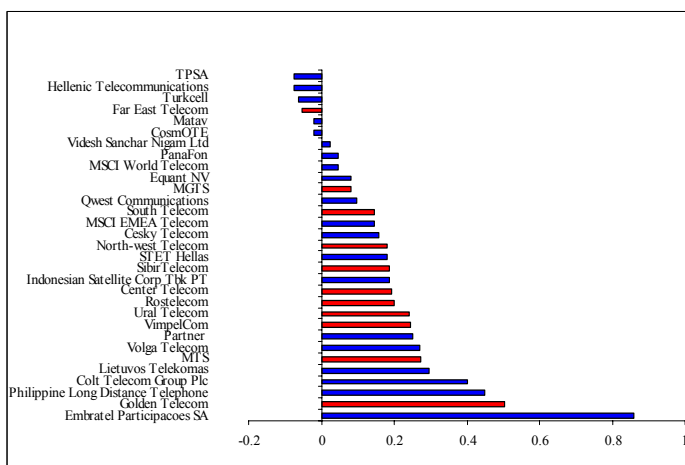
### Least Favourite

Far East Telecom  
Rostelecom

### YTD Sector Performance



### 3 Month Sector Performance

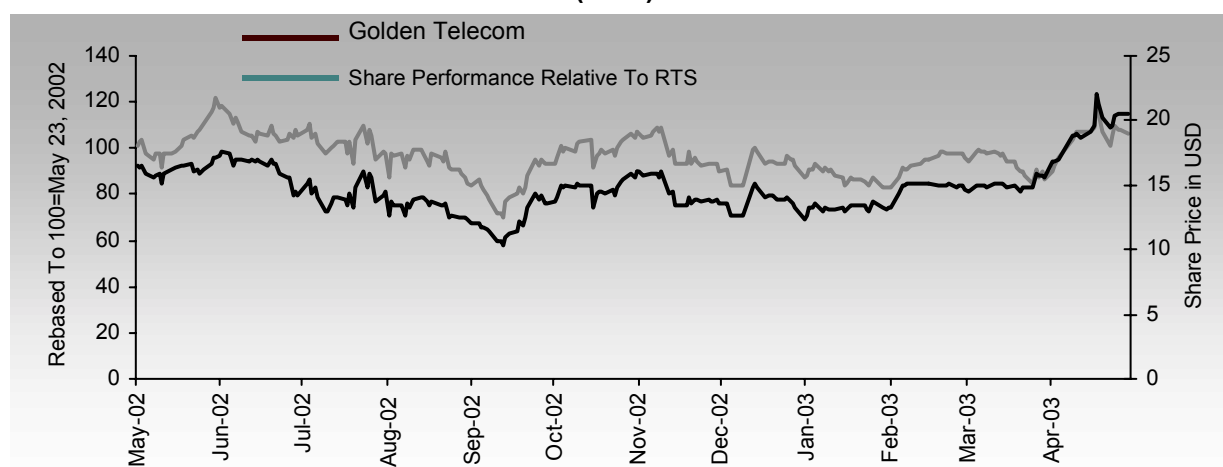


## Profile &amp; Rating

Price Com USD:	20	Rating:	Hold
Price Pref USD:	-	Target Price USD:	17
Common Shares Outstanding, mln:	27	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	-	Reuters RIC:	GLDN.OQ
Market Capitalisation, USD mln:	550	Bloomberg Ticker:	GLDN US Equity
EV, USD mln:	509	CUSIP:	na
ADR/GDR Since:	1999	ISIN:	US38122G1076
ADR/GDR Per Common Share:	1.00	IAS/US GAAP Financials Since:	1999

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Alfa - Group	40%	CEO	Alexander Vinogradov
EBRD	11%	CFO	David Stewart
Baring- Vostok	10%	Investor Relations	Tom Adshead
Capital International	8%		
Rostelecom	15%		
Free Float	16%		

## Business Activity

Golden Telecom, a US-based company, is an alternative provider of integrated telecom services in large cities, primarily in Russia, although it also operates in Ukraine, Kazakhstan, and other CIS countries. It operates in four different segments of the market: local access services; data and Internet access services; international long distance services; and mobile services. The company derived, respectively, 47%, 36%, 9%, and 8% of its total revenues from these segments. Golden Telecom's focus is no longer on mobile services. The data and Internet access services segment is the fastest growing of these sectors. The company's main focus is provision of data and Internet, and bundled value-added telecom services for businesses.

The consolidation of Moscow alternative operator Sovintel provides Golden Telecom with a lead position in the alternative network providers' Moscow market, and nearly doubles its revenue and EBITDA. However, the organic growth of the company (ex. Sovintel) resulted in relatively modest revenue growth of 13% for 2002 and is likely to be even lower thereafter.

Golden Telecom is one of the few alternative carriers in the world that is not only profitable but has virtually no debt, and is expected to be free cash flow positive in 2003. The main investor concern is a low free float and viability of growth.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	140	199	325	364	400	26%
EBITDA	27	61	109	122	133	30%
EBIT	(45)	31	66	71	77	35%
PBT	(37)	33	67	76	85	36%
PAT	(39)	30	54	60	67	31%
EPS	(1.65)	1.24	2.01	2.23	2.51	27%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0	0	0	0	0	-
<b>Balance Sheet, USD mln</b>						
Current Assets	47	36	59	66	72	
Fixed Assets	216	238	257	272	287	
<b>Total Assets</b>	<b>300</b>	<b>359</b>	<b>460</b>	<b>495</b>	<b>573</b>	
Short-Term Liabilities	39	55	86	97	107	
Long-Term Liabilities	-	-	-	-	-	
Equity	221	251	304	363	431	
<b>Total Liabilities &amp; Equity</b>	<b>300</b>	<b>359</b>	<b>460</b>	<b>495</b>	<b>573</b>	
Net Debt	(17)	(51)	(94)	(143)	(199)	
Minority	5.97	5.02	5.64	6.31	7.04	
Associates	0	(5.00)	0	0	0	
Capital Employed	210	205	215	227	238	
NOPAT	(45)	27	53	57	61	31%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	26	57	96	107	116	27%
CFPS	1.08	2.36	3.57	3.98	4.34	23%
Investment Cashflow	13	52	62	66	72	11%
Enterprise Value	539	509	461	413	357	-11%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	3.85	2.56	1.42	1.13	0.89	EBITDA Margin	20%	31%	34%	33%	33%
EV/EBITDA	20	8.28	4.23	3.38	2.68	Operating Margin	-32%	16%	20%	19%	19%
EV/CF	21	8.95	4.82	3.86	3.07	NET Margin	-28%	15%	17%	16%	17%
EV/CapEmp	2.57	2.49	2.14	1.82	1.50	ROA	-12%	9%	13%	13%	13%
ROCE/WACC	(1.35)	0.83	1.54	1.56	1.61	ROCE	-22%	13%	25%	25%	26%
P/CE	16	9.19	5.68	4.95	4.43	ROE	-15%	13%	19%	18%	17%
P/B	2.49	2.19	1.81	1.51	1.28						
P/E	(14)	18	10	9.18	8.18						
DYield Pref	-	-	-	-	-						
DYield Com	0.0%	0.0%	0.0%	0.0%	0.0%						

## Upcoming Events

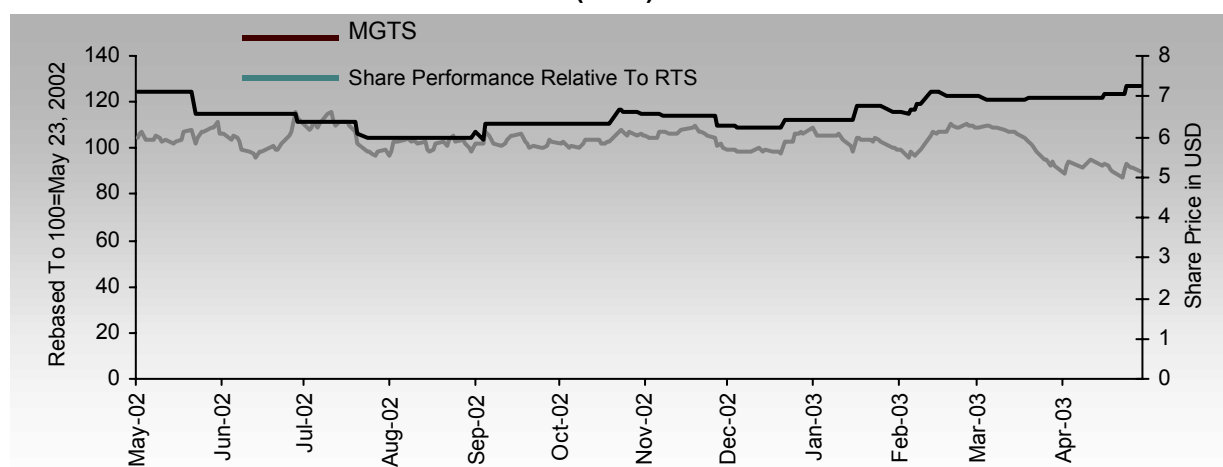
Date	Event
July	2Q 2003 Results
End of 2003	New "Law On Communications" (third reading)
Through 2003	Possible acquisition of another Altnet

### Profile & Rating

Price Com USD:	7.25	Rating:	Buy
Price Pref USD:	4.60	Target Price USD:	8.50
Common Shares Outstanding, mln:	80	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	16	Reuters RIC:	MGTS.RTS
Market Capitalisation, USD mln:	652	Bloomberg Ticker:	MGTS\$ RU Equity
EV, USD mln:	1,134	CUSIP:	na
ADR/GDR Since:	1999	ISIN:	RU0009036461
ADR/GDR Per Common Share:	1.00	IAS/US GAAP Financials Since:	1998

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Sistema	56%	CEO	Vladimir Lagutin
Svyazinvest	28%	CFO	Victor Chervonny
Free Float	16%	Investor Relations	Vladimir Kostrov

### Business Activity

MGTS is the second largest fixed-line telecom operator in Russia, in terms of access lines and generated revenue. It has over four million customers, accounting for about 15% of the total number of fixed lines in Russia. MGTS' subscribers generate around 30% of Russia's domestic long distance traffic, and around 26% of international traffic (including the CIS). However, MGTS does not derive from these sources nearly as much revenue as it deserves, due to the current revenue sharing agreement with Rostelecom, according to which the latter retains 88% of the bill (under the new agreement, MGTS will retain 30% of total revenues from traffic incremental to 2002 traffic levels).

Unlike most regional telcos, MGTS' controlling stake is not held by Svyazinvest. The majority shareholder (56%) in MGTS is Moscow Financial Corporation Sistema. As a result, MGTS was not included in the cross-regional consolidation process in Russia, and remains a stand alone incumbent operator in the country's most lucrative market. MGTS' management, and representatives of Sistema, have announced several times that MGTS shares (ADR Level 2 or 3) will be listed on the NYSE, or European exchanges, if the agreement with Svyazinvest is reached.

MGTS has stakes in a number of alternative carriers and thus directly, or in co-operation with the latter, offers a number of value added services, including digital subscriber lines (DSL). The MGTS network is one of the most outdated in Russia, with only a 14% digitisation level. Currently Sistema is in the process of consolidating a number of alternative operators, some of which it owns jointly with MGTS. After consolidation is completed MGTS may consolidate the financials of the united operator in its financial statements under US GAAP.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	388	456	505	572	648	12%
EBITDA	187	213	236	268	313	14%
EBIT	123	140	147	163	191	11%
PBT	101	111	108	119	138	8%
PAT	55	64	62	68	78	7%
EPS	0.67	0.72	0.70	0.76	0.88	7%
Preferred Dividend, per share	0.073	0.22	0.22	0.24	0.28	7%
Common Dividend, per share	0.022	0.022	0.022	0.022	0.022	0.0%
<b>Balance Sheet, USD mln</b>						
Current Assets	110	113	192	302	504	
Fixed Assets	976	1,012	1,082	1,130	1,154	
<b>Total Assets</b>	<b>1,086</b>	<b>1,124</b>	<b>1,275</b>	<b>1,432</b>	<b>1,659</b>	
Short-Term Liabilities	150	211	133	141	130	
Long-Term Liabilities	278	178	331	399	540	
Equity	602	659	715	775	846	
<b>Total Liabilities &amp; Equity</b>	<b>1,086</b>	<b>1,124</b>	<b>1,275</b>	<b>1,432</b>	<b>1,659</b>	
Net Debt	196	149	146	123	60	
Minority	286	224	247	236	219	
Associates	-	-	-	-	-	
Capital Employed	781	760	907	959	1,004	
NOPAT	73	99	104	116	135	11%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	116	152	147	174	206	11%
CFPS	1.45	1.91	1.85	2.18	2.59	11%
Investment Cashflow	97	108	159	152	147	11%
Enterprise Value	1,134	1,026	1,045	1,011	931	-3%
WACC, %	19	19	19	19	19	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	2.92	2.25	2.07	1.77	1.43	EBITDA Margin	48%	47%	47%	47%	48%
EV/EBITDA	6.05	4.82	4.43	3.77	2.97	Operating Margin	32%	31%	29%	29%	29%
EV/CF	9.80	6.73	7.09	5.82	4.51	NET Margin	14%	14%	12%	12%	12%
EV/CapEmp	1.45	1.35	1.15	1.06	0.93	ROA	5%	6%	5%	5%	5%
ROCE/WACC	0.50	0.70	0.62	0.65	0.73	ROCE	9%	13%	12%	12%	13%
P/CE	5.48	4.78	4.34	3.78	3.25	ROE	10%	10%	9%	9%	10%
P/B	1.08	0.99	0.91	0.84	0.77						
P/E	12	10	11	9.64	8.31						
DYield Pref	2%	5%	5%	5%	6%						
DYield Com	0.3%	0.3%	0.3%	0.3%	0.3%						

## Upcoming Events

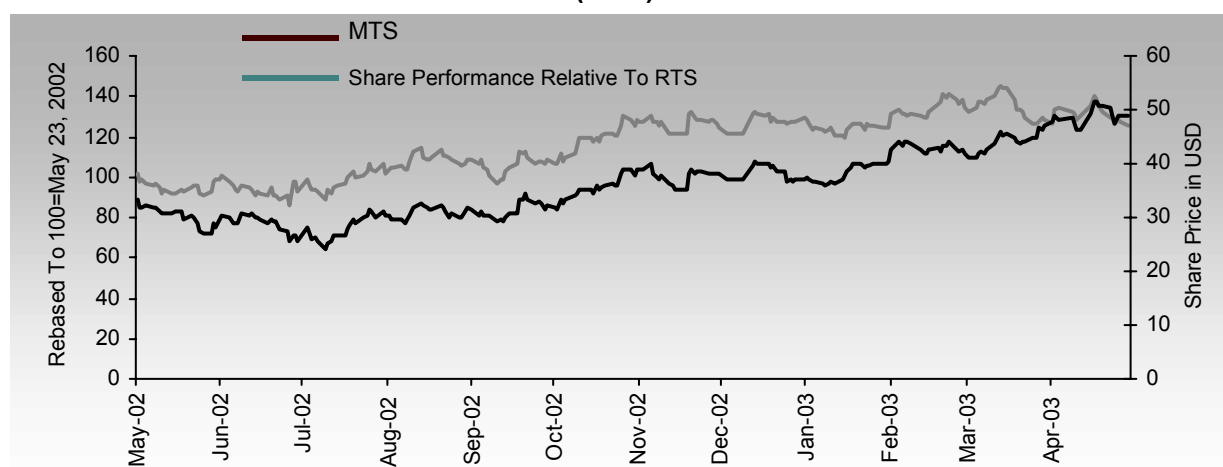
Date	Event
June	FY 2002 US GAAP results
End of 2003	Consolidation of Sistema's altnets to be completed
4Q 2003	Decision on ADR's listing
End of 2003	New "Law On Communications" (third reading)

### Profile & Rating

Price Com USD:	51	Rating:	Hold
Price Pref USD:	-	Target Price USD:	52
Common Shares Outstanding, mln:	99	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	-	Reuters RIC:	MBT.N
Market Capitalisation, USD mln:	5,088	Bloomberg Ticker:	MBT US Equity
EV, USD mln:	5,830	CUSIP:	US6074091090
ADR/GDR Since:	2000	ISIN:	607409109
ADR/GDR Per Common Share:	0.050	IAS/US GAAP Financials Since:	1998

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Sistema	52%	CEO	Mikhail Smirnov
Deutsche Telecom	25%	CFO	Wim van Bommel
Free Float	23%	Investor Relations	Andrey Braginski

### Business Activity

MTS is the largest provider of cellular communications in Eastern Europe. It has GSM 900/1800 licences to provide mobile cellular telephony services in 58 regions of Russia, covering 110 million people (or 76% of the population). MTS operates in the Central region (including Moscow, and the Moscow region), the NorthWest (including St. Petersburg), and the South, Volga, Urals, Siberia, and Far-East macro-regions. The company has a 49% stake in a Belarus cellular company that commenced operations in 3Q02 and currently contributes 150,000 subscribers to MTS' subscriber base. MTS also acquired 57% in the Ukrainian cellular operator UMC, which has 1.86 million subscribers, and has an option to increase its stake in the company to 100% before the end of 2003 (a 26% stake will be purchased from Ukrtelecom before mid-June, according to the company). As the company needs additional funds to complete the deal it may decide to issue its rouble bonds approximately at the same time.

According to estimates made by the independent agency AC&M, in April 2002 MTS had 10.2 million subscribers, of which 3.8 million were in Moscow. MTS' share of net additions in Russia increased to 54% in April 2003 – up from 34% at the end of 2002. MTS is one of the most profitable mobile operators in the world, achieving a 52% EBITDA margin and a 20% net margin in 2002.

The company's activity in 2003 is likely to be focused on increasing its presence in the regions via greenfields and acquisitions, rolling-out its GPRS product, and on integrating existing operations. During 2003 MTS share price showed a stellar performance increasing by 37% while the valuation multiples still seem attractive. In April 2003 Deutsche Telecom sold 10% stake in MTS to Sistema and 5% stake to the open market. The demand for the shares was strong and the placement was twice oversubscribed. As a result Sistema currently holds 52% in MTS while Deutsche Telecom has a blocking stake and free float increased to 23%.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	893	1,361	2,196	2,603	2,751	26%
EBITDA	457	673	1,028	1,212	1,286	24%
EBIT	324	464	669	783	812	21%
PBT	311	426	568	676	750	21%
PAT	206	276	329	431	499	22%
EPS	2.07	2.78	3.32	4.34	5.03	22%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0.31	1.10	1.01	1.01	1.01	-3%
<b>Balance Sheet, USD mln</b>						
Current Assets	483	358	260	11	422	
Fixed Assets	1,244	1,925	2,943	3,212	3,239	
<b>Total Assets</b>	<b>1,727</b>	<b>2,283</b>	<b>3,203</b>	<b>3,224</b>	<b>3,661</b>	
Short-Term Liabilities	309	424	419	417	440	
Long-Term Liabilities	401	557	1,016	726	761	
Equity	1,018	1,302	1,768	2,081	2,461	
<b>Total Liabilities &amp; Equity</b>	<b>1,727</b>	<b>2,283</b>	<b>3,203</b>	<b>3,224</b>	<b>3,661</b>	
Net Debt	81	427	1,032	1,003	618	
Minority	305	334	337	386	443	
Associates	20	20	23	26	30	
Capital Employed	1,114	1,795	2,930	3,264	3,295	
NOPAT	228	352	537	634	655	23%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	360	563	865	1,016	1,070	24%
CFPS	3.61	5.68	8.72	10	11	24%
Investment Cashflow	442	698	1,055	738	533	-9%
Enterprise Value	5,455	5,830	6,434	6,451	6,119	2%
WACC, %	15	15	13	13	13	-4%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	6.11	4.29	2.93	2.48	2.22	EBITDA Margin	51%	49%	47%	47%	47%
EV/EBITDA	12	8.66	6.26	5.32	4.76	Operating Margin	36%	34%	30%	30%	30%
EV/CF	15	10	7.44	6.35	5.72	NET Margin	23%	20%	15%	17%	18%
EV/CapEmp	4.90	3.25	2.20	1.98	1.86	ROA	15%	14%	12%	13%	14%
ROCE/WACC	1.41	1.35	1.44	1.53	1.57	ROCE	20%	20%	18%	19%	20%
P/CE	15	10	7.40	5.92	5.23	ROE	23%	24%	21%	22%	22%
P/B	5.00	3.91	2.88	2.45	2.07						
P/E	25	18	15	12	10						
DYield Pref	-	-	-	-	-						
DYield Com	0.0%	2%	2%	2%	2%						

## Upcoming Events

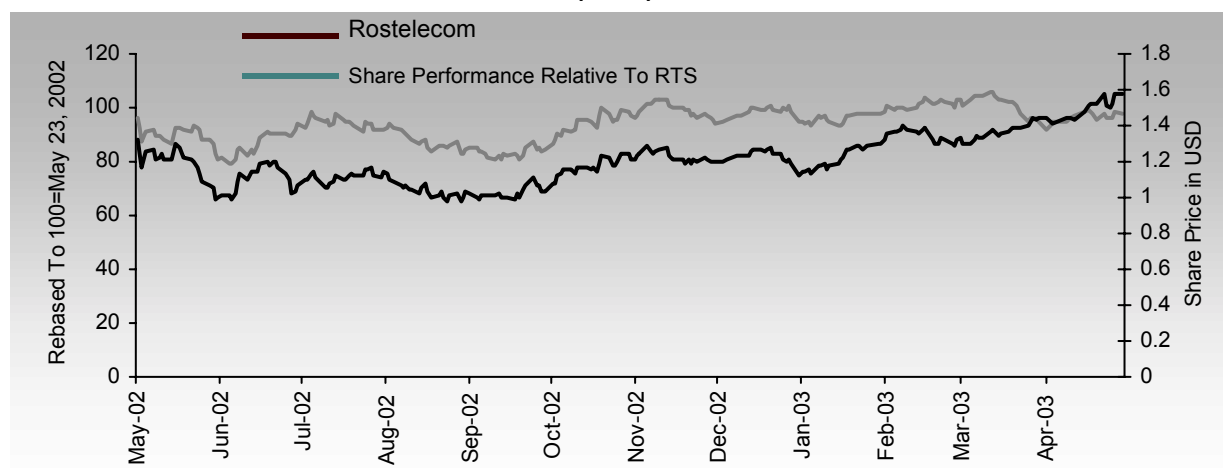
Date	Event
June - July	1Q 2003 Results
June	Rouble bond issue
June	MTS will exercise its option and buy an additional 26% stake in UMC
2Q-3Q 2003	Full consolidation of UMC
End of 2003	Raising additional financing
June	AGM will be voting for dividend payment

### Profile & Rating

Price Com USD:	1.80	Rating:	Sell
Price Pref USD:	1.14	Target Price USD:	0.90
Common Shares Outstanding, mln:	729	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	243	Reuters RIC:	RTKM.RTS
Market Capitalisation, USD mln:	1,589	Bloomberg Ticker:	RTKM\$ US Equity
EV, USD mln:	1,811	CUSIP:	na
ADR/GDR Since:	1998	ISIN:	RU0008943394
ADR/GDR Per Common Share:	0.17	IAS/US GAAP Financials Since:	1996

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Svyazinvest	51%	CEO	Sergey Kuznetsov
Free Float	49%	CFO	Vladimir Androsik
		Investor Relations	Anna Kareva

### Business Activity

Rostelecom is legally a monopoly carrier of long-distance traffic, with its backbone network covering the whole of Russia, and switching nodes located in all major cities. The company handles, respectively, about 90% and 52% of the regional and Moscow outgoing international long-distance (ILD) traffic, despite being the only telecom operator allowed to carry traffic out of the country. All Svyazinvest subsidiaries (the regional telcos) are required to direct their long distance traffic to Rostelecom networks, which secures a share of over 80% of the domestic long distance (DLD) market for Rostelecom. However, there are certain loopholes in the current legislation which enable Altnets to provide LD services bypassing Rostelecom to both business and residential customers.

Russia's accession to the WTO may require the government to liberalise the long distance market in 3-5 years, which would end Rostelecom's monopoly position. At such time, all local telephone operators will receive the right to choose the long distance operator for routing both ILD and DLD traffic. However, prior to that, and possibly as early as the end of 2003, the new 'Law on Communications' may provide Rostelecom with temporary relief by closing certain regulatory loopholes in the legislation (the Law has yet to pass the first reading).

Rostelecom sets ILD tariffs, while the Anti-Monopoly Ministry regulates DLD tariffs and revenue sharing agreements between Rostelecom and local operators. The rebalancing of local and DLD tariffs has allowed Rostelecom to begin decreasing its ILD tariffs, which should increase its competitiveness. A further increase in the settlement rates with regional telecoms to 25% (Rostelecom, however, is looking for 30%) from the current 20% is also possible during 2004 which will result in increasing revenues and decreasing margins for the company.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	826	836	875	961	962	5%
EBITDA	314	352	375	429	429	7%
EBIT	96	139	176	214	207	14%
PBT	120	167	168	219	224	10%
PAT	148	122	110	150	153	8%
EPS	0.14	0.12	0.11	0.15	0.15	8%
Preferred Dividend, per share	0.029	0.038	0.040	0.045	0.045	6%
Common Dividend, per share	0.0067	0.0088	0.0093	0.010	0.010	6%
<b>Balance Sheet, USD mln</b>						
Current Assets	428	370	493	610	650	
Fixed Assets	1,849	1,957	2,007	1,948	1,842	
<b>Total Assets</b>	<b>2,276</b>	<b>2,328</b>	<b>2,500</b>	<b>2,559</b>	<b>2,492</b>	
Short-Term Liabilities	454	280	212	202	197	
Long-Term Liabilities	365	338	339	329	310	
Equity	1,421	1,676	1,915	1,995	1,955	
<b>Total Liabilities &amp; Equity</b>	<b>2,276</b>	<b>2,328</b>	<b>2,500</b>	<b>2,559</b>	<b>2,492</b>	
Net Debt	195	159	(23)	(151)	(211)	
Minority	36	34	34	33	31	
Associates	9.00	113	121	130	140	
Capital Employed	1,653	1,868	1,926	1,877	1,775	
NOPAT	120	100	114	146	142	12%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	172	184	342	326	294	17%
CFPS	0.24	0.25	0.47	0.45	0.40	17%
Investment Cashflow	59	131	152	157	158	6%
Enterprise Value	1,811	1,668	1,479	1,341	1,268	-9%
WACC, %	14	14	14	14	14	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	2.19	2.00	1.69	1.39	1.32	EBITDA Margin	38%	42%	43%	45%	45%
EV/EBITDA	5.78	4.74	3.95	3.13	2.96	Operating Margin	12%	17%	20%	22%	22%
EV/CF	11	9.06	4.33	4.11	4.31	NET Margin	18%	15%	13%	16%	16%
EV/CapEmp	1.10	0.89	0.77	0.71	0.71	ROA	7%	5%	5%	6%	6%
ROCE/WACC	0.53	0.39	0.43	0.57	0.58	ROCE	7%	5%	6%	8%	8%
P/CE	4.35	4.74	5.14	4.36	4.24	ROE	12%	8%	6%	8%	8%
P/B	1.12	0.95	0.83	0.80	0.81						
P/E	11	13	14	11	10						
DYield Pref	3%	3%	3%	4%	4%						
DYield Com	0.4%	0.5%	0.5%	0.6%	0.6%						

## Upcoming Events

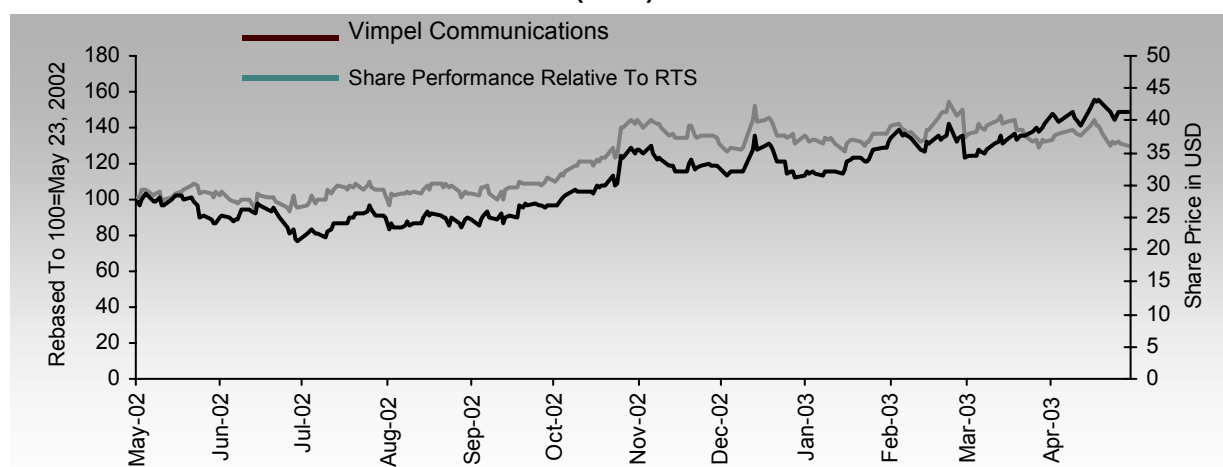
Date	Event
June 2003	FY 2002 IAS Results
End of 2003	New "Law On Communications" (third reading)
July	1Q 2003 IAS Results

### Profile & Rating

Price Com USD:	43	Rating:	Buy
Price Pref USD:	-	Target Price USD:	50
Common Shares Outstanding, mln:	51	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	-	Reuters RIC:	VIP.N
Market Capitalisation, USD mln:	2,179	Bloomberg Ticker:	VIP US Equity
EV, USD mln:	2,827	CUSIP:	US68370R1095
ADR/GDR Since:	1996	ISIN:	68370R109
ADR/GDR Per Common Share:	0.75	IAS/US GAAP Financials Since:	1996

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Telenor	25%	CEO	Jo Lunder
Alfa Bank	25%	CFO	Elena Shmatova
Dr. Zimin	9%	Investor Relations	Valery P. Goldin
Free Float	41%		

### Business Activity

VimpelCom became the first Russian company to trade on the NYSE, in 1996. It began its operations in 1992 and since then it has grown into the second largest cellular operator in Russia, and the largest in the Moscow licence area. The company's shareholder structure is a powerful combination of strong foreign and domestic strategic investors, with Norway's Telenor and Alfa Group each owning 25% of VimpelCom's voting shares (the former having been a shareholder since 1998, and the latter since 2001).

VimpelCom started providing services in the analogue AMPS standard in Moscow, but in 1997 it launched a GSM-1800 network in the city. At the beginning of 1998, VimpelCom received licences for the Central, Southern, Volga, and Siberia macro-regions. During 2002, the company received the licence for the NorthWest region and another for the Urals region (VimpelCom started its operations in St. Petersburg in April 2003 by setting low tariffs in order to win as many subscribers as possible). Its current network covers 43 licence areas, with over 101 million inhabitants (or roughly 70% of Russia's total population).

According to estimates made by the independent agency AC&M, in April 2003 VimpelCom had 6.58 million subscribers, of which 4.09 million were in Moscow. VimpelCom's share of regional subscribers increased to 22% in April 2003 – up from 19% at the end of 2001. Although a relatively weak financial performance in 4Q 2002 was due to seasonal factors, and the launch of operations in 10 new regions, we expect the company to consolidate its margin performance in 2003, while continuing its rapid expansion into the Russian regions both via greenfields and acquisitions.

In April 2003, the EBRD sold its 3% stake in the open market, increasing the company's free float to 41%.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	429	780	1,246	1,585	1,803	32%
EBITDA	147	322	525	681	803	36%
EBIT	86	225	367	478	571	37%
PBT	64	177	329	445	573	48%
PAT	45	130	220	279	359	40%
EPS	0.84	2.41	4.09	5.19	6.68	40%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0	0	0	0	0	-
<b>Balance Sheet, USD mln</b>						
Current Assets	268	190	349	396	397	
Fixed Assets	565	1,046	1,578	1,957	2,255	
<b>Total Assets</b>	<b>833</b>	<b>1,236</b>	<b>1,927</b>	<b>2,353</b>	<b>2,652</b>	
Short-Term Liabilities	129	(0.91)	252	271	280	
Long-Term Liabilities	187	635	792	920	851	
Equity	517	602	883	1,162	1,521	
<b>Total Liabilities &amp; Equity</b>	<b>833</b>	<b>1,236</b>	<b>1,926</b>	<b>2,353</b>	<b>2,652</b>	
Net Debt	26	383	901	901	651	
Minority	0	265	388	445	510	
Associates	0	-	-	-	-	
Capital Employed	543	1,203	1,674	2,082	2,372	
NOPAT	58	171	281	365	436	37%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	129	272	423	543	637	33%
CFPS	3.91	7.16	11	14	-	-
Investment Cashflow	162	578	531	582	530	-3%
Enterprise Value	2,205	2,827	3,468	3,524	3,340	6%
WACC, %	15	15	13	13	13	-5%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	5.14	3.62	2.78	2.22	1.85	EBITDA Margin	34%	41%	42%	43%	45%
EV/EBITDA	15	8.78	6.61	5.17	4.16	Operating Margin	20%	29%	29%	30%	32%
EV/CF	17	10	8.20	6.49	5.24	NET Margin	11%	17%	18%	18%	20%
EV/CapEmp	4.06	2.35	2.07	1.69	1.41	ROA	6%	13%	14%	13%	14%
ROCE/WACC	0.74	0.98	1.34	1.40	1.47	ROCE	11%	14%	17%	18%	18%
P/CE	21	9.60	5.77	4.52	3.69	ROE	10%	23%	30%	27%	27%
P/B	4.22	3.62	2.47	1.88	1.43						
P/E	48	17	9.91	7.81	6.07						
DYield Pref	-	-	-	-	-						
DYield Com	0.0%	0.0%	0.0%	0.0%	0.0%						

## Upcoming Events

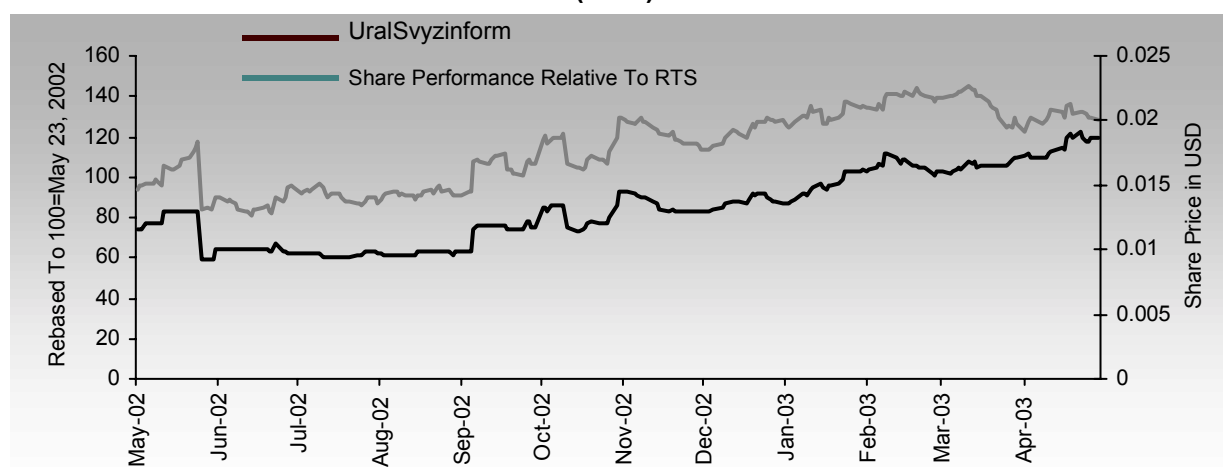
Date	Event
June	1Q 2003 IAS Results
2Q-3Q 2003	Possible acquisition of Primtefon in Far East
2H 2003	Consolidation of VimpelCom and VimpelCom-R
June	Decision on Jo Lunder's tenure

### Profile & Rating

Price Com USD:	0.021	Rating:	Hold
Price Pref USD:	0.012	Target Price USD:	0.019
Common Shares Outstanding, mln:	32,299	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	7,836	Reuters RIC:	URSI.RTS
Market Capitalisation, USD mln:	757	Bloomberg Ticker:	URSI\$ RU Equity
EV, USD mln:	766	CUSIP:	na
ADR/GDR Since:	1997	ISIN:	RU0009048805
ADR/GDR Per Common Share:	0.0050	IAS/US GAAP Financials Since:	

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Svyazinvest	51%	Chairman	Vadim E. Belov
Free Float	49%	CEO	Vladimir I. Ribakin
		Investor Relations	Dmitry A. Zaichko

### Business Activity

Ural Telecom was formed by swapping the shares of 6 smaller regional fixed line telecoms into the shares of Uralsvyazinform (which was chosen as a backbone operator for consolidation). Ural Telecom is one of our favourites among the RTOs, due to a strong operational performance and the best corporate governance among its peers. However, we believe the company is fairly valued by the market.

The company operates in Urals region of Russia which is considered the best in terms of growth prospects. The region has the largest GDP per capita and the second largest disposable income level, both of which are likely to grow further, as the region contributes 91% of Russia's total natural gas extraction, 66% of its oil extraction, and 37% of its ferrous metals processing. The overall industrial development of the region helps the development of small- and medium-sized enterprises, which are the most likely source of growth in access lines and DLD traffic. ARPL from DLD is the second largest among the regional telecoms. ILD traffic is likely to grow strongly, due to the export orientation of local industry, although most of this increase will be captured by the altnets. Uralsvyazinform which has the highest digitalisation among Russian fixed line telcos, is also likely to have the largest share of VAS, including mobile, in its revenues.

The risk to Uralsvyazinform comes from a potential pressure on its margin (these are going to be constrained by the large territory, unfavourable weather conditions, and the negative impact from changes in interconnect).

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	370	468	532	584	579	7%
EBITDA	112	147	164	138	147	-0.1%
EBIT	70	97	102	68	76	-8%
PBT	35	42	46	5.06	28	-12%
PAT	19	29	32	3.80	21	-10%
EPS	0.00058	0.00081	0.00090	0.00011	0.00059	-10%
Preferred Dividend, per share	-	0.00045	0.00050	0.000059	0.00033	-10%
Common Dividend, per share	0.000038	0.00045	0.00045	0.00045	0.0025	77%
<b>Balance Sheet, USD mln</b>						
Current Assets	153	343	403	348	249	
Fixed Assets	350	433	513	571	616	
<b>Total Assets</b>	<b>503</b>	<b>776</b>	<b>916</b>	<b>918</b>	<b>865</b>	
Short-Term Liabilities	128	177	216	245	236	
Long-Term Liabilities	75	155	225	196	132	
Equity	300	444	473	477	496	
<b>Total Liabilities &amp; Equity</b>	<b>503</b>	<b>776</b>	<b>916</b>	<b>918</b>	<b>865</b>	
Net Debt	31	(44)	(11)	30	59	
Minority	34	53	57	54	45	
Associates	-	-	-	-	-	
Capital Employed	335	411	475	518	567	
NOPAT	38	65	69	51	55	-5%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	95	135	150	136	140	1%
CFPS	0.0028	0.0028	0.0033	0.0027	0.0027	-1%
Investment Cashflow	76	133	141	127	116	-5%
Enterprise Value	822	766	804	840	860	4%
WACC, %	19	19	19	19	19	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	2.22	1.64	1.51	1.44	1.49	EBITDA Margin	30%	32%	31%	24%	25%
EV/EBITDA	7.37	5.20	4.89	6.11	5.86	Operating Margin	19%	21%	19%	12%	13%
EV/CF	8.63	5.68	5.34	6.17	6.16	NET Margin	5%	6%	6%	0.7%	4%
EV/CapEmp	2.45	1.86	1.69	1.62	1.52	ROA	-	5%	4%	0.4%	2%
ROCE/WACC	0.60	0.84	0.77	0.52	0.52	ROCE	11%	16%	14%	10%	10%
P/CE	13	9.56	8.06	10	8.25	ROE	-	8%	7%	0.8%	4%
P/B	2.53	1.70	1.60	1.59	1.53						
P/E	40	26	23	199	36						
DYield Pref	-	4%	4%	0.5%	3%						
DYield Com	0.2%	2%	2%	2%	12%						

## Upcoming Events

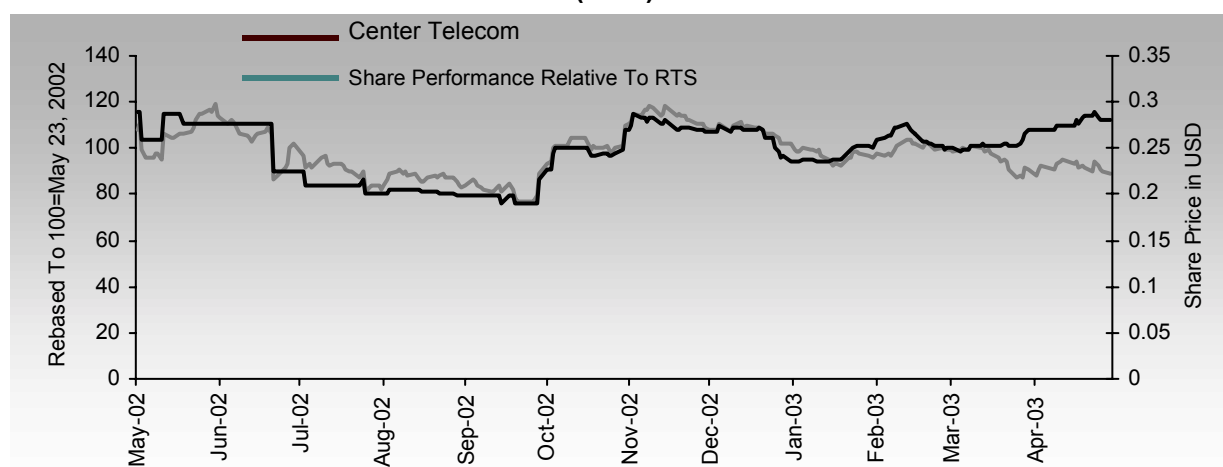
Date	Event
June	AGM
June-July	IAS numbers for 2002 for the first time ever
End of 2003	New "Law On Communications" (third reading)

## Profile &amp; Rating

Price Com USD:	0.29	Rating:	Sell
Price Pref USD:	0.20	Target Price USD:	0.20
Common Shares Outstanding, mln:	1,578	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	526	Reuters RIC:	ESMO.RTS
Market Capitalisation, USD mln:	554	Bloomberg Ticker:	ESMO\$ RU Equity
EV, USD mln:	669	CUSIP:	na
ADR/GDR Since:	2001	ISIN:	RU0009075840
ADR/GDR Per Common Share:	0.010	IAS/US GAAP Financials Since:	

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Svyazinvest	51%	Chairman	Valery N. Yashin
Free Float	49%	CEO	Ruben A. Amarian
		Head of Equity department	Natalia A. Sudareva

## Business Activity

Center Telecom is the largest fixed line operator in Russia in terms of revenue and number of lines which, according to our estimates, are USD493 million under IAS, and 5.5 million, respectively, as of 2002. The company was formed by swapping the shares of 16 smaller regional telecoms into the shares of Moscow Elektrosvyaz (which was chosen as the backbone company for consolidation). The consolidated company operates in the Central region of Russia, but does not have access to the most lucrative market of Moscow. Thus, despite the Central region having the highest GDP per capita and disposable income levels, Center Telecom does not have the best potential for revenue growth.

Expected high local tariff increases (currently local tariffs are low compared to other regions), and growing installations (due to the biggest waiting list among the regional telcos), will contribute to Center Telecom's fastest growth in average revenue from local telephony per line (ARPL) among regional telecoms. Although ILD traffic is expected to grow fast, DLD traffic and revenues seem to have rather gloomy prospects, due to competition from mobile firms and Altnets. Center Telecom does not have any significant exposure to either mobile or VAS services, and we do not expect it to have so, due to intense competition in the region.

Center Telecom is one of the best positioned companies to increase its profitability, partly due to significant room for digitalisation improvements (and thus a fall in staff numbers), and a low impact from a change in Rostelecom's settlement rates. However, there are certain doubts about management's ability and the desire to implement cost cutting.

We have a negative view on the company, although its operational background is relatively good.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	410	493	551	655	695	12%
EBITDA	112	142	156	142	176	7%
EBIT	66	84	89	72	110	10%
PBT	25	32	20	(12)	8.52	-36%
PAT	2.04	21	14	(13)	6.06	-33%
EPS	0.0013	0.012	0.0082	(0.0081)	0.0035	-33%
Preferred Dividend, per share	0.0025	0.0061	0.0042	0.0042	0.0042	-11%
Common Dividend, per share	0.00083	0.0061	0.0042	0.0042	0.0042	-11%
<b>Balance Sheet, USD mln</b>						
Current Assets	114	83	97	109	151	
Fixed Assets	486	575	654	739	839	
<b>Total Assets</b>	600	658	751	848	990	
Short-Term Liabilities	126	142	159	182	187	
Long-Term Liabilities	79	88	151	237	369	
Equity	394	427	440	428	433	
<b>Total Liabilities &amp; Equity</b>	600	658	751	848	990	
Net Debt	66	116	176	264	359	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	466	554	629	706	809	
NOPAT	6.47	52	65	51	82	16%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	89	131	151	142	174	10%
CFPS	0.052	0.053	0.054	0.042	0.044	-6%
Investment Cashflow	71	148	146	155	165	4%
Enterprise Value	620	669	729	818	913	11%
WACC, %	23	23	23	23	23	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.51	1.36	1.32	1.25	1.31	EBITDA Margin	27%	29%	28%	22%	25%
EV/EBITDA	5.53	4.71	4.68	5.75	5.20	Operating Margin	16%	17%	16%	11%	16%
EV/CF	6.94	5.12	4.83	5.75	5.26	NET Margin	0.5%	4%	3%	-2%	0.9%
EV/CapEmp	1.33	1.21	1.16	1.16	1.13	ROA	-	3%	2%	-2%	0.7%
ROCE/WACC	0.061	0.42	0.46	0.32	0.45	ROCE	1%	9%	10%	7%	10%
P/CE	11	7.01	6.79	9.67	7.76	ROE	-	5%	3%	-3%	1%
P/B	1.40	1.30	1.26	1.30	1.28						
P/E	272	27	39	(43)	91						
DYield Pref	1%	3%	2%	2%	2%						
DYield Com	0.3%	2%	1%	1%	1%						

## Upcoming Events

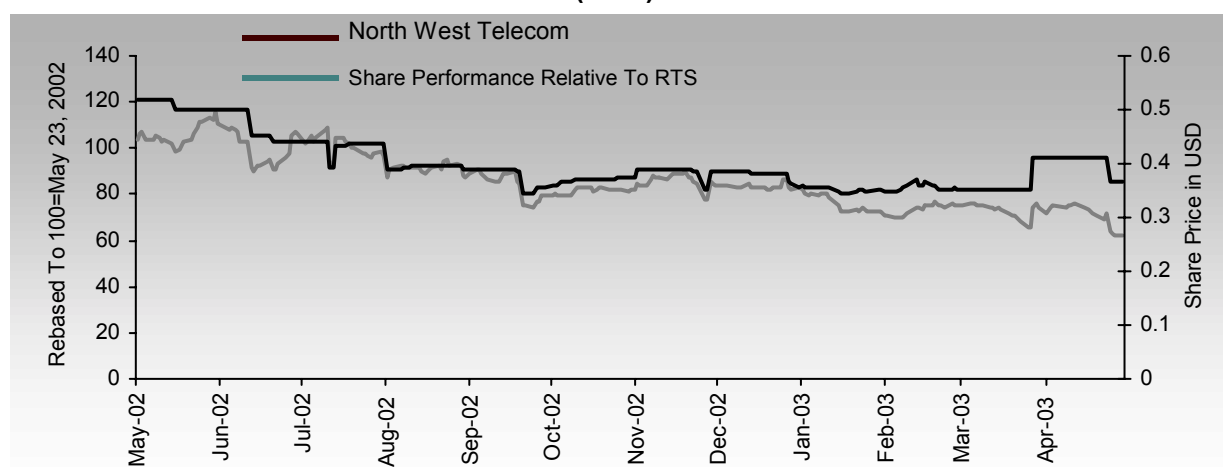
Date	Event
June	AGM
June-July	IAS numbers for 2002 for the first time ever
End of 2003	New "Law On Communications" (third reading)

## Profile &amp; Rating

Price Com USD:	0.37	Rating:	Hold
Price Pref USD:	0.23	Target Price USD:	0.35
Common Shares Outstanding, mln:	763	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	211	Reuters RIC:	SPTL.RTS
Market Capitalisation, USD mln:	327	Bloomberg Ticker:	SPTL\$ RU Equity
EV, USD mln:	299	CUSIP:	na
ADR/GDR Since:	2001	ISIN:	RU0009046585
ADR/GDR Per Common Share:	0.020	IAS/US GAAP Financials Since:	

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Svyazinvest	51%	Chairman	Valery N. Yashin
Free Float	49%	CEO	Alexandr A. Sisoev
		Investor Relations	Vladislav U. Smislov

## Business Activity

NorthWest Telecom is Russia's third largest fixed line operator in terms of number of lines (3.9 million as of 2002), although it lags behind in terms of revenue (estimated at USD344 million under IAS in 2002). The latter is due to relatively low digitalisation and practically no value added or mobile services. The company was formed by swapping the shares of 8 smaller regional telecoms into the shares of the St. Petersburg Telephone Network (which was chosen as a backbone company for consolidation). The consolidated company operates in the NorthWest region (which includes St. Petersburg – the second largest business centre in Russia, after Moscow). Due to high disposable incomes and intense business activity in St. Petersburg, DLD traffic is expected to significantly increase, but the company is likely to see only a fraction of it due to a high degree of competition from mobile and alternative carriers already. Relatively high local tariffs and an insignificant waiting list will also contribute to comparatively low growth in revenues in the medium term.

NorthWest Telecom has little room for profitability improvements, as particular features of its network do not allow it to reduce the number of staff significantly (the company currently has the highest number of lines per employee ratio). Also, we have doubts that the management of the company is able, and has the necessary motivation, to implement cost cutting. Decreasing margins in 1Q 2003 confirmed our point of view.

We have a neutral view on the stock and believe it is fairly valued by the market.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	304	344	386	457	470	11%
EBITDA	99	106	128	135	149	12%
EBIT	50	46	57	59	70	15%
PBT	14	14	21	15	27	26%
PAT	(4.34)	10	15	11	20	26%
EPS	(0.0059)	0.012	0.018	0.013	0.024	24%
Preferred Dividend, per share	0.0079	0.0064	0.0098	0.0072	0.013	26%
Common Dividend, per share	0.0025	0.0018	0.0027	0.0020	0.0035	26%
<b>Balance Sheet, USD mln</b>						
Current Assets	143	156	143	125	104	
Fixed Assets	407	441	464	494	514	
<b>Total Assets</b>	<b>550</b>	<b>597</b>	<b>606</b>	<b>619</b>	<b>618</b>	
Short-Term Liabilities	66	93	101	127	122	
Long-Term Liabilities	56	51	38	14	0	
Equity	428	452	467	477	496	
<b>Total Liabilities &amp; Equity</b>	<b>550</b>	<b>597</b>	<b>606</b>	<b>619</b>	<b>618</b>	
Net Debt	(23)	(28)	(25)	(17)	(14)	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	409	432	452	470	492	
NOPAT	(15)	34	41	43	50	14%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	90	84	89	98	97	5%
CFPS	0.12	0.11	0.12	0.13	0.13	5%
Investment Cashflow	29	95	93	106	100	2%
Enterprise Value	304	299	302	310	313	2%
WACC, %	23	23	23	23	23	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.00	0.87	0.78	0.68	0.67	EBITDA Margin	33%	31%	33%	30%	32%
EV/EBITDA	3.07	2.81	2.36	2.30	2.10	Operating Margin	16%	13%	15%	13%	15%
EV/CF	3.38	3.54	3.40	3.15	3.24	NET Margin	-1%	3%	4%	2%	4%
EV/CapEmp	0.74	0.69	0.67	0.66	0.64	ROA	-	2%	3%	2%	3%
ROCE/WACC	(0.16)	0.34	0.41	0.41	0.45	ROCE	-4%	8%	9%	9%	10%
P/CE	7.35	4.64	3.80	3.76	3.28	ROE	-	2%	3%	2%	4%
P/B	0.76	0.72	0.70	0.69	0.66						
P/E	(75)	32	21	29	16						
DYield Pref	3%	3%	4%	3%	6%						
DYield Com	0.7%	0.5%	0.7%	0.5%	1.0%						

## Upcoming Events

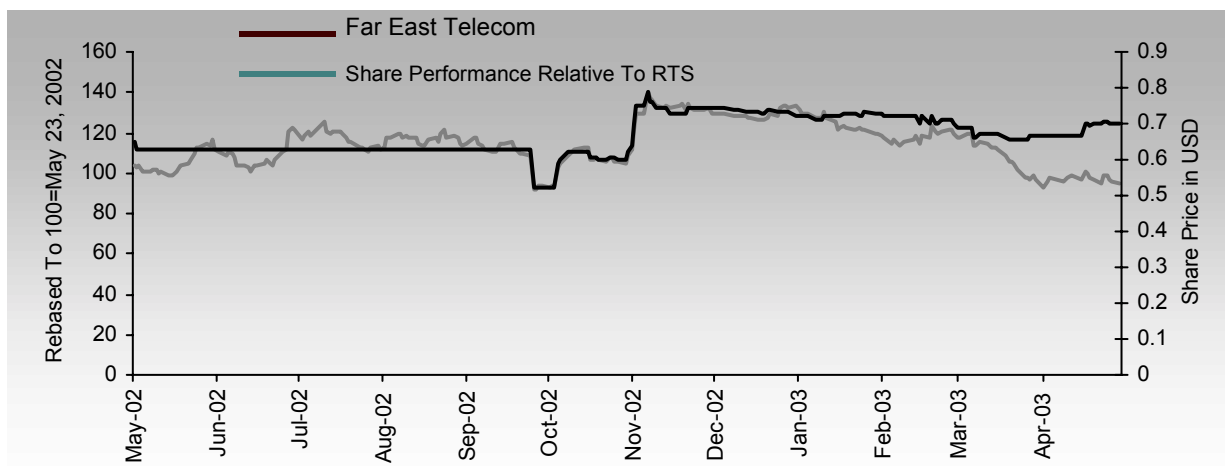
Date	Event
June	AGM
2Q-3Q 2003	IAS numbers for 2002 for the first time ever
End of 2003	New "Law On Communications" (third reading)

## Profile &amp; Rating

Price Com USD:	0.70	Rating:	Sell
Price Pref USD:	0.54	Target Price USD:	0.55
Common Shares Outstanding, mln:	96	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	31	Reuters RIC:	ESPK.RTS
Market Capitalisation, USD mln:	84	Bloomberg Ticker:	ESPK\$ RU Equity
EV, USD mln:	62	CUSIP:	na
ADR/GDR Since:	2001	ISIN:	RU0009101158
ADR/GDR Per Common Share:	0.033	IAS/US GAAP Financials Since:	

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Svyazinvest	51%	Chairman	Lopatin A.V
Free Float	49%	CEO	Igor V. Zabolotniy
		Head of Equity department	Sergey N. Sinenko

## Business Activity

Far East Telecom was formed by swapping the shares of 6 smaller regional fixed line telecoms into the shares of Dalsvyaz (which was chosen as a backbone operator for consolidation). Far East Telecom is probably the worst company among regional telecoms in terms of operational performance, management, and transparency. The company's shares are the least liquid among its peers, and are not on investors' radar screens.

Far East telecom operates in the Far East region which, in our view, has the poorest growth prospects of all the regions and is the most remote from the main business centres of Russia. Despite the low level of competition from mobile and altnets, growth in revenues will be hindered by geographical conditions and a poor economic backdrop. Although there is strong growth in access lines, local tariffs are relatively high now, and thus the firm will have the lowest line growth among regional telecoms. This will translate into modest growth in revenues from local telephony. Although ARPL from DLD will increase it will not significantly contribute to total revenues. Additionally, the company will suffer most from changes in the interconnect agreement with Rostelecom, should these occur. Margins are also in the lowest range of the Russian telecom average, held back partly by hard geographic conditions. Taking into account the current poor management, we do not expect that margins will improve significantly. The company currently has the lowest debt to EBITDA ratio among its peers, but the greatest need for raising funds, due to low digitalisation rates.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	145	171	186	198	203	6%
EBITDA	38	46	49	28	34	-10%
EBIT	21	28	31	8.21	13	-24%
PBT	11	18	21	(5.59)	(8.76)	-
PAT	4.28	12	16	(5.59)	(8.76)	-
EPS	0.045	0.094	0.13	(0.057)	(0.10)	-
Preferred Dividend, per share	0.041	0.020	0.028	0.028	0.028	11%
Common Dividend, per share	-	0.0066	0.0090	0.0090	0.0090	11%
<b>Balance Sheet, USD mln</b>						
Current Assets	61	79	61	38	36	
Fixed Assets	107	134	165	195	221	
<b>Total Assets</b>	<b>169</b>	<b>213</b>	<b>226</b>	<b>233</b>	<b>258</b>	
Short-Term Liabilities	37	41	46	57	56	
Long-Term Liabilities	18	23	18	20	56	
Equity	114	149	162	156	146	
<b>Total Liabilities &amp; Equity</b>	<b>169</b>	<b>213</b>	<b>226</b>	<b>233</b>	<b>258</b>	
Net Debt	(12)	(22)	(6.17)	23	60	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	103	131	159	183	211	
NOPAT	8.26	17	22	4.76	7.23	-25%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	32	28	35	19	12	-25%
CFPS	0.33	0.28	0.35	0.20	0.12	-26%
Investment Cashflow	4.67	44	49	49	48	3%
Enterprise Value	72	62	78	107	144	32%
WACC, %	24	24	24	24	24	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.49	0.37	0.42	0.54	0.71	EBITDA Margin	26%	27%	26%	14%	17%
EV/EBITDA	1.90	1.36	1.59	3.83	4.27	Operating Margin	15%	17%	17%	4%	6%
EV/CF	2.26	2.21	2.20	5.50	12	NET Margin	3%	7%	8%	-3%	-4%
EV/CapEmp	0.70	0.48	0.49	0.58	0.68	ROA	-	6%	7%	-2%	-4%
ROCE/WACC	0.34	0.55	0.57	0.11	0.14	ROCE	8%	13%	14%	3%	3%
P/CE	4.10	2.90	2.50	5.94	6.78	ROE	-	9%	10%	-4%	-6%
P/B	0.74	0.56	0.52	0.54	0.57						
P/E	20	7.27	5.31	(15)	(9.59)						
DYield Pref	8%	4%	5%	5%	5%						
DYield Com	-	0.9%	1%	1%	1%						

## Upcoming Events

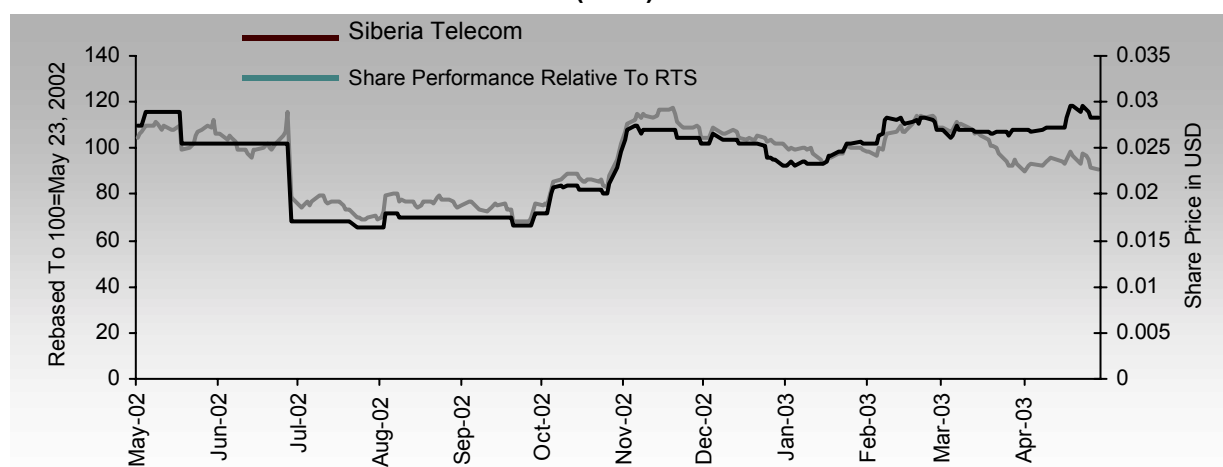
Date	Event
June	AGM
End of 2003	New "Law On Communications" (third reading)
2Q-3Q 2003	IAS numbers for 2002 for the first time ever

## Profile &amp; Rating

Price Com USD:	0.030	Rating:	Hold
Price Pref USD:	0.019	Target Price USD:	0.030
Common Shares Outstanding, mln:	12,011	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	3,908	Reuters RIC:	ENCO.RTS
Market Capitalisation, USD mln:	428	Bloomberg Ticker:	ENCO\$ RU Equity
EV, USD mln:	408	CUSIP:	na
ADR/GDR Since:	2001	ISIN:	RU0009087456
ADR/GDR Per Common Share:	0.0013	IAS/US GAAP Financials Since:	

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Svyazinvest	51%	Chairman	Lopatin A.V
Free Float	49%	CEO	Anatoliy I. Nickulin
		Investor Relations	Sergey M. Pirozhkov

## Business Activity

Siberia Telecom was formed by swapping the shares of 10 smaller regional fixed line telecoms into the shares of Novosibirsk Region Elektrosvyaz (which was chosen as a backbone operator for consolidation).

Siberia Telecom operates in the Siberia region which is a vast territory, with low population density, and low GDP per capita, compared to the Urals and Central regions, and relatively poor weather conditions. Siberia Telecom lies in the middle of Russia's fixed line operators on the majority of parameters (growth from local telephony and ILD, profitability, and cash flow generation). Revenues are expected to grow by 11% CAGR in 2002-2006, mainly driven by local telephony and DLD revenues. DLD traffic will grow the fastest among the regions due to a low level of competition from mobile and altnets in the region, the development of small- and medium-sized business, and relatively high DLD tariffs (as the region is remote from Moscow and St. Petersburg where most of the DLD traffic flows). The company has the third largest exposure among the regionals to the mobile business, and the second largest exposure to VAS. However, according to our estimates, the company's mobile business will experience the peak of its value in 2003. We have a neutral view both on company operations and its share price potential.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	346	348	390	446	484	12%
EBITDA	109	110	106	92	112	0.7%
EBIT	77	69	58	37	60	-4%
PBT	45	42	33	2.29	11	-36%
PAT	26	24	24	1.45	8.50	-29%
EPS	0.0022	0.0018	0.0018	0.00011	0.00061	-30%
Preferred Dividend, per share	0.00089	0.00039	0.00039	0.000024	0.00014	-29%
Common Dividend, per share	0.00030	0.00013	0.00013	0.0000077	0.000045	-29%
<b>Balance Sheet, USD mln</b>						
Current Assets	120	140	131	84	86	
Fixed Assets	291	297	353	431	509	
<b>Total Assets</b>	<b>418</b>	<b>493</b>	<b>562</b>	<b>594</b>	<b>666</b>	
Short-Term Liabilities	80	82	97	119	122	
Long-Term Liabilities	38	21	53	61	122	
Equity	299	388	410	411	418	
<b>Total Liabilities &amp; Equity</b>	<b>418</b>	<b>493</b>	<b>562</b>	<b>594</b>	<b>666</b>	
Net Debt	(10)	(49)	(1.11)	67	130	
Minority	28	29	2.53	2.41	2.11	
Associates	-	-	-	-	-	
Capital Employed	293	347	420	490	562	
NOPAT	48	41	41	27	45	3%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	93	67	79	65	59	-4%
CFPS	0.0077	0.0056	0.0066	0.0054	0.0049	-4%
Investment Cashflow	42	96	126	133	122	8%
Enterprise Value	445	408	429	497	560	11%
WACC, %	21	21	21	21	21	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.29	1.17	1.10	1.11	1.16	EBITDA Margin	32%	32%	27%	21%	23%
EV/EBITDA	4.07	3.72	4.06	5.40	5.00	Operating Margin	22%	20%	15%	8%	12%
EV/CF	4.79	6.07	5.45	7.60	9.50	NET Margin	8%	7%	6%	0.3%	2%
EV/CapEmp	1.52	1.18	1.02	1.01	1.00	ROA	-	5%	5%	0.3%	1%
ROCE/WACC	0.80	0.57	0.47	0.27	0.39	ROCE	16%	12%	10%	6%	8%
P/CE	7.23	6.66	5.96	7.55	7.13	ROE	-	7%	6%	0.4%	2%
P/B	1.43	1.10	1.04	1.04	1.02						
P/E	16	18	18	294	50						
DYield Pref	5%	2%	2%	0.1%	0.7%						
DYield Com	1%	0.4%	0.4%	0.0%	0.2%						

## Upcoming Events

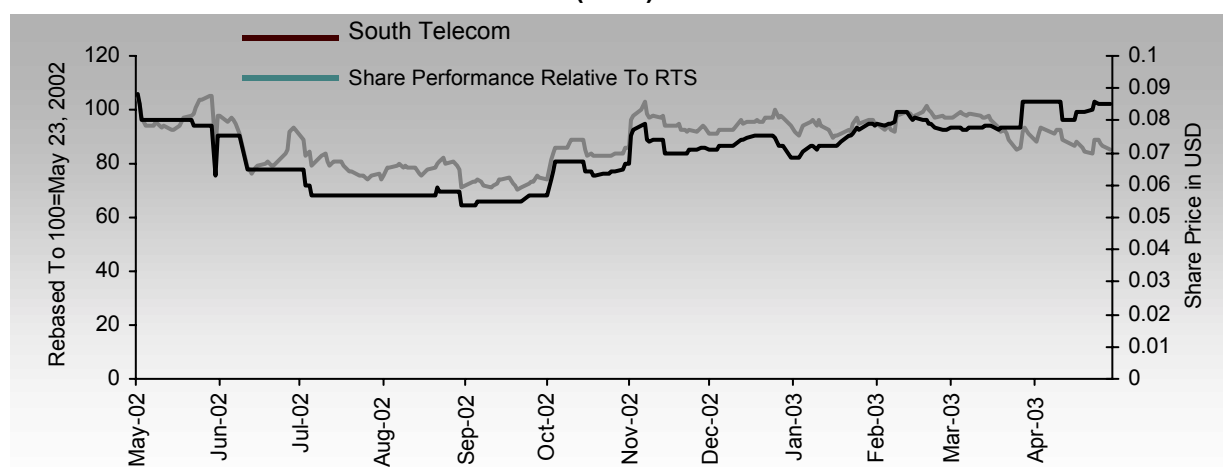
Date	Event
June	AGM
2Q-3Q 2003	IAS numbers for 2002 for the first time ever
End of 2003	New "Law On Communications" (third reading)

### Profile & Rating

Price Com USD:	0.087	Rating:	Hold
Price Pref USD:	0.062	Target Price USD:	0.085
Common Shares Outstanding, mln:	2,961	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	972	Reuters RIC:	KUBN.RTS
Market Capitalisation, USD mln:	316	Bloomberg Ticker:	KUBN\$ RU Equity
EV, USD mln:	366	CUSIP:	na
ADR/GDR Since:	1998	ISIN:	RU0009043426
ADR/GDR Per Common Share:	0.020	IAS/US GAAP Financials Since:	

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Svyazinvest	51%	Chairman	Vadim E. Belov
Free Float	49%	CEO	Vladimir L. Gorbachev
		Head of Equity department	Ivan Ivanovich Ignatenko

### Business Activity

South Telecom was formed by swapping the shares of 9 smaller regional fixed line telecoms into the shares of Kuban Elektrosvyaz (which was chosen as a backbone operator for consolidation). The consolidated company operates in the South region of Russia, the most popular place for summer holidays in the country. The region has the lowest GDP per capita and disposable incomes among Russia's regions, and the bulk of income is derived from the tourist business.

The main growth driver of the company's revenues is an increase in local tariffs. Due to the region's low level of business activity and economic development, ILD traffic is unlikely to rise fast. Although DLD traffic is expected to show significant growth, backed by tourist demand, mobile companies are likely to capture a sizeable part of it. South Telecom has one of the biggest potentials of decreasing its labour costs, due to low digitalisation, but management's ability and desire to implement cost cutting is questionable.

We have a neutral view on the company and believe it is fairly valued by the market.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	267	321	357	407	431	10%
EBITDA	81	104	114	98	117	4%
EBIT	44	67	68	44	57	-5%
PBT	18	80	26	(8.67)	(5.04)	-
PAT	1.60	60	19	(6.77)	(4.04)	-
EPS	0.00054	0.018	0.0057	(0.0022)	(0.0014)	-
Preferred Dividend, per share	0.0060	0.0026	0.00081	0.00081	0.00081	-32%
Common Dividend, per share	0.0060	0.00084	0.00027	0.00027	0.00027	-32%
<b>Balance Sheet, USD mln</b>						
Current Assets	22	64	93	75	62	
Fixed Assets	358	392	461	523	566	
<b>Total Assets</b>	<b>380</b>	<b>456</b>	<b>554</b>	<b>597</b>	<b>628</b>	
Short-Term Liabilities	71	83	96	119	113	
Long-Term Liabilities	68	53	120	148	189	
Equity	241	320	337	329	324	
<b>Total Liabilities &amp; Equity</b>	<b>380</b>	<b>456</b>	<b>554</b>	<b>597</b>	<b>628</b>	
Net Debt	98	50	95	157	204	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	343	377	441	495	539	
NOPAT	4.49	82	49	33	43	-19%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	61	94	71	54	55	-16%
CFPS	0.020	0.032	0.024	0.018	0.018	-17%
Investment Cashflow	34	86	116	115	102	6%
Enterprise Value	414	366	411	473	520	12%
WACC, %	22	22	22	22	22	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.55	1.14	1.15	1.16	1.21	EBITDA Margin	30%	32%	32%	24%	27%
EV/EBITDA	5.10	3.52	3.59	4.82	4.46	Operating Margin	16%	21%	19%	11%	13%
EV/CF	6.84	3.89	5.81	8.81	9.44	NET Margin	0.6%	19%	5%	-2%	-0.9%
EV/CapEmp	1.21	0.97	0.93	0.95	0.97	ROA	-	14%	4%	-1%	-0.7%
ROCE/WACC	0.059	0.97	0.50	0.30	0.36	ROCE	1%	22%	11%	7%	8%
P/CE	8.10	3.26	4.81	6.68	5.70	ROE	-	21%	6%	-2%	-1%
P/B	1.31	0.99	0.94	0.96	0.97						
P/E	198	5.27	17	(47)	(78)						
DYield Pref	10%	4%	1%	1%	1%						
DYield Com	7%	1.0%	0.3%	0.3%	0.3%						

## Upcoming Events

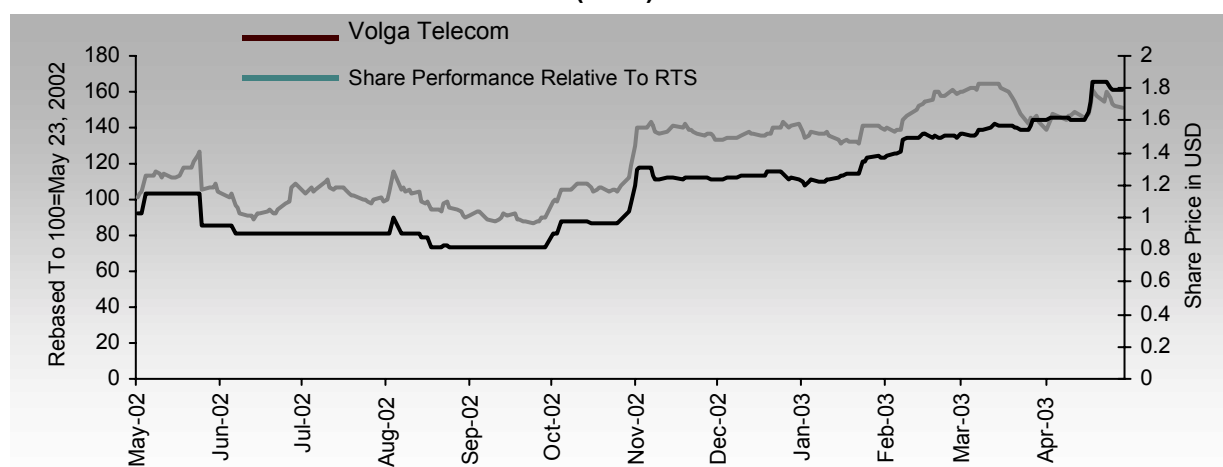
Date	Event
June	AGM
2Q-3Q 2003	IAS numbers for 2002 for the first time ever
End of 2003	New "Law On Communications" (third reading)

## Profile &amp; Rating

Price Com USD:	1.86	Rating:	Buy
Price Pref USD:	1.17	Target Price USD:	1.85
Common Shares Outstanding, mln:	246	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	82	Reuters RIC:	NNSI.RTS
Market Capitalisation, USD mln:	553	Bloomberg Ticker:	NNSI\$ RU Equity
EV, USD mln:	662	CUSIP:	na
ADR/GDR Since:	1997	ISIN:	RU0009058234
ADR/GDR Per Common Share:	0.50	IAS/US GAAP Financials Since:	

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Svyazinvest	51%	Chairman	Evgeniy V. Urchenko
Free Float	49%	CEO	Vladimir F. Lulin
		Investor Relations	Alexander A. Ribin

## Business Activity

Volga Telecom was formed by swapping the shares of 10 smaller regional fixed line telecoms into the shares of Nizhegorodsvyazinform (which was chosen as a backbone operator for consolidation). Volga Telecom is our preferred exposure to the fixed line sector and the only company which we rate as a Buy. This is due to a strong operating performance, including 14% CAGR in 2002-2006, improving margins, and returns. The company's corporate governance and transparency is also improving.

The company operates in the Volga region, our second favourite after the Urals region in terms of economic development prospects. The region also has the best prospects for access line growth, due to high disposable income levels, a sizeable waiting list, and low penetration levels. These factors, coupled with local tariff increases, are likely to result in 24% CAGR in 2002-2006. The development of mobile and altnets in the region will put pressure on DLD and ILD revenues. Volga Telecom has the second largest exposure to mobile services, after Ural Telecom, and the largest exposure to VAS, which will support its revenue growth and margins in the medium term. The company had the highest EBITDA margin in 2002, confirming our view that it has a good management team, which has the ability and desire to implement cost cutting measures. Although we expect margins to decrease in 2003, as the integration process is not over yet, the company is likely to have the healthiest margins among its Russian peers by 2006. Volga Telecom has also room to increase its debt, given a current debt to EBITDA ratio of 0.6.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	297	369	464	530	560	15%
EBITDA	94	137	177	169	195	13%
EBIT	50	90	124	103	121	10%
PBT	34	55	89	65	82	14%
PAT	11	37	60	43	56	15%
EPS	0.046	0.14	0.22	0.16	0.21	15%
Preferred Dividend, per share	0.031	0.063	0.10	0.073	0.095	15%
Common Dividend, per share	0.010	0.019	0.031	0.022	0.029	15%
<b>Balance Sheet, USD mln</b>						
Current Assets	9.90	72	107	95	87	
Fixed Assets	336	395	463	547	612	
<b>Total Assets</b>	<b>345</b>	<b>467</b>	<b>569</b>	<b>642</b>	<b>699</b>	
Short-Term Liabilities	62	70	87	115	118	
Long-Term Liabilities	28	70	94	94	93	
Equity	256	323	377	416	467	
<b>Total Liabilities &amp; Equity</b>	<b>345</b>	<b>467</b>	<b>569</b>	<b>642</b>	<b>699</b>	
Net Debt	74	66	74	108	120	
Minority	30	43	65	54	45	
Associates	-	-	-	-	-	
Capital Employed	334	399	465	546	615	
NOPAT	20	64	87	73	85	10%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	77	79	115	116	128	17%
CFPS	0.32	0.32	0.47	0.47	0.52	17%
Investment Cashflow	43	105	122	150	139	10%
Enterprise Value	658	662	692	715	717	3%
WACC, %	21	21	21	21	21	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	2.22	1.79	1.49	1.35	1.28	EBITDA Margin	32%	37%	38%	32%	35%
EV/EBITDA	7.03	4.85	3.90	4.22	3.68	Operating Margin	17%	24%	27%	19%	22%
EV/CF	8.49	8.33	6.04	6.18	5.61	NET Margin	4%	10%	13%	8%	10%
EV/CapEmp	1.97	1.66	1.49	1.31	1.17	ROA	-	9%	12%	7%	8%
ROCE/WACC	0.28	0.76	0.89	0.64	0.66	ROCE	6%	16%	19%	13%	14%
P/CE	10	6.63	4.87	5.06	4.25	ROE	-	13%	17%	11%	13%
P/B	2.16	1.71	1.47	1.33	1.19						
P/E	49	15	9.23	13	9.84						
DYield Pref	3%	5%	9%	6%	8%						
DYield Com	0.5%	1%	2%	1%	2%						

## Upcoming Events

Date	Event
June	AGM
June-July	IAS numbers for 2002 for the first time ever
End of 2003	New "Law On Communications" (third reading)



# Utilities

**UES**  
**Samaraenergo**  
**Irkutskenergo**  
**Mosenergo**  
**Lenenergo**



## Sector Views

### Bull Points

- Restructuring has the potential of triggering sector revaluation
- Continued interest from strategic investors

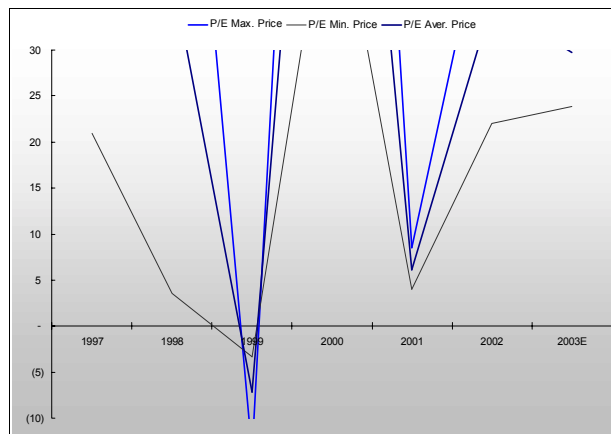
### Bear Points

- Delay of restructuring implementation
- Opaque restructuring schemes
- Deteriorating fundamentals

### Rating Of Stocks In The Sector

	Last Price	Rating	Target Price	Up/Down Side
Irkutskenergo	0.086	Sell	0.080	-7%
Lenenergo	0.45	Hold	0.35	-22%
Mosenergo	0.070	Sell	0.050	-29%
Samaraenergo	0.044	Buy	0.065	48%
UES	0.2	U/R	U/R	

### Sector PEs



## Sector Picks

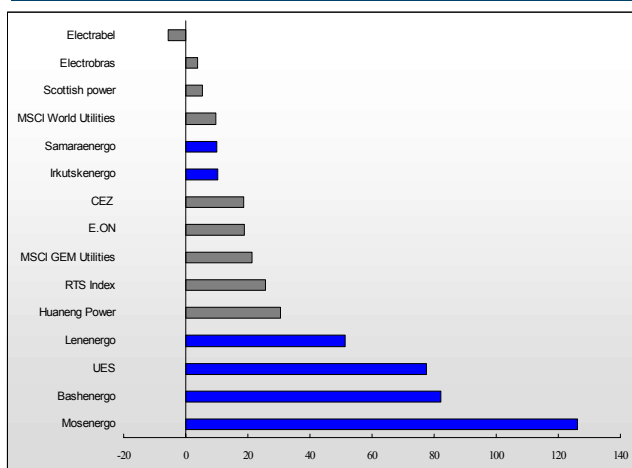
### Favourite

Lenenergo  
Samaraenergo

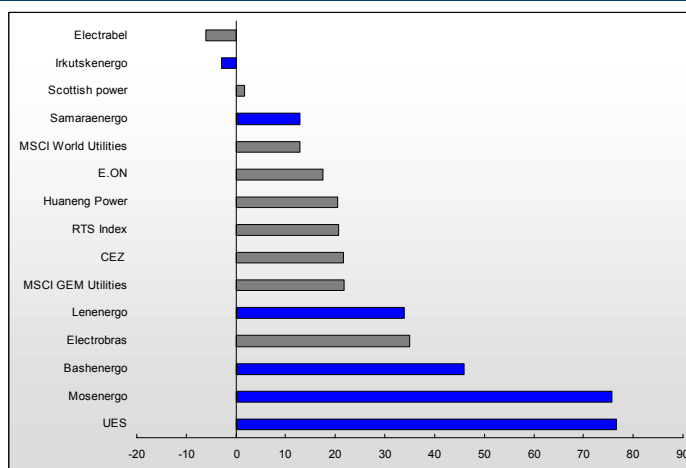
### Least Favourite

Irkutskenergo  
Mosenergo

### YTD Sector Performance



### 3 Month Sector Performance

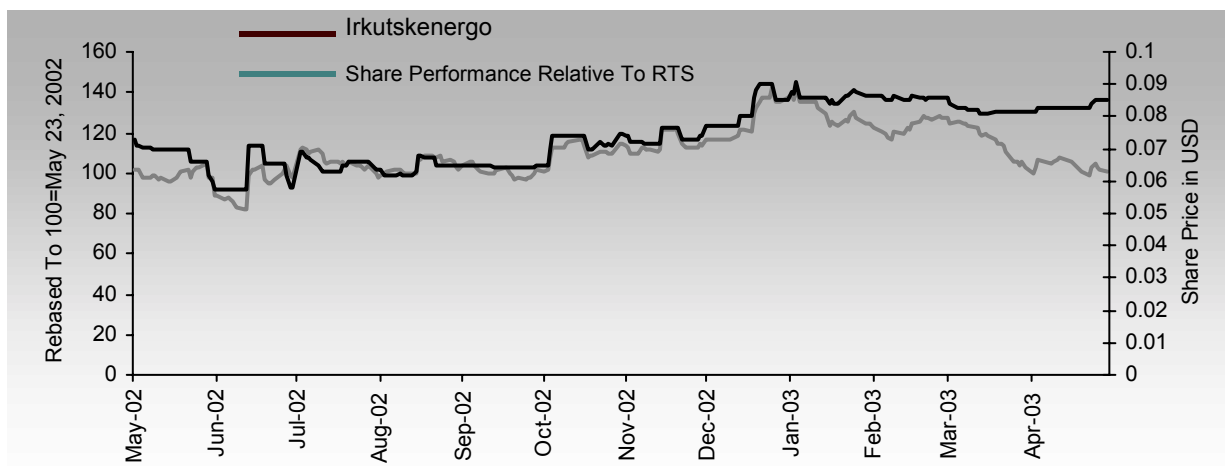


### Profile & Rating

Price Com USD:	0.086	Rating:	Sell
Price Pref USD:	-	Target Price USD:	0.080
Common Shares Outstanding, mln:	4,767	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	IRGZ.RTS
Market Capitalisation, USD mln:	408	Bloomberg Ticker:	IRGZ RU
EV, USD mln:	467	CUSIP:	462714106
ADR/GDR Since:	1997	ISIN:	RU0008960828
ADR/GDR Per Common Share:	0.020	IAS/US GAAP Financials Since:	1997

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Russian Federal Government	40%	CEO	Vladimir Kolmogorov
RUSAL	35%	CFO	Dmitry Tolstyakov
SUAL	10%	Investor Relations	Lyudmila Vasinyuk
Finansovy Popechitel	10%		
Free Float	5%		

### Business Activity

Historically, Irkutskenergo is a regional energo that has always been completely independent of UES. The company is the second largest energo, after Mosenergo, in terms of installed capacity (12,882 MW) and the third largest based on electricity generation (55,484 million kWh in 2002).

Irkutskenergo operates and maintains the high-voltage transmission network located in the Irkutsk region (which has an area of 767,900 square km and a population of 2.7 million people), to which the company supplies electricity and heat.

Given that Irkutskenergo is an independent entity, it may develop its own restructuring plan rather than follow UES' general template for energo restructuring. Until now, the company has taken limited steps in this direction, but the final passage of sector restructuring laws may accelerate this process. We believe that any restructuring plan would reflect the interests of Russian Aluminium (RusAl) and Siberian Urals Aluminium Company (SUAL), which together control 51% of the energo's shares, and which may not agree to the substantial unbundling of the company.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	342	360	370	383	392	3%
EBITDA	(1,443)	132	134	139	143	3%
EBIT	(1,550)	60	61	63	60	0.0%
PBT	(1,551)	54	56	59	52	-1%
PAT	(1,549)	5.00	9.00	9.00	12	34%
EPS	(0.34)	0.0010	0.0019	0.0019	0.0025	34%
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	0.0011	0.0011	0.0011	0.0011	0.0011	0.0%
<b>Balance Sheet, USD mln</b>						
Current Assets	129	128	128	129	163	
Fixed Assets	1,172	1,132	1,152	1,170	1,149	
<b>Total Assets</b>	<b>1,301</b>	<b>1,260</b>	<b>1,280</b>	<b>1,299</b>	<b>1,312</b>	
Short-Term Liabilities	90	90	95	89	61	
Long-Term Liabilities	6.51	15	25	35	40	
Equity	1,194	1,155	1,160	1,175	1,211	
<b>Total Liabilities &amp; Equity</b>	<b>1,301</b>	<b>1,260</b>	<b>1,280</b>	<b>1,299</b>	<b>1,312</b>	
Net Debt	59	65	75	85	95	
Minority	0	-	-	-	-	
Associates	0	-	-	-	-	
Capital Employed	1,253	1,220	1,235	1,260	1,306	
NOPAT	(1,552)	11	14	13	20	22%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	20	77	82	85	95	7%
CFPS	(0.30)	0.017	0.018	0.019	0.022	7%
Investment Cashflow	(40)	(50)	(60)	(65)	(70)	-
Enterprise Value	467	473	483	493	503	2%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.37	1.31	1.31	1.29	1.28	EBITDA Margin	-422%	37%	36%	36%	36%
EV/EBITDA	(0.32)	3.58	3.60	3.55	3.52	Operating Margin	-453%	17%	16%	16%	15%
EV/CF	24	6.14	5.89	5.80	5.30	NET Margin	-453%	1%	2%	2%	3%
EV/CapEmp	0.37	0.39	0.39	0.39	0.39	ROA	-	0.4%	0.7%	0.7%	0.9%
ROCE/WACC	(7.74)	0.056	0.071	0.064	0.096	ROCE	-124%	0.9%	1%	1%	2%
P/CE	(0.28)	5.30	4.98	4.80	4.30	ROE	-	0.4%	0.8%	0.8%	1%
P/B	0.34	0.35	0.35	0.35	0.34						
P/E	(0.26)	82	45	45	34						
DYield Pref	0.0%	0.0%	0.0%	0.0%	0.0%						
DYield Com	1%	1%	1%	1%	1%						

## Upcoming Events

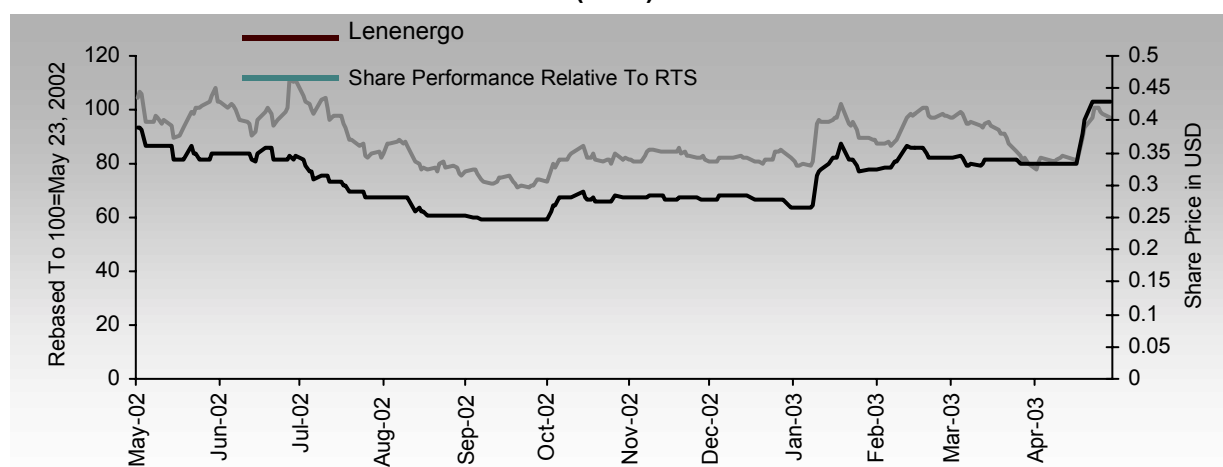
Date	Event
Fall	Government to announce privatisation plans for 40% in the company

### Profile & Rating

Price Com USD:	0.45	Rating:	Hold
Price Pref USD:	0.23	Target Price USD:	0.35
Common Shares Outstanding, mln:	766	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	131	Reuters RIC:	LSNG.RTS/LSNGq.BE
Market Capitalisation, USD mln:	375	Bloomberg Ticker:	LSNG RU/LNO GR
EV, USD mln:	361	CUSIP:	526028204
ADR/GDR Since:	2001	ISIN:	RU0009034490
ADR/GDR Per Common Share:	0.013	IAS/US GAAP Financials Since:	2001

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

UES:	49%	CEO	Andrei Likhachev
Russian Investors:	15%	CFO	Kirill Androssov
Foreign Investors:	14%	Investor Relations	Dmitry Khalizov
Individuals:	6%		
Fortum:	16%		
of which Free Float:	25%		

### Business Activity

Located in the Northwest region, Lenenergo is Russia's tenth largest energy, with a total installed capacity of 3,244 MW and a total heat capacity of 13,123 Gcal/h. It owns and operates nine thermal power stations (with an aggregate capacity of 2,605 MW), and four hydro power stations (aggregate capacity, 639 MW). Until January 2003, the company leased one thermal power plant from UES – Kirishi GRES. Lenenergo also controls 36,066 km of regional electricity transmission and distribution networks, and approximately 60% of the region's electricity supply market. It is a deficit producer of electricity, only able to supply a little over half of the electricity needs of its franchise area. To supply the rest of the market, the company buys electricity from the wholesale market.

It is geographically well placed to export electricity to Finland and the Baltic states. However, a sharp increase in electricity exports in the future is unlikely, as UES appears intent upon exploiting opportunities in this area, and likely at the expense of Lenenergo.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	580	700	760	800	850	7%
EBITDA	109	145	164	192	210	13%
EBIT	63	98	127	141	158	17%
PBT	51	84	100	110	122	13%
PAT	35	52	62	71	82	16%
EPS	0.050	0.063	0.075	0.086	0.10	17%
Preferred Dividend, per share	0.020	0.030	0.035	0.037	0.038	8%
Common Dividend, per share	0.010	0.010	0.020	0.020	0.020	26%
<b>Balance Sheet, USD mln</b>						
Current Assets	174	133	112	125	130	
Fixed Assets	716	705	755	744	733	
<b>Total Assets</b>	<b>904</b>	<b>851</b>	<b>867</b>	<b>869</b>	<b>863</b>	
Short-Term Liabilities	176	157	145	155	148	
Long-Term Liabilities	8.80	29	30	32	50	
Equity	719	664	692	682	665	
<b>Total Liabilities &amp; Equity</b>	<b>904</b>	<b>851</b>	<b>867</b>	<b>869</b>	<b>863</b>	
Net Debt	3.80	38	30	32	48	
Minority	-	-	-	-	-	
Associates	17	17	17	17	17	
Capital Employed	723	702	722	714	713	
NOPAT	46	64	87	110	123	24%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	24	113	126	145	142	8%
CFPS	0.12	0.14	0.17	0.20	0.22	16%
Investment Cashflow	(35)	(50)	(66)	(87)	(100)	-
Enterprise Value	361	396	388	390	406	0.8%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.62	0.57	0.51	0.49	0.48	EBITDA Margin	19%	21%	22%	24%	25%
EV/EBITDA	3.32	2.73	2.36	2.03	1.93	Operating Margin	11%	14%	17%	18%	19%
EV/CF	15	3.50	3.08	2.69	2.86	NET Margin	6%	7%	8%	9%	10%
EV/CapEmp	0.50	0.56	0.54	0.55	0.57	ROA	-	6%	7%	8%	9%
ROCE/WACC	0.41	0.59	0.78	0.99	1.11	ROCE	6%	9%	12%	15%	17%
P/CE	4.62	3.78	3.78	3.07	2.80	ROE	-	8%	9%	10%	12%
P/B	0.52	0.56	0.54	0.55	0.56						
P/E	11	7.20	6.04	5.28	4.57						
DYield Pref	9%	13%	15%	16%	17%						
DYield Com	2%	2%	4%	4%	4%						

## Upcoming Events

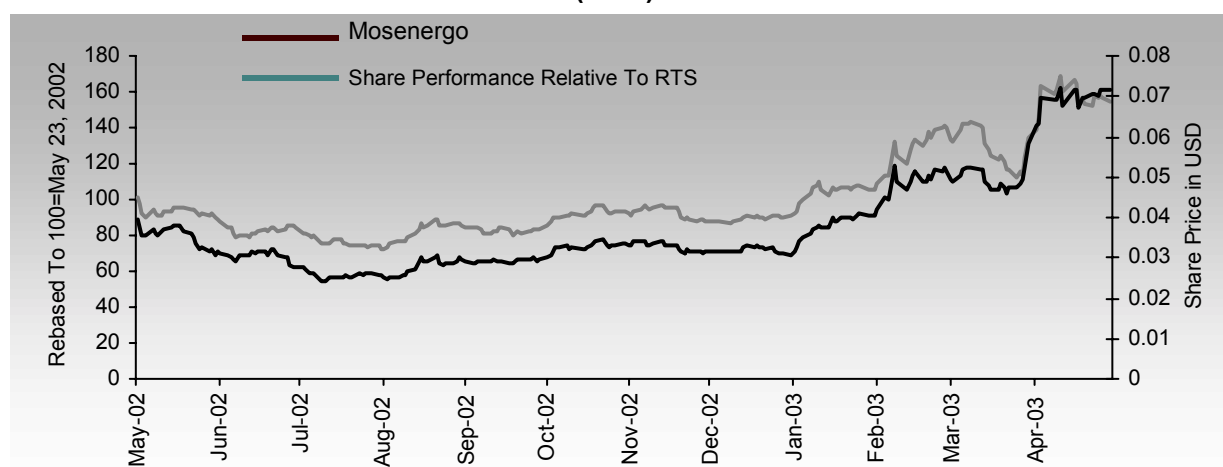
Date	Event
September	Finalising of restructuring plan together with UES
Fall	Fortum to announce strategy on Lenenergo investment

## Profile &amp; Rating

Price Com USD:	0.070	Rating:	Sell
Price Pref USD:	-	Target Price USD:	0.050
Common Shares Outstanding, mln:	28,268	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	MSNG.RTS/MROGyq.L
Market Capitalisation, USD mln:	1,982	Bloomberg Ticker:	MSNG RU/MRO GR
EV, USD mln:	2,209	CUSIP:	37376308
ADR/GDR Since:	1997	ISIN:	RU0008958863
ADR/GDR Per Common Share:	0.010	IAS/US GAAP Financials Since:	1995

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Russian Investors:	6%	CEO	Arkady Evstafiev
Individuals:	7%	CFO	Vladislav Nazin
Moscow City Government:	3%	Investor Relations	Alexey Zharikov
Strategic Investors	20%		
BEWAG	1%		
RWE	1%		
Free Float:	20%		
UES	51%		
Foreign Investors:	12%		

## Business Activity

Mosenergo is Russia's largest regional energy, with an installed electricity generation capacity of 14,800 MW (about 7% of Russia's total), and heat production capacity of 34,800 giga calories per hour (Gcal/h), accounting for 6% of Russia's total. It controls electricity transmission and distribution lines of a total length of 73,100 km, and 2,400 km of heating pipes. It operates 21 power plants, with 68% of the capacity being co-generation (that is, plants that simultaneously produce electricity and heat).

The company also operates the Zagorsk hydro-pump storage station (with 1,200 MW of installed capacity), a facility which uses unique technology in Russia to store excess off-peak electricity production to meet peak hour demand. Mosenergo is one of the six surplus energy companies, as its own capacity covers more than the demand requirements of its franchise area. The company operates in the most lucrative franchise area in Russia, providing electricity and heat to Moscow and the Moscow region, which have a total population of almost 16 million people.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	1,487	1,685	1,925	1,918	2,124	8%
EBITDA	238	302	357	455	498	18%
EBIT	140	141	201	295	315	31%
PBT	87	98	141	240	255	38%
PAT	9.00	28	60	140	145	73%
EPS	0.00030	0.0010	0.0021	0.0050	0.0051	72%
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	0.00060	0.00058	0.00060	0.00060	0.00060	1%
<b>Balance Sheet, USD mln</b>						
Current Assets	502	642	550	601	605	
Fixed Assets	2,291	2,326	2,443	2,417	2,450	
<b>Total Assets</b>	<b>2,793</b>	<b>2,969</b>	<b>2,993</b>	<b>3,018</b>	<b>3,055</b>	
Short-Term Liabilities	413	424	371	322	295	
Long-Term Liabilities	208	214	161	195	200	
Equity	2,172	2,330	2,461	2,501	2,560	
<b>Total Liabilities &amp; Equity</b>	<b>2,793</b>	<b>2,969</b>	<b>2,993</b>	<b>3,018</b>	<b>3,055</b>	
Net Debt	230	150	150	145	155	
Minority	-	-	-	-	-	
Associates	3.00	3.00	3.00	3.00	3.00	
Capital Employed	2,402	2,480	2,611	2,646	2,715	
NOPAT	62	71	193	195	205	42%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	115	163	216	221	250	15%
CFPS	0.0057	0.0082	0.011	0.013	0.014	19%
Investment Cashflow	(165)	(125)	(152)	(180)	(215)	-
Enterprise Value	2,209	2,129	2,129	2,124	2,134	0.1%
WACC, %	15	15	15	15	15	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.49	1.26	1.11	1.11	1.00	EBITDA Margin	16%	18%	19%	24%	23%
EV/EBITDA	9.28	7.05	5.96	4.67	4.28	Operating Margin	9%	8%	10%	15%	15%
EV/CF	19	13	9.85	9.61	8.53	NET Margin	0.6%	2%	3%	7%	7%
EV/CapEmp	0.92	0.86	0.82	0.80	0.79	ROA	-	1.0%	2%	5%	5%
ROCE/WACC	0.17	0.19	0.50	0.50	0.51	ROCE	3%	3%	7%	7%	8%
P/CE	19	10	9.17	6.61	6.04	ROE	-	1%	3%	6%	6%
P/B	0.91	0.85	0.81	0.79	0.77						
P/E	220	71	33	14	14						
DYield Pref	0.0%	0.0%	0.0%	0.0%	0.0%						
DYield Com	0.9%	0.8%	0.9%	0.9%	0.9%						

## Upcoming Events

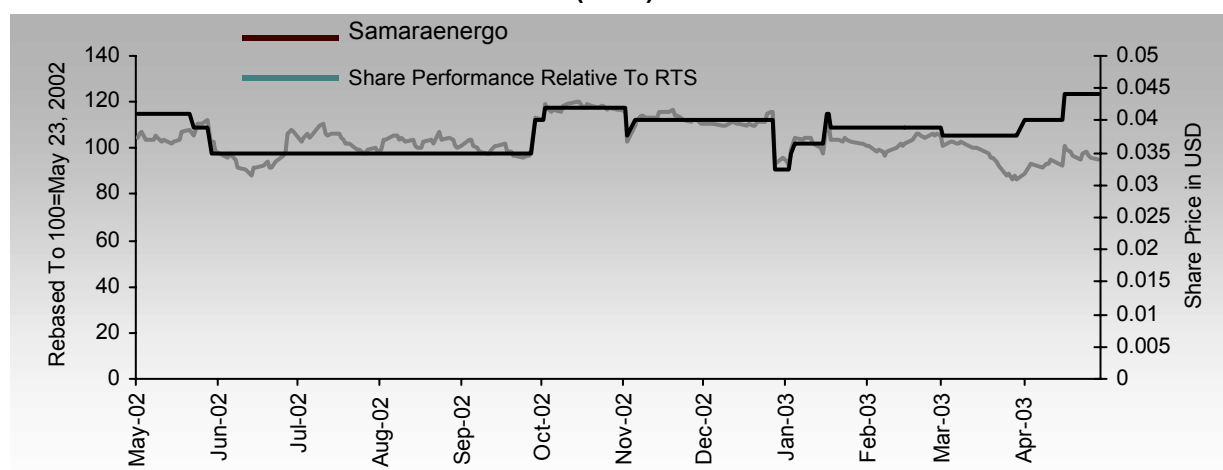
Date	Event
Fall	UES to discuss Mosenergo restructuring plan

### Profile & Rating

Price Com USD:	0.044	Rating:	Buy
Price Pref USD:	0.023	Target Price USD:	0.065
Common Shares Outstanding, mln:	3,507	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	522	Reuters RIC:	SAGO.RTS
Market Capitalisation, USD mln:	166	Bloomberg Ticker:	SAGO RU
EV, USD mln:	192	CUSIP:	na
ADR/GDR Since:	1998	ISIN:	RU0009098255
ADR/GDR Per Common Share:	0.014	IAS/US GAAP Financials Since:	

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

UES:	49%	CEO	Vladimir Avetisyan
Baring Vostok Private Equity:	25%	CFO	Yuri Makushin
Russian Investors:	11%	Investor Relations	Svetlana Shevchenko
Individuals:	9%		
Foreign Investors:	6%		
Free Float:	25%		

### Business Activity

Samaraenergo is a vertically integrated regional energo, with an installed electricity capacity of 3,495 MW (making it the eighth largest in Russia) and an installed thermal capacity of 16,370 Gcal/h. The company operates eight thermal power plants and controls electricity transmission and distribution lines of a total length of 35,601 km. It is a deficit producer, purchasing around one-third of its electricity output from the wholesale market. The company's customer mix is dominated by the industrial sector, including car manufacturing, oil extraction and processing, and chemical companies. Gas is the main fuel for the energo, accounting for 92.6% of its total fuel mix, which closely links the company's performance to changes in the price of gas.

As part of the restructuring of the utilities sector, Samaraenergo plans to merge with three bordering energos (Saratovenergo, Ulyanovskenergo, and Orenburgenergo) in the Mid-Volga region, to create four consolidated companies (one each for generation, transmission, distribution, and supply).

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	382	412	435	460	498	7%
EBITDA	55	70	85	100	115	18%
EBIT	30	25	30	43	55	30%
PBT	22	24	27	35	40	19%
PAT	12	17	19	24	30	21%
EPS	0.0031	0.0046	0.0052	0.0066	0.0083	21%
Preferred Dividend, per share	0.0013	0.0014	0.0016	0.0017	0.0019	10%
Common Dividend, per share	0.0013	0.0014	0.0016	0.0017	0.0019	10%
<b>Balance Sheet, USD mln</b>						
Current Assets	141	136	138	140	145	
Fixed Assets	258	716	672	661	644	
<b>Total Assets</b>	<b>399</b>	<b>852</b>	<b>810</b>	<b>801</b>	<b>789</b>	
Short-Term Liabilities	55	45	48	36	40	
Long-Term Liabilities	34	28	30	20	20	
Equity	309	779	732	745	729	
<b>Total Liabilities &amp; Equity</b>	<b>399</b>	<b>852</b>	<b>810</b>	<b>801</b>	<b>789</b>	
Net Debt	26	21	21	35	45	
Minority	0	-	-	-	-	
Associates	0	-	-	-	-	
Capital Employed	335	800	753	780	774	
NOPAT	19	18	22	32	45	36%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	38	62	64	81	90	13%
CFPS	0.013	0.018	0.022	0.025	0.030	19%
Investment Cashflow	(17)	(19)	(24)	(50)	(60)	-
Enterprise Value	192	187	187	201	211	4%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.50	0.45	0.43	0.44	0.42	EBITDA Margin	14%	17%	20%	22%	23%
EV/EBITDA	3.52	2.68	2.20	2.01	1.84	Operating Margin	8%	6%	7%	9%	11%
EV/CF	5.02	3.02	2.93	2.49	2.35	NET Margin	3%	4%	4%	5%	6%
EV/CapEmp	0.57	0.23	0.25	0.26	0.27	ROA	-	3%	2%	3%	4%
ROCE/WACC	0.35	0.14	0.18	0.26	0.36	ROCE	6%	2%	3%	4%	6%
P/CE	4.58	2.68	2.25	2.05	1.85	ROE	-	3%	3%	3%	4%
P/B	0.54	0.21	0.23	0.22	0.23						
P/E	14	9.78	8.75	6.93	5.54						
DYield Pref	6%	6%	7%	8%	8%						
DYield Com	3%	3%	4%	4%	4%						

## Upcoming Events

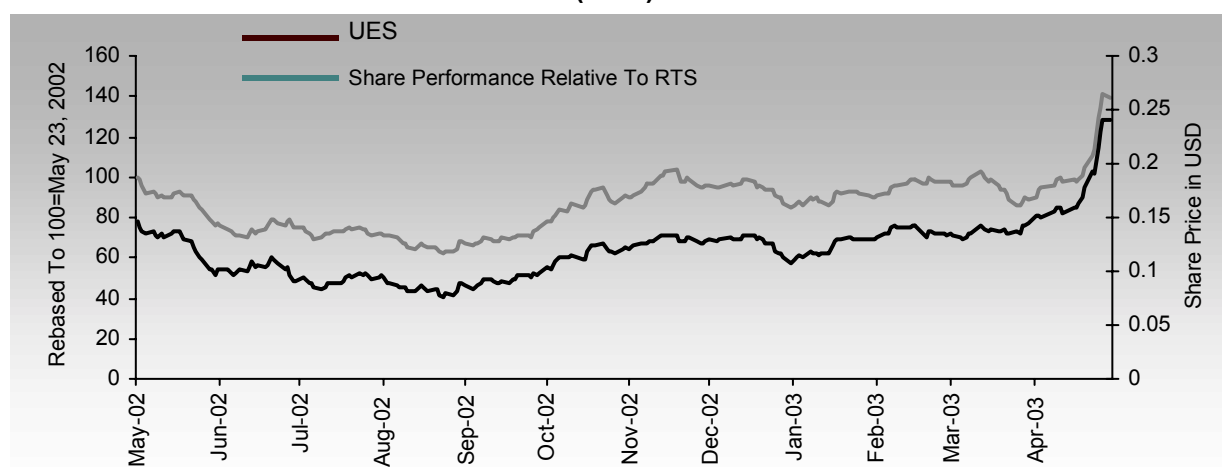
Date	Event
Jun-03	AGM

### Profile & Rating

Price Com USD:	0.23	Rating:	U/R
Price Pref USD:	0.18	Target Price USD:	U/R
Common Shares Outstanding, mln:	41,042	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	2,075	Reuters RIC:	EESR.RTS/EESRq.L
Market Capitalisation, USD mln:	9,980	Bloomberg Ticker:	EESR RU/KESD LI
EV, USD mln:	17,680	CUSIP:	904688108
ADR/GDR Since:	1997	ISIN:	RU0008959655
ADR/GDR Per Common Share:	0.010	IAS/US GAAP Financials Since:	1998

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Russian Government:	53%	CEO	Anatoly Chubais
Foreign Investors:	10%	CFO	Leonid Melamed
MDM	10%	Investor Relations	Alexander Kolesnikov
RusAI	5%		
Russian Investors	17%		
Individuals	5%		
of which freefloat	15%		

### Business Activity

Unified Energy System (UES) is the dominant player in the Russian utilities sector, accounting for 72.5% of Russia's electricity generation capacity – or 155,000 megawatts (MW) – and 71.1% and 33.3% of total electricity and heat output, respectively.

It owns stakes in 72 regional energos (of which 63 are controlling), and 36 large thermal and hydro power stations (nine of which are still under construction). These form the basis of the federal wholesale market. In addition, with a transmission network of 143,300 kilometres (km) in length, the company runs the lion's share of the country's high-voltage network, and the central dispatch unit. UES operating performance has picked up recently being mainly a reflection of seasonal effects, ie an unusually cold winter. In Q1, UES produced 182.4 bn kWh of electricity, or 7.5% more than in the previous period last year. UES' heat output increased even more impressively – by 10.5%, to 193.5 million Gcal. As a result, UES managed to increase its market share in overall Russian electricity generation from 70.0% to 71.2%, mainly at the expense of Rosenergoatom, and temporarily bucking the trend of losing market share that had been observed in several previous quarters.

UES is currently undergoing restructuring, with the current plan calling for the creation of 12 new entities based on UES – 10 wholesale generation companies, the Federal Network Company, and a regional energo holding.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	13,738	14,112	14,835	15,425	15,810	4%
EBITDA	2,243	2,280	2,326	2,450	2,562	4%
EBIT	393	410	430	450	482	6%
PBT	2,043	298	282	350	360	7%
PAT	1,432	45	25	100	110	35%
EPS	0.035	0.00044	0.00031	0.0021	0.0023	74%
Preferred Dividend, per share	0.0038	0.013	0.0060	0.0060	0.0070	-19%
Common Dividend, per share	0.00080	0.00090	0.0010	0.0011	0.0010	4%
<b>Balance Sheet, USD mln</b>						
Current Assets	5,278	5,096	4,560	4,828	4,962	
Fixed Assets	26,140	25,624	24,617	23,067	23,850	
<b>Total Assets</b>	<b>31,418</b>	<b>30,720</b>	<b>29,177</b>	<b>27,895</b>	<b>28,812</b>	
Short-Term Liabilities	5,567	4,232	4,115	3,852	4,213	
Long-Term Liabilities	4,112	3,917	3,688	3,117	3,019	
Equity	21,739	22,571	21,374	20,926	21,580	
<b>Total Liabilities &amp; Equity</b>	<b>31,418</b>	<b>30,720</b>	<b>29,177</b>	<b>27,895</b>	<b>28,812</b>	
Net Debt	1,512	1,612	1,714	1,822	2,008	
Minority	6,349	6,349	6,349	6,349	6,349	
Associates	161	161	161	161	161	
Capital Employed	23,251	24,183	23,088	22,748	23,588	
NOPAT	245	157	173	200	232	14%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	924	1,225	1,635	2,106	2,210	22%
CFPS	0.051	0.049	0.050	0.054	0.056	4%
Investment Cashflow	(1,250)	(1,325)	(1,712)	(2,050)	(2,325)	-
Enterprise Value	17,680	17,780	17,882	17,990	18,176	0.7%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.29	1.26	1.21	1.17	1.15	EBITDA Margin	16%	16%	16%	16%	16%
EV/EBITDA	7.88	7.80	7.69	7.34	7.09	Operating Margin	3%	3%	3%	3%	3%
EV/CF	19	15	11	8.54	8.22	NET Margin	10%	0.3%	0.2%	0.6%	0.7%
EV/CapEmp	0.76	0.74	0.77	0.79	0.77	ROA	-	0.1%	0.1%	0.4%	0.4%
ROCE/WACC	0.066	0.041	0.047	0.055	0.061	ROCE	1%	0.6%	0.7%	0.9%	1.0%
P/CE	3.04	5.21	5.20	4.75	4.56	ROE	-	0.2%	0.1%	0.5%	0.5%
P/B	0.46	0.44	0.47	0.48	0.46						
P/E	6.97	222	399	100	91						
DYield Pref	2%	7%	3%	3%	4%						
DYield Com	0.3%	0.4%	0.4%	0.5%	0.4%						

## Upcoming Events

Date	Event
June	First meeting of new board of directors
September	Launch of 5-15% mini-wholesale market



# Retail & Consumer Goods

Wimm-Bill-Dann  
SUN Interbrew  
Baltika  
GUM  
TsUM  
Red October



## Sector Views

### Bull Points

- Real disposable income growth continues (8.8% in 2002, 7-8% expected in 2003), ensuring growing demand
- Consumer credit is seeing dynamic development and should significantly boost consumption

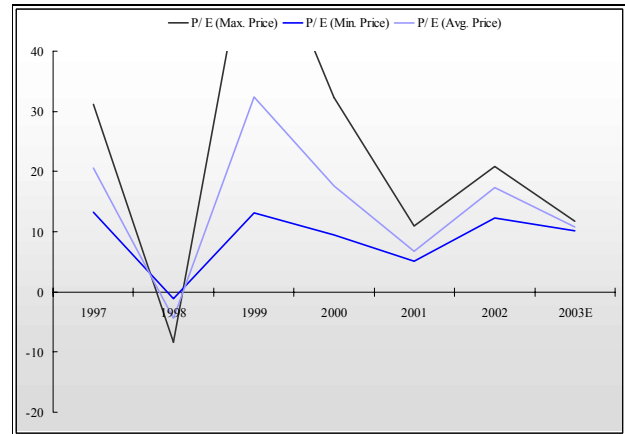
### Bear Points

- Strong rouble causes pressure on costs, while price increases are not easy due to increasing competition

### Rating Of Stocks In The Sector

	Last Price	Rating	Target Price	Up/Down Side
Baltika	12	Buy	16	36%
GUM	2.10	Sell	1.20	-43%
Red October	3.45	Hold	3.80	10%
SUN Interbrew (B)	3.96	Hold	3.90	-2%
TsUM	0.37	Sell	0.35	-4%
Wimm-Bill-Dann	19	Buy	22	14%

### Sector PEs



## Sector Picks

### Favourite

Wimm-Bill-Dann

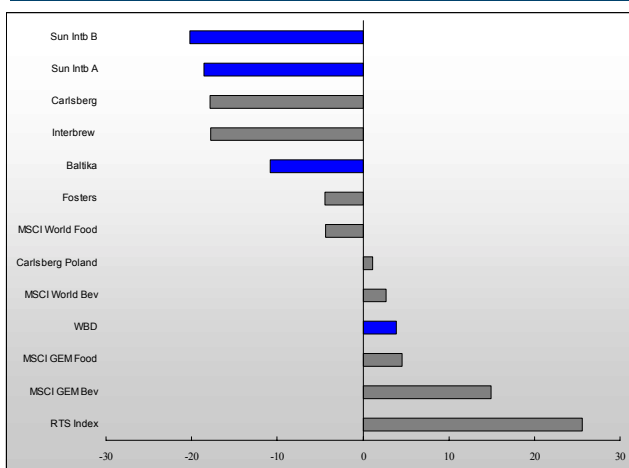
### Least Favourite

GUM

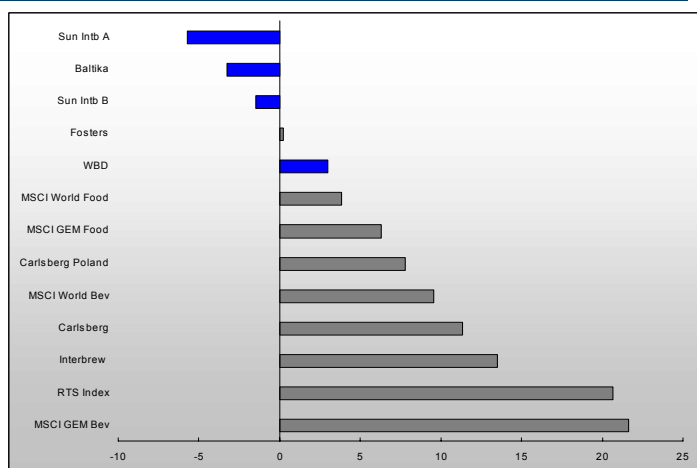
SUN Interbrew

TsUM

### YTD Sector Performance



### 3 Month Sector Performance

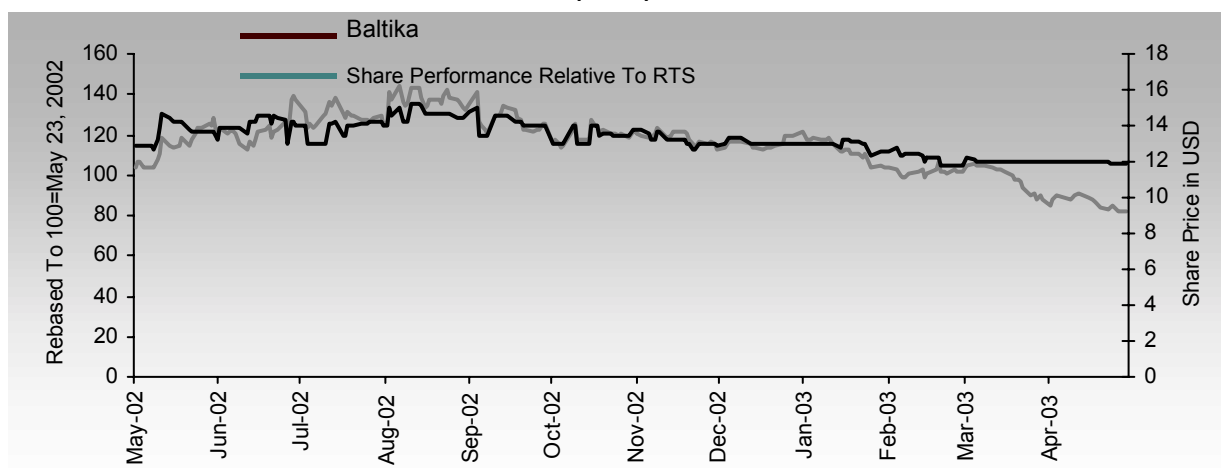


### Profile & Rating

Price Com USD:	12	Rating:	Buy
Price Pref USD:	9.00	Target Price USD:	16
Common Shares Outstanding, mln:	117	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	14	Reuters RIC:	PKBA.RTS
Market Capitalisation, USD mln:	1,516	Bloomberg Ticker:	PKBA\$ RU Equity
EV, USD mln:	1,575	CUSIP:	na
ADR/GDR Since:		ISIN:	RU0009107684
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	1997

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Other Shareholders & Free Float	7%	President	Taimuraz Bolloev
Baltika Management	6%	CFO	Alexander Nikonov
Baltika Employees	13%	Investor Relations	Alexander Rysaliev
Baltic Beverage Holding	74%		

### Business Activity

Baltika is Russia's largest beer producer, by volumes and sales. The company produced 16.1 million hectoliters (hl) of beer in 2002, capturing a 23% share of the Russian beer market (which increased by 12% y-o-y). The company was founded in 1990, and currently has 5 breweries with a combined installed capacity of 18.9 million hl, two of which were commissioned in 1H 2003 and should favourably reflect on sales volumes in 2H 2003.

Baltika has 31 distribution centres (as at the end of January 2003), which makes its distribution network the most extensive among its peers in Russia. The company employs more than 8,000 people. Baltika produces 27 beer brands in the value, core, and premium segments, although it concentrates on the former two areas. It also produces lemonades, beer cocktails, and mineral and mineralised water. The company offers such a wide variety of brands that its products are available in literally every consumer and price segment, which makes 'Baltika' a genuine national brand. The company employs the most modern technologies and constantly invests in research to further improve the quality of its products, packaging, and design.

In 2002, Baltika was a sole leader in the dynamically growing can segment (having a 50% market share), which again indicates that the company is in the vanguard of the beer industry in Russia. The company, due to a sound marketing policy, full brand portfolio, up-to-date technologies and effective management, will retain its leading position in the Russian beer sector (which has seen signs of a slowdown in Q1 2003).

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	537	683	811	1,034	1,252	22%
EBITDA	204	234	296	372	445	24%
EBIT	176	191	248	321	388	27%
PBT	174	191	250	322	389	27%
PAT	129	137	190	245	296	29%
EPS	1.20	1.17	1.62	2.09	2.52	29%
Preferred Dividend, per share	0.22	0.40	0.55	0.71	0.85	29%
Common Dividend, per share	0.29	0.31	0.43	0.55	0.66	29%
<b>Balance Sheet, USD mln</b>						
Current Assets	122	151	246	405	584	
Fixed Assets	389	545	582	626	689	
<b>Total Assets</b>	<b>511</b>	<b>696</b>	<b>827</b>	<b>1,031</b>	<b>1,273</b>	
Short-Term Liabilities	51	135	117	146	173	
Long-Term Liabilities	14	13	13	13	14	
Equity	396	550	698	872	1,086	
<b>Total Liabilities &amp; Equity</b>	<b>511</b>	<b>696</b>	<b>827</b>	<b>1,031</b>	<b>1,273</b>	
Net Debt	9.00	67	(30)	(132)	(258)	
Minority	50	0	0	0	0	
Associates	5.00	8.35	9.07	12	14	
Capital Employed	405	616	668	740	828	
NOPAT	150	153	188	244	295	25%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	178	196	236	295	351	21%
CFPS	1.66	1.67	2.01	2.52	3.00	21%
Investment Cashflow	(106)	(193)	(109)	(91)	(111)	-
Enterprise Value	1,570	1,575	1,477	1,373	1,244	-8%
WACC, %	15	15	15	15	15	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	2.92	2.31	1.82	1.33	0.99	EBITDA Margin	38%	34%	36%	36%	36%
EV/EBITDA	7.71	6.73	4.99	3.69	2.80	Operating Margin	33%	28%	31%	31%	31%
EV/CF	8.84	8.03	6.26	4.65	3.54	NET Margin	24%	20%	23%	24%	24%
EV/CapEmp	3.87	2.55	2.21	1.85	1.50	ROA	29%	23%	25%	26%	26%
ROCE/WACC	2.44	1.64	1.86	2.18	2.36	ROCE	37%	25%	28%	33%	36%
P/CE	9.69	8.41	6.37	5.12	4.31	ROE	38%	29%	30%	31%	30%
P/B	3.82	2.76	2.17	1.74	1.40						
P/E	12	11	7.99	6.19	5.13						
DYield Pref	2%	4%	6%	8%	9%						
DYield Com	2%	3%	4%	5%	6%						

## Upcoming Events

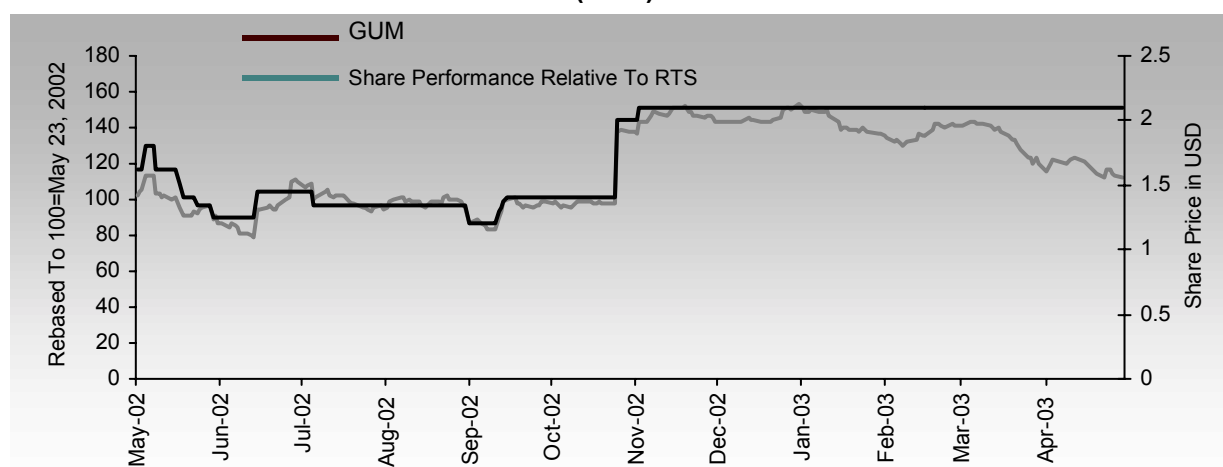
Date	Event
August 1-10, 2003	2Q 2003 RAS Results
End Of August 2002	1H 2003 GAAP Results
November 1-10, 2003	3Q 2003 RAS Results
End Of November, 2003	9M 2003 GAAP Results

## Profile &amp; Rating

Price Com USD:	2.10	Rating:	Sell
Price Pref USD:	-	Target Price USD:	1.20
Common Shares Outstanding, mln:	60	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	-	Reuters RIC:	GUMRy.F, GUMRy.BE
Market Capitalisation, USD mln:	126	Bloomberg Ticker:	GUMM\$ RU Equity, GUMRY
EV, USD mln:	103	CUSIP:	37379104
ADR/GDR Since:	1996	ISIN:	RU0008913751, US0373791047
ADR/GDR Per Common Share:	2.00	IAS/US GAAP Financials Since:	1996

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Other Shareholders	39%	Chairman	Lev Khasis
Free Float	10%	General Director	Vyacheslav Vechkanov
Alfa Group >	50%	CFO	Lyudmila Kirpicheva
		Investor Relations	Vladimir Moshkovsky

## Business Activity

GUM is the largest traded retailer on the Russian market, and one of largest retailers in the country, with an effective space of 41,376 square metres. It targets consumer groups in the middle-upper income segment. The GUM flagship store (with 24,726 square metres of total trading space) on Red Square (upon which it has a 50-year lease from the City of Moscow) accounts for approximately three-quarters of total revenues, while roughly 15 satellite stores throughout Moscow and its environs account for the balance. GUM generates revenues from three sources: subleasing space; selling products it sources independently through store space; and through revenue-sharing arrangements with retailers, who are not interested in operating a sublease.

The struggle between two of the largest domestic food retailers for a controlling stake in GUM resulted in a stock price rally in November-December 2002. However, the question remains as to whether the winner - Perekrestok and Alfa-Group, who controls it - will consider the interests of minority shareholders in its strategy, and if GUM will maintain its 15 retail outlets in Moscow in 2003 (which we believe are the main target of the Moscow food retailers).



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	83	103	110	117	121	6%
EBITDA	16	16	15	16	16	0.7%
EBIT	13	13	11	11	12	-3%
PBT	14	13	11	11	11	-3%
PAT	8.84	9.41	7.90	8.16	8.45	-4%
EPS	0.15	0.16	0.13	0.14	0.14	-4%
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	0.052	0.054	0.046	0.047	0.049	-4%
<b>Balance Sheet, USD mln</b>						
Current Assets	44	49	50	57	66	
Fixed Assets	49	54	68	73	77	
<b>Total Assets</b>	<b>92</b>	<b>104</b>	<b>117</b>	<b>130</b>	<b>143</b>	
Short-Term Liabilities	15	17	19	20	21	
Long-Term Liabilities	0	0	0	0	0	
Equity	77	86	99	110	122	
<b>Total Liabilities &amp; Equity</b>	<b>92</b>	<b>104</b>	<b>117</b>	<b>130</b>	<b>143</b>	
Net Debt	(18)	(18)	(17)	(22)	(29)	
Minority	0	0	0	0	0	
Associates	7.34	4.78	5.14	5.43	5.65	
Capital Employed	59	69	82	88	92	
NOPAT	7.42	9.58	8.23	8.42	8.77	-3%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	9.43	13	12	13	13	2%
CFPS	0.16	0.21	0.21	0.21	0.22	2%
Investment Cashflow	(9.87)	(5.61)	(13)	(6.45)	(5.39)	-
Enterprise Value	100	103	104	98	91	-4%
WACC, %	18	18	18	18	18	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.21	1.01	0.94	0.84	0.75	EBITDA Margin	19%	16%	14%	13%	13%
EV/EBITDA	6.34	6.46	6.94	6.30	5.57	Operating Margin	16%	12%	10%	10%	10%
EV/CF	11	8.04	8.41	7.63	6.74	NET Margin	11%	9%	7%	7%	7%
EV/CapEmp	1.70	1.51	1.27	1.12	0.99	ROA	11%	10%	7%	7%	6%
ROCE/WACC	0.70	0.78	0.56	0.54	0.53	ROCE	13%	14%	10%	10%	10%
P/CE	11	9.98	11	10	9.63	ROE	14%	11%	9%	8%	7%
P/B	1.63	1.46	1.28	1.15	1.04						
P/E	14	13	16	15	15						
DYield Pref	-	-	-	-	-						
DYield Com	2%	3%	2%	2%	2%						

## Upcoming Events

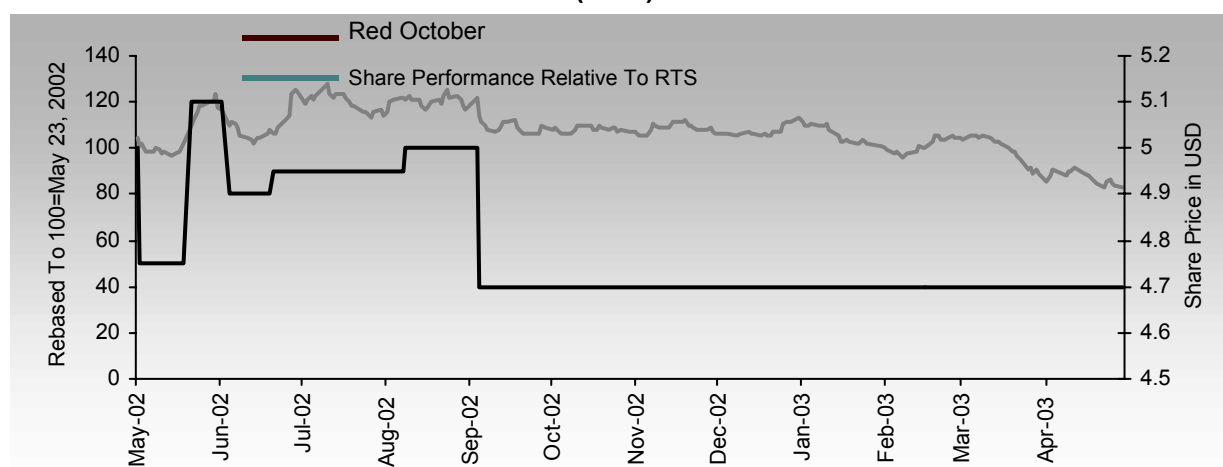
Date	Event
August 1-10, 2003	2Q 2003 RAS Results
August, 2003	2002 GAAP results
November 1-10, 2003	3Q 2003 RAS Results

## Profile &amp; Rating

Price Com USD:	3.45	Rating:	Hold
Price Pref USD:	1.00	Target Price USD:	3.80
Common Shares Outstanding, mln:	8.36	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	1.48	Reuters RIC:	KROT.RTS
Market Capitalisation, USD mln:	30	Bloomberg Ticker:	KROT\$ RU Equity
EV, USD mln:	35	CUSIP:	na
ADR/GDR Since:		ISIN:	RU0009061816
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

The Moscow City Government	24%	General Director	Anatoly Dausky
Other Shareholders & Free Float	25%	CEO	Yuriy Klopovsky
Gosinkor-Holding	51%	CFO	Lyubov Sorokina
		Investor Relations	Pavel Cherepanov

## Business Activity

Red October is a Moscow based producer and retailer of confectionery products. In 2002, Red October's output was 92,000 tonnes (up by 12% from 2001), which allowed it to capture about 8% of the Russian confectionery market. The company sells 88% of its products in Moscow and Central Russia. The range of products (about 200 brands) includes chocolates, hard candies, toffees, caramels, cookies, and cocoa powder.

In the past three years, the company, under weak management, missed a clear opportunity to capitalise on the recovery in consumer demand and the generally favourable macroeconomic environment in Russia. At the beginning of March 2002, the shareholder structure of Red October changed significantly. Three foreign investors sold stakes amounting to 28% to Gosinkor-Holding, which later accumulated a controlling stake in Red October. This change can only bring positive results for the company, as the confectioner requires a considered marketing strategy, clear product segmentation, and sound financing to upgrade its producing facilities. Gosinkor-Holding announced it will consolidate Red October with Rot Front (also controlled by Gosinkor) and Babaevsky, into an enlarged confectionery producer, anticipating that it will be able to capture 15-20% of the Russian market.

Gosinkor-Holding plans to invest more than USD150 million in the new holding within the next 2-3 years. The detailed plan, which will outline the consolidation process, has not yet been made public. Gosinkor-Holding announced earlier that, after the consolidation has been completed, it plans to raise about USD100 million in the prospective ADR offering, which should take place in 2-3 years. We consider the consolidation risks for minority shareholders to be high.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	94	114	121	128	135	6%
EBITDA	19	16	19	19	20	8%
EBIT	16	13	16	16	16	7%
PBT	13	11	13	14	15	11%
PAT	9.18	9.50	9.72	10	11	6%
EPS	1.05	1.08	1.11	1.19	1.29	6%
Preferred Dividend, per share	0.054	0.057	0.058	0.062	0.067	6%
Common Dividend, per share	0.041	0.043	0.044	0.047	0.051	6%
<b>Balance Sheet, USD mln</b>						
Current Assets	21	32	43	49	50	
Fixed Assets	35	33	40	43	45	
<b>Total Assets</b>	<b>56</b>	<b>65</b>	<b>83</b>	<b>91</b>	<b>95</b>	
Short-Term Liabilities	0.64	4.30	0.85	0.88	0.92	
Long-Term Liabilities	0	4.28	4.31	0	0	
Equity	38	45	56	63	70	
<b>Total Liabilities &amp; Equity</b>	<b>56</b>	<b>65</b>	<b>83</b>	<b>91</b>	<b>95</b>	
Net Debt	7.82	11	1.11	(3.09)	(6.61)	
Minority	0	0	0	0	0	
Associates	3.38	3.22	4.46	4.60	4.83	
Capital Employed	46	56	57	60	63	
NOPAT	11	10	12	12	12	7%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	15	14	16	16	16	4%
CFPS	1.68	1.65	1.79	1.84	1.85	4%
Investment Cashflow	(3.54)	(6.87)	(8.49)	(8.00)	(8.60)	-
Enterprise Value	35	38	27	23	19	-21%
WACC, %	18	18	18	18	18	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.37	0.33	0.22	0.18	0.14	EBITDA Margin	20%	14%	15%	15%	15%
EV/EBITDA	1.87	2.36	1.44	1.17	0.95	Operating Margin	17%	12%	13%	12%	12%
EV/CF	2.35	2.60	1.72	1.40	1.16	NET Margin	10%	8%	8%	8%	8%
EV/CapEmp	0.75	0.67	0.48	0.38	0.30	ROA	16%	16%	13%	12%	12%
ROCE/WACC	1.34	1.01	1.17	1.13	1.09	ROCE	24%	18%	21%	20%	19%
P/CE	2.51	2.48	2.35	2.17	2.02	ROE	25%	23%	19%	18%	17%
P/B	0.79	0.67	0.54	0.48	0.43						
P/E	3.30	3.19	3.12	2.90	2.68						
DYield Pref	5%	6%	6%	6%	7%						
DYield Com	1%	1%	1%	1%	1%						

## Upcoming Events

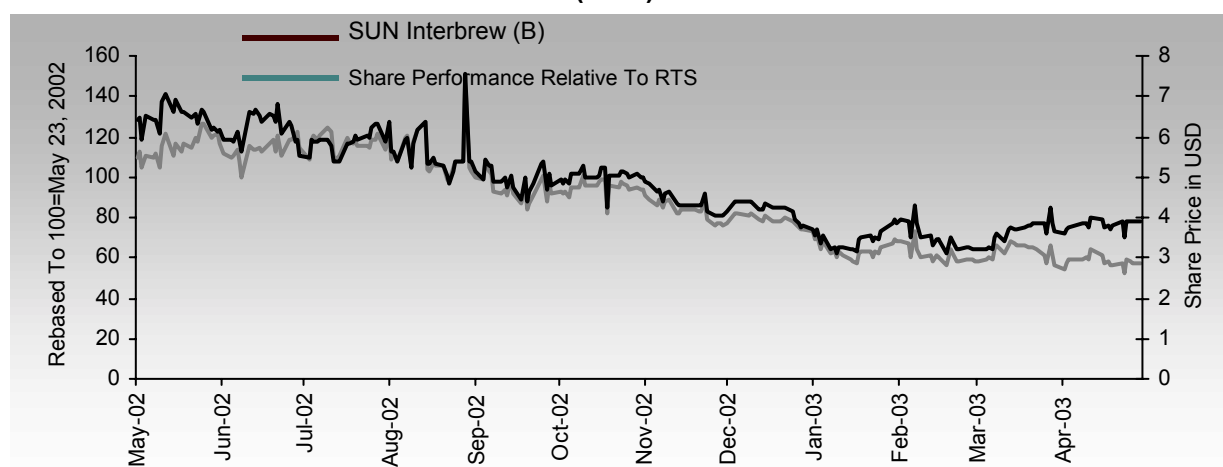
Date	Event
June 20, 2003	AGM (Dividend Announcement)
August 1-10, 2003	2Q 2003 RAS Results
November 1-10, 2003	3Q 2003 RAS Results

## Profile &amp; Rating

Price B-Shares USD:	3.96	Rating:	Hold
Price A-Shares USD:	2.96	Target Price B-Shares USD:	3.90
B-Shares Outstanding, mln:	28	Last Reported Financial Year:	2002
A-Shares Outstanding, mln:	88	Reuters RIC:	SBREA.LU
Market Capitalisation, USD mln:	371	Bloomberg Ticker:	SUG GR Equity
EV, USD mln:	544	CUSIP:	na
ADR/GDR Since:	1999	ISIN:	US86677C7083
ADR/GDR Per Common Share:	1.00	IAS/US GAAP Financials Since:	1999

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

SUN Trade International (India)	16%	Chairman	Nand Khemka
Other Shareholders & Free Float	15%	CEO	Joseph Strella
Interbrew (Belgium)	69%	CFO	Allan Hibbert
		Investor Relations	Inessa Bak

## Business Activity

SUN Interbrew is the second largest brewer in Russia (with an 11.7% market share in 2002), and the leading brewer in Ukraine (with a 32.2% market share in 2002), by output and sales. With 12 breweries in Russia and Ukraine, SUN Interbrew produced 12.5 million hectolitres (hl) of beer in 2002. The company is a strategic partnership between SUN Brewing, a brewer in the region since 1992, and Interbrew, the third largest brewer in the world, which expanded into Ukraine in 1996, and into Russia in 1998.

SUN Interbrew is a public company registered in Jersey, whose ADRs are listed and traded on the Luxembourg, Frankfurt, and Berlin exchanges. There is a possibility that Interbrew will buy out Sun Trade International's interest in the company, which will ultimately mean a private holding of SUN Interbrew's shares. Core beer brands account for 70% of SUN Interbrew's brand portfolio while, prior to 2000, it was the opposite. A number of mistakes in marketing and strategic decisions in its Russian operations over 1H 2002 resulted in a management change, with Joseph Strella taking over as Russia's country manager. The company apparently has seen some improvements in its market share in 1Q 2003, guided by the new management.

For the past two years, and up to 2003, SUN Interbrew annually allocates an average of USD90 million for capex, which is oriented towards improving quality in all of its breweries and increasing capacity, but the company was late in installing cans and PET packaging lines (this was the reason for it losing market share).

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	351	410	481	534	632	16%
EBITDA	81	71	104	116	147	28%
EBIT	43	13	45	51	81	85%
PBT	37	1.42	29	35	65	258%
PAT	19	(3.42)	13	18	41	-
EPS	0.18	(0.032)	0.12	0.16	0.38	-
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	-	-	-	-	-	-
<b>Balance Sheet, USD mln</b>						
Current Assets	131	149	187	182	216	
Fixed Assets	363	469	509	525	534	
<b>Total Assets</b>	<b>495</b>	<b>618</b>	<b>696</b>	<b>707</b>	<b>750</b>	
Short-Term Liabilities	117	212	104	111	122	
Long-Term Liabilities	7.33	8.99	120	106	95	
Equity	324	362	439	459	504	
<b>Total Liabilities &amp; Equity</b>	<b>495</b>	<b>618</b>	<b>696</b>	<b>707</b>	<b>750</b>	
Net Debt	74	154	106	112	88	
Minority	46	35	33	32	30	
Associates	17	16	18	19	19	
Capital Employed	398	515	545	571	592	
NOPAT	25	(14)	23	28	53	
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	65	68	90	100	124	22%
CFPS	0.60	0.63	0.83	0.92	1.15	22%
Investment Cashflow	(84)	(114)	(102)	(77)	(75)	-
Enterprise Value	474	544	493	497	471	-5%
WACC, %	13	13	13	13	13	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.35	1.33	1.02	0.93	0.75	EBITDA Margin	23%	17%	22%	22%	23%
EV/EBITDA	5.89	7.68	4.73	4.29	3.20	Operating Margin	12%	3%	9%	10%	13%
EV/CF	7.34	8.02	5.49	4.98	3.79	NET Margin	6%	-0.8%	3%	3%	6%
EV/CapEmp	1.19	1.06	0.90	0.87	0.80	ROA	4%	-0.6%	2%	3%	6%
ROCE/WACC	0.47	(0.20)	0.31	0.37	0.67	ROCE	6%	-3%	4%	5%	9%
P/CE	6.54	6.80	5.18	4.52	3.47	ROE	6%	-1.0%	3%	4%	8%
P/B	1.15	1.03	0.85	0.81	0.74						
P/E	19	(109)	29	21	9.09						
DYield Pref	-	-	-	-	-						
DYield Com	-	-	-	-	-						

## Upcoming Events

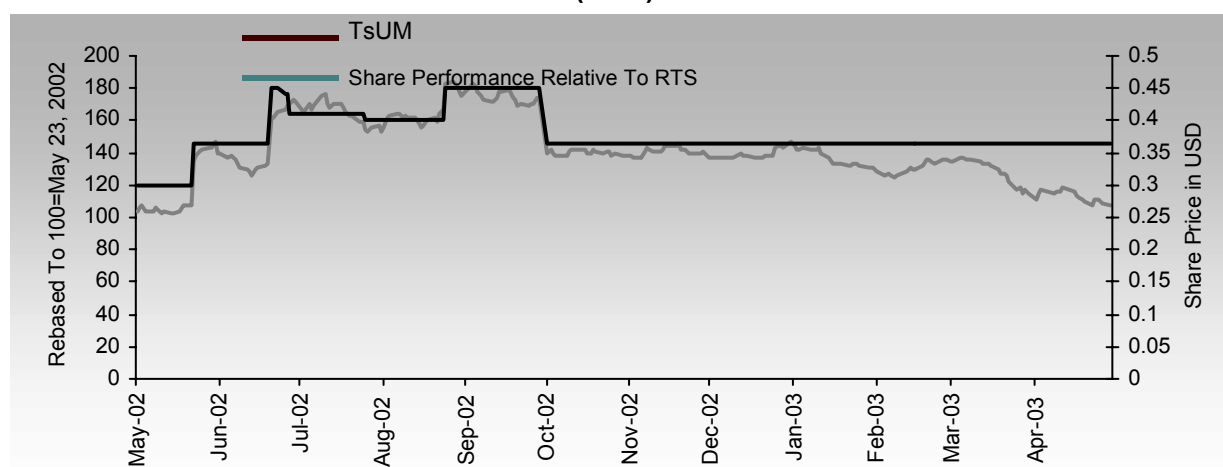
Date	Event
September 30, 2003	1H 2003 GAAP Results
November 19, 2003	9M 2003 GAAP Results

## Profile &amp; Rating

Price Com USD:	0.37	Rating:	Sell
Price Pref USD:	-	Target Price USD:	0.35
Common Shares Outstanding, mln:	90	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	-	Reuters RIC:	TZUM.RTS
Market Capitalisation, USD mln:	33	Bloomberg Ticker:	TZUM\$ RU Equity, THT GR
EV, USD mln:	16	CUSIP:	892681107
ADR/GDR Since:	1997	ISIN:	RU0008913819, US8926811071
ADR/GDR Per Common Share:	1.00	IAS/US GAAP Financials Since:	2001

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Other Shareholders & Free Float	20%	General Director	Alexander Voskoboinikov
Mercury Trading House >	50%	CEO	Sergei Cheremizov
		CFO	Vladimir Khopenkov

## Business Activity

TsUM operates department stores and leases space to retailers in Moscow, with a flagship store located in downtown Moscow, and half a dozen other satellite stores. The company's department stores sell major international brands of consumer goods. TsUM used to rent out a large portion of its commercial space to over 50 retail organisations before the middle of 2002, but the practice was stopped at the end of 2002 when control over the company was acquired by Russian trading house Mercury (which successfully runs a chain of luxury boutiques in Moscow). TsUM currently targets the middle- to upper-middle income segment. We anticipate that under Mercury's management TsUM may be repositioned into a more upscale retailer.

Mercury said that it plans to modernise TsUM's main facility to Western standards, and to build a new trading centre in Moscow (nearby the existing one). This project, which will cost approximately USD16 million, should allow TsUM to more than double its trading space by 2005. However, the company primarily needs a new strategy to be developed and implemented in order to capitalise on the favourable macro-economic environment in Russia and, in particular, on the ongoing growth in the consumer goods sector. The new major shareholder has not yet announced its exact plans regarding TsUM, and we are negative on the company until its future strategy becomes clear.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	38	38	40	46	114	44%
EBITDA	10	9.35	9.56	12	24	37%
EBIT	6.34	5.85	5.96	5.88	15	37%
PBT	5.96	5.85	3.25	3.47	13	31%
PAT	3.65	4.10	2.28	2.43	9.18	31%
EPS	0.041	0.046	0.025	0.027	0.10	31%
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	-	-	-	-	-	-
<b>Balance Sheet, USD mln</b>						
Current Assets	14	37	25	18	34	
Fixed Assets	52	49	51	81	78	
<b>Total Assets</b>	66	86	75	98	112	
Short-Term Liabilities	10	10.00	10	11	26	
Long-Term Liabilities	0	16	16	15	0	
Equity	55	60	49	72	86	
<b>Total Liabilities &amp; Equity</b>	66	86	75	98	112	
Net Debt	(3.60)	(11)	2.59	8.43	(8.00)	
Minority	0	0	0	0	0	
Associates	6.33	5.58	6.05	6.69	7.72	
Capital Employed	52	49	52	80	78	
NOPAT	3.89	4.10	4.17	4.11	11	37%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	7.78	7.59	8.58	11	20	38%
CFPS	0.087	0.085	0.096	0.12	0.22	38%
Investment Cashflow	5.31	(3.38)	(17)	(12)	(2.06)	-
Enterprise Value	23	16	29	34	17	2%
WACC, %	19	19	19	19	19	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.59	0.43	0.72	0.75	0.15	EBITDA Margin	26%	25%	24%	26%	21%
EV/EBITDA	2.26	1.74	3.06	2.88	0.71	Operating Margin	17%	16%	15%	13%	13%
EV/CF	2.93	2.14	3.41	3.16	0.85	NET Margin	10%	11%	6%	5%	8%
EV/CapEmp	0.44	0.33	0.57	0.43	0.22	ROA	8%	5%	3%	3%	9%
ROCE/WACC	0.40	0.45	0.43	0.27	0.73	ROCE	7%	8%	8%	5%	14%
P/CE	4.42	4.31	5.57	3.84	1.83	ROE	9%	7%	4%	4%	12%
P/B	0.59	0.54	0.67	0.45	0.38						
P/E	8.96	7.99	14	13	3.57						
DYield Pref	-	-	-	-	-						
DYield Com	-	-	-	-	-						

## Upcoming Events

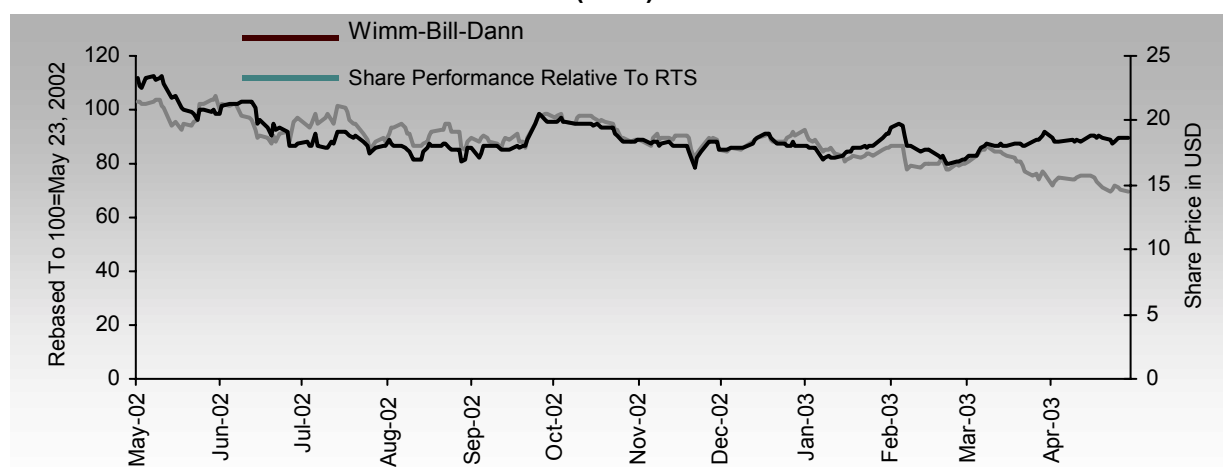
Date	Event
August 1-10, 2003	2Q 2003 RAS Results
November 1-10, 2003	3Q 2003 RAS Results

## Profile &amp; Rating

Price Com USD:	19	Rating:	Buy
Price Pref USD:	-	Target Price USD:	22
Common Shares Outstanding, mln:	44	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	-	Reuters RIC:	WBD.N, WBDq.L
Market Capitalisation, USD mln:	847	Bloomberg Ticker:	WBD US Equity
EV, USD mln:	929	CUSIP:	na
ADR/GDR Since:	2002	ISIN:	US97263M1099
ADR/GDR Per Common Share:	1.00	IAS/US GAAP Financials Since:	2000

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Other	11%	Chairman	David Yakobashvili
Institutions	22%	CEO	Sergei Plastinin
Group Of Private Investors	61%	CFO	Vladimir Preobrajensky
Danone	6%	Investor Relations	Jay Yadegar

## Business Activity

Wimm-Bill-Dann (WBD) is the largest Russian dairy and juice producer by volume and sales. The company has a 31.5% share of the Russian fruit juice market and a 34.8% share in the markets of several key dairy products. WBD currently has 23 manufacturing operations in 19 locations throughout Russia and elsewhere in the FSU, which represents about one third of the total dairy and juice production capacity in Russia. A key component of WBD's strategy has been to target different niches of the consumer market. Currently, WBD offers the same variety of products (and more) to consumers as Danone, for example, which allows WBD to remain competitive in its product range.

The company's products, most of which are nationwide brands, enjoy a high level of consumer awareness. WBD anticipates fuelling future growth by leveraging its market leadership through further capacity upgrades, while a major acquisition phase of its development is nearly finalised. We anticipate that WBD may make one large strategic acquisition either in the juice, dairy, or mineral water sector in 2003. WBD has been successfully exploiting growth in the consumption of dairy products and fruit juice which has been apparent for the past few years, constantly increasing its production. In 2002, WBD produced 946,000 kilo tones of dairy products (an 11.7% increase from 2001), and 477,000 kilo tones of juice (a 45.7% increase from 2001).

The company is constantly expanding the geographic reach of its production and distribution facilities, improving operating efficiency by capitalising on economies of scale. WBD is well positioned in two growing markets and has been successfully implementing aggressive expansion plans, which are backed up by sufficient financing abilities: WBD raised USD200 million in rouble bonds and eurobonds in 1H 2003.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	675	825	1,034	1,273	1,461	21%
EBITDA	74	83	119	175	222	39%
EBIT	61	66	91	136	179	39%
PBT	50	52	65	108	151	43%
PAT	32	36	47	81	114	47%
EPS	1.01	0.81	1.08	1.85	2.60	47%
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	-	-	-	-	-	-
<b>Balance Sheet, USD mln</b>						
Current Assets	180	264	251	302	378	
Fixed Assets	172	325	476	656	721	
<b>Total Assets</b>	<b>353</b>	<b>589</b>	<b>727</b>	<b>958</b>	<b>1,098</b>	
Short-Term Liabilities	204	208	130	189	214	
Long-Term Liabilities	40	76	271	255	240	
Equity	85	283	307	498	631	
<b>Total Liabilities &amp; Equity</b>	<b>353</b>	<b>589</b>	<b>727</b>	<b>958</b>	<b>1,098</b>	
Net Debt	90	69	206	213	168	
Minority	23	22	18	16	13	
Associates	6.27	9.18	12	14	16	
Capital Employed	175	352	513	711	799	
NOPAT	66	68	96	144	187	40%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	60	69	103	149	185	39%
CFPS	1.88	1.57	2.33	3.40	4.21	39%
Investment Cashflow	(56)	(123)	(187)	(114)	(104)	-
Enterprise Value	954	929	1,060	1,061	1,012	3%
WACC, %	14	14	14	14	14	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.41	1.13	1.02	0.83	0.69	EBITDA Margin	11%	10%	11%	14%	15%
EV/EBITDA	13	11	8.92	6.05	4.57	Operating Margin	9%	8%	9%	11%	12%
EV/CF	16	13	10	7.10	5.46	NET Margin	5%	4%	5%	6%	8%
EV/CapEmp	5.45	2.64	2.07	1.49	1.27	ROA	10%	8%	7%	10%	11%
ROCE/WACC	2.64	1.37	1.32	1.43	1.65	ROCE	37%	19%	19%	20%	23%
P/CE	19	16	11	7.03	5.38	ROE	46%	19%	16%	20%	20%
P/B	9.96	2.99	2.76	1.70	1.34						
P/E	26	24	18	10	7.41						
DYield Pref	-	-	-	-	-						
DYield Com	-	-	-	-	-						

## Upcoming Events

Date	Event
August 1-10, 2003	2Q 2003 RAS Results
September 1-10, 2003	1H 2003 GAAP Results
End Of November, 2003	9M 2003 GAAP Results



# Metals & Mining / Heavy Machinery

OMZ  
Norilsk Nickel  
Severstal



## Sector Views

### Bull Points

- Large resources
- Low relative cost bases
- Scale and restructuring potential

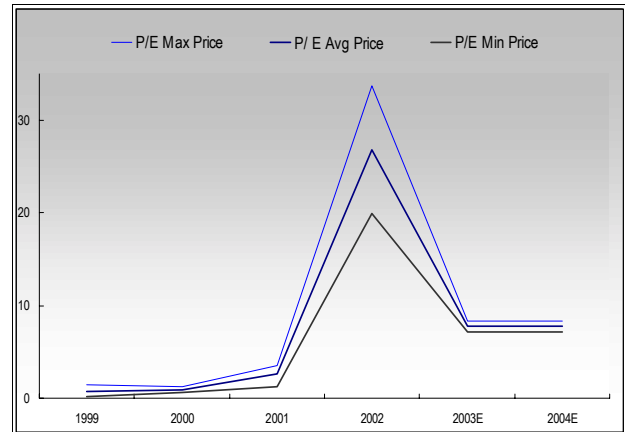
### Bear Points

- Global product distribution restricted
- Domestic pressure on costs
- Large labour burdens

### Rating Of Stocks In The Sector

	Last Price	Rating	Target Price	Up/Down Side
Norilsk Nickel	26	BUY	32	25%
Severstal	65	BUY	73	13%
OMZ	6.85	BUY	8.90	30%

### Sector PEs



## Sector Picks

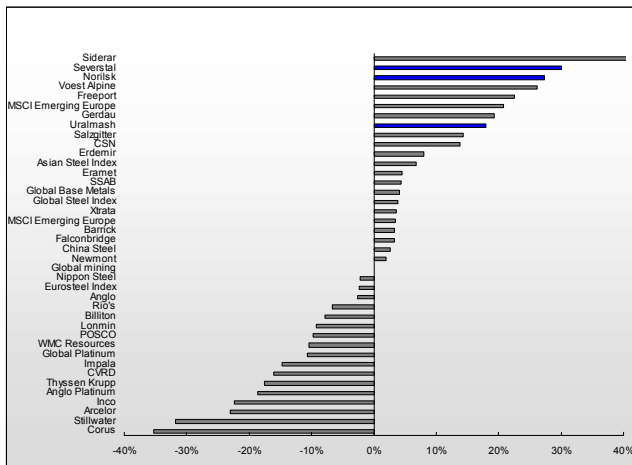
### Favourite

Nornickel  
Severstal

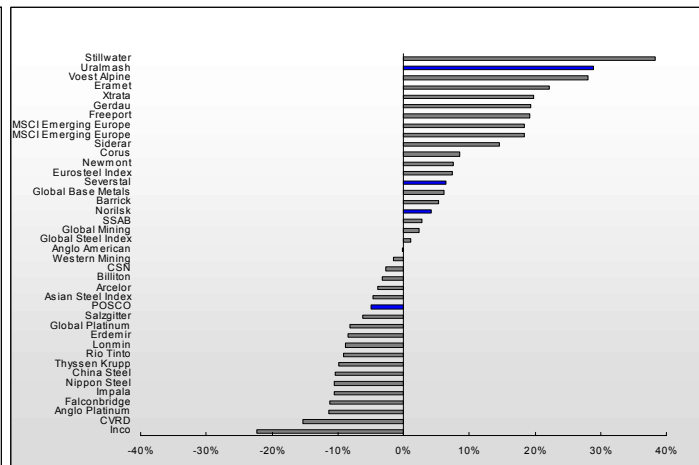
### Least Favourite

OMZ

### YTD Sector Performance



### 3 Month Sector Performance

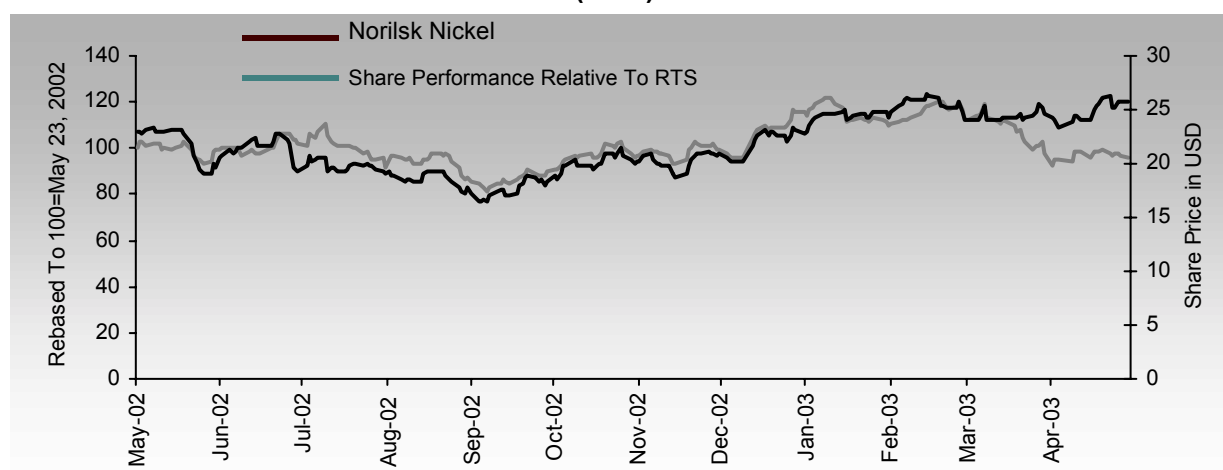


### Profile & Rating

Price Com USD:	26	Rating:	BUY
Price Pref USD:	-	Target Price USD:	32
Common Shares Outstanding, mln:	214	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	GMKN.RTS
Market Capitalisation, USD mln:	5,497	Bloomberg Ticker:	
EV, USD mln:	6,389	CUSIP:	na
ADR/GDR Since:	2001	ISIN:	RU0007288411
ADR/GDR Per Common Share:	1.00	IAS/US GAAP Financials Since:	1998

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Interros	62%	Chairman	Andrei Klishas
Institutions	28%	CEO	Mikhail Prokhorov
NLMK	6%	CFO	Yuri Kotylar
Employees	4%		

### Business Activity

Norilsk Nickel is the world's largest nickel and palladium miner and refiner, the third ranked platinum producer, and a significant producer of gold, rhodium and copper. All of Norilsk's operating assets are in northern Russia, with 80% of production coming from the Norilsk and Talnakh deposits in the Taymyr Peninsula, and the remainder from the Kola Peninsula. Distribution is carried out via Norimet, a London based company, which was fully consolidated into Norilsk in 2001. Norilsk has offered to acquire up to 56% of the NYSE listed Montana based Stillwater Mining Company, using a combination of palladium and cash. Norilsk is also Russia's leading gold producer, having acquired 100% of ZAO Polyus in 2002. Norilsk is one of the leaders in the national economy, accounting for 4.3 % of Russia's exports. Norilsk's share in Russia's GDP is 1.9 %, 2.8% of its industrial output, and 27.9 % of its non-ferrous industry. Along with Gazprom, Norilsk stands as Russia's only other global market leader in its product field. Norilsk is 62% held by Interros, which has held control over Norilsk since 1997. The company will report audited IAS financials in June 2003 for the first time, and base metals reserves in 3Q03. Precious metals reserves and production remain state secrets and may take longer to liberalise. This said, the government and Norilsk remain committed to doing so, although the issue clearly still has sensitivities from the Soviet era. The company is listed in Russia, and has a Level 1 ADR listed in New York.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	4,378	3,231	4,177	4,339	4,212	9%
EBITDA	1,419	439	1,299	1,475	1,352	45%
EBIT	979	136	1,026	1,264	1,160	104%
PBT	1,665	119	892	1,187	1,088	109%
PAT	1,231	88	660	878	805	109%
EPS	2.50	(0.16)	3.04	4.06	3.72	-
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0	0.76	0.75	0.76	1.02	10%
<b>Balance Sheet, USD mln</b>						
Current Assets	3,532	3,625	3,836	4,562	5,030	
Fixed Assets	3,405	3,841	3,996	4,187	4,325	
<b>Total Assets</b>	<b>7,212</b>	<b>7,720</b>	<b>8,148</b>	<b>8,981</b>	<b>9,573</b>	
Short-Term Liabilities	1,940	1,803	1,986	2,069	2,145	
Long-Term Liabilities	395	396	156	179	114	
Equity	4,854	5,643	6,131	6,782	7,379	
<b>Total Liabilities &amp; Equity</b>	<b>7,212</b>	<b>7,873</b>	<b>9,082</b>	<b>8,315</b>	<b>9,699</b>	
Net Debt	892	943	664	500	657	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	6,014	6,426	7,500	6,942	8,204	
NOPAT	1,049	325	962	1,091	1,001	45%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	435	352	778	1,014	730	28%
CFPS	2.17	1.46	3.64	4.74	3.41	33%
Investment Cashflow	(410)	(630)	(345)	(398)	(357)	-
Enterprise Value	6,389	6,441	6,162	5,998	6,154	-2%
WACC, %	14	14	14	14	14	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	1.46	1.99	1.47	1.38	1.46	EBITDA Margin	32%	14%	31%	34%	32%
EV/EBITDA	4.50	15	4.74	4.07	4.55	Operating Margin	22%	4%	25%	29%	28%
EV/CF	15	18	7.92	5.91	8.43	NET Margin	28%	3%	16%	20%	19%
EV/CapEmp	1.06	1.00	0.82	0.86	0.75	ROA	17%	1%	8%	10%	9%
ROCE/WACC	1.24	0.36	0.91	1.12	0.87	ROCE	17%	5%	13%	16%	12%
P/CE	3.29	14	5.89	5.05	5.51	ROE	25%	2%	11%	14%	11%
P/B	1.13	0.97	0.90	0.81	0.74						
P/E	4.46	63	8.33	6.26	6.83						
DYield Pref	-	-	-	-	-						
DYield Com	0.0%	3%	3%	3%	4%						

## Upcoming Events

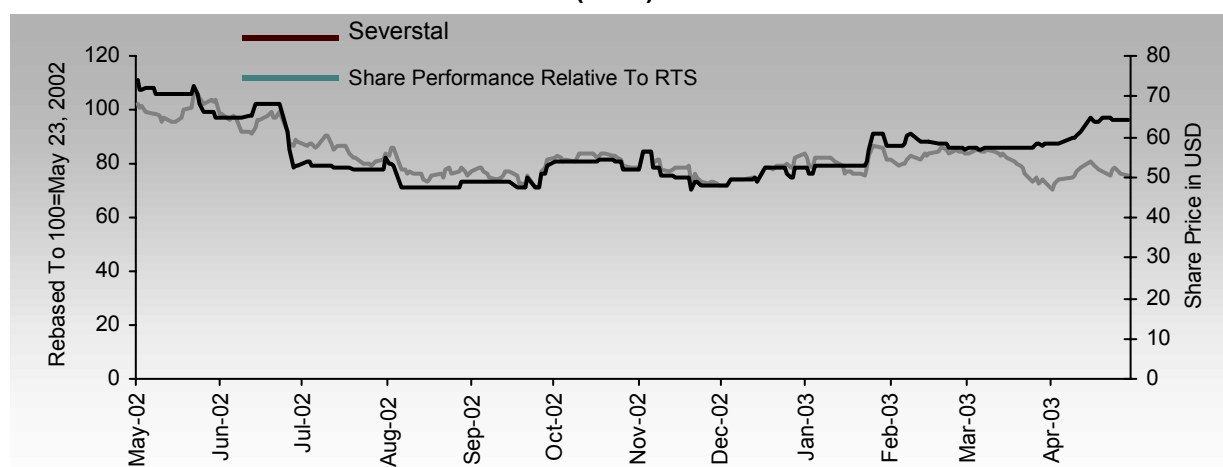
Date	Event
Jun-03	Announcement of 2002 dividend
Jun-03	Release of 2002 audited financials
Jun-03	Stillwater shareholders vote on Norilsk offer to purchase 56% of the company (effective immediately)
Jun-03	AGM
Jul-03	FTC rules on Stillwater acquisition
3Q03	Release of base metals reserves
4Q03	Quarterly reporting starts on an IAS basis

## Profile &amp; Rating

Price Com USD:	65	Rating:	BUY
Price Pref USD:	-	Target Price USD:	73
Common Shares Outstanding, mln:	22	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	0	Reuters RIC:	CHMF.rts
Market Capitalisation, USD mln:	1,425	Bloomberg Ticker:	
EV, USD mln:	1,350	CUSIP:	na
ADR/GDR Since:		ISIN:	RU0009046510
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	1998

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Severstal Garant	44%	Chairman	Alexey Mordashov
Severstal Group	22%	CEO	Mikhail Noskov
Alexey Mordashov	17%	CFO	Anatoly Kruchinin
Strategic Investors	9%		
Institutions	8%		

## Business Activity

Based in Cherepovets, Severstal is Russia's second largest integrated steel producer by volume. In global terms, it ranks 19th in terms of 2002 crude steel output. Production is concentrated on the production of flat rolled products and, increasingly, on value added products, such as galvanised sheet (favoured by the European car industry). In 2003, exports will rise to 52% of sales, with the EU's intake rising from 20% to 30% of Severstal's total export share (as part of a refocus towards the West in terms of export markets). Current prices paid for coking coal and iron ore are estimated to be 30% below global market averages, demonstrating quite clearly from where much of the margin within the Russian steel industry emanates. Severstal enjoys control of much of its primary feed. Around 8% of costs are US dollar denominated. Share liquidity is highlighted as the biggest concern of minority investors. Although a placement of management held or new stock may alleviate this situation somewhat, this will only come after further restructuring and regulatory compliance has been completed, making the time horizon for this event in excess of 12 months, possibly through GDR programme. We expect the announcement of a dividend policy in the near future. Fully audited IAS financials have been reported since 1998, and the company is listed in Moscow only.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	1,789	1,924	2,185	2,105	2,169	4%
EBITDA	517	601	688	642	731	7%
EBIT	(548)	179	266	210	286	17%
PBT	(560)	184	278	235	319	20%
PAT	(467)	140	211	178	242	20%
EPS	(21)	6.34	9.57	8.08	11	20%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0	0	2.30	2.69	3.66	-
<b>Balance Sheet, USD mln</b>						
Current Assets	671	865	1,050	1,194	1,470	
Fixed Assets	1,925	1,851	1,903	1,962	1,954	
<b>Total Assets</b>	<b>2,787</b>	<b>2,907</b>	<b>3,144</b>	<b>3,346</b>	<b>3,615</b>	
Short-Term Liabilities	263	239	206	223	241	
Long-Term Liabilities	414	418	425	433	441	
Equity	2,110	2,250	2,512	2,691	2,933	
<b>Total Liabilities &amp; Equity</b>	<b>2,787</b>	<b>2,907</b>	<b>3,144</b>	<b>3,346</b>	<b>3,615</b>	
Net Debt	(76)	106	241	265	391	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	2,243	2,396	2,588	2,773	3,024	
NOPAT	(467)	140	211	178	242	20%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	184	372	441	406	482	9%
CFPS	8.35	17	20	18	22	9%
Investment Cashflow	(379)	(119)	(237)	(249)	(188)	-
Enterprise Value	1,350	1,532	1,666	1,691	1,817	6%
WACC, %	23	15	15	15	15	1%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.75	0.80	0.76	0.80	0.84	EBITDA Margin	29%	31%	31%	31%	34%
EV/EBITDA	2.61	2.55	2.42	2.63	2.48	Operating Margin	-31%	9%	12%	10%	13%
EV/CF	7.32	4.12	3.77	4.16	3.77	NET Margin	-26%	7%	10%	8%	11%
EV/CapEmp	0.60	0.64	0.64	0.61	0.60	ROA	-20%	5%	7%	5%	7%
ROCE/WACC	(0.90)	0.40	0.54	0.43	0.53	ROCE	-21%	6%	8%	6%	8%
P/CE	2.38	2.53	2.25	2.33	2.07	ROE	-25%	6%	9%	7%	9%
P/B	0.68	0.63	0.57	0.53	0.49						
P/E	(3.05)	10	6.75	7.99	5.88						
DYield Pref	-	-	-	-	-						
DYield Com	0.0%	0.0%	4%	4%	6%						

## Upcoming Events

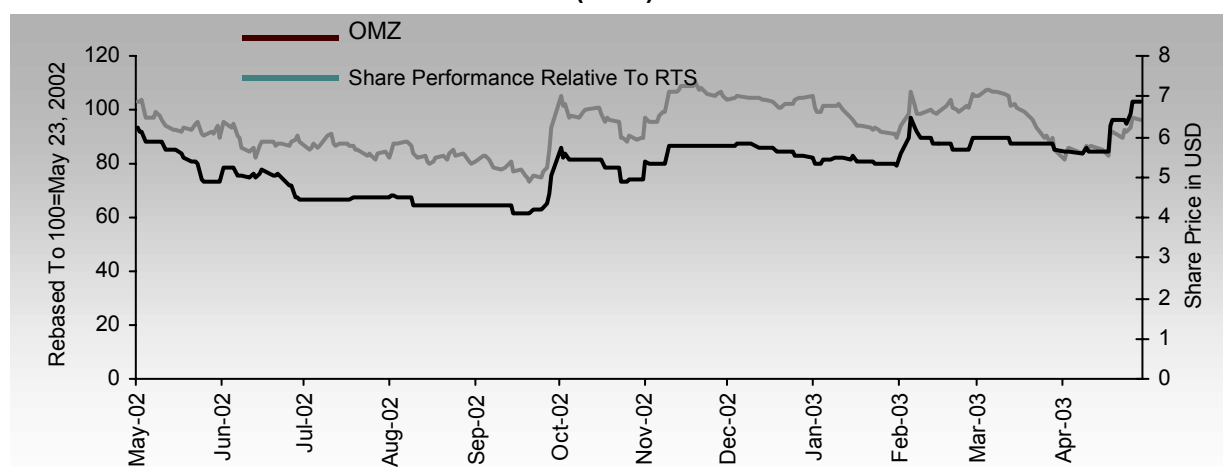
Date	Event
Jun-03	Full IAS 2002 financials
Jun-03	AGM
Jun-03	Dividend policy published
Aug-03	1H03 RAS results release

### Profile & Rating

Price Com USD:	6.85	Rating:	BUY
Price Pref USD:	4.25	Target Price USD:	8.90
Common Shares Outstanding, mln:	35	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	2.75	Reuters RIC:	UMAS.RTS
Market Capitalisation, USD mln:	254	Bloomberg Ticker:	
EV, USD mln:	302	CUSIP:	na
ADR/GDR Since:	1997	ISIN:	RU0009090542
ADR/GDR Per Common Share:	1.00	IAS/US GAAP Financials Since:	1996

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Management	35%	President	Kakha Bendookidze
Strategic Investors	16%	COO	Sergei Lipsky
Institutions	19%	CFO	Michael Kosolapov
Other Investors	12%		
Preferreds	7%		
Treasury Stock	11%		

### Business Activity

OMZ organises its business along six major lines: oil and gas rig equipment; equipment for nuclear power plants; metallurgical equipment; mining equipment; shipbuilding; and speciality steels. It enjoys a dominant domestic position in all of its markets, but nonetheless exports to over 30 countries. Management recently affirmed that OMZ will concentrate on two key business areas – the nuclear power plant equipment division and the onshore and offshore oil and gas drilling division. Recently OMZ and Schlumberger formed a consortium to bid for the drilling business of LUKOIL, the largest drilling services contractor in Russia. The Russian drilling market is expected to grow 10-15% per year as brownfield expansion of current oilfields gives way to a more sustained development of new wells, implying more drilling and support needs. In January 2003, OMZ announced that it had purchased 40.1% of Atomenergoexport, which in turn owns 49% of Atomstroyexport, Russia's largest player in the nuclear power plant engineering sector, and 51% of Zarubezheneroproekt, a research and development group specialising in developing technology solutions for nuclear and conventional power stations. OMZ has reported US GAAP financials since 1999 and is pursuing an LSE listing in 4Q03.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	313	394	559	585	615	16%
EBITDA	28	63	92	109	117	23%
EBIT	5.41	42	71	88	95	31%
PBT	5.41	42	71	88	95	31%
PAT	4.04	30	50	61	66	31%
EPS	0.17	0.55	0.93	1.14	1.23	31%
Preferred Dividend, per share	0	0	0	0	0	-
Common Dividend, per share	0	0	0	0	0	-
<b>Balance Sheet, USD mln</b>						
Current Assets	337	549	814	923	1,074	
Fixed Assets	178	184	188	192	195	
<b>Total Assets</b>	<b>534</b>	<b>778</b>	<b>1,066</b>	<b>1,181</b>	<b>1,340</b>	
Short-Term Liabilities	324	531	760	787	827	
Long-Term Liabilities	282	281	307	356	431	
Equity	(72)	(34)	(1.76)	38	82	
<b>Total Liabilities &amp; Equity</b>	<b>534</b>	<b>778</b>	<b>1,066</b>	<b>1,181</b>	<b>1,340</b>	
Net Debt	(19)	48	103	150	120	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	(37)	(12)	29	70	116	
NOPAT	4.04	30	50	61	66	31%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	(44)	103	75	56	68	-13%
CFPS	(1.26)	2.94	2.13	1.58	1.95	-13%
Investment Cashflow	16	36	21	8.09	0	-
Enterprise Value	235	302	356	404	374	7%
WACC, %	20	20	20	20	20	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.75	0.77	0.64	0.69	0.61	EBITDA Margin	9%	16%	17%	19%	19%
EV/EBITDA	8.53	4.77	3.85	3.70	3.20	Operating Margin	2%	11%	13%	15%	15%
EV/CF	(5.29)	2.92	4.75	7.25	5.46	NET Margin	1%	8%	9%	10%	11%
EV/CapEmp	(6.32)	(25)	12	5.76	3.24	ROA	0.8%	5%	5%	5%	5%
ROCE/WACC	(0.54)	(12)	8.70	4.37	2.87	ROCE	-11%	-243%	174%	87%	57%
P/CE	9.71	5.02	3.57	3.06	2.87	ROE	-5%	-56%	-276%	335%	110%
P/B	(3.55)	(7.38)	(144)	6.61	3.10						
P/E	63	8.53	5.09	4.13	3.83						
DYield Pref	0.0%	0.0%	0.0%	0.0%	0.0%						
DYield Com	0.0%	0.0%	0.0%	0.0%	0.0%						

## Upcoming Events

Date	Event
Jun-03	Board meeting
Jun-03	AGM
Jul-03	Due diligence for Atomenergoexport released
Aug-03	US GAAP 2002 results published
Aug-03	2Q03 RAS results release
Oct-03	3Q03 RAS results release
By end-2003	LSE listing



# Automotive

AvtoVAZ  
GAZ  
KAMAZ  
PAZ  
UAZ  
Zavolzhsky Motors



## Sector Views

### Bull Points

- Potential of the Russian market for car sales is huge, foreign producers eye Russia, but not via acquisitions

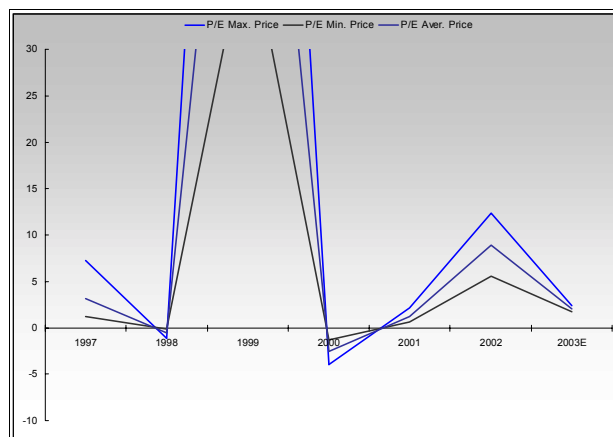
### Bear Points

- Low quality results in low profitability
- Growing personal income results in consumer demand shift towards quality cars, which domestic producers cannot offer
- Strong rouble and expected WTO accession are negative factors

### Rating Of Stocks In The Sector

	Last Price	Rating	Target Price	Up/Down Side
AvtoVAZ	24	Hold	21	-10%
GAZ	17	Hold	18	7%
KAMAZ	0.28	Hold	0.27	-2%
PAZ	7.50	Sell	6.34	-15%
UAZ	0.030	Sell	0.013	-57%
Zavolzhsky Motors	0.40	Buy	0.49	24%

### Sector PEs



## Sector Picks

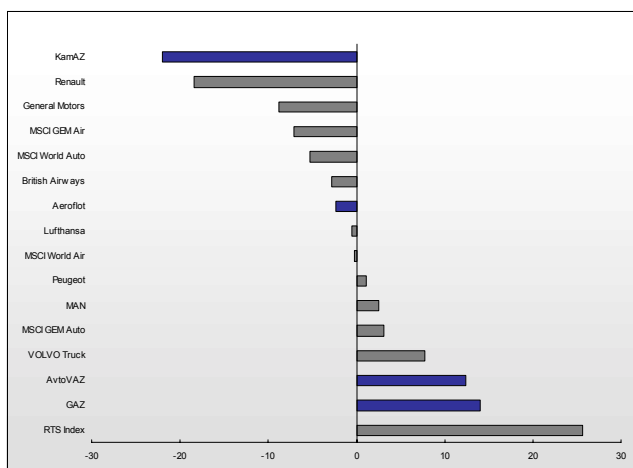
### Favourite

GAZ  
ZMZ (Zavolzhsky Motors)

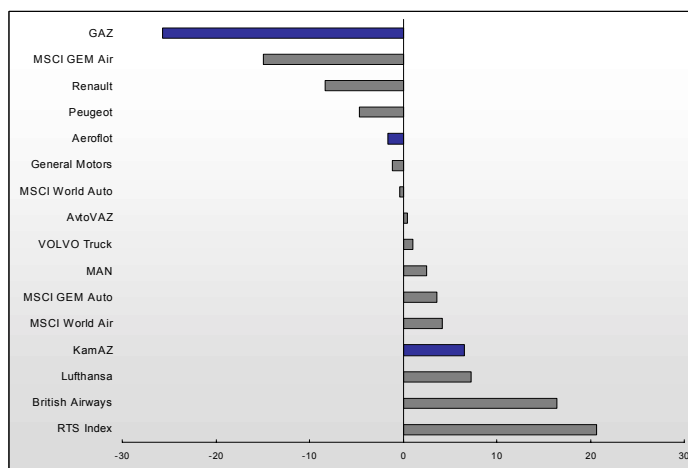
### Least Favourite

AvtoVAZ  
KamAZ

### YTD Sector Performance



### 3 Month Sector Performance

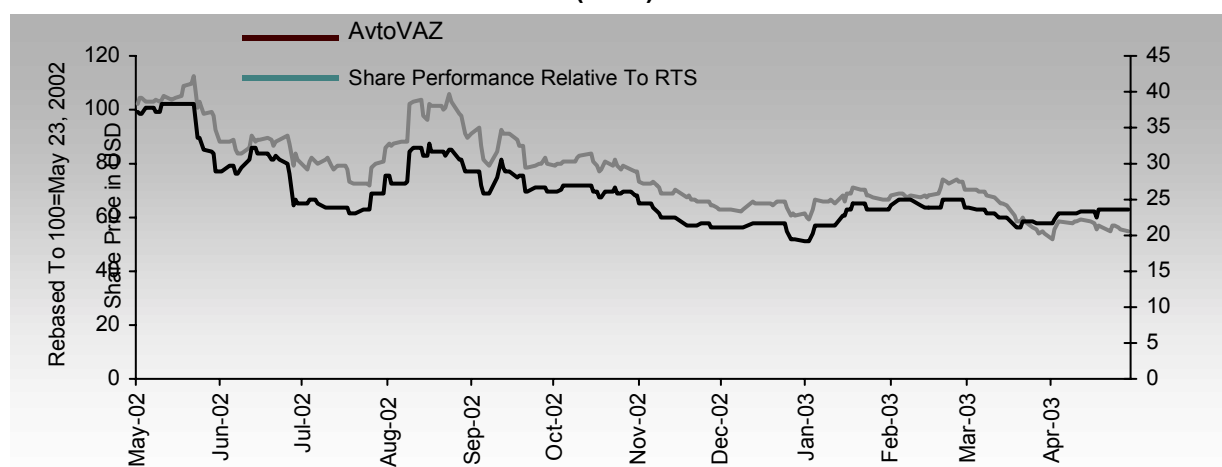


## Profile &amp; Rating

Price Com USD:	24	Rating:	Hold
Price Pref USD:	13	Target Price USD:	21
Common Shares Outstanding, mln:	27	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	4.93	Reuters RIC:	AVAZ.RTS
Market Capitalisation, USD mln:	707	Bloomberg Ticker:	AVAZ\$ RU Equity, AVVG GR
EV, USD mln:	1,155	CUSIP:	na
ADR/GDR Since:	1999	ISIN:	RU0009071187
ADR/GDR Per Common Share:	1.00	IAS/US GAAP Financials Since:	1998

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

Vnesheconombank	7%	Chairman	Vladimir Kadannikov
Private Investors (Including	18%	CEO	Vitaly Vilchik
Other Shareholders & Free Float	21%	CFO	Galina Kazakova
Federal Property Fund	2%	Investor Relations	Sergey Ovchinnikov
Central Division Of The Automotive	20%		
Automotive All-Russia Alliance (AVVA)	32%		

## Business Activity

AvtoVAZ is the largest car manufacturer in Russia and Eastern Europe. It began operations in 1970 with the manufacture of Fiat-designed models under the Lada name. It currently controls around 70% of the Russian domestic passenger car market and accounts for 40% of total sales of passenger cars. On the back of the increasing shift in Russian consumer preferences towards used foreign cars of higher quality, AvtoVAZ's car production in 2002 declined by 8.4% (to 702,966, from 767,313 in 2001), while its exports increased by 12% in 2002.

AvtoVAZ shifted the production of its popular classic models to other plants in the group - partners Izhmash, Syzran, and three Ukrainian assembling plants. The company has dedicated the capacity of its main assembly line to the production of the high-end VAZ-2110 and Samara VAZ-2115 models. Increased competition in the Russian automobile market in 2002 forced AvtoVAZ to make changes to its marketing and production programmes. AvtoVAZ also owns Russian automaker SeAZ, which produces the Oka mini-car.

At the beginning of 2002, the company finalised a joint venture (JV) with General Motors (GM) to produce the SUV, co-branded with Chevrolet (GM). The JV started production in September 2002, and should reach a production volume of 75,000 units by the end of 2004 (the plan for 2003 is 35,000 vehicles). The relationship with GM will strengthen this Russian automaker. However, the expected Opel Astra-3000 production jointly with GM was recently cancelled by GM for undisclosed reasons. Overall, the current management is strong in manufacturing, but weak in strategic planning, marketing and quality control.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	3,868	3,834	3,535	3,997	4,469	5%
EBITDA	423	282	297	342	366	9%
EBIT	246	91	102	143	169	23%
PBT	624	333	300	352	389	5%
PAT	474	199	174	221	255	9%
EPS	15	6.19	5.43	6.89	7.93	9%
Preferred Dividend, per share	1.63	0	0	0	0	-
Common Dividend, per share	0	0	0	0	0	-
<b>Balance Sheet, USD mln</b>						
Current Assets	1,014	1,110	1,040	1,160	1,285	
Fixed Assets	2,845	2,973	2,944	2,916	2,888	
<b>Total Assets</b>	<b>3,859</b>	<b>4,083</b>	<b>3,985</b>	<b>4,076</b>	<b>4,172</b>	
Short-Term Liabilities	1,187	1,208	1,097	1,230	1,356	
Long-Term Liabilities	477	503	511	517	523	
Equity	1,841	2,053	2,061	2,015	1,984	
<b>Total Liabilities &amp; Equity</b>	<b>3,859</b>	<b>4,083</b>	<b>3,985</b>	<b>4,076</b>	<b>4,172</b>	
Net Debt	106	142	129	144	149	
Minority	354	319	316	313	310	
Associates	12	13	14	14	15	
Capital Employed	1,947	2,195	2,190	2,160	2,133	
NOPAT	172	64	72	100	119	23%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	366	232	251	287	304	9%
CFPS	11	7.23	7.82	8.93	9.47	9%
Investment Cashflow	(193)	(144)	(304)	(232)	(216)	-
Enterprise Value	1,155	1,155	1,139	1,150	1,152	-0.1%
WACC, %	15	15	15	15	15	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.30	0.30	0.32	0.29	0.26	EBITDA Margin	11%	7%	8%	9%	8%
EV/EBITDA	2.73	4.09	3.83	3.37	3.15	Operating Margin	6%	2%	3%	4%	4%
EV/CF	3.16	4.97	4.53	4.01	3.78	NET Margin	12%	5%	5%	6%	6%
EV/CapEmp	0.59	0.53	0.52	0.53	0.54	ROA	12%	5%	4%	5%	6%
ROCE/WACC	0.58	0.19	0.21	0.30	0.36	ROCE	9%	3%	3%	5%	6%
P/CE	1.09	1.81	1.91	1.68	1.57	ROE	30%	10%	8%	11%	13%
P/B	0.38	0.34	0.34	0.35	0.36						
P/E	1.49	3.56	4.05	3.19	2.78						
DYield Pref	12%	0.0%	0.0%	0.0%	0.0%						
DYield Com	0.0%	0.0%	0.0%	0.0%	0.0%						

## Upcoming Events

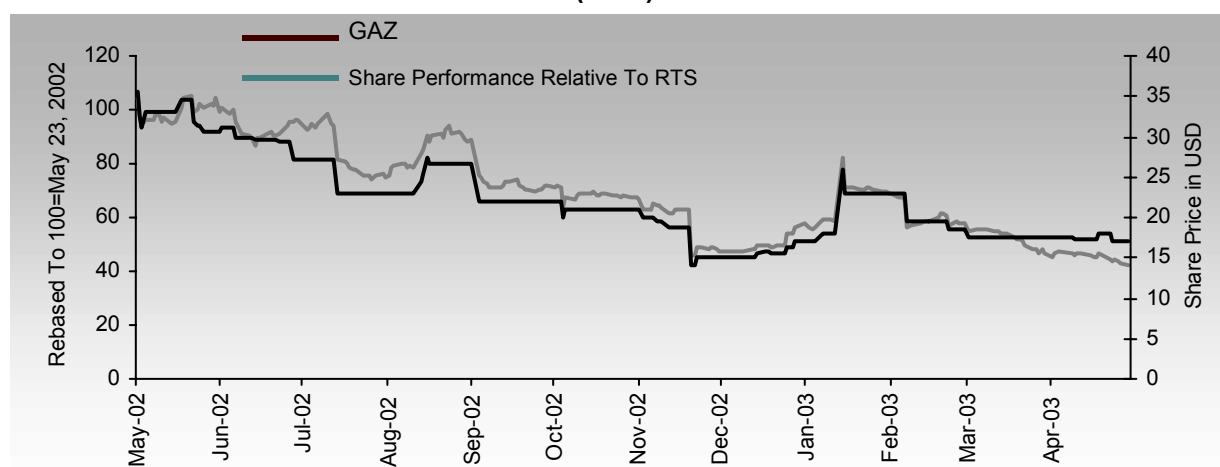
Date	Event
Beginning of June	2002 IAS Results
August 1-10, 2003	2Q 2003 Results
November 1-10, 2003	3Q 2003 RAS Results

## Profile &amp; Rating

Price Com USD:	17	Rating:	Hold
Price Pref USD:	9.70	Target Price USD:	18
Common Shares Outstanding, mln:	4.51	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	1.45	Reuters RIC:	GAZA.RTS
Market Capitalisation, USD mln:	91	Bloomberg Ticker:	GAZA\$ RU Equity
EV, USD mln:	351	CUSIP:	na
ADR/GDR Since:		ISIN:	RU0009034268
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

RusPromAvto (Controlled By BasEI)	48%	President	Nikolay Pugin
Other Shareholders & Free Float	22%	CEO	Alexei Barantsev
Nikolay Pugin	20%	CFO	Anatoly Gornve
AvtoBank	10%	Investor Relations	Dmitry Dolgov

## Business Activity

GAZ is Russia's second largest automaker. The company specialises in the production of lightweight trucks and vans, having reduced production of less profitable Volga passenger cars. GAZ currently has more than a 45% share of the truck market, and is a monopoly producer of E-class cars. Contrary to the market's expectations, the demand for small trucks continued to rise in 2002 (on the back of strong consumer spending and growth in the rural construction industry), ensuring an increase in GAZ's production of these vehicles of around 12% in 2002.

BasEI group (formerly SibAI), controlled by Oleg Deripaska, gained a blocking stake in GAZ and assumed management control of the company in November 2000. BasEI's representatives currently hold key management positions at GAZ, and have initiated a corporate restructuring programme. The previously expected joint venture with Fiat has apparently been permanently shelved. GAZ's financial performance is still of secondary importance, at best, to the company's share performance, given the lack of clarity in the restructuring plans of majority shareholder BasEI (it announced plans to consolidate its automotive assets into Russkie Machines Holding). The key point of concern is whether Iveco will become a direct shareholder in this new holding.

In order to finance its working capital, the company had to borrow heavily. To repay debts and modernise its range of light trucks and minivans, the company plans to issue 1.1 million of its common shares in 2003, which will be sold at a six-month average-weighted price of about USD18 per share. Minority shareholders will have pre-emptive rights to participate in the placement. The issue should bring in around USD20 million.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	984	1,083	1,223	1,292	1,361	8%
EBITDA	85	96	126	144	155	17%
EBIT	60	73	103	121	133	22%
PBT	7.70	10	48	72	86	104%
PAT	1.50	6.82	34	55	65	113%
EPS	0.25	1.14	4.78	7.72	9.27	101%
Preferred Dividend, per share	0.11	-	-	-	-	-
Common Dividend, per share	-	-	-	-	-	-
<b>Balance Sheet, USD mln</b>						
Current Assets	442	484	538	546	566	
Fixed Assets	424	394	397	393	389	
<b>Total Assets</b>	<b>866</b>	<b>878</b>	<b>935</b>	<b>939</b>	<b>955</b>	
Short-Term Liabilities	465	450	471	484	499	
Long-Term Liabilities	224	221	218	215	217	
Equity	175	207	247	240	240	
<b>Total Liabilities &amp; Equity</b>	<b>866</b>	<b>878</b>	<b>935</b>	<b>939</b>	<b>955</b>	
Net Debt	292	266	255	276	283	
Minority	0	0	0	0	0	
Associates	33	25	32	32	31	
Capital Employed	467	472	502	516	522	
NOPAT	46	55	79	92	101	22%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	8.81	67	86	112	124	23%
CFPS	1.48	11	14	19	21	23%
Investment Cashflow	0.064	(0.10)	(0.13)	(0.056)	(0.053)	-
Enterprise Value	351	332	315	336	343	1%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.36	0.31	0.26	0.26	0.25	EBITDA Margin	9%	9%	10%	11%	11%
EV/EBITDA	4.13	3.46	2.49	2.34	2.21	Operating Margin	6%	7%	8%	9%	10%
EV/CF	40	4.96	3.67	3.01	2.76	NET Margin	0.2%	0.6%	3%	4%	5%
EV/CapEmp	0.75	0.70	0.63	0.65	0.66	ROA	0.2%	0.8%	4%	6%	7%
ROCE/WACC	0.62	0.74	0.99	1.12	1.22	ROCE	10%	12%	16%	18%	19%
P/CE	3.44	3.06	1.61	1.18	1.04	ROE	0.7%	4%	15%	22%	27%
P/B	0.52	0.44	0.37	0.38	0.38						
P/E	61	13	2.70	1.67	1.39						
DYield Pref	1%	-	-	-	-						
DYield Com	-	-	-	-	-						

## Upcoming Events

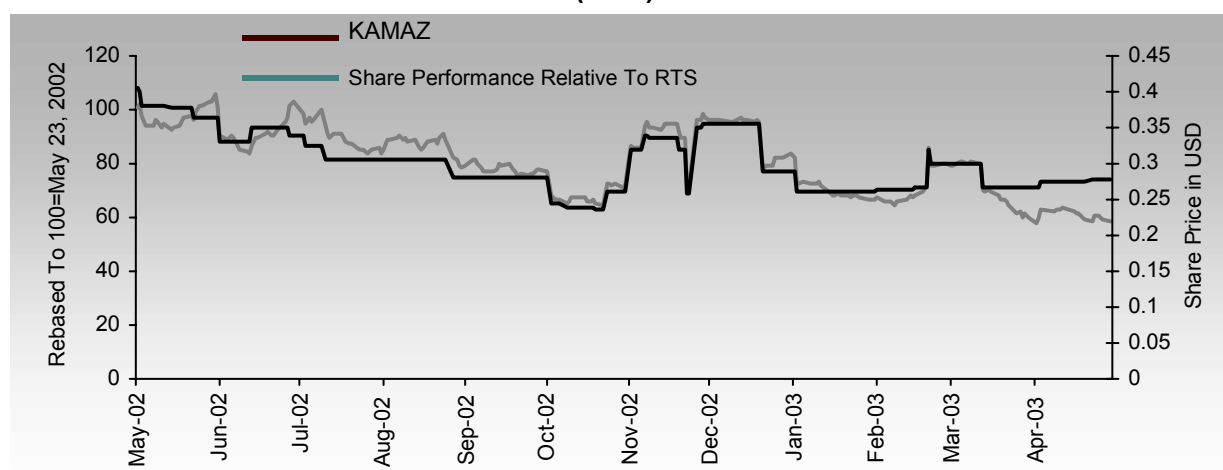
Date	Event
June 28, 2003	AGM, full year results
August 1-10, 2003	2Q 2003 RAS Results
November 1-10, 2003	3Q 2003 RAS Results

### Profile & Rating

Price Com USD:	0.28	Rating:	Hold
Price Pref USD:	-	Target Price USD:	0.27
Common Shares Outstanding, mln:	786	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	-	Reuters RIC:	KMAZ.RTS
Market Capitalisation, USD mln:	218	Bloomberg Ticker:	KMAZ\$ RU Equity
EV, USD mln:	292	CUSIP:	na
ADR/GDR Since:		ISIN:	RU0008959580
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	1998

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Vneshtorgbank	19%	CEO	S. Kogogin
Sberbank	3%	CFO	E. Goldfine
Property Ministry Of The Russian	34%	Investor Relations	I. Bistrova
Property Ministry Of Tatarstan	12%		
Other Shareholders & Free Float	22%		
KamAZ International Management	4%		
EBRD	7%		

### Business Activity

KamAZ is Russia's largest truckmaker, controlling about 29% of the CIS market for mid-sized and heavy trucks in 2002. It launched operations in 1976, producing trucks with a load capacity of between seven and 20 tonnes. It has the capacity to produce 150,000 trucks and 250,000 diesel engines per annum, but only produces around 23,000 trucks a year. The company borrowed over USD800 million in order to rebuild an engine plant that was badly affected by fire.

The new management has already started the restructuring of the sales and purchasing units, and plans to invest into a network of service centres throughout the CIS. KamAZ is also a producer of Russia's smallest cars, the A class Okas. The microcar plant posts annual revenues close to USD80 million and operates on attractive margins.

KamAZ and Severstal-Avto signed a general agreement on a strategic partnership in late 2002, which bodes well for future company development. The alliance's strategic goal is to occupy up to 50% of the market for trucks and commercial vehicles.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	882	762	849	890	934	7%
EBITDA	66	93	106	114	123	10%
EBIT	63	69	79	84	89	9%
PBT	31	18	44	50	57	46%
PAT	(0.98)	(43)	1.78	9.96	19	-
EPS	-	-	0.0023	0.013	0.024	-
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	-	-	-	-	-	-
<b>Balance Sheet, USD mln</b>						
Current Assets	279	290	325	343	354	
Fixed Assets	1,612	1,603	1,595	1,586	1,577	
<b>Total Assets</b>	<b>1,891</b>	<b>1,894</b>	<b>1,919</b>	<b>1,929</b>	<b>1,931</b>	
Short-Term Liabilities	450	458	484	493	495	
Long-Term Liabilities	102	98	98	100	101	
Equity	1,339	1,338	1,337	1,336	1,335	
<b>Total Liabilities &amp; Equity</b>	<b>1,891</b>	<b>1,894</b>	<b>1,919</b>	<b>1,929</b>	<b>1,931</b>	
Net Debt	93	113	124	124	123	
Minority	5.64	5.70	5.75	5.81	5.87	
Associates	44	44	45	46	47	
Capital Employed	1,432	1,451	1,461	1,460	1,458	
NOPAT	48	52	60	64	67	9%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	69	30	52	64	74	36%
CFPS	0.32	0.14	0.24	0.30	0.34	36%
Investment Cashflow	(26)	(29)	(31)	(37)	(40)	-
Enterprise Value	273	292	303	302	300	0.9%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.31	0.38	0.36	0.34	0.32	EBITDA Margin	8%	12%	12%	13%	13%
EV/EBITDA	4.11	3.13	2.86	2.64	2.45	Operating Margin	7%	9%	9%	9%	10%
EV/CF	3.96	9.88	5.81	4.71	4.06	NET Margin	-0.1%	-6%	0.2%	1%	2%
EV/CapEmp	0.19	0.20	0.21	0.21	0.21	ROA	-0.1%	-2%	0.1%	0.5%	1.0%
ROCE/WACC	0.21	0.23	0.26	0.28	0.29	ROCE	3%	4%	4%	4%	5%
P/CE	86	(12)	7.58	5.39	4.13	ROE	-0.1%	-3%	0.1%	0.7%	1%
P/B	0.16	0.16	0.16	0.16	0.16						
P/E	(222)	(5.06)	122	22	12						
DYield Pref	-	-	-	-	-						
DYield Com	-	-	-	-	-						

## Upcoming Events

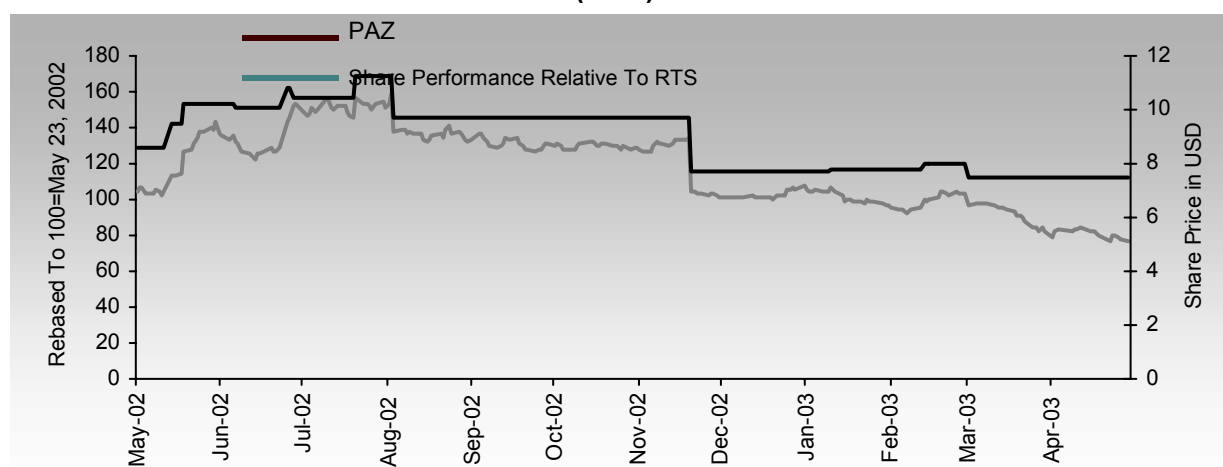
Date	Event
June 6, 2003	AGM
August 1-10, 2003	2Q 2003 RAS Results
November 1-10, 2003	3Q 2003 RAS Results

### Profile & Rating

Price Com USD:	7.50	Rating:	Sell
Price Pref USD:	-	Target Price USD:	6.34
Common Shares Outstanding, mln:	1.57	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	-	Reuters RIC:	PAZA.RTS
Market Capitalisation, USD mln:	12	Bloomberg Ticker:	PAZA\$ RU Equity
EV, USD mln:	20	CUSIP:	na
ADR/GDR Since:	-	ISIN:	RU0009083240
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

TC PAZ	18%	Chairman	Andrey Konstantinov
RusPromAvto (Controlled By BasEI)	54%	General director	Sergei Zanozin
Other Shareholders & Free Float	28%	CFO	Andrey Vasiliev
		Investor Relations	Vladimir Kurichev

### Business Activity

Pavlovsky Bus Company (PAZ) is Russia's largest bus producer. The company has historically specialised in the production of small buses, but has recently started to produce medium and large city and intercity buses, and has production facilities capable of producing 10,800 buses per year. In 2002 the company produced 10,358 buses, which is a rise of 0.9% over the previous year.

BasEI (formerly SibAI), through its subsidiary RusPromAvto, acquired a controlling stake in PAZ in early 2000. In subsequent years, SibAI acquired all of the major buss producers in Russia. At the end of 2001, SibAI formed RusAvtoBusProm company into which it transferred all of its bus producing assets.

In 2002, RusAvtoBusProm outlined a restructuring plan to spread the production of buses between its four plants. The assembly of short buses will be done at the PAZ plant in Pavlovo (which produced 10,131 such buses in 2002, nearly flat on the 2001 level), medium-sized buses at the KAvZ plant in Kurgan (which posted 130% y-o-y growth in 2002), long buses at the LiAZ plant in Likino, and inter-city coaches at the GoIAZ plant in Golitsino. This move is likely to have the most adverse impact on PAZ, as its production of the long city bus (PAZ-5272) will be moved to LiAZ. The discontinuance of this line will see PAZ losing revenues to LiAZ. PAZ had originally started to assemble the long bus two years ago. PAZ produced 31 large city buses and 196 medium-sized buses in 2002. It had originally planned for the assembly of up to 2,000 medium-sized buses annually, which implied an addition to its annual revenues of almost USD60 million.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	94	104	115	127	139	10%
EBITDA	6.27	6.60	7.44	8.53	12	21%
EBIT	4.28	4.63	5.49	6.56	7.58	18%
PBT	1.61	1.74	2.83	4.10	5.29	45%
PAT	1.07	1.22	2.13	3.08	3.97	48%
EPS	0.68	0.78	1.36	1.96	2.53	48%
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	-	-	-	-	-	-
<b>Balance Sheet, USD mln</b>						
Current Assets	29	31	34	37	40	
Fixed Assets	40	40	39	40	40	
<b>Total Assets</b>	69	71	73	77	80	
Short-Term Liabilities	23	25	28	30	32	
Long-Term Liabilities	7.82	7.74	7.66	11	11	
Equity	38	38	38	35	36	
<b>Total Liabilities &amp; Equity</b>	69	71	73	77	80	
Net Debt	8.13	8.05	7.96	12	12	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	46	46	46	47	48	
NOPAT	3.00	3.24	3.84	4.59	5.31	18%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	(1.59)	4.27	4.71	5.54	8.42	25%
CFPS	(1.01)	2.72	3.01	3.54	5.37	25%
Investment Cashflow	(2.34)	(2.59)	(2.88)	(3.17)	(3.46)	-
Enterprise Value	20	20	20	24	23	6%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.21	0.19	0.17	0.19	0.17	EBITDA Margin	7%	6%	6%	7%	8%
EV/EBITDA	3.17	3.00	2.65	2.76	2.03	Operating Margin	5%	4%	5%	5%	5%
EV/CF	(13)	4.64	4.19	4.25	2.78	NET Margin	1%	1%	2%	2%	3%
EV/CapEmp	0.43	0.43	0.43	0.50	0.49	ROA	1%	2%	3%	4%	5%
ROCE/WACC	0.41	0.45	0.53	0.62	0.70	ROCE	7%	7%	8%	10%	11%
P/CE	3.85	3.69	2.89	2.33	1.48	ROE	4%	3%	6%	8%	11%
P/B	0.31	0.31	0.31	0.34	0.33						
P/E	11	9.64	5.53	3.82	2.96						
DYield Pref	-	-	-	-	-						
DYield Com	-	-	-	-	-						

## Upcoming Events

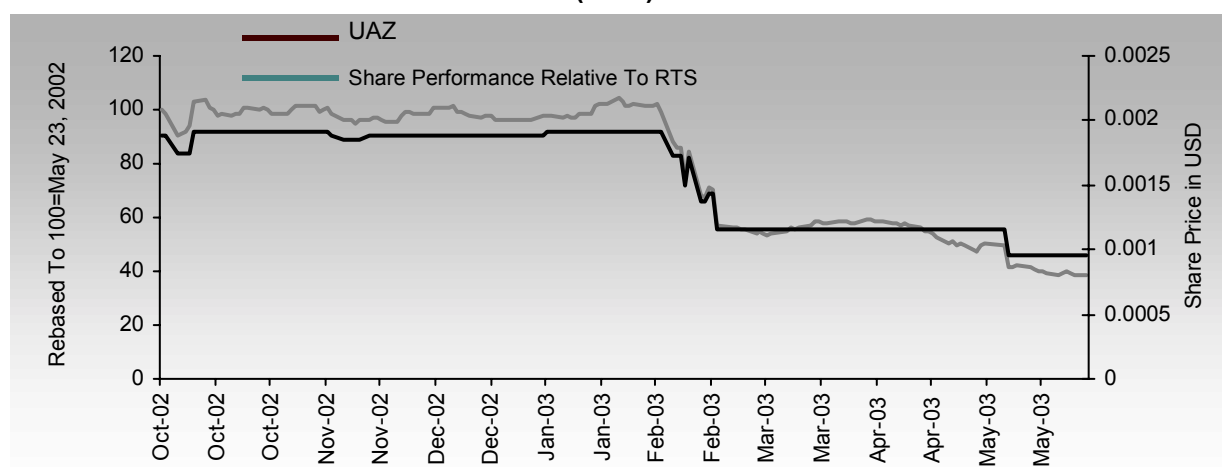
Date	Event
August 1-10, 2003	2Q 2003 RAS Results
November 1-10, 2003	3Q 2003 RAS Results

### Profile & Rating

Price Com USD:	0.030	Rating:	Sell
Price Pref USD:	0	Target Price USD:	0.013
Common Shares Outstanding, mln:	1,250	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	417	Reuters RIC:	UAZA.RTS
Market Capitalisation, USD mln:	38	Bloomberg Ticker:	UAZA\$ RU Equity
EV, USD mln:	125	CUSIP:	na
ADR/GDR Since:		ISIN:	RU0009034268
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

SeverstalAvto	63%	CEO of Parent Company	Vadim Shvetsov
Other Shareholders & Free Float	26%	(Severstal Auto)	
Federal Property Fund	11%	General Director	Victor Klochay
		CFO, Investor Relations	Nikolay Sobolev

### Business Activity

UAZ was established 60 years ago in Ulyanovsk (in the Central Volga region) as a 4X4 military vehicles manufacturer. It was privatised in 1992, and was acquired by Severstal in October 2000. In 2002, UAZ produced 72,851 vehicles (2% more than in 2001), generating USD264 million in revenues. UAZ also increased exports of its vehicles by 31% (to 8,764) which was reflected in higher prices for its models. The capacity of the plant is 120,000 vehicles and, with only relatively minor investment, this could be increased to 145,000.

The company is still only a niche player, focusing on the production of 4X4 utilities vehicles. Its major competitors are the Niva (made by AvtoVAZ) in the SUV segment, and the Gazel (made by GAZ) in the LCV segment. UAZ has a network of around 80 dealers Russia-wide, and a further 20 abroad.

More than 60% of its total output is sold in the Asian part of Russia, while more than 10% is exported – principally to Mongolia, Kazakhstan, Vietnam, the Middle East, and Africa. Recently a manufacturing project has been launched in Southern Italy, and the plant has a capacity of 20,000 units.



## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	247	263	302	319	334	8%
EBITDA	8.29	15	22	26	29	26%
EBIT	1.99	7.77	15	17	20	37%
PBT	(11)	2.67	9.55	12	15	78%
PAT	(9.15)	49	6.69	8.68	10	-40%
EPS	(0.0073)	0.039	0.0054	0.0069	0.0084	-40%
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	-	-	-	-	-	-
<b>Balance Sheet, USD mln</b>						
Current Assets	92	95	107	111	115	
Fixed Assets	182	175	175	177	177	
<b>Total Assets</b>	<b>274</b>	<b>270</b>	<b>282</b>	<b>288</b>	<b>292</b>	
Short-Term Liabilities	228	232	160	226	227	
Long-Term Liabilities	0.037	0	15	15	15	
Equity	44	38	108	47	51	
<b>Total Liabilities &amp; Equity</b>	<b>274</b>	<b>270</b>	<b>282</b>	<b>288</b>	<b>292</b>	
Net Debt	87	89	80	79	77	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	131	126	188	126	128	
NOPAT	1.39	5.44	10	12	14	37%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	(18)	13	21	21	23	21%
CFPS	(18)	13	21	21	23	21%
Investment Cashflow	(10)	(10)	(11)	(11)	(12)	-
Enterprise Value	125	126	118	117	115	-3%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.51	0.48	0.39	0.37	0.34	EBITDA Margin	3%	6%	7%	8%	9%
EV/EBITDA	15	8.57	5.30	4.54	3.95	Operating Margin	0.8%	3%	5%	5%	6%
EV/CF	(7.08)	9.87	5.56	5.62	5.07	NET Margin	-4%	19%	2%	3%	3%
EV/CapEmp	0.95	1.00	0.63	0.93	0.90	ROA	-3%	18%	2%	3%	4%
ROCE/WACC	0.068	0.28	0.35	0.62	0.70	ROCE	1%	4%	5%	10%	11%
P/CE	(13)	0.67	2.62	2.20	1.90	ROE	-16%	120%	9%	11%	22%
P/B	0.85	0.99	0.35	0.80	0.74						
P/E	(4.10)	0.76	5.61	4.32	3.57						
DYield Pref	0.0%	0.0%	0.0%	0.0%	0.0%						
DYield Com	-	-	-	-	-						

## Upcoming Events

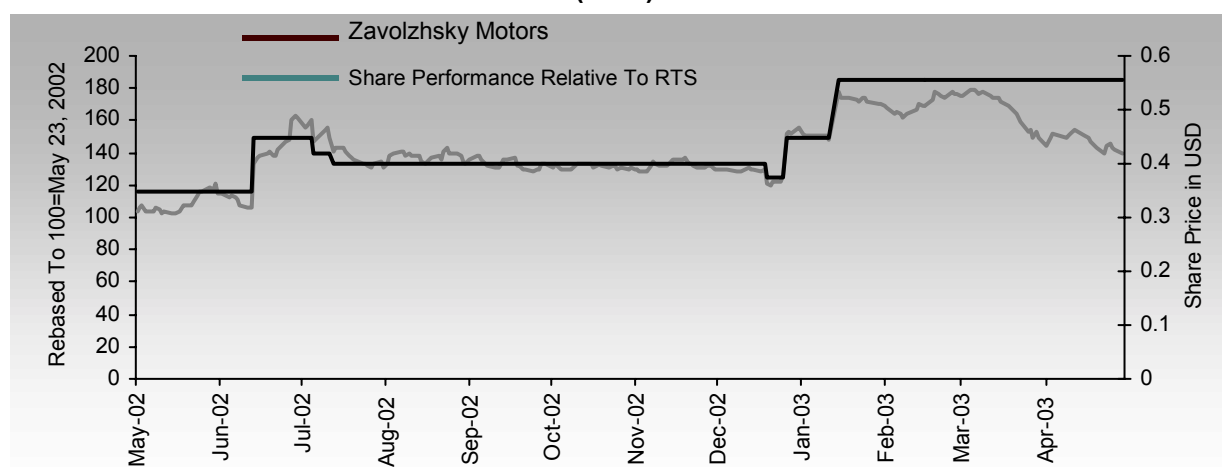
Date	Event
August 1-10, 2003	2Q 2003 RAS Results
November 1-10, 2003	3Q 2003 RAS Results

## Profile &amp; Rating

Price Com USD:	0.40	Rating:	Buy
Price Pref USD:	0.0010	Target Price USD:	0.49
Common Shares Outstanding, mln:	113	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	38	Reuters RIC:	ZMZN.RTS
Market Capitalisation, USD mln:	45	Bloomberg Ticker:	ZMZN\$ RU Equity
EV, USD mln:	54	CUSIP:	na
ADR/GDR Since:		ISIN:	RU0009101539
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	

## Share Price Performance

## In Absolute Terms (USD) &amp; Relative To The RTS



## Ownership &amp; Management

SeverstalAvto	65%	CEO of Parent Company	Vadim Shvetsov
Other Shareholders & Free Float	24%	SeverstalAuto	
Federal Property Fund	11%	President	Alexander Mineev
		CEO ZMZ	Viktor Klochai
		Investor Relations	A. Stremin

## Business Activity

ZMZ (Zavolzhsky Engine Plant) was founded in 1956 as a manufacturer of automobile spare parts and nonferrous castings. The plant is located in the Nizhny Novgorod region and was originally designed to be a supplier to GAZ. During 1971-1978 the plant underwent reconstruction, which resulted in an upgrade of equipment and an increase in capacity.

ZMZ was privatised in the early 1990s, and acquired by Severstal at the beginning of 2001. The plant has a production capacity of 450,000 engines, and in 2002 produced 250,686 (2.4% more than in 2001). The company is constantly improving the quality of its engines, which was reflected in a 20% increase in revenue in 2002, on the back of a 2.4% increase in output.

Currently, 61% of the engines it produces go to GAZ, and 20% to UAZ. Within the next five years, ZMZ plans to sell engines and components to GAZ, AvtoVAZ, and UAZ. Another promising project is a large contract with China.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	179	215	233	252	272	8%
EBITDA	32	46	49	53	62	10%
EBIT	28	42	45	49	57	11%
PBT	17	36	38	41	50	12%
PAT	7.86	25	29	31	37	14%
EPS	0.070	0.22	0.25	0.27	0.33	14%
Preferred Dividend, per share	0.026	-	-	-	-	-
Common Dividend, per share	-	-	-	-	-	-
<b>Balance Sheet, USD mln</b>						
Current Assets	64	70	74	80	87	
Fixed Assets	29	31	32	34	35	
<b>Total Assets</b>	<b>92</b>	<b>101</b>	<b>106</b>	<b>114</b>	<b>122</b>	
Short-Term Liabilities	48	28	29	30	32	
Long-Term Liabilities	0.47	9.03	16	16	17	
Equity	44	65	61	67	74	
<b>Total Liabilities &amp; Equity</b>	<b>92</b>	<b>101</b>	<b>106</b>	<b>114</b>	<b>122</b>	
Net Debt	13	8.91	20	20	21	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	56	74	81	88	95	
NOPAT	20	30	32	34	40	11%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	7.22	21	33	37	44	27%
CFPS	0.0092	0.027	0.042	0.048	0.056	27%
Investment Cashflow	(18)	(26)	(40)	(78)	(68)	-
Enterprise Value	58	54	65	65	66	7%
WACC, %	16	16	16	16	16	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.32	0.25	0.28	0.26	0.24	EBITDA Margin	18%	21%	21%	21%	23%
EV/EBITDA	1.83	1.17	1.33	1.24	1.07	Operating Margin	16%	20%	19%	19%	21%
EV/CF	8.01	2.55	1.98	1.75	1.50	NET Margin	4%	12%	12%	12%	14%
EV/CapEmp	1.02	0.73	0.80	0.75	0.69	ROA	8%	26%	28%	28%	32%
ROCE/WACC	2.20	2.53	2.44	2.43	2.66	ROCE	35%	40%	39%	39%	42%
P/CE	3.99	1.55	1.39	1.29	1.09	ROE	19%	47%	45%	48%	53%
P/B	1.03	0.70	0.73	0.67	0.61						
P/E	5.74	1.78	1.58	1.46	1.21						
DYield Pref	2634%	-	-	-	-						
DYield Com	-	-	-	-	-						

## Upcoming Events

Date	Event
August 1-10, 2003	2Q 2003 RAS Results
November 1-10, 2003	3Q 2003 RAS Results



# Airlines

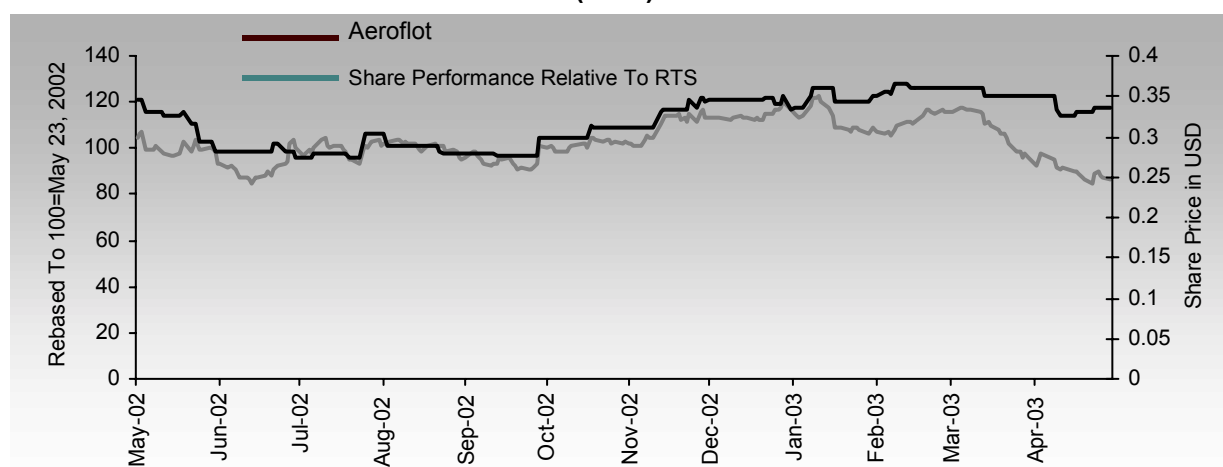


### Profile & Rating

Price Com USD:	0.34	Rating:	Sell
Price Pref USD:	-	Target Price USD:	0.29
Common Shares Outstanding, mln:	1,111	Last Reported Financial Year:	2002
Preferred Shares Outstanding, mln:	-	Reuters RIC:	AFLT.RTS
Market Capitalisation, USD mln:	374	Bloomberg Ticker:	AFLT\$ RU Equity, AETG GR
EV, USD mln:	1,235	CUSIP:	7771108
ADR/GDR Since:	2000	ISIN:	RU0009090542, US0077711085
ADR/GDR Per Common Share:	0.010	IAS/US GAAP Financials Since:	1997

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Other Shareholders & Free Float	7%	General Director	Valery Okulov
National Reserve Bank	28%	CFO	Alexander Zurabov
Management	10%	Investor Relations	Sergey Kharitonov
Government	51%		
Employees	4%		

### Business Activity

Aeroflot-Russian Airlines is Russia's biggest international and domestic air carrier, and began operations in 1923. Currently, Aeroflot has the largest fleet (111 aircraft, with 80 owned by Aeroflot, and 31 leased), and the most up-to-date of all Russian air carriers. It flies to 74 countries, and provides services to 131 cities. Among Russia's air companies, Aeroflot currently has about 26% of the entire traffic by RPK and carried 20% of all passengers.

Passenger transportation is Aeroflot's primary source of revenue, and in 2002 this business contributed about 72.1% of its total revenues, while cargo transport accounted for just 6.7% of sales. Non-traffic revenue, largely from pooling agreements, generated roughly 16-17% of total sales. In terms of revenue distribution by geographical region, Europe remains the most popular destination and accounted for more than 50% of Aeroflot's international traffic in 2002, while Asia was the second-most popular destination for the company. Domestic flights were the third-largest revenue source, accounting for about 7% of Aeroflot's traffic revenue. The company's current strategy is to refocus on developing the domestic market and to reduce the types of foreign aircraft in its fleet to 2-3. The major fleet upgrade programme, which is aimed at replacing 27 of Aeroflot's foreign aircraft with 9 long-distance and 18 medium-distance aircraft, is expected to generate USD85-95 million in additional revenue in the future. However, while there are no objections to Aeroflot's need to upgrade its fleet, the question remains as to how the company will finance it. The cost of the upgrade has been roughly estimated at USD1 billion.

Aeroflot's biggest risk is its dependence on over USD150 million of extra revenues from pooling agreements. These revenues could be at risk if they prove to be a point of conflict during Russia's negotiations with the WTO.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	1,558	1,611	1,672	1,724	1,779	3%
EBITDA	145	224	235	224	206	-3%
EBIT	40	121	130	116	92	-9%
PBT	11	92	104	87	63	-12%
PAT	20	63	72	60	43	-12%
EPS	0.018	0.057	0.065	0.054	0.039	-12%
Preferred Dividend, per share	-	-	-	-	-	-
Common Dividend, per share	0.0021	0.0020	0.0020	0.0020	0.0020	0.0%
<b>Balance Sheet, USD mln</b>						
Current Assets	293	286	306	315	327	
Fixed Assets	820	826	833	859	901	
<b>Total Assets</b>	<b>1,112</b>	<b>1,113</b>	<b>1,138</b>	<b>1,173</b>	<b>1,228</b>	
Short-Term Liabilities	563	527	550	552	561	
Long-Term Liabilities	472	407	473	497	523	
Equity	78	178	122	111	94	
<b>Total Liabilities &amp; Equity</b>	<b>1,112</b>	<b>1,113</b>	<b>1,138</b>	<b>1,173</b>	<b>1,228</b>	
Net Debt	1,020	909	941	954	968	
Minority	7.60	7.60	7.78	8.02	8.39	
Associates	51	57	62	66	72	
Capital Employed	1,097	1,088	1,064	1,065	1,063	
NOPAT	30	92	98	88	70	-9%
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	156	201	210	203	191	-2%
CFPS	0.14	0.18	0.19	0.18	0.17	-2%
Investment Cashflow	(81)	(83)	(67)	(69)	(71)	-
Enterprise Value	1,351	1,235	1,262	1,270	1,280	1%
WACC, %	20	20	20	20	20	0.0%

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	0.87	0.77	0.75	0.74	0.72	EBITDA Margin	9%	14%	14%	13%	12%
EV/EBITDA	9.35	5.51	5.37	5.68	6.22	Operating Margin	3%	8%	8%	7%	5%
EV/CF	8.68	6.14	6.01	6.26	6.71	NET Margin	1%	4%	4%	3%	2%
EV/CapEmp	1.23	1.14	1.19	1.19	1.20	ROA	2%	6%	6%	5%	4%
ROCE/WACC	0.14	0.43	0.47	0.42	0.34	ROCE	3%	8%	9%	8%	7%
P/CE	3.01	2.26	2.11	2.23	2.39	ROE	28%	49%	48%	52%	42%
P/B	4.82	2.10	3.06	3.38	3.97						
P/E	19	5.95	5.22	6.24	8.65						
DYield Pref	-	-	-	-	-						
DYield Com	0.6%	0.6%	0.6%	0.6%	0.6%						

## Upcoming Events

Date	Event
July, 2003	2002 Full Year IAS Results
August 1-10, 2003	2Q 2003 RAS Results
September 15, 2003	Coupon Payment
November 1-10, 2003	3Q 2003 RAS Results



# Banks

**Sberbank**



## Sector Views

### Bull Points

- Despite being stalled in the Duma, deposit insurance legislation is likely to be passed in the autumn session - crucial for increasing competition & public trust in banking sector
- Tougher CBR regulation e.g. tightening capital controls, and strengthening of the Chief Inspectorate department. Effective banking reform will depend on strong CBR regulation.
- Continued strong expansion of the consumer credit sector
- Effective adoption of IAS accounting from 2004, prior to 2007 full switch to IAS

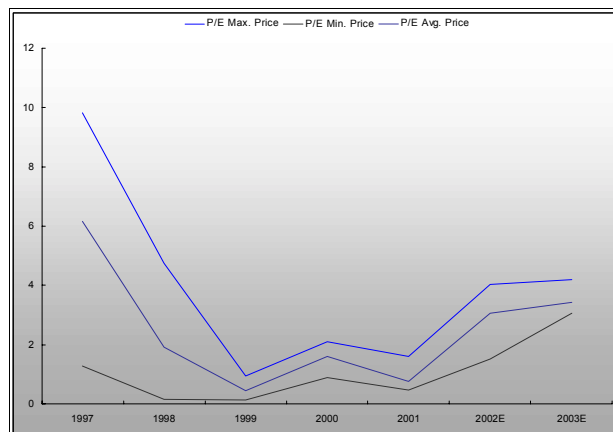
### Bear Points

- Political opposition will stymie reforms
- Ongoing weak public confidence in the banking sector; retail deposits less than 10% of GDP

### Rating Of Stocks In The Sector

	Last Price	Rating	Target Price	Up/Down Side
Sberbank	268	U/R	U/R	

### Sector PEs



## Sector Picks

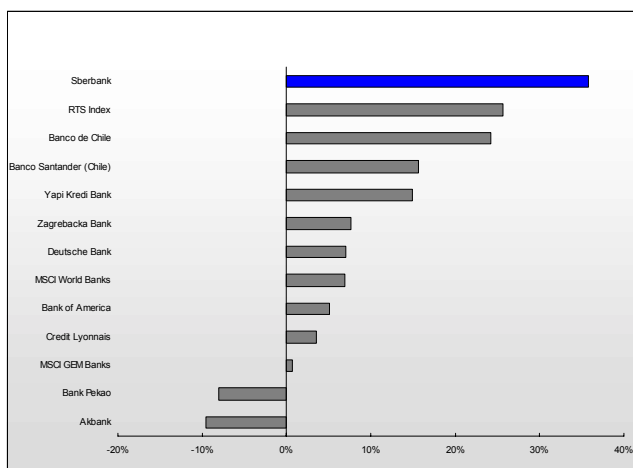
### Favourite

na

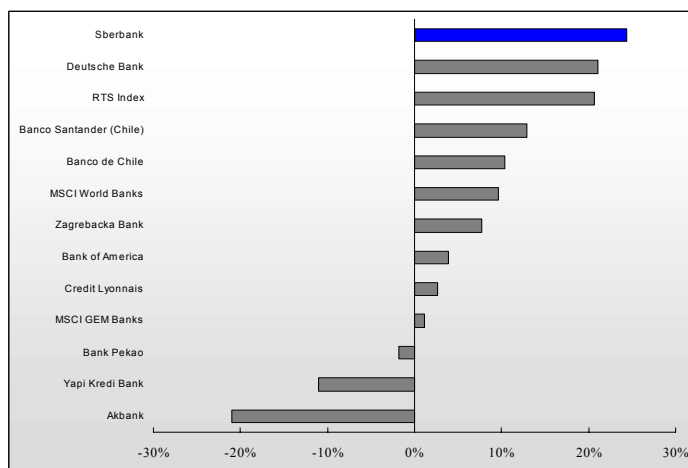
### Least Favourite

na

### YTD Sector Performance



### 3 Month Sector Performance

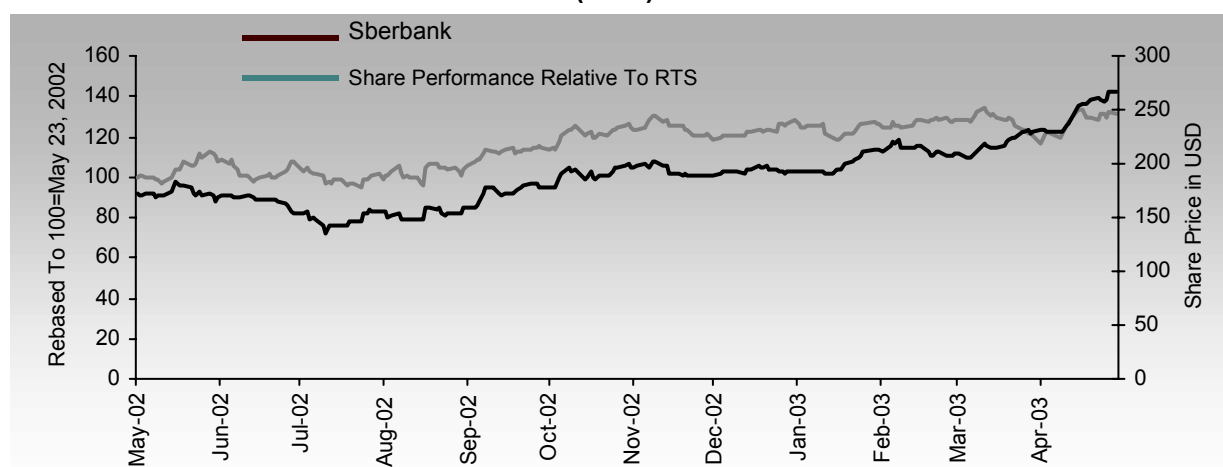


### Profile & Rating

Price Com USD:	268	Rating:	U/R
Price Pref USD:	3.60	Target Price USD:	U/R
Common Shares Outstanding, mln:	19	Last Reported Financial Year:	2001
Preferred Shares Outstanding, mln:	50	Reuters RIC:	SBER.RTS
Market Capitalisation, USD mln:	5,268	Bloomberg Ticker:	SBER\$ RU Equity
EV, USD mln:	-	CUSIP:	na
ADR/GDR Since:	-	ISIN:	RU0009029540
ADR/GDR Per Common Share:	-	IAS/US GAAP Financials Since:	1997

### Share Price Performance

#### In Absolute Terms (USD) & Relative To The RTS



### Ownership & Management

Central Bank of Russia	63%	CEO	Andrei Kazmin
Deutsche Telekom/Bank (nominee)	15%	CFO	Andrei Kruzhalov
Free Float	37%	Investor Relations	Mikhail Ushakov

### Business Activity

Sberbank, also known as the Savings Bank of the Russian Federation, is the largest bank in Russia and holds around 67% of all retail deposits in the Russian banking system. Sberbank has an explicit State guarantee for retail deposits, although its dominance of the retail deposits market is likely to come under pressure should deposit insurance legislation be passed this year, as appears likely. Over the past three years, Sberbank has moved aggressively into corporate lending, and it is also the largest holder of Russian Federal debt. Sberbank's branch network dwarfs that of its rivals, with 1,160 branches and over 21,000 sub-branches spread across Russia. Consequently, its domination of the Russian banking sector has also brought complaints of monopolistic behaviour in its pricing of corporate loans.

The State ownership of Sberbank will not be privatised as long as it dominates the retail deposit market. However, its position as a monopoly is considered a negative factor, and the Central Bank of Russia currently considers it necessary that another commercial bank should be built up to provide effective competition. In principle, privatisation is not ruled out, but the time scale would be several years.

## Financials

	2001	2002	2003E	2004E	2005E	CAGR 2002-2005
<b>Income Statement, USD million (exc per share)</b>						
SALES	3,110	3,227	3,776	4,541	5,104	17%
EBITDA	-	-	-	-	-	-
EBIT	-	-	-	-	-	-
PBT	1,307	1,278	1,656	2,305	2,772	29%
PAT	941	920	1,192	1,659	1,995	29%
EPS	54	48	63	87	105	29%
Preferred Dividend, per share	0.029	0.063	0.082	0.11	0.14	29%
Common Dividend, per share	1.50	2.99	3.87	5.39	6.48	29%
<b>Balance Sheet, USD mln</b>						
Current Assets	24,709	30,226	36,549	38,932	43,002	
Fixed Assets	1,742	2,131	2,576	2,744	3,031	
<b>Total Assets</b>	<b>26,450</b>	<b>32,356</b>	<b>39,126</b>	<b>41,676</b>	<b>46,033</b>	
Short-Term Liabilities	23,660	28,935	34,563	35,742	38,591	
Long-Term Liabilities	-	-	-	-	-	
Equity	2,790	3,421	4,563	5,934	7,442	
<b>Total Liabilities &amp; Equity</b>	<b>26,450</b>	<b>32,356</b>	<b>39,126</b>	<b>41,676</b>	<b>46,033</b>	
Net Debt	-	-	-	-	-	
Minority	-	-	-	-	-	
Associates	-	-	-	-	-	
Capital Employed	-	-	-	-	-	
NOPAT	-	-	-	-	-	
<b>Cash Flow, USD mln (exc per share)</b>						
Operating Cashflow	-	-	-	-	-	-
CFPS	-	-	-	-	-	-
Investment Cashflow	-	-	-	-	-	-
Enterprise Value	-	-	-	-	-	-
WACC, %	-	-	-	-	-	-

## Valuations

	2001	2002	2003E	2004E	2005E		2001	2002	2003E	2004E	2005E
EV/Sales	-	-	-	-	-	EBITDA Margin	-	-	-	-	-
EV/EBITDA	-	-	-	-	-	Operating Margin	-	-	-	-	-
EV/CF	-	-	-	-	-	NET Margin	30%	29%	32%	37%	39%
EV/CapEmp	-	-	-	-	-	ROA	4%	3%	3%	4%	5%
ROCE/WACC	-	-	-	-	-	ROCE	-	-	-	-	-
P/CE	-	-	-	-	-	ROE	44%	30%	30%	32%	30%
P/B	1.89	1.54	1.15	0.89	0.71						
P/E	5.60	5.73	4.42	3.18	2.64						
DYield Pref	0.8%	2%	2%	3%	4%						
DYield Com	0.6%	1%	1%	2%	2%						

## Upcoming Events

Date	Event
Mid-June 2003	2002 IAS results to be released
27 June 2003	AGM



# International Comparables

**Oil & Gas**

**Telecoms**

**Utilities**

**Banking**

**Retail**

**Beer**

**Dairy**

**Non-Ferrous Metals**

**Ferrous Metals**

**Heavy Machinery**

**Airlines**

**Automotive**





## International Oil &amp; Gas Comparables

	P/E					EV/EBITDA					2002E			2002	5-Year
	2000	2001	2002E	2003E	2004E	2000	2001	2002E	2003E	2004E	EV/ Reserves	EV/ Production	R/P Years	Net Income USD/boe	Output Growth
<b>Russia</b>															
Gazprom (ADR)	3.8	97.1	31.0	5.7	12.8	4.9	4.8	5.2	3.7	5.0	0.38	15.6	40.7	0.38	0%
Gazprom (local)	2.3	57.2	18.2	3.4	7.5	3.4	3.3	3.5	2.5	3.4	0.26	10.7	40.7	0.38	0%
YUKOS	6.9	8.2	8.5	7.2	14.0	4.6	5.8	5.7	4.8	7.3	2.37	54.1	21.5	5.87	14%
LUKOIL	4.1	6.4	7.0	5.4	9.3	3.5	4.4	4.3	3.6	5.2	1.31	26.9	20.1	3.61	5%
Sibneft (inc. Slavneft)	16.6	8.6	10.0	6.0	9.7	11.4	6.8	6.5	4.5	5.0	3.22	73.3	17.8	5.43	8%
Surgutneftgas	4.6	6.7	7.4	6.4	8.8	1.6	2.2	2.4	2.0	2.4	0.86	14.4	14.7	3.36	7%
Tatneft	3.2	3.5	6.5	7.4	-	2.2	3.7	3.8	3.7	8.3	0.55	16.4	29.5	1.89	0%
<b>Cap-weighted average (ex-Gazprom)</b>	<b>7.5</b>	<b>7.5</b>	<b>8.2</b>	<b>6.4</b>	<b>11.3</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>4.0</b>	<b>5.7</b>	<b>1.98</b>	<b>44.0</b>	<b>19.8</b>	<b>4.76</b>	<b>9%</b>
<b>Other GEM</b>															
Petrochina (ADR)	6.6	7.8	7.7	6.5	9.3	3.0	3.4	3.3	3.4	3.6	2.52	50.3	20.0	6.51	0%
Sinopec (ADR)	7.6	9.2	8.2	8.7	7.6	2.6	3.0	2.8	2.6	2.5	4.62	59.8	12.9	7.29	3%
Petrobras Ord (ADR)	3.8	5.9	8.9	4.6	4.9	2.3	3.3	2.6	2.5	2.4	2.04	34.0	16.6	3.83	8%
CNOOC (ADR)	9.5	12.3	10.6	9.5	10.9	6.7	7.6	5.8	5.8	5.7	5.90	93.2	15.8	8.79	11%
<b>Cap-weighted average</b>	<b>6.5</b>	<b>8.2</b>	<b>8.4</b>	<b>6.9</b>	<b>8.2</b>	<b>3.2</b>	<b>3.8</b>	<b>3.4</b>	<b>3.3</b>	<b>3.4</b>	<b>3.24</b>	<b>53.9</b>	<b>17.4</b>	<b>6.36</b>	<b>4%</b>
<b>International oil majors</b>															
ExxonMobil	13.6	15.7	21.0	17.7	19.8	7.3	8.3	10.9	8.8	8.8	11.16	152.1	13.6	7.13	0%
BP (GBp)	12.8	19.0	22.2	15.4	15.7	6.7	6.6	6.7	6.2	6.5	8.79	121.5	13.8	5.47	3%
Royal Dutch (EUR)	12.4	14.5	16.7	14.9	15.3	5.5	6.8	6.9	6.0	6.4	8.02	109.5	13.6	6.56	2%
Shell (GBp)	12.5	14.7	16.9	15.0	15.5	5.6	6.9	6.6	6.1	6.5	8.12	110.8	13.6	6.54	2%
TotalFinaElf (EUR)	14.7	13.7	16.7	12.3	13.8	5.3	5.9	6.2	3.8	4.0	8.39	106.5	12.7	6.37	3%
ChevronTexaco	9.5	22.2	64.6	12.7	14.1	3.9	4.6	6.0	4.8	4.8	6.15	76.3	12.4	1.18	18%
<b>Cap-weighted average</b>	<b>12.9</b>	<b>16.6</b>	<b>24.2</b>	<b>15.4</b>	<b>16.6</b>	<b>6.2</b>	<b>6.9</b>	<b>8.0</b>	<b>6.6</b>	<b>6.7</b>	<b>9.10</b>	<b>122.7</b>	<b>13.4</b>	<b>5.95</b>	<b>3%</b>
Russian Average (Disc)/Prem to GEM	15%	-9%	-3%	-6%	37%	56%	31%	48%	19%	69%	-39%	-18%	14%	-25%	164%
Russian Average (Disc)/Prem to International Majors	-42%	-55%	-66%	-58%	-32%	-19%	-27%	-38%	-39%	-15%	-78%	-64%	47%	-20%	180%

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

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## International Telecoms Comparables

	Sales Growth 2002-05E (CAGR)	EV/EBITDA				P/E				2002					2003E
		2002	2003E	2004E	2005E	2002	2003E	2004E	2005E	EV/Sales	EV/IC	ROIC/W ACC	(EV/IC)/(ROIC/ WACC)	EV/Year-End Subscriber (USD)	
<b>Golden Telecom</b>	<b>26.3%</b>	<b>4.1</b>	<b>4.3</b>	<b>3.4</b>	<b>2.7</b>	<b>18.6</b>	<b>10.4</b>	<b>9.3</b>	<b>8.2</b>	<b>1.3</b>	<b>1.2</b>	<b>0.8</b>	<b>1.5</b>		
Colt Telecom Group Plc	13.7%	10.5	4.7	2.7		neg	neg	neg		0.5					
Jazztel Plc	187.6%	-2.2	2.9	0.7		neg	neg	neg		0.3					
Equant NV	7.0%	4.4	2.0	1.4		neg	neg	31.5		0.3					
Qwest Communications International	6.6%	4.5	4.2	4.0		neg	20.5	32.9		1.5					
<b>Average</b>		<b>4.3</b>	<b>3.5</b>	<b>2.2</b>		<b>-</b>	<b>-</b>	<b>32.2</b>		<b>0.6</b>					
<b>Rostelecom</b>	<b>4.8%</b>	<b>2.4</b>	<b>4.2</b>	<b>3.3</b>	<b>3.1</b>	<b>13.7</b>	<b>15.2</b>	<b>11.1</b>	<b>10.9</b>	<b>1.0</b>	<b>0.4</b>	<b>0.5</b>	<b>0.9</b>		
<b>Rostelecom (proportionate)</b>	<b>5.7%</b>	<b>2.3</b>	<b>4.0</b>	<b>3.2</b>	<b>3.0</b>	<b>13.2</b>	<b>14.2</b>	<b>10.5</b>	<b>10.2</b>	<b>1.0</b>					
Indonesian Satellite Corp Tbk PT	16.0%	3.5	2.9	2.4		6.5	5.6	4.5		1.9					
Embratel Participacoes SA	4.5%	3.4	3.0	3.0		neg	13.1	8.4		0.7					
Philippine Long Distance Telephone	6.1%	4.9	4.5	4.2		14.0	9.5	6.7		2.6					
Videsh Sanchar Nigam Ltd	-8.1%	2.1	2.4	2.3		2.3	3.0	3.2		0.5					
<b>Average</b>		<b>3.5</b>	<b>3.2</b>	<b>3.0</b>		<b>7.6</b>	<b>7.8</b>	<b>5.7</b>		<b>1.4</b>					
<b>MTS</b>	<b>25.7%</b>	<b>4.9</b>	<b>6.4</b>	<b>5.5</b>	<b>4.9</b>	<b>8.4</b>	<b>16.0</b>	<b>12.5</b>	<b>10.7</b>	<b>2.4</b>	<b>2.3</b>	<b>1.7</b>	<b>1.4</b>	<b>502</b>	<b>497</b>
<b>VimpelCom</b>	<b>32.2%</b>	<b>5.5</b>	<b>6.1</b>	<b>4.9</b>	<b>4.1</b>	<b>8.3</b>	<b>9.9</b>	<b>7.8</b>	<b>6.1</b>	<b>2.3</b>	<b>2.0</b>	<b>1.3</b>	<b>1.5</b>	<b>344</b>	<b>365</b>
Partner	5.5%	6.8	2.6	2.3	0.0	-0.2	0.0	0.0	0.0	1.9	2.8	1.7	1.6	956	404
Turkcell	6.9%	6.0	4.3	4.6	4.9	112.5	19.2	16.4	22.3	2.2	1.7	0.8	2.1	277	211
CosmOTE	14.1%	8.5	9.0	6.9	5.7	24.0	22.6	17.9	15.4	3.5	3.5	2.5	1.4	962	1,069
PanaFon	7.3%	13.8	7.3	6.8	6.3	16.2	14.9	14.0	13.3	5.9	8.5	2.7	3.2	2,256	1,218
STET Hellas	9.4%	11.5	6.4	5.8	5.1	20.9	20.6	19.4	16.9	3.8	3.0	0.8	3.9	1,004	577
Mobinil															
<b>Average</b>	<b>14.5%</b>	<b>8.2</b>	<b>6.0</b>	<b>5.3</b>	<b>4.4</b>	<b>27.2</b>	<b>14.7</b>	<b>12.6</b>	<b>12.1</b>	<b>3.2</b>	<b>3.4</b>	<b>1.6</b>	<b>2.1</b>	<b>900</b>	<b>620</b>
	0.3	5.2	6.2	5.2	4.5	8.4	13.0	10.1	8.4	2.3	2.1	1.5			
			0.0	-1.0%			-0.1	-19.4%							
Center Telecom	12.1%	4.3	4.7	5.8	5.2	23.8	39.1	-44.0	92.8	1.2					111
Far East Telecom	6.0%	1.2	1.6	3.8	4.2	6.6	5.4	-15.3	-9.8	0.3					50
Volga Telecom	14.9%	3.1	3.9	4.2	3.7	8.5	9.2	12.9	9.8	1.2					110
Ural Telecom	7.4%	2.5	5.0	6.2	6.0	14.3	24.0	204.1	36.5	0.8					120
SibirTelecom	11.5%	2.7	4.1	5.4	5.0	13.0	17.7	297.7	52.9	0.8					86
North-west Telecom	11.0%	2.9	2.3	2.2	2.0	33.1	20.9	28.2	15.8	0.9					78
South Telecom	10.3%	3.3	3.6	4.9	4.5	4.8	16.7	-43.0	-70.2	1.1					107
MGTS	0.1	2.8	2.8	3.6	4.7	14.9	19.0	62.9	18.3						
TPSA	2.0%	7.2	7.0	6.7	6.2	352.9	352.0	117.9	41.5	2.6					649
Matav	3.0%	6.3	5.5	5.1	4.6	14.1	19.9	16.6	12.7	2.6					836
Cesky Telecom	-0.2%	6.2	6.1	5.9	5.6	37.2	49.9	36.9	28.8	2.9					615
Lietuvos Telekomas															
Eesti Telecom	-0.64	-0.45	1.19	0.45	-0.03	0.78	0.47	5.21	1.1805						

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

## International Utilities Comparables

	PE			EV/EBITDA			Price/ Capacity	Price/ Output	EV/ Sales	Price/ Book
	2002	2003E	2004E	2002	2003E	2004E				
Russia										
UES	221.8	399.2	99.8	7.8	7.7	7.3	940.49	234.22	1.3	0.4
Mosenergo	70.8	33	14.2	6.8	6	4.7	1342.18	265.94	1.2	0.9
Iktunskenergo	81.6	45.3	45.3	3.6	3.6	3.5	365.36	86.38	1.3	0.4
Lenenergo	7.2	6	5.3	2.7	2.4	2	919.83	180.02	0.6	0.6
Average	7.23	19.5	15.16	4.28	3.98	3.57			0.92	0.52
Developed Markets										
E.ON	10.73	10.37	10.35	5.42	5.12	4.98	1016.18	139.73	1.02	0.95
Bewag							1057.28	127.81		
Endesa	9.49	9.04	7.93	6.83	6.49	6.15	982.23	237.08	2.16	1.4
Electrabel	14.44	13.97	13.12	6.12	5.93	5.04	668.54	412.61	0.73	2.25
Average	11.59	11.17	10.33	6.56	6.28	6	931.06	229.31		
Emerging Markets										
Huaneng Power	19.58	18.52	18.47	9.53	9.28	9.18	538.96	131.98	4.44	0.18
CLP	10.81	10.47	9.84	9.26	8.73	8.4	1280.13	331.62	3.28	0.27
Kepco	5.31	4.63	4.38	3.89	3.62	2.66	43535.44	65994.94	923.74	0
Tenaga	20.4	18.4	16.3	11.07	10.19	9.31	1075.07	206.34	3.42	0.44
Electrobras	3.44	3.47	2.7	6.91	5.05	4.44	154.31	211.94	2.56	0.05
Cemig	5.19	5.43	3.69	4.41	3.74	3.01	282.62	43.42	1.56	0.25
CEZ	15.3	12.58	24.92	4.25	4.2	4.24	322.39	201.96	1.82	0.01
Average	11.43	10.5	11.47	7.05	6.4	5.89	6741.27	9588.89	134.4	0.17
Discount/Premium to Developed Markets	-37.58	74.56	46.7	-34.66	-36.55	-40.59	0	0		
Discount/Premium to Emerging Markets	-36.72	85.73	32.16	-39.21	-37.77	-39.48	-0.69	-0.58	-99.32	197.78

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

## International Banking Comparables

	PE			P/Book			2000		EV / Sales	Rating
	2002	2003E	2004E	2002	2003E	2004E	Price/Deposits	Price/Assets		
Russia										
Sberbank (Ordinary Shares)	5.7	3.9	3.0	1.99	1.66	1.45	0.24	0.15		Hold
<b>International Comparables</b>										
OTP Bank	10.35	8.86	7.3	1.06	0.94		0.42	9.68	0.38	
Zagrebacka Banka	6.26						0.12	159.63	-0.8	
Bank Pekao	12.4	10.11	9.59	2.67	2.48		0.32	23.65	2.08	
National Bank of Greece	11.85	6.4	11.99	na	na	na	0.1	14.33	na	
Banco de Galicia y Buenos Aires	5.44						0.02			
Banco Bradesco	6.6	4.95	5.8	1.13			0.24	0	0.77	
Banco De Chile	na						0.08	0.03		
Banco Itau	7.96	6.53	5.69	2.17	3.53		na	na	1.48	
Credicorp	11.98	9.98		na	na		0.13	9.5	na	
ABSA Group (Amalgamated Bank of South Africa)	6.37	5.46	4.76	61.9	48.96		0.12	3.68	1.89	
Malayan Banking	15.48	13.75	12.18	8.24	6.65	8.3	0.29	2.04	6.32	
Discount Of Sberbank To International Comparables, %	9.47	8.26	8.19	11.31	10.7	4.87	0.19	9.09	2.15	
Discount(premium) to Emerging Europe, %				-82.4	-84.5	-70.22	24.77	-98.38		

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

## International Retail Sector Comparables

	Rec	P/E				EV/EBITDA				Price/ Sales	Price/ Book
		2000	2001	2002E	2003E	2000	2001	2002E	2003E		
GUM	Sell	13.8	14.2	13.4	16.0	7.8	6.3	6.5	6.9	1.51	1.63
TsUM	Sell	9.8	9.0	8.0	14.4	4.2	2.3	1.7	3.1	0.85	0.57
Average		11.8	11.6	10.7	15.2	6.0	4.3	4.1	5.0	1.18	1.10
<b>Emerging Europe</b>											
Federated Department Store		7.4	9.8	8.8	11.3	4.6	5.0	4.3	4.1	0.38	1.03
Stockmann AB		34.8	14.2	14.1	14.4	11.0	13.7	11.9	10.8	0.57	1.56
Sears Canada		7.2	10.7	9.4	9.9	5.4	5.7	5.6	na	0.27	1
Galleries Lafayette		19.0	12.4	16.1	13.4	19.4	22.9	17.5	15.6	0.28	1.58
Debenhams		18.0	12.2	11.2	12.3	5.1	8.0	7.4	6.9	0.86	2.01
House of Fraser		21.4	10.6	10.1	8.4	3.6	5.8	4.7	3.9	0.21	0.86
Marks & Spencer		26.6	neg	18.6	15.3	12.5	12.6	11.4	10.3	0.84	2.42
Matahari Putra P		4.3	8.6	7.7	2.9	4.3	8.0	6.3	6.1	0.23	0.72
Saks Incorporated		6.8	17.3	15.2	10.4	4.4	4.3	5.1	4.6	0.22	0.57
Blue Square		10.5	17.0	14.9	18.6	6.2	4.4	3.8	3.7	0.33	1.51
Isetan		6.1	17.2	14.6	32.2	4.4	2.8	2.6	2.7	0.37	1.21
Marui		22.5	40.0	na	28.1	11.0	11.2	10.3	10.5	0.83	0.93
Average		15.4	15.5	12.8	14.8	7.7	8.7	7.6	7.2	0.45	1.28
International Peers		-10%	-8%	5%	8%	2%	-27%	-15%	-4%	237.0%	26.8%
Peers		-36%	-42%	-38%	-3%	-45%	-74%	-77%	-57%	89.8%	-55.5%

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

## International Beer Sector Comparables

	Rating	P/E				EV/EBITDA				EV/Sales
		2001	2002	2003E	2004E	2001	2002	2003E	2004E	2002
Russia										
Baltika	Buy	11.8	11.1	8.0	6.2	7.7	6.7	5.0	3.7	2.3
SUN Interbrew	Hold	19.1	neg	29.4	20.8	5.9	7.7	4.7	4.3	1.3
Average		15.4	11.1	18.7	13.5	6.8	7.2	4.9	4.0	1.8
Emerging Markets										
Grupo Modelo		21.4	16.5	15.2	13.4	6.1	5.3	5.4	4.9	1.7
AmBev		20.4	12.8	14.8	10.8	9.1	7.6	7.7	7.9	2.8
Femsa		11.4	13.7	na	na	3.2	2.9	na	na	0.7
Union de Cervecerias Peruanas										
Backus & Johnston		104.9	23.8	15.2	12.8	21.8	5.4	4.9	4.7	1.5
Anadolu Efes Biracilik		neg	127.4	51.4	na	na	24.0	29.6	na	11.4
Cia Cervecerias Unidas		17.2	32.8	19.8	19.1	8.0	8.9	8.1	7.8	2.1
Embotelladora Andina		19.6	21.2	18.5	23.1	7.8	11.6	10.2	10.0	2.2
Hite Brewery		19.8	11.7	9.3	7.4	7.0	7.0	6.3	5.8	2.6
Browary Zywiec		neg	57.1	20.1	19.4	16.8	12.6	8.9	8.3	1.6
Guinness Anchor BHD		19.7	16.0	15.2	14.5	10.2	9.2	8.3	8.1	1.5
Carlsberg Okocim		neg	148.4	na	na	96.7	9.1	11.0	na	0.7
Cia Cervecera Sur Peru		3.5	3.5	na	na	1.3	0.8	na	na	0.4
Average		26.4	40.4	19.9	15.1	17.1	8.7	10.0	7.2	2.4
International Majors										
Anheuser-Bush		25.7	22.7	20.9	19.3	14.2	13.1	12.0	11.5	3.7
Foster's		53.1	45.1	33.5	30.9	34.8	28.6	22.5	21.2	7.5
Heineken		21.2	19.4	15.5	14.5	11.3	9.4	7.5	7.0	1.9
Interbrew		13.6	20.4	14.1	12.9	9.4	9.0	7.3	6.8	1.8
Kirin Brewery		46.9	35.5	26.0	23.7	13.9	11.2	6.1	5.8	1.0
SABMiller		16.2	19.5	na	na	6.9	6.9	8.6	4.4	1.9
Scottish & Newcastle		neg	14.7	8.0	7.1	6.0	6.5	4.5	4.3	1.0
Carlsberg		17.1	19.1	15.8	13.5	7.1	6.4	4.8	4.5	1.0
Adolph Coors		15.4	11.7	11.2	10.6	11.3	9.5	6.1	5.8	0.9
Grolsch		17.1	15.4	13.7	13.3	7.2	7.0	5.3	5.0	1.6
DB Breweries		8.0	19.1	16.9	16.2	11.5	10.9	7.7	7.7	1.6
Duvel Moortgat		27.3	22.4	17.0	15.9	7.3	6.7	6.2	5.9	2.1
Olvi Oyj		16.0	14.8	9.3	8.5	5.3	4.8	4.1	3.7	0.9
Average		23.1	21.5	16.8	15.5	11.2	10.0	7.9	7.2	2.1
Markets		-55%	-73%	-60%	-59%	-55%	-23%	-50%	-49%	-5%
Markets		-49%	-49%	-52%	-60%	-31%	-33%	-37%	-49%	11%
SUN Interbrew Prem/Disc to Emerging Markets		-28%	nm	48%	38%	-66%	-12%	-53%	-40%	-45%
Markets		-18%	nm	75%	34%	-48%	-23%	-40%	-40%	-36%

\* Hartwall OY was announced on February 14 2002 as being purchased by Scottish & Newcastle Breweries, the dominant beer producer in Britain and France

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

## International Non-Ferrous Metals Sector Comparables

	Mkt Cap	EV	Net Earnings to Dec, USD Mln			Price/Earnings (x)			Price/DCF	Dividend
	USD Mln	USD Mln	FY02	FY03	FY04	FY02	FY03	FY04	USD/Share	Yield
Anglo American	21,705	22,589	1,562	1,506	1,711	13.9	14.4	12.7	0.98	6%
BHP Billiton	31,195	33,282	1,934	2,458	2,929	16.1	12.7	10.7	1.37	5%
CVRD	11,166	13,343	1,049	1,285	1,325	10.6	8.7	8.4	0.94	0%
Rio Tinto	29,787	35,569	1,639	1,629	1,753	18.2	18.3	17.0	1.04	5%
Xstrata	1,742	2,375	142	236	268	8.9	7.4	6.5	0.69	8%
Inco	3,436	3,855	168	201	135	20.5	17.1	25.5	0.82	0%
Falconbridge	2,002	3,426	73	160	185	27.3	12.5	10.8	0.94	0%
Lonmin	1,878	1,721	185	107	148	10.2	17.6	12.7	0.82	5%
Anglo Platinum	6,977	6,603	554	611	685	12.6	11.4	10.2	0.67	5%
Impala	3,937	3,586	390	447	437	10.1	8.8	9.0	0.91	6%
Freeport	2,977	4,361	127	255	210	23.4	11.7	14.2	1.14	0%
Norilsk	5,454	6,285	-51	665	908	-107.0	8.2	6.0	0.69	3%
Stillwater	159	358	37	49	56	4.3	3.2	2.8	0.53	0%
	EV/EBITDA (x)			RoCE			Current		FY03 RoCE-	
	FY02	FY03	FY04	FY02	FY03	FY04	IC, USD Mln	EV/IC	WaCC	WaCC
Anglo American	6.5	6.1	5.6	10%	9%	11%	20,865	1.08	10.2%	-1.2%
BHP Billiton	7.3	7.0	6.5	8%	9%	11%	20,179	1.65	10.2%	-1.2%
CVRD	7.6	6.2	6.4	12%	13%	13%	18,024	0.74	16.8%	-3.4%
Rio Tinto	12.3	11.1	10.5	15%	17%	17%	17,131	2.08	9.6%	7.3%
Xstrata	5.8	4.6	4.2	7%	6%	6%	3,875	0.61	9.0%	-3.0%
Inco	6.6	5.2	4.5	4%	5%	3%	6,193	0.62	7.5%	-2.9%
Falconbridge	32.3	8.9	6.5	4%	9%	10%	2,629	1.30	7.6%	1.1%
Lonmin	4.6	5.0	4.7	22%	23%	26%	864	1.99	9.9%	12.7%
Anglo Platinum	6.3	6.1	4.8	64%	51%	64%	1,782	3.71	11.7%	39.5%
Impala	6.2	5.8	6.6	60%	42%	39%	560	6.40	11.3%	31.1%
Freeport	4.6	4.1	3.9	10%	14%	12%	3,435	1.27	11.4%	2.7%
Norilsk	14.3	4.7	4.1	1%	10%	12%	7,072	0.89	14.5%	-4.8%
Stillwater	4.6	3.9	3.0	6%	7%	7%	808	0.44	7.3%	-0.3%

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

## International Ferrous Metals Sector Comparables

	USD Price	Mkt Cap	EV Current	Sales to Dec , USD Mln		EV/Sales		Net Earnings, USD mln		Price/Earnings (x)	
	USD/sh	USD Mln	USD Mln	FY03	FY04	FY03	FY04	FY03	FY04	FY03	FY04
Severstal	64.50	1,424	1,250	2,185	2,105	0.6	0.6	211	178	6.7	8.0
NLMK	200.00	1,198.00	937.00	1,115.00	1,209.00	0.84	0.78	189.00	218.00	6.34	5.50
Gerdau	9.96	1,136.44	2,160.44	1,109.00	1,245.00	1.95	1.74	287.00	332.00	3.96	3.42
Siderar	2.88	1,002.31	1,335.31	739.00	725.00	1.81	1.84	102.00	61.00	9.83	16.43
POSCO	89.09	8,089.12	10,222.12	9,446.00	10,766.00	1.08	0.95	1,362.00	1,087.00	5.94	7.44
Nippon Steel	1.13	7,527.12	23,827.12	22,689.00	22,840.00	1.05	1.04	-378.00	672.00	-19.91	11.20
CSN	19.49	1,397.88	2,857.88	1,733.00	1,825.00	1.65	1.57	143.00	172.00	9.78	8.13
China Steel	0.57	5,170.22	6,231.22	3,245.00	2,835.00	1.92	2.20	783.00	484.00	6.60	10.68
SSAB	13.72	1,028.70	1,399.70	2,300.00	2,338.00	0.61	0.60	126.00	136.00	8.16	7.56
Arcelor	10.75	5,677.56	12,149.56	29,636.00	30,578.00	0.41	0.40	825.00	915.00	6.88	6.20
Voest Alpine	33.75	1,113.91	1,421.91	3,993.00	4,866.00	0.36	0.29	115.00	198.00	9.69	5.63
Corus	28.23	883.65	1,491.65	11,881.00	12,185.00	0.13	0.12	-15.00	276.00	-58.91	3.20
Thyssen Krupp	10.06	5,177.49	11,447.49	41,192.00	42,695.00	0.28	0.27	762.00	904.00	6.79	5.73
Salzgitter	8.12	506.89	3,511.89	5,320.00	5,312.00	0.66	0.66	97.20	109.00	5.21	4.65
Erdemir	1.23	543.96	915.96	1,048.00	945.00	0.87	0.97	102.40	39.20	5.31	13.88
	Domicile	EV/EBITDA (x)		DPS USD/sh		Dividend Yield		RoCE		IC	EV/IC
		FY03	FY04	FY03	FY04	FY04	FY04	FY03	FY04	USD Mln	(x)
Severstal	Russia	1.8	1.9	2.30	2.69	3.6%	4.2%	10.7%	8%	3,985	0.31
NLMK	Russia	2.0	1.8	10.00	12.00	5.0%	6.0%	9.0%	9%	1,261	0.74
Gerdau	Argentina	1.8	1.9	2.30	2.69	3.6%	4.2%	10.7%	8%	3,985	0.31
Siderar	Argentina	2.0	1.8	10.00	12.00	5.0%	6.0%	9.0%	9%	1,261	0.74
POSCO	Korea	4.7	4.3	0.55	0.63	5.5%	6.3%	8.0%	9%	3,229	0.67
Nippon Steel	Japan	5.7	6.7	0.00	0.00	0.0%	0.0%	12.8%	8%	1,062	1.26
CSN	Brazil	3.2	3.7	0.00	0.00	0.0%	0.0%	17.4%	12%	9,047	1.13
China Steel	Taiwan	7.4	6.6	0.00	0.00	0.0%	0.0%	-1.6%	3%	33,585	0.71
SSAB	Sweden	1.1	0.9	3.43	3.65	17.6%	18.7%	4.3%	5%	5,898	0.48
Arcelor	Luxembourg	8.8	8.7	0.02	0.04	3.9%	7.0%	11.5%	17%	7,210	0.86
Voest Alpine	Austria	4.0	3.8	0.70	0.81	5.1%	5.9%	13.0%	15%	2,589	0.54
Corus	UK/Holland	4.1	3.8	0.54	0.65	5.0%	6.0%	13.0%	13%	27,113	0.45
Thyssen Krupp	Germany	2.6	2.1	1.30	1.30	3.9%	3.9%	9.0%	11%	4,276	0.33
Salzgitter	Germany	2.7	2.2	0.00	0.00	0.0%	0.0%	2.0%	8%	10,626	0.14
Erdemir	Turkey	3.5	3.1	0.65	0.65	6.5%	6.5%	10.0%	11%	35,412	0.32

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

Research:  
UK Sales+ 7 (501) 725 5257  
+ 44 (20) 7367 7777Russia Sales:  
US Sales:+ 7 (501) 258 7902  
+ (212) 824 1091

## International Heavy Machinery Sector Comparables

	EV/SALES			EBITDA			PE		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
<b>OMZ</b>	<b>0.42</b>	<b>0.27</b>	<b>0.17</b>	<b>2.59</b>	<b>1.62</b>	<b>0.90</b>	<b>9.17</b>	<b>6.90</b>	<b>5.60</b>
Kawasaki Heavy Industry	0.40	0.41		7.63	6.97	6.97	43.70	43.70	32.10
Hitachi Cable	0.68	0.66	0.63	6.16	9.91	3.40	20.20	17.90	37.98
Sandvik	1.36	1.29	1.25	7.69	7.08	6.58	15.90	14.60	15.47
Hyundai Heavy	0.69	0.67	0.63	5.16	4.88	4.76	15.90	13.50	13.80
Daewoo Heavy Industry	0.76	0.70	0.67	5.59	5.14	4.79	20.80	17.30	11.30
Atlas Copco	1.16	1.11	1.05	5.85	5.49	5.00	49.40	35.10	14.19
Caterpillar	1.75	1.67	1.61				50.90	22.20	26.11
Mitsubishi Heavy	0.67	0.67	0.66	9.40	8.98	8.39	46.70	40.51	16.84
Siemens	0.51	0.50	0.49	6.28	5.05	4.46	20.10	14.65	34.52
Komatsu	0.44	0.43	0.42	5.48	4.84	4.55		38.30	11.45
Sumitomo Heavy	0.54	0.55	0.53	10.60			62.70	49.80	33.60

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

## International Airlines Sector Comparables

	Rating	P/E				EV/EBITDA				EV/Sales (Latest)	Passenger Load Factor
		2001	2002E	2003E	2004E	2001	2002E	2003E	2004E		
Aeroflot	Sell	18.6	6.0	5.2	6.2	9.3	5.5	5.4	5.4	0.80	68.4%
Premium/(Discount) to Asian Average		-28%	-47%	-48%	-18%	-20%	-62%	-27%	-23%	-32%	-3%
Premium/(Discount) to European Average		-34%	-54%	-22%	15%	-55%	-31%	10%	23%	58%	-5%
Premium/(Discount) to Intl Average		-31%	-51%	-35%	1%	-47%	-47%	-7%	1%	4%	-4%
Cathay Pacific Airways		47.6	10.1	8.4	6.8	22.8	12.8	11.4	10.6	1.37	71.3%
Malaysian Airline System		neg	neg	18.2	10.4	11.8	32.6	10.1	9.0	0.37	66.0%
Singapore Airlines		7.3	19.5	10.2	9.1	5.6	7.7	3.3	4.3	2.02	74.0%
Thai Airways		22.4	4.2	3.1	4.1	6.6	5.0	4.5	4.0	0.90	71.3%
Asian Average		25.8	11.2	10.0	7.6	11.7	14.5	7.3	7.0	1.17	0.71
Air France		31.3	16.4	9.0	7.6	5.1	5.9	3.9	3.6	0.38	78.5%
Alitalia		neg	neg	neg	7.4	92.5	12.1	6.3	5.1	0.53	66.9%
Austrian Airlines		neg	neg	4.9	4.3	26.9	9.6	7.7	7.2	neg	66.9%
British Airways		22.9	neg	6.2	4.4	7.8	11.9	6.0	5.5	1.06	71.7%
KLM		4.6	neg	4.9	2.8	6.5	11.6	6.0	5.3	0.55	78.7%
Lufthansa		neg	8.7	7.6	6.0	5.1	2.6	2.4	2.1	0.35	71.5%
Finnair		53.5	13.7	7.4	5.3	3.1	2.1	1.8	1.8	0.16	69.2%
European Average		28.1	12.9	6.7	5.4	21.0	8.0	4.9	4.4	0.51	0.72
International Average		27.1	12.1	8.0	6.2	17.6	10.3	5.8	5.3	0.77	0.71

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates



## International Automotive Sector Comparables

Company	Rating	PE			EV/EBITDA			EV/Sales		
		2002E	2003E	2004E	2002E	2003E	2004E	2002E	2003E	2004E
AvtoVAZ (IAS)	Hold	3.6	4.1	3.2	4.1	3.8	3.4	0.30	0.32	0.29
GAZ (RAS)	Hold	13.4	2.7	1.7	3.5	2.5	2.3	0.31	0.26	0.26
KAMAZ (IAS)	Hold	neg	122.3	21.8	3.1	2.9	2.6	0.38	0.36	0.34
UAZ (RAS)	Sell	0.9	7.0	5.4	5.8	3.5	3.0	0.33	0.26	0.24
PAZ (RAS)	Sell	9.6	5.5	3.8	3.0	2.7	2.8	0.19	0.17	0.19
ZMZ (RAS)	Buy	1.8	1.6	1.5	1.2	1.3	1.2	0.25	0.28	0.26
<i>Russian Automotive Average</i>		6.9	4.8	3.5	3.9	3.1	2.8	0.30	0.27	0.26
<b>Emergin Markets</b>										
Tofas Turk Otomobil (Turkey)		18.5	16.7	na	6.5	7.1	4.3	0.65	0.78	0.46
Ford Otosan (Turkey)		neg	neg	neg	14.5	12.7	4.6	2.00	0.66	0.88
Jaianling Motors (China)		8.8	7.9	6.6	5.0	4.7	4.2	3.49	3.22	2.90
Manindra & Mahindra (India)		7.4	4.3	3.6	11.6	6.1	5.8	0.80	0.79	0.77
Tata Engineering & Locomotive (India)		neg	5.4	4.1	19.5	5.4	4.9	0.92	0.84	0.84
<i>Emerging Markets Average</i>		11.6	8.6	4.8	11.4	7.2	4.8	1.57	1.26	1.17
<b>International Majors</b>										
General Motors		10.7	7.6	4.4	8.0	18.6	15.8	0.98	1.20	1.16
Ford Motor		12.3	18.4	10.7	12.0	30.1	18.1	0.87	1.12	1.11
FIAT		neg	neg	6.5	9.7	7.1	5.7	0.46	0.45	0.45
Volkswagen		3.6	3.5	3.0	2.2	2.1	1.9	0.26	0.26	0.24
Renault		6.6	5.3	4.1	11.1	9.4	8.3	0.88	0.84	0.80
Peugeot		6.0	5.7	4.9	5.5	5.2	4.8	0.51	0.49	0.47
Mazda Motor		23.6	10.0	8.0	9.8	5.2	4.5	0.25	0.24	0.23
Mitsubishi Motors		neg	8.9	8.4	15.0	3.5	3.0	0.23	0.25	0.25
Nissan		23.4	19.3	17.3	16.6	8.6	8.3	1.62	1.52	1.51
Toyota		21.8	23.3	21.4	9.3	8.0	7.6	1.12	1.07	1.08
<i>Developed Markets Average</i>		13.5	11.3	8.9	9.9	9.8	7.8	0.72	0.74	0.73
<b>Components Producers</b>										
Denso Corporation		25.5	15.9	14.6	8.7	4.5	4.3	0.98	0.62	0.60
Brembo SpA		21.0	14.7	13.1	6.2	5.4	4.8	1.07	0.92	0.83
Lear Corporation		195.0	7.1	6.4	4.4	4.4	4.3	0.32	0.31	0.29
Delfi Corporation		13.0	8.4	6.7	3.3	2.9	2.6	0.23	0.23	0.22
Tenneco Automotive		neg	5.2	4.3	5.0	4.7	4.5	0.44	0.44	0.42
Autolive		13.9	9.9	7.1	5.9	4.9	3.9	0.72	0.70	0.68
Tomkins Plc		12.6	10.3	9.5	5.2	4.1	3.9	0.65	0.54	0.53
<i>Average for Components Producers</i>		46.8	10.2	8.8	5.5	4.4	4.1	0.6	0.5	0.5
<i>Premium/(Discount) To Emerging Markets</i>		-41%	-44%	-26%	-66%	-57%	-41%	-81%	-78%	-78%
<i>Premium/(Discount) to Developed Markets</i>		-49%	-58%	-60%	-61%	-69%	-64%	-58%	-63%	-64%
<i>ZMZ Premium/(Discount) To Intl. Peers</i>		-96%	-85%	-83%	-79%	-70%	-69%	-60%	-48%	-49%

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

## International Dairy Sector Comparables

	Rating	PE			EV/EBITDA			Price/ Sales	Price/ Book
		2002E	2003E	2004E	2002E	2003E	2004E		
Wimm-Bill-Dann	Buy	20.4	15.2	10.5	9.1	7.6	5.7	1.4	10.0
<b>Emerging Markets</b>									
Fraser & Neave		9.0	8.8	8.7	8.2	7.5	7.1	0.7	0.8
Nestle India		18.8	16.8	0.4	0.2	0.2	0.2	2.7	18.1
Xuzhou W Food Beverages		19.8	18.8	26.2	23.1	19.7	17.2	2.9	3.0
Sari Husada		22.8	19.8	13.6	6.0	5.1	4.6	1.8	2.7
<b>Average</b>		<b>17.6</b>	<b>16.1</b>	<b>12.2</b>	<b>9.3</b>	<b>8.1</b>	<b>7.3</b>	<b>2.0</b>	<b>6.2</b>
<b>Developed Markets</b>									
Nestle		15.4	13.9	14.1	9.8	9.0	8.4	1.2	3.0
Danone		17.6	16.2	16.5	8.9	8.5	7.4	1.2	3.1
Dean Foods		14.2	12.7	10.9	7.5	7.2	6.9	0.5	2.4
Yakult Honsha		19.8	18.8	16.9	20.5	8.0	7.7	1.8	2.0
Parmalat		7.5	6.5	6.4	4.9	4.7	4.4	0.3	1.2
Meiji Dairies		22.8	19.8	26.6	12.1	6.4	6.4	0.3	1.7
Morinaga Milk		15.1	13.6	22.0	9.5	5.6	5.5	0.2	1.5
Bongrain		8.8	7.9	8.9	4.8	4.6	4.4	0.2	1.0
National Foods		17.9	15.7	15.0	10.2	7.9	7.3	1.0	2.7
Dairy Crest		13.0	8.9	5.0	2.9	2.3	2.1	0.4	2.5
Robert Wiseman Dairies		9.2	8.7	10.0	5.5	4.1	3.8	0.4	2.1
<b>Weighted Average</b>		<b>14.6</b>	<b>13.0</b>	<b>13.8</b>	<b>8.8</b>	<b>6.2</b>	<b>5.9</b>	<b>0.7</b>	<b>2.1</b>
<i>Emerging Market Peers</i>		16%	-5%	-14%	-3%	-6%	-22%	-29%	62%
<i>Peers</i>		39%	17%	-24%	3%	23%	-3%	119%	377%
<i>Developed Markets</i>		20%	24%	-12%	6%	31%	24%	209%	195%

Source: I/B/E/S, Bloomberg, Renaissance Capital Research estimates

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# Economic Indicators



## Economic Indicators

REAL INDICATORS	1998	1999	2000	2001	2002E	2003F	2004F	2005F	2006F	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03E	Apr-03F	May-03F	Jun-03F
Real GDP Growth (y-o-y)**	-4.5%	5.4%	9.0%	5.6%	4.8%	5.7%	3.9%	4.4%	4.0%	3.9%	3.3%	0.5%	4.1%	4.2%	0.8%	5.7%	6.6%	6.7%	6.9%	7.1%	7.3%
Nominal GDP (RUB, billion)**	2,696	4,607	6,947	9,041	10,984	13,310	15,256	17,456	19,467	931.8	1040.0	1080.0	1039.0	983.0	996.4	868.0	916.0	994.2	1030.0	1039.8	1073.9
Industrial production growth (y-o-y)	-5.2%	11.0%	11.9%	4.8%	3.8%	5.6%	3.7%	4.0%	4.0%	7.8%	3.4%	5.5%	3.9%	0.8%	3.2%	4.9%	6.5%	6.7%	8.7%	9.1%	9.4%
Investment Growth (y-o-y)	-12%	5%	18%	14.9%	8.7%	10.0%	7.5%	7.5%	7.5%	3.3%	1.6%	2.9%	2.7%	2.2%	3.2%	7.9%	10.9%	11.3%	12.8%	11.4%	11.2%
Consumption Growth (Jan 1997=100)	96	83	91	98	105	113	121	130	139	106.7	108.7	110.7	113.5	114.3	130.5	104.5	110.2	109.5	110.0	113.7	116.9
MONETARY INDICATORS	1998	1999	2000	2001	2002	2003F	2004F	2005F	2006F	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03E	Apr-03F	May-03F	Jun-03F
Monetary base RUB bn eop	210.4	324.3	519.5	708.5	940.3	1186.3	1374.6	1657.1	1954.6	815.7	828.9	829.1	844.5	849.3	940.3	915.0	901.3	930.4	988.9	1044.9	1073.3
Household deposits, RUR bn, eop	149.5	211.1	304.5	690.1	552.5	618.8	693.0	776.2	853.4	886.9	909.3	934.3	966.8	998.4	1046.6	1092.9	1126.2	1214.9	1311.7	1427.3	1549.9
Exchange rate, RUB/US\$, eop	20.9	27.0	28.2	30.1	31.8	30.7	32.0	34.0	35.8	31.5	31.6	31.7	31.8	31.8	31.8	31.8	31.6	31.4	31.1	30.7	30.5
Exchange rate, RUB/US\$, period average	10.3	24.9	28.2	29.2	31.4	31.0	31.2	33.0	34.9	31.5	31.6	31.6	31.7	31.8	31.8	31.8	31.7	31.5	31.2	30.9	30.6
Exchange Rate (real) IPI deflator (dec 1999=100)	83.1	100.0	125.5	130.0	144.2	169.0	173.3	172.9	174.7	137.5	139.3	140.5	143.0	144.3	144.2	144.6	147.8	150.7	154.2	158.0	160.3
Exchange Rate (real) IPI deflator (dec 1994=100)	125.6	98.1	78.2	75.5	68.0	58.1	56.6	56.7	56.2	71.4	70.5	69.9	68.6	68.0	68.0	67.9	66.4	65.1	63.6	62.1	61.2
Gross International Reserves (USD, million, end-period)	12,200	12,456	27,900	36,600	47,793	65,536	79,042	92,256	107,967	43,300	44,300	45,619	46,767	48,205	47,793	49,274	53,061	55,800	59,900	61,200	64,300
BUDGET, % OF GDP	1998	1999	2000	2001	2002	2003F	2004F	2005F	2006F	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03E	Apr-03F	May-03F	Jun-03F
Revenues, monthly	na	na	na	na	na	na	na	na	na	22.4	18.1	17.4	21.7	19.1	21.2	20.8	20.5	21.4	21.7	19.9	19.9
Expenditures, monthly	na	na	na	na	na	na	na	na	na	17.9	18.0	14.6	26.7	21.2	21.7	14.6	18.3	19.7	20.0	19.2	15.1
Balance, monthly	na	na	na	na	na	na	na	na	na	4.5	0.1	2.8	-5.0	-2.2	-0.5	6.2	2.2	1.8	1.7	0.7	4.8
Revenues, cumulative	10.1	13.3	16.2	17.6	20.3	18.4	18.3	18.1	17.9	20.8	20.4	20.0	20.2	20.1	20.2	20.8	20.6	20.9	21.1	20.9	20.7
Expenditures, cumulative	15.1	14.9	13.9	15.2	17.9	17.7	17.0	16.5	16.2	17.7	17.8	17.6	18.7	18.9	19.2	14.6	16.5	17.6	18.3	18.5	17.9
Budget balance, cumulative	-5.0	-1.6	2.3	2.4	2.3	0.7	1.3	1.6	1.7	3.0	2.6	2.4	1.5	1.1	1.0	6.2	4.2	3.3	2.9	2.4	2.8
Primary Balance, cumulative	-4.0	2.6	7.4	5.4	4.2	2.9	3.2	3.3	3.3	3.9	3.8	3.7	2.8	2.4	2.7	9.7	8.0	7.7	6.6	6.0	6.1
Interest Expenditure, cumulative	1.0	4.2	5.0	3.0	1.9	2.2	1.9	1.7	1.6	0.9	1.2	1.4	1.3	1.2	1.7	3.6	3.9	4.4	3.7	3.6	3.3
TRADE	1998	1999	2000	2001	2002	2003F	2004F	2005F	2006F	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03E	Apr-03F	May-03F	Jun-03F
Exports US\$ billion	75.0	74.7	105.0	101.6	106.1	112.6	104.3	104.0	101.5	9.1	9.6	9.9	10.2	9.0	10.0	9.5	9.7	11.3	11.1	10.0	9.8
Imports US\$, billion	60.4	40.4	44.0	53.8	60.8	65.1	72.9	80.1	84.2	5.4	5.0	5.2	5.8	5.3	5.9	4.5	5.1	5.7	5.5	5.1	5.3
Trade Balance, US\$ billion	14.6	34.3	61.0	47.8	45.3	47.5	31.4	23.9	17.4	3.7	4.5	4.7	4.4	3.7	4.1	4.9	4.6	5.6	5.6	4.9	4.5
Current Account Balance/GDP	0.5%	9.0%	15.0%	11.2%	8.8%	8.0%	3.9%	2.4%	1.1%	na	na	na	na	na	na	na	na	na	na	na	na
PRICES	1998	1999	2000	2001	2002	2003F	2004F	2005F	2006F	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03E	Apr-03F	May-03F	Jun-03F
Inflation - monthly average	6.9%	2.7%	1.5%	1.4%	1.2%	1.1%	0.8%	0.8%	0.6%	0.7%	0.1%	0.4%	1.1%	1.6%	1.5%	2.4%	1.6%	1.1%	1.0%	1.6%	1.2%
Inflation - yoy	84.3%	36.7%	20.1%	18.6%	15.0%	14.7%	10.4%	9.6%	7.2%	15.0%	15.1%	14.9%	14.8%	15.1%	15.0%	14.2%	14.7%	14.7%	14.5%	14.4%	15.1%
% change IPI monthly average	2.1%	4.4%	2.3%	0.9%	1.3%	1.0%	0.5%	0.5%	0.5%	2.6%	1.7%	1.2%	2.1%	1.1%	-0.2%	0.4%	1.4%	1.3%	1.4%	1.0%	1.0%
IPI - yoy	23.3%	67.2%	31.6%	10.9%	17.0%	13.2%	6.8%	6.2%	6.2%	11.4%	13.3%	14.8%	16.7%	17.6%	17.0%	17.5%	19.5%	21.2%	20.2%	18.5%	16.0%
SOCIAL INDICATORS	1998	1999	2000	2001	2002	2003F	2004F	2005F	2006F	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03E	Apr-03F	May-03F	Jun-03F
Nominal average dollar wage per month	102.0	63.5	80.0	112.4	135.9	154.7	173.4	187.5	206.3	143.4	147.1	144.0	145.5	150.4	180.2	147.6	148.3	162.9	152.2	156.7	168.7
Real average wage 1995=100	108.7	78.6	91.2	111.8	128.1	142.4	167.5	188.2	209.5	134.3	131.6	132.6	133.7	133.2	160.3	133.0	127.8	136.4	143.6	140.6	152.7
Unemployment (% of labour force)***	11.9	12.4	9.7	9.2	11.3	13.0	11.0	9.0	8.7	7.6	7.3	7.2	7.1	7.1	8.5	8.6	8.5	8.4	8.9	8.2	8.0
Wage arrears (RUB billion)	77.0	43.7	31.7	27.0	25.0	23.0	21.0	19.0	0.0	35.9	34.0	35.4	35.8	36.3	30.6	33.2	34.7	34.1	31.8	30.2	27.8
Government Wage arrears (RUB, billion)****	13.7	4.9	4.9	3.0	2.7	1.7	2.5	2.2	2.0	5.5	4.3	4.7	4.7	4.5	3.4	3.7	4.2	4.2	3.8	3.5	3.1

Note: all budget figures are cumulative

\*Estimate

\*\*From October 1998, GDP is calculated only on a quarterly basis. Monthly figures are estimates

\*\*\*International Labor Organization (ILO) definitions.

\*\*\*\*Wage arrears of consolidated budget in industry, agriculture, transportation, construction, education, healthcare, social services and science

Source: State Statistics Committee, Renaissance Capital estimates

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