



Eastern Europe Weekly Market Overview

Issue 3, 2 April, 2007

Market View

Tension with Iran was not a very positive issue for developed world stock markets but due to rising oil prices, emerging markets, especially Russia, performed well last week. Metals were holding onto recent gains thus the Ukraine stock market also performed strong until Friday. However, the last day of the week brought some correction. Friday was a dramatic day on the Ukraine stock market PFTS, as local players rushed to sell as soon as it opened, crashing the trading system and leaving it frozen for more than two hours. The slump followed the previous day's profit taking, which had been triggered by President Viktor Yushchenko's fresh threat to dissolve parliament. Equities might open this week with some of the nervousness that characterised the end of last week. The main reasons are uncertainty in the various US economic indicators and rising oil market worries.

Indices weekly change

		Weekly change	YTD change
OMX Vilnius	494	+0.6%	+0.2%
OMX Tallinn	898	+1.1%	+4.9%
OMX Riga	662	-1.0%	+0.9%
RTS Russia	1936	+1.1%	+0.7%
WSE - Poland	57525	+1.0%	+14.0%
Prague	1712	+0.2%	+7.7%
Budapest	23423	-1.0%	-5.7%
Bucharest	8547	-1.7%	+6.2%
PFTS - Ukraine	811	+3.3%	+62.5%
CROBEX - Zagreb	4238	+4.6%	+32.0%
SOFIX - Bulgaria	1278	+1.3%	+4.4%

MP met representatives of leading Russian companies

Last week, MP Investment Bank had the opportunity to meet representatives of Russian listed companies that appeared to be most popular among our clients. There were one-on-one meetings in London Russian Equity Forum hosted by the largest Russian investment house Troika Dialog. Firstly, MP Investment Bank met for a discussions with two board members from Unified Energy Systems of Russia (UES): Alexander Chikunov and Seppo Remes. Head of UES Strategy Alexey Kachay also met for discussions. They gave their points of view on Russian electricity reform, the current market situation and the possible outcomes of the UES spin-off in one year's time.

The second meeting was with the CFO of the second largest and the fastest growing listed grocery retail chain in Russia, Magnit. Mr. Alexander M. Prisyazhnyuk explained the company's strategy to concentrate on very fast expansion in the smaller towns of Russia and introduced the new format they will be developing: hypermarkets.

Moreover, we had discussion opportunities with companies like Pharmacy Chain 36.6, the largest pharmacy retail chain, and with Urasia, one of the largest producers of uranium, based in Canada but with its main assets in Kazakhstan.

All the representatives were generally prepared to openly share their views on company strategy and development. They explained the market situation and boosted confidence in several leading Russian companies in a number of different sectors.

Baltic Markets

Stocks to watch

	Sector	Ticker	Last price	Mcap mln EUR	P/E trailing	EV/ EBITDA	Weekly change	YTD change
Ūkio bankas	Banking	UKB1L	LTL 4.21	215	18		-0.9%	+7.7%
Olympic Ent. group	Entertainment	OEG1T	EUR 10.39	783	32	17	+2.3%	+16.9%
TEO	Telecom	TEO1L	LTL 2.78	625	17	5,8	+0.4%	+1.9%
Apranga	Retail	APG1L	LTL 16.06	164	27	20	+2.8%	+22.7%
Baltika	Retail	BLT1T	EUR 25.28	157	28	20	+5.4%	+13.9%
PTA group	Retail	PTAAT	EUR 4.18	159	22	9	-2.8%	+6.4%

Overview

OEG1T Olympic Entertainment Group establishes a company in Romania

Olympic Entertainment Group has established a company in Romania as the first step in preparing for entry into the local gaming market. The name of the registered company is Olympic Casino Bucharest SRL.

According to Andri Avila, Member of the Board of Olympic Entertainment Group, Romania, with its growing economy, is of considerable interest for OEG. "At present acquisition negotiations are being held with several Romanian casino operators," Mr. Avila said. "Compared to local casino operators we see that the unique concept of Olympic Casino is our competitive advantage."

Romania has a population of 22 million of whom more than 2 million live in the country's capital Bucharest. Romania became a member state of the European Union at the beginning of this year.

BLT1T Profit allocation proposal and fund issue

Dividends per share EUR 0.15.

Share premium by issuing 2 new shares per each existing share.

Investors' calendar

Date	Company	Event
April 2	Invalda	Publication of audited annual report 2006
April 3	Apranga	Publication of March sales
April 10	Ukio Bank	Publication of audited annual report 2006

Russia

Stocks to watch

	Sector	Ticker	Last price USD	Mcap mln USD	P/E trailing	EV/ EBITDA '06	Weekly change	YTD change
Unified Energy	Energy	UESD LI	136.25	55513	51	10	+11.2%	+24.3%
X5	Retail	FIVE LI	27.6	5970	34	29	-5.5%	+6.2%
AFK Sistema	Holding	SSA LI	28.4	10898	14	4	+5.2%	-11.3%
Magnit	Retail	MGNT	43.39	3155	145	23	+7.7%	+21.5%
Sberbank	Banking	SBER RU	3565	67329	30		+2.9%	+3.3%

Overview

X5 Considers Share Sale to Raise Funds for Expansion

X5 Retail Group NV, Russia's largest supermarket company, is considering a secondary share sale to raise funds for expansion that may include acquiring the Carousel superstore chain. The food retailer may announce next month that it intends selling between USD 1bn and USD 2bn of shares in order to finance store openings and acquisitions, Chief Executive Officer Lev Khasis said yesterday in an interview with Bloomberg. X5 would also consider joint ventures with Wal-Mart Stores Inc., Carrefour SA or Tesco Plc if any of the foreign retailers sought to expand in Russia, he said.

Sistema Focuses on Media, Bank Units Before IPOs

Russian billionaire Vladimir Yevtushenkov said his holding company AFK Sistema is focused on developing its media and banking units in preparation for potential share sales. "We are actively working on the strategy for our mass media division, in particular its television arm, increasing broadcasting and attracting as many subscribers as possible through cable TV, broadband and satellite TV," said Yevtushenkov, Sistema's chairman and majority owner, in an interview in Moscow, where the company is based.

Central Europe

Stocks to watch

	Country	Sector	Ticker	Last price USD	Mcap mln USD	P/E trailing	EV/ EBITDA	Weekly change	YTD change
ČEZ group	Czech Rep.	Energy	CEZ	941.5	24317	18		+7.5%	-4.9%
MOL group	Hungary	Oil	MOL	21400	11239	6		+3.6%	-0.9%
Synergion Holding	Bulgaria	Holding	PETHL	10.05	98	12	7.5	-1.9%	+39.4%

Overview

ČEZ: Czech electricity consumption in February decreases by 5.9% y/y

According to Energy Regulatory Office (ERU), the mild weather, in February caused net electricity consumption to decrease by 5.9% y/y to 5.1 TWh. In spite of mild winter gross production of electricity increased by 0.6% y/y to 7.3TWh due to demand in foreign countries.



Raiffeisen International is one of leading banking groups in Central and Eastern Europe. Raiffeisen International manages subsidiary banks and leasing companies in 16 markets in the region. Nearly 52,100 employees serve more than 11.7 million customers in 2,775 business outlets.

2006 was another record year for Raiffeisen International, even without one-off effects. Balance sheet total grew by 37% to EUR 55.9bn. Net profit without one-off effect grew by 55% to EUR 594m. Taking into account the year's one-off events –selling of TuranAlem and Raiffeisen Ukraine - the group's profits rose by more than 200% to EUR 1.2bn. ROE increased by 5.5 pp to 27.3%.

The customer base increased by 2.4m to 12.1m - 200.000 new customers every month.

The CIS region continues to perform very well, with 33% of profits comes from the CIS. Last year the CIS region made 27%, so growth is 6 pp and it should increase further because of fast growth in Ukraine and Russia.

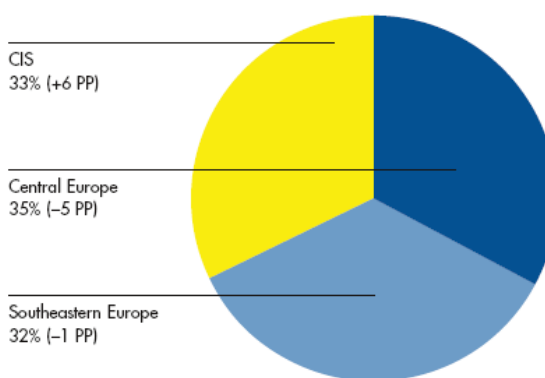
Raiffeisen International says that they want to earn at least EUR 700m during 2007, but they admit that this is a conservative figure.

Raiffeisen International share chart for 1 year:



Raiffeisen International	
Ticker	RIBH AV
Price EUR	106
Mcap EUR bn	15.1
P/B	3.3
P/E '06	12.8
P/E '06 exc. one-offs	25.5
ROE	27.3%
Operating countries	16

Segment shares of profit before tax (compared with 1/1 – 31/12/2005)*



* excluding one-off effects (sale of Raiffeisenbank Ukraine and the stake in Bank TuranAlem)

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