

Research
August 14, 2008

Telecommunications
Russia

MTS

Ready for crisis!

Recommendation: BUY

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Bullet moments

☎ March 11, 2009 MTS output 4Q 2008 and full-year 2008 US GAAP report, which includes company's activity estimates under the conditions of crisis. We assume the following important moments of the report are to be outlined. First of all, the devaluation of Russian ruble and Ukrainian hryvnia (the company gains more than 90% of sales in those currencies) reflected on dollar estimates (both: income and expense) – 14% reduction of sales versus 3Q 2008 is pretty much explained precisely by the currency factor.

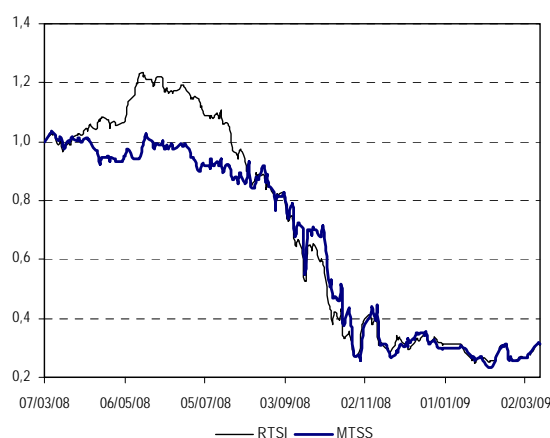
☎ Second, once again the company pursued pre New Year marketing holiday specials, which reflected on APPM estimate that reduced in Russia by 9.4% (in ruble terms), however consumption stimulation turned out to be weak – the effect at MOU was minimal. So, the Russian ARPU of the company declined within the quarter. Note that in dollar terms ARPU dropped 17.6%. More to that the crisis influences on the subscribers' activity were insignificant for the nonce.

☎ Third important moment, the expected one, was the increase of loss from currency exchange rates differences, which totaled almost 0.5 bn USD in 4Q 2008 and have respectively "corrected" the net profit value down.

☎ We lower our estimation of MTS shares' value to 10.60 USD per share (52.99 USD per ADR). The former estimation – 12.44 USD per share (62.2 USD per ADR). Along with that, the given shares still obtain significant growth potential to the target value. Due to that we confirm our recommendation "BUY" for the shares of the company.

Principal estimates

Company's shares vs. the RTS index



Information about MTS

Ticker RTS / NYSE	MTSS / MBT
Market price, USD	3,98
Min / max price during last year, USD	2,95 / 13,10
Fair price at year end, USD	10,60
Fair price at year end (ADR), USD	52,99
Upside (downside), %	166,3
Total shares, units ¹	1 885 052 800
MC, mn USD	7 503
EV, mn USD	10 473

¹ Excluding treasury shares

Financial values (US GAAP)	2008	2009 (F)	2010 (F)
Sales, mn USD	10 245	8 772	8 818
OIBDA, mn USD	5 140	3 850	3 573
Net income, mn USD	1 930	1 144	1 275
OIBDA margin, %	50,2	43,9	40,5
Net income margin, %	18,8	13,0	14,5

Financial coefficients	2008	2009 (F)	2010 (F)
EV / S	1,02	1,19	1,19
EV / OIBDA	2,04	2,72	2,93
P / E	3,89	6,56	5,88
ROIC, %	29,8	26,3	25,4
ROE, %	35,9	30,9	34,8

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Financial and operating results

MTS's operational results

	2007	Chng., %	2008	4Q2007	Chng., %	1Q2008	Chng., %	2Q2008	Chng., %	3Q2008	Chng., %	4Q2008
Subscriber base, th	81 970	11,4	91 350	81 970	3,6	84 960	2,3	86 940	0,7	87 570	4,3	91 350
Russia	57 430	12,5	64 630	57 430	4,3	59 900	2,5	61 380	0,8	61 880	4,4	64 630
Ukraine	20 000	-9,4	18 120	20 000	-2,0	19 610	-2,4	19 130	-5,4	18 090	0,2	18 120
Uzbekistan	2 800	101,8	5 650	2 800	27,1	3 560	22,8	4 370	15,8	5 060	11,7	5 650
Turkmenistan	360	158,3	930	360	30,6	470	21,3	570	33,3	760	22,4	930
Armenia	1 380	46,4	2 020	1 380	2,9	1 420	4,9	1 490	19,5	1 780	13,5	2 020
Churn rate, %												
Russia	23,1	3,9	27,0	5,1	-0,3	4,8	1,8	6,6	2,5	9,1	-2,7	6,4
Ukraine	49,0	-1,7	47,3	14,4	-4,1	10,3	0,4	10,7	5,1	15,8	-5,0	10,8
Uzbekistan	58,2	-36,9	21,3	13,5	-10,7	2,8	1,2	4,0	3,3	7,3	-1,6	5,7
Turkmenistan	24,4	-10,1	14,3	5,5	-0,5	5,0	-0,6	4,4	-2,4	2,0	2,2	4,2
Armenia	n/d	n/m	28,0	n/d	n/m	8,0	-0,3	7,7	-0,5	7,2	-0,2	7,0
ARPU, USD												
Russia	9,3	13,2	10,5	10,0	1,0	10,1	8,9	11,0	4,5	11,5	-17,6	9,5
Ukraine	6,7	4,9	7,0	7,1	-4,2	6,8	8,8	7,4	10,8	8,2	-28,6	5,9
Uzbekistan	9,7	-20,6	7,7	10	-17,0	8,3	-6,0	7,8	-6,4	7,3	-1,4	7,2
Turkmenistan	51,9	-67,5	16,9	48,1	-26,4	35,4	-38,1	21,9	-54,3	10,0	32,4	13,2
Armenia	n/d	n/m	12,6	15,9	-17,6	13,1	7,6	14,1	7,8	15,2	-25,1	11,4
MOU, minutes												
Russia	157	32,5	208	187	3,2	193	7,3	207	2,9	213	2,3	218
Ukraine	154	81,2	279	163	7,4	175	36,6	239	37,7	329	18,2	389
Uzbekistan	516	3,9	536	574	-9,4	520	10,6	575	-8,7	525	-5,3	497
Turkmenistan	250	3,2	258	282	-3,2	273	6,6	291	-4,8	277	-8,7	253
Armenia	n/d	n/m	178,0	n/d	n/m	157	16,6	183	10,4	202	1,5	205

Note: margin changes are given in percentage points, ARPU was recalculated using average exchange rates to USD for proper period

Source: company's data, Estimates: Veles Capital

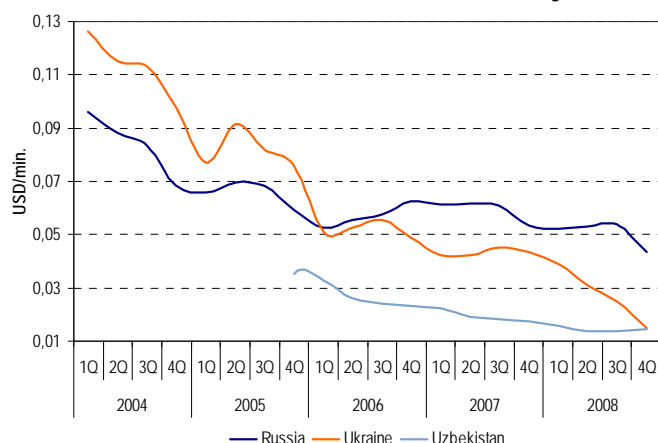
MTS's US GAAP financial results, mn USD

	2007	Chng., %	2008	4Q2007	Chng., %	1Q2008	Chng., %	2Q2008	Chng., %	3Q2008	Chng., %	4Q2008
Sales	8 252	24,1	10 245	2 326	2,3	2 379	10,8	2 635	6,7	2 812	-14,0	2 418
Expenses	(5 519)	27,6	(7 042)	(1 683)	-0,5	(1 675)	6,2	(1 778)	5,5	(1 877)	-8,8	(1 712)
incl. amortization	(1 490)	30,0	(1 937)	(483)	-2,5	(471)	4,5	(492)	5,2	(518)	-11,9	(456)
Operating income	2 733	17,2	3 203	644	9,4	705	21,7	857	9,1	935	-24,5	706
Operating income margin, %	33,1	-1,9	31,3	27,7	1,9	29,6	2,9	32,5	0,7	33,3	-4,1	29,2
OIBDA	4 223	21,7	5 140	1 127	4,3	1 176	14,8	1 349	7,7	1 453	-20,0	1 162
OIBDA margin, %	51,2	-1,0	50,2	48,4	1,0	49,4	1,8	51,2	0,5	51,7	-3,6	48,1
Interest expenses	(135)	n/m	153	(20)	102,1	(41)	-24,2	(31)	13,4	(35)	34,8	(47)
Non operating incomes/losses	230	n/m	(786)	21	415,4	110	-59,2	45	n/m	(176)	161,1	(459)
EBT	2 829	-9,1	2 571	645	20,0	774	12,5	871	-16,8	725	-72,4	200
EBT margin, %	34,3	-9,2	25,1	27,7	4,8	32,5	0,5	33,1	-7,3	25,8	-17,5	8,3
Income tax	(738)	-14,6	(631)	(179)	-7,1	(166)	26,7	(210)	-3,9	(202)	-74,0	(52)
Minority interest	(19)	n/m	10	(6)	n/m	2	n/m	(2)	245,7	(7)	-69,6	(2)
Net income	2 072	-5,9	1 950	460	32,5	610	8,0	659	-21,8	516	-71,8	146
Net income margin, %	25,1	-6,1	19,0	19,8	5,9	25,6	-0,6	25,0	-6,7	18,3	-12,3	6,0

Note: margin changes are given in percentage points

Source: company's data, Estimates: Veles Capital

Dynamics of ARPU/MOU



Financial model

Income statements of MTS, mn USD

	2005	2006	2007	2008	2009 (F)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)
Sales	5 011	6 384	8 252	10 245	8 772	8 818	9 457	10 484	11 720	12 970
Costs	(2 472)	(3 155)	(4 029)	(5 105)	(4 923)	(5 245)	(5 720)	(6 243)	(6 941)	(7 653)
OIBDA	2 539	3 230	4 223	5 140	3 850	3 573	3 738	4 241	4 779	5 318
<i>OIBDA margin, %</i>	<i>50,7</i>	<i>50,6</i>	<i>51,2</i>	<i>50,2</i>	<i>43,9</i>	<i>40,5</i>	<i>39,5</i>	<i>40,5</i>	<i>40,8</i>	<i>41,0</i>
Amortization	(907)	(1 096)	(1 490)	(1 937)	(1 708)	(1 650)	(1 703)	(1 840)	(2 036)	(2 261)
EBIT	2 539	3 230	4 223	5 140	3 850	3 573	3 738	4 241	4 779	5 318
<i>EBIT margin, %</i>	<i>50,7</i>	<i>50,6</i>	<i>51,2</i>	<i>50,2</i>	<i>43,9</i>	<i>40,5</i>	<i>39,5</i>	<i>40,5</i>	<i>40,8</i>	<i>41,0</i>
Interest expenses	(132)	(177)	(135)	(153)	(307)	(261)	(214)	(170)	(115)	(72)
Non-operating income (losses)	64	(291)	230	(479)	(389)	(54)	(47)	52	62	69
EBT	1 564	1 666	2 829	2 571	1 445	1 608	1 773	2 283	2 690	3 054
Income tax	(411)	(576)	(738)	(631)	(295)	(327)	(358)	(459)	(538)	(611)
Minority interest	(27)	(14)	(19)	(10)	(6)	(6)	(7)	(9)	(11)	(12)
Net income	1 126	1 076	2 072	1 930	1 144	1 275	1 408	1 815	2 141	2 431
<i>Net income margin, %</i>	<i>22,5</i>	<i>16,8</i>	<i>25,1</i>	<i>18,8</i>	<i>13,0</i>	<i>14,5</i>	<i>14,9</i>	<i>17,3</i>	<i>18,3</i>	<i>18,7</i>

Source: company's data, Estimation: Veles Capital

Balance sheets of MTS, mn USD

	2005	2006	2007	2008	2009 (F)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)
ASSETS										
Non-current assets										
PPE and intangible assets	5 922	6 705	8 703	7 670	6 282	5 808	5 752	5 861	6 491	6 689
Other non-current assets	332	240	317	409	482	507	518	560	600	639
Total non-current assets	6 255	6 945	9 020	8 080	6 764	6 314	6 271	6 421	7 091	7 328
Current assets										
Working assets	1 185	1 353	1 296	1 264	1 176	1 252	1 331	1 521	1 700	1 881
Short-term investments	28	56	16	46	382	483	688	660	721	1 762
Cash and equivalents	78	220	634	1 059	900	1 048	1 115	1 274	1 424	1 576
Total current assets	1 291	1 629	1 947	2 369	2 458	2 783	3 133	3 455	3 844	5 219
Total assets	7 546	8 574	10 967	10 448	9 223	9 098	9 404	9 875	10 935	12 547
LIABILITIES AND SHAREHOLDER'S EQUITY										
Shareholder's equity										
Shareholder's capital	655	597	966	-1 132	-950	-900	-838	-829	-821	-813
Retained earnings	2 639	3 154	4 477	5 187	4 720	5 217	5 636	6 713	7 883	9 169
Total shareholder's equity	3 294	3 752	5 443	4 055	3 770	4 317	4 798	5 883	7 062	8 356
Minority interest	31	45	20	23	25	30	35	43	53	65
Non-current liabilities										
Long-term borrowings	2 851	3 078	3 402	4 075	3 301	2 501	2 193	1 246	809	801
Other non-current liabilities	216	177	237	171	144	136	127	126	124	123
Total non-current liabilities	3 067	3 255	3 638	4 247	3 445	2 637	2 320	1 371	933	924
Current liabilities										
Working liabilities	405	445	647	976	908	967	1 028	1 174	1 313	1 453
Other current borrowings	750	1 077	1 219	1 147	1 074	1 147	1 224	1 403	1 574	1 749
Total current liabilities	1 154	1 522	1 866	2 123	1 982	2 114	2 252	2 577	2 887	3 202
Total liabilities	7 546	8 574	10 967	10 448	9 223	9 098	9 404	9 875	10 935	12 547

Source: company's data, Estimation: Veles Capital

Statements of cash flow of MTS, mn USD

	2005	2006	2007	2008	2009 (F)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)
Cash flows from operating activities										
Net income	1 126	1 076	2 072	1 930	1 144	1 275	1 408	1 815	2 141	2 431
Minority interest	27	14	19	10	6	6	7	9	11	12
Amortization	907	1 096	1 490	1 937	1 708	1 650	1 703	1 840	2 036	2 261
Changes in working capital	(175)	7	53	453	85	96	117	139	133	135
Other	(88)	186	(283)	93	367	44	44	(40)	(45)	(45)
Net cash provided by operating activities	1 797	2 379	3 350	4 423	3 310	3 071	3 279	3 763	4 276	4 794
Cash flows from investing activities										
CapEx	(2 181)	(1 722)	(1 540)	(2 227)	(1 500)	(1 500)	(2 000)	(2 000)	(2 258)	(2 524)
Other	(271)	(58)	(804)	(108)	(505)	(124)	(311)	15	(537)	(1 054)
Net cash provided by investing activities	(2 452)	(1 780)	(2 344)	(2 335)	(2 005)	(1 624)	(2 311)	(1 985)	(2 795)	(3 578)
Cash flows from financing activities										
Proceeds from borrowings	1 412	1 284	476	1 696	408	0	0	0	0	0
Repayments of borrowings	(559)	(1 091)	(163)	(914)	(963)	(740)	(232)	(937)	(429)	0
Other	(391)	(658)	(1 005)	(2 157)	(738)	(507)	(593)	(669)	(889)	(1 049)
Net cash provided by financial activities	462	(464)	(693)	(1 374)	(1 293)	(1 247)	(824)	(1 607)	(1 318)	(1 049)
Currency translation changes	(3)	6	101	(290)	(171)	(52)	(78)	(12)	(13)	(15)
Net change of cash	(196)	142	415	424	(159)	149	66	159	150	152
Cash at the beginning of period	274	78	220	634	1 059	900	1 048	1 115	1 274	1 424
Cash at the end of period	78	220	634	1 059	900	1 048	1 115	1 274	1 424	1 576

Source: company's data, Estimation: Veles Capital

Price estimation

Discount rate (WACC) of MTS, %										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cost of equity (k_e)	14,49	14,53	14,70	14,11	15,60	15,13	14,06	13,62	12,74	12,38
Risk-free rate	7,4	7,4	7,4	7,4	7,4	7,4	7,4	7,4	7,4	7,4
Stock market risk	6,0	6,0	6,0	6,0	6,0	6,0	6,0	6,0	6,0	6,0
Coefficient β	1,2	1,2	1,2	1,1	1,4	1,3	1,1	1,0	0,9	0,8
Corporate risk	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Share of equity, %	57,2	53,8	55,2	61,6	50,0	53,5	63,5	68,8	82,6	89,8
Cost of debt (k_d)	17,41	17,41	17,41	17,41	17,41	17,41	17,41	17,41	17,41	17,41
Risk-free rate	7,4	7,4	7,4	7,4	7,4	7,4	7,4	7,4	7,4	7,4
Debt premium	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0	10,0
Tax rate	26,3	34,6	26,1	24,5	20,4	20,3	20,2	20,1	20,0	20,0
Share of debt, %	42,8	46,2	44,8	38,4	50,0	46,5	36,5	31,2	17,4	10,2
WACC	13,78	13,08	13,88	13,74	14,73	14,55	14,00	13,71	12,94	12,54

Estimation: Veles Capital

Cash flows of MTS, mn USD										
	2005	2006	2007	2008	2009 (F)	2010 (F)	2011 (F)	2012 (F)	2013 (F)	2014 (F)
Net income (corr.)	1 275	1 563	2 062	2 657	1 881	1 638	1 722	2 001	2 268	2 516
Depreciation and amortization	907	1 096	1 490	1 937	1 708	1 650	1 703	1 840	2 036	2 261
CapEx	(2 181)	(1 722)	(1 540)	(2 227)	(1 539)	(1 500)	(2 064)	(2 006)	(2 727)	(2 524)
Changes in working capital	(175)	7	53	453	85	96	117	139	133	135
Free cash flow	(174)	944	2 065	2 820	2 136	1 884	1 478	1 973	1 709	2 388
Discount rate, %					14,7	14,5	14,0	13,7	12,9	12,5
Discount coefficient					1,00	0,87	0,77	0,67	0,60	0,53
Discounted cash flow					2 136	1 645	1 132	1 329	1 019	1 265

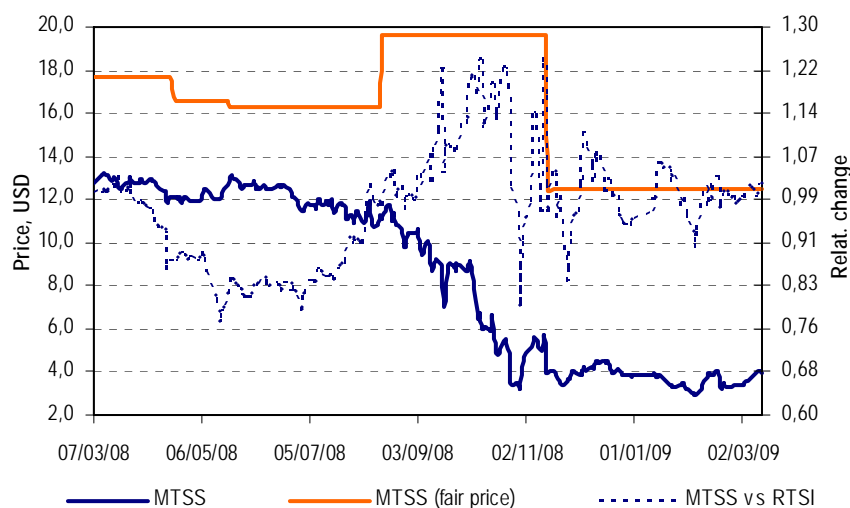
Source: company's data, Estimation: Veles Capital

MTS's shares valuation

TGR, %	3,0
Sum of cash flows, mn USD	11 000
Terminal value, mn USD	32 236
Discounted terminal value, mn USD	12 049
Enterprise value, mn USD	23 049
Net debt, mn USD	2 941
Shareholder's equity (incl. minority interest), mn USD	20 108
Minority interest, mn USD	132
Shareholder's equity, mn USD	19 976
Number of shares, mn units	1 885
Fair value of stock at the year end, USD	10,60
<i>Upside (downside), %</i>	<i>166,3</i>

Source: company's data, Estimation: Veles Capital

MTS' fair price history



Sector coverage

Share	Tiker	Current price, USD	Target for year end, USD	Current growth potential, %	Recommendation	Date of recommendation revision	Investment idea
Traditional telephony							
Volgatelecom, cs	NNSI	0,5350	2,2370	318,1	BUY	28.01.2009	
Volgatelecom, ps	NNSIP	0,5100	1,6778	229,0	BUY	28.01.2009	
Dalsvyaz, cs	ESPK	0,6500	2,1214	226,4	BUY	28.01.2009	
Dalsvyaz, ps	ESPKP	0,5000	1,5911	218,2	BUY	28.01.2009	
NWT, cs	SPTL	0,1750	0,3078	75,9	BUY	28.01.2009	
NWT, ps	SPTLP	0,1700	0,2308	35,8	BUY	28.01.2009	
Sibirtelecom, cs	ENCO	0,0095	0,0327	244,3	BUY	28.01.2009	Rapidly fall quotes last year intends considerable potential of growth despite of negative moments
Sibirtelecom, ps	ENCOP	0,0088	0,0245	178,7	BUY	28.01.2009	
Uralsvyazinform, cs	URSI	0,0088	0,0263	199,3	BUY	28.01.2009	
Uralsvyazinform, ps	URSIP	0,0065	0,0198	203,9	BUY	28.01.2009	
Centrtelecom, cs	ESMO	0,1050	0,2808	167,4	BUY	28.01.2009	
Centrtelecom, ps	ESMOP	0,0950	0,2106	121,7	BUY	28.01.2009	
STC, cs	KUBN	0,0185	0,0383	107,2	BUY	28.01.2009	
STC, ps	KUBNP	0,0180	0,0288	59,7	BUY	28.01.2009	
Alternative telephony							
Comstar-UTS	CMST	2,9500	-	-	U/R	01.12.2008	-
Long-distance communication							
Rostelecom, cs	RTKM	8,5000	3,6300	-57,3	SELL	11.12.2008	An extremely high market price, resulted from buyup of shares, yet unsupported by fundamental factors
Rostelecom, ps	RTKMP	0,5500	2,7200	394,5	BUY	11.12.2008	
Cellular communication							
Vimpelcom	VIMP	5,66	24,64	335,3	BUY	26.11.2008	GT consolidation, strong fall early the year
MTS	MTSS	3,98	10,60	166,3	BUY	13.03.2009	Fundamental underestimation of shares
Media							
CTC Media	CTCM	4,21	10,84	157,5	BUY	04.03.2009	Rapidly fall quotes last year intends considerable potential of growth
Other							
Sitronics	SITR	0,03	0,0814	171,3	HOLD	11.09.2008	Company demonstrates record losses and low effectiveness, determining its low fundamental value

Estimation: Veles Capital

Brief investor's guide

Methods, used for company's share evaluation					
Income approach			Comparables approach	Expenses approach	
		DCF method	EVA method	Multiplicative method	Net assets method
Concept of evaluating the unified object (EV) *		FCFF discounting	EVA discounting		
Shareholders' value direct calculation (SV) **		FCFE discounting	EVA for shareholders discounting (Edwards-Bell-Ohlson method)		

*

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

**

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

Note:

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

Cost calculation within the frames of income approach:

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

Signs:

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

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The principle of recommendation assignment

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

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

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

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

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

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

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

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

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