

06.04.2007

CROATIA

ADRIS
Tobacco & tourism
ADRS-P-A

P_{02/04/07}: HRK 535.00
M.CAP.: HRK 3,629.5 million*
* preferred shares only

- Based on the current valuation calculations of Adris grupa, we believe that the preferred shares have a significant upside potential.
- Consolidation of production facilities to one location, Kanfanar, Istria, which will bring about efficiencies and cost savings.
- Company will invest approximately EUR 291 million into their tourism segment between 2005 and 2009.

SERBIA

METALS BANKA A.D.
Banking
MTBN

P/E 175,67
P/B 4,28
P/S 12,63
P_{05/04/07} 64.807 RSD
M.CAP. 175,67 MIO EUR

- Shareholders Assembly was on 20th February. Shareholders voted for new issue of shares. Bank will issue 55.000 of shares. Shareholders on 20th February will have pre-emptive right to buy 27.500 of shares on price of 36.000,00 RSD per share. The rest of 27.500 shares are for all interested investors with price of 39.000 RSD.
- Metals banka announced public invitation for subscription and payment of 21st issue of shares. Shareholders on 20th February have pre-emptive right to buy 27.500 of shares on price of 36.000,00 RSD per share. Subscription and payment of shares with pre-emptive right started on 8th March and ends on 28th March 2007. The rest of 27.500 shares are for all interested investors with price of 39.000 RSD. Subscription and payment of shares started on 8th March and ends on 11th April 2007.
- 86% of shareholders used their pre-emptive right. The rest of 31.369 of shares is offered to all interested investors. Subscription and payment of shares ends on 11th April 2007.

AGROBANKA a.d.
Banking
AGBN

P/E 50,69
P/B 2,53
P/S 2,18
P_{05/04/07} 40.164 RSD
M.CAP. 211,93 MIO EUR

- General Assembly of Agrobanka has made decision to issue new shares as to increase capital. Bank will issue 200,000 shares at the nominal value of RSD 10,000 per share. Shareholders which were registered at the central depository institution on February 21, 2007 will have preemptive right to purchase all 200,000 shares at the preferred price of RSD 32,000 per share. All other potentially interested parties will be able to purchase shares of Agrobanka at the RSD 35, 000 per share. Subscription for this issue begins on April 5, 2007. Preemptive right could be exercised by April 25, 2007. End date for subscription of shares is May 4, 2007.
- Agrobanka has increased its equity for EUR 55 mil last year, which is together with good business results a base for undergoing fortification of the bank and research for a strategic partner. At the moment, equity is EUR 85 mil.

SUNCE A.D.
Edible oil production
SNCE

P/E 37,27
P/B 1,95
P/S 1,48
P_{05/04/07} 36.88100 RSD
M.CAP. 66,08 MIO EUR

- Sombor based edible oil factory Sunce will get new owner in the following days. Invej Company owned by Serbian businessman Predrag Rankovć Peconi is currently in the process of negotiation to acquire Sunce factory. Sunce was bought by a Delta Holding in 2001. This sale will mean that Delta is out of the edible oil business, since it has soled another edible oil factory a year ago. Delta Holding invested significant sum in these factories and improved its capacity. Official information on the value of the following acquisition is not yet available.
- Sunce a.d. plans to produce near 35,000 tones of edible oil in year 2007 stated general manager of Sunce a.d. – Vladimir Bordjoski. Produced edible oil will be exported, as earlier, in ex Yugoslav republic but also in Hungary and Austria.
- Sunce presented financial result for 2006. Results are a little bit better than in 2005.

ROMANIA

ALRO S.A. SLATINA
Metals Non-Ferrous
ALR

P/E 17.27
P/B 4.57
P/S 2.86
P_{06/04/07} 8.7000 RON
M.CAP 6.209.878.475 RON

- Recommendation: HOLD;
- It is the largest aluminium producer in CEE;
- It posted preliminary results for 2006: the net profit reached USD 134.7 mn., 3.37 times higher y/y and the turnover amounted to USD 781.9 mn., 42.16% higher. The strong increase of the net profit was due to the improved productivity and to the high increase of the aluminium price on the international markets. The proposed gross dividend is of RON 0.3891/share.

PETROM S.A.
Energy sources
SNP

P/E 14.14
P/B 2.62
P/S 2.32
P_{06/04/07} 0.5700 RON
M.CAP 32.287.141.751 RON

- Recommendation: HOLD;
- It is the largest producer of oil and gas from SEE;
- It posted preliminary results for 2006: the net profit reached RON 2.29 bn., 61% higher compared to 2005 and the turnover amounted to RON 13.08 bn., 22% higher. It proposed a gross dividend of RON 0.0179/share;
- SNP started an investment of EUR 80 mn. at Petrobrazi refinery, in a hydro-refining installation for producing Euro5 diesel fuel starting with 2008.

TRANSELECTRICA .A.
Utilities Electrical&Gas
TEL

P/E 12.32
P/B 1.57
P/S 1.33
P_{06/04/07} 47.2000 RON
M.CAP 3.459.659.275 RON

- Recommendation: HOLD;
- It is the national power grid company and it is responsible for electricity transmission, system and market operation, grid and infrastructure development;
- It posted preliminary results for 2006: the net profit reached RON 280.76 mn., 240.81% higher compared to 2005 and the turnover amounted to RON 2.45 mn., 43.50% higher. It proposed a gross dividend of RON 1.47/share;
- The revenues of the company in 2007 are estimated to increase by up to 3% after the 9.9% increase of the system services tariff, to RON 14.4/MWh.

COMPA S.A. SIBIU
Industrial components
CMP

P/E 24.47
P/B 1.82
P/S 1.60
P_{06/04/07} 1.3900 RON
M.CAP 206.647.223 RON

- Recommendation: BUY at MKT;
- It is 51.19%-owned by the Employees' Association, 9.99% by Hiposwiss Fund-Danube Tiger Luxembourg, 7.21% by Broadhurst Investment Limited+Lindsell Enterprise LTD, 5.24% by SSIF Broker, 5.23% by Julius Baer International Equity Fund, 5.14% by SIF Oltenia and is specialized in car parts manufacturing;
- It posted a net profit of RON 8.44 mn., 67% higher y/y and estimates a 20% increase of the turnover in 2007, based on the 36% increase in exports.

SARAJEVO (BIH)

PIF BIG
Investment fund

Average daily volume in
last 2 months: 140.000 Euro

- BUY AT 27;
- Good portfolio structure;
- About 65% discount to NAV.

**JP ELEKTROPRIVREDA
BIH SARAJEVO**
Energetic company

Average daily volume in
last 2 months: 160.000 Euro

- HOLD;
- Biggest company in BIH, has several hydroelectric power plants and steam power stations and also several mines;
- Expected increase of price of electric power;
- Government is a majority holder.

**JP ELEKTROPRIVREDA
MOSTAR**
Energetic company
JPEMR

Average daily volume in
last 2 months: 160.000 Euro

- BUY AT 290;
- Expected increase of price of electric power;
- Has hydroelectric power plants which are more efficient;
- Good long term investment;
- Government is a majority shareholder.

**ENERGOINVEST
SARAJEVO**
Construction company

Average daily volume in
last 2 months: 80.000 Euro

- HOLD
- Biggest construction company on Balkan market;
- Good operating results and several contracts signed in 2007;
- Expected management buyout (MBO) in 2007.

PIF PREVENT
Investment fund

Average daily volume in
last 2 months: 50.000 Euro

- BUY AT 50;
- Good portfolio structure;
- About 85% discount to NAV.

PIF FORTUNA
Investment fund

Average daily volume in
last 2 months: 30.000 Euro

- BUY AT 23;
- Good portfolio structure;
- About 85% discount to NAV.

PIF NAPRIJED

Investment fund

Average daily volume in
last 2 months: 30.000 Euro

- BUY 20;
- Good portfolio structure;
- About 85% discount to NAV.

BANJALUKA (RS)

PIF BLB-PROFIT

Investment fund

Average daily volume in
last 2 months: 35.000 Euro

- BUY AT 40;
- Good structure of portfolio;
- Biggest stake in portfolio have hydroelectric power plants and power station;
- Large discount to NAV.

PIF EUROINVESTMENT

Investment fund

Average daily volume in
last 2 months: 110.000 Euro

- BUY AT 92;
- Good structure of portfolio;
- Large discount to NAV;
- Highest stake in portfolio have power stations and hydroelectric power plants.

PIF ZEPTER FOND

Investment fund

Average daily volume in
last 2 months: 45.000 Euro

- HOLD AT 30;
- Good structure of portfolio;
- Has 5% stake in Telekom Srpske;
- The biggest investment fund in Banjaluka.

TERMOELEKTRARNA

UGLJEVIK

Power station

Average daily volume in
last 2 months: 25.000 Euro

- HOLD AT 2,0;
- Good potential;
- Undervalued compared to power station Gačko;
- Expected foreign investment in power station.

HIDROELEKTRARNE

NA TREBIŠNJICI

Hydroelectric power plant

Average daily volume in
last 2 months: 20.000 Euro

- BUY AT 3,1;
- Good potential;
- Undervalued compared to other hydroelectric power plants;
- Expected increase in electricity production.

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