

ТОВ „ДАГДА”  
✉ Україна, 04071, м. Київ,  
вул. Щекавицька 9-А,  
тел. +38 (044) 223-44-90  
факс +38 (044) 238-66-52  
e-mail: info@dagda.com.ua  
http://www.dagda.com.ua



DAGDA LLC  
✉ Ukraine, 04071, Kyiv,  
Shekavizkaya St. 9-A,  
tel. +38 (044) 223-44-90  
fax. +38 (044) 238-66-52  
e-mail: info@dagda.com.ua  
http://www.dagda.com.ua

May 17<sup>th</sup> 2010

### Press-release

#### *The research results of the first wave of IPO boom in 2005-2010*

DAGDA LLC completed the study: "The results of the first wave of IPO-boom in Ukraine in 2005-2010" on the 17-th of May 2010. The main results are:

- As a result of the first wave of IPO boom of the Ukrainian issuers from abroad brought in 60 private and public offerings of about \$ 6 billion.
- According to our analysts, the most successful Ukrainian IPO can be considered as placing Kernel Holding on the Warsaw Stock Exchange.
- With a favorable conjuncture of the international capital market Ukraine will have another boom IPO in 2010-2015.

For the past five years, despite the crisis, for Ukrainian companies were not in vain. During this time, on the market appeared infrastructure that can in practice relatively quickly provide the necessary attraction for the development of real business amounts. Also, Ukrainian companies were acquired invaluable experience of working with foreign stock exchanges, investors and investment banks. Owing to the pioneers IPO-process there will know more and more foreign investors about Ukraine and the opportunities of conducting business.

We estimate that over the past 5 years, Ukrainian companies through private and public offerings have been able to attract from abroad of about \$ 6 billion, having carried out approximately 60 placements, of which only 10 could be classified as classical IPO. Almost all large private placement and IPO took place through the deployment of global depository receipts. As of May 11, 2010 Ukrainian companies were registered 74 DR programs. The main depository banks for Ukrainian issuers were Deutsche Bank and The Bank of New York Mellon.

According to the opinion of Alexander Zadorozhny, a leading lawyer of the international law company «Noerr», due to combination of specific national legislation and the conditions of the Ukrainian stock market, there is no sense to count on the domestic IPO for the next few years. The bulk of funds will continue to be attracted from abroad. For the five years the Ukrainian issuers have managed to master in practice the trading floors of the Warsaw Stock Exchange, Deutsche Börse, London Stock Exchange and even the NYSE Euronext. Technically, after the successful placement of RUSAL for them has already been opened in Hong Kong.

Nevertheless, it's too early to speak about successful development of a global stock of space by Ukrainian companies. One of the fundamental unsolved problems of our companies remains very weak communications with portfolio investors. Ukrainians are poor compliance with basic rules «investor relations», adopted in Western markets, which does not contribute to the popularity of our issuers on foreign exchanges. According to our estimates, Ukrainian companies were able to find common ground only with the Polish and partly with British portfolio investors.

According to our analysts, the most successful Ukrainian IPO can be considered as placing Kernel Holding on the Warsaw Stock Exchange. Company for several years increased the amount of market capitalization by 97%, surpassing the psychological barrier of \$ 1 billion. Satisfactory results were shown by Astarta Holding too, the company increased the market capitalization of 2.5 times and today is estimated by Polish investors in the \$ 425 million. Since the placement company's market capitalization grew by almost 90%, an IPO and Ferrexpo can be considered successful.

ТОВ „ДАГДА”  
✉ Україна, 04071, м. Київ,  
вул. Щекавицька 9-А,  
тел. +38 (044) 223-44-90  
факс +38 (044) 238-66-52  
e-mail: info@dagda.com.ua  
http://www.dagda.com.ua



DAGDA LLC  
✉ Ukraine, 04071, Kyiv,  
Shekavizkaya St. 9-A,  
tel. +38 (044) 223-44-90  
fax. +38 (044) 238-66-52  
e-mail: info@dagda.com.ua  
http://www.dagda.com.ua

The results of analysis show that Ukrainian companies have a practical choice between London and Warsaw at the moment. Adam Mytsik, managing partner of CMS Cameron McKenna in Ukraine, has the opinion that the most attractive market for Ukrainian companies remains London's AIM. He recalled that since 1995 more than 3000 companies traded on AIM attracted \$ 60 billion, with about 500 of these companies did business outside the UK. As an example of good practice to raise funds on AIM Ukrainian business Adam Mytsik mentions the successful IPO Dragon-Ukrainian Properties & Development plc, as a result of which the company has attracted \$ 208 million. Adam Mytsik also believed that the Ukrainian companies should pay attention to another European area, namely on the Frankfurt stock exchange, which is sometimes wrongly overlooks potential issuers.

Access to capital markets remains a fundamental competitive factor that will move the Ukrainian business to the idea of IPO. Either an international business, or Ukrainian businessmen are being affected by all the same factors: the fear of absorption by competitors and greed. The cost of raising capital on the already proven areas remains very low in comparison with the cost of bank loans in Ukraine. Availability of proven schemes that led to the successful development, although a small number of companies, that make business in a conducive environment to look for new opportunities to raise capital through private or public offerings.

In spring 2010, we note a surge of activity on the part of Ukrainian issuers. AgroGeneration learn a new platform for Ukraine NYSE Euronext, Agroholding Avanguard has a full IPO in London. Both of these events forced investment banks to talk about the probability of recovery IPO activity in Ukraine. In March-April 2010 were even called projections, according to which the IPO volume in 2010 will amount to about \$ 1 billion. We would not have been so categorical in their predictions, let us remember that only one "Avanguard" has already attracted in London this year, 187.5 million dollars. If the situation on the international stock market will remain favorable and we are not going to see new surprises, the volume of placements in overseas markets in 2010 will exceed the mark of \$ 1 billion.

Also, we allow some redistribution of market shares among issuers and exchanges. We can't discount the factor that for Ukrainian companies have already opened sites NYSE Euronext and Hong Kong Exchanges & Clearing Ltd. Perhaps in the future on the model of large Russian companies, we will see IPO, providing for listing on a few foreign sites simultaneously.

To view the full study "Results of first wave of IPO-boom in Ukraine in 2005-2010, you can place an order on the website of Dagda - <http://www.dagda.com.ua/>

*DAGDA LLC – is a Ukrainian company specializing in three main spheres: organization of investment conferences and financial seminars, Investor Relations and financial market research. Among our partners and clients are the leading international and Ukrainian companies: Arzinger, Baker & McKenzie, Baker Tilly Ukraine, BDO Balance Audit, Deutsche Bank, Deutsche Börse, DK-Ukraine, Credit Suisse Securities, Freshfields Bruckhaus Deringer, Hong Kong Exchanges & Clearing, Luxembourg Stock Exchange, Magisters, Mezzanine Management, MICEX, Noerr, NYSE Euronext, PricewaterhouseCoopers, Singapore Exchange, SWX Swiss Exchange, Strois Asset Management Ltd, Warsaw Stock Exchange, Azovstal, Galnaftogaz, Interpipe, TAS, Argo Capital Management etc., the Ukrainian Society of Financial Analysts (USFA), the Ukrainian Association of Investment Business (UAIB), State Market Infrastructure Development Agency (SMIDA) and others.*