

KEY STOCKS FOR THE WEEK 13/08—17/08

- **Panevezio Statybos Trestas**, Lithuanian construction company, has announced on Friday after trading hours that it has more than doubled its **y/y H1** revenue to **LTL 281M**, while profits quadrupled to **LTL 17.3M**. Despite grim expectations for global real estate markets, exceptional results, coupled with all time low **P/E** the company is trading at, should help the position excel in the short term.
- **Ukio Bankas** has announced **July** result of **LTL 5.4M** on Friday, dispelling any further speculation on the possibility of turning in the same profitability figures as it did during the H1. The news are expected to cool down investors in the short term, while longer and mid term investors will find that even at adjusted multiples the bank is still trading below peer levels.
- **Merko Ehitus**, Estonian construction company, has withdrawn its bid to build Latvian national library in Riga, an undertaking, at **EEK 6B**, worth close to company's yearly revenue. Despite hints of project being unprofitable, we expect the psychological factor of the news to drive investor behaviour in the short term, with downward push on the share price.

BALTIC MARKET EVENTS FOR THE WEEK 13/08—17/08

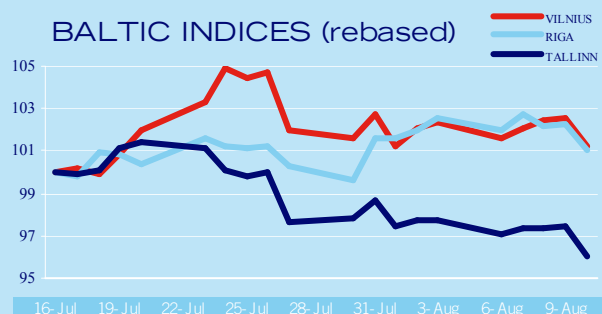
| Riga Stock Exchange | Tallinn Stock Exchange | Vilnius Stock Exchange |
|---------------------|--------------------------------|--|
| 13 August | | |
| 14 August | Tallinna Kaubamaja - H1 result | |
| 15 August | | Non-trading date |
| 16 August | | Lifosa - July sales |
| 17 August | | Apranga - H1 result Invalda - H1 result |

LAST WEEK IN THE BALTIC STOCK MARKETS

US HOUSING CRISIS CONTAMINATES GLOBAL MARKETS...

| | OMX RIGA INDEX | OMX TALLINN INDEX | OMX VILNIUS INDEX |
|--------------------|----------------|-------------------|-------------------|
| Last Price | 729.7 | 938.3 | 552.9 |
| Market Cap (€ mln) | 2,033.0 | 5,235.8 | 3,945.7 |
| 52-Week High Price | 742.6 | 1086.4 | 574.4 |
| 52-Week Low Price | 594.6 | 636.8 | 368.7 |
| 1-Week Return | -1.5% | -1.8% | -1.1% |
| 1-Month Return | 3.5% | -4.1% | 0.9% |
| Year to Date | 11.3% | 9.6% | 12.2% |
| 1-Year Return | 17.5% | 45.4% | 43.6% |
| % of Index Cap* | 86.7% | 97.1% | 80.5% |
| P/E* | 11.8 | 14.9 | 17.1 |
| P/BV* | 1.2 | 3.5 | 1.8 |

* - adjusted to include only the most liquid stocks (as listed on page 3)



Ten Most Traded Shares by Weekly Volume

| | Last Price | % Change | Volume € |
|-----------------------------|------------|----------|------------|
| Tallink Grupp | 1.36 | 0.0% | 12,828,002 |
| Ukio Bankas | 4.93 | -1.4% | 9,313,480 |
| TEO LT | 2.43 | -2.8% | 4,077,399 |
| Arco Vara | 2.13 | -0.9% | 3,708,292 |
| Panevezio Statybos Trestas | 18.95 | 0.8% | 3,557,916 |
| Apranga | 19.50 | -2.8% | 3,407,359 |
| Siaulių Bankas | 3.94 | 0.0% | 2,188,215 |
| Olympic Entertainment Group | 6.03 | -1.3% | 1,718,386 |
| Pieno Zvaigzdes | 5.26 | 0.6% | 1,365,599 |
| City Service | 15.99 | -0.6% | 1,327,728 |

Movement of the Baltic Markets

| | |
|---------------------|----|
| Number of Winners | 12 |
| Number of Unchanged | 5 |
| Number of Losers | 32 |

Largest Winner and Largest Loser
(Weekly Volume Exceeding EUR10,000)

| | Last Price | % Change | Volume € |
|-------------|------------|----------|----------|
| Grindeks | 8.05 | 3.2% | 53,786 |
| SAF Tehnika | 4.40 | -12.7% | 26,955 |

Last Week's Stocks to Watch

| | Last Price | % Change | Outlook * |
|-----------------|------------|----------|-----------|
| Sanitas | 32.40 | 2.9% | ↔ |
| Vilniaus Baldai | 19.05 | -4.2% | ↓ |
| Pieno Zvaigzdes | 5.26 | 0.6% | ↑ |

*based on last week's report

...AS PHARMACEUTICAL STOCKS FLOURISH

Baltic markets were no different from the rest of the world exchanges last week, with only a handful of positions managing to resist global downturn. Pharmaceuticals proved to be one of the industries benefiting from all the others suffering ill fate.

Grindeks, Latvian pharmaceuticals supplier, has posted H1 sales of **LVL 25.93M (+25% y/y)**, with profit margin down at **13.4%**, for a total figure of **LVL 13.9M (21.4% y/y)**. Investors met the news favourably, with share price up **+3.2%** during the week.

Sanitas, Lithuanian based manufacturer of pharmaceuticals, also benefited from the industry's push upwards, despite turning around just on-target **LTL 24.6M** during July. Share price rose by **+2.86%** during the week following the announcement.

Pieno Zvaigzdes, Lithuanian dairy producer, has announced significantly better than expected H1 results during the week, with net profit at a record high **LTL 11.6M**. The company's success fuelled expectations about the whole sector benefiting, with shares of **Rokiskio Suris** and **Zemaitijos Pienas** appreciating likewise and closing at **+0.57%**, **+0.8%**, and **+2.8%** correspondingly.

| COMPANY | MARKET CAPITAL | SHARE PRICE (quoted currency) | | YTD | P/E | P/B | EV/EBITDA |
|------------------------------|--------------------|-------------------------------|------------|--------|------|-----|-----------|
| | FREE FLOAT (€ mln) | 2007.08.06 | 2007.08.10 | | | | |
| Consumer Discretionary | | | | | | | |
| Apranga | 94.9 | 20.07 | 19.50 | 47.7% | 33.6 | 9.7 | 18.0 |
| Baltika | 100.1 | 7.10 | 6.81 | -8.0% | 24.4 | 6.4 | 17.2 |
| Express Grupp | 35.4 | 5.68 | 5.62 | -4.7% | 17.1 | 3.2 | 14.0 |
| Norma | 32.5 | 5.14 | 5.00 | -2.2% | 10.6 | 1.2 | 3.0 |
| Olympic Entertainment Gro | 547.5 | 6.11 | 6.03 | 35.7% | 37.7 | 6.7 | 21.7 |
| PTA Grupp* | 59.8 | 5.27 | 5.11 | 30.0% | 38.9 | 6.2 | 19.4 |
| Snaige | 17.1 | 9.20 | 9.20 | -24.0% | | 2.2 | 23.7 |
| Starman | 19.5 | 5.00 | 5.00 | 13.6% | 22.4 | 4.8 | 11.7 |
| Tallinna Kaubamaja | 115.6 | 8.85 | 8.63 | -6.0% | 17.1 | 4.2 | 13.8 |
| Vilniaus Baldai | 7.2 | 19.89 | 19.05 | 5.2% | | 2.8 | 21.8 |
| Consumer Staples | | | | | | | |
| Kalev | 22.3 | 1.15 | 1.14 | -28.3% | | 1.1 | 24.3 |
| Latvijas Balzams | 5.4 | 4.26 | 4.21 | -5.0% | 9.9 | 1.0 | 8.4 |
| Pieno Zvaigzdes | 50.9 | 5.23 | 5.26 | -2.6% | 15.4 | 2.3 | 6.7 |
| Rokiskio Suris | 40.1 | 62.50 | 63.00 | 14.5% | 19.5 | 1.4 | 6.6 |
| Saku Olletehas | 31.8 | 15.45 | 15.90 | 16.9% | 19.7 | 9.9 | 8.7 |
| Zemaitijos Pienas | 14.0 | 21.40 | 22.00 | -12.9% | 8.2 | 1.4 | 4.2 |
| Energy | | | | | | | |
| Klaipėdos Nafta | 31.4 | 1.11 | 1.08 | -6.1% | 48.3 | 0.9 | 12.9 |
| Latvijas Gaze | 17.6 | 10.45 | 10.25 | -0.7% | 19.2 | 1.3 | 10.2 |
| Latvijas Kugnieciba | 120.8 | 1.38 | 1.36 | 27.1% | 3.9 | 1.1 | 6.4 |
| Lietuvos Dujos | 31.1 | 3.67 | 3.61 | -5.2% | 19.1 | 0.9 | 10.3 |
| Lietuvos Elektrine | 9.0 | 6.00 | 5.95 | 32.5% | - | 0.9 | 14.8 |
| Ventspils Nafta | 62.1 | 3.06 | 2.97 | 26.4% | 18.8 | 1.1 | 123.0 |
| Financials & Real Estate | | | | | | | |
| Arco Vara | 84.1 | 2.15 | 2.13 | -12.3% | 5.4 | 1.7 | 7.6 |
| Invalda | 73.2 | 19.61 | 19.30 | 54.6% | 11.3 | 2.6 | 14.4 |
| Siauliu Bankas | 109.5 | 3.94 | 3.94 | 1.0% | 16.7 | 2.6 | - |
| Snoras | 21.6 | 5.40 | 5.29 | 5.8% | 20.2 | 3.1 | - |
| Ukio Bankas | 118.7 | 5.00 | 4.93 | 26.1% | 12.0 | 2.4 | - |
| Healthcare & Pharmaceuticals | | | | | | | |
| Grindeks | 45.0 | 7.80 | 8.05 | 11.8% | 11.9 | 2.2 | 8.5 |
| Olainfarm | 11.0 | 3.08 | 3.07 | 25.3% | 32.7 | 2.9 | 12.2 |
| Sanitas | 180.2 | 31.50 | 32.40 | 138.2% | 29.4 | 3.2 | 26.6 |
| Industrials | | | | | | | |
| Eesti Ehitus | 70.8 | 6.00 | 5.90 | 11.6% | 11.6 | 5.4 | 12.7 |
| Harju Elekter | 32.9 | 3.55 | 3.50 | -15.7% | 12.0 | 1.7 | 14.8 |
| Lietuvos Juru Laivininkyste | 10.5 | 0.63 | 0.62 | 0.0% | 59.0 | 0.6 | 6.3 |
| Merko Ehitus | 118.5 | 24.80 | 23.70 | 20.6% | 10.3 | 3.9 | 9.2 |
| Panevezio Statybos Trestas | 40.1 | 18.80 | 18.95 | 25.5% | 7.5 | 5.9 | 11.9 |
| Rigas Kugu Buvetava | 7.3 | 0.86 | 0.86 | -7.5% | 81.6 | 0.7 | 10.9 |
| Tallink Grupp | 522.4 | 1.36 | 1.36 | 6.4% | 10.3 | 1.6 | 13.5 |
| IT & Telecommunications | | | | | | | |
| Eesti Telekom | 192.8 | 8.19 | 8.00 | -4.8% | 12.3 | 5.2 | 7.4 |
| SAF Tehnika | 4.4 | 5.04 | 4.40 | -63.3% | 9.0 | 1.4 | 6.7 |
| TEO LT | 191.4 | 2.50 | 2.43 | -12.0% | 13.1 | 1.9 | 4.7 |
| Vilniaus Vingis | 8.6 | 5.72 | 5.60 | -4.3% | 2.6 | 0.7 | - |
| Materials | | | | | | | |
| Grigiskės | 14.8 | 2.63 | 2.70 | -8.5% | 20.7 | 1.6 | 7.4 |
| Liepajas Metalurgs | 8.2 | 2.83 | 2.85 | 16.3% | 4.5 | 0.7 | - |
| Lifosa | 15.3 | 47.75 | 48.00 | 124.3% | 35.2 | 2.5 | 16.3 |
| Utilities | | | | | | | |
| City Service | 22.1 | 16.09 | 15.99 | 23.5% | 40.7 | 8.8 | 32.9 |
| Lietuvos Energija | 34.1 | 5.25 | 4.92 | 24.9% | - | 1.6 | 18.4 |
| Rytu Skirstomieji Tinklai | 47.1 | 4.03 | 3.95 | 5.3% | - | 1.0 | 10.0 |
| Tallinna Vesi | 87.9 | 14.50 | 14.65 | -2.4% | 18.4 | 4.3 | 12.9 |
| Vakaru Skirstomieji Tinklai | 21.3 | 730.00 | 735.00 | 67.0% | - | 1.9 | 9.2 |
| Average | 72.6 | | | 12.3% | 20.8 | 2.9 | 15.4 |

* Values adjusted to include Silvano Fashion Group

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