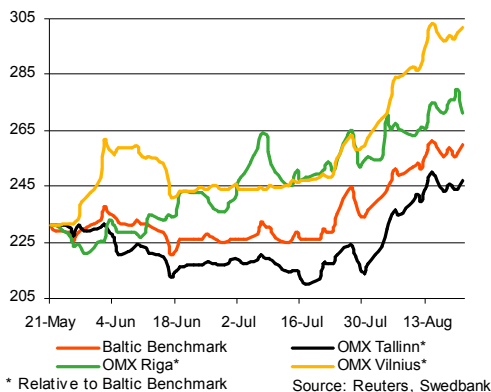


Equity Weekly

Equity Research - Monday, August 24, 2009

Baltic Indices



	Last Close	Weekly Change	Weekly Volume	P/E Trail. 4Q	P/E 09F	P/BV Last Q	P/BV 09F
Estonia (in €)							
Arco Vara	0.16	0.0%	183408	-0.2	-2.0	0.3	0.4
Baltika	0.58	↑ 1.8%	516125	-1.4	-2.1	0.9	0.8
Eesti Telekom	4.78	↑ 0.2%	60419	8.2	10.1	3.2	2.7
Ekspress Grupp	1.02	↓ -4.7%	35433	6.1	4.5	0.5	0.4
Hajju Elekter	1.75	↓ -4.9%	16291	21.7	22.3	1.1	1.1
Järvevana	0.29	↓ -3.3%	28869				
Merko Ehitus	4.27	↑ 1.9%	18724	14.9	-33.2	0.6	0.6
Nordecon International	1.01	↓ -5.6%	80013	12.1	-19.1	0.6	0.7
Norma	2.77	↓ -3.8%	16755	9.3	-27.2	0.6	0.6
Olympic Entertainment Gro	0.59	↓ -4.8%	697299	-3.0	-27.9	0.8	0.6
Silvano Fashion Group	0.59	↑ 7.3%	84456	-2.1	-43.5	0.7	0.6
Tallink	0.34	↓ -5.6%	1130645	-22.0	-10.2	0.4	0.4
Tallinna Kaubamaja	3.58	↓ -1.4%	57695	-62.6	378.7	1.3	1.3
Tallinna Vesi	9.10	↑ 2.2%	21842	9.7	9.8	2.4	2.1
Viiisnurk	0.55	↑ 1.9%	65070	164.1	3.4	0.5	0.5
Latvia (in LVL)							
Grindeks	3.65	↓ -1.4%	2527	3.9	5.3	0.7	0.6
Latvian Gas	4.17	↓ -9.7%	166	8.2			
Latvian Shipping Company	0.54	↑ 5.9%	1014583	2.0	1.5	0.2	0.2
Latvijas Balzams	1.41	↑ 10.2%	614	4.8			
Liepajas Metalurgs	0.95	↓ -1.0%	7536	0.9			
Olainfarm	0.56	↓ -5.1%	65355	-7.0	22.5	0.5	0.5
SAF Tehnika	0.59	↓ -1.7%	8834	-2.0	0.9	0.2	0.2
Valmieras Fibre Glass	0.37	0.0%	14060	0.7			
Ventspils Nafta	1.00	↑ 2.0%	5590	2.9			
Lithuania (in LTL)							
Apranga	2.29	↓ -2.1%	90742	17.7	-3.4	0.9	0.9
City Service	5.68	↓ -3.1%	36429	9.9	6.7	1.7	1.4
Grigiskes	0.54	↓ -3.6%	34775	-7.1			
Invalda	1.50	↓ -3.2%	42795	-0.5			
Klaipedos Nafta	0.99	↓ -1.0%	60909	12.6			
Lietuvos Dujos	1.61	↓ -2.4%	83492	18.9	12.0	0.4	0.4
Lietuvos Energija	2.00	↓ -0.5%	76863	-38.2			
Lietuvos Juru Laivininkyste	0.39	0.0%	212983	-1.9			
Lifosa	30.20	↑ 6.0%	19474	4.0			
Panevezio Siatybos Trestas	2.50	↓ -4.2%	252660	1.4			
Pieno Zvaigzdes	2.40	↓ -1.6%	10855	15.5	4.3	0.9	0.8
Rokiskio Suris	2.45	↑ 1.7%	165000	-10.8			
RST	2.34	↓ -0.4%	91996	-13.2			
Sanitas	7.82	↑ 0.3%	18300	-9.6			
Siauliu Bankas	0.73	0.0%	233271	3.0			
Snaige	0.44	↓ -6.4%	467828	-0.4			
Snoras	0.60	↓ -1.6%	402121	0.8			
TEO LT	1.40	↑ 2.2%	3007993	6.9	7.4	1.0	1.1
Ukio Bankas	0.71	0.0%	458086	0.8			

Source: Reuters, Swedbank

Index value Weekly Change,% Weekly Turnover

Estonia 338.6 -1.12% €2,2m

Volumes were rather modest last week on Tallinn Stock Exchange. Most of the volume was generated by **Tallink, Olympic, Baltika** and **Estonian Telecom** where institutions were active on both sides. **Tallinna Vesi** has become again popular pick among investors, also **Nordecon**.

Latvia 274.1 -1.43% €0,9m

Trading activity remained rather low in Riga. Most of turnover was formed by **LASCO** where some huge blocks were crossed during the week and stable buying interest helped share price add almost 8% to LVL 0.55. The most actively traded share was **Olainfarm** which closed by 1.69% lower to LVL 0.58 as some sellers were seen around LVL 0.60

Lithuania 222.6 -0.39% €2,5m

Trading was calm in Vilnius compared to the previous week. As always most of the volume we saw in **TEO** with foreign institutions on buy side. Continuous interest among institutions, local and foreign, is in **Snaige, Lietuvos Dujos, PST** and **City Service**.

Estonia

Silvano Fashion Group posted 1H 09 results last Friday. Sales from continuing operations reached €36.4m, -30% yoy. Operating profit amounted to €2m, 75% decline yoy and net loss from continuing operations reached €181 thousand. In Q2 the company earned a profit from continuing operations amounting to €1.5m, which should be seen as a first positive sign after the pain of Q4 08 and Q1 09. The reason for improvement came down to this: inventories are returning to normal levels, wholesale partners started buying again and the company is benefitting from the restructuring measures. The situation in Russian economy has stabilized a little from the two previous quarters as well which is helping. The sale of PTA is a positive event for the group and we believe that looking forward the stock should start looking attractive, though there are still few specific issues remain (inefficient taxing structure and one-offs will also spoil the picture in 2009 but 2010 should be a better year as company focuses on lingerie business). Full report will be published separately but first impressions are positive.

Eesti Telekom - Teliasonera AB, the majority shareholder of Eesti Telekom has made an offer to buy out all shares of Eesti Telekom not already owned by them. For €5.94 (EEK 93) per share. This was 24% upside from Fridays close and 8% upside from our last Target price of €5.5 per share. TeliaSonera currently owns 60% of the company, while Estonian State through various entities, controls 27%

Latvia

Olainfarm announced that 6M profit reached LVL0.82m (compared to LVL0.74m loss a year ago) and they anticipate solid 2H for 2009.

Attention: Please note important background and customer information at the end of this report

Lithuania

Despite the value-added tax (VAT) rate in Lithuania will be raised from 19% to 21% on 1st of September, 2009, **TEO LT** will not increase prices for all of its services for residential and for most of services for business customers. For business customers of data communication solutions, IT services, wholesale services as well as short and special numbers, prices excluding VAT will remain the same. This compensation will cost TEO almost LTL 3m (EUR 0.87m) this year, and next year - more than LTL 9m (EUR 2.6m).

In July, the sales of **Lifosa** made LTL 71.2m (EUR 20.6m), i.e. 2.8 times less than a year ago. However, the quantities of main product DAP sold increased by 8% YoY to 79'605 tons. The average price of DAP was LTL 796 per ton, compared to LTL 2'388 a year ago.

Last Thursday, Lithuanian Government published a decree, authorizing the Ministry of Energy vote for the liquidation of LEO LT at the General meeting of shareholders of LEO LT.

Rytų skirstomieji tinklai (RST) and **VST** will not increase the electricity price for household consumers despite the raise in the value-added tax (VAT) rate. The companies will reduce expenditure and increase efficiency of activity.

Investor Calendar:

Date	Description
Estonia	
27.08.2009	TKM - Interim report Q2 2009
Latvia	
24.-29.08.2009	LSC1R - 6M non-audited financial report
28.08.2009	OLF1R - 6M non-audited financial report
Lithuania	
31.08.2009	APG1L - Interim report 6M 2009
31.08.2009	IVL1L - Interim report 6M 2009
31.08.2009	UTR1L - Interim consolidated financial statements for 6M 2009
31.08.2009	RSU1L - Interim report of the Group for 6M 2009
31.08.2009	RSU1L - Extraordinary General Meeting

Source: NASDAQ OMX

Attention: Please note important background and customer information at the end of this report

Swedbank Markets Baltic Equity research & Institutional sales:

Energy, Materials & Utilities

Pavel Lupandin
pavel.lupandin@swedbank.ee
Donatas Užkurelis
donatas.uzkurelis@swedbank.lt

Estonia
+372 6 131 535
Lithuania
+370 5 268 4395

Telecom Services

Marko Daljajev
marko.daljajev@swedbank.ee
Neringa Dziugelytė
neringa.dziugelyte@swedbank.lt

Estonia
+372 6 131 246
Lithuania
+370 5 268 4733

Consumers

Pavel Lupandin
pavel.lupandin@swedbank.ee
Neringa Dziugelytė
neringa.dziugelyte@swedbank.lt
Donatas Užkurelis
donatas.uzkurelis@swedbank.lt

Estonia
+372 6 131 535
Lithuania
+370 5 268 4733
Lithuania
+370 5 268 4395

Industrials

Risto Hunt
risto.hunt@swedbank.ee
Marko Daljajev
marko.daljajev@swedbank.ee

Estonia
+372 6 136 796
Estonia
+372 6 131 246

Financials

Risto Hunt
risto.hunt@swedbank.ee
Marko Daljajev
marko.daljajev@swedbank.ee

Estonia
+372 6 136 796
Estonia
+372 6 131 246

Healthcare

Marko Daljajev
marko.daljajev@swedbank.ee

Latvia
+372 6 131 246

Equity Sales

Kristiina Vassilkova
kristiina.vassilkova@swedbank.ee
Andres Suimets
andres.suimets@swedbank.ee
Svetlana Skutelska
Svetlana.skutelska@swedbank.lv
Simona Sileviciute
simona.sileviciute@swedbank.lt

Baltic Institutional Sales
+372 6 131 663
Head of Sales (Estonia)
+372 6 131 657
Head of Sales (Latvia)
+371 6744 4154
Head of Sales (Lithuania)
+370 5268 4513

Equity Trading

Simmo Sommer
simmo.sommer@swedbank.ee

Head of Baltic Trading
+372 6131 605

Equity Capital Markets

Lauri Lind
lauri.lind@swedbank.ee
Mihkel Torim
mihkel.torim@swedbank.ee

Head of Baltic Equity Capital Markets
+372 6 131 355
Baltic Equity Capital Markets
+372 6 131 564

Swedbank Group Homepage: www.swedbank.com. For Research products on Bloomberg please type: **HBMR <GO>**.

Background Information:

Recommendation structure

Swedbank Markets' recommendation structure consists of six recommendations: Buy, Accumulate, Hold, Reduce, Sell and Avoid. The recommendations are based on an absolute return for the security 12 months forward. The absolute return includes share price appreciation and dividend yield combined.

The recommendations for the securities mentioned in this report are based on risk and return considerations. The higher the risk category of the investment, the higher the required return. For equity investments, returns are defined as capital appreciation and dividends received over the investment horizon of 12 months forward. The expected capital appreciation is the ratio of a stock's target price over the current price. A company risk rating depends on its stock price volatility, liquidity and business outlook. The target price depends on a company's fundamentals as well as the market valuation of peer stocks, and can be changed at any time if the relevant changes occur within a company/market perception of the peer group. "Buy", "accumulate", "hold", "reduce", "sell" and "avoid" recommendations may be used in this report. The table below presents the relationship between recommendations and target prices compared to risk level of the stock. These are indicative ranges and actual recommendations may deviate from the indications if other relevant issues are considered. For more detailed information about the recommendation system please visit <http://www.swedbank.ee/disclaimers/recommendation2007.pdf>

Recommendation structure

Buy	> +20% to target price
Accumulate	+10% < target price < +20%
Hold	0% < target price < +10%
Reduce	-10% < target price < 0%
Sell	< -10% to target price
Avoid	used when security does not match the standards presented in SWB's investment guidelines

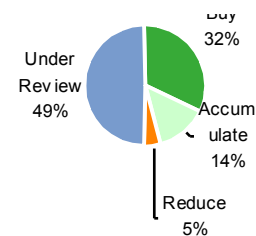
The recommendation by Swedbank Markets Equity Research department is based on a variety of standard valuation models. However, the base for the calculation of the target price is our DCF model (DCF = discounted cash flow) with the exception of financial and investment companies. The DCF model discounts future cash flow at present value.

In preparation of this report different valuation methods have been used, including, but not limited to, discounted free cash-flow and comparative analysis. The selection of methods depends on the industry, the company, the nature of the stock and other circumstances.

The target price (previous fair value) takes into account the DCF value, the relative valuation of the share versus others peers (national or international) and news that can have a positive or negative effect on the share price. Relative and absolute multiples that we consider are: EV/EBITDA, EV/EBIT, PE, PEG and Net Asset models for companies with liquid markets for their assets and other industry specific ratios when available. Break-up valuation models are also sometimes considered.

Recommendations by the 24 aug 2009

	No of shares	Part of Total
Buy	7	32%
Accumulate	3	14%
Reduce	1	5%
Under Review	11	50%



Information to the customer:

General

Equity weekly is a compilation of news, corporate events, companies' results and other similar information published in stock exchange notifications last week, an overview of Baltic stock exchanges of the same period and a weekly timeline of upcoming corporate events of listed companies. No research is made here, any resemblances to research are purely coincidental and should be considered unintentional. Weekly may contain references to effective price targets and investment recommendations of companies mentioned in previously published research reports and may update such price targets and recommendations on the basis of important new information. Previous research reports are available at <https://www.swedbank.ee/private/investor/portfolio/analysis/equity> Information on how the price targets and investment recommendations are constructed in research reports is available at <http://www.swedbank.ee/disclaimers/recommendation2007.pdf>.

Issuer and recipients

This report by Swedbank Markets Equity Research is issued by Swedbank Markets business area within Swedbank AB (publ) ("Swedbank"). Swedbank Markets is a registered secondary name to Swedbank and is under the supervision of the Swedish Financial Inspection Authority (Finansinspektionen) and other financial supervisory bodies where Swedbank or Swedbank Markets have offices. Swedbank is a public limited liability company and a member of the stock exchanges in Stockholm, Helsinki, Oslo and Reykjavik as well as being a member of EUREX. Swedbank AS disseminates this report in Estonia. Swedbank AS is under the supervision of the Estonian Financial Supervisory Authority (Finantsinspeksioon). "Swedbank" AB disseminates the report in Lithuania. "Swedbank" AB is under the supervision of the Lithuanian Financial Supervisory Authority (Lietuvos Respublikos vertybinių popierių komisija) in Lithuania. Swedbank AS disseminates this report in Latvia. Swedbank AS is under the supervision of the Latvian Financial Supervisory Authority (Finanšu un kapitāla tirgus komisija). In no instances is the report altered before dissemination.

This research report is produced for the private information of recipients and Swedbank is not advisory nor soliciting any action based upon it. If you are not a client of ours, you are not entitled to this research report. The Equity Research report is not, and should not be construed as, an offer to sell or solicitation of an offer to buy any securities.

Analyst's certification

The analyst(s) responsible for the content of this weekly hereby confirm that notwithstanding the existence of any potential conflicts of interest referred to herein, the views expressed in this weekly accurately reflect our personal views about the companies and securities covered. The analyst(s) further confirm not to have been, nor are or will be, receiving direct or indirect compensation in exchange for expressing any of the views or the specific recommendation contained in the weekly.

Limitation of liability

All information, including statements of fact, contained in this equity weekly have been obtained and compiled in good faith from sources believed to be reliable. However, no representation or warranty, express or implied, is made by Swedbank with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative and should not be taken in substitution for the exercise of reasoned, independent judgment by you. Swedbank would like to point out that recipients of the weekly should note that investments in capital markets e.g. such as in this document carry economic risks and statements regarding future

assessments are compounded with uncertainty. The recipients and clients of Swedbank are responsible for such risks and they are recommended to supplement their decision-making information with that material which is assessed to be necessary, including but not limited to knowledge on the financial instruments in question and on the prevailing requirements as regards trading in financial instruments. Opinions contained in the weekly represent the analyst's present opinion only and may be subject to change.

To the extent permitted by applicable law, no liability whatsoever is accepted by Swedbank for any direct, indirect or consequential loss arising from the use of this weekly.

Conflicts of interest

All equity weeklies are produced by Swedbank Markets' Research department, which is separated from the rest of its activities by a Chinese wall; as such, equity weeklies are independent and based solely on publicly available information. The analysts at Swedbank Markets may not own securities covered by the weekly, that represent more than 5% of the total share capital or voting rights of any company mentioned in this weekly.

Internal guidelines are implemented in order to ensure the integrity and independence of research analysts. The guidelines include rules regarding, but not limited to, the identification, management and avoidance of conflicts of interest.

The remuneration of staff within the Research department may include discretionary awards based on Swedbank's total earnings, including investment banking income; staff, however, shall not receive remuneration based upon specific investment banking transactions.

Swedbank shall not receive compensation from any company mentioned in the weekly for making an investment recommendation or enter into an agreement with the said company to make an investment recommendation.

Company specific disclosures and potential conflicts of interest

In view of Swedbank's position in its markets, recipients of this weekly should assume that it may currently (or may in the coming three months and beyond) be providing or seeking to provide confidential investment banking services to the companies referred to in this weekly and that an agreement regarding such services may have been in effect over the previous 12 months, under which Swedbank may have received payments.

Recipients of this weekly should also note that it may happen that Swedbank, its directors, its employees or its subsidiary companies at various times have had, or have sought, positions, advisory assignments in connection with corporate finance transactions, investment or merchant banking assignments and/or lending as regards companies and/or financial instruments covered by this weekly. It may also occur that Swedbank may act as a liquidity provider in trading with financial instruments covered by this weekly.

Swedbank has not been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of any company mentioned in this weekly.

Reproduction and dissemination

This material may not be reproduced without permission from Swedbank Markets. The weekly may not be disseminated to physical or legal person who are citizens of, or have domicile in a country in which dissemination is not permitted according to applicable legislation or other decisions.

Information contained in this weekly is confidential and is intended to be used solely by the clients of Swedbank to whom this weekly was addressed. By accepting this weekly you have accepted the declared restrictions.