

RENAISSANCE DIGEST

Renaissance Digest showcases our Most Viewed reports over the past month from our award-winning equity, economics & strategy research team. In addition, please find suggestions of interesting reports you might have missed; and our highlighted analyst / theme of the month.

MOST VIEWED MACRO RESEARCH

- 1 Thoughts from a Renaissance man – When poverty has a silver lining**
By Charles Robertson (September 18, 2020)
- 2 Fixed Income Strategy – RenCap Sovereign Strategy**
By Charles Robertson (September 3, 2020)
- 3 6th Annual East Africa Conference – Kenya: Things are looking up**
By Yvonne Mhango (September 11, 2020)
- 4 RenCap Alpha – Adding NEPI Rockcastle and Imperial**
By Daniel Salter (September 18, 2020)
- 5 Russian economics – Through the mist**
By Sofya Donets (September 11, 2020)

MOST VIEWED EQUITY RESEARCH (1-5)

- 1 Oil & Gas – 10 themes for the rest of 2020**
By Alexander Burgansky (September 2, 2020)
- 2 Precious metal miners – Record earnings environment**
By Steven Friedman (September 11, 2020)
- 3 Metals & Mining: On the spot – 47% UPSIDE to consensus earnings**
By Johann Pretorius (September 7, 2020)
- 4 Russian Oil & Gas – Proposed tax changes could hurt**
By Alexander Burgansky (September 17, 2020)
- 5 Russia – real estate and transport – Find high-yield dividend stocks**
By Artem Yamschikov (September 7, 2020)

MOST VIEWED EQUITY RESEARCH (6-10)

- 6** **Russian Oil & Gas – Carbon reduction roadmap**
By Alexander Burgansky (September 17, 2020)
- 7** **Guaranty Trust Bank – Future unboxed: Solving for ‘x’**
By Adesoji Solanke (September 9, 2020)
- 8** **Russian consumer and internet – Top picks for 2H20**
By Kirill Panarin (September 10, 2020)
- 9** **South African real estate – Top picks: NEPI Rockcastle and Growthpoint**
By Phago Rakale (September 14, 2020)
- 10** **Russia, regions and SA banks – Top picks for 2H20**
By Ilan Stermer (September 15, 2020)

DID YOU MISS?

- 1** **Beverages – How affordable is beer in Africa?**
By Adedayo Ayeni (September 30, 2020)
- 2** **CIS+ high-yield issuers – Bonds on the run**
By Alexey Bulgakov (September 24, 2020)
- 3** **Steel – Improving fundamentals and yield**
By Kabelo Moshesha (September 16, 2020)
- 4** **Egypt healthcare – The worst is likely over**
By Omar Aboulmagd (September 15, 2020)
- 5** **Fertilisers – 1H20 results review**
By Derick Deale (September 14, 2020)



25 Years of Renaissance Capital – A note from Daniel Salter, Head of Research - Eurasia

In September 1995, Boris Jordan and Stephen Jennings launched Renaissance Capital – Russia’s first international-standard investment banking institution – which they had spent the previous months setting up from the Tashkent Suite of Moscow’s Olympic Penta Hotel.

The decision was a brave one: Russia’s **1993 October coup** had taken place just two years earlier; the economy was in the sixth year of a **collapse** which would see real GDP fall by over 40% (worse than the Great Depression in the US); **inflation** was still running at well over 100%; and **opinion polls** were suggesting that the 1996 presidential election could bring a return to Communist rule.

Yet the **timing** was fortuitous: Boris Yeltsin would ultimately win the 1996 election, and the stock market boomed as inflation came down, allowing interest rates to follow; the **IMF was on board**; reformers were appointed to key positions; and Russia was invited to join the G8. In November 1996, Renaissance Capital led Russia’s first ever IPO, the New York listing of Vimpelcom (now VEON), which was ten times oversubscribed, trading up over 50% during its opening day. The dollar-based RTS Index would rally by just over 750% from March 1996 to October 1997, making Russia the world’s top-performing equity market globally, by a huge margin, before falling by 93% during Russia’s **1998 financial crisis**.

Research has been core to Renaissance Capital from the very beginning. And we’re pleased to have found some of our very earliest reports in the archives – we’ve uploaded them to our portal (no login required) so you can take a look:

- Our first published note was a **Russia country outlook**, which argued presciently that despite opinion polls pointing to a Communist victory in the 1996 presidential elections (potentially an existential risk to market reforms), it should not be seen as a *fait accompli*.
- Our first company note was on **Mosenergo**. Russia’s most liquid stock at the time, and one of the first companies to launch an ADR programme, Mosenergo was regarded as among the “bluest” of the Russian “blue chips”, though non-payments accounted for 35-40% of sector revenue at the time.
- Our initiation on **Vimpelcom** shortly after the company’s IPO told us about a company with just **56,000 subscribers** at end-1996 (vs 212mn across 10 countries today), and a Russian mobile market where penetration was just 0.1% at the time (vs 170% SIM

penetration or 83% unique subscriber penetration now) and where average monthly revenue per subscriber was around \$400 per month (vs around \$4 per month now).

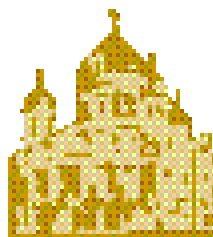
- An early [FAQ](#) on [market infrastructure](#) attempted to answer the fairly important question, “Can my Russian shares be stolen like my MinFin bonds were?”

From these humble beginnings, our research offering has grown significantly across the CIS+ region, into South Africa, Sub-Saharan Africa, Turkey, the Middle East, North Africa and beyond. We now cover 238 companies in 24 countries, with a combined market cap of \$1.1trn, with analysts, economists and strategists on the ground in Cairo, Cape Town, Johannesburg, Lagos, London and Moscow.

Our commitment to frontier and emerging markets remains as strong as ever, as does our mission to help investors navigate the challenges and opportunities they represent. A trawl of our archives unearthed some very early client lists – many of you are still with us today; a testament to the strong relationships we have built over the years. We would like to take this opportunity to thank our clients both old and new for your support over the past quarter of a century. We look forward to continuing to work with you well into the future.

Daniel Salter

Head of Research – Eurasia



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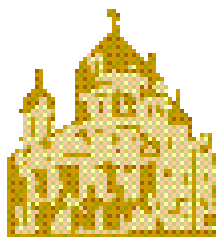
Ренессанс Капитал

February 1996

Dirk Damrau

(7 501) 258 7740

Prospects for Russia – Now Things are Getting Serious



Renaissance Capital Group

Ренессанс Капитал

February 1996

Dimitri Kryukov

(7 501) 258 7741

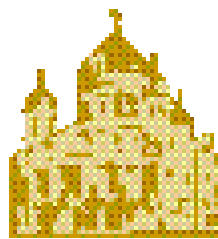
Mosenergo – Capital Illumination

- Mosenergo, serving the Moscow region and controlling over 14,000 MW of installed capacity, is Russia's largest regional power generation company (*energo*).
- The Moscow region has a substantially higher *per capita* income than the country average and possesses one of Russia's fastest-growing regional economies.
- Mosenergo has so far enjoyed a favourable regulatory environment, which has allowed higher operating margins than those of most other *energos*.
- Mosenergo's output is expected to continue to recover in 1996 due to rising household demand and increased sales to the national grid.
- Mosenergo is the most liquid Russian stock, and was one of the first Russian companies to launch an ADR programme, highlighting its seriousness in attracting foreign capital.
- We view Mosenergo as one of the best opportunities in the Russian power generation sector, and we initiate coverage with a b1A (see inside back cover for *Renaissance Equity Ratings*).

Market Update			
Number of shares (million)	2,560	Current average price	US\$0.250
Market capitalisation (US\$, million)	640	52-week high	US\$0.345
Free float (51%) (US\$, million)	326.4	52-week low	US\$0.100
1994 dividends	RUR20 (US\$0.004)	52-week average	US\$0.234

Sector: Utilities

Rating: b1A



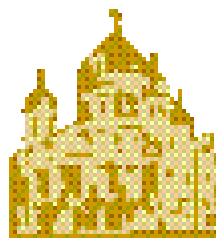
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February 1997

Yuri Krapivin

VimpelCom –
Star of the Cellular
Nebula



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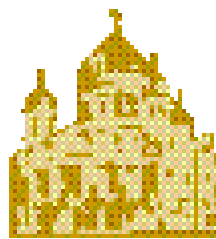
Ренессанс Капитал

January 1997

Rachel Canning

Patricia Anderson

**Russian Equity Market
Infrastructure –
Unravelling the Mystery Wrapped
in the Enigma**



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January 1997

Rachel Canning

Patricia Anderson

**Russian Equity Market
Infrastructure –
Blunt Answers to Most-
Frequently-Asked Questions**