

Daily Insight

Kremlin mulls early Eurobond repayment

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THURSDAY, 15 JANUARY 2015

UX Index (3 months to 15 Jan 2015)



Source: UX.

Key market indicators (as of 14 Jan 2015)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	15.8210	+0.01	+0.01
USD/UAH (1Y NDF)	18.5405	+0.49	+0.49
EUR/USD	1.1789	+0.14	-2.55
USD/RUB	64.6523	-0.86	+6.45
KievPRIME O/N (%)	10.67	-146bp	-823bp
KievPRIME 1M (%)	18.00	-50bp	-190bp
SOVEREIGN EUROBONDS: yields and spreads			
Ukraine 15, Eurobond (%)	57.86	-11bp	-390bp
Ukraine 17, Eurobond (%)	34.69	+24bp	+694bp
Ukraine 22, Eurobond (%)	18.41	+4bp	+216bp
Ukraine 23, Eurobond (%)	17.73	+4bp	+217bp
Ukraine 5Y CDS	2,533bp	+41bp	+334bp
EQUITIES			
Stock market indices			
UX (Ukraine)	1,057.93	-1.28	+2.38
MSCI World	407.40	-0.73	-2.33
MSCI EM	955.73	-0.43	-0.06
RTS (Russia)	743.06	+0.70	-5.60
WIG-20 (Poland)	2,336.66	-1.31	+0.89
S&P 500 (USA)	2,011.27	-0.58	-2.31

Notes: Chg – percentage change, if not otherwise indicated; [1] – total traded volume for stocks listed in green- or red-shaded box means gain or loss, respectively, of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Economics: News & Comments

Kremlin mentions early repayment of US\$3bn Eurobond

Yesterday, Russian top officials considered exercising the early repayment option of the US\$3bn two-year Eurobond. Although the famous bond –in that it was issued under the administration of kleptocratic ex-president Yanukovich just a month before he fled the country – matures in late December 2015, it has also a rarely exercised covenant of 60% public debt to GDP and is quite vaguely written, particularly in that it does not stipulate at which currency it is should be calculated. It is common knowledge to debt finance people that within the crisis-prone EM world that the local currency based debt/GDP ratio tends to exceed the US dollar based one. If accounted for in hryvnia, Ukraine's 2014 year-end debt/GDP ratio will be 65% versus 50% if accounted for in US dollars. The prospectus of this particular Eurobond does not address this well-known issue, possibly on purpose by the Kremlin to spawn the speculation of a Ukrainian default. Indeed, the Russian government during that last year justified issuing this innovative Eurobond quite possibly to have a case to create negative market sentiment. Although Russian officials have not yet officially demanded early repayment, they raised public awareness of such a possibility over the past few days. The next time Russian officials meet their Western counterparts to negotiate a Ukrainian peace settlement, this Eurobond issue obviously will be discussed. The Kremlin is positioning itself while preparing for some other bold move like pressing the West to lift sanctions or force Ukraine into insolvency.

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Bonds: News & Comments

Liquidity slightly absorbed

The NBU continued to absorb liquidity yesterday as total CDs outstanding rose UAH0.56bn to UAH20.95bn while banks' correspondent accounts with the NBU declined UAH0.44bn to UAH34.44bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH6.41bn. As a result, broader banking sector liquidity rose a mere UAH0.10bn to UAH61.90bn, a record high since the beginning of October 2014.

KyivPrime interest rates continued to decline: the KyivPrime ON interest rate fell 146bp to 10.67% while the KyivPrime 1M interest rate declined a less significant 50bp to 18.00%.

Investment implications: Banking sector liquidity significantly rose since the beginning of the year, and the NBU likely decided to absorb extra liquidity from banks accounts and keeping ON loans at a low level. Although high liquidity reduced money market indicative interest rates significantly, they remained too high, above 10.0%.

Eurobonds correct slightly

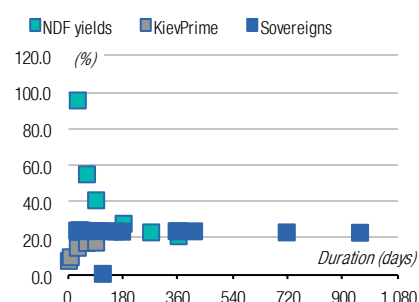
In response to the news of a possible US\$1bn US-guaranteed issuance for Ukraine in 1H15, YTM's slightly corrected yesterday. The yield curve adjusted to the range of 17.69%-57.98%, most likely due to the decline in YTM's of US Treasury bonds, with the 5-year down 5bp and the 10-year down 4bp.

Investment implications: News of possibility of receiving a US guarantee in 1H15 and an additional US\$1bn in 2H15 kept spreads to the benchmark mostly unchanged, which is positive after such a significant increase beforehand.

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Yield curve of the local bond market

(as of market close on 14 Jan 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 14 Jan 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)

MONEY MARKET KIEV PRIME RATES (%)

O/n	10.67	-146bp	-523bp	-508bp	-823bp
1wk	13.00	-125bp	-430bp	-400bp	-600bp
1m	18.00	-50bp	-160bp	-100bp	-190bp
2m	19.00	-25bp	-80bp	-50bp	-100bp
3m	19.00	-25bp	-80bp	-50bp	-100bp

LIQUIDITY WIDE MEASUREMENT (UAHm)

CB acc's ¹	N/A	N/A	N/A	N/A	N/A
CDs ²	N/A	N/A	N/A	N/A	N/A
Sovgns ³	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

HOLDERS OF UAH SOVEREIGN BONDS (UAHm)

C.bank	318,124	+0.00	+0.00	+7.73	+0.00
Banks	91,937	+0.04	-1.60	+4.67	-1.60
Resid's ⁴	23,752	-0.04	-3.25	-3.30	-3.25
Non-res ⁵	21,134	+0.05	-1.90	-1.74	-1.90
Total	454,947	+0.01	-0.59	+6.00	-0.59

NDF IMPLIED YIELDS (%)

3m	N/A	N/A	N/A	N/A	N/A
6m	N/A	N/A	N/A	N/A	N/A
9m	N/A	N/A	N/A	N/A	N/A
1yr	N/A	N/A	N/A	N/A	N/A

LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)

Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+0bp	+0bp	+0bp
Aug '15 ⁶	N/A	+8bp	+0bp	+8bp	+0bp

EUROBONDS USD SOVEREIGN BOND YIELDS (%)

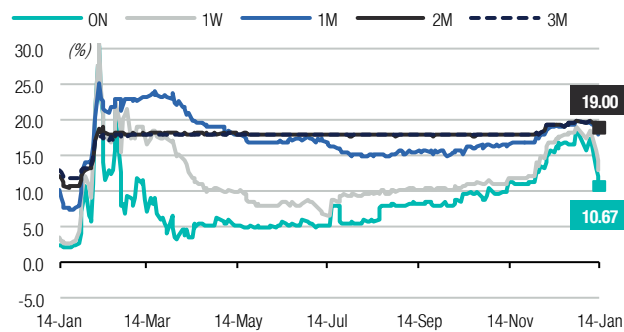
CDS 5yr	2,533	+41bp	+167bp	+295bp	+334bp
Jun '16	42.97	+1bp	+606bp	+728bp	+606bp
Jul '17	34.69	+24bp	+694bp	+605bp	+694bp
Sep '20	20.48	+4bp	+164bp	+292bp	+164bp
Sep '21	20.09	+4bp	+155bp	+260bp	+155bp
Sep '22	18.41	+4bp	+216bp	+291bp	+216bp
Feb '23	17.73	+4bp	+217bp	+269bp	+217bp

Notes: [1] banks' account balance at NBU; [2] certificates of deposits issued by NBU; [3] UAH sovereign bonds due next 30 days; [4] residents; [5] non-residents; [6] VAT bond.

Sources: Bloomberg, Investment Capital Ukraine LLC.

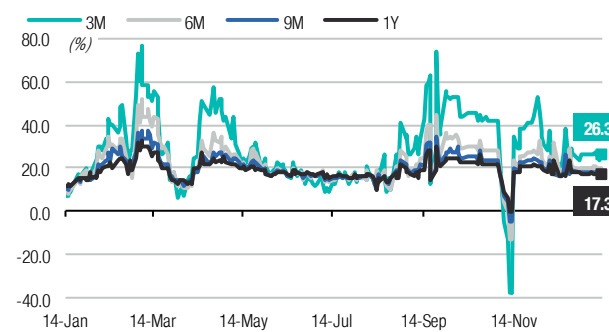
Chart page: Local bond market & Eurobond markets

Chart 1. Kiev Prime rates (%), last 12-month period



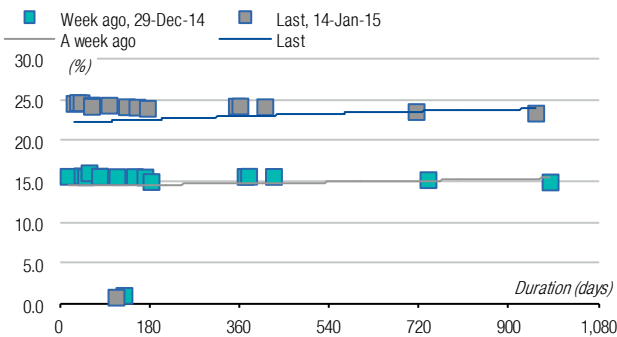
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 2. UAH NDF implied yields (%), last 12-month period



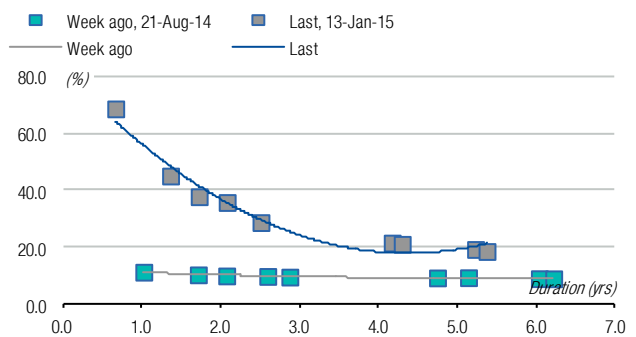
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 14 Jan 2015



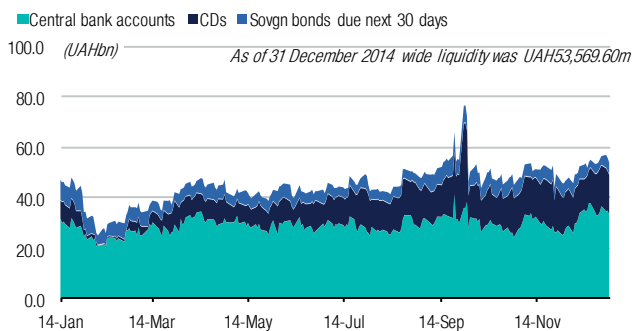
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 14 Jan 2015



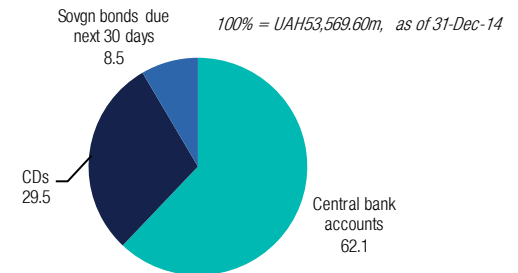
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 5. Banking sector liquidity (UAHbn), last 12-month period



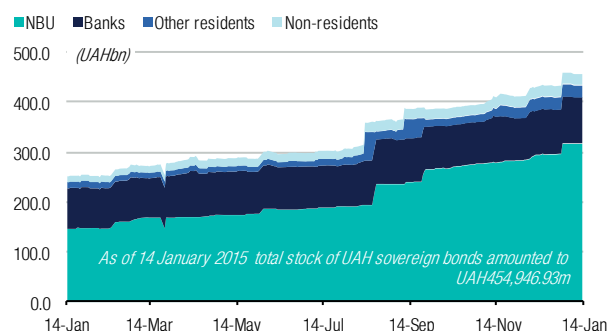
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 14 Jan 2015



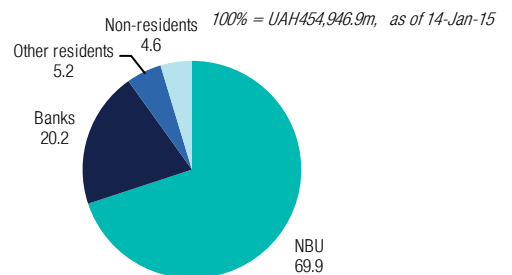
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 7. Holders of sovereign bonds (UAHbn), last 12 months



Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 8. Domestic sovereign debt (%) as of 14 Jan 2015



Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Table 1. Ukrainian stocks (closing prices as of 14-Jan-2015)

Company	Bloomberg Ticker	Listing	Share price performance (% change)				Valuation (US\$)			Free float (FF) & Liquidity					P/E			EV/EBITDA			EV/Sales			Ratios			
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	P/B (x)	Debt/Assets (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	9.00 GBp	+4.3	-14.3	-10.0	-18.2	0.14	31.7	-15.9	40.2	12.7	13.7	12.7	0.03	3,160	Neg.	N/A	N/A	2.4	N/A	N/A	Neg.	N/A	N/A	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.70 UAH	-0.2	+4.3	+2.1	+66.0	0.49	182.5	228.0	21.7	39.6	24.3	49.1	0.12	844	5.8	5.0	7.7	0.3	3.9	4.1	0.5	0.3	0.3	1.1	16.3
Coal Energy	CLE PW	Warsaw	0.72 PLN	-2.7	+2.9	+16.1	-43.8	0.20	9.0	134.9	25.0	2.2	4.0	13.0	0.40	252	Neg.	N/A	N/A	6.0	N/A	N/A	1.1	N/A	N/A	0.1	39.8
Donbasenergo	DOEN UK	Kiev, UX	32.45 UAH	-4.8	+6.6	-1.7	+10.0	2.08	49.2	100.2	14.2	7.0	7.7	8.0	0.21	471	1.4	1.3	1.2	0.1	1.8	1.3	0.3	0.2	0.2	1.2	25.1
JKX Oil & Gas	JKX LN	London	12.25 GBp	-3.9	-4.9	+2.1	-82.9	0.19	32.0	37.2	47.2	15.1	23.1	73.5	0.97	103	4.9	5.3	1.0	0.6	0.7	0.6	0.2	0.2	0.2	0.1	5.5
Regal Petroleum	RPT LN	London	3.70 GBp	-14.5	-22.2	+18.2	-73.4	0.06	18.0	-12.1	80.9	14.6	0.9	2.8	0.04	2,552	Neg.	9.0	N/A	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	148.10 UAH	+0.0	-3.0	+0.0	+62.4	9.50	121.5	133.8	5.0	6.1	0.0	1.5	0.02	5,443	3.3	N/A	N/A	0.9	N/A	N/A	0.2	N/A	N/A	1.3	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.01 UAH	-2.7	-3.3	+0.0	-60.8	0.00	24.0	1,861.2	3.9	0.9	0.9	1.7	0.28	358	Neg.	Neg.	N/A	Neg.	Neg.	N/A	2.0	1.2	N/A	N/A	85.7
Avdiyivsky Cok...	AVDK UK	Kiev, UX	1.67 UAH	-1.8	-1.5	-3.4	-39.1	0.11	20.9	17.8	4.0	0.8	0.9	3.5	0.81	123	Neg.	Neg.	N/A	0.0	0.7	N/A	0.0	0.0	N/A	0.1	0.1
Azovstal	AZST UK	Kiev, UX	0.76 UAH	-1.6	+7.3	+2.1	+20.6	0.05	205.2	N/A	4.1	8.4	2.1	8.4	0.10	1,032	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	0.2	0.0	
Ferrexpo PLC	FXPO LN	London	54.50 GBp	-6.0	+9.8	+2.8	-67.5	0.83	488.4	690.8	22.4	109.4	1,080.2	822.1	0.79	126	1.9	1.9	4.7	1.4	1.5	2.3	0.4	0.5	0.5	0.4	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.23 UAH	-22.0	-23.1	-17.9	-58.6	0.01	4.0	4.7	9.0	0.4	1.6	0.7	0.43	231	Neg.	0.4	0.2	0.0	0.3	N/A	0.0	0.0	0.0	0.0	0.0
Yenakievo Steel	ENMZ UK	Kiev, UX	20.50 UAH	-0.4	+6.3	-2.1	-35.9	1.31	13.9	5.4	9.4	1.3	11.6	4.1	0.30	331	Neg.	Neg.	N/A	0.9	0.2	N/A	0.0	0.0	N/A	0.9	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.36 EUR	-7.7	-23.4	-16.3	-71.4	0.42	39.1	89.9	34.0	13.3	12.5	11.0	0.10	1,035	Neg.	N/A	N/A	Neg.	N/A	N/A	1.4	N/A	N/A	0.8	35.9
Agroliga	AGL PW	Warsaw	9.80 PLN	-2.9	+2.1	+8.9	-62.3	2.71	4.2	5.0	16.7	0.7	0.9	3.5	0.55	182	1.1	N/A	N/A	1.4	N/A	N/A	0.3	N/A	N/A	0.4	5.7
Agroton	AGT PW	Warsaw	1.39 PLN	-3.5	+1.5	+13.0	-48.7	0.38	8.3	53.6	26.2	2.2	32.8	39.1	1.59	63	Neg.	N/A	N/A	20.0	17.9	N/A	0.7	0.6	N/A	0.1	28.4
Astarta Holdin...	AST PW	Warsaw	26.03 PLN	-0.3	+54.1	+30.2	-59.4	7.19	179.8	408.9	31.0	55.8	154.5	118.0	0.10	1,003	5.9	Neg.	4.5	5.4	3.7	4.4	0.9	1.0	1.0	0.5	38.2
Avangard	AVGR LI	London Intl	2.10 USD	+0.0	-42.0	+2.4	-82.0	2.10	134.1	345.4	21.7	29.1	4.2	19.1	0.14	734	0.6	1.5	1.1	1.1	2.0	2.0	0.5	0.6	0.7	0.2	17.8
Kernel Holding...	KER PW	Warsaw	32.11 PLN	-2.2	+14.6	+12.8	-20.3	8.87	706.9	1,351.3	58.8	415.5	1,533.3	1,097.4	0.24	424	Neg.	4.3	4.6	6.1	3.8	4.1	0.6	0.5	0.5	0.7	39.1
KSG Agro	KSG PW	Warsaw	1.18 PLN	-0.8	+1.7	+5.4	-88.6	0.33	4.9	116.0	34.4	1.7	11.3	38.9	0.87	116	Neg.	N/A	0.2	13.4	N/A	N/A	1.6	1.2	1.0	0.3	44.5
MHP	MHPC LI	London Intl	9.29 USD	+0.0	-6.2	+1.0	-48.4	9.29	981.6	2,112.1	22.3	219.1	0.3	364.2	0.25	406	6.3	16.8	3.5	5.4	4.3	4.3	1.4	1.6	1.4	1.9	47.0
Milkiland	MLK PW	Warsaw	1.58 PLN	-2.5	-13.7	+6.8	-85.8	0.44	13.6	131.9	20.0	2.7	6.1	9.8	0.57	176	1.1	Neg.	36.1	4.0	4.6	4.6	0.3	0.4	0.5	0.1	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	0.59 EUR	+0.0	-35.3	+4.8	-88.9	0.69	73.6	801.4	20.0	14.7	0.0	0.7	0.01	10,423	0.8	0.8	0.3	4.9	3.0	2.7	1.6	1.9	1.8	0.2	45.3
Ovostar Union	OVO PW	Warsaw	72.00 PLN	+1.4	+2.7	+0.0	-21.7	19.89	119.4	129.0	25.0	29.8	2.0	31.7	0.11	896	3.9	7.4	6.0	3.5	4.7	4.5	1.4	1.6	1.4	0.9	8.5
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	6.70 PLN	+9.5	+21.8	+65.4	-78.3	1.85	17.2	4.7	10.9	1.9	0.1	0.2	0.01	8,027	2.5	N/A	N/A	0.4	N/A	N/A	0.2	N/A	N/A	0.3	5.6
CONSTRUCTION																											
TMM	TR61 GF	Frankfurt	0.07 EUR	+0.0	-22.6	-10.0	-77.3	0.08	4.4	131.5	13.1	0.6	0.0	0.1	0.01	15,008	Neg.	N/A	N/A	Neg.	N/A	N/A	3.9	N/A	N/A	0.0	45.5
FINANCIAL SERVICES																											
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.09 UAH	-1.7	-1.7	-2.6	-15.1	0.01	179.8	N/A	3.8	6.9	13.8	17.2	0.26	384	2.8	Neg.	11.9	N/A	N/A	N/A	N/A	N/A	N/A	0.4	22.4
Ukrsotsbank	USCB UK	Kiev, UX	0.13 UAH	+0.0	-7.0	+0.0	-24.5	0.01	206.1	N/A	4.5	9.2	0.0	0.9	0.01	8,818	Neg.	13.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	28.2

Table 1. Ukrainian stocks (closing prices as of 14-Jan-2015)

Company	Bloomberg Ticker	Listing	Share price performance (% change)				Valuation (US\$)			Free float (FF) & Liquidity				P/E			EV/EBITDA			EV/Sales			Ratios	
			Last price	Daily	MoM	YTD	YoY	Last price	Market cap (m)	EV (m)	FF (%)	FF mkt cap (US\$m)	Last day turnover (US\$ 000)	3M avg. turnover (US\$ 000)	FF share traded (%)	FF turnover (days)	2014	2015E	2016E	2014	2015E	2016E	2014	2015E

Notes: mln - millions; FF - free float; n/a - not available; neg. - negative; a company name (the left column of the table) is shortened to fit the column and hence in some cases is not displayed in full; *** - P/E is above 10,000x. Sources: Bloomberg, ICU.

FX: News & Comments

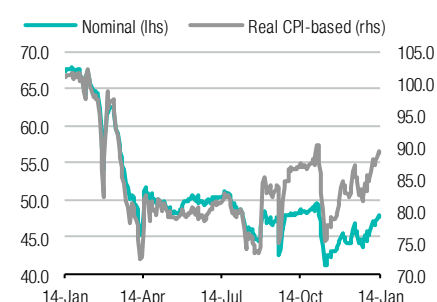
UAH affected by RUB decline

Although the hryvnia's nominal value appears to have stabilized, its trade-weighted value has been seriously affected by the ruble's ongoing decline. The Russian currency gained 0.86% yesterday, down 6.45% year-to-date. As the ruble declines, the hryvnia's trade-weighted value increases as if other currencies are assumed to be stable. As Ukraine's inflation has far outpaced Russian inflation over most of the past year, the hryvnia's nominal rate most likely will be pressured to depreciate to compensate for the trade-weighted increase.

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ICU's UAH trade-weighted indices

(Last 12-month history to 15 Jan 2015)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 14 Jan 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	15.8210	+0.01	-0.05	+0.39	+0.01
NBU avg	15.7712	+0.02	-0.05	+0.39	+0.02
Ttl vlm ¹	424.77	+217.8	+71.17	+10.48	-1.42
\$ volume ²	262.25	+166.4	+44.05	+38.36	-25.98
NDF 3M	16.7225	-0.76	-0.76	+0.44	-0.76
NDF 6M	17.2840	-0.67	-0.67	-5.16	-0.67
NDF 1Y	18.5405	+0.49	+0.49	-4.18	+0.49
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	47.691	-0.32	+1.22	+6.68	+4.28
UAH real CPI	89.030	-0.32	+1.22	+6.68	+4.28
UAH real PPI	127.806	-0.32	+1.22	+6.68	+4.28
USD nom'l	92.161	-0.16	+0.29	+4.30	+2.10
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	64.6523	-0.86	+2.79	+10.93	+6.45
EUR/USD	1.1789	+0.14	-0.42	-5.40	-2.55
USD/CNY	6.1969	-0.04	-0.26	+0.14	-0.14
USD/PLN	3.6106	-0.73	-0.44	+7.52	+1.89
USD/TRY	2.2812	-0.18	-1.65	-0.75	-2.30
USD/BYR	14,545.00	+0.14	+6.17	+32.83	+32.23
USD/KZT	183.7500	+0.01	+0.39	+0.95	+0.77
OTHER MAJOR CURRENCIES					
USD/JPY	117.3300	-0.51	-1.62	-1.20	-2.05
GBP/USD	1.5234	+0.49	+0.82	-3.07	-2.20
USD/CHF	1.0187	-0.14	+0.43	+5.70	+2.45
AUD/USD	0.8150	-0.20	+0.88	-1.18	-0.31
USD/CAD	1.1951	-0.07	+1.15	+3.19	+2.84
USD/BRL	2.6164	-1.01	-2.48	-1.42	-1.55
USD/KRW	1,081.97	-0.13	-1.63	-1.92	-0.83
COMMODITIES					
Gold(\$/oz)	1,228.70	-0.17	+1.42	+0.51	+3.70
WTI crude ³	48.48	+5.64	-0.35	-16.14	-8.99
Brent crd ³	47.63	+2.81	-5.04	-22.03	-14.58
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	223.28	+1.63	-0.79	-8.40	-2.91

Notes: [1] trading volume in all foreign currencies (US\$m); [2] trading volume in the pair USD/UAH (US\$m); [3] crude oil price (USD per barrel); [4] the Thomson Reuters/Jefferies CRB Index. A green-/red-shaded box means gain or loss, respectively, of the investment into the asset. Currencies are gaining when their exchange rates strengthen versus USD.

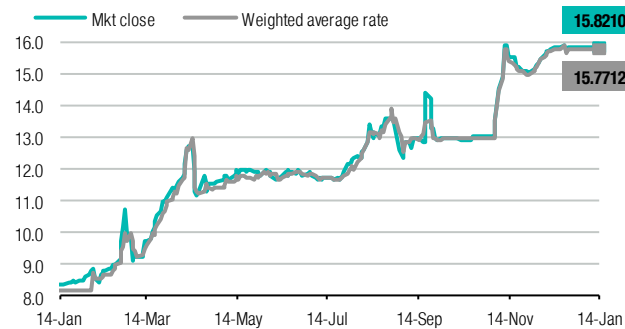
Sources: Bloomberg, Investment Capital Ukraine LLC.

Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#) and Bloomberg (type: ALLX UTWI <GO>).

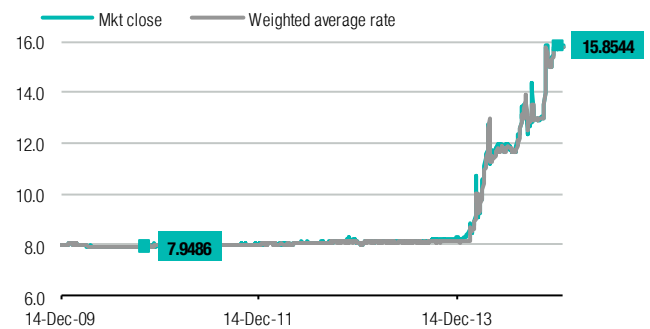
Section on FX market is continued on next page.

Chart page #1: Foreign-exchange market

Chart 9. Spot market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

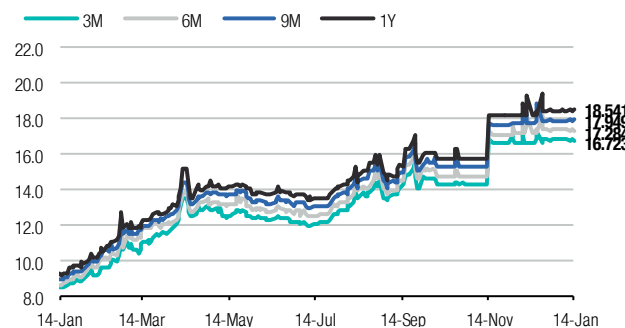


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

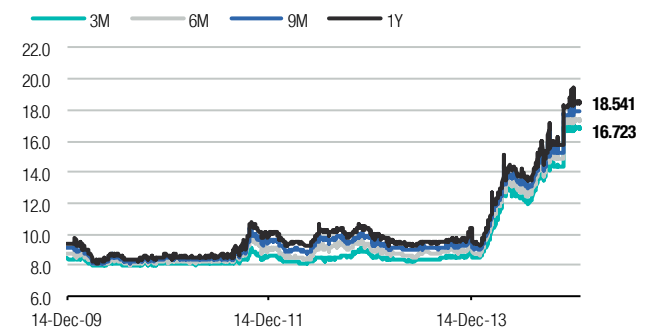


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

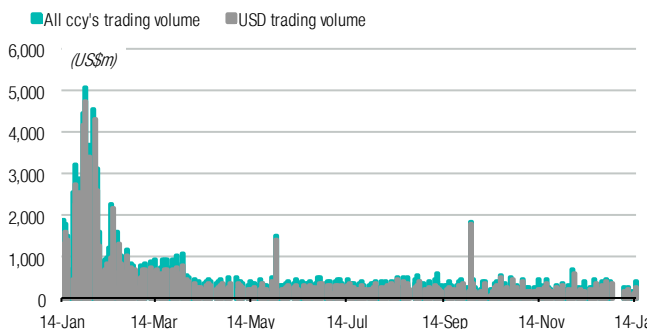


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

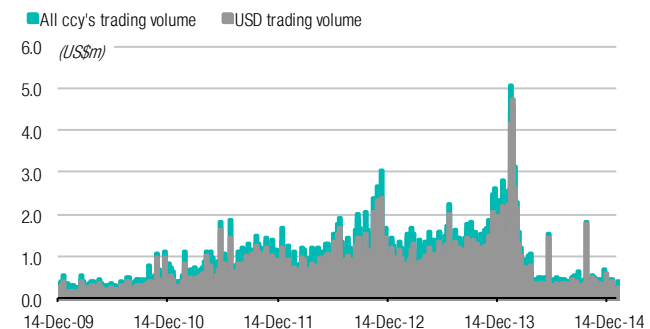


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 11. Trading volume: last 12-month and 5-year periods (US\$m, left and right respectively)

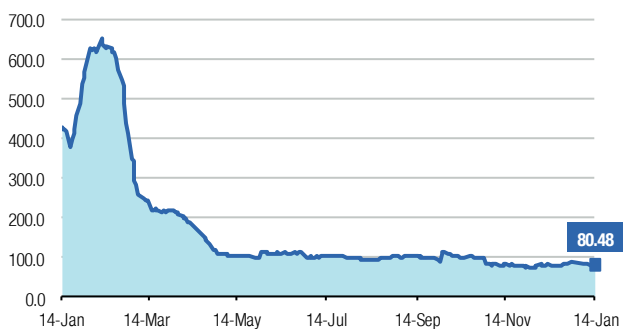


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

Chart 12. 30D MA* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)



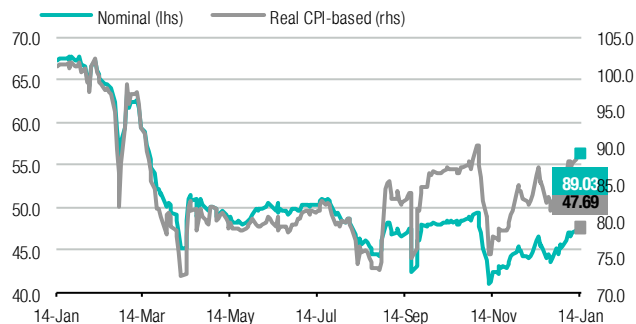
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



Chart page #2: ICU's UAH trade-weighted indices

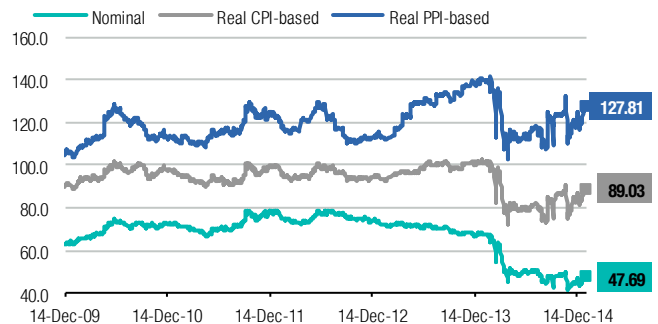
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August 2013.

Chart 13. Nominal and CPI-based real TWIs of UAH, history of last 12-month period



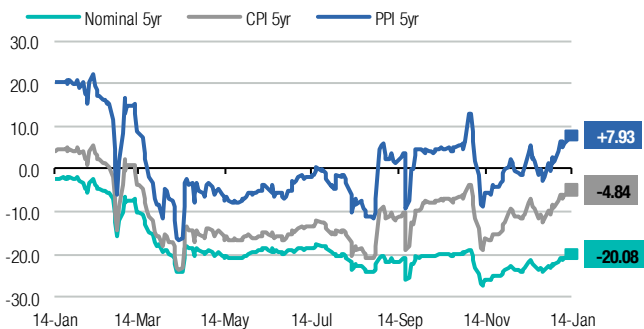
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

Chart 14. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period

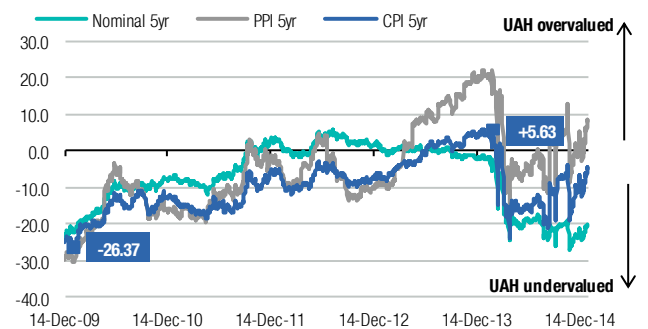


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

Chart 15. Deviation of UAH trade-weighted indices from their 5-year moving averages: last 12-month and 5-year periods (% , left and right respectively)

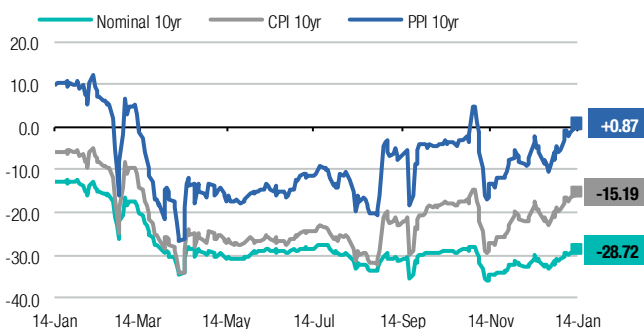


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

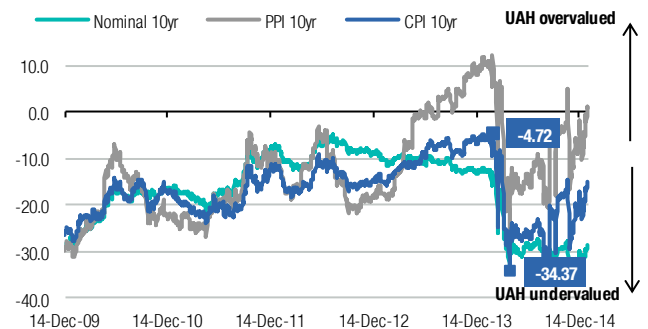


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

Chart 16. Deviation of UAH trade-weighted indices from their 10-year moving averages: last 12-month and 5-year periods (% , left and right respectively)



Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.



Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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Disclosures

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Buy: Forecasted 12-month total return greater than 20%

Hold: Forecasted 12-month total return 0% to 20%

Sell: Forecasted 12-month total return less than 0%

Note: total return is share price appreciation to a target price in relative terms plus forecasted dividend yield.

DEBT RATING DEFINITIONS

Buy: Forecasted 12-month total return significantly greater than that of relevant benchmark

Hold: Forecasted 12-month total return is in line with or modestly deviates from relevant benchmark

Sell: Forecasted 12-month total return significantly less than that of relevant benchmark



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