



Focus
Ukraine

Scope
**Economics, bonds, equity &
FX markets**

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Daily Insight

Metinvest reports FY14, plans debt restructuring

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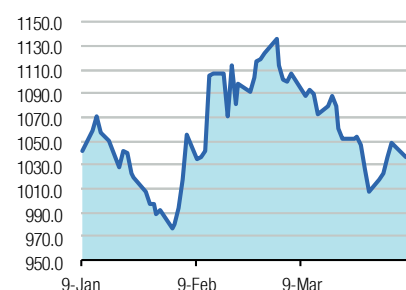
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THURSDAY, 9 APRIL 2015

UX Index (3 months to 9 Apr 2015)



Source: UX.

Key market indicators (as of 8 Apr 2015)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	23.5150	+0.38	+48.64
USD/UAH (1Y NDF)	27.5100	+0.11	+49.11
EUR/USD	1.0781	-1.42	-10.89
USD/RUB	53.6548	-3.25	-11.66
KievPRIME O/N (%)	23.30	+10bp	+440bp
KievPRIME 1M (%)	28.00	+0bp	+810bp

SOVEREIGN EUROBONDS: yields and spreads

Ukraine 15, Eurobond (%)	293.55	+1,037bp	+23,178bp
Ukraine 17, Eurobond (%)	60.73	+156bp	+3,297bp
Ukraine 22, Eurobond (%)	26.63	+90bp	+1,038bp
Ukraine 23, Eurobond (%)	24.50	+35bp	+894bp
Ukraine 5Y CDS	4,578bp	+385bp	+2,379bp

EQUITIES

Stock market indices

UX (Ukraine)	1,032.81	-0.49	-0.05
MSCI World	432.47	+0.27	+3.68
MSCI EM	1,021.05	+1.47	+6.77
RTS (Russia)	988.30	+1.76	+25.56
WIG-20 (Poland)	2,424.82	+0.17	+4.70
S&P 500 (USA)	2,081.90	+0.27	+1.12

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.

Bonds: News & Comments

Metinvest reports EBITDA growth of 14% in 2014 and proposes another Eurobond restructuring

Because of the military conflict in Donbass and declining prices for steel and iron ore, Metinvest's revenues declined 18% to US\$10.6bn, while EBITDA increased 14% to US\$2.7bn, boosted mainly by the hryvnia's devaluation, the company announced in its 2014 financial and operational results yesterday. The company also reported that it reduced the sales of steel products by 13% to 12.6mt, iron ore concentrate by 3% to 13.6mt and coking coal concentrate by 17% to 1.8mt, but increased the sales of pellets by 5% to 8.4mt.

Metinvest also announced the release of its consent solicitations for a maturity extension on US\$113m of its 2015 Eurobonds from 20 May 2015 to 31 January 2016 in exchange for a US\$5 cash payment for every US\$1,000 of each bond's nominal value. The company also asked for waivers of certain events of default on 2017 and 2018 Eurobonds in exchange for a US\$2.5 cash payment for every US\$1,000 of each bond's nominal value. Metinvest also reported its default on a US\$113m portion of its pre-export financing facility which it plans to reschedule through negotiations with creditors as well.

Investment implications: In 2015, Metinvest remains highly vulnerable to the military conflict in Donbass. All the company's Ukrainian steel-making and coal-mining assets operate near or in the conflict territories and according to our estimates accounted for 60-70% of Metinvest's revenues in 2014.

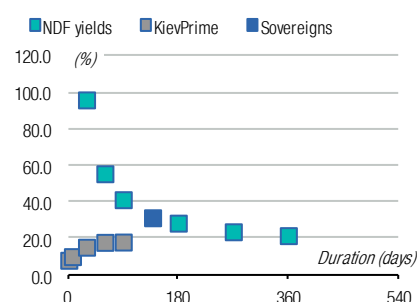
Still, however unstable and fragile the truce in Ukraine's east is, there were first signs of recovering industrial activities in the conflict territories during the last two weeks, as the Ministry of Energy and Coal of Ukraine confirmed starting shipments of coal through the confrontation line, and a number of plants resumed their operations, including Metinvest's Enakievo Steel.

However, even if the situation in Donbass stabilizes and Metinvest reaches the target levels of 50% capacity utilization for Enakievo Steel and 70-80% for Mariupol Steel and Azovstal throughout 2015, the company's crude steel output may still fall 15-20% to 7.2-7.6mt in 2015. The pricing environment also looks unfavorable, as steel prices are highly likely to follow the downward direction of iron ore price benchmarks, which fell 32% YTD. In such challenging conditions for Metinvest, another stage of re-profiling the company's debt in negotiations with its creditors looks to us inevitable. For more details of Metinvest's 2014 performance and 2015 outlook, please see our upcoming note.

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Yield curve of the local bond market

(as of market close on 8 Apr 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 8 Apr 2015)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	23.30	+10bp	-83bp	+205bp	+440bp
1wk	26.05	+0bp	+5bp	+255bp	+705bp
1m	28.00	+0bp	+25bp	+100bp	+810bp
2m	26.00	+0bp	+50bp	+200bp	+600bp
3m	26.00	+0bp	+50bp	+200bp	+600bp
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	338,157	+0.00	-1.52	+0.06	+6.30
Banks	104,704	+0.13	+3.07	-6.41	+12.06
Resid's ⁴	31,713	+0.02	+38.25	+7.89	+29.18
Non-res ⁵	27,268	+0.21	+0.28	+0.12	+26.57
Total	501,841	+0.04	+1.36	-0.91	+9.66
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	N/A	N/A	N/A	N/A
Jan '14	N/A	N/A	N/A	N/A	N/A
Aug '15 ⁶	N/A	N/A	N/A	N/A	N/A
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	4,578	+385bp	-130bp	+685bp	+24bp
Jun '16	105.75	-42bp	+160bp	+18bp	+69bp
Jul '17	60.73	+156bp	+35bp	+575bp	+33bp
Sep '20	29.83	-85bp	+5bp	+28bp	+11bp
Sep '21	30.87	+108bp	+4bp	+244bp	+12bp
Sep '22	26.63	+90bp	+3bp	+187bp	+10bp
Feb '23	24.50	+35bp	+3bp	+93bp	+894bp

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.

Table 1. Metinvest's Eurobond quotation as of market close, 08 April 2015

Issuer	Moody's/S&P /Fitch	Ccy	Volume out	Coupon (%)	Maturity	Price (%)	YTW (%)	Spread (bp)
Metinvest	Caa3/--/CCC	USD	113m	10.25	20-May-15	67.375	458.64	45,862
Metinvest	--/--/CCC	USD	290m	10.50	24-Nov-17	48.625	61.56	6,103
Metinvest	Caa3/--/CCC	USD	750m	8.75	14-Feb-18	46.25	43.427	4,259

Source: Bloomberg

New decline in liquidity

Banks' correspondent accounts with the NBU declined to this year's record low, falling UAH2.90bn yesterday to UAH22.26bn. However, total CDs outstanding rose a mere UAH0.02bn to UAH17.49bn and total local currency debt repayments scheduled for the next 30 days remained steady at UAH11.23bn. As a result, broader banking sector liquidity fell UAH2.89bn to UAH50.98bn.

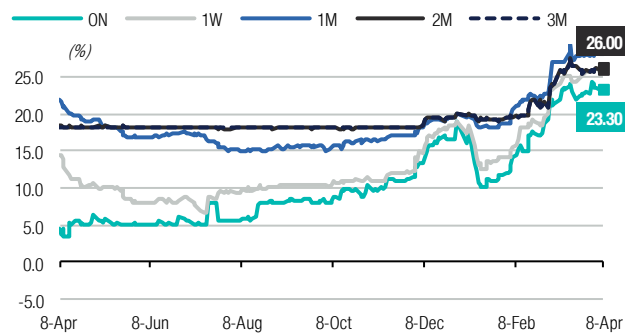
KyivPrime interest rates slightly diverged: the KyivPrime ON interest rate rose 10bp to 23.30% while the KyivPrime 1M interest rate remained steady at 28.00%.

Investment implications: Although the NBU absorbed about UAH0.82bn yesterday via the redemption of loans issued earlier to banks, the decline in liquidity falling was significantly larger due FX trading on Tuesday increase UAH0.05bn to US\$0.21m, and likely portion of stabilisation loans repaid by local banks.

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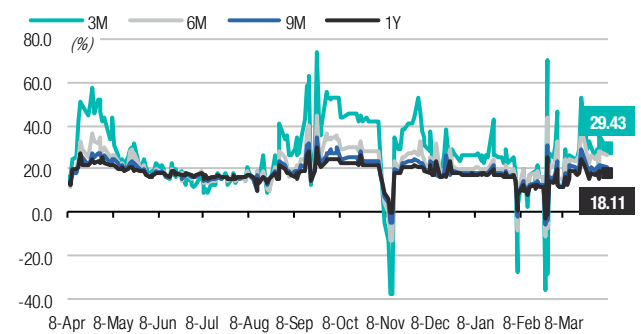
Chart page: Local bond market & Eurobond markets

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



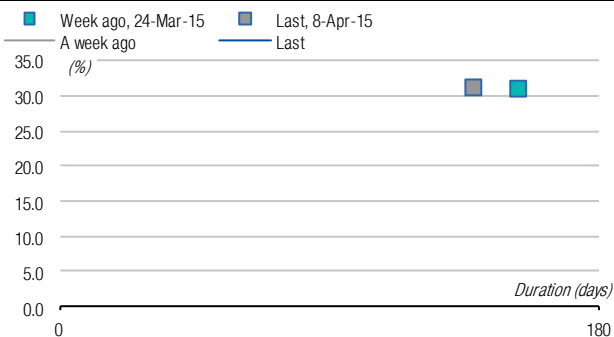
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



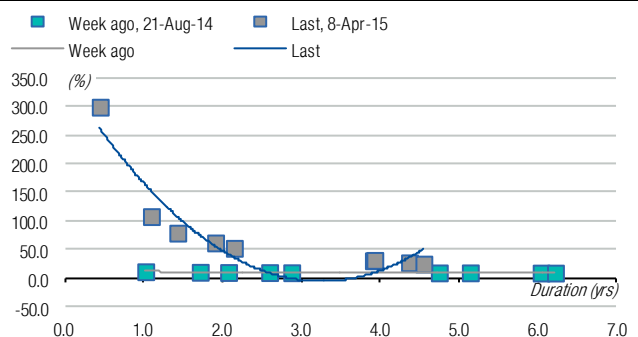
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 8 Apr 2015



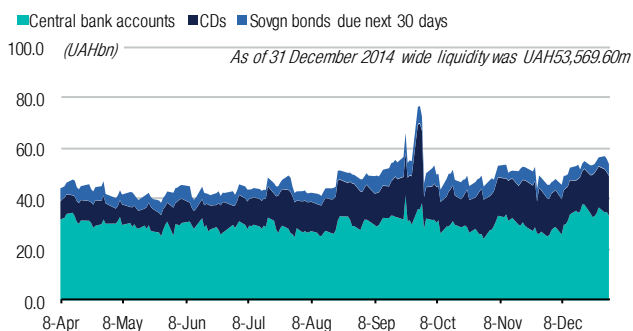
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 8 Apr 2015



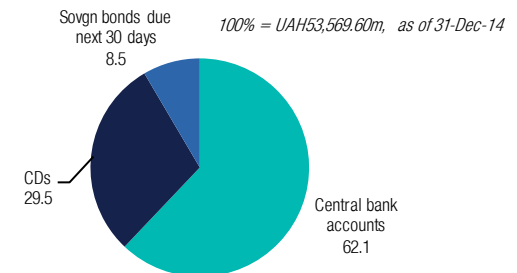
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



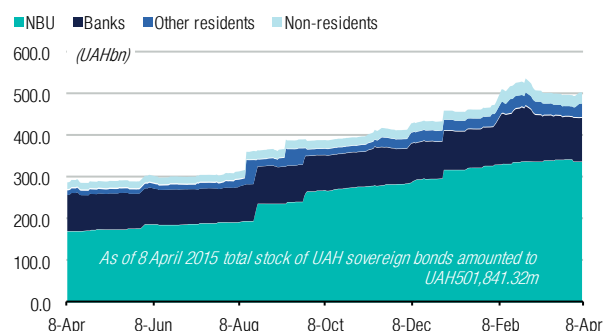
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 8 Apr 2015



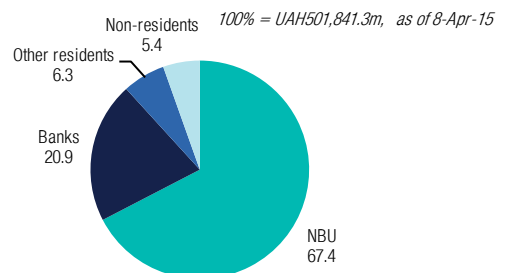
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 8 Apr 2015



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

Table 2. Ukrainian stocks (closing prices as of 8-Apr-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	8.63 GBp	+0.0	-8.0	-13.8	-11.5	0.13	29.6	-18.0	40.2	11.9	0.0	7.8	0.06	1,702	Neg.	N/A	N/A	2.7	N/A	N/A	Neg.	N/A	N/A	0.2	0.0	
Centrenergo	CEEN UK	Kiev, UX	8.00 UAH	-0.2	-0.3	+6.1	+46.0	0.34	124.7	116.8	21.7	27.1	20.2	31.6	0.10	1,019	6.1	62.0	Neg.	0.2	6.3	Neg.	0.4	0.2	0.3	1.1	16.3	
Coal Energy	CLE PW	Warsaw	0.61 PLN	-3.2	-1.6	-1.6	-59.1	0.16	7.4	84.3	25.0	1.8	2.0	5.6	0.21	488	Neg.	N/A	N/A	11.6	N/A	N/A	0.8	N/A	N/A	0.3	56.9	
Donbasenergo	DOEN UK	Kiev, UX	22.59 UAH	-0.7	-24.5	-31.5	-47.7	0.95	22.5	56.0	14.2	3.2	0.9	4.5	0.24	424	1.0	0.9	Neg.	0.1	1.2	17.5	0.2	0.1	0.3	0.8	25.1	
JKX Oil & Gas	JKX LN	London	31.00 GBp	+0.0	-10.8	+158.3	-48.3	0.46	79.3	89.8	47.2	37.4	8.6	407.5	0.27	372	Neg.	103.6	Neg.	Neg.	1.6	N/A	0.7	0.6	1.1	0.3	9.9	
Regal Petroleum	RPT LN	London	4.75 GBp	+0.0	+2.8	+52.0	-52.5	0.07	22.6	-7.5	80.9	18.3	2.3	2.0	0.01	6,944	Neg.	11.3	7.5	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	0.2	0.0	
Sadova Group	SGR PW	Warsaw	0.35 PLN	-12.5	-7.9	-55.7	-61.1	0.09	4.0	44.0	25.0	1.0	48.8	4.1	0.75	133	Neg.	N/A	N/A	Neg.	N/A	N/A	21.4	N/A	N/A	0.3	54.9	
Zakhidenergo	ZAEN UK	Kiev, PFTS	174.00 UAH	+0.0	+7.4	+17.5	+35.1	7.34	93.9	101.9	5.0	4.7	0.0	1.0	0.05	1,931	3.8	N/A	N/A	0.7	N/A	N/A	0.2	N/A	N/A	1.5	0.0	
METALLURGY																												
Alchevsky Meta...	ALMK UK	Kiev, UX	0.01 UAH	-0.8	-9.7	-9.7	-64.4	0.00	14.2	1,222.3	3.9	0.6	0.0	0.4	0.06	1,558	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.	2.0	1.8	4.4	N/A	85.7	
Avdiivivsky Cok...	AVDK UK	Kiev, UX	1.40 UAH	+1.3	-0.3	-19.2	-54.5	0.06	11.5	-14.9	4.0	0.5	0.0	1.0	0.06	1,695	Neg.	Neg.	Neg.	Neg.	0.3	0.3	Neg.	Neg.	Neg.	0.1	0.1	
Azovstal	AZST UK	Kiev, UX	0.80 UAH	-1.1	-1.6	+7.0	+9.2	0.03	141.3	117.8	4.1	5.8	0.2	6.5	0.16	642	Neg.	1.8	2.8	Neg.	0.8	1.1	0.1	0.1	0.1	0.3	0.0	
Ferrexpo PLC	FXPO LN	London	66.50 GBp	+2.3	+36.0	+36.0	-53.7	0.99	581.6	1,267.8	22.4	130.3	1,142.3	1,117.2	0.90	112	3.3	7.6	5.9	3.1	4.9	4.7	0.9	1.1	1.1	0.8	61.1	
Yasynivsky Cok...	YASK UK	Kiev, UX	0.30 UAH	+0.0	-14.3	+7.1	-57.1	0.01	3.5	3.9	9.0	0.3	0.0	0.1	0.00	30,432	Neg.	Neg.	9.1	0.0	Neg.	Neg.	0.0	0.0	0.0	0.1	0.0	
Yenakievo Steel	ENMZ UK	Kiev, UX	17.89 UAH	+3.4	+0.8	-14.6	-48.7	0.75	8.0	2.4	9.4	0.7	0.0	2.2	0.14	726	Neg.	Neg.	Neg.	0.4	0.1	0.1	0.0	0.0	0.0	0.8	0.0	
FOOD AND AGRIBUSINESS																												
AgroGeneration	ALAGR FP	EN Paris	0.48 EUR	-2.0	-2.0	+11.6	-58.3	0.52	47.7	94.2	34.0	16.2	10.5	54.9	0.19	536	Neg.	N/A	N/A	Neg.	N/A	N/A	1.6	N/A	N/A	1.0	35.9	
Agroliga	AGL PW	Warsaw	8.70 PLN	-1.1	-3.2	-3.3	-56.5	2.33	3.6	4.3	16.7	0.6	1.2	1.8	0.12	850	1.1	N/A	N/A	1.2	N/A	N/A	0.3	N/A	N/A	0.4	5.7	
Agroton	AGT PW	Warsaw	1.14 PLN	+1.8	-11.6	-7.3	-58.4	0.31	6.6	51.9	26.2	1.7	6.9	27.5	1.11	90	Neg.	N/A	N/A	19.4	17.3	N/A	0.6	0.6	N/A	0.1	28.4	
Astarta Holdin...	AST PW	Warsaw	23.51 PLN	+7.2	-1.9	+17.6	-46.6	6.31	157.7	387.9	31.0	48.9	1,290.9	76.1	0.18	551	5.7	Neg.	Neg.	5.1	3.0	4.0	1.0	0.9	1.0	0.6	38.2	
Avangard	AVGR LI	London Intl	2.60 USD	-1.9	-1.9	+26.8	-72.9	2.60	166.1	419.4	21.7	36.0	87.3	64.9	0.15	661	Neg.	1.9	1.2	3.2	3.2	2.2	1.0	0.9	0.7	0.2	33.1	
IMC	IMC PW	Warsaw	5.47 PLN	+5.6	-4.0	-3.5	-33.3	1.47	45.9	185.1	23.9	11.0	2.5	3.7	0.02	4,151	1.8	Neg.	5.7	3.4	3.6	3.7	1.6	1.2	1.1	0.3	38.7	
Kernel Holding...	KER PW	Warsaw	39.00 PLN	+2.5	+20.6	+37.0	+30.0	10.46	833.8	1,561.4	58.8	490.0	421.9	1,757.3	0.38	264	Neg.	6.0	5.5	7.0	4.7	4.7	0.7	0.7	0.6	0.8	39.1	
KSG Agro	KSG PW	Warsaw	0.80 PLN	-1.2	-26.6	-28.6	-84.7	0.21	3.2	84.9	34.4	1.1	6.2	10.3	0.54	184	Neg.	N/A	0.2	9.8	N/A	N/A	1.1	0.9	0.8	0.3	44.5	
MHP	MHPC LI	London Intl	10.85 USD	+3.3	+19.9	+17.9	-15.9	10.85	1,146.5	2,276.9	22.3	255.9	17.3	787.7	0.38	260	7.4	Neg.	4.5	5.8	4.4	4.5	1.5	1.6	1.6	2.3	47.0	
Milkiland	MLK PW	Warsaw	2.26 PLN	-3.0	-28.5	+52.7	-70.6	0.61	18.9	127.2	20.0	3.8	17.0	44.5	0.99	101	1.6	Neg.	Neg.	3.8	4.0	4.3	0.3	0.4	0.5	0.1	30.8	
Mriya Agrohold...	MAYA GF	Frankfurt	0.46 EUR	+0.0	+21.1	-18.1	-90.5	0.49	52.6	780.4	20.0	10.5	6.2	0.8	0.01	10,269	0.6	0.6	0.2	4.7	N/A	N/A	1.6	1.8	1.8	0.1	45.3	
Ovostar Union	OVO PW	Warsaw	69.99 PLN	+0.0	+1.9	-2.8	-1.3	18.78	112.7	122.3	25.0	28.2	1.0	24.9	0.00	25,722	3.7	4.6	5.5	3.3	3.9	4.7	1.4	1.5	1.4	0.8	8.5	
CONSTRUCTION																												
TMM	TR61 GF	Frankfurt	0.08 EUR	+0.0	-19.0	+1.3	-68.5	0.09	4.5	131.6	13.1	0.6	0.0	0.1	N/A	N/A	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	0.10 UAH	-0.8	-10.1	+0.5	-43.3	0.00	122.0	N/A	3.8	4.7	3.1	9.6	0.26	379	2.9	Neg.	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	0.5	22.4	
Ukrsotsbank	USCB UK	Kiev, UX	0.11 UAH	+0.0	+0.0	-15.5	-34.4	0.00	114.5	N/A	4.5	5.1	0.0	0.4	0.00	23,486	Neg.	6.1	6.4	N/A	N/A	N/A	N/A	N/A	N/A	0.2	28.2	

Table 2. Ukrainian stocks (closing prices as of 8-Apr-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 (%)

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

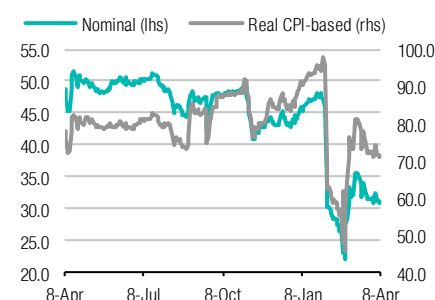
Monthly household purchases of FX subdued, sign of currency run losing steam

Although NBU data on monthly FX market operations in aggregate terms showed that the interbank FX market has been as active recently as it has been over the prior few months, household demand for FX hovered around a few hundred dollars, a long-term low. While the devaluation in February had such a profoundly negative impact on both businesses and households that authorities imposed FX tight controls to stabilize FX, even this action is prone to the risk of further destabilization by the Russian army.

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ICU's UAH trade-weighted indices

(Last 12-month history to 9 Apr 2015)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 8 Apr 2015)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	23.5150	+0.38	-1.86	+0.06	+48.64
NBU avg	23.5103	+0.02	+0.25	+2.68	+49.10
Ttl vlm ¹	N/A	N/A	N/A	N/A	N/A
\$ volume ²	N/A	N/A	N/A	N/A	N/A
NDF 3M	25.3100	+0.72	+0.64	+4.63	+50.21
NDF 6M	26.5100	+0.11	+0.26	+4.82	+52.36
NDF 1Y	27.5100	+0.11	+0.26	+5.85	+49.11
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	30.786	-0.92	-0.28	-3.68	-30.76
UAH real CPI	70.622	-0.92	-0.28	-3.68	-18.52
UAH real PPI	87.579	-0.92	-0.28	-3.68	-25.63
USD nom'l	97.940	+0.87	-0.25	+0.33	+8.50
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	53.6548	-3.25	-6.86	-11.21	-11.66
EUR/USD	1.0781	-1.42	+0.17	-0.58	-10.89
USD/CNY	6.2030	+0.18	+0.08	-0.96	-0.04
USD/PLN	3.7176	-0.15	-1.37	-2.41	+4.91
USD/TRY	2.5991	+1.12	+0.00	-0.93	+11.31
USD/BYR	14,520.00	-1.56	-1.22	-3.04	+32.00
USD/KZT	185.6800	+0.01	-0.06	+0.17	+1.83
OTHER MAJOR CURRENCIES					
USD/JPY	120.1300	+0.49	+0.31	-0.58	+0.29
GBP/USD	1.4866	-0.31	+0.29	-1.14	-4.56
USD/CHF	0.9665	+1.00	-0.05	-1.98	-2.80
AUD/USD	0.7684	-0.09	+1.11	-0.41	-6.01
USD/CAD	1.2546	+0.63	-0.59	-0.62	+7.96
USD/BRL	3.0494	-2.57	-3.65	-0.48	+14.74
USD/KRW	1,090.97	+0.23	-1.02	-0.71	+0.00
COMMODITIES					
Gold(\$/oz)	1,202.51	-0.91	-0.12	+3.03	+1.49
WTI crude ³	50.42	+0.00	+0.66	+1.63	-5.35
Brent crd ³	55.27	-2.45	-0.97	-6.87	-0.88
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	216.40	-2.46	+0.13	-1.70	-5.90

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>).

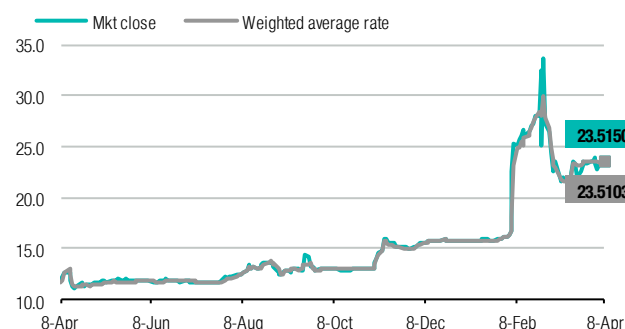
Section on FX market is continued on next page.

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.

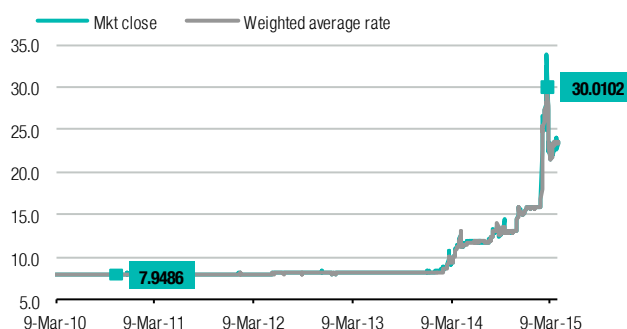
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

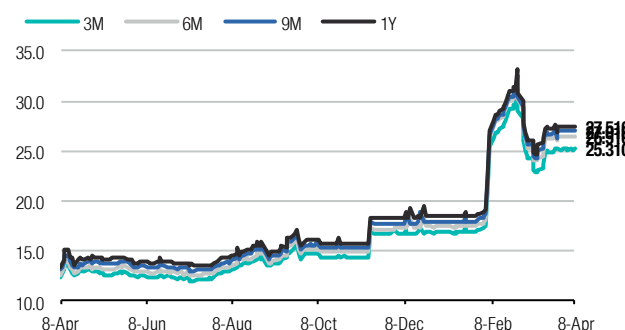


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

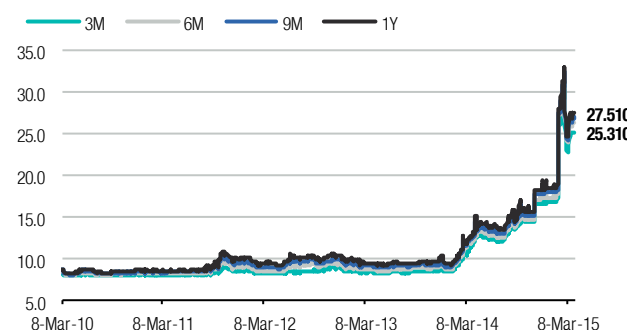


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

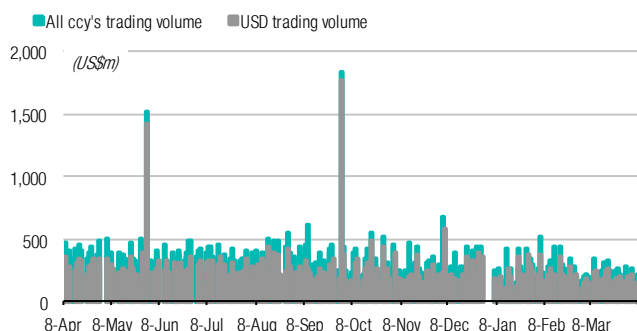


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

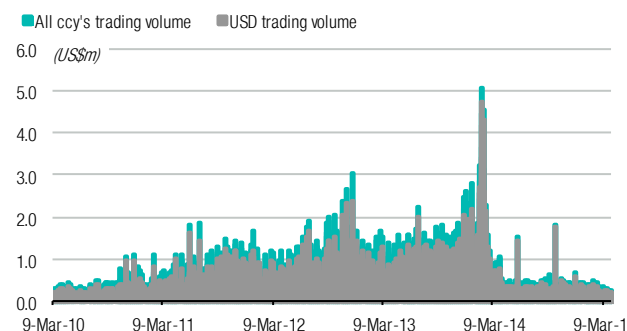


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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)

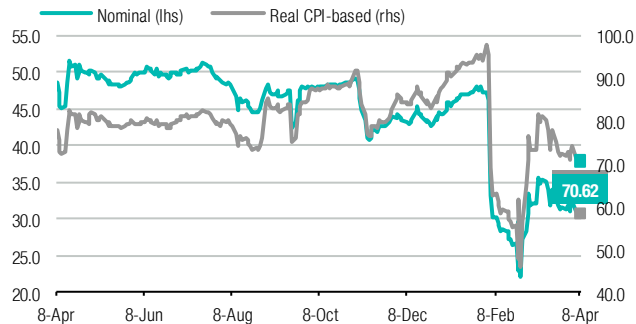


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

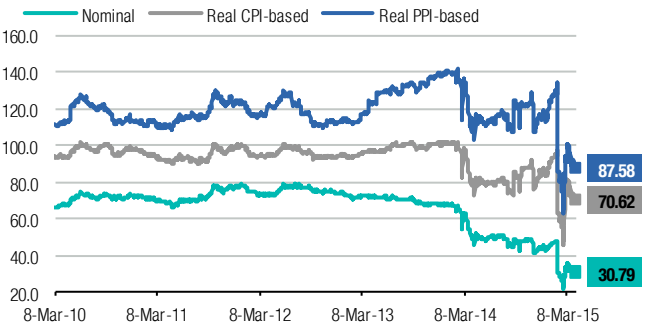
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



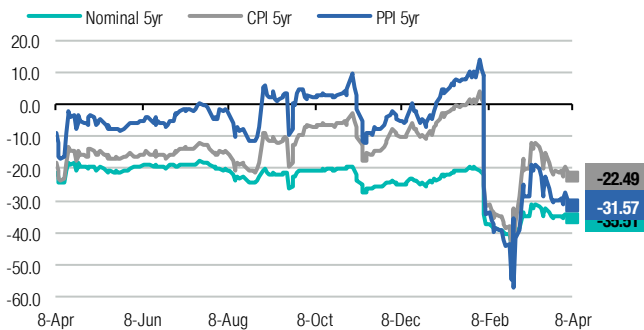
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

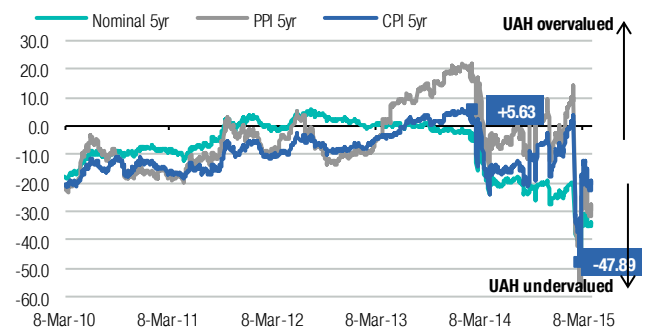


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

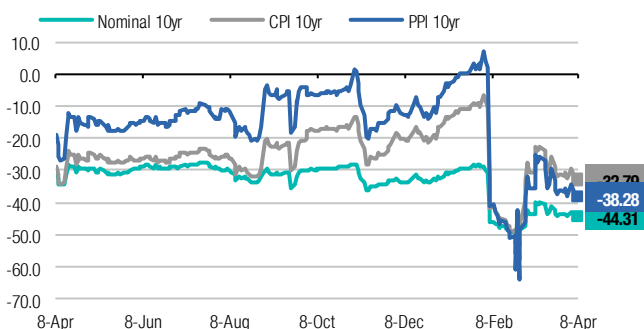


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

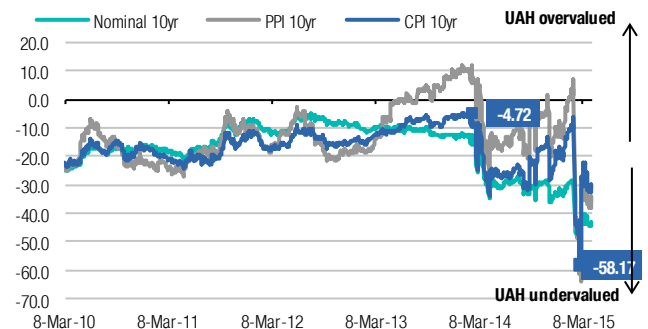


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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This research publication has been prepared by the analyst(s), whose name(s) appear on the front page of this publication. The analyst(s) hereby certifies that the views expressed within this publication accurately reflect her/his own views about the subject financial instruments or issuers and no part of her/his compensation was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views within this research publication.

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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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