


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity falls again; Unscheduled primary auction;
 YTM's rise above 9%; UAH at new multi-year low

FRIDAY, 24 JANUARY, 2014

RESEARCH INSIGHT

Contents

Bonds: News & Comments	4
Liquidity continues to decline on FX market deals.....	4
YTM's rise above 9.0%	4
Unscheduled primary auction	4
Chart page: Local bond market & Eurobond markets.....	5
FX: News & Comments	6
UAH at new multi-year low, daily trading volume surges.....	6
Chart page #1: Foreign-exchange market.....	7
Chart page #2: ICU's UAH trade-weighted indices.....	8

UX Index (3 months to 24 Jan 2014)



Key market indicators (as of 23 Jan 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	8.4400	+0.73	+2.43
USD/UAH (1Y NDF)	9.6250	-0.05	+2.18
EUR/USD	1.3696	+1.10	-0.34
USD/RUB	34.0892	+0.40	+3.71
KievPRIME O/N (%)	2.30	+6bp	-550bp
KievPRIME 1M (%)	7.50	+0bp	-875bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	9.46	+72bp	-10bp
Ukraine 22, Eurobond (%)	9.58	+28bp	+23bp
Ukraine 23, Eurobond (%)	9.12	+29bp	+8bp
Ukraine 5Y CDS	859bp	+56bp	+42bp

EQUITIES

Stock market indices

UX (Ukraine)	866.81	+0.35	-4.75
MSCI World	404.54	-0.74	-0.98
MSCI EM	963.98	-1.28	-3.86
RTS (Russia)	1,381.59	-0.73	-4.24
WIG-20 (Poland)	2,406.37	-1.09	+0.22
S&P 500 (USA)	1,828.46	-0.89	-1.08

MOST ACTIVE: Top 3 stocks by value traded (US\$m)

FXPO LN	4.39	68.6% of total ¹
KER PW	0.57	9.0%
AGT PW	0.47	7.3%

GAINERS: Top 3 stocks (in listed currency)

MHPC LI	USD 17.53	+0.17	+2.82
---------	-----------	-------	-------

LOSERS: Top 3 stocks (in listed currency)

CLE PW	PLN 1.03	-9.65	-1.90
IMC PW	PLN 11.10	-6.17	-8.64
OVO PW	PLN 83.80	-5.52	-16.20

Notes: Chg – percentage change, if not otherwise indicated;
 [1] – total traded volume for stocks listed in Table 1, pp. 2;
 green- or red-shaded box means gain or loss, respectively,
 of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Table 1. Ukrainian stocks (closing prices as of 23-Jan-2014)

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)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	P/B (x)	Debt/Assets (%)
ENERGY																											
Cadogan Petrol...	CAD LN	London	12.13 GBP	+0.0	+16.9	+16.9	-3.0	0.20	46.7	-16.4	40.2	18.8	0.0	14.5	0.09	1,092	Neg.	Neg.	Neg.	2.5	2.5	5.1	Neg.	Neg.	Neg.	0.3	0.0
Centrenerg	CEEN UK	Kiev, UX	4.46 UAH	+0.0	-4.7	-6.5	-23.8	0.53	195.2	270.4	21.7	42.4	23.0	71.4	0.14	714	7.1	6.6	4.7	0.5	3.9	2.7	0.3	0.3	0.3	0.7	12.2
Coal Energy	CLE PW	Warsaw	1.03 PLN	-9.6	+7.3	-1.9	-90.9	0.34	15.2	73.0	25.0	3.8	223.1	81.1	5.54	18	Neg.	Neg.	N/A	1.2	10.0	N/A	0.6	0.8	N/A	0.1	7.7
Donbasenergo	DOEN UK	Kiev, UX	29.68 UAH	+0.0	+8.0	+7.6	+53.5	3.52	83.1	139.5	14.2	11.8	5.5	54.4	0.14	738	22.7	3.0	4.4	0.5	2.5	2.4	0.3	0.2	0.2	1.1	17.8
JKX Oil & Gas	JKX LN	London	69.50 GBP	-2.1	-3.3	-2.8	-7.6	1.16	198.8	195.7	47.2	93.8	78.2	101.7	0.06	1,674	Neg.	6.1	5.6	1.4	2.0	2.1	1.0	1.0	0.9	0.4	2.5
Regal Petroleum	RPT LN	London	13.88 GBP	-0.9	+11.0	+6.7	-58.6	0.23	74.1	47.3	80.9	60.0	0.0	7.9	0.01	15,890	6.4	14.8	N/A	2.1	2.8	N/A	1.1	N/A	N/A	0.3	0.0
Sadova Group	SGR PW	Warsaw	0.61 PLN	+0.0	+19.6	+15.1	-69.3	0.20	8.6	48.3	25.0	2.2	43.4	39.7	1.90	53	Neg.	N/A	N/A	24.1	N/A	N/A	1.2	N/A	N/A	0.2	42.7
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+0.0	-8.8	-8.8	-28.9	0.00	108.1	1,771.4	3.9	4.2	2.1	18.6	0.27	364	Neg.	Neg.	N/A	N/A	Neg.	N/A	1.0	1.1	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	2.68 UAH	+0.0	-12.0	-9.6	-8.3	0.32	61.9	57.6	4.0	2.5	1.8	13.6	0.69	145	Neg.	Neg.	2.5	Neg.	1.4	0.8	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.59 UAH	+0.0	-9.6	-11.3	-9.9	0.07	295.9	286.0	4.1	12.1	0.8	20.2	0.09	1,055	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	166.00 GBP	-1.7	-9.8	-13.1	-38.2	2.77	1,627.6	2,214.5	22.4	364.6	4,394.4	2,386.4	0.77	129	7.6	6.4	7.0	5.6	4.7	4.9	1.6	1.4	1.4	1.0	37.0
Yasynivsky Cok...	YASK UK	Kiev, UX	0.55 UAH	+0.0	+4.8	+3.8	-18.5	0.07	17.8	19.5	9.0	1.6	0.8	1.8	0.05	2,111	2.2	1.5	1.1	0.1	0.7	0.6	0.0	0.0	0.0	0.1	0.1
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.28 EUR	-0.8	+2.4	+3.2	-24.7	1.75	61.5	88.6	34.0	20.9	40.6	40.5	0.12	808	Neg.	N/A	N/A	Neg.	N/A	N/A	1.4	N/A	N/A	1.4	35.9
Agroliga	AGL PW	Warsaw	26.14 PLN	-2.1	+3.8	+0.8	+29.4	8.55	13.1	13.5	16.7	2.2	12.7	11.8	0.62	161	18.5	N/A	N/A	18.3	N/A	N/A	5.2	N/A	N/A	N/A	7.5
Agroton	AGT PW	Warsaw	2.28 PLN	-5.0	+16.9	+16.9	-79.1	0.75	16.2	63.5	26.2	4.2	467.2	119.7	7.07	14	2.4	3.4	2.2	4.4	6.8	4.1	0.7	0.9	0.8	0.1	28.0
Astarta Holdin...	AST PW	Warsaw	65.60 PLN	+0.0	+4.1	-1.9	+8.4	21.45	536.4	864.9	31.0	166.4	335.3	211.9	0.12	846	8.7	7.0	4.6	9.8	6.8	5.5	1.8	1.7	1.4	1.0	38.9
Avangard	AVGR LI	London Intl	11.60 USD	-0.4	-0.8	-1.3	-0.1	11.60	740.9	907.3	21.7	160.8	0.2	278.6	0.25	403	3.3	3.3	3.3	3.2	3.1	3.1	1.4	1.3	1.2	0.6	22.3
IMC	IMC PW	Warsaw	11.10 PLN	-6.2	-7.4	-8.6	-28.8	3.63	113.6	229.9	23.9	27.1	13.5	18.1	0.05	1,884	6.1	4.3	2.7	6.3	5.4	5.1	3.1	1.7	1.2	0.9	33.0
Kernel Holding...	KER PW	Warsaw	41.10 PLN	-1.9	+4.6	+8.0	-37.7	13.44	1,071.1	1,791.1	58.8	629.5	573.8	3,115.7	0.28	357	9.6	9.7	5.8	6.2	6.2	5.0	0.6	0.7	0.6	0.8	30.6
KSG Agro	KSGO PW	Warsaw	9.55 PLN	-4.7	-10.8	-12.0	-27.2	3.12	46.9	168.7	34.4	16.1	33.2	20.3	0.10	963	5.8	3.9	3.9	40.0	5.8	4.6	4.5	2.5	1.6	0.5	29.2
MHP	MHPC LI	London Intl	17.53 USD	+0.2	+3.1	+2.8	+1.0	17.53	1,852.3	3,053.3	22.3	413.4	104.0	1,461.5	0.11	891	6.2	8.5	6.2	6.5	7.0	5.8	2.2	2.0	1.8	1.6	45.8
Milkiland	MLK PW	Warsaw	9.80 PLN	-2.0	-22.5	-21.6	-38.1	3.21	100.2	234.8	20.0	20.0	11.9	8.5	0.07	1,484	5.7	5.5	5.5	6.6	5.7	4.6	0.6	0.5	0.5	0.4	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.17 EUR	+0.0	-9.3	-4.2	+14.9	7.08	752.2	1,484.1	20.0	150.4	0.0	1.7	0.00	54,482	4.3	4.7	5.0	6.4	5.6	6.0	4.3	4.0	3.5	0.8	34.8
Ovostar Union	OVO PW	Warsaw	83.80 PLN	-5.5	-9.9	-16.2	-18.3	27.41	164.4	176.4	25.0	41.1	8.5	45.6	0.27	372	7.0	6.4	4.4	6.3	5.8	3.7	2.5	2.2	1.6	1.6	3.7
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.32 EUR	+0.0	+6.7	+0.0	-8.9	0.43	22.5	181.8	13.1	2.9	0.0	0.1	N/A	N/A	Neg.	N/A	N/A	Neg.	N/A	N/A	8.4	N/A	N/A	0.2	44.1
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.70 UAH	+0.0	-3.6	-7.9	+36.7	0.08	49.2	N/A	5.5	2.7	0.2	2.6	0.24	413	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	21.3
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.11 UAH	+0.0	-5.0	-5.6	+21.6	0.01	380.8	N/A	3.8	14.5	29.1	45.3	0.15	649	10.1	5.8	3.1	N/A	N/A	N/A	N/A	N/A	N/A	0.4	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.18 UAH	+0.0	-2.7	-4.0	+62.4	0.02	386.9	N/A	4.5	17.3	0.4	11.8	0.06	1,679	1,078.7	199.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.4	30.9

Table 1. Ukrainian stocks (closing prices as of 23-Jan-2014)

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)	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	P/B (x)

Notes: mIn - 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; *** -- means that P/E ratio is above 10,000x.

Sources: Bloomberg, Investment Capital Ukraine LLC.

Bonds: News & Comments

Liquidity continues to decline on FX market deals

Broader banking sector liquidity declined UAH1.54bn to UAH45.33bn yesterday as banks' correspondent accounts with the NBU fell UAH1.33bn to UAH29.61bn, total CDs outstanding slid a mere UAH0.01bn to UAH7.86bn, and total local currency debt repayments scheduled for the next 30 days were down UAH0.20bn UAH7.86bn.

Money market interest rates slightly diverged: the KyivPrime ON interest rate rose 6bp to 2.30% while the KyivPrime 1M interest rate remained steady at 7.50% for the third consecutive day.

Investment implications: Pressure from the FX market remained significant while the NBU provided no additional liquidity and only absorbed when possible. Liquidity should decline again today due to month-end tax payments, yesterday's bond purchases, and significant FX trading yesterday.

YTM's rise above 9.0%

YTM's of Ukrainian Eurobonds rose significantly yesterday on heightened political instability in Ukraine and uncertainty over attaining external financing prior to large repayments in February. As a result, Ukrainian Eurobond YTM's diverged/rose at the close, with UKRAIN 6.875% '15 rose 90bp to 9.06%, UKRAIN 9.25% '17 rose 72bp to 9.47%, while UKRAIN 7.95% '21 rose 51bp to 9.74%, UKRAIN 7.80% '22 rose 26bp to 9.57% and UKRAIN 7.50% '23 rose 26bp to 9.11%.

US Treasury YTM's slightly declined yesterday. At the close, the 5-year bond yield slid 10bp to 1.60% and the 10-year bond yield slid 9bp to 2.78%.

Unscheduled primary auction

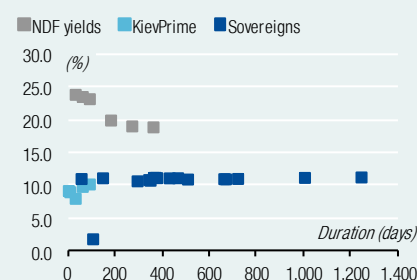
Yesterday, the MoF decided to hold an additional primary auction, offering four bonds, three of which were zero-coupon bonds maturing this year. The MoF sold 3-month and 4-month bonds at significant volumes, increased the cut-off interest rates by 50bp and 75bp, respectively, from the levels of previous similar bond issues. The 5-year bond was sold to one bank at the standard interest rate of 14.25%.

Investment implications: On the one hand, the MoF absorbed excess liquidity from the banking system to assist the NBU in relieving pressure on the FX market. However, these funds most likely will be used immediately for budget expenditures. As a result, this absorption will be minimal. At the same time, yesterday's auction might have been prompted by lower-than-expected month-end tax payments.

Taras Kotovych, Kiev, +38044 2200120 ext.244

Yield curve of the local bond market

(as of market close on 23 Jan 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 23 Jan 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	2.30	+6bp	+9bp	-570bp	-550bp
1wk	2.88	+7bp	+0bp	-812bp	-692bp
1m	7.50	+0bp	-61bp	-12ppt	-875bp
2m	10.75	+0bp	-50bp	-625bp	-565bp
3m	12.00	+0bp	-25bp	-438bp	-400bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	29,613	-4.29	-2.96	+21.91	-9.45
CDs ²	1,449	-81.58	-81.66	+2,534.5	+105.5
Sovgns ³	7,822	+0.00	+3.32	+382.4	+423.2
Total	38,884	-16.60	-15.44	+49.74	+11.41
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	148,554	-0.67	+1.02	+2.56	+2.56
Banks	78,307	-0.95	-4.11	-2.95	-2.32
Resid's ⁴	13,065	-0.43	+1.81	-1.54	+5.39
Non-res ⁵	12,122	+0.00	+1.27	+12.02	+3.62
Total	252,048	-0.71	-0.58	+0.97	+1.18
NDF IMPLIED YIELDS (%)					
3m	13.76	-302bp	+573bp	-51bp	+161bp
6m	12.97	-173bp	+424bp	-32bp	-44bp
9m	13.91	-59bp	+317bp	-28bp	-10bp
1yr	14.69	-89bp	+239bp	-134bp	-29bp
LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+132bp	+65bp	-15ppt	-730bp
Aug '15 ⁶	N/A	+74bp	+0bp	+0bp	+0bp
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	859	+56bp	+165bp	+59bp	+42bp
Jun '16	9.07	+118bp	+264bp	+20bp	+18bp
Jul '17	9.46	+72bp	+176bp	-6bp	-10bp
Sep '20	9.76	+52bp	+142bp	+63bp	+57bp
Sep '21	9.73	+52bp	+126bp	+57bp	+51bp
Sep '22	9.58	+28bp	+105bp	+29bp	+23bp
Feb '23	9.12	+29bp	+73bp	+14bp	+8bp

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

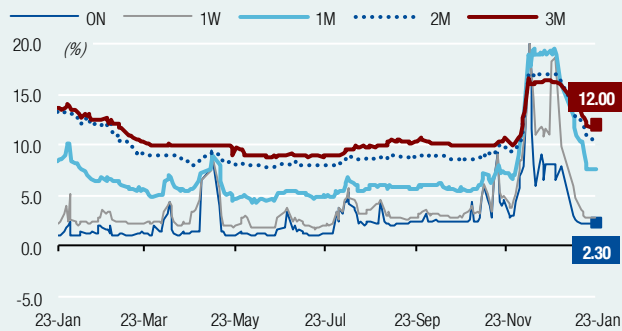


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 23 Jan 2014

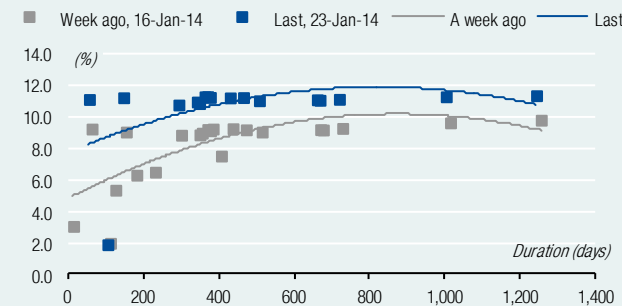


Chart 4. USD sovereign yield curve (%) as of 23 Jan 2014

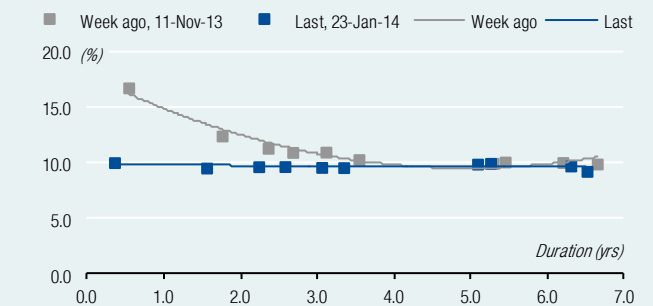


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

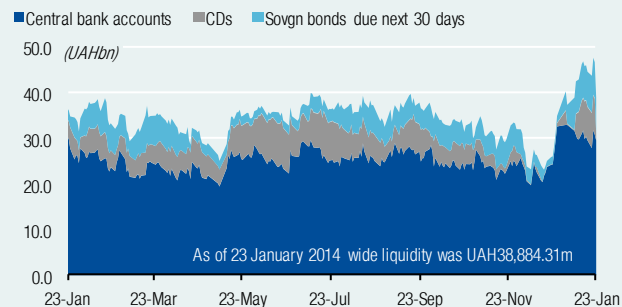


Chart 6. Breakdown of liquidity pool (%) as of 23 Jan 2014

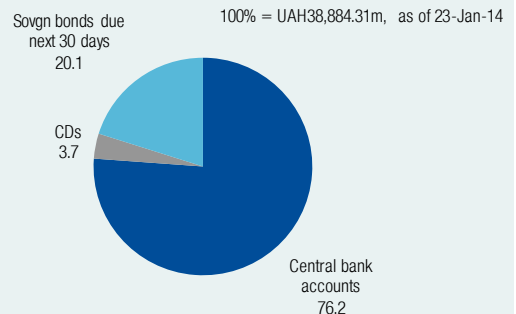


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

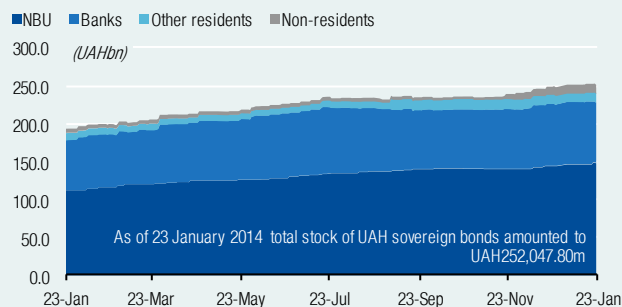
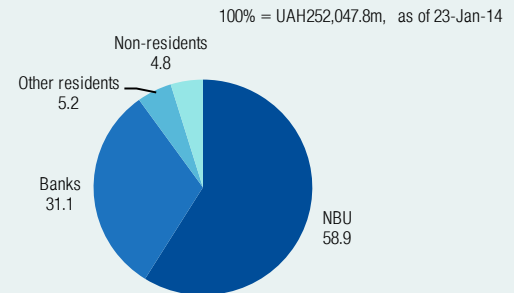


Chart 8. Domestic sovereign debt (%) as of 23 Jan 2014



FX: News & Comments

UAH at new multi-year low, daily trading volume surges

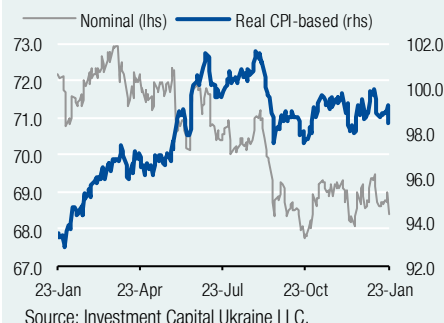
Ukraine's currency closed at 8.44/USD, according to Bloomberg on US\$1.9bn in turnover. The closing rate was 0.73% down from the previous day's close; however, the day before yesterday the FX rate hit 8.45/USD during intraday trading. A day ago, FX selling by state run banks pushed the rate to 8.38/USD. There was no further FX selling by state run banks, but other market players quoted 8.38/USD at the second half of the day, but closed at 8.44/USD because of market uncertainty.

In the Russian FX market, the USD/RUB rate continued its downward trend and fell 0.40% to 34.0892/USD. The central bank in Russia was widening the FX rate movement. In our view, the Russian ruble is set to weaken further over this year; the recent weakness of the currency is only a natural development. In the global FX market, the Euro rose 1.10% on bad macro news, and many EM currencies fell on domestic issues as well, including the Argentine peso (12.0%), the Turkish lira (1.51%) and the South African rand (1.4%).

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 24 Jan 2014)



FX market indicators (as of 23 Jan 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	8.4400	+0.73	+1.23	+2.49	+2.43
NBU avg	8.1521	-0.01	+0.05	+0.14	+0.02
Tt vlm ¹	2432.44	-24.80	+34.75	+15.94	-13.19
\$ volume ²	1860.60	-31.76	+32.80	+7.92	-15.84
NDF 3M	8.7250	+0.00	+2.65	+2.37	+2.83
NDF 6M	8.9750	-0.08	+3.28	+2.34	+2.22
NDF 1Y	9.6250	-0.05	+3.38	+1.32	+2.18
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	68.412	-0.80	-0.42	-0.34	-0.52
UAH real CPI	98.413	-0.80	-0.42	-0.34	-0.52
UAH real PPI	130.663	-0.80	-0.42	-0.34	-0.52
USD nom'l	80.438	-0.90	-0.58	-0.01	+0.50
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	34.0892	+0.40	+2.01	+4.47	+3.71
EUR/USD	1.3696	+1.10	+0.56	+0.00	-0.34
USD/CNY	6.0522	+0.01	-0.06	-0.31	-0.03
USD/PLN	3.0527	-0.65	-0.24	+0.54	+0.98
USD/TRY	2.2925	+1.51	+3.88	+9.30	+6.72
USD/BYR	9,615.00	+0.05	+0.21	+1.10	+0.79
USD/KZT	155.0700	-0.05	-0.11	+0.64	+0.52
OTHER MAJOR CURRENCIES					
USD/JPY	103.2600	-1.21	-1.04	-0.82	-1.95
GBP/USD	1.6637	+0.37	+1.73	+1.72	+0.48
USD/CHF	0.8973	-1.57	-0.83	+0.39	+0.49
AUD/USD	0.8768	-0.95	-0.60	-1.86	-1.67
USD/CAD	1.1102	+0.14	+1.57	+4.69	+4.51
USD/BRL	2.3996	+1.11	+1.62	+1.79	+1.59
USD/KRW	1,073.79	+0.60	+0.98	+1.22	+2.29
COMMODITIES					
Gold(\$/oz)	1,264.14	+2.19	+1.75	+5.45	+4.85
WTI crude ³	N/A	N/A	N/A	N/A	N/A
Brent crd ³	N/A	N/A	N/A	N/A	N/A
Urals crd ³	N/A	N/A	N/A	N/A	N/A
TR/J CRB ⁴	281.29	+0.27	+1.03	-0.28	+0.40

Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU website ([download history](#)) 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)

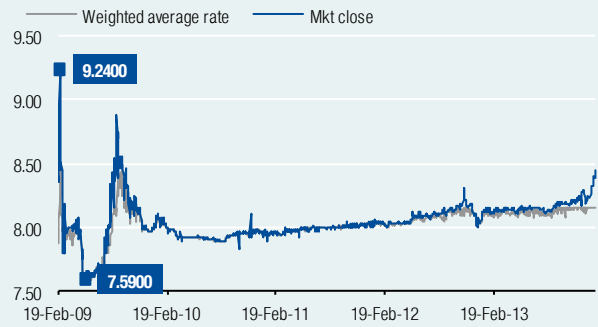
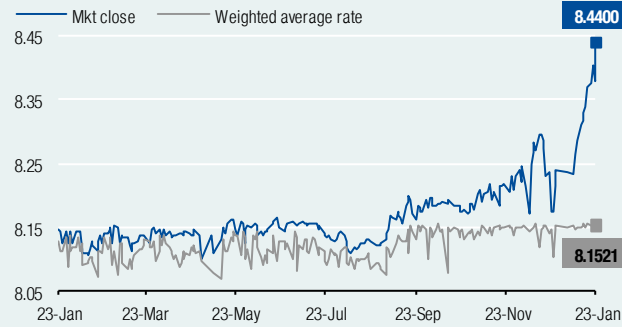


Chart 10. NDF market rates USD/UAH: last 12-month and 5-year periods (UAH per USD, left and right respectively)

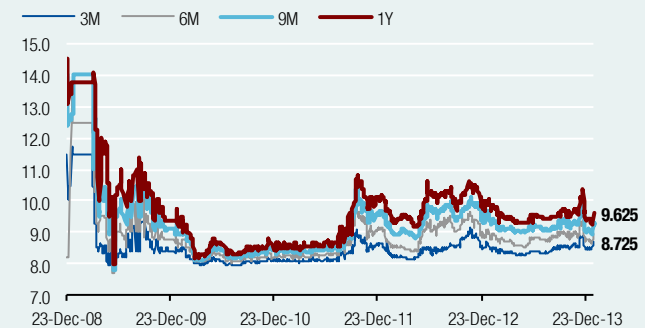
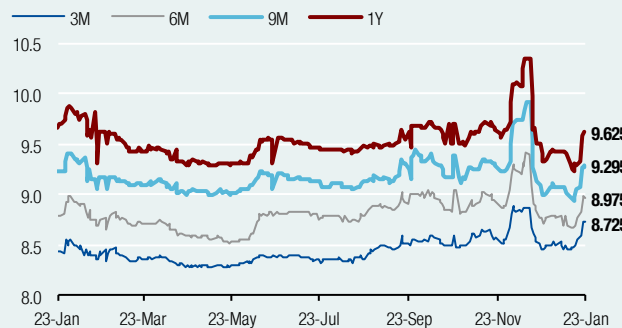


Chart 11. Trading volume: last 12-month and 5-year periods (US\$m, left and right respectively)

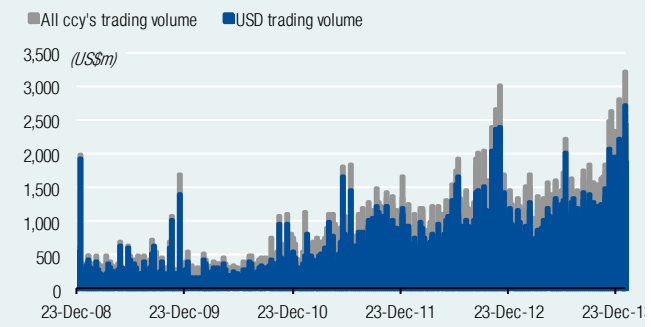
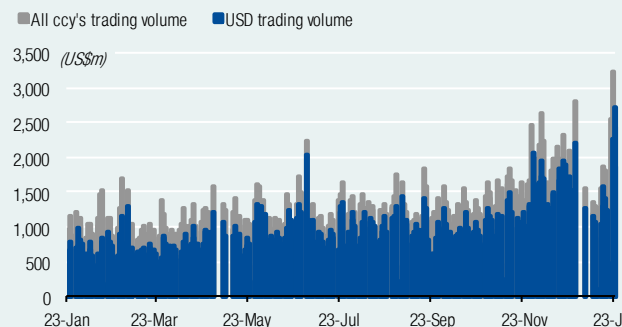


Chart 12. 30D MA* ratio of FX market turnover to merchandise trade: last 12m and 5yr periods (% , left and right respectively)

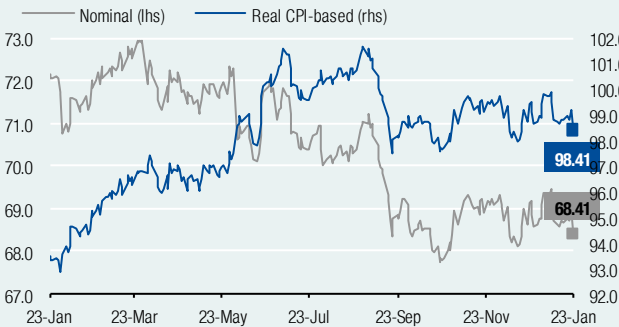


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

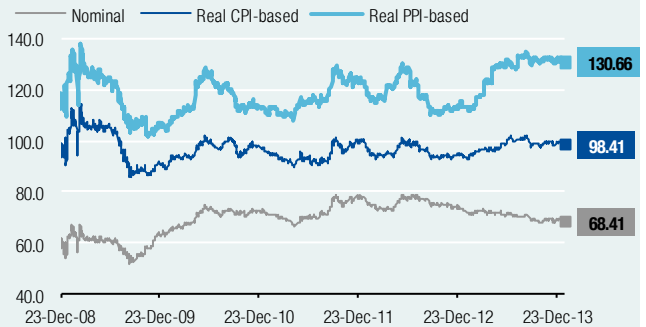
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

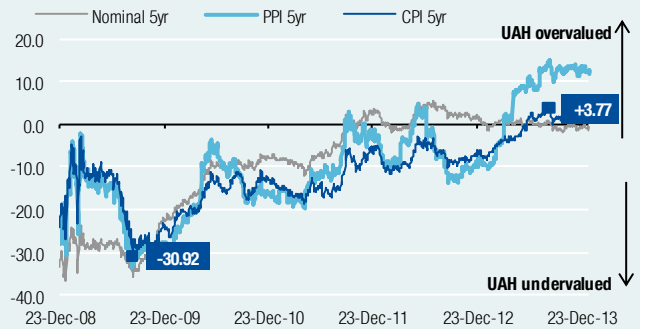


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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.

This page is intentionally left blank

Disclosures

ANALYST CERTIFICATION

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.

EQUITY RATING DEFINITIONS

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



INVESTMENT CAPITAL UKRAINE
INVESTMENT BANKING

Office 44, 11th floor, LEONARDO Business Centre
19-21 Bogdan Khmelnytsky Street
Kiev, 01030 Ukraine
Phone/Fax +38 044 2200120

CHAIRMAN OF THE BOARD OF DIRECTORS

Valeria Gontareva
valeria.gontareva@icu.ua

CORPORATE FINANCE TEL. +38 044 2200120

Makar Paseniuk, Managing Director
makar.paseniuk@icu.ua

Volodymyr Demchyshyn, Director
volodymyr.demchyshyn@icu.ua

Ruslan Kilmukhametov, Director
ruslan.kilmukhametov@icu.ua

SALES AND TRADING TEL. +38 044 2201621

Konstantin Stetsenko, Managing Director
konstantin.stetsenko@icu.ua

Sergiy Byelyayev, Fixed-Income Trading
sergiy.byelyayev@icu.ua

Vitaliy Sivach, Fixed-Income & FX Trading
vitaliy.sivach@icu.ua

Vlad Sinani, Director,
Strategy and Corporate Development
vlad.sinani@icu.ua

Julia Pecheritsa,
Ukraine and CIS International Sales
julia.pecheritsa@icu.ua

Yevgeniya Gryshchenko,
Fixed-Income Sales
yevgeniya.gryshchenko@icu.ua

RESEARCH DEPARTMENT TEL. +38 044 2200120

Alexander Valchyshen
Head of Research
alexander.valchyshen@icu.ua

Alexander Martynenko
Head of corporate research
alexander.martynenko@icu.ua

Bogdan Vorotilin
Financial analyst (Food & Agribusiness)
bogdan.vorotilin@icu.ua

Taras Kotovych
Senior financial analyst (Sovereign debt)
taras.kotovych@icu.ua

Mykhaylo Demkiv
Financial analyst (Banks)
mykhaylo.demkiv@icu.ua

Lee Daniels, Rolfe Haas
Editors

Investment Capital Ukraine LLC is regulated by Securities and Stock Market State Commission of Ukraine (license numbers: dealer activity AE 263019, broker activity AE 263018, underwriting activity AE 263020 dated 11 April 2013).

DISCLAIMER

This research publication has been prepared by Investment Capital Ukraine LLC solely for information purposes for its clients. It does not constitute an investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, Investment Capital Ukraine makes no representation that it is accurate or complete. The information contained herein is subject to change without notice. Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of Investment Capital Ukraine LLC. All rights are reserved. Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any investments referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors should make their own investigations and investment decisions without relying on this report. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuer or market discussed herein and other persons should not take any action on the basis of this report.



Additional information is available upon request.