


 INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity rose prior to the last day of tax payments;
Yield curve flattens

MONDAY, 31 MARCH, 2014

RESEARCH INSIGHT

Contents

Bonds: News & Comments	4
Liquidity rose prior to the last day of tax payments.....	4
Yield curve flattens	4
Chart page: Local bond market & Eurobond markets.....	5
FX: News & Comments	6
UAH stays put despite some market efforts to weaken the FX rate	6
Chart page #1: Foreign-exchange market.....	7
Chart page #2: ICU's UAH trade-weighted indices.....	8

UX Index (3 months to 31 Mar 2014)



Key market indicators (as of 28 Mar 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	11.1000	-0.13	+34.71
USD/UAH (1Y NDF)	12.6230	+0.18	+34.00
EUR/USD	1.3752	+0.09	+0.07
USD/RUB	35.7626	+0.40	+8.80
KievPRIME O/N (%)	3.96	-104bp	-384bp
KievPRIME 1M (%)	23.30	-8bp	+705bp
BONDS: yields and spreads			
Ukraine VAT bond (%)	N/A	+74bp	+0bp
Ukraine 17, Eurobond (%)	10.16	-148bp	+60bp
Ukraine 22, Eurobond (%)	8.88	-51bp	-46bp
Ukraine 23, Eurobond (%)	8.65	-60bp	-39bp
Ukraine 5Y CDS	890bp	-5bp	+73bp
EQUITIES			
Stock market indices			
UX (Ukraine)	992.41	-1.29	+9.05
MSCI World	407.95	+0.57	-0.15
MSCI EM	984.91	+0.99	-1.77
RTS (Russia)	1,186.28	+0.58	-17.78
WIG-20 (Poland)	2,433.74	+0.49	+1.36
S&P 500 (USA)	1,857.62	+0.46	+0.50
MOST ACTIVE: Top 3 stocks by value traded (US\$m)			
FXPO LN	2.66	23.0% of total ¹	
KER PW	2.59	22.5%	
AVGR LI	2.42	20.9%	
GAINERS: Top 3 stocks (in listed currency)			
SGR PW	PLN 1.00	+21.95	+88.68
FORM UK	UAH 0.43	+13.83	-43.68
CLE PW	PLN 1.63	+5.16	+55.24
LOSERS: Top 3 stocks (in listed currency)			
CAD LN	GBP 8.88	-4.05	-14.46
AST PW	PLN 42.00	-3.23	-37.22
BAVL UK	UAH 0.15	-2.91	+32.16

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 28-Mar-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	8.88 GBP	-4.1	-21.1	-14.5	-34.9	0.15	34.1	-28.9	40.2	13.7	6.3	8.7	0.06	1,715	Neg.	Neg.	Neg.	4.4	4.5	9.0	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	5.15 UAH	-0.9	-7.7	+7.9	-5.5	0.46	171.5	228.7	21.7	37.2	145.9	66.8	0.31	325	8.1	7.3	5.0	0.4	4.1	2.8	0.3	0.4	0.3	0.8	12.2
Coal Energy	CLE PW	Warsaw	1.63 PLN	+5.2	-10.4	+55.2	-74.2	0.54	24.2	82.1	25.0	6.0	752.1	436.4	7.44	13	Neg.	Neg.	N/A	1.3	11.2	N/A	0.7	0.9	N/A	0.2	7.7
Donbasenergo	DOEN UK	Kiev, UX	38.60 UAH	-0.4	-4.8	+39.9	+88.4	3.48	82.3	125.2	14.2	11.7	62.1	27.7	0.29	345	29.5	3.7	5.2	0.5	2.8	2.6	0.3	0.3	0.3	1.4	17.8
JKX Oil & Gas	JKX LN	London	58.50 GBP	-2.1	-4.9	-18.2	-22.8	0.97	167.2	164.2	47.2	78.9	74.4	73.4	0.14	724	25.7	4.8	N/A	1.2	1.8	N/A	0.9	0.8	N/A	0.3	2.5
Regal Petroleum	RPT LN	London	11.50 GBP	+0.0	-2.1	-11.5	-52.3	0.19	61.4	34.5	80.9	49.6	0.0	6.9	0.01	8,219	5.3	12.3	N/A	1.6	2.0	N/A	0.8	N/A	N/A	0.2	0.0
Sadova Group	SGR PW	Warsaw	1.00 PLN	+22.0	+6.4	+88.7	-39.4	0.33	14.2	53.9	25.0	3.6	518.1	132.3	4.03	25	Neg.	N/A	N/A	8.1	N/A	N/A	1.4	N/A	N/A	0.3	42.4
Zakhidenergo	ZAEN UK	Kiev, PFTS	120.00 UAH	+1.8	-5.5	+32.7	+42.9	10.83	138.5	114.4	5.0	6.9	0.1	6.6	0.05	1,874	2.7	N/A	N/A	0.8	N/A	N/A	0.1	N/A	N/A	0.9	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.03 UAH	-1.7	-19.2	-10.9	-27.4	0.00	80.5	1,346.9	3.9	3.1	26.8	9.1	0.37	274	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	2.85 UAH	-0.1	-11.3	-3.6	-7.6	0.26	50.2	47.0	4.0	2.0	7.3	11.9	0.73	137	Neg.	Neg.	2.6	Neg.	1.4	0.9	0.1	0.1	0.1	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.67 UAH	+0.1	-14.3	+0.1	+6.2	0.06	254.5	246.9	4.1	10.4	14.8	9.4	0.14	713	Neg.	Neg.	N/A	Neg.	Neg.	N/A	0.1	0.1	N/A	0.2	0.0
Ferrexpo PLC	FXPO LN	London	152.80 GBP	+1.9	+2.6	-17.8	-9.3	2.54	1,496.9	2,158.1	22.4	335.3	2,659.9	3,683.5	1.26	79	5.7	6.2	7.8	4.3	4.7	5.3	1.4	1.4	1.4	0.9	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.75 UAH	+3.5	+0.7	+40.6	+24.4	0.07	18.4	19.7	9.0	1.7	0.1	1.4	0.05	1,935	3.0	2.0	1.5	0.1	0.9	0.8	0.1	0.1	0.1	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	33.09 UAH	-1.8	-11.0	+3.4	-5.3	2.99	31.5	26.8	9.4	3.0	5.0	12.6	0.44	228	5.0	Neg.	N/A	Neg.	Neg.	N/A	0.0	0.0	N/A	0.8	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.12 EUR	-1.8	-9.7	-9.7	-34.1	1.54	142.3	169.6	34.0	48.4	35.3	32.2	0.09	1,057	Neg.	N/A	N/A	Neg.	N/A	N/A	2.6	N/A	N/A	1.2	35.9
Agroliga	AGL PW	Warsaw	19.47 PLN	+0.4	-25.0	-24.9	+12.1	6.42	9.9	10.8	16.7	1.6	0.9	15.6	1.32	76	2.3	N/A	N/A	3.1	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.95 PLN	+3.5	-44.9	+51.3	-64.9	0.97	21.1	68.4	26.2	5.5	951.3	646.5	21.47	5	3.1	4.4	2.8	4.8	7.3	4.4	0.8	1.0	0.8	0.2	28.0
Astarta Holdin...	AST PW	Warsaw	42.00 PLN	-3.2	-22.2	-37.2	-31.1	13.85	346.2	676.3	31.0	107.4	61.6	177.3	0.22	464	5.6	7.2	3.9	7.7	8.3	4.4	1.4	1.7	1.2	0.6	38.9
Avangard	AVGR LI	London Intl	9.60 USD	+0.0	-4.0	-18.3	+17.8	9.60	613.2	779.5	21.7	133.1	2,419.6	376.5	0.47	215	2.7	2.7	3.1	2.8	2.7	2.9	1.2	1.1	1.1	0.5	22.3
IMC	IMC PW	Warsaw	8.50 PLN	+0.6	-8.9	-30.0	-44.8	2.80	87.7	204.0	23.9	20.9	287.2	108.8	0.57	174	4.7	4.7	3.1	5.6	4.9	3.8	2.7	1.4	1.0	0.7	33.0
Kernel Holding...	KER PW	Warsaw	28.75 PLN	-2.0	-10.4	-24.5	-51.4	9.48	755.3	1,778.6	58.8	443.9	2,595.0	2,326.7	0.84	120	6.8	8.2	4.1	6.1	6.4	4.9	0.6	0.7	0.6	0.6	30.6
KSG Agro	KSG PW	Warsaw	5.90 PLN	+0.9	-26.7	-45.6	-53.9	1.95	29.2	151.1	34.4	10.0	46.0	19.6	0.28	362	3.6	2.4	2.5	35.8	5.2	4.2	4.1	2.2	1.4	0.3	29.2
MHP	MHPC LI	London Intl	13.00 USD	+1.6	-9.8	-23.8	-26.8	13.00	1,373.7	2,574.7	22.3	306.6	588.0	1,211.6	0.51	196	4.6	6.8	5.6	5.5	6.2	5.2	1.8	1.7	1.6	1.2	45.8
Milkiland	MLK PW	Warsaw	7.70 PLN	+0.0	-22.9	-38.4	-46.0	2.54	79.3	214.6	20.0	15.9	1.9	14.6	0.10	1,027	4.5	4.4	4.4	6.0	5.3	4.3	0.5	0.5	0.4	0.3	29.9
Mriya Agrohold...	MAYA GF	Frankfurt	5.00 EUR	+0.0	-14.6	-7.4	+8.5	6.88	730.7	1,462.6	20.0	146.1	1.4	2.6	0.00	31,182	4.2	4.6	4.8	6.3	5.5	5.9	4.2	3.9	3.4	0.8	34.8
Ovostar Union	OVO PW	Warsaw	68.90 PLN	+1.4	-3.0	-31.1	-27.5	22.72	136.3	148.3	25.0	34.1	246.5	52.2	0.15	680	5.8	5.3	3.7	5.3	5.3	3.3	2.1	1.8	1.4	1.3	3.7
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.31 EUR	+0.0	-2.8	-2.2	-36.5	0.43	22.1	181.4	13.1	2.9	0.0	0.1	0.00	42,598	Neg.	N/A	N/A	Neg.	N/A	N/A	8.3	N/A	N/A	0.2	44.1
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.43 UAH	+13.8	-50.2	-43.7	-28.7	0.04	22.9	N/A	5.5	1.3	0.1	0.7	0.12	808	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.2	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.15 UAH	-2.9	-5.1	+32.2	+54.1	0.01	405.7	N/A	3.8	15.5	34.2	41.3	0.28	363	14.1	8.1	4.3	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
UkrSotsbank	USCB UK	Kiev, UX	0.16 UAH	+2.1	-18.2	-16.0	+34.3	0.01	257.7	N/A	4.5	11.5	9.0	3.7	0.05	2,053	943.9	174.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	30.9

Table 1. Ukrainian stocks (closing prices as of 28-Mar-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: 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; *** -- means that P/E ratio is above 10,000x.

Sources: Bloomberg, Investment Capital Ukraine LLC.

Bonds: News & Comments

Liquidity rose prior to the last day of tax payments

Last Friday began with a significant increase in banking sector liquidity that occurred prior to the last day of monthly tax payments. Broader banking sector liquidity rose UAH3.15bn to UAH41.83bn as banks' correspondent accounts with the NBU rose UAH2.85bn to UAH29.37bn and total CDs outstanding rose a mere UAH0.31bn to UAH9.30bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH3.16bn.

KyivPrime interest rates once more slightly declined last Friday: the KyivPrime ON interest rate declined 104bp to 3.96% while the KyivPrime 1M interest rate slid 8bp to 23.30%.

Investment implications: Liquidity rose with an increase in loans issued by the NBU with 29- and 179-day terms. Although buyers could increase the volumes of bids for FX purchases and deposited funds. As last Friday was the last day of monthly tax payments, liquidity could significantly decline today.

Yield curve flattens

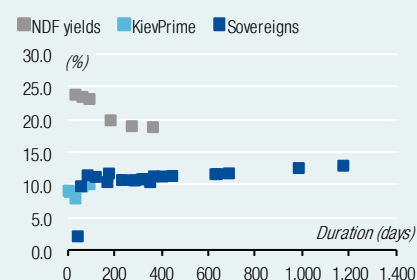
At end of last week, only two Eurobonds had YTM's above 10.0%, excluding two Eurobonds issued in 2012, namely UKRAIN 9.25% '17 which had a YTM of 10.19% and UKRAIN 7.95% '14 with a YTM of 16.48%. Excluding these two Eurobonds and the UKRAIN 5.00% '15 which normally remains low, the yield curve moved to the range of 8.32%-9.66%, including UKRAIN 6.875% '15, which declined 57bp to 9.66%, UKRAIN 6.25% '16, up 27bp to 9.31%, UKRAIN 6.75% '17, up 35bp to 9.32%, UKRAIN 7.95% '21, up 8bp to 9.19%, and UKRAIN 7.80% '22, up 2bp to 9.91%, while UKRAIN 7.50% '23 declined 4bp to 8.32%. The 5-year CDS declined to 890bp.

Investment implications: Last Friday shows the slight correction for many Eurobonds, but generally we saw a significant improvement after last month's jump in yields to very high levels. Last week's decline included all positive announcements from the USA and the EU as well as attempts to resolve the Crimean crisis without military action and the new IMF stand-by loan agreement. Although these were only announcements of intentions rather than real commitments that result in financial support, the markets will continue to anticipate new positive or negative news, including Ukraine-Russia relations on gas import and prices.

Taras Kotovych, Kiev, +38044 2200120 ext.244

Yield curve of the local bond market

(as of market close on 28 Mar 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 28 Mar 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	3.96	-104bp	-284bp	-538bp	-384bp
1wk	17.30	-58bp	-42bp	-434bp	+750bp
1m	23.30	-8bp	-40bp	+26bp	+705bp
2m	18.30	+17bp	+0bp	+30bp	+190bp
3m	18.04	+4bp	+0bp	+29bp	+204bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	29,372	+10.73	+1.58	+10.63	-10.18
CDs ²	18,262	+11.22	+54.21	+146.3	+1,101.4
Sovgns ³	3,178	+0.00	-14.10	-39.06	+112.6
Total	50,812	+10.16	+14.29	+29.69	+42.26
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	169,442	+0.00	-0.15	+3.98	+16.98
Banks	83,259	+0.88	+2.56	-4.29	+3.85
Resid's ⁴	11,081	+0.63	+0.75	-3.60	-10.61
Non-res ⁵	15,118	+1.39	+5.29	+6.32	+29.23
Total	278,900	+0.36	+0.96	+1.18	+11.96
NDF IMPLIED YIELDS (%)					
3m	17.84	+374bp	-898bp	-11ppt	+569bp
6m	18.23	+472bp	-12ppt	+286bp	+483bp
9m	14.44	-138bp	-748bp	-763bp	+43bp
1yr	14.36	+36bp	-575bp	-489bp	-63bp
LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%)					
Mar '13	N/A	-52ppt	+0bp	+0bp	+0bp
Jan '14	N/A	+320bp	+0bp	+0bp	-676bp
Aug '15 ⁶	N/A	+74bp	+0bp	+0bp	+0bp
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	890	-5bp	-293bp	-142bp	+73bp
Jun '16	8.80	-194bp	-432bp	-247bp	-9bp
Jul '17	10.16	-148bp	-297bp	-160bp	+60bp
Sep '20	9.09	-55bp	-158bp	-104bp	-11bp
Sep '21	9.07	-70bp	-159bp	-114bp	-15bp
Sep '22	8.88	-51bp	-131bp	-92bp	-46bp
Feb '23	8.65	-60bp	-130bp	-82bp	-39bp

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

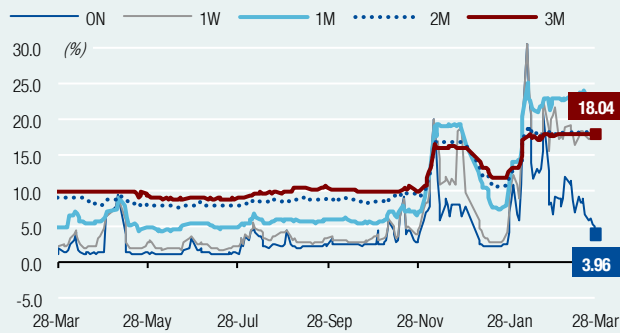


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 28 Mar 2014

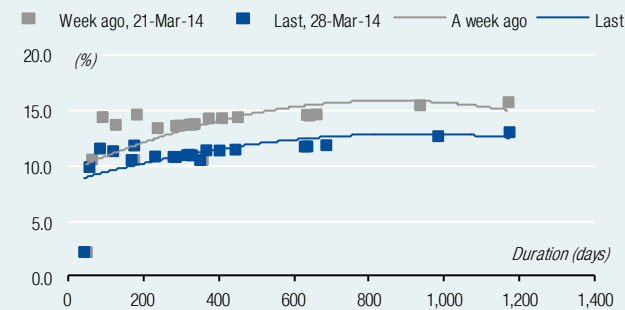


Chart 4. USD sovereign yield curve (%) as of 28 Mar 2014

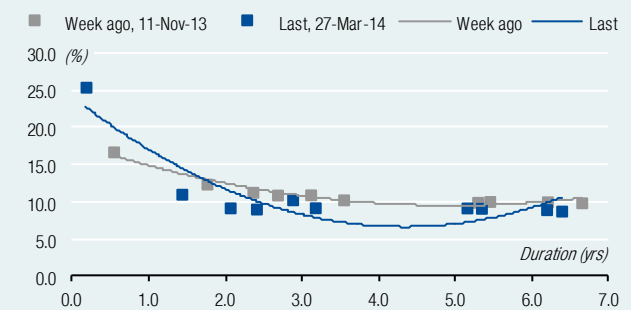


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

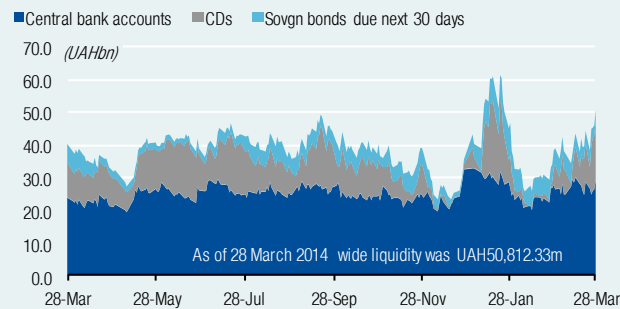


Chart 6. Breakdown of liquidity pool (%) as of 28 Mar 2014

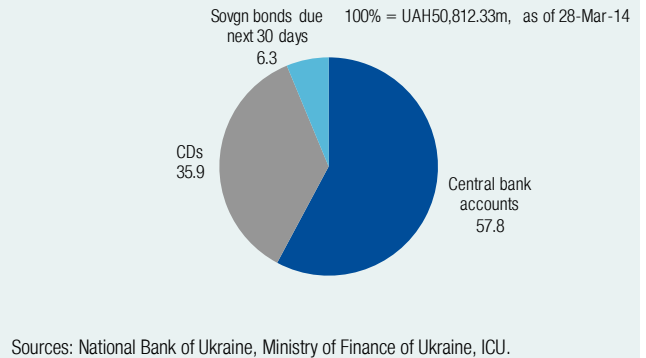


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

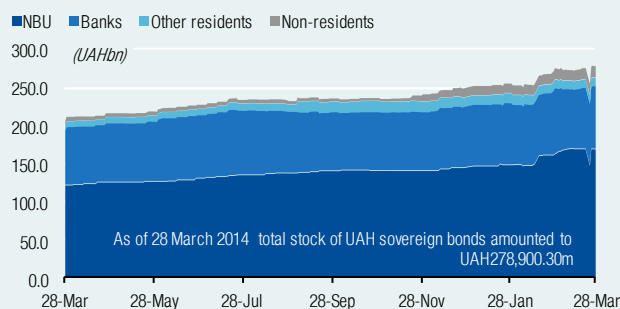
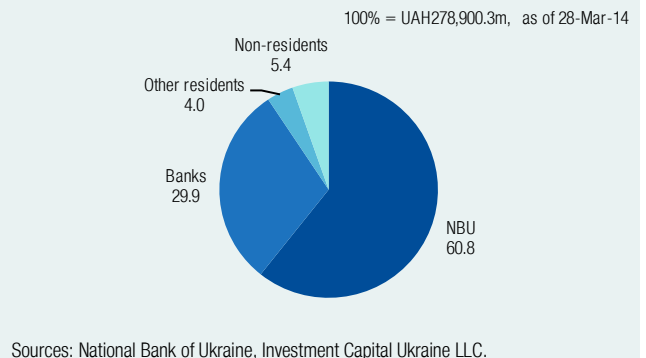


Chart 8. Domestic sovereign debt (%) as of 28 Mar 2014



FX: News & Comments

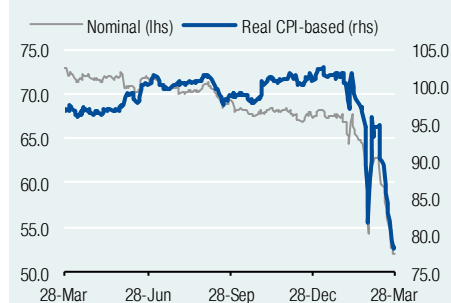
UAH stays put despite some market efforts to weaken the FX rate

The USD/UAH was hovering around the 11.06/USD level over Friday, closing at 10.10/USD or 0.13% up from Thursday's close. Over the day the FX rate did some short-lived deviations from the prevailing rate of the day but then it returned back, suggesting an implicit NBU managing of the FX rate, which weakened quite sizably over past few weeks. Our calculations of the real rate showed that it dropped by 23% YTD. This shows that substantial real devaluation took place. This is confirmed by NBU's relaxation of FX rules, which were tightened in January-February to fight devaluation pressures. Thus, NBU shortned the period of FX market transation for businesses (previously, it was introduced to complicate market access for importers, hence, limit FX demand). Also, private individuals' FX purchases are also becoming less regulated (earlier, a buyer should provide a passport to carry out the transaction). Nevertheless, still devaluation pressures could survive more weeks to come until Russia-Ukraine military stand-off eliminated via diplomatic process.

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 31 Mar 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 28 Mar 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	11.1000	-0.13	+5.21	+11.56	+34.71
NBU avg	10.9546	+0.96	+7.43	+12.94	+34.40
Tt vlm ¹	831.62	-18.67	-11.87	+7.16	-70.32
\$ volume ²	616.57	-16.76	-8.73	-8.68	-72.11
NDF 3M	11.5880	+0.77	+3.00	+8.81	+36.57
NDF 6M	12.0950	+2.07	-0.25	+13.04	+37.76
NDF 1Y	12.6230	+0.18	+0.18	+6.97	+34.00
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	52.055	+0.24	-5.51	-10.34	-22.93
UAH real CPI	78.259	+0.24	-5.51	-10.34	-22.58
UAH real PPI	107.641	+0.24	-5.51	-10.34	-22.45
USD nom'l	80.176	+0.08	+0.09	+0.61	+0.18
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	35.7626	+0.40	-1.33	-0.28	+8.80
EUR/USD	1.3752	+0.09	-0.30	-0.36	+0.07
USD/CNY	6.2125	-0.01	-0.21	+1.10	+2.61
USD/PLN	3.0329	+0.07	-0.32	+0.67	+0.33
USD/TRY	2.1913	+0.23	-1.91	-0.67	+2.01
USD/BYR	9,880.00	+0.10	+0.15	+1.18	+3.56
USD/KZT	182.0800	-0.02	-0.12	-1.27	+18.03
OTHER MAJOR CURRENCIES					
USD/JPY	102.8300	+0.64	+0.57	+1.01	-2.35
GBP/USD	1.6638	+0.16	+0.92	-0.64	+0.49
USD/CHF	0.8868	+0.02	+0.44	+0.74	-0.68
AUD/USD	0.9247	-0.13	+1.83	+3.62	+3.70
USD/CAD	1.1061	+0.27	-1.43	-0.03	+4.12
USD/BRL	2.2612	+0.10	-2.75	-3.54	-4.27
USD/KRW	1,069.15	-0.21	-1.04	+0.15	+1.84
COMMODITIES					
Gold(\$/oz)	1,295.27	+0.31	-2.95	-2.35	+7.43
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	305.21	+0.41	+1.94	+0.92	+8.94

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>).

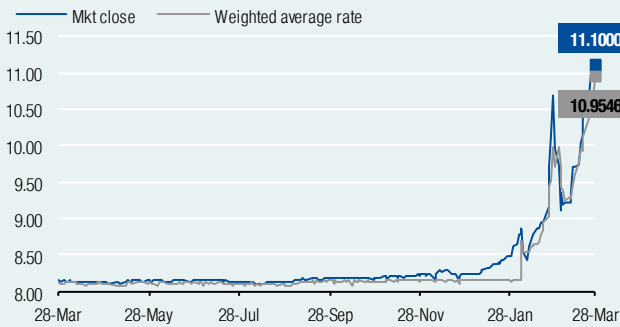
Section on FX market is continued on next page.

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.

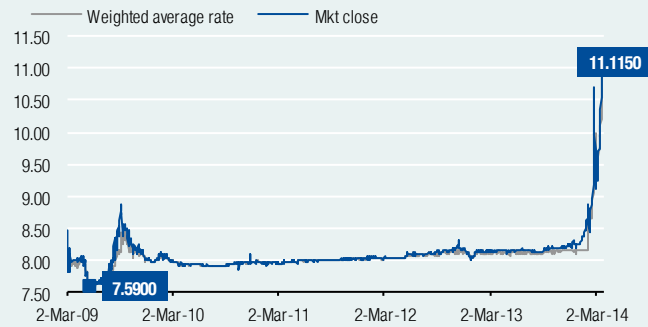
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

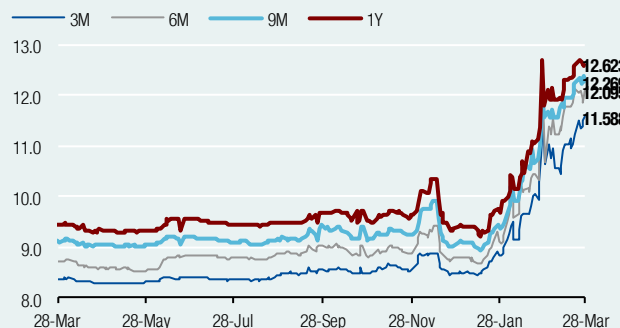


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

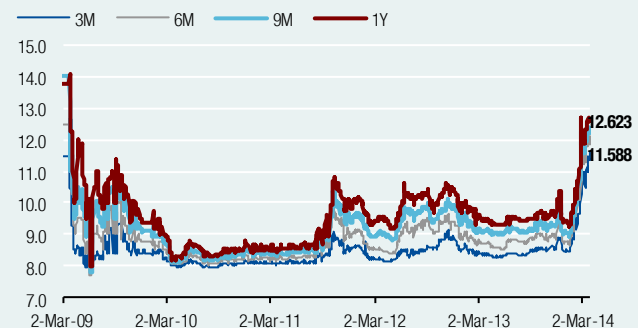


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

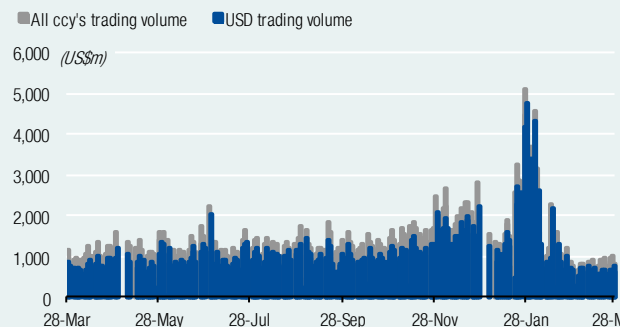


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.



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)



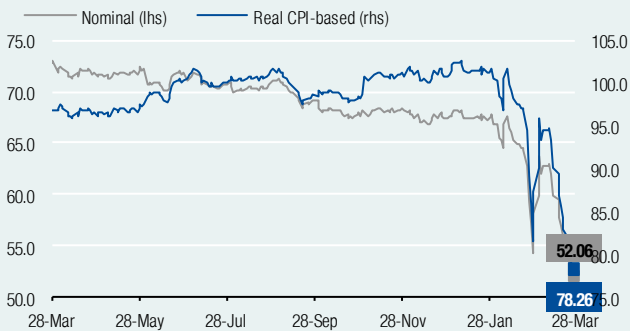
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

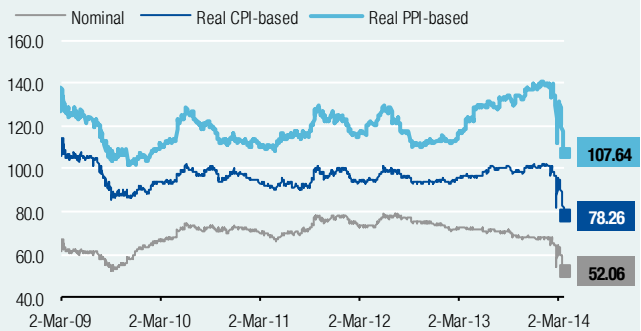
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



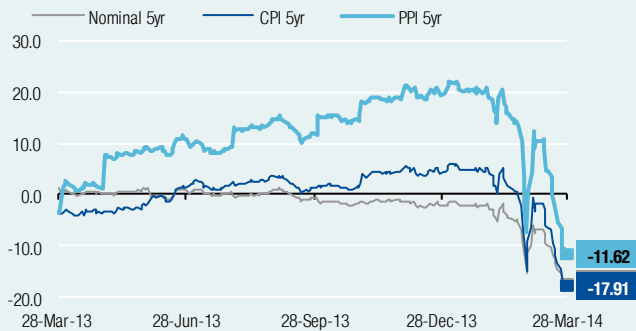
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

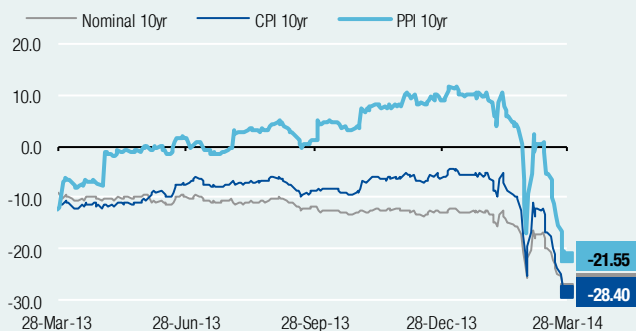


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.



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.

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.