


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity down; Yields up; UAH steady as sentiment thaws

THURSDAY, 12 JUNE, 2014

RESEARCH INSIGHT

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UX Index (3 months to 12 Jun 2014)



Key market indicators (as of 11 Jun 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	11.6850	+0.34	+41.81
USD/UAH (1Y NDF)	13.7050	+0.00	+45.49
EUR/USD	1.3532	-0.11	-1.54
USD/RUB	34.3761	+0.08	+4.58
KievPRIME O/N (%)	5.10	+10bp	-270bp
KievPRIME 1M (%)	17.00	+20bp	+75bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-8,900bp	-8,900bp
Ukraine 17, Eurobond (%)	8.76	+19bp	-80bp
Ukraine 22, Eurobond (%)	8.70	+3bp	-65bp
Ukraine 23, Eurobond (%)	8.51	+3bp	-53bp
Ukraine 5Y CDS	759bp	+8bp	-58bp

EQUITIES

Stock market indices

UX (Ukraine)	1,231.84	-0.83	+35.36
MSCI World	426.30	-0.23	+4.34
MSCI EM	1,056.04	-0.15	+5.32
RTS (Russia)	1,374.94	+0.45	-4.70
WIG-20 (Poland)	2,487.51	-0.47	+3.60
S&P 500 (USA)	1,943.89	-0.35	+5.17

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

KER PW	3.54	33.0% of total ¹
FXPO LN	2.20	20.5%
AST PW	1.55	14.5%

GAINERS: Top 3 stocks (in listed currency)

MLK PW	PLN 7.57	+5.87	-39.44
YASK UK	UAH 0.70	+4.48	+32.08
RPT LN	GBP 8.75	+4.48	-32.69

LOSERS: Top 3 stocks (in listed currency)

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 11-Jun-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	9.13 GBP	-1.4	+0.0	-12.0	-44.3	0.15	35.4	-27.7	40.2	14.2	29.1	8.6	0.06	1,802	Neg.	Neg.	Neg.	4.2	8.6	17.3	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.32 UAH	+0.2	+22.7	+53.5	+62.3	0.63	231.3	285.6	21.7	50.2	403.2	192.8	0.42	240	5.6	4.9	3.5	0.5	3.8	2.2	0.4	0.4	0.3	1.1	12.2
Coal Energy	CLE PW	Warsaw	1.37 PLN	-2.1	+16.1	+30.5	-62.4	0.45	20.3	114.6	25.0	5.1	78.8	138.3	0.80	124	Neg.	Neg.	5.1	5.1	14.3	4.0	0.9	1.1	1.0	0.2	39.8
Donbasenergo	DOEN UK	Kiev, UX	42.00 UAH	-2.0	+2.7	+52.2	+95.1	3.59	85.0	125.7	14.2	12.1	77.5	44.8	0.47	215	1.9	2.0	2.4	0.5	1.9	1.3	0.3	0.2	0.2	1.5	17.8
JKX Oil & Gas	JKX LN	London	59.50 GBP	-4.0	+9.2	-16.8	+7.7	1.00	171.6	178.1	47.2	81.0	124.7	76.3	0.05	2,170	26.4	15.1	6.2	2.7	2.2	2.0	1.0	0.9	0.8	0.3	5.5
Regal Petroleum	RPT LN	London	8.75 GBP	+4.5	-4.1	-32.7	-55.7	0.15	47.1	20.3	80.9	38.1	0.0	5.2	0.01	15,316	Neg.	23.6	N/A	0.9	0.8	N/A	0.6	0.5	N/A	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	152.40 UAH	+0.0	+14.6	+68.6	+97.9	13.04	166.8	144.0	5.0	8.3	0.1	2.6	0.01	12,862	3.4	N/A	N/A	1.0	N/A	N/A	0.1	N/A	N/A	3.8	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	-1.6	+17.3	-4.4	-13.5	0.00	81.8	1,283.2	3.9	3.2	49.4	12.6	0.47	214	Neg.	Neg.	N/A	N/A	Neg.	N/A	1.0	0.7	N/A	N/A	64.5
Avdiyivsky Cok...	AVDK UK	Kiev, UX	3.23 UAH	-1.2	+9.2	+9.2	+0.4	0.28	54.0	50.9	4.0	2.2	42.9	16.4	0.95	105	Neg.	29.3	0.8	Neg.	0.9	0.4	0.1	0.1	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.75 UAH	-0.8	+8.7	+12.1	+23.7	0.06	270.2	263.0	4.1	11.1	3.8	14.3	0.18	561	Neg.	N/A	Neg.	Neg.	N/A	7.4	0.1	N/A	0.1	0.2	0.0
Ferrexpo PLC	FXPO LN	London	132.40 GBP	-3.6	-10.5	-28.8	-6.0	2.22	1,309.1	1,970.3	22.4	293.2	2,196.2	1,798.2	0.53	189	5.0	5.3	6.3	3.9	4.3	4.6	1.2	1.3	1.3	0.8	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.70 UAH	+4.5	+14.8	+32.1	+20.7	0.06	16.4	17.6	9.0	1.5	38.2	4.0	0.61	165	Neg.	1.4	0.8	0.1	0.6	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	43.99 UAH	-0.6	+33.3	+37.4	+23.6	3.76	39.7	35.3	9.4	3.7	27.1	14.9	0.49	203	6.7	N/A	Neg.	Neg.	N/A	1.0	0.0	N/A	0.0	1.1	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.13 EUR	-0.9	+13.0	-8.9	-28.5	1.53	141.3	168.1	34.0	48.0	8.3	42.7	0.07	1,387	Neg.	N/A	N/A	Neg.	N/A	N/A	2.3	N/A	N/A	1.2	35.9
Agroliga	AGL PW	Warsaw	20.50 PLN	-1.5	+18.6	-20.9	+15.2	6.75	10.4	11.3	16.7	1.7	0.0	7.8	0.25	401	2.4	N/A	N/A	3.3	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.99 PLN	+0.0	+30.0	+53.3	+11.2	0.99	21.4	66.6	26.2	5.6	748.3	369.3	2.93	34	Neg.	3.1	2.7	24.9	7.0	4.2	0.8	0.8	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	47.50 PLN	-0.9	+22.5	-29.0	-27.2	15.65	391.3	707.3	31.0	121.4	1,553.3	210.1	0.17	602	11.2	8.5	5.5	9.3	5.4	5.7	1.4	1.4	1.3	1.1	38.2
Avangard	AVGR LI	London Intl	9.50 USD	-2.1	+8.6	-19.1	-1.6	9.50	606.8	837.7	21.7	131.7	25.7	201.7	0.09	1,092	2.6	2.7	2.6	2.8	2.8	2.9	1.3	1.1	1.1	0.0	17.8
IMC	IMC PW	Warsaw	10.00 PLN	+0.0	+9.9	-17.7	-30.8	3.30	103.1	228.4	23.9	24.6	14.2	78.3	0.35	287	4.0	4.0	2.2	4.2	4.0	3.2	2.0	1.2	0.9	0.7	38.7
Kernel Holding...	KER PW	Warsaw	34.00 PLN	+0.1	+18.9	-10.7	-37.6	11.20	892.7	1,915.9	58.8	524.7	3,539.9	4,114.6	1.00	100	8.0	17.3	5.8	6.6	7.4	5.6	0.7	0.8	0.7	0.7	30.6
MHP	MHPC LI	London Intl	14.85 USD	-1.0	+4.6	-12.9	-19.7	14.85	1,569.2	2,730.0	22.3	350.2	1,266.6	1,604.8	0.26	379	10.1	5.8	5.2	7.0	5.6	5.3	1.8	1.8	1.6	2.7	19.6
Milkiland	MLK PW	Warsaw	7.57 PLN	+5.9	+16.8	-39.4	-36.9	2.49	77.9	207.6	20.0	15.6	15.4	13.1	0.13	778	5.3	N/A	3.9	6.3	4.0	3.7	0.4	0.5	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.49 EUR	+0.0	-3.4	-16.9	+5.8	6.08	645.8	1,377.6	20.0	129.2	67.2	13.0	0.02	5,450	3.7	4.6	7.4	6.0	5.4	5.1	4.0	3.7	3.3	0.7	34.8
Ovostar Union	OVO PW	Warsaw	73.00 PLN	+0.0	+14.1	-27.0	-16.1	24.05	144.3	153.1	25.0	36.1	29.2	18.8	0.08	1,282	4.7	7.2	7.1	4.2	5.8	5.2	1.7	1.8	1.4	1.1	8.5
TRANSPORTATION																											
KDM Shipping	KDM PW	Warsaw	9.98 PLN	+0.0	-9.2	-68.2	-68.8	3.29	30.6	14.6	10.9	3.3	0.2	2.1	0.04	2,260	4.5	N/A	N/A	1.3	N/A	N/A	0.5	N/A	N/A	0.5	5.6
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.17 EUR	+0.0	+16.3	-46.1	-63.7	0.23	12.0	171.3	13.1	1.6	0.0	0.1	0.01	13,554	Neg.	N/A	N/A	Neg.	N/A	N/A	7.9	N/A	N/A	0.1	44.1
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.60 UAH	-7.6	+50.0	-21.1	+9.1	0.05	30.5	N/A	5.5	1.7	10.0	1.2	0.08	1,205	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.3	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.16 UAH	-1.7	-11.4	+40.4	+59.9	0.01	408.9	N/A	3.8	15.6	359.3	64.3	0.58	171	4.7	Neg.	13.4	N/A	N/A	N/A	N/A	N/A	N/A	0.7	28.3
UkrSotsbank	USCB UK	Kiev, UX	0.17 UAH	-1.1	+9.5	-8.2	+47.9	0.01	267.2	N/A	4.5	12.0	6.8	4.4	0.06	1,807	Neg.	14.5	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 11-Jun-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 supported prior to bond purchases

Following NBU support over the past several days, banks purchased UAH2.36bn of new government bonds which caused liquidity to decline. After yesterday's inclusion of Tuesday's inflows in NBU statistics, broader banking sector liquidity fell UAH2.12bn to UAH42.40bn. Banks' correspondent accounts with the NBU declined UAH1.58bn to UAH29.45bn and total CDs outstanding were down UAH0.54bn to UAH6.87bn. However, total local currency debt repayments scheduled for the next 30 days remained steady at UAH6.08bn.

In reaction to yesterday's decline in liquidity, KyivPrime interest rates increased slightly: the KyivPrime ON interest rate rose 10bp to 5.10% while the KyivPrime 1M interest rate were up 20bp to 17.00%.

Investment implications: Although the NBU supported banks' correspondent accounts via redeeming CDs, issuing UAH1.61bn of 251-days loans to four banks, and increasing the volume of ON loans, liquidity fell less than it would have otherwise. These inflows occurred prior to bond purchases, possibly beyond just supporting demand at Tuesday's primary auction. Despite the large injections, liquidity declined for the second consecutive day and could fall again today after yesterday's bond purchases.

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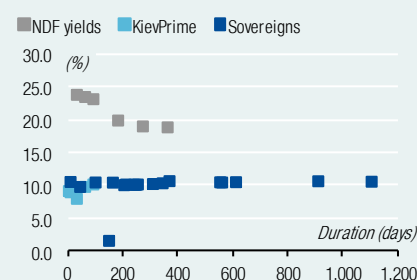
Yields rise above 8.0%

Ukrainian Eurobond prices declined as gas negotiations between Ukraine and Russia remain at a stalemate. Ukraine demands a significant price reduction and a new agreement, while Russia continues to offer only a price discount. As a result, market sentiment turned negative as bonds continued to sell at high prices compared with those over the last few months. At the close, the yield curve adjusted to the range of 8.04-8.76%, as UKRAIN 6.875% '15 rose 10bp to 8.11%, UKRAIN 9.25% '17 was up 20bp to 8.76%, while UKRAIN 7.95% '21, UKRAIN 7.80% '22 and UKRAIN 7.50% '23 rose just 3bp to 8.31%, 8.70% and 8.51% respectively. The 5-year CDS rose to 759bp.

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Yield curve of the local bond market

(as of market close on 11 Jun 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 11 Jun 2014)

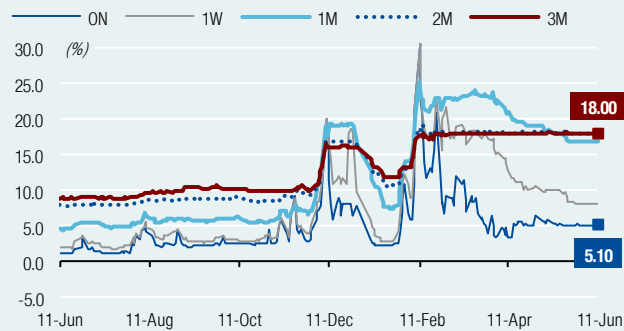
	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	5.10	+10bp	+10bp	-85bp	-270bp
1wk	8.02	-3bp	+2bp	-208bp	-178bp
1m	17.00	+20bp	+12bp	-150bp	+75bp
2m	18.00	+0bp	+0bp	-40bp	+160bp
3m	18.00	+0bp	+0bp	-20bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	29,454	-5.11	-1.17	-0.88	-9.93
CDs ²	12,019	+62.27	-11.53	-11.36	+690.7
Sovgns ³	4,183	-31.21	-16.61	+13.19	+179.8
Total	45,656	+2.54	-5.67	-2.79	+27.83
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	187,264	+0.00	+0.00	+7.12	+29.28
Banks	84,600	-0.10	-1.97	-2.43	+5.53
Resid's ⁴	11,174	-0.09	+0.19	+3.98	-9.87
Non-res ⁵	16,172	-0.16	-0.21	-0.07	+38.24
Total	299,209	-0.04	-0.57	+3.73	+20.11
NDF IMPLIED YIELDS (%)					
3m	19.94	-145bp	+124bp	-11ppt	+779bp
6m	18.62	-75bp	+113bp	-736bp	+521bp
9m	18.04	-52bp	+109bp	-637bp	+403bp
1yr	17.92	-40bp	+116bp	-371bp	+293bp
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	-89ppt	+0bp	+0bp	-89ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	759	+8bp	-128bp	-366bp	-58bp
Jun '16	8.05	+40bp	-103bp	-580bp	-84bp
Jul '17	8.76	+19bp	-80bp	-426bp	-80bp
Sep '20	8.32	+3bp	-61bp	-238bp	-88bp
Sep '21	8.32	+3bp	-66bp	-249bp	-90bp
Sep '22	8.70	+3bp	-40bp	-161bp	-65bp
Feb '23	8.51	+3bp	-21bp	-159bp	-53bp

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.

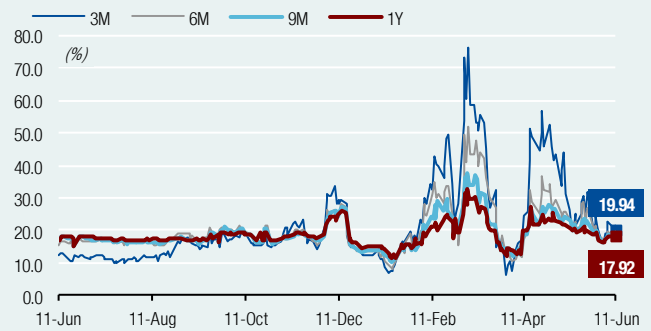
Chart page: Local bond market & Eurobond markets

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



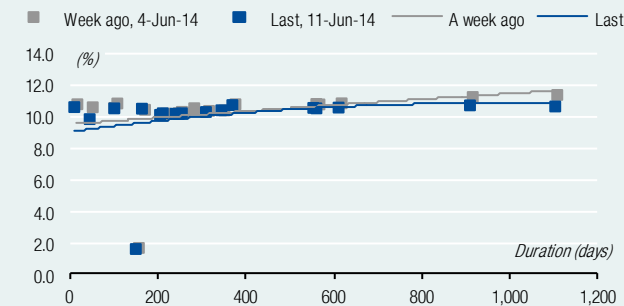
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



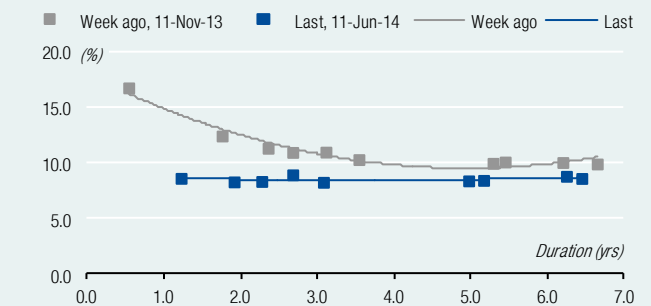
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 11 Jun 2014



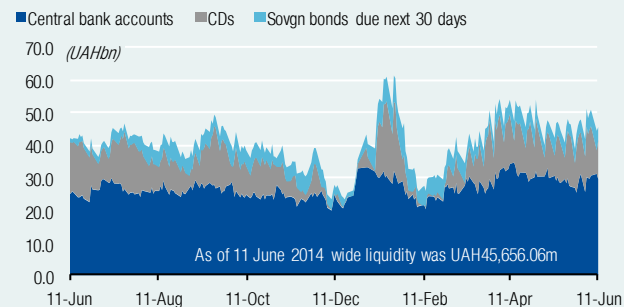
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 11 Jun 2014



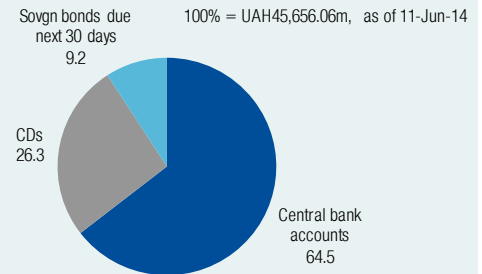
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



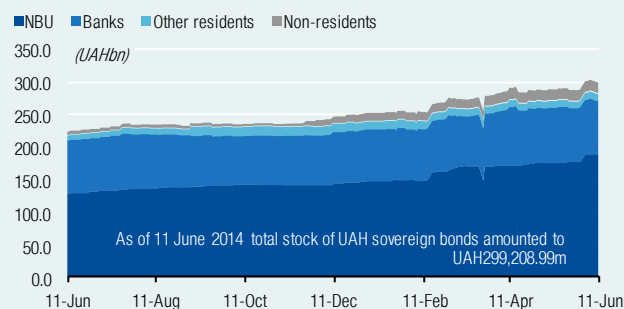
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 11 Jun 2014



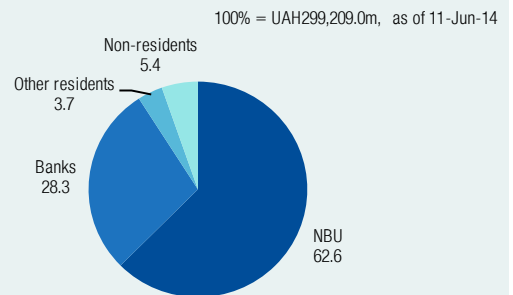
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 11 Jun 2014



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

FX: News & Comments

Hryvnia holds steady, sentiment thaws to domestic risk

Although the hryvnia slid 0.34% yesterday on US\$326.99m in trading, this is minor compared to the 25.59% year-to-date real devaluation in CPI-based terms. While popular consensus is leaning toward a strengthening hryvnia, this sentiment could be the early phase of a reversal. However, despite the current optimism, statistical data do not yet signal a turnaround. Although the market appears to believe that the Kremlin will pull back from its aggressive stance on annexing eastern Ukraine, we believe that the Kremlin's attitude remains an imminent and dangerous risk. In our opinion, any market optimism of a Russian pullback at this time is naïve.

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ICU's UAH trade-weighted indices

(Last 12-month history to 12 Jun 2014)



FX market indicators (as of 11 Jun 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	11.6850	+0.34	-2.01	+0.26	+41.81
NBU avg	11.6312	-1.46	-2.01	+0.32	+42.70
Ttl vlm ¹	452.76	+33.18	+43.58	+29.77	-83.84
\$ volume ²	326.99	+31.69	+54.45	+23.66	-85.21
NDF 3M	12.2600	+0.00	-1.72	-2.31	+44.49
NDF 6M	12.7550	+0.00	-1.51	-3.00	+45.27
NDF 1Y	13.7050	+0.00	-1.05	-2.80	+45.49
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	48.776	-0.16	+1.52	-0.43	-27.78
UAH real CPI	75.206	-0.16	+1.52	-0.43	-25.59
UAH real PPI	104.175	-0.16	+1.52	-0.43	-24.94
USD nom'l	80.788	-0.04	+0.15	+1.11	+0.94
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	34.3761	+0.08	-1.86	-2.42	+4.58
EUR/USD	1.3532	-0.11	-0.49	-1.64	-1.54
USD/CNY	6.2281	+0.04	-0.36	+0.01	+2.87
USD/PLN	3.0351	+0.13	-0.05	-0.16	+0.40
USD/TRY	2.1166	+1.77	+0.06	+1.91	-1.47
USD/BYR	10,180.00	+0.49	+0.69	+1.65	+6.71
USD/KZT	183.5300	-0.01	-0.03	+0.80	+18.97
OTHER MAJOR CURRENCIES					
USD/JPY	102.0700	-0.27	-0.66	+0.21	-3.08
GBP/USD	1.6788	+0.19	+0.30	-0.37	+1.40
USD/CHF	0.8999	+0.08	+0.29	+1.52	+0.78
AUD/USD	0.9383	+0.11	+1.14	+0.22	+5.23
USD/CAD	1.0868	-0.32	-0.66	-0.28	+2.31
USD/BRL	2.2337	+0.40	-2.01	+0.94	-5.44
USD/KRW	1,015.80	-0.14	-1.02	-0.84	-3.24
COMMODITIES					
Gold(\$/oz)	1,261.06	+0.09	+1.38	-2.15	+4.60
WTI crude ³	104.40	+0.05	+1.71	+4.41	+6.08
Brent crd ³	110.44	+0.77	+2.15	+2.57	-0.34
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	305.23	-0.09	+0.35	+0.22	+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>).

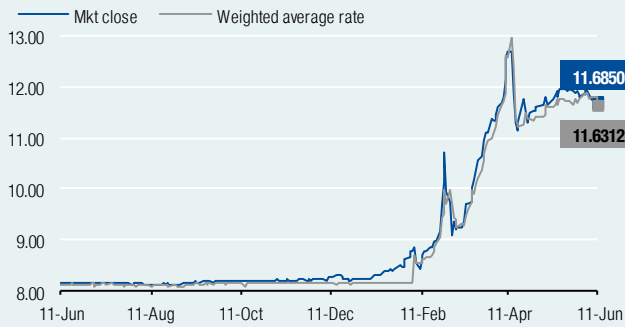
Section on FX market is continued on next page.

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.

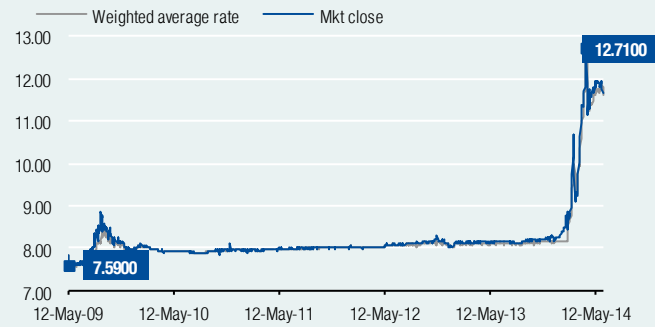
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

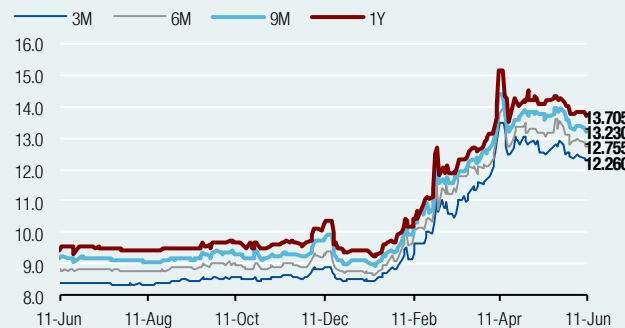


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

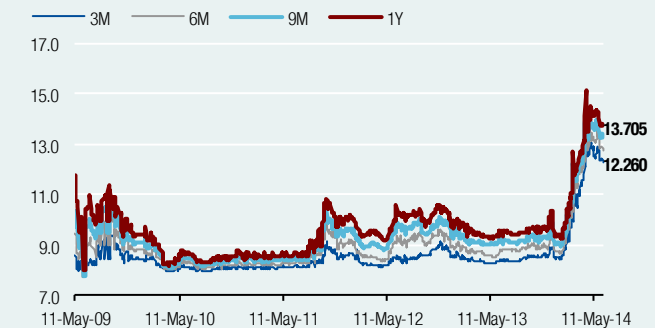


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

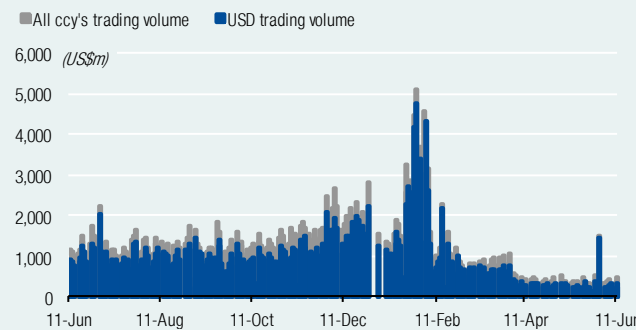


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

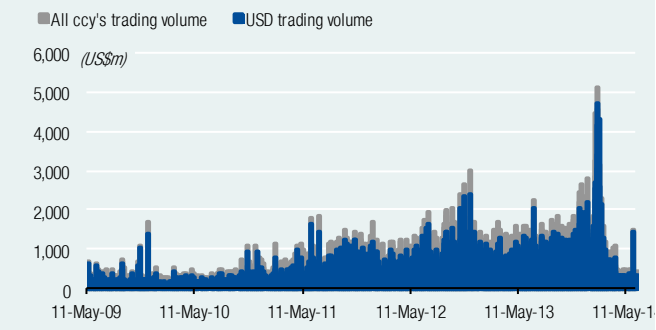


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

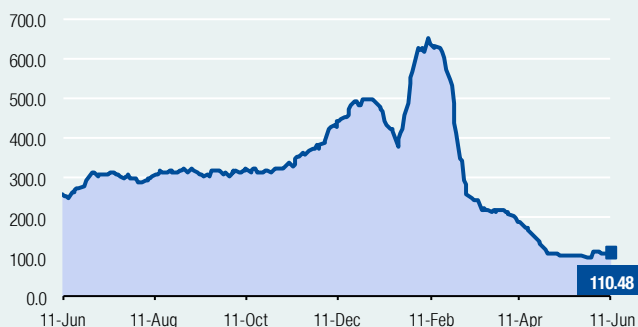


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)



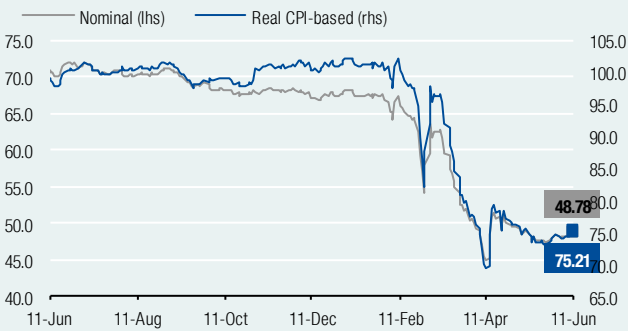
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

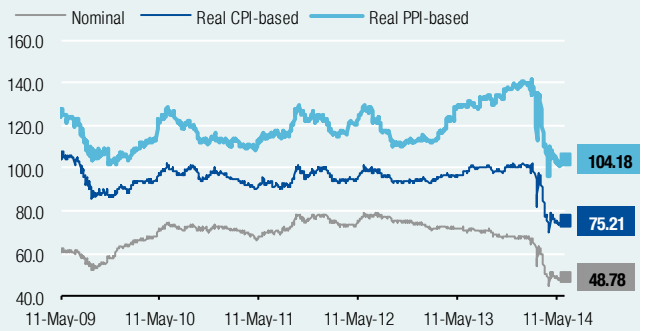
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

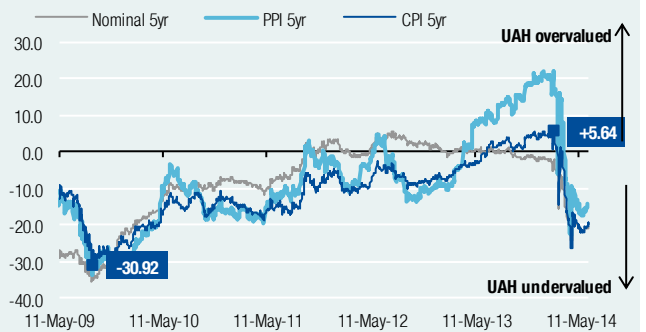


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

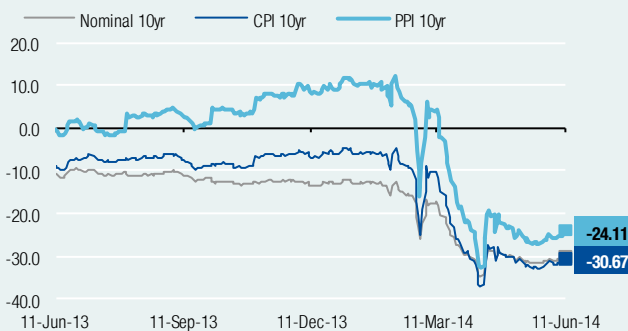


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

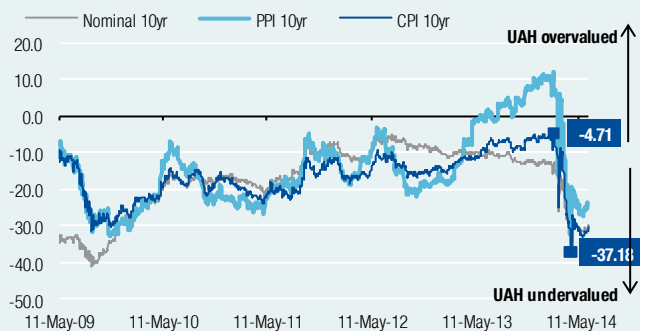


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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.

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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

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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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