


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Peace talks unfold; Liquidity down; Eurobonds correct slightly; UAH pegged at 12/USD

THURSDAY, 26 JUNE, 2014

RESEARCH INSIGHT

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UX Index (3 months to 26 Jun 2014)



Key market indicators (as of 25 Jun 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	11.9300	+0.04	+44.78
USD/UAH (1Y NDF)	13.8550	+0.00	+47.08
EUR/USD	1.3629	+0.17	-0.83
USD/RUB	33.7572	-0.04	+2.70
KievPRIME O/N (%)	5.13	+0bp	-267bp
KievPRIME 1M (%)	17.31	+0bp	+106bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-8,900bp	-8,900bp
Ukraine 17, Eurobond (%)	8.47	+18bp	-109bp
Ukraine 22, Eurobond (%)	8.56	+7bp	-78bp
Ukraine 23, Eurobond (%)	8.32	+2bp	-72bp
Ukraine 5Y CDS	774bp	+8bp	-43bp

EQUITIES

Stock market indices

UX (Ukraine)	1,232.55	-0.09	+35.44
MSCI World	427.19	-0.05	+4.56
MSCI EM	1,041.78	-0.61	+3.90
RTS (Russia)	1,383.02	-2.68	-4.14
WIG-20 (Poland)	2,421.10	-1.57	+0.84
S&P 500 (USA)	1,959.53	+0.49	+6.01

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

MHPC LI	4.36	42.4% of total ¹
KER PW	2.63	25.5%
FXPO LN	1.29	12.5%

GAINERS: Top 3 stocks (in listed currency)

AVGR LI	USD 9.90	+3.88	-15.74
FORM UK	UAH 0.25	+3.32	N/A
USCB UK	UAH 0.17	+2.23	-9.65

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. 3; green- or red-shaded box means gain or loss, respectively, of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Economics: News & Comments

The peace talk process painfully unfolds

The leaders of Ukraine, Germany, France and Russia had a lengthy teleconference on the urgent peace talks yesterday as pro-Kremlin militants have continued to engage in deadly attacks on Ukraine's army despite the cease fire that began last week. As EU leaders desperately negotiate to avert any further escalation of the situation and prevent further US economic sanctions, the Kremlin has cunningly positioned itself as being the active promoter of the peace process. Despite the Kremlin's announcements, Ukraine's populace and politicians remain skeptical. In our view, the Kremlin will concede only to the minimum required to avoid US sanctions while continuing to back the pro-Kremlin militants to maintain its hold in the Donbass region. Despite any Russian concessions, the conflict is by no means expected to end anytime soon.

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Table 1. Ukrainian stocks (closing prices as of 25-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	9.50 GBP	+0.0	+2.7	-8.4	-41.5	0.16	37.3	-25.8	40.2	15.0	0.0	8.6	0.05	2,195	Neg.	Neg.	Neg.	3.9	8.1	16.1	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	7.38 UAH	-0.3	+3.6	+54.8	+59.6	0.62	228.9	282.2	21.7	49.7	458.9	260.2	0.79	126	5.6	5.0	3.5	0.5	3.8	2.2	0.5	0.4	0.3	1.1	12.2
Coal Energy	CLE PW	Warsaw	1.32 PLN	-0.8	-5.0	+25.7	-59.5	0.44	19.6	113.9	25.0	4.9	6.5	74.3	0.72	139	Neg.	Neg.	4.9	5.1	14.2	3.9	0.9	1.1	1.0	0.2	39.8
Donbasenergo	DOEN UK	Kiev, UX	39.95 UAH	+0.4	-15.7	+44.8	+82.4	3.35	79.3	119.2	14.2	11.3	58.0	53.1	0.69	145	1.8	1.7	2.3	0.5	1.6	1.3	0.2	0.2	0.2	1.4	17.8
JKX Oil & Gas	JKX LN	London	58.75 GBP	+0.4	-1.3	-17.8	+1.3	1.00	171.4	177.9	47.2	80.9	10.9	67.6	0.04	2,247	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	8.25 GBP	-2.9	-7.0	-36.5	-54.2	0.14	44.9	18.1	80.9	36.4	0.0	6.7	0.02	4,101	Neg.	22.5	N/A	0.8	0.7	N/A	0.5	0.4	N/A	0.2	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	144.00 UAH	+0.0	+3.7	+59.3	+94.1	12.09	154.7	132.3	5.0	7.7	0.1	3.4	0.06	1,659	3.2	N/A	N/A	0.9	N/A	N/A	0.1	N/A	N/A	3.5	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+0.3	+5.4	-3.9	-13.9	0.00	80.7	1,259.5	3.9	3.1	61.0	20.5	1.24	80	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	3.33 UAH	+0.2	+1.0	+12.4	+3.5	0.28	54.5	51.5	4.0	2.2	30.8	26.0	2.33	43	Neg.	30.2	0.8	Neg.	1.0	0.4	0.1	0.1	0.0	0.1	0.0
Azovstal	AZST UK	Kiev, UX	0.79 UAH	-0.5	-2.1	+17.6	+27.7	0.07	278.2	271.1	4.1	11.4	2.0	18.1	0.23	433	Neg.	N/A	Neg.	Neg.	N/A	7.7	0.1	N/A	0.1	0.2	0.0
Ferrexpo PLC	FXPO LN	London	125.40 GBP	+0.8	-8.8	-32.5	-4.3	2.13	1,254.1	1,915.3	22.4	280.9	1,286.3	1,606.1	0.66	151	4.8	5.4	6.3	3.8	4.3	4.6	1.2	1.3	1.3	0.8	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.71 UAH	+0.0	+11.0	+33.4	+21.1	0.06	16.2	17.4	9.0	1.5	19.4	6.1	0.84	119	Neg.	1.4	0.8	0.1	0.7	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	45.78 UAH	-0.5	+20.8	+43.0	+32.2	3.84	40.6	36.2	9.4	3.8	26.3	25.7	1.17	85	7.0	N/A	Neg.	Neg.	N/A	1.1	0.0	N/A	0.0	1.1	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	1.06 EUR	-0.9	+5.0	-14.5	-31.2	1.45	133.5	160.5	34.0	45.4	2.7	38.5	0.08	1,300	Neg.	N/A	N/A	Neg.	N/A	N/A	2.2	N/A	N/A	1.1	35.9
Agroliga	AGL PW	Warsaw	19.80 PLN	-0.3	+2.1	-23.6	-6.6	6.53	10.0	11.0	16.7	1.7	0.3	4.8	0.24	418	2.3	N/A	N/A	3.2	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.90 PLN	-9.1	+5.8	+48.7	+16.0	0.96	20.7	66.0	26.2	5.4	483.6	205.8	3.58	28	Neg.	3.0	2.6	24.7	6.9	4.1	0.8	0.8	0.8	0.2	28.4
Astarta Holdin...	AST PW	Warsaw	44.00 PLN	-2.2	+1.2	-34.2	-29.0	14.51	362.7	681.1	31.0	112.5	416.3	179.4	0.20	497	10.3	7.9	5.1	9.0	5.1	5.5	1.4	1.4	1.3	1.0	38.2
Avangard	AVGR LI	London Intl	9.90 USD	+3.9	+13.8	-15.7	+10.0	9.90	632.3	863.3	21.7	137.2	97.4	221.7	0.19	533	2.7	2.8	2.7	2.9	2.8	2.9	1.3	1.2	1.1	0.0	17.8
IMC	IMC PW	Warsaw	10.23 PLN	-1.5	-0.9	-15.8	-23.1	3.37	105.6	230.8	23.9	25.2	14.8	79.4	0.30	329	4.0	9.6	2.3	4.3	4.0	3.2	2.0	1.2	0.9	0.7	38.7
Kernel Holding...	KER PW	Warsaw	33.18 PLN	-3.8	+10.2	-12.8	-30.9	10.94	871.7	1,895.0	58.8	512.3	2,627.9	3,655.9	0.90	112	7.8	16.9	5.7	6.5	7.3	5.6	0.7	0.8	0.7	0.7	30.6
MHP	MHPC LI	London Intl	14.77 USD	-0.9	+5.6	-13.4	-13.5	14.77	1,560.7	2,721.5	22.3	348.3	4,364.9	1,559.4	0.35	289	10.0	5.8	5.2	7.0	5.6	5.3	1.8	1.8	1.6	2.7	19.6
Milkiland	MLK PW	Warsaw	7.10 PLN	-0.7	+9.2	-43.2	-36.9	2.34	73.2	203.8	20.0	14.6	3.0	11.4	0.09	1,103	5.0	N/A	3.6	6.2	3.9	3.6	0.4	0.5	0.4	0.3	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	4.51 EUR	+0.0	-9.8	-16.5	+6.3	6.15	653.5	1,385.3	20.0	130.7	0.0	13.4	0.02	5,384	3.7	4.6	7.5	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	+7.4	-27.0	-4.3	24.07	144.4	153.2	25.0	36.1	45.0	20.2	0.07	1,505	4.7	7.2	7.1	4.2	5.8	5.2	1.7	1.8	1.4	1.1	8.5
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.23 EUR	+0.0	+31.6	-29.0	-48.6	0.31	15.9	175.2	13.1	2.1	0.0	0.2	0.00	24,136	Neg.	N/A	N/A	Neg.	N/A	N/A	8.0	N/A	N/A	0.1	44.1
FINANCIAL SERVICES																											
Forum Bank	FORM UK	Kiev, UX	0.25 UAH	+3.3	N/A	N/A	N/A	0.02	12.4	N/A	5.5	0.7	0.2	N/A	N/A	N/A	Neg.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1	18.6
Raiffeisen Ban...	BAVL UK	Kiev, UX	0.15 UAH	-1.0	-8.1	+35.6	+54.2	0.01	387.4	N/A	3.8	14.8	275.4	110.7	1.56	64	4.5	Neg.	13.0	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.17 UAH	+2.2	-4.2	-9.7	+30.0	0.01	258.0	N/A	4.5	11.6	8.1	8.3	0.15	674	Neg.	14.3	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 25-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 declines on tax payments

Banks' correspondent accounts with the NBU declined UAH1.86bn to UAH25.86bn following Tuesday's primary auction. With UAH1.00bn was invested in new CDs, total CDs outstanding increased to UAH11.53bn, the highest level since July 2011. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH4.55bn.

KyivPrime interest rates once more remained unchanged with the KyivPrime ON rate at 5.13% and the KyivPrime 1M rate at 17.31%.

Investment implications: The NBU absorbed some funds from banks' correspondent accounts with the NBU, reaching the highest volume in nearly three years. The NBU not only increased the volume of ON CDs on Tuesday, but also sold UAH435.00m of 14-day CDs and UAH105.00m of 30-day CDs. This looks like some banks (six and two, respectively) anticipate stable if not higher liquidity over the next few weeks.

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Eurobonds correct slightly

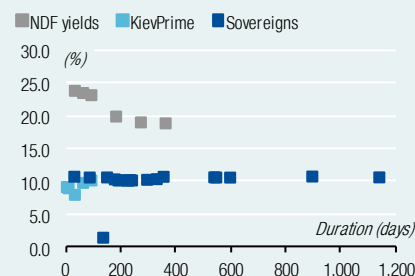
The market slightly corrected yesterday following Tuesday's significant rebound. This correction should continue through the end of this week as uncertainty still prevails with the one-week cease-fire by the Ukrainian army ending on Friday and the signing of the economic part of the association agreement with the EU scheduled this week. We foresee no events that will change this outlook.

The yield curve adjusted to the range of 7.57-8.65% at the close. UKRAIN 6.875% '15 rose 15bp to 8.17%, UKRAIN 9.25% '17 was up 17bp to 8.46%, UKRAIN 7.95% '21 rose 43bp to 8.66%, while UKRAIN 7.80% '22 rose 9bp to 8.57% and UKRAIN 7.50% '23 rose 4bp to 8.33%. The 5-year CDS rose to 774bp.

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Yield curve of the local bond market

(as of market close on 25 Jun 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 25 Jun 2014)

	Last	Daily	Weekly	MoM	YTD
		chg (%)	chg (%)	chg (%)	chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
0/n	5.13	+0bp	+0bp	+8bp	-267bp
1wk	8.06	+0bp	-7bp	-42bp	-174bp
1m	17.31	+0bp	+18bp	+41bp	+106bp
2m	18.00	+0bp	+0bp	-10bp	+160bp
3m	18.00	+0bp	+0bp	-10bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	25,858	-6.70	-12.64	-4.62	-20.93
CDs ²	19,932	+16.50	+27.97	+26.45	+1,211.3
Sovgns ³	3,558	-21.95	-11.54	-6.98	+138.0
Total	49,348	-0.07	+0.31	+5.68	+38.16
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	185,666	+0.00	+0.00	+4.95	+28.18
Banks	85,450	+0.03	+0.92	+1.82	+6.59
Resid's ⁴	11,837	+0.28	+15.28	+14.57	-4.51
Non-res ⁵	16,411	+0.10	+1.79	+2.01	+40.28
Total	299,365	+0.02	+0.89	+4.21	+20.17
NDF IMPLIED YIELDS (%)					
3m	16.34	-18bp	-96bp	-16ppt	+420bp
6m	16.64	+252bp	-138bp	-10ppt	+324bp
9m	16.62	+112bp	-230bp	-642bp	+260bp
1yr	16.77	-5bp	-256bp	-311bp	+178bp
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	774	+8bp	-32bp	-176bp	-43bp
Jun '16	7.77	+19bp	-126bp	-200bp	-112bp
Jul '17	8.47	+18bp	-63bp	-168bp	-109bp
Sep '20	8.44	+28bp	+12bp	-56bp	-75bp
Sep '21	8.64	+42bp	+1bp	-44bp	-58bp
Sep '22	8.56	+7bp	-39bp	-75bp	-78bp
Feb '23	8.32	+2bp	-34bp	-68bp	-72bp

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

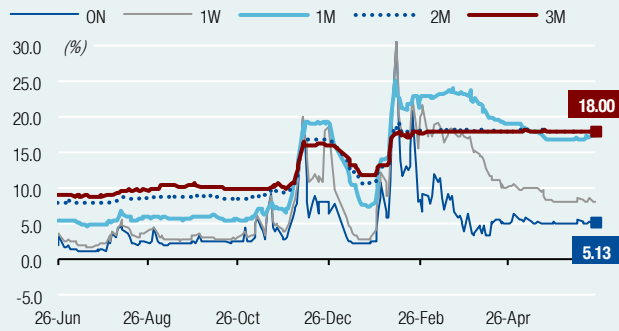


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 25 Jun 2014

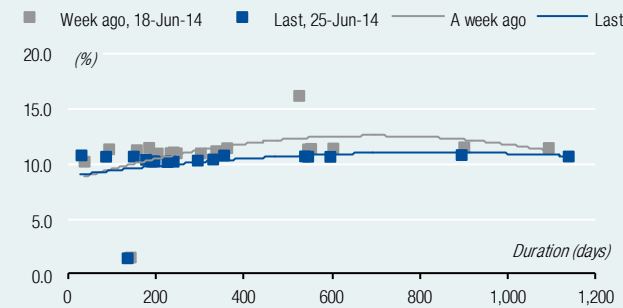


Chart 4. USD sovereign yield curve (%) as of 25 Jun 2014

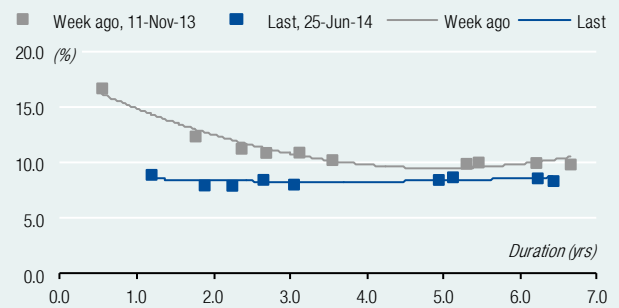


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

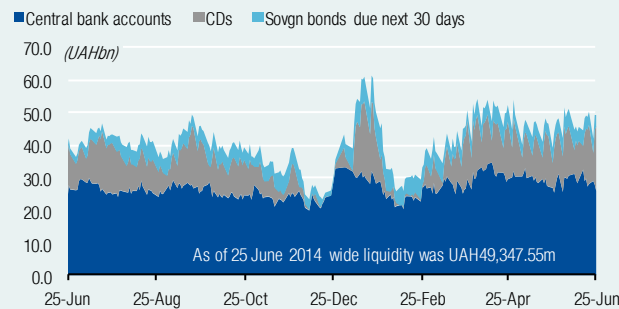


Chart 6. Breakdown of liquidity pool (%) as of 25 Jun 2014

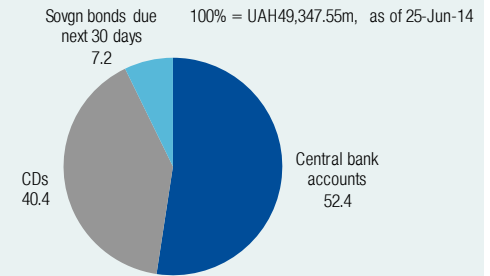


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

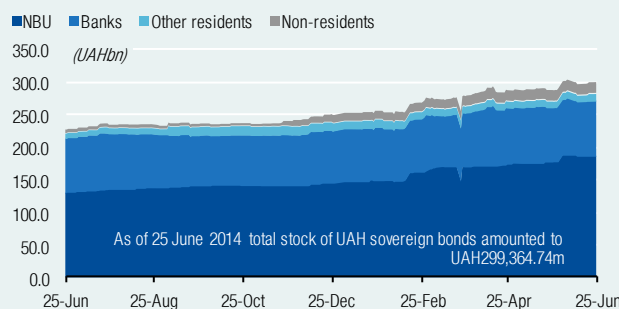
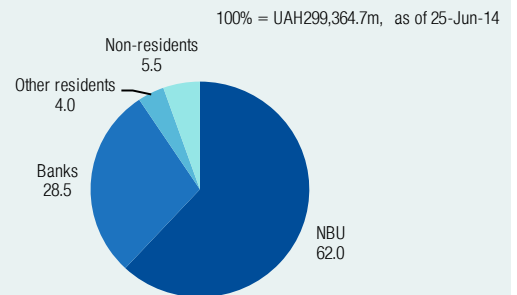


Chart 8. Domestic sovereign debt (%) as of 25 Jun 2014



FX: News & Comments

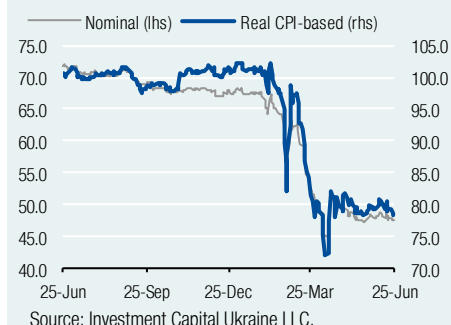
UAH appears pegged to 12/USD, a new comfort zone for the NBU

The longer the UAH continues to trade at 12/USD as it has over the past 11 weeks with little deviation, the more the NBU's current policy resembles its pre-2014 crisis. Similarly, the fixed FX rate was an anchor of the policy by default. What is different about the current situation is that the IMF program will require genuine FX flexibility with a transition toward an inflation targeting regime. As the IMF mission is in Kiev, public clarification of the NBU's short-term stance on the monetary policy is expected over next couple of weeks there. The FX market rate will depend on the IMF's assessment of the program's performance. Meanwhile, the negative backdrop of the Donbass conflict is not expected to improve anytime soon. While Ukraine's authorities are keen to succeed with IMF following their success at Maidan, we tend to think that FX market anticipates moderately positive news from the IMF. The UAH might regain some ground versus the USD, but not so much because of the ongoing tension in Donbass.

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ICU's UAH trade-weighted indices

(Last 12-month history to 26 Jun 2014)



FX market indicators (as of 25 Jun 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	11.9300	+0.04	-0.29	-0.17	+44.78
NBU avg	11.8819	-0.09	+0.46	+1.42	+45.78
Tt vlm ¹	392.42	+10.26	+14.64	+21.52	-86.00
\$ volume ²	267.24	+12.77	+16.51	+26.25	-87.91
NDF 3M	12.4100	+0.00	-0.52	-3.80	+46.26
NDF 6M	12.9050	+1.22	-0.92	-4.76	+46.98
NDF 1Y	13.8550	+0.00	-2.43	-2.77	+47.08
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	47.370	-0.14	-0.50	+0.07	-29.86
UAH real CPI	78.387	-0.14	-0.50	+0.07	-22.44
UAH real PPI	112.378	-0.14	-0.50	+0.07	-19.03
USD nom'l	80.225	-0.13	-0.45	-0.21	+0.24
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	33.7572	-0.04	-2.26	-1.17	+2.70
EUR/USD	1.3629	+0.17	+0.25	+0.00	-0.83
USD/CNY	6.2346	+0.06	+0.06	-0.02	+2.98
USD/PLN	3.0357	-0.57	-0.01	-0.38	+0.42
USD/TRY	2.1315	-0.47	+0.29	+2.40	-0.78
USD/BYR	10,195.00	+0.05	+0.25	+1.24	+6.87
USD/KZT	183.5200	-0.05	+0.04	+0.33	+18.96
OTHER MAJOR CURRENCIES					
USD/JPY	101.8700	-0.10	-0.06	-0.10	-3.27
GBP/USD	1.6983	-0.02	-0.06	+0.90	+2.57
USD/CHF	0.8928	-0.11	-0.32	-0.33	-0.01
AUD/USD	0.9408	+0.43	+0.00	+1.92	+5.51
USD/CAD	1.0719	-0.24	-1.08	-1.31	+0.90
USD/BRL	2.2078	-0.77	-0.89	-0.70	-6.53
USD/KRW	1,020.95	+0.26	-0.15	-0.37	-2.75
COMMODITIES					
Gold(\$/oz)	1,319.19	+0.06	+3.25	+2.06	+9.42
WTI crude ³	107.25	+0.58	+1.21	+2.19	+8.97
Brent crd ³	113.76	+0.09	-0.34	+1.84	+2.65
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	312.80	+0.26	+1.10	+1.47	+11.65

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>).

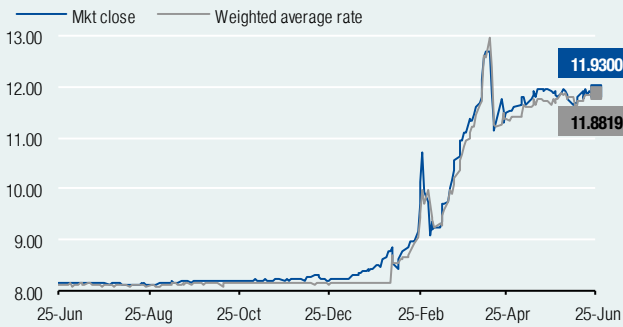
Section on FX market is continued on next page.

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.

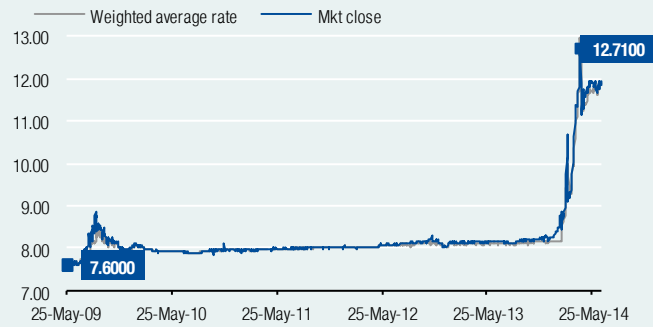
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

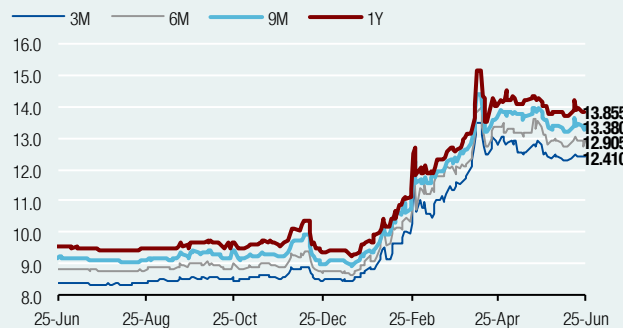


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

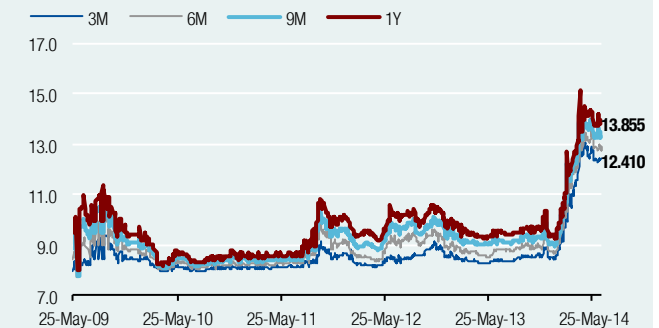


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

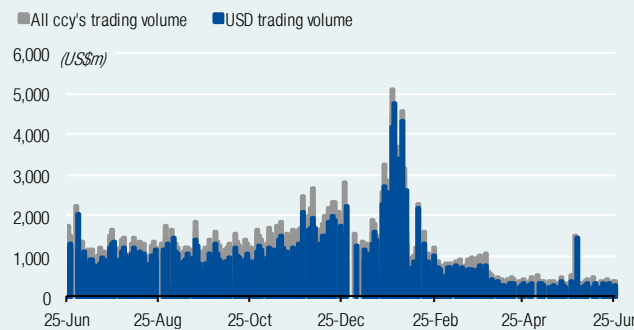


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

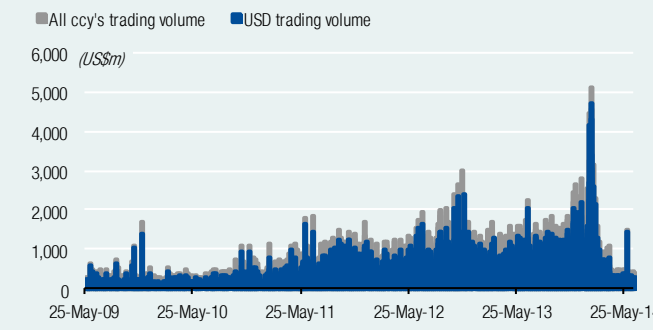


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

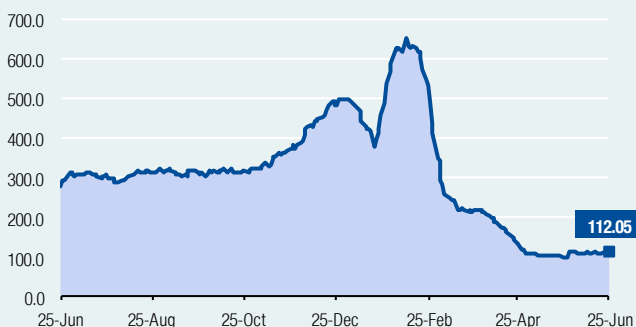


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

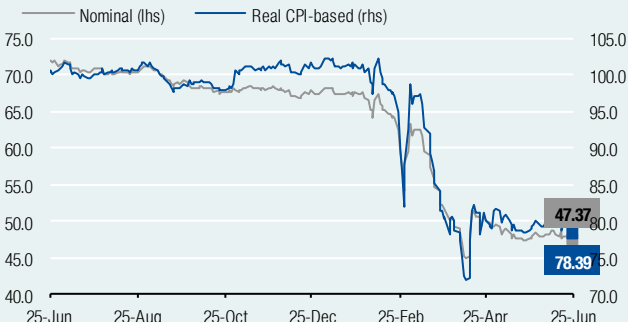


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

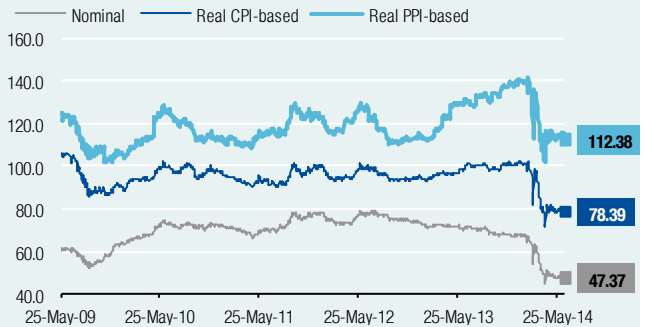
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

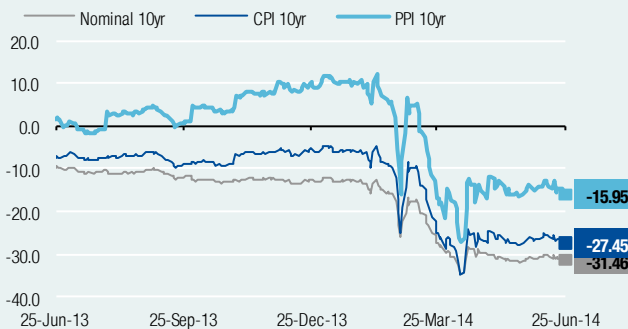


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

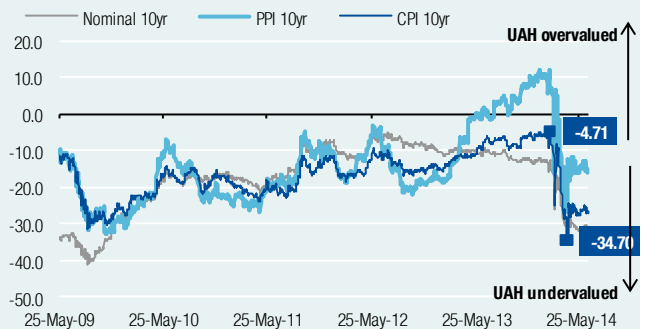


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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Disclosures

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

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

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

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

DEBT RATING DEFINITIONS

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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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