


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity down significantly; Eurobonds diverge;
 UAH flat after volatile session; 2Q GDP report

THURSDAY, 31 JULY, 2014

RESEARCH INSIGHT

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UX Index (3 months to 31 Jul 2014)



Key market indicators (as of 30 Jul 2014)

| | Last | Daily chg (%) | YTD chg (%) |
|--|------|------------------|----------------|
|--|------|------------------|----------------|

FX & MONEY RATES

| | | | |
|-------------------|---------|-------|--------|
| USD/UAH | 12.2350 | +0.99 | +48.48 |
| USD/UAH (1Y NDF) | 14.0650 | +0.00 | +49.31 |
| EUR/USD | 1.3397 | -0.09 | -2.52 |
| USD/RUB | 35.6149 | +0.17 | +8.35 |
| KievPRIME O/N (%) | 5.50 | +0bp | -230bp |
| KievPRIME 1M (%) | 15.00 | -10bp | -125bp |

BONDS: yields and spreads

| | | | |
|--------------------------|-------|-------|----------|
| Ukraine VAT bond (%) | 16.13 | +59bp | -8,533bp |
| Ukraine 17, Eurobond (%) | 8.80 | +18bp | -76bp |
| Ukraine 22, Eurobond (%) | 8.55 | -3bp | -80bp |
| Ukraine 23, Eurobond (%) | 8.41 | +3bp | -64bp |
| Ukraine 5Y CDS | 809bp | -20bp | -8bp |

EQUITIES

Stock market indices

| | | | |
|-----------------|----------|-------|--------|
| UX (Ukraine) | 1,348.16 | +0.81 | +48.14 |
| MSCI World | 429.28 | -0.22 | +5.07 |
| MSCI EM | 1,078.75 | -0.17 | +7.59 |
| RTS (Russia) | 1,224.36 | +1.41 | -15.14 |
| WIG-20 (Poland) | 2,346.51 | -1.86 | -2.27 |
| S&P 500 (USA) | 1,970.07 | +0.01 | +6.58 |

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

| | | |
|---------|------|-----------------------------|
| FXPO LN | 0.87 | 33.6% of total ¹ |
| KER PW | 0.82 | 31.7% |
| CEEN UK | 0.22 | 8.5% |

GAINERS: Top 3 stocks (in listed currency)

| | | | |
|---------|----------|-------|--------|
| RPT LN | GBP 9.13 | +8.96 | -29.81 |
| ALMK UK | UAH 0.04 | +1.92 | -4.41 |
| AVDK UK | UAH 3.19 | +1.56 | +7.84 |

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

2Q real GDP preliminary report indicates recession

The Ukrainian economy contracted 4.7% YoY in 2Q, or down 2.3% QoQ in seasonally adjusted terms, according to yesterday's State Statistics Office's report of the preliminary estimate. Following a 2.0% decline QoQ reported in 1Q, it marks that the economy officially has entered a recession, the third one since 2H2008. As garnished from the report's breakdown of the GDP into its components and their contribution to the contraction, investments and household consumption decreased the most in 1Q and 2Q.

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Table 1. Ukrainian stocks (closing prices as of 30-Jul-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 | 12.25 GBP | +0.0 | +27.3 | +18.1 | -19.0 | 0.21 | 47.9 | -15.2 | 40.2 | 19.3 | 145.6 | 18.0 | 0.19 | 521 | Neg. | Neg. | Neg. | 2.3 | N/A | N/A | Neg. | Neg. | Neg. | 0.3 | 0.0 |
| Centrenerg | CEEN UK | Kiev, UX | 8.20 UAH | +0.8 | +11.9 | +72.0 | +56.2 | 0.67 | 248.4 | 300.4 | 21.7 | 53.9 | 221.7 | 456.3 | 1.11 | 90 | 6.2 | 6.3 | 3.9 | 0.5 | 4.8 | 2.4 | 0.5 | 0.4 | 0.3 | 1.2 | 12.2 |
| Coal Energy | CLE PW | Warsaw | 0.91 PLN | -8.1 | -28.9 | -13.3 | -61.3 | 0.29 | 13.2 | 123.4 | 25.0 | 3.3 | 36.2 | 22.1 | 0.49 | 205 | Neg. | Neg. | 3.3 | 5.5 | 15.4 | 4.3 | 1.0 | 1.2 | 1.1 | 0.1 | 39.8 |
| Donbasenergo | DOEN UK | Kiev, UX | 40.70 UAH | +0.5 | +3.0 | +47.5 | +59.6 | 3.34 | 78.9 | 117.8 | 14.2 | 11.2 | 78.2 | 76.8 | 0.82 | 122 | 1.8 | 2.5 | 2.3 | 0.5 | 2.4 | 1.3 | 0.3 | 0.2 | 0.2 | 1.5 | 17.8 |
| JKX Oil & Gas | JKX LN | London | 44.50 GBP | -1.1 | -22.9 | -37.8 | -29.9 | 0.75 | 129.3 | 134.5 | 47.2 | 61.0 | 25.3 | 38.3 | 0.11 | 893 | 19.9 | 11.4 | 4.7 | 2.0 | 1.7 | 1.5 | 0.7 | 0.7 | 0.6 | 0.3 | 5.5 |
| Regal Petroleum | RPT LN | London | 9.13 GBP | +9.0 | +4.3 | -29.8 | -42.1 | 0.15 | 49.5 | 22.7 | 80.9 | 40.1 | 0.0 | 6.3 | 0.01 | 7,656 | Neg. | 24.8 | N/A | 1.0 | 0.9 | N/A | 0.6 | 0.5 | N/A | 0.2 | 0.0 |
| Zakhidenergo | ZAEN UK | Kiev, PFTS | 146.30 UAH | +0.0 | +3.0 | +61.8 | +62.6 | 11.99 | 153.4 | 131.5 | 5.0 | 7.7 | 0.0 | 3.7 | 0.05 | 1,943 | 3.2 | N/A | N/A | 0.9 | N/A | N/A | 0.1 | N/A | N/A | 3.6 | 0.0 |
| METALLURGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alchevsky Meta... | ALMK UK | Kiev, UX | 0.04 UAH | +1.9 | -0.1 | -4.4 | -6.8 | 0.00 | 78.4 | 1,229.1 | 3.9 | 3.0 | 9.6 | 36.6 | 1.71 | 59 | 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 | 3.19 UAH | +1.6 | -1.5 | +7.8 | -3.3 | 0.26 | 51.0 | 48.1 | 4.0 | 2.0 | 2.2 | 31.3 | 1.57 | 64 | Neg. | 1.9 | 0.8 | Neg. | 0.6 | 0.4 | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 |
| Azovstal | AZST UK | Kiev, UX | 0.91 UAH | +1.5 | +15.7 | +35.2 | +43.1 | 0.07 | 312.2 | 305.3 | 4.1 | 12.8 | 6.7 | 21.5 | 0.13 | 764 | Neg. | N/A | Neg. | Neg. | N/A | 8.9 | 0.2 | N/A | 0.2 | 0.3 | 0.0 |
| Ferrexpo PLC | FXPO LN | London | 137.50 GBP | -2.0 | +5.0 | -26.0 | -16.4 | 2.33 | 1,369.9 | 2,031.1 | 22.4 | 306.9 | 872.5 | 1,623.4 | 0.47 | 212 | 5.2 | 6.5 | 7.7 | 4.0 | 4.6 | 5.2 | 1.3 | 1.4 | 1.4 | 0.8 | 35.1 |
| Yasynivsky Cok... | YASK UK | Kiev, UX | 0.72 UAH | -1.4 | +0.0 | +35.8 | +28.1 | 0.06 | 16.1 | 17.3 | 9.0 | 1.5 | 0.4 | 8.2 | 0.35 | 286 | 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 | 44.17 UAH | -0.2 | -1.1 | +38.0 | +26.6 | 3.62 | 38.2 | 33.9 | 9.4 | 3.6 | 2.1 | 41.5 | 1.43 | 70 | 6.7 | 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 | 0.96 EUR | -2.0 | -9.4 | -22.6 | -35.6 | 1.29 | 118.8 | 145.4 | 34.0 | 40.4 | 6.9 | 23.0 | 0.02 | 6,104 | Neg. | N/A | N/A | Neg. | N/A | N/A | 2.0 | N/A | N/A | 1.0 | 35.9 |
| Agroliga | AGL PW | Warsaw | 18.68 PLN | -0.4 | -4.7 | -28.0 | -25.3 | 6.02 | 9.3 | 10.2 | 16.7 | 1.5 | 0.2 | 2.9 | 0.07 | 1,457 | 2.2 | N/A | N/A | 2.9 | N/A | N/A | 0.5 | N/A | N/A | 0.7 | 5.7 |
| Agroton | AGT PW | Warsaw | 2.37 PLN | -7.1 | -18.6 | +21.5 | +10.7 | 0.76 | 16.5 | 61.8 | 26.2 | 4.3 | 50.1 | 107.3 | 1.80 | 56 | Neg. | 2.4 | 2.1 | 23.1 | 6.5 | 3.9 | 0.8 | 0.7 | 0.8 | 0.1 | 28.4 |
| Astarta Holdin... | AST PW | Warsaw | 38.00 PLN | -2.2 | -13.6 | -43.2 | -48.6 | 12.24 | 306.1 | 618.9 | 31.0 | 95.0 | 56.1 | 148.4 | 0.10 | 1,002 | 8.9 | 9.2 | 4.6 | 8.2 | 4.8 | 5.2 | 1.3 | 1.2 | 1.2 | 0.9 | 38.2 |
| Avangard | AVGR LI | London Intl | 8.90 USD | -3.1 | -10.1 | -24.3 | -1.1 | 8.90 | 568.5 | 799.4 | 21.7 | 123.4 | 11.7 | 181.9 | 0.22 | 451 | 2.4 | 2.5 | 2.6 | 2.7 | 2.7 | 2.8 | 1.2 | 1.1 | 1.0 | 0.4 | 17.8 |
| IMC | IMC PW | Warsaw | 8.40 PLN | -3.2 | -18.0 | -30.9 | -46.2 | 2.71 | 84.7 | 235.7 | 23.9 | 20.2 | 10.0 | 67.8 | 0.24 | 419 | 3.2 | 7.7 | 1.8 | 4.4 | 4.4 | 4.3 | 2.1 | 1.3 | 1.3 | 0.6 | 38.7 |
| Kernel Holding... | KER PW | Warsaw | 28.50 PLN | -4.7 | -14.5 | -25.1 | -43.1 | 9.18 | 731.7 | 1,638.3 | 58.8 | 430.1 | 824.4 | 2,575.0 | 0.31 | 324 | 6.6 | 17.7 | 5.0 | 5.6 | 6.7 | 5.0 | 0.6 | 0.7 | 0.6 | 0.7 | 30.6 |
| MHP | MHPC LI | London Intl | 13.00 USD | +1.2 | -13.3 | -23.8 | -26.9 | 13.00 | 1,373.7 | 2,534.5 | 22.3 | 306.6 | 159.7 | 1,077.3 | 0.52 | 191 | 8.8 | 5.1 | 4.6 | 6.5 | 5.2 | 4.8 | 1.7 | 1.6 | 1.5 | 2.4 | 47.0 |
| Milkiland | MLK PW | Warsaw | 5.72 PLN | -3.1 | -17.8 | -54.2 | -53.9 | 1.84 | 57.6 | 186.0 | 20.0 | 11.5 | 3.0 | 9.3 | 0.06 | 1,600 | 4.0 | N/A | 2.9 | 5.6 | 3.6 | 3.3 | 0.4 | 0.4 | 0.4 | 0.3 | 30.8 |
| Mriya Agrohold... | MAYA GF | Frankfurt | 4.15 EUR | -7.8 | -8.8 | -23.1 | -7.9 | 5.56 | 590.8 | 1,378.9 | 20.0 | 118.2 | 35.6 | 10.7 | 0.00 | 28,220 | 6.7 | 6.8 | 2.7 | 8.4 | 5.1 | 4.6 | 2.8 | 3.3 | 3.2 | 0.0 | 45.3 |
| Ovostar Union | OVO PW | Warsaw | 70.49 PLN | +0.7 | -3.4 | -29.5 | -7.9 | 22.71 | 136.3 | 143.9 | 25.0 | 34.1 | 2.0 | 30.5 | 0.15 | 687 | 4.5 | 6.7 | 6.4 | 3.9 | 4.8 | 4.2 | 1.6 | 1.7 | 1.4 | 1.0 | 8.5 |
| TRANSPORTATION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| KDM Shipping | KDM PW | Warsaw | 6.51 PLN | -9.6 | -34.5 | -79.3 | -80.7 | 2.10 | 19.5 | 3.0 | 10.9 | 2.1 | 1.2 | 0.6 | 0.06 | 1,806 | 2.9 | N/A | N/A | 0.3 | N/A | N/A | 0.1 | N/A | N/A | 0.3 | 5.6 |
| CONSTRUCTION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TMM | TR61 GF | Xetra | 0.22 EUR | +0.0 | -2.2 | -30.6 | -48.4 | 0.29 | 15.3 | 190.9 | 13.1 | 2.0 | 0.0 | 0.2 | 0.01 | 6,827 | Neg. | N/A | N/A | Neg. | N/A | N/A | 5.6 | N/A | N/A | 0.2 | 45.5 |
| FINANCIAL SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Forum Bank | FORM UK | Kiev, UX | 0.24 UAH | +0.0 | N/A | N/A | N/A | 0.02 | 11.7 | N/A | 5.5 | 0.6 | 0.0 | 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 | +0.8 | -3.9 | +30.7 | +45.2 | 0.01 | 364.4 | N/A | 3.8 | 13.9 | 34.8 | 222.3 | 2.49 | 40 | 4.4 | Neg. | 12.5 | N/A | N/A | N/A | N/A | N/A | N/A | 0.6 | 28.3 |
| Ukrsotsbank | USCB UK | Kiev, UX | 0.18 UAH | -0.3 | +5.3 | -5.9 | +29.5 | 0.01 | 262.4 | N/A | 4.5 | 11.8 | 0.6 | 16.9 | 0.14 | 709 | Neg. | 14.9 | 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 30-Jul-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 significantly

Banking sector liquidity declined yesterday as broader banking sector liquidity fell UAH1.68bn to UAH46.57bn. Bbanks' correspondent accounts with the NBU decreased UAH0.51bn to UAH26.00bn and total CDs outstanding fell UAH1.17bn to UAH14.98. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH5.58bn.

KyivPrime interest rates diverged very slightly: the KyivPrime ON interest rate once more remained steady at 5.50% while the KyivPrime 1M interest rate slid 10bp to 15.00%.

Investment implications: *The NBU supported banks via CD redemptions and issued a small volume of ON loans. The decline in liquidity was caused mostly by month-end tax payments and could decline further today as tax payments are completed for July.*

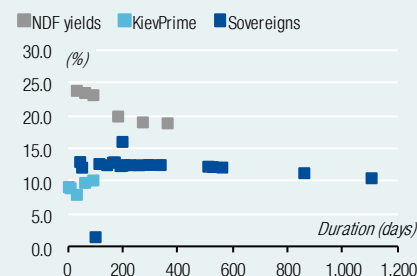
Ukrainian Eurobonds diverge

Ukrainian Eurobonds traded nearly unchanged yesterday. At yesterday's close, the yield curve adjusted to the range of 8.32-9.71%, as UKRAIN 7.80% '22 remained steady at 9.55%, UKRAIN 6.875% '15 declined 71bp to 9.71%, UKRAIN 6.58% '16 was up 1bp to 8.52%, UKRAIN 9.25% '17 rose 19bp to 8.80%, UKRAIN 7.95% '21 slid 7bp to 8.76%, while UKRAIN 6.75% '17 and UKRAIN 7.50% '23 rose 5bp to 8.54% and 8.41%, respectively. The 5-year CDS declined to 809bp.

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Yield curve of the local bond market

(as of market close on 30 Jul 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 30 Jul 2014)

| | Last | Daily | Weekly | MoM | YTD |
|-----------------------------------------------------|----------------|--------------|--------------|--------------|---------------|
| | | chg (%) | chg (%) | chg (%) | chg (%) |
| MONEY MARKET KIEV PRIME RATES (%) | | | | | |
| 0/n | 5.50 | +0bp | -20bp | -63bp | -230bp |
| 1wk | 9.44 | -1bp | +4bp | +113bp | -36bp |
| 1m | 15.00 | -10bp | -100bp | -225bp | -125bp |
| 2m | 17.75 | -5bp | -15bp | -25bp | +135bp |
| 3m | 18.00 | +0bp | -10bp | +0bp | +200bp |
| LIQUIDITY WIDE MEASUREMENT (UAHm) | | | | | |
| CB acc's ¹ | 26,005 | -1.92 | -1.71 | -4.44 | -20.48 |
| CDs ² | 14,984 | -7.24 | +1.74 | +31.63 | +2,025.4 |
| Sovgns ³ | 3,603 | -35.48 | +0.17 | -0.40 | +141.0 |
| Total | 44,592 | -7.58 | -0.43 | +5.64 | +27.76 |
| HOLDERS OF UAH SOVEREIGN BONDS (UAHm) | | | | | |
| C.bank | 192,177 | +0.00 | +0.97 | +3.23 | +32.67 |
| Banks | 83,412 | +0.67 | +0.40 | -1.65 | +4.05 |
| Resid's ⁴ | 15,317 | -0.40 | +6.88 | +34.99 | +23.56 |
| Non-res ⁵ | 16,665 | +0.92 | +2.98 | +1.43 | +42.45 |
| Total | 307,571 | +0.21 | +1.20 | +2.95 | +23.47 |
| NDF IMPLIED YIELDS (%) | | | | | |
| 3m | N/A | N/A | N/A | N/A | N/A |
| 6m | N/A | N/A | N/A | N/A | N/A |
| 9m | N/A | N/A | N/A | N/A | N/A |
| 1yr | N/A | N/A | N/A | N/A | N/A |
| LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%) | | | | | |
| Mar '13 | N/A | -52ppt | +0bp | +0bp | +0bp |
| Jan '14 | N/A | +320bp | +0bp | +0bp | -676bp |
| Aug '15 ⁶ | 16.13 | +59bp | +59bp | +367bp | -85ppt |
| EUROBONDS USD SOVEREIGN BOND YIELDS (%) | | | | | |
| CDS 5yr | 809 | -20bp | +20bp | +35bp | -8bp |
| Jun '16 | 8.32 | -6bp | +62bp | +8bp | -57bp |
| Jul '17 | 8.80 | +18bp | +84bp | +12bp | -76bp |
| Sep '20 | 8.87 | +6bp | +49bp | +21bp | -32bp |
| Sep '21 | 8.76 | -9bp | +34bp | -4bp | -46bp |
| Sep '22 | 8.55 | -3bp | +35bp | -9bp | -80bp |
| Feb '23 | 8.41 | +3bp | +29bp | +2bp | -64bp |

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

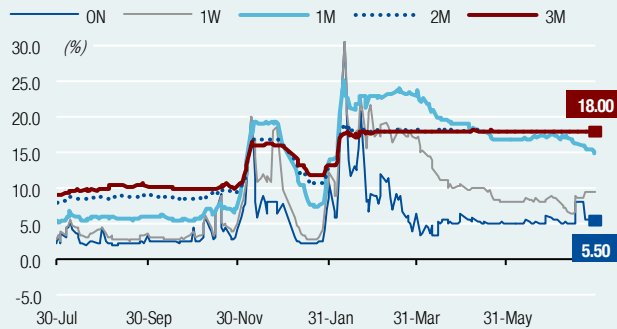


Chart 2. UAH NDF implied yields (%), last 12-month period



Chart 3. UAH sovereign yield curve (%) as of 30 Jul 2014

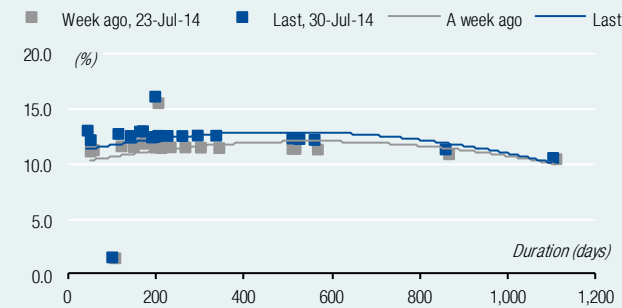


Chart 4. USD sovereign yield curve (%) as of 30 Jul 2014

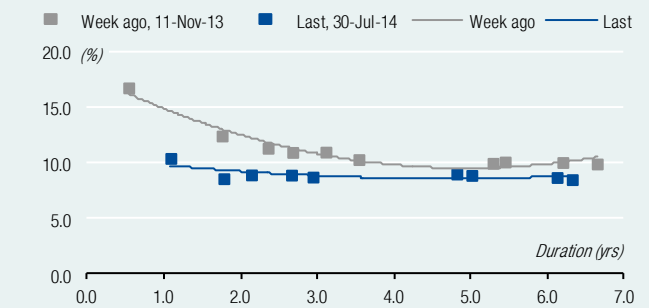


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

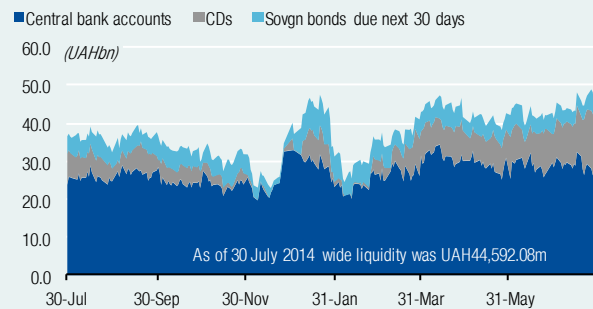


Chart 6. Breakdown of liquidity pool (%) as of 30 Jul 2014

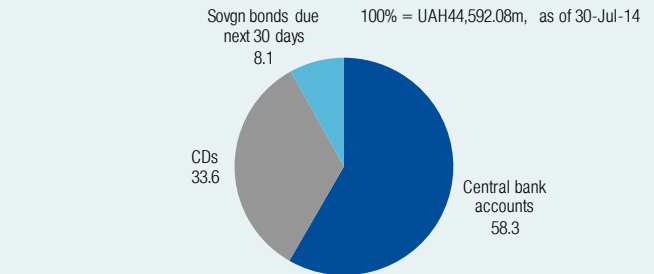


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

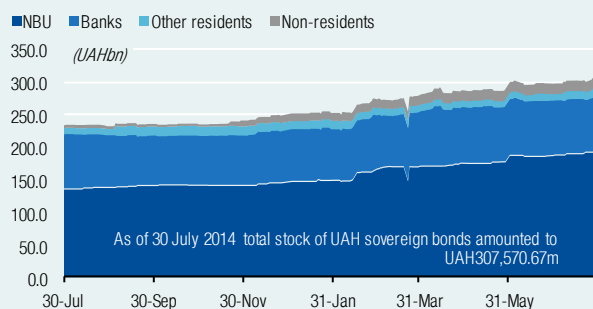
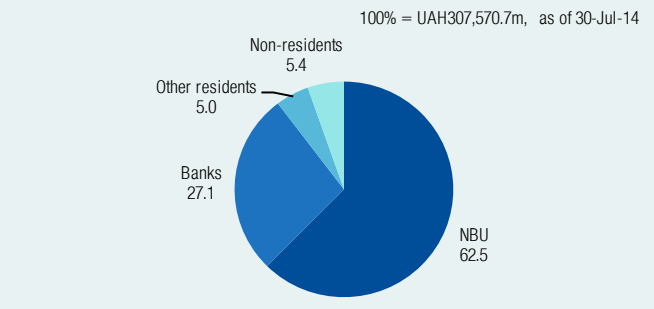


Chart 8. Domestic sovereign debt (%) as of 30 Jul 2014



FX: News & Comments

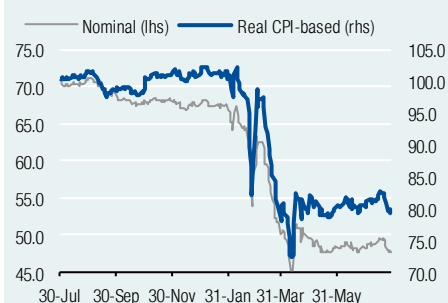
Hryvnia closes unchanged after highly volatile session

The hryvnia traded in a 4% range during yesterday's highly volatile session, but closed at 12.2350/USD yesterday or down by 0.99% from the previous day. All this was suggesting that state-run banks bolstered the currency as market players sold more aggressively. The sanctions imposed on Russia were less severe than anticipated, hence, RUB lost just 0.17% yesterday. In global markets, the US dollar rallied in reaction to the report that US real GDP rose 4% in 2Q, causing the USD index to increase 0.27% yesterday and 2.08% over the past month. The UAH's real TWI slid 0.84%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 31 Jul 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 30 Jul 2014)

| | Last | Daily | Weekly | MoM | YTD |
|---------------------------------------------------------|-----------|---------|---------|---------|---------|
| | chg (%) | chg (%) | chg (%) | chg (%) | chg (%) |
| USD/UAH MARKET (HRYVNIA per US DOLLAR) | | | | | |
| Spot mkt | 12.2350 | +0.99 | +4.71 | +4.13 | +48.48 |
| NBU avg | 12.0032 | +0.13 | +3.08 | +1.52 | +47.26 |
| Ttl vlm ¹ | 336.41 | +8.47 | -21.70 | -30.92 | -87.99 |
| \$ volume ² | 248.92 | +7.95 | -19.70 | -28.70 | -88.74 |
| NDF 3M | 12.6500 | +0.00 | +3.69 | +3.98 | +49.09 |
| NDF 6M | 13.1050 | +0.00 | +3.80 | +3.57 | +49.26 |
| NDF 1Y | 14.0650 | +0.00 | +4.30 | +3.04 | +49.31 |
| TRADE-WEIGHTED INDICES (TWIs, points) | | | | | |
| UAH nom'l | 47.542 | -0.84 | -3.50 | -1.73 | -29.61 |
| UAH real CPI | 79.217 | -0.84 | -3.50 | -1.73 | -21.62 |
| UAH real PPI | 116.501 | -0.84 | -3.50 | -1.73 | -16.06 |
| USD nom'l | 81.432 | +0.27 | +0.75 | +2.08 | +1.75 |
| FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs | | | | | |
| USD/RUB | 35.6149 | +0.17 | +2.23 | +4.80 | +8.35 |
| EUR/USD | 1.3397 | -0.09 | -0.50 | -2.15 | -2.52 |
| USD/CNY | 6.1720 | -0.16 | -0.43 | -0.50 | +1.94 |
| USD/PLN | 3.1030 | +0.24 | +1.02 | +2.16 | +2.65 |
| USD/TRY | 2.1328 | +0.77 | +2.12 | +0.68 | -0.72 |
| USD/BYR | 10,315.00 | +0.15 | +0.19 | +0.78 | +8.12 |
| USD/KZT | 183.5500 | +0.02 | +0.02 | +0.02 | +18.98 |
| OTHER MAJOR CURRENCIES | | | | | |
| USD/JPY | 102.7900 | +0.66 | +1.29 | +1.44 | -2.39 |
| GBP/USD | 1.6913 | -0.18 | -0.77 | -1.13 | +2.15 |
| USD/CHF | 0.9088 | +0.21 | +0.73 | +2.48 | +1.78 |
| AUD/USD | 0.9331 | -0.55 | -1.32 | -1.08 | +4.64 |
| USD/CAD | 1.0903 | +0.47 | +1.63 | +2.17 | +2.64 |
| USD/BRL | 2.2457 | +0.65 | +1.19 | +1.42 | -4.93 |
| USD/KRW | 1,024.40 | -0.01 | +0.06 | +1.24 | -2.42 |
| COMMODITIES | | | | | |
| Gold(\$/oz) | 1,296.32 | -0.21 | -0.64 | -2.34 | +7.52 |
| WTI crude ³ | 100.27 | -0.69 | -6.83 | -4.84 | +1.88 |
| Brent crd ³ | 104.70 | -1.38 | -2.01 | -6.59 | -5.52 |
| Urals crd ³ | N/A | +0.00 | +0.00 | +0.00 | +0.00 |
| TR/J CRB ⁴ | 296.11 | -0.18 | -0.89 | -3.93 | +5.69 |

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>).

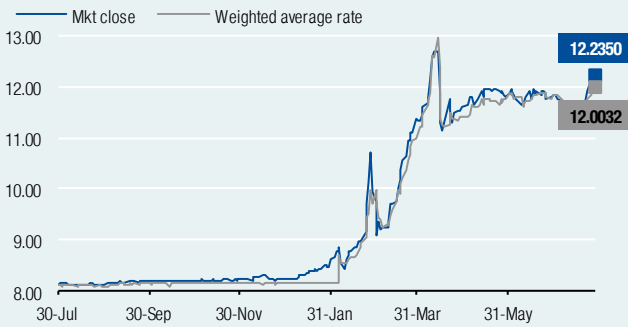
Section on FX market is continued on next page.

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.

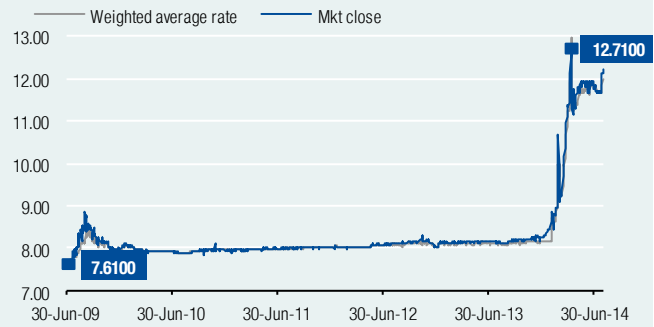
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

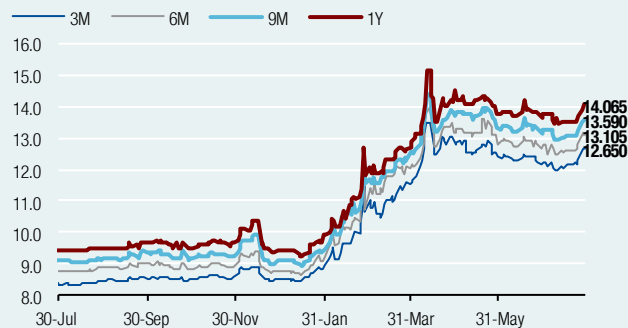


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

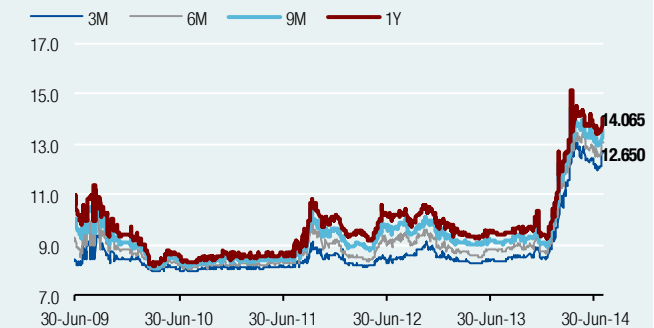


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

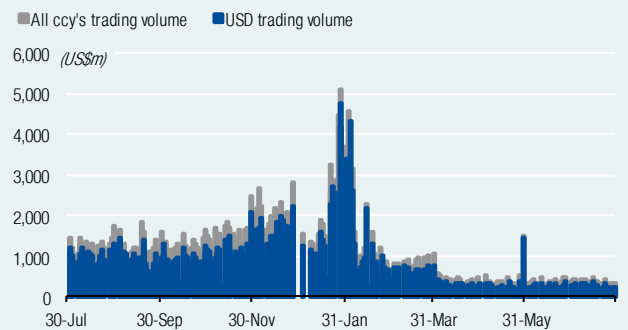


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

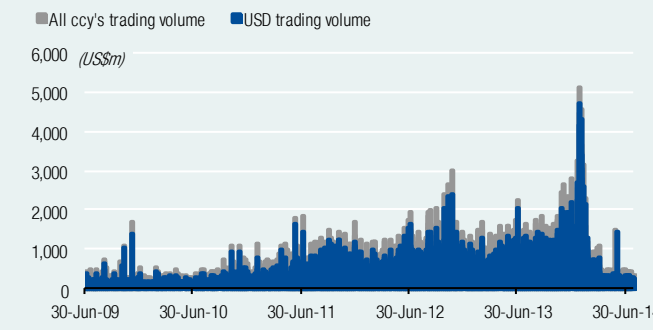


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

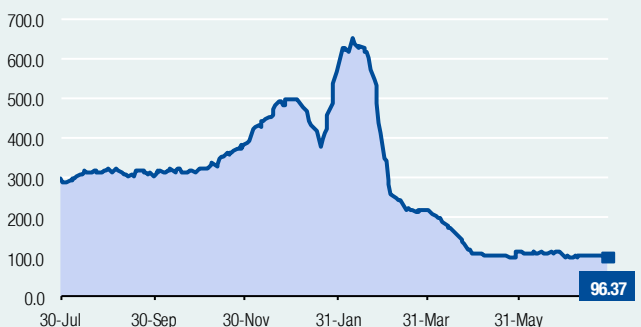


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)



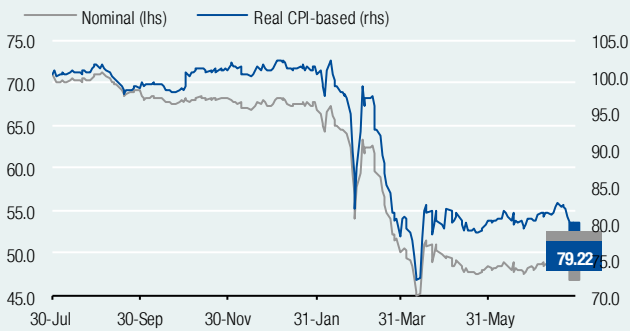
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

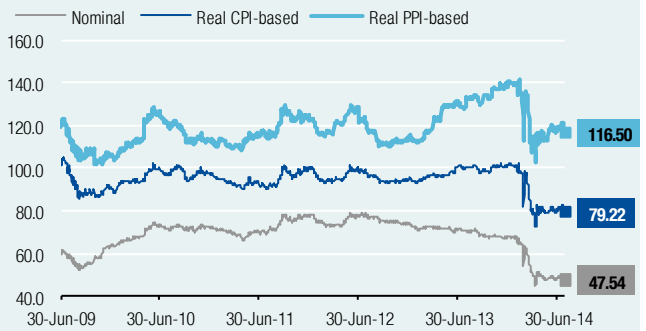
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

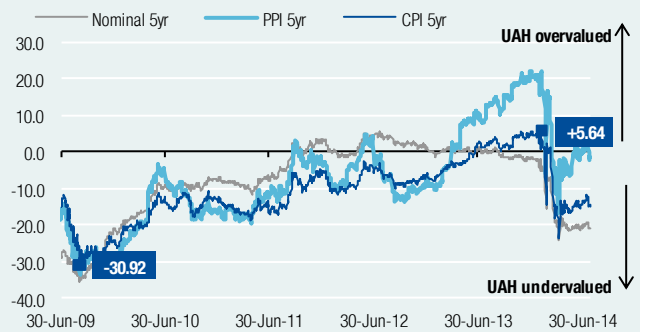


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

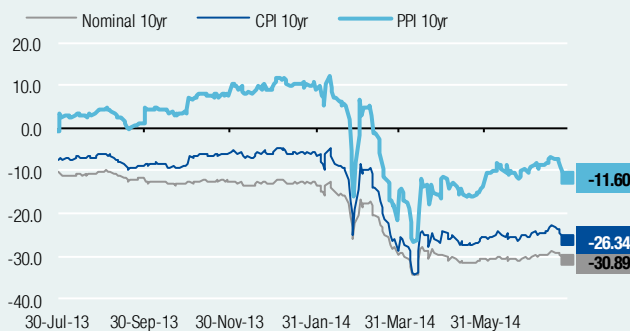


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

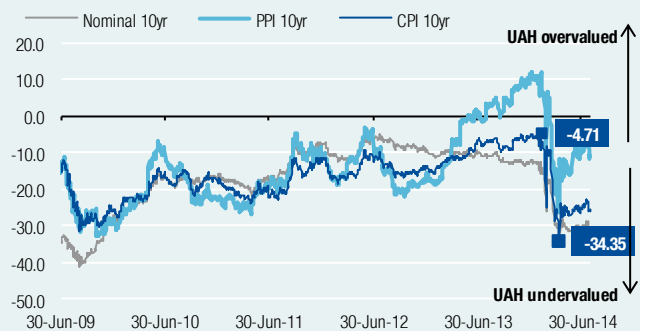


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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

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

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

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

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

DEBT RATING DEFINITIONS

Buy: Forecasted 12-month total return significantly greater than that of relevant benchmark

Hold: Forecasted 12-month total return is in line with or modestly deviates from relevant benchmark

Sell: Forecasted 12-month total return significantly less than that of relevant benchmark



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