


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Liquidity down on absorption; YTM's increase

TUESDAY, 5 AUGUST, 2014

RESEARCH INSIGHT

Contents

Bonds: News & Comments	4
Liquidity declines due to absorption	4
Ukrainian Eurobond YTM's rise further	4
Chart page: Local bond market & Eurobond markets	5
FX: News & Comments	6
Hryvnia feels an extended pressure to get lower.....	6
Chart page #1: Foreign-exchange market.....	7
Chart page #2: ICU's UAH trade-weighted indices.....	8

UX Index (3 months to 5 Aug 2014)



Key market indicators (as of 4 Aug 2014)

	Last	Daily chg (%)	YTD chg (%)
FX & MONEY RATES			
USD/UAH	12.3800	+0.45	+50.24
USD/UAH (1Y NDF)	14.3150	+0.70	+51.96
EUR/USD	1.3422	-0.04	-2.34
USD/RUB	35.8316	+0.12	+9.01
KievPRIME O/N (%)	5.50	+0bp	-230bp
KievPRIME 1M (%)	15.13	+3bp	-112bp

BONDS: yields and spreads

Ukraine VAT bond (%)	N/A	-170bp	-8,703bp
Ukraine 17, Eurobond (%)	9.10	+12bp	-46bp
Ukraine 22, Eurobond (%)	8.74	+29bp	-61bp
Ukraine 23, Eurobond (%)	8.72	+40bp	-33bp
Ukraine 5Y CDS	828bp	+26bp	+12bp

EQUITIES

Stock market indices

UX (Ukraine)	1,315.63	-0.21	+44.57
MSCI World	422.28	+0.33	+3.36
MSCI EM	1,069.30	+0.86	+6.64
RTS (Russia)	1,212.21	-0.04	-15.98
WIG-20 (Poland)	2,361.56	+0.84	-1.64
S&P 500 (USA)	1,938.99	+0.72	+4.90

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

FXPO LN	1.08	44.5% of total ¹
KER PW	0.67	27.6%
AST PW	0.18	7.3%

GAINERS: Top 3 stocks (in listed currency)

AVGR LI	USD 8.98	+4.97	-23.62
CLE PW	PLN 1.00	+3.09	-4.76
YASK UK	UAH 0.74	+2.78	+39.62

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 4-Aug-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	10.38 GBP	-9.8	+7.8	+0.0	-35.2	0.17	40.4	-22.6	40.2	16.3	21.7	16.5	0.24	418	Neg.	Neg.	Neg.	3.4	N/A	N/A	Neg.	Neg.	Neg.	0.2	0.0
Centrenerg	CEEN UK	Kiev, UX	8.13 UAH	+0.1	+12.6	+70.5	+57.1	0.66	242.6	293.8	21.7	52.7	89.2	436.2	0.96	105	6.2	6.2	3.9	0.5	4.8	2.4	0.5	0.4	0.3	1.2	12.2
Coal Energy	CLE PW	Warsaw	1.00 PLN	+3.1	-13.0	-4.8	-63.1	0.32	14.5	124.7	25.0	3.6	4.2	23.5	0.38	260	Neg.	Neg.	3.6	5.5	15.6	4.3	1.0	1.2	1.1	0.1	39.8
Donbasenergo	DOEN UK	Kiev, UX	40.76 UAH	-1.5	+9.2	+47.7	+64.4	3.29	77.9	116.2	14.2	11.1	5.1	74.0	0.72	140	1.8	2.5	2.3	0.4	2.4	1.3	0.3	0.2	0.2	1.5	17.8
JKX Oil & Gas	JKX LN	London	36.50 GBP	-9.3	-37.3	-49.0	-43.4	0.62	105.7	110.8	47.2	49.9	134.2	34.7	0.16	634	16.3	9.3	3.8	1.7	1.4	1.2	0.6	0.6	0.5	0.2	5.5
Regal Petroleum	RPT LN	London	6.88 GBP	-9.8	-19.1	-47.1	-56.3	0.12	37.2	10.3	80.9	30.1	16.9	4.8	0.02	5,196	Neg.	18.6	N/A	0.5	0.4	N/A	0.3	0.2	N/A	0.1	0.0
Zakhidenergo	ZAEN UK	Kiev, PFTS	149.00 UAH	+0.0	+8.8	+64.8	+78.2	12.04	154.0	132.4	5.0	7.7	0.0	3.6	0.04	2,745	3.3	N/A	N/A	0.9	N/A	N/A	0.1	N/A	N/A	3.7	0.0
METALLURGY																											
Alchevsky Meta...	ALMK UK	Kiev, UX	0.04 UAH	+0.0	+0.9	-5.4	-7.8	0.00	76.4	1,210.5	3.9	3.0	3.4	34.4	1.43	70	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	3.16 UAH	+1.8	+0.5	+6.8	-3.5	0.26	49.8	46.9	4.0	2.0	0.5	29.5	1.32	76	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	0.87 UAH	-0.6	+12.5	+30.0	+38.9	0.07	295.8	289.1	4.1	12.1	1.3	20.1	0.13	747	Neg.	N/A	Neg.	Neg.	N/A	8.6	0.2	N/A	0.2	0.3	0.0
Ferrexpo PLC	FXPO LN	London	133.30 GBP	+0.6	-5.1	-28.3	-21.6	2.25	1,323.3	1,984.4	22.4	296.4	1,078.1	1,571.6	0.43	234	5.1	6.2	7.4	4.0	4.5	5.0	1.3	1.3	1.3	0.8	35.1
Yasynivsky Cok...	YASK UK	Kiev, UX	0.74 UAH	+2.8	+8.5	+39.6	+31.9	0.06	16.4	17.5	9.0	1.5	0.2	8.0	0.30	333	Neg.	1.5	0.8	0.1	0.7	0.5	0.1	0.0	0.0	0.1	0.1
Yenakievo Steel	ENMZ UK	Kiev, UX	43.46 UAH	-0.3	+4.9	+35.8	+24.3	3.51	37.0	32.8	9.4	3.5	0.4	38.8	1.07	93	6.6	N/A	Neg.	Neg.	N/A	1.0	0.0	N/A	0.0	1.0	0.0
FOOD AND AGRIBUSINESS																											
AgroGeneration	ALAGR FP	EN Paris	0.90 EUR	-3.2	-10.9	-27.4	-40.0	1.21	111.6	138.2	34.0	37.9	32.9	20.1	0.02	5,416	Neg.	N/A	N/A	Neg.	N/A	N/A	1.9	N/A	N/A	1.0	35.9
Agroliga	AGL PW	Warsaw	19.00 PLN	+0.0	-3.6	-26.7	-22.1	6.11	9.4	10.3	16.7	1.6	0.5	2.9	0.07	1,463	2.2	N/A	N/A	3.0	N/A	N/A	0.5	N/A	N/A	0.8	5.7
Agroton	AGT PW	Warsaw	2.38 PLN	-2.1	-18.5	+22.1	+1.7	0.77	16.6	61.9	26.2	4.3	32.3	106.2	1.60	63	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	36.60 PLN	+1.7	-13.9	-45.3	-49.6	11.78	294.4	607.8	31.0	91.3	177.7	147.6	0.13	773	8.5	8.8	4.4	8.0	4.7	5.1	1.2	1.2	1.2	0.8	38.2
Avangard	AVGR LI	London Intl	8.98 USD	+5.0	-11.1	-23.6	-7.9	8.98	573.2	804.2	21.7	124.4	29.4	184.5	0.12	839	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	8.50 PLN	-2.6	-15.3	-30.0	-46.9	2.73	85.6	236.6	23.9	20.4	2.7	66.6	0.24	418	3.3	7.8	1.9	4.4	4.4	4.3	2.1	1.3	1.3	0.6	38.7
Kernel Holding...	KER PW	Warsaw	28.45 PLN	-1.0	-11.5	-25.3	-46.3	9.15	729.4	1,636.0	58.8	428.7	669.2	2,532.8	0.30	337	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	13.05 USD	+0.7	-13.6	-23.5	-27.5	13.05	1,379.0	2,539.8	22.3	307.8	95.1	1,094.7	0.52	191	8.8	6.6	4.5	6.5	5.3	4.8	1.7	1.7	1.5	2.4	47.0
Milkiland	MLK PW	Warsaw	5.64 PLN	-0.9	-19.4	-54.9	-54.1	1.81	56.7	185.3	20.0	11.3	0.4	8.9	0.03	2,872	3.9	N/A	2.9	5.6	3.6	3.3	0.4	0.4	0.4	0.2	30.8
Mriya Agrohold...	MAYA GF	Frankfurt	2.75 EUR	+0.0	-40.4	-49.1	-39.0	3.69	392.2	1,180.4	20.0	78.4	25.0	7.2	0.01	12,306	4.4	4.5	1.8	7.2	4.4	4.0	2.4	2.8	2.7	0.0	45.3
Ovostar Union	OVO PW	Warsaw	70.00 PLN	+0.0	-2.7	-30.0	-9.6	22.52	135.1	142.7	25.0	33.8	0.3	29.7	0.09	1,146	4.4	6.6	6.3	3.9	4.7	4.2	1.6	1.7	1.3	1.0	8.5
CONSTRUCTION																											
TMM	TR61 GF	Xetra	0.22 EUR	+0.0	-2.2	-30.6	-50.9	0.30	15.3	190.9	13.1	2.0	0.0	0.2	0.00	21,742	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	0.21 UAH	-12.1	N/A	N/A	N/A	0.02	10.1	N/A	5.5	0.6	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	-0.6	-0.3	+29.5	+46.8	0.01	356.0	N/A	3.8	13.6	3.6	209.7	2.11	47	4.3	Neg.	12.4	N/A	N/A	N/A	N/A	N/A	N/A	0.6	28.3
Ukrsotsbank	USCB UK	Kiev, UX	0.18 UAH	+0.0	+7.4	-6.0	+33.9	0.01	258.4	N/A	4.5	11.6	0.0	16.2	0.12	825	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 4-Aug-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 due to absorption

Broader banking sector liquidity slid UAH0.23bn to UAH42.59bn yesterday as the NBU absorbed some funds from the banking system via CDS. Banks' correspondent accounts with the NBU dropped UAH1.70bn to UAH26.71bn while total CDs outstanding increased UAH1.48bn to UAH12.27bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH3.60bn.

KyivPrime interest rates slightly diverged: the KyivPrime ON interest rate remained steady at 5.50% while the KyivPrime 1M interest rate rose 3bp to 15.13%.

Investment implications: *The NBU increased total CDs outstanding most likely to decrease the pressure of additional liquidity on the FX market, increased total CDs outstanding. However, due to seasonally low FX trading volumes, this had little impact. Despite the absorption, money market interest rates did not rise.*

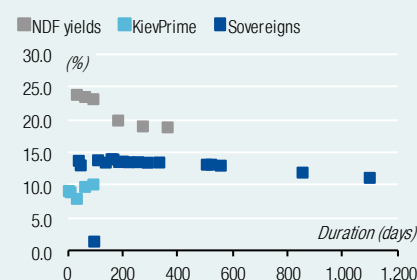
Ukrainian Eurobond YTM's rise further

Ukrainian Eurobond prices continued to fall yesterday, reflecting uncertainty about the second tranche of the IMF lending program as well as the ongoing turmoil in eastern Ukraine. The political developments last week with parliament supporting the PM appear to have had little impact. As a result, spreads mostly widened, causing the yield curve to shift higher to the range of 8.72-9.84% at yesterday's close. UKRAIN 6.875% '15 rose 24bp to 9.84%, UKRAIN 6.58% '16 was up 61bp to 9.08%, UKRAIN 6.75% '17 rose 27bp to 8.88%, while UKRAIN 9.25% '17 rose 14bp to 9.10%, UKRAIN 7.95% '21 rose 31bp to 8.97%, UKRAIN 7.80% '22 rose 30bp to 8.75% and UKRAIN 7.50% '23 rose 42bp to 8.72%. The 5-year CDS rose to 828bp.

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

Yield curve of the local bond market

(as of market close on 4 Aug 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 4 Aug 2014)

	Last	Daily chg (%)	Weekly chg (%)	MoM chg (%)	YTD chg (%)
MONEY MARKET KIEV PRIME RATES (%)					
O/n	5.50	+0bp	+0bp	+0bp	-230bp
1wk	9.38	-12bp	+0bp	+94bp	-42bp
1m	15.13	+3bp	-25bp	-217bp	-112bp
2m	18.00	+10bp	+12bp	+0bp	+160bp
3m	18.00	+0bp	-13bp	+0bp	+200bp
LIQUIDITY WIDE MEASUREMENT (UAHm)					
CB acc's ¹	26,714	-5.98	-5.19	-14.23	-18.31
CDs ²	7,246	-32.90	-52.54	-29.77	+927.8
Sovgns ³	3,917	+8.71	-29.86	-4.65	+162.0
Total	37,877	-11.54	-22.75	-16.88	+8.52
HOLDERS OF UAH SOVEREIGN BONDS (UAHm)					
C.bank	192,021	+0.00	-0.08	+2.24	+32.56
Banks	82,638	-0.61	+0.19	-1.36	+3.08
Resid's ⁴	15,469	+0.29	+17.30	+46.00	+24.79
Non-res ⁵	16,634	-0.94	+1.49	+1.42	+42.18
Total	306,763	-0.20	+0.83	+2.74	+23.14
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	N/A	-170bp	-111bp	+197bp	-87ppt
EUROBONDS USD SOVEREIGN BOND YIELDS (%)					
CDS 5yr	828	+26bp	+28bp	+53bp	+12bp
Jun '16	8.94	+63bp	+37bp	+76bp	+5bp
Jul '17	9.10	+12bp	+33bp	+42bp	-46bp
Sep '20	8.97	+26bp	+15bp	+33bp	-22bp
Sep '21	8.96	+36bp	+11bp	+21bp	-26bp
Sep '22	8.74	+29bp	+15bp	+14bp	-61bp
Feb '23	8.72	+40bp	+27bp	+27bp	-33bp

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

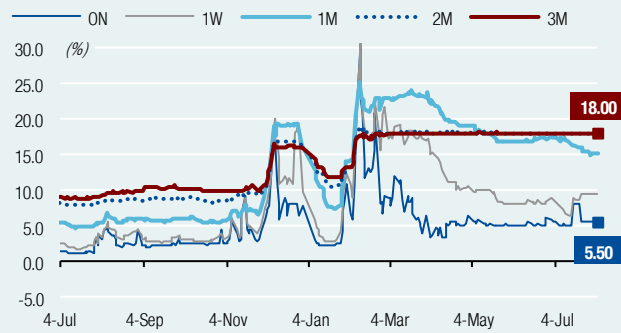


Chart 2. UAH NDF implied yields (%), last 12-month period

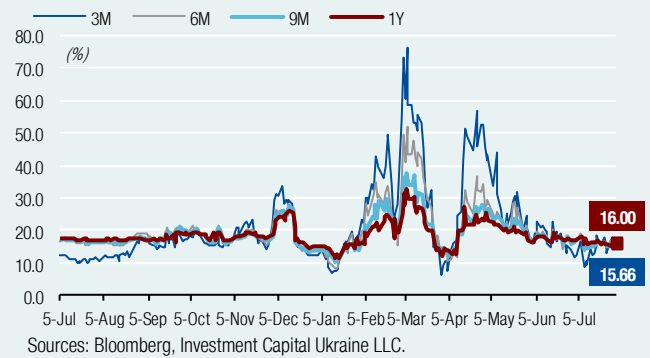


Chart 3. UAH sovereign yield curve (%) as of 4 Aug 2014

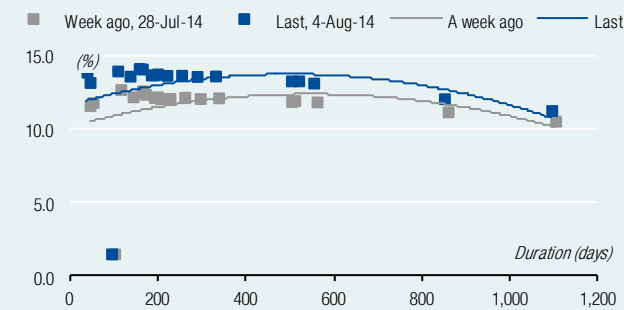


Chart 4. USD sovereign yield curve (%) as of 4 Aug 2014

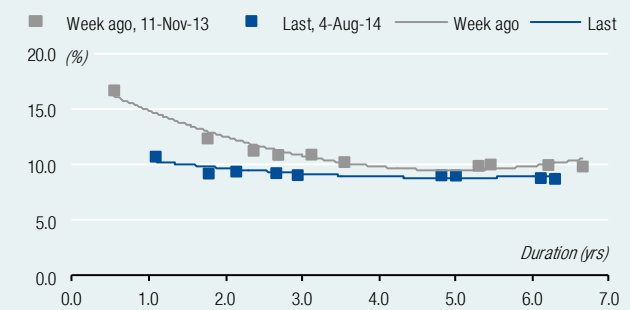


Chart 5. Banking sector liquidity (UAHbn), last 12-month period

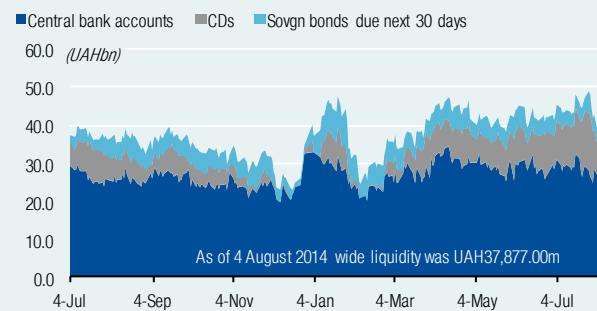


Chart 6. Breakdown of liquidity pool (%) as of 4 Aug 2014

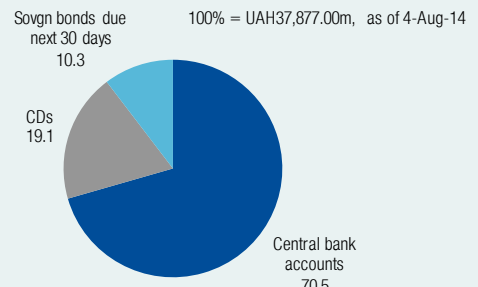


Chart 7. Holders of sovereign bonds (UAHbn), last 12 months

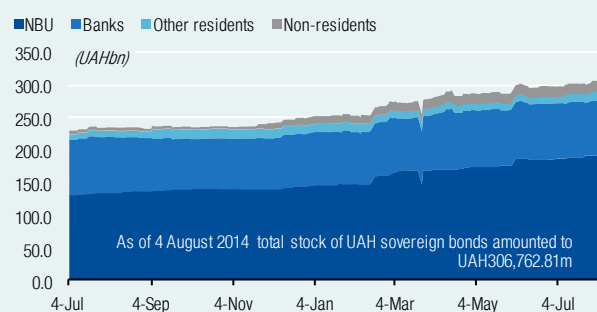
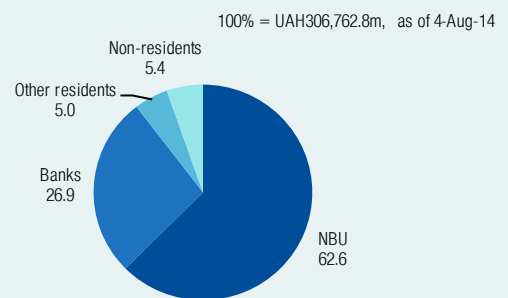


Chart 8. Domestic sovereign debt (%) as of 4 Aug 2014



FX: News & Comments

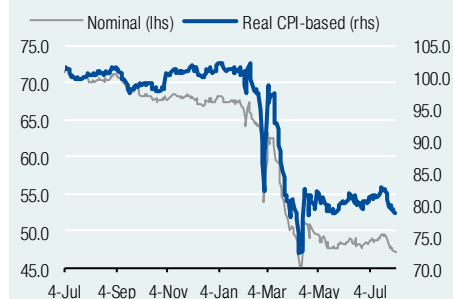
Hryvnia feels an extended pressure to get lower

The Ukraine's currency has been under weakening pressure over past week and this Monday too. While the rate stepped down 3.5% over the previous week it slid yesterday again and posted a daily decline of 0.45%. Monday's turnover was at US\$198m, a very ordinary day by volume wise for the past several months. Last Friday's jobs report in the US produced another evidence that this economy has been doing relatively well versus other developed markets. Thus, very recent data on inflation in the EU showed that risk of deflation is not that low, it has rather rose over July. This indicate that euro's exchange rate versus the dollar is likely to declined albeit gradually towards 1.30 and even a bit lower over 2H of this year. This would bring adjustment to many currencies, including EM ones. In this regard UAH should follow suit and weaken so that regaining competitiveness. This process is likely to take place over early next year.

Alexander Valchyshen, Kiev, +38044 2200120 ext.242

ICU's UAH trade-weighted indices

(Last 12-month history to 5 Aug 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 4 Aug 2014)

	Last	Daily	Weekly	MoM	YTD
	chg (%)	chg (%)	chg (%)	chg (%)	chg (%)
USD/UAH MARKET (HRYVNIA per US DOLLAR)					
Spot mkt	12.3800	+0.45	+1.89	+5.36	+50.24
NBU avg	12.1831	+1.84	+2.74	+3.01	+49.47
Tt vlm ¹	264.38	-35.00	-17.62	+11.00	-90.57
\$ volume ²	198.34	-41.72	-13.40	+40.44	-91.03
NDF 3M	12.8500	+0.39	+1.66	+6.42	+51.44
NDF 6M	13.3050	+0.23	+1.15	+6.44	+51.54
NDF 1Y	14.3150	+0.70	+2.82	+4.07	+51.96
TRADE-WEIGHTED INDICES (TWIs, points)					
UAH nom'l	47.101	-0.42	-1.29	-3.34	-30.26
UAH real CPI	78.481	-0.42	-1.29	-3.34	-22.35
UAH real PPI	115.419	-0.42	-1.29	-3.34	-16.84
USD nom'l	81.328	+0.03	+0.37	+1.32	+1.62
FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs					
USD/RUB	35.8316	+0.12	+0.93	+3.95	+9.01
EUR/USD	1.3422	-0.04	-0.13	-1.27	-2.34
USD/CNY	6.1793	+0.00	-0.13	-0.41	+2.06
USD/PLN	3.1102	-0.18	+0.86	+1.91	+2.88
USD/TRY	2.1311	-0.13	+1.52	-0.10	-0.80
USD/BYR	10,335.00	+0.15	+0.44	+1.13	+8.33
USD/KZT	182.1000	-0.25	-0.80	-0.78	+18.04
OTHER MAJOR CURRENCIES					
USD/JPY	102.5700	-0.04	+0.70	+0.50	-2.60
GBP/USD	1.6863	+0.25	-0.71	-1.73	+1.85
USD/CHF	0.9067	+0.09	+0.30	+1.41	+1.55
AUD/USD	0.9334	+0.24	-0.77	-0.33	+4.68
USD/CAD	1.0906	-0.09	+0.99	+2.37	+2.66
USD/BRL	2.2584	+0.03	+1.62	+2.01	-4.39
USD/KRW	1,033.55	-0.34	+0.70	+2.45	-1.55
COMMODITIES					
Gold(\$/oz)	1,288.30	-0.39	-1.21	-2.44	+6.86
WTI crude ³	98.29	+0.42	-3.32	+0.00	-0.13
Brent crd ³	104.23	+0.65	-1.60	-4.94	-5.95
Urals crd ³	N/A	+0.00	+0.00	+0.00	+0.00
TR/J CRB ⁴	294.16	+0.57	-1.39	-4.10	+4.99

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>).

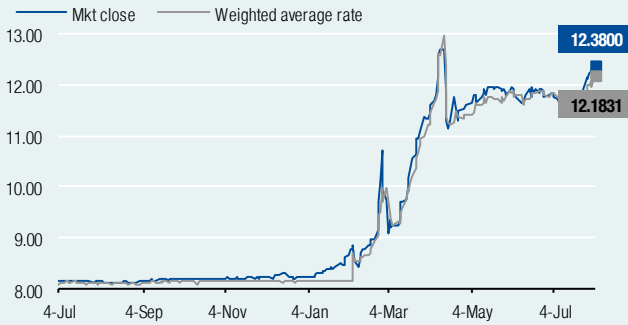
Section on FX market is continued on next page.

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.

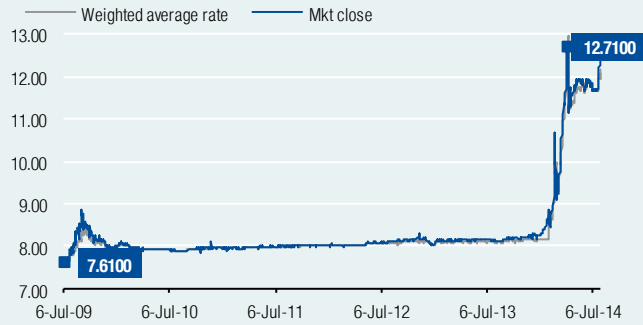
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

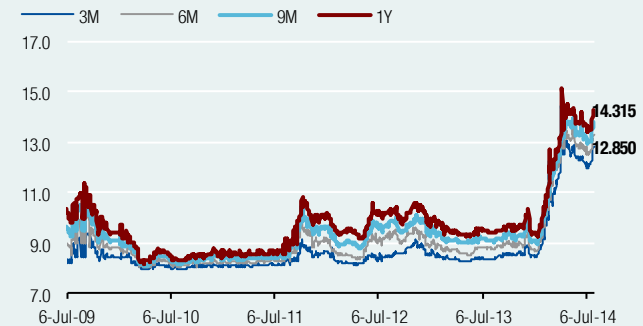


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

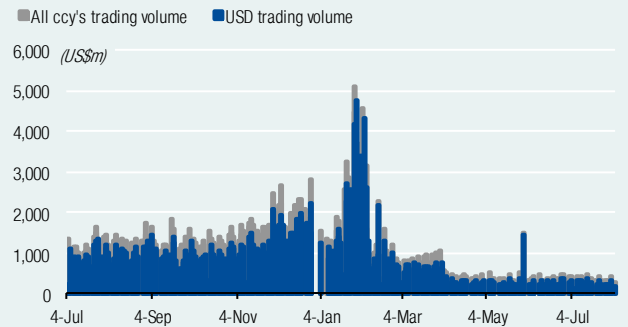


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

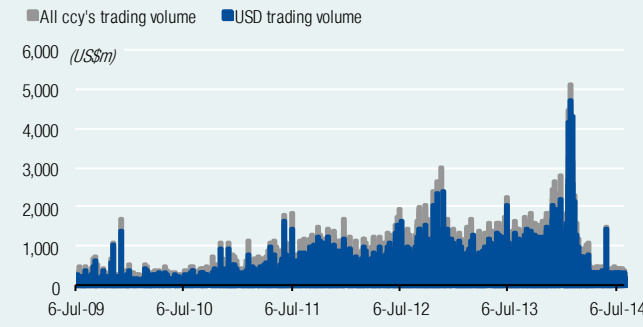


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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)



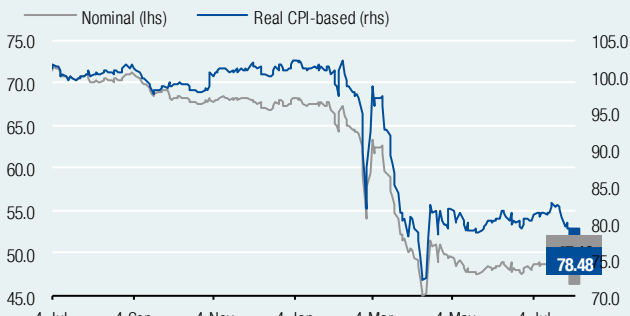
Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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

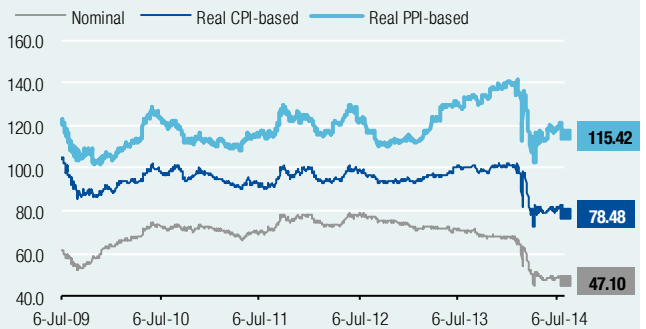
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



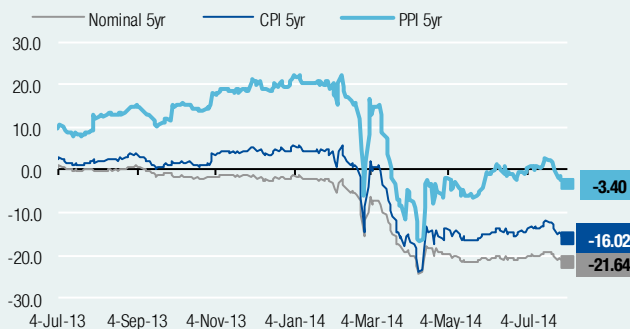
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

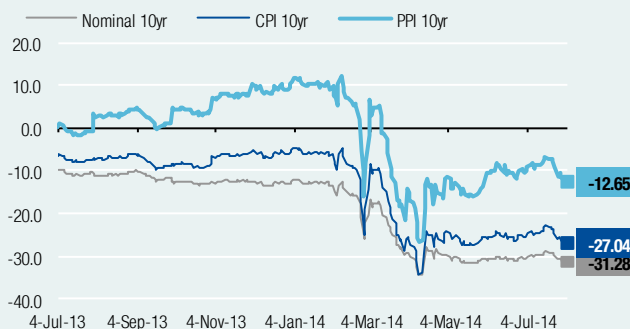


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

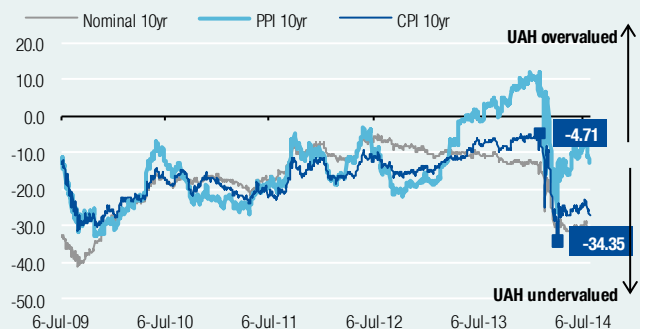


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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

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
sergij.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.