


INVESTMENT CAPITAL UKRAINE
 INVESTMENT BANKING

Daily Insight

Domestic liquidity increases due to new regulation; New tranche of VAT bond issued

FRIDAY, 22 AUGUST, 2014

RESEARCH INSIGHT

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UX Index (3 months to 22 Aug 2014)



Key market indicators (as of 21 Aug 2014)

| | Last | Daily chg (%) | YTD chg (%) |
|-----------------------------|---------|---------------|-------------|
| FX & MONEY RATES | | | |
| USD/UAH | 13.3500 | +0.38 | +62.01 |
| USD/UAH (1Y NDF) | 15.0750 | +0.00 | +60.03 |
| EUR/USD | 1.3281 | +0.17 | -3.36 |
| USD/RUB | 36.0723 | -0.60 | +9.74 |
| KievPRIME O/N (%) | 8.10 | +0bp | +30bp |
| KievPRIME 1M (%) | 15.10 | +0bp | -115bp |

BONDS: yields and spreads

| | | | |
|--------------------------|-------|--------|----------|
| Ukraine VAT bond (%) | N/A | -160bp | -8,655bp |
| Ukraine 17, Eurobond (%) | 9.68 | +19bp | +13bp |
| Ukraine 22, Eurobond (%) | 8.91 | +2bp | -44bp |
| Ukraine 23, Eurobond (%) | 8.91 | -8bp | -13bp |
| Ukraine 5Y CDS | 932bp | +23bp | +115bp |

EQUITIES

Stock market indices

| | | | |
|-----------------|----------|-------|--------|
| UX (Ukraine) | 1,251.04 | -2.19 | +37.47 |
| MSCI World | 429.79 | +0.28 | +5.20 |
| MSCI EM | 1,081.93 | -0.29 | +7.90 |
| RTS (Russia) | 1,275.60 | +1.45 | -11.58 |
| WIG-20 (Poland) | 2,449.87 | -0.05 | +2.04 |
| S&P 500 (USA) | 1,992.37 | +0.29 | +7.79 |

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

| | | |
|---------|------|-----------------------------|
| MHPC LI | 1.40 | 53.7% of total ¹ |
| FXPO LN | 0.73 | 27.8% |
| KER PW | 0.35 | 13.4% |

GAINERS: Top 3 stocks (in listed currency)

| | | | |
|---------|------------|-------|--------|
| RPT LN | GBP 6.00 | +9.09 | -53.85 |
| MLK PW | PLN 5.05 | +7.45 | -59.60 |
| ZAEN UK | UAH 138.20 | +5.50 | +52.88 |

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 21-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 | 11.63 GBP | +2.2 | +4.5 | +12.0 | -18.4 | 0.19 | 44.6 | -18.5 | 40.2 | 17.9 | 0.0 | 19.8 | 0.22 | 462 | Neg. | Neg. | Neg. | 2.8 | N/A | N/A | Neg. | Neg. | Neg. | 0.2 | 0.0 |
| Centrenerg | CEEN UK | Kiev, UX | 8.03 UAH | -1.2 | +1.9 | +68.4 | +57.7 | 0.60 | 220.8 | 268.0 | 21.7 | 47.9 | 33.0 | 378.3 | 0.36 | 280 | 6.1 | 6.2 | 3.8 | 0.5 | 4.8 | 2.4 | 0.5 | 0.4 | 0.3 | 1.2 | 12.2 |
| Coal Energy | CLE PW | Warsaw | 0.93 PLN | +0.0 | -12.3 | -11.4 | -57.3 | 0.30 | 13.3 | 123.5 | 25.0 | 3.3 | 3.9 | 17.5 | 0.40 | 251 | 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 | 37.80 UAH | -2.3 | -2.2 | +37.0 | +52.8 | 2.81 | 66.5 | 101.9 | 14.2 | 9.5 | 9.7 | 57.2 | 0.38 | 262 | 1.7 | 2.3 | 2.1 | 0.4 | 2.3 | 1.3 | 0.2 | 0.2 | 0.2 | 1.4 | 17.8 |
| JKX Oil & Gas | JKX LN | London | 45.50 GBP | +1.1 | -9.0 | -36.4 | -34.1 | 0.75 | 129.6 | 134.7 | 47.2 | 61.2 | 4.1 | 37.3 | 0.06 | 1,567 | 19.9 | 11.4 | 4.7 | 2.0 | 1.8 | 1.5 | 0.7 | 0.7 | 0.6 | 0.3 | 5.5 |
| Regal Petroleum | RPT LN | London | 6.00 GBP | +9.1 | -34.2 | -53.8 | -65.2 | 0.10 | 31.9 | 5.1 | 80.9 | 25.8 | 6.1 | 5.6 | 0.03 | 2,983 | Neg. | 16.0 | N/A | 0.2 | 0.2 | N/A | 0.1 | 0.1 | N/A | 0.1 | 0.0 |
| Zakhidenergo | ZAEN UK | Kiev, PFTS | 138.20 UAH | +5.5 | +8.0 | +52.9 | +66.9 | 10.29 | 131.6 | 111.7 | 5.0 | 6.6 | 0.1 | 3.0 | 0.02 | 5,162 | 3.1 | N/A | N/A | 0.7 | N/A | N/A | 0.1 | N/A | N/A | 3.4 | 0.0 |
| METALLURGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alchevsky Meta... | ALMK UK | Kiev, UX | 0.03 UAH | -0.3 | -4.9 | -10.9 | -10.4 | 0.00 | 66.4 | 1,111.1 | 3.9 | 2.6 | 0.5 | 28.3 | 0.38 | 262 | 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 | 3.00 UAH | +1.4 | -1.0 | +1.4 | -6.3 | 0.22 | 43.6 | 40.9 | 4.0 | 1.7 | 3.7 | 24.7 | 0.35 | 286 | Neg. | 1.8 | 0.8 | Neg. | 0.6 | 0.4 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 |
| Azovstal | AZST UK | Kiev, UX | 0.86 UAH | -3.9 | +0.9 | +27.9 | +38.9 | 0.06 | 268.1 | 261.9 | 4.1 | 11.0 | 5.5 | 18.7 | 0.10 | 1,003 | Neg. | N/A | Neg. | Neg. | N/A | 8.4 | 0.2 | N/A | 0.1 | 0.3 | 0.0 |
| Ferrexpo PLC | FXPO LN | London | 137.80 GBP | -1.4 | -1.7 | -25.9 | -23.5 | 2.29 | 1,345.2 | 1,547.7 | 22.4 | 301.3 | 726.4 | 1,653.4 | 0.39 | 255 | 5.1 | 4.8 | 7.7 | 3.1 | 3.0 | 4.0 | 1.0 | 1.0 | 1.0 | 1.2 | 35.1 |
| Yasynivsky Cok... | YASK UK | Kiev, UX | 0.58 UAH | -16.5 | -15.9 | +9.4 | +1.9 | 0.04 | 11.8 | 12.9 | 9.0 | 1.1 | 4.2 | 5.2 | 0.18 | 542 | Neg. | 1.2 | 0.6 | 0.1 | 0.5 | 0.4 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| Yenakievo Steel | ENMZ UK | Kiev, UX | 38.72 UAH | -6.6 | -11.2 | +21.0 | +15.0 | 2.88 | 30.4 | 26.5 | 9.4 | 2.8 | 6.3 | 31.4 | 0.45 | 220 | 5.9 | N/A | Neg. | Neg. | N/A | 0.9 | 0.0 | N/A | 0.0 | 0.9 | 0.0 |
| FOOD AND AGRIBUSINESS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AgroGeneration | ALAGR FP | EN Paris | 0.85 EUR | -1.2 | -11.5 | -31.5 | -40.6 | 1.13 | 104.4 | 161.8 | 34.0 | 35.5 | 3.1 | 14.4 | 0.03 | 3,627 | Neg. | N/A | N/A | Neg. | N/A | N/A | 2.3 | N/A | N/A | 1.9 | 35.9 |
| Agroliga | AGL PW | Warsaw | 17.98 PLN | +0.0 | -2.8 | -30.7 | -26.3 | 5.71 | 8.8 | 9.7 | 16.7 | 1.5 | 0.9 | 2.2 | 0.05 | 1,947 | 2.1 | N/A | N/A | 2.8 | N/A | N/A | 0.5 | N/A | N/A | 0.7 | 5.7 |
| Agroton | AGT PW | Warsaw | 2.25 PLN | +0.0 | -18.2 | +15.4 | -5.5 | 0.71 | 15.5 | 60.8 | 26.2 | 4.1 | 25.2 | 97.4 | 1.15 | 87 | Neg. | 2.2 | 1.9 | 22.7 | 6.4 | 3.8 | 0.7 | 0.7 | 0.8 | 0.1 | 28.4 |
| Astarta Holdin... | AST PW | Warsaw | 37.71 PLN | -1.4 | -4.5 | -43.6 | -49.6 | 11.98 | 299.4 | 558.4 | 31.0 | 92.9 | 2.3 | 129.2 | 0.11 | 951 | 8.8 | 9.6 | 4.7 | 7.4 | 4.3 | 4.9 | 1.1 | 1.1 | 1.1 | 0.8 | 38.2 |
| Avangard | AVGR LI | London Intl | 9.00 USD | +3.4 | -5.3 | -23.4 | -9.1 | 9.00 | 574.8 | 805.8 | 21.7 | 124.7 | 4.2 | 179.8 | 0.05 | 2,016 | 2.4 | 3.0 | 2.6 | 2.7 | 3.4 | 3.1 | 1.2 | 1.2 | 1.0 | 0.4 | 17.8 |
| IMC | IMC PW | Warsaw | 8.60 PLN | -1.7 | +2.4 | -29.2 | -44.0 | 2.73 | 85.5 | 236.5 | 23.9 | 20.4 | 5.5 | 63.7 | 0.05 | 2,208 | 3.3 | 7.7 | 1.9 | 4.4 | 4.4 | 4.3 | 2.1 | 1.3 | 1.3 | 0.6 | 38.7 |
| Kernel Holding... | KER PW | Warsaw | 27.90 PLN | +2.9 | -4.0 | -26.7 | -41.9 | 8.86 | 706.1 | 1,612.8 | 58.8 | 415.0 | 350.4 | 2,189.6 | 0.17 | 589 | 6.3 | 17.4 | 5.0 | 5.5 | 6.5 | 5.0 | 0.6 | 0.6 | 0.6 | 0.7 | 30.6 |
| MHP | MHPC LI | London Intl | 12.50 USD | -3.1 | -16.1 | -26.7 | -21.6 | 12.50 | 1,320.8 | 2,481.7 | 22.3 | 294.8 | 1,402.4 | 1,085.6 | 0.41 | 243 | 8.5 | 4.9 | 4.2 | 6.3 | 5.1 | 4.7 | 1.7 | 1.6 | 1.4 | 2.3 | 47.0 |
| Milkiland | MLK PW | Warsaw | 5.05 PLN | +7.4 | -11.2 | -59.6 | -57.5 | 1.60 | 50.1 | 177.5 | 20.0 | 10.0 | 2.1 | 7.6 | 0.03 | 2,873 | 3.5 | N/A | 2.6 | 5.4 | 3.5 | 3.2 | 0.4 | 0.4 | 0.4 | 0.2 | 30.8 |
| Mriya Agrohold... | MAYA GF | Frankfurt | 1.66 EUR | +0.0 | -62.3 | -69.3 | -62.8 | 2.21 | 234.5 | 962.2 | 20.0 | 46.9 | 0.0 | 4.5 | 0.02 | 6,603 | 2.6 | 2.7 | 1.1 | 5.8 | 3.6 | 3.2 | 1.9 | 2.3 | 2.2 | 0.5 | 45.3 |
| Ovostar Union | OVO PW | Warsaw | 69.80 PLN | -0.1 | -0.2 | -30.2 | -18.8 | 22.17 | 133.0 | 140.6 | 25.0 | 33.3 | 11.1 | 37.1 | 0.10 | 1,023 | 4.3 | 7.2 | 6.2 | 3.8 | 5.2 | 4.1 | 1.6 | 1.8 | 1.3 | 1.0 | 8.5 |
| CONSTRUCTION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TMM | TR61 GF | Xetra | 0.22 EUR | +0.0 | +14.6 | -30.6 | -46.3 | 0.29 | 15.1 | 190.7 | 13.1 | 2.0 | 0.0 | 0.1 | N/A | N/A | Neg. | N/A | N/A | Neg. | N/A | N/A | 5.6 | N/A | N/A | 0.2 | 45.5 |
| FINANCIAL SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Raiffeisen Ban... | BAVL UK | Kiev, UX | 0.14 UAH | -0.4 | -3.6 | +25.0 | +42.3 | 0.01 | 316.6 | N/A | 3.8 | 12.1 | 2.7 | 28.6 | 0.60 | 168 | 4.2 | Neg. | 11.9 | N/A | N/A | N/A | N/A | N/A | N/A | 0.6 | 28.3 |
| Ukrrotsbank | USCB UK | Kiev, UX | 0.17 UAH | +0.0 | +0.7 | -8.3 | +33.3 | 0.01 | 232.2 | N/A | 4.5 | 10.4 | 0.0 | 14.1 | 0.04 | 2,567 | Neg. | 14.5 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.3 | 30.9 |

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 significantly increases due to new regulations

Banks' correspondent accounts with the NBU rose UAH3.77bn to UAH31.42bn and total CDs outstanding increased UAH2.48bn to UAH15.77bn while total local currency debt repayments scheduled for the next 30 days declined UAH0.59bn to UAH3.69bn yesterday. As a result, broader banking sector liquidity rose UAH5.66bn to UAH50.88bn.

KyivPrime interest rates remained steady: the KyivPrime ON interest rate was at 8.10% and the KyivPrime 1M interest rate stood at 15.10%.

Investment implications: Banks likely received their funds from a designated account at the NBU after the new regulatory reserve requirement took effect on Tuesday. The NBU immediately absorbed the additional funds and increased CDs outstanding as well. Including a small inflow from the MoF, liquidity increased by at least UAH6.0bn. Broader banking sector liquidity reached its highest level since 2012.

New tranche of VAT bonds

The MoF issued the third tranche of UAH0.95bn in VAT bonds for about 50 tax payers on Wednesday. This tranche have similar conditions to the previous two tranches except for a different repayment date.

Investment implications: The new tranche could take a week or more to be received, after which the supply of bonds in secondary market trading could increase significantly. As the MoF sold bonds to non-residents at YTM of nearly 20% last week, the VAT bonds could trade at yields slightly above this level, particularly as local investors are unable to provide greater demand for these bonds. Yields on VAT bonds must trade at least 100-200bp above the primary auction yield curve, and the bonds must be discounted to push the YTM above 20%.

Primary auction results

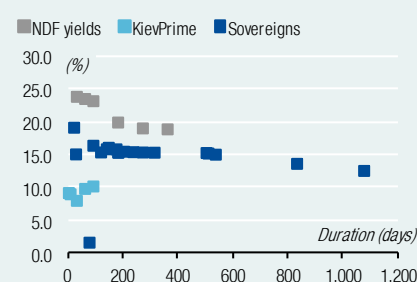
Of the three bonds offered by the MoF, only the 2-year bond received two bids for a total of UAH42.50m at interest rates of 17.30-20.0%. Only was the lowest interest rate bid was accepted for UAH22.50bn which provided the state budget with UAH22.52m of proceeds.

Investment implications: The MoF increased the interest rate by 55bp from that of similar bonds sold earlier this month and could increase interest rates on other bonds as well. The recently sold bonds maturing in April 2017 could set the new ceiling for interest rates for the nearest future.

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Yield curve of the local bond market

(as of market close on 21 Aug 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 21 Aug 2014)

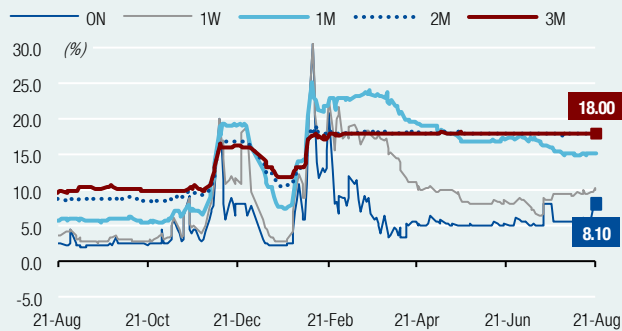
| | Last | Daily | Weekly | MoM | YTD |
|---|----------------|---------------|---------------|---------------|---------------|
| | | chg (%) | chg (%) | chg (%) | chg (%) |
| MONEY MARKET KIEV PRIME RATES (%) | | | | | |
| O/n | 8.10 | +0bp | +241bp | +10bp | +30bp |
| 1wk | 10.15 | -10bp | +52bp | +152bp | +35bp |
| 1m | 15.10 | +0bp | +10bp | -103bp | -115bp |
| 2m | 18.00 | +0bp | +0bp | +0bp | +160bp |
| 3m | 18.00 | +0bp | +0bp | -13bp | +200bp |
| LIQUIDITY WIDE MEASUREMENT (UAHm) | | | | | |
| CB acc's ¹ | 31,425 | +13.64 | +18.90 | +0.02 | -3.91 |
| CDs ² | 15,767 | +18.67 | +26.98 | +48.40 | +2,136.5 |
| Sovgns ³ | 3,692 | +0.00 | -0.81 | -7.05 | +147.0 |
| Total | 50,884 | +14.01 | +19.53 | +10.58 | +45.79 |
| HOLDERS OF UAH SOVEREIGN BONDS (UAHm) | | | | | |
| C.bank | 236,796 | +5.81 | +21.55 | +24.75 | +63.48 |
| Banks | 89,320 | +1.12 | +0.83 | +6.75 | +11.42 |
| Resid's ⁴ | 15,940 | -42.91 | -72.13 | +21.95 | +28.59 |
| Non-res ⁵ | 20,218 | +2.91 | +13.38 | +25.12 | +72.82 |
| Total | 362,274 | +0.72 | +1.07 | +19.68 | +45.42 |
| 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 | -160bp | +0bp | -82bp | -87ppt |
| EUROBONDS USD SOVEREIGN BOND YIELDS (%) | | | | | |
| CDS 5yr | 932 | +23bp | -2bp | +132bp | +115bp |
| Jun '16 | 9.75 | +15bp | -57bp | +152bp | +86bp |
| Jul '17 | 9.68 | +19bp | -10bp | +125bp | +13bp |
| Sep '20 | 9.14 | -2bp | -42bp | +55bp | -5bp |
| Sep '21 | 9.22 | +3bp | -37bp | +45bp | +0bp |
| Sep '22 | 8.91 | +2bp | -29bp | +33bp | -44bp |
| Feb '23 | 8.91 | -8bp | -21bp | +40bp | -13bp |

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.

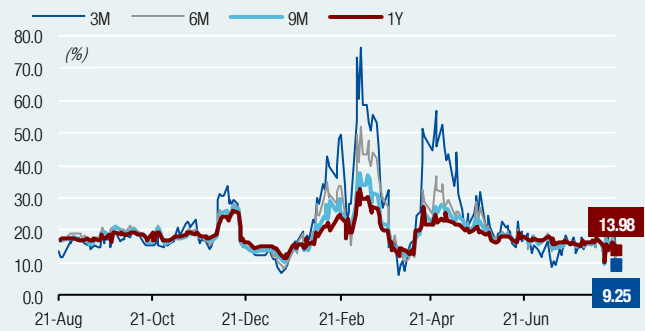
Chart page: Local bond market & Eurobond markets

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



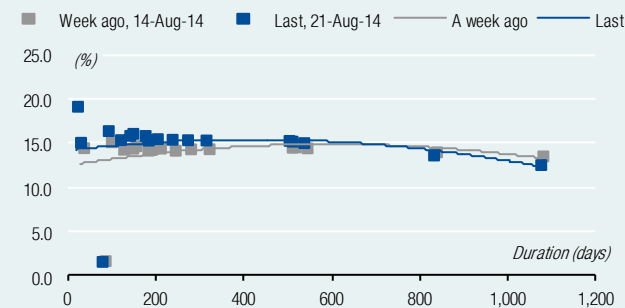
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



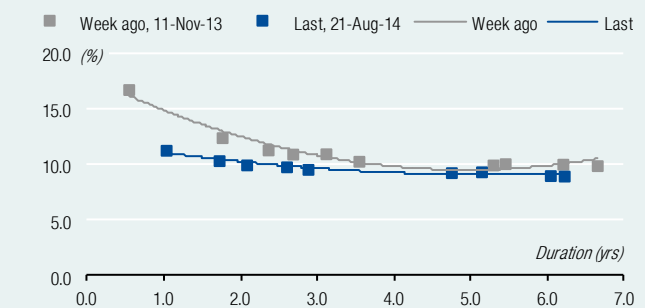
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 21 Aug 2014



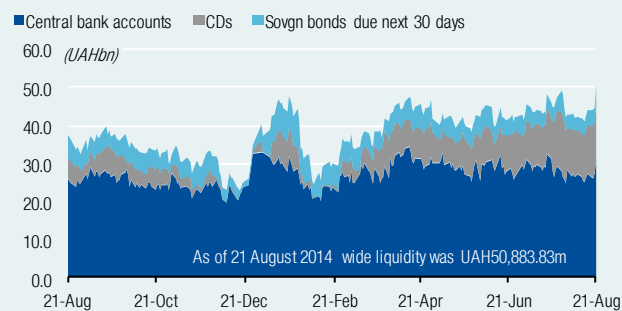
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 21 Aug 2014



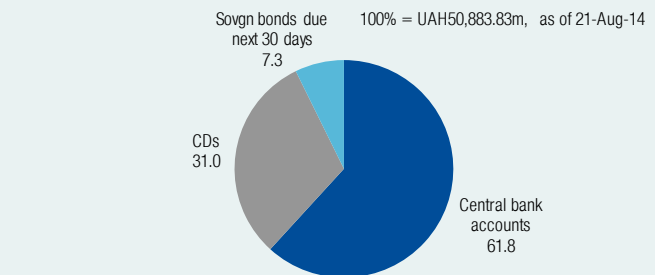
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



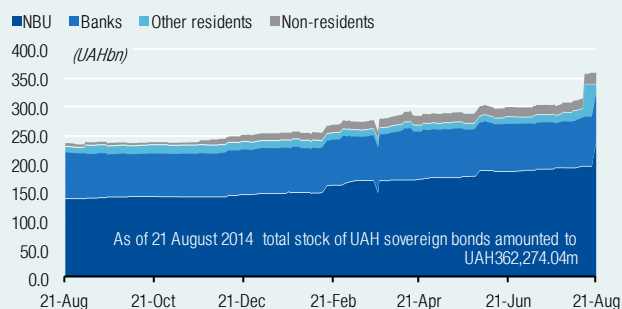
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 21 Aug 2014



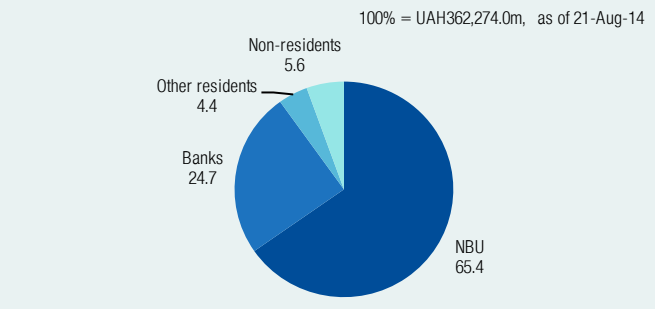
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 21 Aug 2014



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

FX: News & Comments

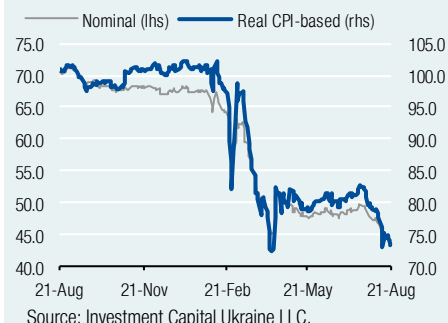
Hryvnia sustained at 13.3/USD, TWI down on weak dollar

The hryvnia remained low yesterday at 13.35/USD on routine daily trading of US\$379m. Domestic news flow was subdued just prior to Ukraine's Independence Day extended holiday weekend. While media rumors run around of a peace breakthrough at the Minsk meeting between Poroshenko and Putin with high representatives of the EU, the US dollar retreated prior to FED Chairman Janet Yellen's upcoming speech this Friday at the annual meeting in Jackson Hole. The dollar index fell 0.09% yesterday, pushing the hryvnia's trade-weighted index down 0.63%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 22 Aug 2014)



FX market indicators (as of 21 Aug 2014)

| | Last | Daily | Weekly | MoM | YTD |
|---|-----------|---------|---------|---------|---------|
| | chg (%) | chg (%) | chg (%) | chg (%) | chg (%) |
| USD/UAH MARKET (HRYVNIA per US DOLLAR) | | | | | |
| Spot mkt | 13.3500 | +0.38 | +3.09 | +14.10 | +62.01 |
| NBU avg | 13.1128 | -0.83 | +0.16 | +12.50 | +60.88 |
| Tt vlm ¹ | N/A | N/A | N/A | N/A | N/A |
| \$ volume ² | N/A | N/A | N/A | N/A | N/A |
| NDF 3M | 13.8416 | +1.78 | +2.15 | +13.92 | +63.13 |
| NDF 6M | 14.0750 | +0.00 | +0.36 | +11.49 | +60.31 |
| NDF 1Y | 15.0750 | +0.00 | +1.34 | +11.79 | +60.03 |
| TRADE-WEIGHTED INDICES (TWIs, points) | | | | | |
| UAH nom'l | 43.961 | -0.63 | -2.59 | -10.98 | -34.91 |
| UAH real CPI | 73.241 | -0.63 | -2.59 | -10.98 | -27.54 |
| UAH real PPI | 110.309 | -0.63 | -2.59 | -10.98 | -20.52 |
| USD nom'l | 82.154 | -0.09 | +0.69 | +1.98 | +2.65 |
| FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs | | | | | |
| USD/RUB | 36.0723 | -0.60 | +0.38 | +2.44 | +9.74 |
| EUR/USD | 1.3281 | +0.17 | -0.63 | -1.80 | -3.36 |
| USD/CNY | 6.1520 | +0.18 | -0.02 | -0.92 | +1.61 |
| USD/PLN | 3.1521 | -0.23 | +0.81 | +2.80 | +4.27 |
| USD/TRY | 2.1778 | -0.30 | +1.21 | +2.81 | +1.38 |
| USD/BYR | 10,405.00 | +0.10 | +0.14 | +1.17 | +9.07 |
| USD/KZT | 182.0100 | +0.00 | -0.01 | -0.86 | +17.98 |
| OTHER MAJOR CURRENCIES | | | | | |
| USD/JPY | 103.8500 | +0.09 | +1.37 | +2.42 | -1.39 |
| GBP/USD | 1.6580 | -0.09 | -0.64 | -2.90 | +0.14 |
| USD/CHF | 0.9115 | -0.21 | +0.55 | +1.50 | +2.08 |
| AUD/USD | 0.9303 | +0.17 | -0.17 | -0.75 | +4.33 |
| USD/CAD | 1.0941 | -0.26 | +0.36 | +1.89 | +2.99 |
| USD/BRL | 2.2687 | +0.30 | +0.09 | +2.14 | -3.95 |
| USD/KRW | 1,023.70 | +0.10 | +0.27 | -0.31 | -2.49 |
| COMMODITIES | | | | | |
| Gold(\$/oz) | 1,276.79 | -1.17 | -2.80 | -2.72 | +5.90 |
| WTI crude ³ | 96.31 | +0.25 | +0.76 | -7.92 | -2.14 |
| Brent crd ³ | 100.68 | +0.34 | -0.03 | -5.53 | -9.15 |
| Urals crd ³ | N/A | +0.00 | +0.00 | +0.00 | +0.00 |
| TR/J CRB ⁴ | 289.05 | +0.27 | +0.09 | -3.15 | +3.17 |

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>).

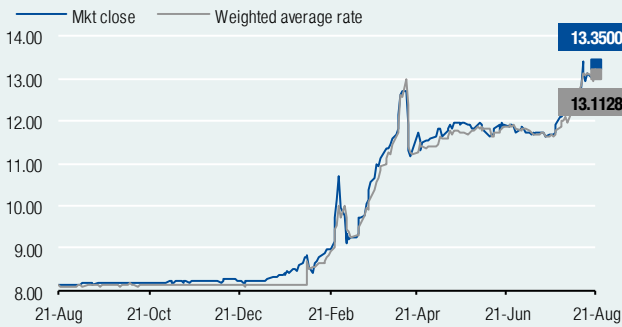
Section on FX market is continued on next page.

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.

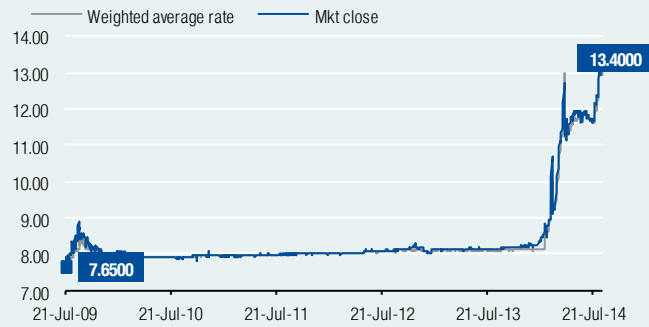
Sources: Bloomberg, Investment Capital Ukraine LLC.

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.

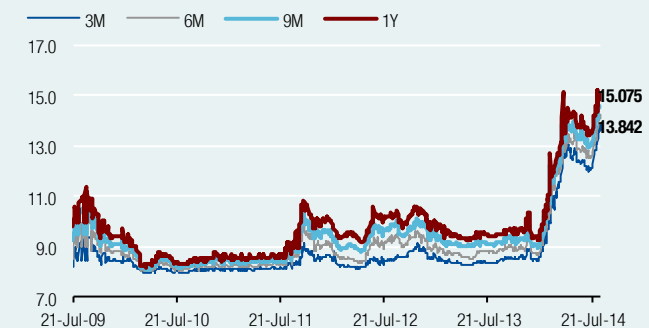


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

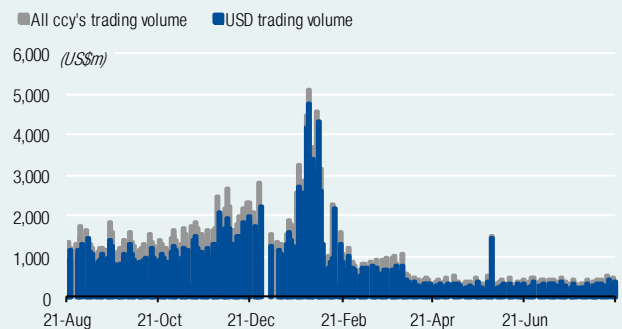


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

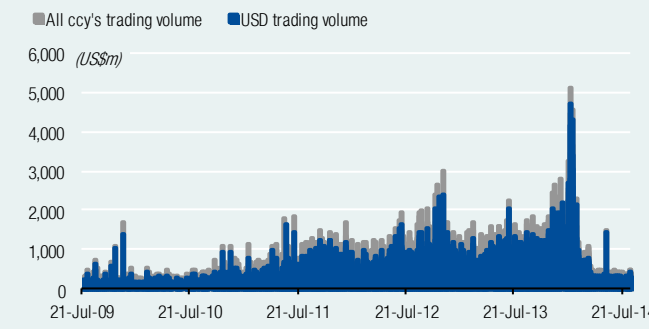


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

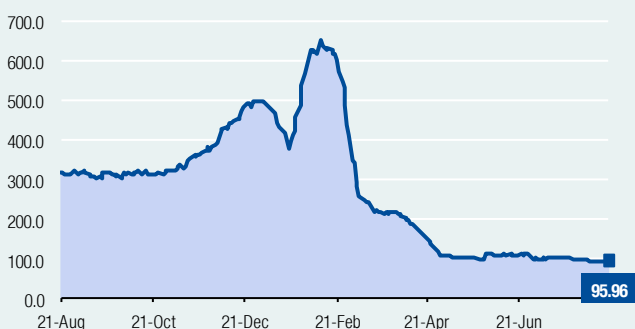


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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 (%)

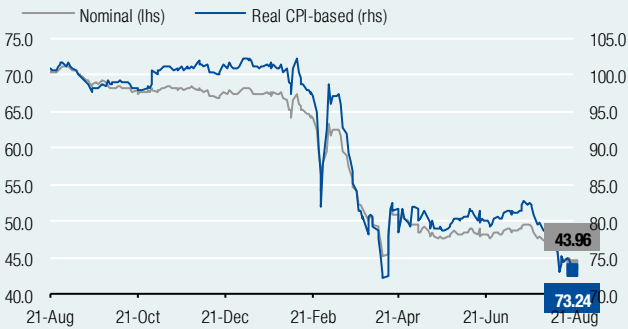


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

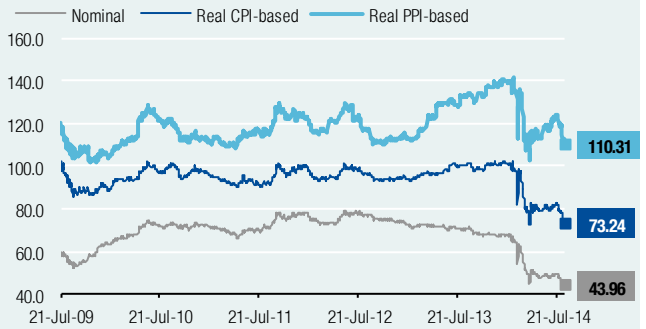
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



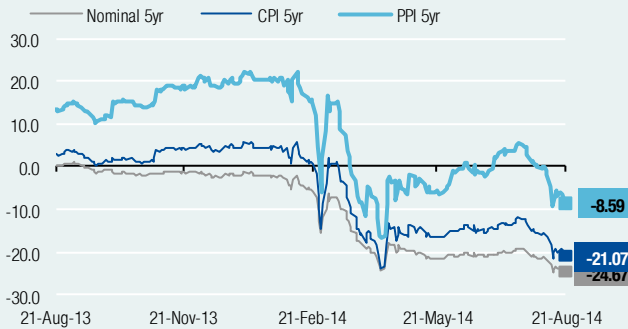
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

Chart 14. Nominal, CPI- and PPI-based TWIs of UAH, history of last 5-year period

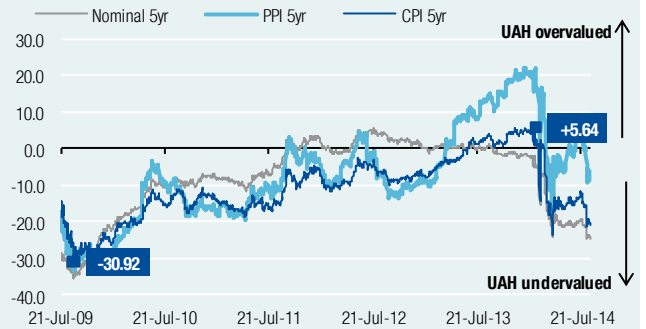


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

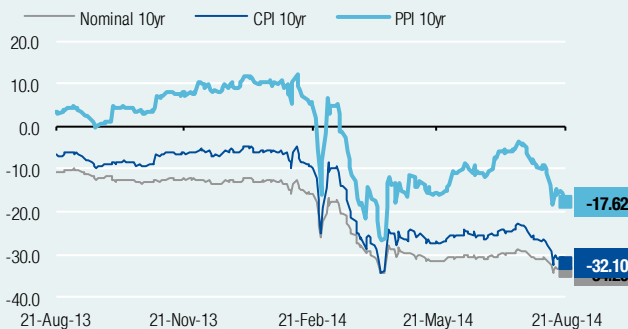


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

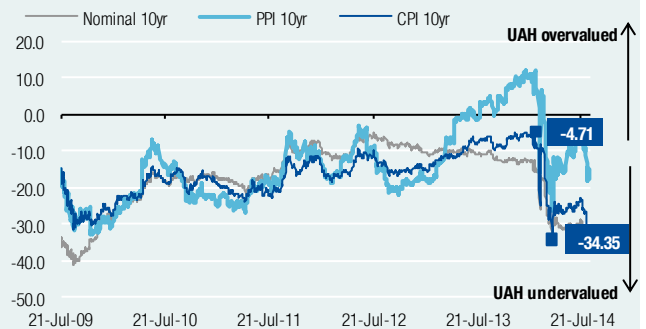


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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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