



Focus
Ukraine

Scope
Economics, bonds, equity & FX markets

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Daily Insight

Liquidity down; Govt bond auction announced

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TUESDAY, 9 SEPTEMBER 2014

UX Index (3 months to 9 Sep 2014)



Source: UX.

Key market indicators (as of 8 Sep 2014)

| | Last | Daily chg (%) | YTD chg (%) |
|--|----------|---------------|-------------|
| FX & MONEY RATES | | | |
| USD/UAH | 12.8000 | +0.00 | +55.34 |
| USD/UAH (1Y NDF) | 14.8000 | -0.40 | +57.11 |
| EUR/USD | 1.2895 | -0.43 | -6.17 |
| USD/RUB | 36.9590 | -0.23 | +12.44 |
| KievPRIME O/N (%) | 8.33 | +23bp | +53bp |
| KievPRIME 1M (%) | 15.67 | +57bp | -58bp |
| SOVEREIGN EUROBONDS: yields and spreads | | | |
| Ukraine 15, Eurobond (%) | 11.85 | +24bp | +350bp |
| Ukraine 17, Eurobond (%) | 11.92 | +50bp | +236bp |
| Ukraine 22, Eurobond (%) | 9.72 | +30bp | +37bp |
| Ukraine 23, Eurobond (%) | 9.67 | +30bp | +62bp |
| Ukraine 5Y CDS | 1,016bp | +26bp | +200bp |
| EQUITIES | | | |
| Stock market indices | | | |
| UX (Ukraine) | 1,146.44 | -1.30 | +25.98 |
| MSCI World | 430.90 | -0.34 | +5.47 |
| MSCI EM | 1,094.99 | -0.17 | +9.21 |
| RTS (Russia) | 1,245.53 | -0.93 | -13.67 |
| WIG-20 (Poland) | 2,551.47 | +0.40 | +6.27 |
| S&P 500 (USA) | 2,001.54 | -0.31 | +8.29 |

Notes: Chg – percentage change, if not otherwise indicated; [1] – total traded volume for stocks listed in green- or red-shaded box means gain or loss, respectively, of the index or security.

Sources: Bloomberg, UX, Investment Capital Ukraine LLC.

Bonds: News & Comments

Liquidity declines

Broader banking sector liquidity fell UAH2.53bn yesterday to UAH46.46bn as banks' correspondent accounts with the NBU fell UAH1.68bn to UAH29.66bn and total CDs outstanding declined UAH0.85bn to UAH12.38bn. Total local currency debt repayments scheduled for the next 30 days remained steady at UAH4.42bn.

KyivPrime interest rates slightly rose: the KyivPrime ON interest rate rose 23bp to 8.33% while the KyivPrime 1M interest rate rose 57bp to 15.67%.

Investment implications: Liquidity continued to decline yesterday as the NBU did not support liquidity and slightly decreased the volume of CDs outstanding. The main outflow most likely is FX to satisfy demand from last week that was postponed due to new regulations. At the same time, with no large injections from the NBU or MoF, the MoF was unable to make large budget expenditures or repayments.

Eurobond YTM's up slightly

Ukrainian Eurobonds slightly corrected yesterday after a few days of improvement, as YTM's increased after the US market opened. At yesterday's close, the yield curve adjusted to the range of 9.49-12.72%, as UKRAIN 6.875% '15 rose 110bp to 12.72%, UKRAIN 6.58% '16 was up 15bp to 11.18%, UKRAIN 7.95% '21 was up 44bp to 10.04%, UKRAIN 7.80% '22 rose 5bp to 9.49% and UKRAIN 7.50% '23 increased 50bp to 9.89%, while UKRAIN 6.75% '17 declined 30bp to 10.03% and UKRAIN 9.25% '17 slid 20bp to 11.92%, The 5-year CDS rose to 1,016bp.

Investment implications: Ukraine's political instability and the fragile ceasefire in eastern Ukraine are the main reasons for negative market sentiment. While the newly issued IMF and WB loans had no positive impact on market sentiment, Ukraine has no impending large debt repayments except for the Naftogaz Eurobond redemption which should receive government and NBU support.

Primary auction announcement

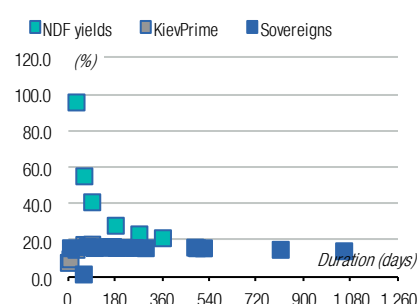
Per the schedule, the MoF today will offer only the 2-year bond maturing in August 2016. Last sold in two previously held auctions, one in August and the other last week at which the MoF decreased the interest rate 80bp to 16.50%.

Investment implications: Tomorrow, the MoF is scheduled to repay UAH2.61bn, of which only UAH0.60bn is in local currency (consisting of UAH300.0m of 4-month bonds sold in June and several interest payments). The bulk of the repayment is US\$151.50m (UAH1.94bn at the current market exchange rate) in 1.5-year bonds sold last March. We anticipate that although the MoF will try to refinance part of the local currency debt repayments today, there will be little to no market demand or domestic QE support.

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Yield curve of the local bond market

(as of market close on 8 Sep 2014)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 8 Sep 2014)

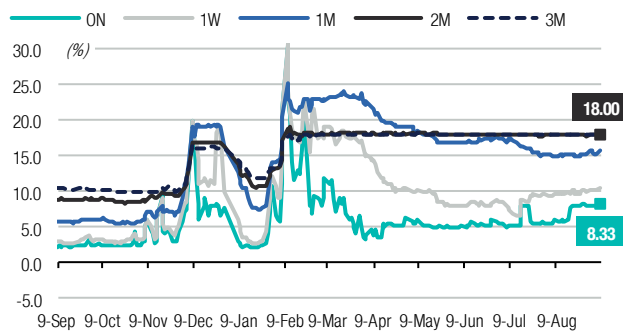
| | Last | Daily | Weekly | MoM | YTD |
|---|----------------|--------------|--------------|---------------|---------------|
| | | chg (%) | chg (%) | chg (%) | chg (%) |
| MONEY MARKET KIEV PRIME RATES (%) | | | | | |
| O/n | 8.33 | +23bp | +33bp | +243bp | +53bp |
| 1wk | 10.38 | +13bp | +30bp | +63bp | +58bp |
| 1m | 15.67 | +57bp | -16bp | +67bp | -58bp |
| 2m | 18.00 | +0bp | +0bp | +0bp | +160bp |
| 3m | 18.00 | +0bp | +0bp | +0bp | +200bp |
| LIQUIDITY WIDE MEASUREMENT (UAHm) | | | | | |
| CB acc's ¹ | 29,656 | -5.35 | +7.24 | +8.65 | -9.32 |
| CDs ² | 9,366 | -29.22 | -38.43 | -18.99 | +1,228.5 |
| Sovgns ³ | 6,717 | +51.84 | +41.78 | +95.27 | +349.3 |
| Total | 45,739 | -6.63 | -3.92 | +8.14 | +31.05 |
| HOLDERS OF UAH SOVEREIGN BONDS (UAHm) | | | | | |
| C.bank | 236,718 | +0.00 | +0.00 | +22.86 | +63.42 |
| Banks | 88,901 | +1.52 | -2.84 | +3.86 | +10.89 |
| Resid's ⁴ | 20,031 | -1.50 | +19.01 | +25.60 | +61.59 |
| Non-res ⁵ | 19,411 | +2.37 | -4.84 | +12.75 | +65.92 |
| Total | 365,061 | +0.41 | -0.11 | +17.22 | +46.54 |
| 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 | +0bp | -87ppt |
| EUROBONDS USD SOVEREIGN BOND YIELDS (%) | | | | | |
| CDS 5yr | 1,016 | +26bp | -69bp | +16bp | +200bp |
| Jun '16 | 12.07 | +47bp | -49bp | +94bp | +318bp |
| Jul '17 | 11.92 | +50bp | -57bp | +147bp | +236bp |
| Sep '20 | 9.81 | +31bp | -60bp | +2bp | +62bp |
| Sep '21 | 9.90 | +31bp | -44bp | +27bp | +68bp |
| Sep '22 | 9.72 | +30bp | -36bp | +38bp | +37bp |
| Feb '23 | 9.67 | +30bp | -36bp | +36bp | +62bp |

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.

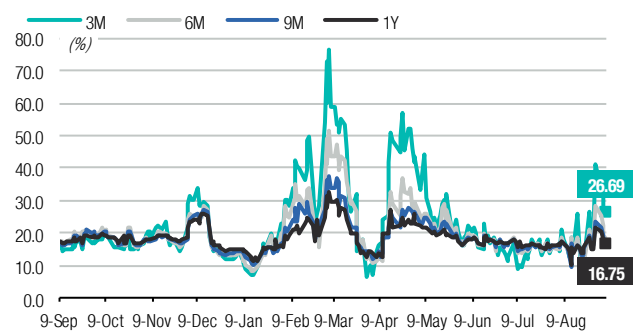
Chart page: Local bond market & Eurobond markets

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



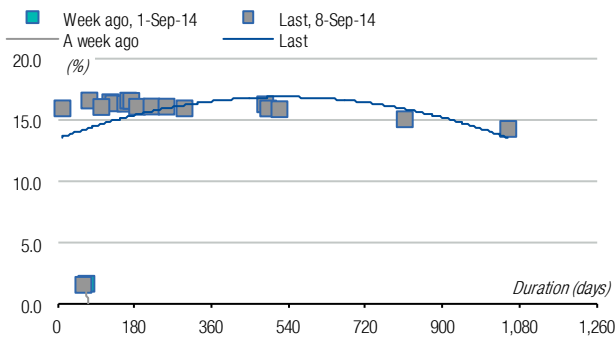
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



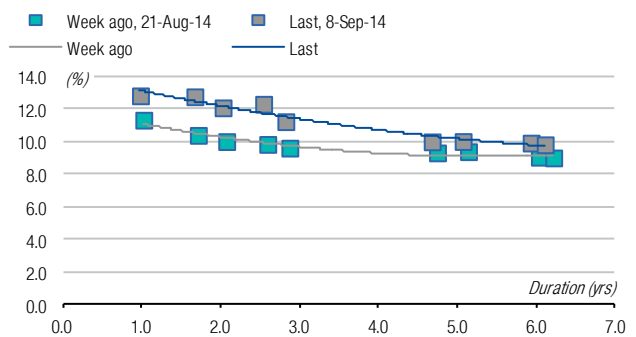
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 8 Sep 2014



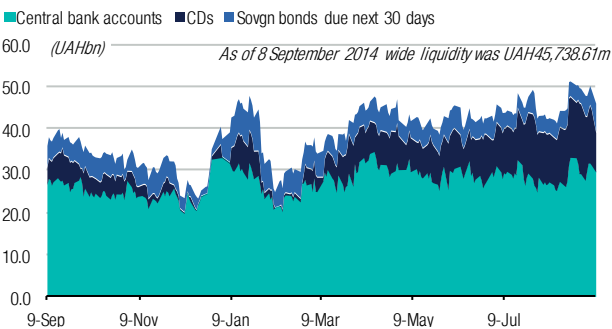
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 8 Sep 2014



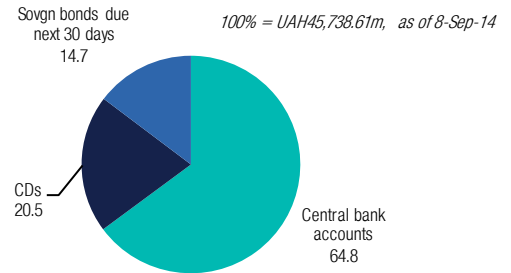
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



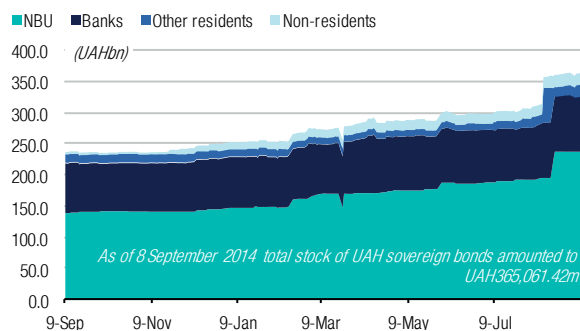
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 8 Sep 2014



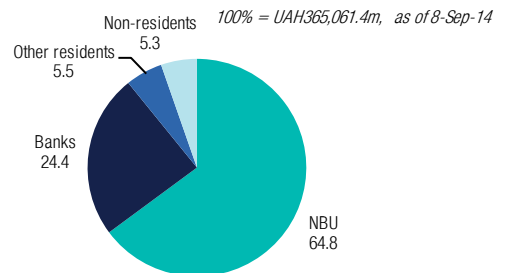
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 8 Sep 2014



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

Table 1. Ukrainian stocks (closing prices as of 8-Sep-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) | 2013 | 2014E | 2014E | 2013 | 2014E | 2014E | 2013 | 2014E | 2014E | P/B (x) | Debt/Assets (%) |
| ENERGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cadogan Petrol... | CAD LN | London | 11.75 GBp | +0.0 | +3.3 | +13.3 | -31.4 | 0.19 | 43.7 | -19.4 | 40.2 | 17.6 | 0.2 | 28.3 | 0.19 | 532 | Neg. | Neg. | Neg. | 2.9 | N/A | N/A | Neg. | Neg. | Neg. | 0.2 | 0.0 |
| Centrenerg | CEEN UK | Kiev, UX | 7.80 UAH | +0.4 | -0.3 | +63.6 | +52.8 | 0.61 | 224.2 | 273.5 | 21.7 | 48.7 | 29.6 | 362.0 | 0.12 | 826 | 5.9 | 5.5 | 3.7 | 0.5 | 4.3 | 2.3 | 0.5 | 0.4 | 0.3 | 1.2 | 12.2 |
| Coal Energy | CLE PW | Warsaw | 1.04 PLN | +5.1 | +11.8 | -1.0 | -53.2 | 0.32 | 14.4 | 124.6 | 25.0 | 3.6 | 355.6 | 47.7 | 2.46 | 41 | 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 | 28.15 UAH | -10.0 | -29.4 | +2.0 | +26.7 | 2.19 | 51.8 | 88.8 | 14.2 | 7.4 | 20.5 | 41.9 | 0.14 | 712 | 1.3 | 1.6 | 1.6 | 0.3 | 1.8 | 1.0 | 0.2 | 0.2 | 0.2 | 1.0 | 17.8 |
| JXX Oil & Gas | JXX LN | London | 46.00 GBp | -1.1 | +26.0 | -35.7 | -33.8 | 0.74 | 127.1 | 132.2 | 47.2 | 60.0 | 36.3 | 35.2 | 0.02 | 4,190 | 19.6 | 11.2 | 4.6 | 2.0 | 1.8 | 1.5 | 0.7 | 0.7 | 0.6 | 0.3 | 5.5 |
| Regal Petroleum | RPT LN | London | 7.26 GBp | +3.7 | +29.1 | -44.2 | -52.4 | 0.12 | 37.5 | 10.6 | 80.9 | 30.3 | 4.3 | 8.7 | 0.04 | 2,767 | Neg. | 18.7 | N/A | 0.5 | 0.4 | N/A | 0.3 | 0.2 | N/A | 0.1 | 0.0 |
| Zakhidenergo | ZAEN UK | Kiev, PFTS | 130.00 UAH | +0.0 | -12.8 | +43.8 | +59.1 | 10.11 | 129.4 | 108.6 | 5.0 | 6.5 | 0.0 | 2.9 | 0.01 | 17,077 | 2.9 | N/A | N/A | 0.7 | N/A | N/A | 0.1 | N/A | N/A | 3.2 | 0.0 |
| METALLURGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alchevsky Meta... | ALMK UK | Kiev, UX | 0.03 UAH | -1.3 | -13.3 | -19.9 | -17.3 | 0.00 | 62.4 | 1,154.5 | 3.9 | 2.4 | 18.9 | 26.2 | 0.18 | 550 | Neg. | Neg. | N/A | N/A | Neg. | N/A | 1.0 | 0.6 | N/A | N/A | 64.5 |
| Avdiyivsky Cok... | AVDK UK | Kiev, UX | 2.48 UAH | -3.3 | -19.8 | -16.3 | -21.6 | 0.19 | 37.6 | 34.8 | 4.0 | 1.5 | 32.7 | 19.9 | 0.37 | 273 | Neg. | 241.8 | 0.6 | Neg. | 0.7 | 0.3 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 |
| Azovstal | AZST UK | Kiev, UX | 0.75 UAH | -0.4 | -16.9 | +11.6 | +19.3 | 0.06 | 244.6 | 238.1 | 4.1 | 10.0 | 5.6 | 16.1 | 0.08 | 1,232 | Neg. | N/A | Neg. | Neg. | N/A | 6.4 | 0.1 | N/A | 0.1 | 0.2 | 0.0 |
| Ferrexpo PLC | FXPO LN | London | 131.00 GBp | -0.8 | +1.8 | -29.5 | -24.7 | 2.11 | 1,240.8 | 1,443.3 | 22.4 | 277.9 | 1,362.3 | 1,437.9 | 0.43 | 235 | 4.7 | 4.4 | 7.1 | 2.9 | 2.8 | 3.8 | 0.9 | 1.0 | 1.0 | 1.1 | 35.1 |
| Yasynivsky Cok... | YASK UK | Kiev, UX | 0.50 UAH | -3.7 | -27.4 | -5.5 | -9.7 | 0.04 | 10.7 | 11.8 | 9.0 | 1.0 | 18.2 | 5.3 | 0.65 | 154 | Neg. | 1.0 | 0.5 | 0.1 | 0.5 | 0.3 | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 |
| Yenakievo Steel | ENMZ UK | Kiev, UX | 32.95 UAH | -2.2 | -24.4 | +2.9 | -1.3 | 2.56 | 27.0 | 23.0 | 9.4 | 2.5 | 10.9 | 26.8 | 0.23 | 439 | 5.0 | N/A | Neg. | Neg. | N/A | 0.7 | 0.0 | N/A | 0.0 | 0.8 | 0.0 |
| FOOD AND AGRIBUSINESS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AgroGeneration | ALAGR FP | EN Paris | 0.87 EUR | +1.2 | -4.4 | -29.8 | -37.0 | 1.12 | 103.6 | 159.2 | 34.0 | 35.2 | 3.4 | 9.2 | 0.02 | 5,063 | Neg. | N/A | N/A | Neg. | N/A | N/A | 2.3 | N/A | N/A | 1.9 | 35.9 |
| Agroliga | AGL PW | Warsaw | 16.99 PLN | -1.2 | -7.4 | -34.5 | -33.6 | 5.24 | 8.1 | 8.9 | 16.7 | 1.3 | 2.6 | 1.6 | 0.11 | 887 | 2.0 | N/A | N/A | 2.6 | N/A | N/A | 0.4 | N/A | N/A | 0.7 | 5.7 |
| Agroton | AGT PW | Warsaw | 2.21 PLN | -4.7 | +5.2 | +13.3 | -1.3 | 0.68 | 14.8 | 60.1 | 26.2 | 3.9 | 240.7 | 106.1 | 3.14 | 32 | Neg. | 2.1 | 1.8 | 22.5 | 6.3 | 3.8 | 0.7 | 0.7 | 0.7 | 0.1 | 28.4 |
| Astarta Holdin... | AST PW | Warsaw | 39.13 PLN | +1.0 | +13.4 | -41.5 | -41.3 | 12.06 | 301.6 | 552.7 | 31.0 | 93.6 | 9.2 | 117.3 | 0.05 | 2,026 | 9.1 | 9.7 | 4.9 | 7.3 | 4.4 | 5.0 | 1.2 | 1.1 | 1.1 | 0.8 | 38.2 |
| Avangard | AVGR LI | London Intl | 8.20 USD | -2.4 | -2.8 | -30.2 | -22.6 | 8.20 | 523.7 | 754.7 | 21.7 | 113.7 | 279.4 | 179.3 | 0.13 | 793 | 2.2 | 3.3 | 3.0 | 2.5 | 4.0 | 4.2 | 1.1 | 1.2 | 1.1 | 0.4 | 17.8 |
| IMC | IMC PW | Warsaw | 8.35 PLN | +3.2 | +1.8 | -31.3 | -44.3 | 2.57 | 80.6 | 231.5 | 23.9 | 19.2 | 20.5 | 45.1 | 0.09 | 1,143 | 3.1 | 7.3 | 1.8 | 4.3 | 4.3 | 4.2 | 2.0 | 1.2 | 1.2 | 0.5 | 38.7 |
| Kernel Holding... | KER PW | Warsaw | 25.36 PLN | -2.5 | -7.4 | -33.4 | -46.9 | 7.82 | 623.0 | 1,529.6 | 58.8 | 366.2 | 757.3 | 1,198.3 | 0.34 | 293 | 5.6 | 15.4 | 4.4 | 5.3 | 6.2 | 4.7 | 0.5 | 0.6 | 0.6 | 0.6 | 30.6 |
| KSG Agro | KSG PW | Warsaw | 1.69 PLN | +35.2 | -62.7 | -84.4 | -83.1 | 0.52 | 7.8 | 118.9 | 34.4 | 2.7 | 320.5 | 158.0 | 7.91 | 13 | Neg. | 0.7 | 0.4 | 4.5 | 3.0 | 2.5 | 1.7 | 1.3 | 1.1 | 0.5 | 44.0 |
| MHP | MHPC LI | London Intl | 12.10 USD | +1.7 | +0.8 | -29.0 | -19.3 | 12.10 | 1,278.6 | 2,488.9 | 22.3 | 285.4 | 1,141.9 | 1,341.4 | 0.61 | 163 | 8.2 | 8.1 | 4.4 | 6.4 | 5.2 | 4.9 | 1.7 | 1.8 | 1.6 | 2.2 | 47.0 |
| Milkiland | MLK PW | Warsaw | 4.90 PLN | +1.9 | -2.0 | -60.8 | -52.2 | 1.51 | 47.2 | 170.7 | 20.0 | 9.4 | 16.8 | 5.7 | 0.09 | 1,156 | 3.4 | N/A | 2.5 | 5.2 | 3.5 | 3.2 | 0.4 | 0.4 | 0.4 | 0.2 | 30.8 |
| Mriya Agrohold... | MAYA GF | Frankfurt | 1.81 EUR | -4.7 | -23.9 | -66.5 | -57.3 | 2.33 | 248.0 | 975.8 | 20.0 | 49.6 | 0.0 | 5.6 | 0.01 | 7,059 | 2.8 | 2.9 | 1.1 | 5.9 | 3.6 | 3.3 | 2.0 | 2.3 | 2.3 | 0.6 | 45.3 |
| Ovostar Union | OVO PW | Warsaw | 70.90 PLN | +0.6 | +1.3 | -29.1 | -12.5 | 21.86 | 131.2 | 138.7 | 25.0 | 32.8 | 213.4 | 39.5 | 0.15 | 677 | 4.3 | 7.1 | 6.1 | 3.8 | 5.1 | 4.1 | 1.5 | 1.7 | 1.3 | 1.0 | 8.5 |
| TRANSPORTATION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| KDM Shipping | KDM PW | Warsaw | 7.37 PLN | -6.6 | -0.5 | -76.5 | -77.6 | 2.27 | 21.1 | 4.6 | 10.9 | 2.3 | 1.6 | 0.8 | 0.01 | 13,508 | 3.1 | N/A | N/A | 0.4 | N/A | N/A | 0.1 | N/A | N/A | 0.3 | 5.6 |
| CONSTRUCTION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TMM | TR61 GF | Xetra | 0.18 EUR | +0.0 | -20.5 | -44.8 | -59.9 | 0.23 | 11.7 | 187.3 | 13.1 | 1.5 | 0.0 | 0.1 | 0.01 | 8,473 | Neg. | N/A | N/A | Neg. | N/A | N/A | 5.5 | N/A | N/A | 0.1 | 45.5 |
| FINANCIAL SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Raiffeisen Ban... | BAVL UK | Kiev, UX | 0.13 UAH | +0.7 | -6.2 | +17.8 | +43.5 | 0.01 | 311.8 | N/A | 3.8 | 11.9 | 3.3 | 29.7 | 0.26 | 387 | 3.9 | Neg. | 11.3 | N/A | N/A | N/A | N/A | N/A | N/A | 0.6 | 28.3 |

Table 1. Ukrainian stocks (closing prices as of 8-Sep-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) | 2013 | 2014E | 2014E | 2013 | 2014E | 2014E | 2013 | 2014E | 2014E | P/B (x) | Debt/Assets (%) | | |
| Ukrsotsbank | USCB UK | Kiev, UX | 0.17 UAH | +5.2 | -4.5 | -9.7 | +32.7 | 0.01 | 238.9 | N/A | 4.5 | 10.7 | 0.3 | 13.6 | 0.01 | 11,610 | Neg. | 12.5 | N/A | N/A | 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; *** - P/E is above 10,000x. Sources: Bloomberg, ICU.

FX: News & Comments

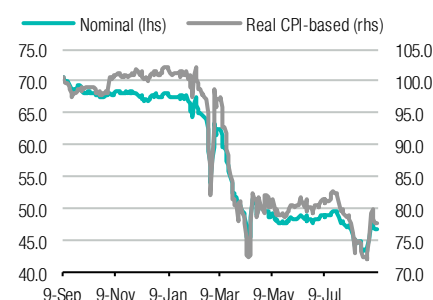
Hryvnia down further

In FX trading yesterday, the hryvnia continued to weaken on negative market sentiment. According to NBU data, the weighted average FX rate showed the rate progressed from 12.8/USD last Friday to 12.9/USD yesterday on total turnover of US\$320m. The global FX market environment was rather neutral as the Euro declined 0.43% while the Russian ruble added a mere 0.23%. The hryvnia's real trade-weighted index rose 0.1%.

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ICU's UAH trade-weighted indices

(Last 12-month history to 9 Sep 2014)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 8 Sep 2014)

| | Last | Daily | Weekly | MoM | YTD |
|---|-----------|---------|---------|---------|---------|
| | chg (%) | chg (%) | chg (%) | chg (%) | chg (%) |
| USD/UAH MARKET (HRYVNIA per US DOLLAR) | | | | | |
| Spot mkt | 12.8000 | +0.00 | +1.99 | +1.99 | +55.34 |
| NBU avg | 12.8221 | +0.00 | -2.23 | +1.71 | +57.31 |
| Ttl 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 | 13.7350 | +0.66 | +1.37 | +4.85 | +61.87 |
| NDF 6M | 14.0000 | +0.21 | -0.36 | +3.13 | +59.45 |
| NDF 1Y | 14.8000 | -0.40 | -1.00 | +1.54 | +57.11 |
| TRADE-WEIGHTED INDICES (TWIs, points) | | | | | |
| UAH nom'l | 46.661 | +0.10 | -1.65 | +0.03 | -30.91 |
| UAH real CPI | 77.740 | +0.10 | -1.65 | +0.03 | -23.08 |
| UAH real PPI | 117.085 | +0.10 | -1.65 | +0.03 | -15.64 |
| USD nom'l | 84.232 | +0.59 | +1.79 | +3.49 | +5.24 |
| FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs | | | | | |
| USD/RUB | 36.9590 | -0.23 | -0.89 | +2.14 | +12.44 |
| EUR/USD | 1.2895 | -0.43 | -1.77 | -3.84 | -6.17 |
| USD/CNY | 6.1414 | +0.00 | -0.03 | -0.24 | +1.44 |
| USD/PLN | 3.2417 | +0.46 | +1.25 | +3.49 | +7.23 |
| USD/TRY | 2.1737 | +0.72 | +0.62 | +1.33 | +1.19 |
| USD/BYR | 10,495.00 | -0.05 | +0.57 | +1.50 | +10.01 |
| USD/KZT | 182.0100 | -0.05 | -0.05 | -0.03 | +17.98 |
| OTHER MAJOR CURRENCIES | | | | | |
| USD/JPY | 106.0300 | +0.89 | +1.61 | +3.91 | +0.68 |
| GBP/USD | 1.6104 | -1.37 | -3.03 | -3.99 | -2.74 |
| USD/CHF | 0.9355 | +0.47 | +1.73 | +3.32 | +4.77 |
| AUD/USD | 0.9281 | -1.03 | -0.55 | +0.06 | +4.08 |
| USD/CAD | 1.0974 | +0.86 | +0.95 | +0.01 | +3.30 |
| USD/BRL | 2.2675 | +1.15 | +0.96 | -0.69 | -4.00 |
| USD/KRW | 1,023.74 | -0.05 | +1.05 | -1.23 | -2.48 |
| COMMODITIES | | | | | |
| Gold(\$/oz) | 1,255.44 | -1.06 | -2.38 | -4.23 | +4.13 |
| WTI crude ³ | 92.66 | -0.68 | +0.00 | -5.02 | -5.85 |
| Brent crd ³ | 99.43 | -0.72 | -1.91 | -4.15 | -10.28 |
| Urals crd ³ | N/A | +0.00 | +0.00 | +0.00 | +0.00 |
| TR/J CRB ⁴ | 286.75 | -0.44 | -2.05 | -1.94 | +2.35 |

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.

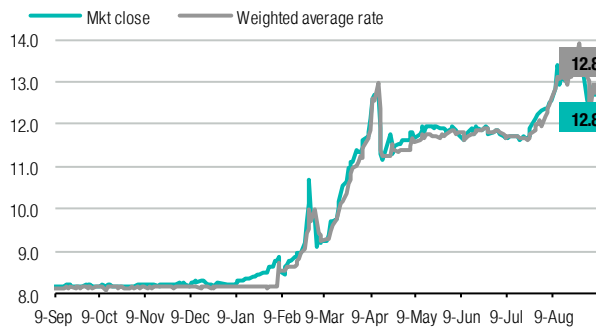
Sources: Bloomberg, Investment Capital Ukraine LLC.

Readers may follow the ICU trade-weighted indices of the local-currency, the hryvnia (UAH), on the ICU [website](#) and Bloomberg (type: ALLX UTWI <GO>).

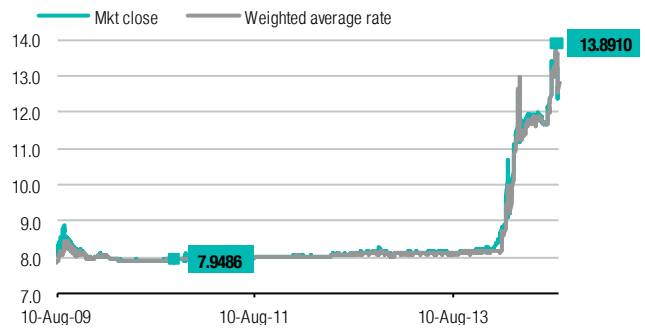
Section on FX market is continued on next page.

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)

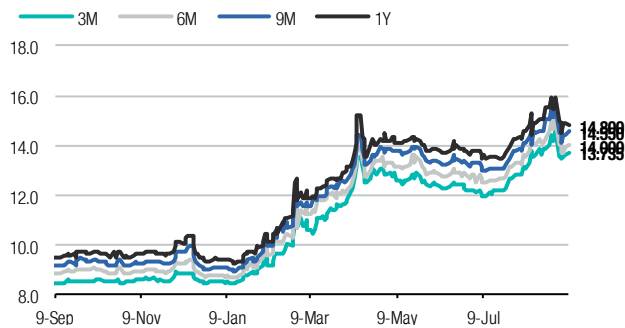


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

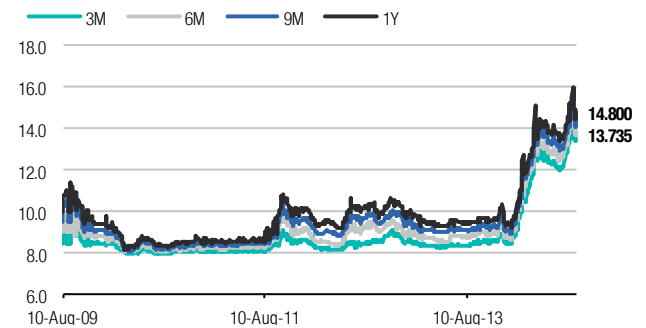


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

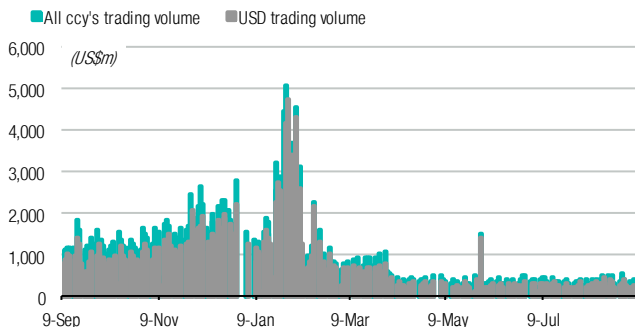


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

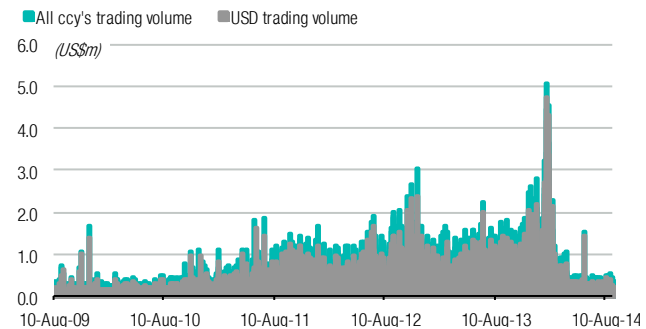


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

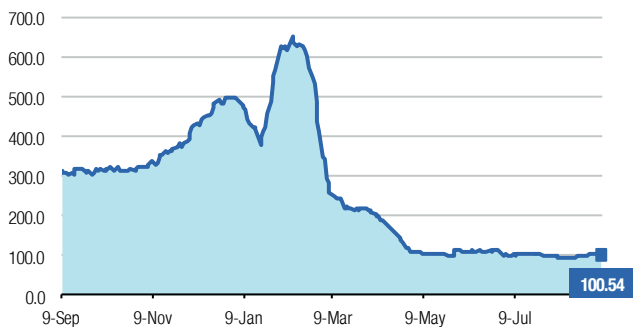


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

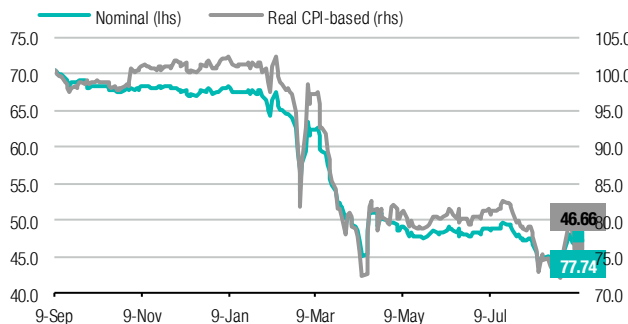


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

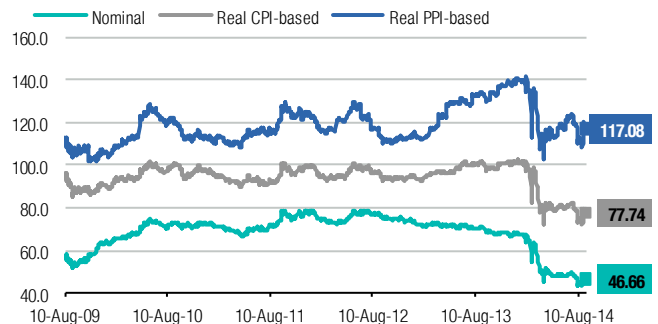
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology published in the [Quarterly Report "Keep the music playing"](#) dated 31 January 2013 and, then, updated, in the [Quarterly Report "Muddling through no more"](#) dated 14 August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

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



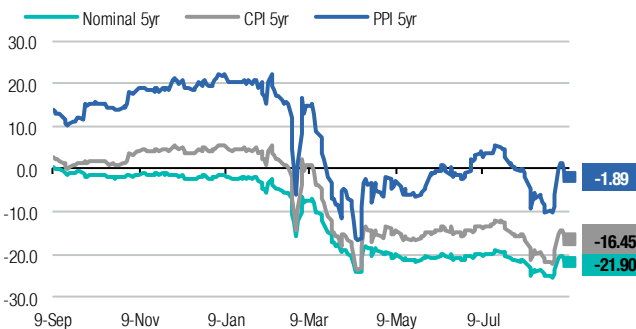
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

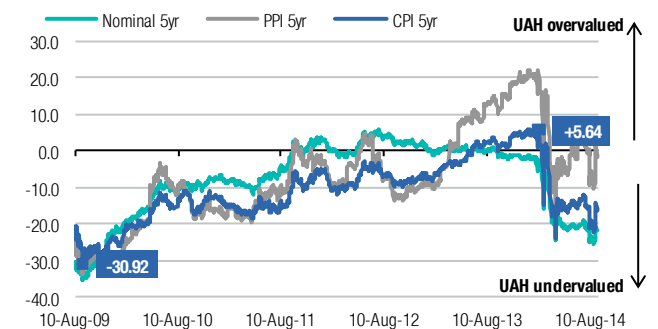


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

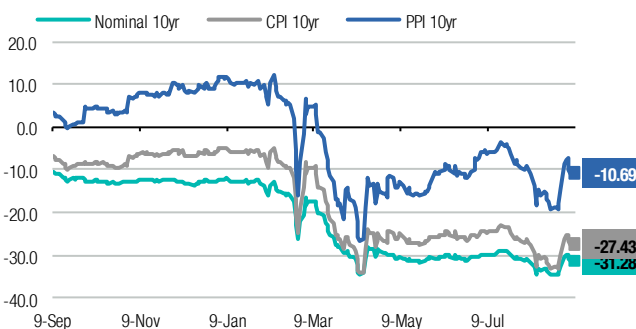


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

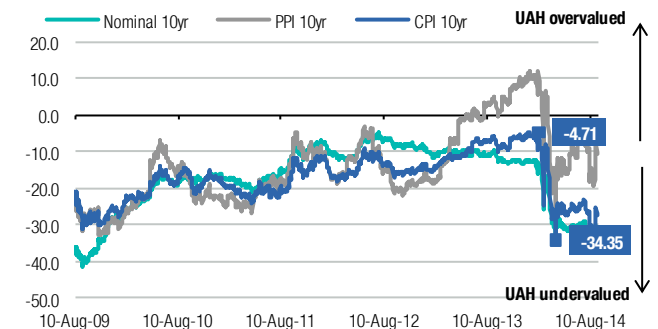


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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

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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