



Focus
Ukraine

Scope
Economics, bonds, equity & FX markets

Research team
**Alexander Valchyshen
Taras Kotovych**

Daily Insight

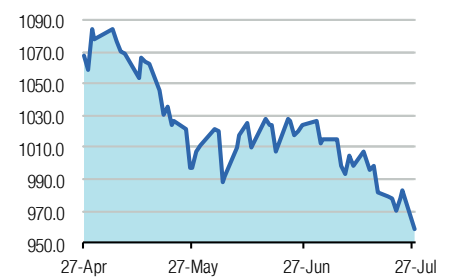
Discussions regarding new VAT-bonds

Contents

| | |
|---|----------|
| Bonds: News & Comments | 2 |
| Liquidity hits new record high | 2 |
| Discussions heighten regarding new VAT-bond issuances | 2 |
| Chart page: Local bond market & Eurobond markets | 3 |
| FX: News & Comments | 6 |
| Chart page #1: Foreign-exchange market | 7 |
| Chart page #2: ICU's UAH trade-weighted indices | 8 |

TUESDAY, 28 JULY 2015

UX Index (3 months to 28 Jul 2015)



Source: UX.

Key market indicators (as of 27 Jul 2015)

| | Last | Daily chg (%) | YTD chg (%) |
|--|----------|---------------|-------------|
| FX & MONEY RATES | | | |
| USD/UAH | 22.1230 | +0.56 | +39.84 |
| USD/UAH (1Y NDF) | 25.2880 | -0.44 | +37.06 |
| EUR/USD | 1.1088 | +0.95 | -8.35 |
| USD/RUB | 59.6541 | +1.81 | -1.78 |
| KievPRIME O/N (%) | 19.00 | +0bp | +10bp |
| KievPRIME 1M (%) | 24.00 | +0bp | +410bp |
| SOVEREIGN EUROBONDS: yields and spreads | | | |
| Ukraine 15, Eurobond (%) | 529.77 | +942bp | +46,800bp |
| Ukraine 17, Eurobond (%) | 46.92 | +5bp | +1,916bp |
| Ukraine 22, Eurobond (%) | 19.38 | +0bp | +313bp |
| Ukraine 23, Eurobond (%) | 18.66 | +0bp | +310bp |
| Ukraine 5Y CDS | 2,142bp | +25bp | -57bp |
| EQUITIES | | | |
| Stock market indices | | | |
| UX (Ukraine) | 958.95 | -2.49 | -7.20 |
| MSCI World | 419.38 | -0.81 | +0.54 |
| MSCI EM | 892.60 | -1.96 | -6.66 |
| RTS (Russia) | 840.37 | -2.18 | +6.76 |
| WIG-20 (Poland) | 2,189.08 | +0.06 | -5.48 |
| S&P 500 (USA) | 2,067.64 | -0.58 | +0.42 |

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 hits new record high

The broader liquidity indicator beat its records set earlier this month as it rose to nearly UAH80.0bn yesterday as a result of increases in both total local currency debt repayments scheduled for the next 30 days, up UAH1.47bn to UAH7.38bn, and in NBU CDs outstanding, up UAH1.39bn to UAH48.97bn, while banks' correspondent accounts with the NBU declined UAH0.61bn to UAH23.64bn.

Investment implication: While the NBU continued to absorb extra liquidity last Friday as it increased CDs outstanding, we expect liquidity to decline this week, possibly in today's NBU data reflecting yesterday's cash flows. As this decline should be insignificant, the broader indicator should remain above UAH70.0bn at the end of this week.

Taras Kotovych, Kiev, +38044 2200120 ext.724

Discussions heighten regarding new VAT-bond issuances

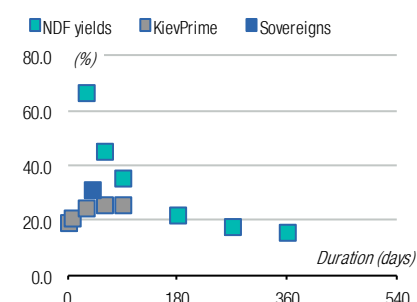
The head of the State Fiscal Service of Ukraine announced that steps are being taken to improve the VAT reimbursement process, particularly in regard to utilizing financial instruments for debt repayments. The division intends to submit proposals to increase the reimbursement ceiling to UAH70.0bn from the current UAH58.0bn while any new VAT-bond issues will require IMF approval.

Investment implication: While issuing VAT-bonds is not a new idea, the IMF has routinely disapproved of this option for the Ukrainian government. As the current EFF program lacks clear guidelines for specific issues or local market debt restructuring, issuing new VAT-bonds has not happened. Because of this, the government most likely should attempt to fulfill VAT reimbursements without issuing new bonds, especially since UAH12.0bn is an insignificant volume for the current treasury account. That being understood, as the MoF issues so few new market traded bonds, VAT bonds could attract significant market demand if investors like the yields.

Taras Kotovych, Kiev, +38044 2200120 ext.724

Yield curve of the local bond market

(as of market close on 27 Jul 2015)



Sources: Bloomberg, Investment Capital Ukraine LLC.

Bond market indicators (as of 27 Jul 2015)

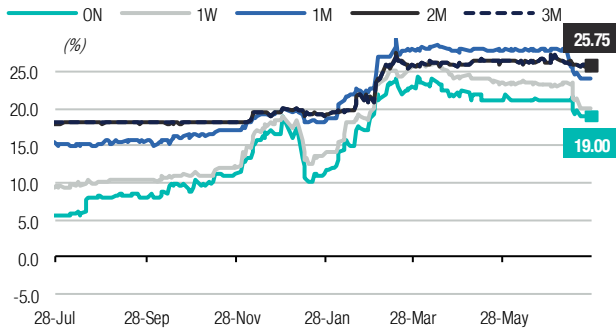
| | Last | Daily | Weekly | MoM | YTD |
|---|----------------|--------------|---------------|---------------|---------------|
| | chg (%) | chg (%) | chg (%) | chg (%) | chg (%) |
| MONEY MARKET KIEV PRIME RATES (%) | | | | | |
| O/n | 19.00 | +0bp | +0bp | -213bp | +10bp |
| 1wk | 20.00 | +0bp | +0bp | -325bp | +100bp |
| 1m | 24.00 | +0bp | +0bp | -375bp | +410bp |
| 2m | 25.50 | -17bp | -25bp | -75bp | +550bp |
| 3m | 25.75 | +8bp | +0bp | -50bp | +575bp |
| LIQUIDITY WIDE MEASUREMENT (UAHm) | | | | | |
| CB acc's ¹ | 23,644 | -2.52 | -21.64 | +1.38 | -28.89 |
| CDs ² | 0 | +0.00 | +0.00 | -100.0 | -100.0 |
| Sovgns ³ | 6,766 | +35.64 | +19.99 | +63.02 | +49.30 |
| Total | 30,410 | +3.99 | -15.09 | -27.35 | -43.23 |
| HOLDERS OF UAH SOVEREIGN BONDS (UAHm) | | | | | |
| C.bank | 361,414 | -0.01 | +0.31 | +1.43 | +13.61 |
| Banks | 83,442 | +0.23 | +0.45 | +0.98 | -10.69 |
| Resid's ⁴ | 22,603 | -0.19 | -5.27 | +3.43 | -7.93 |
| Non-res ⁵ | 22,287 | +0.21 | +0.21 | -3.61 | +3.45 |
| Total | 489,745 | +0.03 | +0.06 | +1.20 | +7.01 |
| NDF IMPLIED YIELDS (%) | | | | | |
| 3m | 33.25 | +251bp | +17bp | -12ppt | +690bp |
| 6m | 20.91 | -221bp | +55bp | -12ppt | +60bp |
| 9m | 17.46 | -449bp | +64bp | -602bp | -74bp |
| 1yr | 15.22 | -116bp | +256bp | -478bp | -214bp |
| LOCAL CURRENCY UAH SOVEREIGN BOND YIELDS (%) | | | | | |
| Mar '13 | N/A | N/A | N/A | N/A | N/A |
| Jan '14 | N/A | N/A | N/A | N/A | N/A |
| Aug '15 ⁶ | N/A | N/A | N/A | N/A | N/A |
| EUROBONDS USD SOVEREIGN BOND YIELDS (%) | | | | | |
| CDS 5yr | 2,142 | +25bp | -62bp | -495bp | -57bp |
| Jun '16 | 88.24 | +29bp | +255bp | -585bp | +51bp |
| Jul '17 | 46.92 | +5bp | +18bp | -353bp | +19bp |
| Sep '20 | 23.33 | +1bp | +27bp | -144bp | +448bp |
| Sep '21 | 22.05 | +1bp | +22bp | -103bp | +351bp |
| Sep '22 | 19.38 | +0bp | +14bp | -71bp | +313bp |
| Feb '23 | 18.66 | +0bp | +25bp | -83bp | +310bp |

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.

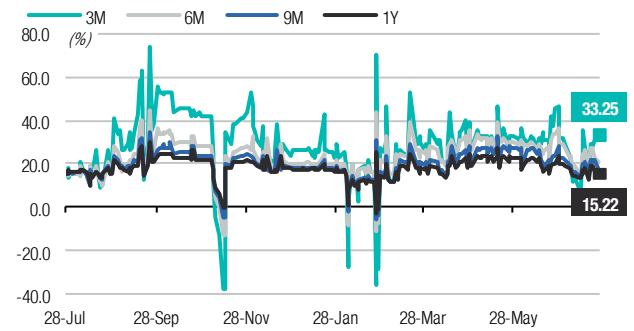
Chart page: Local bond market & Eurobond markets

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



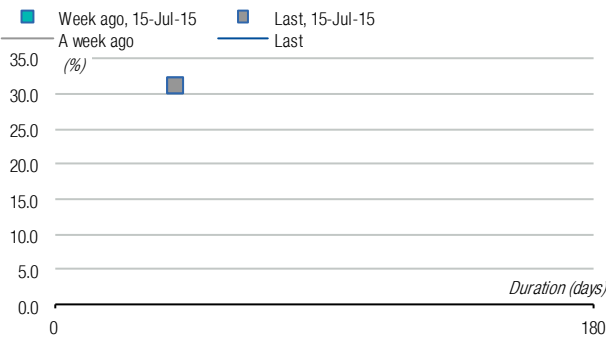
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



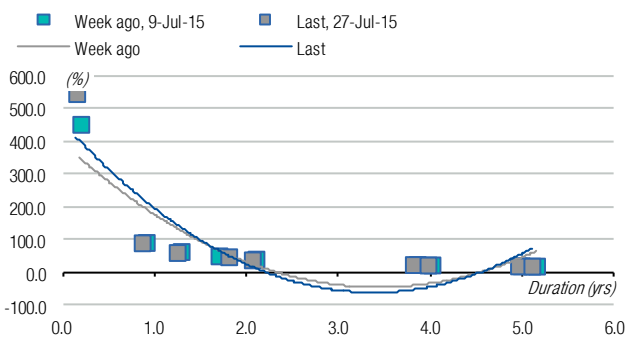
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 3. UAH sovereign yield curve (%) as of 27 Jul 2015



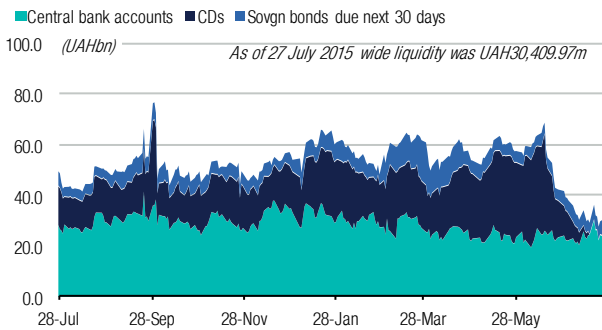
Sources: Bloomberg, Investment Capital Ukraine LLC.

Chart 4. USD sovereign yield curve (%) as of 27 Jul 2015



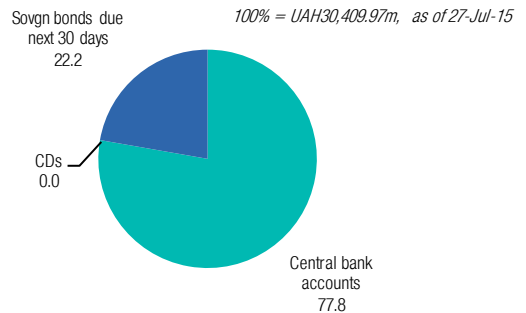
Sources: Bloomberg, Investment Capital Ukraine LLC.

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



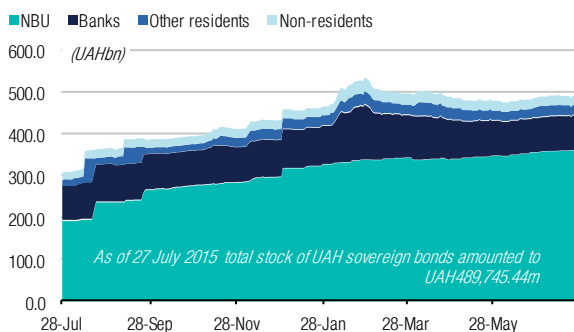
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

Chart 6. Breakdown of liquidity pool (%) as of 27 Jul 2015



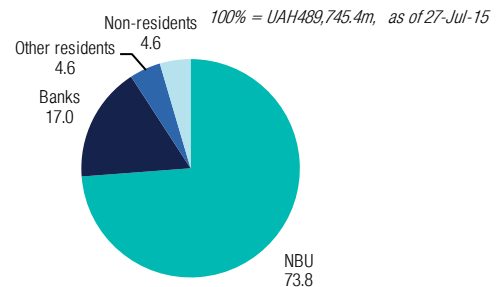
Sources: National Bank of Ukraine, Ministry of Finance of Ukraine, ICU.

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 27 Jul 2015



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

Table 1. Ukrainian stocks (closing prices as of 27-Jul-2015)

| 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) | 2014 | 2015E | 2016E | 2014 | 2015E | 2016E | 2014 | 2015E | 2016E | P/B (x) | Debt/ Assets (%) |
| ENERGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cadogan Petrol... | CAD LN | London | 10.50 GBp | -3.4 | -19.2 | +5.0 | -7.7 | 0.16 | 37.8 | 6.5 | 40.2 | 15.2 | 11.4 | 29.3 | 0.05 | 2,012 | Neg. | N/A | N/A | Neg. | N/A | N/A | 0.2 | N/A | N/A | 0.4 | 15.3 |
| Centrenerg | CEEN UK | Kiev, UX | 7.37 UAH | -1.7 | -4.9 | -2.3 | -9.0 | 0.33 | 123.0 | 127.9 | 21.7 | 26.7 | 10.2 | 16.7 | 0.05 | 2,051 | 38.6 | Neg. | 6.2 | 0.4 | Neg. | N/A | 0.4 | 0.3 | 0.2 | 1.2 | 4.2 |
| Coal Energy | CLE PW | Warsaw | 0.66 PLN | -1.5 | +0.0 | +6.5 | -36.5 | 0.18 | 8.0 | 80.5 | 25.0 | 2.0 | 1.2 | 1.7 | 0.09 | 1,117 | Neg. | N/A | N/A | 11.1 | N/A | N/A | 0.7 | N/A | N/A | 0.3 | 56.9 |
| Donbasenergo | DOEN UK | Kiev, UX | 19.72 UAH | -2.5 | -11.1 | -40.2 | -52.0 | 0.89 | 21.1 | 34.4 | 14.2 | 3.0 | 0.3 | 3.4 | 0.03 | 3,704 | 4.6 | Neg. | N/A | 0.0 | 10.0 | N/A | 0.2 | 0.2 | N/A | 0.3 | 13.6 |
| JKX Oil & Gas | JKX LN | London | 19.50 GBp | -1.3 | -29.7 | +62.5 | -56.7 | 0.30 | 52.3 | 63.3 | 47.2 | 24.7 | 21.0 | 129.8 | 0.14 | 739 | Neg. | Neg. | Neg. | Neg. | 1.2 | N/A | 0.4 | 0.4 | 0.8 | 0.2 | 9.9 |
| Regal Petroleum | RPT LN | London | 5.02 GBp | +0.0 | +0.1 | +60.6 | -45.0 | 0.08 | 25.1 | -6.8 | 80.9 | 20.3 | 0.1 | 4.8 | 0.02 | 5,643 | 4.4 | 8.4 | N/A | Neg. | Neg. | N/A | Neg. | Neg. | N/A | 0.3 | 0.0 |
| Zakhidenergo | ZAEN UK | Kiev, PFTS | 170.00 UAH | +25.9 | +1.8 | +14.8 | +16.2 | 7.68 | 98.3 | 147.2 | 5.0 | 4.9 | 0.1 | 0.1 | 0.00 | 712,915 | Neg. | N/A | N/A | 0.1 | N/A | N/A | 0.3 | N/A | N/A | 0.7 | 11.6 |
| METALLURGY | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alchevsky Meta... | ALMK UK | Kiev, UX | 0.01 UAH | -7.1 | -12.1 | -19.3 | -68.4 | 0.00 | 13.6 | 1,869.5 | 3.9 | 0.5 | 1.1 | 0.6 | 0.07 | 1,365 | Neg. | Neg. | N/A | 0.6 | Neg. | N/A | 2.8 | 6.3 | N/A | N/A | 145.5 |
| Avdiyivsky Cok... | AVDK UK | Kiev, UX | 0.89 UAH | -13.2 | -22.5 | -48.5 | -72.7 | 0.04 | 7.9 | 5.5 | 4.0 | 0.3 | 1.7 | 0.8 | 0.14 | 719 | Neg. | Neg. | N/A | Neg. | Neg. | N/A | 0.0 | 0.0 | N/A | 0.0 | 0.0 |
| Azovstal | AZST UK | Kiev, UX | 0.77 UAH | -1.9 | -4.7 | +2.7 | -16.0 | 0.03 | 145.4 | 104.8 | 4.1 | 6.0 | 1.1 | 4.1 | 0.02 | 5,643 | 3.5 | 2.7 | N/A | 0.0 | 1.0 | N/A | 0.1 | 0.1 | N/A | 0.2 | 0.0 |
| Ferrexpo PLC | FXPO LN | London | 57.75 GBp | +3.6 | -16.9 | +18.1 | -55.1 | 0.90 | 529.3 | 1,226.2 | 22.4 | 118.6 | 383.9 | 627.1 | 0.41 | 244 | 3.0 | 6.6 | 11.5 | 3.8 | 5.0 | 6.3 | 0.9 | 1.2 | 1.2 | 0.7 | 61.1 |
| Yasynivsky Cok... | YASK UK | Kiev, UX | 0.25 UAH | +0.0 | -0.8 | -11.1 | -64.4 | 0.01 | 3.1 | 3.8 | 9.0 | 0.3 | 0.0 | 0.2 | 0.01 | 6,912 | Neg. | 7.6 | N/A | Neg. | Neg. | N/A | 0.0 | 0.0 | N/A | 0.1 | 0.0 |
| Yenakievo Steel | ENMZ UK | Kiev, UX | 16.31 UAH | -3.5 | -6.5 | -22.1 | -63.4 | 0.74 | 7.8 | 0.2 | 9.4 | 0.7 | 12.6 | 3.0 | 0.29 | 350 | Neg. | Neg. | N/A | 0.0 | 0.0 | N/A | 0.0 | 0.0 | N/A | 0.2 | 0.0 |
| FOOD AND AGRIBUSINESS | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AgroGeneration | ALAGR FP | EN Paris | 0.54 EUR | -5.3 | +22.7 | +25.6 | -43.8 | 0.60 | 55.2 | 103.0 | 34.0 | 18.8 | 45.8 | 26.1 | 0.35 | 284 | Neg. | N/A | N/A | Neg. | N/A | N/A | 1.4 | N/A | N/A | 1.2 | 35.9 |
| Agroliga | AGL PW | Warsaw | 11.19 PLN | -2.7 | +2.2 | +24.3 | -41.4 | 3.01 | 4.6 | 5.4 | 16.7 | 0.8 | 5.2 | 2.0 | 0.25 | 404 | 1.3 | N/A | N/A | 1.6 | N/A | N/A | 0.3 | N/A | N/A | 0.4 | 5.7 |
| Agroton | AGT PW | Warsaw | 1.34 PLN | -4.3 | +16.5 | +8.9 | -48.9 | 0.36 | 7.8 | 35.2 | 26.2 | 2.0 | 53.8 | 15.8 | 1.19 | 84 | Neg. | N/A | N/A | 1.5 | N/A | N/A | 0.6 | N/A | N/A | 0.1 | 33.4 |
| Astarta Holdin... | AST PW | Warsaw | 33.50 PLN | -4.3 | +16.9 | +67.5 | -14.1 | 9.00 | 224.9 | 458.2 | 31.0 | 69.8 | 67.5 | 170.0 | 0.14 | 712 | Neg. | Neg. | 3.4 | 3.8 | 4.1 | 3.9 | 1.2 | 1.2 | 1.1 | 1.4 | 49.6 |
| Avangard | AVGR LI | London Intl | 1.08 USD | +0.0 | -9.2 | -47.3 | -88.2 | 1.08 | 69.0 | 331.1 | 21.7 | 15.0 | 12.0 | 18.7 | 0.04 | 2,738 | Neg. | Neg. | Neg. | 2.6 | 4.8 | 4.1 | 0.8 | 1.0 | 1.0 | 0.2 | 33.1 |
| IMC | IMC PW | Warsaw | 5.81 PLN | -0.3 | +19.8 | +2.5 | -29.8 | 1.56 | 48.8 | 157.3 | 23.9 | 11.7 | 0.1 | 13.0 | 0.11 | 889 | Neg. | 3.9 | 1.6 | 2.7 | 2.7 | 2.9 | 1.1 | 0.9 | 0.9 | 1.8 | 69.8 |
| Kernel Holding... | KER PW | Warsaw | 42.23 PLN | -4.9 | +10.2 | +48.4 | +41.2 | 11.34 | 903.8 | 1,378.3 | 58.8 | 531.2 | 2,693.4 | 1,713.3 | 0.32 | 314 | Neg. | 6.5 | 4.6 | 6.1 | 3.5 | 3.9 | 0.6 | 0.6 | 0.6 | 1.1 | 39.1 |
| KSG Agro | KSG PW | Warsaw | 0.99 PLN | -2.9 | +52.3 | -11.6 | -78.1 | 0.27 | 4.0 | 69.0 | 34.4 | 1.4 | 66.7 | 6.9 | 0.64 | 155 | Neg. | 0.2 | N/A | 6.9 | N/A | N/A | 2.1 | 0.6 | N/A | N/A | 67.4 |
| MHP | MHPC LI | London Intl | 10.05 USD | -2.4 | -10.7 | +9.2 | -24.4 | 10.05 | 1,062.0 | 2,221.9 | 22.3 | 237.0 | 435.7 | 602.2 | 0.17 | 578 | Neg. | 5.9 | 4.3 | 4.0 | 4.7 | 4.7 | 1.6 | 1.8 | 1.7 | 2.5 | 53.0 |
| Milkiland | MLK PW | Warsaw | 1.60 PLN | -3.0 | -5.3 | +8.1 | -73.2 | 0.43 | 13.4 | 126.5 | 20.0 | 2.7 | 147.1 | 14.9 | 1.09 | 92 | Neg. | Neg. | 1.8 | 9.2 | 5.4 | 6.6 | 0.4 | 0.5 | 0.5 | 0.1 | 42.5 |
| Ovostar Union | OVO PW | Warsaw | 80.51 PLN | -3.0 | +1.9 | +11.8 | +18.3 | 21.62 | 129.7 | 140.0 | 25.0 | 32.4 | 0.4 | 53.1 | 0.03 | 3,105 | 5.1 | 5.5 | 8.6 | 4.8 | 5.3 | 6.6 | 1.8 | 1.8 | 2.3 | 1.6 | 9.4 |
| TRANSPORTATION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| KDM Shipping | KDM PW | Warsaw | 2.50 PLN | +0.0 | -16.7 | -38.3 | -65.3 | 0.67 | 6.2 | -8.4 | 10.9 | 0.7 | 0.5 | 0.3 | 0.04 | 2,846 | Neg. | N/A | N/A | 16.3 | N/A | N/A | Neg. | N/A | N/A | 0.1 | 7.9 |
| CONSTRUCTION | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TMM | TR61 GF | Frankfurt | 0.05 EUR | +0.0 | +108.3 | -37.5 | -77.3 | 0.06 | 2.9 | 95.7 | 13.1 | 0.4 | 0.0 | 0.2 | 0.05 | 2,217 | Neg. | N/A | N/A | Neg. | N/A | N/A | 3.7 | N/A | N/A | 0.1 | 41.9 |
| FINANCIAL SERVICES | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Raiffeisen Ban... | BAVL UK | Kiev, UX | 0.09 UAH | -1.7 | -5.4 | -10.4 | -42.7 | 0.00 | 116.5 | N/A | 3.8 | 4.5 | 4.0 | 6.0 | 0.06 | 1,640 | N/A | Neg. | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.6 | N/A |
| Ukrsotsbank | USCB UK | Kiev, UX | 0.09 UAH | +0.0 | +2.4 | -34.7 | -53.2 | 0.00 | 94.8 | N/A | 4.5 | 4.2 | 0.0 | 0.7 | 0.02 | 5,934 | Neg. | Neg. | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 0.3 | 38.2 |

Table 1. Ukrainian stocks (closing prices as of 27-Jul-2015)

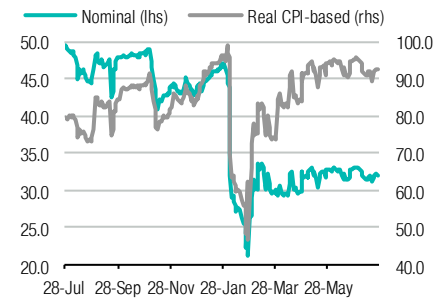
| Company | Bloomberg Ticker | Listing | Share price performance (% change) | | | | Valuation (US\$) | | | Free float (FF) & Liquidity | | | | P/E | | | EV/EBITDA | | | EV/Sales | | | Ratios | |
|---------|------------------|---------|------------------------------------|-------|-----|-----|------------------|------------|----------------|-----------------------------|--------|--------------------|------------------------------|-----------------------------|---------------------|--------------------|-----------|-------|-------|----------|-------|-------|--------|-------|
| | | | 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) | 2014 | 2015E | 2016E | 2014 | 2015E | 2016E | 2014 | 2015E |

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

ICU's UAH trade-weighted indices

(Last 12-month history to 28 Jul 2015)



Source: Investment Capital Ukraine LLC.

FX market indicators (as of 27 Jul 2015)

| | Last | Daily | Weekly | MoM | YTD |
|---|-----------|---------|---------|---------|---------|
| | chg (%) | chg (%) | chg (%) | chg (%) | chg (%) |
| USD/UAH MARKET (HRYVNIA per US DOLLAR) | | | | | |
| Spot mkt | 22.1230 | +0.56 | -2.65 | +5.37 | +39.84 |
| NBU avg | 22.0623 | -0.05 | +0.14 | +4.98 | +39.91 |
| Ttl vlm ¹ | 294.42 | -16.71 | +14.93 | -0.77 | -31.67 |
| \$ volume ² | 222.34 | -19.71 | +25.34 | +4.86 | -37.24 |
| NDF 3M | 23.9422 | +1.14 | +1.26 | +2.54 | +42.09 |
| NDF 6M | 24.3940 | -0.43 | -2.41 | -0.23 | +40.20 |
| NDF 1Y | 25.2880 | -0.44 | -0.44 | +1.15 | +37.06 |
| TRADE-WEIGHTED INDICES (TWIs, points) | | | | | |
| UAH nom'l | 31.954 | -0.46 | +3.13 | -2.73 | -28.14 |
| UAH real CPI | 92.236 | -0.46 | +3.13 | -2.73 | +6.58 |
| UAH real PPI | 110.924 | -0.46 | +3.13 | -2.73 | -5.81 |
| USD nom'l | 96.502 | -0.76 | -1.56 | +1.08 | +6.90 |
| FX RATES OF KEY CURRENCIES THAT SHAPE UAH's TWIs | | | | | |
| USD/RUB | 59.6541 | +1.81 | +4.72 | +8.85 | -1.78 |
| EUR/USD | 1.1088 | +0.95 | +2.43 | -0.71 | -8.35 |
| USD/CNY | 6.2098 | +0.00 | +0.00 | +0.01 | +0.07 |
| USD/PLN | 3.7153 | -1.51 | -2.47 | -0.59 | +4.85 |
| USD/TRY | 2.7714 | +1.23 | +2.70 | +4.01 | +18.69 |
| USD/BYR | 15,133.00 | +0.03 | -0.38 | -1.67 | +37.57 |
| USD/KZT | 187.4400 | +0.21 | +0.20 | +0.66 | +2.79 |
| OTHER MAJOR CURRENCIES | | | | | |
| USD/JPY | 123.2500 | -0.45 | -0.82 | -0.48 | +2.90 |
| GBP/USD | 1.5559 | +0.33 | -0.03 | -1.19 | -0.12 |
| USD/CHF | 0.9628 | -0.01 | -0.19 | +3.16 | -3.17 |
| AUD/USD | 0.7269 | -0.18 | -1.40 | -5.04 | -11.08 |
| USD/CAD | 1.3038 | -0.08 | +0.34 | +5.82 | +12.19 |
| USD/BRL | 3.3638 | +0.26 | +5.25 | +7.49 | +26.57 |
| USD/KRW | 1,167.00 | -0.07 | +1.28 | +4.53 | +6.97 |
| COMMODITIES | | | | | |
| Gold(\$/oz) | 1,094.00 | -0.46 | -0.24 | -6.94 | -7.67 |
| WTI crude ³ | 47.39 | -1.25 | -5.50 | -20.53 | -11.04 |
| Brent crd ³ | 52.17 | -3.05 | -6.27 | -14.96 | -6.44 |
| Urals crd ³ | N/A | +0.00 | +0.00 | +0.00 | +0.00 |
| TR/J CRB ⁴ | 202.69 | -1.15 | -4.32 | -9.87 | -11.86 |

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>).

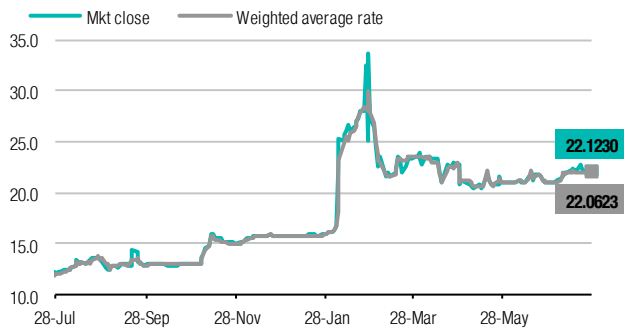
Section on FX market is continued on next page.

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.

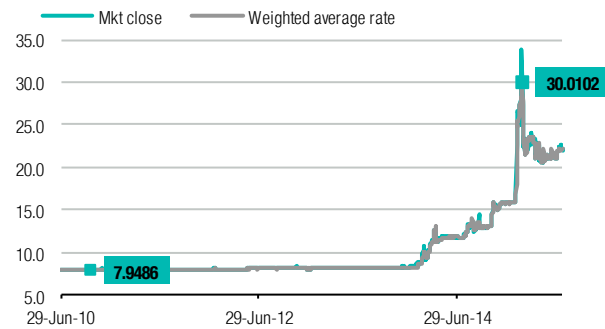
Sources: Bloomberg, Investment Capital Ukraine LLC.

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)

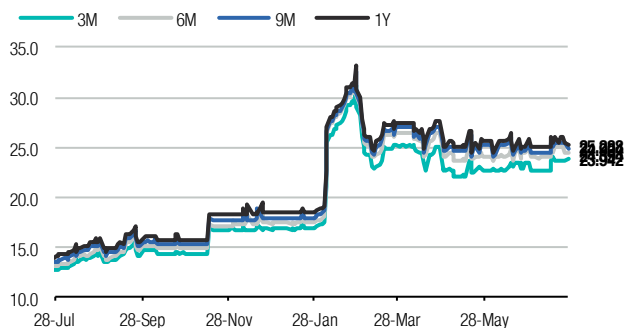


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

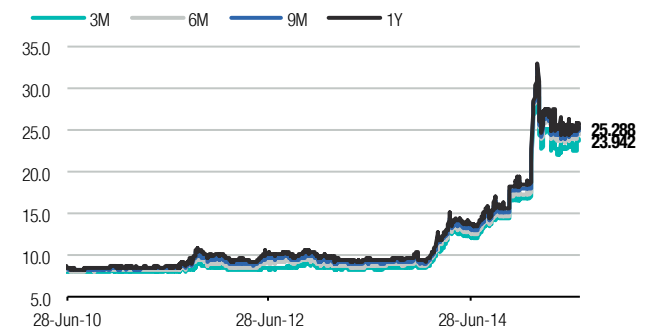


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

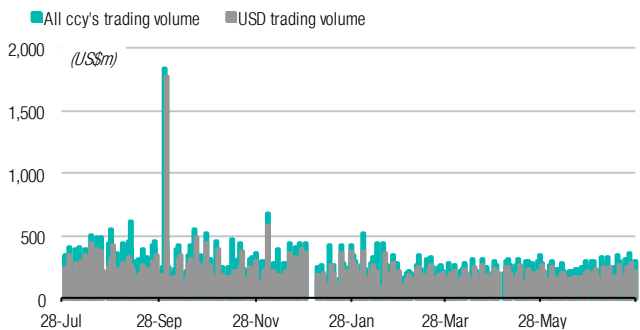


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

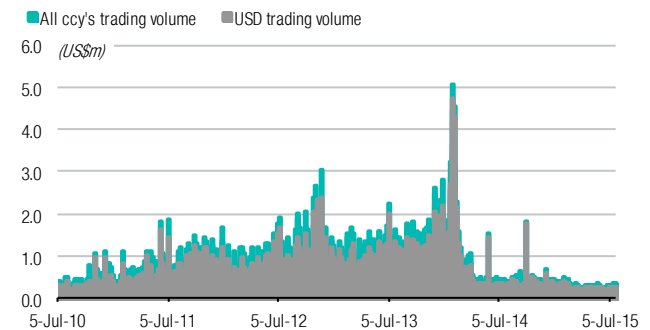


Sources: National Bank of Ukraine, Investment Capital Ukraine LLC.

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

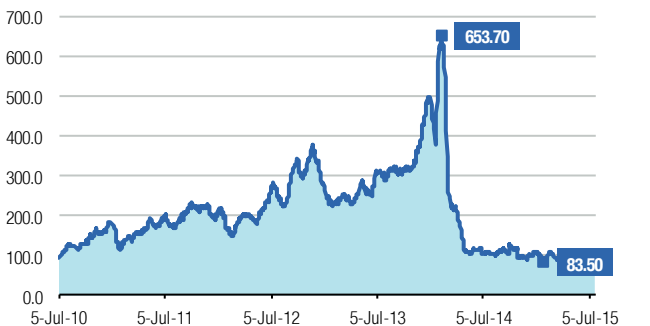


Sources: National Bank of Ukraine, Bloomberg, Investment Capital Ukraine LLC.



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)

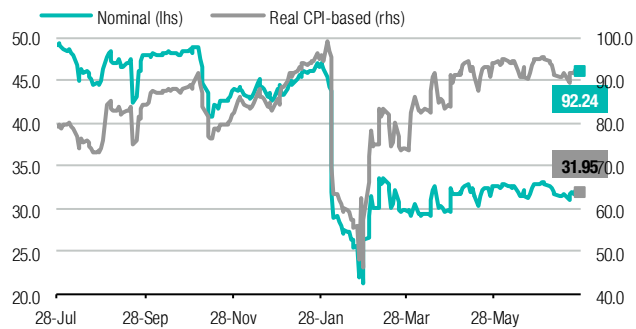


Note: * 30-day moving average; The boxes of the right chart show high and low values. Sources: NBU, State Statistics Service of Ukraine, Bloomberg, Investment Capital Ukraine LLC.

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

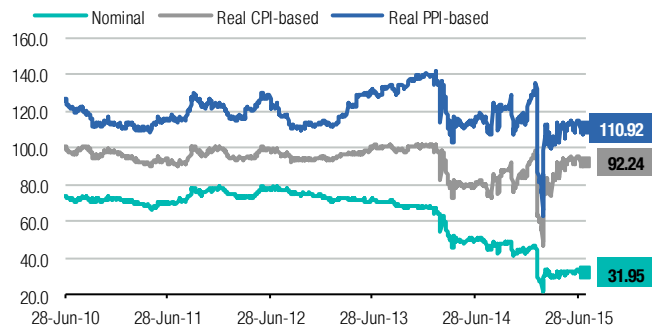
The following charts depict ICU's Ukrainian hryvnia trade-weighted indices which were calculated in accordance with methodology (for more details visit <http://www.icu.ua/en/research/currency-indices>).

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



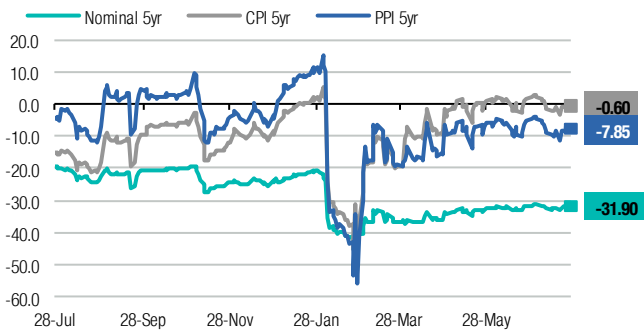
Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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

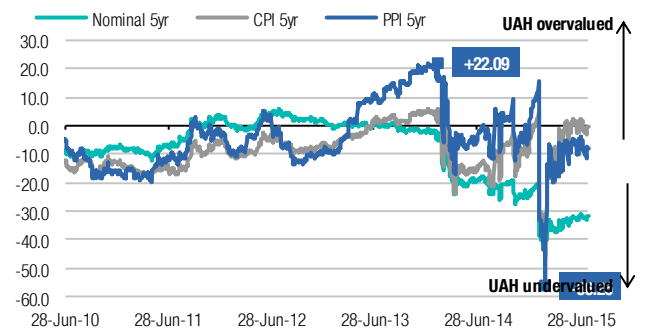


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

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)

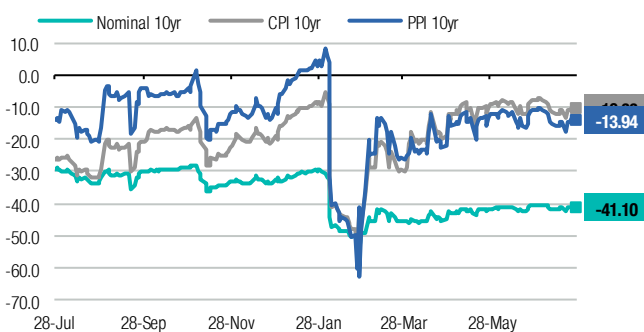


Note: The boxes indicate the last values of the depicted indicators.
Source: Investment Capital Ukraine LLC.

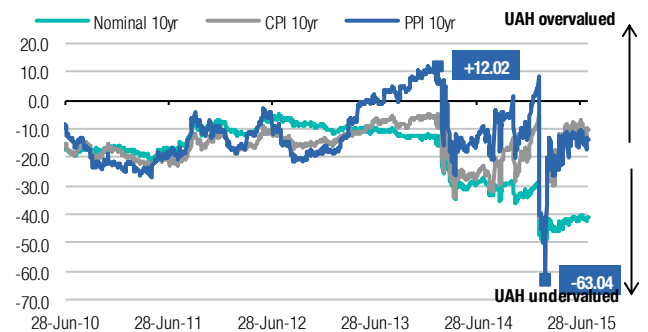


Note: the boxes indicate the high and low values of CPI-based TWI.
Source: Investment Capital Ukraine LLC.

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



11th floor, LEONARDO Business Centre
19-21 Bogdan Khmelnytsky Street
Kiev, 01030 Ukraine
Phone/Fax +38 044 2200120

WEB www.icu.ua



@ICU_UA

CORPORATE FINANCE

Makar Paseniuk, CFA, Managing Director
makar.paseniuk@icu.ua

Ivan Shvydanenko, Vice President
ivan.shvydanenko@icu.ua

Roman Nikitov, ACCA Director
roman.nikitov@icu.ua

Yuriy Kamarytskyi, Vice President
yuriy.kamarytskyi@icu.ua

Ruslan Kilmukhametov, Director
ruslan.kilmukhametov@icu.ua

Ruslan Patlavsky, Vice President
ruslan.patlavsky@icu.ua

STRATEGY AND CORPORATE DEVELOPMENT

Vlad Sinani, Director
vlad.sinani@icu.ua

SALES AND TRADING

Konstantin Stetsenko
Managing Director
konstantin.stetsenko@icu.ua

Liliya Kubytovych
Asset Management Product Sales
liliya.kubytovych@icu.ua

Sergiy Byelyayev
Fixed-Income Trading
sergiy.byelyayev@icu.ua

Julia Pecheritsa
Ukraine and CIS International Sales
julia.pecheritsa@icu.ua

Vitaliy Sivach
Fixed-Income & FX Trading
vitaliy.sivach@icu.ua

Yevgeniya Gryshchenko
Fixed-Income Sales
yevgeniya.gryshchenko@icu.ua

RESEARCH DEPARTMENT

Alexander Valchyshen
Head of Research
alexander.valchyshen@icu.ua

Taras Kotovych
Senior financial analyst (Sovereign debt)
taras.kotovych@icu.ua

Alexander Martynenko
Head of corporate research
alexander.martynenko@icu.ua

Mykhaylo Demkiv
Financial analyst (Banks)
mykhaylo.demkiv@icu.ua

Bogdan Vorotilin
Financial analyst (Food & Agribusiness)
bogdan.vorotilin@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.