

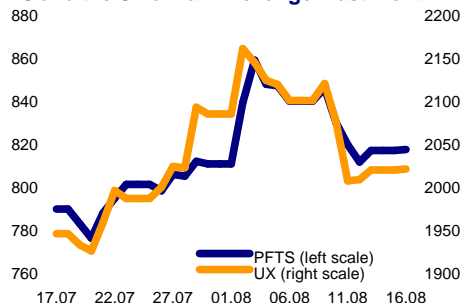
UKRAINIAN STOCK MARKET



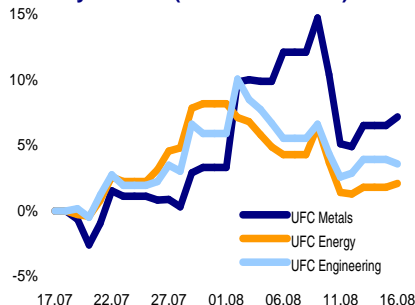
Daily review

August 17, 2010

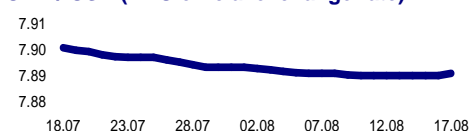
PFTS and the Ukrainian Exchange: Last month



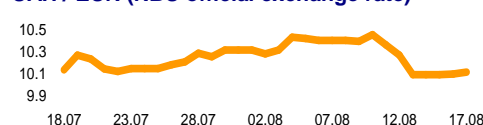
UFC family indices (17.07.2010 = 0%)



UAH / USD (NBU official exchange rate)



UAH / EUR (NBU official exchange rate)



STRATEGY

UFC Capital daily market view

Equity market. UX Index behaved very chaotically on Monday, with the indicator bouncing several times between the “red” and “green” zones. By the end of the trading day, the index had risen 0.06%, to 2,022.20.

The best performers on the order-driven market were shares of Alchevsk Coke (ALKZ; BUY), which grew by 7.7%. However, trading volume of these shares was very small, totaling just UAH 0.8 thsd. The worst performers were shares of Stiro (STIR; BUY), which fell by 1.6%.

We saw strong demand for shares of Alchevsk Iron & Steel (ALMK; HOLD), Ukrsotbank (USCB; SELL) and Avdiivka Coke (AVDK; SELL), with trading volumes amounting to UAH 8.1 mln, UAH 6.6 mln and UAH 6.2 mln, respectively.

Vitaly Gorovoy

Most important expected statistics

Date	Time (+02:00 GMT)	Country / Region	Indicator	Period	Bloomberg survey
17.08	11:30	UK	Inflation (MoM)	July	-0.2%
17.08	11:30	UK	Inflation (YoY)	July	3.1%
17.08	11:30	UK	Core inflation (YoY)	July	3.0%
17.08	15:30	USA	Producer price index (YoY)	July	4.2%
17.08	15:30	USA	Producer price index (YoY)	July	0.2%
17.08	15:30	USA	Housing Starts	July	560K
17.08	15:30	USA	Housing Starts (MoM)	July	2.0%
17.08	15:30	USA	Building Permits	July	576K
17.08	15:30	USA	Building Permits (MoM)	July	-1.2%
17.08	16:15	USA	Industrial production	July	0.5%
17-18.08	-	Russia	Industrial production (YoY)	July	8.2%
17-18.08	-	Russia	Industrial production (MoM)	July	0.8%

Major indices

	16.08	13.08	Change
UX index	2022.20	2021.01	0.06%
PFTS index	817.94	817.54	0.05%
UFC index	191.49	191.21	0.14%
UC Metals	229.25	227.83	0.62%
UFC Energy	426.79	425.49	0.30%
UFC Engineering	157.54	158.05	-0.32%

Foreign exchange rates

	17.08	16.08	Change
UAH/USD	7.89090	7.89000	0.01%
UAH/EUR	10.11613	10.09841	0.18%
UAH/RUR	0.25855	0.25937	-0.32%

General meetings

20.08.2010	ZOLTM	Zolotonosha Meat
25.08.2010	ODEN	Odesaoblenergo
26.08.2010	UNAF	Ukrnafta
27.08.2010	ONPZ	Lukoil-Odessa Oil Refinery
01.09.2010	SUNI	Sun InBev Ukraine
01.09.2010	PREN	Prykarpattiaoblenergo
01.09.2010	SUNI	Sun InBev Ukraine
02.09.2010	ZPST	Zaporizhstal
02.09.2010	-	Illich Steel
02.09.2010	MMKI	Mariupol Illich Iron and Steel
03.09.2010	SHCHZ	Pokrovskoe Coalmine
03.09.2010	LVON	Lvivoblenergo
07.09.2010	HAON	Kharkivoblenergo
07.09.2010	DNSS	Dnipropetsstal
09.09.2010	FARM	Farmak
10.09.2010	ODEN	Odesaoblenergo

Other events

17.08.2010	PREN	Prykarpattiaoblenergo - sale of 25% of shares on UX
21.08.2010	MMKI	Mariupol Illich Iron and Steel - end of subscription for new share issue
02.09.2010	-	ECB Meeting

MACROECONOMICS

Ukrainian GDP grew 6% in 2Q2010 YoY

Ukraine's gross domestic product (GDP) grew by 6% in 2007 constant prices in 2Q2010, compared with 2Q2009, reports the State Statistics Committee (Derzhkomstat). According to the agency, seasonally adjusted GDP growth, compared to that of 1Q2010 was 3.9%.

Derzhkomstat did not provide any other data, including GDP dynamics in 1H2010 or nominal GDP.

The government forecasts GDP growth in Ukraine in 2010 at 3.7%, following its 15.1% decline in 2009. The following year is expected to show acceleration of economic growth to 4.5%.

The World Bank in July improved its GDP growth forecast for Ukraine for 2010, from 2.5% to 3.5%, and from 3.5% to 4% for 2011. At the same time, the International Monetary Fund forecasts growth of Ukrainian economy of 3.7% for the current year and of 4.3% for 2011.

Vladimir Landa

The pace of recovery slows down

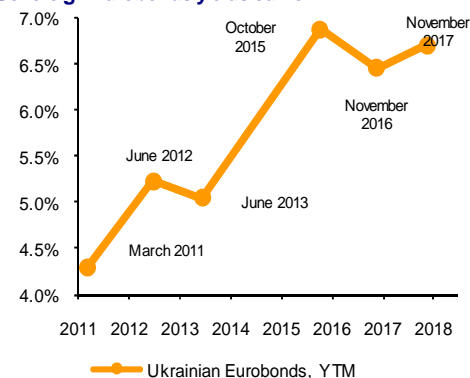
The pace of recovery in Ukraine's industrial production slowed to 6.4% YoY in July 2010, compared to 8.9% in June, 12.7% in May and 17.4% in April, the State Statistics Committee reported.

In January-July 2010, industrial production in Ukraine increased by 11.1%, compared to those seven months of 2009, notes the Committee. Growth figures remain high nonetheless, due to the lower base of comparison and thanks to a strong performance by machine engineering (+38% YoY), including automobile production (+70% YoY), as well as in chemical production (+20% YoY).

As reported earlier, industrial production in Ukraine fell by 21.9% in 2009.

Vladimir Landa

Sovereign Eurobonds yields curve



Ukrainian bonds rating (Internal methodology *)		
Corporate		
Agromat, 1-B	OAGMTB	ufcBB
Amstor, 1-E	OAMSE	ufcCCC
Bogdan, 1-B	OLUAZB	ufcBB
Galychina, 1-C	OGLCHC	ufcB
Galnaftogaz, 1-E	ONGGE	ufcBBB
Donetskstal, 1-A	CODSTA	ufcBB
Kirovogradobleneuro, 1-A	OKIONA	ufcB
Konti, 1-B	OKKOB	ufcB
MAUP, 1-A	OMAUPA	ufcB
Sevastopolenergo, 1-A	OSENA2	ufcB
Sumykhimprom, 1-A	OSUMHA	ufcCC
Favorit, 1-B	COFRAB	under review
HARP Trading, 1-B	OHRPTB	ufcBB
Khibprom, 1-D	OHLPD	ufcB
Financial		
Alfa Bank, 1-F	OALFF	ufcBBB-
Khreschatik Bank, 1-E	OBXRE	ufcBBB
Dongorbank, 3-C	ODGBC2	ufcB
Imexbank, 1-A	OIMEXA	ufcBB
Kreditprombank, 1-F	COKPBF	ufcCC
PUMB, 1-B	OPUMB	ufcA
Raiffeisen Bank Aval, 1-B	OBVLB	ufcA
Rodovid Bank, 1-C	ORODBC	ufcCC
Ukrgazbank, 1-A	OUGZBA	ufcCCC
Ukrsotsbank, 1-D	OUSCD	ufcA
Forum, 1-C	OPRXBC	ufcBBB

*. Follow the link below to get to the internal methodology of UFC Capital for corporate bonds rating:
http://www.ufc-capital.com/ru/analysis/bonds_rate.htm

Liquid shares of the Ukrainian issuers: fundamentals

Ticker	Company	Price	MCap	EV	Sales	EBITDA	Earnings	Book Value
		\$	\$ mln	\$ mln	\$ mln	\$ mln	\$ mln	\$ mln
Steel								
ALMK	Alchevsk Iron & Steel	0.023	586	1244	1292	54	-114	306
AZST	Azovstal	0.36	1 511	1686	2014	106	-27	1921
DNSS	Dniprospsstal	194.76	209	375	276	18	-15	22
ENMZ	Enakievo Steel	24.65	260	255	786	-89	-110	74
KSTL	ArcelorMittal Kryviy Rih	1.09	4 207	4294	2357**	75	-15	1451
MMKI	Mariupol Illich Iron and Steel	0.17	2 106	2068	1712	43	-33	1469
ZPST	Zaporizhstal	0.77	2 033	2202	1150	33	-37	788
Iron ore								
PGOK	Poltava Mining	5.42	1 035	1169	514	73	22	427
PGZK	Southern Mining	0.80	1 721	1745	273	5	-9	477
SGOK	Northern Mining	1.20	2 757	2778	753	331	160	1459
Coke								
ALKZ	Alchevsk Coke	0.051	154	180	507	32	9	198
AVDK	Avdiivka Coke	1.74	339	342	477	-23	-64	706
YASK	Yasinovka Coke	0.42	115	146	272	22	11	112
Pipes								
DTRZ	Dnipropetrovsk Pipes	11.66	12	30	62**	-10	-15	32
HRTR	Khartsyzsk Pipes	0.15	399	395	620	123	76	204
NITR	Nizhnedniprovsky Pipe Rolling	1.20	481	626	472**	22	-46	380
NVTR	Novomoskovsk Pipes	0.36	73	76	143**	19	-4	107
Coal								
SHCHZ	Chervonoarmiyska-Zakhidna Coalmine #1	0.66	557	572	278	44	3	160
SHKD	Komsomolets Donbasa Coalmine	0.51	171	273	140	42	-10	91
Oil								
UNAF	Ukrnafta	33.37	1 810	1824**	1841**	442**	303**	896**
Power Generation								
CEEN	Centrengo	1.75	648	735**	674**	22**	-3**	236**
DNEN	Dniproenergo	134.98	805	875**	634**	50**	13**	264**
DOEN	Donbasenergo	8.78	208	250**	364**	8**	-17**	82**
ZAEN	Zakhidenergo	68.00	870	956**	567**	-4**	-28**	114**
Power Distribution								
DNON	Dniprooblenergo	31.01	186	151**	1208**	32**	12**	34**
KIEN	Kyivenergo	2.04	221	276**	947**	-38**	-126**	154**
KREN	Krymenergo	0.40	70	71**	202**	14**	4**	15**
Fertilizers								
STIR	Stirol	12.18	330	292	244	-31	-42	294
Machine engineering								
AVTO	Ukravto	17.05	108	213	213	15	1	321
AZGM	Azovzagalmash	1.77	82	249	250	-2	-26	-43
DRMZ	Druzhkivka Machine Engineering	0.20	42	40	80	-5	-10	12
KVBZ	Kryukiv Railcar	3.64	417	415	182	18	9	154
LTPL	Luganskteplovovoz	0.58	127	137**	47**	-7**	-14**	-6**
LUAZ	Bogdan Motors	0.024	105	468**	185**	-1**	-37**	155**
MSICH	Motor Sich	283.45	589	623**	561**	180**	115**	375**
MZVM	Mariupol Heavy Machine Engineering	2.74	42	126	137	-3	-21	13
SMASH	Sumy Frunze Machine Engineering	6.91	491	648	424	111	52	141
SVGZ	Stakhanov Railcar	0.81	183	182	59	6	-7	50
TATM	Turboatom	0.58	245	223**	114**	33**	25**	142**
Abrasives								
ZABR	Zaporizhzhya Abrasives	0.23	7	12*	40	4	1	30*
Food industry								
SLAV	Slavutych Brewery and Beverages	0.34	319	400	268	75	28	156
SSOL	Slavuta Malt	1.48	37	50**	53**	9**	5**	14**
SUNI	Sun InBev Ukraine	0.048	456	475	423	120	50	195
Construction								
MTBD	Mostobud	44.70	26	44	90	7	0	54
Telecommunications								
UTLM	Ukrtelecom	0.077	1 439	1765**	880**	183**	-36**	863**
Financial services								
BAVL	Raiffeisen Bank Aval	0.058	1 733	-	-	-	-113**	811**
USCB	Ukrsotsbank	0.068	869	-	-	-	10**	765**
FORM	Forum	0.89	414	-	-	-	-235**	354**

Data for 2009.* - data for April 2009 - March 2010; ** - data for July 2009 – June 2010.

Liquid shares of the Ukrainian issuers: market multiples

Ticker	Company	EV/S	P/S	EV/ EBITDA	P/ E	P/BV
Steel		1.26	1.14	50.34	neg.	1.81
ALMK	Alchevsk Iron & Steel	0.96	0.45	22.84	neg.	1.92
AZST	Azovstal	0.84	0.75	15.85	neg.	0.79
DNSS	Dniprospsststal	1.36	0.76	20.48	neg.	9.37
ENMZ	Enakievo Steel	0.32	0.33	neg.	neg.	3.50
KSTL	ArcelorMittal Kryviy Rih	1.82	1.79	57.06	neg.	2.90
MMKI	Mariupol Illich Iron and Steel	1.21	1.23	48.12	neg.	1.43
ZPST	Zaporizhstal	1.92	1.77	67.40	neg.	2.58
Iron ore		3.70	3.58	13.93	31.96	2.33
PGOK	Poltava Mining	2.27	2.01	16.07	46.94	2.42
PGZK	Southern Mining	6.39	6.30	339.02	neg.	3.61
SGOK	Northern Mining	3.69	3.66	8.40	17.24	1.89
Coke		0.53	0.48	21.67	neg.	0.60
ALKZ	Alchevsk Coke	0.35	0.30	5.70	16.43	0.78
AVDK	Avdiivka Coke	0.72	0.71	neg.	neg.	0.48
YASK	Yasinovka Coke	0.53	0.42	6.67	10.84	1.03
Pipes		0.87	0.74	7.35	92.38	1.33
DTRZ	Dnipropetrovsk Pipes	0.49	0.20	neg.	neg.	0.38
HRTR	Khartsyzsk Pipes	0.64	0.64	3.21	5.27	1.96
NITR	Nizhnedniprovsky Pipe Rolling	1.33	1.02	28.52	neg.	1.26
NVTR	Novomoskovsk Pipes	0.53	0.51	4.05	neg.	0.68
Coal						
SHCHZ	Pokrovskoe Coalmine	2.06	2.01	12.89	194.57	3.48
SHKD	Komsomolets Donbasa Coalmine	1.95	1.22	6.49	neg.	1.88
Oil						
UNAF	Ukrnafta	0.99	0.98	4.13	5.97	2.02
Power Generation		1.26	1.13	37.15	neg.	3.64
CEEN	Centrenergo	1.09	0.96	33.24	neg.	2.74
DNEN	Dniproenergo	1.38	1.27	17.57	60.95	3.05
DOEN	Donbasenergo	0.69	0.57	33.27	neg.	2.54
ZAEN	Zakhidenergo	1.69	1.53	neg.	neg.	7.63
Power Distribution		0.21	0.20	55.84	neg.	2.34
DNON	Dniproblenergo	0.12	0.15	4.70	15.81	5.40
KIEN	Kyivenergo	0.29	0.23	neg.	neg.	1.43
KREN	Krymenergo	0.35	0.35	4.90	19.06	4.56
Fertilizers						
STIR	Stirol	1.20	1.35	neg.	neg.	1.12
Machine engineering		1.48	1.08	9.68	28.18	1.85
AVTO	Ukravto	1.00	0.51	14.33	160.55	0.34
AZGM	Azovzagalmash	1.00	0.33	neg.	neg.	neg.
DRMZ	Druzhkivka Machine Engineering	0.50	0.53	neg.	neg.	3.46
KVBZ	Kryukiv Railcar	2.28	2.29	22.73	45.48	2.70
LTPL	Luganskteplovoy	2.90	2.68	neg.	neg.	neg.
LUAZ	Bogdan Motors	2.53	0.57	neg.	neg.	0.68
MSICH	Motor Sich	1.11	1.05	3.47	5.12	1.57
MZVM	Mariupol Heavy Machine Engineering	0.92	0.31	neg.	neg.	3.35
SMASH	Sumy Frunze Machine Engineering	1.53	1.16	5.85	9.49	3.49
SVGZ	Stakhanov Railcar	3.11	3.12	32.97	neg.	3.68
TATM	Turboatom	1.96	2.16	6.81	9.69	1.73
Abrasives						
ZABR	Zaporizhzhya Abrasives	0.31	0.18	3.00	10.13	0.23
Food industry						
SLAV	Slavutych Brewery and Beverages	1.49	1.19	5.32	11.20	2.04
SSOL	Slavuta Malt	0.94	0.69	5.83	7.89	2.62
SUNI	Sun InBev Ukraine	1.12	1.08	3.96	9.15	2.34
Construction						
MTBD	Mostobud	0.49	0.29	6.68	178.52	0.48
Telecommunications						
UTLM	Ukrtelecom	2.00	1.63	9.62	neg.	1.67
Financial services					neg.	1.56
BAVL	Raiffeisen Bank Aval	x	x	x	neg.	2.14
USCB	Ukrsotsbank	x	x	x	83.08	1.14
FORM	Forum	x	x	x	neg.	1.17

Note: Multiples are estimated, based on the latest available data. Periods for which recent data are available are listed in the table "Liquid shares of Ukrainian issuers: fundamentals."

Eurobonds

Issuer	bid	ask	Yield (bid)	Yield (offer)	Coupon	Volume, mln	Currency	Maturity
Ukraine, 2011	100.75	101.38	5.45%	4.29%	6.875%	600	USD	04.03.2011
Ukraine, 2012	101.75	102.00	5.38%	5.24%	6.385%	500	USD	26.06.2012
Ukraine, 2013	105.75	106.75	5.41%	5.04%	7.650%	1 000	USD	11.06.2013
Ukraine, 2015	91.25	91.75	7.00%	6.88%	4.950%	600	EUR	13.10.2015
Ukraine, 2016	99.63	100.63	6.65%	6.45%	6.580%	1 000	USD	21.11.2016
Ukraine, 2017	100.00	100.25	6.75%	6.70%	6.750%	700	USD	14.11.2017
IUD, 2010	20.00	40.00	3507.20%	1432.55%	9.250%	150	USD	23.09.2010
Azovstal, 2011	99.75	100.50	9.61%	8.13%	9.125%	175	USD	28.02.2011
Kyiv, 2011	99.00	100.00	9.78%	8.61%	8.625%	200	USD	15.07.2011
UkrSibbank, 2011	101.50	102.50	7.60%	6.52%	9.250%	250	USD	04.08.2011
Ukreximbank, 2011	100.25	101.00	7.39%	6.64%	7.650%	500	USD	07.09.2011
UkrSibbank, 2011	100.25	101.00	7.54%	6.95%	7.750%	500	USD	21.12.2011
Privatbank, 2012	98.00	98.75	9.49%	8.92%	8.000%	500	USD	06.02.2012
Alfa Bank (Ukraine), 2012	100.50	101.50	12.69%	12.10%	13.000%	841	USD	30.07.2012
Ukreximbank, 2012	99.25	99.75	7.18%	6.92%	6.800%	250	USD	04.10.2012
Kyiv, 2012	95.25	96.50	10.64%	10.00%	8.250%	250	USD	26.11.2012
Finance and Credit, 2014	83.00	86.00	17.25%	15.94%	10.500%	100	USD	25.01.2014
VAB Bank, 2014	72.00	76.50	21.61%	19.48%	10.500%	125	USD	14.06.2014
Naftogaz of Ukraine, 2014	108.38	108.75	7.11%	7.01%	9.500%	1 595	USD	30.09.2014
PUMB, 2014	90.50	92.00	13.97%	13.47%	11.000%	275	USD	31.12.2014
Ukreximbank, 2015	103.75	104.00	7.41%	7.35%	8.375%	500	USD	27.04.2015
DTEK, 2015	100.50	101.00	9.36%	9.23%	9.500%	500	USD	28.04.2015
MHP, 2015	100.50	101.00	10.11%	9.97%	10.250%	585	USD	29.04.2015
Metinvest, 2015	104.25	105.00	9.12%	8.93%	10.250%	500	USD	20.05.2015
Kyiv, 2015	88.00	89.25	11.08%	10.74%	8.000%	250	USD	06.11.2015
Privatbank, 2016	92.75	95.00	10.52%	9.96%	8.750%	150	USD	09.02.2016
Ukreximbank, 2016	97.25	98.50	9.05%	8.75%	8.400%	125	USD	09.02.2016

OVDPs

Issuer, ticker	bid	ask	Yield (bid)	Yield (offer)	Coupon	Maturity
Ukraine, 63309*	988.44	990.89	7.00%	5.50%	-	13.10.2010
Ukraine, 61725*	981.92	984.46	7.00%	6.00%	-	17.11.2010
Ukraine, 63648*	959.63	962.78	9.25%	8.50%	-	26.01.2011
Ukraine, 74173*	956.91	961.27	9.50%	8.50%	-	02.02.2011
Ukraine, 54456	1 123.29	1 128.02	10.50%	9.80%	20.00%	27.04.2011
Ukraine, 66526*	924.32	932.53	10.75%	9.50%	-	18.05.2011
Ukraine, 61089	1 232.60	1 240.53	11.45%	10.75%	25.14%	12.10.2011
Ukraine, 62012	1 145.82	1 154.78	11.50%	10.75%	20.00%	23.11.2011
Ukraine, 53912	1 108.24	1 114.04	12.25%	11.85%	15.70%	11.04.2012
Ukraine, 61451	1 204.46	1 219.37	12.50%	11.75%	20.00%	31.10.2012
Ukraine, 64018	1 244.87	1 261.32	13.25%	12.50%	20.00%	20.02.2013

Note: For issues marked * simple yields are specified, while for the rest issues – effective yields

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