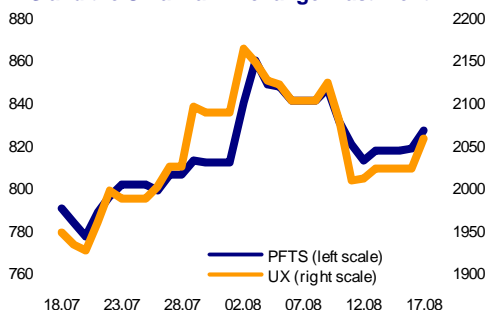


UKRAINIAN STOCK MARKET

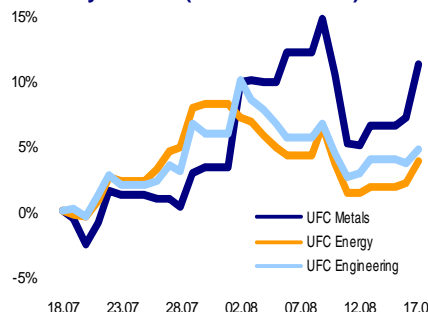
Daily review

August 18, 2010

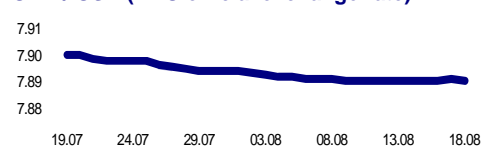
PFTS and the Ukrainian Exchange: Last month



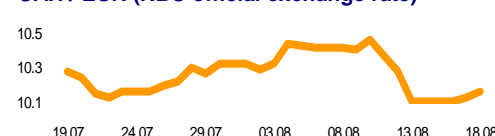
UFC family indices (18.07.2010 = 0%)



UAH / USD (NBU official exchange rate)



UAH / EUR (NBU official exchange rate)



STRATEGY

UFC Capital daily market view

UX has extends the first level of listing. Shares of Zakhidenergo (ZAEN; SELL) were included in the first level of UX listing on Monday. Thus, at the moment there are eight shares in the first level: Raiffeisen Bank Aval (BAVL; UNDER REVIEW), Forum Bank (FORM; UNDER REVIEW), Bogdan Motors (LUAZ; SELL), Mariupol Illich Iron and Steel (MMKI; RECOMMENDATION WITHDRAWN), Motor Sich (MSICH; BUY), Ukrnafta (UNAF; SELL), Ukrtelecom (UTLM; SELL) and Zakhidenergo (ZAEN; SELL).

Equity market. UX Index showed a strong bullish trend on Monday. By the end of the trading day, the index demonstrated growth by 1.72% to 2,050.00. The maximum value of the index on that day was about 2,070.

Investors have demonstrated the strong interest in shares of Centrenergo (CEEN; BUY) and Avdiivka Coke (AVDK; SELL), trading volumes of which amounted to UAH14.2 mln and UAH12.6 mln respectively.

The best performers on the order-driven market were shares of Yasinovka Coke (YASK; BUY), Northern Mining (SGOK; HOLD) and Galnaftogaz (GLNG) which grew 6.9%, 6.5% and 6.3% respectively.

Vitaly Gorovoy

Major indices	17.08	16.08	Изм.
UX index	2056.99	2022.20	1.72%
PFTS index	826.15	817.94	1.00%
UFC index	195.40	191.49	2.04%
UC Metals	237.84	229.25	3.75%
UFC Energy	434.05	426.79	1.70%
UFC Engineering	159.30	157.54	1.12%

Foreign exchange rates	18.08	17.08	Изм.
UAH/USD	7.89000	7.89090	-0.01%
UAH/EUR	10.14654	10.11613	0.30%
UAH/RUR	0.25910	0.25855	0.21%

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	Dniprospeksstal
09.09.2010	FARM	Farmak
10.09.2010	ODEN	Odesaoblenergo

Other events		
21.08.2010	MMKI	Mariupol Illich Iron and Steel - end of subscription for new share issue
02.09.2010	-	ECB Meeting
07.09.2010	-	BoY Meeting
09.09.2010	-	Bank of England Meeting

Most important expected statistics					
Date	Time (+02:00 GMT)	Country / Region	Indicator	Period	Bloomberg survey
18.08	-	Russia	Industrial Production (YOY)	July	8.2%
18.08	-	Russia	Industrial Production (MoM)	July	0.8%
18.08	0:00	USA	ABC Consumer Confidence	Week before August 15	-48
18.08	14:00	USA	MBA Mortgage Applications	Week before August 13	-
19.08	9:00	Germany	Producer Prices (MoM)	July	0.1%
19.08	9:00	Germany	Producer Prices (YoY)	July	3.3%
19.08	15:30	USA	Initial Jobless Claims	Week before August 14	478K
19.08	15:30	USA	Continuing Claims	Week before August 7	4500K
19.08	17:00	USA	Leading Indicators	July	0.1%

ELECTRICITY

SPF of Ukraine managed to sell its stake in Prykarpattiaoblenergo

The State Property Fund of Ukraine on August 17, 2010, on the auction offered for sale its 25.20% stake in Prykarpattiaoblenergo (PREN). The auction was held on the Ukrainian exchange.

The winner of the auction became Magnum Capital which acquired the state stake in company for UAH 86.4 mln. This was the starting price of the auction which corresponds to the price of UAH 3.33 for the one share of Prykarpattiaoblenergo.

Artem Kost

FIXED INCOME

MinFin increases volume of the placement

At the regular OVDP auction the Ukrainian Finance Ministry increased volume of the placement by 17% by selling government bonds for the total volume of UAH 1.26 bln.

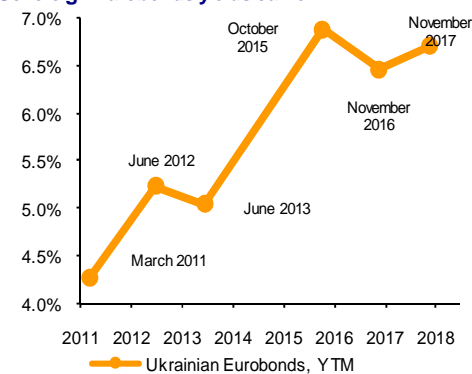
The Finance Ministry attracted UAH 468.8 mln from 2-month bonds, satisfying 10 of 15 bids. The weighted average yield of this placement amounted to 6.88%. Another short-term bond maturing in April 2011 attracted 20 bids, 12 of them were satisfied. The total volume of placement equals to UAH 407.7 mln, the weighted average yield – to 9.99%.

Completely different situation was observed in the segment of long-term bonds: MinFin satisfied only 1 bid of 7 for 2-year OVDP. This series placement volume amounted to UAH 85.6 mln and the effective yield stood at 11.75%.

Two another series of OVDPs – maturing in August and September 2013 – were special purpose series, which are used by banks for covering mandatory reserves. MinFin raised UAH 299.4 mln from selling these two aforesaid securities at the effective yield of 12%.

Artem Kost

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	ONGNE	ufcBBB
Donetskstal, 1-A	CODSTA	ufcBB
Kirovogradoblenergo, 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
Khlibprom, 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
Ukrzazbank, 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 \$ mln	EV \$ mln	Sales \$ mln	EBITDA \$ mln	Earnings \$ mln	Book Value \$ mln
Steel								
ALMK	Alchevsk Iron & Steel	0.023	601	1259	1292	54	-114	306
AZST	Azovstal	0.37	1 571	1747	2014	106	-27	1921
DNSS	Dniprospsstal	194.32	209	375	276	18	-15	22
ENMZ	Enakievo Steel	25.28	267	262	786	-89	-110	74
KSTL	ArcelorMittal Kryviy Rih	1.08	4 157	4245	2357**	75	-15	1451
MMKI	Mariupol Illich Iron and Steel	0.16	2 025	1987	1712	43	-33	1469
ZPST	Zaporizhstal	0.77	2 032	2202	1150	33	-37	788
Iron ore								
PGOK	Poltava Mining	5.72	1 093	1227	514	73	22	427
PGZK	Southern Mining	0.80	1 721	1745	273	5	-9	477
SGOK	Northern Mining	1.28	2 946	2968	753	331	160	1459
Coke								
ALKZ	Alchevsk Coke	0.052	155	181	507	32	9	198
AVDK	Avdiivka Coke	1.78	346	349	477	-23	-64	706
YASK	Yasinovka Coke	0.45	122	153	272	22	11	112
Pipes								
DTRZ	Dnipropetrovsk Pipes	11.66	12	30	62**	-10	-15	32
HRTR	Khartsyzsk Pipes	0.16	404	399	620	123	76	204
NITR	Nizhnedniprovsky Pipe Rolling	1.23	490	635	472**	22	-46	380
NVTR	Novomoskovsk Pipes	0.37	74	77	143**	19	-4	107
Coal								
SHCHZ	Chervonoarmiyska-Zakhidna Coalmine #1	0.68	574	588	278	44	3	160
SHKD	Komsomolets Donbasa Coalmine	0.51	171	273	140	42	-10	91
Oil								
UNAF	Ukrnafta	34.10	1 849	1864**	1841**	442**	303**	896**
Power Generation								
CEEN	Centrenerg	1.78	657	744**	674**	22**	-3**	236**
DNEN	Dniproenergo	136.15	812	882**	634**	50**	13**	264**
DOEN	Donbasenergo	8.80	208	251**	364**	8**	-17**	82**
ZAEN	Zakhidenergo	68.87	881	968**	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	12.34	335	296	244	-31	-42	294
Machine engineering								
AVTO	Ukravto	17.49	111	216	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	3.68	422	419	182	18	9	154
LTPL	Luganskeplovoz	0.59	129	139**	47**	-7**	-14**	-6**
LUAZ	Bogdan Motors	0.025	107	470**	185**	-1**	-37**	155**
MSICH	Motor Sich	285.77	594	628**	561**	180**	115**	375**
MZVM	Mariupol Heavy Machine Engineering	2.75	42	126	137	-3	-21	13
SMASH	Sumy Frunze Machine Engineering	6.99	497	654	424	111	52	141
SVGZ	Stakhanov Railcar	0.82	185	184	59	6	-7	50
TATM	Turboatom	0.59	250	228**	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	0.049	466	485	423	120	50	195
Construction								
MTBD	Mostobud	46.29	27	45	90	7	0	54
Telecommunications								
UTLM	Ukrtelecom	0.077	1 443	1769**	880**	183**	-36**	863**
Financial services								
BAVL	Raiffeisen Bank Aval	0.059	1 760	-	-	-	-113**	811**
USCB	Ukrsotsbank	0.070	886	-	-	-	10**	765**
FORM	Forum	0.90	419	-	-	-	-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	1.13	50.14	neg.	1.80
ALMK	Alchevsk Iron & Steel	0.97	0.47	23.12	neg.	1.97
AZST	Azovstal	0.87	0.78	16.43	neg.	0.82
DNSS	Dniprospsststal	1.36	0.76	20.46	neg.	9.35
ENMZ	Enakievo Steel	0.33	0.34	neg.	neg.	3.59
KSTL	ArcelorMittal Kryviy Rih	1.80	1.76	56.40	neg.	2.86
MMKI	Mariupol Illich Iron and Steel	1.16	1.18	46.24	neg.	1.38
ZPST	Zaporizhstal	1.92	1.77	67.39	neg.	2.58
Iron ore		3.86	3.74	14.53	33.39	2.44
PGOK	Poltava Mining	2.39	2.13	16.87	49.57	2.56
PGZK	Southern Mining	6.39	6.30	338.98	neg.	3.61
SGOK	Northern Mining	3.94	3.91	8.97	18.43	2.02
Coke		0.54	0.50	22.18	neg.	0.61
ALKZ	Alchevsk Coke	0.36	0.31	5.73	16.55	0.79
AVDK	Avdiivka Coke	0.73	0.73	neg.	neg.	0.49
YASK	Yasinovka Coke	0.56	0.45	7.01	11.55	1.09
Pipes		0.88	0.76	7.45	93.85	1.36
DTRZ	Dnipropetrovsk Pipes	0.49	0.20	neg.	neg.	0.38
HRTR	Khartsyzsk Pipes	0.64	0.65	3.25	5.34	1.98
NITR	Nizhnedniprovsky Pipe Rolling	1.35	1.04	28.94	neg.	1.29
NVTR	Novomoskovsk Pipes	0.54	0.52	4.12	neg.	0.69
Coal						
SHCHZ	Pokrovskoe Coalmine	2.12	2.07	13.26	200.37	3.58
SHKD	Komsomolets Donbasa Coalmine	1.95	1.23	6.49	neg.	1.88
Oil						
UNAF	Ukrnafta	1.01	1.00	4.22	6.10	2.06
Power Generation		1.27	1.14	37.52	neg.	3.68
CEEN	Centrenergo	1.10	0.97	33.67	neg.	2.78
DNEN	Dniproenergo	1.39	1.28	17.71	61.48	3.08
DOEN	Donbasenergo	0.69	0.57	33.35	neg.	2.55
ZAEN	Zakhidenergo	1.71	1.55	neg.	neg.	7.73
Power Distribution		0.21	0.20	55.83	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	1.21	1.37	neg.	neg.	1.14
Machine engineering		1.49	1.09	9.76	28.51	1.87
AVTO	Ukravto	1.01	0.52	14.52	164.71	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	2.30	2.32	22.99	46.01	2.73
LTPL	Luganskteplovoz	2.93	2.71	neg.	neg.	neg.
LUAZ	Bogdan Motors	2.54	0.58	neg.	neg.	0.69
MSICH	Motor Sich	1.12	1.06	3.49	5.16	1.58
MZVM	Mariupol Heavy Machine Engineering	0.92	0.31	neg.	neg.	3.36
SMASH	Sumy Frunze Machine Engineering	1.54	1.17	5.91	9.61	3.53
SVGZ	Stakhanov Railcar	3.14	3.15	33.31	neg.	3.72
TATM	Turboatom	2.01	2.20	6.96	9.88	1.76
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	1.14	1.10	4.04	9.35	2.39
Construction						
MTBD	Mostobud	0.50	0.30	6.82	184.89	0.50
Telecommunications						
UTLM	Ukrtelecom	2.01	1.64	9.65	neg.	1.67
Financial services					neg.	1.59
BAVL	Raiffeisen Bank Aval	x	x	x	neg.	2.17
USCB	Ukrsotsbank	x	x	x	84.68	1.16
FORM	Forum	x	x	x	neg.	1.18

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*	989.19	991.48	7.00%	5.50%	-	13.10.2010
Ukraine, 61725*	982.66	985.10	7.00%	6.00%	-	17.11.2010
Ukraine, 63648*	960.56	963.65	9.25%	8.50%	-	26.01.2011
Ukraine, 74173*	957.87	962.13	9.50%	8.50%	-	02.02.2011
Ukraine, 54456	1 124.52	1 129.18	10.50%	9.80%	20.00%	27.04.2011
Ukraine, 66526*	925.33	933.43	10.75%	9.50%	-	18.05.2011
Ukraine, 61089	1 234.07	1 241.92	11.45%	10.75%	25.14%	12.10.2011
Ukraine, 62012	1 147.18	1 156.08	11.50%	10.75%	20.00%	23.11.2011
Ukraine, 53912	1 109.64	1 115.41	12.25%	11.85%	15.70%	11.04.2012
Ukraine, 61451	1 206.02	1 220.86	12.50%	11.75%	20.00%	31.10.2012
Ukraine, 64018	1 246.57	1 262.95	13.25%	12.50%	20.00%	20.02.2013

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

UFC Capital
47, Volodymyrska St., office 1 Kyiv, 01034, Ukraine
Tel.: +380 (44) 391-37-78 fax: +380 (44) 391-37-79
<http://www.ufc-capital.com>

Mikhail Dorfman
Managing Partner
dorfman@ufc-capital.com

Vladimir Landa
Head of Research
landa@ufc-capital.com

Vitaly Gorovoy
Director of Strategic Development
gorovoy@ufc-capital.com

Artem Kost
Head of Fixed Income Research
kost@ufc-capital.com

Sergei Sharov
Analyst
sharov@ufc-capital.com

Blair Sheridan
Translator
blair.sheridan@ufc-capital.com

© 2010 UFC Capital. All rights reserved.

Opinions stated in the document are expressed taking into account the situation as of the date of the release. This document is intended solely for informational purposes; neither the information nor any opinion expressed herein constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options. While the information and opinions contained herein are based on materials believed to be reliable, we make no representation as to the accuracy or completeness of such information or opinions. Taking into consideration the above-mentioned, it is not advised to rely solely on the contents of this document to the detriment of conducting an independent research. The company's research department and its affiliates accept no liability in relation to the use of this information. Investing in Ukrainian economy and its securities involves a great deal of risk and investors should perform their own due diligence in checking the financial performance of the issuers before taking an investment decision. Any unauthorized copying, distribution as well as publishing of this document for any use is prohibited.