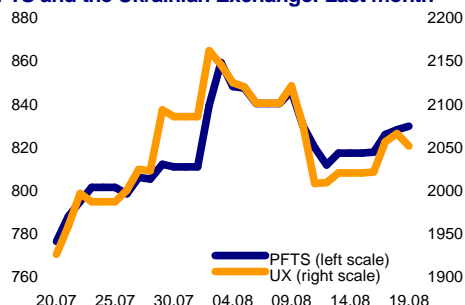


# UKRAINIAN STOCK MARKET

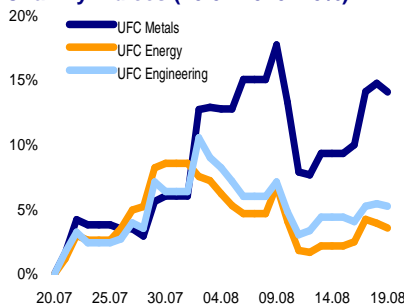
## Daily review

August 20, 2010

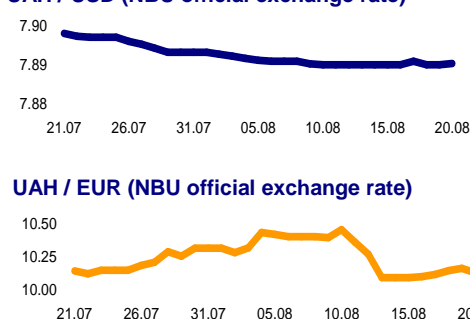
PFTS and the Ukrainian Exchange: Last month



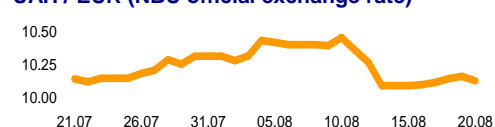
UFC family indices (20.07.2010 = 0%)



UAH / USD (NBU official exchange rate)



UAH / EUR (NBU official exchange rate)



## STRATEGY

### UFC Capital daily market view

**Equity market.** The UX index opened above zero on Tuesday. The indicator was in the “green zone” for the most part of the trading day and became negative only in the second half of day. The UX index fell by 0.71% to 2,051.97 this session.

The shares of Alchevsk Iron and Steel (ALMK; HOLD) were the most popular among investors. The trading volume for these securities amounted to UAH 11.0 mln.

The worst performers on the order-driven market were the shares of Nizhnedniprovsky Tubes Rolling (NITR; SELL), the Pokrovskoe Coalmine (SHCHZ; SELL) and Poltava Mining (PGOK; HOLD), which fell by 4.0%. The best performers were Stirol (STIR; BUY) and Zhytomiroblenergo (ZHEN), both of which grew by 1.3%.

Vitaly Gorovoy

Major indices			
	19.08	18.08	Change
UX index	2051.97	2066.64	-0.71%
PFTS index	829.97	828.37	0.19%
UFC index	195.24	196.15	-0.46%
UC Metals	237.81	239.17	-0.57%
UFC Energy	431.22	432.73	-0.35%
UFC Engineering	159.31	159.62	-0.19%

Foreign exchange rates			
	20.08	19.08	Change
UAH/USD	7.89030	7.89000	0.00%
UAH/EUR	10.12799	10.16232	-0.34%
UAH/RUR	0.25901	0.25932	-0.12%

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

Most important expected statistics					
Date	Time (+02:00 GMT)	Country / Region	Indicator	Period	Bloomberg survey
24.08	9:00	Germany	GDP sa (QoQ)	2Q	2.2%
24.08	9:00	Germany	GDP wda (YoY)	2Q	-
24.08	9:00	Germany	GDP nsa (YoY)	2Q	-
24.08	17:00	USA	Continuing Claims	June	-13.1%
24.08	17:00	USA	Leading Indicators	June	4.67M

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

## CHEMICAL INDUSTRY

### Stirol prepares for new owners

On August 18, Stirol (STIR; BUY) was visited by its new shareholders from Russia and Ukraine, as reported by media sources based in the city of Horlivka with reference to the city's Mayor, Ivan Sakharchuk. However, the mayor does not know exactly who has bought the shares in the Company. It is expected that at the August 20th session of the Horlivka City Council, Stirol Chairman Sergiy Pavlyuchuk will provide information on the possible change of owners, as well as answer questions about compliance with environmental protection requirements.

A co-owner of Stirol, Member of Parliament Mykola Yankovskiy has not commented on the situation. The Antimonopoly Committee of Ukraine, which should be informed about the change of owners of large blocks of shares, has also not made any information on this subject public, "as the interested parties have identified all of the data as confidential". But, in providing this answer, the Committee has implicitly confirmed the high probability of the Company's sale.

In late July to early August, several Ukrainian investment companies informed about the possible sale of Stirol, naming Russian companies with access to natural gas as potential buyers, as well as Ukrainian businessman Dmitry Firtash, but this information has not been officially confirmed. Nevertheless, such information provoked an increase in Stirol's stock price from UAH 65 to UAH 106 per share during the course of three weeks, virtually neutralizing the growth potential of these securities. They subsequently became a little cheaper – at UAH 99 by the end of the last trading session.

Vladimir Landa

## FIXED INCOME MARKET

### VAT bonds issue delayed

The Ministry of Finance plans to issue the second tranche of OVDPs for repaying its debt in compensation of the value added tax (VAT-bonds) only after August 24. This announcement was made by Finance Minister Fedir Yaroshenko.

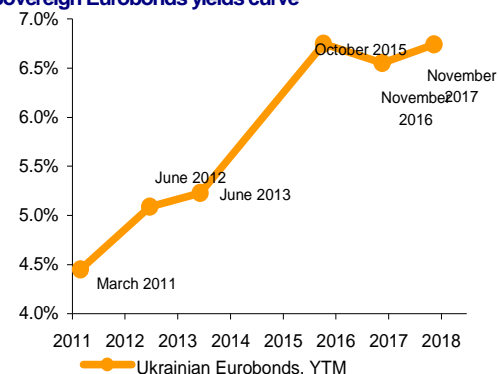
Earlier, the Finance Ministry planned to issue the VAT bonds in three or four separate tranches, but now the low probability of realization of this scenario has become even more apparent. Minister Yaroshenko did not name the final amount of the second tranche, noting that the compensation is to take place on a voluntary principle.

As previously reported, with reference to the first Deputy Minister of Finance Vadym Kopylov, the planned volume of the second issue of VAT bonds will be about UAH 10 bln.

The first issue of VAT bonds, which took place in early August, amounted to UAH 48.5 mln, helped to resolve the issue of compensation for 705 small-scale taxpayers. At the same time, there are nearly 2 thsd companies waiting for such securities.

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	OGNGE	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
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](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
<b>Steel</b>								
ALMK	Alchevsk Iron & Steel	0.023	603	1261	1292	54	-114	306
AZST	Azovstal	0.38	1 591	1767	2014	106	-27	1921
DNSS	Dniprospsstal	194.34	209	375	276	18	-15	22
ENMZ	Enakievo Steel	25.52	269	264	786	-89	-110	74
KSTL	ArcelorMittal Kryviy Rih	1.03	3 980	4067	2357**	75	-15	1451
MMKI	Mariupol Illich Iron and Steel	0.16	1 954	1916	1712	43	-33	1469
ZPST	Zaporizhstal	0.76	2 003	2172	1150	33	-37	788
<b>Iron ore</b>								
PGOK	Poltava Mining	5.61	1 072	1205	514	73	22	427
PGZK	Southern Mining	0.80	1 721	1745	273	5	-9	477
SGOK	Northern Mining	1.27	2 935	2956	753	331	160	1459
<b>Coke</b>								
ALKZ	Alchevsk Coke	0.052	156	182	507	32	9	198
AVDK	Avdiivka Coke	1.77	346	349	477	-23	-64	706
YASK	Yasinovka Coke	0.46	127	157	272	22	11	112
<b>Pipes</b>								
DTRZ	Dnipropetrovsk Pipes	11.79	12	30	62**	-10	-15	32
HRTR	Khartsyzsk Pipes	0.15	397	392	620	123	76	204
NITR	Nizhnedniprovsky Pipe Rolling	1.23	492	637	472**	22	-46	380
NVTR	Novomoskovsk Pipes	0.37	75	78	143**	19	-4	107
<b>Coal</b>								
SHCHZ	Chervonoarmiyska-Zakhidna Coalmine #1	0.65	549	564	278	44	3	160
SHKD	Komsomolets Donbasa Coalmine	0.50	168	270	140	42	-10	91
<b>Oil</b>								
UNAF	Ukrnafta	34.24	1 857	1871**	1841**	442**	303**	896**
<b>Power Generation</b>								
CEEN	Centrengo	1.78	656	743**	674**	22**	-3**	236**
DNEN	Dniproenergo	133.29	795	865**	634**	50**	13**	264**
DOEN	Donbasenergo	8.91	211	253**	364**	8**	-17**	82**
ZAEN	Zakhidenergo	68.76	879	966**	567**	-4**	-28**	114**
<b>Power Distribution</b>								
DNON	Dniprooblenergo	33.21	199	164**	1208**	32**	12**	34**
KIEN	Kyivenergo	2.03	220	276**	947**	-38**	-126**	154**
KREN	Krymenergo	0.41	71	72**	202**	14**	4**	15**
<b>Fertilizers</b>								
STIR	Stirol	12.53	340	302	244	-31	-42	294
<b>Machine engineering</b>								
AVTO	Ukravto	16.68	106	210	213	15	1	321
AZGM	Azovzagalmash	1.77	82	249	250	-2	-26	-43
DRMZ	Druzhkivka Machine Engineering	0.19	39	37	80	-5	-10	12
KVBZ	Kryukiv Railcar	3.71	425	423	182	18	9	154
LTPL	Luganskteplovoz	0.57	126	136**	47**	-7**	-14**	-6**
LUAZ	Bogdan Motors	0.024	106	469**	185**	-1**	-37**	155**
MSICH	Motor Sich	285.97	594	628**	561**	180**	115**	375**
MZVM	Mariupol Heavy Machine Engineering	2.77	43	127	137	-3	-21	13
SMASH	Sumy Frunze Machine Engineering	7.02	499	656	424	111	52	141
SVGZ	Stakhanov Railcar	0.81	184	183	59	6	-7	50
TATM	Turboatom	0.59	250	228**	114**	33**	25**	142**
<b>Abrasives</b>								
ZABR	Zaporizhzhya Abrasives	0.23	7	12*	40	4	1	30*
<b>Food industry</b>								
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	0.050	478	497	423	120	50	195
<b>Construction</b>								
MTBD	Mostobud	46.13	27	45	90	7	0	54
<b>Telecommunications</b>								
UTLM	Ukrtelecom	0.077	1 437	1763**	880**	183**	-36**	863**
<b>Financial services</b>								
BAVL	Raiffeisen Bank Aval	0.058	1 748	-	-	-	-113**	811**
USCB	Ukrsotsbank	0.071	896	-	-	-	10**	765**
FORM	Forum	0.89	417	-	-	-	-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
<b>Steel</b>		<b>1.23</b>	<b>1.11</b>	<b>49.08</b>	<b>neg.</b>	<b>1.76</b>
ALMK	Alchevsk Iron & Steel	0.98	0.47	23.14	neg.	1.97
AZST	Azovstal	0.88	0.79	16.61	neg.	0.83
DNSS	Dniprospsststal	1.36	0.76	20.46	neg.	9.35
ENMZ	Enakievo Steel	0.34	0.34	neg.	neg.	3.63
KSTL	ArcelorMittal Kryviy Rih	1.73	1.69	54.05	neg.	2.74
MMKI	Mariupol Illich Iron and Steel	1.12	1.14	44.58	neg.	1.33
ZPST	Zaporizhstal	1.89	1.74	66.48	neg.	2.54
<b>Iron ore</b>		<b>3.84</b>	<b>3.72</b>	<b>14.45</b>	<b>33.20</b>	<b>2.42</b>
PGOK	Poltava Mining	2.35	2.08	16.57	48.59	2.51
PGZK	Southern Mining	6.39	6.30	339.02	neg.	3.61
SGOK	Northern Mining	3.93	3.90	8.94	18.35	2.01
<b>Coke</b>		<b>0.55</b>	<b>0.50</b>	<b>22.34</b>	<b>neg.</b>	<b>0.62</b>
ALKZ	Alchevsk Coke	0.36	0.31	5.76	16.65	0.79
AVDK	Avdiivka Coke	0.73	0.73	neg.	neg.	0.49
YASK	Yasinovka Coke	0.58	0.46	7.20	11.94	1.13
<b>Pipes</b>		<b>0.88</b>	<b>0.75</b>	<b>7.42</b>	<b>93.42</b>	<b>1.35</b>
DTRZ	Dnipropetrovsk Pipes	0.49	0.20	neg.	neg.	0.39
HRTR	Khartsyzsk Pipes	0.63	0.64	3.19	5.24	1.94
NITR	Nizhnedniprovsky Pipe Rolling	1.35	1.04	29.02	neg.	1.29
NVTR	Novomoskovsk Pipes	0.54	0.52	4.17	neg.	0.70
<b>Coal</b>						
SHCHZ	Pokrovskoe Coalmine	2.03	1.98	12.71	191.78	3.43
SHKD	Komsomolets Donbasa Coalmine	1.93	1.20	6.41	neg.	1.85
<b>Oil</b>						
UNAF	Ukrnafta	1.02	1.01	4.24	6.12	2.07
<b>Power Generation</b>		<b>1.26</b>	<b>1.13</b>	<b>37.30</b>	<b>neg.</b>	<b>3.65</b>
CEEN	Centrenergo	1.10	0.97	33.62	neg.	2.78
DNEN	Dniproenergo	1.36	1.25	17.37	60.19	3.02
DOEN	Donbasenergo	0.70	0.58	33.69	neg.	2.58
ZAEN	Zakhidenergo	1.70	1.55	neg.	neg.	7.71
<b>Power Distribution</b>		<b>0.22</b>	<b>0.21</b>	<b>57.40</b>	<b>neg.</b>	<b>2.40</b>
DNON	Dniproblenergo	0.14	0.16	5.11	16.93	5.79
KIEN	Kyivenergo	0.29	0.23	neg.	neg.	1.43
KREN	Krymenergo	0.36	0.35	5.00	19.46	4.65
<b>Fertilizers</b>						
STIR	Stirol	1.24	1.39	neg.	neg.	1.16
<b>Machine engineering</b>		<b>1.49</b>	<b>1.09</b>	<b>9.74</b>	<b>28.43</b>	<b>1.87</b>
AVTO	Ukravto	0.99	0.50	14.18	157.09	0.33
AZGM	Azovzagalmash	1.00	0.33	neg.	neg.	neg.
DRMZ	Druzhkivka Machine Engineering	0.47	0.50	neg.	neg.	3.25
KVBZ	Kryukiv Railcar	2.32	2.34	23.18	46.38	2.76
LTPL	Luganskteplovoz	2.87	2.65	neg.	neg.	neg.
LUAZ	Bogdan Motors	2.54	0.57	neg.	neg.	0.68
MSICH	Motor Sich	1.12	1.06	3.49	5.17	1.58
MZVM	Mariupol Heavy Machine Engineering	0.92	0.31	neg.	neg.	3.38
SMASH	Sumy Frunze Machine Engineering	1.55	1.18	5.92	9.64	3.54
SVGZ	Stakhanov Railcar	3.13	3.13	33.15	neg.	3.70
TATM	Turboatom	2.01	2.20	6.96	9.88	1.76
<b>Abrasives</b>						
ZABR	Zaporizhzhya Abrasives	0.31	0.18	3.00	10.13	0.23
<b>Food industry</b>						
SLAV	Slavutych Brewery and Beverages	1.49	1.19	5.33	11.21	2.04
SSOL	Slavuta Malt	0.94	0.69	5.83	7.89	2.62
SUNI	Sun InBev Ukraine	1.17	1.13	4.14	9.59	2.45
<b>Construction</b>						
MTBD	Mostobud	0.49	0.30	6.80	184.25	0.50
<b>Telecommunications</b>						
UTLM	Ukrtelecom	2.00	1.63	9.61	neg.	1.67
<b>Financial services</b>					<b>neg.</b>	<b>1.59</b>
BAVL	Raiffeisen Bank Aval	x	x	x	neg.	2.16
USCB	Ukrsotsbank	x	x	x	85.62	1.17
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

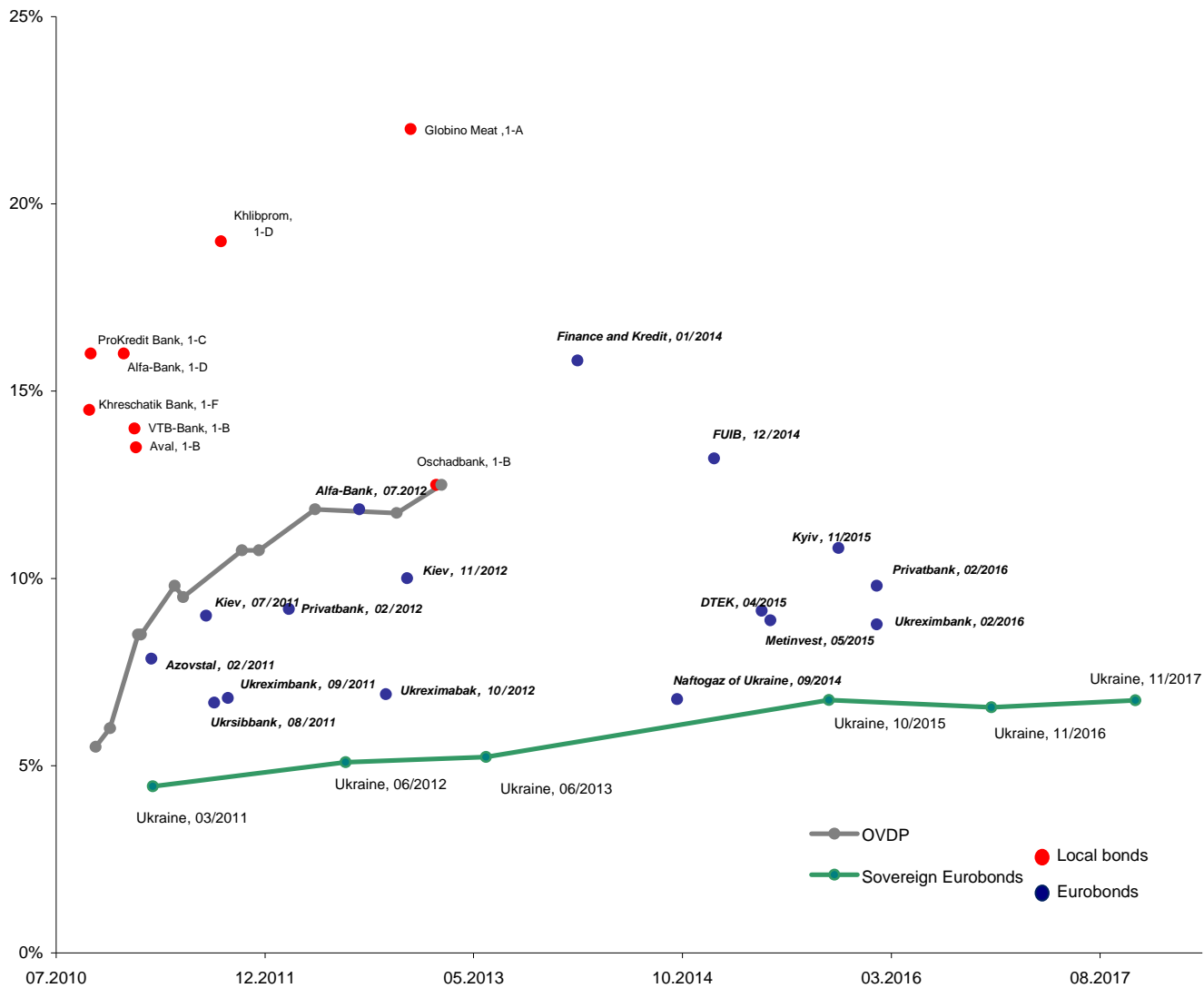
Issuer	bid	ask	Yield (bid)	Yield (offer)	Coupon	Volume, mln	Currency	Maturity
Ukraine, 2011	100.55	101.26	5.80%	4.45%	6.875%	600	USD	04.03.2011
Ukraine, 2012	101.82	102.25	5.33%	5.09%	6.385%	500	USD	26.06.2012
Ukraine, 2013	105.58	106.22	5.47%	5.23%	7.650%	1 000	USD	11.06.2013
Ukraine, 2015	91.79	92.29	6.87%	6.75%	4.950%	600	EUR	13.10.2015
Ukraine, 2016	99.38	100.13	6.70%	6.55%	6.580%	1 000	USD	21.11.2016
Ukraine, 2017	99.81	100.05	6.78%	6.74%	6.750%	700	USD	14.11.2017
IUD, 2010	20.00	40.00	4063.23%	1662.90%	9.250%	150	USD	23.09.2010
Azovstal, 2011	99.83	100.63	9.46%	7.86%	9.125%	175	USD	28.02.2011
Kyiv, 2011	98.83	99.67	10.00%	9.00%	8.625%	200	USD	15.07.2011
UkrSibbank, 2011	101.72	102.31	7.33%	6.68%	9.250%	250	USD	04.08.2011
Ukreximbank, 2011	100.28	100.83	7.36%	6.80%	7.650%	500	USD	07.09.2011
UkrSibbank, 2011	100.23	100.72	7.55%	7.16%	7.750%	500	USD	21.12.2011
Privatbank, 2012	98.01	98.42	9.49%	9.18%	8.000%	500	USD	06.02.2012
Alfa Bank (Ukraine), 2012	101.30	101.92	12.21%	11.85%	13.000%	841	USD	30.07.2012
Ukreximbank, 2012	99.13	99.79	7.25%	6.90%	6.800%	250	USD	04.10.2012
Kyiv, 2012	95.56	96.51	10.49%	10.00%	8.250%	250	USD	26.11.2012
Finance and Credit, 2014	81.25	86.33	18.07%	15.81%	10.500%	100	USD	25.01.2014
VAB Bank, 2014	72.00	76.50	21.64%	19.51%	10.500%	125	USD	14.06.2014
Naftogaz of Ukraine, 2014	109.53	109.61	6.80%	6.78%	9.500%	1 595	USD	30.09.2014
PUMB, 2014	90.94	92.83	13.83%	13.21%	11.000%	275	USD	31.12.2014
Ukreximbank, 2015	103.56	104.08	7.45%	7.32%	8.375%	500	USD	27.04.2015
DTEK, 2015	100.92	101.33	9.25%	9.14%	9.500%	500	USD	28.04.2015
MHP, 2015	100.94	101.56	9.99%	9.82%	10.250%	585	USD	29.04.2015
Metinvest, 2015	104.78	105.19	8.98%	8.88%	10.250%	500	USD	20.05.2015
Kyiv, 2015	88.06	89.00	11.07%	10.81%	8.000%	250	USD	06.11.2015
Privatbank, 2016	94.06	95.63	10.19%	9.80%	8.750%	150	USD	09.02.2016
Ukreximbank, 2016	97.38	98.42	9.02%	8.77%	8.400%	125	USD	09.02.2016

## OVDPs

Issuer, ticker	bid	ask	Yield (bid)	Yield (offer)	Coupon	Maturity
Ukraine, 63309*	989.37	991.63	7.00%	5.50%	-	13.10.2010
Ukraine, 61725*	982.85	985.26	7.00%	6.00%	-	17.11.2010
Ukraine, 63648*	960.80	963.86	9.25%	8.50%	-	26.01.2011
Ukraine, 74173*	958.11	962.35	9.50%	8.50%	-	02.02.2011
Ukraine, 54456	1 124.83	1 129.46	10.50%	9.80%	20.00%	27.04.2011
Ukraine, 66526*	925.58	933.66	10.75%	9.50%	-	18.05.2011
Ukraine, 61089	1 234.43	1 242.26	11.45%	10.75%	25.14%	12.10.2011
Ukraine, 62012	1 147.52	1 156.40	11.50%	10.75%	20.00%	23.11.2011
Ukraine, 53912	1 110.00	1 115.75	12.25%	11.85%	15.70%	11.04.2012
Ukraine, 61451	1 206.40	1 221.23	12.50%	11.75%	20.00%	31.10.2012
Ukraine, 64018	1 246.99	1 263.36	13.25%	12.50%	20.00%	20.02.2013

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

## Ukrainian bond yields



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