

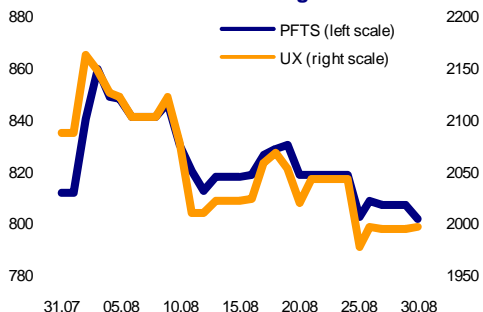
UKRAINIAN STOCK MARKET



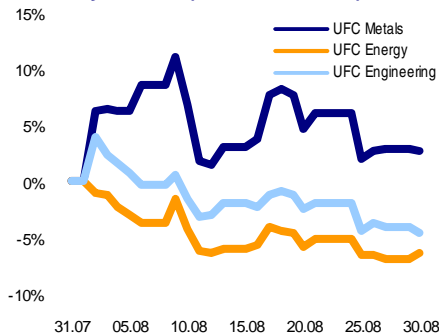
Daily review

August 31, 2010

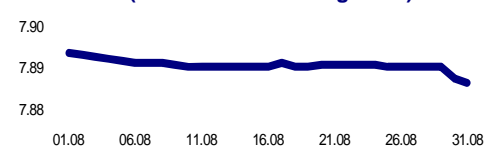
PFTS and the Ukrainian Exchange: Last month



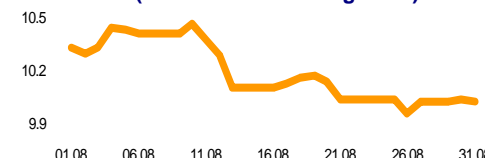
UFC family indices (31.07.2010 = 0%)



UAH / USD (NBU official exchange rate)



UAH / EUR (NBU official exchange rate)



STRATEGY

UFC Capital daily market view

Equity market. The major part of the trading session on August 30 UX index demonstrated sideways trend with a slight downward gradient, but the opening in the "green zone" allowed indicator to finish the day with a nominal increase 0.07%. At the end of the session By the closing time it reached 1995.47 points, but trading volume was moderate – UAH 80.3 mln, including UAH 7.5 mln. on the futures market.

Avdiivka Coke (AVDK; SELL) became the most popular paper among investors once again, this time trade volume with this paper amounted to UAH 22.8 mln. with 684 deals concluded. In our opinion, the excessive demand for Avdiivka Coke shares and the resulting increase in its quotations (+4.0% this Monday), made shares of the issuer less attractive in comparison with the papers of other Ukrainian coke makers. Luganskteplovovoz (LTPL; SELL) was the worst performer yesterday losing 5.3%.

Vladimir Landa

Major indices			
	30.08	27.08	Change
UX index	1995.47	1994.14	0.07%
PFTS index	801.61	806.62	-0.62%
UFC index	188.37	188.33	0.02%
UC Metals	227.21	227.47	-0.11%
UFC Energy	423.13	421.49	0.39%
UFC Engineering	153.81	154.46	-0.42%

Foreign exchange rates			
	31.08	30.08	Change
UAH/USD	7.88610	7.88700	-0.01%
UAH/EUR	10.01535	10.02674	-0.11%
UAH/RUR	0.25718	0.25693	0.10%

General meetings			
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	-	Ilich Steel	
02.09.2010	MMKI	Mariupol Ilich Iron and Steel	
03.09.2010	SHCHZ	Pokrovskoe Coalmine	
03.09.2010	LVON	Lvivoblenergo	
07.09.2010	DNSS	Dniprospeksstal	
09.09.2010	FARM	Farmak	
10.09.2010	ODEN	Odesaoblenergo	
14.09.2010	CHON	Cherkasyoblenergo	
17.09.2010	CHVO	Cherkasy Khimvolokno	
17.09.2010	UGZB	Ukrkazbank	

Other events		
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
31.08	10:55	Germany	Unemployment Rate	August	7.6%
31.08	12:00	Eurozone	CPI Estimate	July	1.6%
31.08	12:00	Eurozone	Unemployment Rate	July	10.0%
31.08	17:00	USA	Consumer Confidence	August	50.9

FIXED INCOME MARKET

MinFin issues the main VAT bonds tranche

On August 30, the Ministry of Finance issued the third tranche of VAT bonds in the amount of 8.3 bln hryvnia. The bonds were issued to the 117 enterprises with the biggest VAT refund claims.

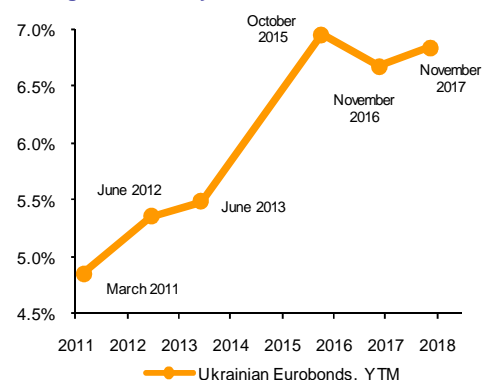
The coupon payment and redemption of part of the nominal value will take place as follows: on February 28 and August 29, 2011, on February 27 and August 27, 2012, on February 25 and August 26, 2013, on February 24 and August 25, 2014, on February 23 and August 24, 2015.

The ISIN of the new VAT-bonds is UA4000082622.

Thus, to date, the Ministry of Finance has issued three tranches of the VAT bonds for an aggregate amount of 10.4 bln hryvnia. According to the government's preliminary estimates, about 6 bln hryvnia in VAT bonds may still be issued to Ukrainian enterprises.

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	ONGGE	ufcBBB
Donetskstal, 1-A	CODSTA	ufcBB
Kirovogradobleenergo, 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 learn about the internal methodology of UFC Capital for corporate bonds' ratings: 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	0.022	557	1215	1292	54	-114	306
AZST	Azovstal	0.36	1 504	1679	2014	106	-27	1921
DNSS	Dniprospsstal	189.98	204	370	276	18	-15	22
ENMZ	Enakievo Steel	24.47	258	253	786	-89	-110	74
KSTL	ArcelorMittal Kryviy Rih	0.96	3 686	3774	2357**	75	-15	1451
MMKI	Mariupol Illich Iron and Steel	0.15	1 883	1846	1712	43	-33	1469
ZPST	Zaporizhstal	0.65	1 709	1879	1150	33	-37	788
Iron ore								
PGOK	Poltava Mining	5.37	1 025	1159	514	73	22	427
PGZK	Southern Mining	0.74	1 586	1610	273	5	-9	477
SGOK	Northern Mining	1.26	2 893	2914	753	331	160	1459
Coke								
ALKZ	Alchevsk Coke	0.052	158	183	507	32	9	198
AVDK	Avdiivka Coke	1.93	377	380	477	-23	-64	706
YASK	Yasinovka Coke	0.47	127	158	272	22	11	112
Pipes								
DTRZ	Dnipropetrovsk Pipes	11.50	12	30	62**	-10	-15	32
HRTR	Khartsyzsk Pipes	0.15	392	388	620	123	76	204
NITR	Nizhnedniprovsky Pipe Rolling	1.15	460	605	472**	22	-46	380
NVTR	Novomoskovsk Pipes	0.37	73	76	143**	19	-4	107
Coal								
SHCHZ	Chervonoarmiyska-Zakhidna Coalmine #1	0.64	542	556	278	44	3	160
SHKD	Komsomolets Donbasa Coalmine	0.49	165	267	140	42	-10	91
Oil								
UNAF	Ukrnafta	34.06	1 847	1862**	1841**	442**	303**	896**
Power Generation								
CEEN	Centrenerg	1.69	623	710**	674**	22**	-3**	236**
DNEN	Dniproenergo	132.07	788	858**	634**	50**	13**	264**
DOEN	Donbasenergo	8.54	202	245**	364**	8**	-17**	82**
ZAEN	Zakhidenergo	66.57	851	938**	567**	-4**	-28**	114**
Power Distribution								
DNON	Dniprooblenergo	34.66	208	173**	1208**	32**	12**	34**
KIEN	Kyivenergo	2.01	218	274**	947**	-38**	-126**	154**
KREN	Krymenergo	0.41	71	73**	202**	14**	4**	15**
Fertilizers								
STIR	Stirol	11.61	315	277	244	-31	-42	294
Machine engineering								
AVTO	Ukravto	16.00	101	206	213	15	1	321
AZGM	Azovzagalmash	1.69	79	245	250	-2	-26	-43
DRMZ	Druzhkivka Machine Engineering	0.19	39	38	80	-5	-10	12
KVBZ	Kryukiv Railcar	3.59	412	410	182	18	9	154
LTPL	Luganskeplovoz	0.53	116	127**	47**	-7**	-14**	-6**
LUAZ	Bogdan Motors	0.025	106	469**	185**	-1**	-37**	155**
MSICH	Motor Sich	283.21	589	622**	561**	180**	115**	375**
MZVM	Mariupol Heavy Machine Engineering	2.69	41	125	137	-3	-21	13
SMASH	Sumy Frunze Machine Engineering	6.53	464	621	424	111	52	141
SVGZ	Stakhanov Railcar	0.78	178	177	59	6	-7	50
TATM	Turboatom	0.61	259	237**	114**	33**	25**	142**
Abrasives								
ZABR	Zaporizhzhya Abrasives	0.23	7	12*	40	4	1	30*
Food industry								
SLAV	Slavutych Brewery and Beverages	0.33	317	398	268	75	28	156
SSOL	Slavuta Malt	1.48	37	50**	53**	9**	5**	14**
SUNI	Sun InBev Ukraine	0.047	447	465	423	120	50	195
Construction								
MTBD	Mostobud	45.98	27	44	90	7	0	54
Telecommunications								
UTLM	Ukrtelecom	0.072	1 353	1679**	880**	183**	-36**	863**
Financial services								
BAVL	Raiffeisen Bank Aval	0.056	1 684	-	-	-	-113**	811**
USCB	Ukrsotsbank	0.069	879	-	-	-	10**	765**
FORM	Forum	0.87	406	-	-	-	-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		1.15	1.02	45.73	neg.	1.63
ALMK	Alchevsk Iron & Steel	0.94	0.43	22.30	neg.	1.82
AZST	Azovstal	0.83	0.75	15.79	neg.	0.78
DNSS	Dniprospsststal	1.34	0.74	20.20	neg.	9.14
ENMZ	Enakievo Steel	0.32	0.33	neg.	neg.	3.48
KSTL	ArcelorMittal Kryviy Rih	1.60	1.56	50.15	neg.	2.54
MMKI	Mariupol Illich Iron and Steel	1.08	1.10	42.94	neg.	1.28
ZPST	Zaporizhstal	1.63	1.49	57.51	neg.	2.17
Iron ore		3.69	3.57	13.91	31.91	2.33
PGOK	Poltava Mining	2.26	1.99	15.93	46.49	2.40
PGZK	Southern Mining	5.90	5.81	312.76	neg.	3.32
SGOK	Northern Mining	3.87	3.84	8.81	18.09	1.98
Coke		0.57	0.53	23.40	neg.	0.65
ALKZ	Alchevsk Coke	0.36	0.31	5.80	16.79	0.80
AVDK	Avdiivka Coke	0.80	0.79	neg.	neg.	0.53
YASK	Yasinovka Coke	0.58	0.47	7.24	12.02	1.14
Pipes		0.85	0.72	7.17	89.79	1.30
DTRZ	Dnipropetrovsk Pipes	0.49	0.20	neg.	neg.	0.38
HRTR	Khartsyzsk Pipes	0.63	0.63	3.16	5.19	1.92
NITR	Nizhnedniprovsky Pipe Rolling	1.28	0.97	27.57	neg.	1.21
NVTR	Novomoskovsk Pipes	0.53	0.51	4.09	neg.	0.69
Coal						
SHCHZ	Pokrovskoe Coalmine	2.00	1.95	12.53	189.04	3.38
SHKD	Komsomolets Donbasa Coalmine	1.91	1.18	6.35	neg.	1.82
Oil						
UNAF	Ukrnafta	1.01	1.00	4.22	6.09	2.06
Power Generation		1.23	1.10	36.29	neg.	3.54
CEEN	Centrenergo	1.05	0.92	32.14	neg.	2.64
DNEN	Dniproenergo	1.35	1.24	17.22	59.64	2.99
DOEN	Donbasenergo	0.67	0.55	32.52	neg.	2.47
ZAEN	Zakhidenergo	1.65	1.50	neg.	neg.	7.47
Power Distribution		0.22	0.21	58.13	neg.	2.44
DNON	Dniproblenergo	0.14	0.17	5.38	17.67	6.04
KIEN	Kyivenergo	0.29	0.23	neg.	neg.	1.41
KREN	Krymenergo	0.36	0.35	5.00	19.47	4.65
Fertilizers						
STIR	Stirol	1.13	1.29	neg.	neg.	1.07
Machine engineering		1.46	1.06	9.54	27.64	1.81
AVTO	Ukravto	0.97	0.48	13.89	150.64	0.32
AZGM	Azovzagalmash	0.98	0.31	neg.	neg.	neg.
DRMZ	Druzhkivka Machine Engineering	0.47	0.50	neg.	neg.	3.25
KVBZ	Kryukiv Railcar	2.25	2.26	22.45	44.92	2.67
LTPL	Luganskteplovoy	2.68	2.46	neg.	neg.	neg.
LUAZ	Bogdan Motors	2.54	0.57	neg.	neg.	0.68
MSICH	Motor Sich	1.11	1.05	3.46	5.12	1.57
MZVM	Mariupol Heavy Machine Engineering	0.91	0.30	neg.	neg.	3.29
SMASH	Sumy Frunze Machine Engineering	1.46	1.09	5.61	8.98	3.30
SVGZ	Stakhanov Railcar	3.03	3.03	32.06	neg.	3.58
TATM	Turboatom	2.08	2.28	7.22	10.22	1.82
Abrasives						
ZABR	Zaporizhzhya Abrasives	0.31	0.18	3.00	10.14	0.23
Food industry						
SLAV	Slavutych Brewery and Beverages	1.49	1.18	5.30	11.14	2.03
SSOL	Slavuta Malt	0.94	0.69	5.83	7.90	2.62
SUNI	Sun InBev Ukraine	1.10	1.06	3.88	8.96	2.29
Construction						
MTBD	Mostobud	0.49	0.30	6.79	183.65	0.49
Telecommunications						
UTLM	Ukrtelecom	1.91	1.54	9.15	neg.	1.57
Financial services					neg.	1.54
BAVL	Raiffeisen Bank Aval	x	x	x	neg.	2.08
USCB	Ukrsotsbank	x	x	x	83.95	1.15
FORM	Forum	x	x	x	neg.	1.15

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	Z-Spread* (bid/offer)	Volume, mln	Currency	Maturity
Ukraine, 2011	100.50	101.00	5.86%	4.85%	6.875%	534/ 484	600	USD	04.03.2011
Ukraine, 2012	101.25	101.75	5.65%	5.36%	6.385%	492/ 463	500	USD	26.06.2012
Ukraine, 2013	105.00	105.50	5.67%	5.48%	7.650%	474/ 455	1 000	USD	11.06.2013
Ukraine, 2015	91.00	91.50	7.08%	6.95%	4.950%	533/ 520	600	EUR	13.10.2015
Ukraine, 2016	99.00	99.50	6.78%	6.68%	6.580%	485/ 475	1 000	USD	21.11.2016
Ukraine, 2017	99.00	99.50	6.93%	6.84%	6.750%	480/ 471	700	USD	14.11.2017
IUD, 2010	20.00	40.00	-	-	9.250%	N/A	150	USD	23.09.2010
Azovstal, 2011	100.00	100.50	9.22%	8.16%	9.125%	861/ 702	175	USD	28.02.2011
Kyiv, 2011	99.00	100.25	9.83%	8.30%	8.625%	907/ 754	200	USD	15.07.2011
UkrSibbank, 2011	101.50	102.25	7.52%	6.68%	9.250%	672/ 588	250	USD	04.08.2011
Ukreximbank, 2011	100.50	101.00	7.13%	6.61%	7.650%	626/ 575	500	USD	07.09.2011
UkrSibbank, 2011	100.50	101.00	7.33%	6.92%	7.750%	651/ 611	500	USD	21.12.2011
Privatbank, 2012	97.50	98.25	9.91%	9.33%	8.000%	912/ 853	500	USD	06.02.2012
Alfa Bank (Ukraine), 2012	101.00	101.50	12.38%	12.08%	13.000%	1135/1057	841	USD	30.07.2012
Ukreximbank, 2012	99.00	99.50	7.32%	7.06%	6.800%	660/ 633	250	USD	04.10.2012
Kyiv, 2012	96.75	97.50	9.89%	9.51%	8.250%	913/ 874	250	USD	26.11.2012
Finance and Credit, 2014	82.50	86.00	17.54%	15.99%	10.500%	1642/1487	100	USD	25.01.2014
VAB Bank, 2014	73.00	76.50	21.21%	19.55%	10.500%	1979/1818	125	USD	14.06.2014
Naftogaz of Ukraine, 2014	109.50	110.00	6.79%	6.66%	9.500%	544/ 538	1 595	USD	30.09.2014
PUMB, 2014	91.00	93.50	13.82%	13.00%	11.000%	1240/1158	275	USD	31.12.2014
Ukreximbank, 2015	103.00	103.50	7.59%	7.47%	8.375%	608/ 596	500	USD	27.04.2015
DTEK, 2015	100.75	101.50	9.29%	9.09%	9.500%	779/ 759	500	USD	28.04.2015
MHP, 2015	102.00	102.75	9.70%	9.50%	10.250%	821/ 801	585	USD	29.04.2015
Metinvest, 2015	103.50	104.50	9.31%	9.05%	10.250%	774/ 754	500	USD	20.05.2015
Kyiv, 2015	90.00	91.00	10.55%	10.28%	8.000%	890/ 863	250	USD	06.11.2015
Privatbank, 2016	93.25	94.75	10.40%	10.02%	8.750%	2557/2150	150	USD	09.02.2016
Ukreximbank, 2016	95.50	97.25	9.48%	9.05%	8.400%	777/ 734	125	USD	09.02.2016

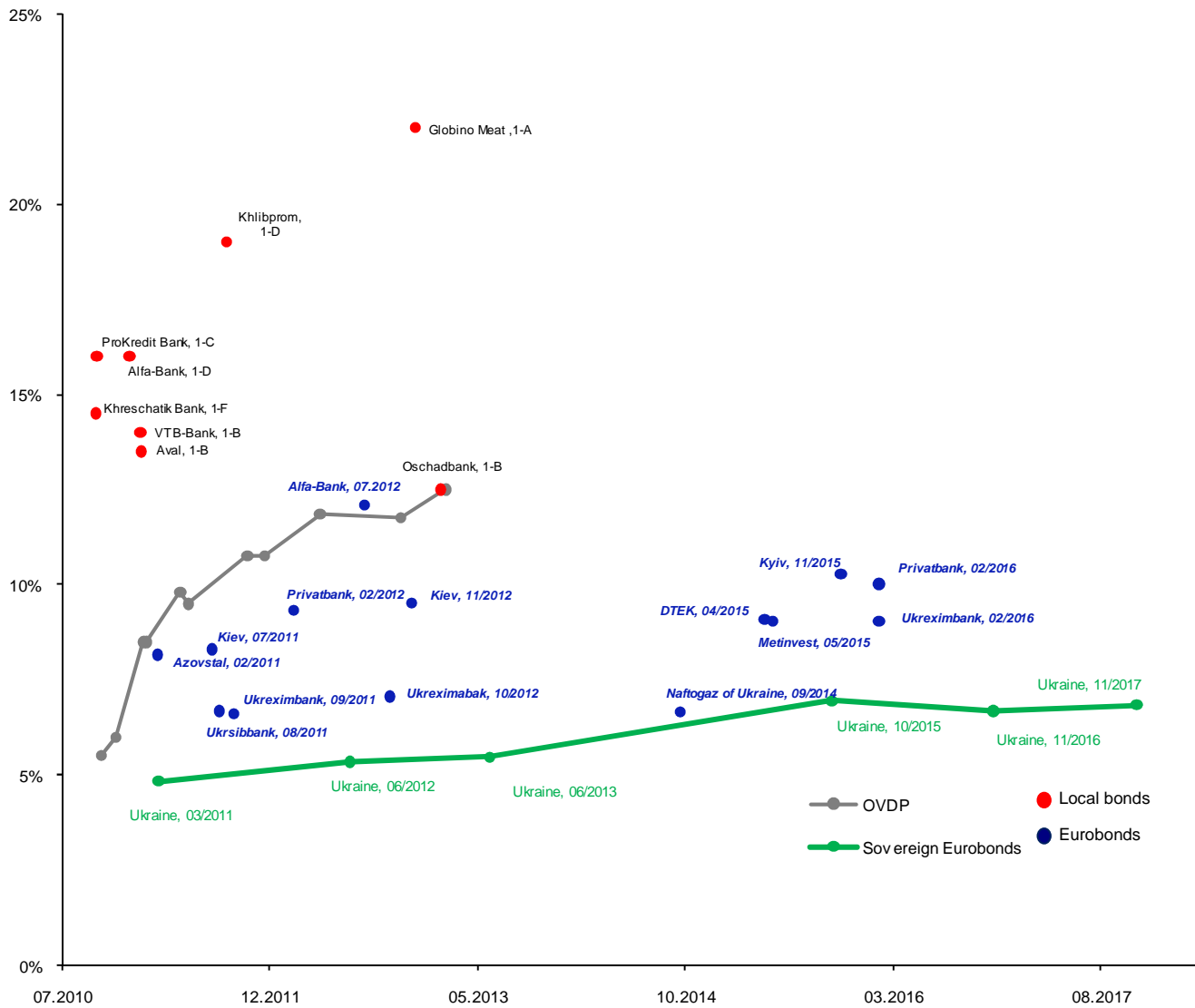
Note: Z-spread over US state bonds

OVDPs

Issuer, ticker	bid	ask	Yield (bid)	Yield (offer)	Coupon	Maturity
Ukraine, 63309*	991.63	993.41	7.00%	5.50%	-	13.10.2010
Ukraine, 61725*	985.08	987.18	7.00%	6.00%	-	17.11.2010
Ukraine, 63648*	963.61	966.46	9.25%	8.50%	-	26.01.2011
Ukraine, 74173*	960.98	964.94	9.50%	8.50%	-	02.02.2011
Ukraine, 54456	1 128.53	1 132.94	10.50%	9.80%	20.00%	27.04.2011
Ukraine, 66526*	928.62	936.39	10.75%	9.50%	-	18.05.2011
Ukraine, 61089	1 238.84	1 246.44	11.45%	10.75%	25.14%	12.10.2011
Ukraine, 62012	1 151.64	1 160.29	11.50%	10.75%	20.00%	23.11.2011
Ukraine, 53912	1 114.22	1 119.87	12.25%	11.85%	15.70%	11.04.2012
Ukraine, 61451	1 211.09	1 225.70	12.50%	11.75%	20.00%	31.10.2012
Ukraine, 64018	1 246.08	1 262.54	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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