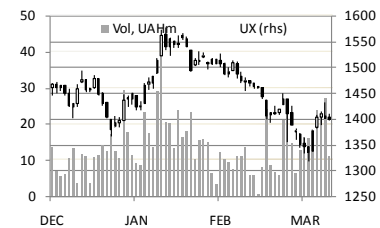




Stock indices

Indices	Country	DTD	MTD	YTD	P/E'12
DJIA	USA	0.1	1.5	8	11.4
S&P 500	USA	-0.2	2.8	12	11.9
Stoxx-50	Europe	-1.8	-2.4	6	8.6
FTSE	UK	-1.2	-2.2	3	9.3
Nikkei	Japan	-0.6	3.4	19	15.6
MSCI EM	EMkts	-1.1	-4.3	13	9.4
SHComp	China	0.2	-7.1	3	8.1
RTS	Russia	-2.1	-7	17	5.4
WIG	Poland	-1.4	-1.3	9	9.8
Prague	Czech	-1.8	-4.2	6	9.5
PFTS	Ukraine	-0.6	-3.8	-1	4.0
UX	Ukraine	-0.2	-5.2	-4	4.2

UX Index & Trade Vol, UAH



UX Index Basket

Ticker	Close,\$	DTD	MTD	YTD	EV/EBITDA
ALMK	0.01	-0.3	-10.7	-9.6	5.4
AVDK	0.64	-1.5	-11.3	-17.8	1.8
AZST	0.16	-0.4	-11.0	-7.1	3.0
BAVL	0.02	0.8	-5.5	-8.6	n/a
CEEN	0.98	0.5	-8.7	-8.2	3.1
ENMZ	8.3	-0.4	-5.3	-4.7	0.0
DOEN	3.46	-1.0	-9.1	-3.2	4.6
MSICH	331	0.7	9.1	18.8	1.7
UNAF	35.6	-2.9	-18.6	-21.5	1.6
USCB	0.03	-0.1	20.3	26.5	n/a

* Art Cap:EV/EBITDA12E. P/B for banks

EQUITY Market: Ukrnafta Causes Uncertainty

Leading stock exchange indexes lowered yesterday: Stoxx-600 by 1.3% and S&P-500 by 0.16%. The contraction was not accompanied by particularly negative news. However, investors are still concerned over Europe's debt situation and China's slowdown. The U.S. unemployment data missed expectations. Euro-zone's finance ministers are meeting today to discuss whether to augment the Financial Stability Facility. The U.S. will release the Chicago PMI figure today; China will release the PMI figure, setting the tone for the trading next week. The consensus forecast looks for PMI to go down to 50.8 in March from 51 in February.

The Ukrainian UX posted less-negative dynamics yesterday than European markets and shed only 0.23%. Motor Sich (+0.7%) has grown for 5 days in a row (+13%). The stock has literally been pulling the UX up recently, dwarfing other chips' miserly 3-4% growth. The session's top loser was Ukrnafta (-2.9%). As per the Ukrainian Law, the term for announcing the next AGM runs out today. The company has yet to post the AGM date, as well as the net income figure. The delay in making the important information public is causing uncertainty. We look for Ukrnafta to have earned UAH 2.8bn in net income in 2011. Because the company is state-owned, it is due to assign 30% of net income to a dividend payout (UAH 13 per share).

News highlights

- ▲ [FinMin placed UAH 0.7bn of 3-year forex-pegged OVDP at 9.3%](#)
- ▲ [Metinvest to invest \\$3bn in Kryvy Rih-based ore-mining companies](#)

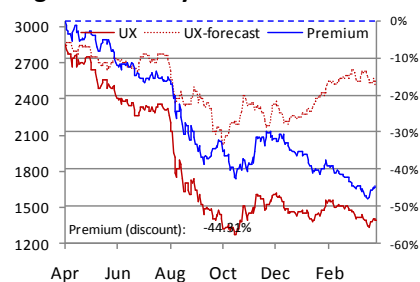
Contents

- ▲ [What's News: Industry and Company](#)
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- ▲ [Ukraine Macro View](#)
- ▲ [Ukraine Eurobonds](#)
- ▲ [World Market Graphs](#)

Target price changes

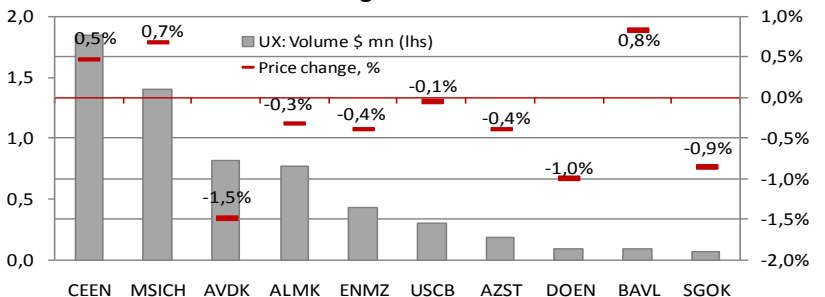
Ticker	TP \$	Date	Rating
FXPO	6.9	Feb 27	BUY
SMASH	-	Mar 06	U/R
CGOK	1.06	Mar 15	HOLD
UTLM	-	Mar 19	U/R
AVGR	-	Mar 20	U/R
MHPC	22.5	Mar 28	BUY
MSICH	700	Mar 29	BUY

Regression analysis

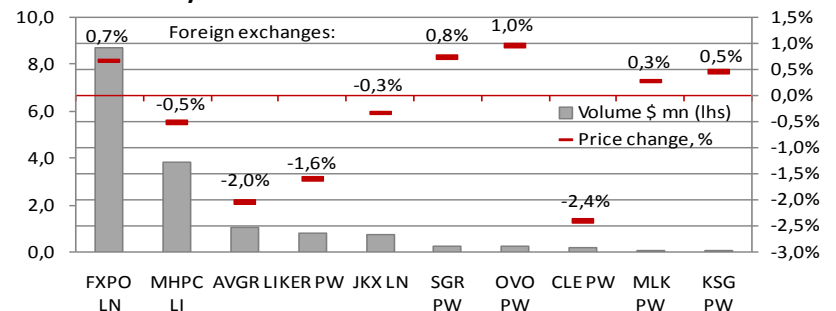


[more](#)

Volume Leaders and Price Changes: UX stocks



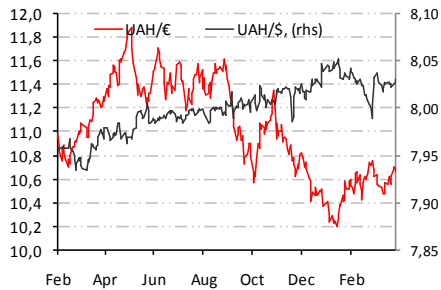
... Internationally listed stocks



What's News: Economy

Economy & Finance

Currency rates



FinMin placed UAH 0.7bn of 3-year forex-pegged OVDP at 9.3%

Ukraine's Finance Ministry placed UAH 703.09mn worth of 3-year internal government bonds (OVDP) paying an annual 9.3% in an additional primary auction Thursday. The FinMin says it met both of the bids submitted. Earlier in the day, FinMin held a regular auction, offering 3-year forex-pegged OVDP. The FinMin received 10 bids with yields ranging from 9.75% to 13% but refused to accept them. In other three auctions, the FinMin offered hryvnia-denominated papers with one to three years' maturity, but only one bid was turned in, worth UAH 1mn face value at 14.5%, which FinMin turned down as well. The last time the forex-pegged OVDP were sold took place December 16: UAH 102.6mn of one-year bonds paying 8.75% were placed then. Afterwards, buyers shifted their attention to forex-denominated OVDP introduced by the FinMin for the first time.

Schedule of monthly macroeconomics releases:

Date	Data
05-07	Inflation
06-11	NBU forex market report
12-14	Foreign trade
14-15	Retailing turnover index
15	Quarterly capital spending
15-17	Industrial output index
20-29	Consumer confidence
23-30	Balance of payments
25-30	Government debt
25-28	Real wages index

What's News: Industry & Company

Industry and Company News

Metals & Mining

[SGOK, BUY, \$1.95]

[CGOK, HOLD, \$1.06]

Metinvest to invest \$3bn in Kryvy Rih-based ore-mining companies

Metinvest's CEO Igor Syry said the group had put \$2bn in its Kryvy Rih-based mining companies over the past five years. He expects investments to run up to \$3bn in the next five years, said Interfax.

Dmitriy Lenda: The news is POSITIVE for Metinvest's mining companies, including Pivnichny GOK and Central GOK. Metinvest confirmed plans to plow sizable cash in upgrades of ore mining capacities. Metinvest's plan envisages increasing steel output in the long term to 25mnt a year while relying solely on own iron ore. To execute the plan, Metinvest will need an efficient ore-mining division, requiring considerable investment.

Stock Performance

Order-driven market

Price changes

Daily vol. (3m)

Ticker	Name	Last price, \$	Vol1D, 000\$	1D	1M	YTD	12M	12M-Low	12M-High	000 \$	000 шт.
UNAF	Ukrnafta	35.6	24	-2.9%	-19%	-22%	-66%	35.5	112.5	56	1
GLNG	Galnaftogaz	0.02	n/a	n/a	-8%	-8%	-1%	0.0	0.0	0.0	0
UTLM	Ukrtelecom	0.05	7	-0.1%	-3%	-10%	-28%	0.03	0.08	12	241
MTBD	Mostobud	11.2	5.4	-16.7%	9%	-1%	-66%	6.2	33.2	0.8	0.1
STIR	Stirol	3.2	63	-0.5%	-10%	-30%	-67%	3.0	10.7	14	4
Banks											
BAVL	RB Aval	0.02	94	0.8%	-6%	-9%	-72%	0.0	0.1	90	5 676
FORM	Forum Bank	0.18	0.7	0.2%	-8%	3%	-72%	0.1	0.7	0.2	1
USCB	Ukrsotsbank	0.03	304	-0.1%	20%	27%	-66%	0.0	0.1	185	7 869
Utilities											
CEEN	Centrenergo	1.0	1853	0.5%	-9%	-8%	-56%	0.8	2.3	277	263
DNEN	Dniproenergo	80	n/a	n/a	-4%	-2%	-46%	61.0	149.3	0.8	0
DOEN	Donbasenergo	3.5	98	-1.0%	-9%	-3%	-62%	2.6	9.4	40	11
KREN	Crimeaenergo	0.25	n/a	n/a	-10%	53%	-47%	0.06	0.46	0.6	3
DNON	Dniprooblenergo	29.65	n/a	n/a	25%	62%	-6%	14.3	30.7	2.5	0.1
ZAEN	Zakhidenergo	27.3	2.2	2.2%	-11%	-13%	-43%	15.1	48.4	1.4	0.0
ZHEN	Zhitomirenergo	0.13	0.0	0.4%	-11%	11%	-49%	0.09	0.26	0.4	3
Steel											
AZST	Azovstal	0.16	190	-0.4%	-11%	-7%	-57%	0.1	0.4	88	501
ALMK	Alchevsk Steel	0.01	776	-0.3%	-11%	-10%	-59%	0.01	0.03	289	22 792
DMKD	Dzerzhinsky Steel	0.02	n/a	n/a	-7%	25%	-65%	0.0	0.1	0.2	11
ENMZ	Yenakiieve Steel	8.3	433	-0.4%	-5%	-5%	-59%	4.6	21.8	134	16
MMKI	Ilyich Steel	0.03	5	n/a	-8%	-7%	-64%	0.0	0.1	0.7	22
Pipes											
HRTR	Khartsyzsk Pipe	0.15	15.1	-2.1%	0%	27%	-2%	0.10	0.17	3.9	27
NVTR	Interpipe NMPP	0.06	n/a	n/a	-31%	-23%	-76%	0.04	0.26	0.4	6.2
Mining											
CGOK	Central GOK	1.03	n/a	n/a	4%	28%	-4%	0.63	1.07	5.2	6
PGOK	Poltavsky GOK	2.2	4.4	-3.0%	2%	6%	-58%	1.9	5.2	2.9	1.3
SGOK	Northern GOK	1.5	65	-0.9%	3%	27%	-18%	1.02	1.77	24	17
SHCHZ	Pokrovske mine	0.16	0	1.4%	3%	20%	-70%	0.12	0.55	2.7	17
SHKD	Kdonbassa Mine	0.19	n/a	n/a	20%	57%	-63%	0.11	0.51	0.8	5
Coke											
AVDK	Avdiivka Coke	0.6	822	-1.5%	-11%	-18%	-65%	0.6	1.9	200	275
ALKZ	Alchevsk Coke	0.02	n/a	n/a	-21%	-17%	-73%	0.01	0.08	0.6	29
YASK	Yasynivsky Coke	0.16	49	0.6%	-9%	-11%	-73%	0.12	0.59	17	93
Machinery											
AVTO	Ukravto	6.2	1.3	13.8%	-4%	-17%	-62%	4.0	17.1	0.9	0.1
KVBZ	Krukiv Wagon	2.7	1	-0.2%	-1%	-5%	-36%	1.9	4.3	16	5
LTPL	Luganskteplovoz	0.29	62	n/a	-6%	3%	-42%	0.24	0.52	4.9	17
KRAZ	Avtokraz	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LUAZ	Bohdan Motors	0.03	n/a	n/a	8%	-6%	-27%	0.02	0.04	1.6	79
MSICH	Motor Sich	331	1399	0.7%	9%	19%	-30%	201.1	485.4	379	1.3
MZVM	Mariupol Heavy Mach.	0.0	0.2	8.1%	19%	2%	-98%	0.0	1.4	1.1	44
SMASH	Sumy Frunze	0.5	0.2	n/a	3%	15%	-70%	0.3	2.1	0.2	0.5
SVGZ	Stakhaniv Wagon	0.55	63	0.2%	2%	46%	-53%	0.34	1.26	24	51

Stock Performance

Ticker	Name	Last price, \$	Vol1D, 000\$	1D	1M	YTD	12M	12M-Low	12M-High	000 \$	000 шт.
AZGM	Azovzagalmash	0.69	n/a	n/a	37%	175%	-48%	0.21	1.50	0.2	0.3
NITR	Interpipe NTZ	0.3	n/a	n/a	2%	9%	-66%	0	1.8	0.4	1.2
DNSS	Dniprospetsstal	149	n/a	n/a	-20%	-40%	-26%	125	300.7	1.7	0.0
DRMZ	Druzhkivka machin.	0.22	n/a	n/a	3%	0%	-40%	0.1	0.5	0.2	1.0
DTRZ	Dnipropetrovsk Pipe	3.86	n/a	n/a	5%	-22%	-49%	1.75	8.78	0.6	0.1
ENMA	Energomashspecstal	0.07	n/a	n/a	6%	6%	-62%	0.04	0.20	0.1	2
HAON	Kharkovoblenergo	0.15	n/a	n/a	-2%	7%	-55%	0.13	0.45	0.4	2.7
HMBZ	Svitlo Shakhtarya	0.07	n/a	n/a	22%	30%	-67%	0.03	0.21	1.8	39
KIEN	Kievenergo	0.75	n/a	n/a	-8%	-32%	-63%	0.12	2.00	4.4	5.2
KSOD	Crimean Soda	0.15	n/a	n/a	-4%	-4%	-12%	0.13	0.37	0.1	0.5
NKMZ	Novokramat. Mach	536	n/a	n/a	-5%	-8%	-38%	535.4	870.8	1.35	0.0017
SLAV	Slavutich Brewery	0.25	n/a	n/a	0%	-17%	-34%	0.25	0.43	0.0	0.2
SNEM	Nasosenergomash	0.38	n/a	n/a	0%	0%	-45%	0.12	1.26	0.1	0.2
SUNI	SUN InBev Ukraine	0.02	n/a	n/a	55%	107%	-37%	0.01	0.04	2.5	119
TATM	Turboatom	0.50	n/a	n/a	-14%	-20%	-26%	0.44	0.73	0.4	0.7
UROS	Ukrros	0.25	n/a	n/a	0%	0%	-39%	0.25	0.51	0.2	0.9
ZACO	Zaporozhye Coke	0.06	n/a	n/a	-55%	-84%	-87%	0.06	0.50	2.7	8.2
ZATR	ZTR	0.16	n/a	n/a	n/a	0%	-34%	0.1	0.3	n/a	n/a
ZPST	Zaporozhstal	0.40	0.8	10.3%	-21%	-20%	-37%	0.27	0.75	0.6	1.4

Foreign-listed stocks

Price changes

Daily vol. (3m)

Ticker	Name	Last price	Vol1D, 000\$	1D	1M	YTD	12M	12M-Low	12M-High	000 \$	000 шт.
AGT PW	Agroton	PLN 24.2	43	0.0%	7%	30%	-36%	18.00	37.98	142	21
AST PW	Astarta	PLN 62.5	7	-1.0%	-5%	20%	-23%	43.6	96.5	197	11
AVGR LI	Avangard	\$ 11.5	1 046.5	-2.0%	25%	73%	-29%	6.0	20.5	1 015	130
FXPO LN	Ferrexpo	GBp 295	8 697	0.7%	-8%	10%	-32%	237.4	522.5	6 346	1 256
CLE PW	Coal Energy	PLN 26.4	168	-2.4%	0%	23%	32%	14.7	29.0	177	22
IMC PW	IMC	PLN 12.1	4	-1.2%	15%	54%	12%	7.0	13.5	50	14.5
JKX LN	JKX Oil&Gas	GBp 157	742	-0.3%	19%	15.6%	-53%	119.0	333.6	346	145
KER PW	Kernel Holding	PLN 67.9	816	-1.6%	-7%	-2%	-9%	52.5	85.0	2 594	117
KSG PW	KSG	PLN 23.2	48	0.5%	-1%	13%	5%	16.1	29.0	40	6
MHPC LI	MHP	\$ 14.0	3 791	-0.5%	0%	31%	-25%	8.0	19.4	2 067	155
MLK PW	Milkiland	PLN 17.0	62.9	0.3%	1%	21%	-59%	10.40	41.90	229	45.1
4GW1 GR	MCB Agricole	€ 1.4	3.3	4.8%	-6%	-30%	-28%	0.7	2.9	3.4	1.8
OVO PW	Ovostar	PLN 113	242.3	1.0%	15%	69%	82%	42.00	132.50	99	3.6
RPT LN	Regal Petroleum	GBp 30.3	44	0.0%	4%	3%	-39%	25.25	57.00	42	92
SGR PW	Sadovaya Group	PLN 6.6	255	0.8%	-35%	-20%	-48%	6.11	13.68	245	94
WES PW	Westa	PLN 3.9	9	0.8%	-10%	29%	-67%	2.70	12.20	42	36

Stock Valuations and Recommendations

Art Capital Recommendations

Ticker	Last price \$	MC \$m	FF%	TP \$	Upside	Date	Rec.	EV/S			EV/EBITDA			P/E		
								11E	12F	13F	11E	12F	13F	11E	12F	13F
UNAF	36	1 928	5	101.9	187%	Oct-11	BUY	0.6	0.5	0.4	5.6	2.0	1.6	9.6	2.8	2.1
UTLM	0.05	933	7	n/a	n/a	n/a	U/R	1.3	1.2	1.0	5.5	3.9	3.1	50.6	10.8	6.1
MTBD	11.2	6.5	27	n/a	n/a	n/a	U/R	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
STIR	3.2	87	9	n/a	n/a	n/a	Susp	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Banks																
BAVL	0.02	453	4	n/a	n/a	n/a	U/R	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
USCB	0.03	341	4	n/a	n/a	n/a	U/R	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Utilities																
CEEN	1.0	362.0	22	2.2	125%	Mar-12	BUY	0.5	0.4	0.4	6.2	4.6	3.1	10.7	4.9	3.1
DNEN	80	477.2	2	150.4	88%	Oct-11	BUY	0.6	0.5	0.5	4.7	4.3	3.3	13.4	4.5	2.9
DOEN	3.5	81.9	14	10.0	189%	Oct-11	BUY	0.3	0.2	0.2	7.4	4.5	4.6	neg	6.7	6.7
ZAEN	27.3	349.7	4	61.6	125%	Oct-11	BUY	0.4	0.4	0.3	7.1	3.9	2.5	35.0	4.0	2.3
Steel&Pipes																
AZST	0.16	673	4	0.35	121%	Oct-11	BUY	0.2	0.1	0.1	6.1	4.1	3.0	neg	19.4	9.7
ALMK	0.01	296.4	4	0.02	80%	Oct-11	BUY	0.4	0.4	0.4	6.7	6.5	5.4	29.7	12.6	4.9
ENMZ	8.3	87.1	9	10.2	24%	Oct-11	HOLD	0.0	0.0	0.0	neg	neg	0.0	neg	neg	3.3
HRTR	0.15	385.2	2	0.25	69%	Oct-11	BUY	0.5	0.4	0.5	3.5	2.7	3.1	4.9	4.0	4.4
Mining																
PGOK	2.2	414	3	3.3	54%	Oct-11	BUY	0.6	0.7	0.7	2.1	2.1	2.9	2.1	2.3	3.0
CGOK	1.0	1 204	0.5	1.1	3%	Oct-11	HOLD	1.6	1.7	1.8	3.3	3.5	3.7	4.7	4.9	5.0
SGOK	1.5	3 358	0.5	2.0	34%	Feb-12	BUY	2.0	2.0	2.0	3.2	3.2	3.2	4.3	4.1	4.1
Coke																
AVDK	0.6	124.1	9	n/a	n/a	n/a	U/R	0.1	0.1	0.1	7.6	2.6	1.8	neg	neg	12.0
ALKZ	0.02	59.1	2	0.06	226%	Oct-11	BUY	0.1	0.1	0.1	3.0	1.6	1.5	6.8	2.4	1.9
YASK	0.16	42.4	9	0.36	132%	Mar-12	BUY	0.2	0.2	0.2	3.5	2.7	2.7	2.8	1.8	1.5
Machinery																
AVTO	6.2	39.4	14	n/a	n/a	n/a	U/R	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
AZGM	0.7	31.9	3	3.6	427%	Feb-12	BUY	0.2	0.2	0.2	1.9	1.9	2.7	0.4	0.4	0.6
KVBZ	2.7	314	5	5.6	103%	Feb-12	BUY	0.4	0.3	0.4	2.5	2.5	2.9	3.7	3.6	4.0
LTPL	0.29	65	14	n/a	n/a	n/a	U/R	0.5	0.3	0.2	7.4	3.8	2.6	>100	4.5	2.8
LUAZ	0.03	117	11	0.05	82%	Feb-12	BUY	0.9	0.7	0.6	12.3	9.4	6.3	64.1	16.0	4.3
MSICH	331	689	24	700.0	111%	Mar-12	BUY	0.9	0.7	0.6	2.2	1.8	1.7	4.1	2.9	2.7
NKMZ	536	118	14	3 841	617%	Oct-11	BUY	neg	neg	neg	neg	neg	neg	1.8	1.7	1.3
SMASH	0.5	34.9	3	n/a	n/a	n/a	U/R	0.7	0.7	0.6	22.2	22.1	20.8	neg	neg	neg
SNEM	0.38	11.7	16	n/a	n/a	n/a	Susp	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SVGZ	0.55	125.2	8	1.4	150%	Mar-12	BUY	0.4	0.3	0.3	4.7	3.9	3.3	6.3	4.5	3.6
ZATR	0.16	358	1.4	n/a	n/a	n/a	Susp	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer																
SLAV	0.25	255	3	0.52	109%	Dec-11	BUY	0.6	0.5	0.5	2.3	2.1	2.1	5.2	4.1	4.1
SUNI	0.02	202	2	0.06	171%	Oct-11	BUY	0.3	0.3	0.3	1.5	1.4	1.4	5.6	3.5	2.9

Art Cap Research

Stock Valuations and Recommendations

Foreign-listed stocks

Ticker	Last price	MC, \$	FF%	TP*	Upside	Date	Rec.	EV/S			EV/EBITDA			P/E		
								11E	12F	13F	11E	12F	13F	11E	12F	13F
AGT PW	PLN 24	167	45	30.8	27%	Oct-11	BUY	2.1	1.8	1.5	8.6	7.7	7.0	11.2	13.9	11.3
AST PW	PLN 63	498	37	102.6	64%	Nov-11	BUY	1.9	1.5	1.3	4.1	4.2	4.0	3.4	4.1	4.2
AVGR LI	\$ 11.5	735	23	n/a	n/a	n/a	U/R	1.5	1.3	1.1	3.5	2.9	2.8	4.1	3.7	3.8
FXPO LN	GBp 295	2 760	n/a	433.4	47%	Feb-12	BUY	1.6	1.6	1.6	3.4	3.4	3.5	4.8	4.7	4.7
JKX LN	GBp 157	430	n/a	n/a	n/a	n/a	U/R	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
KER PW	PLN 68	1 725	62	72.8	7%	Oct-11	HOLD	1.1	1.1	0.9	6.5	6.8	5.7	7.9	6.5	6.0
MHPC LI	\$ 14.0	1 508	35	22.5	61%	Mar-12	BUY	1.9	1.8	1.3	5.8	4.8	4.2	5.8	4.9	4.5
MLK PW	PLN 17	169	22	n/a	n/a	n/a	U/R	0.6	0.6	0.5	4.7	4.0	3.4	8.4	6.8	6.1
4GW1 GR	€ 1.4	32	24	n/a	n/a	n/a	Susp	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
RPT LN	GBp 30	154	n/a	n/a	n/a	n/a	U/R	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

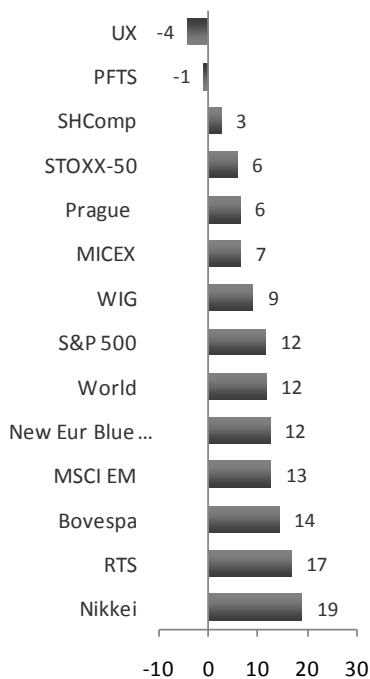
*-in the same currency as in Last Price column

Non-rated Coverage

Ticker	Last price \$	MC \$m	FF%	Indicat. Price \$	Upside	Date	EV/S			EV/EBITDA			P/E		
							11E	12F	13F	11E	12F	13F	11E	12F	13F
DNON	29.6	178	9.1	28.4	-4%	Apr-11	0.1	0.1	n/a	4.8	2.2	n/a	11.7	3.4	n/a
DNSS	149	161	10.0	311.1	108%	Jul-11	0.6	0.5	0.4	7.0	5.7	4.7	22.2	7.7	5.5
DRMZ	0.22	47	13.0	1.0	347%	Oct-11	0.3	0.2	0.2	1.9	1.6	1.3	2.8	2.3	1.9
FORM	0.18	107	4.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
HMBZ	0.07	23	22.0	0.19	178%	Oct-11	0.4	0.3	0.3	2.9	2.2	1.8	6.3	4.1	2.9
KIEN	0.7	81	9.3	3.8	404%	Apr-11	0.1	0.1	n/a	0.8	0.5	n/a	1.5	0.8	n/a
KREN	0.25	43	8.7	0.29	17%	Apr-11	0.2	0.2	n/a	3.4	2.4	n/a	5.9	3.3	n/a
MZVM	0.0	9.0	15.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NVTR	0.06	12	7.4	0.28	365%	Jul-11	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SHCHZ	0.16	139	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SHKD	0.19	63	5.4	0.49	163%	Jul-11	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TATM	0.50	211	9.5	0.78	56%	Oct-11	1.2	0.9	0.7	2.9	2.3	2.2	3.9	3.9	3.6
KSOD	0.15	33	10.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZACO	0.06	7	7.2	0.93	1386%	Jul-11	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

World Multiples and Regression

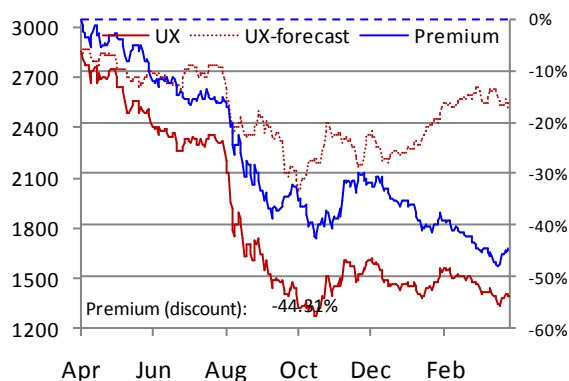
Index changes, YTD %



Financial Multiples

Index	Country	P/E		P/S		
		11	12	11	12	
S&P 500	USA	13.45	11.93	1.29	1.23	
STOXX-50	Europe	9.62	8.65	0.67	0.65	
New Eur Blue Chip	Europe	9.74	8.95	0.75	0.73	
Nikkei	Japan	24.04	15.58	0.59	0.56	
FTSE	UK	10.33	9.33	1.00	0.96	
DAX	Germany	10.73	9.52	0.62	0.60	
Developed Market Median		10.53	9.43	0.71	0.69	
MSCI EM		#N/A	N/A	9.39	1.03	0.94
SHComp	China	9.47	8.11	0.88	0.79	
MICEX	Russia	5.81	5.45	0.86	0.82	
RTS	Russia	5.76	5.43	0.81	0.77	
Bovespa	Brazil	10.70	9.34	1.13	1.04	
WIG	Poland	10.12	9.78	0.66	0.65	
Prague	Czechia	10.94	9.54	1.08	1.04	
Emerging Market Median		9.79	9.34	0.88	0.82	
PFTS	Ukraine	4.67	4.00	0.29	0.29	
UX	Ukraine	10.80	4.22	0.23	0.22	
Ukraine Median		7.74	4.11	0.26	0.26	
Upside (Downside) to developed		36%	129%	172%	169%	
Upside (Downside) to emerging		27%	127%	236%	221%	

Regression analysis



Analyst's commentary: The two-month rally in world markets, which started at the end of December and was particularly strong in the US, went unnoticed in Ukraine. As a result the discount of the UX index to its regression forecast continued to grow. The flight to quality, which started in August due to concerns over European economy and the downgrade of US credit rating, has since increased the discount from 15% to 45%. The discount implies an 80% growth potential once flight to quality abates, which will happen only when European debt concerns ease.

Regression analysis is used to uncover the relationship between the UX index and factors that influence its value and identify periods of time when index changes significantly diverge from the historical relationship. Among the factors that influence the UX index, we use index comparables (Europe, Russia, and emerging markets) as well as Ukraine's sovereign risk measure. Based on the regression analysis over the last 5 years, we identified a strong statistical relationship between the UX and the abovementioned factors, which allows us to compute a regression fair value for the index and form forecasts of its movement relative to the world indices.

Ukraine Macro View

2010-2011	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Economic Activity												
GDP, quarterly %, YoY	5.3%		3.8%			6.6%			4.6%			
Industrial output, YoY	8.0%	4.9%	8.6%	8.9%	8.7%	9.6%	6.4%	4.7%	3.8%	-0.5%	2.0%	1.6%
Agriculture, YTD YoY	5.3%	4.0%	3.5%	3.2%	9.1%	10.5%	13.7%	16.6%	16.5%	17.5%	0.5%	0.4%
Retail sales, YoY	13.3%	15.3%	14.6%	13.3%	13.5%	15.4%	13.8%	11.4%	10.8%	12.3%	12.3%	14.0%
Real wages, YoY	11.1%	10.8%	5.2%	1.9%	4.7%	8.4%	9.9%	11.4%	10.1%	11.0%	14.4%	12.0%*
Price Indexes												
CPI, YoY	7.7%	9.4%	11.0%	11.9%	10.6%	8.9%	5.9%	5.4%	5.2%	4.6%	3.7%	3.0%
PPI, YoY	20.3%	20.8%	18.8%	20.0%	20.3%	19.9%	21.3%	16.3%	17.3%	14.2%	11.8%	7.5%
Balance of Payments												
Current account, \$ bln	-0.1	-0.3	-0.8	-0.2	-0.6	-1.0	-1.0	-1.5	-1.6	-1.2	0.4	-0.4*
Financial account, \$ bln.	-0.4	1.3	0.8	-0.2	0.7	1.2	-1.0	-0.1	0.8	1.1	-1.3	0.3*
BoP, \$ bln	-0.5	1.0	0.0	-0.4	0.1	0.2	-2.0	-1.6	-0.9	-0.1	-0.9	-0.1*
Exchange rate												
UAH/\$, interbank, a-o-p	7.96	7.97	7.98	7.99	7.99	7.99	8.00	8.01	8.01	8.02	8.02	8.02

* - Art Capital forecast.

Ukraine Macro View

Yearly trends	2005	2006	2007	2008	2009	2010	2011	2012E
Economic Activity								
GDP, % YoY	2.7	7.3	7.9	2.3	-14.8	4.1	5.2	3.1
Nominal GDP, \$ bn	86	108	143	180	117	135	164	179
IMF: GDP/capita (nominal), \$	1 843	2 319	3 090	3 924	2 200	2 942	3575	3932
WB: GDP/capita (PPP), \$	5 583	6 228	6 959	7 313	6 373	6 721	7198	7400
Industrial production, % YoY	3.1	6.2	10.2	-3.1	-21.9	11	7.3	3.5
Agriculture, % YoY	0.1	2.5	-6.5	17.1	-1.8	-1.5	17.5	-5.2
Capital Expenditure, % YoY	9.3	25.2	31.9	0.7	-31.3	6.9	20.0*	13.2
Retail sales, % YoY	23.0	25.3	29.3	17.9	-20.6	7.8	13.7	10.0
Wages, % YoY	20.3	18.3	12.5	6.3	-9.2	10.2	8.7	5.0
Unemployment, ILO, %	7.8	7.4	6.9	6.9	9.6	8.8	8.5*	8.3
World ratings								
WEF Global Competitiveness	68	78	69	73	72	89	82	77
WB: GDP/capita (PPP) Rating	114	113	113	112	117	106	101*	97
Moody's/S&P/Fitch	B1/BB/BB-	B1/BB/BB-	B1/BB/BB-	B1/BB/B+	B2/B+/B	B2/B/B	B2/B+/B	B2/B+/B
Price Indexes								
CPI, % Dec/Dec	10.3	11.6	16.6	22.3	12.3	9.1	4.6	8.0
CPI, % YoY	13.5	9.1	12.8	25.2	15.9	9.4	8.0	5.0
PPI, % Dec/Dec	9.5	14.1	23.3	23.0	14.3	18.7	14.2	4.0
PPI, % YoY	16.7	9.6	19.5	35.5	6.5	20.9	19.0	7.0
Balance of Payments								
Balance of payment, \$ bn	-0.2	-0.1	0.4	-0.6	-0.4	5.0	-2.5	-5.5
Current account, \$ bn	2.5	-1.6	-5.3	-12.8	-1.7	-3.0	-9.3	-9.4
Current account, % of GDP	2.9	-1.5	-3.7	-7.1	-1.5	-2.2	-5.7	-5.3
Trade balance, \$ bn	0.7	-3.1	-8.2	-14.4	-2.0	-4.0	-9.2	-9.4
Export, \$ bn	44.4	50.2	64.0	85.6	54.3	69.3	88.8	95.0
Import, \$ bn	43.7	53.3	72.2	100.0	56.2	73.2	98.0	105.0
Financial account, \$ bn	-2.7	1.5	5.7	12.2	1.4	8.0	6.8	3.9
FDI (NBU), \$ bn	7.5	5.7	9.2	9.9	4.7	5.8	6.6	5.0
FDI (NBU), % of GDP	9.1	5.2	6.9	6.1	4.1	4.7	4.0	2.8
Public finance								
Budget deficit, % of GDP	-1.8	-0.7	-1.1	-1.5	-4.1	-6.0	-1.7	-2.0
Public Debt, % of GDP	18.0	14.8	12.3	13.7	34.0	40.2	36.2	38.5
Public Debt, \$ bn	15.5	16.0	17.6	24.6	39.8	54.3	59.2	68.9
Internal public debt, \$ bn	3.8	3.3	3.7	6.1	13.2	19.6	21.1	26.9
External public debt, \$ bn	11.7	12.7	13.9	18.5	26.6	34.7	38.1	42.0
Foreign debt, \$ bn	39.6	54.5	80.0	101.7	103.4	117.3	125*	133.0
State reserves, \$ bn	19.4	22.4	32.5	31.5	26.5	34.6	31.2	30.0
State reserves, % foreign debt	59.7	43.7	41.9	32.6	25.6	29.6	25*	22.5
State reserves, months of import	5.1	4.8	5.1	3.5	5.0	5.2	4.4	4.1
Exchange rate								
UAH/\$, NBU, e-o-p	5.0	5.0	5.0	7.7	8.0	7.6	8.0	8.0

* - Art Capital forecast

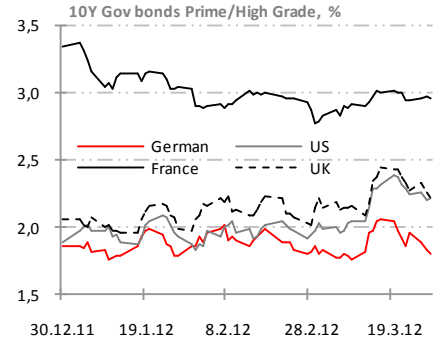
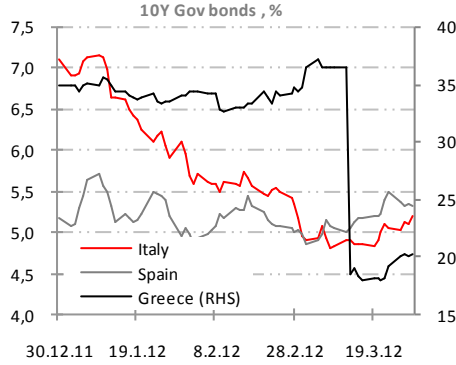
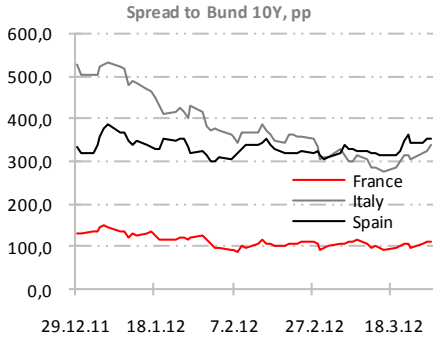
Eurobonds

Rating *	Issuer	Issue, mln	Currency	Coupon,%	Redemption	Payment	Bid Px	Ask Px	Bid YTM, %	Ask YTM, %	Duration
B2/B+/B	Ukraine-12	500	USD	6.39	26.06.2012	6 months	99.54	100.01	8.28	6.25	0.23
B2/B+/B	Ukraine-13	1 000	USD	7.65	11.06.2013	6 months	98.52	99.51	8.98	8.08	1.13
-/-/B	Naftogaz Ukraine-14	1 595	USD	9.50	30.09.2014	6 months	97.13	98.05	10.84	10.41	2.27
B2/B+/B	Ukraine-15	500	USD	6.88	23.09.2015	1 year	94.15	95.14	8.87	8.52	3.13
B2/B+/B	Ukraine-15, EUR	600	EUR	4.95	13.10.2015	1 year	87.72	89.72	9.16	8.43	3.23
B2/B+/B	Ukraine-16	1 000	USD	6.58	21.11.2016	6 months	90.29	91.30	9.20	8.91	3.93
B2/B+/B	Ukraine-17	700	USD	6.75	14.11.2017	6 months	86.50	87.50	9.94	9.69	4.55
B2/B+/B	Ukraine-20	1 500	USD	7.75	23.09.2020	6 months	89.01	90.02	9.68	9.49	6.21
B2/B+/B	Ukraine-21	1 500	USD	7.95	23.02.2021	6 months	89.51	90.51	9.74	9.56	6.33
B3/B-/-	Belarus-15	1 000	USD	8.75	03.08.2015	6 months	92.70	94.06	11.44	10.91	2.90
B3/B-/-	Belarus-18	800	USD	8.95	26.01.2018	6 months	90.85	92.15	11.12	10.80	4.52
Median on government bonds									9.44	9.20	3.18
-/B-/B	Alfa-Bank Ukraine-12	210	USD	13.00	30.07.2012	6 months	101.25	101.25	9.00	9.00	0.31
B1-/B	UkrExImbank-12	250	USD	6.80	04.10.2012	1 quarter	99.51	100.50	7.83	5.77	0.50
Caa1/-/-	F&C Bank-14	95	USD	10.50	25.01.2014	6 months	54.00	64.00	50.78	38.83	1.69
Caa1/-/-	Vabank-14	112	USD	10.50	14.06.2014	6 months	44.00	54.00	54.77	42.97	1.89
B2/-/-	FUIB-14	252	USD	11.00	31.12.2014	1 quarter	93.65	95.75	13.82	12.87	2.39
B1-/B	UkrExImbank-15	750	USD	8.38	27.04.2015	1 quarter	92.20	93.41	11.46	10.96	2.65
B1-/CCC	UkrExImbank-16	125	USD	5.79	09.02.2016	6 months	80.99	83.49	12.12	11.19	3.43
B1-/B	PryvatBank-15	200	USD	9.38	23.09.2015	6 months	90.01	92.33	13.04	12.15	3.01
B1-/B	PryvatBank-16	150	USD	5.80	09.02.2016	6 months	72.21	75.83	15.68	14.15	3.40
B2-/B	Oschadbank-16	700	USD	8.25	10.03.2016	6 months	85.18	87.18	13.20	12.47	3.37
Median on banks eurobonds									13.12	12.31	2.52
B3/B+/B	Ferrexpo-16	500	USD	7.88	07.04.2016	6 months	92.51	94.10	10.20	9.68	3.35
B2-/B	DTEK-15	500	USD	9.50	28.04.2015	6 months	97.25	97.25	10.57	10.57	2.62
B3-/B	MHP-15	585	USD	10.25	29.04.2015	6 months	98.75	98.75	10.73	10.73	2.59
-/B/B-	Mriya-15	250	USD	10.95	30.03.2016	6 months	92.41	93.40	13.47	13.13	3.30
B2-/B	Metinvest Holding-15	500	USD	10.25	20.05.2015	6 months	99.00	99.00	10.62	10.62	2.65
B2-/B	Metinvest Holding-18	750	USD	8.75	14.02.2018	6 months	90.23	92.62	11.05	10.46	4.59
-/-/B	Interpipe-16	200	USD	10.25	02.08.2017	6 months	68.50	78.50	20.14	16.45	3.94
-/-/B	Avangard-15	200	USD	10.00	29.10.2015	6 months	80.50	80.50	17.57	17.57	2.87
Median on enterprises eurobonds									11.05	10.73	2.87
B2/B-/B-	Kyiv-12	250	USD	8.25	26.11.2012	5 months	99.51	100.00	9.03	8.22	0.62
B2/B-/B-	Kyiv-15	250	USD	8.00	06.11.2015	6 months	83.20	84.73	14.12	13.50	3.03
B2/B-/B-	Kyiv-16	300	USD	9.38	11.07.2016	6 months	84.75	86.23	14.25	13.73	3.47
Median on municipal eurobonds									14.19	13.62	3.25

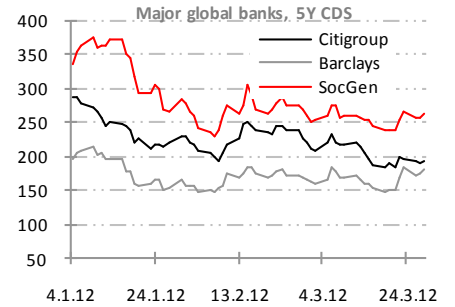
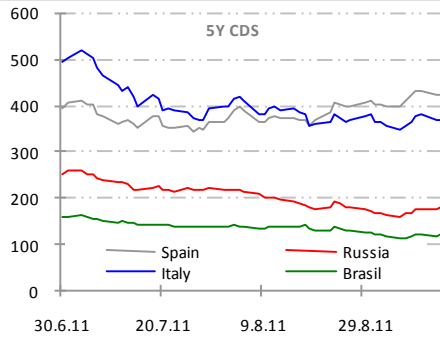
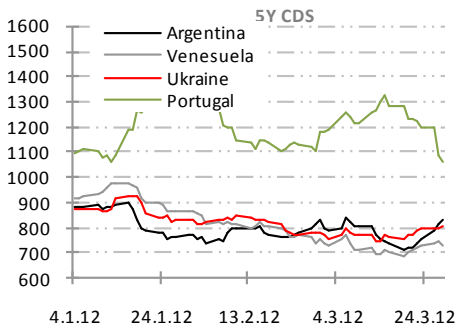
* Moody's/S&P/Fitch

World Market Graphs

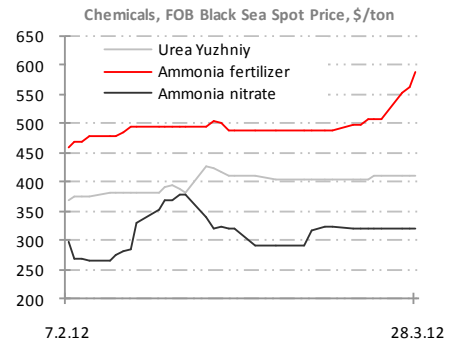
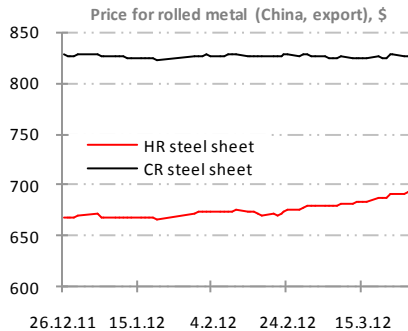
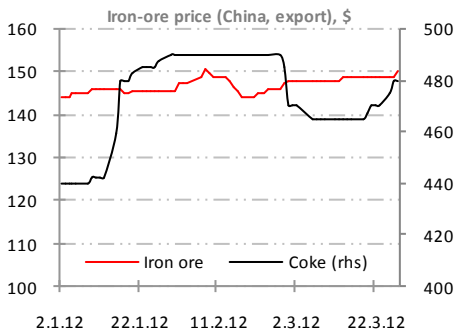
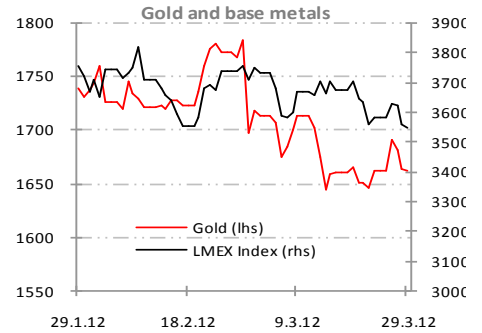
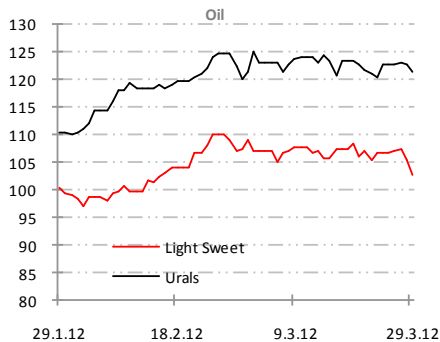
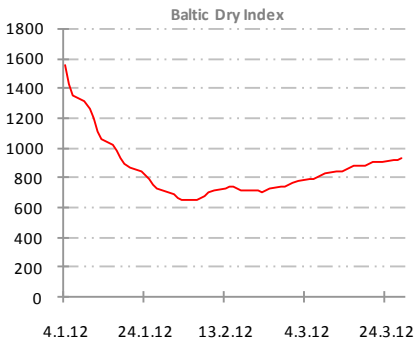
Global currency and debt markets



Global credit risk



Commodity markets



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