

# The Ukrainian Stock Market

Banking on Ukraine  
21 February 2006  
London

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- **PFTS - the main trading venue (trading and information system)**
- **MFS – the main depository (electronic form)**
- **Stock universe - mostly privatised or part-privatised companies (279 listed equity issues)**
- **Participants – licensed by the Ukrainian Securities Commission (190 members)**
- **Alternatives to the local market - DR programs and LSE listings (three to date)**

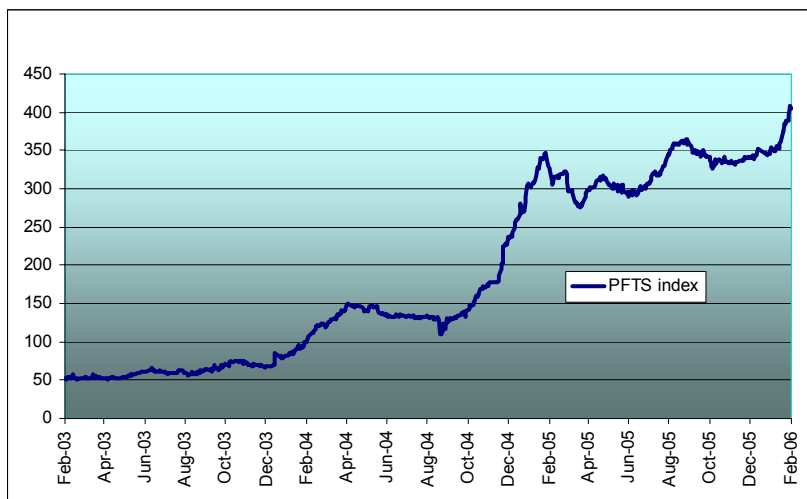
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Sector	Market capitalisation	Free float adjusted Mcap	PFTS index
Iron & Steel	26.6%	16.1%	14.6%
Iron Ore Mining	17.8%	12.6%	
Oil & Gas	10.6%	15.8%	16.7%
Telecommunications	9.5%	6.5%	21.4%
Banking	9.1%	14.2%	
Machine Building	6.2%	8.1%	
Electric Utilities: Distribution	4.2%	7.3%	
Pipe Industry	3.8%	5.1%	16.1%
Ferroalloy Industry	3.7%	2.6%	
Chemicals	3.7%	4.6%	10.3%
Electric Utilities: Generation	3.7%	6.0%	21.0%
Consumer Products	1.1%	0.9%	

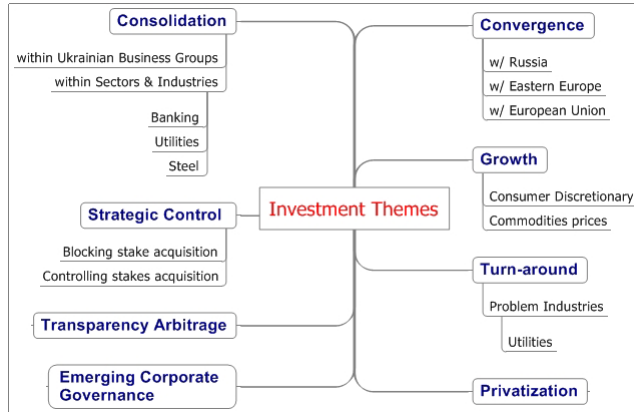
- **Small free float (90-95% of outstanding shares are owned directly or indirectly by controlling shareholder)**
- **Liquidity (narrow investor base)**
- **Protection of property rights (court decisions are still controversial)**
- **Taxation peculiarities (share premium is taxable)**
- **Mostly exposure to the global markets (commodities – steel, fertilisers)**

- **Great returns**
- **Uncorrelated with other markets**
- **Improving business environment**
- **Special situation paradise**
- **Closer integration into the world economy**
  - Ukraine is aspiring to join EU, WTO and NATO
  - EU assigned free market economy status
  - Home-coming and immigration increase
  - Visas abolished for citizens of EU, Switzerland, USA, Canada, Japan



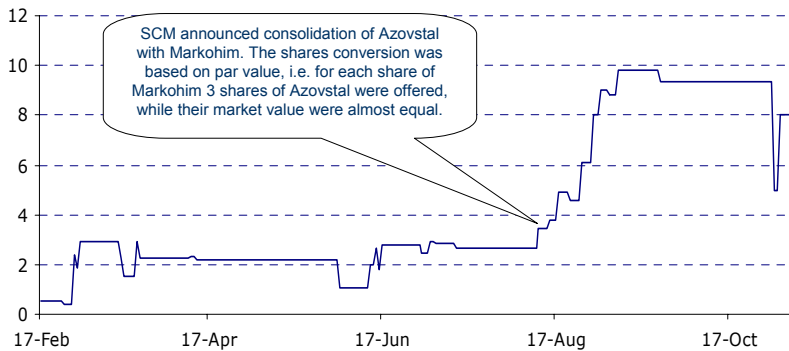
	MCAM	PFTS	MSCI Russia	MSCI Eastern Europe	S&P 500	MSCI World	MSCI Europe	MSCI Poland	MSCI Hungary
Millennium Capital	1.00								
PFTS	-0.06	1.00							
MSCI Russia	0.37	0.02	1.00						
MSCI Eastern Europe	0.27	0.06	0.97	1.00					
S&P 500	-0.07	0.12	0.16	0.32	1.00				
MSCI World	0.05	0.01	0.33	0.46	0.89	1.00			
MSCI Europe	0.09	0.04	0.19	0.35	0.66	0.77	1.00		
MSCI Poland	0.09	0.08	0.59	0.75	0.58	0.69	0.75	1.00	
MSCI Hungary	-0.13	0.08	0.54	0.70	0.42	0.39	0.41	0.70	1.00
MSCI Czech Republic	0.18	0.27	0.68	0.77	0.30	0.41	0.47	0.66	0.60

Sector	Company
Food & Beverages	Soyuz Viktan
	Myronivskiy Hliboprodukt
	Gavrylivski Kurchata
Chemicals	Stirol
Mining and Metal	IUD
	SCM
Retail	Fozzy Group
	Velyka Kyshenia
IT and Telecoms	Kvazar Micro
	Inter TV Channel
Industrials	Ukrauto
Oil & Gas	Galnaftogaz

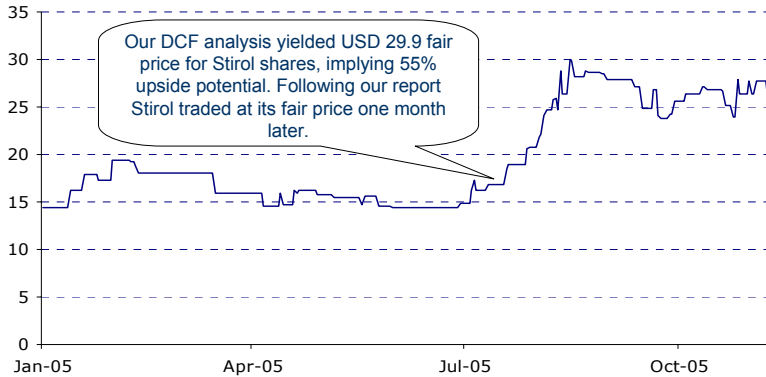


Company Specific Driver.

MCHI Mid Price Dynamics



Stiroi Mid Price Share Dynamics

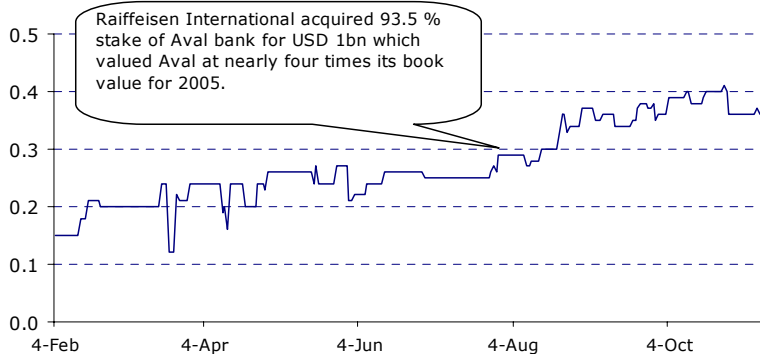




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New Benchmark.

BAVL Mid Price Dynamics



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**Millennium Capital is your reliable partner in Ukraine.**

- Own capital in excess of USD 20mn
- Consistently top five Ukrainian broker by volume
- Baker and McKenzie is our legal councilor
- PricewaterhouseCoopers is our auditor
- Strong team of professionals

- Millennium Capital is the leading independent investment bank operating on the Ukrainian financial market, serving both domestic and international clients.
- It was established in 2000 by a group of professionals with solid backgrounds in securities and corporate finance.
- Millennium Capital currently employs 60 professionals, many of whom were educated at top western schools.

**Our services comprise a full range of**

**1. Institutional Stock Broking**

1. Millennium Capital is the third largest broker in terms of trading volume
2. Millennium Capital employs 10 Sales & Trading people
3. About quarter of the brokerage services market

**2. Market Making**

**3. Research**

1. Strong 10-member team covering all sectors of Ukrainian economy
2. We provide macroeconomic and political coverage on a continuing basis

**4. Corporate Finance**

1. Strong relationships with Ukrainian corporations
2. Intimate knowledge of local business
3. Massive deal flow expected

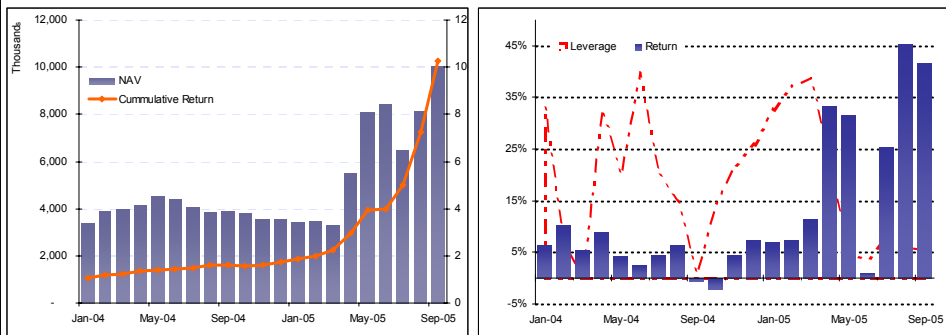
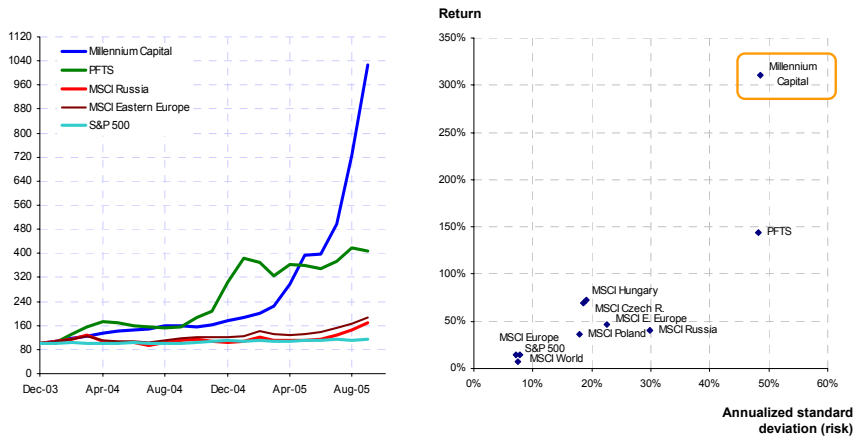
**5. Asset management**

1. Established legal framework
2. Outstanding track record
3. Set up to serve domestic and foreign investors



The image shows two overlapping research reports from Millennium Capital. The top report is titled 'MONTHLY STRATEGY' and includes sections for 'Ukraine' and 'Ukraine: Political Outlook'. The bottom report is titled 'Equity Research' and features a table for 'UK/telecom' and 'Telecommunications' with columns for 'Accumulate' and 'Sell'. It also includes a line chart showing 'UK/telecom' performance from 2010 to 2015.

- Millennium Capital maintains the largest research department and trading desks in Ukraine.
- We provide detailed company investment research, sector analysis; issue daily monitor and monthly overviews to our institutional and individual client bases.



Investment mandate	UKRAINE Equity
<sup>†</sup> NAV, US\$	10 million
Average monthly return, %	12.48
Return, y-t-d, %	486.8
Return, 12 months, %	544.9
Cumulative return, %	926.0
Volatility, annualized, %	48.5
Leverage	0-40%
Sharpe ratio	19
Market exposure	100-140%

	Average return, %	Return y-t-d, %	12-mth return, %	Cumul. return, %	Annual Vol-ty, %	Sharpe ratio
Millennium Capital	12.5	486.8	544.9	926.0	48.5	19.0
PFTS	7.7	34.1	162.8	308.2	48.2	6.3
MSCI Russia	2.9	62.5	53.3	69.1	29.8	2.2
MSCI Eastern Europe	3.2	54.5	62.0	87.8	22.6	3.8
S&P 500	0.6	1.7	11.1	12.8	7.5	1.3
MSCI World	1.2	13.1	23.7	26.8	7.1	3.4
MSCI Europe	1.1	16.1	23.5	25.3	7.7	2.9
MSCI Poland	2.6	31.4	47.5	66.8	17.9	3.6
MSCI Hungary	4.7	54.8	84.0	152.9	19.1	7.9
MSCI Czech Republic	4.5	58.7	88.8	143.7	18.5	7.6