

Market Update

Equity

Ukrainian stocks clawed back early losses on Tuesday (Mar 19), finishing mixed and outperforming the main European bourses, where investors were spooked by the Cyprus Parliament's rejection of the conditions of a bailout plan to save the country's financial system. The ball is now back in the court of the European Central Bank, which must decide whether to allow Cyprus to default or to continue providing liquidity to Cypriot banks with no strings attached. The UX index inched up by 0.2%, closing at 962 points, with blue chips equally split between winners and losers. Avdyivka Coke (AVDK) was the day's best performer with a 1.4% pickup, and steelmakers Alchevsk (ALMK) and Yenakievo (ENMZ) both added 1.2%. On the downside, Raiffeisen Aval (BAVL) lost 0.8% on turnover of UAH 3.2mn and DonbasEnergo (DOEN) slipped 1.0% to UAH 20.75. In second-tier issues, Krukiv Wagon (KVBZ) and Yasynivsky Coke (YASK) shed 1.7% and 1.3% respectively, while DniproEnergo (DNEN) gained 3.2% to UAH 187. In London, Ferrexpo (FXPO) slumped 8.1% after a report from Goldman Sachs that slashed iron ore pricing forecasts; Avangard (AVGR) slid 3.9% to USD 9.30, and MHP (MHPC) lost 2.0%.

Fixed Income

Ukrainian sovereign Eurobonds were up on Tuesday. Ukraine-22s improved by 0.4p.p. to 105.4/105.9 (7.0%/6.9%) and Ukraine-17s inched up by 0.1p.p. finishing at 102.1/103.0 (6.2%/6.0%). Corporate names were flat. The exception was MHP-15s which declined by 0.2p.p. to 107.7/109.4 (6.3%/5.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2491.00	0.0%	8.3	193
Centrenergo	CEEN	5.718	0.2%	4.4	211
Raiffeisen Bank Aval	BAVL	0.105	-0.8%	3.2	404

Growth Leaders

Dniproenergo	DNEN	187.30	3.2%	0.23	58
Avdyivka Coke	AVDK	3.12	1.4%	1.33	279
Alchevsk Steel	ALMK	0.05	1.2%	1.36	248

Loss Leaders

Zakhidenergo	ZAEN	87.00	-11.1%	0.00	8
Pivnichny GOK	SGOK	8.80	-7.0%	0.02	9
Komsomolets Donbasa	SHKD	1.11	-1.5%	0.03	10

Highlights

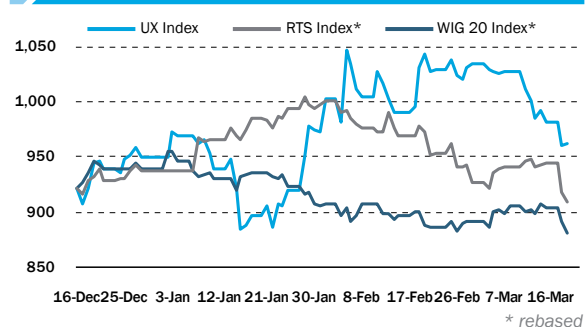
POLITICS AND ECONOMICS

- > EU Calls on Ukraine to Cancel New Auto Import Tariffs

STOCKS IN THE NEWS

- > Krukiv Wagon Ups Net Profit by 13% YoY to USD 95mn in FY12

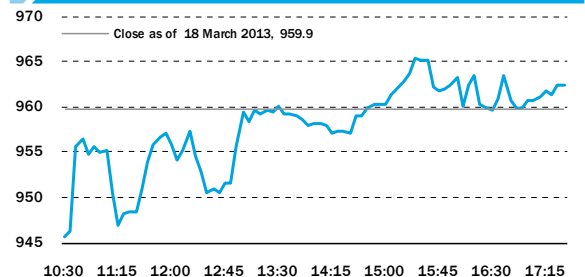
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	961.6	0.2%	-2.9%	1.2%
RTS	1478.8	-1.0%	-6.2%	-3.2%
WIG20	2421.9	-1.3%	-1.9%	-6.2%
MSCI EM	1025.0	-0.5%	-3.9%	-2.9%
S&P 500	1548.3	-0.2%	1.9%	10.4%

UX INTRADAY MARCH 19, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	300.1	2.8%	9.2%	10.7%
CDS 5Y UKR	552.7	0.9%	-5.5%	-11.6%
Ukraine-13	4.39%	0.2 p.p.	-0.9 p.p.	-0.9 p.p.
Naftogaz Ukr-14	6.62%	0.0 p.p.	-0.4 p.p.	-1.0 p.p.
Ukraine-20	6.43%	0.0 p.p.	-0.5 p.p.	-0.8 p.p.
Privatbank-16	13.25%	0.0 p.p.	-1.7 p.p.	-2.1 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.14	0.1%	0.2%	1.1%
EUR	10.48	-0.5%	-3.4%	-1.9%
RUB	0.26	-0.5%	-2.7%	-0.9%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	320.0	0.0%	0.0%	0.0%
Steel, USD/t	577.5	0.0%	-3.3%	8.5%
Oil, USD/bbl	92.2	-1.7%	-4.4%	0.4%
Gold, USD/oz	1612.8	0.4%	0.2%	-2.6%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

EU Calls on Ukraine to Cancel New Auto Import Tariffs

by Will Ritter
w.ritter@eavex.com.ua

NEWS

A European Union delegation has demanded that Ukraine withdraw a newly-enacted measure which raises duties on imported automobiles by up to 13%, Reuters reported on Tuesday (Mar 19). The EU accused Ukraine of “creating a new trade barrier” and said the higher tariff regime will be “extremely damaging for EU car exports”. The previously existing tariff on imported cars was 10%. Ukraine imported USD 3.2bn worth of cars in 2012, according to industry association UkrAvtoProm, accounting for nearly a quarter of the national trade deficit.

COMMENTARY

In our view, the Ukrainian government’s decision to raise the tariffs was motivated by two purposes: first, improving the country’s balance of payments by reducing the trade deficit, and second, protecting domestic auto producers ZAZ and Bogdan Motors, controlled respectively by oligarchs Taniel Vasadze and Petro Poroshenko (Vasadze is a Party of Regions MP and Poroshenko served as Minister of Foreign Trade in the previous government). Ironically, much of Ukrainian “domestic auto production” involves only the final-stage assembly of foreign-built components, with the specific goal of avoiding Ukrainian import duties. The Ukrainian government’s decision to go ahead with this controversial tariff measure could be an indication that it is expecting to EU to refuse to sign a major free trade deal that is currently hanging in the balance, on unrelated political grounds. On the other hand, if the trade deal’s signing appears imminent, we suspect that the Ukrainian side will have to bite the bullet despite the justified worries over the country’s burgeoning BoP deficit, and back down on the tariff increase.

Krukiv Wagon Ups Net Profit by 13% YoY to USD 95mn in FY12

by Dmitry Churin
d.churin@eavex.com.ua

KRUKIV WAGON (KVBZ UK)

Price: UAH 22.51 Market Cap: USD 318mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012E	0.4	3.3	2.4	6.0%
2013E	0.4	6.3	3.4	3.2%

* actual

NEWS

Kremenchuk-based railcar producer Krukiv Wagon saw its net profit rise by 13% YoY to UAH 771mn (USD 95mn) in FY12, according to data published in the announcement for the company's general shareholder meeting scheduled on Apr 18.

COMMENTARY

Krukiv earned a record high net profit in 2012 thanks to outstanding operational results, with some 11,000 freight railcars produced during the period. The announced bottom slightly exceeded expectations, but had a limited impact on the stock price, as the company has started off 2013 with a sharp drop in its average daily output. Nevertheless, the record high profit is positive news. We estimate that Krukiv will distribute 20% of its net profit as a dividend, which would imply a UAH 1.35 DPS and a dividend yield of 6.0%. For FY13, however, we forecast that the company's net profit could fall by as much as 45% YoY to UAH 424mn as a result of sharply lower freight car output.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.08	0.07	-13%	SELL	Non-transparent reporting practises detrimentally affect the company's reported earnings.
Khartsysk Pipe	HRTR	0.10	0.19	98%	BUY	The company has a 100% dividend payout policy, which we expect to remain in place going forward.
Iron Ore						
Ferrexpo	FXPO LN	2.74	U/R	n/a	U/R	Under Review
Pivnichny GOK	SGOK	1.08	1.77	63%	BUY	Pivnichny GOK's dividend payout was 99% for FY11 with a DPS of USD 0.33, implying a dividend yield of 22%. The company has a dividend payout policy of nearly 100%, which we expect to remain in place going forward.
Centralny GOK	CGOK	0.86	1.30	51%	BUY	CGOK is a strong dividend play. A DPS of USD 0.27 was approved in April 2012, implying a dividend yield of 26%.
Coke						
Avdyivka Coke	AVDK	0.38	0.76	99%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasnyivsky Coke	YASK	0.07	0.42	468%	BUY	Yasnyivsky Coke benefits from steady demand for its output both in Ukraine & abroad thanks to the high quality of its coke relative to other domestic producers.
Coal						
Pokrovske Mine	SHCHZ	0.07	0.36	443%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	2.77	6.18	123%	BUY	Having achieving its post-1991 production maximum in 2011, Krukiv Wagon's revenue should rise at a 7% CAGR in 2012-2016E, with the EBITDA and net margins for the period near 15% and 11%, respectively.
LuganskTeplovoz	LTPL	0.23	0.64	182%	BUY	LuganskTeplovoz's incorporation into TransMashHolding should help it to exploit its already-dominant position on the Russian market for diesel locomotives.
Specialized Machinery						
Motor Sich	MSICH	306	644	110%	BUY	Motor Sich should see its sales grow with a 2012-2016E CAGR of 9%, reaching USD 1.2bn. For 2012-2016, we forecast an average EBITDA margin of 35% and a net margin of 28%.
Turboatom	TATM	0.44	1.09	148%	BUY	We model Turboatom's revenue as increasing at 18% CAGR over 2012-2015. Deliveries of hydro and steam turbines to export markets will remain the company's key revenue drivers.
Oil & Gas						
Concern Galnaftogaz	GLNG	0.018	0.030	63%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.42	1.52	266%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	1.2	6.0	411%	BUY	The expected start of operations in JKX's Russian gas field should lift output.
Power Utilities						
DonbasEnergO	DOEN	2.55	8.90	249%	BUY	DonbasEnergO recently launched Ukraine's most efficient power generation unit.
CenterEnergO	CEEN	0.70	1.84	162%	BUY	CentrEnergO's privatization is on the horizon for 2013.
Consumer						
MHP	MHPC	18.4	24.0	30%	BUY	MHP plans to launch production at Phase 1 of its new Vinnitsya poultry complex in early 2013. This will expand its poultry production capacity by some 60,000 tonnes p.a. in 2013, up from the current 384,000 tonnes.
Astarta	AST	18.40	30.0	63%	BUY	Rising global prices for agriculture products should offset the company's weaker than expected harvest this year. Astarta's business leans on three pillars: sugar beet cultivation/processing, grain cultivation, and cattle farming.
Avangardco	AVGR	9.30	28.3	204%	BUY	Avangard operates with a gross margin of 36% vs. the industry average of 22% and expects to raise its output by 56% by 2015, to 6.8bn eggs. Exports to the EU and the Middle East will be sales growth drivers.

Source: Eavex Research

PRICES AND QUOTES

Name	Ticker	Today, UAH*	52 high, UAH*	52 low, UAH*	Absolute performance				Performance relative to the UX index			
					1d	1w	1m	ytd	1d	1w	1m	ytd
UX Index	UX	961.63	1452.55	747.84	0.2%	-3.9%	-2.9%	1.2%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.050	0.10	0.04	1.2%	-1.6%	-3.1%	-6.0%	1.0%	2.4%	-0.2%	-7.2%
Azovstal	AZST	0.64	1.34	0.54	0.2%	-3.5%	-6.7%	-13.5%	0.0%	0.5%	-3.8%	-14.7%
Dniprospeztstal	DNSS	1,000	1,700	999	0.0%	0.0%	0.0%	0.1%	-0.2%	3.9%	2.9%	-1.1%
Enakievo Steel	ENMZ	35.4	85.0	27.7	1.2%	-0.1%	-0.5%	-6.9%	1.0%	3.9%	2.4%	-8.1%
Arcelor Mittal KR	KSTL	3.98	n/a	n/a	0.0%	0.0%	n/a	n/a	-0.2%	3.9%	n/a	n/a
Mariupol Ilyicha	MMKI	0.20	0.32	0.13	0.0%	0.0%	-4.8%	-9.1%	-0.2%	3.9%	-1.8%	-10.3%
Coke												
Avdyivka Coke	AVDK	3.12	5.44	1.90	1.4%	-3.4%	-6.4%	-4.6%	1.2%	0.5%	-3.4%	-5.8%
Yasnyivsky Coking	YASK	0.60	1.31	0.56	-1.6%	-4.8%	-14.3%	-10.4%	-1.8%	-0.8%	-11.4%	-11.6%
Iron Ore Mining												
Centralny GOK	CGOK	6.99	8.35	4.00	0.0%	-2.9%	7.5%	1.3%	-0.2%	1.0%	10.5%	0.1%
Ferrexpo	FXPO	2.74	5.37	2.35	-8.0%	-16.3%	-39.8%	-31.8%	-8.2%	-12.4%	-36.8%	-33.0%
Pivnichny GOK	SGOK	8.80	12.75	6.00	-7.0%	-8.3%	13.1%	18.3%	-7.2%	-4.4%	16.0%	17.1%
Coal Mining												
Pokrovske Mine	SHCHZ	0.54	1.40	0.52	-6.9%	-14.3%	-22.9%	-14.3%	-7.1%	-10.4%	-19.9%	-15.5%
Komsomolets Donbasa	SHKD	1.11	2.00	0.80	-1.8%	-3.5%	-6.7%	-5.9%	-2.0%	0.4%	-3.8%	-7.1%
Energy Coal	CLE	2.56	8.86	2.56	-13.7%	-19.6%	-35.8%	-17.3%	-13.9%	-15.7%	-32.9%	-18.5%
Mining Machinery												
Svitlo Shakhtara	HMBZ	n/a	0.58	0.003	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.78	1.34	0.60	-3.7%	2.6%	-1.3%	11.4%	-3.9%	6.6%	1.7%	10.3%
Interpipe NMPP	NVTR	0.20	0.60	0.12	0.0%	5.3%	0.0%	-9.1%	-0.2%	9.2%	2.9%	-10.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	22.5	23.5	14.2	-1.7%	-1.1%	-0.4%	16.0%	-1.9%	2.9%	2.5%	14.9%
Luhanskeplovoz	LTPL	1.85	2.45	1.28	0.0%	-2.1%	-5.6%	-1.1%	-0.2%	1.8%	-2.7%	-2.2%
Stakhanov Wagon	SVGZ	1.53	4.55	1.46	-0.6%	-4.4%	-15.9%	-11.6%	-0.8%	-0.5%	-13.0%	-12.7%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.22	0.03	0.0%	-2.2%	-10.0%	0.4%	-0.2%	1.8%	-7.1%	-0.7%
Motor Sich	MSICH	2,491	2,880	1,750	0.0%	-2.6%	5.1%	12.7%	-0.1%	1.3%	8.0%	11.6%
Summy Frunze Engineering	SMASH	2.85	4.49	0.76	-5.0%	58.3%	72.7%	90.0%	-5.2%	62.3%	75.7%	88.8%
Turboatom	TATM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WESTA ISIC	WES	0.22	1.26	0.13	-0.9%	-6.8%	2.7%	-7.3%	-1.1%	-2.9%	5.6%	-8.5%
Telecom												
Ukrtelecom	UTLM	0.14	0.42	0.12	-1.4%	1.6%	-2.5%	-14.4%	-1.6%	5.5%	0.4%	-15.5%
Oil & Gas												
Concern Galnaftogas	GLNG	0.12	n/a	n/a	0.0%	0.0%	0.0%	0.0%	-0.2%	3.9%	2.9%	-1.2%
JXX Oil	JKX	1.17	2.98	0.87	-2.4%	8.7%	15.1%	-1.8%	-2.6%	12.6%	18.0%	-3.0%
Ukrnafta	UNAF	155	315	80	-0.8%	-3.6%	-2.8%	30.9%	-1.0%	0.3%	0.2%	29.7%
Power Utilities												
Centrenerg	CEEN	5.72	8.43	4.05	0.2%	-0.3%	-3.1%	-9.9%	0.0%	3.7%	-0.2%	-11.1%
Donbasenergo	DOEN	20.8	29.4	15.0	-1.0%	-5.3%	-3.8%	-2.0%	-1.2%	-1.4%	-0.9%	-3.2%
Zakhidenergo	ZAEN	87.0	241.9	54.0	-11.1%	-8.3%	-9.4%	-10.3%	-11.3%	-4.4%	-6.4%	-11.5%
Consumer												
Agroton	AGT	3.22	7.7	2.24	-3.9%	8.6%	0.7%	-0.6%	-4.1%	12.6%	3.7%	-1.8%
Astarta	AST	18.4	22.1	13.9	-1.6%	-5.0%	-12.7%	2.9%	-1.8%	-1.1%	-9.8%	1.7%
Avangardo	AVGR	9.3	14.3	9.00	-3.9%	-5.6%	-7.9%	-17.9%	-4.1%	-1.7%	-5.0%	-19.1%
Industrial Milk Company	IMC	4.64	5.48	2.73	-4.1%	-6.6%	-11.3%	-12.6%	-4.3%	-2.7%	-8.3%	-13.8%
Kernel	KER	17.9	23.7	14.8	-4.9%	-8.5%	-17.3%	-17.2%	-5.0%	-4.6%	-14.4%	-18.4%
Mriya Agro Holding	MAYA	5.89	7.4	5.04	-0.6%	-3.5%	-7.1%	-9.2%	-0.8%	0.4%	-4.2%	-10.3%
MHPC	MHPC	18.4	19.9	10.00	-0.5%	-3.2%	-1.7%	20.7%	-0.7%	0.7%	1.2%	19.5%
Milkiland	MLK	4.68	6.3	4.24	0.0%	-2.5%	-3.7%	-0.5%	-0.2%	1.4%	-0.8%	-1.7%
Ovostar Union	OVO	30.9	41.5	23.2	0.0%	-3.8%	0.2%	6.8%	-0.2%	0.1%	3.1%	5.7%
Sintal	SNPS	n/a	2.35	0.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	1.88	0.22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	13.6	28.4	11.7	1.1%	-3.2%	-4.2%	1.1%	0.9%	0.7%	-1.2%	0.0%
Banks												
Raiffeisen Bank Aval	BAVL	0.105	0.137	0.061	-0.8%	-9.6%	-5.0%	23.0%	-0.9%	-5.7%	-2.1%	21.8%
UkrSotsbank	USCB	0.116	0.218	0.107	-0.5%	-12.3%	-12.7%	-10.2%	-0.7%	-8.4%	-9.7%	-11.3%

Source: Bloomberg

* companies listed abroad are in USD

MAIN FINANCIAL FORECASTS, USD mn

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012	2013E	2011	2012E	2013E
Steel																
Alchevsk Steel	ALMK	2,339	1,695	1,667	145	3	22	6.2%	0.2%	1.3%	36	-81	-17	1.6%	neg	neg
Enakievo Steel	ENMZ	1,716	1,611	1,577	-108	-102	-69	neg	neg	neg	31	-39	-125	1.8%	neg	neg
Azovstal	AZST	3,867	2,794	2,788	-102	-173	-64	neg	neg	neg	-64	-278	-170	neg	neg	neg
Coke																
Avdyivka Coke	AVDK	1,457	1,072	1,054	6	-128	-74	0.4%	neg	neg	-32	-142	-97	neg	neg	neg
Yasynivsky Coking	YASK	566	444	436	29	26	28	5.1%	5.9%	6.4%	15	7	12	2.7%	1.5%	2.7%
Iron Ore Mining																
Centralny GOK	CGOK	805	566	508	497	238	202	61.8%	42.0%	39.8%	325	95	104	40.4%	16.8%	20.5%
Pivnichny GOK	SGOK	1,834	1,515	1,301	1,174	813	640	64.0%	53.6%	49.2%	783	436	359	42.7%	28.8%	27.6%
Ferrexpo	FXPO	1,788	1,424	1,566	801	402	445	44.8%	28.2%	28.4%	575	215	263	32.2%	15.1%	16.8%
Coal Mining																
Komsomolets Donbasa	SHKD	192	256	255	67	99	90	35.1%	38.8%	35.3%	15	39	35	8.0%	15.1%	13.7%
Coal Energy	CLE	151	165	199	51	62	64	33.7%	37.5%	32.1%	37	38	43	24.4%	23.2%	21.7%
Pipe Manufacturing																
Khartsyzk Pipe	HRTR	775	659	699	145	112	117	18.7%	17.0%	16.8%	98	38	39	12.7%	5.8%	5.5%
Railcar Manufacturing																
Luhanskteplovoz	LTPL	199	167	209	14	15	19	7.0%	9.3%	8.9%	9	9	10	4.5%	5.2%	4.8%
Kryukiv Wagon	KVBZ	770	887	816	118	134	119	15.3%	15.1%	14.5%	85	93	82	11.0%	10.5%	10.0%
Stakhanov Wagon	SVGZ	437	385	388	33	21	17	7.6%	5.4%	4.4%	20	9	9	4.6%	2.3%	2.2%
Specialized Machinery																
Turboatom	TATM	169	173	183	63	47	50	37.0%	27.3%	27.3%	53	38	40	31.5%	22.1%	22.1%
Motor Sich	MSICH	722	873	933	285	309	330	39.4%	35.5%	35.3%	168	243	248	23.2%	27.8%	26.6%
Telecom																
Ukrtelecom	UTLM	843	815	707	206	205	179	24.5%	25.1%	25.3%	-17	31	33	neg	3.8%	4.6%
Oil & Gas																
Ukrnafta	UNAF	3,051	2,816	2,444	439	507	429	14.4%	18.0%	17.6%	272	312	226	8.9%	11.1%	9.2%
Regal Petroleum																
JKX Oil	JKX	237	225	250	114	145	150	48.3%	64.4%	60.2%	59	40	50	24.9%	17.8%	20.0%
Electric Utilities																
Centrenergo	CEEN	894	1,071	1,136	49	61	68	5.4%	5.7%	6.0%	4	29	33	0.5%	2.7%	2.9%
Donbasenergo	DOEN	495	600	665	21	17	24	4.2%	2.9%	3.6%	-3	4	10	neg	0.6%	1.5%
Consumer																
MHP	MHPC	1,229	1,408	1,532	401	468	523	32.6%	33.2%	34.1%	259	311	271	21.1%	22.1%	17.7%
Kernel	KER	1,899	2,157	2,800	310	322	339	16.3%	14.9%	12.1%	226	211	195	11.9%	9.8%	7.0%
Astarta	AST	402	458	549	144	98	121	29.9%	17.8%	18.3%	114	50	59	23.6%	9.1%	9.0%
Avangardco	AVGR	553	629	701	251	280	293	45.3%	44.5%	41.8%	196	228	232	35.5%	36.3%	33.1%
Agroton	AGT	122	93	107	19	31	33	15.3%	33.5%	31.0%	-2	19	21	neg	20.0%	19.5%
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	6,948	7,020	7,476	812	861	924	750	707	646	0	4	29	0.0%	0.5%	3.1%
Ukrspotsbank	USCB	5,032	5,151	5,064	827	814	788	449	451	469	2	2	13	0.2%	0.3%	1.7%

Source: Eavex Research

MAIN TRADING MULTIPLES

Ticker	MCap USD mn	Free Float % USD mn	EV USD mn	P/E			EV/EBITDA			EV/Sales			EV/Output			Units		
				2011	2012	2013E	2011	2012	2013E	2011	2012	2013E	2011	2012	2013E			
Steel																		
Alchevsk Steel	ALMK	159	3.9%	6	1,574	4.4	neg	neg	10.8	>30	>30	0.7	0.9	0.9	543	468	422	\$/tonne
Yenakievo Steel	ENMZ	46	8.8%	4	38	1.5	neg	neg	neg	neg	neg	0.0	0.0	0.0	15	14	14	\$/tonne
Azovstal	AZST	330	4.1%	14	309	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	55	52	50	\$/tonne
DniproSpetzStal	DNSS																	
Coke																		
		75	7.5%	6	72	neg	neg	neg	11.8	neg	neg	0.0	0.1	0.1	21	16	13	\$/tonne
Avdyivka Coke	AVDK	20	9.0%	2	49	1.3	3.0	1.7	1.7	1.9	1.8	0.1	0.1	0.1	1.7	1.9	1.8	\$/tonne
Yasynivsky Coke	YASK																	
Iron Ore Mining																		
Centralny GOK	CGOK	2,492	0.5%	14	2,617	3.2	5.7	6.9	2.2	3.2	4.1	1.4	1.7	2.0				
Pivnichny GOK	SGOK	1,615	24.0%	388	1,865	2.8	7.5	6.1	2.3	4.6	4.2	1.0	1.3	1.2				
Ferrexpo	FXPO																	
Coal Mining																		
Komsomolets Donbasa	SHKD	116	11.9%	14	141	3.2	3.0	2.7	2.8	2.3	2.2	0.9	0.9	0.7	2.8	2.3	2.2	\$/tonne
Pokrovskoe Mine	SHCHZ																	
Mining Machinery		249	2.0%	5	292	2.5	6.5	6.4	2.0	2.6	2.5	0.4	0.4	0.4	463	768	729	\$/tonne
Svitlo Shakhtara	HMBZ																	
Pipe Manufacturing																		
		50	24.0%	12	50	5.6	5.8	5.0	3.6	3.2	2.7	0.3	0.3	0.2				
Khartsyzk Pipe	HRTR	317	5.0%	16	320	3.7	3.4	3.9	2.7	2.4	2.7	0.4	0.4	0.4				
Interpipe NMPP	NVTR	43	8.0%	3	82	2.1	4.9	5.0	2.5	3.9	4.8	0.2	0.2	0.2				
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	182	5.8%	10	130	3.4	4.8	4.5	2.1	2.8	2.6	0.8	0.8	0.7				
Kruktiv Wagon	KVBZ	636	24.0%	153	646	3.8	2.6	2.6	2.3	2.1	2.0	0.9	0.7	0.7				
Stakhanov Wagon	SVGZ																	
Specialized Machinery																		
Sumy Frunze Engineering	SMASH	315	7.2%	23	651	neg	10.2	9.6	3.2	3.2	3.6	0.8	0.8	0.9				
Turboatom	TATM	1,034	3.0%	31	1,024	3.8	3.3	4.6	2.3	2.0	2.4	0.3	0.4	0.4	n/a	n/a	n/a	\$/boe
Motor Sich	MSICH																	
Auto Industry																		
Bogdan Motors	LUAZ	202	50.4%	102	310	3.4	5.0	4.0	2.7	2.1	2.1	1.3	1.4	1.2	82	57	42	\$/boe
Telecom																		
Ukrtelecom	UTLM	260	21.7%	56	342	>30	9.0	7.8	7.0	5.6	5.1	0.4	0.3	0.3	23	24	19	\$/MWh
		60	14.2%	9	117	neg	15.8	6.0	5.7	6.8	4.9	0.2	0.2	0.2	14	14	13	\$/MWh
Oil & Gas																		
Ukrnafta	UNAF	1,944	34.1%	663	2,989	7.5	6.2	7.2	7.5	6.4	5.7	2.4	2.1	2.0	9339	9339	9339	\$/tonne
Concern Galnaftogaz	GLNG	1,321	61.8%	816	1,931	5.8	6.3	6.8	6.2	6.0	5.7	1.0	0.9	0.7				
JKX Oil & Gas	JKX	459	31.0%	142	606	4.0	9.2	7.8	4.2	6.2	5.0	1.5	1.3	1.1	3072	1870	1553	\$/tonne
Electric Utilities																		
CentrEnerg	CEEN	594	22.5%	134	742	3.0	2.6	2.6	3.0	2.7	2.5	1.3	1.2	1.1	168	128	120	\$/mneggs
DonbasEnerg	DOEN	70	44.6%	31	103	neg	3.8	3.4	5.5	3.3	3.1	0.8	1.1	1.0	0.8	n/a	n/a	\$/th/ha
ZakhidEnerg	ZAEN	389	4.0%	16		>30	>30	13.6	0.5	0.5	0.4	0.06	0.06	0.05				
Consumer																		
MHP	MHPC	262	1.6%	4		>30	>30	21.8	0.3	0.3	0.3	0.06	0.06	0.06				
Kernel	KER	1,177	16.3%	192	2,059	5.5	4.5	5.7	6.3	5.1	5.3	2.2	1.7	1.6	6433	6433	6433	\$/tonne
Astarta	AST	1,286	58.4%	751	1,594	8.5	5.7	5.0	8.4	5.1	4.3	1.6	0.8	0.7				
Avangardco	AVGR	403	31.0%	125	550	4.4	3.5	3.7	4.6	3.8	3.7	2.2	1.4	0.9	2789	1698	1410	\$/tonne
Agroton	AGT	642	22.5%	144	717	3.5	3.3	2.5	3.7	2.9	2.3	1.6	1.3	1.0	162	123	116	\$/mneggs
Sintal*	SNPS	51	44.6%	23	84	3.2	neg	2.7	2.4	4.5	2.0	0.9	0.7	0.7	0.6	0.6	n/a	\$/harv ha
MCB Agricole*	4GW1	39	36.3%	14	39	19.7	3.7	2.2	6.8	2.7	1.7	0.9	0.7	0.5	0.5	0.4	0.3	\$/harv ha
		7	24.4%	2	4	1.3	0.4	0.4	0.5	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	\$/harv ha
Chemicals																		
Stirol	STIR	51	9.7%	5	102	neg	neg	8.3	neg	neg	3.1	0.4	0.2	0.2	102	41	37	\$/tonne
Banks																		
Raiffeisen Bank Aval	BAVL	328	4.0%	13		>30	>30	7.1	0.4	0.4	0.4	0.05	0.05	0.04				
Ukrsotsbank	USCB	342	1.5%	5		>30	>30	14.3	0.4	0.4	0.3	0.09	0.09	0.09				

Source: Eavex Research

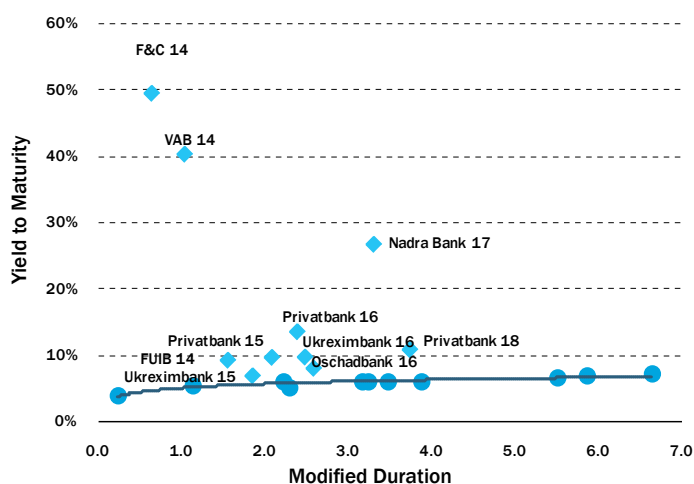
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2013	100.5	100.9	5.2%	3.5%	-0.3%	0.2	7.65%	S/A	11 Jun. 2013	1,000	/B+/B
Ukraine, 2014	102.7	103.3	5.5%	5.1%	1.2%	1.1	7.95%	S/A	6 Apr. 2014	1,000	/B+/B
Naftogaz Ukraine, 2014	103.8	104.4	6.9%	6.4%	1.1%	1.4	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	98.3	99.8	5.7%	5.0%	1.5%	2.3	4.95%	A	13 Oct 2015	600*	B2/B+/B
Ukraine, 2015	101.7	102.5	6.1%	5.8%	0.8%	2.2	6.875%	S/A	23 Sept 2015	500	B2/B+/B
Ukraine, 2016	101.2	101.6	6.2%	6.1%	1.5%	3.2	6.58%	S/A	21 Nov 2016	1,000	B//B
Ukraine, 2016-2	100.0	100.7	6.2%	6.0%	0.7%	3.2	6.25%	S/A	17 Jun 2016	1,250	B2/B+/B
Ukraine, 2017	102.1	103.0	6.2%	6.0%	3.3%	3.9	6.75%	S/A	14 Nov 2017	700	B2/B+/B
Ukraine, 2017-2	110.9	111.5	6.3%	6.2%	3.7%	3.5	9.25%	S/A	24 Jul 2017	2,000	B2/B+/B
Ukraine, 2017 Infr. projects	103.3	104.8	7.6%	7.2%	5.9%	3.7	8.375%	S/A	3 Nov 2017	568	B2/-/-
Ukraine, 2018 Infr. projects	97.9	99.1	8.0%	7.7%	6.1%	4.0	7.40%	S/A	20 Apr 2018	690	B2/-/-
Ukraine, 2020	107.3	108.1	6.5%	6.4%	4.6%	5.5	7.75%	S/A	23 Sept 2020	1,500	B2/B+/B
Ukraine, 2021	107.8	108.6	6.6%	6.5%	4.2%	5.9	7.95%	S/A	23 Feb 2021	1,500	B2/B+/B
Ukraine, 2022	105.4	105.9	7.0%	6.9%	4.7%	6.6	7.80%	S/A	28 Nov 2022	1,250	//B
Corporate Eurobonds											
Agroton, 2014	75.0	80.0	38.4%	32.3%	#VALUE!	1.0	12.50%	S/A	14 Jul 2014	50	-/-/B-
MHP, 2015	107.7	109.4	6.3%	5.9%	2.9%	1.9	10.25%	S/A	29 Apr 2015	585	B3//B
Avangardco, 2015	102.8	102.8	8.8%	8.8%	7.6%	2.2	10.00%	S/A	29 Oct 2015	200	-/-/B
Mriya, 2016	106.0	106.0	8.7%	8.7%	2.9%	2.4	10.95%	S/A	30 Mar 2016	250	-/B/B-
DTEK, 2015	105.6	106.2	6.6%	6.3%	4.8%	1.8	9.50%	S/A	28 Apr 2015	500	B2//B
Metinvest, 2015	106.6	107.5	6.9%	6.5%	3.1%	1.9	10.25%	S/A	20 May 2015	500	B3//B-
Metinvest, 2018	103.7	104.7	7.8%	7.6%	7.5%	3.9	8.75%	S/A	14 Feb 2018	750	B2/-/B-
Ferrexpo, 2016	101.0	101.0	7.5%	7.4%	3.7%	2.6	7.875%	S/A	07 Apr 2016	500	B2/B+/B
Interpipe, 2017	84.0	88.0	15.4%	13.8%	5.0%	3.2	10.25%	S/A	2 Aug 2017	200	-/B+/B+
Bank Eurobonds											
Fin&Credit Bank, 2014	78.0	82.0	44.4%	37.1%	30.0%	0.7	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	102.6	103.9	9.5%	8.7%	2.3%	1.6	11.00%	Q	31 Dec 2014	275	B2//B-
Nadra Bank, 2017	72.0	80.2	29.8%	21.8%	5.0%	3.3	8.00%	A	22 Jun 2017	175	WD//WD
PrivatBank, 2015	98.7	100.0	10.0%	9.4%	4.9%	2.1	9.38%	S/A	23 Sept 2015	200	B1//B
PrivatBank, 2016	80.1	85.2	14.4%	12.0%	7.0%	2.4	8.75%	S/A	9 Feb 2016	150	B1//B
PrivatBank, 2016	99.7	101.2	10.9%	10.5%	0.5%	3.7	10.88%	S/A	28 Feb 2018	175	//B
UkrEximBank, 2015	102.2	103.2	7.2%	6.7%	2.8%	1.8	8.38%	S/A	27 Apr 2015	750	B1//B
UkrEximBank, 2016	90.0	92.0	9.9%	9.0%	8.0%	2.5	8.40%	S/A	2 Sept 2016	125	B1//B
UkrEximBank, 2018	102.3	103.2	8.2%	7.9%	2.8%	3.8	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	72.0	74.0	41.4%	38.7%	33.3%	1.0	10.50%	Q	14 Jun 2014	125	Caa1-/WD
Oschadbank, 2016	99.2	100.2	8.6%	8.2%	4.8%	2.6	8.25%	S/A	10 Mar 2016	700	B2//B
Municipal Eurobonds											
City of Kyiv, 2015	97.5	99.2	9.1%	8.3%	5.1%	2.2	8.00%	S/A	6 Nov 2015	250	B1/CCC+/B
City of Kyiv, 2016	98.7	100.8	9.8%	9.1%	6.6%	2.7	9.375%	S/A	30 Jun 2016	300	B1/CCC+/B

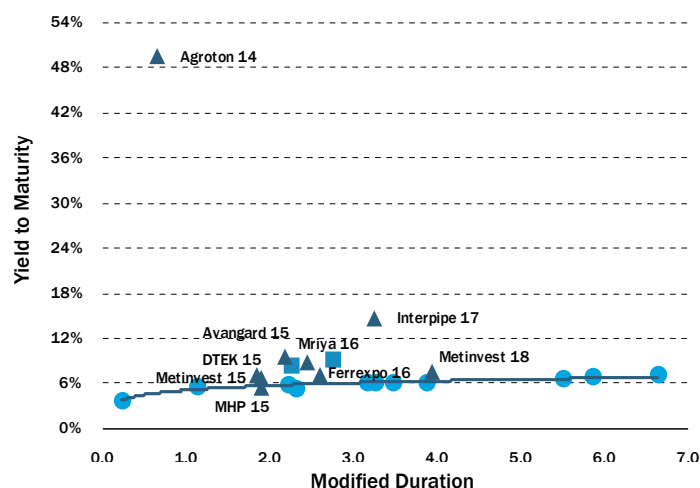
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

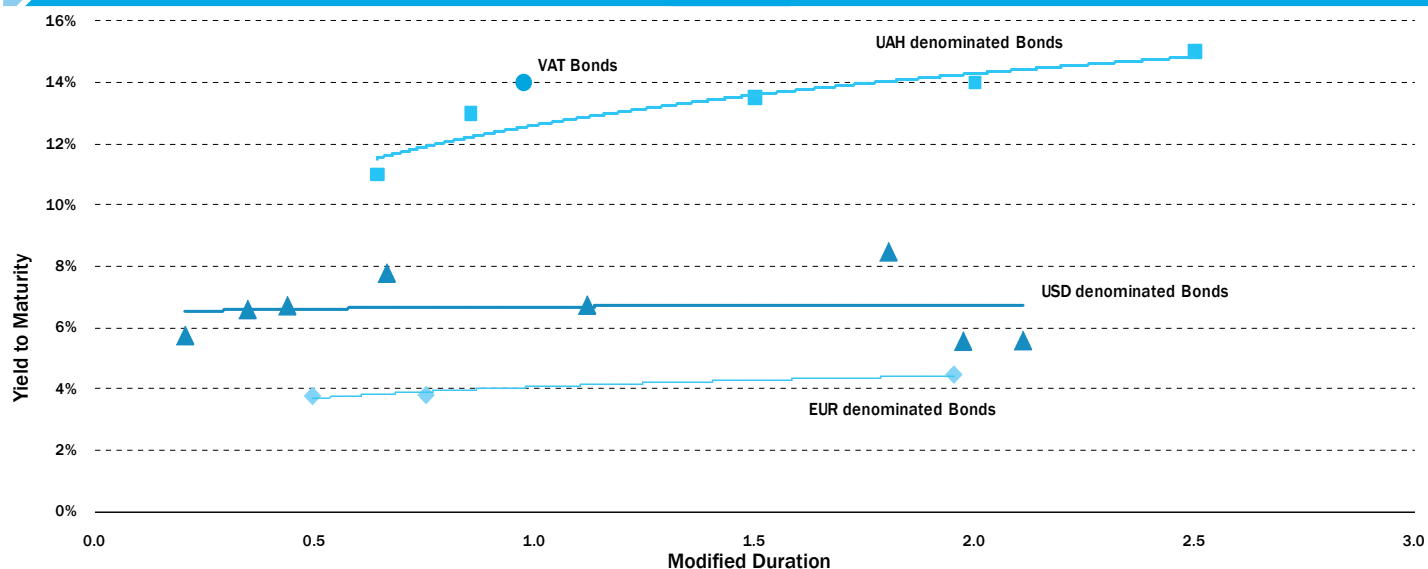


Source: Bloomberg, Cbonds, Eavex Research

UKRAINIAN DOMESTIC BONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD
UAH denominated Bonds									
UA4000119473			9.0%	7.5%	0.6	9.00%	S/A	22 May 2013	64
UA4000115117			14.0%	10.0%	0.8	10.75%	S/A	26 Mar 2014	187
UA4000141592			15.0%	12.0%	1.5	14.30%	S/A	20 May 2015	31
UA4000142665			17.0%	15.0%	2.0	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000134431									
UA4000141063	100.4	100.6	6.50%	5.00%	0.2	9.30%	S/A	29 May 2013	235
UA4000142384	100.7	101.1	7.00%	6.21%	0.3	9.30%	S/A	24 Jul 2013	413
UA4000136832	100.9	101.3	7.24%	6.22%	0.4	9.27%	S/A	28 Aug 2013	254
UA4000138002	102.8	103.1	8.10%	7.50%	0.7	9.30%	S/A	27 Nov 2013	86
UA4000140362	104.3	104.8	5.75%	7.75%	1.1	9.20%	S/A	21 May 2014	171
UA4000142699	100.0	101.8	9.00%	8.00%	1.8	9.45%	S/A	22 Apr 2015	312
UA4000141071	108.0	109.0	5.80%	5.33%	2.0	9.45%	S/A	27 May 2015	152
UA4000142673	97.9	98.9	5.83%	5.34%	2.1	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000137731	100.6	100.8	3.93%	3.70%	0.5	4.80%	S/A	18 Sept 2013	205
UA4000138846	101.1	101.3	4.07%	3.91%	0.7	4.80%	S/A	25 Dec 2013	70
UA4000142681	101.4	101.5	4.56%	4.50%	1.9	4.80%	S/A	6 May 2015	40
VAT Bonds									
UA4000082531			12.5%	11.5%	1.0	5.50%	S/A	21 Aug 2015	141
UA4000082622			12.5%	11.5%	1.0	5.50%	S/A	24 Aug 2015	571
UA4000083059			12.5%	11.5%	1.0	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

DOMESTIC BONDS YIELD CURVE


Source: Bloomberg, Cbonds, Eavex Research

Eavex Capital

Evropa Plaza
33 Shevchenko Blvd.
Floor 11
Kyiv, Ukraine, 01032

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity & Fixed Income

a.klymchuk@eavex.com.ua

Evgen Klymchuk

Fixed Income Sales & Trading

e.klymchuk@eavex.com.ua

Artem Mateshko

Equity Trading

a.mateshko@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua

INVESTMENT BANKING

Anatoliy Zaslavchik

Managing Director

Corporate Finance & IB

a.zaslavchik@eavex.com.ua