

Market Update

Equity

Ukrainian stocks fell in line with European shares on Thursday (Mar 21) as the European Central Bank toughened its stance on a bank bailout for Cyprus, giving the country just 4 days to come up with a proposal to generate EUR 5.8bn in revenues and avoid a national insolvency event. The UX index lost 0.9%, closing at 952 points. Top liquid issues Motor Sich (MSICH), Avdyivka Coke (AVDK), and Raiffeisen Aval (BAVL) were all hit, losing 2.1%, 1.9%, and 1.6% respectively on fairly heavy combined turnover of UAH 22.1mn, and Metinvest-controlled steelmakers Azovstal (AZST) and Yenakievo (ENMZ) both fell about 1%. CentrEnerg (CEEN) was the day's bright spot, adding 0.7% after announcing an FY12 dividend that implies a 3.3% yield, and low-liquidity issue UkrSotsBank (USCB) rose 3.2% to 12 kopecks on the nose. It was a rough day for Ukrainian agro names listed abroad, with Avangard (AVGR LI) slumping 7.5% in London and Kernel (KER PW) losing 5.0% to PLN 54.50 in Warsaw; both issues are sitting at fresh 6-month lows. MHP (MHPC LI), which has performed much better than its rivals recently, nonetheless sold off by 1.8% yesterday, finishing at USD 17.60.

Fixed Income

Ukrainian sovereign Eurobonds were mixed on Thursday. Ukraine-22s was up by 0.3p.p. to 104.7/105.2 (7.1%/7.0%) while Ukraine-17s was down by 0.3p.p. finishing at 101.3/102.2 (6.4%/6.2%). Corporate names were down. MHP-15s was a loss leader sliding by 0.9p.p. to 107.5/108.5 (6.4%/5.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2427.00	-2.1%	17.0	254
Centrenerg	CEEN	5.795	0.8%	6.7	227

Growth Leaders

Mariupol Ilyicha	MMKI	0.20	8.8%	0.09	40
Komsomolets Donbasa	SHKD	1.10	4.8%	0.03	22

Loss Leaders

Pokrovske Mine	SHCHZ	0.40	-30.9%	0.00	18
Donbasenergo	DOEN	20.86	-2.2%	0.87	87

Highlights

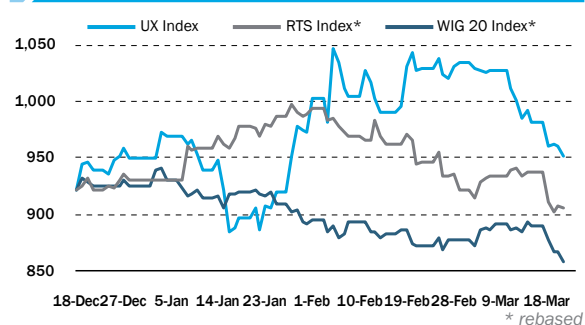
STOCKS IN THE NEWS

- > Azovstal Net Loss Surges 5x YoY to USD 334mn
- > Yasynivsky Coke Reports USD 11mn Net Profit for FY12
- > CentrEnerg Announces UAH 0.19 per Share Dividends. Yield of 3.3%

FIXED INCOME

- > MHP Has Received Tenders from Holders of USD 463mn (79%) of MHP-15s
- > UkrLandFarming Places USD 250mn Bonds at 10.875%

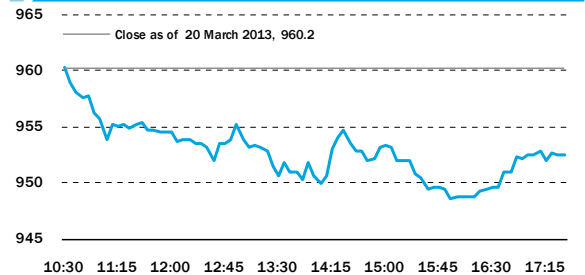
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	951.7	-0.9%	-4.3%	0.1%
RTS	1485.7	-0.2%	-5.9%	-2.7%
WIG20	2395.8	-1.1%	-3.2%	-7.2%
MSCI EM	1022.4	-0.4%	-3.9%	-3.1%
S&P 500	1545.8	-0.8%	1.7%	10.2%

UX INTRADAY MARCH 21, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	298.1	0.4%	8.5%	10.0%
CDS 5Y UKR	564.4	0.5%	-3.5%	-9.7%
Ukraine-13	5.11%	1.1 p.p.	0.0 p.p.	-0.2 p.p.
Naftogaz Ukr-14	6.71%	0.0 p.p.	-0.3 p.p.	-0.9 p.p.
Ukraine-20	6.52%	0.0 p.p.	-0.5 p.p.	-0.7 p.p.
Privatbank-16	13.23%	0.0 p.p.	-1.8 p.p.	-2.1 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	7.97	-2.1%	-1.8%	-1.0%
EUR	10.49	-0.3%	-3.2%	-1.8%
RUB	0.26	-0.2%	-2.4%	-0.8%

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	92.5	-1.1%	-4.6%	0.7%
Gold, USD/oz	1614.9	0.5%	0.3%	-2.5%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Azovstal Net Loss Surges 5x YoY to USD 334mn

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

AZOVSTAL (AZST UK)

Price: UAH 0.62 Market Cap: USD 322mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012E	0.1	neg*	neg	0.0%
2013E	0.1	neg	neg	0.0%

*actual

Yasynivsky Coke Reports USD 11mn Net Profit for FY12

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

YASYNIVSKY COKE (YASK UK)

Price: UAH 0.62 Market Cap: USD 21mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012E	0.1	1.9*	1.7	0.0%
2013E	0.1	1.9	1.8	0.0%

*actual

NEWS

Azovstal, Ukraine's second-largest steelmaker, reported a net loss of UAH 2.70bn (USD 334mn) for FY12, according to the company's AGM announcement for Apr 25. The FY12 result represents a 5.3x surge compared to the loss of UAH 508mn posted in 2011. Other figures from the P&L statement were not disclosed.

COMMENTARY

The company's FY12 bottom line came in even worse than our already-pessimistic expectation of a USD 278mn loss. While the poor result is partly attributable to an 18% YoY drop in steel output and a double-digit decline in the average selling price, the ongoing utilization of transfer pricing practices also made a major negative contribution, in our view. We confirm our SELL recommendation for the AZST stock with a target price of USD 0.07 per share.

NEWS

Yasynivsky Coke, one of the major assets of the DonetskStal metallurgical group, reported a net profit of UAH 88mn (USD 10.9mn) for FY12, according to the company's AGM announcement for Apr 25. This represents a 27% YoY decrease from the bottom line of USD 15.0mn posted in FY11. Other figures from the P&L statement were not disclosed.

COMMENTARY

The company's FY12 result was marginally better than our projection of USD 7mn. Despite a 7% decline in the company's production in 2H12 vs. 1H12, it managed to improve its bottom line by 80% in 2H. This could be partly explained by a lucrative differential in the pricing dynamics between coking coal and coke prices in Ukraine. Coke prices declined by 11% to USD 250 per tonne compared to a fall of 20% in prices for coking coal. The YASK stock has seen a notable rise in turnover during the past several months, becoming one of the most actively traded domestic issues outside the 10-member UX basket, and looks heavily undervalued to us at the current level of near 62 kopecks.

CentrEnergO Announces UAH 0.19 per Share Dividends. Yield of 3.3%

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

CENTRENERGO (CEEN UK)

Price: UAH 5.79 Market Cap: USD 354mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012E	0.9	0.4	12.3*	7.2	2.5%
2013E	0.9	0.4	10.6	6.5	0.0%

*actual

Poltavsky GOK's Bottom Line Plummetts by 81% YoY to USD 53mn

by Ivan Dzvinika
i.dzvinika@eavex.com.ua

POLTAVSKY GOK (PGOK UK)

Price: UAH 11.0 Market Cap: USD 252mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2011	0.41	0.9	1.1	4.7%
2012E	0.52	4.7*	2.3	4.7%

*actual

NEWS

CentrEnergO, Ukraine's second-largest thermal electricity generation company, announced a UAH 0.19 per share dividend for FY12 at its annual shareholder meeting held on Thursday (Mar 21). The ex-rights day for the dividend was set as the same date as the shareholder meeting. Dividend payments will be made by Jun 1 of this year. The DPS implies a dividend yield of 3.3%.

COMMENTARY

This dividend could be the last which CentrEnergO pays for a number of years, if the company is privatized as planned later in 2013. State-controlled companies are obligated to pay out at least 30% of their annual net profit, and the National Energy Company of Ukraine currently owns 78.3% of CentrEnergO. The dividend announcement had a positive impact on the CEEN stock, which finished in the black yesterday while the rest of the UX blue chips lost ground.

NEWS

Poltavsky GOK, the main operating asset of London-listed iron ore producer Ferrexpo, reported that its net income for FY12 was UAH 432mn (USD 53.5mn), as stated in the company's AGM announcement for Apr 25. Other figures from the P&L statement were not disclosed.

COMMENTARY

While a decrease in Poltavsky GOK's net income was expected in light of 2012's weakening in iron ore prices (with the situation exacerbated by production cost inflation), the magnitude of this drop looks suspiciously large, in our view. We presume that the intensified use of transfer pricing schemes made a significant contribution to the poor FY12 result. We note that Poltavsky's net profit in FY12 was equal to just 25% of its parent Ferrexpo's bottom line, while in 2011 this ratio was nearly twice as high at 49%.

MHP Has Received Tenders from Holders of USD 463mn (79%) of MHP-15s

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

NEWS

MHP, Ukraine's largest poultry producer, said in a Wednesday (Mar 20) press release that it had received valid tenders from holders of USD 463.3mn of the aggregate principal of its MHP-15s Eurobonds, representing some 79% of the total outstanding bond amount of USD 585mn.

COMMENTARY

The above-mentioned tender amount of USD 463mn significantly exceeds the company's initial goal of repaying USD 350mn of its outstanding MHP-15s (for details see our news as of Mar 11). With MHP having the option to increase the volume of the buyback, we see a rather high probability that all of the currently tendered USD 463mn sum will be repaid by MHP since as we noted before, this will allow the company to save on financial expenses.

MHP is now marketing its new bonds targeting a reportedly yield of some 8.25% and 7-year maturity.

UkrLandFarming Places USD 250mn Bonds at 10.875%

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

NEWS

UkrLandFarming (ULF), Ukraine's largest agricultural group in terms of land under lease, placed a 5-year USD 250mn Eurobond with a yield of 10.875%, Interfax reported on Wednesday (Mar 20), citing market sources.

UkrLandFarming, which is controlled by Ukrainian business magnate Oleg Bakhmatyuk, is the majority owner of London-listed Avangard, Ukraine's largest egg producer.

COMMENTARY

The amount raised in the new bond issue is far less than the initially-planned USD 1.0bn, which was subsequently revised downward to USD 500mn and then to USD 300mn. Skeptical investor sentiment toward ULF's subsidiary Avangard due to company-specific risks was reflected in the relative lack of interest in the new ULF bond issue. Despite the solid advantages of ULF's investment case in terms of its large size, the coupon on the group's bond is notably higher than the expected yield on the new bonds of Ukraine's other London-listed agricultural group MHP, which would be in the region of 8.0-8.5% or some 240-290 bps less than ULF's. Investors in London reacted to the news of ULF's bond placement by hammering the Avangard stock, pushing it down 7.5% to USD 8.60.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.08	0.07	-11%	SELL	Non-transparent reporting practises detrimentally affect the company's reported earnings.
Khartsysk Pipe	HRTR	0.09	0.19	111%	BUY	The company has a 100% dividend payout policy, which we expect to remain in place going forward.
Iron Ore						
Ferrexpo	FXPO LN	2.62	U/R	n/a	U/R	Under Review
Pivnichny GOK	SGOK	1.08	1.77	64%	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	0.87	1.30	50%	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	102%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasnyivsky Coke	YASK	0.08	0.42	452%	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	0.05	0.36	632%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	2.65	6.18	133%	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	298	644	116%	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	0.41	1.52	274%	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	405%	BUY	The expected start of operations in JKX's Russian gas field should lift output.
Power Utilities						
DonbasEnergO	DOEN	2.56	8.90	247%	BUY	DonbasEnergO recently launched Ukraine's most efficient power generation unit.
CenterEnergO	CEEN	0.71	1.84	158%	BUY	CentrEnergO's privatization is on the horizon for 2013.
Consumer						
MHP	MHPC	17.6	24.0	36%	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	17.85	30.0	68%	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	8.60	28.3	229%	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	951.72	1452.55	747.84	-0.9%	-4.1%	-4.3%	0.1%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.050	0.10	0.04	-0.4%	-2.0%	-2.9%	-7.1%	0.5%	2.1%	1.4%	-7.2%
Azovstal	AZST	0.62	1.33	0.54	-1.0%	-6.3%	-9.2%	-16.0%	-0.1%	-2.2%	-4.9%	-16.1%
Dniprospezstal	DNSS	970	1,700	970	0.0%	-3.0%	-3.0%	-2.9%	0.9%	1.1%	1.3%	-3.0%
Enakievo Steel	ENMZ	34.7	85.0	27.7	-1.1%	-1.9%	-2.7%	-8.7%	-0.2%	2.2%	1.7%	-8.8%
Arcelor Mittal KR	KSTL	3.98	n/a	n/a	0.0%	0.0%	n/a	n/a	0.9%	4.1%	n/a	n/a
Mariupol Ilyicha	MMKI	0.20	0.32	0.13	11.1%	0.0%	0.0%	-9.1%	12.0%	4.1%	4.3%	-9.2%
Coke												
Avdivka Coke	AVDK	3.07	5.44	1.90	-1.9%	-5.2%	-6.9%	-6.1%	-1.0%	-1.1%	-2.5%	-6.2%
Yasnyivsky Coking	YASK	0.62	1.31	0.56	0.0%	-8.8%	-11.4%	-7.5%	0.9%	-4.7%	-7.1%	-7.6%
Iron Ore Mining												
Centralny GOK	CGOK	7.04	8.35	4.00	5.1%	-0.1%	7.5%	2.0%	6.0%	4.0%	11.8%	1.9%
Ferrexpo	FXPO	2.62	5.09	2.35	-0.7%	-12.8%	-40.1%	-35.0%	0.2%	-8.7%	-35.8%	-35.1%
Pivnichny GOK	SGOK	8.76	12.75	6.00	-0.5%	-2.1%	7.0%	17.7%	0.4%	2.0%	11.3%	17.6%
Coal Mining												
Pokrovske Mine	SHCHZ	0.40	1.40	0.40	-31.0%	-36.5%	-42.9%	-36.5%	-30.2%	-32.4%	-38.5%	-36.6%
Komsomolets Donbasa	SHKD	1.10	2.00	0.80	4.8%	-1.8%	-9.8%	-6.8%	5.6%	2.3%	-5.5%	-6.9%
Energy Coal	CLE	2.48	8.69	2.48	0.0%	-21.5%	-36.7%	-19.9%	0.9%	-17.4%	-32.3%	-20.0%
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	0.73	1.34	0.60	-1.4%	-6.4%	-12.0%	4.3%	-0.5%	-2.3%	-7.7%	4.2%
Interpipe NMPP	NVTR	0.22	0.60	0.12	10.0%	22.2%	29.4%	0.0%	10.9%	26.3%	33.8%	-0.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	21.6	23.5	14.2	0.3%	-2.0%	-8.2%	11.1%	1.2%	2.1%	-3.9%	11.0%
Luhanskeplovoz	LTPL	1.85	2.45	1.28	0.0%	-3.6%	-1.6%	-1.1%	0.9%	0.5%	2.8%	-1.2%
Stakhanov Wagon	SVGZ	1.55	4.55	1.46	0.0%	0.6%	-15.3%	-10.4%	0.9%	4.8%	-11.0%	-10.5%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.22	0.03	3.3%	-10.6%	-15.5%	3.8%	4.2%	-6.5%	-11.1%	3.7%
Motor Sich	MSICH	2,427	2,880	1,750	-2.1%	-3.6%	1.6%	9.8%	-1.2%	0.5%	5.9%	9.7%
Summy Frunze Engineering	SMASH	3.49	4.23	0.76	22.5%	-12.8%	109.0%	132.7%	23.3%	-8.6%	113.3%	132.5%
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	0.21	1.25	0.13	-4.9%	-12.0%	-3.4%	-14.0%	-4.0%	-7.9%	0.9%	-14.2%
Telecom												
Ukrtelecom	UTLM	0.14	0.42	0.12	-2.2%	-1.6%	-2.9%	-15.6%	-1.3%	2.5%	1.5%	-15.7%
Oil & Gas												
Concern Galnaftogas	GLNG	0.12	n/a	n/a	0.0%	0.0%	-7.7%	0.0%	0.9%	4.1%	-3.3%	-0.1%
JXX Oil	JKX	1.19	2.95	0.87	0.9%	8.5%	16.2%	-0.7%	1.8%	12.6%	20.6%	-0.8%
Ukrnafta	UNAF	150	309	80	-1.1%	-7.6%	-2.0%	26.6%	-0.2%	-3.5%	2.3%	26.5%
Power Utilities												
Centrenerg	CEEN	5.80	8.43	4.05	0.7%	1.1%	-0.8%	-8.7%	1.6%	5.2%	3.5%	-8.8%
Donbasenergo	DOEN	20.9	29.4	15.0	-2.2%	-6.1%	-2.5%	-1.6%	-1.3%	-2.0%	1.8%	-1.7%
Zakhidenergo	ZAEN	85.0	241.9	54.0	0.0%	-12.6%	-11.0%	-12.4%	0.9%	-8.4%	-6.6%	-12.5%
Consumer												
Agroton	AGT	3.17	7.7	2.24	-2.1%	-9.4%	-2.8%	-2.2%	-1.2%	-5.3%	1.5%	-2.3%
Astarta	AST	17.9	22.1	13.9	-0.5%	-4.0%	-11.1%	0.1%	0.4%	0.1%	-6.7%	0.0%
Avangardo	AVGR	8.6	14.3	8.60	-7.5%	-11.2%	-14.8%	-24.1%	-6.6%	-7.1%	-10.4%	-24.2%
Industrial Milk Company	IMC	4.77	5.48	2.73	-2.5%	-3.4%	-8.4%	-10.0%	-1.7%	0.7%	-4.1%	-10.1%
Kernel	KER	16.8	23.7	14.8	-5.6%	-13.2%	-23.1%	-22.5%	-4.7%	-9.1%	-18.8%	-22.6%
Mriya Agro Holding	MAYA	5.91	7.4	5.04	-0.2%	-3.1%	-8.8%	-8.9%	0.7%	1.0%	-4.4%	-9.0%
MHPC	MHPC	17.6	19.9	10.00	-1.7%	-7.8%	-8.1%	15.4%	-0.8%	-3.7%	-3.7%	15.3%
Milkiland	MLK	4.44	6.3	4.24	-2.0%	-6.8%	-9.4%	-5.7%	-1.1%	-2.7%	-5.0%	-5.8%
Ovostar Union	OVO	29.9	41.5	23.2	-0.8%	-4.5%	-2.4%	3.5%	0.1%	-0.4%	1.9%	3.3%
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	0.0%	-4.3%	-1.5%	1.1%	0.9%	-0.2%	2.9%	1.0%
Banks												
Raiffeisen Bank Aval	BAVL	0.105	0.137	0.061	-1.6%	-6.8%	-11.0%	22.4%	-0.7%	-2.7%	-6.6%	22.3%
UkrSotsbank	USCB	0.120	0.218	0.107	3.3%	-4.4%	-10.4%	-7.0%	4.2%	-0.3%	-6.1%	-7.1%

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	160	3.9%	6	1,576	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	15	14	\$/tonne
Azovstal	AZST	328	4.1%	13	306	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	55	52	49	\$/tonne
DniproSpetzStal	DNSS																	
Coke																		
		75	7.5%	6	73	neg	neg	neg	11.9	neg	neg	0.0	0.1	0.1	21	16	13	\$/tonne
Avdyivka Coke	AVDK	21	9.0%	2	50	1.4	3.2	1.8	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	2,533	0.5%	14	2,658	3.2	5.8	7.1	2.3	3.3	4.2	1.4	1.8	2.0				
Pivnichny GOK	SGOK	1,541	24.0%	370	1,791	2.7	7.2	5.9	2.2	4.5	4.0	1.0	1.3	1.1				
Ferrexpo	FXPO																	
Coal Mining																		
Komsomolets Donbasa	SHKD	113	11.9%	13	138	3.1	2.9	2.6	2.7	2.2	2.2	0.9	0.8	0.7	2.7	2.2	2.2	\$/tonne
Pokrovsk Mine	SHCHZ																	
Mining Machinery		238	2.0%	5	281	2.4	6.2	6.1	1.9	2.5	2.4	0.4	0.4	0.4	445	739	702	\$/tonne
Svitlo Shakhtara	HMBZ																	
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	310	5.0%	16	313	3.7	3.3	3.8	2.7	2.3	2.6	0.4	0.4	0.4				
Interpipe NMPP	NVTR	44	8.0%	4	83	2.2	5.1	5.1	2.5	4.0	4.8	0.2	0.2	0.2				
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	186	5.8%	11	134	3.5	4.9	4.6	2.1	2.8	2.7	0.8	0.8	0.7				
Krukiv Wagon	KVBZ	633	24.0%	152	643	3.8	2.6	2.5	2.3	2.1	1.9	0.9	0.7	0.7				
Stakhanov Wagon	SVGZ																	
Specialized Machinery																		
Sumy Frunze Engineering	SMASH	317	7.2%	23	653	neg	10.3	9.7	3.2	3.2	3.7	0.8	0.8	0.9				
Turboatom	TATM	1,022	3.0%	31	1,012	3.8	3.3	4.5	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	204	50.4%	103	312	3.5	5.1	4.1	2.7	2.2	2.1	1.3	1.4	1.2	82	57	43	\$/boe
Telecom																		
Ukrtelecom	UTLM	269	21.7%	58	351	>30	9.3	8.0	7.2	5.8	5.2	0.4	0.3	0.3	24	25	20	\$/MWh
		62	14.2%	9	119	neg	16.2	6.1	5.7	6.9	5.0	0.2	0.2	0.2	15	14	13	\$/MWh
Oil & Gas																		
Ukrnafta	UNAF	1,859	34.1%	634	2,904	7.2	6.0	6.9	7.2	6.2	5.6	2.4	2.1	1.9	9075	9075	9075	\$/tonne
Concern Galnaftogaz	GLNG	1,237	61.8%	764	1,847	5.5	5.9	6.3	6.0	5.7	5.4	1.0	0.9	0.7				
JKX Oil & Gas	JKX	447	31.0%	139	593	3.9	8.9	7.6	4.1	6.1	4.9	1.5	1.3	1.1	3009	1832	1521	\$/tonne
Electric Utilities																		
CentrEnerg	CEEN	549	22.5%	124	698	2.8	2.4	2.4	2.8	2.5	2.4	1.3	1.1	1.0	158	120	113	\$/mneggs
DonbasEnerg	DOEN	69	44.6%	31	102	neg	3.7	3.3	5.5	3.3	3.1	0.8	1.1	1.0	0.8	n/a	n/a	\$/th/ha
ZakhidEnerg	ZAEN	395	4.0%	16		>30	>30	13.8	0.5	0.5	0.4	0.06	0.06	0.05				
Consumer																		
MHP	MHPC	277	1.6%	5		>30	>30	21.8	0.3	0.3	0.4	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
		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				
Astarta	AST	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
Avangardco	AVGR	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
Agroton	AGT	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
Sintal*	SNPS	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
MCB Agricole*	4GW1	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				

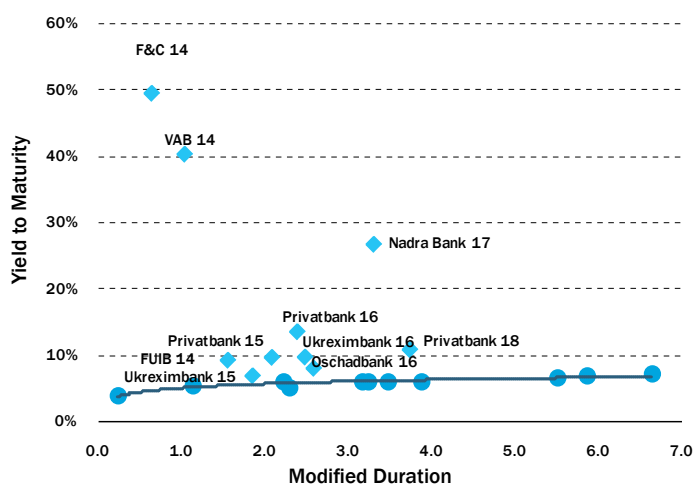
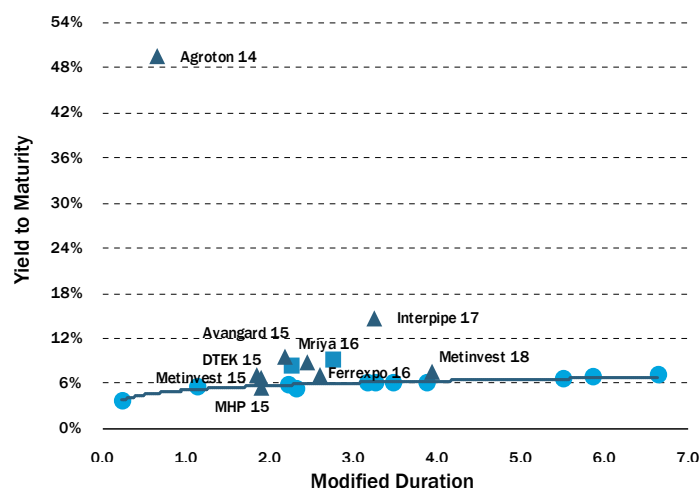
Source: Eavex Research

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	100.3	100.8	6.4%	4.0%	-0.5%	0.2	7.65%	S/A	11 Jun. 2013	1,000	/B+/B
Ukraine, 2014	102.7	103.2	5.6%	5.1%	1.1%	1.1	7.95%	S/A	6 Apr. 2014	1,000	/B+/B
Naftogaz Ukraine, 2014	103.6	104.3	7.0%	6.5%	0.9%	1.3	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	98.5	100.0	5.6%	4.9%	1.8%	2.3	4.95%	A	13 Oct 2015	600*	B2/B+/B
Ukraine, 2015	101.5	102.2	6.2%	5.9%	0.6%	2.2	6.875%	S/A	23 Sept 2015	500	B2/B+/B
Ukraine, 2016	100.4	100.9	6.4%	6.3%	0.8%	3.1	6.58%	S/A	21 Nov 2016	1,000	B//B
Ukraine, 2016-2	99.6	100.4	6.3%	6.1%	0.4%	3.2	6.25%	S/A	17 Jun 2016	1,250	B2/B+/B
Ukraine, 2017	101.3	102.2	6.4%	6.2%	2.5%	3.8	6.75%	S/A	14 Nov 2017	700	B2/B+/B
Ukraine, 2017-2	110.4	111.0	6.5%	6.3%	3.3%	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	97.8	99.1	8.0%	7.7%	6.1%	4.0	7.40%	S/A	20 Apr 2018	690	B2/-/-
Ukraine, 2020	106.8	107.6	6.6%	6.5%	4.1%	5.5	7.75%	S/A	23 Sept 2020	1,500	B2/B+/B
Ukraine, 2021	107.7	108.5	6.7%	6.5%	4.1%	5.9	7.95%	S/A	23 Feb 2021	1,500	B2/B+/B
Ukraine, 2022	104.7	105.2	7.1%	7.0%	4.0%	6.6	7.80%	S/A	28 Nov 2022	1,250	//B
Corporate Eurobonds											
Agroton, 2014	75.0	80.0	38.6%	32.4%	#VALUE!	1.0	12.50%	S/A	14 Jul 2014	50	-/-/B-
MHP, 2015	107.5	108.5	6.4%	6.1%	2.4%	1.9	10.25%	S/A	29 Apr 2015	585	B3//B
Avangardco, 2015	99.8	102.3	10.1%	9.0%	5.6%	2.2	10.00%	S/A	29 Oct 2015	200	-/-/B
Mriya, 2016	103.7	104.8	9.5%	9.1%	1.2%	2.4	10.95%	S/A	30 Mar 2016	250	-/B/B-
DTEK, 2015	105.0	106.3	6.9%	6.2%	4.5%	1.8	9.50%	S/A	28 Apr 2015	500	B2//B
Metinvest, 2015	106.0	106.8	7.2%	6.8%	2.5%	1.9	10.25%	S/A	20 May 2015	500	B3//B-
Metinvest, 2018	103.2	104.2	7.9%	7.7%	6.9%	3.9	8.75%	S/A	14 Feb 2018	750	B2/-/B-
Ferrexpo, 2016	100.5	101.3	7.7%	7.3%	3.6%	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	80.0	84.0	40.9%	33.8%	33.3%	0.7	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	102.6	104.2	9.5%	8.5%	2.4%	1.5	11.00%	Q	31 Dec 2014	275	B2//B-
Nadra Bank, 2017	71.0	80.0	31.1%	22.1%	5.0%	3.3	8.00%	A	22 Jun 2017	175	WD//WD
PrivatBank, 2015	98.7	100.1	10.0%	9.4%	4.9%	2.1	9.38%	S/A	23 Sept 2015	200	B1//B
PrivatBank, 2016	80.3	85.2	14.4%	12.0%	7.2%	2.4	8.75%	S/A	9 Feb 2016	150	B1//B
PrivatBank, 2016	99.7	101.2	11.0%	10.6%	0.4%	3.7	10.88%	S/A	28 Feb 2018	175	//B
UkrEximBank, 2015	102.1	102.8	7.3%	6.9%	2.5%	1.8	8.38%	S/A	27 Apr 2015	750	B1//B
UkrEximBank, 2016	90.2	91.9	9.8%	9.1%	8.0%	2.5	8.40%	S/A	2 Sept 2016	125	B1//B
UkrEximBank, 2018	102.2	103.1	8.2%	8.0%	2.6%	3.8	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	73.5	75.5	39.5%	36.9%	36.1%	1.0	10.50%	Q	14 Jun 2014	125	Caa1-/WD
Oschadbank, 2016	98.8	99.8	8.8%	8.4%	4.4%	2.6	8.25%	S/A	10 Mar 2016	700	B2//B
Municipal Eurobonds											
City of Kyiv, 2015	97.2	99.0	9.2%	8.4%	4.9%	2.2	8.00%	S/A	6 Nov 2015	250	B1/CCC+/B
City of Kyiv, 2016	99.1	100.5	9.7%	9.2%	6.7%	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

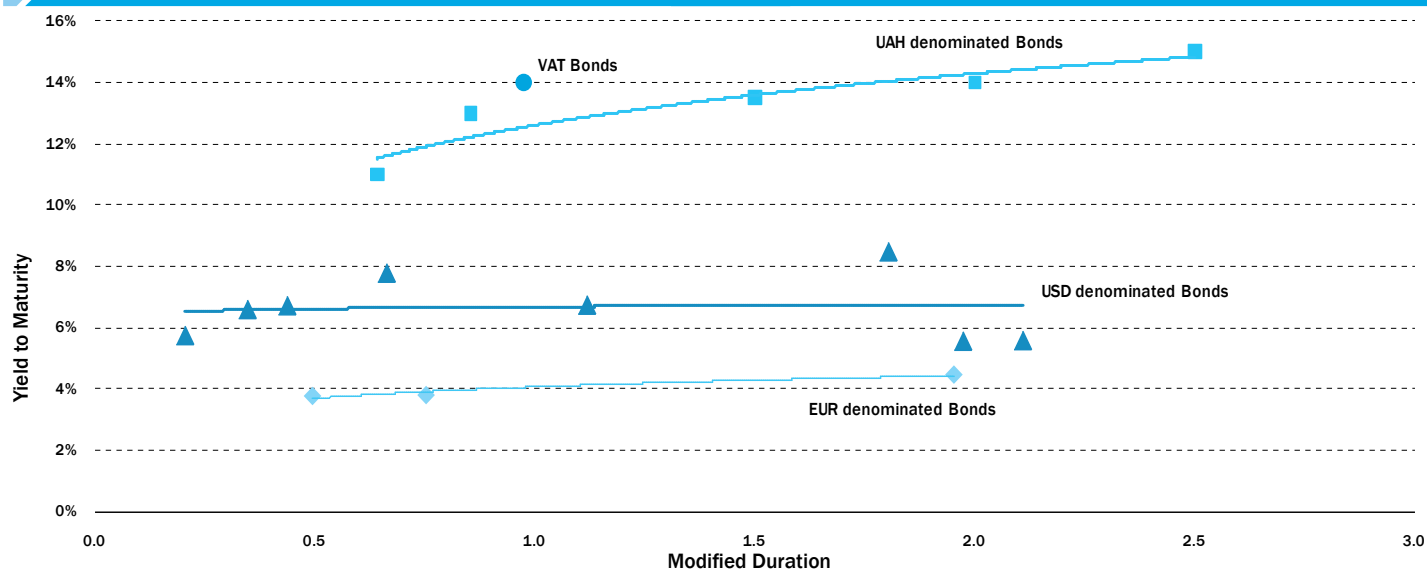
SOVEREIGNS vs. BANKING EUROBONDS

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	101.0	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	102.6	103.1	8.10%	7.50%	0.7	9.30%	S/A	27 Nov 2013	86
UA4000140362	104.1	104.6	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	107.9	108.9	5.80%	5.33%	1.9	9.45%	S/A	27 May 2015	152
UA4000142673	97.8	98.8	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	101.0	101.1	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%	0.3	5.50%	S/A	24 Aug 2015	571
UA4000083059			12.5%	11.5%	0.3	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

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2013 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence AB No.534282, issued 20.07.2010