

**Market Update**

**Equity**

Most Ukrainian stocks were lower on Tuesday (Apr 2), as local heavyweight CentrEnergy plunged for a second day following a fire that shut down one of its power plants, although metallurgy blue chips moved higher in line with positive external sentiments. The main European indices demonstrated strong gains, with the EU appearing to have finally put its worries over Cyprus in the rear-view mirror, and the DJI and S&P 500 both closed at fresh record highs on data showing an improving US economic picture. The UX index slid 3.0% to close at 818 points, dragged down by CentrEnergy's 10.2% loss as well as disappointment over Motor Sich (-3.4%), which reported an FY12 net profit figure that was a whopping 19% below the preliminary number announced a month ago. Raiffeisen Aval also got hammered, falling 4.8% to 8.80 kopecks. On the upside, Avdyivka Coke and DonbasEnergy added 2.0% and 1.3% respectively. In second-tier issues, LuganskTeplovoz showed a burst of trading activity, dropping 7.7% to UAH 1.75, and Yasynivsky Coke retreated by 3.7%. In London, Ferrexpo sold off by 4.5% to GBp 165, while JKX Oil & Gas gained 2.3% to GBp 77.50.

**Fixed Income**

Ukrainian sovereign Eurobonds were mixed on Wednesday. Ukraine-22s moved up by 0.5p.p. to 102.1/102.6 (7.5%/7.4%) while Ukraine-17s finished flat at 99.1/99.9 (7.0%/6.8%). Corporate names closed mostly unchanged with one exception being Ferrexpo-16s which declined by 0.9p.p. to 100.1/100.5 (7.8%/7.7%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2043.00	-3.4%	6.8	201
Centrenergo	CEEN	4.040	-10.2%	3.3	618
Ukrnafta	UNAF	118.500	-4.1%	1.8	279

**Growth Leaders**

Interpipe NMPP	NVTR	0.19	5.6%	0.00	9
Ukrtelecom	UTLM	0.14	3.5%	0.40	16
Avdyivka Coke	AVDK	3.04	2.0%	1.00	239

**Loss Leaders**

Centrenergo	CEEN	4.04	-10.2%	3.30	618
Pokrovskoe Mine	SHCHZ	0.55	-8.3%	0.00	8
Raiffeisen Bank Aval	BAVL	0.09	-4.8%	1.12	270

**Highlights**

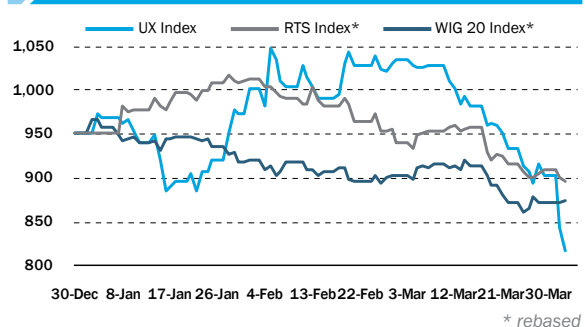
**POLITICS AND ECONOMICS**

- > Uncertainty Continues to Surround Kyiv Mayoral Election

**STOCKS IN THE NEWS**

- > Ovostar's EBITDA Up 21% YoY in FY12

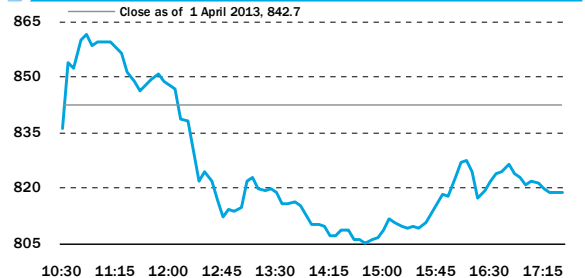
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	817.5	-3.0%	-20.9%	-14.0%
RTS	1440.1	-0.4%	-4.6%	-5.7%
WIG20	2375.7	0.2%	-3.1%	-8.0%
MSCI EM	1029.1	-0.2%	-2.3%	-2.5%
S&P 500	1570.3	0.5%	3.4%	12.0%

**UX INTRADAY APRIL 2, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	303.5	-1.5%	4.6%	12.0%
CDS 5Y UKR	596.8	0.3%	5.1%	-4.5%
Ukraine-13	4.78%	0.0 p.p.	0.2 p.p.	-0.5 p.p.
Naftogaz Ukr-14	7.01%	-0.3 p.p.	0.3 p.p.	-0.6 p.p.
Ukraine-20	6.91%	-0.1 p.p.	0.2 p.p.	-0.3 p.p.
Privatbank-16	12.81%	0.0 p.p.	-1.1 p.p.	-2.5 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.14	0.0%	-0.1%	1.2%
EUR	10.44	-0.2%	-1.6%	-2.3%
RUB	0.26	-0.7%	-2.0%	-1.8%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	565.0	0.0%	-4.2%	6.1%
Steel, USD/t	97.2	0.1%	6.6%	5.3%
Oil, USD/bbl	1575.9	-1.5%	0.0%	-4.8%
Gold, USD/oz	1573.8	-0.2%	-5.6%	-5.0%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Uncertainty Continues to Surround Kyiv Mayoral Election

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

### NEWS

Ukraine's Parliament on Tuesday (Apr 2) once again failed to agree on a date to elect a mayor of Kyiv, with Party of Regions MPs refusing to support an opposition initiative to hold the ballot on Jun 2 of this year. Since mid-2010, the capital city has been run by an un-elected mayor, Oleksandr Popov of the PoR, after the Yanukovich government forced controversial banker Leonid Chernovetsky out of the job. Chernovetsky had been elected in May 2008 in a ballot marred by widespread vote-buying.

### COMMENTARY

Local analysts are now speculating that President Yanukovich wants to keep Popov in office until after the presidential election in 2015. However, such a move could actually be a blessing in disguise for the opposition, as none of the three main opposition leaders – Arseniy Yatseniuk, Vitaliy Klitschko, or Oleg Tiahnybok – are interested in running for Kyiv mayor, while Popov enjoys a reputation for competence that could make him a tough candidate to defeat. An illegitimate two-year postponement of the mayoral ballot by the Yanukovich regime could, on the other hand, help the opposition to drum up the kind of enthusiastic grassroots support in Kyiv that it has been lacking during the first three years of the Yanukovich presidency.

## Ovostar's EBITDA Up 21% YoY in FY12

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

### OVOSTAR UNION (OVO PW)

Price: PLN 97.25 Market Cap: USD 180mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	3.0	7.5	6.7	0%
2013E	2.1	5.8	5.1	0%

### NEWS

Ovostar Union, Ukraine's second-largest shell egg producer, increased its EBITDA by 21% YoY to USD 27mn in FY12, according to preliminary unaudited financial results released on Tuesday (Apr 2). Revenue increased by 19% YoY to USD 60mn, with net profit moving up by 18% YoY to USD 24mn in the period. The company's EBITDA margin edged up by 1.0p.p. to 45%, while the net margin was nearly flat at 40%.

### COMMENTARY

The growth in Ovostar's top line, which exactly matched our forecast, was due to a 15% increase in shell egg production as well as an upward move in prices for eggs and egg products in 2012. On the other hand, higher fodder costs in 2H12 vs. 1H12 led to a reduction in profitability over 2H12. The EBITDA margin contracted to 43% in 2H12 compared to 47% in 1H12, and the net margin went down to 37% in 2H12 vs. 44% in 1H12.

The OVO stock, which is listed in Warsaw but only sporadically traded, added 2.3% yesterday. The issue trades at 2013E EV/EBITDA of 5.1x, suggesting a 25% discount to US-based peer Cal-Maine.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.08	0.07	-10%	SELL	Non-transparent reporting practises detrimentally affect the company's reported earnings.
Khartsysk Pipe	HRTR	0.09	0.19	115%	BUY	The company has a 100% dividend payout policy, which we expect to remain in place going forward.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	2.49	U/R	n/a	U/R	Under Review
Pivnichny GOK	SGOK	1.07	1.77	66%	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	0.85	1.30	54%	BUY	CGOK is a strong dividend play. A DPS of USD 0.27 was approved in April 2012, implying a dividend yield of 26%.
<b>Coke</b>						
Avdyivka Coke	AVDK	0.37	0.76	104%	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	480%	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.
<b>Coal</b>						
Pokrovske Mine	SHCHZ	0.07	0.36	432%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
<b>Railcar Manufacturing</b>						
Krukiv Wagon	KVBZ	2.70	6.18	129%	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	0.22	0.64	198%	BUY	LuganskTeplovoz's incorporation into TransMashHolding should help it to exploit its already-dominant position on the Russian market for diesel locomotives.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	251	644	156%	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.
<b>Oil &amp; Gas</b>						
Concern Galnaftogaz	GLNG	0.018	0.030	63%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.36	1.52	320%	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	413%	BUY	The expected start of operations in JKX's Russian gas field should lift output.
<b>Power Utilities</b>						
DonbasEnergo	DOEN	2.45	8.90	263%	BUY	DonbasEnergo recently launched Ukraine's most efficient power generation unit.
CenterEnergo	CEEN	0.50	1.84	270%	BUY	CentrEnergo's privatization is on the horizon for 2013.
<b>Consumer</b>						
MHP	MHPC	17.7	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	19.20	30.0	56%	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	8.15	28.3	247%	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	817.53	1441.89	747.84	-3.0%	-10.0%	-20.9%	-14.0%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.045	0.09	0.04	-0.9%	-3.0%	-13.2%	-15.4%	2.1%	7.0%	7.7%	-1.4%
Azovstal	AZST	0.61	1.32	0.54	0.3%	1.7%	-11.3%	-17.2%	3.3%	11.7%	9.6%	-3.2%
Dniprospezstal	DNSS	970	1,700	970	0.0%	0.0%	n/a	-2.9%	3.0%	10.0%	n/a	11.1%
Enakievo Steel	ENMZ	33.7	68.7	27.7	0.3%	-2.8%	-6.9%	-11.4%	3.3%	7.2%	14.0%	2.6%
Arcelor Mittal KR	KSTL	1.20	n/a	n/a	0.0%	-69.8%	-69.8%	n/a	3.0%	-59.9%	-48.9%	n/a
Mariupol Ilyicha	MMKI	0.18	0.32	0.13	0.0%	0.0%	-5.3%	-18.2%	3.0%	10.0%	15.7%	-4.2%
<b>Coke</b>												
Avdivka Coke	AVDK	3.04	5.18	1.90	2.0%	-0.3%	-8.9%	-7.1%	5.0%	9.7%	12.0%	6.8%
Yasnyivsky Coking	YASK	0.59	1.31	0.54	-3.3%	-7.8%	-14.5%	-11.9%	-0.3%	2.2%	6.4%	2.1%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.88	8.35	4.00	1.3%	1.9%	5.4%	-0.3%	4.3%	11.9%	26.3%	13.7%
Ferrexpo	FXPO	2.50	4.89	2.35	-5.0%	-4.6%	-25.8%	-37.9%	-2.0%	5.4%	-4.9%	-23.9%
Pivnichny GOK	SGOK	8.68	12.75	6.00	0.0%	2.7%	-2.5%	16.7%	3.0%	12.7%	18.5%	30.7%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.55	1.40	0.40	-8.3%	-16.7%	-17.9%	-12.7%	-5.3%	-6.7%	3.0%	1.3%
Komsomolets Donbasa	SHKD	1.03	2.00	0.80	0.0%	-1.9%	-14.2%	-12.7%	3.0%	8.1%	6.8%	1.3%
Energy Coal	CLE	1.90	8.44	1.90	-2.3%	-0.3%	-41.1%	-38.6%	0.7%	9.6%	-20.2%	-24.6%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.003	0.0%	n/a	n/a	-31.0%	3.0%	n/a	n/a	-17.0%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.72	1.34	0.60	-2.7%	-5.3%	-4.0%	2.9%	0.3%	4.7%	16.9%	16.9%
Interpipe NMPP	NVTR	0.19	0.60	0.10	5.6%	0.0%	11.8%	-13.6%	8.5%	10.0%	32.7%	0.4%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	22.0	24.0	14.2	-4.4%	-2.7%	-4.4%	13.4%	-1.4%	7.3%	16.5%	27.3%
Luhanskeplovoz	LTPL	1.75	2.45	1.28	-7.9%	-12.1%	-6.9%	-6.4%	-4.9%	-2.1%	14.0%	7.6%
Stakhanov Wagon	SVGZ	1.55	4.48	1.46	3.3%	-4.3%	-13.4%	-10.4%	6.3%	5.7%	7.5%	3.6%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.22	0.03	0.0%	13.8%	-24.7%	-0.9%	3.0%	23.8%	-3.8%	13.1%
Motor Sich	MSICH	2,043	2,880	1,750	-3.4%	-11.1%	-21.3%	-7.6%	-0.4%	-1.1%	-0.3%	6.4%
Summy Frunze Engineering	SMASH	3.77	4.04	0.76	6.5%	8.0%	111.8%	151.3%	9.5%	18.0%	132.7%	165.3%
Turboatom	TATM	3.20	n/a	n/a	0.0%	n/a	n/a	n/a	3.0%	n/a	n/a	n/a
WESTA ISIC	WES	0.20	1.25	0.13	-4.6%	-6.0%	-12.3%	-15.8%	-1.6%	3.9%	8.7%	-1.8%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.42	0.12	3.5%	2.8%	1.2%	-13.9%	6.4%	12.8%	22.2%	0.1%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.36	0.59	0.21	-1.0%	-7.0%	-23.1%	-33.0%	2.0%	3.0%	-2.2%	-19.0%
JXX Oil	JKX	1.17	2.57	0.87	1.8%	0.5%	15.4%	-2.0%	4.8%	10.5%	36.3%	12.0%
Ukrnafta	UNAF	119	305	80	-4.1%	-17.4%	-29.2%	-0.1%	-1.1%	-7.4%	-8.3%	13.9%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.04	8.43	3.92	-10.2%	-25.2%	-32.0%	-36.4%	-7.2%	-15.2%	-11.1%	-22.4%
Donbasenergo	DOEN	19.9	29.3	15.0	1.3%	-0.4%	-12.1%	-5.9%	4.3%	9.5%	8.9%	8.1%
Zakhidenergo	ZAEN	84.0	219.8	54.0	0.0%	-5.7%	-11.6%	-13.4%	3.0%	4.3%	9.4%	0.6%
<b>Consumer</b>												
Agroton	AGT	2.51	7.7	2.24	-2.6%	-5.4%	-16.1%	-22.6%	0.4%	4.6%	4.9%	-8.6%
Astarta	AST	19.2	22.1	13.9	2.7%	4.3%	-4.0%	7.8%	5.7%	14.3%	16.9%	21.8%
Avangardo	AVGR	8.1	14.3	7.61	-0.1%	1.9%	-20.5%	-28.1%	2.9%	11.9%	0.4%	-14.1%
Industrial Milk Company	IMC	4.50	5.48	2.73	-4.8%	-0.3%	-12.1%	-15.1%	-1.8%	9.6%	8.8%	-1.1%
Kernel	KER	18.5	23.7	14.8	1.7%	6.3%	-6.6%	-14.8%	4.7%	16.3%	14.3%	-0.8%
Mriya Agro Holding	MAYA	5.91	7.4	5.04	0.0%	-0.2%	-5.2%	-8.8%	3.0%	9.8%	15.8%	5.1%
MHPC	MHPC	17.7	19.9	10.00	-0.6%	-0.8%	-3.6%	15.7%	2.4%	9.2%	17.4%	29.7%
Milkiland	MLK	4.37	6.3	4.24	0.0%	1.7%	-5.7%	-7.0%	3.0%	11.7%	15.2%	7.0%
Ovostar Union	OVO	29.8	37.7	23.2	2.1%	-0.1%	-2.7%	3.1%	5.1%	9.9%	18.2%	17.1%
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	1.79	0.22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	12.1	28.4	11.6	-4.5%	-3.2%	-15.3%	-9.7%	-1.5%	6.8%	5.6%	4.3%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.088	0.137	0.061	-4.8%	-12.6%	-27.4%	2.7%	-1.8%	-2.6%	-6.5%	16.7%
UkrSotsbank	USCB	0.117	0.217	0.107	1.7%	0.9%	-16.3%	-9.4%	4.6%	10.9%	4.6%	4.6%

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
<b>Steel</b>																
Alchevsk Steel	ALMK	2,339	1,695	1,667	145	-21	-2	6.2%	neg	neg	36	-127	-52	1.6%	neg	neg
Enakievo Steel	ENMZ	1,716	1,578	1,577	-108	-84	-69	neg	neg	neg	31	9	-125	1.8%	0.5%	neg
Azovstal	AZST	3,867	2,794	2,788	-102	-173	-64	neg	neg	neg	-64	-333	-170	neg	neg	neg
<b>Coke</b>																
Avdyivka Coke	AVDK	1,457	1,072	1,054	6	-128	-74	0.4%	neg	neg	-32	-137	-97	neg	neg	neg
Yasynivsky Coking	YASK	566	444	448	29	29	28	5.1%	6.5%	6.2%	15	11	11	2.7%	2.4%	2.4%
<b>Iron Ore Mining</b>																
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%
<b>Coal Mining</b>																
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%
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	775	659	699	145	74	77	18.7%	11.3%	11.1%	98	34	34	12.7%	5.1%	4.9%
<b>Railcar Manufacturing</b>																
Luhanskteplovoz	LTPL	199	167	213	14	12	15	7.0%	7.4%	7.2%	9	7	8	4.5%	4.1%	3.8%
Kryukiv Wagon	KVBZ	770	887	643	118	134	93	15.3%	15.1%	14.4%	85	95	50	11.0%	10.7%	7.9%
Stakhanov Wagon	SVGZ	437	311	318	33	7	11	7.6%	2.3%	3.4%	20	1	3	4.6%	0.2%	0.9%
<b>Specialized Machinery</b>																
Turboatom	TATM	169	173	193	63	47	52	37.0%	27.3%	26.8%	53	38	42	31.5%	22.1%	21.7%
Motor Sich	MSICH	722	828	933	285	309	330	39.4%	37.4%	35.3%	168	247	270	23.2%	29.8%	28.9%
<b>Telecom</b>																
Ukrtelecom	UTLM	843	858	744	206	205	208	24.5%	23.8%	28.0%	-17	45	48	neg	5.3%	6.5%
<b>Oil &amp; Gas</b>																
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	RPT	19	50	80	-4	23	36	neg	45.9%	44.7%	6	12	24	33.7%	24.0%	30.0%
JKX Oil	JKX	237	225	250	114	145	150	48.3%	64.4%	60.2%	59	40	50	24.9%	17.8%	20.0%
<b>Electric Utilities</b>																
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%
<b>Consumer</b>																
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%
<b>Banks</b>																
		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%
Ukrspasbank	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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	143	3.9%	6	1,558	3.9	neg	neg	10.7	neg	neg	0.7	0.9	0.9	537	463	417	\$/tonne
Yenakievo Steel	ENMZ	44	8.8%	4	36	1.4	5.1	neg	neg	neg	neg	0.0	0.0	0.0	14	14	13	\$/tonne
Azovstal	AZST	316	4.1%	13	294	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	53	50	47	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	73	7.5%	5	70	neg	neg	neg	11.5	neg	neg	0.0	0.1	0.1	20	15	13	\$/tonne
Yasynivsky Coke	YASK	20	9.0%	2	49	1.3	1.8	1.8	1.7	1.7	1.8	0.1	0.1	0.1	1.7	1.7	1.8	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	990	0.5%	5	989	3.0	10.4	9.5	2.0	4.2	4.9	1.2	1.7	1.9				
Pivnichny GOK	SGOK	2,456	0.5%	14	2,580	3.1	5.6	6.8	2.2	3.2	4.0	1.4	1.7	2.0				
Ferrexpo	FXPO	1,470	24.0%	353	1,720	2.6	6.8	5.6	2.1	4.3	3.9	1.0	1.2	1.1				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	42	5.4%	2	144	2.8	1.1	1.2	2.1	1.5	1.6	0.8	0.6	0.6	35	34	32	\$/tonne
Coal Energy	CLE	86	11.9%	10	112	2.3	2.2	2.0	2.2	1.8	1.7	0.7	0.7	0.6	2.2	1.8	1.7	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	230	2.0%	5	272	2.3	6.8	6.7	1.9	3.7	3.5	0.4	0.4	0.4	432	717	681	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	47	24.0%	11	47	5.2	6.8	5.8	3.4	3.8	3.1	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	310	5.0%	15	312	3.7	3.3	6.1	2.6	2.3	3.4	0.4	0.4	0.5				
Stakhanov Wagon	SVGZ	43	8.0%	3	82	2.2	>30	15.0	2.5	11.4	7.5	0.2	0.3	0.3				
<b>Specialized Machinery</b>																		
Turboatom	TATM	182	5.8%	10	130	3.4	4.8	4.3	2.1	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	521	24.0%	125	531	3.1	2.1	1.9	1.9	1.7	1.6	0.7	0.6	0.6				
<b>Telecom</b>																		
Ukrtelecom	UTLM	317	7.2%	23	653	neg	7.0	6.6	3.2	3.2	3.1	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	789	3.0%	24	779	2.9	2.5	3.5	1.8	1.5	1.8	0.3	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	116	49.0%	57	99	18.2	9.7	4.8	neg	4.3	2.8	5.2	2.0	1.2	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	201	50.4%	101	309	3.4	5.0	4.0	2.7	2.1	2.1	1.3	1.4	1.2	81	57	42	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	183	21.7%	40	266	>30	6.3	5.5	5.5	4.4	3.9	0.3	0.2	0.2	18	19	15	\$/MWh
DonbasEnergO	DOEN	58	14.2%	8	115	neg	15.1	5.7	5.6	6.6	4.8	0.2	0.2	0.2	14	13	13	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,864	34.1%	636	2,909	7.2	6.0	6.9	7.3	6.2	5.6	2.4	2.1	1.9	9092	9092	9092	\$/tonne
Kernel	KER	1,360	61.8%	840	1,970	6.0	6.4	7.0	6.4	6.1	5.8	1.0	0.9	0.7				
Astarta	AST	481	31.0%	149	628	4.2	9.6	8.2	4.4	6.4	5.2	1.6	1.4	1.1	3182	1937	1609	\$/tonne
Avangardco	AVGR	520	22.5%	117	668	2.7	2.3	2.2	2.7	2.4	2.3	1.2	1.1	1.0	151	115	108	\$/mneegs
Agroton	AGT	54	44.6%	24	88	neg	2.9	2.6	4.7	2.8	2.6	0.7	0.9	0.8	0.7	n/a	n/a	\$/th/ha
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	324	4.0%	13		>30	>30	11.4	0.4	0.4	0.4	0.05	0.05	0.04				
Ukrsotsbank	USCB	264	1.6%	4		>30	>30	21.8	0.3	0.3	0.3	0.06	0.06	0.06				

Source: Eavex Research

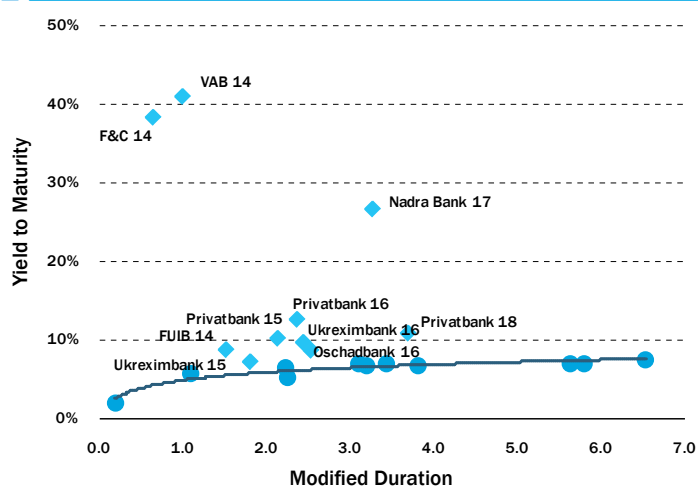
## UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2013	100.3	100.8	6.2%	3.3%	-0.5%	0.2	7.65%	S/A	11 Jun. 2013	1,000	/B+/B
Ukraine, 2014	102.3	102.9	5.9%	5.3%	0.8%	1.1	7.95%	S/A	6 Apr. 2014	1,000	/B+/B
Naftogaz Ukraine, 2014	103.1	103.8	7.3%	6.8%	0.4%	1.4	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	98.0	99.0	5.8%	5.4%	1.0%	2.3	4.95%	A	13 Oct 2015	600*	B2/B+/B
Ukraine, 2015	99.5	100.2	7.1%	6.8%	-1.4%	2.2	6.875%	S/A	23 Sept 2015	500	B2/B+/B
Ukraine, 2016	98.1	98.6	7.2%	7.0%	-1.5%	3.1	6.58%	S/A	21 Nov 2016	1,000	B//B
Ukraine, 2016-2	98.1	98.4	6.8%	6.7%	-1.4%	3.2	6.25%	S/A	17 Jun 2016	1,250	B2/B+/B
Ukraine, 2017	99.1	99.9	7.0%	6.8%	0.2%	3.8	6.75%	S/A	14 Nov 2017	700	B2/B+/B
Ukraine, 2017-2	108.0	108.7	7.0%	6.9%	1.1%	3.4	9.25%	S/A	24 Jul 2017	2,000	B2/B+/B
Ukraine, 2017 Infr. projects	100.5	102.0	8.3%	7.9%	3.1%	3.6	8.375%	S/A	3 Nov 2017	568	B2/-/B
Ukraine, 2018 Infr. projects	95.7	97.1	8.5%	8.2%	3.8%	4.0	7.40%	S/A	20 Apr 2018	690	B2/-/B
Ukraine, 2020	104.4	105.2	7.0%	6.8%	1.8%	5.6	7.75%	S/A	23 Sept 2020	1,500	B2/B+/B
Ukraine, 2021	104.6	105.3	7.2%	7.1%	1.0%	5.8	7.95%	S/A	23 Feb 2021	1,500	B2/B+/B
Ukraine, 2022	102.1	102.6	7.5%	7.4%	1.4%	6.5	7.80%	S/A	28 Nov 2022	1,250	//B
<b>Corporate Eurobonds</b>											
Agroton, 2014	75.0	80.0	39.1%	32.8%	n/a	1.0	12.50%	S/A	14 Jul 2014	50	-/-/B-
MHP, 2015	106.3	108.6	7.0%	6.4%	1.9%	1.8	10.25%	S/A	29 Apr 2015	585	B3//B
Avangardco, 2015	100.9	100.9	9.6%	9.6%	5.7%	2.1	10.00%	S/A	29 Oct 2015	200	-/-/B
Mriya, 2016	106.0	106.0	8.7%	8.7%	2.9%	2.5	10.95%	S/A	30 Mar 2016	250	-/B/B-
DTEK, 2015	105.1	105.9	6.8%	6.4%	4.3%	1.8	9.50%	S/A	28 Apr 2015	500	B2//B
Metinvest, 2015	106.5	106.9	6.9%	6.7%	2.8%	1.8	10.25%	S/A	20 May 2015	500	B3//B-
Metinvest, 2018	102.3	103.3	8.1%	7.9%	6.0%	3.9	8.75%	S/A	14 Feb 2018	750	B2/-/B-
Ferrexpo, 2016	100.1	100.1	7.8%	7.8%	2.8%	2.5	7.875%	S/A	07 Apr 2016	500	B2/B+/B
Interepipe, 2017	84.0	88.0	15.4%	13.8%	5.0%	3.2	10.25%	S/A	2 Aug 2017	200	-/B+/B+
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	80.0	84.0	42.3%	34.9%	33.3%	0.6	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	103.0	104.5	9.2%	8.3%	2.8%	1.5	11.00%	Q	31 Dec 2014	275	B2//B-
Nadra Bank, 2017	71.0	79.7	31.5%	22.5%	5.0%	3.3	8.00%	A	22 Jun 2017	175	WD//WD
PrivatBank, 2015	97.2	99.1	10.7%	9.8%	3.5%	2.1	9.38%	S/A	23 Sept 2015	200	B1//B
PrivatBank, 2016	82.6	84.8	13.3%	12.2%	8.4%	2.4	8.75%	S/A	9 Feb 2016	150	B1//B
PrivatBank, 2018	99.6	101.2	11.0%	10.5%	0.4%	3.7	10.88%	S/A	28 Feb 2018	175	//B
UkrEximBank, 2015	101.5	102.4	7.6%	7.1%	2.0%	1.8	8.38%	S/A	27 Apr 2015	750	B1//B
UkrEximBank, 2016	88.0	90.8	10.8%	9.6%	6.1%	2.4	8.40%	S/A	2 Sept 2016	125	B1//B
UkrEximBank, 2018	101.2	102.1	8.4%	8.2%	1.6%	3.8	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	72.0	74.0	42.6%	39.8%	33.3%	1.0	10.50%	Q	14 Jun 2014	125	Caa1-/WD
Oschadbank, 2016	98.4	99.3	8.9%	8.6%	3.9%	2.5	8.25%	S/A	10 Mar 2016	700	B2//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	96.6	98.1	9.5%	8.8%	4.1%	2.2	8.00%	S/A	6 Nov 2015	250	B1/CCC+/B
City of Kyiv, 2016	98.5	99.9	9.9%	9.4%	6.0%	2.7	9.375%	S/A	30 Jun 2016	300	B1/CCC+/B

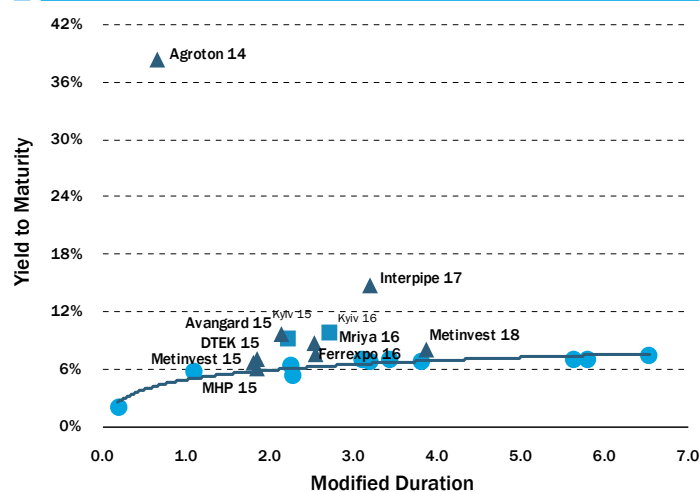
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



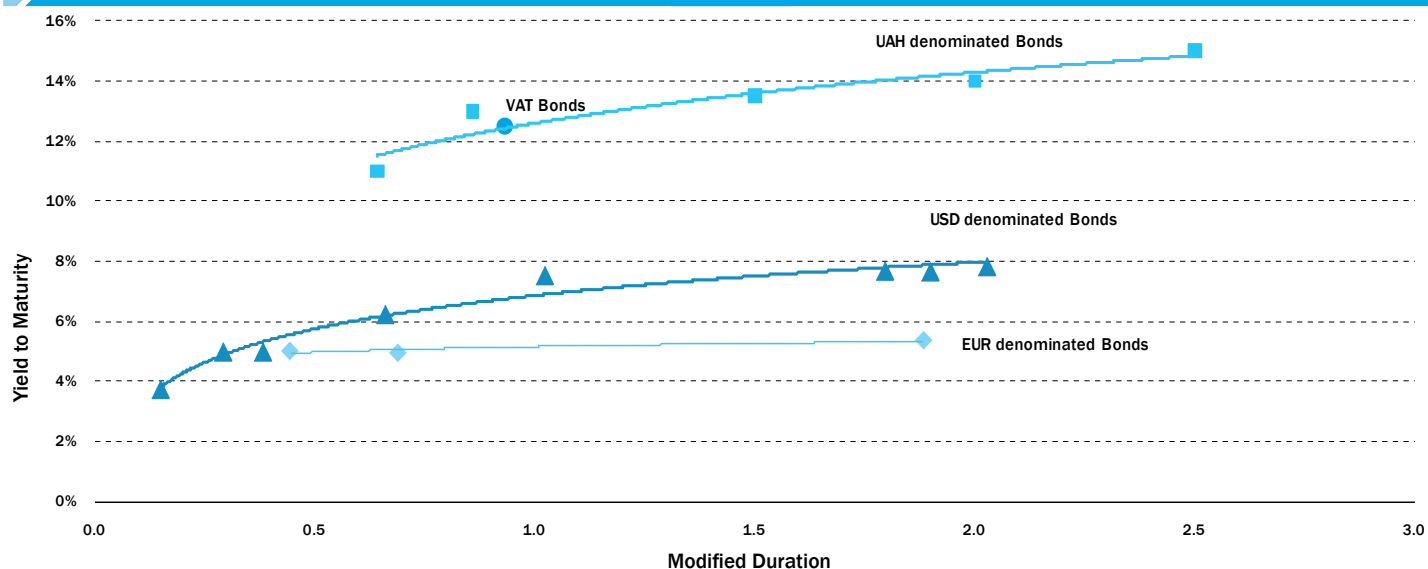
Source: Bloomberg, Cbonds, Eavex Research



**UKRAINIAN DOMESTIC BONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD
<b>UAH denominated Bonds</b>									
UA4000119473			4.5%	3.0%	0.6	9.00%	S/A	22 May 2013	64
UA4000115117			11.8%	10.0%	0.9	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
<b>USD denominated Bonds</b>									
UA4000134431									
UA4000141063	100.3	100.5	4.5%	3.0%	0.1	9.30%	S/A	29 May 2013	235
UA4000142384	100.6	100.9	5.5%	4.5%	0.3	9.30%	S/A	24 Jul 2013	413
UA4000136832	100.8	101.2	5.5%	4.5%	0.4	9.27%	S/A	28 Aug 2013	254
UA4000138002	102.3	102.8	6.5%	6.0%	0.7	9.30%	S/A	27 Nov 2013	86
UA4000140362	103.5	104.0	7.9%	7.2%	1.0	9.20%	S/A	21 May 2014	171
UA4000142699	100.0	101.8	8.1%	7.3%	1.8	9.45%	S/A	22 Apr 2015	312
UA4000141071	106.8	107.8	8.1%	7.3%	1.9	9.45%	S/A	27 May 2015	152
UA4000142673	96.8	97.8	8.2%	7.5%	2.0	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000137731	100.0	100.1	3.9%	3.7%	0.4	4.80%	S/A	18 Sept 2013	205
UA4000138846	100.1	100.3	4.1%	3.9%	0.7	4.80%	S/A	25 Dec 2013	70
UA4000142681	99.0	99.1	4.6%	4.5%	1.9	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			12.5%	10.8%	0.9	5.50%	S/A	21 Aug 2015	141
UA4000082622			12.5%	10.8%	0.9	5.50%	S/A	24 Aug 2015	571
UA4000083059			12.5%	10.8%	0.9	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