

Market Update

Equity

The local equity market missed out on the gains seen in the major global indices over the past two weeks, with the Ukrainian Exchange closed for 6 out of the last 10 business days due to Easter and the traditional Soviet-era May holidays. In the most recent session, the UX index lost 0.9% on Wednesday (May 8), closing at 824 points. Raiffeisen Aval (BAVL) was the biggest decliner, dropping 2.0%, and Avdyivka Coke (AVDK) shed 1.2% to UAH 3.01. Motor Sich (MSICH) was the day's best blue chip performer, ending unchanged at UAH 2007 and leading the exchange with turnover of UAH 2.4mn. Outside the UX basket, DniproEnergo (DNEN) lost 3.6% to UAH 191, while low-liquidity KrymSoda (KSOD) added 3.8%. In Friday (May 10) trading in London, Ferrexpo (FXPO LN) finished a positive week by edging down by 0.8% to near GBP 195, while MHP (MHPC LI) slipped 1.3% to USD 18.60.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2007.00	0.1%	2.4	132
Raiffeisen Bank Aval	BAVL	0.102	-2.0%	1.2	162
Enakievo Steel	ENMZ	33.000	-1.0%	1.1	48

Growth Leaders

Interpipe NMPP	NVTR	0.19	5.6%	0.00	7
Krymsoda	KSOD	1.09	3.8%	0.35	8
Yasynivsky Coke	YASK	0.57	0.5%	0.22	11

Loss Leaders

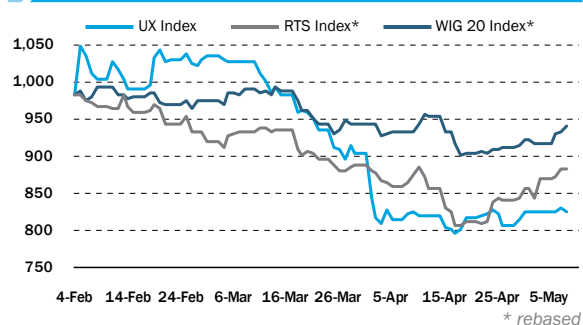
Mostobud	MTBD	14.10	-7.8%	0.00	14
Mariupol Heavy Machine	MZVM	0.13	-5.9%	0.00	7
Sumy Frunze Engineering	SMASH	2.65	-5.3%	0.00	9

Highlights

STOCKS IN THE NEWS

- > Ukrainian Steel Output Down 7% YoY in April
- > Sadovaya Group Posts EBITDA of Just USD 2mn for FY12
- > Ferrexpo's Achieved Price Up 19% QoQ in 1Q13
- > Kernel Divesting One of Its Sugar Assets
- > MHP Forced to Suspend Exports to RUS/KAZ/BLR

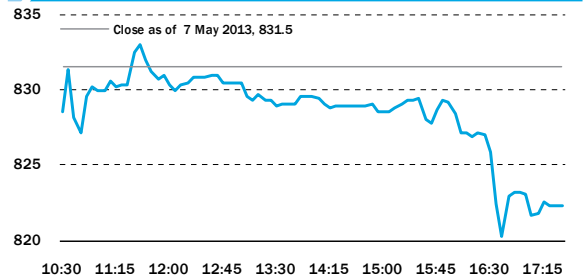
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	824.2	-0.9%	1.3%	-13.3%
RTS	1452.2	0.0%	2.9%	-4.9%
WIG20	2367.9	0.9%	0.9%	-8.3%
MSCI EM	1061.1	0.8%	5.3%	0.6%
S&P 500	1632.7	0.4%	5.1%	16.4%

UX INTRADAY MAY 8, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	279.5	0.7%	-5.9%	3.1%
CDS 5Y UKR	570.3	-1.2%	0.8%	-8.8%
Ukraine-13	7.0%	-0.1%	0.3%	-0.3%
Naftogaz Ukr-14	4.3%	0.8%	-0.3%	-1.0%
Ukraine-20	6.2%	0.0%	-0.7%	-1.5%
Privatbank-16	12.97%	0.0 p.p.	-0.1 p.p.	-2.3 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.11	0.7%	-0.3%	0.7%
EUR	10.67	0.2%	0.9%	-0.2%
RUB	0.26	-0.6%	0.9%	-1.8%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	322.1	0.0%	0.0%	0.0%
Steel, USD/t	540.0	0.0%	-4.4%	1.4%
Oil, USD/bbl	96.6	1.0%	3.9%	4.7%
Gold, USD/oz	1474.1	1.5%	-6.8%	-11.0%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukrainian Steel Output Down 7% YoY in April

by Ivan Dzvinka
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NEWS

Ukrainian steel mills smelted 2.74mn of steel in April, representing a 7.3% YoY decline and 4.9% MoM decline, according to data from the industry association Metallurgprom. In terms of average daily production, steel output in April declined by 1.7% MoM to 91,200 tonnes. For the first four months of 2013, the country's crude steel output decreased by 0.7% YoY to 11.06mn tonnes.

UKRAINE'S CRUDE STEEL PRODUCTION							
'000 tonnes		Apr'13	YoY	Apr daily	MoM	4M13	YoY
KSTL	ArchelorMittal KR	478	-17%	15.9	-13%	2,091	2%
MMKI	MMK Illich	436	-14%	14.5	-2%	1,755	-10%
AZST	Azovstal	390	-10%	13.0	2%	1,526	-5%
ZPST	Zaporizhstal	320	1%	10.7	1%	1,273	5%
ALMK	Alchevsk Steel	331	8%	11.0	-6%	1,425	14%
DMKD	Dzerzhinsky Steel	283	-1%	9.4	-1%	1,090	-2%
ENMZ	Yenakievo Steel	245	0%	8.2	32%	895	-5%
DMZP	Petrovsky Steel	83	9%	2.8	1%	328	21%
DNSS	Dniprospeztstal	26	-24%	0.9	-3%	100	-20%
	Others	144		4.8		575	
	TOTAL	2,736	-7.3%	91.2	-1.7%	11,058	-0.7%

Source: Interfax, Metallurgprom

COMMENTARY

The 7% YoY drop in April's steel output reflects a failure this year to conform to the historical activation of steel consumption during the spring months. April's weak number has brought steel production in 4M13 into negative territory year-on-year, despite 1.6% YoY growth over 1Q13, and indicates a problematic situation with respect to current demand for Ukrainian steel. In light of sluggish demand on steel export markets and strengthening competition from Chinese producers, we are forced to revise our Ukrainian steel output projection for 2013 to flat YoY, down from +2% previously, with further downside risk. Steel use in Europe dropped by 5.7% YoY in 1Q13. Additionally, Eurofer, EU Steel Association, recently cut its EU steel use forecast for 2013, and is now expecting a 3.1% YoY drop in 2013 (following a 4.8% decline in 2012). Export expansion by Chinese steel mills amid relatively weak steel demand on the domestic Chinese market is proving costly for Ukrainian steel mills in all three of the major geographic markets for Ukrainian steel exporters, namely the Middle East, Europe, and the Pacific Rim countries.

Sadovaya Group Posts EBITDA of Just USD 2mn for FY12

 by Ivan Dzvinka
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SADOVAYA GROUP (SGR PW)

Price: PLN Market Cap: USD 15mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.4	neg	neg	0%
2013E	n/a	neg	neg	0%

NEWS

Warsaw-listed coal miner and trader Sadovaya Group reported EBITDA of USD 2.0mn for FY12 (-87% YoY), according to the company's 2012 annual report. Net revenue was down by 56% YoY to USD 40mn on a 55% YoY decline in coal sales volume. The company posted a net loss of USD 15mn for the year, down from its USD 10mn profit in 2011.

Sadovaya said it intends to sell some 400,000 tonnes of coal in 2013 (-30% YoY) and extraction is expected at 247,000 tonnes, or a 39% YoY drop. Coal recovery from waste dumps is predicted by the management at 80,000 tonnes vs. zero in 2012.

Sadovaya's net debt surged by 2.5x YoY to USD 42.7mn as of end-2012, implying a net debt to EBITDA ratio of 21x (vs. 1.1x at end-2011).

Baker Tilly, the company's external auditor, said it was unable to confirm the full cost of sales of Sadovaya, and stated that it sees a risk that the company will be unable to continue as a going concern.

SADOVAYA GROUP: FINANCIAL RESULTS

USD mn	2011	2012	YoY
Coal sales volume, mnt	1,264	570	-55%
Net Revenue	90	40	-56%
Gross Profit	21	12	-45%
Gross margin	23.3%	29.0%	6pp
EBITDA	16	2	-87%
EBITDA margin	17.4%	5.0%	-12pp
EBIT	12	(12)	na
EBIT margin	12.9%	-30.0%	-43pp
Net Profit	10	(15)	na
Net margin	11.5%	-36.5%	-48pp

Source: Company data

COMMENTARY

Sadovaya's FY12 results turned out to be worse than those which it posted in crisis-hit 2009, despite the fact that the top line of the company in 2012 of USD 40mn was 3x higher than USD 13mn in 2009. Apart from the adverse impact of a persistently weak Ukrainian coal market, the company's financials were detrimentally affected by other operating expenses, notably financial asset impairment (USD 5.0mn), expenses from PP&E revaluation (USD 4.7mn vs. zero in 2011) and other operating losses (USD 4.8mn). If these expenses had stayed at the level of 2011, the company could have ended year more or less at breakeven.

While FY12 was a sad year for the company in terms of operating results, 2013 will likely be even worse given the ongoing oversupply of steam coal on the domestic market and equally bleak prospects for exports. Sadovaya's coal sales in 1Q13 amounted to a mere 4,900 tonnes (-97% YoY). Additionally, the expanded leverage amid poor cash generation from operating activities raises questions about the company's ability to service its debt in the foreseeable future.

Ferrexpo's Achieved Price Up 19% QoQ in 1Q13

by Ivan Dzvinka
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FERREXPO (FXPO LN)

Price: GBP 198 Market Cap: USD 1,800mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.6	8.3	5.5	4.3%
2013E	1.4	7.5	5.1	2.2%

NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, sold 2.57mn tonnes of pellets in 1Q13 (+15% YoY and -6% QoQ), or in line with its production of 2.55mn tonnes, according to the company's interim management statement from Friday (May 10). The group's average selling price was up by 19% QoQ, reflecting a 23% growth in benchmark iron ore prices over the period. The production cash cost from in-house ore (C1 cost) increased by 8% QoQ to USD 63.9/t in 1Q13. As of 31 Mar 2013, Ferrexpo's net debt stood at USD 539mn, vs. USD 423mn as of end-2012. VAT refunds owed to Ferrexpo by the Ukrainian government as of end-1Q13 were USD 309mn, compared to USD 301mn at end-2012.

Commenting on its CapEx program, management said it is finalizing the design and cost for a 10mn tonne iron ore concentrator, with expected approval by the board of directors in late 2013. The company also said it extended its exploration licenses for several unexplored deposits (the Northern Deposits) until 2018.

COMMENTARY

Most of the information presented in the statement is unlikely to surprise to the market, with the exception of the 8% jump in C1 production cost. However, this increase stemmed from higher initial processing costs of ore from Ferrexpo's new Yeristovo mine. The average cost at Yeristovo in 1Q13 was USD 69.9 per tonne of pellets, but dropped to USD 60.1/t in March alone. According to the management, this figure is set to drop to below the cost Ferrexpo's longtime flagship mine, Poltavsky GOK, when the former enters full commercial production in 2H13. We stick to our view that likely approval of the company's project on the concentrator's construction should serve as a positive catalyst for the FXPO share price.

Kernel Divesting One of Its Sugar Assets

by Ivan Dzvinka
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KERNEL HOLDING (KER PW)

Price: PLN 57.4 Market Cap: USD 1,330mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY12	0.9	6.3	6.0	0%
FY13E	0.7	6.8	5.7	0%

NEWS

Kernel, Ukraine's largest sunflower oil producer, is in the process of selling its Chortkiv Sugar Plant (located in Ternopil oblast) as well as an associated sugar trading entity for a total consideration of up to USD 32.5mn. The name of the purchaser was not officially disclosed. The deal is subject to approval by the Anti-Monopoly Committee of Ukraine.

COMMENTARY

The sale of the Chortkiv refinery is in line with Kernel's previously announced strategy to get out of the sugar business. Sugar was the only segment which generated negative EBITDA (in the amount of USD 1.9mn) for Kernel in the most recent quarter for which financials are available (July-Sept 2012). Meanwhile, revenue of the segment during the above period amounted to only to USD 6mn, or 1.2% of the group's total sales. While Kernel hasn't disclosed the name of the acquirer of Chortkiv, it is reportedly German sugar producer Pfeifer&Langen.

MHP Forced to Temporarily Suspend Exports to RUS/KAZ/BLR

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MHP (MHPC LI)

Price: USD 18.9 Market Cap: USD 1,996mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY12	2.2	6.4	6.5	6%
FY13E	2.0	7.4	5.8	5%

NEWS

The Ukrainian State Veterinary Authority (SVA) temporarily banned the export of poultry meat to the countries of the Customs Union (Russia, Kazakhstan and Belarus), today's Kommersant newspaper reported. MHP, Ukraine's largest poultry producer and exporter, will be affected. SVA said its decision stemmed from concerns in Russia of the existence of harmful substances in Ukrainian poultry meat.

COMMENTARY

While we do not rule out that the suspicions of the Russian side have some actual technical grounds, we see it as more likely that this story is being dictated by the attempt of Russian poultry producers to curb the increasing imports of Ukrainian poultry. The latter surged by almost 7x YoY in Jan-Feb. We see a rather high chance that this interruption in export of Ukrainian poultry meat will be only of a brief duration.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.07	0.07	-5%	SELL	Non-transparent reporting practises detrimentally affect the company's reported earnings.
Khartsysk Pipe	HRTR	0.06	0.19	194%	BUY	The company has a 100% dividend payout policy, which we expect to remain in place going forward.
Iron Ore						
Ferrexpo	FXPO LN	2.99	3.33	11%	BUY	Launch of its new Yeristovo Mine in 2H12 should allow Ferrexpo to increase pellet output by 10% YoY to 10.6mn tonnes in 2013 with further growth to 12.0mn tonnes in 2015.
Pivnichny GOK	SGOK	0.94	1.77	89%	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	0.79	1.30	65%	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	0.37	0.76	106%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.07	0.42	498%	BUY	Yasynivsky 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	422%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	3.07	6.18	102%	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	0.21	0.64	208%	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	247	644	161%	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	62%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.35	1.52	330%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	1.1	6.0	450%	BUY	The expected start of operations in JKX's Russian gas field should lift output.
Power Utilities						
DonbasEnergO	DOEN	2.49	8.90	257%	BUY	DonbasEnergO recently launched Ukraine's most efficient power generation unit.
CenterEnergO	CEEN	0.50	1.84	265%	BUY	CenterEnergO's privatization is on the horizon for 2013.
Consumer						
MHP	MHPC	18.9	24.0	27%	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	16.86	30.0	78%	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	8.90	28.3	218%	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	824.19	1311.16	747.84	-0.9%	-0.2%	1.3%	-13.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.044	0.07	0.04	-0.5%	2.4%	-2.7%	-18.5%	0.4%	2.6%	-4.0%	-5.2%
Azovstal	AZST	0.58	1.19	0.54	-0.7%	0.7%	-2.5%	-21.5%	0.2%	0.9%	-3.8%	-8.2%
Dniprospezstal	DNSS	700	n/a	n/a	0.0%	0.0%	-27.8%	-29.9%	0.9%	0.2%	-29.1%	-16.6%
Enakievo Steel	ENMZ	33.0	49.6	27.7	-1.0%	-2.9%	-2.5%	-13.2%	-0.1%	-2.7%	-3.8%	0.1%
Arcelor Mittal KR	KSTL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.19	0.32	0.13	0.0%	11.8%	-5.0%	-13.6%	0.9%	12.0%	-6.3%	-0.3%
Coke												
Avdivka Coke	AVDK	3.01	4.15	1.90	-1.2%	1.2%	-0.1%	-8.0%	-0.3%	1.4%	-1.3%	5.3%
Yasnyivsky Coking	YASK	0.57	1.18	0.54	0.0%	3.6%	-5.0%	-14.9%	0.9%	3.9%	-6.3%	-1.6%
Iron Ore Mining												
Centralny GOK	CGOK	6.39	7.74	4.00	-0.9%	16.2%	-6.6%	-7.4%	-0.1%	16.4%	-7.9%	5.9%
Ferrexpo	FXPO	3.04	4.58	2.35	8.5%	13.0%	27.7%	-24.4%	9.4%	13.3%	26.4%	-11.1%
Pivnichny GOK	SGOK	7.60	12.47	5.77	1.3%	13.4%	-12.1%	2.2%	2.2%	13.7%	-13.4%	15.4%
Coal Mining												
Pokrovske Mine	SHCHZ	0.56	1.30	0.40	0.0%	-5.1%	-6.7%	-11.1%	0.9%	-4.9%	-7.9%	2.2%
Komsomolets Donbasa	SHKD	1.00	2.00	0.76	0.0%	-10.7%	-1.0%	-15.3%	0.9%	-10.5%	-2.3%	-2.0%
Energy Coal	CLE	1.63	7.34	0.85	0.9%	3.2%	-6.7%	-47.2%	1.8%	3.4%	-8.0%	-33.9%
Mining Machinery												
Svitlo Shakhtara	HMBZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.52	1.30	0.47	-1.9%	0.0%	-25.7%	-25.7%	-1.0%	0.2%	-27.0%	-12.4%
Interpipe NMPP	NVTR	0.19	0.60	0.10	5.6%	11.8%	-5.0%	-13.6%	6.4%	12.0%	-6.3%	-0.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	24.9	25.9	14.2	-0.4%	-0.6%	16.4%	28.4%	0.4%	-0.4%	15.1%	41.6%
Luhanskeplovoz	LTPL	1.69	2.28	1.28	-0.6%	-0.6%	-6.1%	-9.6%	0.3%	-0.4%	-7.4%	3.7%
Stakhanov Wagon	SVGZ	1.46	3.71	1.26	-0.7%	1.4%	-0.7%	-15.6%	0.2%	1.6%	-2.0%	-2.3%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.22	0.03	-1.5%	25.2%	17.8%	16.5%	-0.6%	25.4%	16.6%	29.8%
Motor Sich	MSICH	2,007	2,640	1,750	0.1%	-0.5%	-1.2%	-9.2%	1.0%	-0.3%	-2.5%	4.1%
Summy Frunze Engineering	SMASH	2.65	4.00	0.76	-5.4%	2.3%	-24.3%	76.7%	-4.5%	2.6%	-25.6%	90.0%
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	0.18	0.80	0.13	2.7%	-7.5%	-10.9%	-25.7%	3.6%	-7.3%	-12.2%	-12.4%
Telecom												
Ukrtelecom	UTLM	0.13	0.37	0.12	-1.8%	-1.8%	-2.3%	-16.2%	-0.9%	-1.5%	-3.5%	-2.9%
Oil & Gas												
Regal Petroleum	RPT	0.37	0.59	0.21	0.5%	-4.1%	6.0%	-31.0%	1.4%	-3.9%	4.7%	-17.7%
JXX Oil	JKX	1.07	2.00	0.87	0.5%	0.3%	-5.6%	-10.2%	1.4%	0.5%	-6.9%	3.1%
Ukrnafta	UNAF	114	280	80	-0.1%	-1.0%	0.4%	-3.5%	0.8%	-0.7%	-0.9%	9.8%
Power Utilities												
Centrenerg	CEEN	4.09	7.33	3.76	-1.0%	-1.4%	4.2%	-35.6%	-0.1%	-1.2%	3.0%	-22.3%
Donbasenergo	DOEN	20.2	28.1	15.0	-0.4%	1.0%	3.3%	-4.6%	0.5%	1.3%	2.0%	8.7%
Zakhidenergo	ZAEN	81.5	162.8	54.0	-4.0%	-4.1%	-2.6%	-16.0%	-3.1%	-3.9%	-3.9%	-2.7%
Consumer												
Agroton	AGT	0.91	5.0	0.36	-5.7%	5.9%	-65.2%	-71.9%	-4.8%	6.2%	-66.5%	-58.6%
Astarta	AST	16.5	22.1	13.9	3.1%	3.3%	-17.4%	-7.6%	4.0%	3.5%	-18.6%	5.7%
Avangardo	AVGR	8.6	14.0	7.61	-1.7%	0.0%	11.7%	-24.1%	-0.8%	0.2%	10.4%	-10.8%
Industrial Milk Company	IMC	4.15	5.48	2.73	0.9%	-0.6%	-5.4%	-21.9%	1.8%	-0.4%	-6.6%	-8.6%
Kernel	KER	18.1	23.0	14.8	0.4%	-0.3%	-2.5%	-16.6%	1.2%	-0.1%	-3.8%	-3.3%
Mriya Agro Holding	MAYA	5.71	7.2	5.04	0.7%	-1.4%	-4.9%	-12.0%	1.5%	-1.2%	-6.1%	1.3%
MHPC	MHPC	18.9	19.9	10.00	-0.8%	5.0%	16.1%	23.6%	0.1%	5.2%	14.8%	36.9%
Milkiland	MLK	3.86	6.1	3.29	-2.2%	-2.3%	-11.1%	-17.9%	-1.3%	-2.1%	-12.3%	-4.6%
Ovostar Union	OVO	29.3	33.8	23.2	-0.2%	5.9%	0.2%	1.5%	0.7%	6.2%	-1.1%	14.8%
Sintal	SNPS	n/a	1.54	0.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	0.81	0.22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	11.2	22.5	10.3	-0.6%	-4.2%	-6.8%	-16.4%	0.3%	-4.0%	-8.1%	-3.1%
Banks												
Raiffeisen Bank Aval	BAVL	0.102	0.128	0.061	-2.0%	-0.1%	7.3%	18.9%	-1.1%	0.1%	6.0%	32.2%
UkrSotsbank	USCB	0.120	0.207	0.107	-1.8%	-1.1%	4.2%	-6.9%	-0.9%	-0.8%	2.9%	6.4%

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	-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
Coke																
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%
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	74	77	18.7%	11.3%	11.1%	98	34	34	12.7%	5.1%	4.9%
Railcar Manufacturing																
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%
Specialized Machinery																
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%
Telecom																
Ukrtelecom	UTLM	843	858	744	206	205	208	24.5%	23.8%	28.0%	-17	45	48	neg	5.3%	6.5%
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	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%
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%
Ukrstsobank	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	138	3.9%	5	1,554	3.8	neg	neg	10.7	neg	neg	0.7	0.9	0.9	536	462	416	\$/tonne
Yenakievo Steel	ENMZ	43	8.8%	4	35	1.4	5.0	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	301	4.1%	12	279	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	50	47	45	\$/tonne
Coke																		
Avdyivka Coke	AVDK	72	7.5%	5	70	neg	neg	neg	11.5	neg	neg	0.0	0.1	0.1	20	15	13	\$/tonne
Yasynivsky Coke	YASK	19	9.0%	2	48	1.3	1.8	1.8	1.7	1.7	1.7	0.1	0.1	0.1	1.7	1.7	1.7	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	923	0.5%	5	923	2.8	9.7	8.9	1.9	3.9	4.6	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,159	0.5%	12	2,284	2.8	4.9	6.0	1.9	2.8	3.6	1.2	1.5	1.8				
Ferrexpo	FXPO	1,790	24.0%	430	2,040	3.1	8.3	6.8	2.5	5.1	4.6	1.1	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	41	5.4%	2	143	2.7	1.1	1.2	2.1	1.4	1.6	0.7	0.6	0.6	35	34	32	\$/tonne
Coal Energy	CLE	74	11.9%	9	99	2.0	1.9	1.7	2.0	1.6	1.6	0.7	0.6	0.5	2.0	1.6	1.6	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	167	2.0%	3	209	1.7	4.9	4.9	1.4	2.8	2.7	0.3	0.3	0.3	332	551	523	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	46	24.0%	11	46	5.1	6.6	5.6	3.3	3.7	3.0	0.2	0.3	0.2				
Kruiw Wagon	KVBZ	352	5.0%	18	354	4.2	3.7	7.0	3.0	2.6	3.8	0.5	0.4	0.6				
Stakhanov Wagon	SVGZ	41	8.0%	3	80	2.0	>30	14.2	2.4	11.1	7.3	0.2	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	182	5.8%	11	130	3.4	4.8	4.4	2.1	2.8	2.5	0.8	0.8	0.7				
Motor Sich	MSICH	514	24.0%	123	524	3.1	2.1	1.9	1.8	1.7	1.6	0.7	0.6	0.6				
Telecom																		
Ukrtelecom	UTLM	310	7.2%	22	646	neg	6.8	6.4	3.1	3.2	3.1	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	765	3.0%	23	755	2.8	2.4	3.4	1.7	1.5	1.8	0.2	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	120	49.0%	59	102	18.7	10.0	5.0	neg	4.5	2.9	5.4	2.0	1.3	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	184	50.4%	93	293	3.1	4.6	3.7	2.6	2.0	1.9	1.2	1.3	1.2	77	53	40	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	186	21.7%	40	269	>30	6.5	5.6	5.5	4.4	4.0	0.3	0.3	0.2	18	19	15	\$/MWh
DonbasEnergO	DOEN	59	14.2%	8	116	neg	15.4	5.8	5.6	6.7	4.9	0.2	0.2	0.2	14	14	13	\$/MWh
Consumer																		
MHP	MHPC	1,991	34.1%	679	3,036	7.7	6.4	7.3	7.6	6.5	5.8	2.5	2.2	2.0	9488	9488	9488	\$/tonne
Kernel	KER	1,331	61.8%	822	1,941	5.9	6.3	6.8	6.3	6.0	5.7	1.0	0.9	0.7				
Astarta	AST	412	31.0%	128	559	3.6	8.2	7.0	3.9	5.7	4.6	1.4	1.2	1.0	2835	1726	1433	\$/tonne
Avangardco	AVGR	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
Agroton	AGT	20	44.6%	9	53	neg	1.1	0.9	2.8	1.7	1.6	0.4	0.6	0.5	0.4	n/a	n/a	\$/ha
Banks																		
Raiffeisen Bank Aval	BAVL	377	4.0%	15		>30	>30	13.2	0.5	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	273	1.6%	4		>30	>30	21.8	0.3	0.3	0.3	0.06	0.06	0.06				

Source: Eavex Research

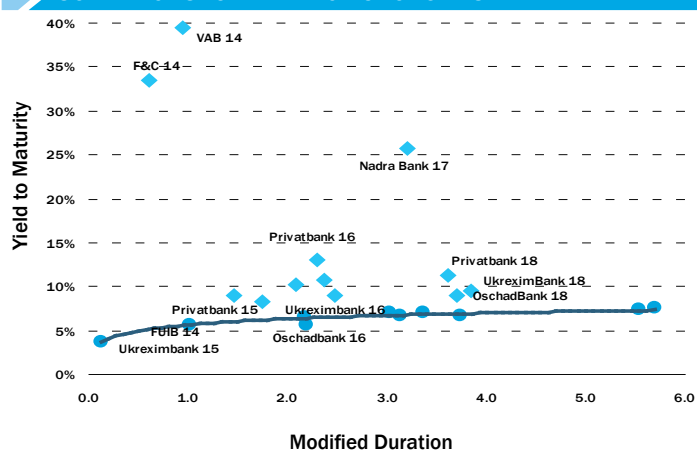
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2013	100.0	100.5	7.9%	0.2%	-0.7%	0.1	7.65%	S/A	11 Jun. 2013	1,000	B3/B/B
Ukraine, 2014	102.2	102.8	5.8%	5.2%	0.7%	1.0	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	104.0	104.7	6.5%	5.9%	1.3%	1.3	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	98.0	99.0	5.9%	5.4%	1.0%	2.1	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	100.5	101.5	6.7%	6.2%	-0.2%	2.1	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	99.8	100.5	6.7%	6.4%	0.3%	3.0	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	99.5	100.3	6.4%	6.2%	0.3%	3.1	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	99.8	100.8	6.8%	6.5%	1.0%	3.7	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	108.5	109.5	6.9%	6.6%	1.7%	3.3	9.25%	S/A	24 Jul 2017	2,000	B3/B/B
Ukraine, 2017 Infr. projects	100.0	101.5	8.5%	8.1%	2.5%	3.7	8.375%	S/A	3 Nov 2017	568	B3/-/-
Ukraine, 2018 Infr. projects	95.5	97.2	8.6%	8.2%	3.8%	4.0	7.40%	S/A	20 Apr 2018	690	B3/-/-
Ukraine, 2020	104.0	104.8	7.0%	6.9%	1.3%	5.5	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	105.0	105.8	7.1%	7.0%	1.4%	5.7	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	102.0	102.7	7.5%	7.4%	1.4%	6.4	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Corporate Eurobonds											
Agroton, 2014	75.0	80.0	41.4%	34.6%	n/a	0.9	12.50%	S/A	14 Jul 2014	50	-/-/B-
MHP, 2015	106.2	106.9	6.9%	6.7%	1.0%	1.8	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	99.7	100.6	8.3%	8.1%	0.2%	5.1	8.25%	S/A	2 Apr 2020	750	B3//B
Avangardco, 2015	99.8	101.8	10.2%	9.2%	5.3%	2.1	10.00%	S/A	29 Oct 2015	200	-/-/B
UkrLandFarming, 2018	99.1	100.5	11.1%	10.7%	-0.2%	3.7	10.88%	S/A	26 Mar 2018	275	B-//B
Mriya, 2016	106.1	107.2	8.6%	8.1%	3.6%	2.4	10.95%	S/A	30 Mar 2016	250	-/B/B-
DTEK, 2015	105.0	105.7	6.8%	6.4%	4.2%	1.8	9.50%	S/A	28 Apr 2015	500	B2//B
DTEK, 2018	100.0	100.7	7.9%	7.7%	0.3%	4.0	7.88%	S/A	4 Apr 2018	750	B2//B
Metinvest, 2015	106.8	107.7	6.6%	6.1%	3.3%	1.7	10.25%	S/A	20 May 2015	500	B3//B-
Metinvest, 2018	102.8	103.7	8.0%	7.8%	6.5%	3.8	8.75%	S/A	14 Feb 2018	750	B2/-/B-
Ferrexpo, 2016	100.2	101.1	7.8%	7.4%	3.3%	2.5	7.875%	S/A	07 Apr 2016	500	B2/B+/B
Interepipe, 2017	77.0	80.1	18.3%	16.7%	-3.8%	3.0	10.25%	S/A	2 Aug 2017	200	-/B+/B+
Bank Eurobonds											
Fin&Credit Bank, 2014	84.0	88.0	39.2%	31.1%	43.3%	0.6	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	103.0	104.1	9.2%	8.5%	2.6%	1.4	11.00%	Q	31 Dec 2014	275	B2//B-
Nadra Bank, 2017	77.2	82.2	26.1%	21.2%	-3.8%	3.2	8.00%	A	22 Jun 2017	175	WD//WD
PrivatBank, 2015	97.4	99.0	10.8%	9.9%	3.6%	2.0	9.38%	S/A	23 Sept 2015	200	B1//B
PrivatBank, 2016	82.7	85.0	13.6%	12.4%	8.6%	2.3	8.75%	S/A	9 Feb 2016	150	B1//B
PrivatBank, 2018	98.7	100.4	11.2%	10.7%	-0.4%	3.6	10.88%	S/A	28 Feb 2018	175	//B
UkrEximBank, 2015	100.2	101.2	8.3%	7.7%	0.8%	1.8	8.38%	S/A	27 Apr 2015	750	B1//B
UkrEximBank, 2016	88.5	90.5	10.8%	9.9%	6.2%	2.3	8.40%	S/A	2 Sept 2016	125	B1//B
UkrEximBank, 2018	99.1	100.1	9.0%	8.7%	-0.4%	3.7	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	75.0	77.0	41.8%	38.8%	40.7%	0.9	10.50%	Q	14 Jun 2014	125	Caa1/-/WD
Oschadbank, 2016	98.5	99.7	8.9%	8.4%	4.2%	2.4	8.25%	S/A	10 Mar 2016	700	B2//B
Oschadbank, 2018	97.3	98.3	9.4%	9.1%	-2.2%	3.8	8.88%	S/A	20 Mar 2018	500	B1//B
Municipal Eurobonds											
City of Kyiv, 2015	96.4	99.0	9.7%	8.5%	4.4%	2.2	8.00%	S/A	6 Nov 2015	250	B1/CCC+/B
City of Kyiv, 2016	96.0	98.1	10.9%	10.1%	3.7%	2.6	9.375%	S/A	30 Jun 2016	300	B1/CCC+/B

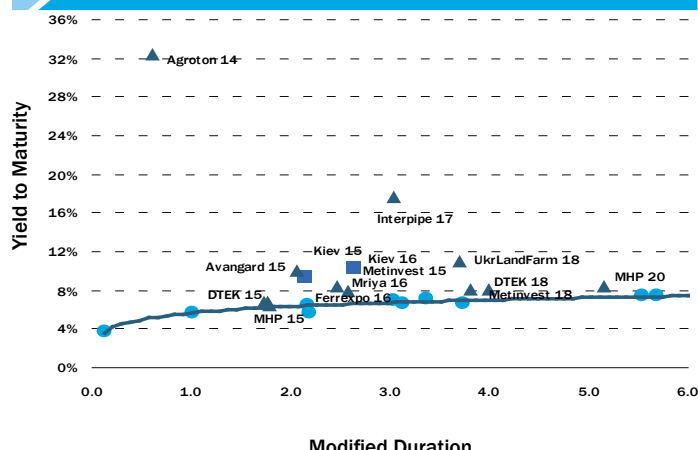
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

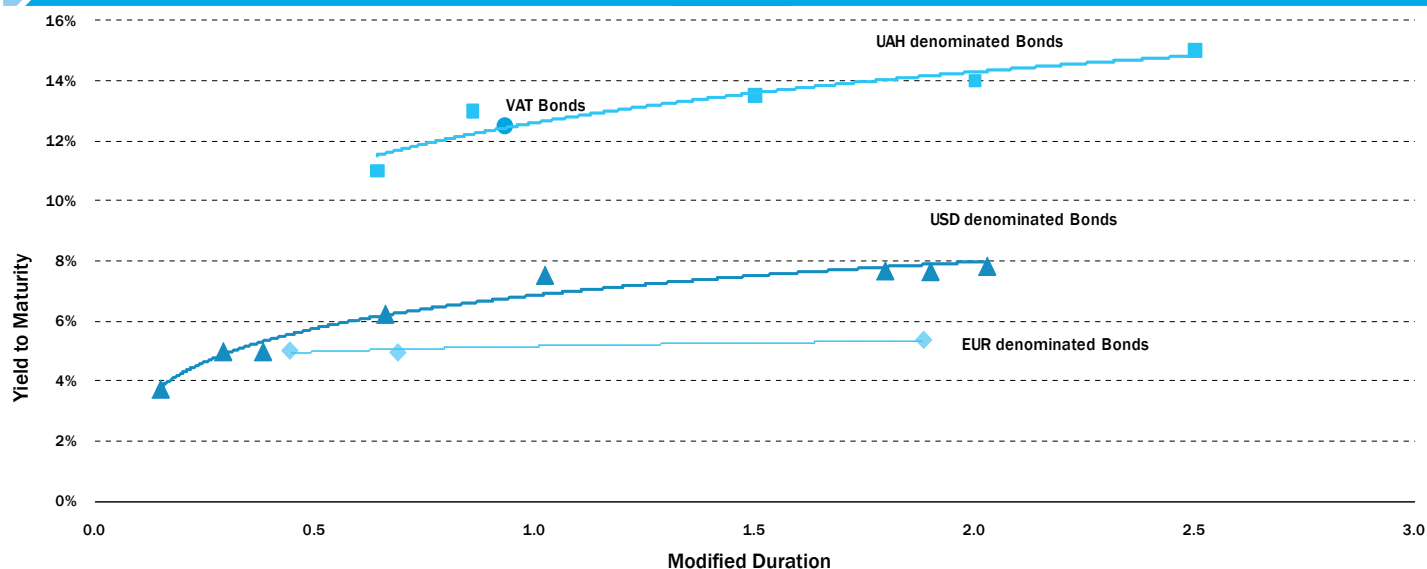


Source: Bloomberg, Cbonds, Eavex Research

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			4.5%	3.0%	0.6	9.00%	S/A	22 May 2013	64
UA4000115117			11.8%	10.0%	n/a	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	100.1	100.3	4.5%	3.0%	0.0	9.30%	S/A	29 May 2013	235
UA4000142384	100.4	100.5	5.5%	4.5%	0.2	9.30%	S/A	24 Jul 2013	413
UA4000136832	100.9	101.0	5.5%	4.5%	0.3	9.27%	S/A	28 Aug 2013	254
UA4000138002	101.0	101.5	6.5%	6.0%	0.5	9.30%	S/A	27 Nov 2013	86
UA4000140362	101.4	101.9	7.9%	7.2%	0.9	9.20%	S/A	21 May 2014	171
UA4000142699	102.9	103.9	8.1%	7.3%	1.7	9.45%	S/A	22 Apr 2015	312
UA4000141071	103.0	104.0	8.1%	7.3%	1.7	9.45%	S/A	27 May 2015	152
UA4000142673	93.5	94.5	8.2%	7.5%	2.0	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000137731	100.3	100.4	3.9%	3.7%	0.3	4.80%	S/A	18 Sept 2013	205
UA4000138846	100.5	100.6	4.1%	3.9%	0.6	4.80%	S/A	25 Dec 2013	70
UA4000142681	100.8	100.9	4.6%	4.5%	1.8	4.80%	S/A	6 May 2015	40
VAT Bonds									
UA4000082531			12.3%	11.5%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			12.3%	11.5%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			12.3%	11.5%	n/a	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

DOMESTIC BONDS YIELD CURVE


Source: Bloomberg, Cbonds, Eavex Research

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