

## Market Update

### Equity

Ukrainian stocks ended mixed on Friday (May 31), outperforming the main European and Asian indices as well as Wall Street, where equities suffered a heavy-late day selloff to close out what was nonetheless a very bullish month. The UX index was unchanged for the day at 867 points. CentrEnergO was the most notable decliner, shedding 1.0% to UAH 4.49, while on the upside, Yenakievo Steel and UkrNafta each added 1.4%. Raiffeisen Aval led the exchange in turnover with a paltry UAH 1.3mn in deals, and edged down 0.2% to 10.54 kopecks. In London, Ferrexpo remained within the GBp 170-175 band for an 8th consecutive session, slipping 2.4%. Avangard added 4.9% to USD 9.65 and JKK Oil & Gas edged up 1.2% amid intriguing news that management is trying to bar the company's largest shareholder, Privat-affiliated Eclairs Group, from next week's annual meeting. In Warsaw, top liquid issue Kernel fell 4.0% after acknowledging a net loss for the Jan-Mar quarter.

### Fixed Income

Ukrainian sovereign Eurobonds were mixed on Friday. Ukraine-23s declined by 0.2p.p. closing at 97.3/98.2 (7.9%/7.8%) and Ukraine-17s inched up by 0.1p.p. to 99.0/99.8 (7.0%/6.8%). Corporate names were mostly flat with a few visible exceptions. DTEK-18s slid by 0.4p.p. to 99.3/99.9 (8.1%/7.9%) and Avangard-15s improved by 0.8p.p. to 102.8/103.7 (8.8%/8.3%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Raiffeisen Bank Aval	BAVL	0.105	-0.2%	1.3	108
Motor Sich	MSICH	2105.00	0.2%	1.1	76
Enakievo Steel	ENMZ	34.770	1.4%	1.0	55

### Growth Leaders

Alchevsk Coke	ALKZ	0.14	12.1%	0.01	13
Pivnichny GOK	SGOK	7.80	6.8%	0.29	7
Yasynivsky Coke	YASK	0.58	1.6%	0.04	10

### Loss Leaders

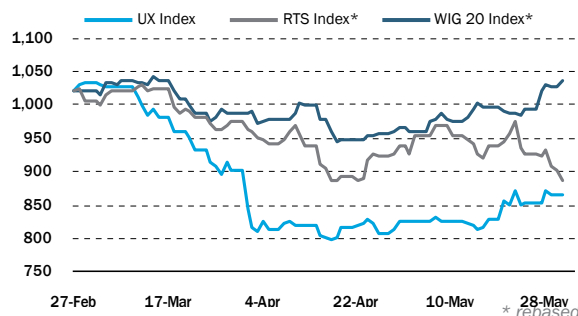
Mariupol Ilyicha	MMKI	0.18	-6.1%	0.01	7
CentrenergO	CEEN	4.49	-1.0%	0.88	103
Alchevsk Steel	ALMK	0.04	-0.5%	0.41	134

## Highlights

### STOCKS IN THE NEWS

- > Kernel's 9M Net Profit Down 52% YoY

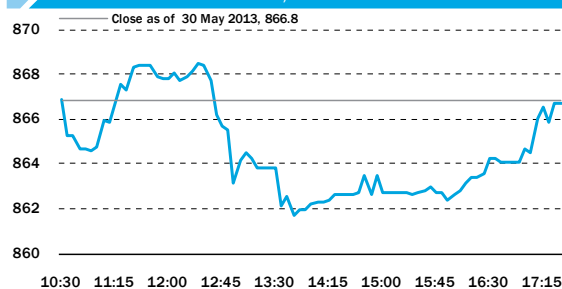
### STOCK MARKET PERFORMANCE



### MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	866.9	0.0%	4.9%	-8.8%
RTS	1331.4	-1.4%	-5.4%	-12.8%
WIG20	2485.5	0.9%	7.2%	-3.8%
MSCI EM	1008.9	-0.7%	-2.9%	-4.4%
S&P 500	1630.7	-1.4%	2.1%	16.3%

### UX INTRADAY MAY 31, 2013



### FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	306.9	0.0%	5.4%	13.2%
CDS 5Y UKR	600.9	0.1%	-1.3%	-3.9%
Ukraine-17	6.9%	0.0 p.p.	-0.2 p.p.	0.0 p.p.
Naftogaz Ukr-14	6.8%	0.1 p.p.	0.2 p.p.	-0.8 p.p.
Ukraine-23	7.8%	0.0 p.p.	-0.1 p.p.	0.3 p.p.
Privatbank-16	13.0%	0.1 p.p.	0.0 p.p.	-2.3 p.p.

### CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.15	0.1%	0.6%	1.3%
EUR	10.59	-0.3%	-0.7%	-0.9%
RUB	0.26	-0.6%	-1.9%	-3.7%

### COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	322.1	0.0%	0.0%	0.0%
Steel, USD/t	517.5	0.0%	-4.2%	-2.8%
Oil, USD/bbl	92.0	-1.8%	-1.8%	-0.3%
Gold, USD/oz	1387.9	-1.9%	-6.0%	-16.2%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Kernel's 9M Net Profit Down 52% YoY

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### KERNEL (KER PW)

Price: PLN 57.1 Market Cap: USD 1,386mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.1	1.1	6.6	7.2	0%
2013E	1.0	0.8	13.9	7.5	0%

## NEWS

Kernel, Ukraine's largest sunflower oil producer, reported a drop in net profit by 52% YoY to USD 66.3mn for the 9 months ended on Mar 31 (the company's financial year runs from Jul 1 to Jun 30). Revenue rose 30.7% to USD 2.07bn while EBITDA fell by 10.9% YoY to USD 143mn in the period. In the Jan-Mar quarter, Kernel had revenue of USD 598mn (-0.2% YoY), EBITDA of 43.8mn (-30% YoY), and a net loss of USD 3.4mn, compared to net profit of USD 37.2mn in the same period a year earlier.

### KERNEL FINANCIAL RESULTS

USD mn	3Q13	3Q12	YoY	9M13	9M12	YoY
Net revenue	597.9	598.9	-0.20%	2,072.10	1,584.80	+30.7%
EBITDA	43.8	62.5	-30.00%	201.5	211.2	-4.6%
EBITDA margin	7.3%	10.4%	-3.1 p.p.	9.7%	13.3%	-3.6 p.p.
Net Income	-3.4	37.2	n/m	66.3	139.1	-52.3%
Net margin	-0.6%	6.2%	-6.8 p.p.	3.2%	8.8%	-5.6 p.p.

Source: Company data,

On its balance sheet, Kernel's net debt amounted to USD 938mn as of March 2013, implying a net debt-to-EBITDA ratio of 3.0x compared to 2.5x a year earlier.

## COMMENTARY

We attribute Kernel's poor bottom line performance to higher depreciation charges following its acquisition of new assets that contributed little to the company's revenue stream. The sales decline in the highly profitable bottled oil segment, by 18% YoY to USD 138mn, and an increase in financing costs by 44% YoY to USD 64mn, were among other reasons for lower profitability during the period in question. Based on these results, Kernel lowered its EBITDA guidance for full-year 2013 (i.e. the year ending on Jun 30) to USD310mn. The company did not issue new revenue or net profit guidance. The disappointing Jan-Mar results hit Kernel's share price on the Warsaw Stock Exchange, with the issue slipping 4.4% on Friday (May 31).

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.07	0.07	-9%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	2.59	3.33	29%	BUY	Operations at Ferrexpo's new Yeristovo Mine should allow the company to increase its iron ore pellet output by 10% YoY to 10.6mn tonnes in 2013, with further growth to 12.0mn tonnes in 2015.
Pivnichny GOK	SGOK	0.96	1.77	85%	BUY	Secured demand for SGOK's iron ore products and lucrative ore pricing allow the company to operate with high profitability (EBITDA margin of not lower than 45% since 2009). Weak sides of the stock are its low liquidity & approval of no dividends in 2013 for the first time since 2005.
Centralny GOK	CGOK	0.86	1.30	52%	BUY	The company operates in highly profitable iron ore industry with its EBITDA margin have been staying not lower than 35% since 2009. Weak sides of the stock are its low liquidity & approval of no dividends in 2013 for the first time since 2005.
<b>Coke</b>						
Avdyivka Coke	AVDK	0.40	0.76	92%	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	491%	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.
<b>Coal</b>						
Pokrovske Mine	SHCHZ	0.07	0.36	439%	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	3.07	6.18	101%	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	209%	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	258	644	149%	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	0.34	1.52	349%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	0.9	6.0	549%	BUY	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	2.57	8.90	247%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	0.55	1.84	234%	BUY	CentrEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Consumer</b>						
MHP	MHPC	18.6	24.0	29%	BUY	MHP launched production at Phase 1 of its new Vinnitsya poultry complex in late 2012. This will allow the company to expand its poultry production by some 60,000 tonnes in 2013, up from the current 384,000 tonnes.
Astarta	AST	17.52	30.0	71%	BUY	Astarta's business leans on three pillars: sugar beet cultivation/processing, grain cultivation, and cattle farming. With sugar prices depressed since 2011, a favorable market for grain should continue to drive the company's profitability.
Avangardco	AVGR	9.65	28.3	193%	BUY	Avangard's standing with investors has been hit by concerns that the company inflates its margins by selling its eggs to related-party wholesalers at above-market prices. The company reports 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	866.89	1203.21	747.84	0.0%	1.6%	4.9%	-8.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.044	0.07	0.04	-0.5%	0.2%	2.8%	-18.2%	-0.5%	-1.4%	-2.1%	-9.4%
Azovstal	AZST	0.61	1.19	0.54	0.7%	2.2%	5.9%	-17.5%	0.7%	0.5%	1.0%	-8.7%
Dniprospeztstal	DNSS	850	1,700	700	0.0%	21.4%	21.4%	-14.9%	0.0%	19.8%	16.5%	-6.1%
Enakievo Steel	ENMZ	34.8	48.9	27.7	1.4%	2.3%	2.3%	-8.5%	1.4%	0.7%	-2.7%	0.3%
Arcelor Mittal KR	KSTL	1.20	6.00	1.20	0.0%	0.0%	n/a	n/a	0.0%	-1.6%	n/a	n/a
Mariupol Ilyicha	MMKI	0.18	0.32	0.13	-5.3%	0.0%	5.9%	-18.2%	-5.3%	-1.6%	0.9%	-9.4%
<b>Coke</b>												
Avdivka Coke	AVDK	3.23	4.15	1.90	0.3%	1.6%	8.5%	-1.3%	0.3%	-0.1%	3.6%	7.5%
Yasnyivsky Coking	YASK	0.58	1.16	0.52	1.8%	1.8%	5.5%	-13.4%	1.7%	0.1%	0.5%	-4.6%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.98	7.74	4.00	2.8%	15.2%	26.9%	1.2%	2.8%	13.5%	22.0%	10.0%
Ferrexpo	FXPO	2.58	4.58	2.35	-2.6%	0.2%	-6.6%	-35.9%	-2.6%	-1.5%	-11.6%	-27.1%
Pivnichny GOK	SGOK	7.80	11.80	5.77	6.8%	14.5%	16.4%	4.8%	6.8%	12.9%	11.5%	13.6%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.54	1.30	0.40	5.9%	8.0%	-8.5%	-14.3%	5.9%	6.4%	-13.4%	-5.5%
Komsomolets Donbasa	SHKD	0.77	2.00	0.65	-17.2%	-10.5%	-31.3%	-34.7%	-17.2%	-12.1%	-36.2%	-25.9%
Energy Coal	CLE	1.17	5.77	0.85	11.4%	-14.7%	-26.1%	-62.2%	11.4%	-16.3%	-31.1%	-53.4%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.51	0.58	0.003	88.9%	27.5%	27.5%	-12.1%	88.9%	25.9%	22.6%	-3.3%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.55	1.30	0.45	0.0%	7.8%	5.8%	-21.4%	0.0%	6.2%	0.8%	-12.6%
Interpipe NMPP	NVTR	0.20	0.60	0.10	5.3%	5.3%	17.6%	-9.1%	5.3%	3.6%	12.7%	-0.3%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	25.0	25.9	14.2	4.2%	1.7%	-0.2%	28.9%	4.2%	0.1%	-5.1%	37.7%
Luhanskeplovoz	LTPL	1.69	2.20	1.28	0.0%	0.0%	-0.6%	-9.6%	0.0%	-1.6%	-5.5%	-0.8%
Stakhanov Wagon	SVGZ	1.39	3.15	1.26	4.5%	3.0%	-3.5%	-19.7%	4.5%	1.3%	-8.4%	-10.9%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.22	0.03	-2.0%	-11.6%	7.9%	0.4%	-2.0%	-13.2%	3.0%	9.2%
Motor Sich	MSICH	2,105	2,640	1,750	0.2%	0.4%	4.3%	-4.8%	0.2%	-1.3%	-0.6%	4.1%
Summy Frunze Engineering	SMASH	3.20	4.00	0.76	6.7%	6.7%	23.6%	113.3%	6.7%	5.0%	18.6%	122.1%
Turboatom	TATM	3.20	7.50	0.83	0.0%	0.0%	n/a	n/a	0.0%	-1.6%	n/a	n/a
WESTA ISIC	WES	0.20	0.45	0.13	7.8%	-8.4%	2.2%	-17.9%	7.8%	-10.1%	-2.7%	-9.1%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.13	0.33	0.12	0.0%	-3.1%	-4.2%	-18.3%	0.0%	-4.7%	-9.1%	-9.4%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.34	0.59	0.21	-0.2%	0.4%	-17.2%	-37.6%	-0.2%	-1.2%	-22.2%	-28.8%
JKX Oil	JKX	0.92	1.89	0.84	1.0%	8.4%	-12.4%	-22.9%	1.0%	6.8%	-17.4%	-14.1%
Ukrnafta	UNAF	118	280	80	1.5%	0.8%	2.2%	-0.5%	1.5%	-0.9%	-2.8%	8.3%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.49	7.33	3.76	-1.0%	4.4%	8.3%	-29.2%	-1.0%	2.8%	3.4%	-20.4%
Donbasenergo	DOEN	20.9	24.8	15.0	0.1%	0.6%	4.5%	-1.3%	0.1%	-1.1%	-0.4%	7.5%
Zakhidenergo	ZAEN	78.0	127.9	54.0	4.0%	-2.1%	-8.2%	-19.6%	4.0%	-3.8%	-13.2%	-10.8%
<b>Consumer</b>												
Agroton	AGT	0.87	4.2	0.36	-3.5%	0.0%	0.9%	-73.3%	-3.5%	-1.6%	-4.1%	-64.5%
Astarta	AST	17.5	22.1	14.0	-0.2%	-1.3%	9.3%	-2.2%	-0.2%	-2.9%	4.4%	6.6%
Avangardo	AVGR	9.7	12.0	7.61	1.6%	1.6%	13.5%	-14.8%	1.6%	-0.1%	8.6%	-6.0%
Industrial Milk Company	IMC	3.66	5.48	2.73	0.0%	-1.1%	-12.3%	-31.1%	0.0%	-2.7%	-17.2%	-22.3%
Kernel	KER	17.4	23.0	15.5	-4.4%	1.3%	-3.9%	-19.6%	-4.5%	-0.4%	-8.8%	-10.8%
Mriya Agro Holding	MAYA	5.50	6.7	5.04	-3.0%	2.8%	-4.9%	-15.1%	-3.0%	1.1%	-9.9%	-6.3%
MHPC	MHPC	18.6	19.9	10.00	0.5%	3.2%	0.5%	22.0%	0.5%	1.5%	-4.4%	30.8%
Milkiland	MLK	3.13	5.8	3.11	-0.4%	0.6%	-21.0%	-33.6%	-0.5%	-1.1%	-25.9%	-24.8%
Ovostar Union	OVO	25.8	33.8	23.7	-0.3%	-3.1%	-6.8%	-10.7%	-0.3%	-4.7%	-11.7%	-1.9%
Sintal	SNPS	n/a	1.26	0.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	0.69	0.22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	11.8	20.9	10.3	-0.9%	4.3%	0.5%	-12.3%	-0.9%	2.6%	-4.4%	-3.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.105	0.128	0.061	-0.2%	0.8%	3.3%	23.0%	-0.2%	-0.9%	-1.6%	31.8%
UkrSotsbank	USCB	0.122	0.200	0.107	-0.3%	-0.5%	0.3%	-5.6%	-0.3%	-2.1%	-4.6%	3.2%

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	138	3.9%	5	1,553	3.8	neg	neg	10.7	neg	neg	0.7	0.9	0.9	536	462	416	\$/tonne
Yenakievo Steel	ENMZ	45	8.8%	4	37	1.4	5.3	neg	neg	neg	neg	0.0	0.0	0.0	15	14	14	\$/tonne
Azovstal	AZST	315	4.1%	13	293	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	52	49	47	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	77	7.5%	6	75	neg	neg	neg	12.2	neg	neg	0.1	0.1	0.1	21	16	14	\$/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
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	1,003	0.5%	5	1,003	3.1	10.6	9.6	2.0	4.2	5.0	1.2	1.8	2.0				
Pivnichny GOK	SGOK	2,204	0.5%	12	2,329	2.8	5.1	6.1	2.0	2.9	3.6	1.3	1.5	1.8				
Ferrexpo	FXPO	1,518	24.0%	365	1,769	2.6	7.1	5.8	2.2	4.4	4.0	1.0	1.2	1.1				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	32	5.4%	2	134	2.1	0.8	0.9	2.0	1.3	1.5	0.7	0.5	0.5	33	31	30	\$/tonne
Coal Energy	CLE	53	11.9%	6	78	1.4	1.4	1.2	1.5	1.3	1.2	0.5	0.5	0.4	1.5	1.3	1.2	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	175	2.0%	4	218	1.8	5.2	5.1	1.5	2.9	2.8	0.3	0.3	0.3	346	573	545	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	45	24.0%	11	45	5.1	6.6	5.6	3.2	3.7	3.0	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	352	5.0%	18	354	4.1	3.7	7.0	3.0	2.6	3.8	0.5	0.4	0.6				
Stakhanov Wagon	SVGZ	39	8.0%	3	78	1.9	>30	13.4	2.3	10.8	7.1	0.2	0.3	0.2				
<b>Specialized Machinery</b>																		
Turboatom	TATM	181	5.8%	10	129	3.4	4.8	4.3	2.1	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	537	24.0%	129	547	3.2	2.2	2.0	1.9	1.8	1.7	0.8	0.7	0.6				
<b>Telecom</b>																		
Ukrtelecom	UTLM	300	7.2%	22	636	neg	6.6	6.3	3.1	3.1	3.1	0.8	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	785	3.0%	24	775	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	108	49.0%	53	91	16.9	9.0	4.5	neg	4.0	2.5	4.8	1.8	1.1	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	158	50.4%	80	267	2.7	4.0	3.2	2.3	1.8	1.8	1.1	1.2	1.1	70	49	37	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	204	21.7%	44	286	>30	7.1	6.1	5.9	4.7	4.2	0.3	0.3	0.3	20	20	16	\$/MWh
DonbasEnergO	DOEN	61	14.2%	9	117	neg	15.9	6.0	5.7	6.8	4.9	0.2	0.2	0.2	15	14	13	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,965	34.1%	670	3,010	7.6	6.3	7.3	7.5	6.4	5.8	2.4	2.1	2.0	9405	9405	9405	\$/tonne
Kernel	KER	1,283	61.8%	793	1,893	5.7	6.1	6.6	6.1	5.9	5.6	1.0	0.9	0.7				
Astarta	AST	437	31.0%	135	583	3.8	8.7	7.4	4.1	6.0	4.8	1.5	1.3	1.1	2958	1801	1495	\$/tonne
Avangardco	AVGR	616	22.5%	139	765	3.1	2.7	2.7	3.0	2.7	2.6	1.4	1.2	1.1	173	131	124	\$/mneegs
Agroton	AGT	19	44.6%	8	52	neg	1.0	0.9	2.8	1.7	1.6	0.4	0.6	0.5	0.4	n/a	n/a	\$/th/ha
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	388	4.0%	16		>30	>30	13.6	0.5	0.5	0.4	0.06	0.06	0.05				
Ukrsotsbank	USCB	275	1.6%	5		>30	>30	21.8	0.3	0.3	0.3	0.06	0.06	0.06				

Source: Eavex Research

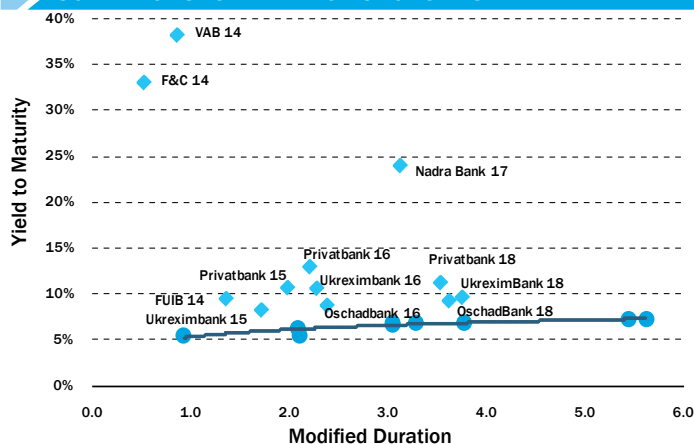
**UKRAINIAN EUROBONDS**

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, 2014	102.0	102.6	5.8%	5.2%	0.5%	0.9	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	102.9	103.7	7.2%	6.6%	0.3%	1.2	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	98.5	99.5	5.7%	5.2%	1.5%	2.1	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	100.9	101.6	6.5%	6.1%	0.0%	2.1	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	99.4	100.1	6.8%	6.5%	-0.1%	3.0	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	99.1	99.9	6.5%	6.3%	-0.1%	3.0	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	99.0	99.8	7.0%	6.8%	0.1%	3.8	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	108.1	108.6	7.0%	6.8%	1.1%	3.3	9.25%	S/A	24 Jul 2017	2,000	B3/B/B
Ukraine, 2017 Infr. projects	98.5	100.0	8.9%	8.5%	1.0%	3.6	8.375%	S/A	3 Nov 2017	568	B3/-/-
Ukraine, 2018 Infr. projects	95.2	97.5	8.7%	8.1%	3.8%	3.9	7.40%	S/A	20 Apr 2018	690	B3/-/-
Ukraine, 2020	102.0	103.0	7.4%	7.2%	-0.5%	5.4	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	103.0	104.0	7.4%	7.3%	-0.4%	5.6	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	100.2	101.2	7.8%	7.6%	-0.2%	6.6	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	97.3	98.2	7.9%	7.8%	-2.3%	6.8	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
<b>Corporate Eurobonds</b>											
Agroton, 2014	74.8	79.6	43.4%	36.3%	n/a	0.8	12.50%	S/A	14 Jul 2014	50	-/-/B-
MHP, 2015	105.9	106.7	6.9%	6.7%	0.8%	1.7	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	97.8	97.8	8.7%	8.7%	-2.2%	5.0	8.25%	S/A	2 Apr 2020	750	B3//B
Avangardco, 2015	102.8	102.8	8.8%	8.8%	7.6%	2.1	10.00%	S/A	29 Oct 2015	200	-/-/B
UkrLandFarming, 2018	99.1	100.6	11.1%	10.7%	-0.1%	3.6	10.88%	S/A	26 Mar 2018	275	B-//B
Mriya, 2016	107.0	107.0	8.2%	8.2%	3.8%	2.4	10.95%	S/A	30 Mar 2016	250	-/B/B-
DTEK, 2015	104.9	105.5	6.7%	6.4%	4.0%	1.7	9.50%	S/A	28 Apr 2015	500	B2//B
DTEK, 2018	99.3	99.9	8.1%	7.9%	-0.4%	3.9	7.88%	S/A	4 Apr 2018	750	B2//B
Metinvest, 2015	106.4	107.5	6.7%	6.2%	3.0%	1.8	10.25%	S/A	20 May 2015	500	B3//B-
Metinvest, 2018	100.4	101.4	8.6%	8.4%	4.1%	3.7	8.75%	S/A	14 Feb 2018	750	B2-//B-
Ferrexpo, 2016	101.0	101.0	7.5%	7.4%	3.7%	2.5	7.875%	S/A	07 Apr 2016	500	B2/B+/B
Interepipe, 2017	77.0	80.1	18.5%	16.8%	-3.8%	2.9	10.25%	S/A	2 Aug 2017	200	-/B+/B+
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	87.0	89.0	35.5%	31.2%	46.7%	0.5	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	101.4	104.0	10.3%	8.5%	1.7%	1.4	11.00%	Q	31 Dec 2014	275	B2//B-
Nadra Bank, 2017	77.2	82.2	26.4%	21.4%	-3.8%	3.1	8.00%	A	22 Jun 2017	175	WD//WD
PrivatBank, 2015	97.2	98.3	10.9%	10.3%	3.1%	2.0	9.38%	S/A	23 Sept 2015	200	B1//B
PrivatBank, 2016	81.9	86.4	14.1%	11.8%	9.0%	2.2	8.75%	S/A	9 Feb 2016	150	B1//B
PrivatBank, 2018	98.8	100.1	11.2%	10.8%	-0.5%	3.5	10.88%	S/A	28 Feb 2018	175	//B
UkrEximBank, 2015	99.9	100.9	8.5%	7.9%	0.5%	1.7	8.38%	S/A	27 Apr 2015	750	B1//B
UkrEximBank, 2016	88.2	90.3	11.1%	10.1%	5.8%	2.3	8.40%	S/A	2 Sept 2016	125	B1//B
UkrEximBank, 2018	97.9	98.8	9.3%	9.1%	-1.7%	3.6	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	77.0	80.0	40.7%	36.1%	45.4%	0.9	10.50%	Q	14 Jun 2014	125	Caa1-//WD
Oschadbank, 2016	98.5	99.6	8.9%	8.5%	4.2%	2.4	8.25%	S/A	10 Mar 2016	700	B2//B
Oschadbank, 2018	96.8	97.8	9.7%	9.4%	-2.7%	3.7	8.88%	S/A	20 Mar 2018	500	B1//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	97.1	98.7	9.4%	8.6%	4.6%	2.1	8.00%	S/A	6 Nov 2015	250	B1/CCC+/B
City of Kyiv, 2016	96.8	98.3	10.6%	10.0%	4.2%	2.5	9.375%	S/A	30 Jun 2016	300	B1/CCC+/B

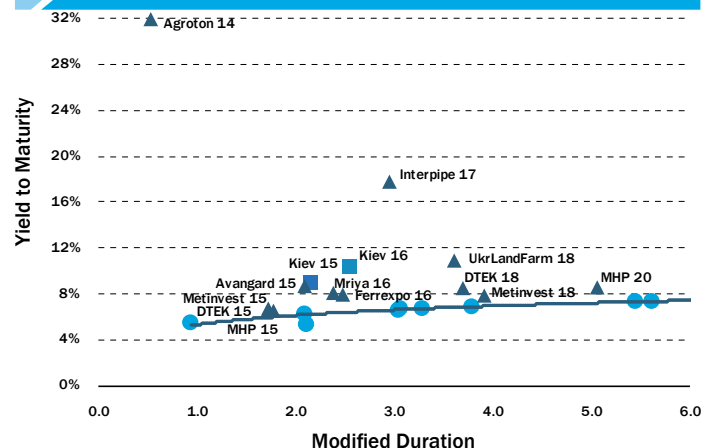
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

**SOVEREIGNS vs. BANKING EUROBONDS**



**SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS**

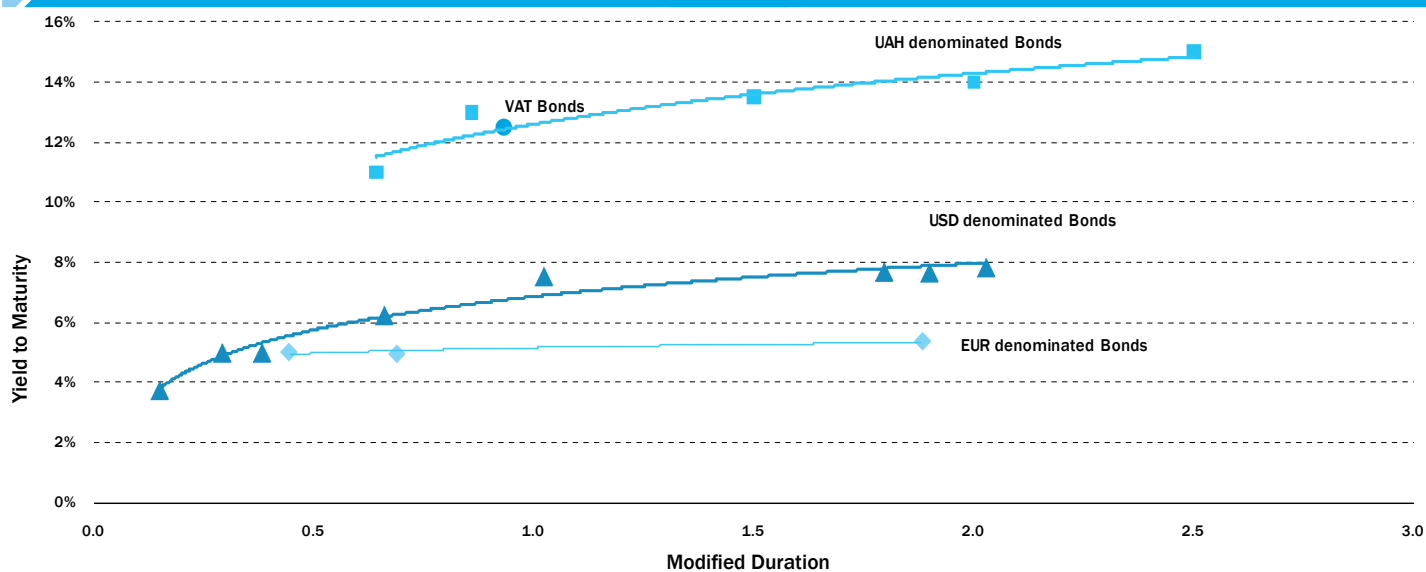


Source: Bloomberg, Cbonds, Eavex Research

**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>									
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
<b>USD denominated Bonds</b>									
UA4000142384	100.4	100.6	5.5%	4.5%	0.1	9.30%	S/A	24 Jul 2013	413
UA4000136832	100.6	100.9	5.5%	4.5%	0.2	9.27%	S/A	28 Aug 2013	254
UA4000138002	101.1	101.3	5.5%	4.5%	0.5	9.30%	S/A	27 Nov 2013	86
UA4000140362	101.9	102.4	7.4%	6.8%	0.9	9.20%	S/A	21 May 2014	171
UA4000142699	101.3	103.0	7.8%	7.4%	1.7	9.45%	S/A	22 Apr 2015	312
UA4000141071	103.0	104.0	7.9%	7.3%	1.8	9.45%	S/A	27 May 2015	152
UA4000142673	93.8	94.8	8.1%	7.4%	1.9	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000137731	100.6	100.8	3.9%	3.7%	0.3	4.80%	S/A	18 Sept 2013	205
UA4000138846	101.1	101.3	4.1%	3.9%	0.5	4.80%	S/A	25 Dec 2013	70
UA4000142681	102.6	102.8	4.6%	4.5%	1.8	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			12.8%	11.8%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			12.8%	11.8%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			12.8%	11.8%	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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