

**Market Update**

**Equity**

Ukrainian stocks ended lower on Monday (Jul 8) after a late-session wave of selling, while the S&P 500 rallied for a third consecutive day on a steady trickle of encouraging US economic data. The UX index fell 0.8% to close at 850 points. Raiffeisen Aval (BAVL) was the only blue chip to see a large loss, dropping 3.0% to 9.56 kopecks. Motor Sich (MSICH) and DonbasEnergO (DOEN) ended unchanged, while Avdyivka Coke (AVDK) slipped 0.9% on volume of UAH 700,000. Outside the UX basket, there was some activity in DniproEnergO (DNEN), which fell 3.1% to UAH 170. In London, Ferrexpo (FXPO LN) and Regal Petroleum (RPT LN) posted respective gains of 1.8% and 2.8%, while MHP (MHPC LI) shed 2.3% to USD 17.10. In Warsaw, coal names Sadovaya Group (SGR PW) and Coal Energy (CLE PW) both lost more than 4%, while sugar producer Astarta (AST PW) picked up 2.4% to PLN 63.50.

**Fixed Income**

Ukrainian sovereign Eurobonds were slightly up on Monday. Ukraine-23s edged up by 0.2p.p. closing at 84.7/86.2 (10.0%/9.7%) and Ukraine-17s increased by 0.5p.p. to 89.3/90.6 (9.8%/9.5%). Corporate names were mixed. DTEK-15s grew by 0.7p.p. to 101.6/102.7 (8.6%/8.0%) while Metinvest-15s declined by 0.3p.p. to 101.3/103.2 (9.6%/8.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1867.00	-0.1%	6.5	139
CentrenergO	CEEN	4.77	-0.9%	1.7	156
Ukrnafta	UNAF	115.300	0.3%	1.5	111

**Growth Leaders**

Bank Forum	FORM	0.43	0.7%	0.02	26
Ukrnafta	UNAF	115.30	0.3%	1.54	111
Ukrsotsbank	USCB	0.13	0.2%	0.63	93

**Loss Leaders**

Komsomolets Donbasa	SHKD	0.65	-26.1%	0.009	7
Bogdan Motors	LUAZ	0.05	-9.6%	0.000	8
Stirol	STIR	10.85	-5.2%	0.017	31

**Highlights**

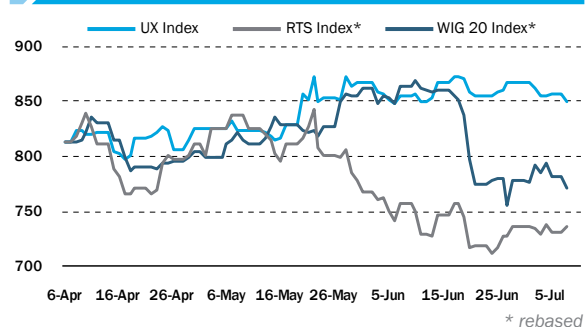
**POLITICS AND ECONOMICS**

- > Consumer Prices Unchanged MoM in June

**STOCKS IN THE NEWS**

- > Ferrexpo's Pellet Production Up by 11% YoY in 1H13

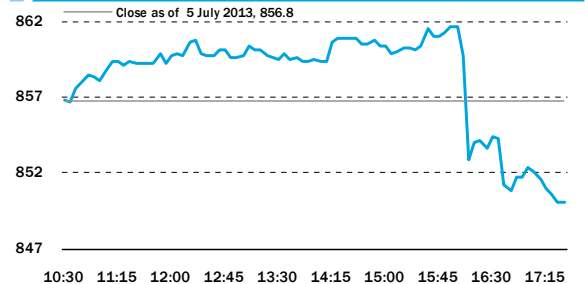
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	850.1	-0.8%	-0.6%	-10.6%
RTS	1277.3	0.7%	-2.8%	-16.4%
WIG20	2223.3	-1.3%	-10.7%	-13.9%
MSCI EM	906.0	-1.3%	-7.6%	-14.1%
S&P 500	1640.5	0.5%	-0.2%	17.0%

**UX INTRADAY JULY 8, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	349.3	3.9%	7.5%	28.9%
CDS 5Y UKR	833.8	-0.3%	21.2%	33.4%
Ukraine-17	9.6%	-0.1 p.p.	2.1 p.p.	2.7 p.p.
Naftogaz Ukr-14	9.8%	0.1 p.p.	1.6 p.p.	2.1 p.p.
Ukraine-23	9.9%	0.0 p.p.	1.3 p.p.	2.4 p.p.
Privatbank-16	14.1%	-0.3 p.p.	0.6 p.p.	-1.2 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.16	0.0%	0.2%	1.3%
EUR	10.50	0.4%	-2.4%	-1.7%
RUB	0.25	0.5%	-2.7%	-7.2%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	261.7	0.0%	-14.3%	-24.9%
Steel, USD/t	507.5	-2.4%	-1.9%	-4.7%
Oil, USD/bbl	107.4	-0.3%	2.9%	0.3%
Gold, USD/oz	1237.1	1.1%	-10.6%	-25.3%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

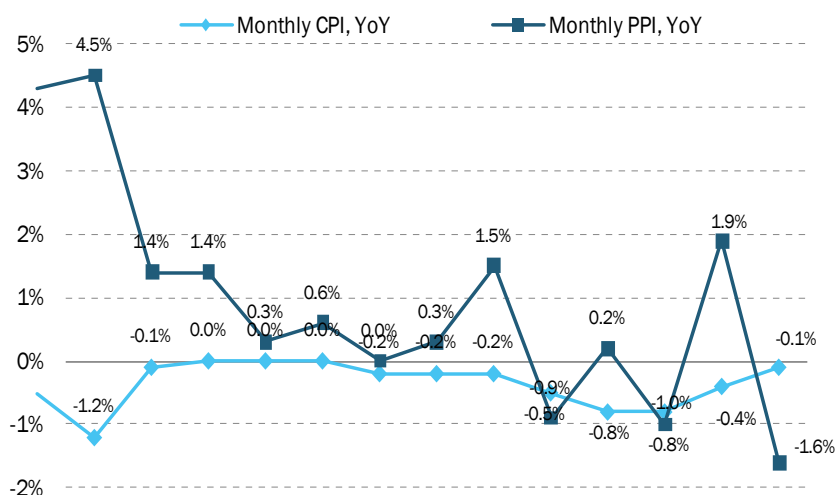
**Consumer Prices Unchanged MoM in June**

by Dmitry Churin  
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**NEWS**

Ukraine's State Statistics Committee reported that consumer prices were unchanged month-on-month in June, leaving 12-month headline CPI inflation at 0.1%. According to data published late on Friday (Jul 5), producer prices dropped by 2.7% MoM in June after jumping by 3.1% MoM a month earlier.

**UKRAINE'S MONTHLY INFLATION, YOY**



Source: State Statistics Committee

**COMMENTARY**

The sharp swings in the PPI over the past two months look statistically anomalous to us, and we therefore would focus on the 1.6% 12-month decline in the PPI index. Among index components, prices in the manufacturing sector are down by 2.1% YoY, extraction sector prices have retreated by 0.9% YoY, and utility sector prices have dropped 1.4% YoY. We see the trend of a declining PPI as evidence of low demand and Ukraine's generally sluggish macroeconomic performance in 1H13.

In the consumer basket, the most notable change was observed in alcoholic drinks, where prices jumped 7.8% YoY as a result of higher taxes. In other segments, prices were relatively stable. While the government deserves some credit for maintaining exchange rate and price stability, we see the lack of consumer inflation as an indication of poor domestic demand.

**Ferrexpo's Pellet Production Up by 11% YoY in 1H13**

by Ivan Dzvinka  
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**FERREXPO (FXPO LN)**

Price: GBp 138.7 Market Cap: USD 1,217mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.15	5.6	4.1	6.4%
2013E	1.06	5.1	3.8	3.2%

**NEWS**

Ferrexpo, Ukraine's largest pellet exporter, expanded production of iron ore pellets by 11.0% YoY to 5.25mn tonnes in 1H13, according to the company's press release (July 9). In 2Q13, Ferrexpo produced 2.69mn tonnes of pellets suggesting a 5.6% QoQ and 11.8% YoY increase. The pellet output at Poltava Mine was down by 4.1% QoQ to 2.07mn tonnes which was more than compensated by a 62% QoQ growth in production at Yeristovo to 531,000 tonnes after a 3.0x QoQ ramp up in 1Q13. Production of pellets from purchased iron ore remained relatively insignificant at 95,000 tonnes in 1Q13.

**COMMENTARY**

Ferrexpo manages to expand its production despite quite unfavourable iron ore market conditions. Benchmark prices for iron ore in China, world's largest ore importer, slumped by 11% over 2Q13 on the back of slowdown economic growth in China and steel overproduction in the region. We see the reasons of high operational results of Ferrexpo in efficient marketing of the company as well as Chinese steel mills' steps to diversify deliveries of ore by Big-3 importers with Ferrexpo fitting well to meet this interest.

Despite rather conservative outlook for iron ore prices in 2H13, FXPO stock which plunged by 30% over the last two months, currently looks oversold, in our view. We suppose the double-digit increase in operating results should provide positive sentiment for the company's stock currently trading at 2013E EV/EBITDA of 3.8x.

## 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	-11%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	2.08	3.33	60%	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	0.97	1.77	82%	BUY	Secure demand for Pivnichny GOK's iron ore products and lucrative pricing allow the company to operate with high profitability (EBITDA margin of not lower than 45% since 2009). Disadvantages of the stock are its low liquidity and no dividend in 2013 for the first time since 2005.
Centralny GOK	CGOK	0.77	1.30	68%	BUY	Centralny GOK operates in the highly profitable iron ore industry; its EBITDA margin has remained above 35% since 2009. Disadvantages of the stock are its low liquidity and no dividend in 2013 for the first time since 2005.
<b>Coke</b>						
Avdyivka Coke	AVDK	0.39	0.76	95%	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	493%	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	0.06	0.36	547%	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	2.91	6.18	112%	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	0.19	0.64	232%	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	229	644	181%	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	0.61	1.09	79%	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	0.27	1.52	456%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	0.8	6.0	656%	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	2.68	8.90	232%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	0.59	1.84	214%	BUY	CenterEnergO'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	17.1	24.0	40%	BUY	MHP launched production at Phase 1 of its new Vinnytsya 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	19.01	30.0	58%	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	8.80	U/R	n/a	U/R	The company ended 1Q13 with a 6% YoY increase in sales thanks to an expansion of the production. Higher operational results failed to compensate for a 8% YoY drop on selling price for eggs further exacerbated by inflated production costs. This led to decline in both EBITDA and net margins by 10p.p. YoY to 45% and 39%, respectively in 1Q13.

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	850.14	1169.50	758.71	-0.8%	-2.0%	-0.6%	-10.6%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.042	0.07	0.04	-0.5%	-3.2%	-4.5%	-21.2%	0.3%	-1.2%	-3.9%	-10.6%
Azovstal	AZST	0.62	1.12	0.31	-0.2%	2.1%	0.8%	-16.1%	0.6%	4.2%	1.5%	-5.5%
Dniprospezstal	DNSS	925	1,300	700	0.0%	0.0%	9.5%	-7.4%	0.8%	2.0%	10.1%	3.2%
Enakievo Steel	ENMZ	35.0	43.3	20.0	-0.5%	-1.3%	-1.0%	-7.9%	0.2%	0.8%	-0.3%	2.7%
Arcelor Mittal KR	KSTL	n/a	6.00	1.20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.13	0.32	0.13	-7.1%	-13.3%	-18.8%	-40.9%	-6.4%	-11.3%	-18.1%	-30.3%
<b>Coke</b>												
Avdivka Coke	AVDK	3.18	4.15	1.61	-0.8%	-1.9%	-0.5%	-2.7%	0.0%	0.2%	0.1%	7.8%
Yasnyivsky Coking	YASK	0.58	1.16	0.52	-3.3%	-4.9%	-1.7%	-13.4%	-2.6%	-2.9%	-1.0%	-2.9%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.30	7.74	4.00	1.6%	-5.8%	-3.1%	-8.7%	2.4%	-3.8%	-2.4%	1.9%
Ferrexpo	FXPO	2.07	4.58	2.02	2.1%	-3.1%	-16.5%	-48.5%	2.9%	-1.0%	-15.9%	-37.9%
Pivnichny GOK	SGOK	7.89	10.00	5.77	0.0%	3.1%	2.5%	6.0%	0.8%	5.2%	3.1%	16.6%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	1.30	0.40	-10.0%	-4.3%	-10.0%	-28.6%	-9.2%	-2.2%	-9.4%	-18.0%
Komsomolets Donbasa	SHKD	0.65	2.00	0.65	-26.1%	-31.6%	-28.6%	-44.9%	-25.4%	-29.5%	-27.9%	-34.4%
Energy Coal	CLE	0.74	5.77	0.74	-4.6%	-11.1%	-35.3%	-76.1%	-3.8%	-9.1%	-34.7%	-65.5%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.270	0.0%	0.0%	-21.6%	-31.0%	0.8%	2.0%	-20.9%	-20.5%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.70	0.92	0.45	-1.4%	0.0%	27.3%	0.0%	-0.6%	2.0%	27.9%	10.6%
Interpipe NMPP	NVTR	0.21	0.60	0.10	0.0%	-4.5%	-4.5%	-4.5%	0.8%	-2.5%	-3.9%	6.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	23.7	25.9	16.7	0.0%	3.0%	1.6%	22.2%	0.8%	5.1%	2.2%	32.7%
Luhanskeplovoz	LTPL	1.57	2.05	1.28	-1.3%	-1.9%	-1.9%	-16.0%	-0.5%	0.2%	-1.2%	-5.5%
Stakhanov Wagon	SVGZ	1.33	3.03	1.26	0.0%	0.8%	2.3%	-23.1%	0.8%	2.8%	3.0%	-12.6%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.19	0.03	-9.6%	-14.5%	3.3%	4.9%	-8.8%	-12.5%	3.9%	15.5%
Motor Sich	MSICH	1,867	2,640	1,753	-0.1%	-5.1%	-8.2%	-15.5%	0.7%	-3.1%	-7.6%	-5.0%
Sumy Frunze Engineering	SMASH	2.90	4.00	0.76	0.0%	-3.3%	-7.9%	93.3%	0.8%	-1.3%	-7.3%	103.9%
Turboatom	TATM	5.00	5.00	1.88	0.0%	0.0%	56.3%	n/a	0.8%	2.0%	56.9%	n/a
WESTA ISIC	WES	0.18	0.45	0.13	0.0%	2.3%	-11.8%	-24.3%	0.8%	4.3%	-11.1%	-13.8%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.16	0.31	0.12	0.0%	-3.0%	0.4%	-2.8%	0.8%	-0.9%	1.0%	7.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.27	0.59	0.21	3.1%	23.7%	-18.3%	-49.6%	3.9%	25.7%	-17.6%	-39.0%
JXX Oil	JKX	0.79	1.69	0.75	0.3%	-7.0%	-11.3%	-33.7%	1.0%	-5.0%	-10.6%	-23.2%
Ukrnafta	UNAF	115	280	80	0.3%	-2.3%	-0.3%	-2.8%	1.0%	-0.2%	0.4%	7.8%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.77	7.33	3.76	-0.9%	0.3%	7.3%	-24.9%	-0.1%	2.4%	8.0%	-14.4%
Donbasenergo	DOEN	21.8	24.8	15.1	0.0%	-1.2%	4.4%	2.9%	0.7%	0.9%	5.0%	13.4%
Zakhidenergo	ZAEN	83.9	127.9	70.0	-1.2%	3.6%	9.0%	-13.5%	-0.4%	5.6%	9.6%	-2.9%
<b>Consumer</b>												
Agroton	AGT	0.78	4.2	0.36	1.6%	5.8%	-7.7%	-76.0%	2.4%	7.8%	-7.1%	-65.5%
Astarta	AST	18.9	22.1	14.5	2.5%	1.3%	-6.5%	6.0%	3.2%	3.4%	-5.8%	16.6%
Avangardo	AVGR	8.8	12.0	7.61	-0.6%	1.1%	-9.7%	-22.3%	0.2%	3.2%	-9.1%	-11.8%
Industrial Milk Company	IMC	4.44	5.48	3.32	5.7%	13.4%	15.1%	-16.3%	6.5%	15.4%	15.7%	-5.8%
Kernel	KER	14.8	23.0	14.0	1.1%	2.3%	-13.9%	-31.9%	1.9%	4.3%	-13.2%	-21.3%
Mriya Agro Holding	MAYA	5.80	6.7	5.36	0.3%	3.5%	3.3%	-10.6%	1.0%	5.5%	4.0%	0.0%
MHPC	MHPC	17.1	19.9	10.75	-2.3%	-2.3%	-7.3%	12.1%	-1.5%	-0.2%	-6.7%	22.7%
Milkiland	MLK	3.35	5.8	3.11	-1.2%	-5.1%	-4.9%	-28.7%	-0.4%	-3.1%	-4.2%	-18.1%
Ovostar Union	OVO	22.7	33.8	22.7	0.0%	-0.8%	-16.3%	-21.3%	0.8%	1.3%	-15.6%	-10.8%
Sintal	SNPS	n/a	1.11	0.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	0.66	0.22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	10.9	20.9	10.3	-5.2%	-8.8%	-8.8%	-19.0%	-4.5%	-6.8%	-8.2%	-8.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.096	0.128	0.061	-3.0%	-5.8%	-6.8%	11.6%	-2.3%	-3.8%	-6.2%	22.1%
UkrSotsbank	USCB	0.128	0.200	0.107	0.2%	-0.2%	7.4%	-0.5%	0.9%	1.9%	8.0%	10.0%

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%
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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	133	3.9%	5	1,548	3.6	neg	neg	10.6	neg	neg	0.7	0.9	0.9	534	460	415	\$/tonne
Yenakievo Steel	ENMZ	45	8.8%	4	38	1.5	5.3	neg	neg	neg	neg	0.0	0.0	0.0	15	14	14	\$/tonne
Azovstal	AZST	320	4.1%	13	298	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	53	50	48	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	76	7.5%	6	73	neg	neg	neg	12.1	neg	neg	0.1	0.1	0.1	21	16	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
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	905	0.5%	5	905	2.8	9.5	8.7	1.8	3.8	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,229	0.5%	12	2,353	2.8	5.1	6.2	2.0	2.9	3.7	1.3	1.6	1.8				
Ferrexpo	FXPO	1,221	24.0%	293	1,471	2.1	5.7	4.6	1.8	3.7	3.3	0.8	1.0	0.9				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	27	5.4%	1	129	1.7	0.7	0.8	1.9	1.3	1.4	0.7	0.5	0.5	31	30	29	\$/tonne
Coal Energy	CLE	34	11.9%	4	59	0.9	0.9	0.8	1.2	0.9	0.9	0.4	0.4	0.3	1.2	0.9	0.9	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	223	2.0%	4	266	2.3	6.6	6.5	1.8	3.6	3.4	0.3	0.4	0.4	422	699	664	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	42	24.0%	10	42	4.7	6.1	5.2	3.0	3.4	2.8	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	333	5.0%	17	336	3.9	3.5	6.6	2.8	2.5	3.6	0.4	0.4	0.5				
Stakhanov Wagon	SVGZ	37	8.0%	3	76	1.9	>30	12.8	2.3	10.6	7.0	0.2	0.2	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	476	24.0%	114	486	2.8	1.9	1.8	1.7	1.6	1.5	0.7	0.6	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	357	7.2%	26	693	neg	7.9	7.4	3.4	3.4	3.3	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	766	3.0%	23	756	2.8	2.5	3.4	1.7	1.5	1.8	0.2	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	87	49.0%	43	70	13.7	7.3	3.6	neg	3.0	2.0	3.7	1.4	0.9	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	136	50.4%	69	244	2.3	3.4	2.7	2.1	1.7	1.6	1.0	1.1	1.0	64	45	33	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	216	21.7%	47	299	>30	7.5	6.5	6.1	4.9	4.4	0.3	0.3	0.3	20	21	17	\$/MWh
DonbasEnergO	DOEN	63	14.2%	9	120	neg	16.5	6.2	5.8	7.0	5.0	0.2	0.2	0.2	15	14	14	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,806	34.1%	616	2,851	7.0	5.8	6.7	7.1	6.1	5.5	2.3	2.0	1.9	8910	8910	8910	\$/tonne
Kernel	KER	1,087	61.8%	671	1,697	4.8	5.2	5.6	5.5	5.3	5.0	0.9	0.8	0.6				
Astarta	AST	473	31.0%	147	620	4.1	9.5	8.0	4.3	6.4	5.1	1.5	1.4	1.1	3142	1913	1589	\$/tonne
Avangardco	AVGR	562	22.5%	127	710	2.9	2.5	2.4	2.8	2.5	2.4	1.3	1.1	1.0	161	122	115	\$/mneegs
Agroton	AGT	17	44.6%	8	50	neg	0.9	0.8	2.7	1.6	1.5	0.4	0.5	0.5	0.4	n/a	n/a	\$/th/ha
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	352	4.0%	14		>30	>30	12.3	0.4	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	290	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research

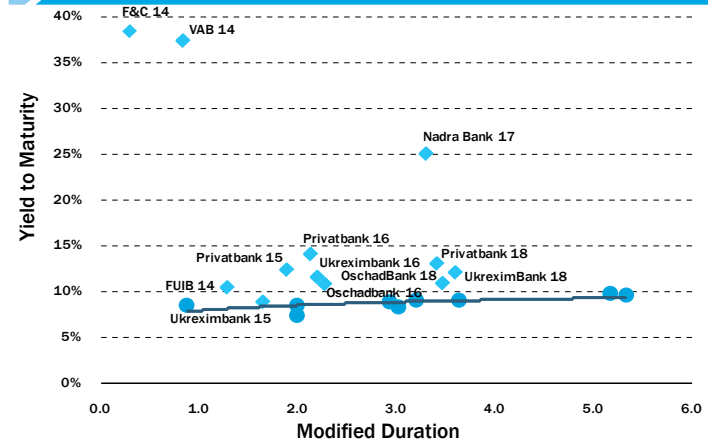
**UKRAINIAN EUROBONDS**

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	98.7	99.6	9.5%	8.5%	-2.6%	0.8	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	99.2	100.2	10.5%	9.6%	-3.2%	1.1	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	94.2	95.9	7.9%	7.0%	-2.5%	2.0	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	95.0	96.3	9.5%	8.9%	-5.6%	1.9	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	91.3	92.8	9.7%	9.2%	-7.9%	2.9	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	91.3	92.8	9.3%	8.8%	-7.7%	3.0	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	89.3	90.6	9.8%	9.5%	-9.4%	3.6	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	97.9	99.1	9.9%	9.5%	-8.1%	3.2	9.25%	S/A	24 Jul 2017	2,000	B3/B/B
Ukraine, 2017 Infr. projects	92.0	94.0	11.0%	10.3%	-5.3%	3.4	8.375%	S/A	3 Nov 2017	568	B3//
Ukraine, 2018 Infr. projects	87.0	90.0	11.2%	10.3%	-4.6%	3.8	7.40%	S/A	20 Apr 2018	690	B3//
Ukraine, 2020	87.0	89.0	10.4%	10.0%	-14.6%	5.1	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	89.0	90.5	10.0%	9.7%	-13.6%	5.3	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	86.1	87.4	10.1%	9.9%	-14.1%	6.2	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	84.7	86.2	10.0%	9.7%	-14.6%	6.4	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
<b>Corporate Eurobonds</b>											
Agroton, 2014	64.4	70.4	66.3%	54.4%	n/a	0.7	12.50%	S/A	14 Jul 2014	50	/CCC/CCC
MHP, 2015	101.5	104.5	9.5%	8.5%	-2.3%	1.6	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	88.3	90.2	10.7%	10.3%	-10.8%	4.8	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	99.5	101.2	10.4%	9.5%	4.8%	2.0	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	94.1	96.9	12.6%	11.7%	-4.5%	3.5	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	103.0	105.0	9.8%	9.0%	0.9%	2.3	10.95%	S/A	30 Mar 2016	250	/B/B
DTEK, 2015	101.6	102.7	8.6%	8.0%	1.0%	1.6	9.50%	S/A	28 Apr 2015	500	B3//B
DTEK, 2018	92.1	94.6	10.0%	9.3%	-6.7%	3.8	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	101.3	103.2	9.6%	8.4%	-1.5%	1.6	10.25%	S/A	20 May 2015	500	B3//B
Metinvest, 2018	92.6	94.5	10.8%	10.3%	-3.5%	3.5	8.75%	S/A	14 Feb 2018	750	B3//B
Ferrexpo, 2016	91.7	93.0	11.6%	10.9%	-5.2%	2.3	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	91.1	93.1	12.0%	11.4%	-7.9%	3.7	9.50%	S/A	21 May 2018	500	/B/B-
Interpipe, 2017	77.0	80.1	18.7%	17.0%	-3.8%	2.8	10.25%	S/A	2 Aug 2017	200	/NR/B-
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	85.0	90.0	46.6%	33.1%	45.8%	0.4	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	100.0	103.2	11.5%	8.9%	0.7%	1.3	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	85.0	95.0	17.0%	10.7%	-3.8%	3.3	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	93.4	95.2	13.2%	12.1%	-0.5%	1.9	9.38%	S/A	23 Sept 2015	200	B3//
PrivatBank, 2016	81.1	83.9	14.9%	13.4%	6.9%	2.1	8.75%	S/A	9 Feb 2016	150	B3//
PrivatBank, 2018	91.8	95.2	13.3%	12.3%	-6.5%	3.4	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	96.1	97.4	11.0%	10.1%	-3.2%	1.6	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	84.3	86.9	13.4%	12.0%	2.1%	2.1	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	88.0	90.2	12.3%	11.6%	-10.9%	3.4	8.75%	S/A	22 Jun 2018	500	B3//B
VAB Bank, 2014	78.0	82.0	43.1%	36.3%	48.1%	0.8	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	92.3	94.1	11.9%	11.0%	-2.0%	2.2	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	87.7	89.5	12.4%	11.9%	-11.4%	3.6	8.88%	S/A	20 Mar 2018	500	B3//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	91.8	95.0	12.3%	10.6%	-0.1%	2.0	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	93.5	96.5	12.0%	10.8%	1.6%	2.5	9.375%	S/A	30 Jun 2016	300	B3/B-/

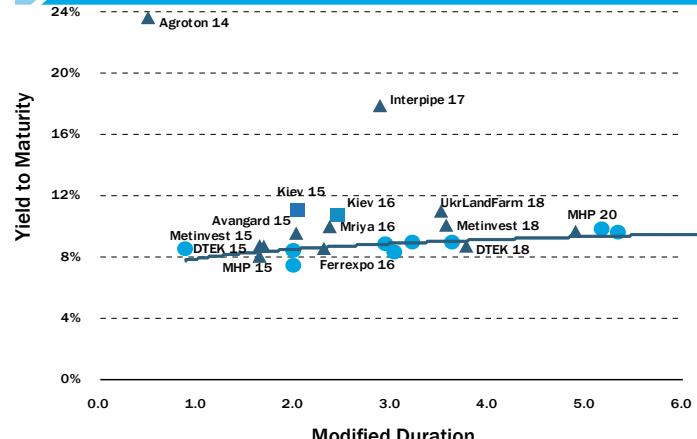
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

**SOVEREIGNS vs. BANKING EUROBONDS**



**SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS**



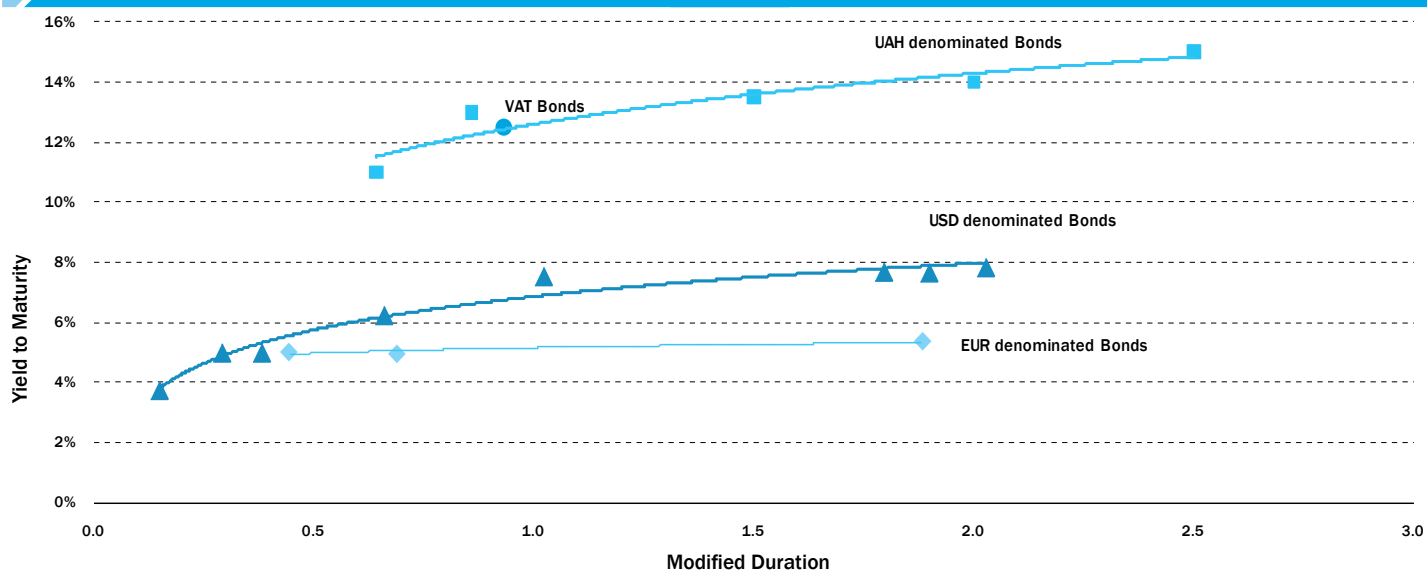
Source: Bloomberg, Cbonds, Eavex Research



**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			13.5%	10.8%	n/a	10.75%	S/A	26 Mar 2014	187
UA4000141592			13.5%	12.0%	1.5	14.30%	S/A	20 May 2015	31
UA4000142665			19.0%	17.0%	2.0	14.30%	S/A	24 May 2017	184
<b>USD denominated Bonds</b>									
UA4000136832	100.4	100.5	7.5%	6.0%	0.1	9.27%	S/A	28 Aug 2013	254
UA4000138002	100.0	100.1	7.5%	6.0%	0.4	9.30%	S/A	27 Nov 2013	86
UA4000140362	99.8	100.3	7.9%	7.2%	0.8	9.20%	S/A	21 May 2014	171
UA4000142699	101.5	103.1	8.3%	7.5%	1.6	9.45%	S/A	22 Apr 2015	312
UA4000141071	99.0	100.0	8.8%	7.9%	1.7	9.45%	S/A	27 May 2015	152
UA4000142673	90.4	91.4	9.0%	8.2%	1.7	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000137731	100.3	100.4	6.0%	5.3%	0.2	4.80%	S/A	18 Sept 2013	205
UA4000138846	100.5	100.8	6.0%	5.3%	0.4	4.80%	S/A	25 Dec 2013	70
UA4000142681	101.5	101.6	7.0%	6.0%	1.7	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			14.0%	12.0%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			14.0%	12.0%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			14.0%	12.0%	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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