

**Market Update**

**Equity**

Ukrainian equities ended mixed on Tuesday (Jul 16) as the market traded within a narrow range ahead of a congressional testimony by Federal Reserve Chairman Ben Bernanke, which could offer clarity on when the U.S. central bank will reduce its stimulus. The UX index slipped 0.2% to close at 869 points. A loss leader among blue-chips was CentrEnerg (CEEN UK) with its quotes falling 2.5%. Financial sector outperformed the market with Raiffeisen Bank Aval (BAVL UK) and UkrSotsBank (USCB UK) adding 0.8% and 2.3% respectively. Second tier Krukiv Wagon (KVBZ UK) increased by 0.6% yesterday amid hopes the company will benefit from the joint venture with Russian Kirov Zavod. In London trading E&P companies Regal Petroleum (RPT LN) and JKX Oil&Gas (JKX LN), which have major assets in Ukraine, lost 2.9% and 0.5% respectively.

**Fixed Income**

Ukrainian sovereign Eurobonds were also mixed yesterday. Ukraine-23s inched down by 0.1p.p. to 85.0/86.0 (9.9%/9.8%) while Ukraine-17s grew by 1.0p.p. to 90.0/91.0 (9.7%/9.4%). Corporate names were mostly up. MHP-18s improved by 0.8p.p. to 90.1/91.7 (10.3%/10.0%) and Mriya-16s moved up by 0.7p.p. closing at 101.0/104.8 (10.7%/9.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1863.00	0.2%	6.0	106
Centrenerg	CEEN	4.76	-2.5%	2.0	113
Enakievo Steel	ENMZ	35.350	-0.4%	1.8	61

**Growth Leaders**

UkrSotsbank	USCB	0.14	2.3%	1.30	175
Raiffeisen Bank Aval	BAVL	0.10	0.8%	1.33	111
Donbasenergo	DOEN	24.44	0.7%	1.28	137

**Loss Leaders**

Mariupol Ilyicha	MMKI	0.13	-10.3%	0.016	7
Bank Forum	FORM	0.65	-9.2%	0.054	9
Centrenerg	CEEN	4.76	-2.5%	1.982	113

**Highlights**

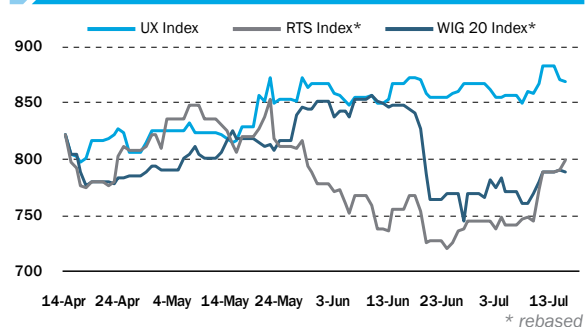
**STOCKS IN THE NEWS**

- Agroton Fails to Pay Coupon on Its Eurobond, Moves to Restructure Terms

**FIXED INCOME**

- PrivatBank Boost Profit by 2.3x to UAH 1.4bn in 1H13

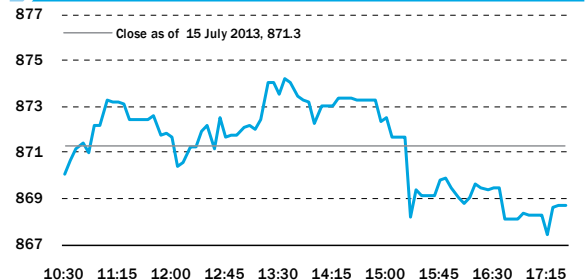
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	869.7	-0.2%	0.3%	-8.5%
RTS	1368.8	1.1%	5.8%	-10.4%
WIG20	2303.1	-0.1%	-7.1%	-10.8%
MSCI EM	953.0	0.1%	-0.1%	-9.7%
S&P 500	1676.3	-0.4%	3.0%	19.5%

**UX INTRADAY JULY 16, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	342.1	-1.2%	3.7%	26.2%
CDS 5Y UKR	842.3	-0.8%	20.3%	34.8%
Ukraine-17	9.5%	-0.3 p.p.	1.6 p.p.	2.5 p.p.
Naftogaz Ukr-14	9.7%	-0.1 p.p.	1.1 p.p.	2.1 p.p.
Ukraine-23	9.9%	0.0 p.p.	1.4 p.p.	2.4 p.p.
Privatbank-16	14.3%	-0.5 p.p.	0.2 p.p.	-1.0 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.15	0.0%	0.1%	1.3%
EUR	10.73	0.8%	-1.3%	0.5%
RUB	0.25	0.5%	-2.2%	-5.1%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	262.9	0.0%	-8.1%	-24.6%
Steel, USD/t	507.5	0.0%	-1.9%	-4.7%
Oil, USD/bbl	108.1	0.1%	2.4%	0.9%
Gold, USD/oz	1292.2	0.6%	-7.1%	-22.0%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

**Agroton Fails to Pay Coupon on Its Eurobond, Moves to Restructure Terms**

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**AGROTON (AGT PW)**

Price: PLN 1.59 Market Cap: USD 10.6mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.5	1.6	2.1	0%
2013E	0.8	3.8	3.7	0%

**NEWS**

Lugansk-based, Warsaw-listed crop grower Agroton announced on Tuesday (Jul 16) that its financial situation has prevented it from making a coupon payment of USD 3.125mn due on Jul 14. Agroton said it has been unable to withdraw funds from its Bank of Cyprus (BoC) account and that it has a poor operating cash flow. The company is thus set to review the terms of its USD 50mn Eurobonds due in July 2014, and plans to submit amendments for the approval of the holders of its bonds.

As of 31 March 2013, Agroton had USD 4.5mn in its account in the Bank of Cyprus. Out of this amount, USD 1.6mn has been forcedly converted into equity by BoC, USD 1.0mn has been written off as a provision for the equity conversion, and the remaining USD 1.9mn is currently inaccessible.

Agroton attributes its poor operating cash flow to adverse weather conditions over the 2012/13 agricultural year compared to 2011/12. The company expects a wheat yield at 2.7 tonnes per hectare, a 16% YoY drop. Yield for sunflower is forecast by the company at 1.5 t/ha (-17% YoY). Land sowed by Agroton with wheat and sunflower decreased by 21% YoY and 9% YoY to 34,000 ha and 35,000 ha, respectively.

**COMMENTARY**

Given the company's announcement and what we view as a near-zero probability of the coupon payment occurring before mid-August, Agroton is de facto defaulting on its coupon. However, it remains de jure in a pre-default condition as, according to the Eurobonds terms, the company is in default only if it fails to pay the coupon within 30 days of the due date.

While Agroton's bonds saw no reaction due to the fact that they are traded very infrequently, the news about inevitable default and weak operational expectations took a heavy toll on the company's already beaten-down share price, which plunged by 35% on Tuesday on the WSE on top of a decline that had already reached 75% year-to-date.

Apart from being lower than last season, the company's presented yield projections for 2012/13 negatively surprised us for two reasons. First, the expected yields are lower than Ukraine's average yields in 2011/12, in spite of the expected better yield overall in Ukraine for this season. Notably, Agroton's expected wheat and sunflower yields in 2012/13 are 4% and 12% YoY lower respectively vs. Ukraine's 2011/12 average. Secondly, the current projections are significantly lower than those provided to us by the company as recently as last week. At that time, the company projected 3.0 t/ha (11% higher vs. current projection) for wheat and 1.9 t/ha for sunflower (+27%).

With lower yields, a smaller harvested land bank, and likely unfavorable prices for crops this season, we expect the financial results of Agroton to experience significant deterioration in 2013; such an outcome would be in sharp contrast to majority of the company's publicly traded Ukrainian peers. Based on the company's projections, its revenue in two major crops, wheat and sunflower is expected to plunge by 44% YoY to USD 38mn this season.

**PrivatBank Boost Profit by 2.3x to UAH 1.4bn in 1H13**

by Dmitry Churin  
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**NEWS**

PrivatBank, Ukraine's largest bank by assets, boosted net profit by 2.3x to UAH 1.4bn (USD 170mn) in 1H13, according to the bank's a press release. PrivatBank manage to increase its net interest income by 17.9% YoY to UAH 4.3bn (USD 523mn). The bank's total assets grew by 10.7% YtD to UAH 191bn (USD 23bn).

**COMMENTARY**

The bank had an impressive results for 1H13 taking in account strong comparison base. As we reported earlier, PrivatBank posted a historically high net profit of UAH 1.5bn (USD 185mn) in FY12. In our view, currently PrivatBank's outstanding Eurobonds are oversold. We think that spread of the bank's debt yields to sovereign yield curve will tighten by 30 - 40 bps.

PrivatBank-18s outstanding eurobonds currently quote at 13.2%/12.1% YTM, implying spread to sovereign papers of 270 basis points.

## 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	-12%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	2.44	3.33	37%	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	1.23	1.77	44%	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	0.79	1.30	65%	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	0.40	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	501%	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	479%	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	2.94	6.18	110%	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	245%	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	0.25	1.52	500%	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	663%	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	3.00	8.90	196%	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	17.6	24.0	36%	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	19.80	30.0	51%	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	8.50	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	869.68	1169.50	758.71	-0.2%	1.0%	0.3%	-8.5%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.042	0.07	0.04	-0.7%	-0.2%	-3.2%	-21.0%	-0.5%	-1.3%	-3.5%	-12.5%
Azovstal	AZST	0.63	1.11	0.31	0.3%	0.8%	1.6%	-14.7%	0.5%	-0.2%	1.3%	-6.2%
Dniprospezstal	DNSS	925	1,300	700	0.0%	0.0%	9.5%	-7.4%	0.2%	-1.0%	9.2%	1.1%
Enakievo Steel	ENMZ	35.4	42.5	20.0	-0.7%	0.4%	-2.3%	-7.0%	-0.5%	-0.6%	-2.6%	1.5%
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	0.12	-13.3%	0.0%	-18.8%	-40.9%	-13.1%	-1.0%	-19.0%	-32.4%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.23	4.07	1.61	-0.5%	0.6%	-2.2%	-1.3%	-0.3%	-0.5%	-2.5%	7.3%
Yasnyivsky Coking	YASK	0.57	1.16	0.52	0.0%	-1.7%	-5.0%	-14.9%	0.2%	-2.8%	-5.3%	-6.4%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.40	7.74	4.00	0.0%	-3.8%	-1.5%	-7.2%	0.2%	-4.8%	-1.8%	1.3%
Ferrexpo	FXPO	2.44	4.58	2.02	4.5%	5.5%	1.5%	-39.4%	4.7%	4.5%	1.2%	-30.9%
Pivnichny GOK	SGOK	10.00	10.00	5.77	23.5%	21.2%	23.8%	34.4%	23.6%	20.2%	23.5%	42.9%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.51	1.29	0.40	0.0%	2.0%	10.9%	-19.0%	0.2%	1.0%	10.6%	-10.5%
Komsomolets Donbasa	SHKD	0.80	1.60	0.56	11.1%	-5.9%	-12.1%	-32.2%	11.3%	-6.9%	-12.4%	-23.7%
Energy Coal	CLE	0.63	5.77	0.59	-4.1%	-15.9%	-47.3%	-79.7%	-4.0%	-17.0%	-47.6%	-71.2%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.270	0.0%	0.0%	-21.6%	-31.0%	0.2%	-1.0%	-21.9%	-22.5%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.68	0.88	0.45	0.0%	1.5%	13.3%	-2.9%	0.2%	0.4%	13.0%	5.7%
Interpipe NMPP	NVTR	0.18	0.60	0.10	0.0%	-14.3%	-18.2%	-18.2%	0.2%	-15.3%	-18.5%	-9.7%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	24.0	29.0	12.0	0.6%	0.5%	5.6%	23.5%	0.8%	-0.5%	5.3%	32.0%
Luhanskeplovoz	LTPL	1.51	2.05	1.28	-1.3%	-1.9%	-5.6%	-19.3%	-1.1%	-3.0%	-5.9%	-10.7%
Stakhanov Wagon	SVGZ	1.31	2.93	1.22	0.0%	-3.7%	0.0%	-24.3%	0.2%	-4.7%	-0.3%	-15.8%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.16	0.03	0.0%	0.9%	-1.1%	0.4%	0.2%	-0.1%	-1.4%	9.0%
Motor Sich	MSICH	1,863	2,640	1,753	0.2%	-0.6%	-6.9%	-15.7%	0.3%	-1.6%	-7.2%	-7.2%
Sumy Frunze Engineering	SMASH	2.72	4.00	0.76	0.0%	-6.2%	25.3%	81.3%	0.2%	-7.3%	25.1%	89.8%
Turboatom	TATM	5.00	5.00	1.88	0.0%	0.0%	56.3%	n/a	0.2%	-1.0%	56.0%	n/a
WESTA ISIC	WES	0.19	0.45	0.13	-0.1%	2.7%	-1.6%	-22.8%	0.0%	1.6%	-1.9%	-14.3%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.31	0.12	0.0%	-5.0%	-0.3%	-5.3%	0.2%	-6.0%	-0.6%	3.2%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.25	0.59	0.21	-2.7%	-4.7%	-18.3%	-53.2%	-2.5%	-5.7%	-18.6%	-44.7%
JXX Oil	JKX	0.79	1.63	0.75	-0.3%	0.7%	-2.3%	-34.3%	-0.1%	-0.3%	-2.5%	-25.8%
Ukrnafta	UNAF	114	280	80	-0.3%	-0.9%	0.4%	-3.8%	-0.2%	-1.9%	0.1%	4.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.76	7.33	3.76	-2.6%	-2.0%	2.9%	-25.0%	-2.4%	-3.1%	2.6%	-16.5%
Donbasenergo	DOEN	24.4	26.8	15.1	0.8%	10.2%	8.7%	15.3%	1.0%	9.1%	8.4%	23.8%
Zakhidenergo	ZAEN	70.0	127.9	70.0	-13.6%	-17.2%	-12.5%	-27.8%	-13.4%	-18.2%	-12.8%	-19.3%
<b>Consumer</b>												
Agroton	AGT	0.49	4.2	0.36	-35.4%	-35.7%	-42.7%	-84.9%	-35.2%	-36.7%	-43.0%	-76.4%
Astarta	AST	19.8	22.1	14.5	0.7%	5.4%	-4.5%	11.0%	0.9%	4.3%	-4.8%	19.5%
Avangardo	AVGR	8.5	12.0	7.61	0.0%	-2.9%	-7.6%	-25.0%	0.2%	-3.9%	-7.9%	-16.5%
Industrial Milk Company	IMC	4.82	5.48	3.45	2.4%	10.4%	7.7%	-9.2%	2.6%	9.3%	7.5%	-0.7%
Kernel	KER	16.5	23.0	14.0	1.9%	10.6%	1.2%	-23.7%	2.1%	9.6%	0.9%	-15.2%
Mriya Agro Holding	MAYA	6.07	6.7	5.36	0.7%	5.3%	7.4%	-6.4%	0.9%	4.3%	7.1%	2.1%
MHPC	MHPC	17.6	19.9	11.05	2.0%	1.1%	-4.2%	15.4%	2.2%	0.1%	-4.5%	23.9%
Milkiland	MLK	3.35	5.8	3.11	2.9%	0.6%	-13.2%	-28.8%	3.1%	-0.5%	-13.5%	-20.2%
Ovostar Union	OVO	22.7	33.8	22.0	1.5%	0.9%	-15.0%	-21.4%	1.7%	-0.1%	-15.2%	-12.9%
Sintal	SNPS	n/a	0.98	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	11.2	19.8	10.3	-1.9%	2.1%	-6.3%	-16.2%	-1.7%	1.0%	-6.6%	-7.7%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.098	0.128	0.061	0.9%	0.7%	-3.6%	14.5%	1.1%	-0.3%	-3.9%	23.0%
UkrSotsbank	USCB	0.142	0.200	0.107	2.3%	8.8%	18.3%	10.0%	2.5%	7.8%	18.0%	18.5%

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%
Ukrspotsbank	USCB	5,032	5,151	5,064	827	814	788	449	451	469	2	2	13	0.2%	0.3%	1.7%

Source: Eavex Research

**MAIN TRADING MULTIPLES**

Ticker	MCap USD mn	Free Float % USD mn	EV USD mn	P/E			EV/EBITDA			EV/Sales			EV/Output			Units		
				2011	2012	2013E	2011	2012	2013E	2011	2012	2013E	2011	2012	2013E			
<b>Steel</b>																		
Alchevsk Steel	ALMK	133	3.9%	5	1,549	3.7	neg	neg	10.6	neg	neg	0.7	0.9	0.9	534	460	415	\$/tonne
Yenakievo Steel	ENMZ	46	8.8%	4	38	1.5	5.3	neg	neg	neg	neg	0.0	0.0	0.0	15	14	14	\$/tonne
Azovstal	AZST	325	4.1%	13	303	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	54	51	49	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	77	7.5%	6	75	neg	neg	neg	12.3	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	920	0.5%	5	919	2.8	9.7	8.8	1.8	3.9	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,825	0.5%	16	2,950	3.6	6.5	7.9	2.5	3.6	4.6	1.6	1.9	2.3				
Ferrexpo	FXPO	1,436	24.0%	345	1,686	2.5	6.7	5.5	2.1	4.2	3.8	0.9	1.2	1.1				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	33	5.4%	2	135	2.1	0.9	0.9	2.0	1.4	1.5	0.7	0.5	0.5	33	32	30	\$/tonne
Coal Energy	CLE	29	11.9%	3	54	0.8	0.7	0.7	1.1	0.9	0.8	0.4	0.3	0.3	1.1	0.9	0.8	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	217	2.0%	4	259	2.2	6.4	6.4	1.8	3.5	3.4	0.3	0.4	0.4	412	682	648	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	41	24.0%	10	40	4.5	5.9	5.0	2.9	3.3	2.7	0.2	0.2	0.2				
Kriviw Wagon	KVBZ	337	5.0%	17	339	4.0	3.5	6.7	2.9	2.5	3.7	0.4	0.4	0.5				
Stakhanov Wagon	SVGZ	36	8.0%	3	75	1.8	>30	12.7	2.3	10.5	6.9	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	475	24.0%	114	485	2.8	1.9	1.8	1.7	1.6	1.5	0.7	0.6	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	348	7.2%	25	684	neg	7.7	7.2	3.3	3.3	3.3	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	759	3.0%	23	749	2.8	2.4	3.4	1.7	1.5	1.7	0.2	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	81	49.0%	40	64	12.7	6.8	3.4	neg	2.8	1.8	3.3	1.3	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	135	50.4%	68	243	2.3	3.4	2.7	2.1	1.7	1.6	1.0	1.1	1.0	64	44	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	71	14.2%	10	128	neg	18.5	7.0	6.2	7.4	5.4	0.3	0.2	0.2	16	15	15	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,859	34.1%	634	2,904	7.2	6.0	6.9	7.2	6.2	5.6	2.4	2.1	1.9	9075	9075	9075	\$/tonne
Kernel	KER	1,218	61.8%	752	1,828	5.4	5.8	6.2	5.9	5.7	5.4	1.0	0.8	0.7				
Astarta	AST	495	31.0%	154	642	4.3	9.9	8.4	4.5	6.6	5.3	1.6	1.4	1.2	3254	1981	1646	\$/tonne
Avangardco	AVGR	543	22.5%	122	691	2.8	2.4	2.3	2.8	2.5	2.4	1.2	1.1	1.0	156	119	112	\$/mneegs
Agroton	AGT	11	44.6%	5	44	neg	0.6	0.5	2.4	1.4	1.3	0.4	0.5	0.4	0.3	n/a	n/a	\$/th/ha
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	361	4.0%	15		>30	>30	12.6	0.4	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	320	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research



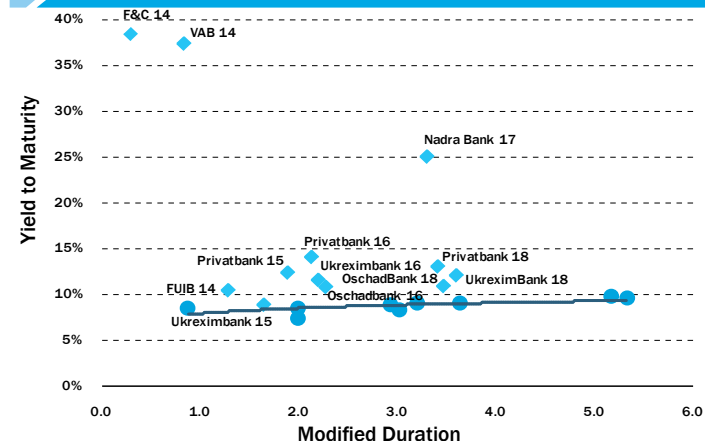
## UKRAINIAN EUROBONDS

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	99.1	100.0	9.0%	8.0%	-2.2%	0.8	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	99.3	100.2	10.4%	9.6%	-3.2%	1.1	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	94.7	96.3	7.7%	6.8%	-2.1%	1.9	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	95.5	97.0	9.3%	8.5%	-4.9%	1.9	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	91.8	92.8	9.5%	9.2%	-7.6%	2.9	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	92.1	93.1	9.0%	8.6%	-7.0%	3.0	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	90.0	91.0	9.7%	9.4%	-8.8%	3.6	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	98.6	99.6	9.7%	9.4%	-7.5%	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%	3.7	7.40%	S/A	20 Apr 2018	690	B3//
Ukraine, 2020	88.9	89.9	10.0%	9.8%	-13.2%	5.1	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	89.6	90.6	9.9%	9.7%	-13.3%	5.3	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	86.8	88.1	10.0%	9.8%	-13.4%	6.2	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	85.0	86.0	9.9%	9.8%	-14.5%	6.4	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
<b>Corporate Eurobonds</b>											
Agroton, 2014	63.9	70.0	68.7%	56.1%	n/a	0.7	12.50%	S/A	14 Jul 2014	50	/CCC/CCC
MHP, 2015	104.8	105.4	7.4%	7.2%	-0.3%	1.6	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	90.1	91.7	10.3%	10.0%	-9.1%	4.8	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	100.1	102.0	10.1%	9.1%	5.6%	2.0	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	96.2	97.0	12.0%	11.7%	-3.4%	3.4	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	101.0	104.8	10.7%	9.0%	-0.1%	2.2	10.95%	S/A	30 Mar 2016	250	/B/B
DTEK, 2015	102.3	103.3	8.2%	7.6%	1.7%	1.6	9.50%	S/A	28 Apr 2015	500	B3//B
DTEK, 2018	94.2	95.8	9.4%	9.0%	-5.0%	3.7	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	102.5	104.0	8.9%	8.0%	-0.6%	1.6	10.25%	S/A	20 May 2015	500	B3//B
Metinvest, 2018	94.3	96.0	10.4%	9.9%	-1.9%	3.5	8.75%	S/A	14 Feb 2018	750	B3//B
Ferrexpo, 2016	92.5	94.3	11.3%	10.3%	-4.2%	2.3	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	91.4	92.9	11.9%	11.4%	-7.8%	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-
JKX Oil&Gas, 2018	97.7	99.1	11.4%	11.0%	-1.6%	3.6	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	85.0	90.0	48.5%	34.3%	45.8%	0.4	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	99.9	103.0	11.5%	9.2%	0.5%	1.3	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.0	95.0	20.8%	10.8%	-3.8%	3.2	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	93.7	95.6	13.0%	12.0%	-0.2%	1.8	9.38%	S/A	23 Sept 2015	200	B3//
PrivatBank, 2016	81.4	83.3	14.8%	13.8%	6.7%	2.1	8.75%	S/A	9 Feb 2016	150	B3//
PrivatBank, 2018	92.3	95.8	13.2%	12.1%	-6.0%	3.4	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	96.6	98.1	10.7%	9.7%	-2.6%	1.6	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	84.4	86.5	13.4%	12.2%	1.9%	2.1	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	88.9	90.7	12.0%	11.4%	-10.2%	3.6	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	80.0	84.0	40.5%	33.7%	51.9%	0.8	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	93.7	95.3	11.2%	10.5%	-0.6%	2.2	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	88.7	90.2	12.2%	11.6%	-10.6%	3.5	8.88%	S/A	20 Mar 2018	500	B3//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	92.3	95.1	12.1%	10.6%	0.1%	2.0	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	93.7	96.2	11.9%	10.9%	1.5%	2.5	9.375%	S/A	30 Jun 2016	300	B3/B-/

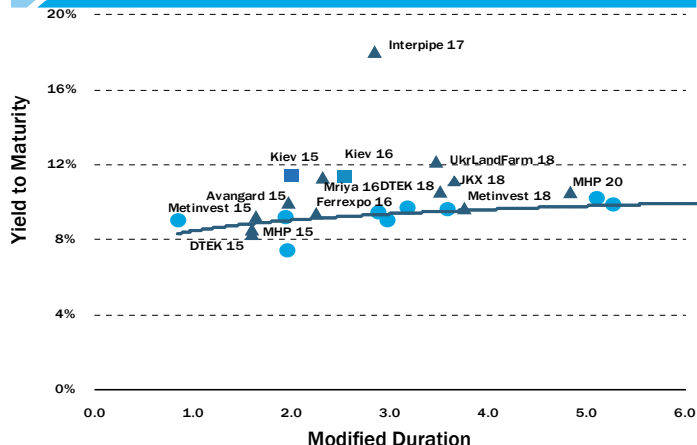
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

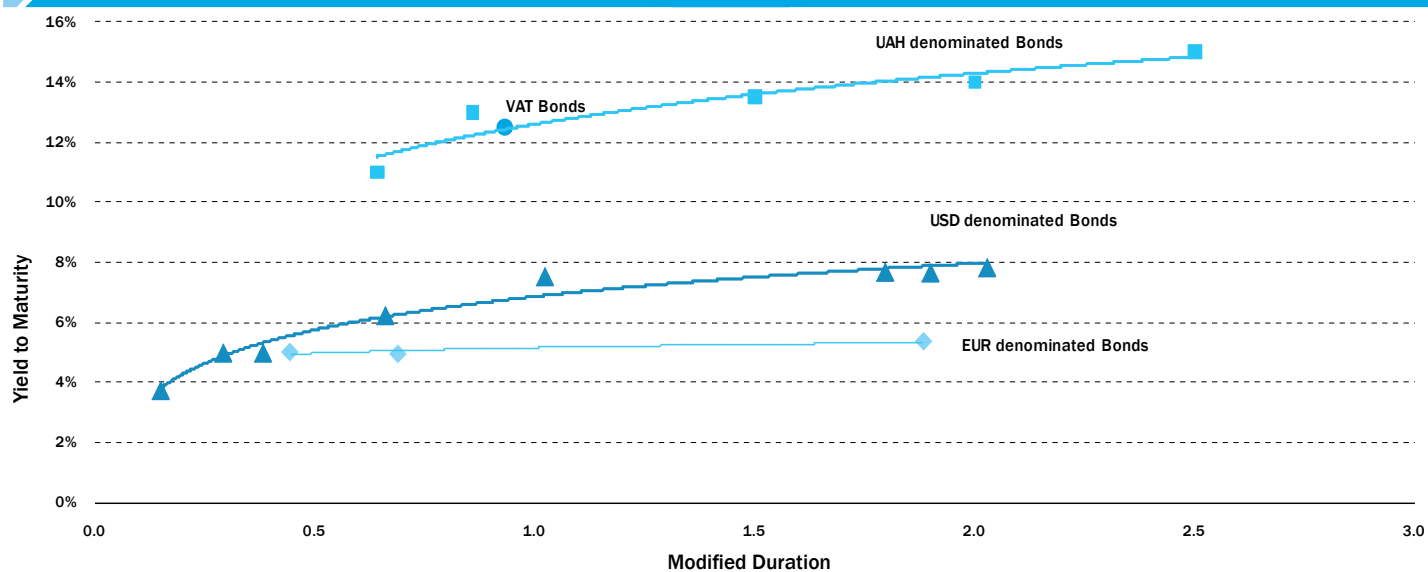




**UKRAINIAN DOMESTIC BONDS**

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	100.3	100.4	7.5%	6.0%	0.1	9.27%	S/A	28 Aug 2013	254
UA4000138002	100.0	100.1	7.5%	6.0%	0.3	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	99.1	100.1	8.8%	7.9%	1.7	9.45%	S/A	27 May 2015	152
UA4000142673	90.6	91.6	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	100.6	100.8	6.0%	5.3%	0.4	4.80%	S/A	25 Dec 2013	70
UA4000142681	102.0	102.1	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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