

Market Update

Equity

The Ukrainian stock market was lower on Thursday (Jul 18) despite positive external sentiment with both the Dow and the S&P 500 hitting all-time intraday highs shortly after the opening bell. Meanwhile the UX index slid 0.5% to close at 867 points. Financial sector underperformed the broad market as blue-chip Raiffeisen Bank Aval (BAVL UK) and UkrasotsBank (USCB UK) fell 1.5% and 1.6% respectively. The top liquid Motor Sich (MSICH UK) slipped by tiny 0.1%. In steel related stocks, Azovstal (AZST UK) added 0.4% while Enekievo Steel (ENMZ UK) dropped 0.9%. In the second division, railcar maker Krukiv Wagon (KVBZ UK) dropped 3.4% and iron ore producer Pivnichny GOK (SGOK UK) fell by 1.2%. In London trading MHP (MHPC LI) gained 0.9% and Ferrexpo (FXPO LN) gained 0.6%.

Fixed Income

Ukrainian sovereign Eurobonds showed robust growth on Thursday. Ukraine-23s improved by 1.6p.p. to 88.5/89.7 (9.3%/9.1%) and Ukraine-17s grew by 1.3p.p. to 92.6/93.6 (8.9%/8.6%). Corporate names were mostly up. MHP-18s increased by 0.6p.p. to 91.5/93.0 (10.0%/9.7%) and Metinvest-18s moved up by 0.7p.p. closing at 96.0/97.5 (9.9%/9.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1858.00	-0.1%	8.2	157
Centrenergy	CEEN	4.78	-0.9%	2.4	187
Raiffeisen Bank Aval	BAVL	0.098	-1.5%	1.9	192

Growth Leaders

Mariupol Ilyicha	MMKI	0.14	3.7%	0.24	16
Luhanskteplovoy	LTPL	1.55	2.9%	0.06	35
Yasynivsky Coke	YASK	0.58	1.2%	0.05	14

Loss Leaders

Interpipe NTRP	NITR	1.10	-8.3%	0.079	7
KRAZ	KRAZ	0.03	-5.1%	0.004	9
Kryukiv Wagon	KVBZ	23.00	-3.4%	0.804	62

Highlights

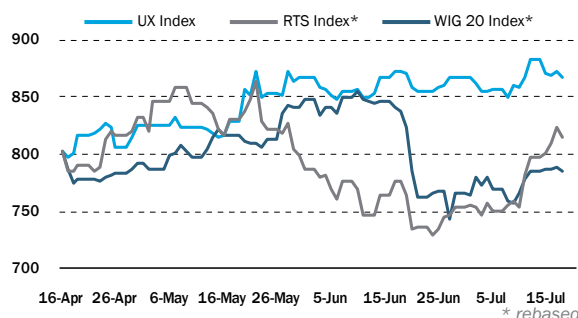
POLITICS AND ECONOMICS

- > Industrial Production Lower by 5.7% YoY in June

STOCKS IN THE NEWS

- > UkrNafta's Oil&Gas Output Down 4.7% YoY to 13.4 MMboe in 1H13
- > EU Green-Lights MHP Poultry Exports as of Jul 24

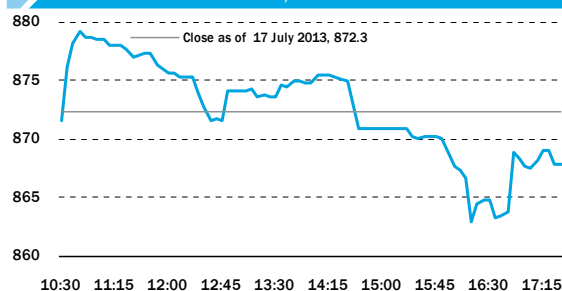
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	867.7	-0.5%	-0.5%	-8.7%
RTS	1377.4	-1.1%	4.8%	-9.8%
WIG20	2300.3	-0.4%	-6.6%	-10.9%
MSCI EM	957.4	-0.2%	0.0%	-9.3%
S&P 500	1689.4	0.5%	3.1%	20.5%

UX INTRADAY JULY 18, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	320.3	-4.2%	-2.7%	18.2%
CDS 5Y UKR	800.7	-3.8%	14.7%	28.1%
Ukraine-17	8.7%	-0.4 p.p.	0.8 p.p.	1.8 p.p.
Naftogaz Ukr-14	9.2%	-0.3 p.p.	0.6 p.p.	1.6 p.p.
Ukraine-23	9.2%	-0.3 p.p.	0.7 p.p.	1.7 p.p.
Privatbank-16	14.3%	0.0 p.p.	0.4 p.p.	-1.0 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.15	-0.1%	-0.1%	1.2%
EUR	10.68	-0.3%	-2.0%	-0.1%
RUB	0.25	-0.6%	-2.3%	-5.4%

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%	-0.5%	-4.7%
Oil, USD/bbl	108.7	0.1%	3.4%	1.5%
Gold, USD/oz	1284.2	0.6%	-7.3%	-22.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

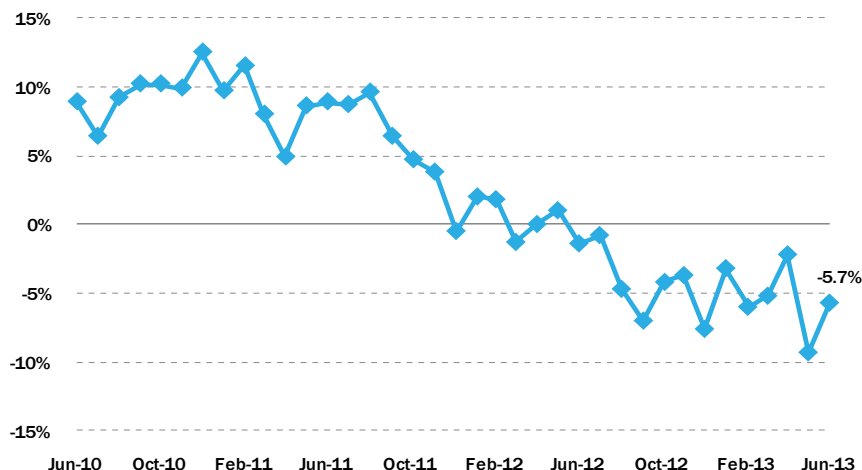
Industrial Production Lower by 5.7% YoY in June

by Dmitry Churin
d.churin@eavex.com.ua

NEWS

Ukraine's industrial production decreased by 5.7% YoY in the month of June, the State Statistics Committee reported on Wednesday (Jul 17). The IP index rose by 1.6% MoM compared to May, a month which contained a large number of holidays. For 1H13, the IP index dropped 5.3%.

UKRAINE'S MONTHLY INDUSTRIAL PRODUCTION INDEX, YOY



Source: State Statistics Committee

COMMENTARY

The industrial production figures for June come in below our expectations, with month-on-month growth at only 1.6% despite a considerably larger number of working days than in May. The only justification we can find for the substantial June year-on-year drop is that industrial output in the comparison base month of June 2012 was still quite robust, with the slowdown having first become apparent last year in July and August. We therefore expect the IP index decline to slow in the coming months, with a likely return of the index to positive territory before the end of the year. In a segment breakdown, manufacturing output fell by 8.4% YoY in June, with the steepest drop of 22.1% YoY registered in chemicals output. In the machinery sector, production decreased by 10.3% YoY. The extraction and utilities sectors were relatively better, with output down by about 1.5% YoY in both areas

UkrNafta's Oil&Gas Output Down 4.7% YoY to 13.4 MMboe in 1H13

by Dmitry Churin
d.churin@eavex.com.ua

UKRNAFTA (UNAF UK)

Price: UAH 114.7 Market Cap: USD 763mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.5	0.4	4.3	2.3	n/a
2013E	0.5	0.5	5.9	2.7	n/a

NEWS

The output of Ukraine's national flagship oil company UkrNafta dropped by 4.7% YoY to 13.4 MMboe in 1H13, according to data from the Energy Ministry released on Thursday (Jul 18). The largest oil company in the country, which is half-owned by the government, saw its oil and condensate production fall by 7.9% YoY to 7.4 MMbbl, while its gas extraction fell by 3.9% YoY to 955mn cubic meters (6.0 MMboe) in the period. Overall oil and condensate extraction in Ukraine fell by 5.9% YoY to 11.2 MMbbl in 1H13, while total gas extraction increased by 2.3% YoY to 10.4bn cu-m in the period.

COMMENTARY

Although the pace of UkrNafta's output decline in 1H13 was notably slower than a 10.4% drop seen in FY12, the news is clearly negative for the company. The persistent output decrease has had a harmful impact on UkrNafta's profitability, with the company's net margin declining from 17% in 1Q12 to 10.3% in 1Q13. UkrNafta failed to distribute 30% of its net profit in dividends as required by law for both FY11 and FY12, but we expect these payouts to be approved eventually, perhaps as soon as at the company's 2014 annual meeting in February or March.

EU Green-Lights MHP Poultry Exports as of Jul 24

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

MHP (MHPC LI)

Price: USD 17.78 Market Cap: USD 1,879mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.5	2.1	6.0	6.3	6.4%
2013E	1.2	1.9	6.9	5.6	5.6%

NEWS

MHP, Ukraine's largest poultry producer, announced on Thursday (Jul 18) that it has received a resolution from European Union authorities allowing three of its subsidiaries to start exporting poultry products into EU starting next week on Jul 24. The three approved enterprises include MHP's main operating asset, the Myronivska poultry farm (which produces fresh and frozen chicken meat), as well as the Snyatynska poultry farm (goose meat and foie gras) and the meat-processing plant "Legko" (processed convenience meals).

COMMENTARY

The news is in line with the company's expectations that it would receive the green light for export to the EU in 2H13. Although MHP's new Vinnytsia poultry complex was left off the list, management said it expects Vinnytsia to receive EU approval for export by the end of 2013. Meanwhile, MHP decided not to apply for EU approval for its three other poultry entities, which have a total capacity of 133,000 tonnes, for reasons that were not disclosed.

Overall, Myronivka's capacity of 227,000 tonnes of poultry p.a. is easily enough to produce the entire export volume for Ukraine allowed by the EU of 40,000 tonnes of poultry meat per year. Given that MHP is one of two Ukrainian companies eligible for export into the EU (along with the country's #2 player Agromars), we expect MHP to obtain a 50-60% share in the EU quota (20,000-22,000 tonnes), representing some 5-6% of the company's FY12 poultry sales tonnage.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.08	0.07	-13%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	2.52	3.33	32%	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	0.98	1.77	80%	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	64%	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.
Coke						
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	490%	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	0.06	0.36	515%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	2.82	6.18	119%	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	236%	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	228	644	182%	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.
Oil & Gas						
Concern Galnaftogaz	GLNG	0.018	0.030	63%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.23	1.52	571%	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	644%	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.
Power Utilities						
DonbasEnergO	DOEN	2.96	8.90	201%	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	CentrEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	17.8	24.0	35%	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	20.43	30.0	47%	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	867.68	1127.40	758.71	-0.5%	0.0%	-0.5%	-8.7%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.043	0.06	0.04	0.5%	1.2%	-3.4%	-20.4%	1.0%	1.2%	-2.9%	-11.7%
Azovstal	AZST	0.64	1.05	0.31	0.3%	0.6%	0.8%	-14.1%	0.8%	0.6%	1.3%	-5.4%
Dniprospezstal	DNSS	925	1,300	700	0.0%	0.0%	9.5%	-7.4%	0.5%	0.0%	10.0%	1.3%
Enakievo Steel	ENMZ	35.2	42.4	20.0	-0.9%	-1.3%	-3.4%	-7.5%	-0.4%	-1.4%	-2.9%	1.2%
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	0.14	0.32	0.12	0.0%	7.7%	-12.5%	-36.4%	0.5%	7.7%	-12.0%	-27.6%
Coke												
Avdivka Coke	AVDK	3.23	4.07	1.61	0.3%	-0.4%	-3.1%	-1.3%	0.8%	-0.4%	-2.6%	7.4%
Yasnyivsky Coking	YASK	0.58	1.13	0.52	1.8%	-1.7%	1.8%	-13.4%	2.3%	-1.7%	2.3%	-4.7%
Iron Ore Mining												
Centralny GOK	CGOK	6.45	7.74	4.00	-3.2%	2.4%	-0.6%	-6.5%	-2.6%	2.4%	-0.1%	2.2%
Ferrexpo	FXPO	2.52	4.58	2.02	0.4%	6.2%	6.1%	-37.4%	1.0%	6.2%	6.7%	-28.7%
Pivnichny GOK	SGOK	8.00	10.00	5.77	-20.0%	0.0%	8.1%	7.5%	-19.5%	0.0%	8.6%	16.2%
Coal Mining												
Pokrovske Mine	SHCHZ	0.48	1.24	0.40	-5.9%	-12.7%	-4.0%	-23.8%	-5.4%	-12.7%	-3.5%	-15.1%
Komsomolets Donbasa	SHKD	0.79	1.60	0.56	5.3%	-7.1%	-13.2%	-33.1%	5.9%	-7.1%	-12.7%	-24.3%
Energy Coal	CLE	0.63	5.77	0.59	-0.9%	5.9%	-49.1%	-79.8%	-0.4%	5.9%	-48.6%	-71.1%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.270	0.0%	0.0%	-20.0%	-31.0%	0.5%	0.0%	-19.5%	-22.3%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.65	0.88	0.45	0.0%	-3.0%	8.3%	-7.1%	0.5%	-3.0%	8.8%	1.6%
Interpipe NMPP	NVTR	0.18	0.60	0.10	0.0%	0.0%	-18.2%	-18.2%	0.5%	0.0%	-17.7%	-9.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	23.0	29.0	12.0	-3.4%	-4.4%	3.8%	18.6%	-2.8%	-4.4%	4.3%	27.3%
Luhanskeplovoz	LTPL	1.55	2.05	1.28	2.6%	3.3%	-3.1%	-17.1%	3.2%	3.3%	-2.6%	-8.4%
Stakhanov Wagon	SVGZ	1.31	2.89	1.22	0.0%	-0.8%	0.0%	-24.3%	0.5%	-0.8%	0.5%	-15.6%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.16	0.03	0.5%	-3.1%	-2.9%	-1.3%	1.0%	-3.1%	-2.4%	7.4%
Motor Sich	MSICH	1,858	2,640	1,753	-0.1%	-2.0%	-7.1%	-15.9%	0.4%	-2.0%	-6.6%	-7.2%
Sumy Frunze Engineering	SMASH	2.62	4.00	0.76	24.8%	11.5%	-16.6%	74.7%	25.3%	11.5%	-16.1%	83.4%
Turboatom	TATM	n/a	5.00	1.88	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WESTA ISIC	WES	0.18	0.45	0.13	-2.1%	-1.2%	-7.0%	-25.6%	-1.6%	-1.2%	-6.5%	-16.9%
Telecom												
Ukrtelecom	UTLM	0.15	0.31	0.12	-0.9%	-0.9%	-3.1%	-6.1%	-0.3%	-0.9%	-2.6%	2.6%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.59	0.21	-8.6%	-16.2%	-27.1%	-58.2%	-8.1%	-16.2%	-26.5%	-49.5%
JKX Oil	JKX	0.81	1.56	0.75	3.2%	2.6%	-2.2%	-32.6%	3.8%	2.6%	-1.7%	-23.9%
Ukrnafta	UNAF	115	280	80	1.0%	-0.3%	0.3%	-3.3%	1.5%	-0.3%	0.8%	5.4%
Power Utilities												
Centrenerg	CEEN	4.78	7.33	3.76	-0.9%	-1.9%	3.3%	-24.7%	-0.3%	-1.9%	3.8%	-16.0%
Donbasenergo	DOEN	24.1	26.8	15.1	-0.7%	7.3%	6.2%	13.7%	-0.2%	7.3%	6.7%	22.4%
Zakhidenergo	ZAEN	81.3	118.8	70.0	0.4%	0.4%	1.6%	-16.2%	0.9%	0.4%	2.1%	-7.5%
Consumer												
Agroton	AGT	0.43	4.2	0.36	-12.9%	-39.6%	-50.9%	-86.7%	-12.3%	-39.6%	-50.4%	-78.0%
Astarta	AST	20.3	22.1	14.5	1.7%	6.4%	-1.1%	14.0%	2.2%	6.3%	-0.6%	22.7%
Avangardo	AVGR	8.5	12.0	7.61	0.0%	-1.2%	-6.9%	-25.0%	0.5%	-1.2%	-6.4%	-16.3%
Industrial Milk Company	IMC	4.87	5.48	3.55	-0.3%	5.9%	11.2%	-8.3%	0.2%	5.9%	11.7%	0.4%
Kernel	KER	16.9	23.0	14.0	2.2%	6.8%	5.1%	-21.8%	2.8%	6.8%	5.6%	-13.0%
Mriya Agro Holding	MAYA	6.04	6.7	5.36	-0.4%	0.5%	6.8%	-6.8%	0.1%	0.5%	7.3%	1.9%
MHPC	MHPC	17.8	19.9	11.05	0.9%	2.8%	-2.8%	16.6%	1.4%	2.8%	-2.3%	25.3%
Milkiland	MLK	3.39	5.8	3.11	4.8%	1.7%	-11.8%	-28.0%	5.4%	1.7%	-11.3%	-19.2%
Ovostar Union	OVO	22.2	33.8	22.0	-0.2%	0.9%	-18.1%	-23.2%	0.4%	0.9%	-17.6%	-14.5%
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
Chemicals												
Stirol	STIR	11.4	19.0	10.3	0.0%	-0.4%	-5.4%	-15.3%	0.5%	-0.4%	-4.9%	-6.6%
Banks												
Raiffeisen Bank Aval	BAVL	0.098	0.128	0.061	-1.5%	0.3%	-3.6%	14.7%	-1.0%	0.3%	-3.1%	23.4%
UkrSotsbank	USCB	0.138	0.200	0.107	-1.5%	1.0%	13.2%	6.9%	-1.0%	0.9%	13.7%	15.6%

Source: Bloomberg

* companies listed abroad are in USD

MAIN FINANCIAL FORECASTS, USD mn

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012	2013E	2011	2012E	2013E
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%
Ukrspatsbank	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	134	3.9%	5	1,550	3.7	neg	neg	10.7	neg	neg	0.7	0.9	0.9	534	461	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	328	4.1%	13	306	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	55	52	49	\$/tonne
Coke																		
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
Iron Ore Mining																		
Centralny GOK	CGOK	928	0.5%	5	928	2.9	9.8	8.9	1.9	3.9	4.6	1.2	1.6	1.8				
Pivnichny GOK	SGOK	2,263	0.5%	12	2,388	2.9	5.2	6.3	2.0	2.9	3.7	1.3	1.6	1.8				
Ferrexpo	FXPO	1,483	24.0%	356	1,733	2.6	6.9	5.6	2.2	4.3	3.9	1.0	1.2	1.1				
Coal Mining																		
Komsomolets Donbasa	SHKD	32	5.4%	2	134	2.1	0.8	0.9	2.0	1.4	1.5	0.7	0.5	0.5	33	32	30	\$/tonne
Coal Energy	CLE	28	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
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	207	2.0%	4	250	2.1	6.2	6.1	1.7	3.4	3.2	0.3	0.4	0.4	397	658	625	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	42	24.0%	10	42	4.6	6.1	5.1	3.0	3.4	2.7	0.2	0.2	0.2				
Kruiiv Wagon	KVBZ	324	5.0%	16	326	3.8	3.4	6.4	2.8	2.4	3.5	0.4	0.4	0.5				
Stakhanov Wagon	SVGZ	36	8.0%	3	76	1.8	>30	12.7	2.3	10.5	6.9	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	182	5.8%	10	130	3.4	4.8	4.3	2.1	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	474	24.0%	114	484	2.8	1.9	1.8	1.7	1.6	1.5	0.7	0.6	0.5				
Telecom																		
Ukrtelecom	UTLM	345	7.2%	25	681	neg	7.6	7.2	3.3	3.3	3.3	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	764	3.0%	23	754	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	72	49.0%	36	55	11.3	6.0	3.0	neg	2.4	1.5	2.9	1.1	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	138	50.4%	70	247	2.3	3.5	2.8	2.2	1.7	1.6	1.0	1.1	1.0	65	45	34	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	217	21.7%	47	300	>30	7.5	6.5	6.2	4.9	4.4	0.3	0.3	0.3	20	21	17	\$/MWh
DonbasEnergO	DOEN	70	14.2%	10	127	neg	18.3	6.9	6.1	7.3	5.3	0.3	0.2	0.2	16	15	14	\$/MWh
Consumer																		
MHP	MHPC	1,878	34.1%	641	2,923	7.2	6.0	6.9	7.3	6.2	5.6	2.4	2.1	1.9	9135	9135	9135	\$/tonne
Kernel	KER	1,249	61.8%	771	1,859	5.5	5.9	6.4	6.0	5.8	5.5	1.0	0.9	0.7				
Astarta	AST	508	31.0%	158	655	4.5	10.2	8.6	4.5	6.7	5.4	1.6	1.4	1.2	3322	2023	1680	\$/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	9	44.6%	4	42	neg	0.5	0.4	2.3	1.4	1.3	0.3	0.5	0.4	0.3	n/a	n/a	\$/th/ha
Banks																		
Raiffeisen Bank Aval	BAVL	362	4.0%	15		>30	>30	12.7	0.4	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	312	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research

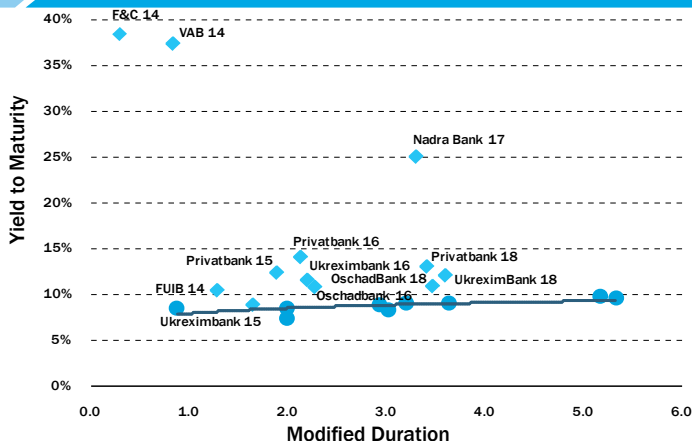
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2014	99.4	100.2	8.7%	7.7%	-2.0%	0.8	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	99.9	100.7	9.9%	9.1%	-2.7%	1.1	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	96.3	97.3	6.9%	6.3%	-0.8%	2.0	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	97.6	99.1	8.2%	7.4%	-2.9%	1.9	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	93.5	94.5	8.9%	8.5%	-5.9%	2.9	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	93.5	94.5	8.5%	8.1%	-5.6%	3.0	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	92.6	93.6	8.9%	8.6%	-6.2%	3.6	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	101.4	102.4	8.8%	8.5%	-4.9%	3.1	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	93.2	94.2	9.1%	8.9%	-9.0%	5.2	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	93.2	94.2	9.2%	9.0%	-9.7%	5.3	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	91.3	92.5	9.2%	9.0%	-8.9%	6.3	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	88.5	89.7	9.3%	9.1%	-10.9%	6.5	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
Corporate Eurobonds											
Agroton, 2014	60.9	69.8	77.0%	57.7%	n/a	0.7	12.50%	S/A	14 Jul 2014	50	/CCC/C
MHP, 2015	104.9	105.8	7.4%	7.1%	-0.1%	1.6	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	91.5	93.0	10.0%	9.7%	-7.8%	4.8	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	100.0	102.0	10.2%	9.1%	5.5%	1.9	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	96.2	97.1	11.9%	11.7%	-3.3%	3.4	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	101.2	104.9	10.6%	9.0%	0.0%	2.2	10.95%	S/A	30 Mar 2016	250	/B/B
DTEK, 2015	102.5	102.6	8.1%	8.0%	1.4%	1.6	9.50%	S/A	28 Apr 2015	500	B3//B
DTEK, 2018	95.5	96.1	9.1%	8.9%	-4.2%	3.7	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	103.0	104.1	8.6%	7.9%	-0.2%	1.6	10.25%	S/A	20 May 2015	500	B3//B
Metinvest, 2018	96.0	97.5	9.9%	9.4%	-0.2%	3.5	8.75%	S/A	14 Feb 2018	750	B3//B
Ferrexpo, 2016	93.1	94.9	11.0%	10.0%	-3.5%	2.3	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	92.2	93.8	11.6%	11.2%	-7.0%	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	98.3	99.7	11.2%	10.9%	-1.0%	3.6	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	85.0	90.0	49.0%	34.6%	45.8%	0.4	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	100.0	104.1	11.5%	8.3%	1.1%	1.3	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	84.0	89.7	17.9%	14.0%	-3.8%	3.2	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	93.8	95.6	13.0%	11.9%	-0.1%	1.8	9.38%	S/A	23 Sept 2015	200	B3//
PrivatBank, 2016	81.1	83.8	15.0%	13.5%	6.8%	2.1	8.75%	S/A	9 Feb 2016	150	B3//
PrivatBank, 2018	92.9	95.4	13.0%	12.2%	-5.9%	3.3	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	96.4	98.1	10.8%	9.7%	-2.7%	1.6	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	85.0	86.5	13.1%	12.3%	2.3%	2.1	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	89.0	90.9	12.0%	11.4%	-10.0%	3.6	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	79.0	83.0	42.6%	35.6%	50.0%	0.8	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	94.1	95.8	11.1%	10.2%	-0.2%	2.2	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	88.9	91.3	12.1%	11.5%	-9.9%	3.5	8.88%	S/A	20 Mar 2018	500	B3//B
Municipal Eurobonds											
City of Kyiv, 2015	92.2	95.2	12.1%	10.5%	0.2%	2.0	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	93.7	96.1	11.9%	10.9%	1.5%	2.5	9.375%	S/A	30 Jun 2016	300	B3/B-/

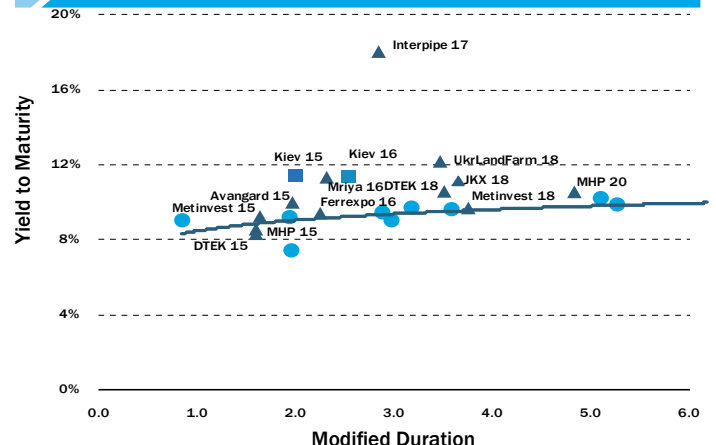
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



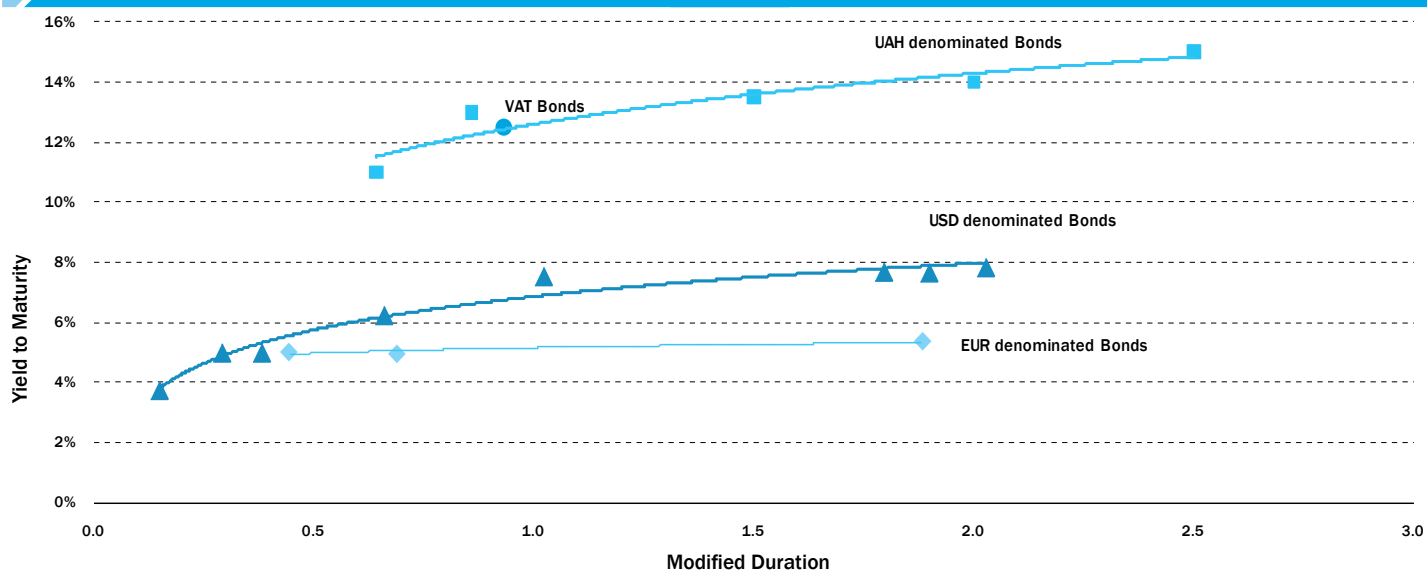
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



UKRAINIAN DOMESTIC BONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD
UAH denominated Bonds									
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
USD denominated Bonds									
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	99.9	100.4	7.9%	7.2%	0.8	9.20%	S/A	21 May 2014	171
UA4000142699	101.5	103.0	8.3%	7.5%	1.6	9.45%	S/A	22 Apr 2015	312
UA4000141071	99.5	100.5	8.8%	7.9%	1.7	9.45%	S/A	27 May 2015	152
UA4000142673	90.9	91.9	9.0%	8.2%	1.7	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000137731	100.3	100.4	6.0%	5.3%	0.2	4.80%	S/A	18 Sept 2013	205
UA4000138846	100.6	100.9	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
VAT Bonds									
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

Eavex Capital

Evropa Plaza
33 Shevchenko Blvd.
Floor 11
Kyiv, Ukraine, 01032

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity & Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales & Trading

e.klymchuk@eavex.com.ua

Artem Mateshko

Equity Trading

a.mateshko@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua

INVESTMENT BANKING

Anatoliy Zaslavchik

Managing Director

Corporate Finance & IB

a.zaslavchik@eavex.com.ua