

Market Update

Equity

Local Ukrainian blue chips were modestly higher on Wednesday (Aug 14), with news that the Eurozone economy ended a six-quarter run of contractions in 2Q13 fueling minor gains in Frankfurt and Paris. The UX index appreciated by 0.6% to end at 889 points. Electricity generation companies CentrEnerg (CEEN) and DonbasEnerg (DOEN) led the way with respective rises of 1.1% and 1.7%. Motor Sich (MSICH) inched up 0.2% on turnover of UAH 4.8mn, while Avdyivka Coke (AVDK) and Raiffeisen Aval (BAVL) were unchanged. Outside the UX basket, Interpipe (NVTR) added 1.1% to 22 kopecks. In Warsaw, Kernel (KER) slipped back below PLN 50 with a 1.7% drop, while Astarta (AST) rose 1.2% to reach PLN 77.50, its highest close since August 2011. In London, Ferrexpo (FXPO) moved down by 2.0%, while Avangard (AVGR) advanced by 2.2% to USD 10.20.

Fixed Income

Ukrainian sovereign Eurobonds showed sluggish dynamics on Wednesday. Ukraine-23s inched up by 0.1p.p. to 87.7/88.6 (9.5%/9.3%) while Ukraine-17s finished flat at 91.6/92.4 (9.2%/9.0%). Corporate papers were mixed. MHP-15s added 0.3p.p. closing at 105.4/106.9 (6.9%/6.0%) while Metivnest-15s declined by 0.1p.p. to 104.1/105.2 (7.8%/7.2%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1849.00	0.2%	4.8	96
Centrenerg	CEEN	5.25	1.1%	1.5	126
Raiffeisen Bank Aval	BAVL	0.102	0.1%	1.3	86

Growth Leaders

Pokrovske Mine	SHCHZ	0.47	6.3%	0.01	22
Donbasenerg	DOEN	25.59	1.8%	0.97	104
Interpipe NMPP	NVTR	0.22	1.1%	0.11	34

Loss Leaders

Zaporizhkoks	ZACO	1.10	-12.0%	0.343	7
Sumy Frunze Engineering	SMASH	2.35	-11.3%	0.014	16
Ukrtelecom	UTLM	0.13	-4.4%	0.002	8

Highlights

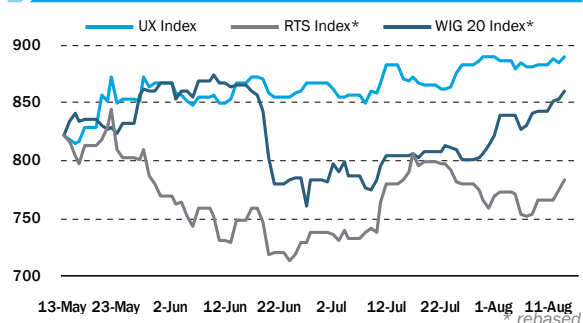
POLITICS AND ECONOMICS

- > Klitschko Floats Presidential Ambitions Via WBC
- > June Merch Trade Deficit Comes in at USD 526mn

FIXED INCOME

- > Naftogaz Revenue Down 39% YoY, Net Loss at USD 1.2bn for 1H13

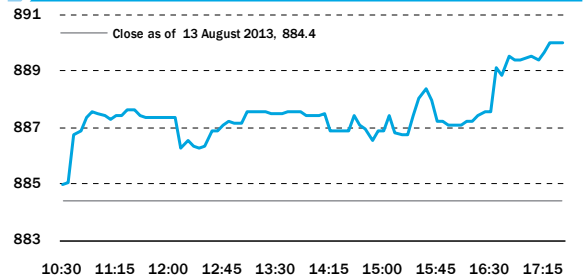
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	889.4	0.6%	0.8%	-6.4%
RTS	1356.3	1.3%	0.6%	-11.2%
WIG20	2461.2	0.8%	6.9%	-4.7%
MSCI EM	967.9	0.2%	2.4%	-8.3%
S&P 500	1685.4	-0.5%	0.3%	20.2%

UX INTRADAY AUGUST 14, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	335.9	0.5%	-4.0%	23.9%
CDS 5Y UKR	826.1	1.2%	-1.6%	32.2%
Ukraine-17	9.1%	0.0 p.p.	-0.5 p.p.	2.1 p.p.
Naftogaz Ukr-14	9.5%	0.0 p.p.	-0.2 p.p.	1.9 p.p.
Ukraine-23	9.4%	0.0 p.p.	-0.6 p.p.	1.9 p.p.
Privatbank-16	13.4%	0.0 p.p.	-1.4 p.p.	-1.9 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.12	0.0%	-0.5%	0.8%
EUR	10.76	0.0%	1.0%	0.7%
RUB	0.25	0.0%	-1.9%	-7.5%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	247.1	0.0%	-6.0%	-29.1%
Steel, USD/t	562.5	0.0%	10.8%	5.6%
Oil, USD/bbl	110.2	0.3%	2.1%	2.9%
Gold, USD/oz	1336.2	1.1%	3.9%	-19.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Klitschko Floats Presidential Ambitions Via WBC

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NEWS

UDAR party leader Vitaliy Klitschko intends to run for the Ukrainian presidency in 2015, multiple international news outlets reported on Wednesday (Aug 14). The source of the news was the website of the World Boxing Council (WBC), the head of which Klitschko recently met in Mexico.

COMMENTARY

Although there was no direct confirmation about a presidential run from the Klitschko camp yesterday, we assume that the news is accurate and that making the announcement via the boxing federation was a deliberate move. Today's news should put an end to the on-and-off speculation, frequently fueled by UDAR's rival opposition party Batkivschyna, that Klitschko might choose to run for mayor of Kyiv rather than for the presidency. At this point, Klitschko appears to be the strongest challenger to President Yanukovich, and topped a presidential poll with support of 30% of likely voters this past June ahead of Yanukovich's 27%. However, we see at least three scenarios that could play out ahead of the election, which is due in March 2015, to the detriment of the boxer-politician. First, it remains unclear whether Klitschko will actually be able to count on the full support of the Yulia Tymoshenko-led Batkivschyna (and its smaller ally Svoboda) if he ends up running as the main opposition candidate against Yanukovich. Second, there have been rumblings that Yanukovich could try to change the presidential election from its traditional two-round format to a single-round, first-past-the-post contest in order to improve his chances of victory. And third, Tymoshenko could be released from prison and allowed to participate in the election, depriving Klitschko of his opposition front-runner status.

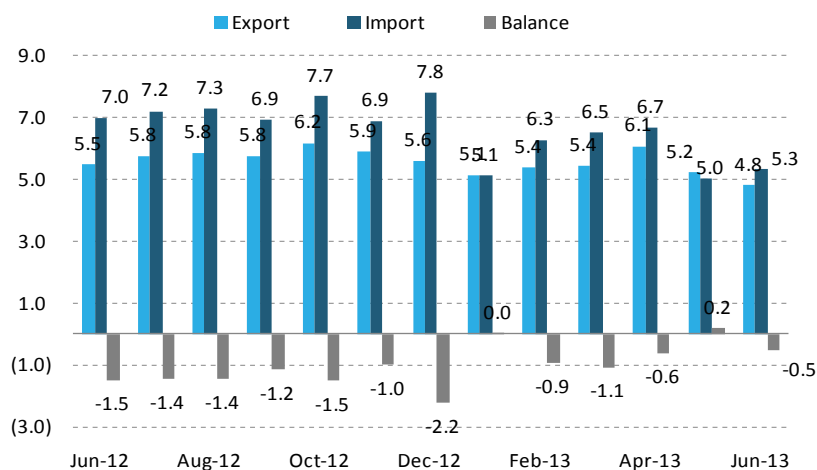
June Merch Trade Deficit Comes in at USD 526mn

by Dmitry Churin
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NEWS

Ukraine's merchandise trade deficit amounted to USD 526mn in June compared to a deficit of USD 1.49bn a year earlier, the State Statistics Committee reported on Wednesday (Aug 14). For 6M13, the country's merchandise trade deficit decreased by 41.5% to USD 4.22bn. Ukraine's exports in the period declined by 8.7% YoY to USD 30.7bn while imports fell by 14.5% YoY to USD 34.9bn.

UKRAINE'S MONTHLY MERCHANDISE TRADE DATA, USD bn



Source: State Statistics Committee

COMMENTARY

As we expected, the merchandise trade balance turned negative in June compared to a one-off positive balance registered in May. However, the amount of the June deficit remained well below the average monthly deficit of USD 1.3bn recorded over 2012. For 1H13, steel and steel products remained the country's main export category, accounting for 28.3% of total merchandise exports in the period. Mineral commodities, including natural gas, were the main import category, amounting to 25.7% of total imports. Machinery sector products were the second largest import category, accounting for 17.4% of total imports.

**Naftogaz Revenue Down 39% YoY,
Net Loss at USD 1.2bn for 1H13**

by Dmitry Churin
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NEWS

State-owned energy monopoly Naftogaz Ukraine posted a UAH 9.9bn (USD 1.21bn) net loss for 1H13, up from a loss of USD 546mn in 1H12, according to the company's released IFRS filings. Revenue fell by 39.3% YoY to USD 4.68bn and the operating loss increased by 3.6x to USD 581mn in the period.

The company's gas transit services revenue declined by 12% YoY to UAH 10.9bn (USD 1.3bn) in 1H13. Naftogaz said that natural gas transit accounted for 23.9% of its revenue in the period compared to 18.5% in 1H12. In volume terms, the company reduced gas transit by 11.3% YoY to 39.4bn cubic meters (cu-m).

Naftogaz sold 15.8bn cu-m of gas in 1H13, down sharply from 26.7bn in the same period of 2012. Gas sales accounted for 70.0% of the company's revenue in 1H13 compared to 73.9% in 1H12.

NAFTOGAZ FINANCIAL RESULTS (IFRS, USD mn)			
USD mn	1H13	1H12	YoY
Net revenue	4,679	7,713	-39.3%
Operating loss	-581	-158	<i>nm</i>
<i>margin</i>	-12.4%	-2.0%	-10.4 p.p.
Net loss	-1,227	-546	<i>nm</i>
<i>net margin</i>	-26.2%	-7.0%	-19.2 p.p.

Source: Company data.

COMMENTARY

Naftogaz's financial situation worsened this year after it lost part of its business of supplying gas to industrial users to the Oschem holding of industrialist Dmitry Firtash. Ostchem obtained the right to import up to 8bn cu-m of natural gas per year, which it then is able to sell to its own fertilizer producers as well as to other industrial users.

Although Naftogaz's losses from subsidized gas supplies to household users are projected at UAH 21.5bn (USD 2.6bn), they should be covered by government injections of statutory capital. Therefore, we see no particular risk of the company's default on its Eurobonds, which come due in September 2014.

Currently Naftogaz-14s are quoted at 10.3%/9.5%, implying a spread to the sovereign yield curve of 160 bps.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.08	0.07	-12%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	3.00	3.33	11%	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	1.00	1.77	77%	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	0.81	1.30	61%	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	0.41	0.76	88%	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	499%	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	522%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	2.92	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	0.20	0.64	228%	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	183%	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	62%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.27	1.52	460%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	1.1	6.0	468%	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	3.15	8.90	182%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	0.65	1.84	184%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	17.5	24.0	37%	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	24.46	30.0	23%	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	10.20	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	889.36	1106.67	758.71	0.6%	1.0%	0.8%	-6.4%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.040	0.06	0.03	0.7%	2.3%	-5.2%	-24.3%	0.2%	1.3%	-6.0%	-17.9%
Azovstal	AZST	0.63	0.97	0.31	-0.2%	0.0%	-1.0%	-15.4%	-0.7%	-1.0%	-1.8%	-9.0%
Dniprospezstal	DNSS	n/a	1,300	700	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enakievo Steel	ENMZ	34.4	49.9	20.0	-0.1%	-0.5%	-4.7%	-9.4%	-0.6%	-1.5%	-5.5%	-3.0%
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	0.12	0.26	0.10	0.0%	-7.7%	-14.3%	-45.5%	-0.6%	-8.7%	-15.1%	-39.0%
Coke												
Avdivka Coke	AVDK	3.30	4.07	1.61	0.1%	1.2%	1.6%	0.8%	-0.4%	0.3%	0.7%	7.2%
Yasnyivsky Coking	YASK	0.57	0.99	0.52	1.8%	1.8%	-3.4%	-14.9%	1.2%	0.8%	-4.2%	-8.5%
Iron Ore Mining												
Centralny GOK	CGOK	6.55	7.74	4.00	0.0%	2.3%	2.3%	-5.1%	-0.6%	1.4%	1.5%	1.4%
Ferrexpo	FXPO	2.99	4.58	2.02	-1.7%	4.4%	29.5%	-25.6%	-2.3%	3.4%	28.7%	-19.2%
Pivnichny GOK	SGOK	8.10	10.00	5.77	-2.4%	-4.7%	0.0%	8.9%	-3.0%	-5.7%	-0.8%	15.3%
Coal Mining												
Pokrovske Mine	SHCHZ	0.47	1.15	0.40	6.8%	6.8%	-7.8%	-25.4%	6.3%	5.9%	-8.7%	-19.0%
Komsomolets Donbasa	SHKD	0.75	1.46	0.41	-8.5%	-2.6%	4.2%	-36.4%	-9.1%	-3.6%	3.3%	-30.0%
Energy Coal	CLE	0.73	5.77	0.59	0.2%	-5.0%	10.2%	-76.5%	-0.4%	-5.9%	9.4%	-70.0%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.270	0.0%	0.0%	0.0%	-31.0%	-0.6%	-1.0%	-0.8%	-24.6%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.58	0.86	0.45	0.0%	-3.3%	-14.7%	-17.1%	-0.6%	-4.3%	-15.5%	-10.7%
Interpipe NMPP	NVTR	0.22	0.60	0.10	0.0%	-8.3%	22.2%	0.0%	-0.6%	-9.3%	21.4%	6.4%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	23.7	29.0	12.0	0.5%	0.2%	-8.9%	22.0%	-0.1%	-0.8%	-9.8%	28.4%
Luhanskeplovoz	LTPL	1.59	2.04	1.28	-0.6%	0.0%	3.9%	-15.0%	-1.2%	-1.0%	3.1%	-8.5%
Stakhanov Wagon	SVGZ	1.28	2.70	1.10	-3.0%	-1.5%	-3.0%	-26.0%	-3.6%	-2.5%	-3.9%	-19.6%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.13	0.03	-3.9%	-0.3%	-21.3%	-18.5%	-4.5%	-1.2%	-22.2%	-12.1%
Motor Sich	MSICH	1,849	2,640	1,753	0.2%	1.2%	-1.9%	-16.3%	-0.3%	0.2%	-2.7%	-9.9%
Sumy Frunze Engineering	SMASH	2.35	4.00	0.76	-11.3%	-6.0%	0.0%	56.7%	-11.9%	-7.0%	-0.8%	63.1%
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	0.20	0.45	0.13	1.4%	4.5%	5.2%	-17.3%	0.8%	3.6%	4.4%	-10.9%
Telecom												
Ukrtelecom	UTLM	0.13	0.31	0.09	-4.4%	-13.4%	-12.2%	-16.9%	-4.9%	-14.4%	-13.0%	-10.4%
Oil & Gas												
Regal Petroleum	RPT	0.27	0.59	0.22	0.3%	11.2%	1.2%	-49.9%	-0.2%	10.2%	0.3%	-43.4%
JKX Oil	JKX	1.05	1.42	0.75	0.0%	3.9%	32.9%	-11.8%	-0.6%	2.9%	32.1%	-5.3%
Ukrnafta	UNAF	117	280	80	0.4%	0.9%	1.5%	-1.8%	-0.1%	-0.1%	0.7%	4.7%
Power Utilities												
Centrenerg	CEEN	5.25	7.33	3.49	1.4%	0.9%	6.9%	-17.3%	0.8%	0.0%	6.1%	-10.9%
Donbasenergo	DOEN	25.6	26.8	15.1	1.7%	2.2%	0.4%	20.8%	1.2%	1.3%	-0.5%	27.2%
Zakhidenergo	ZAEN	83.4	116.9	70.0	0.0%	2.0%	3.0%	-14.0%	-0.6%	1.0%	2.1%	-7.6%
Consumer												
Agroton	AGT	0.79	4.2	0.36	-7.2%	12.6%	6.1%	-75.6%	-7.8%	11.6%	5.3%	-69.2%
Astarta	AST	24.4	24.4	14.5	1.0%	5.4%	26.7%	36.7%	0.4%	4.4%	25.9%	43.1%
Avangardo	AVGR	10.2	12.0	7.61	2.2%	4.6%	18.6%	-10.0%	1.6%	3.7%	17.8%	-3.5%
Industrial Milk Company	IMC	4.98	5.48	3.63	0.4%	-1.9%	6.5%	-6.2%	-0.2%	-2.9%	5.7%	0.3%
Kernel	KER	15.7	23.0	14.0	-1.9%	-5.2%	-4.9%	-27.4%	-2.5%	-6.2%	-5.8%	-21.0%
Mriya Agro Holding	MAYA	5.97	6.7	5.36	0.0%	-0.7%	-1.2%	-8.0%	-0.5%	-1.6%	-2.1%	-1.6%
MHPC	MHPC	17.5	19.9	13.05	0.0%	-0.6%	1.7%	14.8%	-0.6%	-1.6%	0.9%	21.2%
Milkiland	MLK	3.77	5.8	3.11	-0.6%	-1.4%	20.1%	-20.0%	-1.2%	-2.4%	19.3%	-13.5%
Ovostar Union	OVO	26.8	33.8	21.3	6.0%	8.0%	20.6%	-7.2%	5.4%	7.1%	19.7%	-0.8%
Sintal	SNPS	n/a	0.72	0.19	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	9.3	18.5	9.3	-1.1%	-4.7%	-17.7%	-30.6%	-1.6%	-5.7%	-18.5%	-24.2%
Banks												
Raiffeisen Bank Aval	BAVL	0.102	0.128	0.061	0.1%	1.5%	3.0%	19.0%	-0.5%	0.5%	2.2%	25.5%
UkrSotsbank	USCB	0.130	0.200	0.107	0.3%	-1.6%	-5.4%	0.7%	-0.3%	-2.6%	-6.2%	7.1%

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	128	3.9%	5	1,544	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	532	459	413	\$/tonne
Yenakievo Steel	ENMZ	45	8.8%	4	37	1.4	5.2	neg	neg	neg	neg	0.0	0.0	0.0	15	14	14	\$/tonne
Azovstal	AZST	324	4.1%	13	302	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	54	51	48	\$/tonne
Coke																		
Avdyivka Coke	AVDK	79	7.5%	6	77	neg	neg	neg	12.6	neg	neg	0.1	0.1	0.1	22	17	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	946	0.5%	5	945	2.9	9.9	9.1	1.9	4.0	4.7	1.2	1.7	1.9				
Pivnichny GOK	SGOK	2,299	0.5%	13	2,424	2.9	5.3	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,762	24.0%	423	2,013	3.1	8.2	6.7	2.5	5.0	4.5	1.1	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	31	5.4%	2	133	2.0	0.8	0.9	2.0	1.3	1.5	0.7	0.5	0.5	32	31	30	\$/tonne
Coal Energy	CLE	33	11.9%	4	58	0.9	0.9	0.8	1.1	0.9	0.9	0.4	0.4	0.3	1.1	0.9	0.9	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	186	2.0%	4	228	1.9	5.5	5.4	1.6	3.1	2.9	0.3	0.3	0.3	362	601	571	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	43	24.0%	10	43	4.8	6.2	5.3	3.1	3.5	2.8	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	334	5.0%	17	337	3.9	3.5	6.6	2.9	2.5	3.6	0.4	0.4	0.5				
Stakhanov Wagon	SVGZ	36	8.0%	3	75	1.8	>30	12.4	2.2	10.4	6.9	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	182	5.8%	11	130	3.4	4.8	4.4	2.1	2.8	2.5	0.8	0.8	0.7				
Motor Sich	MSICH	473	24.0%	114	483	2.8	1.9	1.8	1.7	1.6	1.5	0.7	0.6	0.5				
Telecom																		
Ukrtelecom	UTLM	307	7.2%	22	643	neg	6.8	6.4	3.1	3.1	3.1	0.8	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	778	3.0%	23	768	2.9	2.5	3.4	1.8	1.5	1.8	0.3	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	87	49.0%	43	69	13.6	7.3	3.6	neg	3.0	1.9	3.7	1.4	0.9	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	181	50.4%	91	289	3.1	4.5	3.6	2.5	2.0	1.9	1.2	1.3	1.2	76	53	40	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	239	21.7%	52	322	>30	8.3	7.2	6.6	5.3	4.8	0.4	0.3	0.3	22	22	18	\$/MWh
DonbasEnergO	DOEN	75	14.2%	11	131	neg	19.5	7.4	6.4	7.6	5.5	0.3	0.2	0.2	16	15	15	\$/MWh
Consumer																		
MHP	MHPC	1,849	34.1%	631	2,894	7.1	5.9	6.8	7.2	6.2	5.5	2.4	2.1	1.9	9042	9042	9042	\$/tonne
Kernel	KER	1,159	61.8%	716	1,769	5.1	5.5	5.9	5.7	5.5	5.2	0.9	0.8	0.6				
Astarta	AST	610	31.0%	189	756	5.3	12.2	10.3	5.3	7.8	6.3	1.9	1.7	1.4	3836	2335	1940	\$/tonne
Avangardco	AVGR	651	22.5%	147	800	3.3	2.9	2.8	3.2	2.9	2.7	1.4	1.3	1.1	181	138	130	\$/mneqgs
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	\$/ha
Banks																		
Raiffeisen Bank Aval	BAVL	377	4.0%	15		>30	>30	13.2	0.5	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	295	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research

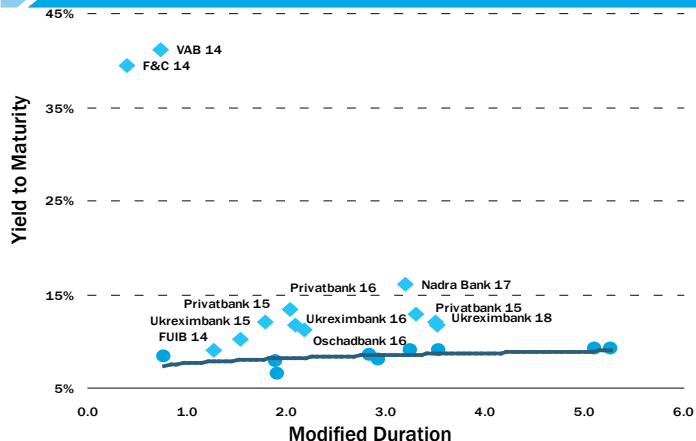
UKRAINIAN EUROBONDS

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	99.5	100.3	8.7%	7.6%	-1.8%	0.8	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	99.6	100.3	10.3%	9.5%	-3.0%	1.0	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	96.4	97.4	6.9%	6.3%	-0.6%	1.9	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	97.3	98.3	8.4%	7.9%	-3.5%	1.9	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	93.8	94.8	8.9%	8.5%	-5.6%	2.8	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	93.8	94.8	8.5%	8.1%	-5.4%	2.9	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	91.6	92.4	9.2%	9.0%	-7.3%	3.5	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	100.0	100.5	9.3%	9.1%	-6.5%	3.2	9.25%	S/A	24 Jul 2017	2,000	B3/B/B
Ukraine, 2017 Infr. projects	91.8	93.8	11.1%	10.5%	-5.6%	3.3	8.375%	S/A	3 Nov 2017	568	B3//
Ukraine, 2018 Infr. projects	86.8	88.5	11.4%	10.8%	-5.6%	3.7	7.40%	S/A	20 Apr 2018	690	B3//
Ukraine, 2020	91.0	92.5	9.6%	9.3%	-10.9%	5.1	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	92.0	93.5	9.5%	9.2%	-10.7%	5.2	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	89.4	90.4	9.5%	9.4%	-10.9%	6.2	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	87.7	88.6	9.5%	9.3%	-11.8%	6.4	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
Corporate Eurobonds											
Agroton, 2014	64.0	69.1	76.5%	64.5%	n/a	0.7	12.50%	S/A	14 Jul 2014	50	/CCC/C
MHP, 2015	105.4	106.9	6.9%	6.5%	0.7%	1.6	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	91.4	92.8	10.1%	9.8%	-7.9%	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	96.4	97.1	11.9%	11.7%	-3.2%	3.4	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	104.3	105.4	9.2%	8.8%	1.8%	2.2	10.95%	S/A	30 Mar 2016	250	/B/B
DTEK, 2015	102.8	103.8	7.8%	7.2%	2.1%	1.5	9.50%	S/A	28 Apr 2015	500	B3//B
DTEK, 2018	96.4	98.0	8.8%	8.4%	-2.8%	3.7	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	104.1	105.2	7.8%	7.2%	0.8%	1.6	10.25%	S/A	20 May 2015	500	B3//B
Metinvest, 2018	96.5	97.7	9.7%	9.4%	0.2%	3.6	8.75%	S/A	14 Feb 2018	750	B3//B
Ferrexpo, 2016	94.1	95.3	10.6%	10.0%	-2.8%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	92.8	94.6	11.5%	11.0%	-6.3%	3.6	9.50%	S/A	21 May 2018	500	/B/B-
Interpipe, 2017	77.0	80.1	18.9%	17.2%	-3.8%	2.9	10.25%	S/A	2 Aug 2017	200	/NR/B-
JKX Oil&Gas, 2018	102.6	103.8	10.1%	9.8%	3.2%	3.7	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.0	94.0	36.6%	27.3%	54.2%	0.4	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	102.2	103.7	9.8%	8.5%	1.9%	1.2	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	84.0	89.5	18.2%	14.3%	-3.8%	3.2	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	94.6	95.9	12.6%	11.9%	0.5%	1.8	9.38%	S/A	23 Sept 2015	200	B3//
PrivatBank, 2016	83.0	86.0	14.2%	12.6%	9.5%	2.1	8.75%	S/A	9 Feb 2016	150	B3//
PrivatBank, 2018	92.7	95.2	13.1%	12.3%	-6.1%	3.3	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	97.2	98.5	10.4%	9.5%	-2.0%	1.5	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	86.3	89.3	12.6%	11.0%	4.1%	2.2	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	89.6	90.7	11.8%	11.5%	-9.8%	3.5	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	82.5	84.5	39.6%	35.8%	54.6%	0.7	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	92.7	94.3	11.9%	11.1%	-1.7%	2.1	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	87.1	88.3	12.6%	12.3%	-12.3%	3.4	8.88%	S/A	20 Mar 2018	500	B3//B
Municipal Eurobonds											
City of Kyiv, 2015	94.8	96.5	10.8%	9.9%	2.3%	1.9	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	94.5	96.7	11.7%	10.7%	2.2%	2.4	9.375%	S/A	30 Jun 2016	300	B3/B-/

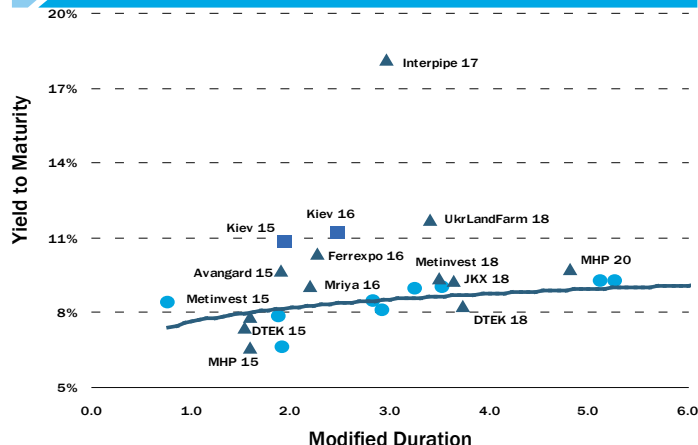
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



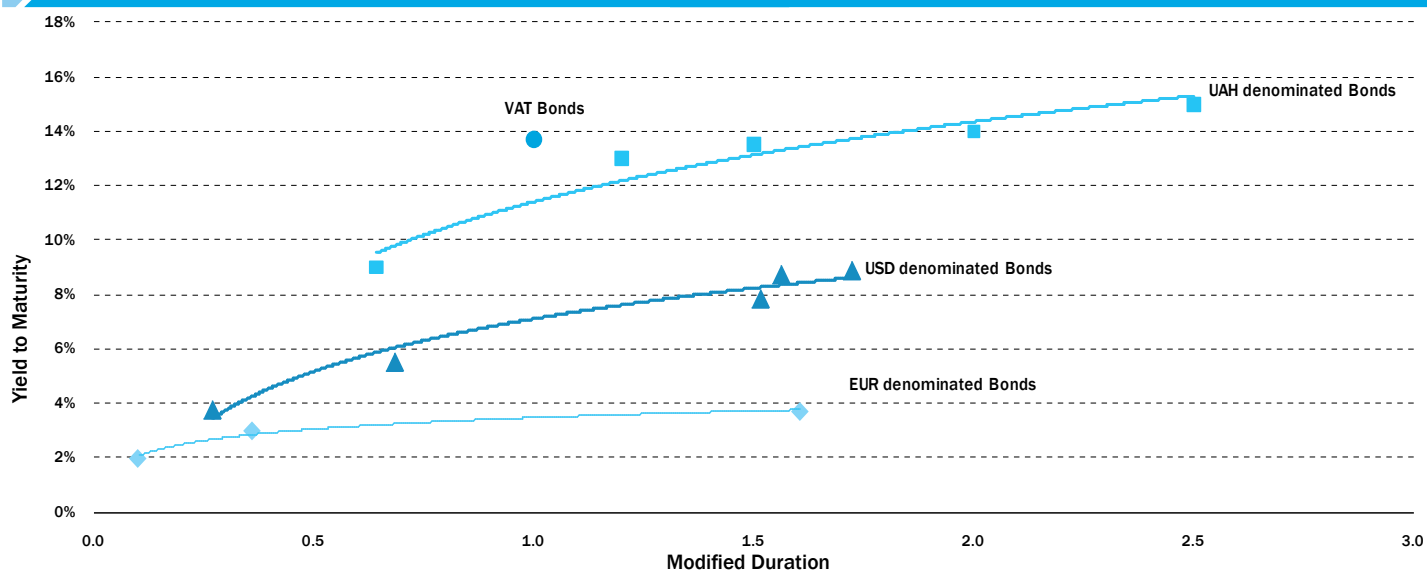
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			12.3%	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	100.1	100.1	4.5%	3.0%	0.0	9.27%	S/A	28 Aug 2013	254
UA4000138002	100.0	100.1	6.5%	4.5%	0.3	9.30%	S/A	27 Nov 2013	86
UA4000140362	99.9	100.4	8.2%	7.5%	0.7	9.20%	S/A	21 May 2014	171
UA4000142699	101.3	102.8	9.0%	8.5%	1.5	9.45%	S/A	22 Apr 2015	312
UA4000141071	99.5	100.5	9.1%	8.7%	1.6	9.45%	S/A	27 May 2015	152
UA4000142673	91.3	92.3	9.2%	8.8%	1.7	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000137731	100.3	100.4	5.1%	4.9%	0.1	4.80%	S/A	18 Sept 2013	205
UA4000138846	100.6	100.8	5.0%	4.9%	0.4	4.80%	S/A	25 Dec 2013	70
UA4000142681	102.0	102.1	5.4%	5.3%	1.6	4.80%	S/A	6 May 2015	40
VAT Bonds									
UA4000082531			13.7%	12.8%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			13.7%	12.8%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			13.7%	12.8%	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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