

**Market Update**

**Equity**

Locally-listed Ukrainian names were mixed in light trading ahead of the long Independence Day weekend on Friday (Aug 23). Meanwhile, worries about rising tension in the Syrian conflict took the air out of a moderate rally on Wall Street on Monday (Aug 26). The UX index inched up by 0.2% to finish at 865 points. Alchevsk Steel (ALMK) was the most notable mover, adding 1.5% to 3.94 kopecks, and UkrSotsBank (USCB) and CentrEnergO (CEEN) rose by 0.6% and 0.9% respectively, with the latter ending at UAH 5.14. Motor Sich (MSICH) was unchanged, while on the downside, Raiffeisen Aval (BAVL) and DonbasEnergO (DOEN) slipped 0.4% and 0.7% respectively. In London, MHP (MHPC) shed 1.6% and Ferrexpo (FXPO) was unchanged near GBp 185.

**Fixed Income**

Quotes for Ukrainian sovereign Eurobonds rose on Friday with benchmark 10-year papers adding 0.5 p.p. to close at 86.3/87.0 (9.7%/9.6%). Medium term Ukraine-17s inched up 0.2 p.p. to 89.6/90.4 (9.9%/9.6%). Corporate and banking names were little changed.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1761.00	-0.1%		
CentrenergO	CEEN	5.14	0.9%		
Raiffeisen Bank Aval	BAVL	0.099	-0.4%		

**Growth Leaders**

Mariupol Heavy Machine	MZVM	0.11	-7.8%		
Ukrtelecom	UTLM	0.15	6.8%		
Yasynivsky Coke	YASK	0.56	-1.3%		

**Loss Leaders**

Stirol	STIR	9.03	-2.2%		
Kryukiv Wagon	KVBZ	22.75	-1.5%		
Alchevsk Steel	ALMK	0.04	1.6%		

**Highlights**

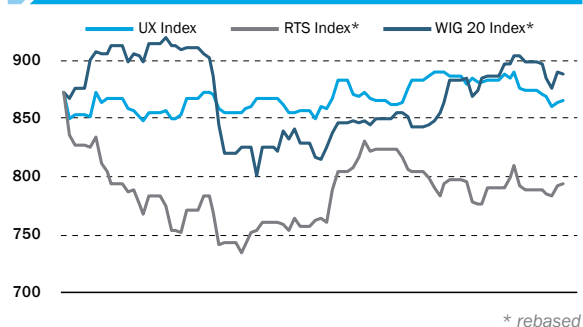
**POLITICS AND ECONOMICS**

- > Poll: Ukrainians Support EU over Customs Union by 4:3 Margin

**STOCKS IN THE NEWS**

- > Avangard Includes Dividend Policy Item in its Sept 12 AGM Agenda

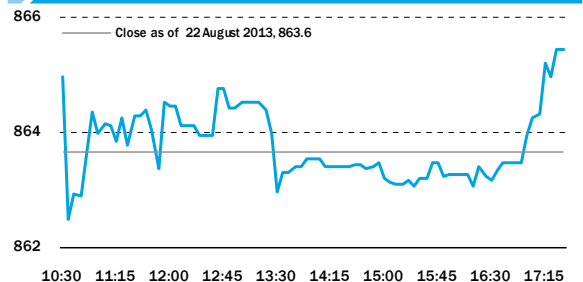
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	865.4	0.2%	0.4%	-9.0%
RTS	1331.0	0.1%	-3.5%	-12.8%
WIG20	2417.2	-0.1%	3.9%	-6.4%
MSCI EM	932.8	1.1%	-3.7%	-11.6%
S&P 500	1663.5	0.4%	-1.7%	18.6%

**UX INTRADAY AUGUST 23, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	363.5	1.1%	14.0%	34.1%
CDS 5Y UKR	865.0	-1.2%	10.2%	38.4%
Ukraine-17	9.7%	-0.1 p.p.	1.3 p.p.	2.8 p.p.
Naftogaz Ukr-14	10.4%	-0.1 p.p.	1.4 p.p.	2.7 p.p.
Ukraine-23	9.7%	-0.1 p.p.	0.7 p.p.	2.2 p.p.
Privatbank-16	13.6%	0.0 p.p.	-0.1 p.p.	-1.7 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.13	0.0%	-0.1%	1.0%
EUR	10.87	0.1%	1.1%	1.8%
RUB	0.25	0.1%	-2.3%	-7.1%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	242.2	0.0%	-6.4%	-30.5%
Steel, USD/t	550.0	0.0%	6.3%	3.3%
Oil, USD/bbl	111.0	1.0%	3.3%	3.6%
Gold, USD/oz	1397.8	1.6%	3.9%	-15.6%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Poll: Ukrainians Support EU over Customs Union by 4:3 Margin

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### NEWS

A Democratic Initiatives/Razumkov Center poll has found that Ukrainians nationwide would prefer to join the European Union over the Russian-led Customs Union of former Soviet countries by a margin of 41.7% to 31.0%. The poll, which was released on Jun 27 but only attracted the interest of the media last week during the row over long delays of Ukrainian imports by Russian customs, also contained a highly detailed breakdown of responses based on age and geographic location. Notably, respondents aged 18-29 favored the European orientation by a 54%-18% margin, while in Eastern Ukraine, respondents favored joining the Customs Union by a margin nearly in reverse: 50%-21%. The poll had 2,010 respondents and was conducted over May 17-22 of this year.

### COMMENTARY

We assume that the fact that this highly resonant poll was picked up by the Ukrainian media only last week despite being available since June was no accident, and several news outlets incorrectly reported that the poll was released on Aug 21, the day Interfax posted its result. In any case, while some would point to the poll as incontrovertible proof of Ukraine's European destiny, the 31% (or 43% of those who stated a preference) favoring the Customs Union would look to be an uncomfortably large minority. This is especially the case given that the Customs Union actually enjoys firm majority support in regions that voted overwhelmingly for President Yanukovich in the 2010 election. With Yanukovich not wavering on his intention to sign a comprehensive association agreement with the EU later this year, this would appear to create an opening for a pro-Russian political movement to undermine Yanukovich's reelection bid. In fact, such a movement already exists; it is called "Ukrainian Choice" and is led by Victor Medvedchuk, who is viewed as Vladimir Putin's main ally in Ukraine. In the near-total absence of support for joining the Customs Union among the Ukrainian elite, Ukrainian Choice is focused on forcing a national referendum on Ukraine's geopolitical orientation. While the EU direction would likely ultimately prevail in such a vote, the process would surely be highly divisive and fraught with dangerous political pitfalls.

## Avangard Includes Dividend Policy Item in its Sept 12 AGM Agenda

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### AVANGARDCO (AVGR LI)

Price: USD 10.1 Market Cap: USD 645mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.6	1.3	2.8	3.0	0%
2013E	0.5	1.2	3.4	3.4	7%

### NEWS

Avangard, Ukraine's largest egg producer, is set to approve a dividend payout policy at its annual shareholder meeting on Sept 12, according to the company's amended agenda released on Friday (Aug 23). Among other items on the agenda, the shareholders will vote on endorsing Avangard's FY12 financial statements.

### COMMENTARY

Although Avangard's dividend move is already largely known to the market, it could provide a short-term positive sentiment for the AVGR stock, which advanced by 2% on Friday. We expect the company's majority owner, Oleg Bakhmatiuk, to back the dividend policy, with the first dividends to be declared in 2014 based on the FY13 results. However, if the company decides to sweeten the pot by distributing some of its earnings from FY12 as well, this could provide the stock with a more substantial boost.

## 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	-10%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	2.88	3.33	15%	BUY	Operations at Ferrexpo's new Yeristovo Mine should allow the company to increase its iron ore pellet output by 10% YoY to 10.6mn tonnes in 2013, with further growth to 12.0mn tonnes in 2015.
Pivnichny GOK	SGOK	0.96	1.77	84%	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	0.78	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	94%	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	510%	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	531%	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	2.80	6.18	121%	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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	217	644	197%	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	466%	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	457%	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	3.02	8.90	195%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	0.63	1.84	191%	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	15.7	24.0	53%	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	22.90	30.0	31%	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	10.10	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	865.42	1106.67	758.71	0.2%	-1.1%	0.4%	-9.0%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.039	0.06	0.03	2.1%	-0.5%	-4.4%	-26.2%	1.9%	0.6%	-4.8%	-17.3%
Azovstal	AZST	0.62	0.97	0.31	-0.2%	0.0%	-2.4%	-16.6%	-0.4%	1.1%	-2.8%	-7.7%
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	33.6	49.9	20.0	-0.2%	-1.2%	-3.4%	-11.6%	-0.4%	-0.1%	-3.8%	-2.6%
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%	0.0%	-20.0%	-45.5%	-0.2%	1.1%	-20.4%	-36.5%
<b>Coke</b>												
Avdivka Coke	AVDK	3.20	4.07	1.61	0.1%	-1.0%	-0.5%	-2.1%	-0.1%	0.1%	-0.9%	6.8%
Yasnyivsky Coking	YASK	0.56	0.99	0.52	-1.8%	-1.8%	0.0%	-16.4%	-2.0%	-0.7%	-0.4%	-7.5%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.30	7.74	4.00	0.0%	-3.8%	-7.4%	-8.7%	-0.2%	-2.7%	-7.7%	0.3%
Ferrexpo	FXPO	2.88	4.58	2.02	-0.1%	-2.1%	8.8%	-28.3%	-0.3%	-1.0%	8.4%	-19.3%
Pivnichny GOK	SGOK	7.80	10.00	5.77	0.0%	-5.5%	-4.3%	4.8%	-0.2%	-4.4%	-4.7%	13.8%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.46	1.15	0.40	2.2%	2.2%	-8.0%	-27.0%	2.0%	3.3%	-8.4%	-18.0%
Komsomolets Donbasa	SHKD	0.65	1.46	0.41	3.2%	-1.5%	-27.8%	-44.9%	3.0%	-0.4%	-28.2%	-36.0%
Energy Coal	CLE	0.73	5.77	0.59	6.3%	4.4%	8.9%	-76.4%	6.1%	5.4%	8.5%	-67.5%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.270	0.0%	0.0%	0.0%	-31.0%	-0.2%	1.1%	-0.4%	-22.1%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.61	0.86	0.45	0.0%	10.9%	-12.9%	-12.9%	-0.2%	12.0%	-13.2%	-3.9%
Interpipe NMPP	NVTR	0.19	0.60	0.10	-5.0%	0.0%	5.6%	-13.6%	-5.2%	1.1%	5.2%	-4.7%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	22.8	29.0	12.0	-1.5%	-2.8%	-1.4%	17.3%	-1.7%	-1.7%	-1.8%	26.2%
Luhanskeplovoz	LTPL	1.55	2.04	1.28	-1.3%	-1.3%	-3.1%	-17.1%	-1.5%	-0.2%	-3.5%	-8.2%
Stakhanov Wagon	SVGZ	1.34	2.70	1.02	1.5%	20.7%	8.9%	-22.5%	1.3%	21.8%	8.6%	-13.6%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.13	0.03	-2.3%	-2.5%	10.8%	-12.9%	-2.5%	-1.4%	10.4%	-4.0%
Motor Sich	MSICH	1,761	2,640	1,399	-0.1%	-2.4%	-5.1%	-20.3%	-0.3%	-1.3%	-5.5%	-11.4%
Sumy Frunze Engineering	SMASH	2.18	4.00	0.76	0.0%	-3.1%	-19.3%	45.3%	-0.2%	-2.0%	-19.7%	54.3%
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	0.19	0.45	0.13	-2.5%	-7.0%	-0.8%	-20.8%	-2.7%	-5.9%	-1.2%	-11.9%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.30	0.09	6.8%	12.4%	-2.3%	-6.6%	6.6%	13.5%	-2.7%	2.4%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.27	0.59	0.22	-0.1%	-0.3%	10.9%	-50.4%	-0.3%	0.7%	10.5%	-41.4%
JXX Oil	JKX	1.08	1.38	0.75	0.2%	1.5%	29.9%	-9.8%	0.0%	2.6%	29.5%	-0.9%
Ukrnafta	UNAF	114	280	80	0.0%	0.0%	-0.3%	-3.9%	-0.2%	1.1%	-0.7%	5.1%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.14	7.33	3.49	0.9%	-1.1%	7.8%	-19.0%	0.7%	-0.1%	7.4%	-10.1%
Donbasenergo	DOEN	24.6	26.8	15.1	-0.7%	-2.0%	5.5%	15.9%	-0.9%	-0.9%	5.1%	24.9%
Zakhidenergo	ZAEN	85.0	116.9	70.0	2.7%	1.2%	3.7%	-12.4%	2.5%	2.3%	3.3%	-3.4%
<b>Consumer</b>												
Agroton	AGT	0.75	4.2	0.36	0.8%	-1.3%	34.0%	-76.8%	0.6%	-0.3%	33.6%	-67.8%
Astarta	AST	23.0	24.4	14.5	-2.2%	-5.0%	1.5%	28.7%	-2.4%	-3.9%	1.1%	37.7%
Avangardo	AVGR	10.1	12.0	7.61	2.0%	6.3%	15.4%	-10.9%	1.8%	7.4%	15.0%	-1.9%
Industrial Milk Company	IMC	4.75	5.48	3.63	-1.5%	-3.8%	-3.7%	-10.4%	-1.7%	-2.7%	-4.1%	-1.5%
Kernel	KER	15.2	22.8	14.0	0.8%	0.9%	-8.2%	-29.8%	0.6%	2.0%	-8.6%	-20.8%
Mriya Agro Holding	MAYA	5.98	6.7	5.36	0.2%	-0.2%	-2.0%	-7.8%	0.0%	0.9%	-2.4%	1.2%
MHPC	MHPC	15.7	19.9	13.45	-1.6%	-6.3%	-9.0%	3.0%	-1.8%	-5.2%	-9.4%	11.9%
Milkiland	MLK	3.71	5.8	3.11	-0.7%	-0.5%	0.4%	-21.2%	-1.0%	0.5%	0.0%	-12.3%
Ovostar Union	OVO	27.5	33.8	21.3	1.6%	0.9%	28.8%	-4.9%	1.4%	2.0%	28.4%	4.0%
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	0.31	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	9.0	18.5	9.0	-2.1%	-5.4%	-14.0%	-32.6%	-2.3%	-4.4%	-14.4%	-23.7%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.099	0.128	0.061	-0.4%	-0.9%	1.5%	15.9%	-0.6%	0.2%	1.1%	24.8%
UkrSotsbank	USCB	0.130	0.200	0.107	0.7%	1.1%	-7.9%	0.7%	0.5%	2.2%	-8.3%	9.7%

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%
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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	125	3.9%	5	1,540	3.4	neg	neg	10.6	neg	neg	0.7	0.9	0.9	531	458	412	\$/tonne
Yenakievo Steel	ENMZ	44	8.8%	4	36	1.4	5.1	neg	neg	neg	neg	0.0	0.0	0.0	14	14	13	\$/tonne
Azovstal	AZST	319	4.1%	13	297	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	53	50	48	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	77	7.5%	6	74	neg	neg	neg	12.2	neg	neg	0.1	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	19	9.0%	2	48	1.3	1.7	1.7	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	908	0.5%	5	908	2.8	9.6	8.7	1.8	3.8	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,211	0.5%	12	2,336	2.8	5.1	6.2	2.0	2.9	3.7	1.3	1.5	1.8				
Ferrexpo	FXPO	1,698	24.0%	408	1,949	3.0	7.9	6.5	2.4	4.8	4.4	1.1	1.4	1.2				
<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	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
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	195	2.0%	4	238	2.0	5.8	5.7	1.6	3.2	3.1	0.3	0.4	0.3	377	625	594	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	42	24.0%	10	42	4.7	6.1	5.2	3.0	3.4	2.7	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	321	5.0%	16	323	3.8	3.4	6.4	2.7	2.4	3.5	0.4	0.4	0.5				
Stakhanov Wagon	SVGZ	37	8.0%	3	76	1.9	>30	13.0	2.3	10.6	7.0	0.2	0.2	0.2				
<b>Specialized Machinery</b>																		
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	450	24.0%	108	460	2.7	1.8	1.7	1.6	1.5	1.4	0.6	0.6	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	344	7.2%	25	680	neg	7.6	7.2	3.3	3.3	3.3	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	761	3.0%	23	751	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	86	49.0%	42	69	13.5	7.2	3.6	neg	3.0	1.9	3.6	1.4	0.9	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	185	50.4%	93	293	3.1	4.6	3.7	2.6	2.0	2.0	1.2	1.3	1.2	77	54	40	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	234	21.7%	51	316	>30	8.1	7.0	6.5	5.2	4.7	0.4	0.3	0.3	22	22	18	\$/MWh
DonbasEnergO	DOEN	71	14.2%	10	128	neg	18.7	7.1	6.2	7.4	5.4	0.3	0.2	0.2	16	15	15	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,658	34.1%	566	2,703	6.4	5.3	6.1	6.7	5.8	5.2	2.2	1.9	1.8	8448	8448	8448	\$/tonne
Kernel	KER	1,121	61.8%	692	1,731	5.0	5.3	5.7	5.6	5.4	5.1	0.9	0.8	0.6				
Astarta	AST	574	31.0%	178	721	5.0	11.5	9.7	5.0	7.4	6.0	1.8	1.6	1.3	3657	2226	1849	\$/tonne
Avangardco	AVGR	645	22.5%	145	793	3.3	2.8	2.8	3.2	2.8	2.7	1.4	1.3	1.1	179	136	128	\$/mneegs
Agroton	AGT	16	44.6%	7	49	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	367	4.0%	15		>30	>30	12.8	0.5	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	294	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research

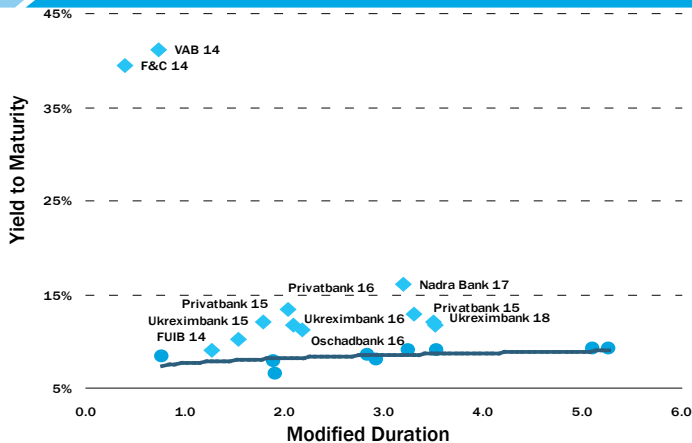
**UKRAINIAN EURO BONDS**

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	99.2	99.9	9.2%	8.2%	-2.2%	0.7	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	98.8	99.5	11.2%	10.4%	-3.8%	1.0	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	96.5	97.5	6.8%	6.3%	-0.5%	1.9	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	96.8	97.3	8.7%	8.5%	-4.2%	1.8	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	91.4	92.9	9.8%	9.2%	-7.7%	2.8	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	92.0	93.5	9.1%	8.6%	-6.9%	2.9	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	89.6	90.4	9.9%	9.6%	-9.3%	3.5	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	98.0	98.7	9.9%	9.7%	-8.2%	3.2	9.25%	S/A	24 Jul 2017	2,000	B3/B/B
Ukraine, 2017 Infr. projects	91.8	93.8	11.2%	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%	3.6	7.40%	S/A	20 Apr 2018	690	B3//
Ukraine, 2020	88.9	89.6	10.0%	9.9%	-13.3%	5.0	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	89.5	90.4	10.0%	9.8%	-13.4%	5.4	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	87.7	88.6	9.9%	9.7%	-12.7%	6.1	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	86.3	87.0	9.7%	9.6%	-13.4%	6.3	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
<b>Corporate Eurobonds</b>											
Agroton, 2014	65.4	74.1	75.7%	55.9%	n/a	0.7	12.50%	S/A	14 Jul 2014	50	/CCC/C
MHP, 2015	104.3	105.9	7.7%	7.1%	-0.5%	1.5	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	89.9	91.0	10.4%	10.1%	-9.5%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	101.4	101.4	9.4%	9.4%	6.2%	1.9	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	96.2	96.9	12.0%	11.8%	-3.4%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	103.7	104.9	9.5%	9.0%	1.3%	2.1	10.95%	S/A	30 Mar 2016	250	/B/B
DTEK, 2015	102.1	103.4	8.3%	7.4%	1.6%	1.5	9.50%	S/A	28 Apr 2015	500	B3//B
DTEK, 2018	94.9	95.8	9.3%	9.0%	-4.7%	3.6	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	104.0	105.0	7.9%	7.3%	0.7%	1.5	10.25%	S/A	20 May 2015	500	B3//B
Metinvest, 2018	95.0	96.0	10.2%	9.9%	-1.5%	3.6	8.75%	S/A	14 Feb 2018	750	B3//B
Ferrexpo, 2016	94.5	95.7	10.5%	9.8%	-2.4%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	90.2	91.8	12.3%	11.8%	-9.0%	3.6	9.50%	S/A	21 May 2018	500	/B/B-
Interpipe, 2017	77.0	80.1	19.0%	17.3%	-3.8%	2.9	10.25%	S/A	2 Aug 2017	200	/NR/B-
JKX Oil&Gas, 2018	103.8	105.0	9.9%	9.5%	4.4%	3.7	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	91.0	94.0	39.4%	29.1%	54.2%	0.3	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	n/a	n/a	n/a	n/a	n/a	n/a	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	84.0	89.7	18.3%	14.3%	-3.8%	3.1	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	93.8	95.9	13.2%	11.9%	0.1%	1.7	9.38%	S/A	23 Sept 2015	200	B3//
PrivatBank, 2016	82.2	86.2	14.7%	12.5%	9.2%	2.1	8.75%	S/A	9 Feb 2016	150	B3//
PrivatBank, 2018	92.8	95.0	13.1%	12.4%	-6.1%	3.4	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	97.0	98.5	10.6%	9.6%	-2.2%	1.5	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	86.3	88.2	12.7%	11.6%	3.6%	2.1	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	88.3	90.0	12.3%	11.7%	-10.9%	3.5	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	82.5	84.5	41.3%	37.3%	54.6%	0.7	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	90.0	91.8	13.3%	12.4%	-4.4%	2.1	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	85.2	87.2	13.3%	12.7%	-13.8%	3.4	8.88%	S/A	20 Mar 2018	500	B3//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	94.5	96.1	11.0%	10.1%	1.9%	1.9	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	93.5	96.4	12.1%	10.9%	1.5%	2.4	9.375%	S/A	30 Jun 2016	300	B3/B-/

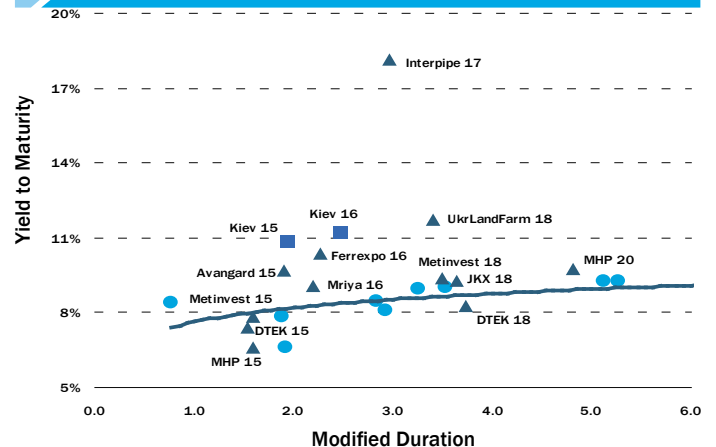
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

**SOVEREIGNS vs. BANKING EURO BONDS**



**SOVEREIGNS vs. CORPORATE and MUNICIPAL EURO BONDS**

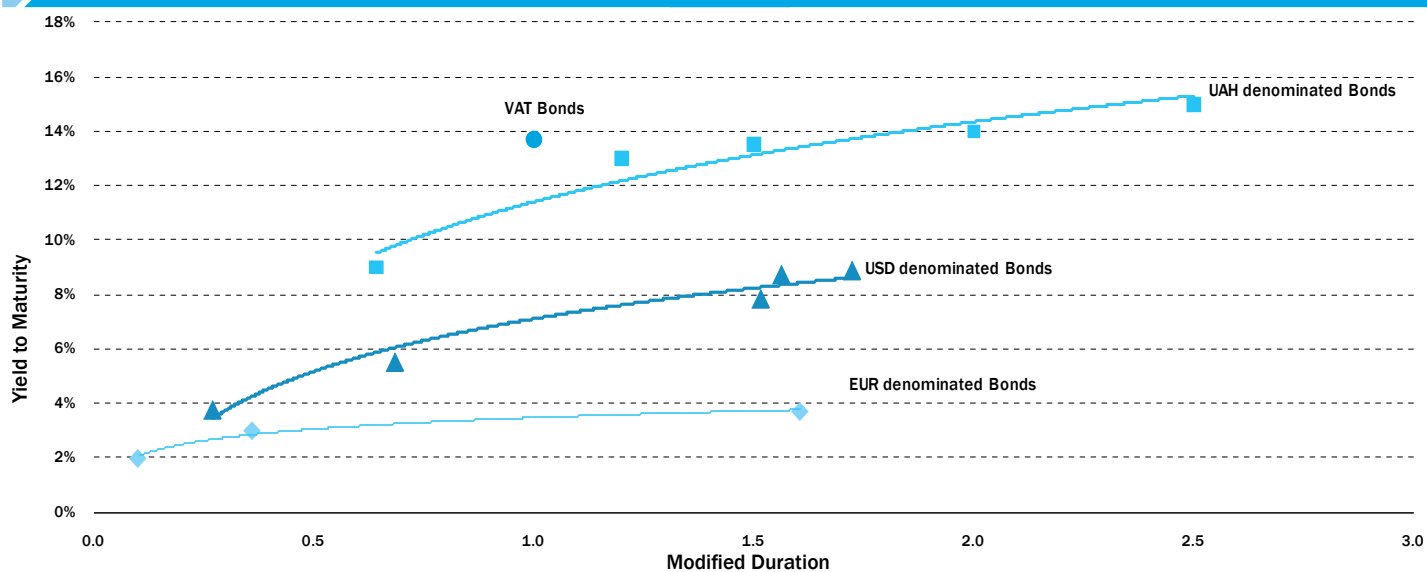




**UKRAINIAN DOMESTIC BONDS**

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			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
<b>USD denominated Bonds</b>									
UA4000136832	100.0	100.0	4.5%	3.0%	0.0	9.27%	S/A	28 Aug 2013	254
UA4000138002	100.0	100.1	6.5%	4.5%	0.2	9.30%	S/A	27 Nov 2013	86
UA4000140362	99.8	100.3	8.2%	7.5%	0.7	9.20%	S/A	21 May 2014	171
UA4000142699	101.2	102.7	9.0%	8.5%	1.5	9.45%	S/A	22 Apr 2015	312
UA4000141071	99.1	100.1	9.1%	8.7%	1.6	9.45%	S/A	27 May 2015	152
UA4000142673	91.0	92.0	9.2%	8.8%	1.6	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000137731	100.1	100.3	5.1%	4.9%	0.1	4.80%	S/A	18 Sept 2013	205
UA4000138846	100.6	100.8	5.0%	4.9%	0.3	4.80%	S/A	25 Dec 2013	70
UA4000142681	101.9	102.0	5.4%	5.3%	1.6	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
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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