

**Market Update**

**Equity**

Selling continued on the Ukrainian Exchange on Wednesday (Aug 28), although to a lesser degree than in the previous session, as plans for a US-led military intervention in the Syrian conflict appeared to move off the fast track. The main Paris and London bourses saw only minor losses, although Germany's DAX was down another 1%. The UX index slipped 0.4% to close at 845 points. DonbasEnergo continued to give back the gains seen in the run-up to its privatization, sliding 2.7% to UAH 22.65, while Motor Sich dropped 0.7% to UAH 1700 on the nose and Alchevsk Steel and UkrNafta both shed 0.8%. Outside the UX basket, sporadically-traded Poltavskiy GOK plunged 17.2% on a wide buy-sell spread. In London, Ferrexpo, which owns some 98% of Poltavskiy, sold off by 4.3%, and there was no reprieve for MHP, which lost another 1.8% to USD 15.10 ahead of today's 1H financials release.

**Fixed Income**

Ukrainian sovereign Eurobonds continued to fall yesterday with benchmark 10-year papers losing 0.6 p.p. to close at 85.4/86.0 (9.9%/9.8%). In corporate names, MHP-20 slid 0.5 p.p. ending at 89.0/90.4 (10.6%/10.3%). Among banking issues, OschadBank-18s edged down 0.3 p.p. to 84.6/86.1 (13.5%/13.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1700.00	-0.7%	5.7	134
Centrenergo	CEEN	5.02	-0.4%	2.3	125
Donbasenergo	DOEN	22.640	-2.7%	1.5	148

**Growth Leaders**

Interpipe NMPP	NVTR	0.20	8.9%	0.16	46
Mariupol Heavy Machine	MZVM	0.11	1.4%	0.18	21
Pivnichny GOK	SGOK	7.90	1.3%	0.14	18

**Loss Leaders**

Poltavsky GOK	PGOK	7.85	-17.3%	0.319	30
Centralny GOK	CGOK	6.00	-4.8%	0.007	8
Ukrtelecom	UTLM	0.14	-4.7%	0.002	8

**Highlights**

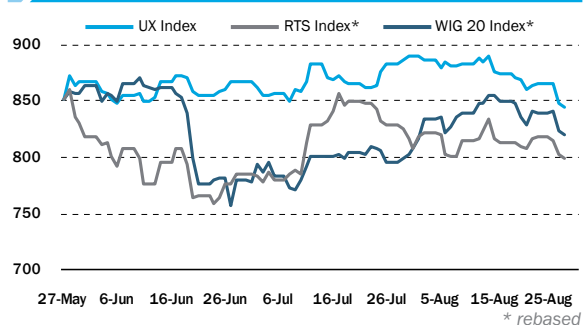
**POLITICS AND ECONOMICS**

- > Azarov: Russia Should Accept "Reality" of Ukraine-EU FTA

**STOCKS IN THE NEWS**

- > MHP's Second-Quarter EBITDA Slides 18% YoY
- > Milkiland 1H13 Net Profit Slips 11% YoY to EUR 5.5mn

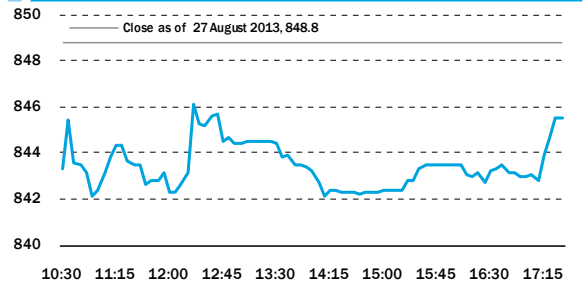
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	845.0	-0.5%	-4.3%	-11.1%
RTS	1299.7	-0.4%	-3.6%	-14.9%
WIG20	2361.9	-0.2%	3.1%	-8.6%
MSCI EM	909.8	-0.6%	-5.4%	-13.8%
S&P 500	1635.0	0.3%	-3.4%	16.6%

**UX INTRADAY AUGUST 28, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	376.0	-0.1%	13.3%	38.7%
CDS 5Y UKR	878.4	0.8%	13.2%	40.5%
Ukraine-17	9.7%	0.0 p.p.	1.0 p.p.	2.8 p.p.
Naftogaz Ukr-14	10.7%	0.3 p.p.	1.7 p.p.	3.1 p.p.
Ukraine-23	9.8%	0.1 p.p.	0.5 p.p.	2.3 p.p.
Privatbank-16	14.0%	0.1 p.p.	0.0 p.p.	-1.3 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.12	0.0%	-0.1%	0.9%
EUR	10.84	-0.3%	0.4%	1.4%
RUB	0.24	0.0%	-1.2%	-7.7%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	247.8	0.0%	-1.4%	-28.9%
Steel, USD/t	537.5	0.0%	3.9%	0.9%
Oil, USD/bbl	116.6	2.0%	9.7%	8.8%
Gold, USD/oz	1417.5	0.2%	6.3%	-14.4%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Azarov: Russia Should Accept “Reality” of Ukraine-EU FTA

by Will Ritter  
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### NEWS

Prime Minister Nikolay Azarov made his most explicit Moscow-directed public comments to date on Ukraine’s impending association and free trade agreement with the European Union while opening a Cabinet of Ministers meeting on Wednesday (Aug 28). The PM said Ukraine has come to terms with the formation of the Russia-Belarus-Kazakhstan customs union on its borders, and that “after signing the Association Agreement with the EU, Ukraine will create a free trade zone with the EU - this also has to be inevitably accepted as a reality.”

### COMMENTARY

Overall, August has been a good month for the Ukrainian government in terms of its drive to get the EU association agreement signed at November’s summit in Vilnius. Russia’s recent threat to sharply restrict Ukrainian imports prompted declarations of support from key European quarters, including Enlargement Commissioner Stefan Fule. Additionally, the European Socialists turned up the heat on backers of ex-PM Yulia Tymoshenko in the European People’s Party who we assume are still working behind the scenes to block the signing, calling on them to get on board. The European Parliament also made a show of inviting opposition leaders Arseniy Yatseniuk and Vitaliy Klitschko to Strasbourg, which helped to fortify the impression of a united Ukrainian political front in favor of the AA/DCFTA. Finally, such a firm declaration by the normally cautious Azarov underlines the determination of the Yanukovych administration to get the deal done. However, while the signing now looks considerably more probable than it did back in the spring, a compromise on the fate of the imprisoned Tymoshenko will need to be reached in order to clinch the agreement, in our view.

**MHP's Second-Quarter EBITDA Slides 18% YoY**

by Ivan Dzvinka  
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**MHP S.A. (MHPS LI)**

Price: USD 15.10 Market Cap: USD 1,596mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.9	5.1	5.7	7.5%
2013E	1.7	5.9	5.1	4.0%

**NEWS**

London-listed MHP, Ukraine's largest poultry producer, released its 2Q13 financial results this morning (Aug 29). Net revenue edged down by 1% YoY to USD 352mn while EBITDA declined by 18% YoY to USD 120mn, implying an EBITDA margin of 34% (-7p.p. YoY). Net profit plunged by 56% YoY to USD 53mn, implying a net margin of 15% (-19p.p. YoY).

In the release, MHP said it is gradually expanding its operations at its new Vinnytsia poultry complex and is now utilizing full capacity at 7 out of 12 rearing sites.

MHP's net debt stood at USD 1.18bn as of end-2Q13, up from USD 1.06bn as of end-1Q12. This implies a Net Debt/EBITDA ratio of 2.74x, notably higher than the 1Q12 figure of 2.31x but remaining below the company's Eurobond covenant level of 3.0x. CapEx halved YoY to USD 58mn in 2Q13 (USD 115mn in 2Q12)..

MHP: FINANCIAL RESULTS, USD MN								
USD mn	2Q13	2Q12	1Q13	YoY	QoQ	1H13	1H12	YoY
Net Revenue	352	357	304	-1%	16%	656	655	0%
EBITDA	120	147	73	-18%	64%	193	231	-16%
EBITDA margin	34%	41%	24%	-7%pp	10%pp	29%	35%	-6%pp
Net Income	53	122	36	-56%	47%	90	170	-47%
Net margin	15%	34%	12%	-19%pp	3%pp	14%	26%	-12%pp

Source: Company data, Eavex Research

**COMMENTARY**

The deterioration in MHP's 2Q13 profitability was expected due to higher poultry production costs coupled with a 7% YoY decrease in the average selling poultry price. The latter, in turn, resulted from a 3.2x YoY increase in exports of poultry, with export prices averaging around 15% less than those for domestically distributed poultry. Meanwhile, the large drop in net profit was exacerbated by a 2.8x rise in finance costs (chiefly a one-off charge related to the company's spring Eurobond restructuring). While management expects FY13 results to be inferior to those of FY12, it foresees improvement in 2014, as lower prices for grain harvested in 2013 should have a favorable effect on poultry costs next year. With MHP's share value having slid by 14% over the last two weeks, we presume that the weaker 2Q13 results have already been largely priced in by the market.

**Milkiland 1H13 Net Profit Slips 11% YoY to EUR 5.5mn**

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**MILKILAND (MLK PW)**

Price: PLN 11.7 Market Cap: USD 114mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2011	0.6	6.3	4.7	2.9%
2012E	0.6	7.8	5.3	3.3%

**NEWS**

Ukraine-based, Warsaw-listed dairy producer Milkiland saw its net profit fall by 11.4% YoY EUR 5.5mn in 1H13, according to financials released on Tuesday (Aug 27). The company's sales in the period rose by 12.7% YoY to EUR 151mn, while EBITDA declined by 15.4% YoY to EUR 13.7mn.

In 1H13, Milkiland completed modernization of its Ostrowia plant in Poland. The plant has already started production of dry milk products, curd cheese (as of February 2013), and hard cheese (as of May 2013). As a result, Milkiland has entered the EU market by selling its curd cheese in Poland and its dry milk products in several European countries, including Germany and the Netherlands. However, the EU operations in 1H13 were unprofitable, contributing a loss of EUR 500,000 on the EBITDA level.

On the balance sheet side, the company's total assets grew by 5.0% YoY to EUR 344mn while net debt rose by 73% YoY to EUR 92.7mn, implying a net debt/12M EBITDA ratio of 2.6x.

MILKILAND FINANCIALS			
EUR mn	1H13	1H12	chg.
Net revenue	151.1	134.1	12.7%
EBITDA	13.7	16.2	-15.4%
margin	9.1%	12.1%	-3.0 p.p.
Net Income	5.5	6.3	-11.4%
net margin	3.7%	4.7%	-1.0 p.p.

Source: Company data.

**COMMENTARY**

Milkiland had a weak bottom line result in 1H13 due to a notable decline in cheese prices in Ukraine. Cheese/butter segment revenue grew by just 1% to EUR 69.0mn, accounting for 46% of total revenue in the period. Another negative factor for Milkiland was an increase in raw milk prices both in Russia and Ukraine, especially in 2Q13. We forecast that the company's net profit will slide by 19% YoY to EUR 11.0mn in FY13. Another concern for the company is that it has considerable exposure to a possible tightening in the Russian customs regime if Ukraine signs an association agreement with the EU later this year. We currently have no recommendation on the MLK stock.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.08	0.07	-11%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	2.68	3.33	24%	BUY	Operations at Ferrexpo's new Yeristovo Mine should allow the company to increase its iron ore pellet output by 10% YoY to 10.6mn tonnes in 2013, with further growth to 12.0mn tonnes in 2015.
Pivnichny GOK	SGOK	0.97	1.77	82%	BUY	Secure demand for Pivnichny GOK's iron ore products and lucrative pricing allow the company to operate with high profitability (EBITDA margin of not lower than 45% since 2009). Disadvantages of the stock are its low liquidity and no dividend in 2013 for the first time since 2005.
Centralny GOK	CGOK	0.74	1.30	76%	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	504%	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	554%	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	242%	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	209	644	208%	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	62%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.27	1.52	467%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	1.0	6.0	481%	BUY	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	2.79	8.90	219%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	0.62	1.84	198%	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	15.1	24.0	59%	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	21.32	30.0	41%	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	9.95	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	844.97	1106.67	758.71	-0.5%	-1.8%	-4.3%	-11.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.038	0.06	0.03	-0.8%	-1.8%	-3.3%	-28.5%	-0.3%	0.0%	1.0%	-17.4%
Azovstal	AZST	0.62	0.97	0.31	0.7%	1.0%	-1.6%	-16.2%	1.1%	2.8%	2.7%	-5.1%
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	33.4	49.9	20.0	-0.7%	-0.5%	-3.5%	-12.2%	-0.2%	1.3%	0.8%	-1.0%
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%	0.0%	-7.7%	-45.5%	0.5%	1.8%	-3.4%	-34.3%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.20	4.07	1.61	-0.2%	-0.8%	-1.1%	-2.4%	0.3%	1.0%	3.1%	8.7%
Yasnyivsky Coking	YASK	0.57	0.99	0.52	1.8%	3.6%	1.8%	-14.9%	2.2%	5.5%	6.1%	-3.8%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.00	7.74	4.00	-4.8%	0.0%	-8.5%	-13.0%	-4.3%	1.8%	-4.3%	-1.9%
Ferrexpo	FXPO	2.68	4.58	2.02	-4.4%	-3.2%	3.3%	-33.5%	-4.0%	-1.4%	7.6%	-22.3%
Pivnichny GOK	SGOK	7.90	10.00	5.77	5.3%	12.9%	-7.1%	6.2%	5.8%	14.7%	-2.8%	17.3%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	1.00	0.40	0.0%	0.0%	0.0%	-28.6%	0.5%	1.8%	4.3%	-17.5%
Komsomolets Donbasa	SHKD	0.63	1.46	0.41	3.3%	0.0%	-30.0%	-46.6%	3.7%	1.8%	-25.7%	-35.5%
Energy Coal	CLE	0.76	5.77	0.59	-1.1%	10.5%	18.6%	-75.3%	-0.6%	12.4%	22.9%	-64.2%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.270	0.0%	0.0%	n/a	-31.0%	0.5%	1.8%	n/a	-19.9%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.55	0.86	0.45	-3.5%	0.0%	-14.1%	-21.4%	-3.1%	1.8%	-9.8%	-10.3%
Interpipe NMPP	NVTR	0.20	0.60	0.10	5.3%	0.0%	11.1%	-9.1%	5.7%	1.8%	15.4%	2.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	22.7	29.0	12.0	-0.2%	-3.2%	-2.7%	17.0%	0.2%	-1.3%	1.5%	28.1%
Luhanskeplovoz	LTPL	1.52	2.20	1.28	-1.3%	-3.2%	-3.2%	-18.7%	-0.8%	-1.3%	1.1%	-7.6%
Stakhanov Wagon	SVGZ	1.32	2.70	1.02	-1.5%	3.1%	5.6%	-23.7%	-1.0%	5.0%	9.9%	-12.6%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.13	0.03	6.8%	0.0%	2.9%	-12.9%	7.3%	1.8%	7.2%	-1.8%
Motor Sich	MSICH	1,700	2,640	1,399	-0.6%	-3.2%	-5.9%	-23.1%	-0.2%	-1.4%	-1.6%	-12.0%
Sumy Frunze Engineering	SMASH	2.10	4.00	0.76	0.0%	0.5%	-9.5%	40.0%	0.5%	2.3%	-5.2%	51.1%
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	0.17	0.45	0.13	-4.5%	-6.2%	-5.8%	-27.4%	-4.0%	-4.4%	-1.5%	-16.2%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.30	0.09	-5.7%	6.3%	-5.4%	-11.9%	-5.2%	8.2%	-1.1%	-0.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.27	0.59	0.22	-0.1%	-1.1%	16.0%	-50.5%	0.4%	0.8%	20.3%	-39.4%
JKX Oil	JKX	1.03	1.38	0.75	-0.1%	-5.3%	7.4%	-13.7%	0.4%	-3.5%	11.7%	-2.6%
Ukrnafta	UNAF	112	280	80	-0.6%	-2.4%	-3.1%	-5.5%	-0.2%	-0.5%	1.2%	5.6%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.02	7.33	3.49	-0.4%	-0.9%	-3.5%	-20.9%	0.1%	1.0%	0.8%	-9.8%
Donbasenergo	DOEN	22.6	26.8	15.1	-2.7%	-7.5%	-6.8%	6.8%	-2.2%	-5.6%	-2.6%	18.0%
Zakhidenergo	ZAEN	83.5	116.9	70.0	0.0%	2.8%	-0.5%	-13.9%	0.5%	4.7%	3.8%	-2.8%
<b>Consumer</b>												
Agroton	AGT	0.67	4.2	0.36	-4.6%	-10.0%	12.3%	-79.4%	-4.2%	-8.2%	16.6%	-68.3%
Astarta	AST	21.4	24.4	14.5	-5.6%	-10.8%	-5.5%	19.7%	-5.2%	-9.0%	-1.2%	30.8%
Avangardo	AVGR	10.0	12.0	7.61	-2.0%	1.1%	15.7%	-12.2%	-1.5%	3.0%	20.0%	-1.1%
Industrial Milk Company	IMC	4.64	5.48	3.63	-1.1%	-4.4%	-5.5%	-12.5%	-0.6%	-2.6%	-1.2%	-1.4%
Kernel	KER	14.7	22.6	14.0	-1.1%	-1.6%	-8.7%	-32.1%	-0.6%	0.2%	-4.4%	-21.0%
Mriya Agro Holding	MAYA	5.96	6.7	5.36	-0.4%	-0.3%	-0.4%	-8.2%	0.0%	1.5%	3.8%	2.9%
MHPC	MHPC	15.1	19.9	13.54	-1.8%	-5.6%	-16.8%	-1.0%	-1.3%	-3.8%	-12.5%	10.1%
Milkiland	MLK	3.65	5.8	3.11	-0.5%	0.7%	-3.1%	-22.4%	0.0%	2.5%	1.2%	-11.3%
Ovostar Union	OVO	26.5	33.8	21.3	-1.1%	-2.4%	8.3%	-8.3%	-0.6%	-0.5%	12.6%	2.8%
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	0.39	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	9.1	18.5	9.0	-2.5%	-3.2%	-11.7%	-32.1%	-2.0%	-1.4%	-7.4%	-21.0%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.098	0.128	0.061	0.2%	-1.5%	-4.5%	14.2%	0.7%	0.3%	-0.2%	25.3%
UkrSotsbank	USCB	0.129	0.200	0.107	0.2%	-0.5%	-10.7%	-0.1%	0.6%	1.3%	-6.5%	11.0%

Source: Bloomberg

\* companies listed abroad are in USD

**MAIN FINANCIAL FORECASTS, USD mn**

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012	2013E	2011	2012E	2013E
<b>Steel</b>																
Alchevsk Steel	ALMK	2,339	1,695	1,667	145	-21	-2	6.2%	neg	neg	36	-127	-52	1.6%	neg	neg
Enakievo Steel	ENMZ	1,716	1,578	1,577	-108	-84	-69	neg	neg	neg	31	9	-125	1.8%	0.5%	neg
Azovstal	AZST	3,867	2,794	2,788	-102	-173	-64	neg	neg	neg	-64	-333	-170	neg	neg	neg
<b>Coke</b>																
Avdyivka Coke	AVDK	1,457	1,072	1,054	6	-128	-74	0.4%	neg	neg	-32	-137	-97	neg	neg	neg
Yasynivsky Coking	YASK	566	444	448	29	29	28	5.1%	6.5%	6.2%	15	11	11	2.7%	2.4%	2.4%
<b>Iron Ore Mining</b>																
Centralny GOK	CGOK	805	566	508	497	238	202	61.8%	42.0%	39.8%	325	95	104	40.4%	16.8%	20.5%
Pivnichny GOK	SGOK	1,834	1,515	1,301	1,174	813	640	64.0%	53.6%	49.2%	783	436	359	42.7%	28.8%	27.6%
Ferrexpo	FXPO	1,788	1,424	1,566	801	402	445	44.8%	28.2%	28.4%	575	215	263	32.2%	15.1%	16.8%
<b>Coal Mining</b>																
Komsomolets Donbasa	SHKD	192	256	255	67	99	90	35.1%	38.8%	35.3%	15	39	35	8.0%	15.1%	13.7%
Coal Energy	CLE	151	165	199	51	62	64	33.7%	37.5%	32.1%	37	38	43	24.4%	23.2%	21.7%
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	775	659	699	145	74	77	18.7%	11.3%	11.1%	98	34	34	12.7%	5.1%	4.9%
<b>Railcar Manufacturing</b>																
Luhanskteplovoz	LTPL	199	167	213	14	12	15	7.0%	7.4%	7.2%	9	7	8	4.5%	4.1%	3.8%
Kryukiv Wagon	KVBZ	770	887	643	118	134	93	15.3%	15.1%	14.4%	85	95	50	11.0%	10.7%	7.9%
Stakhanov Wagon	SVGZ	437	311	318	33	7	11	7.6%	2.3%	3.4%	20	1	3	4.6%	0.2%	0.9%
<b>Specialized Machinery</b>																
Turboatom	TATM	169	173	193	63	47	52	37.0%	27.3%	26.8%	53	38	42	31.5%	22.1%	21.7%
Motor Sich	MSICH	722	828	933	285	309	330	39.4%	37.4%	35.3%	168	247	270	23.2%	29.8%	28.9%
<b>Telecom</b>																
Ukrtelecom	UTLM	843	858	744	206	205	208	24.5%	23.8%	28.0%	-17	45	48	neg	5.3%	6.5%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	3,051	2,816	2,444	439	507	429	14.4%	18.0%	17.6%	272	312	226	8.9%	11.1%	9.2%
Regal Petroleum	RPT	19	50	80	-4	23	36	neg	45.9%	44.7%	6	12	24	33.7%	24.0%	30.0%
JKX Oil	JKX	237	225	250	114	145	150	48.3%	64.4%	60.2%	59	40	50	24.9%	17.8%	20.0%
<b>Electric Utilities</b>																
Centrenergo	CEEN	894	1,071	1,136	49	61	68	5.4%	5.7%	6.0%	4	29	33	0.5%	2.7%	2.9%
Donbasenergo	DOEN	495	600	665	21	17	24	4.2%	2.9%	3.6%	-3	4	10	neg	0.6%	1.5%
<b>Consumer</b>																
MHP	MHPC	1,229	1,408	1,532	401	468	523	32.6%	33.2%	34.1%	259	311	271	21.1%	22.1%	17.7%
Kernel	KER	1,899	2,157	2,800	310	322	339	16.3%	14.9%	12.1%	226	211	195	11.9%	9.8%	7.0%
Astarta	AST	402	458	549	144	98	121	29.9%	17.8%	18.3%	114	50	59	23.6%	9.1%	9.0%
Avangardco	AVGR	553	629	701	251	280	293	45.3%	44.5%	41.8%	196	228	232	35.5%	36.3%	33.1%
Agroton	AGT	122	93	107	19	31	33	15.3%	33.5%	31.0%	-2	19	21	neg	20.0%	19.5%
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	6,948	7,020	7,476	812	861	924	750	707	646	0	4	29	0.0%	0.5%	3.1%
Ukrspasbank	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	121	3.9%	5	1,537	3.3	neg	neg	10.6	neg	neg	0.7	0.9	0.9	530	457	411	\$/tonne
Yenakievo Steel	ENMZ	43	8.8%	4	36	1.4	5.1	neg	neg	neg	neg	0.0	0.0	0.0	14	14	13	\$/tonne
Azovstal	AZST	320	4.1%	13	299	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	1.8	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	866	0.5%	5	865	2.7	9.1	8.3	1.7	3.6	4.3	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,241	0.5%	12	2,366	2.9	5.1	6.3	2.0	2.9	3.7	1.3	1.6	1.8				
Ferrexpo	FXPO	1,576	24.0%	378	1,827	2.7	7.3	6.0	2.3	4.5	4.1	1.0	1.3	1.2				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	26	5.4%	1	128	1.7	0.7	0.7	1.9	1.3	1.4	0.7	0.5	0.5	31	30	28	\$/tonne
Coal Energy	CLE	35	11.9%	4	60	0.9	0.9	0.8	1.2	1.0	0.9	0.4	0.4	0.3	1.2	1.0	0.9	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	176	2.0%	4	219	1.8	5.2	5.2	1.5	2.9	2.8	0.3	0.3	0.3	347	575	546	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	41	24.0%	10	41	4.6	6.0	5.1	2.9	3.3	2.7	0.2	0.2	0.2				
Krukiv Wagon	KVBZ	321	5.0%	16	323	3.8	3.4	6.3	2.7	2.4	3.5	0.4	0.4	0.5				
Stakhanov Wagon	SVGZ	37	8.0%	3	76	1.8	>30	12.8	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	435	24.0%	104	445	2.6	1.8	1.6	1.6	1.4	1.3	0.6	0.5	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	325	7.2%	23	661	neg	7.2	6.8	3.2	3.2	3.2	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	749	3.0%	22	738	2.8	2.4	3.3	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	68	13.4	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	177	50.4%	89	286	3.0	4.4	3.5	2.5	2.0	1.9	1.2	1.3	1.1	75	52	39	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	228	21.7%	50	311	>30	7.9	6.8	6.4	5.1	4.6	0.3	0.3	0.3	21	22	17	\$/MWh
DonbasEnergO	DOEN	66	14.2%	9	123	neg	17.2	6.5	5.9	7.1	5.1	0.2	0.2	0.2	15	14	14	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,595	34.1%	544	2,640	6.2	5.1	5.9	6.6	5.6	5.0	2.1	1.9	1.7	8250	8250	8250	\$/tonne
Kernel	KER	1,083	61.8%	669	1,694	4.8	5.1	5.6	5.5	5.3	5.0	0.9	0.8	0.6				
Astarta	AST	534	31.0%	166	681	4.7	10.7	9.1	4.7	7.0	5.6	1.7	1.5	1.2	3453	2102	1746	\$/tonne
Avangardco	AVGR	636	22.5%	143	784	3.2	2.8	2.7	3.1	2.8	2.7	1.4	1.2	1.1	177	135	127	\$/mneegs
Agroton	AGT	15	44.6%	6	48	neg	0.8	0.7	2.6	1.5	1.4	0.4	0.5	0.4	0.4	n/a	n/a	\$/th/ha
<b>Banks</b>																		
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	292	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research



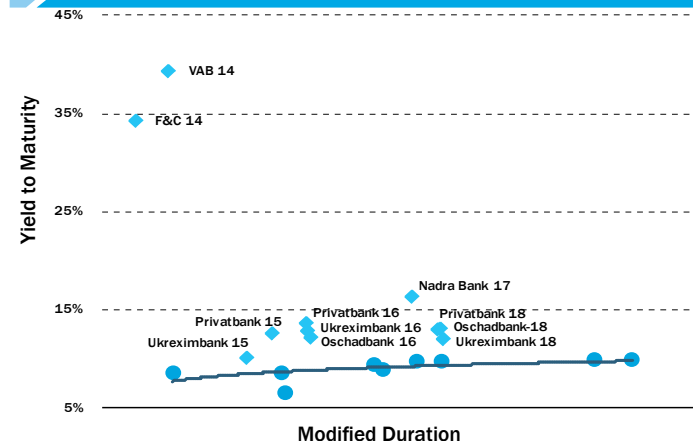
## UKRAINIAN EURO BONDS

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	99.1	99.8	9.4%	8.3%	-2.3%	0.7	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	98.4	99.2	11.6%	10.8%	-4.1%	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	96.7	97.2	8.8%	8.5%	-4.2%	1.8	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	91.8	93.3	9.6%	9.1%	-7.3%	2.8	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	92.5	94.0	9.0%	8.4%	-6.4%	2.9	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	89.6	90.3	9.9%	9.7%	-9.4%	3.4	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	98.0	98.5	9.9%	9.7%	-8.3%	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	88.8	89.6	10.1%	9.9%	-13.4%	5.0	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	89.2	90.1	10.0%	9.9%	-13.7%	5.4	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	86.8	87.6	10.0%	9.9%	-13.6%	6.1	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	85.4	86.0	9.9%	9.8%	-14.3%	6.3	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
<b>Corporate Eurobonds</b>											
Agroton, 2014	65.1	74.0	77.9%	57.2%	n/a	0.6	12.50%	S/A	14 Jul 2014	50	/CCC/RD
MHP, 2015	104.6	105.5	7.4%	7.1%	-0.4%	1.5	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	89.0	90.4	10.6%	10.3%	-10.3%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	100.6	102.0	9.9%	9.1%	5.9%	1.8	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	94.9	96.7	12.4%	11.8%	-4.2%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	103.7	104.8	9.5%	9.0%	1.2%	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	94.4	95.4	9.4%	9.1%	-5.1%	3.6	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	104.2	105.0	7.7%	7.2%	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	94.7	95.8	10.4%	9.8%	-2.3%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	89.1	91.1	12.6%	12.0%	-9.9%	3.5	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	102.9	104.7	10.1%	9.6%	3.8%	3.7	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	91.0	94.0	39.9%	29.4%	54.2%	0.3	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	101.3	102.9	10.6%	9.2%	1.1%	1.2	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	84.0	89.7	18.4%	14.3%	-3.8%	3.1	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	93.4	95.7	13.5%	12.1%	-0.2%	1.7	9.38%	S/A	23 Sept 2015	200	B3//
PrivatBank, 2016	82.1	85.2	14.9%	13.1%	8.3%	2.1	8.75%	S/A	9 Feb 2016	150	B3//
PrivatBank, 2018	92.7	94.6	13.1%	12.5%	-6.3%	3.4	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	96.9	98.4	10.7%	9.7%	-2.3%	1.5	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	85.0	87.1	13.4%	12.3%	2.1%	2.1	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	88.5	89.9	12.2%	11.8%	-10.8%	3.4	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	82.5	84.5	41.6%	37.5%	54.6%	0.7	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	90.8	92.3	12.9%	12.1%	-3.8%	2.1	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	84.6	86.1	13.5%	13.0%	-14.7%	3.4	8.88%	S/A	20 Mar 2018	500	B3//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	94.3	96.1	11.2%	10.1%	1.8%	1.9	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	94.1	96.2	11.8%	11.0%	1.7%	2.4	9.375%	S/A	30 Jun 2016	300	B3/B-/

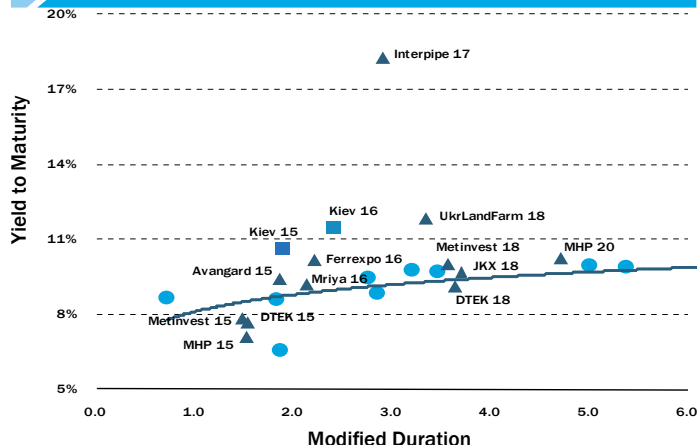
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EURO BONDS



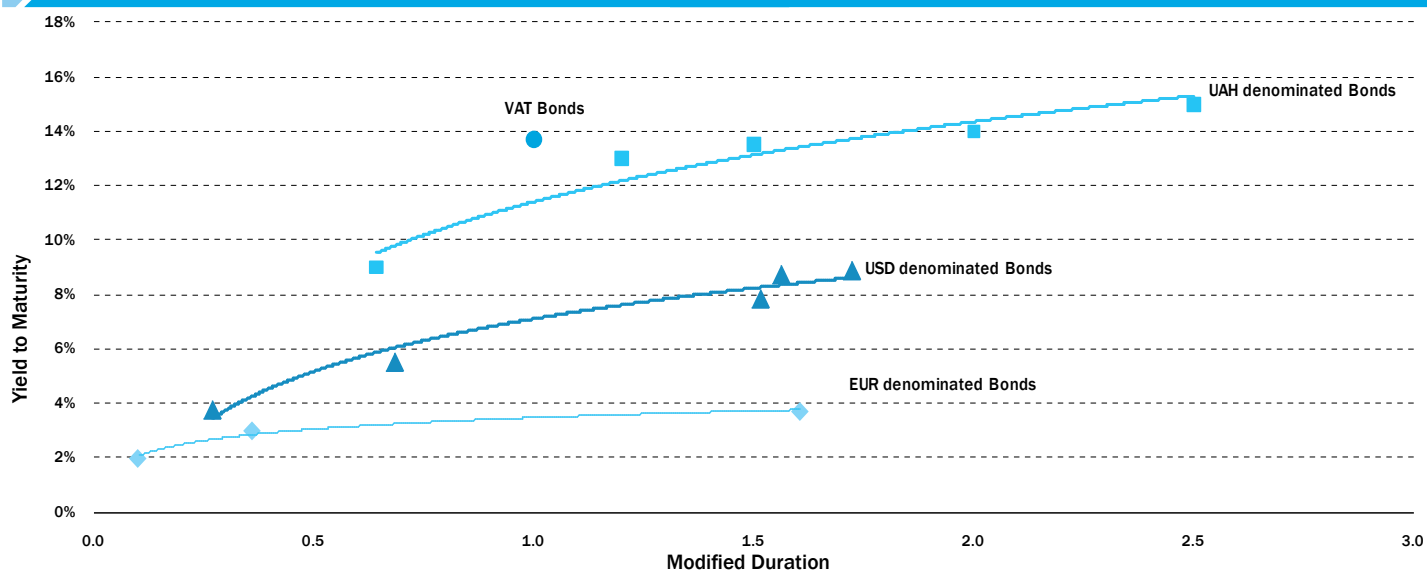
### SOVEREIGNS vs. CORPORATE and MUNICIPAL EURO BONDS



**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			12.5%	10.8%	n/a	10.75%	S/A	26 Mar 2014	187
UA4000141592			14.5%	13.0%	1.5	14.30%	S/A	20 May 2015	31
UA4000142665			18.0%	16.0%	2.0	14.30%	S/A	24 May 2017	184
<b>USD denominated Bonds</b>									
UA4000138002	100.9	101.0	6.0%	4.5%	0.4	9.30%	S/A	27 Nov 2013	86
UA4000140362	101.6	102.1	8.2%	7.0%	0.9	9.20%	S/A	21 May 2014	171
UA4000142699	101.3	103.0	9.1%	8.0%	1.7	9.45%	S/A	22 Apr 2015	312
UA4000141071	102.5	103.5	9.1%	8.0%	1.7	9.45%	S/A	27 May 2015	152
UA4000142673	93.4	94.4	9.2%	8.2%	1.9	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000137731	100.6	100.8	5.1%	4.9%	0.3	4.80%	S/A	18 Sept 2013	205
UA4000138846	101.0	101.3	5.0%	4.9%	0.5	4.80%	S/A	25 Dec 2013	70
UA4000142681	102.5	102.6	5.4%	5.3%	1.8	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			14.5%	13.0%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			14.5%	13.0%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			14.5%	13.0%	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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