

**Market Update**

**Equity**

Most Ukrainian blue chips were lower for a third straight session on Thursday (Aug 29), despite a moderate technical rebound on European bourses as investor fears over the consequences of a limited US-led military intervention in Syria subsided somewhat. The UX index slipped 0.4% to close at 842 points. The benchmark was dragged down by selling in UkrSotsBank and Raiffeisen Aval, both of which lost 2.2%, and UkrNafta retreated deeper into 4-year low territory with a 1.6% drop to UAH 110. Volume leaders Motor Sich and CentrEnerg were both nearly unchanged, while DonbasEnerg bounced back from two sessions of sharp declines with a 1.1% gain. Outside the UX basket, Stirol finally halted a miserable run of losses with a 3.6% rise to UAH 9.40. In London, MHP got pounded again, sliding 5.3% to USD 14.30 following an afternoon conference call with analysts to explain its first-half financials, and Ferrexpo dropped 2.5% on bearish short-term iron ore pricing expectations.

**Fixed Income**

Quotes for Ukrainian sovereign Eurobonds edged up yesterday with Ukraine-23s climbing 0.2 p.p. to 85.6/86.2 (9.9%/9.7%). Banking debt papers were mixed, PrivatBnal-15s slid 0.3 p.p. to 93.5/95.1 (13.4%/12.5%) while OschadBank-16s rose 0.3 p.p. to close at 91.2/92.6 (12.7%/12.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1703.00	0.1%	21.7	122
Centrenerg	CEEN	5.02	0.1%	2.7	111
Raiffeisen Bank Aval	BAVL	0.096	-2.2%	1.4	221

**Growth Leaders**

Mostobud	MTBD	18.00	13.2%	0.03	9
Komsomolets Donbasa	SHKD	0.69	9.5%	0.00	7
Stirol	STIR	9.39	3.6%	0.42	12

**Loss Leaders**

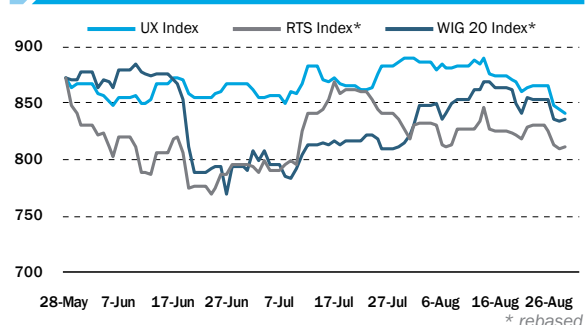
Dniproenergo	DNEN	203.10	-7.3%	0.006	10
Pivnichny GOK	SGOK	7.50	-5.0%	0.259	28
Poltavsky GOK	PGOK	7.53	-4.1%	0.006	11

**Highlights**

**STOCKS IN THE NEWS**

- > Avangard's 1H13 EBITDA Up 10% YoY on Higher Exports
- > MSICH CEO: New An-124 Production Run to be Decided by Year-End
- > Krukiv Guidance Implies Output Slump to 300 Freight Cars/Month

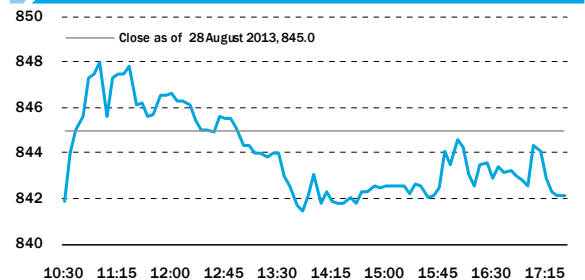
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	841.5	-0.4%	-5.0%	-11.5%
RTS	1300.7	0.1%	-3.0%	-14.8%
WIG20	2367.8	0.3%	3.0%	-8.3%
MSCI EM	920.8	1.2%	-3.5%	-12.7%
S&P 500	1638.2	0.2%	-2.8%	16.8%

**UX INTRADAY AUGUST 29, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	377.7	0.4%	13.5%	39.4%
CDS 5Y UKR	871.6	-0.8%	11.9%	39.4%
Ukraine-17	10.0%	0.3 p.p.	1.3 p.p.	3.1 p.p.
Naftogaz Ukr-14	10.7%	-0.1 p.p.	1.6 p.p.	3.1 p.p.
Ukraine-23	9.8%	0.0 p.p.	0.4 p.p.	2.3 p.p.
Privatbank-16	14.0%	0.0 p.p.	0.1 p.p.	-1.3 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.12	0.0%	-0.1%	0.9%
EUR	10.75	-0.8%	-0.3%	0.6%
RUB	0.24	-0.2%	-1.2%	-7.9%

**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	115.2	-1.2%	8.1%	7.5%
Gold, USD/oz	1407.8	-0.7%	6.0%	-15.0%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Avangard's 1H13 EBITDA Up 10% YoY on Higher Exports

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### AVANGARDCO (AVGR LI)

Price: USD 10.0 Market Cap: USD 639mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.3	2.8	2.9	0%
2013E	1.2	3.3	3.4	7.5%

### NEWS

Avangard, Ukraine's largest egg producer, grew its EBITDA by 10% YoY to USD 135mn in 1H13, according to the company's financial results unveiled this morning (Aug 30). Revenue was up by 7% YoY to USD 304mn on a 9% YoY increase in shell egg production, which offset a 6% YoY decline in the average selling price. Net profit advanced by 9% YoY to USD 106mn. The EBITDA and net margins came in at 44% and 35% (both nearly unchanged YoY), respectively.

The company reported net cash flow from operations at USD 84mn (-45% YoY). Avangard ended 1H13 with net debt of USD 156mn, implying a Net Debt/EBITDA ratio of 0.53x. Management said it expects stronger prices for eggs in 2H13 and is set to further explore new export opportunities going forward.

### AVANGARD: FINANCIAL RESULTS, USD MN

USD mn	1H13	1H12	YoY	2Q13	2Q12	1Q13	YoY	QoQ
Net Revenue	304	284	7.3%	148	137	156	8.4%	-4.7%
EBITDA	135	122	10.4%	62	38	73	63.4%	-15.7%
EBITDA margin	44%	43%	1pp	41%	28%	47%	14pp	-5pp
Net Income	106	97	8.5%	45	25	61	79.1%	-26.1%
Net margin	35%	34%	0pp	30%	18%	39%	12pp	-9pp

Source: Company data

### COMMENTARY

The important contribution to Avangard's better results in 1H13 vs. 1H12 was a 56% YoY expansion in egg export sales, as exported eggs were sold with a significant premium to the domestic market price. Exporting allows the company to kill two rabbits with one shot. First, profitability improves due to lucrative pricing, while secondly, exporting mitigates the seasonal oversupply on the domestic market in summer, thus keeping domestic egg prices from declining sharply. An additional encouraging development in the company's operations is also a 25% YoY increase in the processing of eggs into egg products in 1H13; this is also a positive factor in protecting the Ukrainian egg market from oversupply.

On the negative side of today's release, Avangard's EBITDA of USD 135mn is considerably higher than its cash flow from operations (before a change in working capital of USD 115mn), leaving open questions about the quality and transparency of the company's financials.

**MSICH CEO: New An-124 Production Run to be Decided by Year-End**

by Dmitry Churin  
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**MOTOR SICH (MSICH UK)**

Price: UAH 1703 Market Cap: USD 436mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.5	0.5	2.2	1.5	0.6%
2013E	0.4	0.5	2.1	1.5	2.0%

**NEWS**

Motor Sich, Ukraine's monopoly aircraft engine producer, may resume its historical supply chain of engines for the cargo jet aircraft An-124 (known in the West as "Condor"). Interfax quoted Motor Sich CEO Vyacheslav Boguslayev as saying that a decision on a new production run of the An-124 at the Ulyanovsk Plant (Russia) could be made by the end of 2013. Motor Sich has been the exclusive supplier of D-18 engines for An-124. The An-124 is the world's second-highest gross weight production cargo airplane behind the Boeing 747-8F, and is also the world's third-heaviest operating cargo aircraft.

**COMMENTARY**

The An-124 has four D-18 engines with an estimated value of USD 5mn each. Earlier this year, Russia's Volga-Dnepr, the world leader in the heavy air cargo market, said it plans to order 40 An-124's. However, the term of the order was not specified. Potentially, Motor Sich could supply 160 D-18 engines for such an order, which would translate into USD 800mn in eventual revenue. We view the news as positive for the company's development. The MSICH stock has been in a protracted slide since March of this year, falling by some 35% on investor concerns about Ukraine's future economic relations with Russia, Motor Sich's most important customer, under a free trade regime with the EU.

**Krukiv Guidance Implies Output Slump to 300 Freight Cars/Month**

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**KRUKIV WAGON (KVBZ UK)**

Price: UAH 22.8 Market Cap: USD 322mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.4	3.4	2.4	14.9%
2013E	0.7	8.6	4.7	5.8%

**NEWS**

Kremenchuk-based railcar producer Krukiv Wagon expects to decrease its full-year 2013 output by 45% YoY to 6,000 freight cars, CEO Yevgen Hvorost said in a press statement on Thursday (Aug 29). The CEO said there is a chance that demand for freight railcars will recover in 2014 thanks to orders from national rail monopoly UkrZaliznytsa.

**COMMENTARY**

Taking into account that Krukiv's freight railcar production was some 4,500 units in 7M13 (already a 32% YoY drop), the average monthly output of barely 300 units in August-December looks simply anemic. The company appears to be acknowledging that demand from Russia is currently in miserable shape. Further, we have no particular confidence that orders from UkrZaliznytsa, an inefficient state-owned behemoth that recently posted a half-billion dollar loss for 1H13, will materialize next year. The new production guidance is far less than our forecast of average monthly output of 705 freight car units over the remainder of this year. We are therefore revising our FY13 projection for Krukiv Wagon's net profit from USD 70mn to USD 37mn.

## 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	2.61	3.33	28%	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	0.92	1.77	91%	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	95%	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	488%	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	2.82	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	233%	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	210	644	207%	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	472%	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	2.82	8.90	216%	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	14.3	24.0	68%	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	21.20	30.0	42%	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	10.00	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	841.54	1106.67	758.71	-0.4%	-2.6%	-5.0%	-11.5%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.038	0.06	0.03	-0.8%	-1.8%	-3.6%	-29.0%	-0.4%	0.7%	1.4%	-17.6%
Azovstal	AZST	0.62	0.97	0.31	-0.3%	0.0%	-1.6%	-16.5%	0.1%	2.6%	3.4%	-5.0%
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	33.3	49.9	20.0	-0.4%	-1.2%	-3.4%	-12.5%	0.0%	1.3%	1.6%	-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%	-14.3%	-45.5%	0.4%	2.6%	-9.3%	-34.0%
<b>Coke</b>												
Avdivka Coke	AVDK	3.18	4.07	1.61	-0.3%	-0.5%	-2.8%	-2.7%	0.1%	2.0%	2.2%	8.7%
Yasnyivsky Coking	YASK	0.58	0.99	0.52	1.8%	1.8%	1.8%	-13.4%	2.2%	4.3%	6.7%	-2.0%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.00	7.74	4.00	0.0%	-4.8%	-10.0%	-13.0%	0.4%	-2.2%	-5.1%	-1.6%
Ferrexpo	FXPO	2.61	4.58	2.02	-2.7%	-9.7%	-2.6%	-35.2%	-2.2%	-7.2%	2.4%	-23.8%
Pivnichny GOK	SGOK	7.50	10.00	5.77	-5.1%	-3.8%	-5.1%	0.8%	-4.7%	-1.3%	-0.1%	12.3%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	1.00	0.40	0.0%	0.0%	-6.2%	-28.6%	0.4%	2.6%	-1.3%	-17.1%
Komsomolets Donbasa	SHKD	0.69	1.46	0.41	9.5%	9.5%	-26.6%	-41.5%	9.9%	12.1%	-21.6%	-30.1%
Energy Coal	CLE	0.71	5.77	0.59	-7.2%	3.3%	12.8%	-77.1%	-6.8%	5.9%	17.8%	-65.6%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.270	0.0%	0.0%	n/a	-31.0%	0.4%	2.6%	n/a	-19.6%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.60	0.86	0.45	9.1%	-1.6%	-6.3%	-14.3%	9.5%	0.9%	-1.3%	-2.8%
Interpipe NMPP	NVTR	0.20	0.60	0.10	0.0%	0.0%	11.1%	-9.1%	0.4%	2.6%	16.1%	2.4%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	22.9	29.0	12.0	1.1%	-0.7%	-0.8%	18.2%	1.5%	1.9%	4.2%	29.7%
Luhanskeplovoz	LTPL	1.56	2.20	1.28	2.6%	-0.6%	0.0%	-16.6%	3.0%	1.9%	5.0%	-5.1%
Stakhanov Wagon	SVGZ	1.34	2.70	1.02	1.5%	1.5%	3.9%	-22.5%	1.9%	4.1%	8.9%	-11.1%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.13	0.03	-1.5%	-3.8%	1.3%	-14.3%	-1.1%	-1.2%	6.3%	-2.8%
Motor Sich	MSICH	1,703	2,640	1,399	0.2%	-3.4%	-5.4%	-22.9%	0.6%	-0.8%	-0.4%	-11.5%
Sumy Frunze Engineering	SMASH	2.10	4.00	0.76	0.0%	-3.7%	-16.0%	40.0%	0.4%	-1.1%	-11.0%	51.5%
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	2.8%	-8.0%	-3.6%	-25.3%	3.2%	-5.4%	1.4%	-13.9%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.30	0.09	0.0%	0.7%	-2.8%	-11.9%	0.4%	3.3%	2.2%	-0.4%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.27	0.59	0.22	-0.9%	-1.3%	9.8%	-51.0%	-0.5%	1.2%	14.8%	-39.5%
JKX Oil	JKX	1.03	1.38	0.75	-0.2%	-4.2%	2.5%	-13.8%	0.2%	-1.6%	7.5%	-2.4%
Ukrnafta	UNAF	110	280	80	-1.6%	-3.2%	-4.7%	-7.0%	-1.2%	-0.7%	0.2%	4.5%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.02	7.33	3.49	0.0%	-1.4%	-4.8%	-20.9%	0.4%	1.1%	0.2%	-9.5%
Donbasenergo	DOEN	22.9	26.8	15.1	1.1%	-7.5%	-7.2%	8.0%	1.5%	-4.9%	-2.2%	19.5%
Zakhidenergo	ZAEN	83.5	116.9	70.0	0.0%	0.8%	-0.5%	-13.9%	0.4%	3.4%	4.5%	-2.4%
<b>Consumer</b>												
Agroton	AGT	0.73	4.2	0.36	9.4%	-2.1%	29.8%	-77.4%	9.8%	0.5%	34.8%	-65.9%
Astarta	AST	21.2	24.4	14.5	-0.9%	-9.9%	-9.2%	18.7%	-0.5%	-7.3%	-4.2%	30.1%
Avangardo	AVGR	10.0	12.0	7.61	0.5%	1.0%	14.4%	-11.7%	0.9%	3.6%	19.3%	-0.3%
Industrial Milk Company	IMC	4.59	5.48	3.63	-1.1%	-4.9%	-7.5%	-13.5%	-0.7%	-2.3%	-2.5%	-2.0%
Kernel	KER	14.6	22.6	14.0	-0.6%	-3.2%	-10.5%	-32.5%	-0.2%	-0.6%	-5.5%	-21.1%
Mriya Agro Holding	MAYA	5.92	6.7	5.36	-0.7%	-0.9%	-1.0%	-8.8%	-0.3%	1.7%	4.0%	2.7%
MHPC	MHPC	14.3	19.9	13.58	-5.3%	-10.3%	-20.1%	-6.2%	-4.9%	-7.8%	-15.1%	5.2%
Milkiland	MLK	3.65	5.8	3.11	-0.2%	-2.4%	-3.7%	-22.5%	0.3%	0.2%	1.3%	-11.1%
Ovostar Union	OVO	26.4	33.8	21.3	-0.3%	-2.4%	10.2%	-8.6%	0.1%	0.2%	15.2%	2.9%
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	9.4	18.5	9.0	3.2%	1.8%	-6.1%	-29.9%	3.6%	4.4%	-1.1%	-18.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.096	0.128	0.061	-2.1%	-3.9%	-6.8%	11.8%	-1.7%	-1.4%	-1.8%	23.3%
UkrSotsbank	USCB	0.126	0.200	0.107	-2.2%	-2.3%	-10.9%	-2.3%	-1.8%	0.2%	-5.9%	9.1%

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
<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%
Ukrstsobank	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	120	3.9%	5	1,536	3.3	neg	neg	10.6	neg	neg	0.7	0.9	0.9	530	456	411	\$/tonne
Yenakievo Steel	ENMZ	43	8.8%	4	36	1.4	5.0	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	319	4.1%	13	298	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	53	50	48	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	76	7.5%	6	74	neg	neg	neg	12.1	neg	neg	0.1	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	20	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	2,128	0.5%	12	2,252	2.7	4.9	5.9	1.9	2.8	3.5	1.2	1.5	1.7				
Ferrexpo	FXPO	1,534	24.0%	368	1,785	2.7	7.1	5.8	2.2	4.4	4.0	1.0	1.3	1.1				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	28	5.4%	2	130	1.9	0.7	0.8	1.9	1.3	1.5	0.7	0.5	0.5	32	31	29	\$/tonne
Coal Energy	CLE	32	11.9%	4	57	0.9	0.8	0.7	1.1	0.9	0.9	0.4	0.3	0.3	1.1	0.9	0.9	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	192	2.0%	4	235	2.0	5.7	5.6	1.6	3.2	3.0	0.3	0.4	0.3	372	617	586	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	42	24.0%	10	42	4.7	6.1	5.2	3.0	3.4	2.8	0.2	0.3	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	37	8.0%	3	76	1.9	>30	13.0	2.3	10.7	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	436	24.0%	105	446	2.6	1.8	1.6	1.6	1.4	1.4	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	736	3.0%	22	726	2.7	2.4	3.3	1.7	1.4	1.7	0.2	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	85	49.0%	42	67	13.3	7.1	3.5	neg	2.9	1.9	3.6	1.3	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	177	50.4%	89	285	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	67	14.2%	9	123	neg	17.4	6.6	6.0	7.2	5.2	0.2	0.2	0.2	15	14	14	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,511	34.1%	515	2,556	5.8	4.9	5.6	6.4	5.5	4.9	2.1	1.8	1.7	7986	7986	7986	\$/tonne
Kernel	KER	1,077	61.8%	665	1,687	4.8	5.1	5.5	5.4	5.2	5.0	0.9	0.8	0.6				
Astarta	AST	529	31.0%	164	676	4.6	10.6	9.0	4.7	6.9	5.6	1.7	1.5	1.2	3429	2088	1734	\$/tonne
Avangardco	AVGR	639	22.5%	144	787	3.3	2.8	2.8	3.1	2.8	2.7	1.4	1.3	1.1	178	135	127	\$/mneegs
Agroton	AGT	16	44.6%	7	49	neg	0.9	0.8	2.6	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	354	4.0%	14		>30	>30	12.4	0.4	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	286	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research

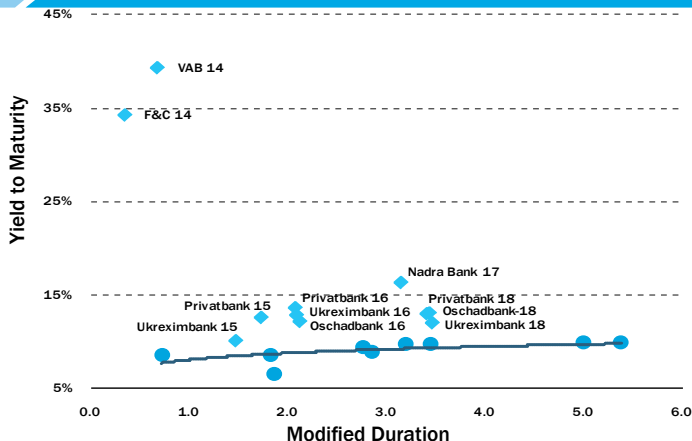
**UKRAINIAN EUROBONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	99.1	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	98.5	99.2	11.6%	10.7%	-4.1%	1.0	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	96.5	97.5	6.9%	6.3%	-0.5%	1.8	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	96.8	97.3	8.7%	8.4%	-4.1%	1.8	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	91.9	92.9	9.6%	9.2%	-7.5%	2.8	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	91.9	92.9	9.2%	8.8%	-7.3%	2.8	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	88.6	89.4	10.2%	10.0%	-10.3%	3.4	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	98.1	98.6	9.9%	9.7%	-8.3%	3.2	9.25%	S/A	24 Jul 2017	2,000	B3/B/B
Ukraine, 2017 Infr. projects	89.9	91.5	11.8%	11.3%	-7.7%	3.3	8.375%	S/A	3 Nov 2017	568	B3//
Ukraine, 2018 Infr. projects	83.8	88.5	12.4%	10.9%	-7.2%	3.6	7.40%	S/A	20 Apr 2018	690	B3//
Ukraine, 2020	87.8	88.8	10.3%	10.1%	-14.3%	5.0	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	89.4	90.3	10.0%	9.8%	-13.5%	5.4	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	87.0	87.9	10.0%	9.8%	-13.4%	6.1	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	85.6	86.2	9.9%	9.7%	-14.1%	6.3	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
<b>Corporate Eurobonds</b>											
Agroton, 2014	65.1	74.0	78.2%	57.4%	n/a	0.6	12.50%	S/A	14 Jul 2014	50	/CCC/RD
MHP, 2015	104.2	105.4	7.7%	7.3%	-0.6%	1.5	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	88.9	90.1	10.6%	10.4%	-10.5%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	100.6	102.0	9.9%	9.1%	5.8%	1.8	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	95.0	96.8	12.3%	11.8%	-4.1%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	103.3	105.1	9.7%	8.9%	1.1%	2.1	10.95%	S/A	30 Mar 2016	250	/B/B
DTEK, 2015	102.2	103.3	8.3%	7.5%	1.6%	1.5	9.50%	S/A	28 Apr 2015	500	B3//B
DTEK, 2018	94.2	95.2	9.5%	9.2%	-5.3%	3.6	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	104.4	105.0	7.6%	7.2%	0.9%	1.5	10.25%	S/A	20 May 2015	500	B3//B
Metinvest, 2018	94.7	95.8	10.3%	10.0%	-1.8%	3.6	8.75%	S/A	14 Feb 2018	750	B3//B
Ferrexpo, 2016	94.6	95.9	10.4%	9.7%	-2.2%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	89.0	90.9	12.7%	12.1%	-10.0%	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	102.8	104.9	10.1%	9.6%	3.9%	3.7	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	91.0	94.0	40.2%	29.6%	54.2%	0.3	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	101.1	103.0	10.7%	9.0%	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	93.5	95.1	13.4%	12.5%	-0.5%	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	92.8	94.7	13.1%	12.5%	-6.3%	3.4	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	96.9	98.0	10.7%	9.9%	-2.5%	1.5	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	85.3	87.2	13.3%	12.2%	2.3%	2.1	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	88.7	90.1	12.1%	11.7%	-10.6%	3.4	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	82.5	84.5	41.7%	37.7%	54.6%	0.7	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	91.2	92.6	12.7%	12.0%	-3.4%	2.1	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	84.7	86.2	13.5%	13.0%	-14.6%	3.4	8.88%	S/A	20 Mar 2018	500	B3//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	94.4	96.1	11.1%	10.2%	1.9%	1.9	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	94.1	96.0	11.9%	11.0%	1.6%	2.4	9.375%	S/A	30 Jun 2016	300	B3/B-/

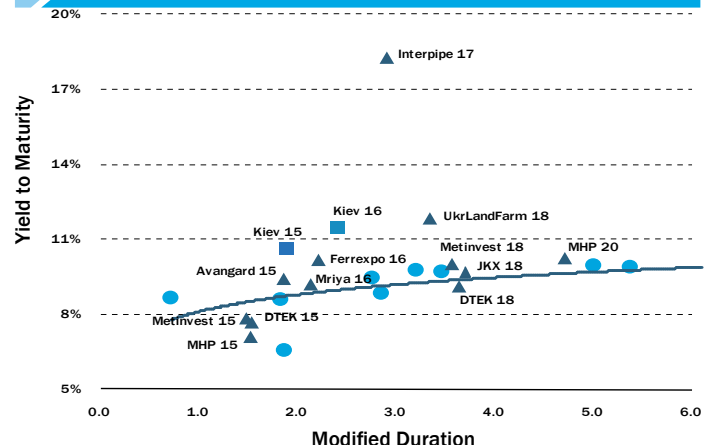
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

**SOVEREIGNS vs. BANKING EUROBONDS**



**SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS**





**UKRAINIAN DOMESTIC BONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD
<b>UAH denominated Bonds</b>									
UA4000115117			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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