

Market Update

Equity

Ukrainian blue chips were mixed on Friday (Sept 6) in a rather tense day of trading, ahead of a hotly-anticipated US jobs report that ended up providing little clarity about whether the Federal Reserve might decide to reduce monetary stimulus at its Sept 17-18 meeting. Job creation for August came in slightly below expectations, but not by enough to assume that the Fed's bond-buying program will remain intact until January. The UX index ended with a small gain of 0.2% after initially jumping on the jobs release at 3:30pm local time. Raiffeisen Aval and Yenakievo Steel both picked up 1.3%, and Motor Sich rebounded for a third straight session, adding 0.8% on turnover of UAH 6.6mn. On the downside, UkrSotsBank slid 4.2% to 12.45 kopecks. In Warsaw, Kernel gained 1.5%, while Astarta, which has cooled off after hitting a 2-year high above PLN 77 last month, fell by the same increment to PLN 64.

Fixed Income

Ukrainian sovereigns were mixed on Friday. Ukraine-23s edged up by 0.1p.p. to 85.3/85.9 (9.9%/9.8%) while Ukraine-17s declined by 0.2p.p. to 88.7/89.2 (10.2%/10.0%). Corporate names also finished in different directions. Ukrlandfarming-18s improved by 0.5p.p. to 95.2/97.0 (12.3%/11.8%) while Mriya-16s dropped by 1.0p.p. closing at 102.8/104.2 (9.9%/9.3%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1611.00	0.8%	6.7	147
Centrenerg	CEEN	5.04	-0.2%	2.1	101
Enakievo Steel	ENMZ	33.790	1.3%	1.2	61

Growth Leaders

Sumy Frunze Engineering	SMASH	2.30	6.9%	0.01	11
Yasynivsky Coke	YASK	0.55	4.1%	0.00	16
Ukrnafta	UNAF	110.40	1.5%	1.19	85

Loss Leaders

Stirol	STIR	7.55	-6.0%	0.243	74
Ukrsotsbank	USCB	0.12	-4.2%	0.785	113
Pivnichny GOK	SGOK	7.73	-3.4%	0.321	10

Highlights

POLITICS AND ECONOMICS

- UkrStat: Consumer Prices Fell 0.7% MoM in August
- NBU Reserves Down USD 1bn to USD 21.7bn in August

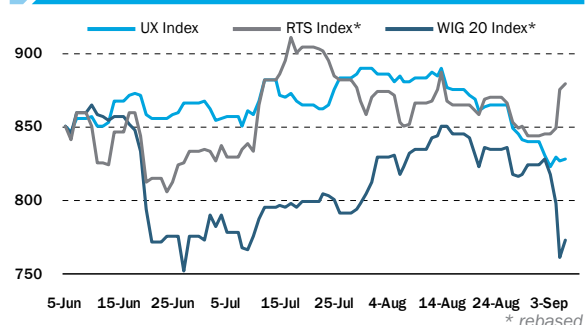
STOCKS IN THE NEWS

- Avangard FY13 Dividend Expected at 25% of Net Income

FIXED INCOME

- DTEK Increases Electricity Distribution by 29% YoY in 1H13

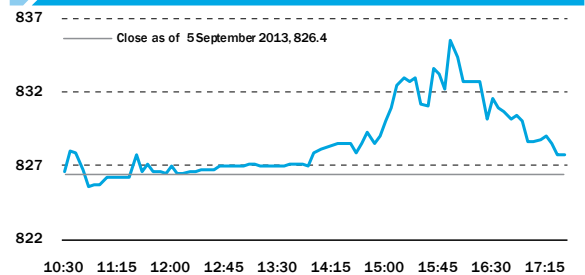
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	828.3	0.2%	-6.3%	-12.9%
RTS	1345.6	0.4%	3.1%	-11.9%
WIG20	2239.0	1.7%	-5.4%	-13.3%
MSCI EM	955.7	0.9%	1.0%	-9.4%
S&P 500	1655.2	0.0%	-2.5%	18.0%

UX INTRADAY SEPTEMBER 6, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	366.2	-0.5%	8.3%	35.1%
CDS 5Y UKR	868.0	-0.8%	9.4%	38.9%
Ukraine-17	10.0%	0.1 p.p.	1.3 p.p.	3.1 p.p.
Naftogaz Ukr-14	11.1%	0.1 p.p.	1.7 p.p.	3.5 p.p.
Ukraine-23	9.8%	0.0 p.p.	0.6 p.p.	2.3 p.p.
Privatbank-16	14.1%	-0.1 p.p.	0.8 p.p.	-1.2 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.17	0.0%	0.5%	1.4%
EUR	10.76	0.5%	-0.7%	0.7%
RUB	0.24	0.1%	-0.7%	-7.7%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	250.8	0.0%	-2.1%	-28.0%
Steel, USD/t	547.5	0.0%	5.8%	2.8%
Oil, USD/bbl	116.1	0.7%	8.4%	8.4%
Gold, USD/oz	1391.9	1.8%	8.5%	-15.9%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

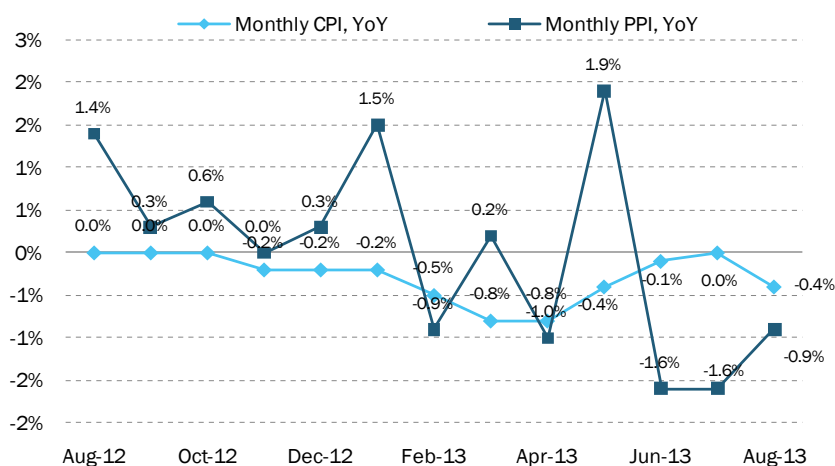
UkrStat: Consumer Prices Fell 0.7% MoM in August

by Dmitry Churin
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NEWS

Ukraine's State Statistics Committee reported that consumer prices declined by 0.7% MoM in August, according to data published on Friday (Sept 6). On a rolling 12-month basis, deflation of 0.4% was registered. Producer prices rose by 1.2% MoM while dropping by 0.9% YoY.

UKRAINE'S ROLLING 12-MONTH CPI & PPI INFLATION



Source: State Statistics Committee

COMMENTARY

The continuation lack of inflation in Ukraine is positive in the sense that it shows concerns about a possible devaluation of the hryvnia before the end of 2013 have yet to spill over into the real economy. However, the negative aspect of the deflation is that it is indicative of persistent weakness in domestic demand.

Holding down the CPI was a decrease in fruit and vegetables prices in August, which were down by 11.5% MoM and 15.4% YoY in the period. Meanwhile, price for alcohol and tobacco products rose by 1.0% MoM. Consumer prices in other sectors were relatively flat on a monthly basis.

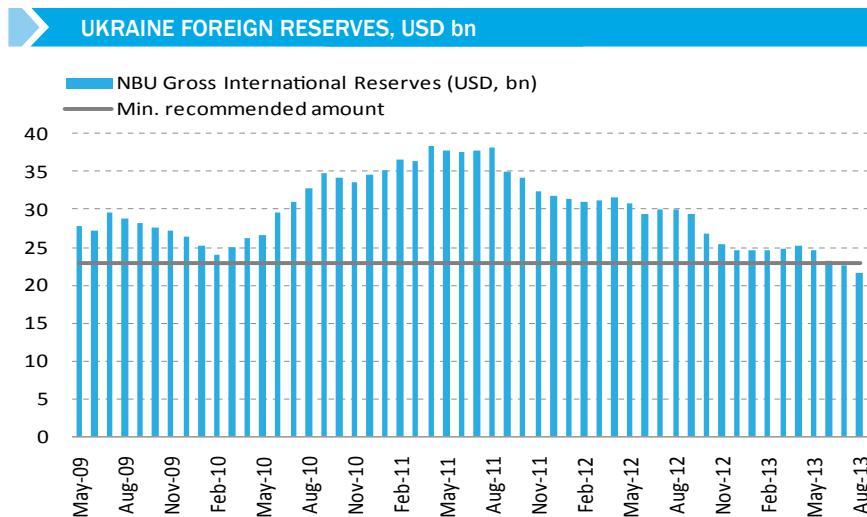
In the PPI components, prices in the utility sector jumped 4.5% MoM as electricity prices advanced by 4.9% MoM. Meanwhile, in the extraction and manufacturing sectors, prices grew by 0.1%.

NBU Reserves Down USD 1bn to USD 21.7bn in August

by Dmitry Churin
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NEWS

Ukraine's foreign currency reserves fell by 4.6% MoM (USD 1.0bn) to USD 21.65bn in August, the National Bank of Ukraine (NBU) reported on Friday (Sept 6).



Source: National Bank of Ukraine

COMMENTARY

The NBU reserves have now fallen by 11.8% YtD, with the government now having repaid USD 4.2bn to the IMF out of a total of USD 5.8bn due this year. In August alone, payments to the IMF amounted USD 973mn. The Finance Ministry failed in its efforts to sell domestic USD-denominated bonds last month, leading to a situation where most of the state's external obligations had to be serviced from the pocket of the National Bank. The news of the latest monthly drop in reserves hit the forex interbank market on Friday, with the hryvnia slipping 0.3% to 8.17 against the dollar. With Ukraine already under the 3-months-of-imports threshold, we see USD 20bn as a level for the reserves that the government will do its best to defend, with September likely to see another significant outflow.

Avangard FY13 Dividend Expected at 25% of Net Income

by Ivan Dzvinka
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AVANGARDCO (AVGR LI)

Price: USD 10.25 Market Cap: USD 655mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.3	2.9	3.0	0%
2013E	1.2	3.4	3.5	7%

NEWS

Avangard, Ukraine's largest egg producer, last week reported a proposal on its website regarding a dividend policy to be considered at the company's shareholder meeting on Sept 12. According to the proposed policy, the company intends to set a dividend payout ratio of between 15% and 40% of its net profit. The initial dividend in the amount of 25% of FY13 net income is expected to be declared following Avangard's full-year 2013 financial release, probably in March of next year.

COMMENTARY

Avangard's expected FY13 net profit of USD 191mn suggests a dividend amount of USD 48mn. This is equivalent to 75 cents per share, translating into a (current) dividend yield of 7.4%, i.e. rather attractive, in our view. We see a 90% chance that the proposed dividend policy will in fact be confirmed at this week's shareholder meeting. While such approval could some positive sentiment for the AVGR stock, we reiterate our view that low liquidity will inhibit short-term investor interest (please see our news from July 1 of this year). Meanwhile, the stock is unlikely to be viewed by the market as a long-term dividend play, due to rumblings that Avangard's parent group, UkrLandFarming (ULF), intends to go public in the next three years, implying that the AVGR stock will cease to exist. Thus, the primary interest in the issue as a dividend play will stem from those investors who see a high probability of an eventual stock buyback engineered by ULF.

We also would like to remark that Avangard's modus operandi of releasing information on the proposed dividend policy without providing any notice to the analyst community indicates to us that the company's corporate governance still needs further improvement.

DTEK Increases Electricity Distribution by 29% YoY in 1H13

by Dmitry Churin
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NEWS

DTEK, the largest private energy company in Ukraine, increased its electricity distribution by 29% YoY to 30.0 TWh in 1H13, according to the company's press release published last week. Meanwhile, operating results in DTEK's other key sectors were less impressive. The company's coal production rose by just 0.2% YoY to 19.9mn tonnes in the period, while electricity generation declined by 5.2% to 24.3 TWh amid an overall drop in net electricity consumption by 3.6% YoY in Ukraine in 1H13.

DTEK OPERATIONAL DATA				
Segment	Unit	1H13	1H12	Change YoY
Coal production	mn tonnes	19.9	19.9	+0.2%
Electricity generation	TWh	24.3	25.6	-5.2%
Electricity distribution	TWh	30.0	23.3	+29%
Electricity export	TWh	4.9	4.3	+15.5%

Source: Companies' data

COMMENTARY

In our view, DTEK is pushing up against macroeconomic demand limits for its output in the current sluggish domestic economic environment. Electricity generated by the company accounted for 25% of total electricity produced by Ukraine in 1H13, while its electricity distribution accounted for 40% of the national total; the company was effectively the country's only exporter of electricity. We think that DTEK concentrate on modernizing its existing assets in the next few years rather than continuing its acquisition binge.

DTEK-18 Eurobonds currently quote at 10.0%/9.7% YTM.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.08	0.07	-11%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	2.77	3.33	20%	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	0.95	1.77	87%	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	0.73	1.30	77%	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	0.39	0.76	98%	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	521%	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	0.05	0.36	570%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	2.55	6.18	142%	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	0.18	0.64	265%	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	197	644	226%	BUY	Motor Sich should see its sales grow with a 2012-2016E CAGR of 9%, reaching USD 1.2bn. For 2012-2016, we forecast an average EBITDA margin of 35% and a net margin of 28%.
Turboatom	TATM	0.61	1.09	79%	BUY	We model Turboatom's revenue as increasing at 18% CAGR over 2012-2015. Deliveries of hydro and steam turbines to export markets will remain the company's key revenue drivers.
Oil & Gas						
Concern Galnaftogaz	GLNG	0.018	0.030	63%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.23	1.52	559%	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	452%	BUY	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
Power Utilities						
DonbasEnergo	DOEN	2.66	8.90	234%	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	CentrEnergo's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	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	19.70	30.0	52%	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	10.25	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	828.29	1106.67	758.71	0.2%	-1.4%	-6.3%	-12.9%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.037	0.06	0.03	0.5%	-0.5%	-6.0%	-30.0%	0.3%	0.8%	0.3%	-17.1%
Azovstal	AZST	0.63	0.97	0.31	0.3%	1.5%	-0.3%	-15.2%	0.1%	2.8%	6.0%	-2.3%
Dniprospezstal	DNSS	n/a	1,298	700	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enakievo Steel	ENMZ	33.8	49.9	20.0	2.0%	2.2%	-3.3%	-11.1%	1.8%	3.6%	3.0%	1.8%
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	0.13	0.26	0.10	0.0%	8.3%	0.0%	-40.9%	-0.2%	9.7%	6.3%	-28.0%
Coke												
Avdivka Coke	AVDK	3.15	4.07	1.61	-0.4%	-0.8%	-3.6%	-3.7%	-0.7%	0.6%	2.7%	9.1%
Yasnyivsky Coking	YASK	0.55	0.99	0.51	3.8%	-3.5%	-1.8%	-17.9%	3.5%	-2.1%	4.6%	-5.0%
Iron Ore Mining												
Centralny GOK	CGOK	6.00	7.74	4.00	0.0%	-4.8%	-6.3%	-13.0%	-0.2%	-3.4%	0.1%	-0.2%
Ferrexpo	FXPO	2.77	4.58	2.02	3.5%	7.5%	10.2%	-31.3%	3.2%	8.9%	16.5%	-18.4%
Pivnichny GOK	SGOK	7.73	10.00	5.77	-8.0%	1.0%	-8.0%	3.9%	-8.2%	2.4%	-1.6%	16.8%
Coal Mining												
Pokrovske Mine	SHCHZ	0.44	0.95	0.40	0.0%	-2.2%	-4.3%	-30.2%	-0.2%	-0.9%	2.0%	-17.3%
Komsomolets Donbasa	SHKD	0.68	1.45	0.27	-1.4%	13.3%	-15.0%	-42.4%	-1.7%	14.7%	-8.7%	-29.5%
Energy Coal	CLE	0.65	5.77	0.59	-0.5%	-8.8%	-18.9%	-79.1%	-0.7%	-7.5%	-12.6%	-66.2%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.40	0.58	0.270	0.0%	0.0%	-11.1%	-31.0%	-0.2%	1.4%	-4.8%	-18.2%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.60	0.86	0.45	0.0%	0.0%	0.0%	-14.3%	-0.2%	1.4%	6.3%	-1.4%
Interpipe NMPP	NVTR	0.20	0.60	0.10	0.0%	-4.8%	5.3%	-9.1%	-0.2%	-3.4%	11.6%	3.8%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	20.9	29.0	12.0	0.7%	-7.1%	-11.3%	7.5%	0.5%	-5.8%	-4.9%	20.3%
Luhanskeplovoz	LTPL	1.43	2.20	1.26	13.5%	-5.9%	-10.1%	-23.5%	13.3%	-4.6%	-3.7%	-10.7%
Stakhanov Wagon	SVGZ	1.25	2.70	1.00	0.0%	-5.3%	-3.8%	-27.7%	-0.2%	-3.9%	2.5%	-14.9%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.11	0.03	0.0%	1.3%	10.7%	-9.6%	-0.2%	2.6%	17.0%	3.3%
Motor Sich	MSICH	1,611	2,640	1,399	0.8%	-5.0%	-12.1%	-27.1%	0.5%	-3.6%	-5.7%	-14.2%
Sumy Frunze Engineering	SMASH	2.30	4.00	0.76	7.0%	2.2%	-13.2%	53.3%	6.7%	3.6%	-6.9%	66.2%
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	0.14	-0.8%	1.2%	-9.1%	-27.0%	-1.1%	2.6%	-2.8%	-14.1%
Telecom												
Ukrtelecom	UTLM	0.16	0.30	0.09	0.2%	-2.4%	7.3%	3.0%	-0.1%	-1.1%	13.6%	15.9%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.59	0.20	12.6%	-13.7%	-4.8%	-57.4%	12.4%	-12.3%	1.6%	-44.6%
JKX Oil	JKX	1.09	1.34	0.75	0.2%	4.3%	8.7%	-9.2%	0.0%	5.7%	15.1%	3.7%
Ukrnafta	UNAF	110	280	80	1.8%	-0.2%	-4.4%	-6.9%	1.6%	1.2%	1.9%	5.9%
Power Utilities												
Centrenerg	CEEN	5.04	7.33	3.49	-0.2%	0.8%	-3.2%	-20.6%	-0.4%	2.1%	3.1%	-7.8%
Donbasenergo	DOEN	21.7	26.8	15.1	-0.7%	-5.3%	-13.5%	2.5%	-1.0%	-3.9%	-7.1%	15.4%
Zakhidenergo	ZAEN	85.7	116.9	70.0	0.0%	3.3%	4.1%	-11.6%	-0.2%	4.6%	10.5%	1.2%
Consumer												
Agroton	AGT	0.68	4.2	0.36	3.3%	-8.1%	-8.6%	-79.1%	3.0%	-6.7%	-2.2%	-66.3%
Astarta	AST	19.7	24.4	14.5	-0.6%	-5.8%	-14.7%	10.3%	-0.9%	-4.4%	-8.4%	23.2%
Avangardo	AVGR	10.3	12.0	7.61	0.7%	0.5%	7.3%	-9.5%	0.5%	1.9%	13.6%	3.3%
Industrial Milk Company	IMC	4.61	5.48	3.63	0.0%	0.6%	-10.2%	-13.0%	-0.3%	1.9%	-3.8%	-0.2%
Kernel	KER	14.5	22.6	14.0	2.4%	-1.0%	-12.4%	-33.0%	2.2%	0.4%	-6.1%	-20.1%
Mriya Agro Holding	MAYA	5.73	6.7	5.36	-2.3%	-2.9%	-4.4%	-11.7%	-2.6%	-1.5%	1.9%	1.2%
MHPC	MHPC	15.7	19.9	13.58	1.3%	4.7%	-13.0%	3.0%	1.1%	6.0%	-6.7%	15.8%
Milkiland	MLK	3.20	5.8	3.11	1.5%	-10.8%	-18.7%	-31.9%	1.3%	-9.4%	-12.3%	-19.1%
Ovostar Union	OVO	24.9	33.8	21.3	4.5%	-4.1%	0.5%	-13.7%	4.3%	-2.8%	6.9%	-0.9%
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	0.49	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	7.6	18.5	7.1	-6.0%	-16.6%	-25.0%	-43.7%	-6.2%	-15.2%	-18.6%	-30.8%
Banks												
Raiffeisen Bank Aval	BAVL	0.093	0.128	0.061	0.4%	-1.9%	-7.6%	8.9%	0.2%	-0.5%	-1.3%	21.7%
UkrSotsbank	USCB	0.125	0.200	0.107	-4.2%	-2.6%	-6.4%	-3.5%	-4.4%	-1.2%	-0.1%	9.4%

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%
Ukrspotsbank	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	118	3.9%	5	1,533	3.2	neg	neg	10.5	neg	neg	0.7	0.9	0.9	529	456	411	\$/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	323	4.1%	13	301	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	54	51	48	\$/tonne
Coke																		
Avdyivka Coke	AVDK	75	7.5%	6	73	neg	neg	neg	11.9	neg	neg	0.0	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	18	9.0%	2	47	1.2	1.7	1.7	1.6	1.6	1.7	0.1	0.1	0.1	1.6	1.6	1.7	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	861	0.5%	4	861	2.7	9.1	8.3	1.7	3.6	4.3	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,181	0.5%	12	2,306	2.8	5.0	6.1	2.0	2.8	3.6	1.3	1.5	1.8				
Ferrexpo	FXPO	1,628	24.0%	391	1,879	2.8	7.6	6.2	2.3	4.7	4.2	1.1	1.3	1.2				
Coal Mining																		
Komsomolets Donbasa	SHKD	28	5.4%	2	130	1.8	0.7	0.8	1.9	1.3	1.4	0.7	0.5	0.5	32	30	29	\$/tonne
Coal Energy	CLE	29	11.9%	3	55	0.8	0.8	0.7	1.1	0.9	0.9	0.4	0.3	0.3	1.1	0.9	0.9	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	191	2.0%	4	234	1.9	5.7	5.6	1.6	3.1	3.0	0.3	0.4	0.3	371	615	584	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	38	24.0%	9	38	4.3	5.6	4.7	2.7	3.1	2.5	0.2	0.2	0.2				
Kruiw Wagon	KVBZ	293	5.0%	15	295	3.5	3.1	5.8	2.5	2.2	3.2	0.4	0.3	0.5				
Stakhanov Wagon	SVGZ	35	8.0%	3	74	1.7	>30	12.1	2.2	10.3	6.8	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	181	5.8%	10	129	3.4	4.7	4.3	2.1	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	410	24.0%	98	420	2.4	1.7	1.5	1.5	1.4	1.3	0.6	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	378	7.2%	27	714	neg	8.3	7.9	3.5	3.5	3.4	0.8	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	733	3.0%	22	723	2.7	2.3	3.2	1.6	1.4	1.7	0.2	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	74	49.0%	36	56	11.5	6.2	3.1	neg	2.5	1.6	3.0	1.1	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	186	50.4%	94	295	3.2	4.7	3.7	2.6	2.0	2.0	1.2	1.3	1.2	78	54	40	\$/boe
Electric Utilities																		
CentrEnerg	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
DonbasEnerg	DOEN	63	14.2%	9	120	neg	16.5	6.2	5.8	6.9	5.0	0.2	0.2	0.2	15	14	14	\$/MWh
Consumer																		
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	1,070	61.8%	661	1,680	4.7	5.1	5.5	5.4	5.2	5.0	0.9	0.8	0.6				
Astarta	AST	492	31.0%	153	639	4.3	9.8	8.3	4.4	6.6	5.3	1.6	1.4	1.2	3240	1972	1638	\$/tonne
Avangardco	AVGR	655	22.5%	147	803	3.3	2.9	2.8	3.2	2.9	2.7	1.5	1.3	1.1	182	138	130	\$/mneggs
Agroton	AGT	15	44.6%	7	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
Banks																		
Raiffeisen Bank Aval	BAVL	343	4.0%	14		>30	>30	12.0	0.4	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	281	1.6%	5		>30	>30	21.8	0.3	0.3	0.4	0.06	0.06	0.06				

Source: Eavex Research

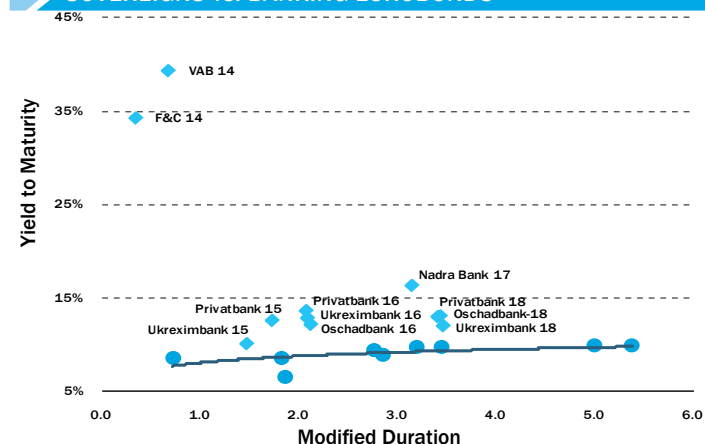
UKRAINIAN EUROBONDS

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	99.1	99.8	9.4%	8.4%	-2.3%	0.7	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	98.0	98.8	12.1%	11.2%	-4.4%	0.9	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	95.4	95.9	7.5%	7.2%	-1.9%	1.8	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	96.3	96.8	9.1%	8.8%	-4.7%	1.8	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	91.5	92.5	9.8%	9.4%	-7.9%	2.7	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	91.9	92.5	9.2%	9.0%	-7.4%	2.8	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	88.7	89.2	10.2%	10.0%	-10.3%	3.4	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	97.3	98.1	10.1%	9.9%	-8.8%	3.2	9.25%	S/A	24 Jul 2017	2,000	B3/B/B
Ukraine, 2017 Infr. projects	89.9	91.5	11.9%	11.3%	-7.7%	3.2	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	87.7	88.3	10.3%	10.2%	-14.6%	4.9	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	88.2	88.9	10.3%	10.1%	-14.7%	5.3	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	85.9	86.8	10.2%	10.0%	-14.5%	6.0	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	85.3	85.9	9.9%	9.8%	-14.4%	6.2	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
Corporate Eurobonds											
Agroton, 2014	55.4	68.5	110.2%	71.7%	n/a	0.6	12.50%	S/A	14 Jul 2014	50	/CCC/RD
MHP, 2015	104.1	105.0	7.7%	7.4%	-0.9%	1.5	10.25%	S/A	29 Apr 2015	585	B3//B
MHP, 2020	87.9	89.5	10.9%	10.5%	-11.3%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	100.6	103.0	9.9%	8.6%	6.4%	1.8	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	95.2	97.0	12.3%	11.8%	-3.9%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	102.8	104.2	9.9%	9.3%	0.5%	2.1	10.95%	S/A	30 Mar 2016	250	/B/B
DTEK, 2015	102.5	103.1	8.1%	7.6%	1.6%	1.4	9.50%	S/A	28 Apr 2015	500	B3//B
DTEK, 2018	92.4	93.3	10.0%	9.7%	-7.2%	3.6	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	104.0	104.9	7.8%	7.2%	0.6%	1.5	10.25%	S/A	20 May 2015	500	B3//B
Metinvest, 2018	94.0	95.2	10.5%	10.1%	-2.4%	3.5	8.75%	S/A	14 Feb 2018	750	B3//B
Ferrexpo, 2016	95.0	96.2	10.3%	9.6%	-1.9%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	87.3	89.1	13.2%	12.6%	-11.8%	3.5	9.50%	S/A	21 May 2018	500	/B/B-
Interpipe, 2017	77.0	80.1	19.1%	17.3%	-3.8%	2.9	10.25%	S/A	2 Aug 2017	200	/NR/B-
JKX Oil&Gas, 2018	106.3	108.2	9.2%	8.7%	7.2%	3.7	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.0	94.0	43.2%	31.5%	54.2%	0.3	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	101.0	102.5	10.8%	9.5%	0.8%	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	95.6	13.5%	12.2%	-0.2%	1.7	9.38%	S/A	23 Sept 2015	200	B3//
PrivatBank, 2016	82.4	84.7	14.8%	13.5%	8.3%	2.0	8.75%	S/A	9 Feb 2016	150	B3//
PrivatBank, 2018	92.6	93.9	13.1%	12.7%	-6.7%	3.4	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	96.5	97.6	11.1%	10.3%	-2.9%	1.4	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	85.2	87.1	13.5%	12.4%	2.2%	2.1	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	87.7	89.1	12.5%	12.0%	-11.6%	3.4	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	82.5	84.5	43.4%	39.1%	54.6%	0.6	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	90.7	92.0	13.1%	12.3%	-4.0%	2.1	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	84.2	85.0	13.7%	13.4%	-15.4%	3.3	8.88%	S/A	20 Mar 2018	500	B3//B
Municipal Eurobonds											
City of Kyiv, 2015	93.5	95.5	11.7%	10.6%	1.0%	1.9	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	93.3	94.6	12.2%	11.6%	0.5%	2.4	9.375%	S/A	30 Jun 2016	300	B3/B-/

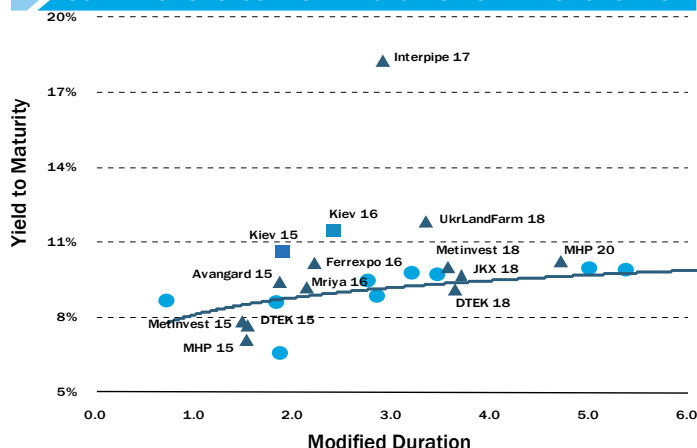
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



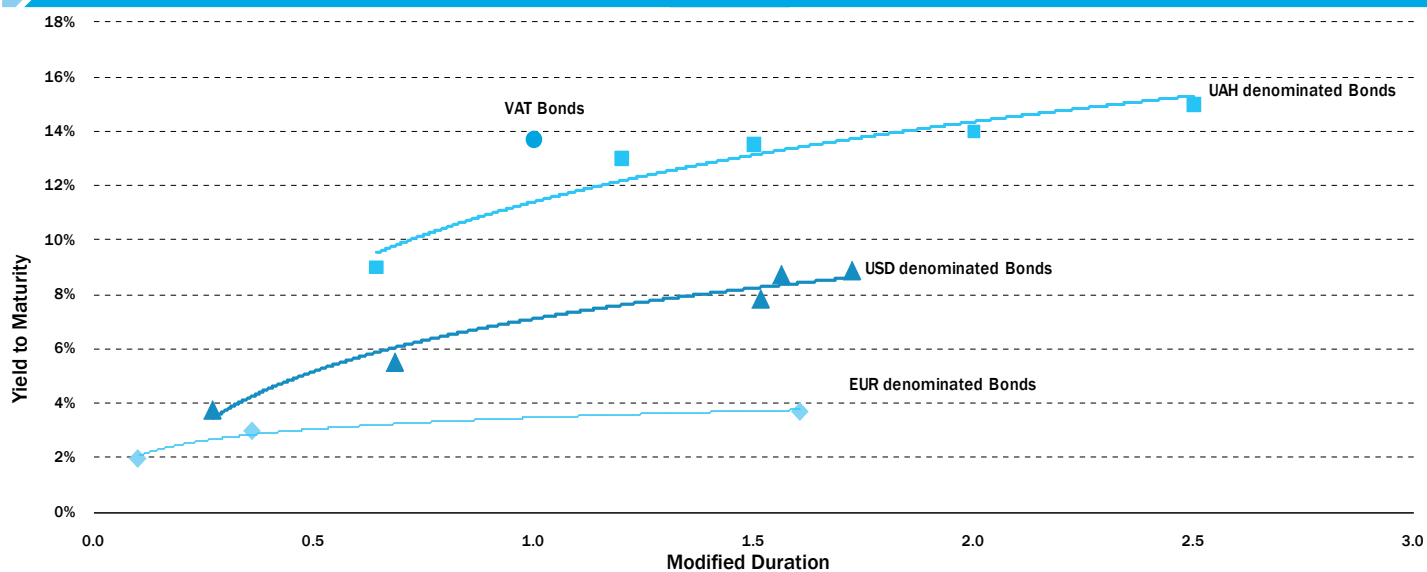
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			12.5%	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
USD denominated Bonds									
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
EUR denominated Bonds									
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
VAT Bonds									
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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