

Market Update

Equity

Ukrainian stocks rose on Wednesday (Sept 18), front-running the overnight gains seen on Wall Street and in Asia after the US Federal Reserve surprised investors by leaving its USD 85bn-per-month bond-buying stimulus unchanged. The Fed's move should be short-term positive for Ukraine as it is likely to re-open the Eurobond market for the increasingly cash-strapped Ukrainian government. The UX index added 1.7% to close at 839 points, with Motor Sich jumping 3.6% to lead the advance; Avdyivka Coke and Yenakievo Steel also picked up more than 2%, and Raiffeisen Aval rose 1.4% to 9.11 kopecks. In London, Ukrainian issues were little-changed ahead of the Fed announcement, although Ferrexpo showed some volatility after revealing its acquisition of a 14% stake in a Brazilian iron ore miner, before ending flat for the day near GBP 184.

Fixed Income

Quotes for Ukrainian sovereigns rose considerably yesterday after news that the government managed to raise USD 750mn in external financing at a rate of about 8%. Benchmark 10-year papers added 1.0 p.p. to close at 88.2/88.8 (9.4%/9.3%). In the corporate universe, gains were less pronounced, with Ferrexpo-16s climbing to 95.4/96.7 (10.1%/9.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1697.00	3.6%	3.7	150
Enakievo Steel	ENMZ	33.89	2.0%	1.4	48
Azovstal	AZST	0.626	-0.1%	1.2	140

Growth Leaders

Motor Sich	MSICH	1697.00	3.6%	3.66	150
Stirol	STIR	9.52	2.4%	0.02	28
Avdyivka Coke	AVDK	3.21	2.3%	0.55	91

Loss Leaders

Alchevsk Coke	ALKZ	0.09	-7.2%	0.178	20
Azovstal	AZST	0.63	-0.1%	1.165	140
Ukrasotsbank	USCB	0.13	0.1%	0.434	67

Highlights

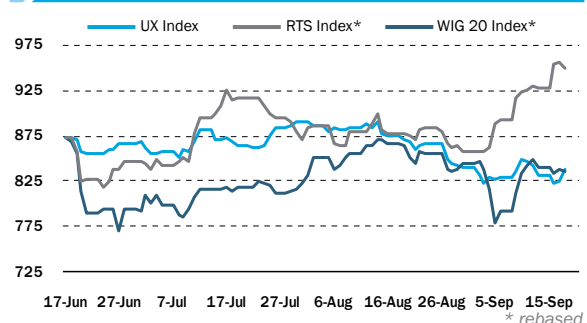
POLITICS AND ECONOMICS

- > Ukraine Raises 2-Year USD 750mn Syndicated Loan

STOCKS IN THE NEWS

- > Ferrexpo Acquires 14% Stake in Brazilian Iron Ore Company
- > Sadovaya Group Suspends Interest Payments on Its Debt

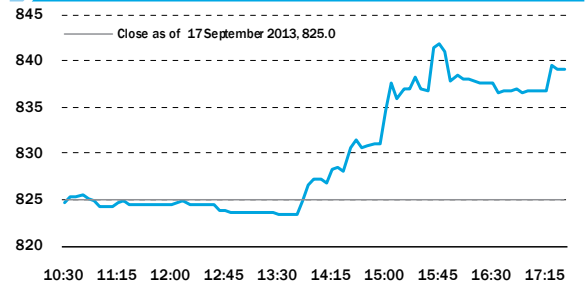
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	838.8	1.7%	-4.1%	-11.8%
RTS	1429.6	-0.7%	8.0%	-6.4%
WIG20	2363.8	-0.1%	-3.3%	-8.5%
MSCI EM	1001.0	-0.1%	4.5%	-5.1%
S&P 500	1725.5	1.2%	4.2%	23.0%

UX INTRADAY SEPTEMBER 18, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	341.9	0.0%	1.1%	26.2%
CDS 5Y UKR	886.7	0.3%	5.5%	41.9%
Ukraine-17	9.8%	0.0 p.p.	0.5 p.p.	2.9 p.p.
Naftogaz Ukr-14	11.2%	0.0 p.p.	1.6 p.p.	3.6 p.p.
Ukraine-23	9.3%	-0.2 p.p.	-0.3 p.p.	1.8 p.p.
Privatbank-16	16.2%	0.0 p.p.	3.3 p.p.	0.9 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.20	0.1%	0.9%	1.8%
EUR	11.09	1.3%	2.4%	3.8%
RUB	0.26	1.9%	5.2%	-2.3%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	244.8	0.0%	1.1%	-29.8%
Steel, USD/t	545.0	0.0%	-3.1%	2.3%
Oil, USD/bbl	110.6	2.2%	1.1%	5.4%
Gold, USD/oz	1364.0	4.1%	-0.9%	-17.6%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukraine Raises 2-Year USD 750mn Syndicated Loan

by Dmitry Churin
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NEWS

Ukraine's Finance Ministry has raised USD 750mn with a two-year syndicated loan arranged by Sberbank CIB (the investment banking arm of the Russian state-owned institution), Interfax reported on Wednesday (Sept 18). The nominal interest rate for the facility was set at 6.5%. However, the terms of the syndicated loan set a one time commission of 3.02% of the loan, and Sberbank CIB said the effective rate for the facility is therefore approximately 8%. No information was provided about the identity of the lending parties.

COMMENTARY

We assume that at such a low interest rate, no major Western banks were involved in the deal, and that the primary lender was Sberbank itself, i.e. the loan was made with the approval of the Russian government in exchange for some unspecified considerations. The loan comes at an important time for the Ukrainian government, which faces an ongoing decline in its foreign reserves. Ukrainian 10-year sovereigns are currently trading at 9.6% on the secondary market. We expect the government to use the facility for repayment of USD 650mn to the IMF in October and servicing about USD 75mn of Eurobond interest due at the end of September. We note that yesterday's decision by the US Federal Reserve to leave its bond-buying stimulus unchanged may result in a re-opening of international debt markets to Ukraine in short order.

Ferrexpo Acquires 14% Stake in Brazilian Iron Ore Company

by Ivan Dzvinka
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FERREXPO (FXPO LN)

Price: GBP 1.84 Market Cap: USD 1,724mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.61	8.0	5.7	4.5%
2013E	1.48	7.2	5.3	2.3%

NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, on Wednesday (Sept 18) said it acquired a 14.4% stake in Brazilian iron ore fines manufacturer Ferrous Resources. The total consideration for the stake amounted to some USD 80mn. Ferrous Resources has 4.0 billion tonnes of JORC-compliant iron ore resources. The company's current production suggests annualized output of 5.0mn tonnes of 62% Fe iron ore fines. Ferrous has a stated objective of reaching production to 15.0mn tonnes p.a.

COMMENTARY

According to the founding articles of Ferrous Resources, no shareholder is allowed to possess more than 15% in the company. Based on the information provided to us by Ferrexpo's management, Ferrexpo has become the largest single shareholder. Ferrexpo's investor relations manager told us that this is a trading investment, i.e. Ferrexpo does not plan to take an active role in Ferrous's management and merely hopes to make a profit by re-selling the stake at a later date. However, we do not rule out a scenario under which Ferrexpo takes a seat on Ferrous's board going forward and adopts a role in corporate decision-making.

Based on the parameters of the deal, this was an attractive investment, in our view. The implied respective multiples for P/Resources and P/Sinter Feed Production of USD 257/tonne and USD 111/tonne suggest discounts of 46% and 31% to the corresponding multiples for Ferrexpo. This, together with Ferrous's intention to triple its output, bode well for the return which Ferrexpo could receive on its investment.

Sadovaya Group Suspends Interest Payments on Its Debt

by Ivan Dzvinka
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NEWS

Warsaw-listed coal miner and trader Sadovaya Group's CEO, Alexander Tolstoukhov, said in a company release on Wednesday (Sept 18) that difficult coal market conditions and ongoing financial problems have prompted it to suspend interest payments on its debt. As of 30 June 2013, Sadovaya's net debt stood at USD 42mn, while net revenue for 1H13 was a negligible USD 800,000 (vs. USD 27.4mn in 1H12). Sadova ended 1H13 with negative EBIT of USD 6.8mn, and posted a net loss of USD 7.6mn vs. a profit of USD 2.8mn in 1H12.

According to the company, both of its mines continue to operate in sustaining mode. Management stated that it is searching for a strategic partner to implement a plan of anti-recessionary measures and restore solvency.

COMMENTARY

While the news is negative for the company's stock, it was rather expected in light of the 96% YoY plunge in the company's coal sales in 1H13. Given that Sadova is now trying to find a partner to bail it out, we understand that its efforts to sell one of its two mines announced in this May have thus far been unsuccessful. With continued oversupply on the domestic coal market exaggerated by rather poor demand, we do not expect a material improvement in the company's results in 3Q13.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.63	0.56	-11%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	2.96	3.33	12%	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	7.9	14.5	83%	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	6.0	10.7	78%	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	3.21	6.15	91%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.56	3.44	517%	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	0.45	2.95	560%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	20.5	50.7	147%	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	1.59	5.25	230%	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	1697	5187	206%	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	5.00	8.94	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	0.15	0.25	64%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.25	1.52	513%	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	472%	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	22.0	73.0	232%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	5.07	14.80	192%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	16.3	22.10	36%	BUY	MHP is well on track with ramping up its poultry production at launched in late 2012 greenfield Vinnytsia complex with annual capacity of 220,000 tonnes. We think MHP will be able to expand its output by 50% over 2012-15 to 600,000 tonnes of poultry with the lion's share of incremental volume to be exported.
Astarta	AST	22.80	30.0	32%	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	11.00	28.3	157%	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	838.75	1075.12	758.71	1.7%	-1.0%	-4.1%	-11.8%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.039	0.06	0.03	1.0%	2.1%	-2.8%	-27.9%	-0.6%	3.1%	1.3%	-16.1%
Azovstal	AZST	0.63	0.91	0.31	0.2%	-1.4%	1.6%	-15.3%	-1.5%	-0.4%	5.7%	-3.5%
Dniprospezstal	DNSS	n/a	1.100	700	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enakievo Steel	ENMZ	34	50	20	2.0%	0.1%	-0.4%	-10.8%	0.3%	1.1%	3.8%	0.9%
Arcelor Mittal KR	KSTL	n/a	3.98	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%	0.0%	8.3%	-40.9%	-1.7%	1.0%	12.5%	-29.1%
Coke												
Avdivka Coke	AVDK	3.21	4.1	1.6	2.6%	-0.1%	-0.7%	-1.9%	0.9%	0.9%	3.4%	9.9%
Yasnyivsky Coking	YASK	0.56	0.98	0.51	1.8%	1.8%	-1.8%	-16.4%	0.1%	2.8%	2.4%	-4.7%
Iron Ore Mining												
Centralny GOK	CGOK	6.00	7.74	4.00	-1.6%	-6.3%	-8.4%	-13.0%	-3.3%	-5.3%	-4.3%	-1.3%
Ferrexpo	FXPO	2.93	4.58	2.02	0.3%	-0.9%	-0.5%	-27.1%	-1.4%	0.1%	3.6%	-15.4%
Pivnichny GOK	SGOK	7.90	10.0	5.8	0.0%	1.8%	-4.2%	6.2%	-1.7%	2.8%	-0.1%	17.9%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.95	0.39	0.0%	2.3%	0.0%	-28.6%	-1.7%	3.3%	4.1%	-16.8%
Komsomolets Donbasa	SHKD	0.68	1.42	0.27	-8.1%	-13.9%	3.0%	-42.4%	-9.8%	-12.9%	7.2%	-30.6%
Energy Coal	CLE	0.86	5.77	0.59	3.4%	16.8%	23.5%	-72.1%	1.7%	17.8%	27.6%	-60.4%
Mining Machinery												
Svitlo Shakhtara	HMBZ	n/a	0.58	0.27	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.60	0.86	0.45	0.0%	0.0%	9.1%	-14.3%	-1.7%	1.0%	13.2%	-2.5%
Interpipe NMPP	NVTR	0.19	0.60	0.10	5.6%	0.0%	0.0%	-13.6%	3.9%	1.0%	4.1%	-1.9%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	20.5	29.0	12.0	0.5%	-3.8%	-12.4%	5.6%	-1.2%	-2.8%	-8.3%	17.4%
Luhanskeplovoz	LTPL	1.59	2.20	1.26	1.9%	2.6%	1.3%	-15.0%	0.3%	3.6%	5.4%	-3.2%
Stakhanov Wagon	SVGZ	1.28	2.70	1.00	0.0%	0.8%	15.3%	-26.0%	-1.7%	1.8%	19.4%	-14.2%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.03	-0.9%	-4.4%	-14.0%	-23.2%	-2.5%	-3.5%	-9.9%	-11.5%
Motor Sich	MSICH	1,697	2,640	1,399	3.2%	-1.0%	-5.9%	-23.2%	1.5%	0.0%	-1.8%	-11.5%
Sumy Frunze Engineering	SMASH	2.45	4.00	0.8	1.7%	-2.0%	8.9%	63.3%	0.0%	-1.0%	13.0%	75.1%
Turboatom	TATM	n/a	5.00	1.88	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WESTA ISIC	WES	0.20	0.45	0.15	4.7%	7.0%	-4.2%	-18.4%	3.0%	8.0%	-0.1%	-6.7%
Telecom												
Ukrtelecom	UTLM	0.17	0.30	0.09	0.0%	0.1%	24.1%	3.1%	-1.7%	1.1%	28.2%	14.9%
Oil & Gas												
Regal Petroleum	RPT	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
JKX Oil	JKX	1.04	1.31	0.75	-0.4%	-3.5%	-2.3%	-13.2%	-2.1%	-2.5%	1.8%	-1.4%
Ukrnafta	UNAF	112	280	80	1.7%	-0.5%	-1.4%	-5.2%	0.1%	0.5%	2.7%	6.5%
Power Utilities												
Centrenerg	CEEN	5.07	7.1	3.49	1.5%	-1.1%	-2.4%	-20.1%	-0.2%	-0.1%	1.7%	-8.3%
Donbasenergo	DOEN	22.0	26.8	15.1	1.6%	-0.6%	-12.2%	3.8%	-0.1%	0.4%	-8.1%	15.6%
Zakhidenergo	ZAEN	81.0	115	70	0.0%	-2.3%	-3.6%	-16.5%	-1.7%	-1.3%	0.6%	-4.7%
Consumer												
Agroton	AGT	0.79	4.2	0.4	9.7%	2.5%	3.3%	-75.7%	8.1%	3.5%	7.4%	-63.9%
Astarta	AST	22.1	24.4	14.5	-0.7%	-0.2%	-8.6%	23.9%	-2.3%	0.8%	-4.5%	35.6%
Avangardo	AVGR	11.0	12.0	7.6	-2.7%	2.3%	15.8%	-2.9%	-4.3%	3.3%	19.9%	8.8%
Industrial Milk Company	IMC	4.80	5.48	3.6	-1.0%	-0.6%	-2.8%	-9.5%	-2.7%	0.4%	1.3%	2.3%
Kernel	KER	16.7	22.6	14.0	-0.9%	4.5%	10.6%	-23.1%	-2.6%	5.5%	14.7%	-11.3%
Mriya Agro Holding	MAYA	5.67	6.7	5.36	0.0%	0.4%	-5.4%	-12.6%	-1.6%	1.4%	-1.3%	-0.8%
MHPC	MHPC	16.3	19.9	13.6	1.6%	1.6%	-3.0%	6.6%	-0.1%	2.5%	1.1%	18.3%
Milkiland	MLK	3.47	5.6	3.1	7.3%	7.3%	-6.8%	-26.1%	5.7%	8.3%	-2.7%	-14.4%
Ovostar Union	OVO	30.6	33.8	21.33	3.8%	15.6%	12.5%	6.0%	2.2%	16.6%	16.7%	17.8%
Sintal	SNPS	n/a	0.46	0.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	0.66	0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	9.5	18.0	7.1	3.3%	13.3%	-0.3%	-29.0%	1.6%	14.3%	3.8%	-17.2%
Banks												
Raiffeisen Bank Aval	BAVL	0.091	0.128	0.061	1.7%	-3.3%	-9.1%	6.3%	0.0%	-2.3%	-5.0%	18.1%
UkrSotsbank	USCB	0.127	0.192	0.107	0.3%	-1.0%	-1.4%	-1.8%	-1.4%	0.0%	2.7%	10.0%

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
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%
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			
Steel																		
Alchevsk Steel	ALMK	121	3.9%	5	1,536	3.3	neg	neg	10.6	neg	neg	0.7	0.9	0.9	530	457	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	321	4.1%	13	300	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	53	50	48	\$/tonne
Coke																		
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	19	9.0%	2	48	1.2	1.7	1.7	1.7	1.7	1.7	0.1	0.1	0.1	1.7	1.7	1.7	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	858	0.5%	4	857	2.6	9.0	8.2	1.7	3.6	4.2	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,220	0.5%	12	2,345	2.8	5.1	6.2	2.0	2.9	3.7	1.3	1.5	1.8				
Ferrexpo	FXPO	1,726	24.0%	414	1,976	3.0	8.0	6.6	2.5	4.9	4.4	1.1	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	28	5.4%	1	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	39	11.9%	5	64	1.1	1.0	0.9	1.3	1.0	1.0	0.4	0.4	0.3	1.3	1.0	1.0	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	190	2.0%	4	233	1.9	5.6	5.6	1.6	3.1	3.0	0.3	0.4	0.3	369	613	582	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	43	24.0%	10	42	4.7	6.2	5.2	3.0	3.4	2.8	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	287	5.0%	14	289	3.4	3.0	5.7	2.5	2.2	3.1	0.4	0.3	0.4				
Stakhanov Wagon	SVGZ	35	8.0%	3	74	1.8	>30	12.3	2.2	10.4	6.8	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	180	5.8%	10	128	3.4	4.7	4.3	2.0	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	430	24.0%	103	440	2.6	1.7	1.6	1.5	1.4	1.3	0.6	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	377	7.2%	27	713	neg	8.3	7.8	3.5	3.5	3.4	0.8	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	743	3.0%	22	733	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	79	49.0%	39	61	12.3	6.6	3.3	neg	2.7	1.7	3.2	1.2	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	178	50.4%	90	287	3.0	4.5	3.6	2.5	2.0	1.9	1.2	1.3	1.1	75	52	39	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	229	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	63	14.2%	9	120	neg	16.6	6.3	5.8	7.0	5.0	0.2	0.2	0.2	15	14	14	\$/MWh
Consumer																		
MHP	MHPC	1,717	34.1%	586	2,762	6.6	5.5	6.3	6.9	5.9	5.3	2.2	2.0	1.8	8630	8630	8630	\$/tonne
Kernel	KER	1,228	61.8%	758	1,838	5.4	5.8	6.3	5.9	5.7	5.4	1.0	0.9	0.7				
Astarta	AST	553	31.0%	171	699	4.8	11.1	9.4	4.9	7.2	5.8	1.7	1.5	1.3	3547	2159	1793	\$/tonne
Avangardco	AVGR	703	22.5%	158	851	3.6	3.1	3.0	3.4	3.0	2.9	1.5	1.4	1.2	192	146	138	\$/mneqgs
Agroton	AGT	17	44.6%	8	50	neg	0.9	0.8	2.7	1.6	1.5	0.4	0.5	0.5	0.4	n/a	n/a	\$/th/ha
Banks																		
Raiffeisen Bank Aval	BAVL	334	4.0%	13		>30	>30	11.7	0.4	0.4	0.4	0.05	0.05	0.04				
Ukrsotsbank	USCB	284	1.6%	5		>30	>30	21.8	0.4	0.3	0.4	0.06	0.06	0.06				

Source: Eavex Research

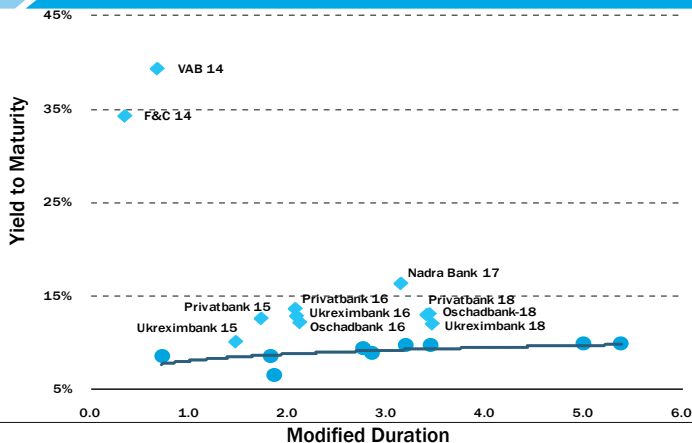
UKRAINIAN EUROBONDS

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	99.2	99.9	9.3%	8.2%	-2.2%	0.7	7.95%	S/A	6 Apr. 2014	1,000	B3/B/B
Naftogaz Ukraine, 2014	98.1	98.7	12.2%	11.4%	-4.5%	0.9	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	95.4	95.9	7.6%	7.3%	-1.9%	1.8	4.95%	A	13 Oct 2015	600*	B3/B/B
Ukraine, 2015	96.1	96.6	9.2%	8.9%	-4.8%	1.8	6.875%	S/A	23 Sept 2015	500	B3/B/B
Ukraine, 2016	91.3	92.3	9.9%	9.5%	-8.1%	2.7	6.58%	S/A	21 Nov 2016	1,000	B3/B/B
Ukraine, 2016-2	92.0	93.0	9.2%	8.8%	-7.2%	2.8	6.25%	S/A	17 Jun 2016	1,250	B3/B/B
Ukraine, 2017	88.5	91.0	10.3%	9.5%	-9.6%	3.4	6.75%	S/A	14 Nov 2017	700	B3/B/B
Ukraine, 2017-2	98.8	99.5	9.7%	9.4%	-7.5%	3.1	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	84.0	85.6	12.4%	11.8%	#VALUE!	3.5	7.40%	S/A	20 Apr 2018	690	B3//
Ukraine, 2020	90.0	90.5	9.8%	9.7%	-12.4%	5.0	7.75%	S/A	23 Sept 2020	1,500	B3/B/B
Ukraine, 2021	90.1	90.8	9.9%	9.7%	-13.0%	5.3	7.95%	S/A	23 Feb 2021	1,500	B3/B/B
Ukraine, 2022	88.4	89.3	9.7%	9.6%	-12.0%	6.1	7.80%	S/A	28 Nov 2022	1,250	B3/B/B
Ukraine, 2023	88.2	88.8	9.4%	9.3%	-11.5%	6.3	7.50%	S/A	17 Apr 2023	1,250	B3/B/B
Corporate Eurobonds											
Agroton, 2014	55.5	69.5	n/a	n/a	n/a	n/a	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	103.9	104.8	7.8%	7.5%	-1.0%	1.5	10.25%	S/A	29 Apr 2015	235	B3//B
MHP, 2020	86.9	88.3	11.1%	10.8%	-12.4%	4.6	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	101.0	103.1	9.7%	8.5%	6.6%	1.8	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	95.4	97.0	12.2%	11.7%	-3.8%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	103.3	105.5	9.7%	8.7%	1.3%	2.1	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	90.8	92.3	12.1%	11.7%	-8.5%	3.4	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	102.7	103.4	7.9%	7.4%	1.9%	1.4	9.50%	S/A	28 Apr 2015	200	B3//B
DTEK, 2018	92.0	92.7	10.1%	9.9%	-7.7%	3.5	7.88%	S/A	4 Apr 2018	750	B3//B
Metinvest, 2015	104.1	104.8	7.7%	7.3%	0.6%	1.5	10.25%	S/A	20 May 2015	500	B3//B
Metinvest, 2018	92.5	93.8	11.0%	10.6%	-3.9%	3.5	8.75%	S/A	14 Feb 2018	750	B3//B
Ferrexpo, 2016	95.4	96.7	10.1%	9.4%	-1.4%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	86.6	88.0	13.4%	13.0%	-12.7%	3.5	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.1%	17.4%	-3.8%	2.8	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	104.4	106.4	9.7%	9.2%	5.4%	3.6	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	92.0	95.0	42.4%	29.7%	46.1%	0.3	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	101.0	102.5	10.9%	9.5%	0.8%	1.1	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	83.7	87.7	18.9%	15.9%	-3.8%	3.1	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	92.8	94.2	14.1%	13.2%	-1.4%	1.7	9.38%	S/A	23 Sept 2015	200	B3//
PrivatBank, 2016	77.9	82.3	17.7%	15.0%	3.7%	2.0	8.75%	S/A	9 Feb 2016	150	B3//
PrivatBank, 2018	92.3	93.5	13.2%	12.8%	-7.1%	3.4	10.88%	S/A	28 Feb 2018	175	B3//B
UkrEximBank, 2015	96.4	97.9	11.2%	10.1%	-2.8%	1.4	8.38%	S/A	27 Apr 2015	750	B3//B
UkrEximBank, 2016	84.5	86.9	13.9%	12.6%	1.7%	2.1	8.40%	S/A	2 Sept 2016	125	B3//B
UkrEximBank, 2018	86.8	88.1	12.8%	12.4%	-12.6%	3.4	8.75%	S/A	22 Jan 2018	500	B3//B
VAB Bank, 2014	83.0	85.0	44.1%	39.5%	50.0%	0.6	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	89.9	92.1	13.5%	12.4%	-4.3%	2.1	8.25%	S/A	10 Mar 2016	700	B3//B
Oschadbank, 2018	84.2	85.9	13.5%	13.2%	-15.0%	3.5	8.88%	S/A	20 Mar 2018	500	B3//B
Municipal Eurobonds											
City of Kyiv, 2015	92.0	95.0	12.6%	10.9%	0.0%	1.8	8.00%	S/A	6 Nov 2015	250	B3/B-/
City of Kyiv, 2016	91.8	93.8	12.9%	12.0%	-0.8%	2.3	9.375%	S/A	30 Jun 2016	300	B3/B-/

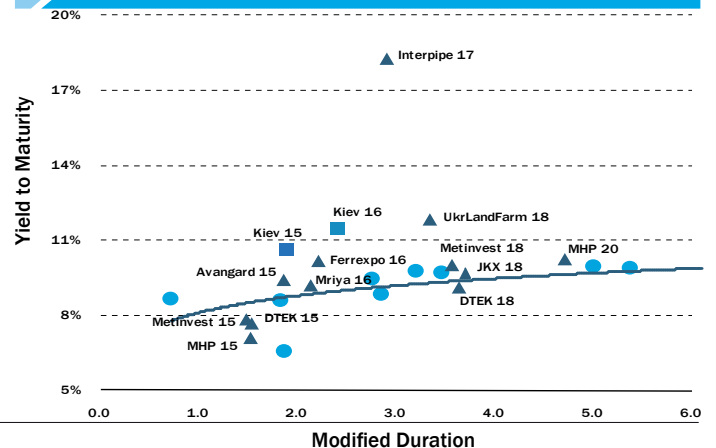
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



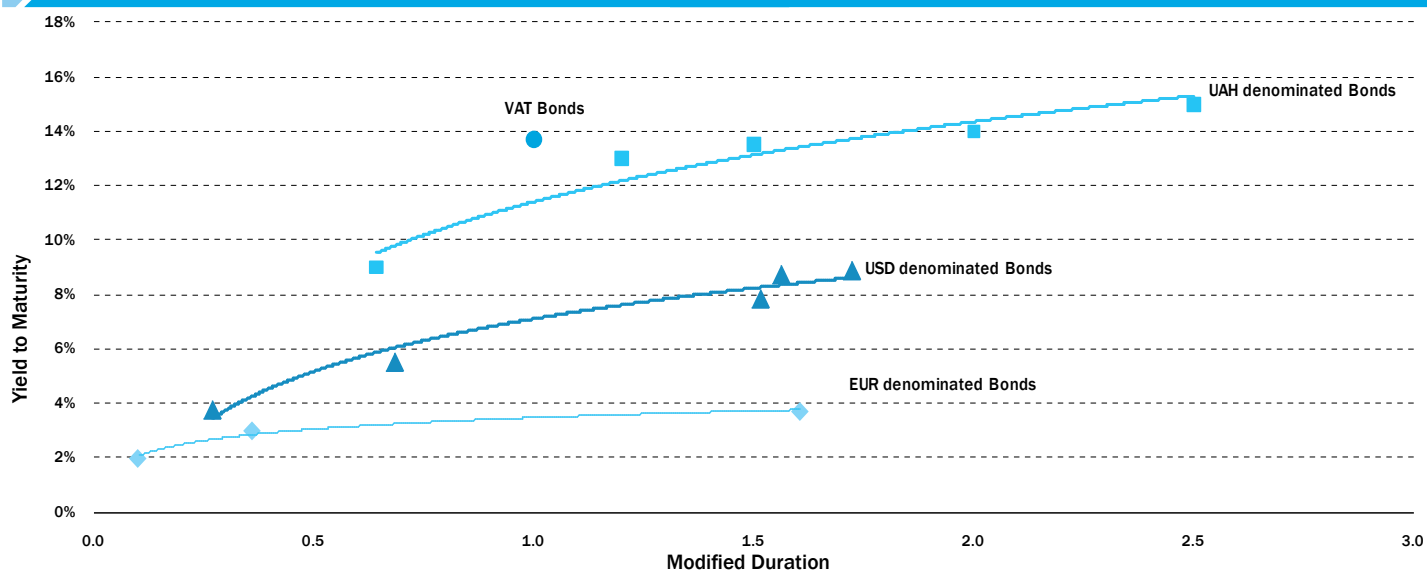
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			18.0%	16.0%	n/a	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000138002	n/a	n/a	5.3%	3.0%	n/a	9.30%	S/A	27 Nov 2013	86
UA4000140362	n/a	n/a	8.2%	7.0%	n/a	9.20%	S/A	21 May 2014	171
UA4000142699	n/a	n/a	9.1%	8.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	9.1%	8.0%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	9.2%	8.2%	n/a	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000137731	n/a	n/a	5.0%	4.9%	n/a	4.80%	S/A	18 Sept 2013	205
UA4000138846	n/a	n/a	5.4%	5.3%	n/a	4.80%	S/A	25 Dec 2013	70
UA4000142681						4.80%	S/A	6 May 2015	40
VAT Bonds									
			14.5%	13.0%	n/a				
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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