

Market Update

Equity

Kyiv-listed Ukrainian stocks managed to halt their slide on Wednesday (Sept 26), with the local benchmark ending the day unchanged after dipping all the way to the 800-point level shortly after the opening. The UX index finished the day at 812 points after rising gradually throughout the afternoon. Motor Sich, which had been the main drag on the index in the preceding two sessions, stabilized and edged up 0.3%, while DonbasEnergo and Yenakievo Steel added 0.5% and 0.7% respectively. However, Raiffeisen Aval continued to suffer from selling pressure, dropping 1.2% to 8.73 kopecks, and CentrEnergo was lower by 0.7%. Outside the UX basket, there was a solid rise in beaten-down Stirol, which jumped 5.2% to UAH 10.70. In London, Ferrexpo and MHP posted respective gains of 1.3% and 1.9%.

Fixed Income

Ukrainian sovereigns were mixed on Wednesday. Ukraine-23s dropped by 0.5p.p. to 83.9/84.9 (10.2%/10.0%) while Ukraine-17s improved by 0.3p.p. closing at 85.3/86.8 (11.4%/10.9%). Corporate papers followed the trend of sovereigns. DTEK-15s plunged by 2.2p.p. to 99.1/101.0 (10.5%/9.1%) while Avnagardco-15s added 1.9p.p. finishing at 99.5/101.3 (10.5%/9.5%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1615.00	0.3%	12.3	136
Centrenergo	CEEN	4.91	-0.7%	2.2	141
Avdyivka Coke	AVDK	3.145	0.4%	1.2	101

Growth Leaders

Stirol	STIR	10.72	5.2%	0.08	19
Mostobud	MTBD	19.00	2.7%	0.00	8
Ukrsotsbank	USCB	0.13	0.8%	0.57	64

Loss Leaders

Raiffeisen Bank Aval	BAVL	0.09	-1.2%	1.028	208
Centrenergo	CEEN	4.91	-0.7%	2.158	141
Azovstal	AZST	0.61	-0.6%	1.051	133

Highlights

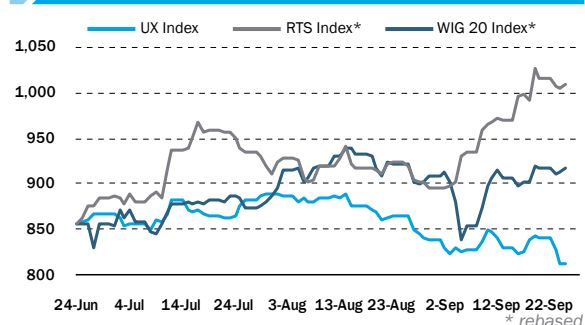
POLITICS AND ECONOMICS

- > Yanukovych Says He Expects IMF Deal Without Gas Price Hike

STOCKS IN THE NEWS

- > Ovostar's Majority Owner Sells Off Another 0.8% of OVO Stock

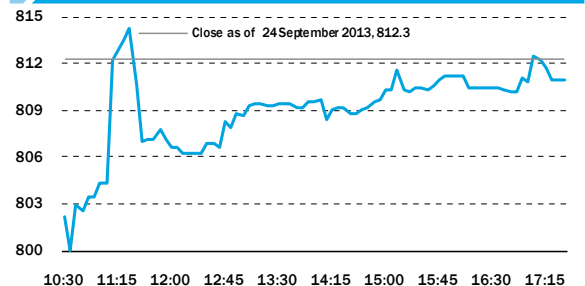
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	812.3	0.0%	-6.1%	-14.5%
RTS	1453.0	0.5%	9.2%	-4.8%
WIG20	2407.1	0.6%	-0.4%	-6.8%
MSCI EM	1007.6	-0.3%	8.0%	-4.5%
S&P 500	1692.8	-0.3%	1.8%	20.7%

UX INTRADAY SEPTEMBER 25, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	341.9	0.9%	-5.9%	26.2%
CDS 5Y UKR	1037.5	-0.4%	19.9%	66.0%
Ukraine-17	11.1%	-0.1 p.p.	1.3 p.p.	4.1 p.p.
Naftogaz Ukr-14	16.2%	0.1 p.p.	5.8 p.p.	8.6 p.p.
Ukraine-23	10.1%	0.1 p.p.	0.4 p.p.	2.6 p.p.
Privatbank-16	17.9%	0.0 p.p.	4.3 p.p.	2.5 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.18	-0.1%	0.6%	1.6%
EUR	11.06	0.3%	1.7%	3.5%
RUB	0.26	-0.7%	3.5%	-3.8%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	244.5	0.0%	-1.3%	-29.8%
Steel, USD/t	550.0	0.0%	0.0%	3.3%
Oil, USD/bbl	108.3	-0.3%	-1.4%	3.2%
Gold, USD/oz	1334.5	0.8%	-4.5%	-19.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Yanukovych Says He Expects IMF Deal Without Gas Price Hike

by Will Ritter
w.ritter@eavex.com.ua

NEWS

President Viktor Yanukovych said that he expects the IMF to waive its long-standing requirement that the Ukrainian government reduce domestic subsidies for natural gas tariffs, in an interview conducted with Bloomberg News in New York on Monday (Sept 26). Bloomberg quoted the President as saying the following: “We’ve been in talks with the IMF all these four years and we expect the IMF will finally be willing to make an agreement... we’ve fulfilled all of the conditions, except for one, which is an increase in gas prices for households. There is no room for us to hike the price. On when the agreement [with the IMF] may be signed exactly – this is a question to the IMF. We’re willing to replace that condition with another and are willing to discuss it.”

COMMENTARY

The natural gas subsidies are estimated to cost the Ukrainian government between 3 and 5 billion dollars per year, depending on the figure used as the market price for gas to compare against the subsidized price. Given that the IMF has identified a reduction in gas and heating subsidies as the single most critical structural reform issue facing Ukraine, we doubt that the Fund would simply be willing to substitute this demand with a different condition. However, President Yanukovych’s apparent confidence may stem from his knowledge that, through the end of 2013, the lion’s share of Ukraine’s external debt redemptions (around USD 1.6bn out of a total USD 1.8bn) are due to the IMF itself. Therefore, we think the Ukrainian government may be angling for a postponement of these repayments rather than renewed lending. In any case, we see the recent worries over the state of Ukrainian sovereign debt as somewhat exaggerated, given that the country’s Debt/GDP ratio of only around 40% and the National Bank still has some USD 21bn in reserves. Also, despite the highly publicized spat with Russia over the impending signing of the AA/DCFTA, the Russian government just loaned Ukraine USD 750mn on relatively favorable terms through state-owned Sberbank.

Ovostar's Majority Owner Sells Off Another 0.8% of OVO Stock

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

OVOSTAR UNION (OVO PW)

Price: PLN 101.8 Market Cap: USD 196mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	3.3	8.2	7.3	0%
2013E	2.3	6.3	5.7	0%

NEWS

Prime One Capital, the owner of a 72% stake in Ukraine's third largest egg producer Ovostar, sold off 47,000 of its shares in the company at PLN 92.7 per share, the company announced on Wednesday (Sept 25). This effectively increases the free float of the company from 28% to 28.8%. Prime One Capital is owned by Ovostar's beneficiaries, Boris Bielikov and Vitaliy Veresenko.

COMMENTARY

Prime One had already sold off 2% of Ovostar just one week ago. The selling has taken place despite expectations of improved financial results for the company in 2H13, which theoretically should improve sentiments toward the OVO stock. This therefore reinforces our belief that the largest stakeholders see a limited upside potential for the stock in the near term. Better 2H financial results compared to 1H would stem from rising egg prices coupled with a decline in prices for grain (some 65% of the company's production cost) after this summer's strong harvest.

While we do not rule out the possibility of the OVO stock liquidity's improvement given the slightly larger free float, we suspect that the impact will be insignificant. Despite having a non-negligible free float of 26% over 1H13 (vs. 29% currently), OVO's stock FF turnover ratio over that period amounted to mere 0.03x, which is one of the poorest results among traded Ukrainian agricultural names.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.07	0.07	-9%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	2.85	3.33	17%	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	86%	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	0.69	1.30	88%	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	0.38	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	500%	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	0.06	0.36	528%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	2.46	6.18	151%	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	0.20	0.64	227%	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	64%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.23	1.52	575%	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	507%	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	2.63	8.90	239%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	0.60	1.84	206%	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	16.0	22.10	38%	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	22.42	30.0	34%	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	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	812.27	1061.97	758.71	0.0%	-3.2%	-6.1%	-14.5%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.038	0.06	0.03	0.0%	-2.6%	-4.8%	-29.8%	0.0%	0.6%	1.3%	-15.2%
Azovstal	AZST	0.61	0.90	0.31	-0.5%	-2.9%	-1.3%	-17.7%	-0.5%	0.3%	4.8%	-3.2%
Dniprospezstal	DNSS	n/a	1,090	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	0.7%	-1.7%	-0.8%	-12.3%	0.7%	1.5%	5.3%	2.3%
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	0.14	0.26	0.10	0.0%	7.7%	16.7%	-36.4%	0.0%	10.8%	22.8%	-21.8%
Coke												
Avdivka Coke	AVDK	3.15	3.93	1.61	0.1%	-2.1%	-1.8%	-3.9%	0.1%	1.1%	4.3%	10.6%
Yasnyivsky Coking	YASK	0.57	0.90	0.51	0.0%	1.8%	1.8%	-14.9%	0.0%	4.9%	7.9%	-0.4%
Iron Ore Mining												
Centralny GOK	CGOK	5.66	7.74	4.00	0.0%	-5.7%	-10.2%	-18.0%	0.0%	-2.5%	-4.0%	-3.4%
Ferrexpo	FXPO	2.85	4.58	2.02	1.8%	-2.7%	-1.1%	-29.1%	1.8%	0.5%	5.0%	-14.6%
Pivnichny GOK	SGOK	7.78	10.00	5.77	3.5%	-1.5%	-0.3%	4.6%	3.5%	1.6%	5.9%	19.1%
Coal Mining												
Pokrovske Mine	SHCHZ	0.47	0.93	0.39	4.4%	4.4%	2.2%	-25.4%	4.5%	7.6%	8.3%	-10.8%
Komsomolets Donbasa	SHKD	0.70	1.40	0.27	0.0%	2.9%	7.7%	-40.7%	0.0%	6.1%	13.8%	-26.1%
Energy Coal	CLE	0.79	5.77	0.59	3.4%	-7.9%	9.0%	-74.3%	3.4%	-4.7%	15.2%	-59.8%
Mining Machinery												
Svitlo Shakhtara	HMBZ	n/a	0.58	0.270	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.67	0.86	0.45	0.0%	11.7%	9.8%	-4.3%	0.0%	14.8%	16.0%	10.3%
Interpipe NMPP	NVTR	0.19	0.51	0.10	0.0%	0.0%	0.0%	-13.6%	0.0%	3.2%	6.1%	0.9%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	20.2	29.0	12.0	1.6%	-1.7%	-11.4%	3.9%	1.6%	1.5%	-5.3%	18.4%
Luhanskeplovoz	LTPL	1.60	2.20	1.26	0.0%	0.6%	3.2%	-14.4%	0.0%	3.8%	9.4%	0.1%
Stakhanov Wagon	SVGZ	1.30	2.70	1.00	0.0%	1.6%	-3.0%	-24.9%	0.0%	4.7%	3.2%	-10.3%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-0.9%	-6.4%	-17.4%	-28.1%	-0.9%	-3.2%	-11.3%	-13.6%
Motor Sich	MSICH	1,615	2,640	1,399	0.4%	-4.8%	-8.3%	-26.9%	0.4%	-1.7%	-2.1%	-12.4%
Sumy Frunze Engineering	SMASH	2.45	4.00	0.76	0.0%	0.0%	12.4%	63.3%	0.0%	3.2%	18.5%	77.9%
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	0.17	3.4%	3.1%	6.2%	-15.9%	3.4%	6.2%	12.3%	-1.4%
Telecom												
Ukrtelecom	UTLM	0.15	0.28	0.09	0.0%	-10.3%	-1.0%	-7.5%	0.0%	-7.1%	5.1%	7.0%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.59	0.20	-5.5%	-8.3%	-16.2%	-58.4%	-5.4%	-5.2%	-10.0%	-43.9%
JKX Oil	JKX	0.99	1.31	0.75	-1.2%	-4.7%	-8.3%	-17.3%	-1.2%	-1.6%	-2.1%	-2.8%
Ukrnafta	UNAF	109	280	80	0.9%	-3.2%	-4.6%	-8.3%	0.9%	0.0%	1.6%	6.3%
Power Utilities												
Centrenerg	CEEN	4.91	6.75	3.49	0.0%	-3.2%	-4.4%	-22.6%	0.0%	0.0%	1.7%	-8.1%
Donbasenergo	DOEN	21.5	26.8	15.1	-0.3%	-2.4%	-12.5%	1.4%	-0.3%	0.8%	-6.4%	15.9%
Zakhidenergo	ZAEN	81.3	115.0	70.0	3.7%	0.4%	-4.4%	-16.2%	3.7%	3.5%	1.8%	-1.6%
Consumer												
Agroton	AGT	0.84	4.2	0.36	5.8%	6.3%	11.3%	-74.1%	5.8%	9.5%	17.5%	-59.6%
Astarta	AST	22.4	24.4	14.5	0.1%	1.5%	-2.4%	25.7%	0.1%	4.6%	3.8%	40.2%
Avangardo	AVGR	11.0	12.0	7.61	0.5%	0.0%	8.9%	-2.9%	0.5%	3.2%	15.1%	11.6%
Industrial Milk Company	IMC	4.81	5.48	3.63	1.5%	0.1%	1.1%	-9.4%	1.5%	3.3%	7.3%	5.1%
Kernel	KER	16.0	22.6	14.0	0.1%	-4.1%	5.1%	-26.2%	0.1%	-0.9%	11.3%	-11.6%
Mriya Agro Holding	MAYA	5.88	6.7	5.36	0.3%	3.8%	-1.6%	-9.3%	0.3%	6.9%	4.5%	5.3%
MHPC	MHPC	16.0	19.9	13.58	1.9%	-1.5%	1.9%	4.9%	1.9%	1.6%	8.1%	19.5%
Milkiland	MLK	3.75	5.6	3.11	-0.3%	7.9%	1.1%	-20.3%	-0.3%	11.1%	7.3%	-5.8%
Ovostar Union	OVO	32.6	33.2	21.3	4.0%	6.5%	18.8%	13.0%	4.0%	9.7%	24.9%	27.5%
Sintal	SNPS	n/a	0.39	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	10.7	17.5	7.1	5.2%	12.6%	18.7%	-20.0%	5.2%	15.8%	24.9%	-5.5%
Banks												
Raiffeisen Bank Aval	BAVL	0.087	0.128	0.061	-1.1%	-4.2%	-12.1%	1.9%	-1.1%	-1.0%	-5.9%	16.4%
UkrSotsbank	USCB	0.128	0.180	0.107	1.6%	1.0%	-1.5%	-0.8%	1.6%	4.2%	4.7%	13.8%

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	43	8.8%	4	35	1.4	5.0	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	313	4.1%	13	291	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	52	49	47	\$/tonne
Coke																		
Avdyivka Coke	AVDK	75	7.5%	6	72	neg	neg	neg	11.9	neg	neg	0.0	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
Iron Ore Mining																		
Centralny GOK	CGOK	811	0.5%	4	810	2.5	8.5	7.8	1.6	3.4	4.0	1.0	1.4	1.6				
Pivnichny GOK	SGOK	2,192	0.5%	12	2,316	2.8	5.0	6.1	2.0	2.9	3.6	1.3	1.5	1.8				
Ferrexpo	FXPO	1,679	24.0%	403	1,930	2.9	7.8	6.4	2.4	4.8	4.3	1.1	1.4	1.2				
Coal Mining																		
Komsomolets Donbasa	SHKD	29	5.4%	2	131	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	36	11.9%	4	61	1.0	0.9	0.8	1.2	1.0	1.0	0.4	0.4	0.3	1.2	1.0	1.0	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	213	2.0%	4	255	2.2	6.3	6.2	1.8	3.4	3.3	0.3	0.4	0.4	405	672	639	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	43	24.0%	10	43	4.8	6.2	5.3	3.1	3.4	2.8	0.2	0.3	0.2				
Krukiw Wagon	KVBZ	283	5.0%	14	285	3.3	3.0	5.6	2.4	2.1	3.1	0.4	0.3	0.4				
Stakhanov Wagon	SVGZ	36	8.0%	3	75	1.8	>30	12.5	2.3	10.5	6.9	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	339	7.2%	24	675	neg	7.5	7.1	3.3	3.3	3.2	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	721	3.0%	22	711	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	72	49.0%	35	55	11.3	6.0	3.0	neg	2.4	1.5	2.9	1.1	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	170	50.4%	86	278	2.9	4.2	3.4	2.4	1.9	1.8	1.2	1.2	1.1	73	51	38	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	222	21.7%	48	305	>30	7.7	6.6	6.3	5.0	4.5	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnergO	DOEN	62	14.2%	9	119	neg	16.2	6.1	5.8	6.9	5.0	0.2	0.2	0.2	15	14	14	\$/MWh
Consumer																		
MHP	MHPC	1,690	34.1%	577	2,735	6.5	5.4	6.2	6.8	5.8	5.2	2.2	1.9	1.8	8547	8547	8547	\$/tonne
Kernel	KER	1,178	61.8%	728	1,788	5.2	5.6	6.0	5.8	5.6	5.3	0.9	0.8	0.6				
Astarta	AST	561	31.0%	174	707	4.9	11.2	9.5	4.9	7.3	5.9	1.8	1.5	1.3	3588	2184	1814	\$/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	\$/mneegs
Agroton	AGT	18	44.6%	8	51	neg	1.0	0.9	2.8	1.7	1.5	0.4	0.6	0.5	0.4	n/a	n/a	\$/th/ha
Banks																		
Raiffeisen Bank Aval	BAVL	320	4.0%	13		>30	>30	11.2	0.4	0.4	0.3	0.05	0.05	0.04				
Ukrsotsbank	USCB	288	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research

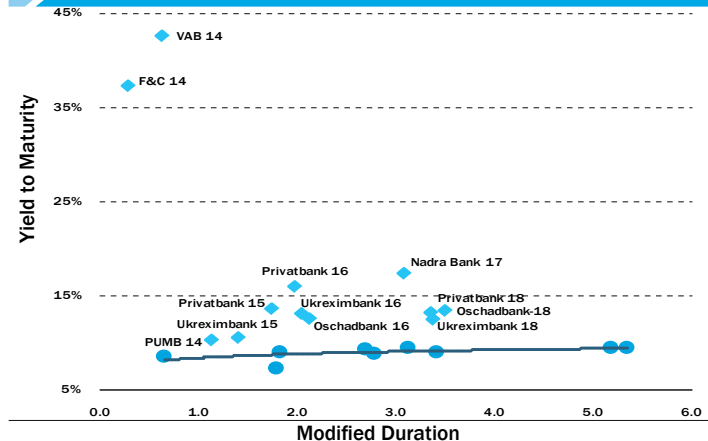
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2014	96.6	97.1	13.7%	12.8%	#VALUE!	0.6	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	93.6	94.5	17.9%	16.7%	-8.7%	0.9	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	93.0	96.0	9.0%	7.2%	-3.0%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B/B
Ukraine, 2015	89.0	91.2	13.7%	12.3%	-11.0%	1.8	6.875%	S/A	23 Sept 2015	500	Caa1/B/B
Ukraine, 2016	87.7	89.0	11.4%	10.9%	-11.6%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B/B
Ukraine, 2016-2	87.6	88.9	11.0%	10.5%	-11.4%	2.7	6.25%	S/A	17 Jun 2016	1,250	Caa1/B/B
Ukraine, 2017	85.3	86.8	11.4%	10.9%	-13.3%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	92.5	93.2	11.8%	11.6%	-13.4%	3.1	9.25%	S/A	24 Jul 2017	2,000	Caa1/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	Caa1//
Ukraine, 2018 Infr. projects	84.0	85.6	12.4%	11.9%		3.5	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	86.3	87.8	10.7%	10.3%	-15.4%	5.1	7.75%	S/A	23 Sept 2020	1,500	Caa1/B/B
Ukraine, 2021	87.5	88.7	10.4%	10.2%	-15.2%	5.3	7.95%	S/A	23 Feb 2021	1,500	Caa1/B/B
Ukraine, 2022	85.0	86.5	10.4%	10.1%	-15.1%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B/B
Ukraine, 2023	83.9	84.9	10.2%	10.0%	-15.6%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa1/B/B
Corporate Eurobonds											
Agroton, 2014	49.8	69.8	n/a	n/a	n/a	n/a	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.0	101.0	11.3%	10.6%	-5.3%	1.4	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	81.4	83.5	12.5%	12.0%	-17.6%	4.5	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	99.5	101.3	10.5%	9.5%	4.9%	1.8	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	92.1	94.0	13.3%	12.7%	-7.0%	3.4	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	99.2	101.8	11.6%	10.4%	-2.4%	2.0	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	85.0	88.1	14.0%	13.0%	-13.5%	3.4	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	99.1	101.0	10.5%	9.1%	-1.1%	1.4	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	86.3	88.5	11.9%	11.2%	-12.6%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B
Metinvest, 2015	99.1	100.8	11.2%	10.0%	-3.6%	1.4	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	87.7	89.3	12.5%	12.0%	-8.7%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	92.0	93.2	11.8%	11.1%	-4.9%	2.1	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	80.0	82.2	15.7%	15.0%	-18.9%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.2%	17.4%	-3.8%	2.8	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	101.8	103.4	10.4%	10.0%	2.6%	3.6	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.0	94.0	50.2%	35.7%	44.5%	0.3	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	98.0	101.0	13.8%	10.9%	-1.4%	1.1	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	82.3	88.0	20.2%	15.8%	-3.8%	3.1	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	89.5	91.0	16.4%	15.3%	-4.8%	1.7	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	75.0	80.0	19.6%	16.4%	0.4%	1.9	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	86.9	92.0	15.0%	13.3%	-10.5%	3.3	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	92.0	93.7	14.7%	13.3%	-7.1%	1.4	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	80.0	82.0	16.8%	15.5%	-3.9%	2.0	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	82.2	84.7	14.4%	13.5%	-16.5%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	83.0	85.0	45.5%	40.7%	50.0%	0.6	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	86.0	88.0	15.8%	14.6%	-8.5%	2.1	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	80.0	82.0	15.4%	14.5%	-19.0%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
Municipal Eurobonds											
City of Kyiv, 2015	89.0	91.0	14.5%	13.3%	-3.8%	1.8	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	88.0	92.0	14.8%	12.9%	-3.8%	2.3	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

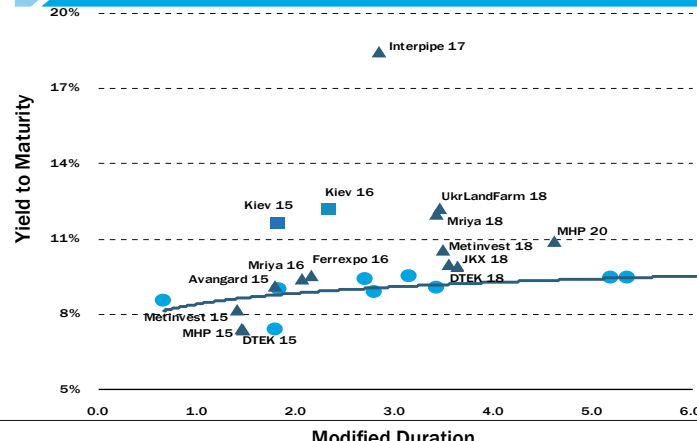
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



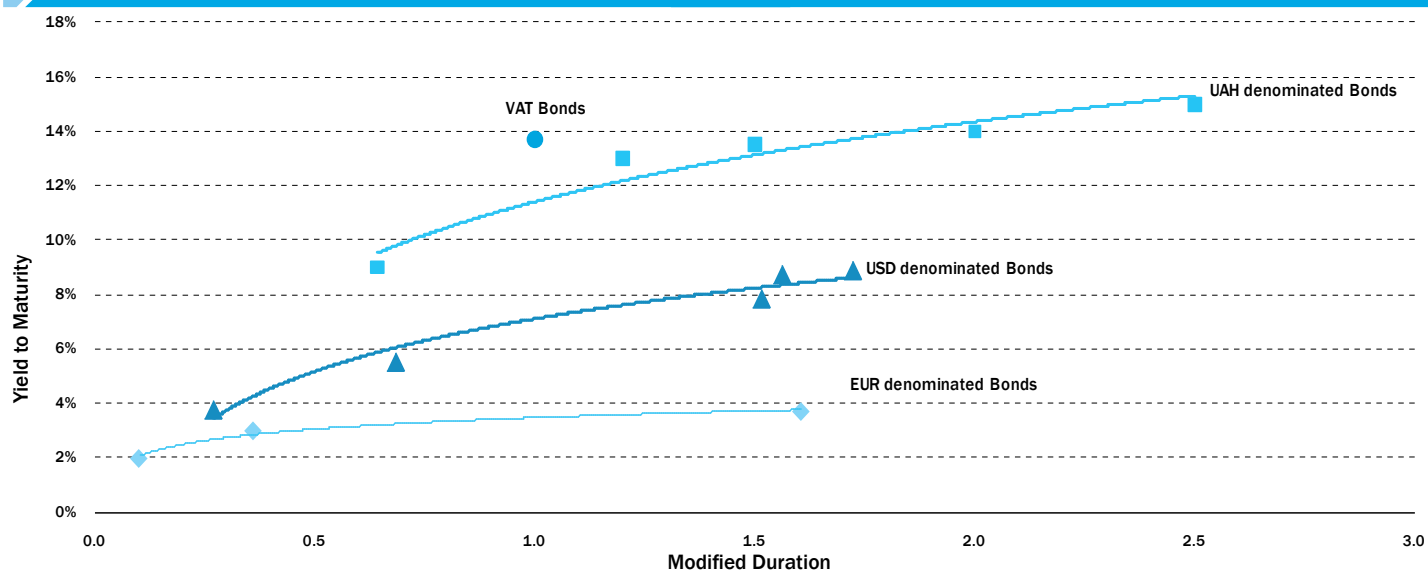
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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									
UA4000138846	n/a	n/a	5.0%	4.9%	n/a	4.80%	S/A	25 Dec 2013	70
UA4000142681	n/a	n/a	5.4%	5.3%	n/a	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

Eavex Capital

Evropa Plaza
33 Shevchenko Blvd.
Floor 11
Kyiv, Ukraine, 01032

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity & Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales & Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua

INVESTMENT BANKING

Anatoliy Zaslavchik

Managing Director

Corporate Finance & IB

a.zaslavchik@eavex.com.ua

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