

**Market Update**

**Equity**

Local stocks rallied on Thursday (Sept 26), bouncing back from early-week losses after news that the Ukrainian government is extending a massive UAH 5.47bn revolving credit line to electricity generation blue chip DonbasEnergO to finance an infrastructure upgrade. The UX index added 2.3% to end at 830 points. The DOEN stock, which finished up by 2.8%, was initially the biggest gainer but was overtaken by other issues in the afternoon. UkrSotsBank jumped by 11.2% to above 14 kopecks, representing the biggest move in either direction by any local blue chip since the announcement of DonbasEnergO's privatization back in July. Long-suffering Alchevsk Steel also picked up a solid 3.7%, while top liquid issues Motor Sich and Raiffeisen Aval both appreciated by 1.1%. In Warsaw, it was a good day for KSG Agro and Astarta, which posted respective gains of 5.4% and 3.5%; the latter ended at PLN 72.45.

**Fixed Income**

Ukrainian sovereigns were mostly up on Thursday. Ukraine-23s grew by 0.6p.p. to 84.5/85.5 (10.1%/9.9%) while Ukraine-17s improved by 0.9p.p. closing at 86.1/87.6 (11.1%/10.6%). Corporate papers closed in the red. Metinvest-18s plunged by 5.4p.p. to 88.5/88.5 (12.3%/12.3%) on sluggish near term steel market prospects and the overall negative sentiment for Ukrainian corporate issues.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1632.00	1.1%	3.7	119
CentrenergO	CEEN	5.02	2.0%	1.8	113
Alchevsk Steel	ALMK	0.039	3.7%	1.7	229

**Growth Leaders**

Interpipe NMPP	NVTR	0.22	13.2%	0.30	54
UkrSotsbank	USCB	0.14	11.2%	1.40	250
Alchevsk Steel	ALMK	0.04	3.7%	1.66	229

**Loss Leaders**

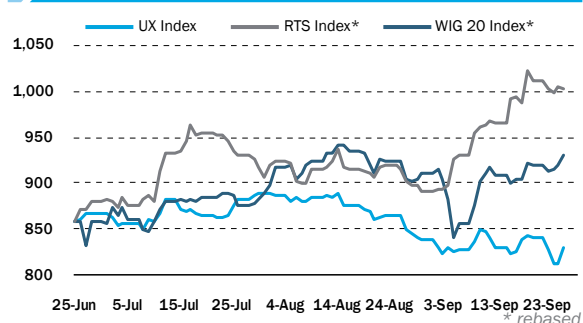
Ukrtelecom	UTLM	0.14	-3.7%	0.009	14
Pivnichny GOK	SGOK	7.60	-2.3%	0.070	18
Sumy Frunze Engineering	SMASH	2.40	-2.0%	0.003	12

**Highlights**

**STOCKS IN THE NEWS**

- DonbasEnergO Gets USD 670mn Credit Line from OschadBank

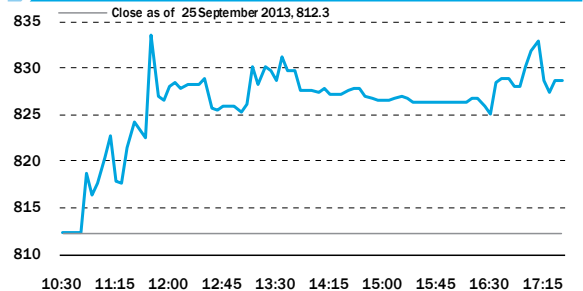
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	830.4	2.2%	-4.0%	-12.6%
RTS	1451.6	-0.1%	9.6%	-4.9%
WIG20	2435.8	1.2%	0.7%	-5.7%
MSCI EM	1003.0	-0.5%	7.5%	-4.9%
S&P 500	1698.7	0.3%	2.5%	21.1%

**UX INTRADAY SEPTEMBER 26, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	346.1	1.2%	-5.0%	27.7%
CDS 5Y UKR	1042.3	0.5%	20.4%	66.8%
Ukraine-17	10.8%	-0.3 p.p.	1.1 p.p.	3.8 p.p.
Naftogaz Ukr-14	16.0%	-0.2 p.p.	5.7 p.p.	8.3 p.p.
Ukraine-23	10.0%	-0.1 p.p.	0.4 p.p.	2.5 p.p.
Privatbank-16	18.5%	0.7 p.p.	4.7 p.p.	3.2 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.18	-0.1%	0.6%	1.6%
EUR	11.03	-0.3%	1.5%	3.2%
RUB	0.25	-0.9%	3.1%	-4.6%

**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%	2.3%	3.3%
Oil, USD/bbl	109.2	0.8%	-0.3%	4.1%
Gold, USD/oz	1324.1	-0.8%	-5.7%	-20.0%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

**DonbasEnergo Gets USD 670mn Credit Line from OschadBank**

Dmitry Churin  
d.churin@eavex.com.ua

**▶ DONBASENERGO (DOEN UK)**

Price: UAH 22.0 Market Cap: USD 64mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.6	0.2	16.6	4.2	1.8%
2013E	0.6	0.2	2.6	3.2	11.4%

**NEWS**

DonbasEnergo, Ukraine's recently-privatized electricity generation company, has received a revolving line of credit in a total amount of UAH 5.47bn (USD 670mn) from state-owned OschadBank, Interfax reported on Thursday (Sept 26). The facility, the provision of which was awarded to OschadBank via a tender process, will be used to finance modernization of power unit #6 at the Slavyansk thermal plant. At any given time, DonbasEnergo is to have not more than UAH 2.5bn of the line. The term of the credit line is 7 years; Interfax said that the total servicing cost for the facility has been set at UAH 1.69bn. As was reported in June, DonbasEnergo received the state's approval for the modernization at Slavyansk, a project estimated to cost UAH 6.8bn (USD 831mn). The reconstruction period for the first section is 37 months and 26 months for the second section. After the project's completion, each section will have an installed capacity of 330 MW.

**COMMENTARY**

The terms of the credit line are obviously favorable for DonbasEnergo. Given the total finance cost figure of UAH 1.69bn, we assume that the effective annual interest rate for the credit is somewhere between 9% and 10%, which is extremely cheap for a long-duration UAH-denominated loan. It was reported that Alfa-Bank Ukraine had offered a servicing cost of UAH 2.19bn for the facility; however, the implied interest rate of 12-13% of this offer also looks unrealistically cheap to us, and we therefore assume that Alfa was simply playing a technical role as an alternative bidder at the tender.

After unit #6 at Slavyansk TPP is rebuilt, this will add about 4.6 TWh to DonbasEnergo's annual electricity output. In FY12, the company produced 8.2 TWh of electricity. Importantly, DonbasEnergo has received regulatory approval for a surcharge to its electricity tariffs to cover the interest expenses related to the borrowings for this reconstruction. The total surcharge amount was set at UAH 1.11bn for the period of 2013-2019. Therefore, the additional debt leverage will have only a minor impact on the company's profitability.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.08	0.07	-11%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	2.93	3.33	14%	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	0.93	1.77	90%	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	75%	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	96%	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	486%	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	0.05	0.36	556%	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	2.47	6.18	150%	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	228%	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	199	644	223%	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	64%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.24	1.52	529%	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	496%	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	2.69	8.90	231%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	0.61	1.84	200%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Consumer</b>						
MHP	MHPC	15.9	22.10	39%	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	23.13	30.0	30%	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	830.39	1061.97	758.71	2.2%	-1.6%	-4.0%	-12.6%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.039	0.06	0.03	4.0%	0.8%	-1.0%	-27.0%	1.8%	2.4%	3.0%	-14.3%
Azovstal	AZST	0.62	0.90	0.31	2.6%	0.3%	1.3%	-15.6%	0.4%	1.9%	5.3%	-2.9%
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	-0.2%	-0.7%	-1.0%	-12.4%	-2.4%	0.9%	3.1%	0.2%
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%	-2.2%	9.3%	20.7%	-23.7%
<b>Coke</b>												
Avdivka Coke	AVDK	3.18	3.78	1.61	1.2%	-0.1%	-0.6%	-2.7%	-1.0%	1.5%	3.5%	9.9%
Yasnyivsky Coking	YASK	0.59	0.90	0.51	3.5%	5.4%	5.4%	-11.9%	1.3%	7.0%	9.4%	0.7%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.09	7.74	4.00	7.6%	-3.8%	-3.3%	-11.7%	5.4%	-2.2%	0.7%	0.9%
Ferrexpo	FXPO	2.91	4.58	2.02	2.2%	-2.5%	1.0%	-27.6%	0.0%	-0.9%	5.1%	-14.9%
Pivnichny GOK	SGOK	7.60	10.00	5.77	-2.3%	-3.8%	-2.6%	2.2%	-4.5%	-2.2%	1.5%	14.8%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	0.93	0.39	-4.3%	0.0%	-2.2%	-28.6%	-6.5%	1.6%	1.9%	-15.9%
Komsomolets Donbasa	SHKD	0.70	1.40	0.27	0.0%	1.4%	7.7%	-40.7%	-2.2%	3.1%	11.7%	-28.0%
Energy Coal	CLE	0.81	5.77	0.59	2.2%	-6.8%	-0.7%	-73.7%	0.0%	-5.2%	3.4%	-61.1%
<b>Mining Machinery</b>												
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
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.67	0.86	0.45	0.0%	8.1%	9.8%	-4.3%	-2.2%	9.7%	13.9%	8.4%
Interpipe NMPP	NVTR	0.22	0.51	0.10	15.8%	15.8%	15.8%	0.0%	13.6%	17.4%	19.8%	12.6%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	20.2	29.0	12.0	0.2%	-1.8%	-11.2%	4.1%	-2.0%	-0.2%	-7.2%	16.8%
Luhanskeplovoz	LTPL	1.60	2.20	1.26	0.0%	-3.0%	3.2%	-14.4%	-2.2%	-1.4%	7.3%	-1.8%
Stakhanov Wagon	SVGZ	1.30	2.70	1.00	0.0%	0.0%	-3.0%	-24.9%	-2.2%	1.6%	1.1%	-12.2%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	2.8%	-2.1%	-15.1%	-26.1%	0.6%	-0.5%	-11.1%	-13.5%
Motor Sich	MSICH	1,632	2,640	1,399	1.1%	-6.2%	-7.3%	-26.2%	-1.2%	-4.6%	-3.3%	-13.5%
Sumy Frunze Engineering	SMASH	2.40	4.00	0.76	-2.0%	-4.8%	10.1%	60.0%	-4.3%	-3.2%	14.1%	72.6%
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	0.22	0.41	0.17	7.3%	6.9%	14.3%	-9.8%	5.1%	8.5%	18.4%	2.8%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.28	0.09	-3.7%	-9.1%	-4.7%	-10.9%	-5.9%	-7.5%	-0.6%	1.7%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.24	0.59	0.20	6.7%	1.6%	-10.5%	-55.6%	4.5%	3.2%	-6.5%	-43.0%
JKX Oil	JKX	1.00	1.31	0.75	1.2%	-5.4%	-7.2%	-16.3%	-1.0%	-3.8%	-3.1%	-3.7%
Ukrnafta	UNAF	110	280	80	0.6%	-4.0%	-3.9%	-7.7%	-1.6%	-2.4%	0.1%	5.0%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.02	6.75	3.49	2.1%	-1.7%	-2.4%	-21.0%	-0.2%	-0.1%	1.6%	-8.4%
Donbasenergo	DOEN	22.0	26.8	15.1	2.3%	-0.8%	-10.5%	3.7%	0.1%	0.8%	-6.5%	16.4%
Zakhidenergo	ZAEN	81.3	115.0	70.0	0.0%	-3.2%	-4.4%	-16.2%	-2.2%	-1.6%	-0.3%	-3.5%
<b>Consumer</b>												
Agroton	AGT	0.81	4.2	0.36	-4.0%	4.4%	11.0%	-75.2%	-6.2%	6.0%	15.0%	-62.5%
Astarta	AST	23.1	24.4	14.5	2.9%	0.9%	0.5%	29.3%	0.6%	2.5%	4.5%	41.9%
Avangardo	AVGR	11.0	12.0	7.61	0.0%	0.0%	8.9%	-2.9%	-2.2%	1.6%	13.0%	9.7%
Industrial Milk Company	IMC	4.84	5.48	3.63	0.7%	-0.9%	4.3%	-8.7%	-1.5%	0.7%	8.4%	3.9%
Kernel	KER	15.9	22.6	14.0	-0.4%	-6.5%	4.0%	-26.5%	-2.6%	-4.9%	8.1%	-13.8%
Mriya Agro Holding	MAYA	5.86	6.7	5.36	-0.4%	2.2%	-1.9%	-9.6%	-2.6%	3.8%	2.2%	3.0%
MHPC	MHPC	15.9	19.9	13.58	-0.9%	-3.4%	1.0%	3.9%	-3.2%	-1.7%	5.0%	16.6%
Milkiland	MLK	3.85	5.6	3.11	2.8%	3.5%	3.8%	-18.1%	0.6%	5.1%	7.8%	-5.4%
Ovostar Union	OVO	32.3	33.2	21.3	-0.9%	5.9%	17.7%	11.9%	-3.1%	7.5%	21.7%	24.6%
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
<b>Chemicals</b>												
Stirol	STIR	10.8	17.5	7.1	0.5%	8.4%	19.3%	-19.6%	-1.8%	10.0%	23.3%	-7.0%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.088	0.128	0.061	1.3%	-2.8%	-11.0%	3.2%	-1.0%	-1.1%	-6.9%	15.8%
UkrSotsbank	USCB	0.142	0.180	0.107	11.2%	11.9%	9.5%	10.3%	8.9%	13.5%	13.6%	23.0%

Source: Bloomberg

\* companies listed abroad are in USD

**MAIN FINANCIAL FORECASTS, USD mn**

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012	2013E	2011	2012E	2013E
<b>Steel</b>																
Alchevsk Steel	ALMK	2,339	1,695	1,667	145	-21	-2	6.2%	neg	neg	36	-127	-52	1.6%	neg	neg
Enakievo Steel	ENMZ	1,716	1,578	1,577	-108	-84	-69	neg	neg	neg	31	9	-125	1.8%	0.5%	neg
Azovstal	AZST	3,867	2,794	2,788	-102	-173	-64	neg	neg	neg	-64	-333	-170	neg	neg	neg
<b>Coke</b>																
Avdyivka Coke	AVDK	1,457	1,072	1,054	6	-128	-74	0.4%	neg	neg	-32	-137	-97	neg	neg	neg
Yasynivsky Coking	YASK	566	444	448	29	29	28	5.1%	6.5%	6.2%	15	11	11	2.7%	2.4%	2.4%
<b>Iron Ore Mining</b>																
Centralny GOK	CGOK	805	566	508	497	238	202	61.8%	42.0%	39.8%	325	95	104	40.4%	16.8%	20.5%
Pivnichny GOK	SGOK	1,834	1,515	1,301	1,174	813	640	64.0%	53.6%	49.2%	783	436	359	42.7%	28.8%	27.6%
Ferrexpo	FXPO	1,788	1,424	1,566	801	402	445	44.8%	28.2%	28.4%	575	215	263	32.2%	15.1%	16.8%
<b>Coal Mining</b>																
Komsomolets Donbasa	SHKD	192	256	255	67	99	90	35.1%	38.8%	35.3%	15	39	35	8.0%	15.1%	13.7%
Coal Energy	CLE	151	165	199	51	62	64	33.7%	37.5%	32.1%	37	38	43	24.4%	23.2%	21.7%
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	775	659	699	145	74	77	18.7%	11.3%	11.1%	98	34	34	12.7%	5.1%	4.9%
<b>Railcar Manufacturing</b>																
Luhanskteplovoz	LTPL	199	167	213	14	12	15	7.0%	7.4%	7.2%	9	7	8	4.5%	4.1%	3.8%
Kryukiv Wagon	KVBZ	770	887	643	118	134	93	15.3%	15.1%	14.4%	85	95	50	11.0%	10.7%	7.9%
Stakhanov Wagon	SVGZ	437	311	318	33	7	11	7.6%	2.3%	3.4%	20	1	3	4.6%	0.2%	0.9%
<b>Specialized Machinery</b>																
Turboatom	TATM	169	173	193	63	47	52	37.0%	27.3%	26.8%	53	38	42	31.5%	22.1%	21.7%
Motor Sich	MSICH	722	828	933	285	309	330	39.4%	37.4%	35.3%	168	247	270	23.2%	29.8%	28.9%
<b>Telecom</b>																
Ukrtelecom	UTLM	843	858	744	206	205	208	24.5%	23.8%	28.0%	-17	45	48	neg	5.3%	6.5%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	3,051	2,816	2,444	439	507	429	14.4%	18.0%	17.6%	272	312	226	8.9%	11.1%	9.2%
Regal Petroleum	RPT	19	50	80	-4	23	36	neg	45.9%	44.7%	6	12	24	33.7%	24.0%	30.0%
JKX Oil	JKX	237	225	250	114	145	150	48.3%	64.4%	60.2%	59	40	50	24.9%	17.8%	20.0%
<b>Electric Utilities</b>																
Centrenergo	CEEN	894	1,071	1,136	49	61	68	5.4%	5.7%	6.0%	4	29	33	0.5%	2.7%	2.9%
Donbasenergo	DOEN	495	600	665	21	17	24	4.2%	2.9%	3.6%	-3	4	10	neg	0.6%	1.5%
<b>Consumer</b>																
MHP	MHPC	1,229	1,408	1,532	401	468	523	32.6%	33.2%	34.1%	259	311	271	21.1%	22.1%	17.7%
Kernel	KER	1,899	2,157	2,800	310	322	339	16.3%	14.9%	12.1%	226	211	195	11.9%	9.8%	7.0%
Astarta	AST	402	458	549	144	98	121	29.9%	17.8%	18.3%	114	50	59	23.6%	9.1%	9.0%
Avangardco	AVGR	553	629	701	251	280	293	45.3%	44.5%	41.8%	196	228	232	35.5%	36.3%	33.1%
Agroton	AGT	122	93	107	19	31	33	15.3%	33.5%	31.0%	-2	19	21	neg	20.0%	19.5%
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	6,948	7,020	7,476	812	861	924	750	707	646	0	4	29	0.0%	0.5%	3.1%
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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	123	3.9%	5	1,538	3.4	neg	neg	10.6	neg	neg	0.7	0.9	0.9	530	457	412	\$/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	321	4.1%	13	299	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	53	50	48	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	76	7.5%	6	73	neg	neg	neg	12.0	neg	neg	0.1	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	20	9.0%	2	49	1.3	1.8	1.8	1.7	1.7	1.8	0.1	0.1	0.1	1.7	1.7	1.8	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	873	0.5%	5	873	2.7	9.2	8.4	1.8	3.7	4.3	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,142	0.5%	12	2,267	2.7	4.9	6.0	1.9	2.8	3.5	1.2	1.5	1.7				
Ferrexpo	FXPO	1,716	24.0%	412	1,966	3.0	8.0	6.5	2.5	4.9	4.4	1.1	1.4	1.3				
<b>Coal Mining</b>																		
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	37	11.9%	4	62	1.0	1.0	0.9	1.2	1.0	1.0	0.4	0.4	0.3	1.2	1.0	1.0	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	213	2.0%	4	256	2.2	6.3	6.2	1.8	3.4	3.3	0.3	0.4	0.4	406	673	639	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	43	24.0%	10	43	4.8	6.2	5.3	3.1	3.5	2.8	0.2	0.3	0.2				
Krukiw Wagon	KVBZ	283	5.0%	14	286	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				
<b>Specialized Machinery</b>																		
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	415	24.0%	100	425	2.5	1.7	1.5	1.5	1.4	1.3	0.6	0.5	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	326	7.2%	24	662	neg	7.2	6.8	3.2	3.2	3.2	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	726	3.0%	22	716	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	77	49.0%	38	59	12.0	6.4	3.2	neg	2.6	1.7	3.1	1.2	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	172	50.4%	87	280	2.9	4.3	3.4	2.4	1.9	1.9	1.2	1.2	1.1	74	51	38	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	227	21.7%	49	309	>30	7.9	6.8	6.4	5.1	4.6	0.3	0.3	0.3	21	22	17	\$/MWh
DonbasEnergO	DOEN	64	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
<b>Consumer</b>																		
MHP	MHPC	1,674	34.1%	571	2,719	6.5	5.4	6.2	6.8	5.8	5.2	2.2	1.9	1.8	8498	8498	8498	\$/tonne
Kernel	KER	1,173	61.8%	725	1,784	5.2	5.6	6.0	5.8	5.5	5.3	0.9	0.8	0.6				
Astarta	AST	577	31.0%	179	724	5.1	11.5	9.8	5.0	7.4	6.0	1.8	1.6	1.3	3669	2234	1855	\$/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	17	44.6%	8	51	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
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	325	4.0%	13		>30	>30	11.4	0.4	0.4	0.4	0.05	0.05	0.04				
Ukrsotsbank	USCB	320	1.6%	5		>30	>30	21.8	0.4	0.4	0.4	0.06	0.06	0.06				

Source: Eavex Research

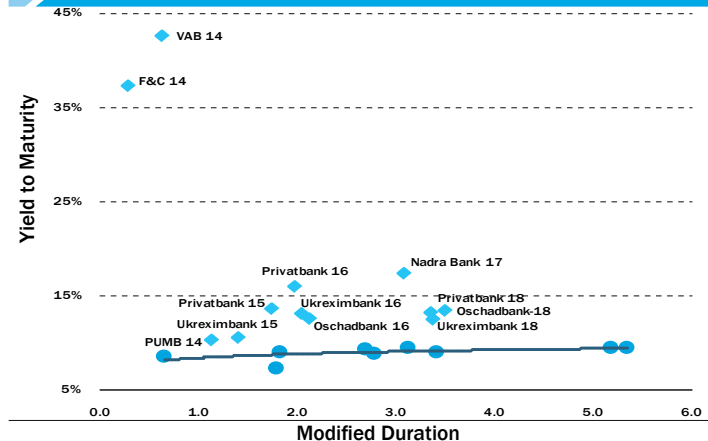
## UKRAINIAN EUROBONDS

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	97.1	97.6	12.9%	12.0%	#VALUE!	0.6	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	93.8	94.7	17.7%	16.5%	-8.5%	0.9	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	87.0	88.5	12.8%	11.8%	-10.0%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B/B
Ukraine, 2015	89.1	90.8	13.7%	12.5%	-11.2%	1.8	6.875%	S/A	23 Sept 2015	500	Caa1/B/B
Ukraine, 2016	87.8	89.1	11.4%	10.9%	-11.5%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B/B
Ukraine, 2016-2	87.7	89.0	10.9%	10.4%	-11.3%	2.7	6.25%	S/A	17 Jun 2016	1,250	Caa1/B/B
Ukraine, 2017	86.1	87.6	11.1%	10.6%	-12.5%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	93.3	94.2	11.5%	11.2%	-12.5%	3.1	9.25%	S/A	24 Jul 2017	2,000	Caa1/B/B
Ukraine, 2017 Infr. projects	89.9	91.5	11.9%	11.4%	-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	86.4	87.9	10.6%	10.3%	-15.3%	5.1	7.75%	S/A	23 Sept 2020	1,500	Caa1/B/B
Ukraine, 2021	87.1	88.4	10.5%	10.2%	-15.5%	5.3	7.95%	S/A	23 Feb 2021	1,500	Caa1/B/B
Ukraine, 2022	85.4	86.9	10.3%	10.0%	-14.7%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B/B
Ukraine, 2023	84.5	85.5	10.1%	9.9%	-15.0%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa1/B/B
<b>Corporate Eurobonds</b>											
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	100.6	11.4%	10.7%	-5.4%	1.4	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	82.5	82.5	12.2%	12.2%	-17.5%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	102.8	102.8	8.7%	8.7%	7.6%	1.8	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	91.2	93.0	13.6%	13.0%	-7.9%	3.4	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016							10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	85.3	85.3	13.9%	13.9%	-14.8%	3.3	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	99.1	100.8	10.4%	9.2%	-1.2%	1.4	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	86.5	88.5	11.8%	11.2%	-12.5%	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	88.5	88.5	12.3%	12.3%	-8.7%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	93.0	93.0	11.4%	11.2%	-4.5%	2.1	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	80.0	82.0	15.7%	15.0%	-19.0%	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	102.5	104.0	10.2%	9.8%	3.3%	3.6	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	91.0	94.0	50.7%	36.0%	44.5%	0.3	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	98.3	99.7	13.6%	12.2%	-2.0%	1.1	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	81.2	87.3	21.1%	16.3%	-3.8%	3.1	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	89.0	91.0	16.7%	15.3%	-5.1%	1.7	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	74.4	78.7	20.1%	17.3%	-0.9%	1.9	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	87.0	91.0	15.0%	13.7%	-11.0%	3.3	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	91.0	93.0	15.5%	13.9%	-7.9%	1.4	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	80.0	81.0	16.8%	16.2%	-4.5%	2.0	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	82.1	84.2	14.5%	13.7%	-16.9%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	83.0	85.0	45.7%	40.9%	50.0%	0.6	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	85.2	87.0	16.3%	15.2%	-9.5%	2.1	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	79.5	81.9	15.4%	14.7%	-19.3%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	88.0	90.5	15.2%	13.6%	-4.6%	1.8	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	87.9	90.0	14.8%	13.8%	-4.9%	2.3	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

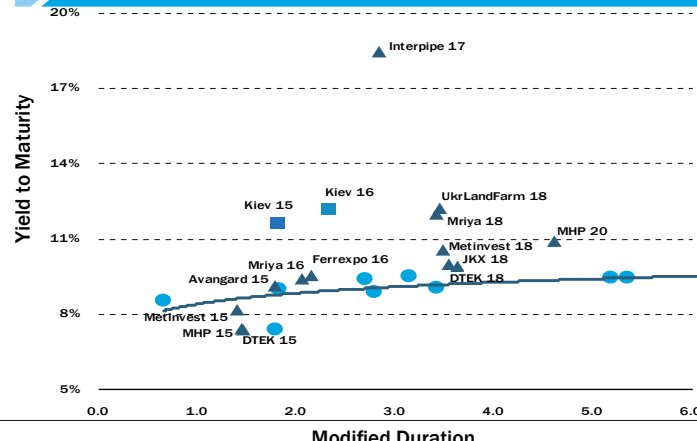
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



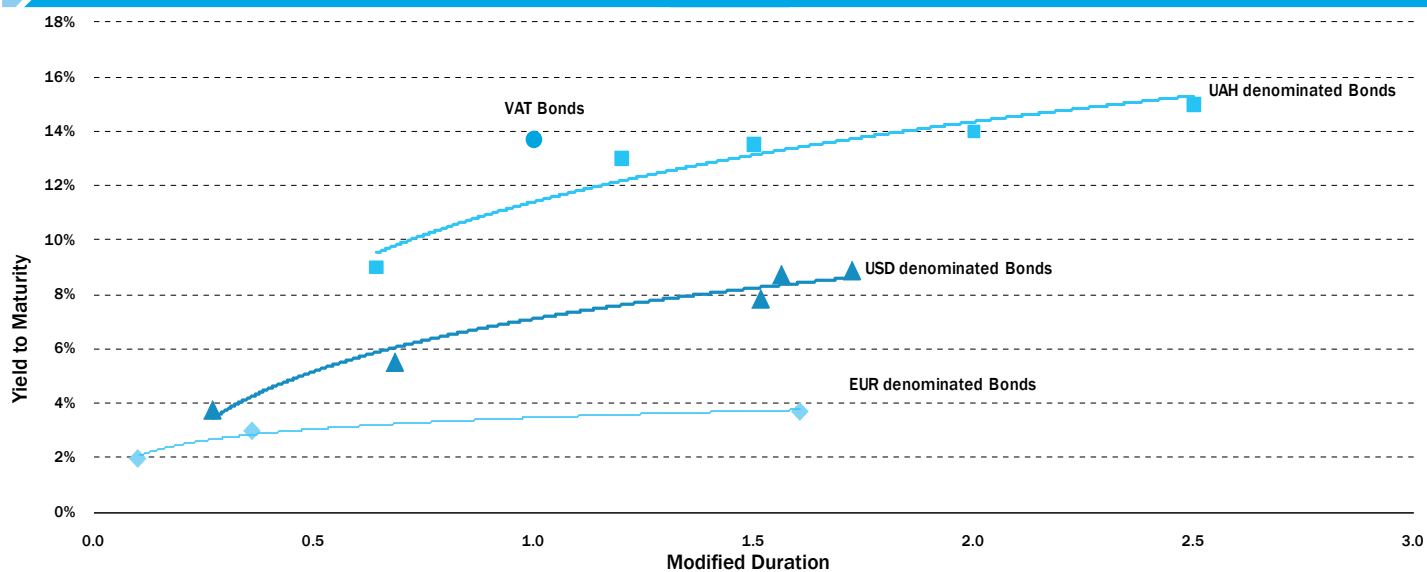
### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



**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%	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
<b>USD denominated Bonds</b>									
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
<b>EUR denominated Bonds</b>									
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
<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



## 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

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2013 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence AB No.534282, issued 20.07.2010