

## Market Update

### Equity

Ukrainian blue chips were mixed on Friday (Sept 27) in line with activity on the Frankfurt and Paris bourses, both of which ended flat. However, the UX index posted a gain of 2.4% to 850 points due a fluke last trade in UkrSotsBank which took the issue up by 49.6% to 21 kopecks. Rumors began circulating on Thursday that the bank may hold a special shareholder meeting with consideration of “significant deals”. This would force majority owner UniCredit to buy out minority shareholders voting against the deals at a fixed price, therefore giving such minorities an incentive to bid up the stock as high as possible ahead of the meeting. Among other blue chips, Alchevsk Steel and Raiffeisen Aval added 2.3% and 0.8% respectively, while Motor Sich slid 1.4% to UAH 1606 and DonbasEnergo fell 0.9%. Outside the UX basket, Krukiv Wagon slumped 5.6% after news that the company has had its freight railcar certification for the Russian market suspended. In Warsaw, Astarta moved down 2.0% to PLN 71.

### Fixed Income

Ukrainian sovereigns were down on Friday with Ukraine-23s declining by 0.9p.p. to 83.6/84.6 (10.2%/10.1%) Corporate universe also finished mostly in red with Metinvest-15s demonstrating the deepest drop by 4.4p.p. to 99.5/100.5 (10.9%/10.2%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1606.00	-1.4%	6.2	242
UkrSotsbank	USCB	0.21	49.6%	2.4	415
Alchevsk Steel	ALMK	0.040	2.3%	2.2	335

### Growth Leaders

UkrSotsbank	USCB	0.21	49.6%	2.42	415
Bogdan Motors	LUAZ	0.04	17.8%	0.22	58
Centralny GOK	CGOK	6.40	5.1%	0.22	29

### Loss Leaders

Krukiv Wagon	KVBZ	19.06	-5.6%	0.403	60
Luhanskteplovoz	LTPL	1.55	-3.0%	0.040	10
Stirol	STIR	10.51	-1.8%	0.065	26

## Highlights

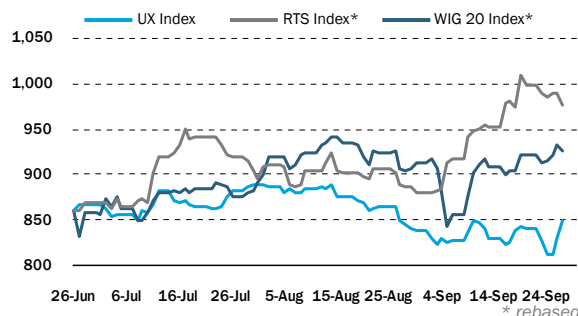
### POLITICS AND ECONOMICS

- › Customs Union Supporters Hold Congress in Kyiv

### STOCKS IN THE NEWS

- › Russia Suspends Krukiv Wagon’s Freight Car Certification

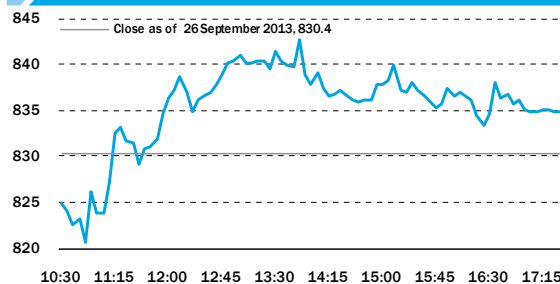
### STOCK MARKET PERFORMANCE



### MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	850.5	2.4%	0.2%	-10.5%
RTS	1432.9	-1.3%	9.9%	-6.2%
WIG20	2422.5	-0.5%	2.3%	-6.2%
MSCI EM	999.9	-0.3%	9.2%	-5.2%
S&P 500	1691.8	-0.4%	3.8%	20.6%

### UX INTRADAY SEPTEMBER 27, 2013



### FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	349.5	1.0%	-7.1%	29.0%
CDS 5Y UKR	1086.7	4.3%	24.7%	73.9%
Ukraine-17	10.9%	0.1 p.p.	1.2 p.p.	4.0 p.p.
Naftogaz Ukr-14	16.3%	0.3 p.p.	5.8 p.p.	8.7 p.p.
Ukraine-23	10.1%	0.2 p.p.	0.4 p.p.	2.6 p.p.
Privatbank-16	18.5%	0.0 p.p.	4.7 p.p.	3.2 p.p.

### CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.17	0.0%	0.7%	1.5%
EUR	11.06	0.3%	1.7%	3.5%
RUB	0.25	-0.2%	3.0%	-4.8%

### 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%	2.3%	3.3%
Oil, USD/bbl	108.6	-0.5%	-3.8%	3.5%
Gold, USD/oz	1336.7	0.9%	-5.5%	-19.3%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Customs Union Supporters Hold Congress in Kyiv

by Will Ritter  
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### NEWS

Supporters of Ukraine's accession to the Russian-led Customs Union of former Soviet countries held a congress on Sunday (Sept 29) at a Kyiv football stadium to call for a nationwide referendum on the issue. The meeting was a joint effort of the Communist Party and the Ukrainian Choice organization of leading pro-Russian advocate Viktor Medvedchuk. Interfax reported that the congress attracted around 2,500 people.

### COMMENTARY

We see the likelihood of a referendum on Ukraine's Customs Union membership happening as low, given President Yanukovich's hardening position on signing the Association Agreement with the EU in November. Further, even if it did occur, a national referendum on the issue would face near-certain defeat, based on all the polling numbers that we have seen. However, the purpose of the initiative by the Communists and Medvedchuk is probably only to demonstrate that there is an active constituency opposed to EU integration, in order to give Moscow a pretext to intervene in internal Ukrainian cultural and political conflicts related to the AA/DCFTA. This could have major implications for the presidential election due in March 2015, with President Yanukovich losing much of his core southeastern electorate and thus being forced to compete for pro-European voters who previously supported the two main opposition parties, Batkivschyna and UDAR, in the last parliamentary election. We thus see an increasing chance of a major shake-up and realignment of Ukraine's leading political forces occurring in 2014 ahead of the presidential campaign, with a splitting off of the pro-Russian wing of the Party of Regions the most probable development.

## Russia Suspends Krukiv Wagon's Freight Car Certification

by Dmitry Churin  
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### KRUKIV WAGON (KVBZ UK)

Price: UAH 19.1 Market Cap: USD 267mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.3	2.8	2.0	17.8%
2013E	0.6	7.1	3.8	7.1%

### NEWS

Kremenchuk-based railcar maker Krukiv Wagon has had its production certification suspended by a Russian state agency, Interfax reported on Friday (Sept 27). The suspension affects 13 certificates which were issued from 25 Jun 2011 to 30 Jan 2013 for various kinds of freight railcars produced by Krukiv. Among reasons for the move, the news agency mentioned an accident with a freight train in Russian that had been caused by a broken solebar.

### COMMENTARY

It was unclear to us from the Interfax report whether all of Krukiv's exports to Russia, or only a portion, will be halted due to the certificate suspension. Regardless, the recent news flow for the company has been heavily negative. Management has already cut employee hours due to the slowing pace of orders, and has slashed its output forecast for the year to 6,000 freight railcars, down from 11,000 units produced in FY12. The KVBZ stock, which is the most liquid Kyiv-listed issue not included in the 10-member UX index basket, fell 5.6% after the news and is now down by some 27% from its local peak touched in early summer. Slowing railcar demand in Russia, along with rising Russian domestic railcar production capacity, were already hitting Krukiv's order book hard even before the recent Russian-Ukrainian trade spat over President Yanukovich's intent to sign the Association agreement with the EU. At this point, it looks like 2014 will be a very tough year for Krukiv in the freight car segment.

## 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	2.89	3.33	15%	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	89%	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	0.78	1.30	66%	BUY	Centralny GOK operates in the highly profitable iron ore industry; its EBITDA margin has remained above 35% since 2009. Disadvantages of the stock are its low liquidity and no dividend in 2013 for the first time since 2005.
<b>Coke</b>						
Avdyivka Coke	AVDK	0.39	0.76	95%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.07	0.42	483%	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	555%	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	2.33	6.18	165%	BUY	Having achieving its post-1991 production maximum in 2011, Krukiv Wagon's revenue should rise at a 7% CAGR in 2012-2016E, with the EBITDA and net margins for the period near 15% and 11%, respectively.
LuganskTeplovoz	LTPL	0.19	0.64	238%	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	196	644	228%	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	63%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	0.23	1.52	572%	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	489%	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	2.67	8.90	233%	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	199%	BUY	CentrEnergO'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	15.5	22.10	43%	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	22.68	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	11.20	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	850.49	1061.97	758.71	2.4%	1.0%	0.2%	-10.5%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.040	0.06	0.03	2.6%	4.4%	3.9%	-25.1%	0.1%	3.4%	3.7%	-14.6%
Azovstal	AZST	0.63	0.90	0.31	0.2%	0.3%	1.6%	-15.4%	-2.3%	-0.7%	1.4%	-4.9%
Dniprospeztstal	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	33.2	49.9	20.0	-0.1%	-1.1%	-1.1%	-12.5%	-2.5%	-2.1%	-1.3%	-2.0%
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%	-2.4%	6.7%	16.5%	-25.8%
<b>Coke</b>												
Avdivka Coke	AVDK	3.20	3.78	1.61	0.5%	-0.1%	0.0%	-2.3%	-1.9%	-1.1%	-0.2%	8.3%
Yasnyivsky Coking	YASK	0.59	0.87	0.51	0.0%	0.0%	5.4%	-11.9%	-2.4%	-1.0%	5.2%	-1.4%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.40	7.74	4.00	5.1%	1.1%	1.6%	-7.2%	2.7%	0.1%	1.4%	3.3%
Ferrexpo	FXPO	2.89	4.58	2.02	-1.0%	-1.1%	3.0%	-28.3%	-3.4%	-2.1%	2.8%	-17.7%
Pivnichny GOK	SGOK	7.63	10.00	5.77	0.4%	-3.4%	1.7%	2.6%	-2.0%	-4.4%	1.5%	13.1%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	0.90	0.39	0.0%	0.0%	0.0%	-28.6%	-2.4%	-1.0%	-0.2%	-18.0%
Komsomolets Donbasa	SHKD	0.70	1.40	0.27	0.0%	0.0%	14.8%	-40.7%	-2.4%	-1.0%	14.6%	-30.2%
Energy Coal	CLE	0.80	5.77	0.59	-1.5%	0.0%	3.7%	-74.1%	-3.9%	-1.0%	3.5%	-63.6%
<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%	3.1%	17.5%	-4.3%	-2.4%	2.1%	17.3%	6.2%
Interpipe NMPP	NVTR	0.23	0.51	0.10	4.5%	-17.9%	21.1%	4.5%	2.1%	-18.9%	20.9%	15.1%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	19.1	29.0	12.0	-5.6%	-7.0%	-16.2%	-1.8%	-8.1%	-8.0%	-16.4%	8.8%
Luhanskeplovoz	LTPL	1.55	2.20	1.26	-3.1%	-4.3%	0.6%	-17.1%	-5.5%	-5.3%	0.5%	-6.6%
Stakhanov Wagon	SVGZ	1.32	2.60	1.00	1.5%	7.3%	-1.5%	-23.7%	-0.9%	6.3%	-1.7%	-13.2%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	17.8%	30.0%	6.8%	-12.9%	15.4%	29.0%	6.7%	-2.4%
Motor Sich	MSICH	1,606	2,640	1,399	-1.6%	-7.5%	-6.1%	-27.3%	-4.0%	-8.5%	-6.3%	-16.8%
Sumy Frunze Engineering	SMASH	2.46	4.00	0.76	2.5%	0.0%	17.1%	64.0%	0.1%	-1.0%	16.9%	74.5%
Turboatom	TATM	n/a	5.00	1.88	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WESTA ISIC	WES	0.22	0.41	0.17	0.5%	6.2%	19.2%	-9.4%	-1.9%	5.2%	19.0%	1.2%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.26	0.09	6.7%	-3.0%	1.7%	-5.0%	4.2%	-4.0%	1.5%	5.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.23	0.59	0.20	-6.0%	-8.3%	-15.8%	-58.3%	-8.5%	-9.3%	-16.0%	-47.8%
JXX Oil	JKX	1.02	1.31	0.75	1.5%	0.7%	-1.7%	-15.1%	-0.9%	-0.3%	-1.9%	-4.5%
Ukrnafta	UNAF	109	280	80	-0.7%	-4.8%	-3.6%	-8.3%	-3.2%	-5.8%	-3.8%	2.2%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.03	6.70	3.49	0.3%	-1.2%	-0.1%	-20.8%	-2.1%	-2.2%	-0.3%	-10.2%
Donbasenergo	DOEN	21.9	26.8	15.1	-0.5%	-1.0%	-6.0%	3.2%	-3.0%	-2.0%	-6.2%	13.7%
Zakhidenergo	ZAEN	83.0	115.0	70.0	2.1%	-3.4%	-0.6%	-14.4%	-0.3%	-4.4%	-0.8%	-3.9%
<b>Consumer</b>												
Agroton	AGT	0.81	4.2	0.36	0.1%	6.8%	14.9%	-75.1%	-2.3%	5.8%	14.7%	-64.6%
Astarta	AST	22.7	24.4	14.5	-1.5%	1.4%	0.4%	27.3%	-3.9%	0.4%	0.2%	37.9%
Avangardo	AVGR	11.2	12.0	7.61	1.8%	2.5%	10.3%	-1.1%	-0.6%	1.5%	10.1%	9.4%
Industrial Milk Company	IMC	4.95	5.48	3.63	2.1%	3.3%	5.4%	-6.8%	-0.3%	2.3%	5.2%	3.7%
Kernel	KER	16.1	22.6	14.0	0.9%	-2.9%	8.1%	-25.8%	-1.5%	-3.9%	7.9%	-15.3%
Mriya Agro Holding	MAYA	6.03	6.7	5.36	2.8%	4.9%	0.7%	-7.1%	0.4%	3.9%	0.5%	3.4%
MHPC	MHPC	15.5	19.9	13.58	-2.2%	-3.4%	0.8%	1.6%	-4.6%	-4.4%	0.7%	12.2%
Milkiland	MLK	3.94	5.6	3.11	2.2%	5.1%	7.3%	-16.3%	-0.3%	4.1%	7.1%	-5.8%
Ovostar Union	OVO	32.6	33.2	21.3	0.7%	9.5%	21.6%	12.7%	-1.7%	8.5%	21.4%	23.2%
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	10.5	17.5	7.1	-2.4%	3.6%	12.6%	-21.6%	-4.8%	2.6%	12.5%	-11.0%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.090	0.128	0.061	1.2%	-0.4%	-8.4%	4.4%	-1.2%	-1.5%	-8.6%	15.0%
UkrSotsbank	USCB	0.210	0.210	0.107	47.6%	65.5%	63.2%	62.8%	45.2%	64.5%	63.0%	73.3%

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%
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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	126	3.9%	5	1,541	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	532	458	413	\$/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	300	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	54	51	48	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	76	7.5%	6	74	neg	neg	neg	12.1	neg	neg	0.1	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	20	9.0%	2	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	917	0.5%	5	917	2.8	9.7	8.8	1.8	3.9	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,151	0.5%	12	2,276	2.7	4.9	6.0	1.9	2.8	3.6	1.2	1.5	1.7				
Ferrexpo	FXPO	1,699	24.0%	408	1,949	3.0	7.9	6.5	2.4	4.8	4.4	1.1	1.4	1.2				
<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	36	11.9%	4	62	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
<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	42	24.0%	10	41	4.6	6.0	5.1	3.0	3.3	2.7	0.2	0.2	0.2				
Krukiv Wagon	KVBZ	267	5.0%	13	270	3.2	2.8	5.3	2.3	2.0	2.9	0.4	0.3	0.4				
Stakhanov Wagon	SVGZ	37	8.0%	3	76	1.8	>30	12.7	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	408	24.0%	98	418	2.4	1.7	1.5	1.5	1.4	1.3	0.6	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	348	7.2%	25	684	neg	7.7	7.2	3.3	3.3	3.3	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
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	174	50.4%	88	283	3.0	4.4	3.5	2.5	1.9	1.9	1.2	1.3	1.1	74	52	39	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	227	21.7%	49	310	>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	16.5	6.2	5.8	7.0	5.0	0.2	0.2	0.2	15	14	14	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,637	34.1%	558	2,682	6.3	5.3	6.0	6.7	5.7	5.1	2.2	1.9	1.8	8382	8382	8382	\$/tonne
Kernel	KER	1,184	61.8%	731	1,794	5.2	5.6	6.1	5.8	5.6	5.3	0.9	0.8	0.6				
Astarta	AST	568	31.0%	176	715	5.0	11.4	9.6	5.0	7.3	5.9	1.8	1.6	1.3	3625	2207	1833	\$/tonne
Avangardco	AVGR	715	22.5%	161	864	3.6	3.1	3.1	3.4	3.1	2.9	1.6	1.4	1.2	195	149	140	\$/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	329	4.0%	13		>30	>30	11.5	0.4	0.4	0.4	0.05	0.05	0.04				
Ukrsotsbank	USCB	473	1.6%	8		>30	>30	21.8	0.6	0.6	0.6	0.06	0.06	0.06				

Source: Eavex Research

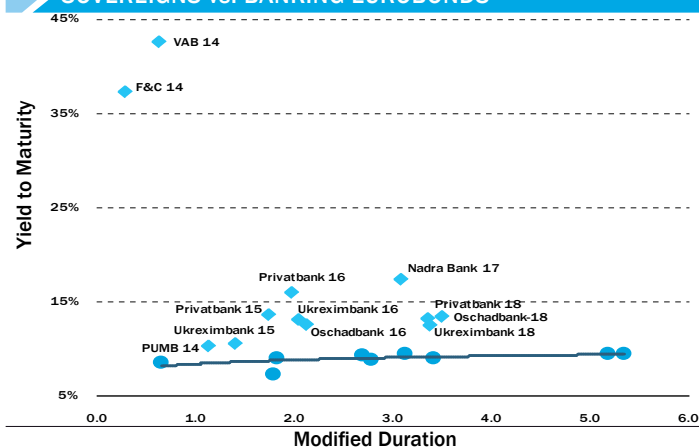
### UKRAINIAN EUROBONDS

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	96.2	96.7	14.5%	13.6%	#VALUE!	0.6	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	93.6	94.4	18.0%	17.0%	-8.7%	0.9	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	87.0	88.5	12.9%	11.9%	-10.0%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B/B
Ukraine, 2015	87.7	89.3	14.7%	13.6%	-12.6%	1.7	6.875%	S/A	23 Sept 2015	500	Caa1/B/B
Ukraine, 2016	86.8	88.0	11.8%	11.3%	-12.5%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B/B
Ukraine, 2016-2	86.8	88.1	11.3%	10.8%	-12.2%	2.7	6.25%	S/A	17 Jun 2016	1,250	Caa1/B/B
Ukraine, 2017	85.8	87.3	11.3%	10.7%	-12.8%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	92.5	93.3	11.8%	11.6%	-13.3%	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	85.5	87.0	10.9%	10.5%	-16.3%	5.1	7.75%	S/A	23 Sept 2020	1,500	Caa1/B/B
Ukraine, 2021	85.9	86.6	10.8%	10.6%	-17.0%	5.2	7.95%	S/A	23 Feb 2021	1,500	Caa1/B/B
Ukraine, 2022	83.7	85.2	10.6%	10.3%	-16.3%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa1/B/B
Ukraine, 2023	83.6	84.6	10.2%	10.1%	-15.9%	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	98.9	100.5	11.5%	10.8%	-5.6%	1.4	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	80.4	83.2	12.8%	12.1%	-18.2%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	98.5	101.0	11.1%	9.7%	4.2%	1.7	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	90.8	92.4	13.7%	13.2%	-8.4%	3.4	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	98.8	101.7	11.9%	10.4%	-2.6%	2.1	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	81.0	83.9	15.4%	14.4%	-17.6%	3.3	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	98.4	100.4	11.0%	9.5%	-1.7%	1.4	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	86.1	87.1	12.0%	11.6%	-13.4%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B
Metinvest, 2015	99.5	100.5	10.9%	10.2%	-3.7%	1.4	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	86.1	88.2	13.1%	12.4%	-10.1%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	92.1	93.3	11.8%	11.1%	-4.9%	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%	17.5%	-3.8%	2.8	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	102.8	104.3	10.2%	9.8%	3.5%	3.6	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	91.0	94.0	52.3%	37.0%	44.5%	0.3	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	98.0	99.5	13.9%	12.4%	-2.2%	1.1	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.3	87.0	21.9%	16.5%	-3.8%	3.1	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	89.0	90.9	16.7%	15.4%	-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	86.4	88.8	15.2%	14.4%	-12.4%	3.3	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	89.0	90.0	17.3%	16.4%	-10.4%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	78.0	81.0	18.1%	16.2%	-5.7%	2.0	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	81.0	82.5	14.9%	14.3%	-18.2%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	82.0	84.0	48.9%	43.8%	48.2%	0.6	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	84.0	86.0	17.0%	15.8%	-10.6%	2.0	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	78.6	80.0	15.9%	15.3%	-20.7%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	87.5	90.5	15.5%	13.7%	-4.9%	1.8	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	87.5	90.3	15.0%	13.7%	-5.0%	2.3	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

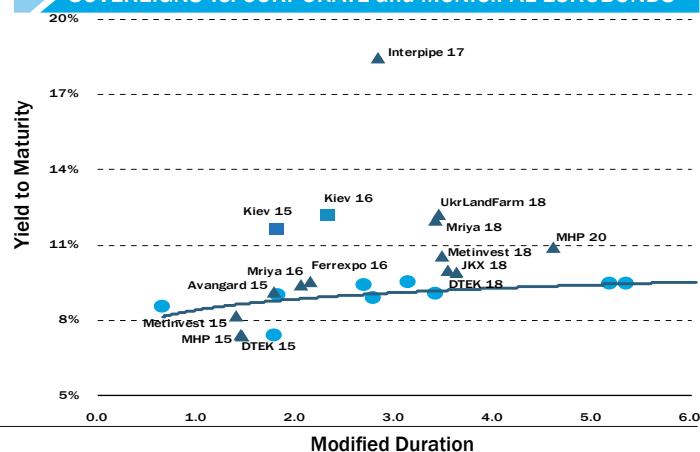
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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

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