

Market Update

Equity

Ukrainian stocks ended lower to start the week on Monday (Oct 7), but finished off their worst lows of the session after some recovery in the last hour of trading. Externally, US equities took a hit as the squabbling over the budget appeared set to morph into another major battle over raising the US government's official USD 16 trillion "debt ceiling". The UX index dropped by 0.8% to close at 840 points. DonbasEnergo led on volume with UAH 3.2mn in deals while giving back a chunk of its rise from the previous week with a 4.8% fall, and Motor Sich moved down by 1.2% to UAH 1567. CentrEnergo moved down in line with the index, while lightweight UX component Alchevsk Steel managed to add 1.0% on the day. In second-tier issues, UkrTelecom and Bank Forum picked up 3.3% and 5.5% respectively. In London, JX Oil & Gas posted its best daily gain in almost two months, adding 3.2% to GBp 64, and Ferrexpo edged up by 1.0%.

Fixed Income

Ukrainian sovereigns were mixed on Monday. Ukraine-23s advanced by 1.0p.p. to 85.2/86.2 (9.9%/9.8%) while Ukraine-17s inched down by 0.1p.p. to 86.9/87.9 (10.9%/10.6%). Corporate papers were also mixed. MHP-20s declined by 0.4p.p. to 98.0/100.0 (12.2%/10.7%) while DTEK-15s grew by 0.2p.p. closing at 99.0/99.1 (10.6%/10.5%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Donbasenergo	DOEN	22.73	-4.8%	3.2	231
Motor Sich	MSICH	1567.00	-1.2%	3.1	132
Centrenergo	CEEN	4.933	-0.9%	2.0	138

Growth Leaders

Poltavsky GOK	PGOK	7.90	11.3%	0.13	16
Bank Forum	FORM	0.75	5.5%	0.56	26
Ukrtelecom	UTLM	0.16	3.3%	0.81	18

Loss Leaders

Komsomolets Donbasa	SHKD	0.66	-6.4%	0.395	11
Donbasenergo	DOEN	22.73	-4.8%	3.160	231
Zakhidenergo	ZAEN	80.90	-2.5%	0.031	21

Highlights

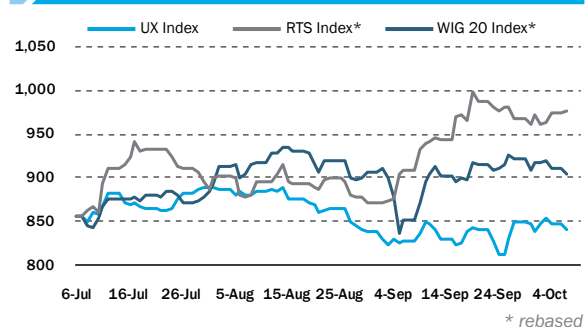
STOCKS IN THE NEWS

- > Ferrexpo's Pellet Output Up by 15% YoY in 3Q13
- > Kernel Divests Farming Subsidiary for USD 7.0mn

FIXED INCOME

- > VAB to Increase Charter Capital by 33% Via New Share Issue

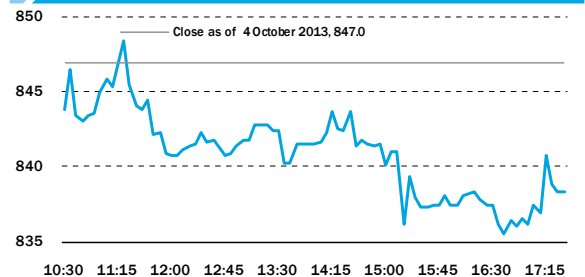
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	840.3	-0.8%	1.4%	-11.6%
RTS	1444.3	0.1%	7.3%	-5.4%
WIG20	2380.2	-0.6%	6.3%	-7.9%
MSCI EM	1004.7	-0.3%	5.1%	-4.8%
S&P 500	1676.1	-0.9%	1.3%	19.5%

UX INTRADAY OCTOBER 7, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	347.5	-0.5%	-5.1%	28.2%
CDS 5Y UKR	1054.6	-0.3%	21.5%	68.7%
Ukraine-17	10.6%	0.0 p.p.	0.6 p.p.	3.7 p.p.
Naftogaz Ukr-14	16.4%	0.0 p.p.	5.3 p.p.	8.8 p.p.
Ukraine-23	9.8%	-0.2 p.p.	0.0 p.p.	2.3 p.p.
Privatbank-16	21.4%	0.0 p.p.	7.3 p.p.	6.1 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.18	0.0%	0.2%	1.6%
EUR	11.11	0.1%	3.2%	4.0%
RUB	0.25	-0.2%	3.8%	-4.2%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	257.2	0.0%	2.6%	-26.2%
Steel, USD/t	530.0	-2.3%	-3.2%	-0.5%
Oil, USD/bbl	109.7	0.2%	-4.1%	4.5%
Gold, USD/oz	1323.2	0.9%	-4.9%	-20.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ferrexpo's Pellet Output Up by 15% YoY in 3Q13

by Ivan Dzvinka
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FERREXPO (FXPO LN)

Price: GBP 1.78 Market Cap: USD 1,677mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.6	7.8	5.6	4.6%
2013E	1.5	7.0	5.2	2.3%

NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, posted a record high quarterly pellet production figure of 2.80mn tonnes in 3Q13, the company announced on Tuesday (Oct 8). The figure represents 12.3% YoY and 4.0% QoQ increases, as output from Ferrexpo's new Yeristovo Mine continued to ramp up in the period. Pellet output from iron ore extracted at the company's Poltava Mine and Yeristovo Mine grew by 3.3% and 2.8% QoQ to 2.14mn and 550,000 tonnes, respectively. Production of higher-value-added 65% Fe pellets moved up by 35% YoY and 7.0% QoQ to 1.38mn tonnes. Year-to-date through September, Ferrexpo's pellet output is up by 12.5% YoY to 8.05mn tonnes.

COMMENTARY

Apart from hitting a new historical high last quarter, 3Q13 became the sixth quarter in a row when Ferrexpo managed to improve its operating results on a QoQ basis. This, along with the double-digit YoY rise in 3Q13 production, should provide some positive sentiment for the FXPO stock, which has been trading in a tight range between GBP 175-185 since the beginning of September. Importantly, given that September production stood at 970,000 tonnes, it appears that the 3Q result will likely be surpassed in 4Q13. This provides a firm basis to expect that Ferrexpo will exceed our FY13 pellet production forecast of 10.6mn tonnes.

Kernel Divests Farming Subsidiary for USD 7.0mn

by Ivan Dzvinka
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KERNEL (KER PW)

Price: PLN 49.62 Market Cap: USD 1,275mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.0	6.0	6.9	0%
2013E	0.8	12.7	7.1	2%

NEWS

Kernel, Ukraine's largest sunflower oil producer, announced on Monday (Oct 7) that it has completed the sale of an unnamed farming subsidiary for a total consideration of USD 7mn. The divested company was located in southern Ukraine. The deal was in line with Kernel's previously announced strategy to divest from remotely located farmland.

COMMENTARY

While Kernel has not specified the amount of land under lease of the subsidiary in question, it stated that the current land bank of the group amounts to 405,000 ha. Given that Kernel's land bank following its June acquisition of Druzhba Nova stood at 422,000 ha and no deals on land purchase/sale were reported since then, we estimate the amount of leased land of the sold firm at 17,000 ha. This implies the deal was done at an EV/Land-Under-Lease ratio of around USD 400 per ha.

VAB to Increase Charter Capital by 33% Via New Share Issue

by Dmitry Churin
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NEWS

VAB Bank, which is affiliated with the business group of UkrLandFarming beneficiary Oleg Bakhmatiuk, will increase its charter capital by 32.8% to UAH 4.05bn (USD 495mn) with an additional issue of shares, according to an announcement for a special shareholder meeting set for Nov 5.

COMMENTARY

Taking into account that VAB has already injected UAH 700mn into its capital this year, we assume that the additional capital increase is aimed at strengthening the bank's solvency ahead of the scheduled redemption of its outstanding Eurobonds in June 2014. We expect Bakhmatiuk, the bank's majority owner, to ensure that VAB-14s are redeemed on time in order to avoid damage to the reputation of his core asset, UkrLandFarming, which Bakhmatiuk is expected to take public in the next two or three years. Any type of default on the VAB bonds would be negatively perceived by investors, and moreover, Bakhmatiuk's UkrLandFarming and Avangard both have outstanding Eurobonds which will be affected in case of a restructuring or technical default of VAB-14s.

In any case, the latest capital injection is a positive signal for the bank's outstanding bonds, which now look like a better bet than other high-risk issues such as Finance&Credit-14s. VAB-14s are currently quoted at 81.0/83.0 (53.7%/48.2%).

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.08	0.07	-12%	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	85%	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	67%	BUY	Centralny GOK operates in the highly profitable iron ore industry; its EBITDA margin has remained above 35% since 2009. Disadvantages of the stock are its low liquidity and no dividend in 2013 for the first time since 2005.
Coke						
Avdyivka Coke	AVDK	0.39	0.76	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	492%	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	554%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	2.14	6.18	188%	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.
Specialized Machinery						
Motor Sich	MSICH	192	644	236%	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	558%	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	483%	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	2.78	8.90	220%	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	205%	BUY	CentrEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	15.3	22.10	45%	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	22.01	30.0	36%	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	840.28	1061.97	758.71	-0.8%	-0.9%	1.4%	-11.6%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.041	0.06	0.03	1.2%	-1.4%	9.4%	-23.4%	2.0%	-0.5%	7.9%	-11.8%
Azovstal	AZST	0.63	0.90	0.31	0.0%	-0.2%	0.5%	-14.7%	0.8%	0.7%	-1.0%	-3.1%
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	33.7	49.9	20.0	0.1%	0.0%	-0.2%	-11.3%	0.9%	0.9%	-1.7%	0.3%
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	7.7%	0.0%	7.7%	-36.4%	8.5%	0.9%	6.2%	-24.8%
Coke												
Avdivka Coke	AVDK	3.21	3.78	1.61	0.4%	0.1%	1.7%	-2.0%	1.2%	1.0%	0.3%	9.6%
Yasnyivsky Coking	YASK	0.58	0.85	0.51	0.0%	3.6%	5.5%	-13.4%	0.8%	4.5%	4.0%	-1.8%
Iron Ore Mining												
Centralny GOK	CGOK	6.38	7.74	4.00	-0.3%	-0.3%	6.3%	-7.5%	0.5%	0.6%	4.9%	4.1%
Ferrexpo	FXPO	2.86	4.58	2.02	1.4%	-0.4%	3.3%	-29.0%	2.2%	0.5%	1.8%	-17.4%
Pivnichny GOK	SGOK	7.80	10.00	5.77	2.0%	2.0%	0.9%	4.8%	2.8%	2.9%	-0.5%	16.4%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.80	0.39	0.0%	-10.0%	2.3%	-28.6%	0.8%	-9.1%	0.8%	-17.0%
Komsomolets Donbasa	SHKD	0.66	1.35	0.27	-7.0%	-1.5%	-2.9%	-44.1%	-6.3%	-0.6%	-4.4%	-32.5%
Energy Coal	CLE	0.85	5.77	0.59	5.2%	8.0%	32.3%	-72.4%	6.0%	8.9%	30.9%	-60.8%
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	0.61	0.86	0.45	0.0%	-9.0%	1.7%	-12.9%	0.8%	-8.1%	0.2%	-1.3%
Interpipe NMPP	NVTR	0.20	0.51	0.10	-4.8%	-16.7%	0.0%	-9.1%	-4.0%	-15.8%	-1.4%	2.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.5	29.0	12.0	1.0%	-9.5%	-15.9%	-9.6%	1.8%	-8.6%	-17.4%	2.0%
Luhanskeplovoz	LTPL	1.55	2.20	1.26	0.0%	-3.1%	8.4%	-17.1%	0.8%	-2.2%	6.9%	-5.5%
Stakhanov Wagon	SVGZ	1.32	2.57	1.00	6.5%	0.0%	5.6%	-23.7%	7.2%	0.9%	4.2%	-12.1%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	1.7%	-14.0%	-25.9%	-33.0%	2.5%	-13.1%	-27.4%	-21.4%
Motor Sich	MSICH	1,567	2,640	1,399	-1.2%	-3.2%	-2.7%	-29.1%	-0.4%	-2.3%	-4.2%	-17.5%
Sumy Frunze Engineering	SMASH	2.30	4.00	0.76	9.5%	-6.5%	0.0%	53.3%	10.3%	-5.6%	-1.4%	64.9%
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	0.23	0.41	0.17	-3.6%	3.9%	33.0%	-2.9%	-2.8%	4.8%	31.5%	8.7%
Telecom												
Ukrtelecom	UTLM	0.16	0.26	0.09	3.3%	8.8%	-5.9%	-3.1%	4.1%	9.7%	-7.4%	8.5%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.59	0.20	-0.5%	7.9%	0.4%	-57.3%	0.3%	8.8%	-1.1%	-45.7%
JKX Oil	JKX	1.03	1.29	0.75	3.6%	1.0%	-5.2%	-13.9%	4.4%	1.9%	-6.6%	-2.3%
Ukrnafta	UNAF	107	280	96	-0.5%	-1.2%	-2.8%	-9.5%	0.3%	-0.3%	-4.3%	2.1%
Power Utilities												
Centrenerg	CEEN	4.93	6.70	3.00	-0.9%	-2.0%	-2.1%	-22.3%	-0.2%	-1.1%	-3.6%	-10.7%
Donbasenergo	DOEN	22.7	26.8	15.1	-4.9%	2.2%	4.6%	7.3%	-4.1%	3.1%	3.2%	18.9%
Zakhidenergo	ZAEN	80.9	115.0	70.0	-2.5%	-6.8%	-5.6%	-16.6%	-1.7%	-5.9%	-7.0%	-5.0%
Consumer												
Agroton	AGT	0.84	4.2	0.36	0.4%	7.2%	24.4%	-74.1%	1.2%	8.1%	22.9%	-62.5%
Astarta	AST	22.0	24.4	14.5	-1.8%	-4.3%	11.8%	23.4%	-1.0%	-3.4%	10.4%	35.0%
Avangardo	AVGR	11.2	12.0	7.61	-0.4%	0.0%	9.3%	-1.1%	0.3%	0.9%	7.8%	10.5%
Industrial Milk Company	IMC	4.86	5.48	3.63	-0.6%	-1.9%	5.3%	-8.5%	0.2%	-1.0%	3.8%	3.1%
Kernel	KER	16.3	22.6	14.0	0.5%	3.0%	12.1%	-24.9%	1.3%	3.9%	10.6%	-13.3%
Mriya Agro Holding	MAYA	6.05	6.7	5.36	0.2%	0.3%	5.6%	-6.7%	1.0%	1.2%	4.2%	4.9%
MHPC	MHPC	15.3	19.9	13.58	-1.3%	-3.8%	-2.9%	0.0%	-0.5%	-2.9%	-4.3%	11.6%
Milkiland	MLK	4.19	5.6	3.11	-0.7%	6.8%	30.9%	-10.9%	0.1%	7.7%	29.5%	0.7%
Ovostar Union	OVO	32.1	33.2	21.3	1.1%	4.1%	28.6%	11.0%	1.9%	5.0%	27.2%	22.6%
Sintal	SNPS	n/a	0.39	0.22	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	11.4	17.5	7.1	-0.8%	8.4%	50.7%	-15.1%	0.0%	9.3%	49.3%	-3.5%
Banks												
Raiffeisen Bank Aval	BAVL	0.090	0.128	0.061	-0.1%	-1.6%	-3.3%	5.3%	0.7%	-0.7%	-4.8%	16.9%
UkrSotsbank	USCB	0.180	0.257	0.107	0.8%	4.9%	44.7%	39.7%	1.6%	5.8%	43.3%	51.3%

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
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%
Ukrspatsbank	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	129	3.9%	5	1,544	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	532	459	414	\$/tonne
Yenakievo Steel	ENMZ	43	8.8%	4	36	1.4	5.1	neg	neg	neg	neg	0.0	0.0	0.0	14	14	13	\$/tonne
Azovstal	AZST	324	4.1%	13	302	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	54	51	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	1.3	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	914	0.5%	5	913	2.8	9.6	8.8	1.8	3.8	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,196	0.5%	12	2,321	2.8	5.0	6.1	2.0	2.9	3.6	1.3	1.5	1.8				
Ferrexpo	FXPO	1,682	24.0%	404	1,932	2.9	7.8	6.4	2.4	4.8	4.3	1.1	1.4	1.2				
Coal Mining																		
Komsomolets Donbasa	SHKD	27	5.4%	1	129	1.8	0.7	0.8	1.9	1.3	1.4	0.7	0.5	0.5	31	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	194	2.0%	4	236	2.0	5.7	5.7	1.6	3.2	3.1	0.3	0.4	0.3	375	622	591	\$/tonne
Railcar Manufacturing																		
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				
Kruiw Wagon	KVBZ	246	5.0%	12	248	2.9	2.6	4.9	2.1	1.9	2.7	0.3	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				
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	398	24.0%	96	408	2.4	1.6	1.5	1.4	1.3	1.2	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	355	7.2%	26	691	neg	7.8	7.4	3.4	3.4	3.3	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	711	3.0%	21	701	2.6	2.3	3.1	1.6	1.4	1.6	0.2	0.2	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	74	49.0%	36	57	11.6	6.2	3.1	neg	2.5	1.6	3.0	1.1	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	177	50.4%	89	285	3.0	4.4	3.5	2.5	2.0	1.9	1.2	1.3	1.1	75	52	39	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	223	21.7%	48	306	>30	7.7	6.7	6.3	5.0	4.5	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnergO	DOEN	66	14.2%	9	122	neg	17.2	6.5	5.9	7.1	5.1	0.2	0.2	0.2	15	14	14	\$/MWh
Consumer																		
MHP	MHPC	1,611	34.1%	549	2,656	6.2	5.2	5.9	6.6	5.7	5.1	2.2	1.9	1.7	8300	8300	8300	\$/tonne
Kernel	KER	1,199	61.8%	740	1,809	5.3	5.7	6.1	5.8	5.6	5.3	1.0	0.8	0.6				
Astarta	AST	550	31.0%	171	697	4.8	11.0	9.3	4.8	7.1	5.8	1.7	1.5	1.3	3535	2152	1787	\$/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	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	331	4.0%	13		>30	>30	11.6	0.4	0.4	0.4	0.05	0.05	0.04				
Ukrsotsbank	USCB	405	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

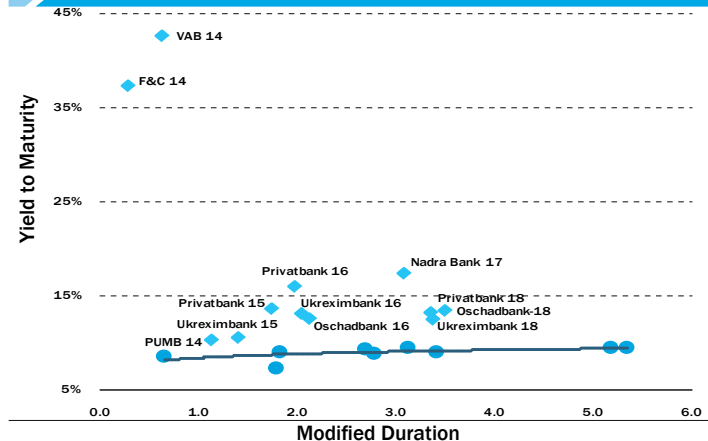
UKRAINIAN EUROBONDS

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	96.0	96.8	15.1%	13.8%	n/a	0.6	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	93.5	94.5	18.4%	17.1%	-8.7%	0.9	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	86.5	88.5	13.3%	12.0%	-10.3%	1.6	4.95%	A	13 Oct 2015	600*	Caa1/B/B
Ukraine, 2015	89.6	90.6	13.4%	12.8%	-11.0%	1.7	6.875%	S/A	23 Sept 2015	500	Caa1/B/B
Ukraine, 2016	87.3	88.0	11.7%	11.4%	-12.3%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B/B
Ukraine, 2016-2	87.3	88.0	11.2%	10.9%	-12.0%	2.7	6.25%	S/A	17 Jun 2016	1,250	Caa1/B/B
Ukraine, 2017	86.9	87.9	10.9%	10.6%	-12.0%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	94.0	95.0	11.3%	11.0%	-11.8%	3.1	9.25%	S/A	24 Jul 2017	2,000	Caa1/B/B
Ukraine, 2017 Infr. projects	83.0	85.0	14.6%	13.8%	-14.5%	3.1	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	80.0	82.0	13.9%	13.2%	n/a	3.4	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	87.3	88.0	10.5%	10.3%	-14.9%	5.1	7.75%	S/A	23 Sept 2020	1,500	Caa1/B/B
Ukraine, 2021	87.5	89.0	10.4%	10.1%	-15.0%	5.2	7.95%	S/A	23 Feb 2021	1,500	Caa1/B/B
Ukraine, 2022	85.6	86.6	10.3%	10.1%	-14.7%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa1/B/B
Ukraine, 2023	85.2	86.2	9.9%	9.8%	-14.3%	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	98.0	100.0	12.2%	11.4%	-6.2%	1.4	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	80.8	80.8	12.7%	12.7%	-19.3%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	98.3	98.3	11.3%	11.3%	2.9%	1.7	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	90.8	92.1	13.7%	13.3%	-8.5%	3.4	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.4	100.4	11.1%	11.1%	-2.5%	2.1	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	81.2	81.2	15.4%	15.4%	-18.9%	3.2	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	99.0	99.1	10.6%	10.5%	-2.2%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	86.3	87.3	11.9%	11.6%	-13.2%	3.6	7.88%	S/A	4 Apr 2018	750	Caa1//B
Metinvest, 2015	98.6	98.9	11.6%	11.4%	-4.9%	1.4	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	86.5	86.5	13.0%	13.0%	-10.8%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	93.4	93.4	11.2%	11.1%	-4.2%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	79.8	81.8	15.8%	15.1%	-19.2%	3.3	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.3%	17.5%	-3.8%	2.8	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	103.9	105.5	9.9%	9.5%	4.7%	3.6	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.0	94.0	57.4%	40.0%	44.5%	0.2	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	95.0	99.5	17.1%	12.4%	n/a	1.1	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	81.1	83.7	21.3%	19.2%	-3.8%	3.0	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	87.0	88.3	18.3%	17.4%	-7.6%	1.7	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	70.0	75.0	23.4%	19.9%	-6.1%	1.9	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	84.6	87.4	15.9%	14.9%	-14.0%	3.2	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	88.0	88.0	18.3%	18.3%	-11.9%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	77.1	80.1	18.9%	16.9%	-6.8%	1.9	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	79.5	81.0	15.5%	14.9%	-19.8%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	81.0	83.0	53.7%	48.2%	46.4%	0.6	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	84.1	86.1	17.1%	15.9%	-10.5%	2.0	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	79.0	81.0	15.6%	14.9%	-20.0%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
Municipal Eurobonds											
City of Kyiv, 2015	85.4	88.3	17.1%	15.2%	-7.2%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	85.6	88.3	16.0%	14.7%	-7.0%	2.2	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

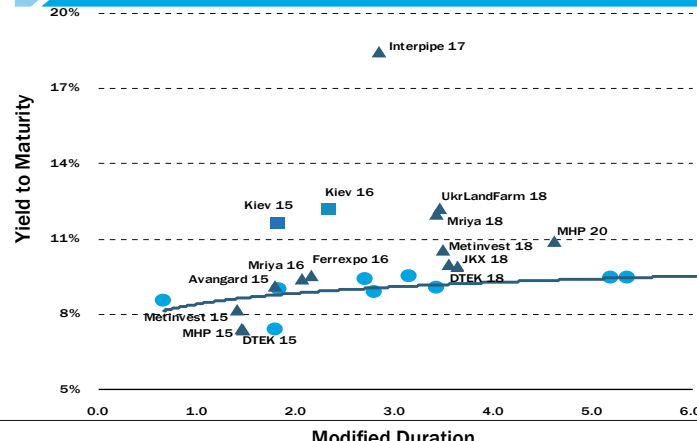
¹ Moody's/S&P/Fitch; * EUR

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%	11.5%	n/a	10.75%	S/A	26 Mar 2014	187
UA4000141592			13.5%	12.0%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			19.0%	17.0%	n/a	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000138002	n/a	n/a	6.0%	4.5%	n/a	9.30%	S/A	27 Nov 2013	86
UA4000140362	n/a	n/a	8.3%	8.0%	n/a	9.20%	S/A	21 May 2014	171
UA4000142699	n/a	n/a	9.4%	8.4%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	9.6%	8.5%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	9.6%	8.5%	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			14.3%	13.8%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			14.3%	13.8%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			14.3%	13.8%	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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