

## Market Update

### Equity

Ukrainian stocks rose on Tuesday (Oct 15) in line with European shares in a light-volume session, although investors in the US continued to fret about the lack of a federal budget agreement in what has turned into the latest “man-made” Washington gridlock crisis. The UX index picked up 1.3% to end at 851 points. Raiffeisen Aval led the way higher, adding 4.5% to 9.19 kopecks after a story in the Forbes business weekly claiming that Vienna-based Raiffeisen International is actively looking to sell off its Ukrainian unit. Also finishing in the plus column were Motor Sich and Alchevsk Steel, which picked up 1.3% and 1.0% respectively. Avdyivka Coke and Azovstal both edged down half a percent, while CentrEnergO was unchanged at UAH 4.95. In London, Ferrexpo rallied again, rising above GBp 190 for the first time since mid-August on a 4.9% gain. In Warsaw, it was a volatile day for top liquid issue Kernel, which ended down 3.1% near PLN 52 after having been 3% higher during much of the session.

### Fixed Income

Ukrainian sovereigns were up across the board on Tuesday with Ukraine-23s advancing by 2.4p.p. and closed at 89.0/90.2 (9.3%/9.1%). Corporate papers also finished in green. Metinvest-18s and Mriya-16s added 0.7p.p. and finished at 89.1/89.9 (12.1%/11.8%) and 99.0/100.9 (11.8%/10.8%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1597.00	1.3%	0.4	32
Azovstal	AZST	0.64	-0.5%	0.1	21
Raiffeisen Bank Aval	BAVL	0.092	4.6%	0.1	161

### Growth Leaders

Raiffeisen Bank Aval	BAVL	0.09	4.6%	0.11	161
Motor Sich	MSICH	1597.00	1.3%	0.41	32
Alchevsk Steel	ALMK	0.04	1.0%	0.07	33

### Loss Leaders

Ukrsotsbank	USCB	0.18	-1.6%	0.007	29
Stirol	STIR	10.10	-1.0%	0.009	17
Avdyivka Coke	AVDK	3.19	-0.5%	0.007	18

## Highlights

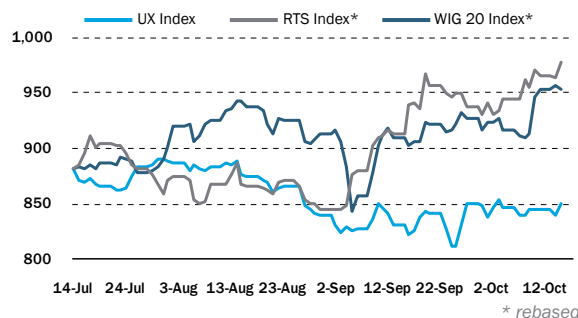
### STOCKS IN THE NEWS

- > MHP Poultry Sales Volume Jumps 29% YoY in 3Q13

### FIXED INCOME

- > UkrEximBank Securities Portfolio Up 83% YtD to UAH 34bn

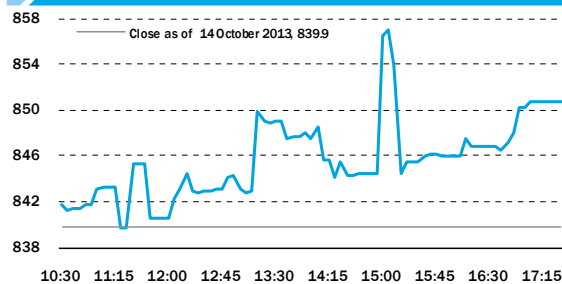
## STOCK MARKET PERFORMANCE



## MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	850.7	1.3%	2.4%	-10.5%
RTS	1495.3	1.4%	7.1%	-2.1%
WIG20	2490.3	-0.3%	4.8%	-3.6%
MSCI EM	1029.9	0.7%	4.4%	-2.4%
S&P 500	1698.1	-0.7%	0.6%	21.1%

## UX INTRADAY OCTOBER 15, 2013



## FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	330.8	-1.9%	-6.2%	22.1%
CDS 5Y UKR	968.5	-3.9%	10.4%	55.0%
Ukraine-17	9.5%	-0.3 p.p.	-0.7 p.p.	2.5 p.p.
Naftogaz Ukr-14	15.2%	-0.6 p.p.	3.7 p.p.	7.6 p.p.
Ukraine-23	9.2%	-0.4 p.p.	-0.8 p.p.	1.7 p.p.
Privatbank-16	22.2%	0.7 p.p.	7.2 p.p.	6.9 p.p.

## CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.19	0.0%	0.5%	1.8%
EUR	11.07	-0.2%	2.2%	3.6%
RUB	0.25	-0.3%	0.8%	-4.5%

## COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	257.2	0.0%	5.1%	-26.2%
Steel, USD/t	530.0	0.0%	-2.8%	-0.5%
Oil, USD/bbl	110.0	-1.0%	-1.6%	4.8%
Gold, USD/oz	1282.4	0.8%	-3.3%	-22.6%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

**MHP Poultry Sales Volume Jumps  
29% YoY in 3Q13**

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**MHP (MHPC LI)**

Price: USD 15.40 Market Cap: USD 1,627mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	2.0	5.2	6.0	7.3%
2013E	2.0	8.0	6.8	3.1%

**NEWS**

MHP, Ukraine's largest poultry meat producer, expanded its poultry output by 17% YoY to 122,400 tonnes in 3Q13, according to a company trading update released on Monday (Oct 15). Poultry sales rose by 29% YoY to 120,100 tonnes in the quarter, with poultry export sales advancing by 2.3x YoY to 30,000 tonnes. The average poultry selling price of UAH 16.1/kg (ex-VAT) was flat QoQ and 8% lower YoY. MHP also increased its sales of sunflower oil by 22% YoY to 64,100 tonnes in 3Q13, with the average selling price moving down by 2% YoY to USD 1,057 per tonne. Year-to-date through Sept 30, MHP sold 325,400 tonnes of poultry (+19% YoY) at an average price of UAH 16.21/kg (-6% YoY).

MHP is set to harvest 290,000 hectares of land in 2013, up from 250,000 ha last year. This excludes the recently-acquired 40,000 ha of land in Russia; management said its contribution is expected to be immaterial in 2013. MHP's harvesting campaign of late crops is ongoing, with 35% of the corn harvest and 80% of the sunflower harvest completed at average yields some 20% higher compared to 2012.

The date of MHP's 9M13 and 3Q13 financial results release was set by the company for Nov 14.

**COMMENTARY**

In addition to posting double-digit growth in its operational results in 3Q, MHP managed to reach new record high poultry production and sales results in the period on the back of the ongoing capacity expansion at the company's new Vinnytsia complex. Meanwhile, the decline in the average selling price for poultry was expected in light of expanded export sales (frozen chicken is exported, while more expensive fresh poultry is sold domestically).

Another positive is that MHP managed to retain its export volume in 3Q near the 2Q level of 31,600 tonnes, despite a suspension in deliveries to Kazakhstan that began in August; exports to that country have still not resumed, management said, adding that it has redirected the export volume to its other existing markets. Kazakhstan was one of the largest export markets for MHP's poultry in 1H13, with a share of some 17-20% in the company's export sales (equivalent to some 4-5% of MHP's total poultry sales).

We reiterate our BUY recommendation of MHPC stock with target price of USD 22.1.

## UkrEximBank Securities Portfolio Up 83% YtD to UAH 34bn

by Dmitry Churin  
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### NEWS

Government-owned UkrEximBank posted a net profit of UAH 139mn (USD 17mn, +95% YoY) in 9M13, according to financial data released on Tuesday (Oct. 15). The bank's gross interest income rose 20.2% YoY while its net interest income grew by 11.0% YoY to UAH 2.89bn in the period. Provisions for loan impairment declined 12.3% YoY to UAH 2.09bn in 9M13, while total assets rose by 3.6% YtD to UAH 91bn (USD 11bn). On the balance sheet side, UkrExim's loan portfolio has decreased by UAH 800mn since the start of the year, while its securities portfolio has shot up from UAH 18.6bn to UAH 34.0bn in the period.

### COMMENTARY

UkrExim's net profit rose mainly due to decreasing provisions for loan impairment as its asset quality improved. We assume that the vast year-to-date expansion in the securities portfolio, which is now equivalent to more than USD 4bn, is due to UkrExim's ongoing purchases of Ukrainian government bonds at the MinFin primary auctions in a process informally referred to as "friendly" bidding. The bank has been accepting yields of just 14.3% on 5-year UAH denominated debt papers. However, UkrExim's solvency and liquidity ratios look strong, with the capital adequacy ratio at 29.5% and current liquidity standing at 109% as of Oct 1. The NBU-mandated minimum is 10% for capital adequacy and 40% for current liquidity.

## 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	-13%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	3.10	3.33	7%	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	1.04	1.77	70%	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	0.64	1.30	104%	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	516%	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	2.13	6.18	190%	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	240%	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	195	644	230%	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	1.2	6.0	421%	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	2.85	8.90	212%	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	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	15.4	22.10	44%	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	11.50	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	850.67	1061.97	758.71	1.3%	1.3%	2.4%	-10.5%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.041	0.06	0.02	1.0%	0.2%	7.3%	-23.4%	-0.3%	-1.1%	5.0%	-12.9%
Azovstal	AZST	0.64	0.90	0.31	-0.5%	1.8%	1.8%	-13.7%	-1.8%	0.4%	-0.6%	-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	0.2%	-1.0%	0.3%	-12.3%	-1.0%	-2.3%	-2.1%	-1.8%
Arcelor Mittal KR	KSTL	n/a	3.98	1.20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.13	0.26	0.10	0.0%	8.3%	0.0%	-40.9%	-1.3%	7.0%	-2.4%	-30.4%
<b>Coke</b>												
Avdivka Coke	AVDK	3.19	4.80	1.60	0.1%	0.0%	1.0%	-2.5%	-1.2%	-1.4%	-1.4%	8.0%
Yasnyivsky Coking	YASK	0.56	0.85	0.51	0.0%	-1.8%	1.8%	-16.4%	-1.3%	-3.1%	-0.6%	-5.9%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	5.22	7.74	4.00	-19.6%	-18.2%	-14.4%	-24.3%	-20.9%	-19.5%	-16.8%	-13.8%
Ferrexpo	FXPO	3.10	4.58	2.02	4.8%	11.0%	4.8%	-23.0%	3.5%	9.6%	2.4%	-12.4%
Pivnichny GOK	SGOK	8.50	10.00	5.77	0.0%	8.1%	9.5%	14.2%	-1.3%	6.8%	7.1%	24.8%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	0.72	0.39	0.0%	-2.2%	0.0%	-28.6%	-1.3%	-3.5%	-2.4%	-18.1%
Komsomolets Donbasa	SHKD	0.66	1.35	0.27	0.0%	0.0%	-4.3%	-44.1%	-1.3%	-1.3%	-6.7%	-33.6%
Energy Coal	CLE	0.86	5.25	0.59	1.3%	-6.9%	6.6%	-72.1%	0.0%	-8.3%	4.2%	-61.6%
<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	0.61	0.86	0.45	0.0%	0.0%	1.7%	-12.9%	-1.3%	-1.3%	-0.7%	-2.3%
Interpipe NMPP	NVTR	0.22	0.51	0.10	10.0%	10.0%	15.8%	0.0%	8.7%	8.7%	13.4%	10.5%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	17.5	29.0	12.0	1.5%	-0.2%	-13.9%	-9.9%	0.2%	-1.5%	-16.3%	0.6%
Luhanskeplovoz	LTPL	1.54	2.20	1.26	0.0%	-0.6%	-2.5%	-17.6%	-1.3%	-2.0%	-4.9%	-7.1%
Stakhanov Wagon	SVGZ	1.30	2.45	1.00	0.0%	-1.5%	3.2%	-24.9%	-1.3%	-2.8%	0.8%	-14.3%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	-3.4%	-17.6%	-36.4%	-1.3%	-4.7%	-20.0%	-25.9%
Motor Sich	MSICH	1,597	2,640	1,303	2.2%	1.5%	-3.2%	-27.7%	1.0%	0.1%	-5.6%	-17.2%
Sumy Frunze Engineering	SMASH	2.45	4.00	0.76	0.0%	6.5%	-2.0%	63.3%	-1.3%	5.2%	-4.4%	73.8%
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	1.2%	0.1%	19.7%	-5.6%	-0.1%	-1.3%	17.3%	4.9%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.24	0.09	0.0%	7.1%	0.7%	-5.6%	-1.3%	5.8%	-1.7%	4.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.24	0.59	0.20	-0.1%	9.3%	1.5%	-55.4%	-1.4%	8.0%	-0.9%	-44.9%
JKX Oil	JKX	1.15	1.29	0.75	-0.1%	8.4%	8.6%	-3.8%	-1.4%	7.1%	6.2%	6.7%
Ukrnafta	UNAF	109	280	96	0.0%	1.5%	-2.5%	-8.3%	-1.3%	0.2%	-4.9%	2.2%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.95	7.40	2.50	0.2%	-0.1%	-1.9%	-22.1%	-1.1%	-1.4%	-4.3%	-11.6%
Donbasenergo	DOEN	23.3	34.0	15.1	1.4%	1.4%	8.0%	10.1%	0.1%	0.1%	5.6%	20.6%
Zakhidenergo	ZAEN	91.0	115.0	70.0	5.8%	2.6%	9.8%	-6.2%	4.5%	1.3%	7.4%	4.3%
<b>Consumer</b>												
Agroton	AGT	0.80	3.8	0.36	0.5%	3.4%	10.6%	-75.2%	-0.7%	2.1%	8.2%	-64.7%
Astarta	AST	22.7	24.4	14.5	-0.3%	-1.4%	5.0%	27.0%	-1.6%	-2.7%	2.6%	37.5%
Avangardo	AVGR	11.5	12.0	7.61	-0.9%	2.2%	2.7%	1.5%	-2.1%	0.9%	0.3%	12.0%
Industrial Milk Company	IMC	4.73	5.48	3.63	-2.1%	-1.8%	-1.3%	-10.8%	-3.4%	-3.2%	-3.7%	-0.2%
Kernel	KER	16.9	22.6	14.0	-3.3%	3.6%	1.9%	-22.2%	-4.6%	2.3%	-0.5%	-11.7%
Mriya Agro Holding	MAYA	6.01	6.7	5.36	-0.6%	-0.6%	6.6%	-7.3%	-1.9%	-1.9%	4.2%	3.2%
MHPC	MHPC	15.4	19.9	13.58	2.9%	2.7%	-3.1%	1.0%	1.7%	1.3%	-5.5%	11.5%
Milkiland	MLK	4.24	5.5	3.11	0.4%	5.5%	28.5%	-9.9%	-0.9%	4.2%	26.1%	0.6%
Ovostar Union	OVO	32.6	33.2	21.3	-0.9%	2.3%	17.4%	12.9%	-2.1%	1.0%	15.0%	23.4%
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
<b>Chemicals</b>												
Stirol	STIR	10.1	17.5	7.1	-0.5%	-12.7%	4.6%	-24.6%	-1.8%	-14.0%	2.2%	-14.1%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.092	0.128	0.061	4.9%	4.3%	0.0%	7.2%	3.6%	3.0%	-2.4%	17.7%
UkrSotsbank	USCB	0.183	0.257	0.107	1.7%	1.1%	43.9%	41.9%	0.4%	-0.2%	41.6%	52.4%

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	129	3.9%	5	1,544	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	532	459	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	327	4.1%	13	306	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	55	52	49	\$/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	19	9.0%	2	48	1.2	1.7	1.7	1.7	1.7	1.7	0.1	0.1	0.1	1.7	1.7	1.7	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	747	0.5%	4	746	2.3	7.9	7.2	1.5	3.1	3.7	0.9	1.3	1.5				
Pivnichny GOK	SGOK	2,391	0.5%	13	2,515	3.1	5.5	6.7	2.1	3.1	3.9	1.4	1.7	1.9				
Ferrexpo	FXPO	1,825	24.0%	438	2,075	3.2	8.5	6.9	2.6	5.2	4.7	1.2	1.5	1.3				
<b>Coal Mining</b>																		
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
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	193	2.0%	4	236	2.0	5.7	5.7	1.6	3.2	3.1	0.3	0.4	0.3	375	621	590	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	41	24.0%	10	41	4.6	6.0	5.1	2.9	3.3	2.7	0.2	0.2	0.2				
Kruiiv Wagon	KVBZ	245	5.0%	12	247	2.9	2.6	4.8	2.1	1.8	2.7	0.3	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	128	3.4	4.7	4.3	2.1	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	405	24.0%	97	415	2.4	1.6	1.5	1.5	1.3	1.3	0.6	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	345	7.2%	25	681	neg	7.6	7.2	3.3	3.3	3.3	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	720	3.0%	22	710	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	60	12.1	6.5	3.2	neg	2.6	1.7	3.2	1.2	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	197	50.4%	99	306	3.3	4.9	3.9	2.7	2.1	2.0	1.3	1.4	1.2	80	56	42	\$/boe
<b>Electric Utilities</b>																		
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	67	14.2%	10	124	neg	17.6	6.7	6.0	7.2	5.2	0.3	0.2	0.2	15	15	14	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,627	34.1%	555	2,672	6.3	5.2	6.0	6.7	5.7	5.1	2.2	1.9	1.7	8349	8349	8349	\$/tonne
Kernel	KER	1,242	61.8%	767	1,852	5.5	5.9	6.4	6.0	5.8	5.5	1.0	0.9	0.7				
Astarta	AST	567	31.0%	176	713	5.0	11.3	9.6	5.0	7.3	5.9	1.8	1.6	1.3	3617	2202	1829	\$/tonne
Avangardco	AVGR	735	22.5%	165	883	3.7	3.2	3.2	3.5	3.2	3.0	1.6	1.4	1.3	200	152	143	\$/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	337	4.0%	14		>30	>30	11.8	0.4	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	411	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research



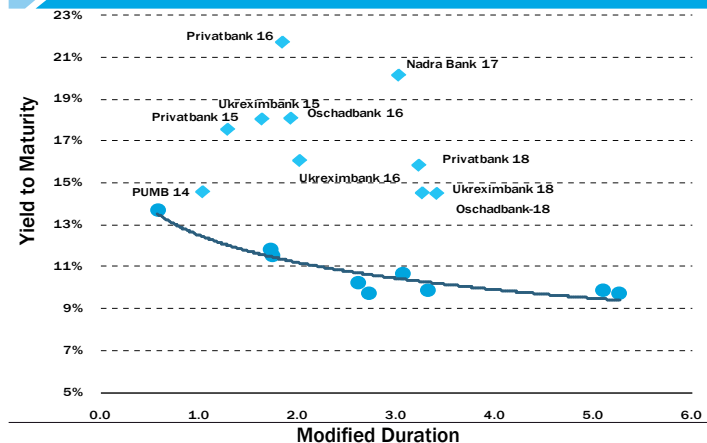
## UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	98.0	98.5	11.7%	10.8%	-4.1%	0.6	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	94.7	95.5	17.0%	15.9%	-7.7%	0.9	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	89.9	90.9	11.1%	10.5%	-7.3%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B/B
Ukraine, 2015	93.2	95.2	11.1%	9.9%	-6.9%	1.7	6.875%	S/A	23 Sept 2015	500	Caa1/B/B
Ukraine, 2016	90.9	92.2	10.2%	9.6%	-8.3%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B/B
Ukraine, 2016-2	91.2	92.5	9.6%	9.1%	-7.8%	2.7	6.25%	S/A	17 Jun 2016	1,250	Caa1/B/B
Ukraine, 2017	90.3	91.8	9.8%	9.3%	-8.3%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	98.0	99.0	10.0%	9.6%	-8.0%	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%	-14.7%	3.4	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	90.3	91.5	9.8%	9.5%	-11.8%	5.1	7.75%	S/A	23 Sept 2020	1,500	Caa1/B/B
Ukraine, 2021	90.6	91.8	9.8%	9.5%	-12.2%	5.3	7.95%	S/A	23 Feb 2021	1,500	Caa1/B/B
Ukraine, 2022	89.2	90.2	9.6%	9.4%	-11.1%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B/B
Ukraine, 2023	89.0	90.2	9.3%	9.1%	-10.4%	6.5	7.50%	S/A	17 Apr 2023	1,250	Caa1/B/B
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	57.0	31.7%	26.9%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.5	101.4	11.1%	10.3%	-4.8%	1.4	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	83.3	85.1	12.1%	11.6%	-15.8%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	100.0	102.0	10.3%	9.1%	5.5%	1.7	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	90.8	92.9	13.7%	13.0%	-8.1%	3.4	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	99.0	100.9	11.8%	10.8%	-3.0%	2.1	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	83.2	85.5	14.7%	13.9%	-15.7%	3.5	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	99.1	100.0	10.5%	9.8%	-1.7%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	87.2	89.0	11.6%	11.1%	-11.9%	3.6	7.88%	S/A	4 Apr 2018	750	Caa1//B
Metinvest, 2015	99.4	99.7	11.1%	10.8%	-4.1%	1.4	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	89.1	89.9	12.1%	11.8%	-7.7%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	94.1	95.7	10.9%	10.0%	-2.6%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	83.2	85.2	14.6%	14.0%	-15.8%	3.3	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.3%	17.6%	-3.8%	2.8	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	109.5	112.1	8.4%	7.8%	10.8%	3.6	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	89.3	91.3	77.6%	62.1%	41.0%	0.2	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	96.3	100.0	15.9%	12.0%	-3.9%	1.0	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.9	83.3	21.7%	19.6%	-3.8%	3.0	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	86.5	88.5	18.8%	17.3%	-7.7%	1.6	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	68.8	74.2	24.5%	20.5%	-7.3%	1.8	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	85.1	87.9	15.7%	14.7%	-13.5%	3.2	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	90.0	92.0	16.7%	15.0%	-8.9%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	80.0	83.0	17.1%	15.2%	-3.3%	1.9	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	82.0	83.7	14.6%	13.9%	-17.1%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	81.5	83.5	54.6%	48.8%	47.3%	0.6	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	86.2	87.8	15.9%	14.9%	-8.5%	2.0	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	82.1	83.8	14.4%	13.9%	-17.1%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	85.0	85.5	17.5%	17.1%	-8.9%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	84.4	87.1	16.7%	15.3%	-8.3%	2.2	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

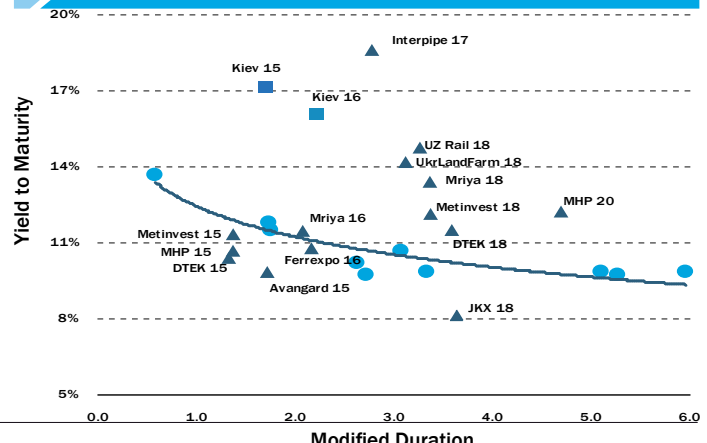
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

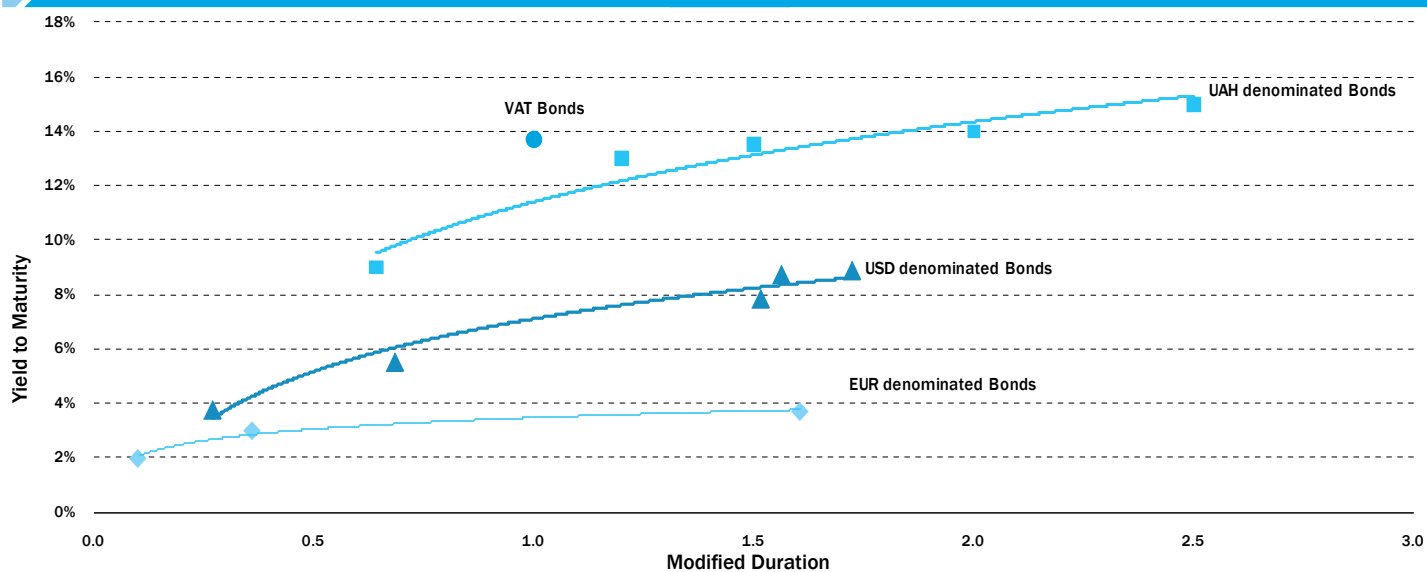




**UKRAINIAN DOMESTIC BONDS**

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%	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
<b>USD denominated Bonds</b>									
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
<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			14.3%	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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