

**Market Update**

**Equity**

Ukrainian stocks were lower across the board on Monday (Oct 21), ending their 4-session winning streak and giving back a chunk of last week's gains amid generally flat external sentiments, as both the S&P 500 and the DAX sat unchanged near the all-time highs which they registered on Friday. With the markets increasingly confident that there will be no reduction in US monetary stimulus before January, many analysts now expect the major equity indices to rally through the end of the year. The UX index lost 1.2% to close at 854 points. Raiffeisen Aval and UkrSotsBank were both down more than 2%, with the latter ending at 18.10 kopecks, while Azovstal corrected by 1.5% and volume leader Motor Sich shed 1.0%. In London, Avangard continued to have the hot hand, jumping another 4.0% to reach USD 13; JX Oil & Gas moved by the same increment in the opposite direction after reporting that flow at its new gas well is "near the low end" of expectations.

**Fixed Income**

Ukrainian sovereigns were down on Monday with Ukraine-23s declining by 0.4p.p. and closing at 88.9/89.9 (9.3%/9.1%). Meanwhile, corporate universe showed mostly positive dynamics. MHP-15s advanced by 0.7p.p. to 100.8/102.5 (10.1%/8.8%) and DTEK-15s increased by 0.5p.p. and finished at 100.8/101.6 (9.3%/8.6%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1599.00	-1.0%	13.4	22
UkrSotsbank	USCB	0.18	-2.5%	0.2	8
Mariupol Heavy Machine	MZVM	0.101	-13.8%	0.2	11

**Growth Leaders**

Bank Forum	FORM	0.65	0.5%	0.00	7
Avdyivka Coke	AVDK	3.21	0.1%	0.01	10
Enakievo Steel	ENMZ	33.29	-0.5%	0.04	25

**Loss Leaders**

Mariupol Heavy Machine	MZVM	0.10	-13.8%	0.173	11
Stirol	STIR	11.07	-7.8%	0.011	7
UkrSotsbank	USCB	0.18	-2.5%	0.237	8

**Highlights**

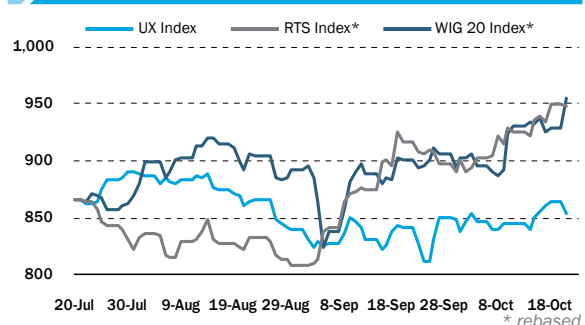
**POLITICS AND ECONOMICS**

- > Batkivschyna Rejects Compromise on Tymoshenko Release

**STOCKS IN THE NEWS**

- > UkrSotsBank Continues to Report Only Marginal Profit in 3Q13

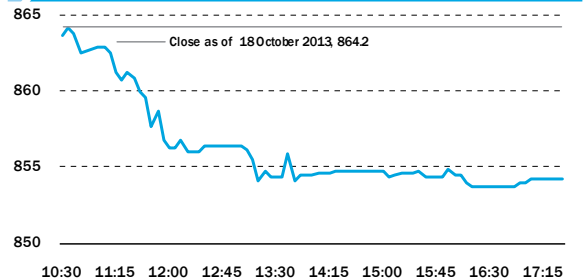
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	854.3	-1.1%	1.5%	-10.1%
RTS	1514.4	-0.1%	3.5%	-0.8%
WIG20	2554.6	2.8%	6.1%	-1.1%
MSCI EM	1042.7	0.1%	2.9%	-1.2%
S&P 500	1744.7	0.0%	2.0%	24.4%

**UX INTRADAY OCTOBER 21, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	327.4	-0.5%	0.4%	20.8%
CDS 5Y UKR	905.7	0.0%	1.8%	44.9%
Ukraine-17	9.3%	0.1 p.p.	0.3 p.p.	2.4 p.p.
Naftogaz Ukr-14	13.4%	0.3 p.p.	2.4 p.p.	5.8 p.p.
Ukraine-23	9.2%	0.1 p.p.	-0.1 p.p.	1.7 p.p.
Privatbank-16	22.2%	0.0 p.p.	6.3 p.p.	6.9 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.18	0.0%	0.2%	1.7%
EUR	11.20	0.0%	1.3%	4.8%
RUB	0.26	-0.3%	-0.2%	-3.5%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	264.4	0.0%	8.1%	-24.1%
Steel, USD/t	527.5	-0.5%	-3.2%	-0.9%
Oil, USD/bbl	109.6	-0.3%	1.2%	4.5%
Gold, USD/oz	1316.0	0.0%	-0.8%	-20.5%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Batkivschyna Rejects Compromise on Tymoshenko Release

by Will Ritter  
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### NEWS

The center-left Batkivschyna party of jailed former prime minister Yulia Tymoshenko on Monday (Oct 21) rejected the idea of a compromise bill submitted in Parliament that would create a legal basis for Tymoshenko to travel abroad for medical treatment while leaving her status as a convicted criminal unchanged, Reuters reported. The party said in a statement that responsibility for “solving the problem of Yulia Tymoshenko lies exclusively with President Viktor Yanukovich,” stressing that there is no need for the passing of a special law by Parliament. Reaching a solution on the Tymoshenko problem is viewed by most analysts as critical to ensuring the signing of Ukraine’s Association Agreement next month.

### COMMENTARY

The latest move by the Tymoshenko camp confirms our view that all the talk about “medical treatment in Germany” is neither here nor there at this point, as Tymoshenko is clearly playing for a full pardon that would rescind her conviction on abuse of power charges and immediately bring her back onto the political stage for the 2015 presidential election. We fully expect Tymoshenko to play hardball with President Yanukovich and the EU over the pardon, as the former premier and her party have much less to lose by a failure to sign the AA/DCFTA at the Nov 28-29 Vilnius summit than do the other two sides in the negotiations. For its part, the Yanukovich administration will try to make the case that Tymoshenko is acting unreasonably in demanding an unconditional overturning of her conviction, while the EU appears deeply divided on the issue of what would constitute an acceptable solution. All of this looks like a formula for leaving the fate of the AA/DCFTA in the balance until the last possible moment, with each side waiting for one of the other two to blink.

## UkrSotsBank Continues to Report Only Marginal Profit in 3Q13

by Dmitry Churin  
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### UKRSOTSBANK (USCB UK)

Price: UAH 0.181 Market Cap: USD 409mn

	P/Assets	P/Book	P/E	Div. Yield
2012	0.08	0.4	>30	0%
2013E	0.08	0.4	>30	0%

### NEWS

UkrSotsBank, the Ukrainian subsidiary of Italy-based UniCredit, reported a net profit of UAH 1.75mn (USD 215,000) in 3Q13, essentially in line with a net profit of UAH 1.53mn in the corresponding period a year earlier, according to financials released on Monday (Oct 21). The bank's net profit for 9M13 was a similarly negligible UAH 8.2mn. Gross interest income fell by 11.3% YoY and net interest income was down 22% YoY to UAH 1.50bn in the period. On the balance sheet side, the bank's total assets decreased by 3.9% YtD to UAH 37.3bn (USD 4.6bn) as a result of a decline in cash and cash equivalents from UAH 5.5bn to UAH 3.1bn in the period. UkrSots' loan portfolio was up by 3.0% YtD, to UAH 24.4bn, as of Oct 1.

### COMMENTARY

Although UkrSots cut its provisions for loan impairment by 50% YoY to UAH 594mn in 9M13, lower interest income offset the positive momentum in loan portfolio improvement, and the bank has thus continued its 4-year trend of posting a nearly-flat bottom line. In our opinion, the play in the USCB stock for a horizon ending on Nov 26 is fairly straightforward, as the bank's shareholder meeting scheduled for Dec 2 should give minorities voting against an additional share issue the right to sell to UniCredit at 20.2 kopecks per share.

## 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	-17%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	3.16	3.33	5%	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	1.00	1.77	76%	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	0.75	1.30	74%	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	94%	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	488%	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	2.12	6.18	191%	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	229%	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	0.25	1.52	513%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	1.1	6.0	431%	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	2.83	8.90	215%	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	203%	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	15.3	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	24.15	30.0	24%	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	13.00	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	854.25	1061.97	758.71	-1.1%	1.7%	1.5%	-10.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.041	0.06	0.02	-1.2%	1.5%	7.3%	-23.0%	-0.1%	-0.2%	5.9%	-12.9%
Azovstal	AZST	0.67	0.90	0.31	-1.9%	4.1%	7.1%	-9.7%	-0.8%	2.3%	5.6%	0.4%
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	-1.1%	0.1%	-1.0%	-12.4%	0.0%	-1.6%	-2.4%	-2.3%
Arcelor Mittal KR	KSTL	n/a	3.98	1.20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.13	0.26	0.10	0.0%	0.0%	0.0%	-40.9%	1.1%	-1.7%	-1.5%	-30.8%
<b>Coke</b>												
Avdivka Coke	AVDK	3.21	4.80	1.60	0.1%	0.8%	0.3%	-1.9%	1.2%	-1.0%	-1.2%	8.2%
Yasnyivsky Coking	YASK	0.59	0.85	0.51	1.7%	5.4%	0.0%	-11.9%	2.9%	3.6%	-1.5%	-1.8%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.10	7.74	4.00	16.9%	-6.0%	-3.6%	-11.6%	18.0%	-7.7%	-5.1%	-1.5%
Ferrexpo	FXPO	3.17	4.58	2.02	2.0%	7.0%	8.5%	-21.3%	3.2%	5.3%	7.0%	-11.2%
Pivnichny GOK	SGOK	8.20	10.00	5.77	0.0%	-3.5%	3.8%	10.2%	1.1%	-5.2%	2.3%	20.3%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	0.0%	0.0%	0.0%	-28.6%	1.1%	-1.7%	-1.5%	-18.4%
Komsomolets Donbasa	SHKD	0.66	1.35	0.27	0.0%	0.0%	-5.7%	-44.1%	1.1%	-1.7%	-7.2%	-33.9%
Energy Coal	CLE	0.84	4.93	0.59	-4.7%	-1.1%	5.2%	-72.8%	-3.5%	-2.8%	3.7%	-62.6%
<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	0.56	0.86	0.45	0.0%	-8.2%	-13.8%	-20.0%	1.1%	-9.9%	-15.3%	-9.9%
Interpipe NMPP	NVTR	0.24	0.51	0.10	0.0%	20.0%	-14.3%	9.1%	1.1%	18.3%	-15.7%	19.2%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	17.4	29.0	12.0	-1.8%	0.9%	-15.3%	-10.5%	-0.6%	-0.8%	-16.8%	-0.4%
Luhanskeplovoz	LTPL	1.59	2.20	1.26	0.0%	3.2%	-1.9%	-15.0%	1.1%	1.5%	-3.3%	-4.8%
Stakhanov Wagon	SVGZ	1.20	2.45	1.00	-7.7%	-7.7%	-2.4%	-30.6%	-6.5%	-9.4%	-3.9%	-20.5%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	0.0%	22.8%	16.7%	-21.9%	1.1%	21.1%	15.2%	-11.7%
Motor Sich	MSICH	1,599	2,640	1,303	-1.2%	2.4%	-7.9%	-27.6%	0.0%	0.7%	-9.3%	-17.5%
Sumy Frunze Engineering	SMASH	2.20	4.00	0.81	-10.2%	-10.2%	-10.6%	46.7%	-9.1%	-11.9%	-12.0%	56.8%
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	0.35	0.17	-3.0%	0.9%	10.3%	-5.9%	-1.9%	-0.9%	8.9%	4.2%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.16	0.22	0.09	6.2%	2.6%	-1.1%	-3.1%	7.3%	0.9%	-2.5%	7.0%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.25	0.59	0.20	-0.1%	2.6%	0.8%	-54.1%	1.0%	0.9%	-0.6%	-44.0%
JKX Oil	JKX	1.13	1.29	0.75	-4.2%	-1.8%	12.0%	-5.5%	-3.1%	-3.5%	10.6%	4.7%
Ukrnafta	UNAF	107	280	96	-2.3%	-1.3%	-6.0%	-9.4%	-1.1%	-3.0%	-7.4%	0.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.97	7.40	2.50	-0.5%	0.7%	-2.3%	-21.7%	0.7%	-1.0%	-3.8%	-11.5%
Donbasenergo	DOEN	23.1	34.0	15.1	-1.5%	0.6%	4.8%	9.2%	-0.4%	-1.1%	3.3%	19.3%
Zakhidenergo	ZAEN	83.9	115.0	70.0	0.0%	-2.4%	-2.3%	-13.5%	1.1%	-4.2%	-3.8%	-3.4%
<b>Consumer</b>												
Agroton	AGT	0.78	3.8	0.36	-0.7%	-2.0%	3.6%	-75.9%	0.5%	-3.7%	2.2%	-65.7%
Astarta	AST	24.1	24.4	14.5	1.5%	6.2%	7.8%	35.3%	2.6%	4.5%	6.3%	45.4%
Avangardo	AVGR	13.0	13.0	7.61	4.0%	12.1%	18.9%	14.7%	5.1%	10.4%	17.5%	24.9%
Industrial Milk Company	IMC	4.81	5.48	3.63	-1.2%	-0.5%	0.6%	-9.3%	0.0%	-2.2%	-0.8%	0.9%
Kernel	KER	17.3	22.6	14.0	3.9%	-0.8%	4.5%	-20.1%	5.1%	-2.5%	3.1%	-10.0%
Mriya Agro Holding	MAYA	6.19	6.7	5.36	-2.5%	2.3%	7.8%	-4.6%	-1.4%	0.6%	6.4%	5.6%
MHPC	MHPC	15.3	19.9	13.58	-1.6%	2.3%	-4.7%	0.3%	-0.5%	0.6%	-6.1%	10.5%
Milkiland	MLK	4.55	5.3	3.11	-2.8%	7.7%	21.4%	-3.4%	-1.6%	6.0%	19.9%	6.7%
Ovostar Union	OVO	32.3	33.2	21.3	-1.5%	-1.7%	8.8%	12.0%	-0.3%	-3.4%	7.4%	22.1%
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	0.65	0.49	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	11.1	17.5	7.1	-7.8%	9.1%	9.2%	-17.4%	-6.6%	7.4%	7.7%	-7.3%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.091	0.128	0.061	-2.3%	3.7%	1.0%	6.0%	-1.1%	1.9%	-0.5%	16.1%
UkrSotsbank	USCB	0.181	0.257	0.107	0.4%	0.5%	42.6%	40.3%	1.5%	-1.2%	41.2%	50.4%

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%
Ukrstsobank	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	1,545	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	533	459	414	\$/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	343	4.1%	14	321	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	57	54	52	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	77	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	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	2,308	0.5%	13	2,433	2.9	5.3	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,863	24.0%	447	2,114	3.2	8.7	7.1	2.6	5.3	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	38	11.9%	5	63	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	178	2.0%	4	220	1.8	5.3	5.2	1.5	3.0	2.8	0.3	0.3	0.3	350	580	551	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	43	24.0%	10	42	4.7	6.2	5.2	3.0	3.4	2.8	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	243	5.0%	12	246	2.9	2.6	4.8	2.1	1.8	2.6	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	33	8.0%	3	72	1.7	>30	11.6	2.2	10.1	6.6	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	406	24.0%	97	416	2.4	1.6	1.5	1.5	1.3	1.3	0.6	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	355	7.2%	26	691	neg	7.8	7.4	3.4	3.4	3.3	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	712	3.0%	21	702	2.6	2.3	3.2	1.6	1.4	1.6	0.2	0.2	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	80	49.0%	39	62	12.4	6.6	3.3	neg	2.7	1.7	3.3	1.2	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	194	50.4%	98	302	3.3	4.9	3.9	2.6	2.1	2.0	1.3	1.3	1.2	80	55	41	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	224	21.7%	49	307	>30	7.8	6.7	6.3	5.1	4.5	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnergO	DOEN	67	14.2%	10	123	neg	17.5	6.6	6.0	7.2	5.2	0.2	0.2	0.2	15	14	14	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,616	34.1%	551	2,661	6.2	5.2	6.0	6.6	5.7	5.1	2.2	1.9	1.7	8316	8316	8316	\$/tonne
Kernel	KER	1,275	61.8%	787	1,885	5.6	6.0	6.5	6.1	5.9	5.6	1.0	0.9	0.7				
Astarta	AST	604	31.0%	187	750	5.3	12.1	10.2	5.2	7.7	6.2	1.9	1.6	1.4	3805	2317	1924	\$/tonne
Avangardco	AVGR	830	22.5%	187	979	4.2	3.6	3.6	3.9	3.5	3.3	1.8	1.6	1.4	221	168	158	\$/mneegs
Agroton	AGT	17	44.6%	8	50	neg	0.9	0.8	2.7	1.6	1.5	0.4	0.5	0.5	0.4	n/a	n/a	\$/ha
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	333	4.0%	13		>30	>30	11.7	0.4	0.4	0.4	0.05	0.05	0.04				
Ukrsotsbank	USCB	407	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

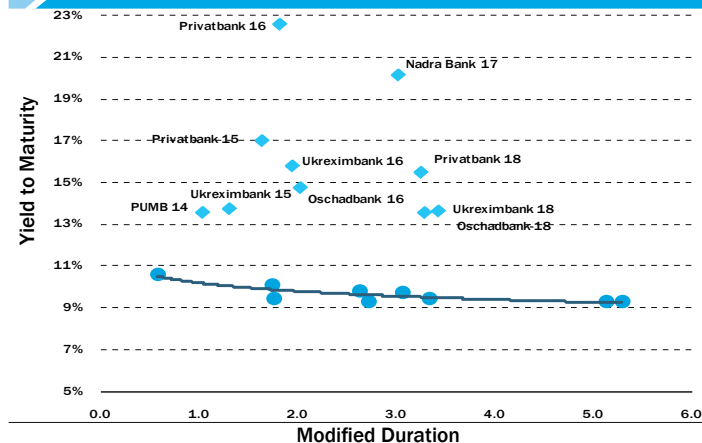
## UKRAINIAN EUROBONDS

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	97.8	98.5	12.3%	10.9%	-4.2%	0.6	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	96.3	97.1	15.0%	13.9%	-6.1%	0.8	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	91.5	93.5	10.1%	8.9%	-5.1%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B/B
Ukraine, 2015	94.5	95.5	10.4%	9.7%	-6.2%	1.7	6.875%	S/A	23 Sept 2015	500	Caa1/B/B
Ukraine, 2016	92.7	93.9	9.5%	9.0%	-6.6%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B/B
Ukraine, 2016-2	92.4	93.1	9.2%	8.9%	-6.9%	2.7	6.25%	S/A	17 Jun 2016	1,250	Caa1/B/B
Ukraine, 2017	90.8	92.3	9.6%	9.1%	-7.7%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	98.4	99.4	9.9%	9.5%	-7.7%	3.0	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%	3.0	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	80.0	82.0	14.0%	13.2%	-14.7%	3.5	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	92.2	93.4	9.4%	9.1%	-9.9%	5.1	7.75%	S/A	23 Sept 2020	1,500	Caa1/B/B
Ukraine, 2021	92.9	94.1	9.3%	9.1%	-10.0%	5.3	7.95%	S/A	23 Feb 2021	1,500	Caa1/B/B
Ukraine, 2022	90.2	91.2	9.4%	9.3%	-10.1%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B/B
Ukraine, 2023	88.9	89.9	9.3%	9.1%	-10.6%	6.5	7.50%	S/A	17 Apr 2023	1,250	Caa1/B/B
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	59.0	31.8%	25.7%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	100.8	102.5	10.1%	9.4%	-3.7%	1.4	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	86.9	88.4	11.2%	10.8%	-12.4%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	100.1	102.0	10.3%	9.1%	5.6%	1.7	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	91.5	93.1	13.5%	13.0%	-7.7%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	99.8	102.1	11.4%	10.3%	-2.0%	2.1	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	86.8	88.1	13.5%	13.0%	-12.6%	3.5	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	100.8	101.6	9.3%	8.6%	-0.1%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	90.1	91.4	10.7%	10.3%	-9.2%	3.6	7.88%	S/A	4 Apr 2018	750	Caa1//B
Metinvest, 2015	100.8	102.0	10.1%	9.1%	-2.2%	1.4	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	92.1	93.7	11.2%	10.7%	-4.2%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	95.7	98.2	10.1%	8.8%	-0.5%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	86.2	88.3	13.7%	13.0%	-12.8%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.4%	17.6%	-3.8%	2.8	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	106.6	108.3	9.2%	8.8%	7.5%	3.6	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	90.5	92.5	74.8%	58.3%	43.0%	0.2	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	97.0	100.0	15.2%	12.0%	-3.5%	1.0	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.0	83.3	22.6%	19.7%	-3.8%	3.0	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	88.0	90.0	17.8%	16.3%	-6.1%	1.6	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	69.0	74.4	24.5%	20.5%	-7.1%	1.8	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	87.0	90.0	15.0%	14.0%	-11.5%	3.2	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	94.1	95.0	13.3%	12.6%	-5.4%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	82.1	85.1	15.8%	14.0%	-0.9%	1.9	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	86.1	88.1	13.1%	12.4%	-12.9%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	81.5	83.5	56.6%	50.5%	47.3%	0.5	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	89.0	91.0	14.3%	13.2%	-5.4%	2.0	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	85.7	87.6	13.3%	12.6%	-13.3%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	86.5	88.5	16.5%	15.1%	-6.4%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	86.3	88.7	15.8%	14.6%	-6.5%	2.2	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

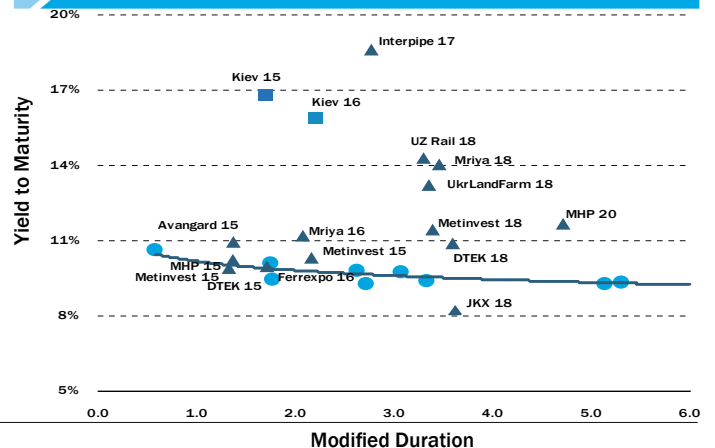
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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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