

Market Update

Equity

Ukrainian stocks ended firmly in the black on Tuesday (Oct 22), with the UX index rising by 1.2% and regaining all of its Monday decline to close at 864 points; the external mood was boosted by a disappointing US jobs report that all but guarantees a continuation of US quantitative easing at current levels until at least March 2014. Local trading volumes remained sluggish as Kyiv brokers continue to adjust their internal processes to new legislation on the depository system, which came into effect on Oct 12. DonbasEnergo advanced by 3.5% to UAH 23.99, making it the clear growth leader among blue chips, while index heavyweights CentrEnergo and Motor Sich added 1.8% and 0.1% respectively. Yenakievo Steel was the only loser in the UX basket, inching down by 0.1%. Low-liquidity issue Mostobud rose by 2.0%. Ukrainian names traded abroad were mixed, with London-listed Ferrexpo slipping half a percent, while Warsaw-listed Kernel gained 2.5% to PLN 53.25.

Fixed Income

Ukrainian sovereigns were weak on Tuesday with Ukraine-23s inching down by 0.1p.p. and closing at 88.8/89.8 (9.3%/9.1%). Meanwhile, corporate universe were mixed. Ukrlandfarming-18s advanced by 1.4p.p. to 92.1/95.1 (13.3%/12.3%) while DTEK-15s declined by 0.3p.p. to 100.8/101.1 (9.3%/9.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1600.00	0.1%		
Ukrsotsbank	USCB	0.19	2.4%		
Mariupol Heavy Machine	MZVM	0.109	7.5%		

Growth Leaders

Bank Forum	FORM	0.64	-1.7%
Avdyivka Coke	AVDK	3.24	0.5%
Enakievo Steel	ENMZ	33.25	-0.1%

Loss Leaders

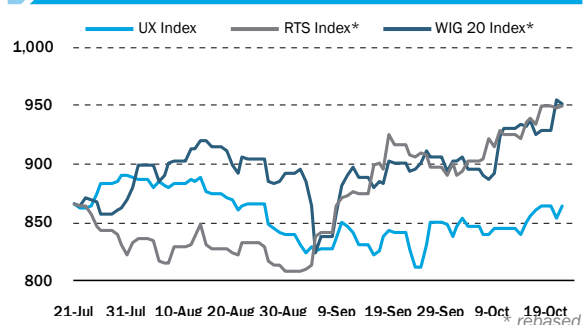
Mariupol Heavy Machine	MZVM	0.11	7.5%
Stirol	STIR	11.35	0.5%
Ukrsotsbank	USCB	0.19	2.4%

Highlights

STOCKS IN THE NEWS

- > Ovostar's Egg Output Up 32% YoY in 9M13
- > CFO: MHP Could List in Kyiv in Early 2014; Sales Diversification in Focus
- > Avdyivka Coke Finishes 9M13 At Breakeven Point

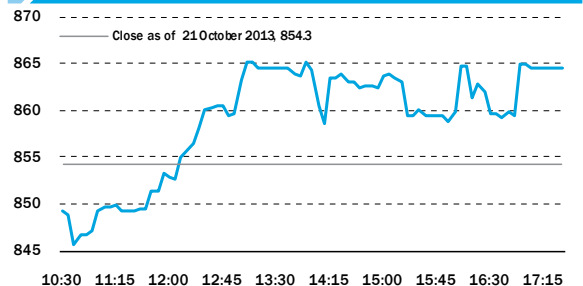
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	864.4	1.2%	2.7%	-9.1%
RTS	1518.5	0.3%	3.8%	-0.6%
WIG20	2544.5	-0.4%	5.7%	-1.5%
MSCI EM	1044.7	0.2%	3.1%	-1.0%
S&P 500	1754.7	0.6%	2.6%	25.1%

UX INTRADAY OCTOBER 22, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	331.8	1.4%	1.8%	22.4%
CDS 5Y UKR	909.0	0.4%	2.1%	45.4%
Ukraine-17	9.2%	-0.1 p.p.	-0.3 p.p.	2.3 p.p.
Naftogaz Ukr-14	13.4%	0.1 p.p.	2.5 p.p.	5.8 p.p.
Ukraine-23	9.2%	0.0 p.p.	0.0 p.p.	1.7 p.p.
Privatbank-16	22.1%	0.0 p.p.	6.3 p.p.	6.8 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.18	0.0%	0.1%	1.6%
EUR	11.27	0.7%	2.0%	5.5%
RUB	0.26	0.9%	0.7%	-2.6%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	264.4	0.0%	8.1%	-24.1%
Steel, USD/t	527.5	0.0%	-3.2%	-0.9%
Oil, USD/bbl	110.0	0.3%	1.5%	4.8%
Gold, USD/oz	1340.2	1.8%	1.1%	-19.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ovostar's Egg Output Up 32% YoY in 9M13

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

OVOSTAR UNION (OVO PW)

Price: PLN 100.0 Market Cap: USD 198mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	3.3	8.3	7.4	0%
2013E	2.4	6.4	5.7	0%

NEWS

Ovostar, Ukraine's third largest egg producer, increased its egg production by 32% YoY to 648mn pieces in 9M13, according to an operational update released on Tuesday (Oct 22). The company sold 410mn eggs (+26% YoY) and the volume of eggs processed amounted to 199mn pieces (+29% YoY) over the period. The average selling price was reported at UAH 0.65/egg (+3% YoY). Sales of dry and liquid egg products increased by 54% and 42% YoY to 1,132 and 4,992 tonnes, respectively, in 9M13. The total flock as of end 30 Sept 2013 was 4.41mn heads (+22% YoY), including 3.74mn laying hens (+41%).

In 3Q13, the company produced 226mn eggs (+36% YoY and +9% QoQ), including 63mn eggs which were processed (+15% YoY, -5% QoQ). Ovostar sold 163mn eggs in 3Q13 (+47% YoY and +15% QoQ).

COMMENTARY

The announced operating results are in line with management's guidance for 9M13 provided in early September. Our calculations shows that Ovostar sold its eggs at average price of UAH 0.74/piece in 3Q13, representing increases of 27% YoY and 49% QoQ. Given the favorable pricing for fodder over 3Q13 (fodder accounts for some 70% in the production cost) along with seasonal upward dynamics in prices for eggs, the company should release strong 3Q13 financial results in mid-November. However, in our view, the robust financials for 3Q are to large extent already priced in by the market, with the OVO share price having already risen by 27% since early September.

CFO: MHP Could List in Kyiv in Early 2014; Sales Diversification in Focus

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

MHP (MHPC LI)

Price: USD 15.75 Market Cap: USD 1,664mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	2.0	5.4	6.1	7.2%
2013E	2.0	8.2	6.9	3.0%

NEWS

A double listing (in London and Kyiv) of the shares of MHP, Ukraine's largest poultry producer, could start in three months, CFO Viktoriya Kapelushna said at an investors' conference in Kyiv on Tuesday (Oct 22), without providing further details. The CFO also noted that the company is working on diversifying its export presence in Africa and intends to start exporting to China. As previously reported, MHP's first deliveries to EU are planned by 2013 year-end.

COMMENTARY

As one of the top Ukraine-based companies in terms of quality of corporate governance, we presume that MHP's stock will attract strong interest from the domestic investment community if a Kyiv listing of the company indeed takes place.

Export market diversification is a highly necessary step for MHP in light of its frequent problems with deliveries to the CIS, which constituted 60% of the company's export sales in 1H13. Among the most recent examples, the company's poultry sales Kazakhstan were halted in August on regulatory grounds and have still not been resumed; Kazakhstan accounted for some 18% of MHP's export sales in 1H13. On the positive side, thanks to strong demand for MHP's poultry on the back of ongoing diversification, the company managed to maintain its export volume sales in 3Q13 largely at the level of 2Q.

Avdyivka Coke Finishes 9M13 At Breakeven Point

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

AVDYIVKA COKE (AVDK UK)

Price: UAH 3.24 Market Cap: USD 78mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.07	neg	neg	0%
2013E	0.07	neg	1.59	0%

NEWS

Avdyivka Coke, Ukraine's largest coke maker, reported net income of UAH 17.1mn (USD 2.1mn) for 9M13, according to financials released on Tuesday (Oct 22). The company had posted a net loss of USD 113mn for the corresponding period of 2012. This year, net revenue fell by 18% YoY to USD 693mn in Jan-Sept, with the EBITDA margin rising to +5.1% from negative 11.6% in 9M12.

In 3Q13, Avdyivka reported a top line of USD 235mn (+4.5% QoQ) and a nearly flat bottom line of USD -1.4mn (USD -600,000 in 2Q13). EBITDA was unchanged QoQ at USD 9.4mn, implying a quarterly EBITDA margin of 4.0% (-0.2p.p. QoQ).

COMMENTARY

While in the second quarter, Avdyivka had managed to end near breakeven due to a positive gross profit of USD 17.4mn, the similar result for 3Q was mainly due to "other operating income" of USD 26.7mn, as the company reported a USD 11.4mn loss on gross profit level in the quarter.

Overall in 9M13, Avdyivka improved its previously very poor quality of financial reporting practices, and it appears that the company's target is to report an essentially breakeven bottom line for FY13, compared to its USD 139mn loss in FY12. Nevertheless, we note that there is still ample room for improvement in Avdyivka's financial transparency. Although the company is now manufacturing high-quality coke, the reported average selling price over the first three quarters of 2013 was only at the level of the domestic price for ordinary coke. Also, the company's production cash cost was between 25% and 45% higher over each of three quarters 2013 than the level implied by market prices for domestic coking coal. This phenomenon can hardly be explained merely by Avdyivka's use of more expensive imported coking coal (import/domestic inputs are split 50/50 in Avdyivka's coal consumption structure). We estimate the true profitability of Avdyivka's business to be not less than 15% on the EBITDA margin level; the company reported a 5.1% EBITDA margin for 9M13.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, USD per share	Target price, USD per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.08	0.07	-17%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	3.14	3.33	6%	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.
Coke						
Avdyivka Coke	AVDK	0.40	0.76	93%	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	493%	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	2.12	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.
Specialized Machinery						
Motor Sich	MSICH	196	644	229%	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	0.25	1.52	510%	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	416%	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	2.93	8.90	203%	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	196%	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	15.8	22.10	40%	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	24.36	30.0	23%	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	12.49	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	864.44	1061.97	758.71	1.2%	1.6%	2.7%	-9.1%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.042	0.06	0.02	1.0%	1.5%	8.4%	-22.3%	-0.2%	-0.2%	5.7%	-13.2%
Azovstal	AZST	0.67	0.90	0.31	0.1%	4.7%	7.2%	-9.6%	-1.0%	3.1%	4.6%	-0.5%
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	-0.1%	-0.3%	-1.1%	-12.5%	-1.3%	-1.9%	-3.7%	-3.4%
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%	-1.2%	-1.6%	-2.7%	-31.8%
Coke												
Avdyivka Coke	AVDK	3.24	4.80	1.60	0.8%	1.5%	1.1%	-1.1%	-0.4%	-0.1%	-1.5%	8.0%
Yasynivsky Coking	YASK	0.58	0.85	0.51	-1.7%	3.6%	-1.7%	-13.4%	-2.9%	2.0%	-4.4%	-4.4%
Iron Ore Mining												
Centralny GOK	CGOK	6.10	7.74	4.00	0.0%	16.9%	-3.6%	-11.6%	-1.2%	15.2%	-6.3%	-2.5%
Ferrexpo	FXPO	3.15	4.58	2.02	-0.5%	1.6%	7.9%	-21.7%	-1.7%	-0.1%	5.3%	-12.7%
Pivnichny GOK	SGOK	8.20	10.00	5.77	0.0%	-3.5%	3.8%	10.2%	-1.2%	-5.1%	1.1%	19.3%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	0.0%	0.0%	0.0%	-28.6%	-1.2%	-1.6%	-2.7%	-19.5%
Komsomolets Donbasa	SHKD	0.66	1.35	0.27	0.0%	0.0%	-5.7%	-44.1%	-1.2%	-1.6%	-8.4%	-35.0%
Energy Coal	CLE	0.85	4.93	0.59	1.1%	-1.2%	6.4%	-72.5%	-0.1%	-2.8%	3.7%	-63.4%
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	0.55	0.86	0.45	-1.8%	-9.8%	-15.4%	-21.4%	-3.0%	-11.5%	-18.0%	-12.4%
Interpipe NMPP	NVTR	0.20	0.51	0.10	-16.7%	-9.1%	-28.6%	-9.1%	-17.9%	-10.7%	-31.2%	0.0%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.4	29.0	12.0	0.0%	-0.6%	-15.3%	-10.5%	-1.2%	-2.2%	-18.0%	-1.5%
Luhanskeplovoz	LTPL	1.59	2.20	1.26	0.0%	3.2%	-1.9%	-15.0%	-1.2%	1.6%	-4.5%	-5.9%
Stakhanov Wagon	SVGZ	1.22	2.45	1.00	1.7%	-6.2%	-0.8%	-29.5%	0.5%	-7.8%	-3.5%	-20.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-16.3%	2.8%	-2.3%	-34.6%	-17.5%	1.2%	-5.0%	-25.5%
Motor Sich	MSICH	1,600	2,640	1,303	0.1%	0.2%	-7.8%	-27.6%	-1.1%	-1.4%	-10.5%	-18.5%
Summy Frunze Engineering	SMASH	2.20	4.00	0.81	0.0%	-10.2%	-10.6%	46.7%	-1.2%	-11.8%	-13.2%	55.7%
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	2.6%	2.3%	13.2%	-3.4%	1.4%	0.7%	10.5%	5.6%
Telecom												
Ukrtelecom	UTLM	0.15	0.22	0.09	-3.2%	-0.7%	-4.3%	-6.3%	-4.4%	-2.3%	-6.9%	2.8%
Oil & Gas												
Regal Petroleum	RPT	0.25	0.59	0.20	0.6%	3.4%	1.4%	-53.9%	-0.6%	1.7%	-1.3%	-44.8%
JXX Oil	JKX	1.17	1.29	0.75	3.1%	1.3%	15.5%	-2.6%	1.9%	-0.3%	12.8%	6.5%
Ukrnafta	UNAF	109	280	96	1.6%	0.3%	-4.5%	-8.0%	0.4%	-1.3%	-7.1%	1.0%
Power Utilities												
Centrenerg	CEEN	5.08	7.40	2.50	2.1%	2.7%	-0.3%	-20.0%	0.9%	1.1%	-2.9%	-11.0%
Donbasenergo	DOEN	24.0	34.0	15.1	3.7%	2.8%	8.7%	13.2%	2.5%	1.2%	6.0%	22.3%
Zakhidenergo	ZAEN	77.0	115.0	64.0	-8.2%	-15.4%	-10.4%	-20.6%	-9.4%	-17.0%	-13.0%	-11.6%
Consumer												
Agroton	AGT	0.81	3.8	0.36	3.7%	1.0%	7.4%	-75.0%	2.5%	-0.6%	4.8%	-65.9%
Astarta	AST	24.4	24.4	14.5	1.1%	7.7%	8.9%	36.8%	-0.1%	6.1%	6.3%	45.8%
Avangardo	AVGR	12.5	13.0	7.61	-3.9%	8.6%	14.3%	10.2%	-5.1%	7.0%	11.6%	19.3%
Industrial Milk Company	IMC	4.89	5.35	3.63	1.5%	3.2%	2.1%	-7.9%	0.3%	1.6%	-0.6%	1.1%
Kernel	KER	17.7	22.6	14.0	2.5%	5.2%	7.2%	-18.1%	1.4%	3.6%	4.5%	-9.0%
Mriya Agro Holding	MAYA	6.24	6.7	5.36	0.8%	3.8%	8.7%	-3.8%	-0.4%	2.1%	6.0%	5.3%
MHPC	MHPC	15.8	19.9	13.58	2.9%	2.3%	-1.9%	3.3%	1.7%	0.7%	-4.5%	12.3%
Milkiland	MLK	4.43	5.3	3.11	-2.7%	4.4%	18.2%	-6.0%	-3.9%	2.8%	15.5%	3.1%
Ovostar Union	OVO	32.8	33.2	21.3	1.4%	0.5%	10.3%	13.5%	0.2%	-1.1%	7.7%	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	0.65	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	2.5%	12.4%	11.9%	-15.3%	1.3%	10.8%	9.3%	-6.2%
Banks												
Raiffeisen Bank Aval	BAVL	0.091	0.128	0.061	0.6%	-0.7%	1.6%	6.5%	-0.6%	-2.3%	-1.1%	15.6%
UkrSotsbank	USCB	0.186	0.257	0.107	2.5%	1.4%	46.3%	43.9%	1.3%	-0.3%	43.6%	52.9%

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%
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			
Steel																		
Alchevsk Steel	ALMK	131	3.9%	5	1,546	3.6	neg	neg	10.6	neg	neg	0.7	0.9	0.9	533	460	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	322	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	57	54	52	\$/tonne
Coke																		
Avdyivka Coke	AVDK	77	7.5%	6	75	neg	neg	neg	12.2	neg	neg	0.1	0.1	0.1	21	16	14	\$/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	874	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	2,309	0.5%	13	2,434	3.0	5.3	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,854	24.0%	445	2,104	3.2	8.6	7.0	2.6	5.2	4.7	1.2	1.5	1.3				
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	175	2.0%	3	217	1.8	5.2	5.1	1.5	2.9	2.8	0.3	0.3	0.3	345	572	543	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	43	24.0%	10	43	4.7	6.2	5.3	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	34	8.0%	3	73	1.7	>30	11.8	2.2	10.1	6.7	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	406	24.0%	98	416	2.4	1.6	1.5	1.5	1.3	1.3	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	343	7.2%	25	679	neg	7.6	7.1	3.3	3.3	3.3	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	723	3.0%	22	713	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	80	49.0%	39	62	12.5	6.7	3.3	neg	2.7	1.7	3.3	1.2	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	200	50.4%	101	308	3.4	5.0	4.0	2.7	2.1	2.1	1.3	1.4	1.2	81	56	42	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	229	21.7%	50	312	>30	7.9	6.9	6.4	5.1	4.6	0.3	0.3	0.3	21	22	18	\$/MWh
DonbasEnerg	DOEN	69	14.2%	10	126	neg	18.1	6.9	6.1	7.3	5.3	0.3	0.2	0.2	16	15	14	\$/MWh
Consumer																		
MHP	MHPC	1,664	34.1%	568	2,709	6.4	5.3	6.1	6.8	5.8	5.2	2.2	1.9	1.8	8465	8465	8465	\$/tonne
Kernel	KER	1,307	61.8%	807	1,917	5.8	6.2	6.7	6.2	6.0	5.7	1.0	0.9	0.7				
Astarta	AST	610	31.0%	189	757	5.4	12.2	10.3	5.3	7.8	6.3	1.9	1.7	1.4	3838	2337	1941	\$/tonne
Avangardco	AVGR	798	22.5%	180	946	4.1	3.5	3.4	3.8	3.4	3.2	1.7	1.5	1.3	214	163	153	\$/mneegs
Agroton	AGT	18	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	\$/ha
Banks																		
Raiffeisen Bank Aval	BAVL	335	4.0%	14		>30	>30	11.7	0.4	0.4	0.4	0.05	0.05	0.04				
Ukrsotsbank	USCB	418	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

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

Eavex Capital

Evropa Plaza
33 Shevchenko Blvd.
Floor 11
Kyiv, Ukraine, 01032

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity & Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales & Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua

INVESTMENT BANKING

Anatoliy Zaslavchik

Managing Director

Corporate Finance & IB

a.zaslavchik@eavex.com.ua

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

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

Copyright 2013 Eavex Capital. All rights reserved.

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