

Market Update

Equity

Ukrainian stocks rallied again on Thursday (Oct 24), as several local blue chips released their third-quarter results and Germany's DAX raced to another all-time time and flirted with the 9,000 level; the German benchmark is now up by nearly 50% since its bottom of September 2011. For its part, the UX index touched 900 points intraday and closed at its best level in nearly 7 months, gaining 1.4% to 890 points. Avdyivka Coke and Azovstal both added nearly 3%, while Raiffeisen Aval picked up 2.1% to 9.89 kopecks after Wednesday's gain of 5% ahead of the bank's report yesterday of a solid 3Q profit of UAH 216mn. CentrEnergO and Alchevsk Steel were also firmly in positive territory with respective gains of 1.9% and 1.4%, while Motor Sich's rise was rather moderate at just half a percent. UkrNafta was the only blue chip to end in the red, slipping 0.4% to UAH 109.

Fixed Income

Ukrainian sovereigns were mostly down on Thursday with Ukraine-23s declining by 0.6p.p. to 88.2/89.2 (9.4%/9.2%). Corporate names were mixed. MHP-15s improved by 0.4p.p. to 101.9/102.4 (9.3%/8.9%) while Ukrlandfarming-18s dropped by 0.6p.p. to 92.0/94.0 (13.3%/12.7%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1630.00	0.5%	4.3	152
Azovstal	AZST	0.69	2.8%	1.3	217
Alchevsk Steel	ALMK	0.042	1.9%	1.0	140

Growth Leaders

Stirol	STIR	11.66	3.0%	0.46	19
Avdyivka Coke	AVDK	3.34	2.9%	0.81	139
Azovstal	AZST	0.69	2.8%	1.33	217

Loss Leaders

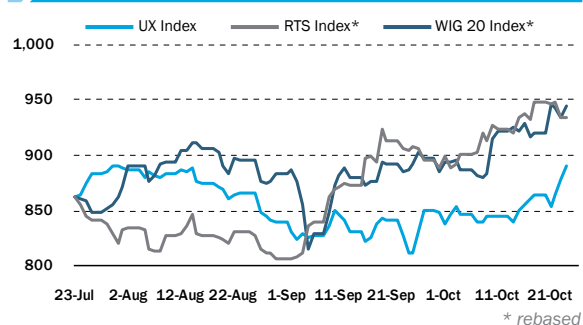
Kryukiv Wagon	KVBZ	17.31	-1.7%	0.240	9
Ukrnafta	UNAF	109.30	-0.4%	0.210	143
Motor Sich	MSICH	1,630.00	0.5%	4.303	152

Highlights

STOCKS IN THE NEWS

- > Raiffeisen Aval Posts Another Solid Quarterly Profit of UAH 216mn
- > Avangard Expands Egg Processing Volume by 59% YoY in 9M13
- > Alchevsk Steel's Net Loss Doubles YoY in 9M13
- > Azovstal 9M13 Net Loss Reported at USD 165mn
- > Yenakievo Steel Posts Highest Quarterly EBITDA Since 1Q09

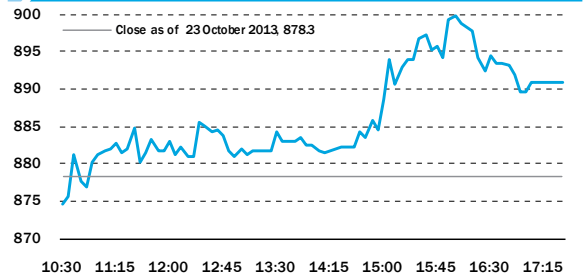
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	891.0	1.4%	7.6%	-6.3%
RTS	1493.9	-0.1%	2.9%	-2.2%
WIG20	2551.4	1.1%	6.8%	-1.2%
MSCI EM	1030.8	-0.3%	1.4%	-2.3%
S&P 500	1752.1	0.3%	3.0%	24.9%

UX INTRADAY OCTOBER 24, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	329.8	0.1%	0.2%	21.7%
CDS 5Y UKR	923.2	0.8%	-0.9%	47.7%
Ukraine-17	9.2%	-0.2 p.p.	-0.7 p.p.	2.3 p.p.
Naftogaz Ukr-14	13.7%	0.2 p.p.	0.1 p.p.	6.1 p.p.
Ukraine-23	9.3%	0.1 p.p.	-0.5 p.p.	1.8 p.p.
Privatbank-16	22.0%	-0.2 p.p.	5.6 p.p.	6.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.17	0.0%	0.1%	1.5%
EUR	11.28	0.1%	2.3%	5.5%
RUB	0.26	0.2%	0.5%	-2.7%

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%	-4.1%	-0.9%
Oil, USD/bbl	107.0	-0.8%	-0.4%	1.9%
Gold, USD/oz	1346.8	1.0%	1.8%	-18.7%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Raiffeisen Aval Posts Another Solid Quarterly Profit of UAH 216mn

by Dmitry Churin
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RAIFFEISEN BANK AVAL (BAVL UK)

Price: UAH 0,099 Market Cap: USD 367mn

	P/Assets	P/Book	P/E	Div. Yield
2012	0.06	0.5	>30	0%
2013E	0.06	0.4	3.3	0%

NEWS

Raiffeisen Bank Aval, the Ukrainian subsidiary of Vienna-based Raiffeisen International, reported a net profit of UAH 738mn (USD 90mn) for 9M13, a 10x YoY increase, according to financials published on Thursday (Oct 24). The bank's gross interest income declined by 7.7% YoY and net interest income fell by 6.9% YoY to UAH 1.54bn in the period, but provisions for loan impairment declined by 30% YoY to UAH 1.08bn. For 3Q alone, the bank posted net profit of UAH 216mn, its 3rd straight quarter with a significantly positive bottom line. On the balance sheet side, Raiffeisen Aval's loan portfolio decreased by 2.0% YtD to UAH 35bn, while its total assets declined by 6.1% YtD to UAH 45bn (USD 5.5bn).

FINANCIALS OF RAIFFEISEN BANK AVAL

UAH mn	3Q'13	QoQ, %	9M'13	9M12	YoY, %
Interest income	1,493	-6.3%	4,383	4,748	-7.7%
Interest expense	-446	-24.5%	-1,537	-1,690	-9.1%
Net interest income	1,047	4.4%	2,846	3,058	-6.9%
Net fees and commissions income	402	4.6%	1,093	1,035	5.6%
Trading and other income/(loss)	164	156.4%	432	100	333.3%
Total income	1,613	11.2%	4,371	4,193	4.2%
Operating expenses	-807	-2.6%	-2,387	-2,477	-3.7%
Profit/(Loss) from operations	806	29.6%	1,984	1,716	15.6%
Provisions for loan impairment	-519	1.2%	-1,080	-1,545	-30.1%
Profit/(loss) before tax	286	164.3%	904	171	430.0%
Corporate tax	-71	26.3%	-167	-102	63.3%
Net profit/(loss)	216	311.0%	738	69	975.9%
	9M13	2012	YtD		
Loans to corporate borrowers	20,913	20,374	2.6%		
Loans to individuals	14,349	15,613	-8.1%		
Current account of legal entities	10,707	7,917	35.2%		
Term deposits of legal entities	2,375	4,452	-46.6%		
Current accounts of individuals	6,601	6,074	8.7%		
Term deposits of individuals	9,052	9,361	-3.3%		
Equity	7,216	6,346	13.7%		
Total Assets	44,804	47,694	-6.1%		

Source: National Bank of Ukraine, Eavex Research

COMMENTARY

Raiffeisen Aval, in contrast to its locally-traded peer UkrSotsBank, showed a healthy net profit in 9M13 that implied a return on equity of 10.2%. The bank has already formed loan loss provisions of 20.1% of its total loan portfolio, meaning that the loan impairment charges will decrease further in 4Q13 and beyond. However, there is some concern regarding a gradual decline in the bank's total assets, which have fallen by 17% since 2010. Its capital adequacy ratio stands at 20.6% and its current liquidity was 94.7% as of 1 Oct 2013, both well above the NBU-mandated minimums.

Avangard Expands Egg Processing Volume by 59% YoY in 9M13

by Ivan Dzvinka
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AVANGARDCO (AVGR LI)

Price: USD 12.50 Market Cap: USD 798mn

	EV/S	EV/EBITDA	P/E	Div. Yield
2012	1.6	3.5	3.5	0%
2013E	1.5	4.0	4.2	6%

NEWS

Avangard, Ukraine's largest egg producer, raised its egg output by 9.0% YoY to 5.12bn pieces in 9M13 on the back of a 14% YoY increase in its laying hen flock to 24.6mn heads, according to the company's operational update released on Thursday (Oct 25). The company's total sales volume of shell eggs dropped by 4% YoY to 3.74bn, while shell egg exports rose by 15% YoY to 349mn pieces. The average selling price for 9M13 was flat YoY at UAH 0.65 (ex-VAT). Avangard expanded its egg products output to 15,460 tonnes in 9M13 while increasing its volume of eggs processed by 59% YoY to 1.27bn pieces. The average realized price for the company's egg products in 9M13 was USD 7.61/kg (+2% YoY).

COMMENTARY

The expansion of the egg products output is definitely a move in the right direction as profitability of this segment had an EBIT margin of 46% in 1H13 compared to 31% for the shell eggs segment. The company doubled its daily egg processing capacity this spring to 6mn eggs and managed to operate at 99.9% capacity use over 3Q13, according to our calculations. This makes us believe the company meets high demand for its egg products on the export market which currently accounts for 80% of egg products sales. This phenomenon is however not the case for the company's shell eggs. Export of eggs in 3Q13 of Avangard saw a 28% YoY decline to 108.2mn pieces. Also, earlier this year the company stated its intentions to increase its laying hen flock to 25.9mn heads as of end September while actual figure stands at 24.6mn (5% to target).

Alchevsk Steel's Net Loss Doubles YoY in 9M13

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ALCHEVSK STEEL (ALMK UK)

Price: UAH 0.0423 Market Cap: USD 135mn

	EV/S	EV/EBITDA	P/E	Div. Yield
2012	1.05	neg	neg	0%
2013E	1.12	neg	neg	0%

NEWS

Alchevsk Steel, Ukraine's fifth-largest steel maker, reported considerably worse earnings results for 9M13 compared to last year, according to results released on Thursday (Oct 24). Alchevsk's EBITDA stood at minus USD 46.0mn in 9M13 vs. USD +7.0mn in 9M12. The company's loss on the bottom line more than doubled to USD 141.8mn, vs. USD -68.3mn over 9M12, while net revenue inched up by 0.8% YoY to USD 1.34bn in the period.

In 3Q13, the company's top line declined by 14% QoQ to USD 411.1mn. EBITDA amounted to negative USD 21.1mn in 3Q13 vs. USD -23.1mn in 2Q13. The net margin deteriorated to -14.6% compared to -11.4% in 2Q.

Alchevsk's net debt as of 30 Sept 2013 was USD 1.82bn vs. USD 1.73bn at the end of June.

COMMENTARY

Alchevsk's results for 3Q look disappointing and provide us with sufficient grounds to state that the transparency of the steelmaker's financials continue to be rather poor. Our calculations show that the company's production cost in 3Q was close to the cost implied by market input prices, but its reported selling price was significantly below market quotes. The average realized price for the company's steel products of USD 426/tonne compared unfavorably to a range of USD 477-505/t for market export prices of semi-finished steel goods.

Also, the announced intentions by the company's management earlier this year to finish FY13 near the breakeven point now would require the plant to report UAH 1.2bn on the bottom line in 4Q13 alone, which, to say the least, is unlikely.

Azovstal 9M13 Net Loss Reported at USD 165mn

by Ivan Dzvinka
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AZOVSTAL (AZST UK)

Price: UAH 0.693 Market Cap: USD 360mn

	EV/S	EV/EBITDA	P/E	Div. Yield
2012	0.11	neg	neg	0%
2013E	0.11	neg	neg	0%

NEWS

Azovstal, Ukraine's third-largest steel producer, unveiled lower losses on the EBITDA and net profit levels in 9M13 compared to 9M12, according to results released on Thursday (Oct 24). In the period, the company reported a net loss of USD 165.0mn, down from USD 240.8mn loss for 9M12. EBITDA remained negative at USD -39.6mn, but moved up from USD -124.7mn for 9M12. Net revenue fell by 11% YoY to USD 1.96bn over the period.

In 3Q alone, Azovstal's bottom line was USD -39.0mn, compared to USD -50.5mn in 2Q13. Revenue inched down by 2% QoQ to USD 647.8mn, with EBITDA at USD -2.2mn vs. negative USD 12.8mn in 2Q13.

COMMENTARY

While Azovstal managed to decrease its losses over the period, its financial results are still far from reflecting the real situation of its business, in our view. Azovstal's production cost remains unjustifiably inflated, in our view. The average reported production cost of the company's steel in 3Q13 was USD 610/tonne, which is approximately 35% higher than the true figure, according to our estimates. We also calculate that the company inflated its average reporting selling price for steel, which was USD 633/tonne in 3Q13, by some 20% more than what is implied by the company's product mix and market steel prices. With little progress in financial transparency, we reiterate our SELL recommendation for the AZST stock.

Yenakievo Steel Posts Highest Quarterly EBITDA Since 1Q09

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YENAKIEVO STEEL (ENMZ UK)

Price: UAH 33.97 Market Cap: USD 44mn

	EV/S	EV/EBITDA	P/E	Div. Yield
2012	0.02	5.16	neg	0%
2013E	0.02	neg	neg	0%

NEWS

Metinvest-controlled Yenakievo Steel, Ukraine's seventh-largest steel producer, finished 9M13 in the black on the EBITDA level and in the red on the bottom line, according to financial results released on Thursday (Oct 24). EBITDA was USD 16.7mn in 9M13 vs. USD -76.0mn last year, while the company's net loss decreased from USD 169mn in 9M12 to USD 136mn in 9M13. Revenue moved down by 7% YoY to USD 1.15bn in the period. In 3Q alone, Yenakievo's revenue fell 4% QoQ to USD 387mn, with the EBITDA and net margins improving to 6.0% (-3.1% in 2Q13) and -8.3% (-15.0%), respectively.

COMMENTARY

3Q13 is the best quarterly EBITDA result for Yenakievo since 1Q09, and only the second quarter since that period in which the company has reported positive EBITDA. The other quarter was 1Q of this year, which saw EBITDA of USD +5.7mn. We note, however, that the relatively high EBITDA in 3Q was solely due to 'other operating income' of USD 33.8mn. On the gross profit level, the company reported a gross margin of just 1.2%, vs. 5.6% in 1Q13.

When analysing the transparency of Yenakievo's financial reporting, we are pleased to note that the company's selling price was largely in line with market prices over 3Q13. Still, Yenakievo reported a steel production cost of USD 527/tonne, which is 15-20% higher than what is implied by market prices for inputs.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.69	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	196.1	205.0	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	8.20	14.5	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	6.10	10.6	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	3.34	6.2	87%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.57	3.4	503%	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	0.45	2.9	554%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	17.3	50.5	192%	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	1.54	5.2	239%	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	1630	5250	222%	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	5.00	8.9	78%	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	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	15.4	42.0	173%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	70.5	370	425%	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	24.7	72.0	192%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	5.19	15.00	189%	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	15.5	22.10	43%	BUY	MHP is well on track with ramping up its poultry production at launched in late 2012 greenfield Vinnytsia complex with annual capacity of 220,000 tonnes. We think MHP will be able to expand its output by 50% over 2012-15 to 600,000 tonnes of poultry with the lion's share of incremental volume to be exported.
Astarta	AST	71.2	90.0	26%	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	12.5	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	890.96	1061.97	758.71	1.4%	3.5%	7.6%	-6.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.042	0.06	0.02	1.9%	2.9%	11.9%	-20.8%	0.5%	-0.6%	4.3%	-14.5%
Azovstal	AZST	0.69	0.90	0.31	2.7%	6.1%	12.1%	-6.2%	1.2%	2.7%	4.6%	0.0%
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	34.0	49.9	20.0	1.0%	1.2%	2.1%	-10.6%	-0.4%	-2.3%	-5.4%	-4.3%
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%	-1.4%	-3.5%	-7.6%	-34.6%
Coke												
Avdivka Coke	AVDK	3.34	4.80	1.60	2.9%	3.9%	6.0%	2.0%	1.5%	0.5%	-1.6%	8.3%
Yasnyivsky Coking	YASK	0.57	0.85	0.51	-3.4%	-1.7%	1.8%	-14.9%	-4.8%	-5.2%	-5.8%	-8.7%
Iron Ore Mining												
Centralny GOK	CGOK	6.10	7.74	4.00	0.0%	16.9%	-3.6%	-11.6%	-1.4%	13.4%	-11.2%	-5.3%
Ferrexpo	FXPO	3.18	4.58	2.02	6.3%	2.4%	10.0%	-21.1%	4.9%	-1.1%	2.4%	-14.8%
Pivnichny GOK	SGOK	8.20	10.00	5.77	0.0%	0.0%	6.2%	10.2%	-1.4%	-3.5%	-1.4%	16.5%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	0.0%	0.0%	0.0%	-28.6%	-1.4%	-3.5%	-7.6%	-22.3%
Komsomolets Donbasa	SHKD	0.66	1.35	0.27	0.0%	0.0%	-5.7%	-44.1%	-1.4%	-3.5%	-13.3%	-37.8%
Energy Coal	CLE	0.84	4.62	0.59	-1.1%	-1.6%	9.7%	-72.9%	-2.5%	-5.1%	2.1%	-66.6%
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	0.30	0.86	0.30	-45.5%	-46.4%	-55.2%	-57.1%	-46.9%	-49.9%	-62.8%	-50.9%
Interpipe NMPP	NVTR	0.19	0.46	0.10	-20.8%	-20.8%	0.0%	-13.6%	-22.3%	-24.3%	-7.6%	-7.4%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.3	29.0	12.0	-1.6%	-1.8%	-16.0%	-10.8%	-3.1%	-5.2%	-23.6%	-4.5%
Luhanskeplovoz	LTPL	1.54	2.20	1.26	-3.1%	-5.5%	-4.9%	-17.6%	-4.6%	-9.0%	-12.5%	-11.4%
Stakhanov Wagon	SVGZ	1.32	2.39	1.00	1.5%	1.5%	2.3%	-23.7%	0.1%	-1.9%	-5.3%	-17.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	2.4%	15.4%	-9.1%	-33.0%	1.0%	11.9%	-16.7%	-26.8%
Motor Sich	MSICH	1,630	2,640	1,303	0.5%	0.6%	-3.1%	-26.2%	-0.9%	-2.9%	-10.7%	-20.0%
Summy Frunze Engineering	SMASH	2.20	4.00	0.81	0.0%	-10.2%	-10.6%	46.7%	-1.4%	-13.7%	-18.1%	52.9%
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	0.24	0.35	0.17	0.1%	3.6%	21.8%	-1.1%	-1.3%	0.1%	14.2%	5.2%
Telecom												
Ukrtelecom	UTLM	0.15	0.22	0.09	0.0%	2.7%	-4.3%	-6.3%	-1.4%	-0.7%	-11.9%	0.0%
Oil & Gas												
Regal Petroleum	RPT	0.25	0.59	0.20	-2.3%	1.9%	-6.7%	-54.0%	-3.7%	-1.6%	-14.3%	-47.7%
JKX Oil	JKX	1.14	1.29	0.75	-0.6%	-3.2%	13.7%	-4.5%	-2.0%	-6.7%	6.2%	1.8%
Ukrnafta	UNAF	109	280	96	-0.6%	0.4%	-2.4%	-7.8%	-2.1%	-3.1%	-10.0%	-1.6%
Power Utilities												
Centrenerg	CEEN	5.19	7.40	2.50	0.4%	4.1%	3.0%	-18.3%	-1.1%	0.7%	-4.6%	-12.1%
Donbasenergo	DOEN	24.7	34.0	15.1	1.5%	5.0%	13.1%	16.4%	0.0%	1.5%	5.5%	22.6%
Zakhidenergo	ZAEN	85.0	115.0	64.0	10.4%	1.3%	-1.0%	-12.4%	9.0%	-2.2%	-8.6%	-6.1%
Consumer												
Agroton	AGT	0.80	3.8	0.36	0.1%	0.7%	4.5%	-75.5%	-1.3%	-2.8%	-3.1%	-69.2%
Astarta	AST	23.5	24.4	14.5	0.7%	2.4%	6.3%	31.6%	-0.7%	-1.1%	-1.3%	37.9%
Avangardo	AVGR	12.5	13.0	7.61	0.0%	2.7%	13.6%	10.3%	-1.4%	-0.8%	6.1%	16.6%
Industrial Milk Company	IMC	4.83	5.35	3.63	-0.9%	0.7%	1.1%	-8.9%	-2.4%	-2.8%	-6.5%	-2.6%
Kernel	KER	17.6	22.6	14.0	1.7%	3.2%	10.8%	-18.7%	0.3%	-0.3%	3.2%	-12.5%
Mriya Agro Holding	MAYA	6.56	6.7	5.36	0.1%	7.8%	11.6%	1.2%	-1.3%	4.3%	4.1%	7.5%
MHPC	MHPC	15.5	19.9	13.58	-1.6%	-2.8%	-3.1%	1.6%	-3.0%	-6.3%	-10.7%	7.9%
Milkiland	MLK	4.45	5.3	3.11	-0.3%	-2.9%	17.1%	-5.3%	-1.7%	-6.4%	9.5%	0.9%
Ovostar Union	OVO	32.5	33.2	21.3	0.5%	-0.5%	9.3%	12.5%	-1.0%	-4.0%	1.7%	18.8%
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	11.7	17.5	7.1	3.0%	-4.4%	13.2%	-13.0%	1.6%	-7.9%	5.6%	-6.7%
Banks												
Raiffeisen Bank Aval	BAVL	0.099	0.128	0.061	3.0%	6.7%	11.2%	15.4%	1.6%	3.2%	3.7%	21.7%
UkrSotsbank	USCB	0.190	0.257	0.107	1.2%	-0.4%	52.0%	47.1%	-0.2%	-3.9%	44.4%	53.4%

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
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%
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			
Steel																		
Alchevsk Steel	ALMK	133	3.9%	5	1,549	3.7	neg	neg	10.6	neg	neg	0.7	0.9	0.9	534	460	415	\$/tonne
Yenakievo Steel	ENMZ	44	8.8%	4	36	1.4	5.1	neg	neg	neg	neg	0.0	0.0	0.0	15	14	13	\$/tonne
Azovstal	AZST	356	4.1%	15	335	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	60	56	54	\$/tonne
Coke																		
Avdyivka Coke	AVDK	80	7.5%	6	77	neg	neg	neg	12.6	neg	neg	0.1	0.1	0.1	22	17	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	874	2.7	9.2	8.4	1.8	3.7	4.3	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,311	0.5%	13	2,436	3.0	5.3	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,869	24.0%	449	2,120	3.3	8.7	7.1	2.6	5.3	4.8	1.2	1.5	1.4				
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	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
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	95	2.0%	2	138	1.0	2.8	2.8	1.0	1.9	1.8	0.2	0.2	0.2	219	363	345	\$/tonne
Railcar Manufacturing																		
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				
Krukiv Wagon	KVBZ	243	5.0%	12	245	2.9	2.6	4.8	2.1	1.8	2.6	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	414	24.0%	99	424	2.5	1.7	1.5	1.5	1.4	1.3	0.6	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	344	7.2%	25	680	neg	7.6	7.2	3.3	3.3	3.3	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	725	3.0%	22	715	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	196	50.4%	99	304	3.3	4.9	3.9	2.7	2.1	2.0	1.3	1.4	1.2	80	56	42	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	234	21.7%	51	317	>30	8.1	7.0	6.5	5.2	4.7	0.4	0.3	0.3	22	22	18	\$/MWh
DonbasEnergO	DOEN	71	14.2%	10	128	neg	18.7	7.0	6.2	7.4	5.4	0.3	0.2	0.2	16	15	15	\$/MWh
Consumer																		
MHP	MHPC	1,637	34.1%	558	2,682	6.3	5.3	6.0	6.7	5.7	5.1	2.2	1.9	1.8	8382	8382	8382	\$/tonne
Kernel	KER	1,297	61.8%	801	1,907	5.7	6.2	6.7	6.2	5.9	5.6	1.0	0.9	0.7				
Astarta	AST	587	31.0%	182	734	5.2	11.7	10.0	5.1	7.5	6.1	1.8	1.6	1.3	3722	2266	1882	\$/tonne
Avangardco	AVGR	798	22.5%	180	947	4.1	3.5	3.4	3.8	3.4	3.2	1.7	1.5	1.3	214	163	153	\$/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	\$/th/ha
Banks																		
Raiffeisen Bank Aval	BAVL	363	4.0%	15		>30	>30	12.7	0.4	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	427	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

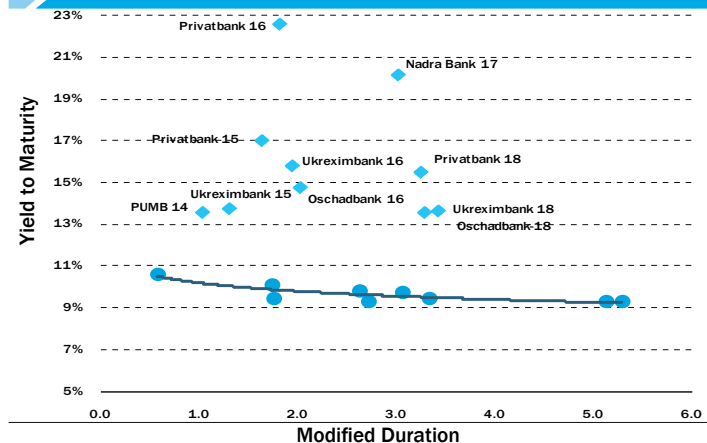
UKRAINIAN EUROBONDS

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	97.5	98.3	12.9%	11.4%	-4.4%	0.6	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	96.0	96.9	15.5%	14.2%	-6.4%	0.8	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	93.0	94.0	9.2%	8.6%	-4.1%	1.8	4.95%	A	13 Oct 2015	600*	Caa1/B/B
Ukraine, 2015	93.7	95.0	10.9%	10.1%	-6.8%	1.7	6.875%	S/A	23 Sept 2015	500	Caa1/B/B
Ukraine, 2016	92.2	93.5	9.7%	9.2%	-7.0%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B/B
Ukraine, 2016-2	92.2	93.0	9.2%	8.9%	-7.0%	2.7	6.25%	S/A	17 Jun 2016	1,250	Caa1/B/B
Ukraine, 2017	91.0	92.5	9.6%	9.1%	-7.5%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	97.8	98.8	10.1%	9.7%	-8.3%	3.0	9.25%	S/A	24 Jul 2017	2,000	Caa1/B/B
Ukraine, 2017 Infr. projects	83.0	85.0	14.7%	13.9%	-14.5%	3.0	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	80.0	82.0	14.0%	13.3%	-14.7%	3.5	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	92.1	93.4	9.4%	9.1%	-10.0%	5.1	7.75%	S/A	23 Sept 2020	1,500	Caa1/B/B
Ukraine, 2021	92.8	94.0	9.4%	9.1%	-10.1%	5.3	7.95%	S/A	23 Feb 2021	1,500	Caa1/B/B
Ukraine, 2022	89.0	90.0	9.6%	9.5%	-11.3%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B/B
Ukraine, 2023	88.2	89.2	9.4%	9.2%	-11.3%	6.5	7.50%	S/A	17 Apr 2023	1,250	Caa1/B/B
Corporate Eurobonds											
Agroton, 2014	50.0	59.1	31.8%	25.7%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	101.9	102.4	9.3%	9.1%	-3.3%	1.4	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	87.1	88.5	11.1%	10.8%	-12.2%	4.7	8.25%	S/A	2 Apr 2020	750	/B/B
Avangardco, 2015	100.1	102.1	10.3%	9.1%	5.6%	1.7	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	92.0	94.0	13.3%	12.7%	-7.0%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.7	101.9	11.0%	10.4%	-1.7%	2.1	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	87.0	88.3	13.4%	13.0%	-12.4%	3.5	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	100.9	101.1	9.2%	9.0%	-0.3%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	90.9	91.7	10.5%	10.3%	-8.7%	3.6	7.88%	S/A	4 Apr 2018	750	Caa1//B
Metinvest, 2015	101.0	102.0	9.9%	9.1%	-2.1%	1.4	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	92.0	93.0	11.2%	10.9%	-4.6%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	97.6	98.6	9.2%	8.6%	0.7%	2.2	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	86.2	88.7	13.7%	12.8%	-12.5%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.4%	17.6%	-3.8%	2.7	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	107.7	109.1	8.9%	8.5%	8.4%	3.6	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.5	93.5	69.8%	53.2%	44.5%	0.2	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	97.0	100.0	15.3%	12.1%	-3.5%	1.0	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.0	83.3	22.8%	19.8%	-3.8%	3.0	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	89.0	91.0	17.1%	15.7%	-5.0%	1.6	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	69.7	74.6	24.0%	20.4%	-6.5%	1.8	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	87.0	90.9	15.1%	13.7%	-11.1%	3.2	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	94.0	95.2	13.4%	12.4%	-5.3%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	82.0	85.0	15.9%	14.0%	-0.9%	1.9	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	86.1	87.6	13.1%	12.6%	-13.2%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	81.5	83.5	57.7%	51.4%	47.3%	0.5	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	88.0	90.5	14.9%	13.5%	-6.2%	2.0	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	85.5	87.6	13.3%	12.6%	-13.5%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
Municipal Eurobonds											
City of Kyiv, 2015	87.9	89.3	15.6%	14.7%	-5.3%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	86.0	88.8	15.9%	14.5%	-6.5%	2.2	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

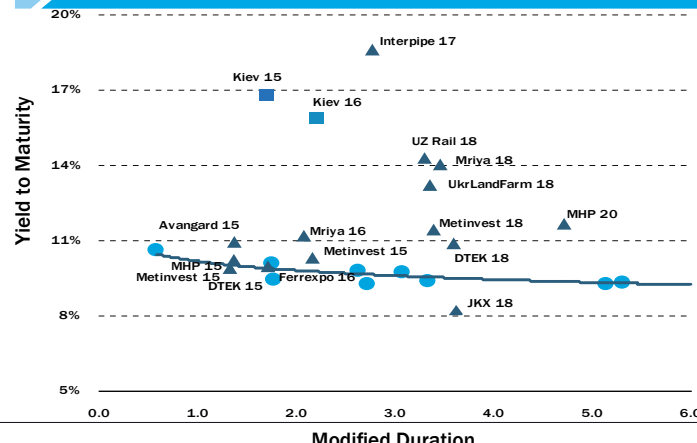
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



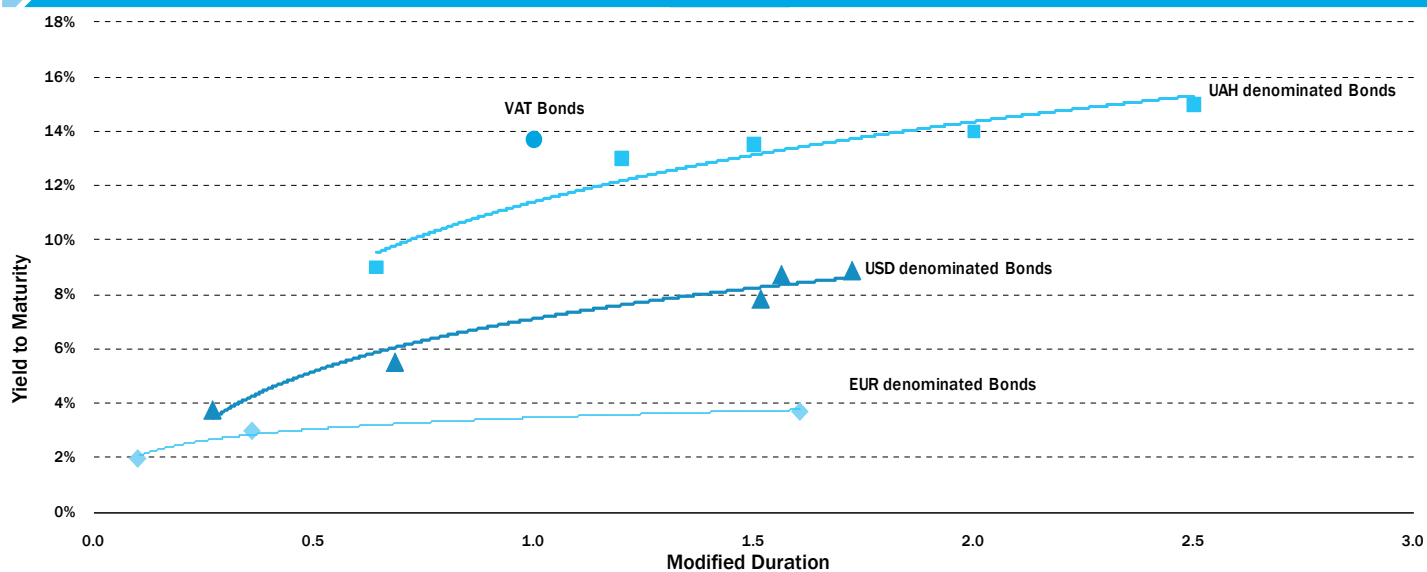
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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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