

Market Update
Equity

Kyiv-listed Ukrainian stocks corrected on Friday (Oct 25) after three sessions of gains, while the S&P 500 set another record high and the DAX hovered just below the 9,000 level. The UX index finished down 0.9%, closing at 883 points. The decline would have been larger if not for another sharp rally in Raiffeisen Aval, which added 4.6% to get back above the 10-kopeck level for the first time since mid-August. Other blue chips were down across the board, with Motor Sich, DonbasEnergo, Alchevsk Steel, and Avdyivka Coke all dropping by between 1.5% and 2%. Outside the UX basket, sporadically-traded truck maker AvtoKraz gained 6.2%. Among foreign-listed names, the big story was Kernel, which plunged by 14.7% to PLN 45.50 after releasing worse-than-expected financial results; the closing price was the stock's lowest since February 2010, while the decline represented its largest one-day drop since February 2009.

Fixed Income

Ukrainian sovereigns were mostly unchanged on Friday with Ukraine-23s finishing at 88.2/89.2 (9.4%/9.2%). Corporate names were sluggish. MHP-20s and Metinvest-18s declined by 0.1p.p. to 87.0/88.5 (11.1%/10.8%) and 91.8/93.0 (11.3%/10.9%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1599.00	-1.8%	3.7	182
Raiffeisen Bank Aval	BAVL	0.10	4.7%	1.4	343
Donbasenergo	DOEN	24.160	-2.0%	1.2	155

Growth Leaders

Bank Forum	FORM	0.75	10.2%	0.01	9
KRAZ	KRAZ	0.04	6.2%	0.21	9
Raiffeisen Bank Aval	BAVL	0.10	4.7%	1.44	343

Loss Leaders

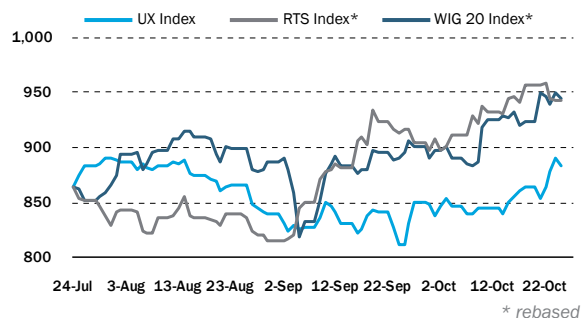
Ukrsotsbank	USCB	0.18	-2.4%	0.111	29
Zakhidenergo	ZAEN	83.00	-2.1%	0.472	10
Azovstal	AZST	0.68	-2.1%	0.764	87

Highlights
POLITICS AND ECONOMICS

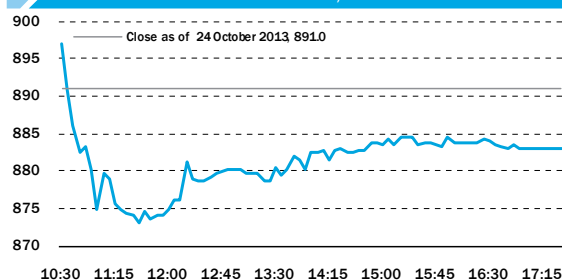
- > Tymoshenko Says Ready to Accept "All Offers" Regarding Release

STOCKS IN THE NEWS

- > CentrEnergo Posts Net Profit of UAH 99mn in 3Q13
- > DonbasEnergo P/E Now Below 1x on 9M13 Profit of UAH 645mn
- > Kernel's Net Profit Slides 46% YoY in 2013 Financial Year
- > Motor Sich's Net Profit Down 2x YoY to UAH 166mn in 3Q13

STOCK MARKET PERFORMANCE

MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	883.0	-0.9%	8.7%	-7.1%
RTS	1492.2	-0.1%	3.2%	-2.3%
WIG20	2537.6	-0.5%	6.0%	-1.8%
MSCI EM	1027.3	-0.3%	1.7%	-2.6%
S&P 500	1759.8	0.4%	3.7%	25.5%

UX INTRADAY OCTOBER 25, 2013

FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	331.5	0.5%	-2.2%	22.3%
CDS 5Y UKR	935.9	1.4%	-10.2%	49.7%
Ukraine-17	9.2%	0.0 p.p.	-1.9 p.p.	2.3 p.p.
Naftogaz Ukr-14	13.8%	0.1 p.p.	-2.2 p.p.	6.2 p.p.
Ukraine-23	9.3%	0.0 p.p.	-0.7 p.p.	1.8 p.p.
Privatbank-16	22.0%	0.0 p.p.	4.1 p.p.	6.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.18	0.0%	-0.1%	1.6%
EUR	11.28	0.0%	2.3%	5.6%
RUB	0.26	-0.2%	0.2%	-2.9%

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	106.9	-0.1%	-0.8%	1.9%
Gold, USD/oz	1350.8	0.3%	2.1%	-18.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Tymoshenko Says Ready to Accept "All Offers" Regarding Release

by Will Ritter
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NEWS

Jailed ex-Prime Minister Yulia Tymoshenko, in a letter read on Ukraine's INTER television channel on Friday (Oct 25) by her long-time political ally Serhiy Sobolev, declared that she will "accept all offers, no matter how difficult they might be for me" put forth by a European Parliament mission charged with negotiating her release with the Yanukovich administration. The mission is headed by Pat Cox of Ireland and Alexander Kwasniewski of Poland. The former PM said that if the European mission decides not to seek a presidential pardon for her and believes that the problem should instead be resolved legislatively, her Batkivschyna Party will support a corresponding bill in Parliament, provided it is approved by Cox and Kwasniewski.

COMMENTARY

We see Tymoshenko's declaration of her readiness to accept a deal for her release that would not include a pardon as passing the buck to the Cox-Kwasniewski mission. Under arrangement without a pardon, Tymoshenko would likely have to return to prison after a stint of receiving medical treatment in Germany. The two European statesmen will surely face pressure from some EU quarters not to accept any deal that puts Tymoshenko back in jail and thereby excludes her from running in the Ukrainian presidential election due in early 2015. We continue to believe that, although it has not been openly stated as such, the three-way negotiations regarding Tymoshenko's fate are much less about her immediate release than about her participation in, or exclusion from, the presidential election. We are reasonably certain that Yanukovich is prepared to see Tymoshenko leave jail for the sake of achieving the signing of the Association Agreement with the EU next month, but we are far less confident that he will agree to her return to politics. In our admittedly speculative view, Tymoshenko herself would be unlikely to win the presidency due to her persistently high negative personal ratings, but her mere presence in the campaign would further complicate what already looks to be a very tough reelection battle for the President.

CentrEnergO Posts Net Profit of UAH 99mn in 3Q13

by Dmitry Churin
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CENTRENERGO (CEEN UK)

Price: UAH Market Cap: USD 370mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012E	0.9	0.3	8.1	4.5	3.8%
2013E	0.9	0.4	5.4	5.0	5.5%

NEWS

CentrEnergO, Ukraine's second-largest thermal electricity generation company, posted a net profit of UAH 99mn (USD 12.1mn) in 3Q13, according to results released on Friday (Oct 25). The company's revenue was UAH 1.95bn in the period and its gross profit was UAH 165mn. CentrEnergO's year-to-date (through 9M) net profit stands at UAH 526mn (USD 65mn).

COMMENTARY

A comparison of CentrEnergO's 2013 financial results with those from FY12 is not appropriate, as this year the company started to prepare its financials under IFRS standards after previously using only Ukrainian accounting standards. All 5 Ukrainian GenCos have reported improved financials this year as a result of an artificial redistribution of the profits in the country's state-managed electricity system. The flip side of this redistribution is that Ukraine's monopoly nuclear power operator EnergoAtom suffered a whopping net loss of UAH 4.7bn in 9M13, compared to its net profit of UAH 1.52bn in the same period last year.

DonbasEnergO P/E Now Below 1x on 9M13 Profit of UAH 645mn

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DONBASENERGO (DOEN UK)

Price: UAH 24.2 Market Cap: USD 70mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.6	0.2	18.3	4.4	1.6%
2013E	0.6	0.2	1.4	2.1	21.1%

NEWS

DonbasEnergO, Ukraine's fifth largest thermal power generation company, saw its net profit rise by 15.7% YoY to UAH 179mn (USD 22mn) in 3Q13, according the company's financials published on Friday (Oct 25). Revenue rose by 36.5% YoY to UAH 1.52bn in the period and gross profit was up 67.7% YoY to UAH 297mn. DonbasEnergO's net profit for 9M13 advanced was reported at UAH 645mn (USD 79mn, +2.1x YoY).

COMMENTARY

Similarly to other Ukrainian GenCos (please see commentary for the above CentrEnergO news), DonbasEnergO has demonstrated strong financial results this year, making the current market valuation of the company almost farcical. Earnings per share for DonbasEnergO are at UAH 27.3 based on the 9M13 profit, while the DOEN stock is trading at only UAH 24.9 per share. Barring a large net loss in 4Q or a sharp rise in the share price, the company will likely finish 2013 with a P/E ratio of less than 1.0x.

Kernel's Net Profit Slides 46% YoY in 2013 Financial Year

by Ivan Dzvinka
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NEWS

Kernel, Ukraine's largest sunflower oil producer, reported a mixed set of FY13 (i.e. July 2012–Jun 2013) results on Friday (Oct 25). The company's net revenue increased by 35% YoY to USD 2.80bn while EBITDA and net profit were lower by 10% and 46% YoY at USD 288mn and USD 111mn, respectively. The EBITDA and net margins fell to 10.3% (-5.1p.p.) and 4.0% (-6.0p.p.) respectively. The company said the main contribution to the EBITDA decline stemmed from "sugar and other discontinued operations" whose EBITDA dropped from USD 16.9mn in FY12 to USD -4.0mn this year. When looking at the company's core segments, bulk sunflower oil reported a decrease in EBITDA margin to 11.3% from 14.0% last year, while the grain growing and grain trading division margins slid to 35.0% (-8.1p.p.) and 1.3% (-3.2p.p.), respectively. Meanwhile, EBITDA profitability improved in export terminals and silo services to 55.2% (+7.9p.p.) and 41.8% (5.9p.p.). Management expects FY14 EBITDA at USD 250mn, implying a 13% YoY decline. For FY14, the company is planning for a record harvest of 1.6mn tonnes, while management foresees the operation of the farming segment near the breakeven level due to depressed grain prices. Export volume of grain is expected by the company to increase by up to 50% YoY to 4.0-4.5mn tonnes in FY14.

Kernel expects FY14 CapeEx at USD 85mn which is more than 3x lower than in FY13. The net debt/12M EBITDA ratio as of end-June 2013 stood at 2.3x vs. 1.9x as of end-June 2012.

COMMENTARY

The release is broadly negative for the KER stock, which suffered its largest one-day fall (-14.7%) since 2009 in Friday trading in Warsaw. The below-targeted EBITDA for FY13 (original guidance was USD 350mn) was, according to management, due to 1) lower than initially estimated sunflower seed availability, which decreased the crushing volumes and margins at the end of the marketing year; and 2) falling crop prices this past summer. Meanwhile, a rather conservative forecast for earnings in FY14 is explained by management as due to expected operations only at breakeven in the farming segment, as well as poor operational results in the Jul-Sept quarter after heavy rain in September. With the KER stock now at a 3.5-year low and given expectations of substantially better operational results in the Oct-Dec quarter, this looks to us like a rather attractive entry point into the issue.

Motor Sich's Net Profit Down 2x YoY to UAH 166mn in 3Q13

by Dmitry Churin
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MOTOR SICH (MSICH UK)

Price: UAH 1600 Market Cap: USD 406mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.4	0.4	2.0	1.4	0.6%
2013E	0.4	0.4	1.9	1.4	2.2%

NEWS

Motor Sich, Ukraine's monopoly aircraft engine producer, reported a drop in its net profit by 50% YoY to UAH 166mn (USD 20.4mn) in 3Q13, in financials released on Friday (Oct 25). The company's revenue rose by 12.3% YoY to UAH 2.04bn in the period. For 9M13, Motor Sich's net profit is down by 18% YoY to UAH 992mn (USD 122mn) while its revenue increased by 17.6% YoY to UAH 5.92bn.

COMMENTARY

Motor Sich's poor financial results in 3Q13 were solely related to "other operating expenses" on its income statement, which surged by 50% YoY to UAH 1.69mn in the period. The company did not specify the reason for the sharp increase in this line item. However, we believe that this was a one-off event related to the company's activity in testing engines for the An-70 aircraft.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.68	0.56	-18%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	193.8	205.0	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	8.28	14.5	75%	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	6.60	10.6	61%	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	3.28	6.2	90%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.58	3.4	492%	BUY	Yasynivsky Coke benefits from steady demand for its output both in Ukraine & abroad thanks to the high quality of its coke relative to other domestic producers.
Coal						
Pokrovske Mine	SHCHZ	0.45	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	193%	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	1599	5250	228%	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	71.3	370	419%	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	24.2	72.0	198%	BUY	DonbasEnergO is Ukraine's next big-ticket privatization object, with an auction expected to be announced in summer 2013.
CenterEnergO	CEEN	5.14	15.00	192%	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	70.7	90.0	27%	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	13.0	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	883.02	1061.97	758.71	-0.9%	2.2%	8.7%	-7.1%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.042	0.06	0.02	-1.9%	-0.2%	10.7%	-22.3%	-1.0%	-2.4%	2.0%	-15.2%
Azovstal	AZST	0.68	0.90	0.31	-2.0%	-0.1%	11.1%	-8.1%	-1.1%	-2.3%	2.4%	-1.0%
Dniprospezstal	DNSS	1,300	1,300	700	n/a	n/a	n/a	30.1%	n/a	n/a	n/a	37.2%
Enakievo Steel	ENMZ	33.5	49.9	20.0	-1.4%	-0.5%	1.2%	-11.8%	-0.5%	-2.7%	-7.5%	-4.7%
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%	-7.1%	-40.9%	0.9%	-2.2%	-15.8%	-33.8%
Coke												
Avdivka Coke	AVDK	3.28	4.80	1.60	-1.7%	2.4%	4.5%	0.3%	-0.8%	0.2%	-4.2%	7.4%
Yasynivsky Coking	YASK	0.58	0.85	0.51	1.8%	0.0%	1.8%	-13.4%	2.6%	-2.2%	-6.9%	-6.3%
Iron Ore Mining												
Centralny GOK	CGOK	6.60	7.74	4.00	8.2%	26.4%	16.6%	-4.3%	9.1%	24.3%	7.9%	2.8%
Ferrexpo	FXPO	3.13	4.58	2.02	-1.4%	1.0%	11.8%	-22.1%	-0.5%	-1.2%	3.1%	-15.0%
Pivnichny GOK	SGOK	8.28	10.00	5.77	1.0%	1.0%	10.1%	11.3%	1.9%	-1.2%	1.4%	18.4%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	0.0%	0.0%	0.0%	-28.6%	0.9%	-2.2%	-8.7%	-21.5%
Komsomolets Donbasa	SHKD	0.66	1.35	0.27	0.0%	0.0%	-5.7%	-44.1%	0.9%	-2.2%	-14.4%	-37.0%
Energy Coal	CLE	0.83	4.62	0.59	-0.8%	-5.9%	8.2%	-73.1%	0.1%	-8.1%	-0.5%	-66.0%
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	0.0%	-46.4%	-55.2%	-57.1%	0.9%	-48.6%	-63.9%	-50.0%
Interpipe NMPP	NVTR	0.19	0.46	0.10	0.0%	-20.8%	0.0%	-13.6%	0.9%	-23.0%	-8.7%	-6.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.3	29.0	12.0	-0.3%	-2.4%	-13.1%	-11.1%	0.5%	-4.6%	-21.8%	-4.0%
Luhanskeplovoz	LTPL	1.54	2.20	1.26	0.0%	-3.1%	-3.8%	-17.6%	0.9%	-5.3%	-12.5%	-10.5%
Stakhanov Wagon	SVGZ	1.32	2.36	1.00	0.0%	1.5%	1.5%	-23.7%	0.9%	-0.6%	-7.2%	-16.6%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	-14.3%	-7.7%	-33.0%	0.9%	-16.5%	-16.4%	-25.9%
Motor Sich	MSICH	1,599	2,640	1,303	-1.9%	-1.2%	-0.6%	-27.6%	-1.0%	-3.4%	-9.3%	-20.5%
Sumy Frunze Engineering	SMASH	2.20	4.00	0.81	0.0%	-10.2%	-10.2%	46.7%	0.9%	-12.4%	-18.9%	53.8%
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	-1.4%	0.5%	19.9%	-2.5%	-0.5%	-1.7%	11.2%	4.6%
Telecom												
Ukrtelecom	UTLM	0.16	0.21	0.09	3.3%	6.2%	4.7%	-3.1%	4.2%	4.0%	-4.0%	4.0%
Oil & Gas												
Regal Petroleum	RPT	0.25	0.59	0.20	-0.2%	0.0%	4.4%	-54.1%	0.7%	-2.2%	-4.3%	-47.0%
JXX Oil	JKX	1.15	1.29	0.75	0.9%	-2.4%	15.1%	-3.7%	1.8%	-4.6%	6.4%	3.4%
Ukrnafta	UNAF	108	280	96	-0.8%	-1.4%	0.6%	-8.6%	0.1%	-3.5%	-8.1%	-1.5%
Power Utilities												
Centrenerg	CEEN	5.14	7.40	2.50	-0.9%	2.8%	4.6%	-19.1%	0.0%	0.6%	-4.1%	-12.0%
Donbasenergo	DOEN	24.2	34.0	15.4	-2.0%	2.8%	12.2%	14.0%	-1.1%	0.6%	3.5%	21.1%
Zakhidenergo	ZAEN	83.0	115.0	64.0	-2.4%	-1.1%	5.9%	-14.4%	-1.5%	-3.3%	-2.8%	-7.3%
Consumer												
Agroton	AGT	0.77	3.8	0.36	-3.8%	-2.9%	-3.6%	-76.4%	-2.9%	-5.1%	-12.3%	-69.3%
Astarta	AST	23.3	24.4	14.5	-0.7%	-2.0%	4.1%	30.7%	0.1%	-4.2%	-4.6%	37.8%
Avangardo	AVGR	13.0	13.0	7.61	4.0%	4.0%	18.7%	14.7%	4.9%	1.8%	10.0%	21.8%
Industrial Milk Company	IMC	4.85	5.35	3.63	0.3%	-0.5%	2.3%	-8.6%	1.2%	-2.7%	-6.4%	-1.5%
Kernel	KER	15.0	22.6	14.0	-14.8%	-9.9%	-6.1%	-30.7%	-13.9%	-12.0%	-14.8%	-23.6%
Mriya Agro Holding	MAYA	6.64	6.7	5.36	1.1%	4.4%	13.0%	2.3%	2.0%	2.3%	4.3%	9.4%
MHPC	MHPC	15.8	19.9	13.58	1.6%	1.3%	0.3%	3.3%	2.5%	-0.9%	-8.4%	10.4%
Milkiland	MLK	4.49	5.3	3.11	0.7%	-4.1%	19.2%	-4.7%	1.6%	-6.2%	10.5%	2.4%
Ovostar Union	OVO	32.4	33.2	21.3	-0.2%	-1.2%	3.3%	12.3%	0.6%	-3.4%	-5.4%	19.4%
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	0.65	0.49	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	11.8	17.5	7.1	0.9%	-1.9%	15.5%	-12.2%	1.8%	-4.1%	6.8%	-5.1%
Banks												
Raiffeisen Bank Aval	BAVL	0.104	0.128	0.064	4.7%	11.4%	17.2%	20.8%	5.5%	9.2%	8.5%	27.9%
UkrSotsbank	USCB	0.185	0.257	0.107	-2.6%	2.6%	46.7%	43.3%	-1.7%	0.4%	38.0%	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
Steel																
Alchevsk Steel	ALMK	2,339	1,695	1,667	145	-21	-2	6.2%	neg	neg	36	-127	-52	1.6%	neg	neg
Enakievo Steel	ENMZ	1,716	1,578	1,577	-108	-84	-69	neg	neg	neg	31	9	-125	1.8%	0.5%	neg
Azovstal	AZST	3,867	2,794	2,788	-102	-173	-64	neg	neg	neg	-64	-333	-170	neg	neg	neg
Coke																
Avdyivka Coke	AVDK	1,457	1,072	1,054	6	-128	-74	0.4%	neg	neg	-32	-137	-97	neg	neg	neg
Yasynivsky Coking	YASK	566	444	448	29	29	28	5.1%	6.5%	6.2%	15	11	11	2.7%	2.4%	2.4%
Iron Ore Mining																
Centralny GOK	CGOK	805	566	508	497	238	202	61.8%	42.0%	39.8%	325	95	104	40.4%	16.8%	20.5%
Pivnichny GOK	SGOK	1,834	1,515	1,301	1,174	813	640	64.0%	53.6%	49.2%	783	436	359	42.7%	28.8%	27.6%
Ferrexpo	FXPO	1,788	1,424	1,566	801	402	445	44.8%	28.2%	28.4%	575	215	263	32.2%	15.1%	16.8%
Coal Mining																
Komsomolets Donbasa	SHKD	192	256	255	67	99	90	35.1%	38.8%	35.3%	15	39	35	8.0%	15.1%	13.7%
Coal Energy	CLE	151	165	199	51	62	64	33.7%	37.5%	32.1%	37	38	43	24.4%	23.2%	21.7%
Pipe Manufacturing																
Khartsyzk Pipe	HRTR	775	659	699	145	74	77	18.7%	11.3%	11.1%	98	34	34	12.7%	5.1%	4.9%
Railcar Manufacturing																
Luhanskteplovoz	LTPL	199	167	213	14	12	15	7.0%	7.4%	7.2%	9	7	8	4.5%	4.1%	3.8%
Kryukiv Wagon	KVBZ	770	887	643	118	134	93	15.3%	15.1%	14.4%	85	95	50	11.0%	10.7%	7.9%
Stakhanov Wagon	SVGZ	437	311	318	33	7	11	7.6%	2.3%	3.4%	20	1	3	4.6%	0.2%	0.9%
Specialized Machinery																
Turboatom	TATM	169	173	193	63	47	52	37.0%	27.3%	26.8%	53	38	42	31.5%	22.1%	21.7%
Motor Sich	MSICH	722	828	933	285	309	330	39.4%	37.4%	35.3%	168	247	270	23.2%	29.8%	28.9%
Telecom																
Ukrtelecom	UTLM	843	858	744	206	205	208	24.5%	23.8%	28.0%	-17	45	48	neg	5.3%	6.5%
Oil & Gas																
Ukrnafta	UNAF	3,051	2,816	2,444	439	507	429	14.4%	18.0%	17.6%	272	312	226	8.9%	11.1%	9.2%
Regal Petroleum	RPT	19	50	80	-4	23	36	neg	45.9%	44.7%	6	12	24	33.7%	24.0%	30.0%
JKX Oil	JKX	237	225	250	114	145	150	48.3%	64.4%	60.2%	59	40	50	24.9%	17.8%	20.0%
Electric Utilities																
Centrenergo	CEEN	894	1,071	1,136	49	61	68	5.4%	5.7%	6.0%	4	29	33	0.5%	2.7%	2.9%
Donbasenergo	DOEN	495	600	665	21	17	24	4.2%	2.9%	3.6%	-3	4	10	neg	0.6%	1.5%
Consumer																
MHP	MHPC	1,229	1,408	1,532	401	468	523	32.6%	33.2%	34.1%	259	311	271	21.1%	22.1%	17.7%
Kernel	KER	1,899	2,157	2,800	310	322	339	16.3%	14.9%	12.1%	226	211	195	11.9%	9.8%	7.0%
Astarta	AST	402	458	549	144	98	121	29.9%	17.8%	18.3%	114	50	59	23.6%	9.1%	9.0%
Avangardco	AVGR	553	629	701	251	280	293	45.3%	44.5%	41.8%	196	228	232	35.5%	36.3%	33.1%
Agroton	AGT	122	93	107	19	31	33	15.3%	33.5%	31.0%	-2	19	21	neg	20.0%	19.5%
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	6,948	7,020	7,476	812	861	924	750	707	646	0	4	29	0.0%	0.5%	3.1%
Ukrspatsbank	USCB	5,032	5,151	5,064	827	814	788	449	451	469	2	2	13	0.2%	0.3%	1.7%

Source: Eavex Research

MAIN TRADING MULTIPLES

Ticker	MCap USD mn	Free Float % USD mn	EV USD mn	P/E			EV/EBITDA			EV/Sales			EV/Output			Units		
				2011	2012	2013E	2011	2012	2013E	2011	2012	2013E	2011	2012	2013E			
Steel																		
Alchevsk Steel	ALMK	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	36	1.4	5.0	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	349	4.1%	14	328	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	58	55	53	\$/tonne
Coke																		
Avdyivka Coke	AVDK	78	7.5%	6	76	neg	neg	neg	12.4	neg	neg	0.1	0.1	0.1	22	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	946	0.5%	5	945	2.9	9.9	9.1	1.9	4.0	4.7	1.2	1.7	1.9				
Pivnichny GOK	SGOK	2,333	0.5%	13	2,458	3.0	5.3	6.5	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,844	24.0%	443	2,094	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	38	11.9%	4	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				
Kruiiv Wagon	KVBZ	242	5.0%	12	244	2.9	2.5	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	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	355	7.2%	26	691	neg	7.8	7.4	3.4	3.4	3.3	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	719	3.0%	22	709	2.6	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	6.6	3.3	neg	2.7	1.7	3.3	1.2	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	198	50.4%	100	306	3.4	4.9	4.0	2.7	2.1	2.0	1.3	1.4	1.2	81	56	42	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	232	21.7%	50	315	>30	8.0	6.9	6.5	5.2	4.7	0.4	0.3	0.3	22	22	18	\$/MWh
DonbasEnergO	DOEN	70	14.2%	10	126	neg	18.3	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	1,105	61.8%	683	1,716	4.9	5.2	5.7	5.5	5.3	5.1	0.9	0.8	0.6				
Astarta	AST	583	31.0%	181	730	5.1	11.7	9.9	5.1	7.5	6.0	1.8	1.6	1.3	3700	2253	1871	\$/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%	7	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	380	4.0%	15		>30	>30	13.3	0.5	0.4	0.4	0.05	0.05	0.05				
Ukrsotsbank	USCB	416	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

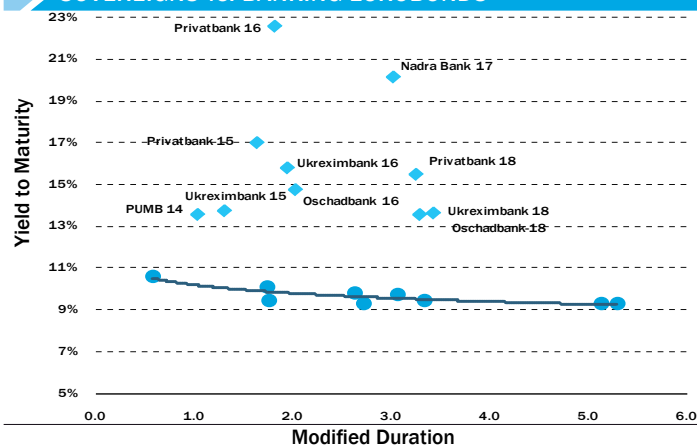
UKRAINIAN EUROBONDS

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	97.0	97.8	13.9%	12.5%	-4.9%	0.5	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	96.0	96.8	15.6%	14.5%	-6.4%	0.8	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	93.3	94.3	9.1%	8.4%	-3.8%	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	92.3	93.0	9.2%	8.9%	-7.0%	2.7	6.25%	S/A	17 Jun 2016	1,250	Caa1/B/B
Ukraine, 2017	91.1	92.6	9.5%	9.1%	-7.5%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	97.8	98.8	10.0%	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	92.2	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	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	58.8	31.8%	25.9%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	101.9	102.8	9.3%	8.9%	-3.1%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	87.0	88.5	11.1%	10.8%	-12.3%	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	92.0	94.1	13.3%	12.6%	-6.9%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.5	101.7	11.1%	10.5%	-1.8%	2.1	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	87.0	88.0	13.4%	13.1%	-12.5%	3.5	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	100.9	101.3	9.2%	8.9%	-0.2%	1.4	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	90.9	91.6	10.5%	10.3%	-8.7%	3.6	7.88%	S/A	4 Apr 2018	750	Caa1//B
Metinvest, 2015	101.1	102.0	9.8%	9.1%	-2.0%	1.4	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	91.8	93.0	11.3%	10.9%	-4.7%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	96.3	98.3	9.8%	8.7%	-0.1%	2.1	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	86.7	89.0	13.5%	12.8%	-12.1%	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	108.1	109.5	8.8%	8.5%	8.8%	3.6	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.5	93.5	73.9%	55.9%	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	17.2%	15.7%	-5.0%	1.6	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	69.7	74.6	24.1%	20.5%	-6.5%	1.8	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	87.0	90.9	15.1%	13.7%	-11.0%	3.2	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	94.0	94.9	13.5%	12.7%	-5.5%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	82.0	85.0	16.0%	14.1%	-0.9%	1.9	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	85.8	88.0	13.2%	12.5%	-13.1%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	81.5	83.5	58.9%	52.3%	47.3%	0.5	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	88.0	91.0	14.9%	13.2%	-5.9%	2.0	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	85.1	87.7	13.5%	12.7%	-13.6%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
Municipal Eurobonds											
City of Kyiv, 2015	87.9	89.3	15.7%	14.7%	-5.3%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	86.1	88.9	15.9%	14.5%	-6.5%	2.2	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

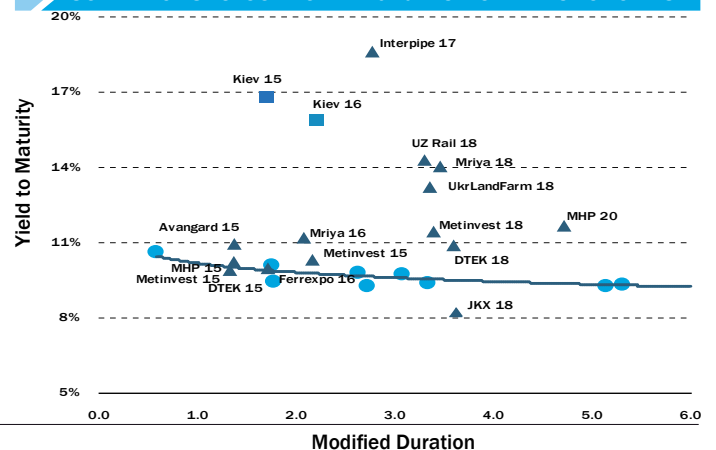
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



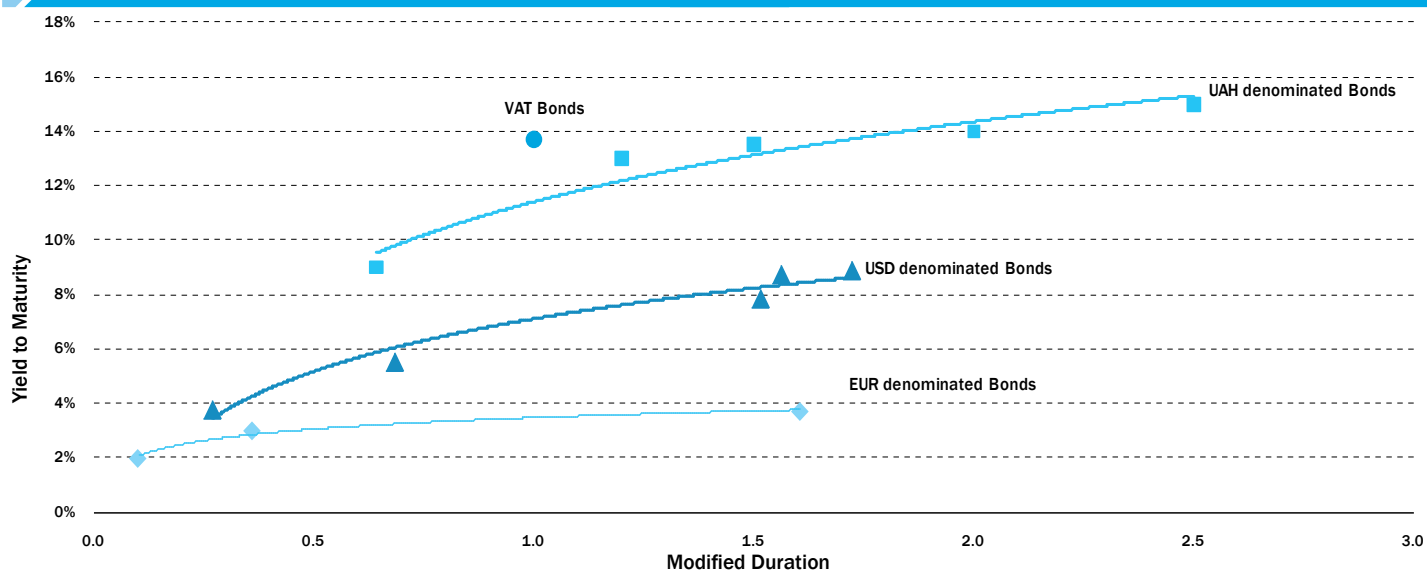
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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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