

Market Update

Equity

Most Ukrainian blue chips were lower on Monday (Oct 28) in a second straight session of correction, although several top names finished marginally in the black. In the US, the S&P 500 appeared on track for another new record high ahead of a Federal Reserve meeting expected to confirm a continuation of US quantitative easing, while the main European indices ended flat. The UX index lost 1.3% to close at 871 points, weighed down by Motor Sich, which fell 2.2% after reporting an unusually large “other operating expenses” line on its income statement. CentrEnerg and Azovstal both dropped more than 2%, while Raiffeisen Aval kept its rally alive with a 0.7% pickup to 10.50 kopecks. Outside the UX basket, sporadically-traded, ISD-controlled Derzhinsky Steel rocketed up 9.5x from its previously listed price on reported volume of UAH 230,000. In Warsaw, it was another tough day for Kernel, which tumbled 7.2% to PLN 42.15 after plummeting 15% on Friday.

Fixed Income

Ukrainian sovereigns were mostly flat on Monday with Ukraine-23s finished unchanged at 88.2/89.2 (9.4%/9.2%). Corporate universe were mixed. MHP-15s declined by 0.1p.p. to 100.5/102.6 (10.3%/8.7%) while DTEK-15s inched up by 0.1p.p. closing at 100.8/101.5 (9.3%/8.7%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1565.00	-2.2%	3.7	123
Donbasenergo	DOEN	24.20	0.5%	1.3	71
Alchevsk Steel	ALMK	0.041	-1.2%	0.9	67

Growth Leaders

Dzerzhinsky Steel	DMKD	0.95	954.4%	0.23	16
Raiffeisen Bank Aval	BAVL	0.10	0.7%	0.62	247
Ukrnafta	UNAF	108.80	0.7%	0.02	39

Loss Leaders

Alchevsk Coke	ALKZ	0.08	-19.9%	0.112	8
Azovstal	AZST	0.66	-2.4%	0.781	86
Centrenerg	CEEN	5.01	-2.3%	0.779	133

Highlights

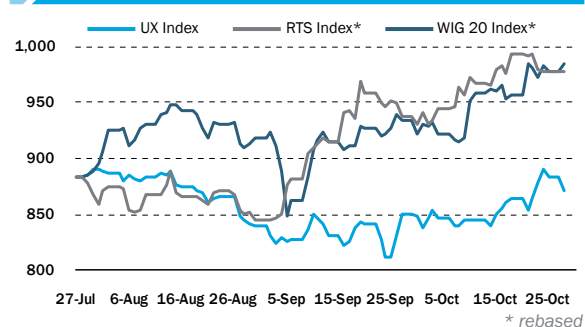
STOCKS IN THE NEWS

- > CGOK and SGOK Improve Its EBITDA Margins in 9M13

FIXED INCOME

- > Interpipe Downgraded to ‘C’ by Fitch
- > Fitch Withdraws Agroton’s Rating

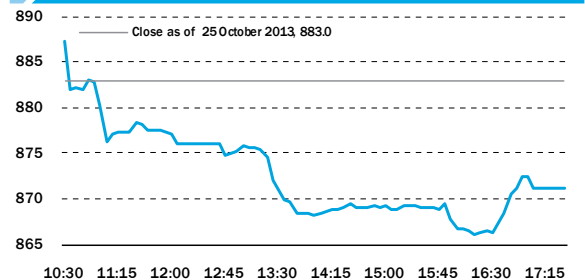
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	871.1	-1.3%	2.4%	-8.4%
RTS	1493.1	0.1%	4.2%	-2.2%
WIG20	2557.8	0.8%	5.6%	-1.0%
MSCI EM	1034.4	0.7%	3.5%	-2.0%
S&P 500	1762.1	0.1%	4.2%	25.6%

UX INTRADAY OCTOBER 28, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	331.0	-0.2%	-5.3%	22.1%
CDS 5Y UKR	949.4	1.4%	-12.6%	51.9%
Ukraine-17	9.2%	0.0 p.p.	-1.7 p.p.	2.3 p.p.
Naftogaz Ukr-14	14.0%	0.2 p.p.	-2.3 p.p.	6.4 p.p.
Ukraine-23	9.3%	0.0 p.p.	-0.8 p.p.	1.8 p.p.
Privatbank-16	22.0%	0.1 p.p.	3.5 p.p.	6.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.17	-0.1%	0.0%	1.5%
EUR	11.26	-0.1%	1.9%	5.4%
RUB	0.26	-0.5%	1.5%	-3.4%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	270.5	0.0%	7.6%	-22.4%
Steel, USD/t	525.0	-0.5%	-4.5%	-1.4%
Oil, USD/bbl	109.6	2.5%	1.8%	4.4%
Gold, USD/oz	1352.7	0.1%	1.2%	-18.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

CGOK and SGOK Improve Its EBITDA Margins in 9M13

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

PIVNICHNY GOK (SGOK UK)

Price: UAH 7.80 Market Cap: USD 2,205mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.54	5.1	2.9	0%
2013E	1.79	6.1	3.6	0%

CENTRALNY GOK (CGOK UK)

Price: UAH 6.60 Market Cap: USD 949mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.68	10.0	4.0	0%
2013E	1.87	9.1	4.7	0%

NEWS

Metinvest-owned iron ore miners Pivnichny GOK and Centralny GOK each reported strong 9M13 financials on Friday (Oct 25), with both improving their EBITDA and associated margins over the period.

Pivnichny, Ukraine's second-largest iron ore producer, increased its top line by 7% YoY to USD 1.25bn, with net profit also advancing by 7% YoY to USD 431mn over the period. EBITDA posted a 10% YoY rise to USD 702mn, implying an EBITDA margin of 56.1% (+1.2p.p. YoY).

Centralny, which is substantially smaller than its sister company by revenue, posted a 14% YoY increase in its top line to USD 525mn in 9M13. EBITDA improved by 32% YoY to USD 244mn, with the EBITDA margin advancing by 6.3p.p. YoY to 46%. Net profit grew by 46% YoY to USD 141mn, suggesting a net margin of 26.9% (+5.8p.p. YoY).

COMMENTARY

Despite a decline in market prices for iron ore products in 9M13 vs. 9M12, both GOKs managed to improve their profitability over the period. We therefore believe that the companies were selling their iron ore to related-party (i.e. Metinvest-owned) steel mills at above-market prices. Iron ore prices in Ukraine were 17-24% YoY in 9M13 compared to a year earlier, while export prices were also down by 5-12%, depending on product, in the period. This situation demonstrates that iron ore mining companies continue to function as profit centers in the Metinvest group structure, while its steelmakers continue to post losses.

Interpipe Downgraded to 'C' by Fitch

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

NEWS

Fitch Ratings on Monday (Oct 28) downgraded Interpipe, Ukraine's largest pipe producer, to 'C' from 'CCC', Interfax reported. Fitch said it has doubts about Interpipe's ability to make an on-time payment of USD 106mn on its debt scheduled for Nov 1. If the payment is not made, the credit agency will likely further downgrade the pipe producer's rating to 'RD' [Restricted Default]. Fitch said Interpipe's current problems are due to its inability to prolong its duty-free quota for exporting pipes into Russia for 2H13 (Russia accounted for 28% of the company's revenue in FY12), forcing the company to pay a duty of 19% on its sales in Russia.

COMMENTARY

This is the second downgrade by Fitch of Interpipe in the last two months, following September's downgrade from 'B-'. While the situation is rather worrisome, we think it is far from being disastrous. First, we have information that the company continues to export its pipes to Russia despite the reduced profitability of these sales, meaning that it should be able to retain its market share. Russia's President Putin recently stated that Moscow will apply import duties rather than fully ban the import of Ukrainian products if the Association Agreement between Ukraine and the EU next month. We therefore consider the threat that the Russian market could be closed to Interpipe as unlikely in the short term. In any case, the company is working on expanding its presence in the LatAm and MENA markets and on diversification of its product portfolio merchandising with pipe billet.

Fitch Withdraws Agroton's Rating

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

NEWS

Fitch Ratings confirmed its 'RD' [Restricted Default] rating of Lugansk-based crop grower Agroton and its C/RR rating of the company's USD 50mn Eurobond on Monday (Oct 28), Interfax reported. Fitch said it is withdrawing further rating services for Agroton, as the company failed to provide the agency with sufficient information to maintain the rating activity.

COMMENTARY

Over the last several months, Agroton has unfortunately been solidifying a reputation as an "investor-unfriendly company". In July, claiming an inability to make a timely coupon payment on its bonds of USD 3.1mn, the company offered its bondholders decidedly unattractive restructuring conditions, even as its loan receivables (loans provided by Agroton) over 1H13 expanded by USD 6mn, to USD 9.3mn, over the period. With its reluctance to provide Fitch with information, Agroton is moving in the wrong direction if it wants to improve its image with investors. The same is the case with the company's investor relations representatives, who are only sporadically available. We reiterate our concern that Agroton's majority owner Juriy Zhuravlev may be seeking to exit the business. Given the current attitude toward investment community, we do not rule out that an abandonment of the ship by Mr. Zhuravlev could be value-destructive for minority shareholders (for example, via deliberate failure to prolong land-leasing contracts). We thus recommend that investors avoid the AGT stock as well as the company's Eurobonds.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.66	0.56	-16%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	190.3	205.0	8%	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	7.80	14.5	85%	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	3.22	6.2	94%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.59	3.4	485%	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	17.2	50.5	194%	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	1565	5250	235%	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	73.0	370	407%	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	5.01	15.00	199%	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	16.0	22.10	38%	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	70.5	90.0	28%	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	871.13	1061.97	781.22	-1.3%	2.0%	2.4%	-8.4%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.041	0.06	0.02	-1.9%	-1.0%	1.8%	-23.8%	-0.6%	-2.9%	-0.7%	-15.4%
Azovstal	AZST	0.66	0.90	0.31	-2.4%	-0.6%	6.1%	-10.3%	-1.0%	-2.6%	3.7%	-1.9%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	n/a	n/a	30.1%	1.3%	n/a	n/a	38.5%
Enakievo Steel	ENMZ	33.5	49.9	20.0	0.1%	0.7%	0.8%	-11.8%	1.4%	-1.3%	-1.6%	-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%	-7.1%	-40.9%	1.3%	-2.0%	-9.6%	-32.6%
Coke												
Avdivka Coke	AVDK	3.22	4.80	1.60	-1.9%	0.4%	0.7%	-1.6%	-0.5%	-1.6%	-1.7%	6.8%
Yasnyivsky Coking	YASK	0.59	0.85	0.51	1.7%	0.0%	0.0%	-11.9%	3.1%	-2.0%	-2.4%	-3.6%
Iron Ore Mining												
Centralny GOK	CGOK	6.60	7.74	4.00	0.0%	8.2%	3.1%	-4.3%	1.3%	6.2%	0.7%	4.0%
Ferrexpo	FXPO	3.07	4.58	2.02	-1.9%	-2.9%	6.5%	-23.6%	-0.6%	-4.9%	4.0%	-15.3%
Pivnichny GOK	SGOK	7.80	10.00	5.77	-5.8%	-4.9%	2.2%	4.8%	-4.5%	-6.9%	-0.2%	13.2%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	0.0%	0.0%	0.0%	-28.6%	1.3%	-2.0%	-2.4%	-20.2%
Komsomolets Donbasa	SHKD	0.66	1.35	0.27	0.0%	0.0%	-5.7%	-44.1%	1.3%	-2.0%	-8.1%	-35.7%
Energy Coal	CLE	0.82	4.61	0.59	-1.6%	-2.8%	2.2%	-73.5%	-0.2%	-4.8%	-0.2%	-65.2%
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%	1.3%	-48.4%	-57.7%	-48.8%
Interpipe NMPP	NVTR	0.19	0.46	0.10	0.0%	-20.8%	-17.4%	-13.6%	1.3%	-22.8%	-19.8%	-5.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.2	29.0	12.0	-0.3%	-0.9%	-9.8%	-11.3%	1.1%	-2.9%	-12.2%	-3.0%
Luhanskeplovoz	LTPL	1.54	2.20	1.26	0.0%	-3.1%	-0.6%	-17.6%	1.3%	-5.1%	-3.1%	-9.3%
Stakhanov Wagon	SVGZ	1.32	2.36	1.00	0.0%	10.0%	0.0%	-23.7%	1.3%	8.0%	-2.4%	-15.3%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-7.3%	-20.6%	-28.7%	-37.9%	-6.0%	-22.5%	-31.1%	-29.6%
Motor Sich	MSICH	1,565	2,640	1,303	-2.1%	-2.1%	-2.6%	-29.2%	-0.8%	-4.1%	-5.0%	-20.8%
Sumy Frunze Engineering	SMASH	2.20	4.00	0.81	0.0%	0.0%	-10.6%	46.7%	1.3%	-2.0%	-13.0%	55.0%
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	0.0%	3.6%	7.6%	-2.5%	1.4%	1.7%	5.2%	5.9%
Telecom												
Ukrtelecom	UTLM	0.15	0.21	0.09	-1.9%	-1.9%	0.0%	-5.0%	-0.6%	-3.9%	-2.4%	3.4%
Oil & Gas												
Regal Petroleum	RPT	0.25	0.59	0.20	-0.1%	0.0%	10.0%	-54.1%	1.2%	-2.0%	7.6%	-45.8%
JKX Oil	JKX	1.18	1.29	0.75	2.3%	4.3%	16.0%	-1.4%	3.7%	2.3%	13.6%	6.9%
Ukrnafta	UNAF	109	280	96	0.4%	1.3%	0.1%	-8.3%	1.7%	-0.7%	-2.3%	0.1%
Power Utilities												
Centrenerg	CEEN	5.01	7.40	2.50	-2.5%	0.7%	-0.4%	-21.1%	-1.1%	-1.3%	-2.9%	-12.7%
Donbasenergo	DOEN	24.2	34.0	15.4	0.2%	4.6%	10.7%	14.2%	1.5%	2.6%	8.3%	22.6%
Zakhidenergo	ZAEN	83.0	115.0	64.0	0.0%	-1.1%	0.0%	-14.4%	1.3%	-3.0%	-2.4%	-6.1%
Consumer												
Agroton	AGT	0.75	3.8	0.36	-2.1%	-4.3%	-7.2%	-76.9%	-0.8%	-6.3%	-9.6%	-68.6%
Astarta	AST	23.2	24.4	14.5	-0.3%	-3.7%	2.3%	30.3%	1.0%	-5.7%	-0.1%	38.6%
Avangardo	AVGR	13.0	13.0	7.61	-0.1%	-0.1%	16.0%	14.7%	1.3%	-2.1%	13.6%	23.0%
Industrial Milk Company	IMC	4.49	5.35	3.63	-7.3%	-6.7%	-9.2%	-15.3%	-6.0%	-8.7%	-11.6%	-7.0%
Kernel	KER	13.9	22.6	13.9	-7.3%	-19.6%	-13.5%	-35.8%	-6.0%	-21.6%	-15.9%	-27.5%
Mriya Agro Holding	MAYA	6.56	6.7	5.36	-1.2%	5.9%	8.8%	1.1%	0.2%	3.9%	6.4%	9.4%
MHPC	MHPC	16.0	19.9	13.58	1.6%	4.6%	3.2%	4.9%	2.9%	2.6%	0.8%	13.3%
Milkiland	MLK	4.38	5.3	3.11	-2.4%	-3.7%	11.2%	-7.0%	-1.1%	-5.7%	8.8%	1.4%
Ovostar Union	OVO	33.3	33.3	21.3	2.8%	3.0%	2.3%	15.4%	4.1%	1.0%	-0.1%	23.7%
Sintal	SNPS	n/a	0.39	0.27	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	12.1	17.5	7.1	2.7%	9.2%	15.0%	-9.8%	4.1%	7.2%	12.6%	-1.4%
Banks												
Raiffeisen Bank Aval	BAVL	0.104	0.128	0.064	0.7%	14.8%	16.4%	21.6%	2.0%	12.8%	14.0%	29.9%
UkrSotsbank	USCB	0.183	0.257	0.107	-0.9%	1.3%	-12.7%	42.1%	0.5%	-0.7%	-15.1%	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%
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			
Steel																		
Alchevsk Steel	ALMK	128	3.9%	5	1,544	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	532	459	413	\$/tonne
Yenakievo Steel	ENMZ	43	8.8%	4	36	1.4	5.1	neg	neg	neg	neg	0.0	0.0	0.0	14	14	13	\$/tonne
Azovstal	AZST	341	4.1%	14	320	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	57	54	51	\$/tonne
Coke																		
Avdyivka Coke	AVDK	77	7.5%	6	74	neg	neg	neg	12.2	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
Iron Ore Mining																		
Centralny GOK	CGOK	947	0.5%	5	946	2.9	10.0	9.1	1.9	4.0	4.7	1.2	1.7	1.9				
Pivnichny GOK	SGOK	2,200	0.5%	12	2,325	2.8	5.0	6.1	2.0	2.9	3.6	1.3	1.5	1.8				
Ferrexpo	FXPO	1,809	24.0%	434	2,059	3.1	8.4	6.9	2.6	5.1	4.6	1.2	1.4	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	37	11.9%	4	62	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				
Kruiw Wagon	KVBZ	241	5.0%	12	244	2.8	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	398	24.0%	96	408	2.4	1.6	1.5	1.4	1.3	1.2	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	348	7.2%	25	684	neg	7.7	7.3	3.3	3.3	3.3	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	722	3.0%	22	712	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	12.4	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	202	50.4%	102	311	3.4	5.1	4.0	2.7	2.1	2.1	1.3	1.4	1.2	82	57	43	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	226	21.7%	49	309	>30	7.8	6.8	6.4	5.1	4.6	0.3	0.3	0.3	21	22	17	\$/MWh
DonbasEnergO	DOEN	70	14.2%	10	127	neg	18.3	6.9	6.1	7.3	5.3	0.3	0.2	0.2	16	15	14	\$/MWh
Consumer																		
MHP	MHPC	1,690	34.1%	577	2,735	6.5	5.4	6.2	6.8	5.8	5.2	2.2	1.9	1.8	8547	8547	8547	\$/tonne
Kernel	KER	1,024	61.8%	633	1,635	4.5	4.9	5.3	5.3	5.1	4.8	0.9	0.8	0.6				
Astarta	AST	581	31.0%	180	728	5.1	11.6	9.9	5.1	7.5	6.0	1.8	1.6	1.3	3691	2247	1866	\$/tonne
Avangardco	AVGR	830	22.5%	187	978	4.2	3.6	3.6	3.9	3.5	3.3	1.8	1.6	1.4	221	168	158	\$/mneegs
Agroton	AGT	16	44.6%	7	49	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	383	4.0%	15		>30	>30	13.4	0.5	0.4	0.4	0.06	0.05	0.05				
Ukrsotsbank	USCB	413	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

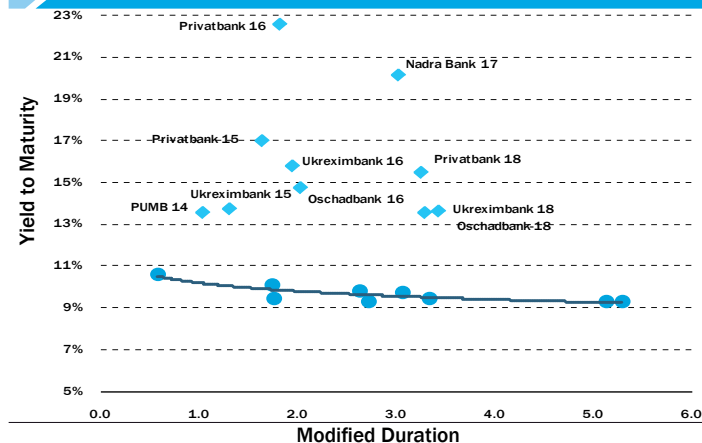
UKRAINIAN EUROBONDS

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	14.0%	12.5%	-4.9%	0.5	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B/B
Naftogaz Ukraine, 2014	95.8	96.7	15.9%	14.7%	-6.6%	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%	1.7	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	9.6%	9.1%	-7.5%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B/B
Ukraine, 2017-2	97.8	98.8	10.0%	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	86.9	87.8	11.6%	11.3%	-8.1%	3.6	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	92.8	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	9.7%	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	59.8	31.9%	25.4%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	100.5	102.6	10.3%	9.5%	-3.7%	1.4	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	87.0	88.4	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%	9.2%	5.5%	1.8	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	91.5	94.5	13.5%	12.5%	-7.0%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.4	101.7	11.1%	10.5%	-1.9%	2.1	10.95%	S/A	30 Mar 2016	72	/B/B
Mriya, 2018	86.9	88.1	13.5%	13.0%	-12.5%	3.5	9.45%	S/A	19 Apr 2018	400	/B/B
DTEK, 2015	100.8	101.5	9.3%	8.7%	-0.2%	1.4	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	91.0	91.7	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%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	91.7	92.9	11.3%	10.9%	-4.8%	3.4	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	96.9	98.1	9.5%	8.8%	0.1%	2.1	7.875%	S/A	07 Apr 2016	500	/B/B
UZ Rail, 2018	86.9	88.8	13.4%	12.8%	-12.1%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.5%	17.6%	-3.8%	2.7	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	109.1	109.8	8.6%	8.4%	9.5%	3.6	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.5	93.5	75.4%	56.9%	44.5%	0.2	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	97.0	100.0	15.4%	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%	-5.1%	1.6	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	69.7	74.5	24.1%	20.6%	-6.6%	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	93.9	94.9	13.5%	12.7%	-5.5%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	82.0	84.0	16.0%	14.7%	-1.5%	1.9	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	84.8	86.8	13.6%	12.9%	-14.2%	3.3	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	81.5	83.5	59.3%	52.7%	47.3%	0.5	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	88.1	90.6	14.9%	13.5%	-6.1%	2.0	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	84.9	87.1	13.5%	12.9%	-14.0%	3.4	8.88%	S/A	20 Mar 2018	500	Caa1//B
Municipal Eurobonds											
City of Kyiv, 2015	85.3	90.0	17.5%	14.2%	-6.3%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	86.2	88.9	15.9%	14.5%	-6.5%	2.2	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

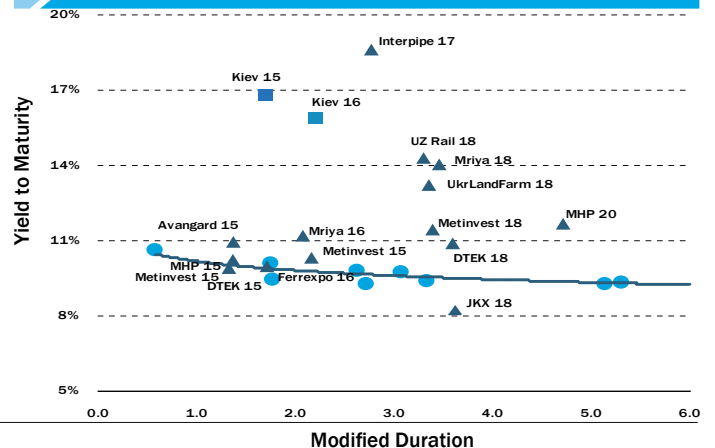
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



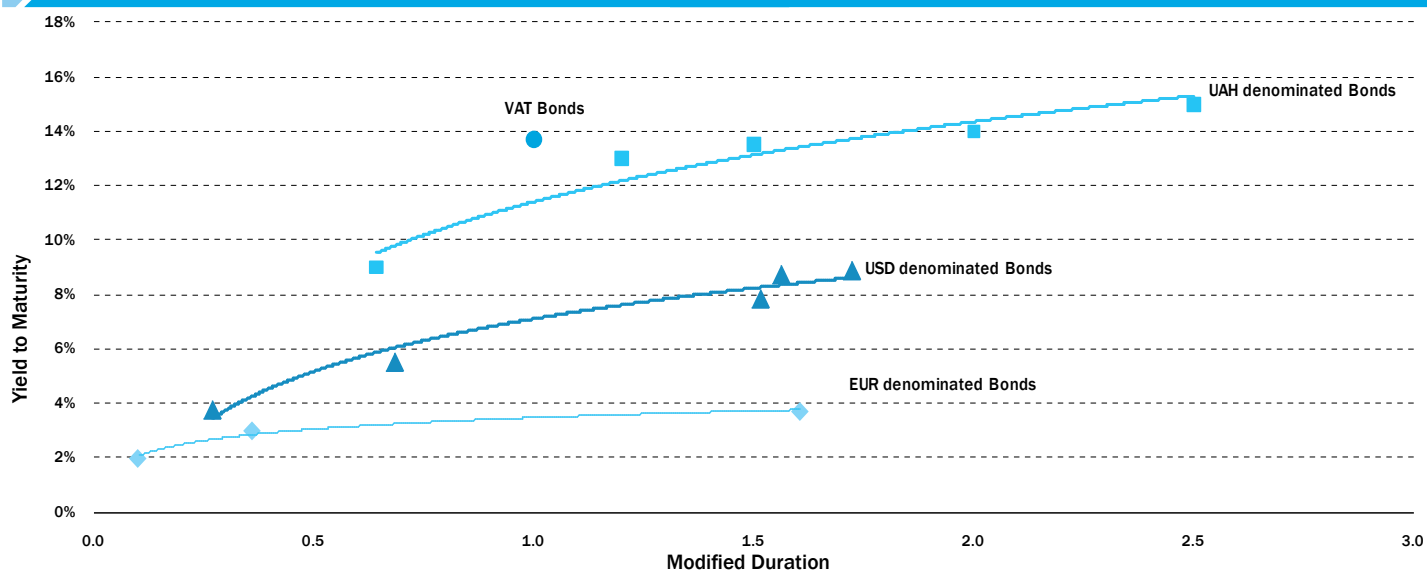
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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

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