

Market Update

Equity

Kyiv-listed stocks rallied across the board in the afternoon on Tuesday (Nov 12) despite sluggish performances in the main US and European indices. The UX index added 1.3% to close at 881 points, with all of the gain coming after 3pm. Azovstal (AZST) was the best performer, rising 2.2% to 68.10 kopecks, and volume leader Motor Sich (MSICH) picked up 1.7% on turnover of UAH 6.3mn. Raiffeisen Aval (BAVL) and CentrErgo (CEEN) each appreciated by 1.2%, while Yenakievo Steel (ENMZ) was unchanged. Outside the UX basket, coal miner Comsomolets Donbasa (SHKD) fell 2.0% to 63.70 kopecks. In London, Ferrexpo (FXPO LN) lost ground, slipping 2.3%, while MHP (MHPC LI) added 2.0% to USD 16.01. In Frankfurt, sporadically-traded TMM Real Estate (TR61 GR) moved up 5.3% to EUR 0.29.

Fixed Income

Ukrainian sovereigns were lower across the board on Tuesday on concerns over the fate of the EU-Ukraine free trade deal. Ukraine-23s dropped by 0.9p.p. to 84.5/85.6 (10.1%/9.9%). The corporate universe followed the same trend, with Metinvest-18s declining by 0.9p.p. to 89.8/91.2 (12.0%/11.5%) and DTEK-18s moving down by 0.7p.p. to 88.4/89.7 (11.3%/10.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1604.00	1.7%	6.3	218
Centrenerg	CEEN	5.10	1.2%	2.7	118
Raiffeisen Bank Aval	BAVL	0.105	1.3%	1.1	185

Growth Leaders

Dzerzhinsky Steel	DMKD	0.10	11.1%	0.23	23
Azovstal	AZST	0.68	2.2%	1.09	141
Alchevsk Steel	ALMK	0.04	2.0%	1.07	93

Loss Leaders

Mariupol Heavy Machine	MZVM	0.10	-11.1%	0.010	57
Mariupol Ilyicha	MMKI	0.11	-3.9%	0.007	7
Stirol	STIR	13.40	-0.4%	0.383	15

Highlights

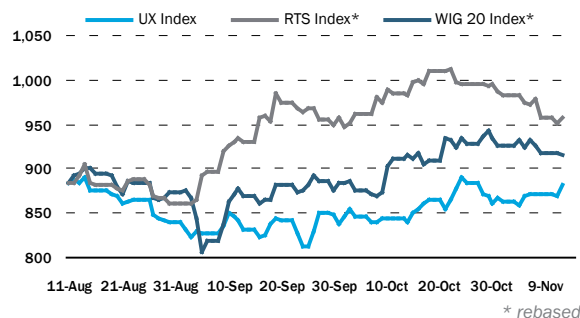
POLITICS AND ECONOMICS

- > UkrGazVydobuvannya: Naftogaz Owes Us UAH 2.3bn

STOCKS IN THE NEWS

- > Milkiland's Net Profit Down 6% YoY to EUR 5.5mn in 3Q13

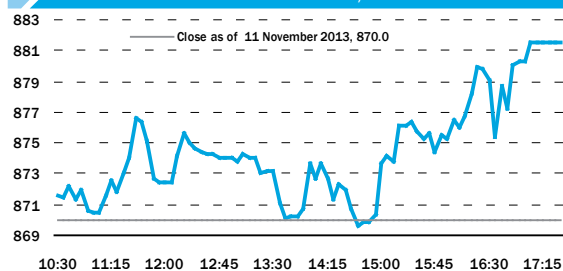
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	881.5	1.3%	4.3%	-7.3%
RTS	1437.4	0.7%	-2.7%	-5.9%
WIG20	2503.6	-0.2%	0.6%	-3.1%
MSCI EM	991.5	-0.2%	-3.1%	-6.0%
S&P 500	1767.7	-0.2%	3.8%	26.0%

UX INTRADAY NOVEMBER 12, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	358.5	3.7%	6.3%	32.3%
CDS 5Y UKR	1035.4	2.4%	2.4%	65.7%
Ukraine-17	10.6%	0.5 p.p.	0.8 p.p.	3.6 p.p.
Naftogaz Ukr-14	18.9%	0.9 p.p.	3.1 p.p.	11.3 p.p.
Ukraine-23	10.0%	0.2 p.p.	0.4 p.p.	2.5 p.p.
Privatbank-16	22.8%	0.2 p.p.	1.3 p.p.	7.5 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.22	0.1%	0.3%	2.1%
EUR	11.03	0.3%	-0.5%	3.2%
RUB	0.25	0.1%	-1.6%	-5.7%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	266.4	0.0%	3.6%	-23.6%
Steel, USD/t	525.0	0.0%	-0.9%	-1.4%
Oil, USD/bbl	105.8	-0.6%	-4.2%	0.8%
Gold, USD/oz	1268.0	-1.2%	-0.3%	-23.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

UkrGazVydobuvannya: Naftogaz Owes Us UAH 2.3bn

by Will Ritter
w.ritter@eavex.com.ua

NEWS

UkrGazVydobuvannya, Ukraine's largest natural gas extraction company, publicly complained on Monday (Nov 11) that it is owed UAH 2.3bn by state energy monopoly Naftogaz for gas extracted in 2013, Kyiv business daily Delo reported. The company, which is a 100%-owned subsidiary of Naftogaz, said it has not been paid by its parent since June, and that it has been accumulating wage arrears as a result. UkrGazVydobuvannya, with annual output in the range of 15bn cubic meters, accounts for some 75% of Ukrainian domestic gas extraction.

COMMENTARY

This situation highlights the non-transparency and desperate need for reform of Ukraine's domestic natural gas industry. We believe that much of Ukraine's domestic gas output is being lost or stolen in the web of intermediaries involved in the purchase and distribution of domestically-produced natural gas, which is priced at a stunning 6-7x below the current Russian import price. Given the internal gas price of around USD 60 per 1000 cu-m, the implied volume of gas that has not been paid for by the government is some 5 billion cu-m, or a quarter of annual domestic output.

Milkiland's Net Profit Down 6% YoY to EUR 5.5mn in 3Q13

by Dmitry Churin
d.churin@eavex.com.ua

MILKILAND (MLK PW)

Price: PLN 13.0 Market Cap: USD 130mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2011	0.7	7.1	5.0	2.6%
2012E	0.6	6.9	5.6	2.9%

NEWS

Warsaw-listed Milkiland, a cheese and dairy producer with assets in Ukraine, Russia and Poland, reported a decline in its net profit by 5.6% YoY to EUR 5.47mn in 3Q13, according to financials released yesterday (Nov 12) after the market close. The company's revenue rose by 30% YoY to EUR 94.1mn in the period while operating profit slid 20.8% YoY to EUR 6.4mn.

For 9M13, Milkiland's revenues increased by 18.7% YoY to EUR 245.2mn while EBITDA declined by 13.7% to EUR 22.9mn and net profit was down by 8.6% YoY to EUR 11.0mn.

The company's net debt stood at EUR 93.3mn as of 30 Sept 2013, implying a Net Debt/12M EBITDA ratio of 2.7x.

MILKILAND FINANCIALS

EUR mn	9M13	9M12	chg.
Net revenue	245.2	206.6	18.7%
EBITDA	22.9	26.6	-13.7%
margin	9.4%	12.9%	-3.5p.p
Net Income	11.0	12.1	-8.6%
net margin	4.5%	5.8%	-1.3p.p.

Source: Company data

COMMENTARY

A positive moment from Milkiland's 3Q13 report is that the company maintained double digit revenue growth in the period. However, a pricing rally for raw milk squeezed Milkiland's profitability. Average raw milk prices in Ukraine and Russia in 9M13 have risen by 24% YoY and 11% YoY respectively. The market situation has motivated Milkiland to increase its in-house milk production and to support key suppliers. The company said it has launched the first section of a new dairy farm with a total capacity of 6,800 milking cows. In-house production and partner cooperatives contributed 4% and 23% of the company's milk needs for its Ukrainian operations, respectively. Taking in account the company's financial results for 9M13, we leave our forecast for FY13 net profit unchanged at EUR 14.0mn, a decrease of just of 3.2% YoY on the back of an expected solid rise of 15% YoY in FY13 revenue to EUR 330mn. The MLK stock has dropped by 11.7% YtD, somewhat underperforming the WIG20 index, which has declined by 3.1% YtD.

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	187.5	218.0	16%	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	6.30	10.6	69%	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	3.15	6.2	98%	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	1.59	5.2	229%	BUY	LuganskTeplovoz's incorporation into TransMashHolding should help it to exploit its already-dominant position on the Russian market for diesel locomotives.
Specialized Machinery						
Motor Sich	MSICH	1604	5250	227%	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	15.5	42.0	171%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	74.5	370	397%	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	24.5	72.0	193%	BUY	DonbasEnergo is expected to pay a significant dividend from its FY13 profit that could amount to as much as UAH 5.0 per share, implying a dividend yield of 20%.
CenterEnergo	CEEN	5.10	15.00	194%	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 ramping up poultry production at its greenfield Vinnytsia complex, which has 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	66.7	90.0	35%	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	12.6	19.35	54%	BUY	A doubling of egg processing capacity to 6mn eggs/day in 1H13 with further expansion to 10mn in early 2014 bode well for the group's earnings due to 1) the higher profitability of the egg products (EP) segment vs. shell eggs and 2) the longer storage life of EP, which enables the company to retain its output for sale in periods of more favorable pricing. Still, the reported selling price for the company's shell eggs appears to be unjustifiably high. Even with financial quality concerns priced in, the stock looks cheap vs. its global peers.
Ovostar Union	OVO	100.00	109.50	10%	HOLD	The company is on its way to implementing a two-stage investment program aimed at expanding egg production capacity to 2.1bn pieces by 2017, or 3x more compared to FY12 production of 719mn eggs. Very low liquidity in the OVO stock is a major concern.

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	881.51	1061.97	781.22	1.3%	1.4%	4.3%	-7.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.040	0.06	0.02	2.0%	0.5%	-1.2%	-24.3%	0.7%	-0.9%	-5.6%	-17.1%
Azovstal	AZST	0.68	0.90	0.31	2.1%	4.3%	7.4%	-7.8%	0.8%	2.9%	3.1%	-0.6%
Dniprospeztstal	DNSS	1,300	1,300	700	0.0%	0.0%	n/a	30.1%	-1.3%	-1.4%	n/a	37.4%
Enakievo Steel	ENMZ	33.3	49.9	20.0	-0.1%	0.6%	-0.7%	-12.4%	-1.4%	-0.8%	-5.1%	-5.1%
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	0.11	0.26	0.05	-15.4%	-15.4%	-15.4%	-50.0%	-16.7%	-16.8%	-19.7%	-42.7%
Coke												
Avdivka Coke	AVDK	3.15	4.80	1.60	1.3%	1.0%	-1.7%	-3.8%	0.0%	-0.4%	-6.1%	3.5%
Yasynivsky Coking	YASK	0.57	0.85	0.51	0.0%	0.0%	1.8%	-14.9%	-1.3%	-1.4%	-2.5%	-7.7%
Iron Ore Mining												
Centralny GOK	CGOK	6.30	7.74	4.00	0.0%	-4.5%	-2.9%	-8.7%	-1.3%	-5.9%	-7.3%	-1.4%
Ferrexpo	FXPO	2.98	4.58	2.02	-2.7%	-2.6%	1.9%	-25.8%	-4.1%	-4.0%	-2.4%	-18.6%
Pivnichny GOK	SGOK	8.20	10.00	5.77	2.5%	7.5%	-3.5%	10.2%	1.2%	6.1%	-7.9%	17.5%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	0.0%	-10.0%	0.0%	-28.6%	-1.3%	-11.4%	-4.3%	-21.3%
Komsomolets Donbasa	SHKD	0.64	1.33	0.27	1.6%	-9.9%	-3.0%	-45.8%	0.3%	-11.2%	-7.4%	-38.5%
Energy Coal	CLE	0.67	4.57	0.59	-4.5%	-6.1%	-24.8%	-78.3%	-5.8%	-7.5%	-29.1%	-71.0%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	0.58	0.270	0.0%	n/a	n/a	-20.7%	-1.3%	n/a	n/a	-13.4%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.57	0.86	0.30	0.0%	-5.0%	-6.6%	-18.6%	-1.3%	-6.4%	-10.9%	-11.3%
Interpipe NMPP	NVTR	0.22	0.44	0.10	10.0%	15.8%	10.0%	0.0%	8.7%	14.4%	5.7%	7.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.3	29.0	12.0	0.0%	-1.7%	0.5%	-10.8%	-1.3%	-3.1%	-3.8%	-3.6%
Luhanskeplovoz	LTPL	1.59	2.20	1.26	-1.9%	-0.6%	3.2%	-15.0%	-3.2%	-2.0%	-1.1%	-7.7%
Stakhanov Wagon	SVGZ	1.36	2.13	1.00	-1.4%	3.8%	4.6%	-21.4%	-2.8%	2.4%	0.3%	-14.1%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	7.2%	3.1%	4.9%	-33.3%	5.8%	1.7%	0.6%	-26.0%
Motor Sich	MSICH	1,604	2,640	1,303	1.7%	1.4%	0.9%	-27.4%	0.4%	0.0%	-3.4%	-20.2%
Sumy Frunze Engineering	SMASH	2.48	4.00	0.81	0.0%	7.8%	1.2%	65.3%	-1.3%	6.4%	-3.1%	72.6%
Turboatom	TATM	3.50	5.00	3.20	0.0%	n/a	n/a	n/a	-1.3%	n/a	n/a	n/a
WESTA ISIC	WES	0.22	0.33	0.17	-2.8%	-5.0%	-5.3%	-9.5%	-4.1%	-6.4%	-9.7%	-2.3%
Telecom												
Ukrtelecom	UTLM	0.15	0.20	0.09	0.0%	0.8%	2.0%	-3.8%	-1.3%	-0.6%	-2.3%	3.5%
Oil & Gas												
Regal Petroleum	RPT	0.25	0.59	0.20	-0.4%	4.3%	3.2%	-54.4%	-1.7%	2.9%	-1.1%	-47.2%
JKX Oil	JKX	1.19	1.29	0.75	-1.1%	-0.7%	3.0%	-0.9%	-2.4%	-2.1%	-1.4%	6.4%
Ukrnafta	UNAF	108	280	96	0.1%	0.1%	-0.1%	-8.6%	-1.2%	-1.3%	-4.4%	-1.3%
Power Utilities												
Centrenerg	CEEN	5.10	7.40	2.50	1.2%	0.7%	2.5%	-19.8%	-0.1%	-0.6%	-1.8%	-12.5%
Donbasenergo	DOEN	24.5	34.0	15.4	1.3%	0.3%	5.3%	15.8%	0.0%	-1.1%	1.0%	23.1%
Zakhidenergo	ZAEN	77.0	115.0	64.0	-3.4%	-5.2%	-10.5%	-20.6%	-4.7%	-6.6%	-14.8%	-13.4%
Consumer												
Agroton	AGT	0.79	3.6	0.36	9.4%	5.6%	-3.5%	-75.7%	8.0%	4.2%	-7.8%	-68.4%
Astarta	AST	21.3	24.4	14.5	2.9%	5.0%	-8.4%	19.4%	1.6%	3.7%	-12.7%	26.7%
Avangardo	AVGR	12.6	13.0	7.61	0.0%	0.4%	12.1%	10.8%	-1.3%	-1.0%	7.7%	18.0%
Industrial Milk Company	IMC	4.38	5.35	3.63	0.9%	-0.4%	-10.1%	-17.5%	-0.5%	-1.8%	-14.4%	-10.2%
Kernel	KER	14.0	22.6	13.5	1.9%	-1.2%	-19.0%	-35.4%	0.6%	-2.6%	-23.3%	-28.2%
Mriya Agro Holding	MAYA	6.39	6.8	5.36	0.3%	-2.7%	5.9%	-1.5%	-1.0%	-4.1%	1.6%	5.8%
MHPC	MHPC	16.0	19.9	13.58	2.0%	0.7%	6.0%	5.0%	0.6%	-0.7%	1.7%	12.2%
Milkiland	MLK	4.15	5.2	3.11	0.5%	-2.3%	-1.2%	-11.7%	-0.9%	-3.7%	-5.5%	-4.5%
Ovostar Union	OVO	31.9	33.3	21.3	0.1%	-1.8%	0.1%	10.6%	-1.3%	-3.1%	-4.2%	17.9%
Sintal	SNPS	n/a	0.29	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	13.4	17.5	7.1	-0.4%	1.6%	14.2%	0.0%	-1.7%	0.2%	9.9%	7.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.105	0.128	0.065	1.3%	1.5%	19.1%	22.2%	-0.1%	0.1%	14.8%	29.4%
UkrSotsbank	USCB	0.185	0.257	0.107	0.4%	0.3%	1.2%	43.4%	-0.9%	-1.1%	-3.1%	50.7%

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	127	3.9%	5	1,542	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	532	458	413	\$/tonne
Yenakievo Steel	ENMZ	43	8.8%	4	35	1.4	5.0	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	348	4.1%	14	327	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	58	55	52	\$/tonne
Coke																		
Avdyivka Coke	AVDK	75	7.5%	6	72	neg	neg	neg	11.8	neg	neg	0.0	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	19	9.0%	2	48	1.3	1.7	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	898	0.5%	5	898	2.8	9.4	8.6	1.8	3.8	4.4	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,299	0.5%	13	2,424	2.9	5.3	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,756	24.0%	422	2,007	3.1	8.2	6.7	2.5	5.0	4.5	1.1	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	26	5.4%	1	128	1.7	0.7	0.7	1.9	1.3	1.4	0.7	0.5	0.5	31	30	28	\$/tonne
Coal Energy	CLE	30	11.9%	4	56	0.8	0.8	0.7	1.1	0.9	0.9	0.4	0.3	0.3	1.1	0.9	0.9	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	180	2.0%	4	223	1.8	5.4	5.3	1.5	3.0	2.9	0.3	0.3	0.3	354	586	557	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	42	24.0%	10	42	4.7	6.2	5.2	3.0	3.4	2.8	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	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	77	1.9	>30	13.0	2.3	10.7	7.0	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	180	5.8%	10	128	3.4	4.7	4.3	2.0	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	406	24.0%	97	416	2.4	1.6	1.5	1.5	1.3	1.3	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	351	7.2%	25	687	neg	7.7	7.3	3.3	3.4	3.3	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	715	3.0%	21	705	2.6	2.3	3.2	1.6	1.4	1.6	0.2	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	79	49.0%	39	61	12.4	6.6	3.3	neg	2.7	1.7	3.2	1.2	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	203	50.4%	103	312	3.4	5.1	4.1	2.7	2.2	2.1	1.3	1.4	1.2	82	57	43	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	229	21.7%	50	312	>30	7.9	6.9	6.4	5.1	4.6	0.3	0.3	0.3	21	22	18	\$/MWh
DonbasEnergO	DOEN	71	14.2%	10	127	neg	18.5	7.0	6.2	7.4	5.3	0.3	0.2	0.2	16	15	14	\$/MWh
Consumer																		
MHP	MHPC	1,691	34.1%	577	2,736	6.5	5.4	6.2	6.8	5.8	5.2	2.2	1.9	1.8	8551	8551	8551	\$/tonne
Kernel	KER	1,031	61.8%	637	1,641	4.6	4.9	5.3	5.3	5.1	4.8	0.9	0.8	0.6				
Astarta	AST	533	31.0%	165	679	4.7	10.7	9.0	4.7	7.0	5.6	1.7	1.5	1.2	3445	2097	1742	\$/tonne
Avangardco	AVGR	802	22.5%	180	950	4.1	3.5	3.5	3.8	3.4	3.2	1.7	1.5	1.4	215	163	154	\$/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	383	4.0%	15		>30	>30	13.4	0.5	0.4	0.4	0.06	0.05	0.05				
Ukrsotsbank	USCB	414	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

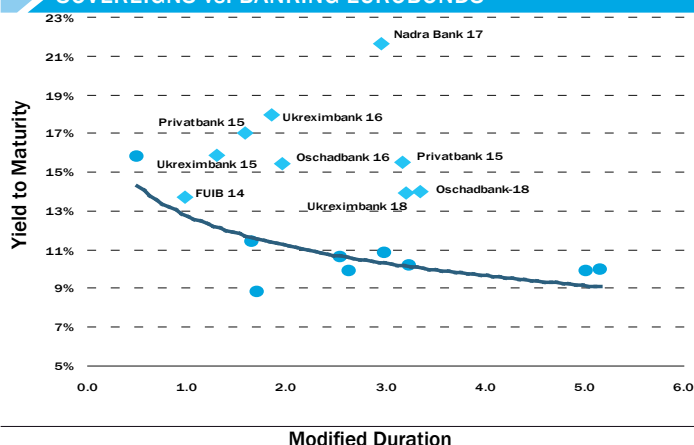
UKRAINIAN EUROBONDS

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	95.3	96.5	18.4%	15.6%	-6.4%	0.5	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B
Naftogaz Ukraine, 2014	92.2	93.2	22.1%	20.4%	-10.0%	0.8	9.50%	S/A	30 Sept 2014	1,595	//B
Ukraine, 2015 (EUR)	91.3	93.5	10.5%	9.0%	-5.3%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B-/B
Ukraine, 2015	91.4	92.9	12.6%	11.6%	-9.0%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B
Ukraine, 2016	87.8	89.0	11.7%	11.1%	-11.5%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B
Ukraine, 2016-2	87.8	88.7	11.1%	10.8%	-11.4%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B
Ukraine, 2017	86.9	88.9	11.0%	10.3%	-11.5%	3.2	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B
Ukraine, 2017-2	93.3	94.8	11.7%	11.1%	-12.2%	3.0	9.25%	S/A	24 Jul 2017	2,000	Caa1/B-/B
Ukraine, 2017 Infr. projects	87.5	89.8	13.0%	12.1%	-9.8%	3.2	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	85.0	86.5	12.3%	11.8%	-9.7%	3.5	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	87.0	88.5	10.6%	10.2%	-14.8%	5.0	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B
Ukraine, 2021	87.4	88.6	10.5%	10.2%	-15.3%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B
Ukraine, 2022	84.4	85.7	10.5%	10.3%	-15.7%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B
Ukraine, 2023	84.5	85.6	10.1%	9.9%	-14.9%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B
Corporate Eurobonds											
Agroton, 2014	50.0	54.8	32.1%	28.6%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	100.0	102.0	10.7%	9.9%	-4.2%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B
MHP, 2020	83.6	85.4	12.0%	11.5%	-15.5%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B
Avangardco, 2015	99.5	101.1	10.6%	9.7%	4.8%	1.7	10.00%	S/A	29 Oct 2015	200	//B
UkrLandFarming, 2018	91.3	93.9	13.6%	12.7%	-7.4%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.2	101.2	11.3%	10.8%	-2.2%	2.0	10.95%	S/A	30 Mar 2016	72	/B-/B
Mriya, 2018	84.8	85.9	14.2%	13.8%	-14.6%	3.4	9.45%	S/A	19 Apr 2018	400	/B-/B
DTEK, 2015	100.1	100.4	9.9%	9.6%	-1.1%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B
DTEK, 2018	88.4	89.7	11.3%	10.9%	-10.9%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B
Metinvest, 2015	100.4	101.5	10.4%	9.6%	-2.8%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B
Metinvest, 2018	89.8	91.2	12.0%	11.5%	-6.6%	3.3	8.75%	S/A	14 Feb 2018	750	Caa1//B
Ferrexpo, 2016	95.2	96.7	10.5%	9.6%	-1.5%	2.1	7.875%	S/A	07 Apr 2016	500	/B-/B
UZ Rail, 2018	83.7	85.5	14.5%	13.9%	-15.4%	3.3	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.6%	17.7%	-3.8%	2.7	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	109.4	110.6	8.5%	8.2%	10.0%	3.5	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.5	93.5	118.8%	80.8%	44.5%	0.1	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	97.3	100.0	15.4%	12.2%	-3.4%	1.0	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.7	82.7	22.5%	20.7%	-3.8%	2.9	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	88.3	90.1	18.0%	16.6%	-5.9%	1.6	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	68.1	74.7	25.7%	20.8%	-7.5%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	85.7	88.7	15.5%	14.5%	-12.8%	3.2	10.88%	S/A	28 Feb 2018	175	Caa1//B
UkrEximBank, 2015	90.4	91.0	16.9%	16.4%	-9.2%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B
UkrEximBank, 2016	78.5	80.5	18.6%	17.2%	-5.7%	1.9	8.40%	S/A	2 Sept 2016	125	Caa1//B
UkrEximBank, 2018	82.1	84.0	14.6%	13.9%	-17.0%	3.2	8.75%	S/A	22 Jan 2018	500	Caa1//B
VAB Bank, 2014	85.0	87.0	52.9%	46.2%	53.6%	0.5	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	86.0	87.2	16.3%	15.6%	-8.9%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B
Oschadbank, 2018	82.2	83.7	14.7%	14.0%	-17.0%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B
Municipal Eurobonds											
City of Kyiv, 2015	86.3	88.0	17.0%	15.8%	-6.9%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	86.0	88.0	16.0%	15.0%	-7.0%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

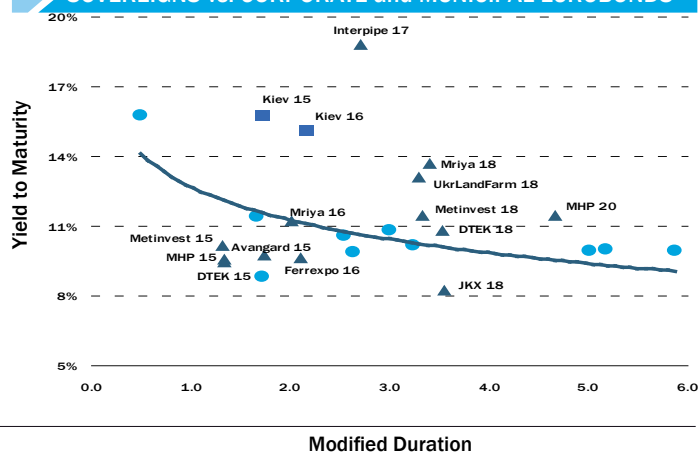
¹ Moody's/S&P/Fitch; * EUR

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