

**Market Update**

**Equity**

Ukrainian equities finished firmly in the black on Wednesday (Nov 13) thanks to a solid rebound in the final trading hour. Externally, explicitly dovish comments from incoming US Federal Reserve chief Janet Yellen sent the S&P 500 surging to yet another record high; Yellen is viewed as an advocate of continued monetary stimulus support for the US economy. The UX index gained 0.6% to close at 887 points. Raiffeisen Aval added the most points to the index, advancing by 3.4% to UAH 10.76. Volume leader Motor Sich retreated by 1.2% as it failed to consolidate a rise above the UAH 1,600 resistance level. In second-division names, Krukiv Wagon lost 2.4% dropping below UAH 17 on more concerns about whether the company will be able to return to the Russian market in coming months. Ukrainian names traded abroad were mixed, with Astarta and Kernel both falling 1.4% in Warsaw while MHP and Avangard rose 2.1% and 3.1% respectively in London.

**Fixed Income**

Quotes for Ukrainian sovereigns ended lower yesterday, with benchmark 10-year notes slipping 0.4 p.p. to close at 84.1/85.3 (10.2%/9.9%). In corporate issues, Ferrexpo-16s lost 0.6 p.p., finishing at 94.2/96.2 (11.0%/9.8%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1585.00	-1.2%	4.3	93
Centrenergo	CEEN	5.10	0.1%	3.8	106
Donbasenergo	DOEN	24.950	1.7%	0.8	118

**Growth Leaders**

Mariupol Heavy Machine	MZVM	0.11	13.8%	0.01	17
Interpipe NMPP	NVTR	0.25	13.6%	0.01	12
Slavutych Brewery	SLAV	3.50	10.9%	0.72	8

**Loss Leaders**

Alchevsk Coke	ALKZ	0.09	-10.4%	0.001	8
Ukrtelecom	UTLM	0.15	-5.2%	0.009	14
Bogdan Motors	LUAZ	0.03	-3.0%	0.018	20

**Highlights**

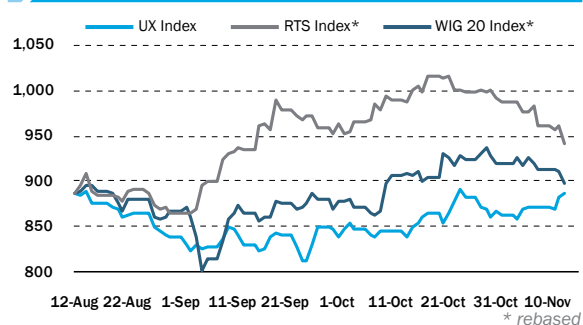
**POLITICS AND ECONOMICS**

- > Cox-Kwasniewski Mission Extended Until Vilnius Summit

**STOCKS IN THE NEWS**

- > MHP's Third-Quarter EBITDA Slides 17% YoY

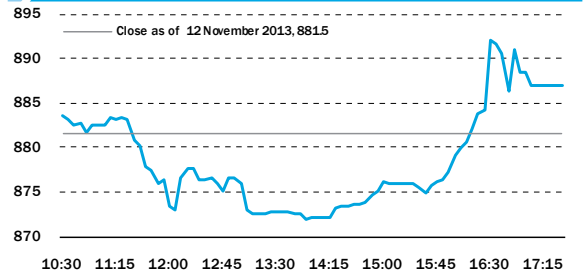
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	887.1	0.6%	5.0%	-6.7%
RTS	1406.9	-2.1%	-4.7%	-7.9%
WIG20	2468.8	-1.4%	-0.8%	-4.4%
MSCI EM	979.9	-1.2%	-4.2%	-7.1%
S&P 500	1782.0	0.8%	4.6%	27.1%

**UX INTRADAY NOVEMBER 13, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	361.0	0.7%	7.1%	33.2%
CDS 5Y UKR	1075.9	3.9%	6.4%	72.1%
Ukraine-17	10.7%	0.2 p.p.	0.9 p.p.	3.8 p.p.
Naftogaz Ukr-14	20.2%	1.3 p.p.	4.3 p.p.	12.5 p.p.
Ukraine-23	10.0%	0.1 p.p.	0.5 p.p.	2.5 p.p.
Privatbank-16	22.8%	0.0 p.p.	1.3 p.p.	7.5 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.19	-0.3%	0.0%	1.8%
EUR	11.05	0.2%	-0.3%	3.4%
RUB	0.25	0.0%	-1.6%	-5.6%

**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	107.1	1.2%	-3.0%	2.1%
Gold, USD/oz	1281.8	1.1%	0.8%	-22.6%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Cox-Kwasniewski Mission Extended Until Vilnius Summit

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### NEWS

The European Parliament's mission to Ukraine, tasked with facilitating Ukraine's fulfillment of the EU's requirements for signing a wide-ranging association treaty and headed by Pat Cox of Ireland and Alexander Kwasniewski of Poland, will be extended until the upcoming EU-Ukraine summit in Lithuania scheduled for Nov 28-29, a statement issued on Wednesday (Nov 13) by the two men said. The mission had previously been set to expire today (Nov 14) after making a final report and recommendation. The extension became necessary after Ukraine's Parliament failed to vote on three draft laws whose passage is required by the EU, including one which would allow former PM Yulia Tymoshenko to leave jail and travel abroad for medical treatment.

### COMMENTARY

The extension of the mission confirms our previous expectation that the signing of the AA/DCFTA will go down to the wire, as all three sides in the negotiations (President Yanukovich, the EU, and Tymoshenko's allies in the opposition) hold out for the best possible terms. Although this is obviously a risky strategy, especially on the part of Yanukovich, we see the rash of pessimism that has appeared in recent days in the Western community as overdone, as none of the fundamentals of the situation have changed in regard to the interests of all three parties to sign the deal. Although there has been a furor over three reported meetings between Yanukovich and Russian President Putin since Oct 27, and there are clearly major financial incentives being placed on the table by the Russian side for Yanukovich not to sign in Vilnius, the publicized meetings also fit with the Ukrainian president's long-held strategy of occasionally scaring the EU with suggestions that he could make a sudden turn to the East. We view this week's developments and the extension of the European mission as the start of a final hard negotiating phase to hammer out the precise terms and timeline of Tymoshenko's release to pave the way for a successful signing in Vilnius. We reiterate our view that the deal will need to include a provision that prevents Tymoshenko from running in the presidential election due in March 2015, as we see this as Yanukovich's key underlying demand.

**MHP's Third-Quarter EBITDA Down 17% YoY**

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**MHP S.A. (MHPS LI)**

Price: USD 16.35 Market Cap: USD 1,728mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	2.1	5.6	6.2	6.9%
2013E	2.0	8.5	7.0	2.9%

**NEWS**

London-listed MHP, Ukraine's largest poultry producer, reported that its 3Q13 revenue expanded by 9% YoY to USD 422mn as a result of 29% YoY increase in poultry sales, in results released this morning (Nov 14). Meanwhile, EBITDA declined by 17% YoY to USD 124mn, implying an EBITDA margin of 29% (-9p.p. YoY). Net profit decreased by 46% to USD 60mn over the period, with the net margin at 14% (-14p.p. YoY).

MHP's net debt stood at USD 1.15bn as of Sept 30, down from USD 1.18bn as on Jun 30. This implies a Net Debt/EBITDA ratio of 2.83x, slightly higher than the 2Q12 figure of 2.74x but still below the company's binding Eurobond covenant level of 3.0x.

The company is now operating 7 out of a planned 12 chicken rearing sites at its new Vinnytsia complex, with two more to be launched by end-2013. Also, management expects FY13 EBITDA to be "lower than previously projected" (August EBITDA guidance was USD 430mn).

With the harvesting campaign close to completion, the company managed to achieve yields that are higher both YoY and compared to the Ukrainian average. Yields for corn (85% harvested) and wheat (100%) stands at 9.4 t/ha and 5.5 t/ha, suggesting 24% YoY and 8% YoY growth respectively. Still, the segment's EBITDA in 3Q13 dropped to USD 23mn vs. USD 63mn on the back of lower grain pricing.

**MHP: FINANCIAL RESULTS**

USD mn	3Q13	2Q13	3Q12	QoQ	YoY	9M13	9M12	YoY
Net Revenue	422	352	389	20%	9%	1,078	1,044	3%
EBITDA	124	120	149	3%	-17%	316	380	-17%
EBITDA margin	29%	34%	38%	-5%pp	-9%pp	29%	36%	-7%pp
Net Income	60	53	111	13%	-46%	150	281	-47%
Net margin	14%	15%	29%	-1%pp	-14%pp	14%	27%	-13%pp

Source: Company data, Eavex Research

**COMMENTARY**

The squeeze in MHP's profitability stems from an 8% YoY decline in the average selling price for its poultry exacerbated by high production cost (MHP's grain costs through the first 9 months of each year are based on grain prices from the previous autumn). Other factors were: a USD 1mn loss in biological revaluation (IAS 41) in 3Q13 vs. USD +37mn in 3Q12 due to lower YoY crops prices this season; a 77% YoY surge in D&A to USD 33mn due to the launch at Vinnytsia; and an 81% YoY increase in financial costs to USD 25mn reflecting expenses related to a new Eurobond issue in April.

We expect to observe a negative reaction by the MHPC stock to the decline in earnings in 3Q13 as well as to management's lowering of expectations on the FY13 results. That said, the positive development for MHP is that the double-digit decline in grain prices this season on the back of a robust harvest will translate into lower poultry production costs, and thus higher profitability, for the company's main business segment next year. We reiterate our forecast for FY13 EBITDA of 413mn. We expect the company's EBITDA margin to improve to 33.3% in FY14 from 29.0% in 2013E.

We reiterate our BUY recommendation for the MHPC stock with target price of USD 22.10 per share (35% implied upside).

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.68	0.56	-19%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	178.8	218.0	22%	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	3.17	6.2	97%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.56	3.4	519%	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.
<b>Coal</b>						
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.
<b>Railcar Manufacturing</b>						
Krukiv Wagon	KVBZ	16.9	50.5	199%	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	240%	BUY	LuganskTeplovoz's incorporation into TransMashHolding should help it to exploit its already-dominant position on the Russian market for diesel locomotives.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	1585	5250	231%	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.
<b>Oil &amp; Gas</b>						
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	74.3	370	398%	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.
<b>Power Utilities</b>						
DonbasEnergo	DOEN	25.0	72.0	189%	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.
<b>Consumer</b>						
MHP	MHPC	16.4	22.10	35%	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	65.7	90.0	37%	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	12.9	19.35	50%	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	98.40	109.50	11%	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	887.07	1061.97	781.22	0.6%	1.7%	5.0%	-6.7%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.040	0.06	0.02	-0.7%	-0.7%	-2.0%	-24.9%	-1.4%	-2.5%	-6.9%	-18.2%
Azovstal	AZST	0.68	0.90	0.31	0.4%	4.4%	7.9%	-7.4%	-0.2%	2.7%	2.9%	-0.8%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	n/a	30.1%	-0.6%	-1.7%	n/a	36.8%
Enakievo Steel	ENMZ	33.7	49.9	20.0	1.2%	1.0%	0.4%	-11.3%	0.5%	-0.7%	-4.6%	-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	0.11	0.26	0.05	0.0%	-15.4%	-15.4%	-50.0%	-0.6%	-17.1%	-20.4%	-43.3%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.17	4.80	1.60	0.8%	1.2%	-1.0%	-3.0%	0.2%	-0.6%	-6.0%	3.7%
Yasnyivsky Coking	YASK	0.56	0.85	0.51	-1.8%	-1.8%	0.0%	-16.4%	-2.4%	-3.5%	-5.0%	-9.7%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.30	7.74	4.00	0.0%	-4.5%	-2.9%	-8.7%	-0.6%	-6.3%	-7.9%	-2.0%
Ferrexpo	FXPO	2.87	4.58	2.02	-4.0%	-10.1%	-2.1%	-28.8%	-4.6%	-11.8%	-7.1%	-22.1%
Pivnichny GOK	SGOK	8.20	10.00	5.77	0.0%	5.1%	-3.5%	10.2%	-0.6%	3.4%	-8.5%	16.9%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	0.0%	0.0%	0.0%	-28.6%	-0.6%	-1.7%	-5.0%	-21.9%
Komsomolets Donbasa	SHKD	0.64	1.33	0.27	0.0%	-9.9%	-3.0%	-45.8%	-0.6%	-11.6%	-8.0%	-39.1%
Energy Coal	CLE	0.67	4.57	0.59	-0.2%	-8.2%	-25.0%	-78.4%	-0.9%	-10.0%	-30.0%	-71.7%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.46	0.58	0.270	0.0%	n/a	n/a	-20.7%	-0.6%	n/a	n/a	-14.0%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.57	0.86	0.30	0.0%	-5.0%	-6.6%	-18.6%	-0.6%	-6.7%	-11.5%	-11.9%
Interpipe NMPP	NVTR	0.25	0.44	0.10	13.6%	31.6%	25.0%	13.6%	13.0%	29.8%	20.0%	20.3%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.9	29.0	12.0	-2.4%	-3.5%	-1.9%	-13.0%	-3.1%	-5.3%	-6.9%	-6.3%
Luhanskeplovoz	LTPL	1.54	2.20	1.26	-3.1%	-3.8%	0.0%	-17.6%	-3.8%	-5.5%	-5.0%	-11.0%
Stakhanov Wagon	SVGZ	1.34	2.13	1.00	-1.5%	0.8%	3.1%	-22.5%	-2.1%	-1.0%	-1.9%	-15.9%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-3.0%	0.0%	1.8%	-35.3%	-3.6%	-1.7%	-3.2%	-28.6%
Motor Sich	MSICH	1,585	2,640	1,303	-1.2%	-0.1%	-0.3%	-28.3%	-1.8%	-1.9%	-5.2%	-21.6%
Sumy Frunze Engineering	SMASH	2.48	4.00	0.81	0.0%	-0.8%	1.2%	65.3%	-0.6%	-2.5%	-3.8%	72.0%
Turboatom	TATM	3.50	5.00	3.20	0.0%	n/a	n/a	n/a	-0.6%	n/a	n/a	n/a
WESTA ISIC	WES	0.20	0.33	0.17	-7.1%	-11.1%	-12.1%	-16.0%	-7.8%	-12.8%	-17.1%	-9.3%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.20	0.09	-5.2%	-4.5%	-3.3%	-8.8%	-5.8%	-6.2%	-8.3%	-2.1%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.25	0.59	0.20	0.7%	6.5%	3.9%	-54.1%	0.1%	4.7%	-1.1%	-47.4%
JKX Oil	JKX	1.19	1.29	0.75	0.4%	-1.4%	3.3%	-0.5%	-0.3%	-3.1%	-1.7%	6.2%
Ukrnafta	UNAF	108	280	96	-0.6%	0.2%	-0.7%	-9.2%	-1.3%	-1.6%	-5.7%	-2.5%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.10	7.40	2.50	0.1%	0.6%	2.6%	-19.7%	-0.6%	-1.1%	-2.4%	-13.0%
Donbasenergo	DOEN	25.0	34.0	15.4	1.7%	2.3%	7.1%	17.7%	1.0%	0.6%	2.1%	24.4%
Zakhidenergo	ZAEN	77.0	115.0	64.0	0.0%	-5.2%	-10.5%	-20.6%	-0.6%	-6.9%	-15.5%	-13.9%
<b>Consumer</b>												
Agroton	AGT	0.79	3.6	0.36	-0.2%	7.1%	-3.7%	-75.7%	-0.8%	5.3%	-8.7%	-69.0%
Astarta	AST	21.0	24.4	14.5	-1.3%	2.7%	-9.6%	17.9%	-1.9%	0.9%	-14.6%	24.5%
Avangardo	AVGR	12.9	13.0	7.61	3.1%	3.5%	15.5%	14.2%	2.5%	1.8%	10.5%	20.9%
Industrial Milk Company	IMC	4.39	5.35	3.63	0.2%	-0.8%	-9.9%	-17.3%	-0.4%	-2.6%	-14.9%	-10.6%
Kernel	KER	13.8	22.6	13.5	-1.4%	-2.4%	-20.1%	-36.3%	-2.0%	-4.2%	-25.1%	-29.6%
Mriya Agro Holding	MAYA	6.40	6.8	5.36	0.1%	-0.5%	6.0%	-1.4%	-0.5%	-2.3%	1.1%	5.3%
MHPC	MHPC	16.4	19.9	13.76	2.1%	4.3%	8.3%	7.2%	1.5%	2.5%	3.3%	13.9%
Milkiland	MLK	4.15	5.2	3.11	0.0%	-5.1%	-1.2%	-11.7%	-0.6%	-6.8%	-6.1%	-5.1%
Ovostar Union	OVO	31.5	33.3	21.3	-1.4%	-3.7%	-1.2%	9.1%	-2.0%	-5.5%	-6.2%	15.8%
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
<b>Chemicals</b>												
Stirol	STIR	13.6	17.5	7.1	1.7%	1.6%	16.2%	1.7%	1.1%	-0.2%	11.2%	8.4%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.108	0.128	0.065	2.8%	4.1%	22.4%	25.6%	2.1%	2.3%	17.4%	32.2%
UkrSotsbank	USCB	0.190	0.257	0.107	2.6%	2.8%	3.9%	47.2%	2.0%	1.1%	-1.1%	53.9%

Source: Bloomberg

\* companies listed abroad are in USD

**MAIN FINANCIAL FORECASTS, USD mn**

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012	2013E	2011	2012E	2013E
<b>Steel</b>																
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
<b>Coke</b>																
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%
<b>Iron Ore Mining</b>																
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%
<b>Coal Mining</b>																
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%
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	775	659	699	145	74	77	18.7%	11.3%	11.1%	98	34	34	12.7%	5.1%	4.9%
<b>Railcar Manufacturing</b>																
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%
<b>Specialized Machinery</b>																
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%
<b>Telecom</b>																
Ukrtelecom	UTLM	843	858	744	206	205	208	24.5%	23.8%	28.0%	-17	45	48	neg	5.3%	6.5%
<b>Oil &amp; Gas</b>																
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%
<b>Electric Utilities</b>																
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%
<b>Consumer</b>																
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%
<b>Banks</b>																
		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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	126	3.9%	5	1,541	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	36	1.4	5.1	neg	neg	neg	neg	0.0	0.0	0.0	14	14	13	\$/tonne
Azovstal	AZST	351	4.1%	14	329	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	59	55	53	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	76	7.5%	6	73	neg	neg	neg	12.0	neg	neg	0.1	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	19	9.0%	2	48	1.2	1.7	1.7	1.7	1.7	1.7	0.1	0.1	0.1	1.7	1.7	1.7	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	901	0.5%	5	901	2.8	9.5	8.7	1.8	3.8	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,306	0.5%	13	2,431	2.9	5.3	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,687	24.0%	405	1,937	2.9	7.8	6.4	2.4	4.8	4.4	1.1	1.4	1.2				
<b>Coal Mining</b>																		
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
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	181	2.0%	4	223	1.8	5.4	5.3	1.5	3.0	2.9	0.3	0.3	0.3	355	588	558	\$/tonne
<b>Railcar Manufacturing</b>																		
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	236	5.0%	12	239	2.8	2.5	4.7	2.0	1.8	2.6	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	37	8.0%	3	76	1.9	>30	12.9	2.3	10.6	7.0	0.2	0.2	0.2				
<b>Specialized Machinery</b>																		
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	402	24.0%	96	412	2.4	1.6	1.5	1.4	1.3	1.2	0.6	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	334	7.2%	24	670	neg	7.4	6.9	3.2	3.3	3.2	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	713	3.0%	21	703	2.6	2.3	3.2	1.6	1.4	1.6	0.2	0.2	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	204	50.4%	103	313	3.5	5.1	4.1	2.7	2.2	2.1	1.3	1.4	1.3	82	57	43	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	230	21.7%	50	313	>30	8.0	6.9	6.4	5.1	4.6	0.3	0.3	0.3	21	22	18	\$/MWh
DonbasEnergO	DOEN	72	14.2%	10	129	neg	18.8	7.1	6.2	7.5	5.4	0.3	0.2	0.2	16	15	15	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,727	34.1%	589	2,772	6.7	5.6	6.4	6.9	5.9	5.3	2.3	2.0	1.8	8663	8663	8663	\$/tonne
Kernel	KER	1,016	61.8%	628	1,627	4.5	4.8	5.2	5.3	5.1	4.8	0.9	0.8	0.6				
Astarta	AST	526	31.0%	163	673	4.6	10.5	8.9	4.7	6.9	5.6	1.7	1.5	1.2	3410	2076	1724	\$/tonne
Avangardco	AVGR	827	22.5%	186	975	4.2	3.6	3.6	3.9	3.5	3.3	1.8	1.5	1.4	221	168	158	\$/mneggs
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	\$/ha
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	394	4.0%	16		>30	>30	13.8	0.5	0.5	0.4	0.06	0.06	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



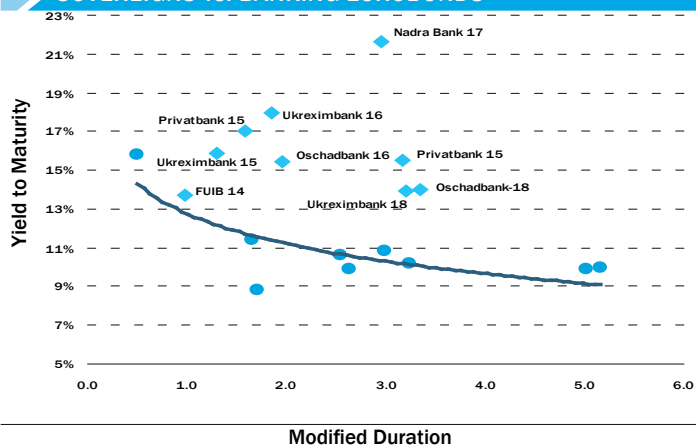
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	95.0	96.0	19.0%	16.8%	-6.7%	0.5	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	91.3	92.4	23.6%	21.8%	-10.8%	0.8	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	93.0	94.0	9.3%	8.7%	-4.1%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	90.3	92.3	13.4%	12.0%	-9.8%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	87.4	88.6	11.8%	11.3%	-11.9%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	87.4	88.3	11.3%	10.9%	-11.8%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	86.4	88.4	11.2%	10.5%	-11.9%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	92.9	94.4	11.8%	11.3%	-12.7%	3.0	9.25%	S/A	24 Jul 2017	2,000	Caa1/B-/B-
Ukraine, 2017 Infr. projects	87.5	89.8	13.0%	12.2%	-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	86.8	88.3	10.6%	10.3%	-15.0%	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	83.8	85.1	10.6%	10.4%	-16.4%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	84.1	85.3	10.2%	9.9%	-15.3%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
<b>Corporate Eurobonds</b>											
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	100.4	101.5	10.5%	10.0%	-4.3%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	83.4	85.0	12.0%	11.6%	-15.8%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	100.0	101.1	10.4%	9.7%	5.0%	1.7	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	92.2	93.8	13.3%	12.8%	-7.0%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	99.7	101.2	11.6%	10.8%	-2.5%	2.0	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	84.9	85.5	14.1%	13.9%	-14.8%	3.4	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	99.3	100.0	10.5%	10.0%	-1.6%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	88.9	89.5	11.1%	10.9%	-10.8%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	99.9	100.5	10.8%	10.3%	-3.3%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	89.3	91.3	12.1%	11.5%	-6.8%	3.3	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	94.2	96.2	11.0%	9.8%	-2.3%	2.1	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	82.0	84.0	15.2%	14.5%	-17.0%	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	110.7	8.5%	8.2%	10.0%	3.5	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	91.5	93.5	125.3%	83.5%	44.5%	0.1	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	97.0	99.0	15.7%	13.4%	-4.0%	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	87.0	89.5	19.0%	17.1%	-6.9%	1.6	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	68.0	75.0	25.9%	20.5%	-7.3%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	85.0	88.9	15.8%	14.4%	-13.0%	3.1	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	90.0	90.9	17.3%	16.5%	-9.5%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	76.5	77.5	20.0%	19.3%	-8.1%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	81.5	83.1	14.8%	14.3%	-17.7%	3.2	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	85.0	87.0	53.3%	46.5%	53.6%	0.5	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	85.5	87.1	16.7%	15.7%	-9.3%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	81.8	83.6	14.8%	14.1%	-17.3%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	86.0	87.5	17.2%	16.1%	-7.3%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	85.6	88.1	16.2%	15.0%	-7.2%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

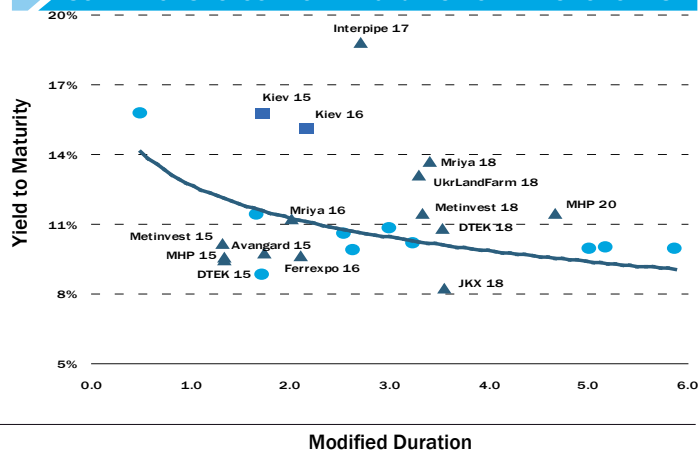
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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
<b>UAH denominated Bonds</b>									
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
<b>USD denominated Bonds</b>									
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
<b>EUR denominated Bonds</b>									
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
<b>VAT Bonds</b>									
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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