

Market Update

Equity

Ukraine's equity market rallied in line with European shares on Thursday (Nov 14), as markets from New York to Hong Kong reveled in the previous day's comments from incoming US central bank chief Janet Yellen implying that there is no end in sight to ultra-easy US monetary policy. If it lasts, the "Yellen" rally could also be good news for Ukraine's sovereign financing troubles, as investor risk appetite is likely to be drawn to the high yields offered by emerging market debt. The UX index gained 1.5%, finishing at 900 points on the nose, its best level since the late March reactor fire at electricity generation blue chip CentrEnergO. Heavyweight Raiffeisen Aval picked up 1.9%, closing above 11 kopecks for the first time in 8 months, and Azovstal and DonbasEnergO added 1.6% and 2.7% respectively. In London, Ferrexpo erased its Wednesday drop with a 3.7% rise, and Astarta appreciated by 1.5% to PLN 66.50 in Warsaw.

Fixed Income

Quotes for Ukrainian sovereign bonds rose yesterday, with Ukraine-23s climbing 0.5 p.p. to 84.6/85.7 (10.1%/9.9%) and medium term benchmark Ukraine-17s adding 0.8 p.p. to 87.2/89.2 (10.9%/10.2%). Banking and corporate issues were generally lower. UkrLandFarming-18s lost 2.0 p.p., ending at 89/9/92.2 (14.0%/13.3%), DTEK-15s slipped 0.7 p.p. to 98.3/99.7 (11.4%/10.2%), and PrivatBank-18s fell 1.0 p.p to 84.7/87.2 (15.9%/15.0%).

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

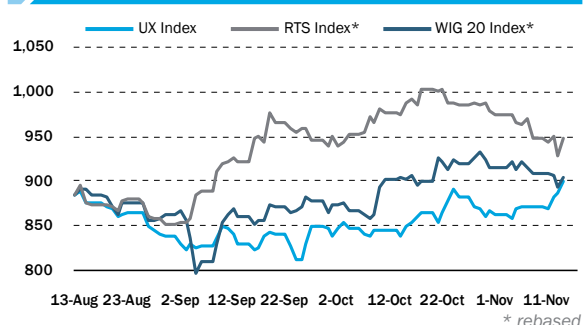
STOCKS IN THE NEWS

- > Astarta's Bottom Line Inches Down 2% YoY in 9M13
- > Ovostar's EBITDA Improves by 11% YoY in 9M13

FIXED INCOME

- > UkrZaliznytsa's EBITDA Down 23% YoY to UAH 5.4bn in 1H13

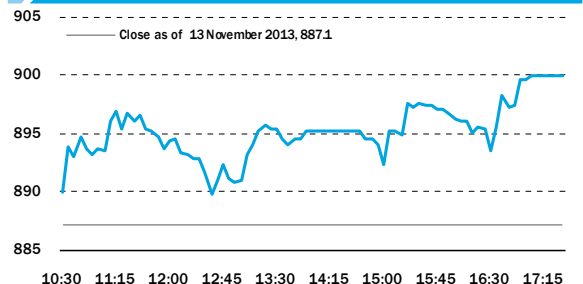
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	900.0	1.5%	7.2%	-5.3%
RTS	1434.4	2.0%	-2.7%	-6.1%
WIG20	2499.2	1.2%	0.0%	-3.2%
MSCI EM	991.8	1.2%	-3.0%	-6.0%
S&P 500	1790.6	0.5%	4.7%	27.7%

UX INTRADAY NOVEMBER 14, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	357.8	-0.9%	6.1%	32.0%
CDS 5Y UKR	1051.7	-2.3%	4.3%	68.3%
Ukraine-17	10.4%	-0.3 p.p.	0.6 p.p.	3.5 p.p.
Naftogaz Ukr-14	19.8%	-0.3 p.p.	4.0 p.p.	12.2 p.p.
Ukraine-23	10.0%	-0.1 p.p.	0.4 p.p.	2.5 p.p.
Privatbank-16	23.3%	0.5 p.p.	1.8 p.p.	8.0 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.20	0.1%	0.2%	1.9%
EUR	11.04	-0.1%	-0.5%	3.4%
RUB	0.25	0.4%	-1.1%	-5.2%

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	108.3	1.3%	-1.1%	3.2%
Gold, USD/oz	1287.2	0.4%	1.2%	-22.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Astarta's Bottom Line Inches Down 2% YoY in 9M13

by Ivan Dzvinka
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ASTARTA (AST PW)

Price: PLN 64.2 Market Cap: USD 515mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.9	8.9	7.7	0%
2013E	1.5	6.4	6.1	0%

NEWS

Warsaw-listed Astarta, Ukraine's largest sugar producer, said its revenue expanded by 11% YoY to EUR 260mn on the back of a 19% increase in crop sales and 29% YoY growth in dairy sales, in 9M13 results released on Thursday (Nov 14). Meanwhile, EBITDA declined by 11% YoY to EUR 103mn, implying an EBITDA margin of 40% (-9p.p. YoY). Net profit inched down by 2% to EUR 82mn over the period, suggesting a net margin of 32% (-4p.p. YoY). In the third quarter alone, the company's net revenue stood at EUR 96mn (+4% YoY), with EBITDA and net income amounting to EUR 39mn (-10%) and EUR 30mn (-5%), respectively.

Over 9M13, Astarta sold 269,000 tonnes of sugar (+13% YoY), with the average selling price moving down by 8% YoY (the actual pricing figure was not provided). Management said it started its 2013 beet processing campaign nearly a month later than usual, which we attribute to this year's unusually rainy September. The company's milk sales over the period increased by 6% YoY to 66,000 tonnes, with the average selling price surging by 25% YoY.

Astarta said it has completed its harvesting in all crops except for corn (which is 60% completed). Average yields improved across the board, with the corn yield standing at 7.5 t/ha (+40% YoY), soybeans at 2.2 t/ha (+13% YoY), sunflower seed at 3.3 t/ha (+49%), and sugar beet at 56 t/ha (+6%).

ASTARTA: FINANCIAL RESULTS

EUR mn	3Q13	3Q12	YoY	9M13	9M12	YoY
Net Revenue	96	92	4%	260	235	11%
EBITDA	39	44	-10%	103	115	-11%
EBITDA margin	41%	48%	-7%pp	40%	49%	-9%pp
Net Income	30	31	-5%	82	84	-2%
Net margin	31%	34%	-3%pp	32%	36%	-4%pp

Source: Company data, Eavex Research

COMMENTARY

The decline in the achieved price for sugar as well as for crops over 3Q contributed the most to the drop in Astarta's profitability over the period, which was 9p.p. This, however, was partly offset by a strong result in the dairy segment which increased its share in the company's revenue to 12% from 10% last year. The decrease in the bottom line was minimized due to a 5x surge in "other income" due to a gain from the acquisition of the Orzhytsky sugar refinery in September.

We think Astarta is moving in the right direction by developing its dairy segment, having recently commissioned the first phase of a new farm for 5,000 milking cows (which will add 32% to the company's current headcount). Ukraine's highly fragmented milk industry coupled with a declining cattle headcount in Ukraine should keep milk prices high in the medium term.

Another positive development for the company's forthcoming profitability in its core sugar segment is a rise in domestic sugar prices seen in October, which is not typical for the season. The reason for this is an estimated 40% YoY decline in Ukrainian sugar output to some 1.3-1.4mn tonnes this season, with only 38 sugar refineries in operation compared to 63 last year.

Ovostar's EBITDA Improves by 11% YoY in 9M13

by Ivan Dzvinka
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OVOSTAR (OVO PW)

Price: PLN 99.0 Market Cap: USD 191mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	3.3	7.9	7.3	0%
2013E	2.4	6.2	5.5	0%

NEWS

Ovostar, Ukraine's third-largest egg producer, improved its EBITDA by 11% YoY to USD 17.7mn, according to the company's 9M13 financial results released this morning (Nov 15). Revenue rose 34% YoY to USD 54.0mn while net profit increased by 4% YoY to USD 14.9mn. Still, the EBITDA and net margins declined by 7p.p. and 8p.p. respectively, to 32.8% and 27.6%.

In 3Q alone, the company's net revenue surged by 67% YoY to USD 20.9mn, with the EBITDA and net margin improving by 16.3p.p. and 21.4p.p. to 39.5% and 39.0%, respectively.

The company's net debt as of end 3Q stood at USD 10.4mn, implying a net debt to last 12M EBITDA ratio of a near-negligible 0.3x.

OVOSTAR: FINANCIAL RESULTS

USD mn	3Q13	3Q12	YoY	9M13	9M12	YoY
Net Revenue	20.9	12.5	67%	54.0	40.3	34%
EBITDA	8.3	2.9	2.9x	17.7	16.0	11%
EBITDA margin	39.5%	23.1%	16.3%pp	32.8%	39.8%	-7.0%pp
Net Income	8.2	2.2	3.7x	14.9	14.3	4%
Net margin	39.0%	17.6%	21.4%pp	27.6%	35.4%	-7.8%pp

Source: Company data, Eavex Research

COMMENTARY

Ovostar earned 47% of its 9M13 EBITDA in the third quarter alone. This was a result of a strong rebound, by 27% YoY and 49% QoQ, in realized egg prices, as well as a downward move in grain prices in midsummer (grain constitutes some 65% of the company's production cost of eggs). With egg prices currently continuing on an upward trend (according to industry source Ptichki.net) along with a likely seasonal jump in prices in December and low grain prices (corn prices are currently down 35% YoY), we expect Ovostar to report even better earnings and profitability in 4Q.

That said, we think that investors have already largely priced in these positives, with the OVO stock up 27% since early September. We thus foresee a limited reaction to the news and confirm our HOLD recommendation for the stock with a target price of PLN 109.5.

UkrZaliznytsa's EBITDA Down 23% YoY to UAH 5.4bn in 1H13

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NEWS

UkrZaliznytsa (UZ Rail), Ukraine's state-owned railway operator, reported a drop in its EBITDA by 23% YoY to UAH 5.43bn (USD 667mn) in 1H13, according to the company's financial results published on Thursday (Nov 14). UZ Rail's revenue decreased by 12.3% YoY to UAH 18.4bn in the period while net profit dropped by 68% YoY to UAH 516mn.

UZ RAIL INTERIM FINANCIAL RESULTS			
UAH mn	1H13	1H12	Y/Y
Revenue	23,917	26,486	-9.7%
EBITDA	5,436	7,048	-22.9%
<i>margin</i>	22.7%	26.6%	-3.9p.p.
Net Profit	516.6	1630.1	-68.3%
<i>margin</i>	2.2%	6.2%	-4.0p.p.

Source: Company Data. Eavex Research

On the balance sheet side, UZ Rail's total debt was UAH 19.1bn (USD 2.3bn) as of 30 Jun 2013. The Net Debt/12M EBITDA ratio was 1.9x as of the end of 1H13.

COMMENTARY

UZ Rail's financial results deteriorated in 1H13 following a general contraction in Ukraine's industrial economy in the period, as about 75% of the company's revenue comes from freight transportation services. Passenger services have been historically unprofitable for UZ. However, in our opinion, the current level of the company's debt leverage is not a threat to its solvency.

UZ Rail-18s Eurobonds currently quote at 15.2%/14.5% YTM implying a spread of 400 bps to the sovereign yield curve.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.70	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	185.4	218.0	18%	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	3.19	6.2	96%	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.
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	16.5	50.5	207%	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	1602	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	15.5	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	74.8	370	395%	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	25.6	72.0	181%	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	5.13	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	16.2	22.10	36%	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	66.5	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	12.8	19.35	51%	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	97.80	109.50	12%	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	900.00	1061.97	781.22	1.5%	3.2%	7.2%	-5.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.041	0.06	0.02	2.5%	1.7%	1.5%	-23.0%	1.0%	-1.4%	-5.7%	-17.7%
Azovstal	AZST	0.70	0.90	0.31	1.6%	5.9%	8.4%	-6.0%	0.2%	2.8%	1.3%	-0.6%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	n/a	30.1%	-1.5%	-3.2%	n/a	35.4%
Enakievo Steel	ENMZ	33.9	49.9	20.0	0.6%	1.8%	1.9%	-10.8%	-0.9%	-1.4%	-5.3%	-5.5%
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%	-1.5%	-18.5%	-22.5%	-44.7%
Coke												
Avdyivka Coke	AVDK	3.19	4.80	1.60	0.4%	1.9%	0.0%	-2.7%	-1.1%	-1.3%	-7.2%	2.7%
Yasynivsky Coking	YASK	0.56	0.85	0.51	0.0%	-3.4%	0.0%	-16.4%	-1.5%	-6.6%	-7.2%	-11.1%
Iron Ore Mining												
Centralny GOK	CGOK	6.30	7.74	4.00	0.0%	-4.5%	-2.9%	-8.7%	-1.5%	-7.7%	-10.1%	-3.4%
Ferrexpo	FXPO	2.98	4.58	2.02	4.0%	-6.9%	0.7%	-26.0%	2.5%	-10.0%	-6.5%	-20.6%
Pivnichny GOK	SGOK	8.20	10.00	5.77	0.0%	2.5%	-3.5%	10.2%	-1.5%	-0.7%	-10.7%	15.5%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	0.0%	0.0%	0.0%	-28.6%	-1.5%	-3.2%	-7.2%	-23.3%
Komsomolets Donbasa	SHKD	0.60	1.33	0.27	-6.3%	-15.5%	-9.1%	-49.2%	-7.7%	-18.6%	-16.3%	-43.8%
Energy Coal	CLE	0.67	4.57	0.59	0.9%	-4.1%	-20.7%	-78.2%	-0.6%	-7.2%	-27.8%	-72.9%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	0.58	0.270	0.0%	0.0%	n/a	-20.7%	-1.5%	-3.2%	n/a	-15.4%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.55	0.86	0.30	-3.5%	-3.5%	-9.8%	-21.4%	-5.0%	-6.7%	-17.0%	-16.1%
Interpipe NMPP	NVTR	0.25	0.44	0.10	0.0%	31.6%	25.0%	13.6%	-1.5%	28.4%	17.8%	19.0%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.5	29.0	12.0	-2.3%	-4.1%	-4.2%	-15.0%	-3.8%	-7.2%	-11.3%	-9.7%
Luhanskeplovoz	LTPL	1.59	2.20	1.26	3.2%	0.6%	3.2%	-15.0%	1.8%	-2.5%	-3.9%	-9.7%
Stakhanov Wagon	SVGZ	1.32	2.13	1.00	-1.5%	-4.3%	1.5%	-23.7%	-3.0%	-7.5%	-5.6%	-18.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	1.7%	-1.7%	3.5%	-34.2%	0.3%	-4.8%	-3.7%	-28.8%
Motor Sich	MSICH	1,602	2,640	1,303	1.1%	1.1%	2.6%	-27.5%	-0.4%	-2.1%	-4.6%	-22.2%
Sumy Frunze Engineering	SMASH	2.48	4.00	0.81	0.0%	0.0%	1.2%	65.3%	-1.5%	-3.2%	-5.9%	70.7%
Turboatom	TATM	3.50	5.00	3.20	0.0%	0.0%	n/a	n/a	-1.5%	-3.2%	n/a	n/a
WESTA ISIC	WES	0.21	0.33	0.17	3.6%	-5.3%	-6.8%	-13.0%	2.1%	-8.5%	-13.9%	-7.7%
Telecom												
Ukrtelecom	UTLM	0.14	0.20	0.09	-2.1%	-6.5%	-5.3%	-10.6%	-3.5%	-9.7%	-12.5%	-5.3%
Oil & Gas												
Regal Petroleum	RPT	0.25	0.59	0.20	0.3%	1.6%	3.0%	-54.0%	-1.2%	-1.6%	-4.2%	-48.7%
JKX Oil	JKX	1.20	1.29	0.75	1.0%	0.0%	4.3%	0.5%	-0.5%	-3.2%	-2.8%	5.8%
Ukrnafta	UNAF	109	280	96	0.9%	0.7%	-0.1%	-8.3%	-0.5%	-2.4%	-7.3%	-3.0%
Power Utilities												
Centrenerg	CEEN	5.13	7.40	2.50	0.6%	1.3%	3.9%	-19.2%	-0.9%	-1.9%	-3.3%	-13.9%
Donbasenergo	DOEN	25.6	34.0	15.4	2.5%	5.4%	11.2%	20.7%	1.1%	2.2%	4.0%	26.0%
Zakhidenergo	ZAEN	77.0	115.0	64.0	0.0%	-7.2%	-10.5%	-20.6%	-1.5%	-10.4%	-17.6%	-15.3%
Consumer												
Agroton	AGT	0.76	3.6	0.36	-2.9%	4.0%	-4.2%	-76.4%	-4.3%	0.8%	-11.4%	-71.1%
Astarta	AST	21.4	24.4	14.5	1.5%	3.2%	-6.1%	19.7%	0.1%	0.0%	-13.2%	25.0%
Avangardo	AVGR	12.8	13.0	7.61	-1.1%	2.4%	10.3%	13.0%	-2.5%	-0.8%	3.2%	18.3%
Industrial Milk Company	IMC	4.41	5.35	3.63	0.5%	2.4%	-8.9%	-16.9%	-1.0%	-0.7%	-16.1%	-11.6%
Kernel	KER	13.8	22.6	13.5	-0.3%	1.8%	-21.1%	-36.5%	-1.7%	-1.3%	-28.3%	-31.2%
Mriya Agro Holding	MAYA	6.41	6.8	5.36	0.1%	0.5%	5.9%	-1.2%	-1.3%	-2.7%	-1.3%	4.1%
MHPC	MHPC	16.2	19.9	14.00	-0.9%	3.1%	8.3%	6.2%	-2.4%	0.0%	1.1%	11.5%
Milkiland	MLK	4.06	5.2	3.11	-2.2%	-6.0%	-3.8%	-13.7%	-3.7%	-9.1%	-11.0%	-8.4%
Ovostar Union	OVO	31.4	33.3	21.3	-0.2%	-1.7%	-4.4%	8.8%	-1.7%	-4.9%	-11.6%	14.2%
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	13.6	17.5	7.1	-0.6%	1.1%	33.5%	1.1%	-2.0%	-2.0%	26.3%	6.4%
Banks												
Raiffeisen Bank Aval	BAVL	0.111	0.128	0.066	2.7%	5.2%	26.1%	28.9%	1.2%	2.1%	19.0%	34.3%
UkrSotsbank	USCB	0.193	0.257	0.107	1.4%	4.5%	6.9%	49.3%	0.0%	1.3%	-0.2%	54.6%

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%
Ukrspasbank	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	129	3.9%	5	1,544	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	533	459	414	\$/tonne
Yenakievo Steel	ENMZ	44	8.8%	4	36	1.4	5.1	neg	neg	neg	neg	0.0	0.0	0.0	14	14	13	\$/tonne
Azovstal	AZST	356	4.1%	15	335	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	60	56	54	\$/tonne
Coke																		
Avdyivka Coke	AVDK	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
Iron Ore Mining																		
Centralny GOK	CGOK	900	0.5%	5	900	2.8	9.5	8.6	1.8	3.8	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,303	0.5%	13	2,428	2.9	5.3	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,754	24.0%	421	2,004	3.1	8.2	6.7	2.5	5.0	4.5	1.1	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	24	5.4%	1	126	1.6	0.6	0.7	1.9	1.3	1.4	0.7	0.5	0.5	31	30	28	\$/tonne
Coal Energy	CLE	31	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	174	2.0%	3	217	1.8	5.2	5.1	1.5	2.9	2.8	0.3	0.3	0.3	344	571	542	\$/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	231	5.0%	12	233	2.7	2.4	4.6	2.0	1.7	2.5	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	36	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	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	326	7.2%	24	662	neg	7.2	6.8	3.2	3.2	3.2	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	6.7	3.3	neg	2.7	1.7	3.3	1.2	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	206	50.4%	104	315	3.5	5.2	4.1	2.7	2.2	2.1	1.3	1.4	1.3	83	57	43	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	231	21.7%	50	314	>30	8.0	6.9	6.4	5.2	4.6	0.4	0.3	0.3	21	22	18	\$/MWh
DonbasEnergO	DOEN	74	14.2%	10	130	neg	19.3	7.3	6.3	7.6	5.5	0.3	0.2	0.2	16	15	15	\$/MWh
Consumer																		
MHP	MHPC	1,711	34.1%	584	2,756	6.6	5.5	6.3	6.9	5.9	5.3	2.2	2.0	1.8	8613	8613	8613	\$/tonne
Kernel	KER	1,014	61.8%	626	1,624	4.5	4.8	5.2	5.2	5.0	4.8	0.9	0.8	0.6				
Astarta	AST	534	31.0%	166	681	4.7	10.7	9.1	4.7	7.0	5.6	1.7	1.5	1.2	3452	2101	1745	\$/tonne
Avangardco	AVGR	818	22.5%	184	966	4.2	3.6	3.5	3.9	3.5	3.3	1.7	1.5	1.4	219	166	156	\$/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	404	4.0%	16		>30	>30	14.2	0.5	0.5	0.4	0.06	0.06	0.05				
Ukrsotsbank	USCB	432	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

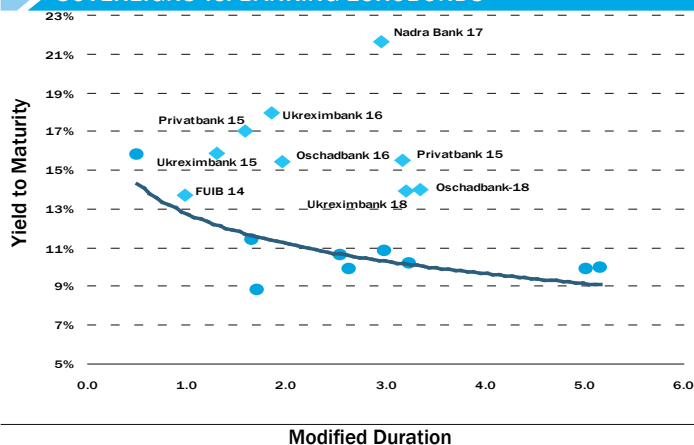
UKRAINIAN EUROBONDS

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	95.5	96.5	18.0%	15.7%	-6.3%	0.5	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	91.6	92.6	23.1%	21.5%	-10.6%	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	91.8	93.8	12.3%	11.0%	-8.3%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	87.4	88.7	11.8%	11.3%	-11.8%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	87.5	89.0	11.3%	10.6%	-11.4%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	87.2	89.2	10.9%	10.2%	-11.1%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	92.9	94.4	11.8%	11.3%	-12.6%	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	87.8	89.3	10.4%	10.1%	-14.0%	5.0	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	88.0	89.2	10.4%	10.1%	-14.7%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	85.3	86.5	10.4%	10.1%	-14.9%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	84.6	85.7	10.1%	9.9%	-14.8%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	54.8	32.1%	28.7%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	100.9	101.8	10.1%	9.7%	-4.0%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	82.7	83.9	12.2%	11.9%	-16.7%	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	89.9	92.2	14.0%	13.3%	-9.0%	3.3	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.3	101.2	11.2%	10.8%	-2.2%	2.0	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	84.2	85.7	14.4%	13.9%	-15.0%	3.4	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	98.3	99.7	11.4%	10.2%	-2.3%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	88.8	89.9	11.2%	10.8%	-10.7%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	99.8	100.6	10.9%	10.2%	-3.3%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	88.8	90.8	12.3%	11.6%	-7.4%	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	81.8	83.8	15.2%	14.5%	-17.2%	3.2	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.6%	17.8%	-3.8%	2.7	10.25%	S/A	2 Aug 2017	200	/NR/CCC
JKX Oil&Gas, 2018	109.6	111.2	8.4%	8.1%	10.4%	3.5	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	91.5	93.5	133.2%	86.5%	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	22.6%	20.8%	-3.8%	2.9	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	87.0	89.2	19.0%	17.3%	-7.0%	1.6	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	67.7	74.0	26.1%	21.3%	-8.2%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	84.7	87.2	15.9%	15.0%	-14.0%	3.1	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	89.0	90.5	18.3%	16.9%	-10.2%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	75.8	76.8	20.6%	19.9%	-9.0%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	79.2	81.0	15.7%	15.0%	-19.9%	3.2	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	85.0	87.0	53.7%	46.8%	53.6%	0.5	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	85.1	86.7	17.0%	15.9%	-9.7%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	80.0	82.2	15.3%	14.6%	-18.9%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	85.8	87.8	17.4%	16.0%	-7.3%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	84.3	87.5	17.0%	15.3%	-8.2%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

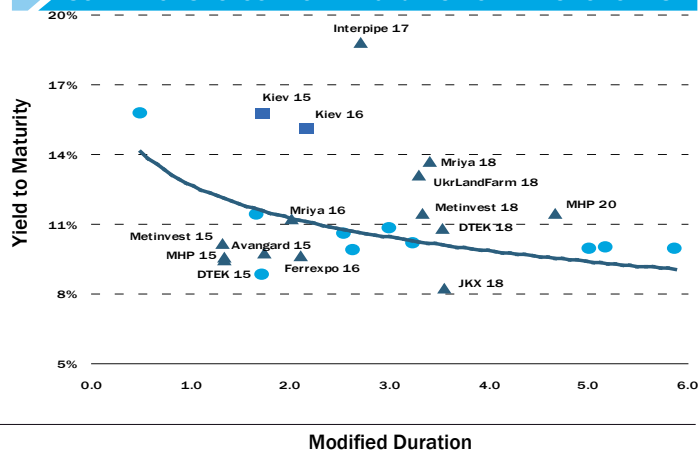
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



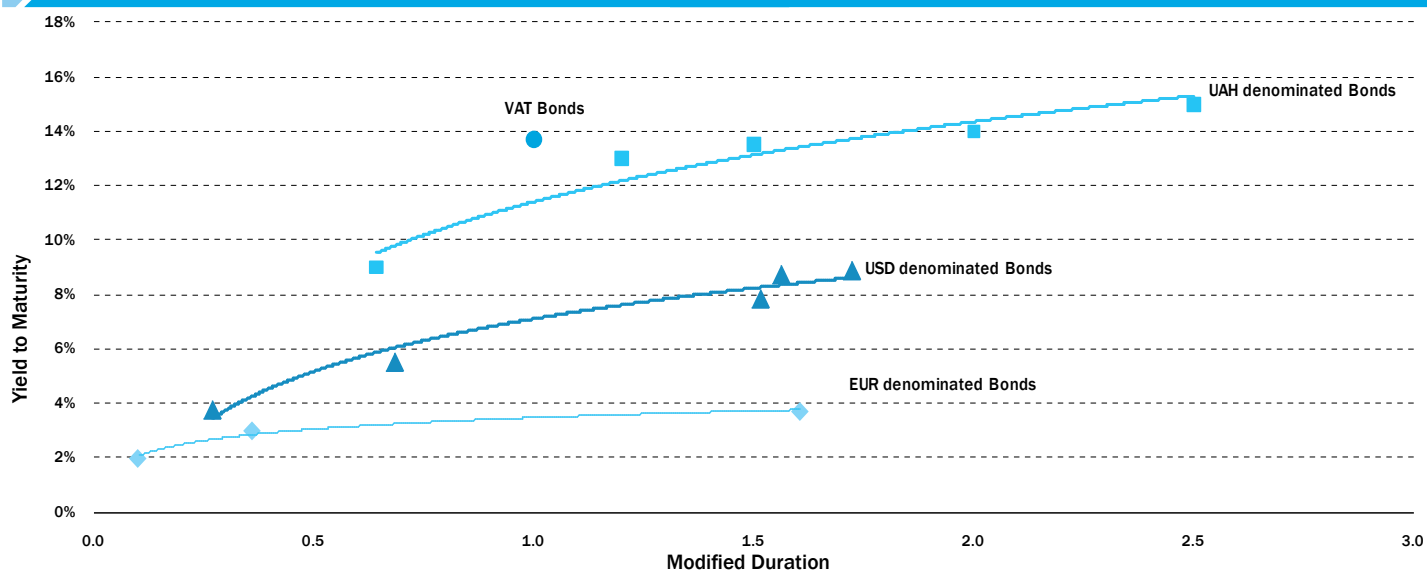
SOVEREIGNS vs. CORPORATE AND MUNICIPAL EUROBONDS



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

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