

**Market Update**

**Equity**

Ukraine's equity market was little-changed on Thursday (Nov 21) despite the Ukrainian government's apparent attempt to back out of a long-planned free trade agreement with the EU. The UX index slipped 0.3% to close at 912 points. The stocks of companies focused on sales to the Russian market, Motor Sich (MSICH) and Krukiv Wagon (KVBZ), rallied marginally, adding 1.2% each, while steel sector names ended in the red, with Azovstal (AZST) and Alchevsk Steel (ALMK) both dropping 1.4%. Among power generation names, CentrEnergO (CEEN) fell 1.2% while DonbasEnergO (DOEN) was unchanged. In London, MHP rose back above the USD 17 level for the first time since mid-August, while Regal Petroleum and JKC Oil & Gas declined by 1.4% and 1.5% respectively.

**Fixed Income**

Ukrainian sovereigns were down across the board on Thursday as news of the government's suspension of negotiations with the EU circulated. Ukraine-23s fell by 0.9p.p. to 85.5/86.9 (9.9%/9.7%). Corporate names were mostly unchanged, with MHP-15s and Metinvest-18s finishing flat at 100.0/101.0 (10.8%/10.0%) and 88.6/90.4 (12.4%/11.8%) respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1617.00	1.2%	3.4	97
CentrenergO	CEEN	5.00	-1.2%	3.2	111
Raiffeisen Bank Aval	BAVL	0.122	-0.1%	0.4	107

**Growth Leaders**

Stirol	STIR	14.39	2.6%	0.15	39
Kryukiv Wagon	KVBZ	16.44	1.2%	0.18	7
Motor Sich	MSICH	1617.00	1.2%	3.40	97

**Loss Leaders**

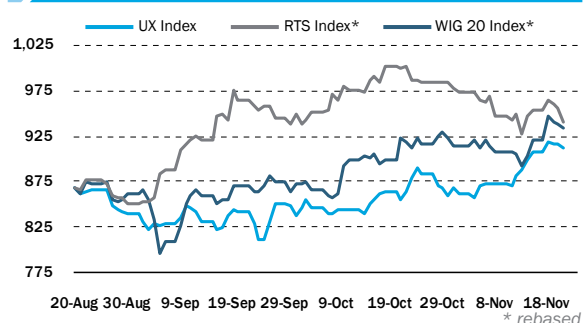
Dniproenergo	DNEN	258.00	-4.3%	0.154	9
Ukrtelecom	UTLM	0.14	-2.0%	0.057	11
Alchevsk Steel	ALMK	0.04	-1.5%	0.189	71

**Highlights**

**POLITICS AND ECONOMICS**

- > Cabinet Suspends Preparations for AA/DCFTA Signing

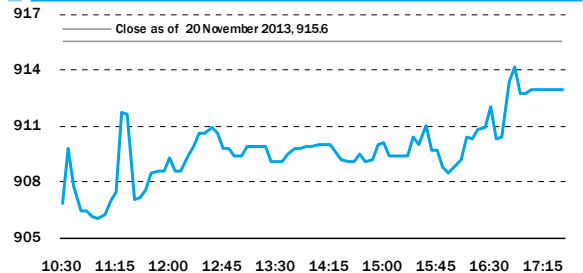
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	913.0	-0.3%	6.9%	-4.0%
RTS	1425.9	-1.5%	-5.8%	-6.6%
WIG20	2582.0	-0.5%	1.1%	0.0%
MSCI EM	1004.2	-1.5%	-3.7%	-4.8%
S&P 500	1795.9	0.8%	2.9%	28.1%

**UX INTRADAY NOVEMBER 21, 2013**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	351.5	1.6%	7.4%	29.7%
CDS 5Y UKR	995.0	3.6%	9.9%	59.2%
Ukraine-17	10.2%	0.0 p.p.	0.9 p.p.	3.3 p.p.
Naftogaz Ukr-14	17.7%	0.5 p.p.	4.3 p.p.	10.1 p.p.
Ukraine-23	9.8%	0.2 p.p.	0.6 p.p.	2.3 p.p.
Privatbank-16	23.5%	0.0 p.p.	1.3 p.p.	8.2 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.22	0.0%	0.4%	2.1%
EUR	11.08	0.4%	-1.0%	3.8%
RUB	0.25	-0.3%	-2.7%	-6.1%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	267.2	0.0%	1.1%	-23.3%
Steel, USD/t	525.0	0.0%	-0.5%	-1.4%
Oil, USD/bbl	110.1	1.9%	0.9%	4.9%
Gold, USD/oz	1243.1	-0.1%	-5.5%	-24.9%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Cabinet Suspends Preparations for AA/DCFTA Signing

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### NEWS

Following a Cabinet meeting on Thursday (Nov 21) chaired by Prime Minister Nikolay Azarov, the Ukrainian government said it has decided to freeze Ukraine's preparations for the planned signing of a free trade agreement (AA/DCFTA) with the European Union, scheduled for next week. The decision was articulated by Deputy Prime Minister Yuriy Boyko, who said the Ukrainian economy is suffering badly from falling industrial production due to deteriorating trade relations with Russia. Earlier in the day, Parliament had been unable to pass a bill that would allow jailed opposition politician Yulia Tymoshenko to receive medical treatment abroad, a key EU requirement for the AA/DCFTA signing. Meanwhile, on an official visit to Austria, President Yanukovich maintained a pro-European line of rhetoric, stating that Ukraine has "no alternative" to European integration. "We are walking along this path and are not changing direction," Interfax quoted the President as saying.

### COMMENTARY

The Vilnius summit has not been cancelled, and the AA/DCFTA signing cannot yet unequivocally be declared dead, although at this point it appears highly unlikely to occur. We assume that Yanukovich did the math and decided that the short-term benefits of Russian financing and an end to restrictive trade measures outweighed the longer-term perspectives that a deal with the EU would offer. Unlike Moscow, the EU was refusing to offer cash incentives, and also could not guarantee a renewal IMF lending, for which Ukraine has not qualified due to a refusal to implement energy market liberalization. No mention was made by government officials of joining the Russia-led Customs Union of former Soviet countries; we believe that Moscow agreed to drop that condition for bankrolling the Ukrainian government in exchange for a pledge not to sign the AA/DCFTA.

If the decision makes sense from the view of Ukraine's short-term financing problems, in terms of naked political calculations, it is considerably harder to explain. With a Ukrainian presidential election due in just 16 months, Yanukovich has already moved too far toward Europe in his rhetoric to run as a pro-Russian candidate, yet the pro-European electorate will surely punish him for his unwillingness or inability to deliver the AA/DCFTA. A nightmare scenario where Yanukovich implements Belarus-style repression to remain in power looks overly pessimistic to us, and we therefore see the chances of Yanukovich losing the 2015 election as having increased considerably. The apparent refusal to sign the AA/DCFTA is a major defeat for the pro-European wing of the Party of Regions (PoR), some members of which we would expect to see defecting to the opposition in the coming months. Yesterday's developments will invigorate the long-sluggish Ukrainian opposition, which will be able to reclaim ownership of the pro-European mantle after being forced to share it with the PoR for the past three years. With Tymoshenko now likely to remain in jail for the foreseeable future, the primary beneficiary in the opposition would appear to be UDAR party leader Vitaliy Klitschko. Importantly, we believe that any steps by the current Ukrainian government toward entering Moscow's Eurasian Union would ignite civil unrest in Central and Western Ukraine on the scale of, if not exceeding, what was seen during 2004's Orange Revolution.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.70	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	172.4	218.0	26%	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	8.10	14.5	78%	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	6.40	10.6	66%	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	3.20	6.2	95%	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	509%	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	0.47	2.9	526%	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	16.4	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.56	5.2	236%	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	1617	5250	225%	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	15.3	42.0	175%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	73.5	370	403%	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	26.9	72.0	168%	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	5.00	15.00	200%	BUY	CenterEnergO'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	17.2	22.10	28%	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	67.3	90.0	34%	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	12.4	19.35	56%	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	94.30	109.50	16%	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	912.96	1061.97	781.22	-0.3%	1.4%	6.9%	-4.0%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.041	0.06	0.02	-1.2%	-0.5%	-0.5%	-23.4%	-0.9%	-1.9%	-7.4%	-19.5%
Azovstal	AZST	0.70	0.90	0.31	-0.9%	0.3%	4.5%	-5.7%	-0.6%	-1.2%	-2.4%	-1.7%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	n/a	30.1%	0.3%	-1.4%	n/a	34.1%
Enakievo Steel	ENMZ	33.9	49.9	20.0	0.0%	0.0%	1.8%	-10.8%	0.3%	-1.4%	-5.1%	-6.9%
Arcelor Mittal KR	KSTL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.10	0.26	0.05	0.0%	-9.1%	-23.1%	-54.5%	0.3%	-10.5%	-29.9%	-50.6%
<b>Coke</b>												
Avdivka Coke	AVDK	3.20	4.80	1.60	0.0%	0.6%	-0.2%	-2.1%	0.3%	-0.9%	-7.1%	1.8%
Yasnyivsky Coking	YASK	0.56	0.85	0.51	0.0%	0.0%	-5.1%	-16.4%	0.3%	-1.4%	-12.0%	-12.5%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.40	7.74	4.00	0.0%	1.6%	4.9%	-7.2%	0.3%	0.1%	-2.0%	-3.3%
Ferrexpo	FXPO	2.79	4.58	2.02	-3.4%	-6.5%	-12.0%	-30.8%	-3.1%	-7.9%	-18.9%	-26.8%
Pivnichny GOK	SGOK	8.10	10.00	5.77	1.3%	-1.2%	-1.2%	8.9%	1.5%	-2.7%	-8.1%	12.8%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.47	0.71	0.39	-6.0%	4.4%	4.4%	-25.4%	-5.7%	3.0%	-2.4%	-21.4%
Komsomolets Donbasa	SHKD	0.61	1.33	0.27	-3.2%	1.7%	-7.6%	-48.3%	-2.9%	0.2%	-14.4%	-44.3%
Energy Coal	CLE	0.71	4.57	0.59	0.1%	5.5%	-15.4%	-77.0%	0.4%	4.1%	-22.3%	-73.0%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.46	0.58	0.270	0.0%	0.0%	n/a	-20.7%	0.3%	-1.4%	n/a	-16.7%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.49	0.86	0.30	-7.5%	-10.9%	-12.5%	-30.0%	-7.3%	-12.3%	-19.4%	-26.0%
Interpipe NMPP	NVTR	0.21	0.44	0.10	0.0%	-16.0%	-12.5%	-4.5%	0.3%	-17.4%	-19.4%	-0.6%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.4	29.0	12.0	1.2%	-0.3%	-5.3%	-15.3%	1.5%	-1.7%	-12.2%	-11.3%
Luhanskteplovoz	LTPL	1.56	2.20	1.26	-2.5%	-1.9%	-1.9%	-16.6%	-2.2%	-3.3%	-8.8%	-12.6%
Stakhanov Wagon	SVGZ	1.32	2.07	1.00	0.0%	0.0%	10.0%	-23.7%	0.3%	-1.4%	3.1%	-19.7%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-5.0%	-3.4%	-18.6%	-36.4%	-4.7%	-4.8%	-25.4%	-32.4%
Motor Sich	MSICH	1,617	2,640	1,303	1.2%	0.9%	1.1%	-26.8%	1.5%	-0.5%	-5.7%	-22.9%
Sumy Frunze Engineering	SMASH	2.55	4.00	0.81	0.0%	2.8%	15.9%	70.0%	0.3%	1.4%	9.0%	74.0%
Turboatom	TATM	3.50	5.00	3.20	0.0%	0.0%	n/a	n/a	0.3%	-1.4%	n/a	n/a
WESTA ISIC	WES	0.20	0.33	0.17	3.4%	-3.3%	-10.6%	-15.8%	3.7%	-4.7%	-17.4%	-11.9%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.20	0.09	-2.0%	1.3%	-6.6%	-9.5%	-1.7%	-0.2%	-13.5%	-5.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.25	0.59	0.20	-1.4%	-1.1%	-0.7%	-54.5%	-1.2%	-2.5%	-7.6%	-50.5%
JXX Oil	JKX	1.19	1.29	0.75	-1.5%	-1.1%	5.1%	-0.7%	-1.2%	-2.6%	-1.8%	3.3%
Ukrnafta	UNAF	109	280	96	-0.2%	0.4%	1.6%	-8.0%	0.1%	-1.1%	-5.3%	-4.1%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.00	7.40	2.50	-1.2%	-2.5%	0.6%	-21.2%	-0.9%	-3.9%	-6.3%	-17.3%
Donbasenergo	DOEN	26.9	34.0	15.4	0.0%	5.1%	16.2%	26.9%	0.3%	3.7%	9.3%	30.9%
Zakhidenergo	ZAEN	90.8	115.0	64.0	0.0%	17.9%	8.2%	-6.4%	0.3%	16.5%	1.4%	-2.4%
<b>Consumer</b>												
Agroton	AGT	0.74	3.6	0.36	1.0%	-3.5%	-5.7%	-77.3%	1.3%	-5.0%	-12.6%	-73.3%
Astarta	AST	21.6	24.4	14.5	0.1%	1.1%	-10.6%	21.0%	0.4%	-0.3%	-17.5%	24.9%
Avangardo	AVGR	12.4	13.0	7.61	0.0%	-3.1%	-4.6%	9.4%	0.3%	-4.6%	-11.5%	13.4%
Industrial Milk Company	IMC	4.47	5.35	3.63	-1.0%	1.5%	-7.1%	-15.7%	-0.8%	0.1%	-14.0%	-11.7%
Kernel	KER	14.4	22.6	13.5	-0.4%	4.7%	-16.7%	-33.5%	-0.1%	3.3%	-23.6%	-29.5%
Mriya Agro Holding	MAYA	6.50	6.8	5.36	0.1%	1.5%	5.0%	0.2%	0.4%	0.0%	-1.9%	4.2%
MHPC	MHPC	17.2	19.9	14.15	2.5%	6.3%	12.5%	12.9%	2.8%	4.9%	5.7%	16.9%
Milkiland	MLK	4.01	5.2	3.11	-0.2%	-1.1%	-11.7%	-14.7%	0.1%	-2.6%	-18.6%	-10.7%
Ovostar Union	OVO	30.3	33.3	21.3	-0.1%	-3.8%	-6.5%	4.8%	0.2%	-5.2%	-13.3%	8.7%
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	14.4	15.9	7.1	2.1%	6.2%	30.0%	7.4%	2.4%	4.8%	23.1%	11.3%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.122	0.128	0.067	-0.1%	10.1%	34.0%	42.0%	0.2%	8.7%	27.2%	46.0%
UkrSotsbank	USCB	0.184	0.257	0.107	-0.1%	-4.3%	1.9%	42.9%	0.2%	-5.7%	-5.0%	46.9%

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%
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			
<b>Steel</b>																		
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	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	357	4.1%	15	335	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	60	56	54	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	76	7.5%	6	73	neg	neg	neg	12.1	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	913	0.5%	5	912	2.8	9.6	8.8	1.8	3.8	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,271	0.5%	12	2,396	2.9	5.2	6.3	2.0	2.9	3.7	1.3	1.6	1.8				
Ferrexpo	FXPO	1,640	24.0%	394	1,890	2.9	7.6	6.2	2.4	4.7	4.2	1.1	1.3	1.2				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	25	5.4%	1	127	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	32	11.9%	4	58	0.9	0.8	0.8	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	155	2.0%	3	198	1.6	4.6	4.5	1.4	2.7	2.6	0.3	0.3	0.3	314	520	494	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	42	24.0%	10	42	4.6	6.0	5.1	3.0	3.3	2.7	0.2	0.2	0.2				
Krukiv Wagon	KVBZ	229	5.0%	11	232	2.7	2.4	4.5	2.0	1.7	2.5	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	36	8.0%	3	75	1.8	>30	12.7	2.3	10.5	6.9	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	409	24.0%	98	419	2.4	1.7	1.5	1.5	1.4	1.3	0.6	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	330	7.2%	24	666	neg	7.3	6.9	3.2	3.3	3.2	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	720	3.0%	22	710	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	79	49.0%	39	61	12.3	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	204	50.4%	103	312	3.5	5.1	4.1	2.7	2.2	2.1	1.3	1.4	1.2	82	57	43	\$/boe
<b>Electric Utilities</b>																		
CentrEnerg	CEEN	225	21.7%	49	308	>30	7.8	6.7	6.3	5.1	4.6	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnerg	DOEN	77	14.2%	11	134	neg	20.2	7.6	6.5	7.8	5.6	0.3	0.2	0.2	17	16	15	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,819	34.1%	620	2,864	7.0	5.8	6.7	7.1	6.1	5.5	2.3	2.0	1.9	8950	8950	8950	\$/tonne
Kernel	KER	1,061	61.8%	656	1,672	4.7	5.0	5.4	5.4	5.2	4.9	0.9	0.8	0.6				
Astarta	AST	540	31.0%	167	686	4.7	10.8	9.1	4.8	7.0	5.7	1.7	1.5	1.3	3481	2119	1760	\$/tonne
Avangardco	AVGR	792	22.5%	178	940	4.0	3.5	3.4	3.7	3.4	3.2	1.7	1.5	1.3	213	162	152	\$/mneggs
Agroton	AGT	16	44.6%	7	49	neg	0.9	0.8	2.6	1.6	1.5	0.4	0.5	0.5	0.4	n/a	n/a	\$/ha
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	445	4.0%	18		>30	>30	15.6	0.5	0.5	0.5	0.06	0.06	0.06				
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

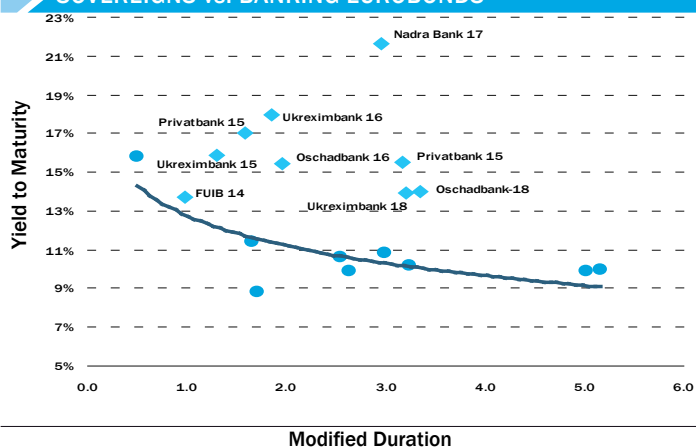
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	96.0	97.0	17.2%	14.9%	-5.8%	0.5	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	93.3	94.2	20.6%	19.1%	-8.9%	0.8	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	93.3	94.3	9.2%	8.6%	-3.8%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	92.3	94.1	12.1%	10.9%	-7.9%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	88.8	90.3	11.2%	10.6%	-10.3%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	89.1	90.6	10.6%	10.0%	-9.8%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	88.1	89.8	10.6%	10.0%	-10.4%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	93.7	95.2	11.5%	11.0%	-11.8%	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	88.8	90.3	10.2%	9.8%	-13.0%	5.0	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	89.0	90.5	10.2%	9.8%	-13.6%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	86.4	87.7	10.1%	9.9%	-13.7%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	85.5	86.9	9.9%	9.7%	-13.8%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	55.0	32.2%	28.6%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	100.0	101.0	10.8%	10.4%	-4.7%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	83.2	84.8	12.1%	11.7%	-16.0%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	99.0	101.0	11.0%	9.8%	4.5%	1.7	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	90.3	91.9	13.9%	13.4%	-8.9%	3.2	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.0	101.0	11.4%	10.9%	-2.5%	2.0	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	84.0	85.9	14.5%	13.8%	-15.1%	3.4	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	99.1	100.0	10.7%	10.0%	-1.7%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	88.8	89.9	11.2%	10.8%	-10.6%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	100.4	100.9	10.4%	10.0%	-3.0%	1.4	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	88.6	90.4	12.4%	11.8%	-7.7%	3.3	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	93.8	95.3	11.2%	10.3%	-2.9%	2.1	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	84.0	85.2	14.5%	14.0%	-15.4%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.7%	17.8%	-3.8%	2.7	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	109.0	110.6	8.6%	8.2%	9.8%	3.5	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	91.5	93.5		127.1%	44.5%		10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	97.1	98.5	15.7%	14.1%	-4.2%	0.9	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.0	82.5	23.3%	21.0%	-3.8%	2.9	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	88.5	89.0	18.0%	17.6%	-6.4%	1.5	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	68.3	73.4	25.9%	21.9%	-8.2%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	84.7	87.7	16.0%	14.9%	-13.8%	3.1	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	90.0	91.5	17.5%	16.1%	-9.2%	1.3	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	77.5	78.5	19.5%	18.7%	-6.9%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	81.0	83.1	15.0%	14.3%	-17.9%	3.2	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	87.0	89.0	49.2%	42.3%	57.1%	0.5	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	87.0	88.1	15.9%	15.2%	-8.0%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	81.8	83.4	14.7%	14.1%	-17.4%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	84.5	86.7	18.4%	16.8%	-8.5%	1.7	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	84.9	87.0	16.7%	15.6%	-8.1%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

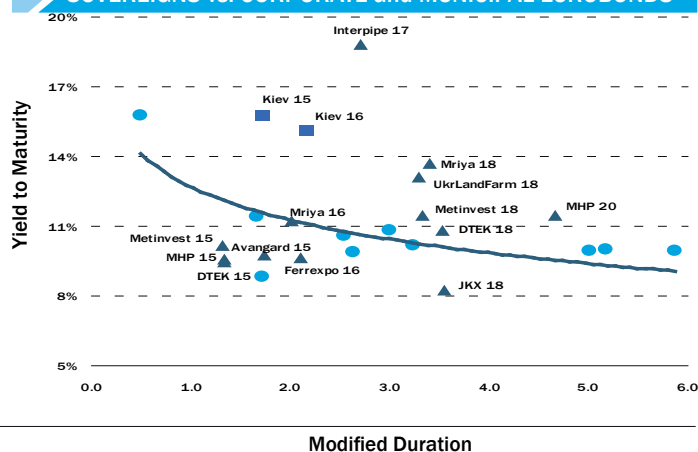
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



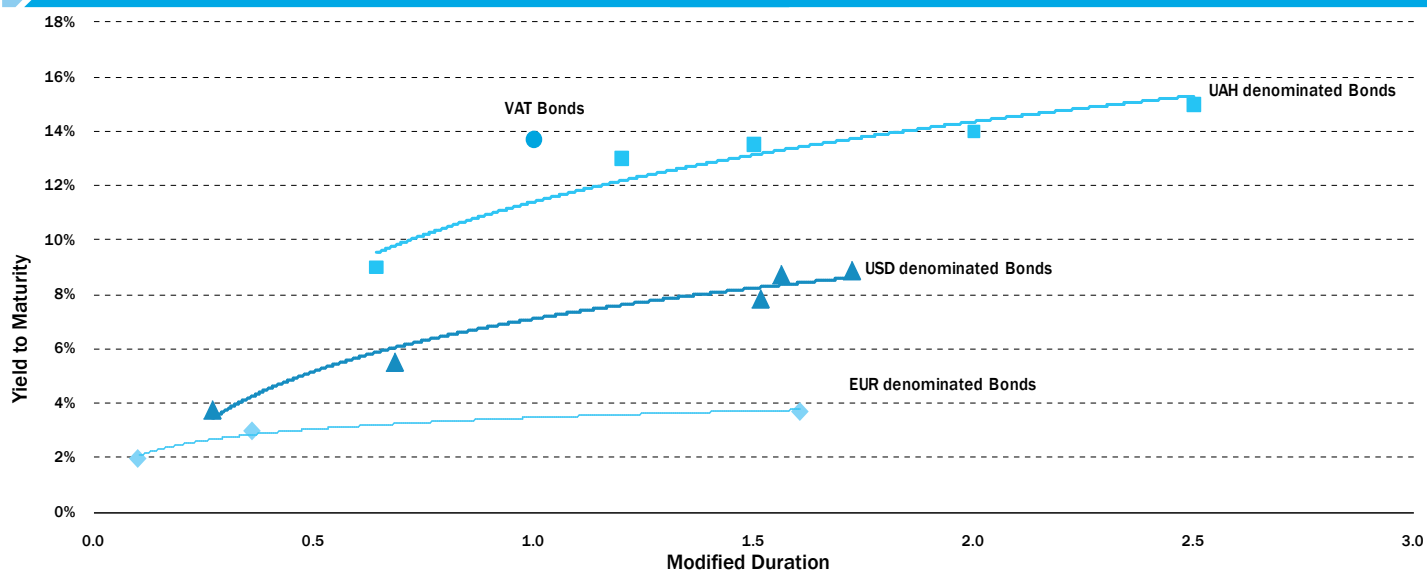
SOVEREIGNS vs. CORPORATE AND MUNICIPAL EUROBONDS



**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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