

**Market Update**
**Equity**

Kyiv-listed stocks were lower across the board on Friday (Nov 29), finishing at their session lows as news filtered through that President Yanukovych had indeed refused the EU's offer of a free trade deal at a summit in Lithuania. The UX index slid 1.3% to close at 906 points, with all 10 blue chips finishing in the red. UkrSotsBank (USCB) lost 2.5% to 17.18 kopecks, while Raiffeisen Aval (BAVL) and CentrErgo (CEEN) were down by 2.1% each. DonbasErgo (DOEN) led on volume with UAH 1.0mn in turnover and declined by 1.9%; Azovstal (AZST) was the best UX basket performer, edging lower by 0.4%. Among second-tier names, Stakhanov Wagon (SVGZ) fell 1.5% to UAH 1.28. In London, Avangard (AVGR LI) and JXK Oil&Gas (JXK LN) both shed 2.4%, while in Warsaw, Sadovaya Group (SGR PW) plummeted 12.8% to an all-time low of PLN 0.68 after reporting a USD 18mn third-quarter loss.

**Fixed Income**

Ukrainian sovereigns were sluggish with Ukraine-23s edging down by 0.1p.p. closing at 86.0/87.4 (9.8%/9.6%). Corporate names were also weak with MHP-20s declining by 0.2p.p. to 84.4/85.5 (11.8%/11.5%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Donbasenergo	DOEN	27.45	-1.9%	1.0	87
Motor Sich	MSICH	1597.00	-0.7%	0.9	93
Alchevsk Coke	ALKZ	0.080	6.5%	0.8	7

**Growth Leaders**

Zaporizhkoks	ZACO	1.95	77.8%	0.27	8
Alchevsk Coke	ALKZ	0.08	6.5%	0.79	7
Pivnichny GOK	SGOK	8.20	1.2%	0.03	15

**Loss Leaders**

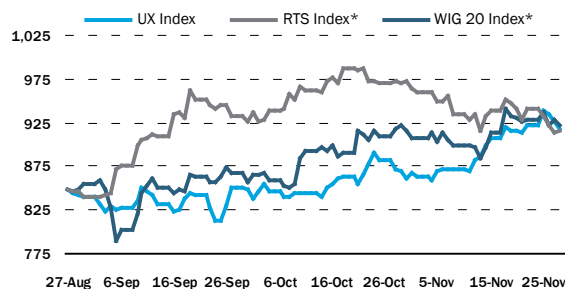
Stirol	STIR	13.28	-7.0%	0.010	15
Bogdan Motors	LUAZ	0.03	-4.3%	0.001	13
Mariupol Heavy Machine	MZVM	0.11	-3.9%	0.009	13

**Highlights**
**POLITICS AND ECONOMICS**

- > 250,000 Protest In Kyiv; Liovochkin Quits Administration Amid Gov't Turmoil

**STOCKS IN THE NEWS**

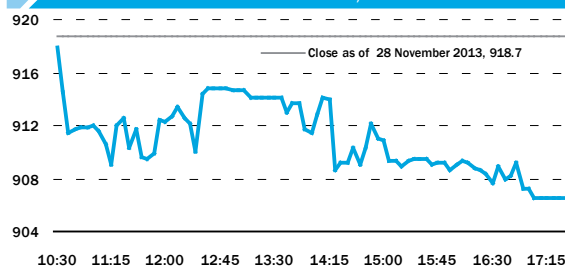
- > Kernel's EBITDA Plunges by 96% YoY in Jul-Sept Quarter
- > Sadovaya Group Reports Record Quarterly Net Loss in 3Q13

**STOCK MARKET PERFORMANCE**


\* rebased

**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	906.5	-1.3%	4.3%	-4.6%
RTS	1402.9	-0.3%	-5.9%	-8.1%
WIG20	2584.7	0.5%	0.4%	0.1%
MSCI EM	1018.3	0.6%	-1.8%	-3.5%
S&P 500	1805.8	-0.1%	1.9%	28.8%

**UX INTRADAY NOVEMBER 29, 2013**

**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	355.0	0.0%	5.9%	31.0%
CDS 5Y UKR	987.4	0.0%	0.3%	58.0%
Ukraine-17	10.2%	0.0 p.p.	0.7 p.p.	3.3 p.p.
Naftogaz Ukr-14	16.1%	0.3 p.p.	1.3 p.p.	8.5 p.p.
Ukraine-23	9.7%	0.0 p.p.	0.2 p.p.	2.2 p.p.
Privatbank-16	23.5%	0.3 p.p.	1.5 p.p.	8.2 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.23	0.3%	0.7%	2.2%
EUR	11.19	0.2%	-0.4%	4.7%
RUB	0.25	0.4%	-2.5%	-6.3%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	270.0	0.0%	-0.2%	-22.5%
Steel, USD/t	525.0	0.0%	0.0%	-1.4%
Oil, USD/bbl	109.7	-1.1%	1.1%	4.5%
Gold, USD/oz	1253.5	0.8%	-6.8%	-24.3%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## 250,000 Protest In Kyiv; Liovochkin Quits Administration Amid Gov't Turmoil

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### NEWS

Huge protests erupted in central Kyiv on Sunday (Dec 1) after riot police attacked a small group of pro-EU demonstrators on Independence Square in the early hours of Saturday (Nov 30) morning, with video of the event seen widely in Ukraine as well as internationally. Most crowd estimates of Sunday's protests were at between 200,000 and 300,000, although some reports said there were half a million or more. The demonstrators on Independence Square were addressed by Ukraine's three main political opposition leaders, Arseniy Yatseniuk, Vitaliy Klitschko, and Oleg Tiahnybok, as well as other speakers, all of whom called for the resignation of Prime Minister Nikolay Azarov and his government. Meanwhile, several hundred men attempted to break into the presidential administration building on Bankova Street while throwing rocks at riot police; around 120 people, mostly police, were reported to have been injured. Klitschko and Tiahnybok strongly denied that these violent elements were connected with the Ukrainian opposition. Meanwhile, as video of the Saturday morning attack on protesters became available, several prominent Party of Regions (PoR) MPs announced their departure from the PoR faction; the Channel 5 television news outlet reported that Serhiy Liovochkin, who has headed President Yanukovich's administration since the latter's inauguration in February 2010, has resigned.

### COMMENTARY

Sunday's sharp escalation of events suggests that the fallout from President Yanukovich's refusal to sign the AA/DCFTA with the European Union last week will be more immediate than we previously thought. Saturday's heavy-handed, vividly-documented eviction of a handful of peaceful demonstrators was clearly not an operation executed in the political interest of the President, leading us to wonder how much control he really has over the security apparatus. Local analysts speculated that the men who attacked the presidential administration on Sunday may have been hired by rival elements to Yanukovich in the PoR in an attempt to provoke an outbreak of violence and discredit the President, who is already in a precarious position after the failure at Vilnius. The firing of the Azarov government by Parliament on Tuesday looks like a distinct possibility, as the opposition would only need the support of around 20 PoR MPs for this; Yanukovich could also head this action off by dismissing Azarov himself. Following the Liovochkin resignation, a split in the PoR between pro-Russian elements and moderates who favor European integration now looks inevitable. Such a split would end the PoR's nearly-four-year monopoly on power. Crucially, it is not clear on which side the President himself will fall in this scenario.

## Kernel's EBITDA Plunges by 96% YoY in Jul-Sept Quarter

by Ivan Dzvinika  
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### KERNEL (KER PW)

Price: PLN 42.44 Market Cap: USD 1.093mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY12	0.8	5.2	5.3	0%
FY13	0.6	10.4	5.9	2%

### NEWS

Warsaw-listed Kernel, Ukraine's largest sunflower oil producer, reported meager financial results for the July-Sept quarter on Friday (Nov 29). The company's net revenue was down by 20% YoY to USD 413mn due to a 49% drop in sunflower seed crushing volume and lower prices for grains and oil. EBITDA plunged by 96% YoY to USD 3.0mn, with the EBITDA margin dropping from 14.5% in the same quarter a year ago to a mere 0.7%. On the positive side, operating profit before working capital changes of USD 11.9mn was higher than EBITDA due to the non-cash nature of losses from changes in the fair value of bio assets (USD 9.4mn) and a loss from the divestiture of the Orzhysia sugar plant assets (USD 3.1mn). The bottom line turned negative to USD -34.7mn, compared to net profit of USD 37.6mn a year earlier.

Despite a drop in its net debt by 22% YoY to USD 712mn, Kernel's Net Debt/EBITDA ratio increased from 2.6x to 3.3x due to lower operating income.

The company said that as of the date of the financial report, it had secured some 60% of its sunflower seed crushing needs. Kernel said its harvested acreage for the 2014 agricultural year will increase to 391,000 ha from 247,000 ha in 2013.

### COMMENTARY

The slide in quarterly EBITDA to near the breakeven level was mainly a result of a 98% YoY decline in Kernel's bulk oil segment EBITDA to just USD 800,000, as well as a weak farming segment result (EBITDA of USD -6.4mn in Jul-Sept vs. USD 25.9mn a year earlier), as positive impact from higher crop yields was more than offset by lower soft commodity prices.

With investors having already largely priced in the poor quarterly financials following the release of disappointing quarterly operational results, the KER stock actually rose on Friday by 2.2%. We foresee positive market sentiment ahead of the company's Oct-Dec results, provided management is able to meet its commitment made early this autumn to operate its sunflower seed crushing capacity for the remaining three quarters of the 2014 financial year (which runs from Jul 1 to Jun 30) at close to full capacity.

**Sadovaya Group Reports Record Quarterly Net Loss in 3Q13**

by Ivan Dzvinka  
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**NEWS**

Warsaw-listed steam coal miner and trader Sadovaya Group reported a record high quarterly net loss in the amount of USD 18.6mn in 3Q13, according to financial results released in last week. The company had posted a USD 3.3mn loss in 2Q13. Sadovaya's third-quarter net revenue was just USD 500,000, representing drops of 14% QoQ and 95% YoY. EBITDA was USD -19.9mn, a 6.6x larger loss vs. 2Q13. In the 9M13 period, Sadovaya's net revenue plunged by 96% YoY to USD 1.3mn, with the net loss at USD 26.2mn vs. net profit of USD 3.3mn in 9M12.

At the date of the report, both of the company's major assets, the Sadovaya and Rassvet-1 mines, continued to operate in sustenance mode. The group is trying to restructure its debt to EBRD, on which it defaulted this past September.

Sadovaya said it continues to search for a strategic partner, but the lack of constructive and mutually beneficial proposals does not provide optimism today.

SADOVAYA GROUP: FINANCIAL RESULTS									
USD mn	3Q13	2Q13	3Q12	YoY	QoQ	9M13	9M12	YoY	
Net Revenue	0.5	0.6	9.0	-95%	-14%	1.3	36.3	-96%	
EBITDA	(19.9)	(3.0)	1.4	nm	nm	(26.7)	4.2	nm	
Net profit/(loss)	(18.6)	(3.3)	0.5	nm	nm	(26.2)	3.3	nm	

Source: Company data, Eavex Research

**COMMENTARY**

Sadovaya's 3Q results are obviously horrendous; we see a combination of two adverse factors as responsible. Apart from negligible coal sales in 3Q13, the company also reported a huge 14x QoQ increase in other operating expenses. Management attributed that surge to impairment of inventories as well as write-offs of some low-quality accounts receivable, due to low perceived probability that they will be repaid.

Sadovaya states that tough competition on the local coal market ate away a huge chunk of its market share, and that it sees little chance that this market share can be restored in the foreseeable future. But the worst issue is that the company's management has neither strategic vision nor short-term ideas for how to improve the current disastrous situation.

The SGR stock dropped by 13% on Friday in Warsaw, hitting an all-time closing low of PLN 0.68.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.69	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	180.8	218.0	21%	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	6.41	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	3.18	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	516%	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	0.50	2.9	491%	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	16.7	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.63	5.2	221%	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	1597	5250	229%	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	15.6	42.0	169%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	72.5	370	410%	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	27.5	72.0	162%	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	17.0	22.10	30%	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	66.0	90.0	36%	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	12.0	19.35	61%	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	96.0	109.50	14%	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	906.54	1061.97	781.22	-1.3%	-1.7%	4.3%	-4.6%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.041	0.06	0.02	-1.7%	-1.0%	1.2%	-23.4%	-0.4%	0.8%	-3.1%	-18.8%
Azovstal	AZST	0.69	0.90	0.31	-0.1%	-2.8%	6.1%	-6.1%	1.2%	-1.1%	1.8%	-1.5%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	0.0%	30.1%	1.3%	1.7%	-4.3%	34.8%
Enakievo Steel	ENMZ	33.1	49.9	20.0	-1.5%	-3.8%	-1.4%	-13.0%	-0.2%	-2.1%	-5.7%	-8.4%
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	0.12	0.26	0.05	-14.3%	9.1%	-7.7%	-45.5%	-13.0%	10.8%	-12.0%	-40.8%
<b>Coke</b>												
Avdivka Coke	AVDK	3.18	4.80	1.60	-0.7%	-1.2%	-0.9%	-2.8%	0.6%	0.5%	-5.2%	1.8%
Yasnyivsky Coking	YASK	0.56	0.85	0.51	-1.8%	0.0%	-5.1%	-16.4%	-0.4%	1.7%	-9.4%	-11.8%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.41	7.74	4.00	0.2%	0.2%	-2.9%	-7.1%	1.5%	1.9%	-7.2%	-2.5%
Ferrexpo	FXPO	2.96	4.58	2.02	-0.3%	3.4%	-3.2%	-26.5%	1.0%	5.1%	-7.5%	-21.9%
Pivnichny GOK	SGOK	8.20	10.00	5.77	1.2%	1.2%	9.0%	10.2%	2.6%	3.0%	4.7%	14.8%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.50	0.71	0.39	11.1%	6.4%	11.1%	-20.6%	12.4%	8.1%	6.8%	-16.0%
Komsomolets Donbasa	SHKD	0.67	1.30	0.27	0.0%	9.8%	1.5%	-43.2%	1.3%	11.6%	-2.8%	-38.6%
Energy Coal	CLE	0.64	4.57	0.59	3.4%	-8.1%	-21.0%	-79.2%	4.7%	-6.4%	-25.4%	-74.6%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.46	0.58	0.270	0.0%	0.0%	n/a	-20.7%	1.3%	1.7%	n/a	-16.1%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.58	0.86	0.30	0.0%	18.4%	5.5%	-17.1%	1.3%	20.1%	1.1%	-12.5%
Interpipe NMPP	NVTR	0.25	0.37	0.10	0.0%	19.0%	31.6%	13.6%	1.3%	20.8%	27.2%	18.3%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.7	29.0	12.0	-2.6%	-2.0%	-2.8%	-13.9%	-1.2%	-0.3%	-7.2%	-9.2%
Luhanskeplovoz	LTPL	1.63	2.20	1.26	0.0%	4.5%	5.8%	-12.8%	1.3%	6.2%	1.5%	-8.2%
Stakhanov Wagon	SVGZ	1.28	2.00	1.00	-1.5%	-3.0%	-2.3%	-26.0%	-0.2%	-1.3%	-6.6%	-21.4%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-3.2%	-10.4%	-3.6%	-40.2%	-1.9%	-8.6%	-7.9%	-35.5%
Motor Sich	MSICH	1,597	2,640	1,303	-0.7%	-2.0%	2.2%	-27.7%	0.6%	-0.3%	-2.1%	-23.1%
Sumy Frunze Engineering	SMASH	2.46	4.00	1.00	0.0%	-3.5%	11.8%	64.0%	1.3%	-1.8%	7.5%	68.6%
Turboatom	TATM	3.50	5.00	3.20	0.0%	0.0%	n/a	n/a	1.3%	1.7%	n/a	n/a
WESTA ISIC	WES	0.19	0.26	0.17	3.2%	-1.4%	-15.6%	-19.2%	4.5%	0.3%	-20.0%	-14.6%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.20	0.09	0.4%	-1.2%	-6.5%	-10.6%	1.7%	0.5%	-10.9%	-6.0%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.26	0.59	0.20	1.0%	1.8%	8.1%	-52.8%	2.3%	3.5%	3.8%	-48.1%
JKX Oil	JKX	1.19	1.28	0.75	-2.2%	-0.4%	0.0%	-0.8%	-0.9%	1.3%	-4.3%	3.8%
Ukrnafta	UNAF	109	280	96	-0.5%	-0.5%	0.9%	-7.8%	0.8%	1.3%	-3.4%	-3.1%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.00	7.40	2.50	-1.9%	-1.5%	-0.3%	-21.2%	-0.6%	0.2%	-4.7%	-16.6%
Donbasenergo	DOEN	27.5	34.0	15.4	-1.9%	-0.7%	12.5%	29.5%	-0.6%	1.0%	8.2%	34.2%
Zakhidenergo	ZAEN	83.8	115.0	64.0	-8.5%	-3.9%	-0.2%	-13.6%	-7.2%	-2.2%	-4.6%	-9.0%
<b>Consumer</b>												
Agroton	AGT	0.68	3.6	0.36	-0.7%	-8.9%	-12.5%	-79.2%	0.6%	-7.2%	-16.8%	-74.6%
Astarta	AST	21.3	24.4	14.5	-1.1%	-1.3%	-5.2%	19.5%	0.2%	0.5%	-9.5%	24.1%
Avangardo	AVGR	12.0	13.0	7.61	-2.4%	0.8%	-7.6%	5.9%	-1.0%	2.6%	-12.0%	10.5%
Industrial Milk Company	IMC	4.52	5.35	3.63	0.3%	0.4%	0.3%	-14.8%	1.6%	2.2%	-4.0%	-10.1%
Kernel	KER	13.7	22.6	13.4	2.0%	-4.2%	-5.1%	-36.7%	3.3%	-2.5%	-9.4%	-32.0%
Mriya Agro Holding	MAYA	6.56	6.8	5.36	-0.1%	0.3%	0.4%	1.1%	1.2%	2.1%	-4.0%	5.8%
MHPC	MHPC	17.0	19.9	14.15	0.0%	0.3%	6.9%	11.5%	1.3%	2.0%	2.6%	16.1%
Milkiland	MLK	4.20	5.2	3.11	0.6%	1.1%	-3.8%	-10.7%	1.9%	2.8%	-8.1%	-6.1%
Ovostar Union	OVO	31.0	33.3	21.3	1.1%	1.8%	-4.6%	7.4%	2.4%	3.5%	-8.9%	12.1%
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	13.3	15.9	7.1	-7.1%	-5.1%	3.8%	-0.9%	-5.8%	-3.4%	-0.5%	3.7%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.121	0.128	0.067	-1.9%	0.9%	16.4%	40.8%	-0.6%	2.7%	12.1%	45.5%
UkrSotsbank	USCB	0.172	0.257	0.107	-1.8%	-8.1%	-6.1%	33.2%	-0.5%	-6.3%	-10.4%	37.8%

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	128	3.9%	5	1,543	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	532	459	413	\$/tonne
Yenakievo Steel	ENMZ	42	8.8%	4	35	1.4	4.9	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	355	4.1%	15	333	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	59	56	53	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	75	7.5%	6	73	neg	neg	neg	11.9	neg	neg	0.0	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	19	9.0%	2	47	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	2,296	0.5%	13	2,420	2.9	5.3	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,741	24.0%	418	1,992	3.0	8.1	6.6	2.5	5.0	4.5	1.1	1.4	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	27	5.4%	1	129	1.8	0.7	0.8	1.9	1.3	1.4	0.7	0.5	0.5	32	30	29	\$/tonne
Coal Energy	CLE	29	11.9%	3	54	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	183	2.0%	4	226	1.9	5.4	5.4	1.6	3.0	2.9	0.3	0.3	0.3	358	594	564	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	43	24.0%	10	43	4.8	6.3	5.4	3.1	3.5	2.8	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	233	5.0%	12	235	2.7	2.4	4.6	2.0	1.8	2.5	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	35	8.0%	3	74	1.8	>30	12.3	2.2	10.4	6.8	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	403	24.0%	97	413	2.4	1.6	1.5	1.5	1.3	1.3	0.6	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	325	7.2%	23	661	neg	7.2	6.8	3.2	3.2	3.2	0.8	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	721	3.0%	22	711	2.7	2.3	3.2	1.6	1.4	1.7	0.2	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	82	49.0%	40	64	12.8	6.8	3.4	neg	2.8	1.8	3.4	1.3	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	307	>30	7.8	6.7	6.3	5.1	4.5	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnerg	DOEN	79	14.2%	11	136	neg	20.6	7.8	6.6	7.9	5.7	0.3	0.2	0.2	17	16	15	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,796	34.1%	613	2,841	6.9	5.8	6.6	7.1	6.1	5.4	2.3	2.0	1.9	8877	8877	8877	\$/tonne
Kernel	KER	1,011	61.8%	624	1,621	4.5	4.8	5.2	5.2	5.0	4.8	0.9	0.8	0.6				
Astarta	AST	533	31.0%	165	680	4.7	10.7	9.0	4.7	7.0	5.6	1.7	1.5	1.2	3448	2099	1743	\$/tonne
Avangardco	AVGR	766	22.5%	173	915	3.9	3.4	3.3	3.6	3.3	3.1	1.7	1.5	1.3	207	157	148	\$/mneegs
Agroton	AGT	15	44.6%	7	48	neg	0.8	0.7	2.6	1.5	1.4	0.4	0.5	0.4	0.4	n/a	n/a	\$/th/ha
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	440	4.0%	18		>30	>30	15.4	0.5	0.5	0.5	0.06	0.06	0.06				
Ukrsotsbank	USCB	384	1.6%	6		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research



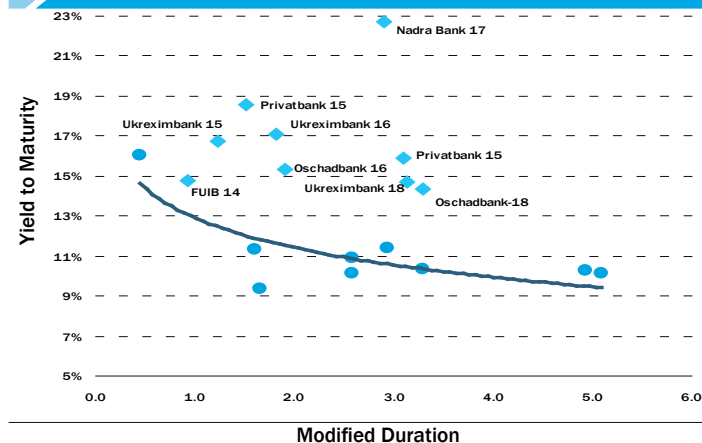
## UKRAINIAN EUROBONDS

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	96.3	97.3	17.3%	14.8%	-5.5%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	94.5	95.5	19.1%	17.5%	-7.7%	0.7	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	92.6	93.6	9.7%	9.1%	-4.5%	1.7	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	92.6	94.4	12.0%	10.7%	-7.7%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	89.2	90.2	11.1%	10.7%	-10.2%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	89.5	91.0	10.5%	9.8%	-9.4%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	88.0	89.8	10.7%	10.1%	-10.5%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	93.5	95.0	11.6%	11.1%	-12.1%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa1/B-/B-
Ukraine, 2017 Infr. projects	86.0	87.8	13.7%	13.0%	-11.6%	3.1	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	83.5	85.5	12.9%	12.2%	-11.1%	3.5	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	87.8	89.3	10.4%	10.1%	-14.1%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	88.4	89.9	10.3%	10.0%	-14.2%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	86.7	88.0	10.1%	9.9%	-13.4%	6.1	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	86.0	87.4	9.8%	9.6%	-13.3%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	56.4	32.3%	27.8%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	101.6	102.6	9.5%	9.1%	-3.3%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	84.4	85.5	11.8%	11.5%	-15.0%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	100.0	100.9	10.4%	9.8%	5.0%	1.7	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	89.7	91.7	14.1%	13.5%	-9.3%	3.2	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	99.6	100.8	11.6%	11.0%	-2.7%	2.0	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	84.4	85.8	14.4%	13.9%	-14.9%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	99.0	100.3	10.9%	9.7%	-1.6%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	87.4	89.3	11.6%	11.0%	-11.6%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	100.0	101.3	10.8%	9.7%	-3.1%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	88.4	89.9	12.5%	12.0%	-8.0%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	94.0	95.2	11.2%	10.4%	-2.9%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	84.0	85.3	14.5%	14.1%	-15.4%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.7%	17.9%	-3.8%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	109.1	110.8	8.6%	8.2%	9.9%	3.5	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	85.0	89.0	n/a	n/a	35.9%	0.0	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	97.1	99.0	16.0%	13.6%	-3.9%	0.9	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	79.7	82.3	24.0%	21.4%	-3.8%	2.9	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	87.0	89.0	19.4%	17.7%	-7.2%	1.5	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	69.0	73.0	25.6%	22.4%	-8.0%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	84.9	86.1	15.9%	15.4%	-14.5%	3.1	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	90.0	92.0	17.7%	15.8%	-8.9%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	80.0	82.2	17.9%	16.3%	-3.8%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	81.3	82.7	15.0%	14.4%	-18.0%	3.1	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	84.0	87.0	66.7%	53.2%	52.7%	0.4	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	87.4	88.6	15.7%	15.0%	-7.5%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	82.2	83.8	14.6%	14.1%	-17.0%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	85.3	87.3	18.0%	16.6%	-7.8%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	85.0	86.4	16.7%	16.0%	-8.4%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

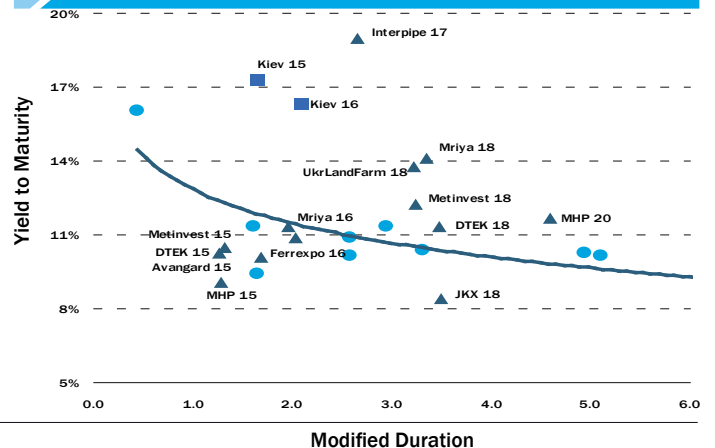
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



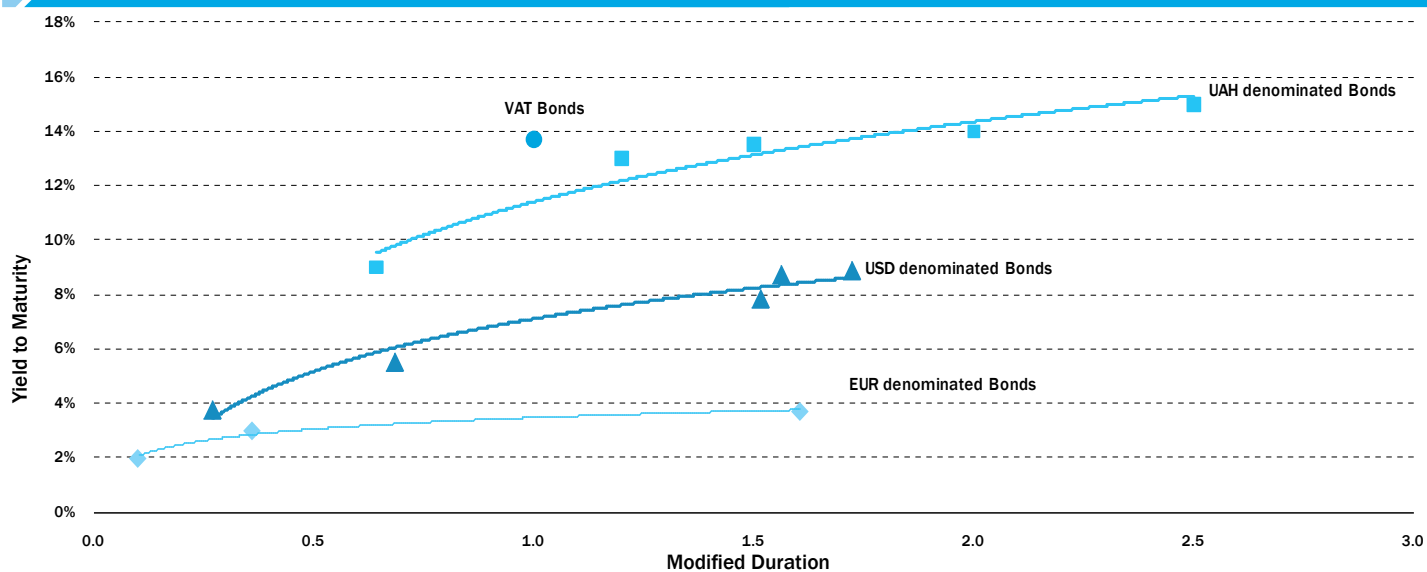
### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



**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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