

Market Update

Equity

Kyiv-listed Ukrainian stocks mostly recovered from a sharp gap down at the opening on Monday (Dec 2) to finish mixed, as large demonstrations against President Yanukovich's decision to refuse a free trade deal with the EU continued in the streets of the capital. The equity market's performance was in sharp contrast to the situation with Ukrainian sovereign Eurobonds, which sold off sharply as the Ukraine political unrest topped international news reports. The UX index edged down 0.4% to close at 903 points. Top liquid issues Motor Sich and Raiffeisen Aval declined by 1.3% and 1.9% respectively, while UkrSotsBank added 2.3% after the conclusion of its special shareholder meeting and Azovstal picked up 0.9 percent to 70 kopecks on the nose. In London, Ferrexpo sold off by 3.8% on the perception of increased Ukraine risk, and Astarta dropped by 3.2% in Warsaw, ending at PLN 64.

Fixed Income

Ukrainian sovereigns plunged on Monday as investors sold off the country's bonds on a sharp escalation in political risk, with the 10-year yield hitting a record high. Ukraine-23s and Ukraine-17s declined by 4.3p.p. and 2.5p.p. closing at 81.8/83.1 (10.6%/10.4%) and 85.5/87.3 (11.6%/10.9%), respectively. The corporate universe followed the trend of sovereigns, with DTEK-18s posting the biggest drop of 2.3p.p. to 85.3/86.8 (12.3%/11.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	108.40	-0.9%	0.7	138
Motor Sich	MSICH	1576.00	-1.3%	0.6	100
Stirol	STIR	13.590	2.3%	0.4	29

Growth Leaders

Dzerzhinsky Steel	DMKD	0.10	25.0%	0.15	16
Stirol	STIR	13.59	2.3%	0.38	29
UkrSotsbank	USCB	0.18	2.3%	0.02	35

Loss Leaders

Bank Forum	FORM	0.60	-11.4%	0.004	8
Raiffeisen Bank Aval	BAVL	0.12	-1.9%	0.252	184
Motor Sich	MSICH	1,576.00	-1.3%	0.591	100

Highlights

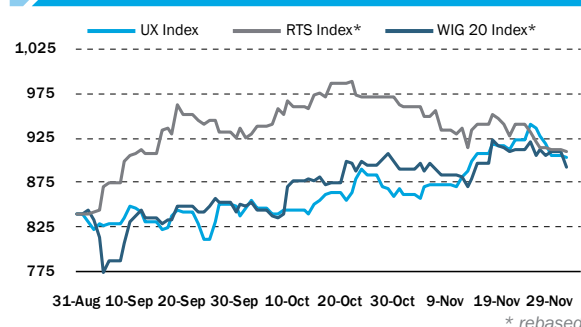
POLITICS AND ECONOMICS

- Opposition Seeking No-Confidence Vote in Azarov Government

STOCKS IN THE NEWS

- UkrSotsBank Shareholders Approve Merger with UniCredit Ukraine
- Krukiv Wagon May Sell 2,000 Freight Railcars to China

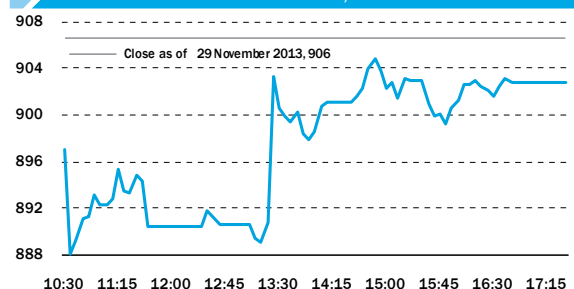
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	902.8	-0.4%	4.7%	-5.0%
RTS	1398.7	-0.3%	-5.2%	-8.4%
WIG20	2535.7	-1.9%	0.3%	-1.8%
MSCI EM	1013.4	-0.5%	-1.4%	-4.0%
S&P 500	1800.9	-0.3%	2.2%	28.4%

UX INTRADAY DECEMBER 2, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	358.2	0.9%	8.7%	32.2%
CDS 5Y UKR	1071.4	8.5%	8.5%	71.4%
Ukraine-17	11.1%	0.8 p.p.	1.5 p.p.	4.2 p.p.
Naftogaz Ukr-14	18.4%	2.3 p.p.	2.5 p.p.	10.8 p.p.
Ukraine-23	10.5%	0.8 p.p.	0.9 p.p.	3.0 p.p.
Privatbank-16	23.5%	0.0 p.p.	1.2 p.p.	8.2 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.24	0.1%	0.7%	2.3%
EUR	11.16	-0.3%	1.1%	4.4%
RUB	0.25	-0.1%	-1.7%	-6.5%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	273.4	0.0%	1.1%	-21.5%
Steel, USD/t	527.5	0.5%	0.5%	-0.9%
Oil, USD/bbl	111.5	1.6%	5.3%	6.2%
Gold, USD/oz	1219.8	-2.7%	-7.3%	-26.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Opposition Seeking No-Confidence Vote in Azarov Government

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NEWS

Large demonstrations in Kyiv against President Yanukovich's decision to refuse a free trade deal with the EU (AA/DCFTA) continued on Monday (Dec 2), with Parliament expected to vote on a no-confidence motion in the government of Prime Minister Nikolay Azarov later today (Dec 3). Interfax reported that the motion is on the parliamentary agenda. The agency also said that Yanukovich spoke with European Commission President Barroso on Monday about sending a delegation to resume discussions about signing the AA/DCFTA, although Barroso stressed that the EU would not re-negotiate the terms of the deal. Meanwhile, opposition leader Arseniy Yatseniuk accused Party of Regions' power broker Andrey Kluyev and leader of the pro-Russian movement "Ukrainian Choice" leader Victor Medvedchuk of orchestrating the violent protests which occurred at the presidential administration building on Sunday. The events on Bankova Street were initially blamed on radical opposition protesters and video of the scene has been shown repeatedly on news reports around the world.

COMMENTARY

The outcome of today's no-confidence vote in Parliament is uncertain, as it is unclear how many Party of Regions (PoR) MPs will vote with the opposition to oust the Azarov government. However, we note that anti-Azarov votes could come not only from PoR members upset about police brutality toward pro-EU demonstrators, but also from some enemies of Azarov on the pro-Russian side of the faction. Sacrificing Azarov would probably have only a symbolic effect on the overall Ukrainian power structure, but it would allow the opposition to claim a victory and perhaps let off some steam from the current tense standoff. Meanwhile, reports that Kluyev and/or Medvedchuk may have been behind Sunday's violence sound logical, as extremist upheaval has the double effect of discrediting both Yanukovich and the opposition; Kluyev is viewed as a powerful intra-party rival to the Yanukovich group, while the benefits to Medvedchuk and his Moscow backers of such scenes are clear. Where the demonstrations go from here are still anyone's guess; in our view, the opposition's demand for the President's resignation is not currently achievable, and calls for new parliamentary elections look pointless, as voters are likely to return a composition of MPs to the next Parliament that is very similar to the present one. Therefore, the opposition may need to narrow its goals down to forcing the government to re-commit to serious talks on the AA/DCFTA, firing the government ministers responsible for recent police attacks on demonstrators, and preparing a coordinated strategy to defeat Yanukovich in the presidential vote expected in early 2015.

UkrSotsBank Shareholders Approve Merger with UniCredit Ukraine

by Dmitry Churin
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UKRSOTSBANK (USCB UK)

Price: UAH 0,176 Market Cap: USD 400mn

	P/Assets	P/Book	P/E	Div. Yield
2012	0.08	0.4	>30	0%
2013E	0.08	0.4	>30	0%

NEWS

Shareholders of UkrSotsBank, the Ukrainian arm of UniCredit S.p.A (Italy), approved a merger with another UniCredit subsidiary, UniCredit Ukraine, at a special shareholder meeting held on Monday (Dec 2). In another important decision, an additional share issue to exchange shares of UniCredit Ukraine for shares of UkrSotsBank was approved. As we reported earlier, minority shareholders who voted against the issue have the right to sell their shares to the parent UniCredit entity, according to Ukrainian legislation. The buyback price was set at 20.24 kopecks. UniCredit currently owns 98.6% of UkrSotsBank.

COMMENTARY

The quorum at the meeting was 99.3%, which implies that the UkrSotsBank free float could fall by half if all the minority shareholders who attended the meeting sell their shares at the offered buyback price. We therefore see liquidity in the USCB stock as drying up further as a result of the considerable decline in free float. We estimate the stock's post-buyback free float at 0.8%. The buyback offers a solid premium of 14.8% to USCB's market close yesterday.

Krukiv Wagon May Sell 2,000 Freight Railcars to China

by Dmitry Churin
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KRUKIV WAGON (KVBZ UK)

Price: UAH 16.60 Market Cap: USD 231mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.3	2.4	1.7	20.5%	
2013E	0.5	6.1	3.3	8.2%	

NEWS

Kremenchuk-based railcar producer Krukiv Wagon is planning to supply 2,000 freight railcars to China, company chairmaon Vladimir Prikhodko told journalists on Monday (Dec 2). Krukiv's representatives are going to Beijing as part of President Yanukovych's delegation for a discussion of detailed terms of the contract during a visit on Dec 3-4.

COMMENTARY

The contract is expected to be signed in 1H14 for a 1.5 year period. No additional details regarding its terms were disclosed. In our opinion there are still many concerns about whether the contract will actually be signed. In case of a success, the Chinese market will play an important role for Krukiv, as demand is falling for Ukrainian railcars in Russia, the company's key market in recent years. Krukiv's freight railcar output is expected to drop by almost 30% to 6,000 units in FY13. We forecast that Krukiv will produce about 5,000 railcars in FY14.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.70	0.56	-21%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	173.8	218.0	25%	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	8.38	14.5	72%	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.
Coke						
Avdyivka Coke	AVDK	3.16	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	0.57	3.4	507%	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	0.50	2.9	491%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.6	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.60	5.2	227%	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	1576	5250	233%	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	14.3	42.0	195%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	71.3	370	419%	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	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	4.97	15.00	202%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	16.8	22.10	32%	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	64.0	90.0	41%	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	62%	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	92.6	109.50	18%	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	902.77	1061.97	781.22	-0.4%	-3.9%	4.7%	-5.0%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.041	0.06	0.02	0.0%	-2.4%	2.3%	-23.4%	0.4%	1.5%	-2.5%	-18.4%
Azovstal	AZST	0.70	0.90	0.31	0.9%	-2.9%	8.9%	-5.3%	1.3%	1.0%	4.2%	-0.2%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	0.0%	30.1%	0.4%	3.9%	-4.7%	35.2%
Enakievo Steel	ENMZ	33.4	49.9	20.0	1.0%	-3.2%	-0.6%	-12.1%	1.4%	0.7%	-5.3%	-7.1%
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	0.0%	-25.0%	33.3%	-45.5%	0.4%	-21.1%	28.6%	-40.4%
Coke												
Avdiyivka Coke	AVDK	3.16	4.80	1.60	-0.6%	-3.6%	1.8%	-3.4%	-0.1%	0.3%	-2.9%	1.7%
Yasynivsky Coking	YASK	0.57	0.85	0.51	1.8%	1.8%	1.8%	-14.9%	2.2%	5.7%	-2.9%	-9.9%
Iron Ore Mining												
Centralny GOK	CGOK	6.41	7.74	4.00	0.0%	0.2%	6.7%	-7.1%	0.4%	4.0%	2.0%	-2.1%
Ferrexpo	FXPO	2.84	4.58	2.02	-3.9%	0.7%	-3.0%	-29.3%	-3.5%	4.6%	-7.7%	-24.3%
Pivnichny GOK	SGOK	8.38	10.00	5.77	2.2%	3.5%	6.1%	12.6%	2.6%	7.3%	1.4%	17.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.50	0.71	0.39	0.0%	-7.4%	4.2%	-20.6%	0.4%	-3.5%	-0.5%	-15.6%
Komsomolets Donbasa	SHKD	0.67	1.30	0.27	0.0%	9.8%	-5.6%	-43.2%	0.4%	13.7%	-10.3%	-38.2%
Energy Coal	CLE	0.61	4.57	0.59	-5.2%	-10.7%	-24.7%	-80.3%	-4.8%	-6.8%	-29.4%	-75.3%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	0.58	0.270	0.0%	0.0%	n/a	-20.7%	0.4%	3.9%	n/a	-15.7%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.58	0.86	0.30	0.0%	16.0%	-3.3%	-17.1%	0.4%	19.9%	-8.0%	-12.1%
Interpipe NMPP	NVTR	0.25	0.37	0.10	0.0%	0.0%	31.6%	13.6%	0.4%	3.9%	26.9%	18.7%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.6	29.0	12.0	-0.7%	-3.3%	-8.1%	-14.4%	-0.2%	0.6%	-12.8%	-9.4%
Luhanskeplovoz	LTPL	1.60	2.20	1.26	-1.8%	0.0%	4.6%	-14.4%	-1.4%	3.9%	-0.1%	-9.4%
Stakhanov Wagon	SVGZ	1.28	2.00	1.00	0.0%	-3.0%	-4.5%	-26.0%	0.4%	0.9%	-9.2%	-21.0%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	-10.4%	-10.7%	-40.2%	0.4%	-6.5%	-15.4%	-35.2%
Motor Sich	MSICH	1,576	2,640	1,303	-1.3%	-3.8%	1.1%	-28.7%	-0.9%	0.1%	-3.6%	-23.7%
Sumy Frunze Engineering	SMASH	2.46	4.00	1.00	0.0%	2.9%	7.0%	64.0%	0.4%	6.8%	2.3%	69.0%
Turboatom	TATM	3.50	5.00	3.20	0.0%	0.0%	n/a	n/a	0.4%	3.9%	n/a	n/a
WESTA ISIC	WES	0.19	0.26	0.17	-1.8%	0.2%	-18.7%	-20.7%	-1.4%	4.0%	-23.4%	-15.7%
Telecom												
Ukrtelecom	UTLM	0.14	0.20	0.09	0.0%	2.1%	-6.5%	-10.6%	0.4%	6.0%	-11.2%	-5.6%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.59	0.20	-8.8%	-6.9%	-0.7%	-56.9%	-8.4%	-3.0%	-5.4%	-51.9%
JKX Oil	JKX	1.17	1.26	0.75	-1.8%	-1.8%	-1.7%	-2.5%	-1.3%	2.1%	-6.4%	2.5%
Ukrnafta	UNAF	108	280	96	-0.9%	-3.0%	0.8%	-8.6%	-0.5%	0.9%	-3.9%	-3.6%
Power Utilities												
Centrenerg	CEEN	4.97	7.40	2.50	-0.7%	-3.7%	-0.9%	-21.8%	-0.3%	0.2%	-5.6%	-16.8%
Donbasenergo	DOEN	27.5	34.0	15.4	0.2%	-3.2%	11.1%	29.8%	0.6%	0.7%	6.4%	34.8%
Zakhidenergo	ZAEN	83.8	115.0	64.0	0.0%	-2.7%	1.0%	-13.6%	0.4%	1.2%	-3.7%	-8.6%
Consumer												
Agroton	AGT	0.67	3.6	0.36	-0.6%	-6.2%	-9.8%	-79.3%	-0.2%	-2.3%	-14.6%	-74.3%
Astarta	AST	20.7	24.4	14.5	-3.2%	-4.5%	0.8%	15.7%	-2.8%	-0.6%	-3.9%	20.7%
Avangardo	AVGR	12.0	13.0	7.61	-0.4%	-2.8%	-6.5%	5.5%	0.0%	1.0%	-11.2%	10.5%
Industrial Milk Company	IMC	4.31	5.35	3.63	-4.7%	-4.8%	-3.3%	-18.8%	-4.3%	-0.9%	-8.0%	-13.8%
Kernel	KER	13.4	22.6	13.4	-2.4%	-6.6%	-0.7%	-38.2%	-2.0%	-2.7%	-5.4%	-33.1%
Mriya Agro Holding	MAYA	6.54	6.8	5.36	-0.3%	0.3%	-0.6%	0.9%	0.2%	4.2%	-5.3%	5.9%
MHPC	MHPC	16.8	19.9	14.15	-1.2%	-1.9%	8.4%	10.2%	-0.8%	2.0%	3.7%	15.2%
Milkiland	MLK	4.03	5.2	3.11	-4.0%	-1.5%	-9.1%	-14.3%	-3.6%	2.4%	-13.8%	-9.2%
Ovostar Union	OVO	29.9	33.3	21.3	-3.7%	-2.9%	-8.5%	3.5%	-3.3%	1.0%	-13.2%	8.5%
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	15.9	7.1	2.3%	-9.4%	8.5%	1.4%	2.8%	-5.5%	3.8%	6.4%
Banks												
Raiffeisen Bank Aval	BAVL	0.119	0.128	0.067	-1.8%	-4.4%	17.7%	38.3%	-1.4%	-0.5%	13.0%	43.3%
UkrSotsbank	USCB	0.176	0.257	0.107	2.6%	-9.0%	-3.9%	36.7%	3.0%	-5.1%	-8.6%	41.7%

Source: Bloomberg

* companies listed abroad are in USD

MAIN FINANCIAL FORECASTS, USD mn

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2011	2012E	2013E	2011	2012E	2013E	2011	2012E	2013E	2011	2012	2013E	2011	2012E	2013E
Steel																
Alchevsk Steel	ALMK	2,339	1,695	1,667	145	-21	-2	6.2%	neg	neg	36	-127	-52	1.6%	neg	neg
Enakievo Steel	ENMZ	1,716	1,578	1,577	-108	-84	-69	neg	neg	neg	31	9	-125	1.8%	0.5%	neg
Azovstal	AZST	3,867	2,794	2,788	-102	-173	-64	neg	neg	neg	-64	-333	-170	neg	neg	neg
Coke																
Avdyivka Coke	AVDK	1,457	1,072	1,054	6	-128	-74	0.4%	neg	neg	-32	-137	-97	neg	neg	neg
Yasynivsky Coking	YASK	566	444	448	29	29	28	5.1%	6.5%	6.2%	15	11	11	2.7%	2.4%	2.4%
Iron Ore Mining																
Centralny GOK	CGOK	805	566	508	497	238	202	61.8%	42.0%	39.8%	325	95	104	40.4%	16.8%	20.5%
Pivnichny GOK	SGOK	1,834	1,515	1,301	1,174	813	640	64.0%	53.6%	49.2%	783	436	359	42.7%	28.8%	27.6%
Ferrexpo	FXPO	1,788	1,424	1,566	801	402	445	44.8%	28.2%	28.4%	575	215	263	32.2%	15.1%	16.8%
Coal Mining																
Komsomolets Donbasa	SHKD	192	256	255	67	99	90	35.1%	38.8%	35.3%	15	39	35	8.0%	15.1%	13.7%
Coal Energy	CLE	151	165	199	51	62	64	33.7%	37.5%	32.1%	37	38	43	24.4%	23.2%	21.7%
Pipe Manufacturing																
Khartsyzk Pipe	HRTR	775	659	699	145	74	77	18.7%	11.3%	11.1%	98	34	34	12.7%	5.1%	4.9%
Railcar Manufacturing																
Luhanskteplovoz	LTPL	199	167	213	14	12	15	7.0%	7.4%	7.2%	9	7	8	4.5%	4.1%	3.8%
Kryukiv Wagon	KVBZ	770	887	643	118	134	93	15.3%	15.1%	14.4%	85	95	50	11.0%	10.7%	7.9%
Stakhanov Wagon	SVGZ	437	311	318	33	7	11	7.6%	2.3%	3.4%	20	1	3	4.6%	0.2%	0.9%
Specialized Machinery																
Turboatom	TATM	169	173	193	63	47	52	37.0%	27.3%	26.8%	53	38	42	31.5%	22.1%	21.7%
Motor Sich	MSICH	722	828	933	285	309	330	39.4%	37.4%	35.3%	168	247	270	23.2%	29.8%	28.9%
Telecom																
Ukrtelecom	UTLM	843	858	744	206	205	208	24.5%	23.8%	28.0%	-17	45	48	neg	5.3%	6.5%
Oil & Gas																
Ukrnafta	UNAF	3,051	2,816	2,444	439	507	429	14.4%	18.0%	17.6%	272	312	226	8.9%	11.1%	9.2%
Regal Petroleum	RPT	19	50	80	-4	23	36	neg	45.9%	44.7%	6	12	24	33.7%	24.0%	30.0%
JKX Oil	JKX	237	225	250	114	145	150	48.3%	64.4%	60.2%	59	40	50	24.9%	17.8%	20.0%
Electric Utilities																
Centrenergo	CEEN	894	1,071	1,136	49	61	68	5.4%	5.7%	6.0%	4	29	33	0.5%	2.7%	2.9%
Donbasenergo	DOEN	495	600	665	21	17	24	4.2%	2.9%	3.6%	-3	4	10	neg	0.6%	1.5%
Consumer																
MHP	MHPC	1,229	1,408	1,532	401	468	523	32.6%	33.2%	34.1%	259	311	271	21.1%	22.1%	17.7%
Kernel	KER	1,899	2,157	2,800	310	322	339	16.3%	14.9%	12.1%	226	211	195	11.9%	9.8%	7.0%
Astarta	AST	402	458	549	144	98	121	29.9%	17.8%	18.3%	114	50	59	23.6%	9.1%	9.0%
Avangardco	AVGR	553	629	701	251	280	293	45.3%	44.5%	41.8%	196	228	232	35.5%	36.3%	33.1%
Agroton	AGT	122	93	107	19	31	33	15.3%	33.5%	31.0%	-2	19	21	neg	20.0%	19.5%
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	6,948	7,020	7,476	812	861	924	750	707	646	0	4	29	0.0%	0.5%	3.1%
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	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	43	8.8%	4	35	1.4	5.0	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	357	4.1%	15	336	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	60	57	54	\$/tonne
Coke																		
Avdyivka Coke	AVDK	75	7.5%	6	72	neg	neg	neg	11.9	neg	neg	0.0	0.1	0.1	21	16	13	\$/tonne
Yasynivsky Coke	YASK	19	9.0%	2	48	1.3	1.7	1.7	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	912	0.5%	5	911	2.8	9.6	8.8	1.8	3.8	4.5	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,344	0.5%	13	2,468	3.0	5.4	6.5	2.1	3.0	3.9	1.3	1.6	1.9				
Ferrexpo	FXPO	1,673	24.0%	402	1,924	2.9	7.8	6.4	2.4	4.8	4.3	1.1	1.4	1.2				
Coal Mining																		
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	28	11.9%	3	53	0.8	0.7	0.6	1.0	0.9	0.8	0.4	0.3	0.3	1.0	0.9	0.8	\$/tonne
Pipe Manufacturing																		
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	593	564	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	43	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	35	8.0%	3	74	1.8	>30	12.2	2.2	10.3	6.8	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	179	5.8%	10	127	3.4	4.7	4.3	2.0	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	397	24.0%	95	408	2.4	1.6	1.5	1.4	1.3	1.2	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	325	7.2%	23	661	neg	7.2	6.8	3.2	3.2	3.2	0.8	0.8	0.9				
Oil & Gas																		
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	75	49.0%	37	57	11.7	6.2	3.1	neg	2.5	1.6	3.0	1.1	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	200	50.4%	101	308	3.4	5.0	4.0	2.7	2.1	2.1	1.3	1.4	1.2	81	56	42	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	223	21.7%	48	305	>30	7.7	6.7	6.3	5.0	4.5	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnergO	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
Consumer																		
MHP	MHPC	1,775	34.1%	605	2,820	6.8	5.7	6.5	7.0	6.0	5.4	2.3	2.0	1.8	8811	8811	8811	\$/tonne
Kernel	KER	987	61.8%	609	1,597	4.4	4.7	5.1	5.2	5.0	4.7	0.8	0.7	0.6				
Astarta	AST	516	31.0%	160	663	4.5	10.3	8.8	4.6	6.8	5.5	1.6	1.4	1.2	3362	2047	1700	\$/tonne
Avangardco	AVGR	763	22.5%	172	912	3.9	3.3	3.3	3.6	3.3	3.1	1.6	1.4	1.3	206	157	148	\$/mneegs
Agroton	AGT	15	44.6%	6	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
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	432	4.0%	17		>30	>30	15.1	0.5	0.5	0.5	0.06	0.06	0.06				
Ukrsotsbank	USCB	394	1.6%	6		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

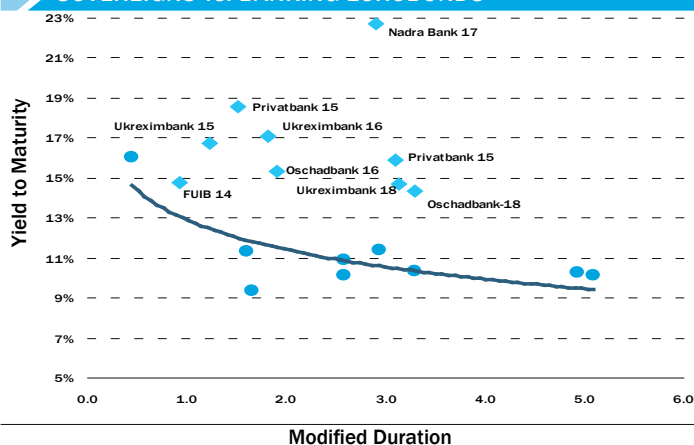
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2014	94.5	95.5	21.8%	19.2%	-7.2%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	92.8	94.0	22.1%	20.1%	-9.3%	0.7	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	90.3	91.3	11.4%	10.7%	-6.9%	1.6	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	90.6	92.3	13.4%	12.2%	-9.7%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	86.1	87.1	12.5%	12.1%	-13.3%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	87.2	88.7	11.5%	10.8%	-11.7%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	85.5	87.3	11.6%	10.9%	-12.9%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	90.5	92.0	12.8%	12.2%	-14.9%	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	84.0	85.5	11.3%	11.0%	-17.7%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	84.9	86.4	11.1%	10.8%	-17.6%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	83.0	84.3	10.8%	10.6%	-17.1%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	81.8	83.1	10.6%	10.4%	-17.6%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	56.9	32.4%	27.5%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.5	101.2	11.3%	10.5%	-4.8%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	81.8	84.6	12.5%	11.8%	-16.8%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	99.5	100.7	10.7%	9.9%	4.6%	1.7	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	87.9	91.1	14.8%	13.7%	-10.5%	3.2	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	98.5	99.9	12.3%	11.5%	-3.7%	2.0	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	82.3	84.2	15.1%	14.4%	-16.7%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	98.0	99.4	11.7%	10.5%	-2.6%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	85.3	86.8	12.3%	11.9%	-14.0%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	98.9	100.5	11.7%	10.4%	-3.8%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	86.5	88.5	13.2%	12.5%	-9.7%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	91.8	93.8	12.4%	11.2%	-4.8%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	81.6	83.7	15.3%	14.6%	-17.4%	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	107.1	108.5	9.1%	8.7%	7.8%	3.5	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	80.0	84.0			28.1%		10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	95.0	97.5	18.7%	15.5%	-5.7%	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	85.9	88.2	20.3%	18.4%	-8.1%	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	85.0	86.2	15.9%	15.4%	-14.4%	3.1	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	89.5	91.0	18.3%	16.7%	-9.7%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	79.5	81.4	18.3%	16.9%	-4.6%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	78.6	80.7	16.0%	15.2%	-20.3%	3.1	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	84.0	87.0	67.5%	53.7%	52.7%	0.4	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	85.8	86.9	16.8%	16.0%	-9.2%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	79.9	82.8	15.4%	14.7%	-18.7%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	85.0	87.0	18.3%	16.8%	-8.1%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	84.2	85.5	17.1%	16.4%	-9.3%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

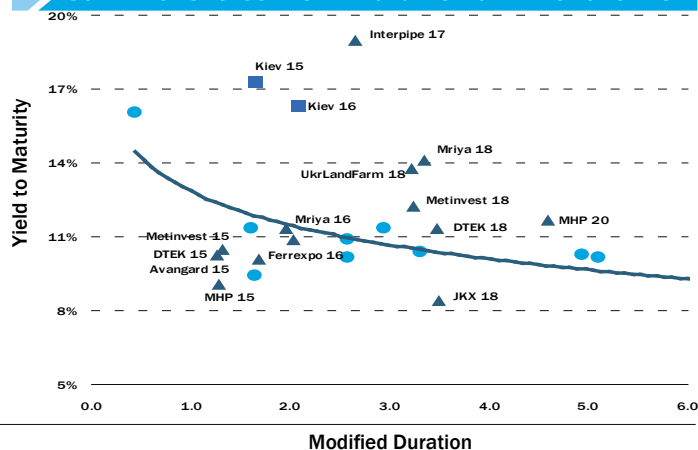
¹ Moody's/S&P/Fitch; * EUR

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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