

Market Update

Equity

Local Ukrainian stocks were down across the board on Tuesday (Dec 3), although more due to negative external sentiments than to the current domestic political upheaval, as tension appeared to ease slightly after the Azarov government survived a no-confidence vote in Parliament. Germany's DAX lost nearly 2% and US and Asian indices also retreated as traders began to fear the possibility of a strong US jobs report this Friday, which could lead to an earlier-than-expected reduction in Federal Reserve monetary stimulus. The UX index ended at 888 points, a decline of 1.6%. Top liquid issues Motor Sich and Raiffeisen Aval weighed down the market for a second straight day, dropping by 1.8% and 3.5% to UAH 1548 and 11.43 kopecks, respectively, and Avdyivka Coke shed 2.1%. Outside the UX basket, mining stock Pivnichniy GOK slid 4.4%, while in London, MHP gave up 1.4% to finish at USD 16.55.

Fixed Income

Ukrainian sovereigns finished mixed on Tuesday. Ukraine-23s improved by 0.5p.p. to 82.1/83.7 (10.6%/10.2%) while Ukraine-17s dropped by 1.4p.p., closing at 84.2/85.9 (12.1%/11.4%). The corporate universe was lower across the board. MHP-20s and Metinvest-15s lost 1.4p.p. and 1.1p.p. to 81.0/82.7 (12.7%/12.2%) and 97.9/99.3 (12.5%/11.4%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1548.00	-1.8%	0.9	106
Raiffeisen Bank Aval	BAVL	0.11	-3.5%	0.7	200
Azovstal	AZST	0.687	-1.5%	0.3	102

Growth Leaders

Poltavsky GOK	PGOK	8.49	8.9%	0.00	8
Ukrnafta	UNAF	108.00	0.5%	0.27	39
Enakievo Steel	ENMZ	33.16	-0.3%	0.12	15

Loss Leaders

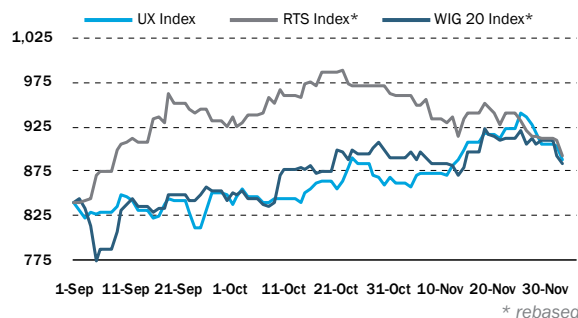
Komsomolets Donbasa	SHKD	0.58	-12.6%	0.004	11
Ukrtelecom	UTLM	0.14	-4.8%	0.002	10
Luhanskteplovoz	LTPL	1.53	-4.5%	0.002	7

Highlights

POLITICS AND ECONOMICS

- > Azarov Survives No-Confidence Vote, Apologizes for Police Actions
- > Bakulin: Gazprom Allows Delay in Gas Payments to 2Q14

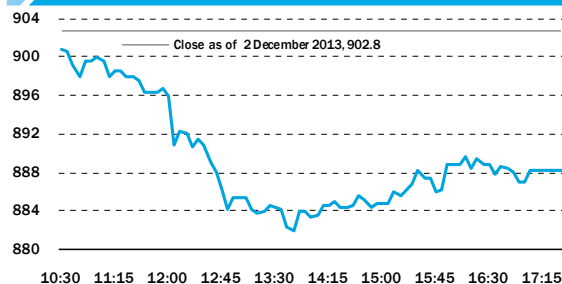
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	888.2	-1.6%	3.0%	-6.6%
RTS	1372.4	-1.9%	-7.0%	-10.1%
WIG20	2507.9	-1.1%	-0.8%	-2.9%
MSCI EM	1002.7	-1.1%	-2.4%	-5.0%
S&P 500	1795.2	-0.3%	1.9%	28.0%

UX INTRADAY DECEMBER 3, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	361.5	0.9%	9.7%	33.4%
CDS 5Y UKR	1097.7	2.5%	11.2%	75.6%
Ukraine-17	11.6%	0.5 p.p.	2.2 p.p.	4.6 p.p.
Naftogaz Ukr-14	18.3%	-0.2 p.p.	2.3 p.p.	10.6 p.p.
Ukraine-23	10.4%	-0.1 p.p.	0.8 p.p.	2.9 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	8.22	-0.2%	0.5%	2.1%
EUR	11.17	0.1%	1.3%	4.6%
RUB	0.25	-0.4%	-2.1%	-6.8%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	273.4	0.0%	1.1%	-21.5%
Steel, USD/t	527.5	0.0%	0.5%	-0.9%
Oil, USD/bbl	112.6	1.0%	6.4%	7.3%
Gold, USD/oz	1223.4	0.3%	-7.0%	-26.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Azarov Survives No-Confidence Vote, Apologizes for Police Actions

by Will Ritter
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NEWS

Prime Minister Nikolay Azarov easily survived a no-confidence vote in Parliament on Tuesday (Dec 3), with practically no outflow of support from the ruling Party of Regions or the Communists. The no-confidence motion was supported by 186 MPs, including all of those from the opposition, 17 of 34 independents, and one from the PoR. In a speech ahead of the vote, Azarov apologized for the actions of riot police in the Nov 30 violent dispersal of pro-European protesters and said that the government officials responsible will be removed from their posts. Meanwhile, on Independence Square in Kyiv, protests continued on Tuesday, with an estimated 10,000 pro-European demonstrators still in attendance and listening to various speakers and musical groups.

COMMENTARY

We see the failure to oust Azarov as a sign that the Party of Regions, at least for now, has been able to avoid a crippling split in its ranks that could potentially have thrown the country into a state of deeper turmoil. The PoR is clearly divided between moderates who support, in principle, the idea of a free trade deal with the EU, and pro-Russian hard-liners who are pushing for Ukrainian re-integration with Moscow. Although we see the government as having solved its short-term financial problems by making a deal with the Kremlin, shortage of cash is likely to become a major issue again in 2014 prior to the expected start of the presidential election campaign, and next year looks to be a stormy one both economically and politically for Ukraine. At this point, it appears that the massive demonstrations which have rocked Kyiv for the past two weeks have achieved all that is possible under the current circumstances, i.e., they have shown that there is a powerful and active electoral constituency in Ukraine which demands EU integration, and that any Ukrainian politician who ignores the wishes of this constituency does so at his own peril. We see the Yanukovich government's pledge to continue a dialogue with the EU on signing the AA/DCFTA as a window-dressing effort to try to placate this pro-EU electorate. Further demonstrations will probably continue, but without immediately achievable goals, we would expect the numbers involved to gradually decline; there have been hard-line elements in the opposition which have been continuously demonstrating and calling for President Yanukovich's resignation during his entire four years in office, and it is these elements who will probably anchor the protest movement in the coming days and weeks.

Bakulin: Gazprom Allows Delay in Gas Payments to 2Q14

by Dmitry Churin
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NEWS

Ukrainian state-owned energy monopoly Naftogaz has been allowed to postpone payments for natural gas imported from Russia during the October-December period to next year, chairman Yevgeniy Bakulin told journalists on Tuesday (Dec 3). He said the payments will be made in 2Q14. No comments from Naftogaz's press service or from Russia's Gazprom were available.

COMMENTARY

The announced postponement, which we see as obviously related to political considerations, will allow Ukraine to improve its current account balance and hold foreign reserves stable through the end of this year, as Naftogaz normally pays about USD 800mn for imported Russian gas each month. The flip side of the deal is the increased financial pressure which Ukraine's financing will face down the road in 2Q14. Moreover, it is unknown what the terms of the deal with Gazprom are, and whether the Russian side will impose penalties for further payment delays.

The financial situation at Naftogaz deteriorated this year as the company lost part of its industrial customer base to gas importer Oschem Holding, affiliated with oligarch Dmitry Firtash. Naftogaz's revenue fell by 35% YoY to UAH 49.3bn (USD 6.0bn) while its net loss surged by 2.3x to UAH 10.6bn (USD 1.3bn) in 9M13.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.69	0.56	-19%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	168.3	218.0	30%	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	8.01	14.5	80%	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	6.00	10.6	77%	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	3.10	6.2	101%	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	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.53	5.2	243%	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	1548	5250	239%	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	71.8	370	416%	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	27.3	72.0	164%	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	4.93	15.00	204%	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	16.6	22.10	33%	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	66.4	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	89.0	109.50	23%	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	888.19	1061.97	781.22	-1.6%	-5.1%	3.0%	-6.6%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.040	0.06	0.02	-1.5%	-3.4%	0.8%	-24.5%	0.1%	1.7%	-2.3%	-18.0%
Azovstal	AZST	0.69	0.90	0.31	-1.9%	-3.5%	6.8%	-7.0%	-0.2%	1.6%	3.8%	-0.5%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	n/a	0.0%	30.1%	1.6%	n/a	-3.0%	36.7%
Enakievo Steel	ENMZ	33.2	49.9	20.0	-0.7%	-3.3%	-1.3%	-12.7%	0.9%	1.7%	-4.3%	-6.2%
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%	20.0%	33.3%	-45.5%	1.6%	25.1%	30.3%	-38.9%
Coke												
Avdyivka Coke	AVDK	3.10	4.80	1.60	-2.1%	-4.7%	-0.4%	-5.4%	-0.5%	0.3%	-3.4%	1.2%
Yasynivsky Coking	YASK	0.56	0.85	0.51	-1.8%	1.8%	0.0%	-16.4%	-0.1%	6.9%	-3.0%	-9.9%
Iron Ore Mining												
Centralny GOK	CGOK	6.00	7.74	4.00	-6.4%	-6.3%	-0.2%	-13.0%	-4.8%	-1.2%	-3.2%	-6.5%
Ferrexpo	FXPO	2.76	4.58	2.02	-2.9%	-0.9%	-5.7%	-31.4%	-1.2%	4.2%	-8.7%	-24.8%
Pivnichny GOK	SGOK	8.01	10.00	5.77	-4.4%	-1.1%	1.4%	7.7%	-2.8%	4.0%	-1.6%	14.2%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.71	0.39	-10.0%	-2.2%	-6.2%	-28.6%	-8.4%	2.9%	-9.3%	-22.0%
Komsomolets Donbasa	SHKD	0.58	1.30	0.27	-13.4%	-12.1%	-18.3%	-50.8%	-11.8%	-7.1%	-21.3%	-44.3%
Energy Coal	CLE	0.55	4.57	0.55	-9.8%	-13.0%	-32.0%	-82.2%	-8.2%	-7.9%	-35.1%	-75.6%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	0.58	0.270	0.0%	0.0%	n/a	-20.7%	1.6%	5.1%	n/a	-14.1%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.49	0.86	0.30	-15.5%	-2.0%	-18.3%	-30.0%	-13.9%	3.1%	-21.3%	-23.4%
Interpipe NMPP	NVTR	0.23	0.37	0.10	-8.0%	-8.0%	21.1%	4.5%	-6.4%	-2.9%	18.0%	11.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.5	29.0	12.0	-0.6%	-4.3%	-8.6%	-14.9%	1.0%	0.8%	-11.6%	-8.4%
Luhanskeplovoz	LTPL	1.53	2.20	1.26	-4.4%	-7.3%	0.0%	-18.2%	-2.8%	-2.2%	-3.0%	-11.6%
Stakhanov Wagon	SVGZ	1.28	2.00	1.00	0.0%	-1.5%	-4.5%	-26.0%	1.6%	3.5%	-7.5%	-19.5%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-0.4%	-10.7%	-11.0%	-40.4%	1.2%	-5.6%	-14.0%	-33.8%
Motor Sich	MSICH	1,548	2,640	1,303	-1.8%	-4.8%	-0.7%	-30.0%	-0.2%	0.3%	-3.7%	-23.4%
Sumy Frunze Engineering	SMASH	2.46	4.00	1.00	0.0%	4.7%	7.0%	64.0%	1.6%	9.7%	3.9%	70.6%
Turboatom	TATM	3.50	5.00	3.20	0.0%	0.0%	n/a	n/a	1.6%	5.1%	n/a	n/a
WESTA ISIC	WES	0.20	0.26	0.17	3.7%	3.7%	-15.7%	-17.8%	5.3%	8.8%	-18.7%	-11.2%
Telecom												
Ukrtelecom	UTLM	0.14	0.20	0.09	-4.8%	-7.3%	-11.0%	-14.9%	-3.1%	-2.2%	-14.0%	-8.3%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.59	0.20	0.3%	-6.8%	-0.4%	-56.8%	1.9%	-1.8%	-3.4%	-50.2%
JKX Oil	JKX	1.18	1.26	0.75	1.0%	-1.1%	-0.7%	-1.6%	2.6%	4.0%	-3.8%	5.0%
Ukrnafta	UNAF	108	280	96	-0.4%	-2.5%	0.5%	-8.9%	1.2%	2.5%	-2.5%	-2.4%
Power Utilities												
Centrenerg	CEEN	4.93	7.40	2.50	-0.7%	-3.6%	-1.7%	-22.4%	0.9%	1.4%	-4.7%	-15.8%
Donbasenergo	DOEN	27.3	34.0	15.4	-0.7%	-2.4%	10.4%	28.9%	1.0%	2.6%	7.4%	35.5%
Zakhidenergo	ZAEN	83.0	115.0	64.0	-1.0%	-9.3%	0.0%	-14.4%	0.7%	-4.2%	-3.0%	-7.9%
Consumer												
Agroton	AGT	0.66	3.6	0.36	-2.1%	-6.6%	-11.8%	-79.8%	-0.5%	-1.5%	-14.8%	-73.2%
Astarta	AST	21.5	24.4	14.5	4.0%	0.6%	4.9%	20.4%	5.7%	5.7%	1.9%	27.0%
Avangardo	AVGR	12.0	13.0	7.61	0.3%	-2.5%	-6.2%	5.8%	1.9%	2.5%	-9.2%	12.4%
Industrial Milk Company	IMC	4.32	5.35	3.63	0.2%	-4.7%	-3.1%	-18.6%	1.8%	0.3%	-6.1%	-12.1%
Kernel	KER	12.9	22.6	12.9	-3.3%	-7.8%	-4.0%	-40.2%	-1.7%	-2.7%	-7.0%	-33.7%
Mriya Agro Holding	MAYA	6.57	6.8	5.36	0.4%	0.3%	-0.2%	1.2%	2.0%	5.4%	-3.2%	7.8%
MHPC	MHPC	16.6	19.9	14.15	-1.4%	-3.4%	6.9%	8.7%	0.2%	1.7%	3.9%	15.2%
Milkiland	MLK	3.95	5.2	3.11	-2.1%	-2.8%	-11.0%	-16.1%	-0.5%	2.2%	-14.0%	-9.5%
Ovostar Union	OVO	28.8	33.3	21.3	-3.6%	-6.0%	-11.8%	-0.3%	-2.0%	-0.9%	-14.8%	6.3%
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	13.0	15.9	7.1	-4.3%	-12.2%	3.8%	-3.0%	-2.7%	-7.1%	0.8%	3.6%
Banks												
Raiffeisen Bank Aval	BAVL	0.114	0.128	0.067	-3.5%	-9.9%	13.5%	33.4%	-1.9%	-4.9%	10.5%	39.9%
UkrSotsbank	USCB	0.174	0.257	0.107	-1.5%	-10.4%	-5.3%	34.6%	0.1%	-5.4%	-8.4%	41.1%

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%
Ukrstsobank	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	126	3.9%	5	1,542	3.5	neg	neg	10.6	neg	neg	0.7	0.9	0.9	532	458	413	\$/tonne
Yenakievo Steel	ENMZ	43	8.8%	4	35	1.4	5.0	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	351	4.1%	14	330	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	59	56	53	\$/tonne
Coke																		
Avdyivka Coke	AVDK	73	7.5%	6	71	neg	neg	neg	11.6	neg	neg	0.0	0.1	0.1	20	15	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
Iron Ore Mining																		
Centralny GOK	CGOK	855	0.5%	4	855	2.6	9.0	8.2	1.7	3.6	4.2	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,245	0.5%	12	2,370	2.9	5.1	6.3	2.0	2.9	3.7	1.3	1.6	1.8				
Ferrexpo	FXPO	1,625	24.0%	390	1,876	2.8	7.6	6.2	2.3	4.7	4.2	1.0	1.3	1.2				
Coal Mining																		
Komsomolets Donbasa	SHKD	24	5.4%	1	126	1.5	0.6	0.7	1.9	1.3	1.4	0.7	0.5	0.5	31	29	28	\$/tonne
Coal Energy	CLE	25	11.9%	3	50	0.7	0.7	0.6	1.0	0.8	0.8	0.3	0.3	0.3	1.0	0.8	0.8	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	155	2.0%	3	197	1.6	4.6	4.5	1.4	2.7	2.6	0.3	0.3	0.3	313	520	494	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	41	24.0%	10	41	4.5	5.9	5.0	2.9	3.3	2.7	0.2	0.2	0.2				
Kruiiv Wagon	KVBZ	230	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	12.3	2.2	10.4	6.8	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	391	24.0%	94	401	2.3	1.6	1.4	1.4	1.3	1.2	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	310	7.2%	22	646	neg	6.9	6.5	3.1	3.2	3.1	0.8	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	712	3.0%	21	702	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	202	50.4%	102	310	3.4	5.1	4.0	2.7	2.1	2.1	1.3	1.4	1.2	82	57	43	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	222	21.7%	48	304	>30	7.7	6.6	6.3	5.0	4.5	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnergO	DOEN	79	14.2%	11	135	neg	20.5	7.8	6.6	7.8	5.7	0.3	0.2	0.2	17	16	15	\$/MWh
Consumer																		
MHP	MHPC	1,750	34.1%	597	2,795	6.7	5.6	6.5	7.0	6.0	5.3	2.3	2.0	1.8	8735	8735	8735	\$/tonne
Kernel	KER	954	61.8%	589	1,564	4.2	4.5	4.9	5.1	4.9	4.6	0.8	0.7	0.6				
Astarta	AST	537	31.0%	167	684	4.7	10.7	9.1	4.7	7.0	5.7	1.7	1.5	1.2	3468	2111	1753	\$/tonne
Avangardco	AVGR	766	22.5%	172	914	3.9	3.4	3.3	3.6	3.3	3.1	1.7	1.5	1.3	207	157	148	\$/mneegs
Agroton	AGT	14	44.6%	6	47	neg	0.8	0.7	2.5	1.5	1.4	0.4	0.5	0.4	0.4	n/a	n/a	\$/th/ha
Banks																		
Raiffeisen Bank Aval	BAVL	418	4.0%	17		>30	>30	14.6	0.5	0.5	0.5	0.06	0.06	0.06				
Ukrsotsbank	USCB	389	1.6%	6		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

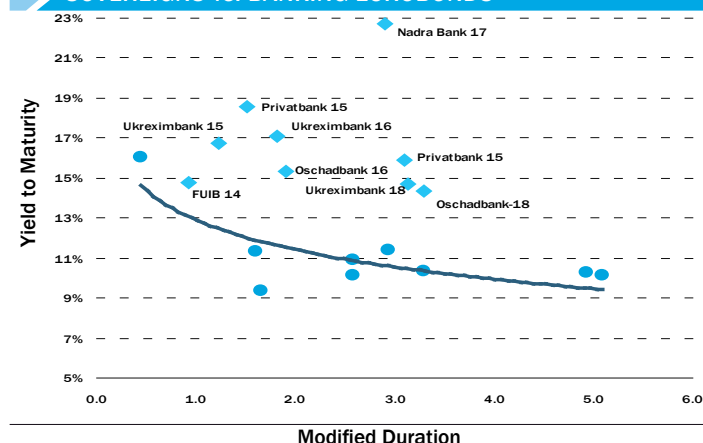
UKRAINIAN EUROBONDS

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	94.3	96.0	22.6%	18.0%	-7.1%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	93.1	94.1	21.8%	20.1%	-9.2%	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	89.1	91.1	14.5%	13.1%	-11.0%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	85.4	86.9	12.9%	12.2%	-13.8%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	85.8	87.3	12.2%	11.5%	-13.2%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	84.2	85.9	12.1%	11.4%	-14.3%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	89.6	91.3	13.1%	12.4%	-15.6%	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	83.7	85.4	11.4%	11.0%	-17.9%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	84.5	86.3	11.2%	10.8%	-17.8%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	82.4	84.1	11.0%	10.6%	-17.5%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	82.1	83.7	10.6%	10.2%	-17.1%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	57.0	32.4%	27.4%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	98.4	100.4	12.2%	11.4%	-5.8%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	81.0	82.7	12.7%	12.2%	-18.1%	4.5	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	98.0	100.0	11.7%	10.4%	3.4%	1.7	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	87.1	91.0	15.0%	13.7%	-10.9%	3.2	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	98.0	100.2	12.5%	11.3%	-3.8%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	82.2	84.3	15.2%	14.4%	-16.7%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	97.2	99.4	12.4%	10.6%	-3.0%	1.3	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	85.1	87.1	12.4%	11.7%	-13.9%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	97.9	99.3	12.5%	11.4%	-4.9%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	85.7	87.6	13.5%	12.8%	-10.6%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	91.3	93.3	12.7%	11.4%	-5.3%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	80.1	82.3	15.9%	15.1%	-18.8%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.8%	17.9%	-3.8%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	108.1	109.6	8.9%	8.5%	8.8%	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	95.1	97.5	18.6%	15.6%	-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	86.0	89.5	20.3%	17.4%	-7.4%	1.5	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	69.0	73.0	25.6%	22.5%	-8.0%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	82.0	85.5	17.0%	15.7%	-16.2%	3.1	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	88.0	90.0	19.8%	17.8%	-10.9%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	78.0	80.0	19.3%	17.9%	-6.3%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	79.7	80.5	15.6%	15.3%	-19.9%	3.1	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	84.0	87.0	68.2%	54.2%	52.7%	0.4	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	84.0	86.0	17.9%	16.6%	-10.7%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	78.8	80.4	15.9%	15.2%	-20.4%	3.2	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	83.0	85.6	19.8%	17.8%	-9.9%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	83.0	85.0	17.8%	16.7%	-10.2%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

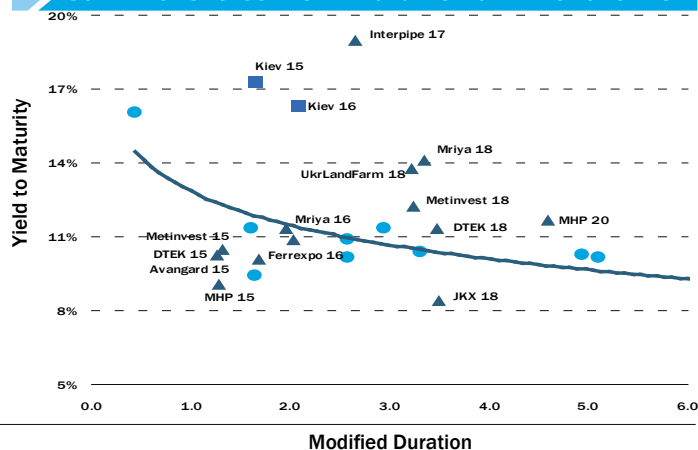
¹ Moody's/S&P/Fitch; * EUR

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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