

## Market Update

### Equity

Ukraine's equity market ended unchanged on Friday (Dec 6) in an illiquid session featuring little trading action amid the ongoing political standoff in the country, with the UX index holding at 896 points. Motor Sich (MSICH) saw the only notable movement among blue chips, adding 1.7% to UAH 1577 on optimism that the company may receive some orders from China following President Yanukovich's visit there last week. Externally, the S&P 500 rallied by more than 1% to snap a 5-session losing streak after strong US jobs numbers and dovish comments on monetary policy from Federal Reserve governor Charles Evans, a voting member on the FOMC, encouraged investors. In London, Avangard (AVGR LI) recovered nearly all of its 5% loss from Thursday's session, but MHP (MHPC LI) slid another 3.3% to close at USD 15.10.

### Fixed Income

Ukrainian sovereigns were mostly higher with Ukraine-23s improving by 0.9p.p. to 82.9/84.2 (10.4%/10.2%). The corporate universe also finished in the black. MHP-15s and DTEK-18s increased by 0.3p.p. to 99.0/100.3 (11.8%/10.6%) and 84.7/86.9 (12.6%/11.8%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1577.00	1.7%	0.9	68
Azovstal	AZST	0.70	-0.4%	0.3	38
Avdyivka Coke	AVDK	3.092	-0.3%	0.3	23

### Growth Leaders

Dzerzhinsky Steel	DMKD	0.11	54.9%	0.04	11
Kryukiv Wagon	KVBZ	16.64	2.6%	0.01	17
Stirol	STIR	13.08	2.5%	0.18	7

### Loss Leaders

Ukrrotsbank	USCB	0.17	-1.7%	0.001	8
Donbasenergo	DOEN	27.24	-0.9%	0.002	8
Enakievo Steel	ENMZ	33.01	-0.5%	0.008	11

## Highlights

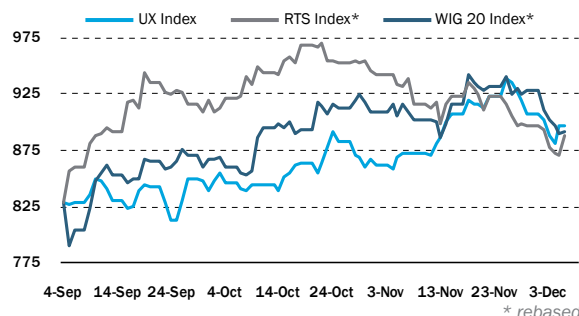
### POLITICS AND ECONOMICS

- > Arbutov Says Ukraine Needs USD 10bn to Avoid Default; Opposition Delivers Huge Demonstration Turnout
- > NBU Reserves Fall by USD 1.8bn to USD 18.8bn in November
- > UkrStat: CPI Edges Up 0.2% MoM in November

### STOCKS IN THE NEWS

- > Motor Sich Signs Contract with China's AVIC on Joint Production

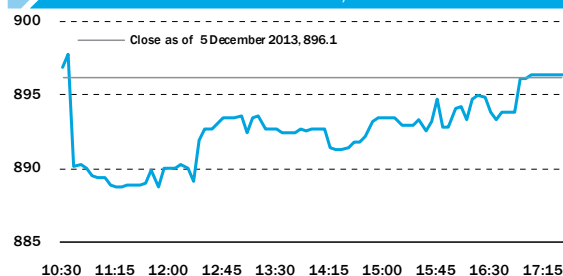
### STOCK MARKET PERFORMANCE



### MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	896.3	0.0%	3.1%	-5.7%
RTS	1390.6	2.1%	-4.8%	-8.9%
WIG20	2479.2	0.0%	-1.7%	-4.0%
MSCI EM	1002.2	0.4%	-1.4%	-5.0%
S&P 500	1805.1	1.1%	2.4%	28.7%

### UX INTRADAY DECEMBER 6, 2013



### FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	351.4	-1.0%	4.1%	29.7%
CDS 5Y UKR	1098.1	0.0%	13.6%	75.7%
Ukraine-17	11.3%	-0.1 p.p.	1.9 p.p.	4.4 p.p.
Naftogaz Ukr-14	19.7%	1.2 p.p.	3.4 p.p.	12.1 p.p.
Ukraine-23	10.3%	-0.2 p.p.	0.8 p.p.	2.8 p.p.
Privatbank-16	25.0%	-0.5 p.p.	4.2 p.p.	9.7 p.p.

### CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.22	0.0%	0.1%	2.0%
EUR	11.26	0.3%	1.8%	5.4%
RUB	0.25	0.5%	-0.6%	-5.5%

### COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	273.4	0.0%	1.1%	-21.5%
Steel, USD/t	527.5	0.0%	0.5%	-0.9%
Oil, USD/bbl	111.6	0.6%	6.0%	6.3%
Gold, USD/oz	1229.1	0.3%	-6.3%	-25.8%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Arbuzov Says Ukraine Needs USD 10bn to Avoid Default; Opposition Delivers Huge Demonstration Turnout

by Will Ritter  
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### NEWS

Demonstrators filled central Kyiv for a third consecutive Sunday (Dec 8) to protest against the Yanukovich government's refusal to sign a free trade agreement with the European Union. Opposition leader Oleksandr Turchinov claimed the turnout was more than 1 million people; international news organizations gave an estimate of 500,000. In a signature moment broadcast around the world, the protesters managed to topple the city's main statue of Vladimir Lenin at Bessarabska Square. Meanwhile, official government sources denied that President Yanukovich had made a deal with Russian President Putin to enter Moscow's Customs Union at a meeting between the two leaders held on Friday (Dec 6) in Sochi in southern Russia. Batkivschyna Party leader Arseniy Yatseniuk labeled any attempt to bring Ukraine into the Customs Union as "the creation of a new Soviet Union" and warned that it would result in "the breakup of the country". First Deputy Prime Minister Serhiy Arbuzov was quoted by Interfax as saying on Friday that Ukraine needs USD 10bn in loans to avoid a default on obligations maturing in 2014, in remarks understood as being directed toward the EU.

### COMMENTARY

Although the opposition may not quite have delivered on its promise of a "one million march", the effect of Sunday's rally was nonetheless impressive and proves that the opposition's cause is reaching well beyond the most radical anti-Yanukovich elements in its ranks. However, it is these elements which have anchored the protests, physically taking over the center of the capital and providing the logistics needed to keep the protests going. A divergence in the opposition between radicals such as Turchinov, who is calling for the complete overthrow of the Yanukovich regime, and those with more moderate positions who are focused on obtaining the resignation of the Azarov government and the signing of the AA/DCFTA, is becoming apparent. Still, we see Yatseniuk's remark about entry into the Customs Union as setting down a line in the sand; if Yanukovich, spurred on by influential pro-Russian players in Ukraine such as Andrey Kluyev and Viktor Medvedchuk, tries to solve his government's sovereign financing problems via Customs Union membership, the unity of the Ukrainian state may be brought into question. In this context, we view Arbuzov's call for USD 10bn in EU loans as not unreasonable, given that the EU provided some USD 250bn in financing to bail out Greece, which is arguably not a more important country than Ukraine in terms of the EU's strategic interest; it is our view that a messy breakup of Ukraine would end up costing the EU much more than a few billion USD.

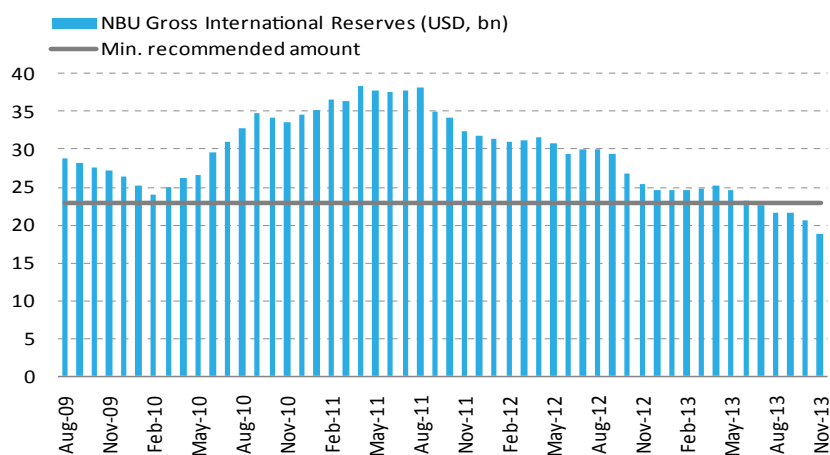
**NBU Reserves Fall by USD 1.8bn to USD 18.8bn in November**

by Dmitry Churin  
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**NEWS**

Ukraine's foreign currency reserves dropped by 8.1% (USD 1.8bn) MoM to USD 18.79bn in November, the National Bank of Ukraine (NBU) reported on Friday (Dec 6). The NBU said it spent USD 800mn to defend the hryvnia's exchange rate on the interbank market during the month. The additional outflow from the reserves was related to a USD 955mn repayment to the IMF and USD 578mn used to service both locally- and externally-issued USD-denominated bonds.

**UKRAINE'S FX RESERVES, USD bn**



Source: National Bank of Ukraine

**COMMENTARY**

The drop in the NBU reserves was worse than the already low expectations, especially taking into account that Naftogaz did not make any payments for imported Russian natural gas in the period. We see the sharpening fall in the reserves as more evidence that the Yanukovich government's policy of refusing to implement needed reforms in the Ukrainian energy sector is finally coming back to bite the country's sovereign finances. Given that Naftogaz normally pays about USD 800mn per month to Gazprom for gas supplies, and that these payments were not made for the August, October and November imports, we estimate that the reserves could have fallen as low as USD 16.5bn. Moreover, the reserves sharply declined despite the Finance Ministry having raised USD 820mn by selling local USD-denominated bonds at its regular auctions during the month. The current situation with the reserves casts doubt on the NBU's ability to effectively support the hryvnia in case of speculative attacks. Movement of the hryvnia rate has remained rather moderate thus far, with the currency slipping to an intraday low of 8.30 against the dollar last week before closing at 8.24 on Friday (Dec 6). In the short run, the seasonal effect of citizens selling foreign currency to fund holiday season purchases could help to alleviate pressure on the hryvnia in December, but we still expect a net outflow of reserves for the month.

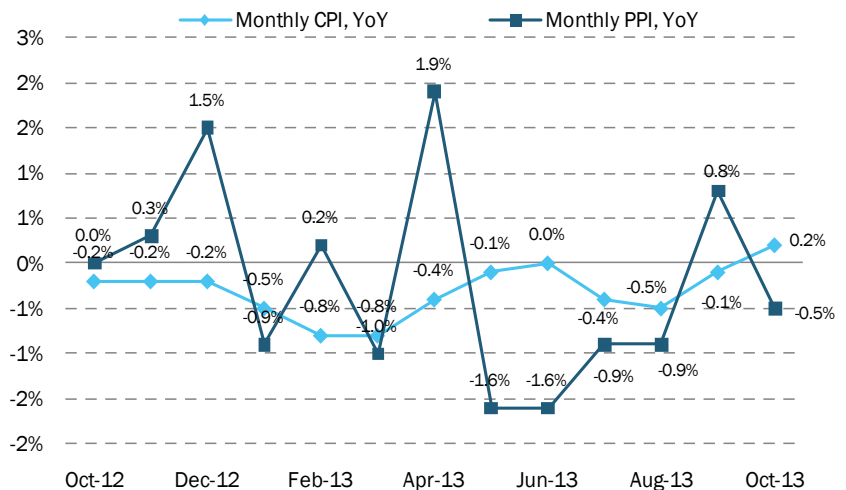
**UkrStat: CPI Edges Up 0.2% MoM in November**

by Dmitry Churin  
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**NEWS**

Ukraine's State Statistics Committee (UkrStat) reported that consumer prices rose by 0.2% MoM in November, according to data published on Friday (Dec 6). On a rolling 12-month basis, inflation amounted to 0.2%. Producer prices dropped by 1.3% MoM, with the 12-month change at -0.8%.

**UKRAINE'S ROLLING 12-MONTH CPI & PPI INFLATION**



Source: State Statistics Committee

**COMMENTARY**

A seasonal rise in food prices in November was the main reason behind the uptick in inflation. Prices in other consumer categories remained almost unchanged on a monthly basis amid the government's efforts to maintain price stability. However, prices for alcohol and tobacco products rose by 0.8% MoM, spurred by higher excise taxes. In the PPI components, prices in the utility sector continued to see volatility, decreasing by 4.8% MoM after a spike that occurred in the previous month. In the manufacturing sector, prices declined by 0.2% MoM while in the extraction sector they rose by 1.1% MoM.

## Motor Sich Signs Contract with China's AVIC on Joint Production

by Dmitry Churin  
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### MOTOR SICH (MSICH UK)

Price: UAH 1,577 Market Cap: USD 399mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.4	0.4	2.0	1.4	0.7%
2013E	0.4	0.4	1.9	1.4	2.2%

### NEWS

Motor Sich, Ukraine's monopoly aircraft engine producer, signed a preliminary contract with the Aviation Industry Corporation of China (AVIC) on joint engine production, the Kyiv business daily *Capital* reported on Friday (Dec 6). Motor Sich's representatives had accompanied a Ukrainian delegation that visited Beijing with President Yanukovich from Dec 3-6. The Motor Sich contracts would be part of a headline figure of total Chinese investments into Ukraine of USD 8bn over the 2014-2018 period. Other areas of cooperation will include agriculture, energy resources, infrastructure, finance, and IT, according to a joint statement issued after Yanukovych and Chinese President Xi Jinping held talks on Thursday.

### COMMENTARY

It is too early to evaluate potential benefits for Motor Sich from any prospective deals with China. However, the Chinese market could plausibly become the second largest for the company after that of Russia. Motor Sich has already entered the Chinese market by supplying engines for supersonic training and the light attack L-15 Falcon aircraft.

## 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	175.0	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	8.28	14.5	75%	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	3.09	6.2	102%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.55	3.4	526%	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	0.43	2.9	586%	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	16.6	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.60	5.2	228%	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	1577	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.
<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	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	70.5	370	425%	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	27.2	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	4.98	15.00	201%	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	15.1	22.10	46%	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	65.7	90.0	37%	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	11.8	19.35	64%	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	87.0	109.50	26%	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	896.34	1061.97	781.22	0.0%	-1.1%	3.1%	-5.7%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.041	0.06	0.02	0.5%	-1.0%	0.7%	-24.2%	0.5%	0.1%	-2.3%	-18.5%
Azovstal	AZST	0.70	0.90	0.31	-0.4%	0.4%	6.7%	-5.7%	-0.5%	1.6%	3.7%	0.0%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	0.0%	30.1%	0.0%	1.1%	-3.1%	35.8%
Enakievo Steel	ENMZ	33.0	49.9	20.0	-0.5%	-0.1%	-0.3%	-13.1%	-0.5%	1.0%	-3.4%	-7.4%
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	0.14	0.26	0.05	7.7%	16.7%	7.7%	-36.4%	7.7%	17.8%	4.6%	-30.7%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.09	4.80	1.60	-0.5%	-2.8%	-0.9%	-5.5%	-0.5%	-1.7%	-4.0%	0.2%
Yasnyivsky Coking	YASK	0.55	0.85	0.51	0.0%	-1.8%	-3.5%	-17.9%	0.0%	-0.7%	-6.6%	-12.2%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.00	7.74	4.00	0.0%	-6.4%	-9.1%	-13.0%	0.0%	-5.3%	-12.2%	-7.3%
Ferrexpo	FXPO	2.86	4.58	2.02	1.3%	-3.3%	-6.7%	-28.9%	1.3%	-2.2%	-9.8%	-23.2%
Pivnichny GOK	SGOK	8.28	10.00	5.77	1.2%	1.0%	8.5%	11.3%	1.2%	2.1%	5.4%	17.0%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.43	0.71	0.39	-4.4%	-14.0%	-14.0%	-31.7%	-4.5%	-12.9%	-17.1%	-26.0%
Komsomolets Donbasa	SHKD	0.60	1.25	0.27	0.0%	-10.4%	-15.5%	-49.2%	0.0%	-9.3%	-18.6%	-43.4%
Energy Coal	CLE	0.52	4.57	0.52	0.4%	-18.6%	-26.8%	-83.1%	0.4%	-17.5%	-29.8%	-77.4%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.46	0.58	0.270	0.0%	0.0%	n/a	-20.7%	0.0%	1.1%	n/a	-15.0%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.49	0.86	0.30	0.0%	-15.5%	-18.3%	-30.0%	0.0%	-14.4%	-21.4%	-24.3%
Interpipe NMPP	NVTR	0.23	0.37	0.10	0.0%	-8.0%	21.1%	4.5%	0.0%	-6.9%	18.0%	10.2%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.6	29.0	12.0	2.5%	-0.4%	-5.5%	-14.2%	2.4%	0.7%	-8.5%	-8.5%
Luhanskeplovoz	LTPL	1.60	2.20	1.26	0.0%	-1.8%	0.0%	-14.4%	0.0%	-0.7%	-3.1%	-8.7%
Stakhanov Wagon	SVGZ	1.30	2.00	1.00	0.0%	1.6%	-0.8%	-24.9%	0.0%	2.7%	-3.8%	-19.2%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	4.1%	-3.8%	-37.7%	0.0%	5.2%	-6.9%	-32.0%
Motor Sich	MSICH	1,577	2,640	1,303	1.4%	-1.3%	-0.3%	-28.6%	1.4%	-0.1%	-3.4%	-22.9%
Summy Frunze Engineering	SMASH	2.31	4.00	1.00	0.0%	-6.1%	0.4%	54.0%	0.0%	-5.0%	-2.7%	59.7%
Turboatom	TATM	3.50	5.00	3.20	0.0%	0.0%	n/a	n/a	0.0%	1.1%	n/a	n/a
WESTA ISIC	WES	0.19	0.26	0.17	0.4%	-0.4%	-15.5%	-19.6%	0.4%	0.7%	-18.6%	-13.9%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.13	0.19	0.09	3.4%	-12.4%	-18.0%	-21.7%	3.4%	-11.3%	-21.1%	-16.0%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.23	0.59	0.20	0.1%	-8.9%	-1.5%	-57.0%	0.0%	-7.8%	-4.6%	-51.3%
JKX Oil	JKX	1.15	1.26	0.75	0.1%	-2.9%	-3.6%	-3.7%	0.0%	-1.8%	-6.6%	2.0%
Ukrnafta	UNAF	108	280	96	-0.2%	-1.7%	-0.7%	-9.4%	-0.2%	-0.6%	-3.8%	-3.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.98	7.40	2.50	0.0%	-0.5%	-1.6%	-21.6%	0.0%	0.6%	-4.7%	-15.9%
Donbasenergo	DOEN	27.2	34.0	15.4	-0.9%	-0.8%	11.4%	28.6%	-0.9%	0.4%	8.3%	34.3%
Zakhidenergo	ZAEN	84.1	115.0	64.0	0.0%	0.4%	3.6%	-13.3%	0.0%	1.5%	0.5%	-7.6%
<b>Consumer</b>												
Agroton	AGT	0.68	3.6	0.36	0.4%	0.8%	-8.9%	-79.0%	0.4%	1.9%	-12.0%	-73.3%
Astarta	AST	21.5	24.4	14.5	3.0%	0.8%	6.0%	20.5%	3.0%	1.9%	2.9%	26.2%
Avangardo	AVGR	11.8	13.0	7.61	4.7%	-1.7%	-5.6%	4.1%	4.7%	-0.5%	-8.7%	9.9%
Industrial Milk Company	IMC	4.25	5.35	3.63	0.3%	-6.0%	-3.3%	-19.9%	0.3%	-4.9%	-6.4%	-14.2%
Kernel	KER	13.1	22.6	12.9	0.4%	-4.6%	-7.6%	-39.6%	0.4%	-3.4%	-10.7%	-33.9%
Mriya Agro Holding	MAYA	6.61	6.8	5.36	0.2%	0.8%	0.7%	2.0%	0.2%	1.9%	-2.4%	7.7%
MHPC	MHPC	15.1	19.9	14.15	-3.3%	-11.1%	-5.0%	-0.9%	-3.4%	-10.0%	-8.1%	4.8%
Milkiland	MLK	3.80	5.2	3.11	-3.8%	-9.7%	-10.7%	-19.3%	-3.9%	-8.5%	-13.8%	-13.6%
Ovostar Union	OVO	28.5	33.3	21.3	0.4%	-8.2%	-12.5%	-1.4%	0.4%	-7.1%	-15.5%	4.3%
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	0.57	0.49	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	13.1	15.9	7.1	2.5%	-1.5%	-0.8%	-2.4%	2.5%	-0.4%	-3.9%	3.3%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.117	0.128	0.077	-0.2%	-3.2%	13.2%	36.3%	-0.2%	-2.1%	10.1%	42.0%
UkrSotsbank	USCB	0.169	0.257	0.107	-1.7%	-1.5%	-8.3%	31.2%	-1.7%	-0.4%	-11.4%	36.9%

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%
Ukrspatsbank	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	127	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	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	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	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	18	9.0%	2	47	1.2	1.7	1.7	1.6	1.6	1.7	0.1	0.1	0.1	1.6	1.6	1.7	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	856	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	2,322	0.5%	13	2,447	3.0	5.3	6.5	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,683	24.0%	404	1,934	2.9	7.8	6.4	2.4	4.8	4.3	1.1	1.4	1.2				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	24	5.4%	1	126	1.6	0.6	0.7	1.9	1.3	1.4	0.7	0.5	0.5	31	30	28	\$/tonne
Coal Energy	CLE	24	11.9%	3	49	0.6	0.6	0.6	1.0	0.8	0.8	0.3	0.3	0.2	1.0	0.8	0.8	\$/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	43	24.0%	10	43	4.8	6.2	5.3	3.0	3.4	2.8	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	232	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	36	8.0%	3	75	1.8	>30	12.5	2.3	10.4	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	399	24.0%	96	409	2.4	1.6	1.5	1.4	1.3	1.2	0.6	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	286	7.2%	21	622	neg	6.3	5.9	3.0	3.0	3.0	0.7	0.7	0.8				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	710	3.0%	21	700	2.6	2.3	3.1	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	198	50.4%	100	306	3.4	4.9	4.0	2.7	2.1	2.0	1.3	1.4	1.2	81	56	42	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	224	21.7%	49	307	>30	7.8	6.7	6.3	5.0	4.5	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnergO	DOEN	78	14.2%	11	135	neg	20.5	7.7	6.5	7.8	5.7	0.3	0.2	0.2	17	16	15	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,596	34.1%	544	2,641	6.2	5.1	5.9	6.6	5.6	5.0	2.1	1.9	1.7	8253	8253	8253	\$/tonne
Kernel	KER	964	61.8%	596	1,575	4.3	4.6	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	4.8	7.0	5.7	1.7	1.5	1.2	3469	2112	1754	\$/tonne
Avangardco	AVGR	754	22.5%	170	902	3.8	3.3	3.2	3.6	3.2	3.1	1.6	1.4	1.3	204	155	146	\$/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	427	4.0%	17		>30	>30	14.9	0.5	0.5	0.5	0.06	0.06	0.06				
Ukrsotsbank	USCB	379	1.6%	6		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

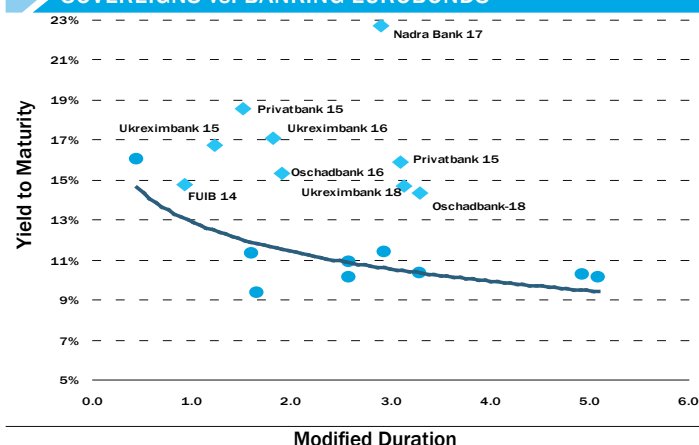
UKRAINIAN EUROBONDS

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	95.3	96.3	20.4%	17.7%	-6.5%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	92.2	93.2	23.7%	21.9%	-10.0%	0.7	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	89.8	90.8	11.8%	11.1%	-7.4%	1.6	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	89.9	91.9	14.0%	12.6%	-10.3%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	86.0	87.5	12.6%	11.9%	-13.2%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	86.7	88.2	11.7%	11.1%	-12.2%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	84.9	86.6	11.8%	11.2%	-13.6%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	90.3	91.5	12.9%	12.4%	-15.2%	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	84.3	86.0	11.3%	10.8%	-17.3%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	85.2	86.9	11.0%	10.6%	-17.2%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	83.1	84.9	10.8%	10.5%	-16.8%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	82.9	84.2	10.4%	10.2%	-16.5%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	57.1	32.4%	27.4%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.0	100.3	11.8%	11.2%	-5.5%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	81.0	81.0	12.7%	12.7%	-19.0%	4.5	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	97.7	97.7	11.9%	11.9%	2.3%	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	88.6	89.7	14.5%	14.1%	-10.8%	3.2	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016							10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	85.0	85.0	14.1%	14.1%	-15.0%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	98.0	98.8	11.8%	11.1%	-2.9%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	84.7	86.9	12.6%	11.8%	-14.2%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	98.1	98.5	12.4%	12.0%	-5.1%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	86.5	86.5	13.2%	13.2%	-10.8%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	92.3	92.3	12.2%	12.0%	-5.3%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	84.0	84.0	14.5%	14.5%	-16.0%	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	107.1	108.5	9.1%	8.8%	7.8%	3.5	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	65.0	75.0			9.4%		10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	94.1	97.1	20.1%	16.1%	-6.3%	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	85.5	88.0	20.8%	18.7%	-8.5%	1.5	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	66.7	72.1	27.8%	23.3%	-10.1%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	80.3	83.1	17.7%	16.6%	-18.3%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	86.0	88.5	22.1%	19.4%	-12.7%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	76.0	80.0	21.0%	18.0%	-7.5%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	78.3	79.3	16.2%	15.8%	-21.2%	3.1	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	84.0	87.0	72.3%	56.7%	52.7%	0.4	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	84.0	86.1	18.0%	16.6%	-10.6%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	78.0	80.3	16.0%	15.5%	-20.9%	3.2	8.88%	S/A	20 Mar 2018	500	Caa1//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	84.8	86.5	18.5%	17.2%	-8.4%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	83.0	84.1	17.9%	17.3%	-10.7%	2.0	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

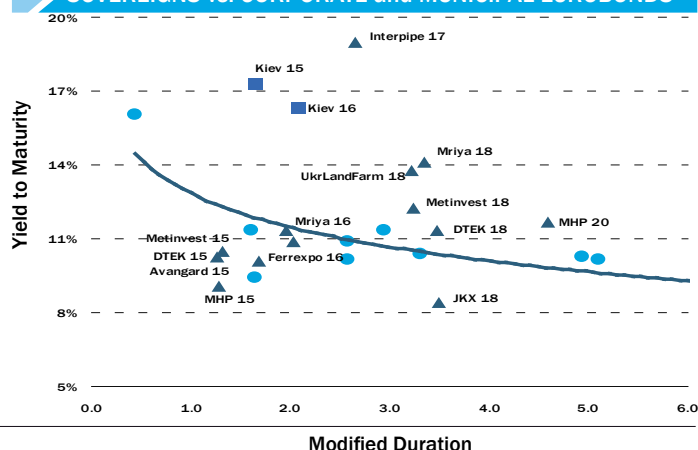
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



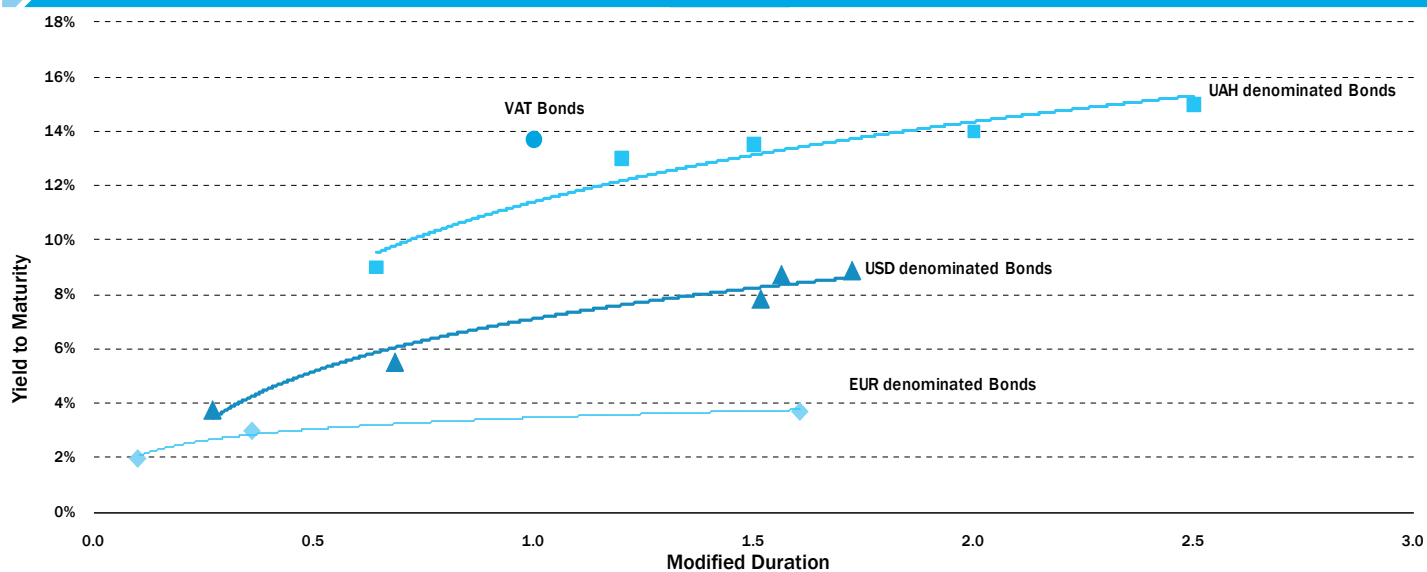
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



**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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