

Market Update

Equity

Local Ukrainian stocks were sluggish on Monday (Dec 9) as tensions rose in Kyiv amid a standoff between political protestors and the national authorities that saw the police taking up positions around the center of the capital. The major global indices were marginally higher, with the exception of the Nikkei in Tokyo, which jumped by 2.3%. The UX index edged down by 0.4% to close at 892 points. Azovstal and CentrEnergO saw the only substantial movement among the top liquid names, slipping by 1.3% and 0.8% respectively, with the latter ending at UAH 4.93; second-tier issues were generally inactive, although illiquid issue Alchevsk Coke registered a trading volume of UAH 300,000. In London, MHP rebounded sharply after two sessions of losses, picking up 4.5%, while in Warsaw, Dnipropetrovsk-based crop grower KSG Agro was down 2.0% to near PLN 10.

Fixed Income

Ukrainian sovereigns plunged on Monday with Ukraine-23s declining by 2.2p.p. to 80.4/82.2 (10.9%/10.5%). The corporate universe was mixed. Metinvest-15s improved by 1.1p.p. to 99.0/99.6 (11.6%/11.2%) while Avangardco-15s dropped by 1.0p.p. to 97.0/100.2 (12.4%/10.3%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Avdyivka Coke	AVDK	3.08	-0.3%	0.5	23
Alchevsk Steel	ALMK	0.04	-0.3%	0.5	31
Motor Sich	MSICH	1577.000	0.0%	0.4	9

Growth Leaders

Mariupol Heavy Machine	MZVM	0.11	3.9%	0.00	7
Yasynivsky Coke	YASK	0.55	0.6%	0.01	7
Enakievo Steel	ENMZ	33.08	0.2%	0.00	8

Loss Leaders

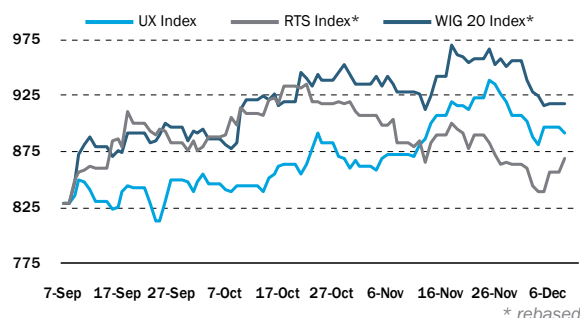
Mariupol Ilyicha	MMKI	0.13	-6.6%	0.004	8
Azovstal	AZST	0.69	-1.3%	0.080	43
CentrenergO	CEEN	4.93	-0.8%	0.223	42

Highlights

STOCKS IN THE NEWS

- > Kommersant: Bidders Offering 0.6-0.7 Book Value for Raiffeisen Aval
- > DonbasEnergO Gets Add'l UAH 4.6bn Surcharge to Electricity Tariffs

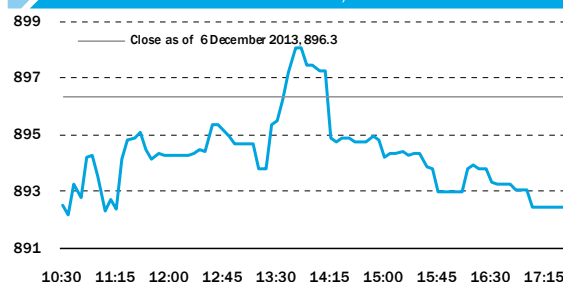
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	892.5	-0.4%	2.3%	-6.1%
RTS	1412.1	1.5%	-1.6%	-7.5%
WIG20	2478.8	0.0%	-1.2%	-4.0%
MSCI EM	1012.8	1.1%	1.8%	-4.0%
S&P 500	1808.4	0.2%	2.1%	28.9%

UX INTRADAY DECEMBER 9, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	349.2	-0.6%	1.0%	28.9%
CDS 5Y UKR	1126.1	2.6%	11.9%	80.2%
Ukraine-17	11.8%	0.4 p.p.	1.7 p.p.	4.8 p.p.
Naftogaz Ukr-14	22.6%	2.9 p.p.	5.0 p.p.	15.0 p.p.
Ukraine-23	10.7%	0.4 p.p.	0.9 p.p.	3.2 p.p.
Privatbank-16	25.0%	0.0 p.p.	2.3 p.p.	9.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.17	-0.5%	-0.4%	1.5%
EUR	11.23	-0.3%	2.4%	5.1%
RUB	0.25	-0.2%	-0.4%	-5.7%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	290.9	0.0%	9.2%	-16.5%
Steel, USD/t	527.5	0.0%	0.5%	-0.9%
Oil, USD/bbl	109.4	-2.0%	4.2%	4.2%
Gold, USD/oz	1240.4	0.9%	-3.7%	-25.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Kommersant: Bidders Offering 0.6-0.7 Book Value for Raiffeisen Aval

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RAIFFEISEN BANK AVAL (BAVL UK)

Price: UAH 0.116 Market Cap: USD 426mn

	P/Assets	P/Book	P/E	Div. Yield
2012	0.07	0.5	>30	0%
2013E	0.08	0.5	3.9	0%

NEWS

Raiffeisen Bank Aval, the Ukrainian arm of Vienna-based Raiffeisen International, is being valued at 0.6x-0.7x of book value (charter capital plus retained earnings) by potential bidders, an article in the Kyiv business daily *Kommersant* said on Monday (Dec 9). The newspaper quoted an undisclosed source as saying that Raiffeisen International, advised by Deutsche Bank, has collected four bids for Aval, specifically from Russia's Alfa Group, Rinat Akhmetov's SCM, Delta Bank, and Dmitry Firtash's Group DF. The press office of Raiffeisen Aval has not commented on the potential sale.

COMMENTARY

Rumors that Raiffeisen Aval is on the block appeared several months ago. If the bank is sold at 0.7x of book value, this would imply a valuation of UAH 0.17 per share, representing a premium of some 45% to the BAVL stock's market closing price yesterday. According to Ukrainian legislation, the purchaser of a controlling stake in an open joint stock entity is obligated to make an offer to minority shareholders at a price not less than the market price of the stock. We thus anticipate that local traders will try to pull the stock price higher in order to set better buyback price ahead of a possible sale announcement.

DonbasEnergo Gets Add'l UAH 4.6bn Surcharge to Electricity Tariffs

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DONBASENERGO (DOEN UK)

Price: UAH 27.3 Market Cap: USD 79mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.7	0.3	20.6	4.7	1.5%
2013E	0.7	0.2	1.6	2.1	18.7%

NEWS

The Nationally Electricity Regulatory Commission (NERC) approved an additional UAH 4.6bn (USD 560mn) special surcharge to electricity tariffs for DonbasEnergo to finance the modernization of unit #6 Slavyansk TPP, Interfax reported on Monday (Dec 9). The tariff surcharge for the company will be spread out between the current month and July 2021, the NERC said. As we reported earlier this year, DonbasEnergo received a UAH 1.1bn special surcharge spread between 2013-2019 to modernize unit #7 at Slavyansk in June.

COMMENTARY

The modernization costs for unit #6 at Slavyansk TPP are estimated at UAH 6.8bn, so it is likely that part of the cost will be financed by the company itself. The overhaul of the TPP will allow DonbasEnergo to increase its share on the domestic electricity market. The first stage at unit #6 is expected to be launch in 2016 and the second in 2018. In our opinion, the DOEN stock is a good choice for long-term investors, as the company's scale of business should considerably expand in the next 5 years. However, the news appears neutral for the short term.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.69	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	176.2	218.0	24%	BUY	Operations at Ferrexpo's new Yeristovo Mine should allow the company to increase its iron ore pellet output by 10% YoY to 10.6mn tonnes in 2013, with further growth to 12.0mn tonnes in 2015.
Pivnichny GOK	SGOK	8.10	14.5	78%	BUY	Secure demand for Pivnichny GOK's iron ore products and lucrative pricing allow the company to operate with high profitability (EBITDA margin of not lower than 45% since 2009). Disadvantages of the stock are its low liquidity and no dividend in 2013 for the first time since 2005.
Centralny GOK	CGOK	6.01	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	3.08	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	525%	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	0.43	2.9	586%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.3	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.
Specialized Machinery						
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.
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	15.0	42.0	180%	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	27.3	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	15.8	22.10	40%	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	64.5	90.0	40%	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	79.2	109.50	38%	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	892.46	1061.97	781.22	-0.4%	-1.1%	2.3%	-6.1%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.040	0.06	0.02	-0.7%	-1.7%	0.0%	-24.7%	-0.3%	-0.6%	-2.3%	-18.6%
Azovstal	AZST	0.69	0.90	0.31	-0.9%	-1.3%	3.6%	-6.5%	-0.4%	-0.1%	1.3%	-0.4%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	0.0%	30.1%	0.4%	1.1%	-2.3%	36.2%
Enakievo Steel	ENMZ	33.1	49.9	20.0	0.2%	-0.9%	-0.4%	-12.9%	0.6%	0.2%	-2.7%	-6.8%
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	0.13	0.26	0.05	-7.1%	8.3%	0.0%	-40.9%	-6.7%	9.5%	-2.3%	-34.8%
Coke												
Avdivka Coke	AVDK	3.08	4.80	1.60	-0.3%	-2.5%	-1.1%	-5.8%	0.1%	-1.4%	-3.4%	0.3%
Yasnyivsky Coking	YASK	0.55	0.85	0.51	0.0%	-3.5%	-3.5%	-17.9%	0.4%	-2.4%	-5.9%	-11.8%
Iron Ore Mining												
Centralny GOK	CGOK	6.01	7.74	4.00	0.2%	-6.2%	-4.6%	-12.9%	0.6%	-5.1%	-6.9%	-6.8%
Ferrexpo	FXPO	2.89	4.58	2.02	1.1%	1.7%	-6.4%	-28.2%	1.5%	2.8%	-8.7%	-22.0%
Pivnichny GOK	SGOK	8.10	10.00	5.77	-2.2%	-3.3%	1.3%	8.9%	-1.7%	-2.2%	-1.1%	15.0%
Coal Mining												
Pokrovske Mine	SHCHZ	0.43	0.71	0.39	0.0%	-14.0%	-4.4%	-31.7%	0.4%	-12.9%	-6.8%	-25.6%
Komsomolets Donbasa	SHKD	0.65	1.25	0.27	8.3%	-3.0%	-8.5%	-44.9%	8.8%	-1.8%	-10.8%	-38.8%
Energy Coal	CLE	0.51	4.57	0.51	-1.7%	-15.6%	-26.7%	-83.4%	-1.3%	-14.5%	-29.1%	-77.2%
Mining Machinery												
Svitlo Shakhtara	HMBZ	n/a	0.58	0.270	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.49	0.86	0.30	0.0%	-15.5%	-14.0%	-30.0%	0.4%	-14.4%	-16.4%	-23.9%
Interpipe NMPP	NVTR	0.23	0.37	0.10	0.0%	-8.0%	15.0%	4.5%	0.4%	-6.9%	12.7%	10.7%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.3	29.0	12.0	-2.3%	-2.0%	-6.0%	-16.2%	-1.9%	-0.9%	-8.4%	-10.1%
Luhanskeplovoz	LTPL	1.60	2.20	1.26	0.0%	0.0%	-1.2%	-14.4%	0.4%	1.1%	-3.6%	-8.3%
Stakhanov Wagon	SVGZ	1.23	2.00	1.00	-5.4%	-3.9%	-10.9%	-28.9%	-5.0%	-2.8%	-13.2%	-22.8%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-1.4%	2.6%	-8.0%	-38.6%	-1.0%	3.8%	-10.4%	-32.5%
Motor Sich	MSICH	1,577	2,640	1,303	0.0%	0.1%	-0.2%	-28.6%	0.4%	1.2%	-2.5%	-22.5%
Sumy Frunze Engineering	SMASH	2.31	4.00	1.00	0.0%	-6.1%	-6.9%	54.0%	0.4%	-5.0%	-9.2%	60.1%
Turboatom	TATM	n/a	5.00	3.20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WESTA ISIC	WES	0.19	0.26	0.17	0.2%	1.6%	-13.4%	-19.4%	0.6%	2.7%	-15.8%	-13.3%
Telecom												
Ukrtelecom	UTLM	0.13	0.19	0.09	0.0%	-12.4%	-14.8%	-21.7%	0.4%	-11.2%	-17.1%	-15.6%
Oil & Gas												
Regal Petroleum	RPT	0.25	0.59	0.20	5.7%	5.6%	-3.9%	-54.5%	6.1%	6.7%	-6.2%	-48.4%
JXX Oil	JKX	1.17	1.26	0.75	1.5%	0.3%	-2.6%	-2.3%	1.9%	1.4%	-5.0%	3.9%
Ukrnafta	UNAF	107	280	96	-0.5%	-1.3%	-1.3%	-9.8%	0.0%	-0.1%	-3.6%	-3.7%
Power Utilities												
Centrenerg	CEEN	4.93	7.40	2.50	-0.9%	-0.7%	-2.3%	-22.3%	-0.5%	0.4%	-4.7%	-16.2%
Donbasenergo	DOEN	27.3	34.0	15.4	0.1%	-0.8%	11.4%	28.7%	0.6%	0.3%	9.0%	34.9%
Zakhidenergo	ZAEN	84.1	115.0	64.0	0.0%	0.4%	5.1%	-13.3%	0.4%	1.5%	2.8%	-7.2%
Consumer												
Agroton	AGT	0.64	3.6	0.36	-6.1%	-4.7%	-11.4%	-80.3%	-5.6%	-3.6%	-13.7%	-74.2%
Astarta	AST	21.1	24.4	14.5	-1.6%	2.4%	2.1%	18.5%	-1.2%	3.5%	-0.2%	24.6%
Avangardo	AVGR	11.8	13.0	7.61	0.0%	-1.3%	-7.4%	4.1%	0.4%	-0.1%	-9.7%	10.3%
Industrial Milk Company	IMC	4.16	5.35	3.63	-2.0%	-3.3%	-4.0%	-21.5%	-1.6%	-2.2%	-6.4%	-15.4%
Kernel	KER	13.1	22.6	12.9	0.1%	-2.2%	-4.6%	-39.5%	0.5%	-1.0%	-6.9%	-33.4%
Mriya Agro Holding	MAYA	7.55	7.5	5.36	14.1%	15.3%	18.7%	16.4%	14.6%	16.5%	16.4%	22.5%
MHPC	MHPC	15.8	19.9	14.15	4.7%	-5.8%	1.1%	3.7%	5.1%	-4.7%	-1.3%	9.8%
Milkiland	MLK	3.94	5.2	3.11	3.7%	-2.4%	-4.8%	-16.3%	4.2%	-1.2%	-7.1%	-10.2%
Ovostar Union	OVO	26.0	33.3	21.3	-8.8%	-13.1%	-18.7%	-10.1%	-8.4%	-12.0%	-21.0%	-4.0%
Sintal	SNPS	n/a	0.28	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
Chemicals												
Stirol	STIR	13.1	15.9	7.1	0.2%	-3.6%	-2.9%	-2.2%	0.6%	-2.5%	-5.2%	3.9%
Banks												
Raiffeisen Bank Aval	BAVL	0.116	0.128	0.077	-0.3%	-1.8%	13.0%	35.8%	0.1%	-0.6%	10.7%	41.9%
UkrSotsbank	USCB	0.169	0.257	0.107	-0.1%	-4.1%	-8.2%	31.1%	0.4%	-2.9%	-10.6%	37.2%

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	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	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	356	4.1%	15	334	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	60	56	54	\$/tonne
Coke																		
Avdyivka Coke	AVDK	74	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
Iron Ore Mining																		
Centralny GOK	CGOK	862	0.5%	4	861	2.7	9.1	8.3	1.7	3.6	4.3	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,284	0.5%	13	2,409	2.9	5.2	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,702	24.0%	409	1,952	3.0	7.9	6.5	2.4	4.9	4.4	1.1	1.4	1.2				
Coal Mining																		
Komsomolets Donbasa	SHKD	27	5.4%	1	129	1.7	0.7	0.8	1.9	1.3	1.4	0.7	0.5	0.5	31	30	29	\$/tonne
Coal Energy	CLE	23	11.9%	3	49	0.6	0.6	0.5	1.0	0.8	0.8	0.3	0.3	0.2	1.0	0.8	0.8	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	156	2.0%	3	198	1.6	4.6	4.6	1.4	2.7	2.6	0.3	0.3	0.3	315	522	496	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	43	24.0%	10	43	4.8	6.2	5.3	3.1	3.5	2.8	0.2	0.3	0.2				
Kruiiv Wagon	KVBZ	228	5.0%	11	231	2.7	2.4	4.5	2.0	1.7	2.5	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	34	8.0%	3	73	1.7	>30	11.9	2.2	10.2	6.7	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	181	5.8%	10	129	3.4	4.7	4.3	2.1	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	401	24.0%	96	411	2.4	1.6	1.5	1.4	1.3	1.2	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	287	7.2%	21	623	neg	6.3	6.0	3.0	3.0	3.0	0.7	0.7	0.8				
Oil & Gas																		
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	79	49.0%	39	61	12.3	6.6	3.3	neg	2.7	1.7	3.2	1.2	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	201	50.4%	101	309	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	306	>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	1,671	34.1%	570	2,716	6.4	5.4	6.2	6.8	5.8	5.2	2.2	1.9	1.8	8488	8488	8488	\$/tonne
Kernel	KER	965	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	529	31.0%	164	675	4.6	10.6	9.0	4.7	6.9	5.6	1.7	1.5	1.2	3425	2085	1732	\$/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	14	44.6%	6	47	neg	0.7	0.7	2.5	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	428	4.0%	17		>30	>30	15.0	0.5	0.5	0.5	0.06	0.06	0.06				
Ukrsotsbank	USCB	381	1.6%	6		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

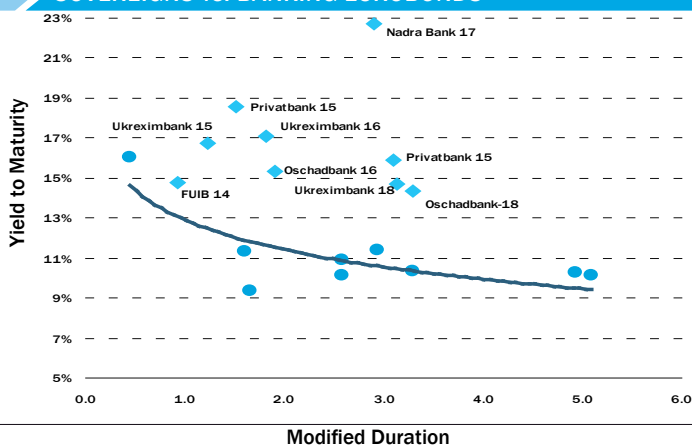
UKRAINIAN EUROBONDS

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	94.0	95.3	23.9%	20.5%	-7.6%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	90.3	91.3	27.4%	25.5%	-11.8%	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	88.8	90.8	14.8%	13.3%	-11.3%	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	86.3	87.8	12.0%	11.3%	-12.6%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	83.7	85.4	12.3%	11.6%	-14.8%	3.2	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	89.8	91.0	13.1%	12.6%	-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	82.9	84.7	11.6%	11.2%	-18.7%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	83.5	85.3	11.4%	11.0%	-18.8%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	81.0	82.7	11.2%	10.9%	-18.9%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	80.4	82.2	10.9%	10.5%	-18.7%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	57.1	32.5%	27.4%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.0	100.0	11.8%	11.3%	-5.7%	1.3	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	81.3	83.0	12.6%	12.2%	-17.8%	4.5	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	97.0	100.2	12.4%	10.3%	3.0%	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	87.6	88.9	14.9%	14.4%	-11.8%	3.2	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	96.0	99.7	13.7%	11.6%	-5.0%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	80.2	83.0	15.9%	14.9%	-18.4%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	98.0	98.9	11.8%	11.0%	-2.8%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	85.6	86.7	12.3%	11.9%	-13.9%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	99.0	99.6	11.6%	11.2%	-4.4%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	86.2	88.2	13.3%	12.6%	-10.0%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	92.3	93.6	12.2%	11.3%	-4.6%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	79.8	81.9	16.0%	15.3%	-19.2%	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	109.9	8.9%	8.4%	9.0%	3.5	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	65.0	75.0	n/a	n/a	9.4%	n/a	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	94.0	96.5	20.4%	17.0%	-6.7%	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	83.0	88.0	23.0%	18.7%	-9.8%	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	80.5	83.0	17.6%	16.6%	-18.2%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	85.0	86.5	23.2%	21.6%	-14.2%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	76.1	77.1	20.9%	20.1%	-8.6%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	76.1	78.2	17.1%	16.2%	-22.9%	3.1	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	84.0	87.0	73.2%	57.3%	52.7%	0.4	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	83.4	84.9	18.5%	17.4%	-11.5%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	77.4	80.0	16.3%	15.4%	-21.3%	3.2	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	84.5	86.5	18.8%	17.3%	-8.6%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	83.5	85.5	17.6%	16.5%	-9.7%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

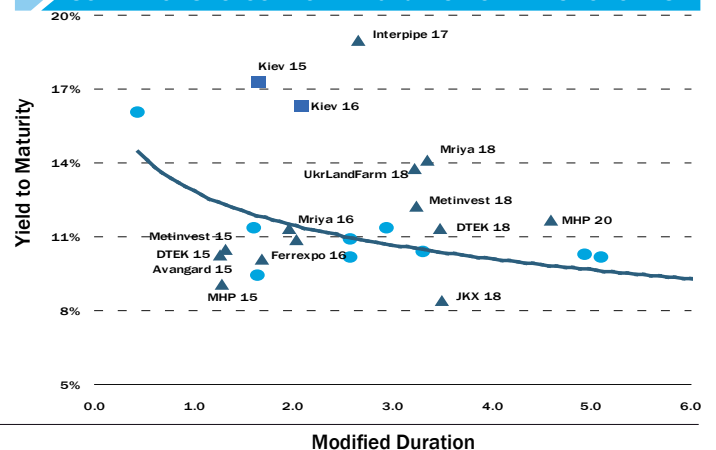
¹ Moody's/S&P/Fitch; * EUR

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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