

Market Update

Equity

Local Ukrainian blue chips ended mixed on Friday (Dec 13) after giving up notable intraday gains that saw the UX index touch the 900 level, as a roundtable meeting between the government and opposition leaders unsurprisingly failed to produce a breakthrough in the country's ongoing political standoff. Externally, the S&P 500 and the DAX wound up their worst weeks since August, with losses driven - as then - by skittishness over the possibility of reduced monetary stimulus ahead of a Federal Reserve meeting. The UX closed unchanged at 890 points. Avdyivka Coke slid to its lowest level of 2013 with a 1.9% decline to UAH 3.00, and Alchevsk Steel and Raiffeisen Aval were down by 1.0% and 0.8% respectively. Motor Sich was as high as UAH 1630 at midday before ending at UAH 1612, a gain of 0.7%, and UkrNafta rose by the same increment on reported turnover of UAH 280,000. In London, Avangard slipped 1.6% to USD 11.50.

Fixed Income

Ukrainian sovereigns advanced on Friday with Ukraine-23s moving up by 1.1p.p. to 83.7/85.4 (10.3%/9.9%). Corporate names also finished mostly in the black. Metinvest-18s and DTEK-18s rose by 1.8p.p. and 1.5p.p. to 87.9/89.7 (12.7%/12.1%) and 86.7/88.6 (11.9%/11.3%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenerg	CEEN	4.87	-0.1%	1.1	59
Motor Sich	MSICH	1612.00	0.8%	0.9	108
Ukrnafta	UNAF	107.500	0.7%	0.3	173

Growth Leaders

Alchevsk Coke	ALKZ	0.08	22.9%	0.07	11
Mariupol Heavy Machine	MZVM	0.13	16.2%	0.00	18
Mostobud	MTBD	18.40	11.5%	0.01	15

Loss Leaders

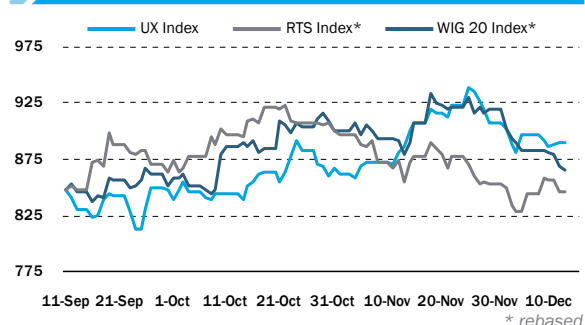
Mariupol Ilyicha	MMKI	0.12	-27.7%	0.006	15
Yasynivsky Coke	YASK	0.52	-5.5%	0.249	60
Zakhidenergo	ZAEN	86.00	-4.6%	0.007	37

Highlights

POLITICS AND ECONOMICS

- > EU Pulls Plug on Further AA/DCFTA Talks
- > UkrStat: Merchandise Trade Deficit at USD 1.8bn for October

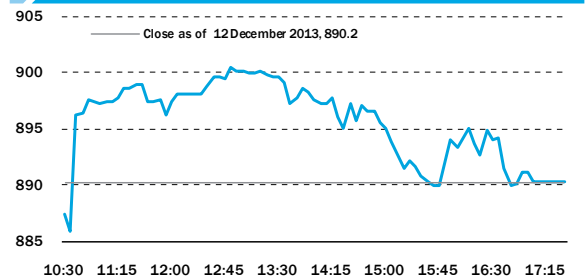
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	890.4	0.0%	1.0%	-6.3%
RTS	1391.9	-0.1%	-3.2%	-8.8%
WIG20	2429.7	-0.4%	-3.0%	-5.9%
MSCI EM	990.5	-0.1%	-0.1%	-6.1%
S&P 500	1775.3	0.0%	0.4%	26.6%

UX INTRADAY DECEMBER 13, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	337.5	-0.9%	-5.9%	24.5%
CDS 5Y UKR	1056.7	-2.9%	2.1%	69.1%
Ukraine-17	11.0%	-0.5 p.p.	0.5 p.p.	4.1 p.p.
Naftogaz Ukr-14	20.0%	-2.1 p.p.	1.1 p.p.	12.4 p.p.
Ukraine-23	10.1%	-0.2 p.p.	0.1 p.p.	2.6 p.p.
Privatbank-16	24.4%	-0.2 p.p.	1.6 p.p.	9.1 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.27	-0.2%	0.6%	2.7%
EUR	11.36	-0.2%	3.1%	6.4%
RUB	0.25	-0.4%	0.5%	-5.2%

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	108.8	0.1%	3.1%	3.7%
Gold, USD/oz	1238.8	1.1%	-2.3%	-25.2%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

EU Pulls Plug on Further AA/DCFTA Talks

by Will Ritter
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NEWS

The European Union said on Sunday (Dec 15) that it is suspending further work on its trade and political pact with Ukraine (AA/DCFTA) due to what EU enlargement commissioner Stefan Fuele called a growing disconnect between President Yanukovich's words and actions regarding the deal, Reuters reported. Fuele said that the Ukrainian government's recent arguments on the terms of the deal had "no grounds in reality". The President will go to Moscow on Tuesday to sign agreements on trade with the Kremlin; Russian government sources have denied that a pact on Ukraine's entry into the Moscow-led Customs Union of former Soviet countries will be signed. In other political news over the weekend, the opposition staged another huge rally on Independence Square, with the turnout estimated at 200,000; the guest of honor was Senator and 2008 US Republican presidential nominee John McCain, who expressed American solidarity with the protesters' pro-European cause.

Voters also went to the polls yesterday in a re-run of last year's parliamentary election in five disputed districts, with the opposition appearing to pick up at least three new seats, including in Kyiv's #223 region.

COMMENTARY

The EU has finally had enough of Yanukovich's double-speak on the AA/DCFTA, and the obvious question is what comes next. With the EU deal blocked, the Kremlin is no longer in any hurry to formally bring Ukraine into its Customs Union, as it probably now sees time as being on its side in this question, and we therefore do not expect any bombshells from tomorrow's meeting in Moscow. Although the demonstrations against Yanukovich will continue, we remain skeptical about what the protests can achieve in the short term. Over the weekend Yanukovich suspended acting Kyiv mayor Oleksandr Popov for his alleged role in the Nov 30 dispersal of protesters, but this looks merely like a token gesture to us, as Popov is neither an ideologist nor a national power player in the Party of Regions. We reiterate our expectation of political and macroeconomic instability throughout 2014, as the Kremlin's interest is in maintaining Yanukovich's month-to-month dependence on cheap loans and handouts in order to force ever-greater political concessions from him. We see Central and Western Ukrainians' popular opposition to a new major integration project with Moscow as a red line, which if crossed by Yanukovich, will eventually lead to the end of Ukraine in its current borders and a breakup of the country that, in the worst case, could resemble what was seen in Yugoslavia in the 1990s. This scenario could also be triggered by an attempt by Yanukovich to cancel or rig the 2015 presidential election.

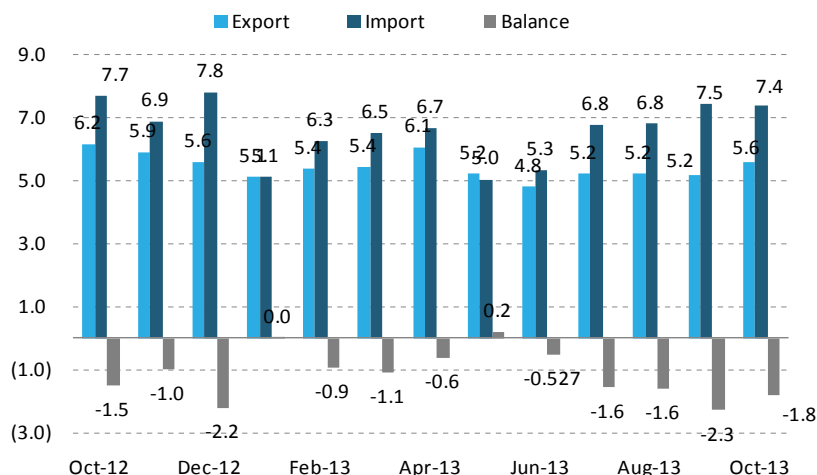
UkrStat: Merchandise Trade Deficit at USD 1.8bn for October

by Dmitry Churin
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NEWS

Ukraine's merchandise trade deficit was USD 1.82bn in October, up from USD 1.49bn for the same month a year earlier, the State Statistics Committee reported on Friday (Dec 13). For the year, however (through 10M13), the country's merchandise trade deficit is still down 9.2% YoY, and stands at USD 11.5bn. Ukraine's exports and imports both decreased by 9.4% YoY in the period, to USD 51.9bn and to USD 63.4bn respectively.

UKRAINE'S MONTHLY MERCHANDISE TRADE DATA, USD bn



Source: State Statistics Committee

COMMENTARY

In October, Ukraine imported natural gas worth a total amount of USD 1.5bn, compared to its monthly average gas import cost of USD 800-900mn. Although the government has reported that payment to Russia for this gas has been postponed until 2Q14, we assume that UkrStat still counted it in its trade deficit calculations. We suppose that the spike in gas imports was a result of the government's intention to pump additional volumes of the fuel into the country's underground storages. Gas imports accounted for 20% of total imports in October. The state-owned energy monopoly Naftogaz reported that it has pumped about 17.6 billion cubic meters of gas into underground storage as of the start of the winter season.

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	174.9	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	8.21	14.5	76%	BUY	Secure demand for Pivnichny GOK's iron ore products and lucrative pricing allow the company to operate with high profitability (EBITDA margin of not lower than 45% since 2009). Disadvantages of the stock are its low liquidity and no dividend in 2013 for the first time since 2005.
Centralny GOK	CGOK	6.01	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	3.00	6.2	108%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.52	3.4	561%	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	0.46	2.9	546%	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	1.56	5.2	236%	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	1612	5250	226%	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	71.0	370	421%	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	4.87	15.00	208%	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	63.5	90.0	42%	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	11.5	19.35	68%	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	81.0	109.50	35%	BUY	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	890.40	1061.97	781.22	0.0%	-0.7%	1.0%	-6.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.040	0.06	0.02	-0.5%	-2.2%	-2.0%	-25.8%	-0.5%	-1.6%	-3.0%	-19.5%
Azovstal	AZST	0.69	0.90	0.31	-0.7%	-1.6%	0.7%	-7.2%	-0.7%	-0.9%	-0.3%	-0.8%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	0.0%	30.1%	0.0%	0.7%	-1.0%	36.5%
Enakievo Steel	ENMZ	32.7	49.9	20.0	0.8%	-1.0%	-1.9%	-14.0%	0.8%	-0.3%	-2.9%	-7.7%
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	-29.4%	-14.3%	9.1%	-45.5%	-29.4%	-13.6%	8.1%	-39.1%
Coke												
Avdyivka Coke	AVDK	3.00	4.80	1.60	-1.8%	-2.9%	-4.6%	-8.2%	-1.8%	-2.2%	-5.6%	-1.9%
Yasnyivsky Coking	YASK	0.52	0.85	0.50	-5.5%	-5.5%	-8.8%	-22.4%	-5.5%	-4.8%	-9.8%	-16.1%
Iron Ore Mining												
Centralny GOK	CGOK	6.01	7.74	5.00	0.0%	0.2%	-4.6%	-12.9%	0.0%	0.8%	-5.6%	-6.6%
Ferrexpo	FXPO	2.85	4.58	2.02	1.2%	-0.4%	-4.5%	-29.2%	1.2%	0.3%	-5.5%	-22.9%
Pivnichny GOK	SGOK	8.21	10.00	5.77	0.1%	-0.8%	0.1%	10.3%	0.1%	-0.2%	-0.9%	16.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.46	0.71	0.39	2.2%	7.0%	2.2%	-27.0%	2.2%	7.6%	1.2%	-20.7%
Komsomolets Donbasa	SHKD	0.67	1.25	0.27	3.1%	11.7%	4.7%	-43.2%	3.1%	12.3%	3.7%	-36.9%
Energy Coal	CLE	0.49	4.57	0.49	-4.6%	-6.0%	-26.6%	-84.1%	-4.7%	-5.3%	-27.6%	-77.8%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	0.51	0.270	0.0%	0.0%	0.0%	-20.7%	0.0%	0.7%	-1.0%	-14.4%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.49	0.86	0.30	0.0%	0.0%	-14.0%	-30.0%	0.0%	0.7%	-15.0%	-23.7%
Interpipe NMPP	NVTR	0.20	0.32	0.10	0.0%	-13.0%	-9.1%	-9.1%	0.0%	-12.4%	-10.1%	-2.8%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.3	29.0	12.0	0.6%	-2.0%	-5.8%	-16.0%	0.5%	-1.4%	-6.8%	-9.7%
Luhanskeplovoz	LTPL	1.56	2.20	1.26	5.4%	-2.5%	-1.9%	-16.6%	5.4%	-1.8%	-2.9%	-10.2%
Stakhanov Wagon	SVGZ	1.30	1.95	1.00	1.6%	0.0%	-4.4%	-24.9%	1.5%	0.7%	-5.4%	-18.5%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	3.3%	0.0%	-6.7%	-37.7%	3.3%	0.7%	-7.7%	-31.4%
Motor Sich	MSICH	1,612	2,640	1,303	0.8%	2.2%	0.5%	-27.1%	0.7%	2.9%	-0.5%	-20.7%
Sumy Frunze Engineering	SMASH	2.50	4.00	1.00	2.5%	8.2%	0.8%	66.7%	2.4%	8.9%	-0.2%	73.0%
Turboatom	TATM	3.50	5.00	3.20	0.0%	0.0%	0.0%	n/a	0.0%	0.7%	-1.0%	n/a
WESTA ISIC	WES	0.19	0.26	0.17	1.6%	-1.4%	-12.4%	-20.7%	1.5%	-0.8%	-13.4%	-14.4%
Telecom												
Ukrtelecom	UTLM	0.13	0.18	0.09	-3.8%	-0.2%	-18.8%	-21.8%	-3.8%	0.5%	-19.8%	-15.5%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.59	0.20	-3.7%	-0.3%	-5.9%	-57.1%	-3.7%	0.4%	-6.9%	-50.8%
JKX Oil	JKX	1.16	1.26	0.75	0.8%	0.4%	-2.4%	-3.3%	0.8%	1.1%	-3.4%	3.1%
Ukrnafta	UNAF	108	280	96	0.8%	0.0%	-0.8%	-9.4%	0.8%	0.7%	-1.8%	-3.0%
Power Utilities												
Centrenerg	CEEN	4.87	7.40	2.50	0.1%	-2.2%	-4.5%	-23.3%	0.1%	-1.5%	-5.5%	-17.0%
Donbasenergo	DOEN	27.3	34.0	15.4	0.5%	0.2%	11.2%	28.8%	0.5%	0.9%	10.2%	35.2%
Zakhidenergo	ZAEN	86.0	115.0	64.0	-4.6%	2.3%	11.7%	-11.3%	-4.6%	2.9%	10.7%	-5.0%
Consumer												
Agroton	AGT	0.65	3.6	0.36	0.3%	-4.5%	-17.7%	-80.0%	0.3%	-3.9%	-18.7%	-73.6%
Astarta	AST	20.8	24.4	14.5	-0.2%	-3.1%	-2.2%	16.8%	-0.2%	-2.4%	-3.2%	23.1%
Avangardo	AVGR	11.5	13.0	7.61	-1.6%	-2.5%	-8.4%	1.5%	-1.6%	-1.9%	-9.4%	7.8%
Industrial Milk Company	IMC	4.17	5.35	3.63	-0.2%	-1.8%	-4.6%	-21.3%	-0.2%	-1.1%	-5.6%	-15.0%
Kernel	KER	12.1	22.6	12.1	-1.3%	-7.6%	-13.6%	-44.2%	-1.3%	-7.0%	-14.6%	-37.8%
Mriya Agro Holding	MAYA	8.23	8.2	5.36	13.0%	24.4%	28.8%	26.9%	12.9%	25.1%	27.8%	33.2%
MHPC	MHPC	15.8	19.9	14.15	-0.9%	4.2%	-1.6%	3.3%	-0.9%	4.9%	-2.6%	9.6%
Milkiland	MLK	3.94	5.2	3.11	-0.4%	3.7%	-5.2%	-16.3%	-0.5%	4.4%	-6.2%	-10.0%
Ovostar Union	OVO	26.6	33.3	21.3	-3.8%	-6.6%	-16.8%	-8.0%	-3.8%	-6.0%	-17.8%	-1.6%
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	0.56	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	13.4	15.9	7.1	1.4%	2.2%	-0.2%	-0.2%	1.3%	2.9%	-1.2%	6.1%
Banks												
Raiffeisen Bank Aval	BAVL	0.116	0.128	0.077	-0.5%	-0.8%	10.7%	35.2%	-0.5%	-0.1%	9.7%	41.6%
UkrSotsbank	USCB	0.171	0.257	0.107	1.0%	1.1%	-7.6%	32.6%	1.0%	1.7%	-8.6%	38.9%

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
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%
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			
Steel																		
Alchevsk Steel	ALMK	123	3.9%	5	1,539	3.4	neg	neg	10.6	neg	neg	0.7	0.9	0.9	531	457	412	\$/tonne
Yenakievo Steel	ENMZ	42	8.8%	4	34	1.3	4.9	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	349	4.1%	14	327	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	58	55	53	\$/tonne
Coke																		
Avdyivka Coke	AVDK	71	7.5%	5	68	neg	neg	neg	11.2	neg	neg	0.0	0.1	0.1	19	15	12	\$/tonne
Yasynivsky Coke	YASK	17	9.0%	2	46	1.1	1.6	1.6	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	852	0.5%	4	851	2.6	9.0	8.2	1.7	3.6	4.2	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,287	0.5%	13	2,412	2.9	5.2	6.4	2.1	3.0	3.8	1.3	1.6	1.9				
Ferrexpo	FXPO	1,677	24.0%	403	1,928	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	31	30	29	\$/tonne
Coal Energy	CLE	22	11.9%	3	48	0.6	0.6	0.5	0.9	0.8	0.7	0.3	0.3	0.2	0.9	0.8	0.7	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	154	2.0%	3	197	1.6	4.6	4.5	1.4	2.6	2.5	0.3	0.3	0.3	312	517	491	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	41	24.0%	10	41	4.6	6.0	5.1	2.9	3.3	2.7	0.2	0.2	0.2				
Kriviw Wagon	KVBZ	226	5.0%	11	228	2.7	2.4	4.5	1.9	1.7	2.5	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	36	8.0%	3	75	1.8	>30	12.4	2.2	10.4	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	2.4	0.7	0.7	0.7				
Motor Sich	MSICH	405	24.0%	97	415	2.4	1.6	1.5	1.5	1.3	1.3	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	283	7.2%	20	619	neg	6.3	5.9	3.0	3.0	3.0	0.7	0.7	0.8				
Oil & Gas																		
Ukrnafta	UNAF	705	3.0%	21	695	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	74	49.0%	36	57	11.6	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	199	50.4%	100	307	3.4	5.0	4.0	2.7	2.1	2.0	1.3	1.4	1.2	81	56	42	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	217	21.7%	47	300	>30	7.5	6.5	6.2	4.9	4.4	0.3	0.3	0.3	21	21	17	\$/MWh
DonbasEnergO	DOEN	78	14.2%	11	135	neg	20.4	7.7	6.5	7.8	5.7	0.3	0.2	0.2	17	16	15	\$/MWh
Consumer																		
MHP	MHPC	1,664	34.1%	568	2,709	6.4	5.3	6.1	6.8	5.8	5.2	2.2	1.9	1.8	8465	8465	8465	\$/tonne
Kernel	KER	891	61.8%	550	1,501	3.9	4.2	4.6	4.8	4.7	4.4	0.8	0.7	0.5				
Astarta	AST	521	31.0%	162	668	4.6	10.4	8.8	4.6	6.8	5.5	1.7	1.5	1.2	3386	2061	1712	\$/tonne
Avangardco	AVGR	735	22.5%	165	883	3.7	3.2	3.2	3.5	3.2	3.0	1.6	1.4	1.3	200	152	143	\$/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	421	4.0%	17		>30	>30	14.7	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

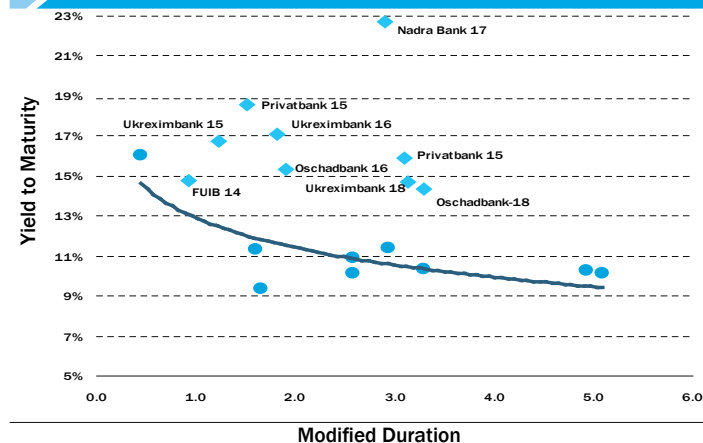
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2014	96.0	97.0	19.0%	16.2%	-5.8%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	92.2	93.1	24.4%	22.5%	-10.1%	0.7	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	89.5	91.0	12.1%	11.0%	-7.4%	1.6	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	91.0	93.0	13.3%	11.8%	-9.1%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	87.5	89.0	11.9%	11.3%	-11.6%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	87.7	89.2	11.3%	10.7%	-11.2%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	85.7	87.7	11.6%	10.8%	-12.7%	3.2	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	91.4	92.9	12.5%	11.9%	-14.0%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa1/B-/B-
Ukraine, 2017 Infr. projects	86.0	87.8	13.8%	13.1%	-11.6%	3.1	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	83.5	85.5	13.0%	12.2%	-11.1%	3.4	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	85.5	87.3	11.0%	10.6%	-16.1%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	85.8	87.6	10.9%	10.5%	-16.5%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	84.1	85.9	10.6%	10.3%	-15.8%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	83.7	85.4	10.3%	9.9%	-15.4%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	54.4	32.5%	29.3%	n/a	3.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.3	99.6	11.6%	11.4%	-5.8%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	82.4	84.2	12.3%	11.9%	-16.7%	4.5	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	96.0	97.9	13.1%	11.8%	1.3%	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	86.8	88.1	15.2%	14.7%	-12.6%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	95.1	98.0	14.2%	12.6%	-6.3%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	79.8	81.6	16.1%	15.4%	-19.3%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	98.0	99.3	11.8%	10.7%	-2.6%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	86.7	88.6	11.9%	11.3%	-12.4%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	97.3	99.3	13.2%	11.4%	-5.3%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	87.9	89.7	12.7%	12.1%	-8.4%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	92.1	94.0	12.3%	11.1%	-4.5%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	81.2	83.5	15.5%	14.7%	-17.7%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	19.9%	18.0%	-3.8%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	106.9	109.0	9.2%	8.6%	8.0%	3.4	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	97.0	20.6%	16.5%	-6.5%	0.9	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.7	89.0	23.2%	15.8%	-3.8%	2.9	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	80.0	85.0	26.1%	21.4%	-13.0%	1.4	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	65.5	75.0	29.0%	21.2%	-9.0%	1.6	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	80.6	82.0	17.6%	17.0%	-18.7%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	86.0	88.0	22.3%	20.2%	-12.9%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	77.5	78.5	20.0%	19.2%	-6.9%	1.7	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	77.8	80.0	16.4%	15.5%	-21.1%	3.1	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	75.0	80.0	n/a	n/a	38.4%	n/a	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	83.0	85.5	18.8%	17.1%	-11.4%	1.8	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	77.1	79.1	16.7%	15.8%	-21.9%	3.2	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	87.0	89.0	17.0%	15.5%	-5.9%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	87.0	89.0	15.7%	14.7%	-5.9%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

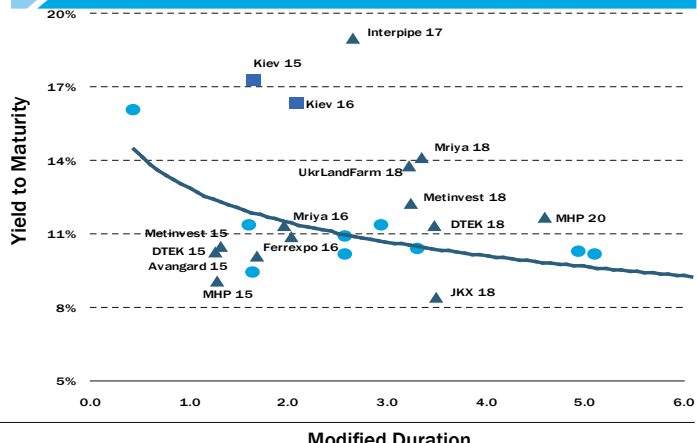
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



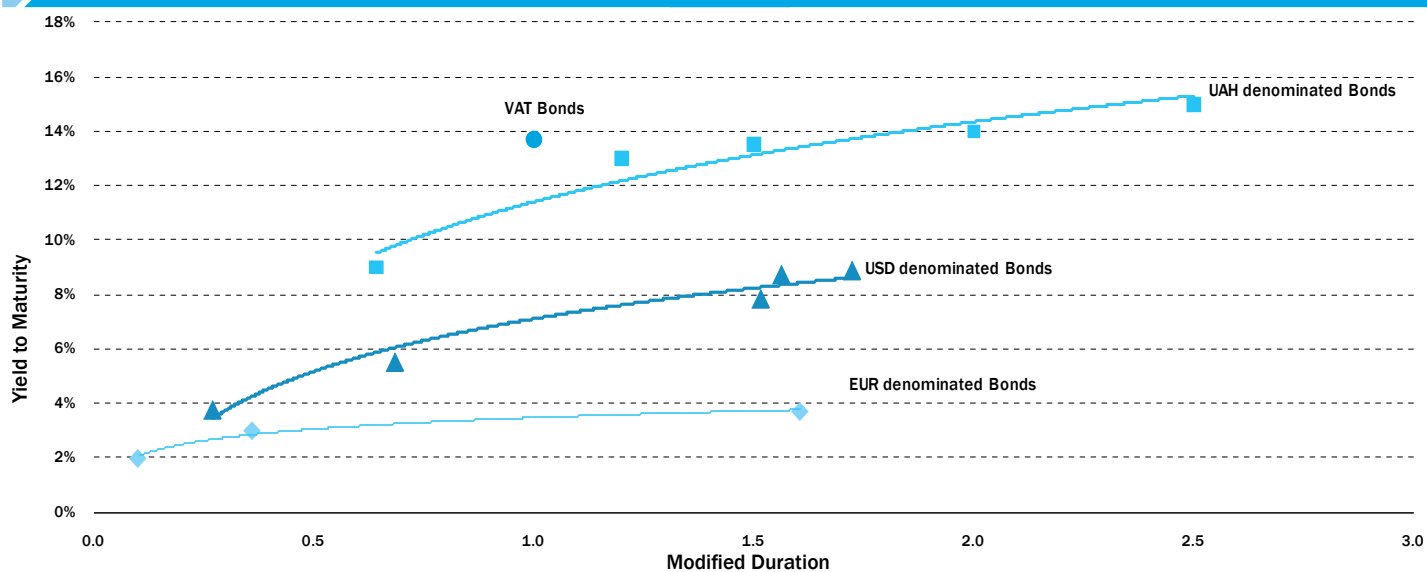
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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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