

**Market Update**
**Equity**

Locally-listed Ukrainian blue chips were rather volatile on Monday (Dec 16), with the market ending mixed as the DAX rallied furiously in Frankfurt following a string of losses last week ahead of tomorrow's Federal Reserve meeting. The S&P 500 also ended its 5-session run of declines with a more moderate pickup of around 0.7%. The UX index inched up by 0.3% to 893 points. Azovstal rose by 4.1% to 71.60 kopecks and the erratic UkrSotsBank jumped by 9.5%, while Avdyivka Coke rebounded by 1.6% from a 12-month closing low registered on Friday. On the downside, CentrEnergO sold off by 3.0% to UAH 4.72, UkrNafta lost 2.4%, and volume leader Motor Sich slipped 1.6% on turnover of UAH 6.3mn. In London, it was another relatively quiet day for Ukrainian names; low-liquidity issue Regal Petroleum added 3.5% to GBP 14.75 and Ferrexpo edged higher by 0.9%.

**Fixed Income**

Ukrainian sovereigns moved up across the board on Monday with Ukraine-23s improving by 1.8p.p. to 85.5/87.2 (9.9%/9.6%). Corporate names also finished mostly in the black. Metinvest-15s and DTEK-15s rose by 1.3p.p. and 1.1p.p. to 98.8/100.4 (11.9%/10.5%) and 99.0/100.5 (11.0%/9.7%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1586.00	-1.6%	6.3	312
CentrenergO	CEEN	4.72	-3.0%	1.5	354
Raiffeisen Bank Aval	BAVL	0.116	0.2%	1.4	316

**Growth Leaders**

UkrSotsbank	USCB	0.19	9.5%	0.89	269
Azovstal	AZST	0.72	4.1%	0.91	321
Avdyivka Coke	AVDK	3.06	1.7%	0.73	342

**Loss Leaders**

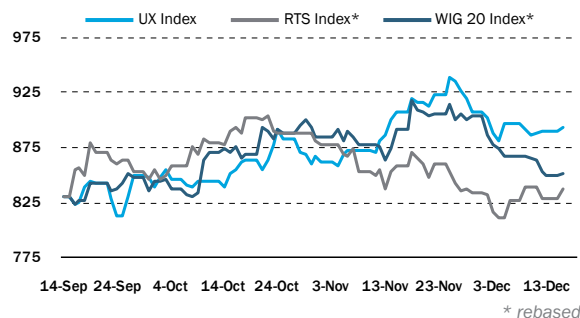
Dniproenergo	DNEN	246.10	-15.1%	0.019	10
CentrenergO	CEEN	4.72	-3.0%	1.474	354
Ukrnafta	UNAF	104.80	-2.4%	0.670	294

**Highlights**
**POLITICS AND ECONOMICS**

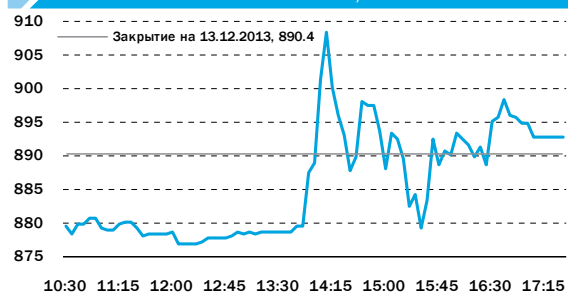
- › Opposition Wins Only 1 out of 5 MP Mandates in by-Election

**STOCKS IN THE NEWS**

- › Domestic Coke Output Likely to Fall Again in 2014

**STOCK MARKET PERFORMANCE**

**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	892.7	0.3%	-1.6%	-6.1%
RTS	1407.3	1.1%	-2.6%	-7.8%
WIG20	2433.5	0.2%	-4.5%	-5.8%
MSCI EM	990.4	0.0%	-1.5%	-6.1%
S&P 500	1786.5	0.6%	-0.6%	27.4%

**UX INTRADAY DECEMBER 16, 2013**

**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	333.0	-1.3%	-5.2%	22.9%
CDS 5Y UKR	1070.5	1.3%	4.8%	71.3%
Ukraine-17	10.6%	-0.4 p.p.	0.3 p.p.	3.7 p.p.
Naftogaz Ukr-14	16.8%	-3.3 p.p.	-2.4 p.p.	9.1 p.p.
Ukraine-23	9.8%	-0.3 p.p.	0.0 p.p.	2.3 p.p.
Privatbank-16	24.4%	0.0 p.p.	1.1 p.p.	9.1 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.29	0.3%	1.1%	3.0%
EUR	11.42	0.4%	3.1%	6.9%
RUB	0.25	0.3%	0.0%	-4.9%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	287.5	0.0%	6.5%	-17.5%
Steel, USD/t	532.5	0.9%	1.4%	0.0%
Oil, USD/bbl	109.4	1.0%	1.2%	4.2%
Gold, USD/oz	1241.3	0.2%	-3.8%	-25.0%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Opposition Wins Only 1 out of 5 MP Mandates in by-Election

by Will Ritter  
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### NEWS

Opposition candidates performed worse than expected in by-elections to the Ukrainian Parliament held on Sunday (Dec 15), winning only 1 out of 5 districts up for grabs. The other 4 mandates were won by non-party candidates which, to varying degrees, are linked with President Yanukovich's Party of Regions. Notably, in Kyiv's district #223, heavily-favored Freedom Party candidate Yuriy Levchenko was defeated by former district administrator Viktor Pylipyshin by a margin of 45%-40% (Eavex yesterday reported that Levchenko was the apparent winner, with our assumption based on faulty exit poll numbers; we regret the error).

### COMMENTARY

Although opposition candidates – particularly Levchenko – have been claiming fraud, many analysts have pointed out that the opposition had placed a greater emphasis on the recent street protests than on the election campaign, and a low turnout figure for the Kyiv election on Sunday supports this hypothesis. Levchenko's campaign may have been overconfident in its assumption of victory, given that so much of his party's resources were invested in Sunday's huge anti-government rally at Independence Square. Pylipyshin, a generally well-regarded former city administrator with strong roots in the district, ran on a moderate platform which supported the EuroMaidan movement while also trying to exploit voter dissatisfaction with Svoboda's perceived extremist positions.

## Domestic Coke Output Likely to Fall Again in 2014

by Ivan Dzvinka  
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### NEWS

Ukrainian coke producers will likely further decrease their output in again in 2014 after a drop of some 7% in 2013, industry association UkrCoke said last week. In 11M13, coke output in Ukraine was down by 7.3% YoY to 16.1mn tonnes after having fallen by 3% YoY in FY12.

In a separate statement, UkrCoke also said Cabinet of Ministers has no intention to continue the current quota on imports of coking coal for 1Q14. A quota was introduced in July of this year.

### COMMENTARY

The news on expected decline in coke production in 2014 is obviously negative for Ukrainian coke makers. As a result, the already depressed share prices of Avdyivka Coke and Yasynivsky Coke saw a notable downward move at the end of last week (-2% for AVDK and -6% for YASK). The expected drop in production is explained by planned implementation of pulverized coal injection technology at two steel mills (Metinvest's Yenakievo Steel and ISD's Derzhynsky Steel) which will reduce the use of coke in pig iron production by up to 10%.

On the plus side, the probable elimination of the coking coal quota is good news for domestic coke makers, as it will allow them to avoid the bureaucracy while importing coal as well as to improve their input mix of coals. Meanwhile, the elimination of the quota envisages (by the requirement of Cabinet) that some 1.0 mn tonnes of coking coal will be acquired from state-owned mines. With nationwide coking coal needs in 1Q14 near 9-9.5mn tonnes (our estimate) and some 5.0mn tonnes to be purchased domestically (from private and state-owned mined mines), the "obligatory" state share in orders will constitute some 20% of the total amount of local procurement.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.72	0.56	-22%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	176.5	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	8.21	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	3.06	6.2	104%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.53	3.4	549%	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	0.47	2.9	526%	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	16.3	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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	1586	5250	231%	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	14.8	42.0	185%	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.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	27.3	72.0	163%	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	4.72	15.00	218%	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	15.8	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	62.0	90.0	45%	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	892.72	1061.97	781.22	0.3%	0.0%	-1.6%	-6.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.040	0.06	0.02	0.0%	-1.5%	-4.1%	-25.8%	-0.3%	-1.5%	-2.5%	-19.8%
Azovstal	AZST	0.72	0.90	0.31	4.4%	3.6%	2.9%	-3.1%	4.1%	3.6%	4.5%	3.0%
Dniprospezstal	DNSS	1,300	1,300	700	0.0%	0.0%	0.0%	30.1%	-0.3%	0.0%	1.6%	36.2%
Enakievo Steel	ENMZ	32.5	49.9	20.0	-0.6%	-1.8%	-5.4%	-14.6%	-0.9%	-1.9%	-3.8%	-8.5%
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%	-7.7%	0.0%	-45.5%	-0.3%	-7.7%	1.6%	-39.4%
<b>Coke</b>												
Avdivka Coke	AVDK	3.06	4.80	1.60	1.7%	-0.9%	-5.7%	-6.7%	1.5%	-0.9%	-4.1%	-0.6%
Yasynivsky Coking	YASK	0.53	0.85	0.50	1.9%	-3.6%	-5.4%	-20.9%	1.7%	-3.7%	-3.8%	-14.8%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.01	7.74	5.00	0.0%	0.0%	-6.1%	-12.9%	-0.3%	0.0%	-4.5%	-6.8%
Ferrexpo	FXPO	2.88	4.58	2.02	1.0%	-0.5%	-2.2%	-28.5%	0.7%	-0.5%	-0.6%	-22.4%
Pivnichny GOK	SGOK	8.21	10.00	5.77	0.0%	1.4%	0.1%	10.3%	-0.3%	1.3%	1.7%	16.4%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.47	0.71	0.39	2.2%	9.3%	4.4%	-25.4%	1.9%	9.3%	6.1%	-19.3%
Komsomolets Donbasa	SHKD	0.67	1.25	0.27	0.0%	3.1%	11.7%	-43.2%	-0.3%	3.0%	13.3%	-37.1%
Energy Coal	CLE	0.45	4.57	0.45	-7.7%	-11.7%	-35.8%	-85.3%	-7.9%	-11.7%	-34.2%	-79.2%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.46	0.51	0.270	0.0%	n/a	0.0%	-20.7%	-0.3%	n/a	1.6%	-14.6%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.49	0.86	0.30	0.0%	0.0%	-10.9%	-30.0%	-0.3%	0.0%	-9.3%	-23.9%
Interpipe NMPP	NVTR	0.20	0.32	0.10	0.0%	-13.0%	-20.0%	-9.1%	-0.3%	-13.1%	-18.4%	-3.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.3	29.0	12.0	0.0%	0.2%	-1.2%	-16.0%	-0.3%	0.2%	0.5%	-9.9%
Luhanskeplovoz	LTPL	1.56	2.20	1.26	0.0%	-2.5%	-2.5%	-16.6%	-0.3%	-2.5%	-0.9%	-10.5%
Stakhanov Wagon	SVGZ	1.30	1.95	1.00	0.0%	5.7%	-0.8%	-24.9%	-0.3%	5.7%	0.8%	-18.8%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-5.0%	-3.6%	-9.9%	-40.8%	-5.3%	-3.7%	-8.3%	-34.8%
Motor Sich	MSICH	1,586	2,640	1,303	-1.6%	0.6%	-1.7%	-28.2%	-1.9%	0.5%	-0.1%	-22.2%
Sumy Frunze Engineering	SMASH	2.42	4.00	1.00	-3.2%	4.8%	-5.1%	61.3%	-3.5%	4.7%	-3.5%	67.4%
Turboatom	TATM	3.50	5.00	3.20	0.0%	n/a	0.0%	n/a	-0.3%	n/a	1.6%	n/a
WESTA ISIC	WES	0.18	0.26	0.17	-4.8%	-6.4%	-13.5%	-24.6%	-5.1%	-6.4%	-11.9%	-18.5%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.13	0.18	0.09	0.0%	-0.2%	-10.6%	-21.8%	-0.3%	-0.2%	-9.0%	-15.7%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.24	0.59	0.20	3.6%	-2.3%	-3.7%	-55.6%	3.3%	-2.3%	-2.1%	-49.5%
JXJ Oil	JKX	1.16	1.26	0.75	0.1%	-1.0%	-4.2%	-3.2%	-0.2%	-1.0%	-2.6%	2.9%
Ukrnafta	UNAF	105	280	96	-2.5%	-2.1%	-5.2%	-11.6%	-2.8%	-2.1%	-3.6%	-5.6%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.72	7.40	2.50	-3.0%	-4.3%	-8.0%	-25.7%	-3.3%	-4.3%	-6.4%	-19.6%
Donbasenergo	DOEN	27.3	34.0	15.4	0.1%	0.2%	5.4%	29.0%	-0.1%	0.2%	7.0%	35.1%
Zakhidenergo	ZAEN	86.0	115.0	64.0	0.0%	2.3%	3.6%	-11.3%	-0.3%	2.2%	5.2%	-5.3%
<b>Consumer</b>												
Agroton	AGT	0.71	3.6	0.36	10.0%	11.8%	-5.6%	-78.0%	9.7%	11.8%	-4.0%	-71.9%
Astarta	AST	20.4	24.4	14.5	-2.0%	-3.4%	-3.9%	14.4%	-2.3%	-3.5%	-2.3%	20.5%
Avangardo	AVGR	11.5	13.0	7.61	0.0%	-2.5%	-9.4%	1.5%	-0.3%	-2.6%	-7.8%	7.6%
Industrial Milk Company	IMC	4.19	5.35	3.63	0.4%	0.6%	-7.1%	-21.0%	0.1%	0.6%	-5.5%	-15.0%
Kernel	KER	12.2	22.6	12.1	0.7%	-7.0%	-12.0%	-43.8%	0.5%	-7.0%	-10.4%	-37.7%
Mriya Agro Holding	MAYA	7.29	8.2	5.36	-11.5%	-3.5%	9.2%	12.3%	-11.7%	-3.5%	10.8%	18.4%
MHPC	MHPC	15.8	19.9	14.15	0.0%	-0.4%	-2.2%	3.3%	-0.3%	-0.5%	-0.6%	9.4%
Milkiland	MLK	3.90	5.2	3.11	-0.9%	-0.9%	-1.9%	-17.1%	-1.1%	-0.9%	-0.3%	-11.0%
Ovostar Union	OVO	26.7	33.3	21.3	0.4%	2.8%	-13.7%	-7.6%	0.1%	2.7%	-12.1%	-1.5%
Sintal	SNPS	n/a	0.28	0.28	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	0.57	0.57	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	-2.1%	-0.1%	-4.9%	-2.3%	-2.4%	-0.1%	-3.3%	3.8%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.116	0.128	0.077	0.3%	-0.2%	3.0%	35.6%	0.0%	-0.2%	4.6%	41.7%
UkrSotsbank	USCB	0.187	0.257	0.107	9.5%	10.7%	-3.0%	45.1%	9.2%	10.7%	-1.3%	51.2%

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
<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%
Ukrspotsbank	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	123	3.9%	5	1,538	3.4	neg	neg	10.6	neg	neg	0.7	0.9	0.9	530	457	412	\$/tonne
Yenakievo Steel	ENMZ	41	8.8%	4	34	1.3	4.8	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	363	4.1%	15	341	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	61	58	55	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	72	7.5%	5	69	neg	neg	neg	11.4	neg	neg	0.0	0.1	0.1	20	15	13	\$/tonne
Yasynivsky Coke	YASK	17	9.0%	2	46	1.2	1.6	1.6	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	849	0.5%	4	849	2.6	8.9	8.2	1.7	3.6	4.2	1.1	1.5	1.7				
Pivnichny GOK	SGOK	2,281	0.5%	13	2,405	2.9	5.2	6.4	2.0	3.0	3.8	1.3	1.6	1.8				
Ferrexpo	FXPO	1,694	24.0%	407	1,944	2.9	7.9	6.4	2.4	4.8	4.4	1.1	1.4	1.2				
<b>Coal Mining</b>																		
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	21	11.9%	2	46	0.6	0.5	0.5	0.9	0.7	0.7	0.3	0.3	0.2	0.9	0.7	0.7	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	154	2.0%	3	196	1.6	4.6	4.5	1.4	2.6	2.5	0.3	0.3	0.3	311	516	490	\$/tonne
<b>Railcar Manufacturing</b>																		
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				
Kruiiv Wagon	KVBZ	225	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	35	8.0%	3	75	1.8	>30	12.4	2.2	10.4	6.8	0.2	0.2	0.2				
<b>Specialized Machinery</b>																		
Turboatom	TATM	178	5.8%	10	126	3.3	4.7	4.3	2.0	2.7	2.4	0.7	0.7	0.7				
Motor Sich	MSICH	397	24.0%	95	407	2.4	1.6	1.5	1.4	1.3	1.2	0.6	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	282	7.2%	20	618	neg	6.2	5.9	3.0	3.0	3.0	0.7	0.7	0.8				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	685	3.0%	21	675	2.5	2.2	3.0	1.5	1.3	1.6	0.2	0.2	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	77	49.0%	38	60	12.0	6.4	3.2	neg	2.6	1.7	3.1	1.2	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
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	210	21.7%	46	293	>30	7.3	6.3	6.0	4.8	4.3	0.3	0.3	0.3	20	20	16	\$/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
<b>Consumer</b>																		
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	897	61.8%	554	1,508	4.0	4.3	4.6	4.9	4.7	4.4	0.8	0.7	0.5				
Astarta	AST	511	31.0%	158	657	4.5	10.2	8.7	4.6	6.7	5.4	1.6	1.4	1.2	3333	2029	1685	\$/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	15	44.6%	7	49	neg	0.8	0.7	2.6	1.6	1.5	0.4	0.5	0.5	0.4	n/a	n/a	\$/th/ha
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
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	415	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

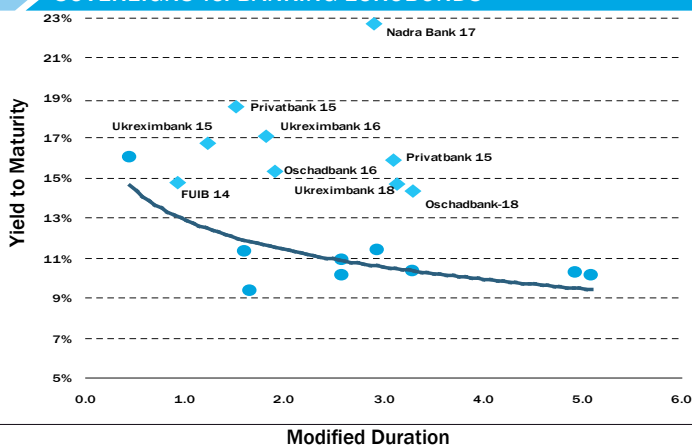
**UKRAINIAN EUROBONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	97.0	97.8	16.3%	14.3%	-4.9%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	94.3	95.3	20.3%	18.5%	-7.9%	0.7	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	90.0	91.5	11.7%	10.7%	-6.9%	1.6	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	91.7	93.7	12.7%	11.3%	-8.4%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	88.7	90.2	11.4%	10.7%	-10.4%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	88.7	90.2	10.9%	10.3%	-10.2%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	86.8	88.8	11.2%	10.4%	-11.5%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	92.7	94.2	12.0%	11.4%	-12.8%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa1/B-/B-
Ukraine, 2017 Infr. projects	81.8	83.5	15.6%	14.8%	-15.9%	3.0	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	77.8	79.3	15.2%	14.6%	-17.4%	3.4	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	87.0	88.7	10.6%	10.2%	-14.7%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	87.6	89.3	10.5%	10.1%	-14.8%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	85.4	87.1	10.4%	10.0%	-14.6%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	85.5	87.2	9.9%	9.6%	-13.6%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	54.4	32.6%	29.3%	n/a	2.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	97.8	100.0	12.9%	11.9%	-6.2%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	83.1	84.5	12.2%	11.8%	-16.2%	4.5	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	96.2	98.2	12.9%	11.6%	1.6%	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	85.1	87.7	15.8%	14.8%	-13.6%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	94.0	99.0	14.9%	12.0%	-6.3%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	79.0	82.0	16.4%	15.3%	-19.5%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	99.0	100.5	11.0%	9.7%	-1.6%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	87.6	89.5	11.6%	11.0%	-11.5%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	98.8	100.4	11.9%	10.5%	-4.1%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	90.0	91.1	12.0%	11.6%	-6.6%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	93.0	94.8	11.8%	10.7%	-3.6%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	82.8	85.0	14.9%	14.2%	-16.1%	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	107.3	108.9	9.1%	8.7%	8.1%	3.4	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2014	70.0	80.0	n/a	n/a	17.2%	n/a	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	94.0	97.0	20.7%	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	29.1%	21.2%	-9.0%	1.6	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	79.9	82.2	17.9%	17.0%	-19.0%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	88.0	90.0	20.2%	18.1%	-10.9%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	75.0	80.0	21.9%	18.2%	-8.1%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	80.0	81.8	15.5%	14.8%	-19.1%	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	85.0	87.0	17.5%	16.2%	-9.6%	1.8	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	78.7	82.0	15.9%	14.7%	-19.7%	3.2	8.88%	S/A	20 Mar 2018	500	Caa1//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	88.0	90.0	16.3%	14.8%	-4.9%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	87.9	89.9	15.2%	14.2%	-4.9%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

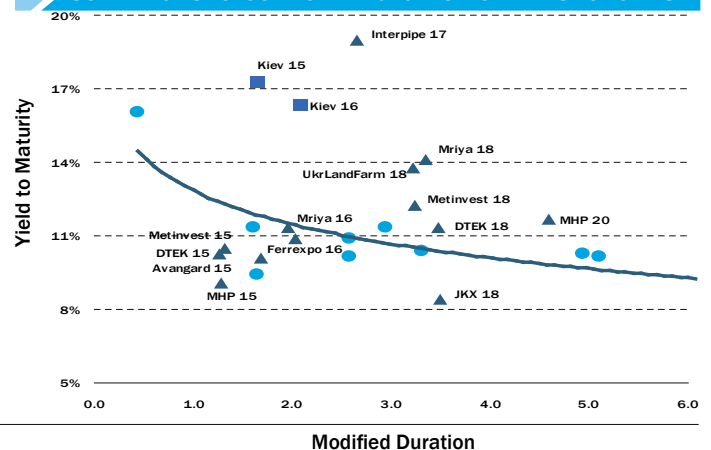
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

**SOVEREIGNS vs. BANKING EUROBONDS**



**SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS**

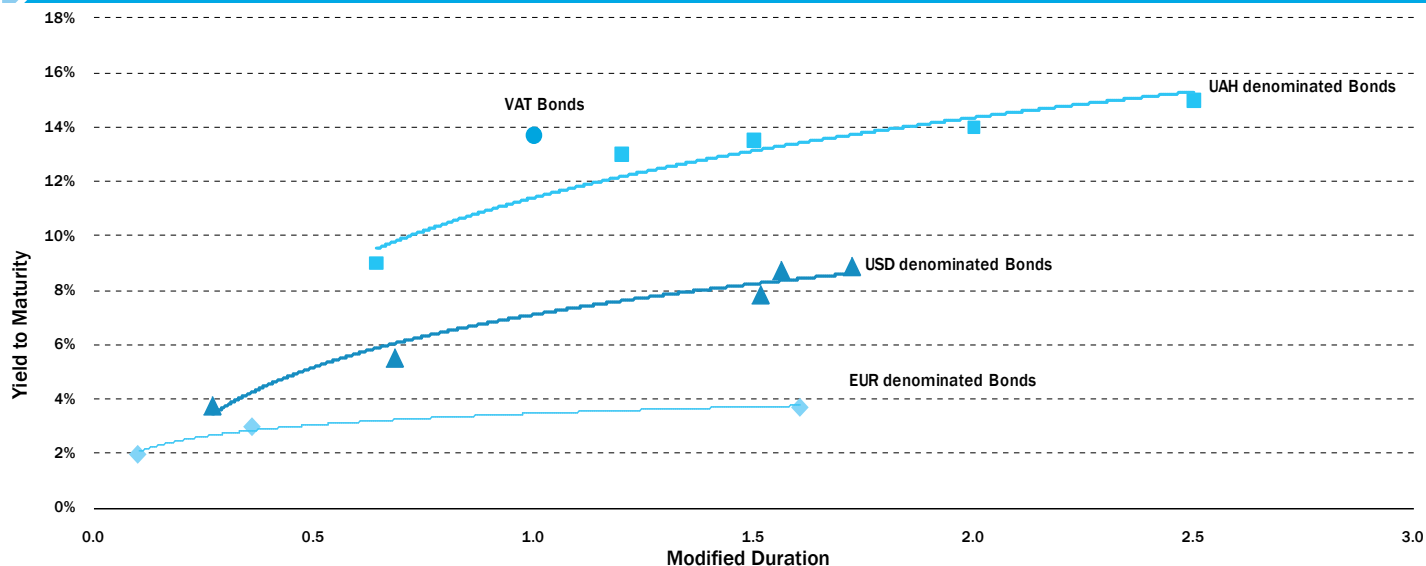




**UKRAINIAN DOMESTIC BONDS**

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			12.0%	8.0%	n/a	10.75%	S/A	26 Mar 2014	187
UA4000141592			15.0%	13.0%	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>									
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>									
UA4000142681	n/a	n/a	5.4%	5.3%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			20.0%	15.0%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			20.0%	15.0%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			20.0%	15.0%	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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