

Market Update

Equity

Local Ukrainian stocks were mixed on Tuesday (Dec 17), with news of President Yanukovich's signature of a bailout deal in Moscow filtering in too late to influence the day's trading; we expect a positive reaction on the local market in today's session. Developed market indices were largely flat as investors waited to see the outcome of today's Federal Reserve meeting to decide on a direction. The UX index ended unchanged at 893 points. Azovstal was the biggest mover, dropping 2.6% to 69.60 kopecks, while CentrEnerg and Yenakievo Steel rose by 0.8% and 1.2% respectively. Motor Sich edged down 0.5% on volume of UAH 2.1mn. Outside the UX basket, Krukiv Wagon picked up 2.3% and DonetskStal-controlled Yasynivsky Coke lost 4.7% to end just above 50 kopecks. In London trading Ferrexpo gained 4.0% yesterday.

Fixed Income

Ukrainian sovereign Eurobonds skyrocketed on Tuesday on news of Russia's commitment to invest a reported USD 15bn in Ukrainian bonds (see news below) from its own sovereign wealth fund. Ukraine-23s surged by 6.0p.p. to 91.4/93.2 (8.9%/8.6%) and Ukraine-17s moved up by 4.4p.p. to 91.2/93.2 (9.6%/9.0%). Corporate names also finished impressively in the black. The top gainer was Mriya-15s, which increased by 3.3p.p. to 98.9/100.8 (12.1%/11.1%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1571.00	-0.5%	2.1	26
Donbasenergo	DOEN	27.70	0.5%	1.9	74
Ukrnafta	UNAF	104.400	-0.4%	0.9	32

Growth Leaders

Kryukiv Wagon	KVBZ	16.70	2.4%	0.23	8
Ukrasotsbank	USCB	0.19	1.4%	0.43	16
Enakievo Steel	ENMZ	33.12	1.2%	0.11	7

Loss Leaders

Pokrovske Mine	SHCHZ	0.39	-16.8%	0.030	17
Luhanskteplovoz	LTPL	1.47	-5.2%	0.024	7
Yasynivsky Coke	YASK	0.50	-4.7%	0.216	34

Highlights

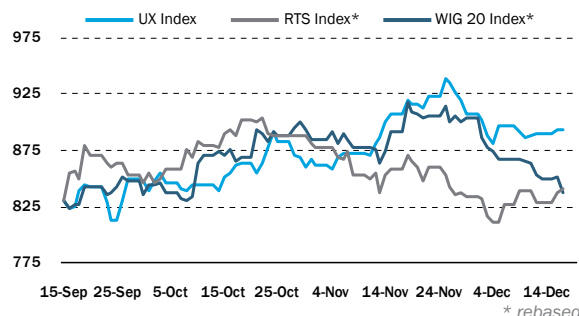
POLITICS AND ECONOMICS

- Yanukovich Signs Bailout Deal in Moscow; Gas Price Cut 32% to USD 270

STOCKS IN THE NEWS

- Alchevsk Steel Expands Credit Line from Cypriot Margit to USD 2.0bn

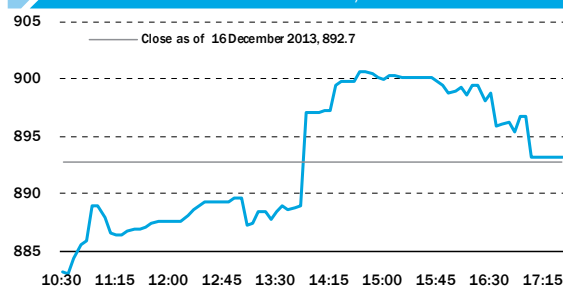
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	893.2	0.1%	-1.5%	-6.0%
RTS	1414.7	0.5%	-2.0%	-7.4%
WIG20	2392.3	-1.7%	-6.1%	-7.4%
MSCI EM	990.5	0.0%	-1.5%	-6.1%
S&P 500	1781.0	-0.3%	-1.0%	27.0%

UX INTRADAY DECEMBER 17, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	338.4	1.6%	-3.7%	24.9%
CDS 5Y UKR	971.5	-9.2%	-4.9%	55.4%
Ukraine-17	9.2%	-1.5 p.p.	-1.2 p.p.	2.2 p.p.
Naftogaz Ukr-14	11.9%	-4.8 p.p.	-7.2 p.p.	4.3 p.p.
Ukraine-23	8.7%	-1.0 p.p.	-1.1 p.p.	1.2 p.p.
Privatbank-16	24.6%	0.2 p.p.	1.3 p.p.	9.3 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.29	0.0%	1.1%	3.0%
EUR	11.42	0.0%	3.1%	6.9%
RUB	0.25	-0.2%	-0.1%	-5.1%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	287.5	0.0%	6.5%	-17.5%
Steel, USD/t	532.5	0.0%	1.4%	0.0%
Oil, USD/bbl	108.4	-0.9%	0.4%	3.3%
Gold, USD/oz	1231.1	-0.8%	-4.6%	-25.7%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Yanukovich Signs Bailout Deal in Moscow; Gas Price Cut 32% to USD 270

by Will Ritter
w.ritter@eavex.com.ua

NEWS

Accompanied by a large delegation of his government's ministers, President Yanukovich and Russian President Putin on Tuesday (Dec 17) signed what amounts to a major bailout agreement for Ukraine at a ceremony in Moscow. The headline figure for the deal was that Russia, using its sovereign wealth fund, will buy USD 15bn worth of Ukrainian sovereign bonds; however, only USD 3bn in new 2-year issues at a reported coupon of 5% were actually specified. The second major supposed benefit of the deal is that Gazprom will sell gas to Ukrainian importers at about USD 268.5 per 1000 cubic meters, a reduction of 32% from the previous price near USD 400. This translates into a direct grant to Ukrainian gas importers – mainly state energy monopoly Naftogaz – of approximately USD 4.1bn per year given an import volume of 30bn cubic meters. The benefits to be received by Moscow from the agreement were not made public. Batkivschyna party leader Arseniy Yatseniuk, speaking to the CNN international television network, responded to the Yanukovich-Putin deal by saying, "We understand that you can get the free cheese only in the mousetrap."

COMMENTARY

Although "quid pro quo" for Moscow was not specified in Tuesday's agreement, we assume that the bailout was a direct reward for Yanukovich's refusal last month to sign the AA/DCFTA with Brussels. However, we think that two obvious concessions from Yanukovich could be a Russian leasing of Ukraine's gas transportation system and Ukraine's departure from the European Energy Charter. While obviously positive for Ukraine's sovereign finances in the very short term (it should reduce the country's current account deficit by some 30%), we view the deal as negative already in the medium term, as Moscow is essentially underwriting the Yanukovich regime's economic mismanagement and refusal to reform the corrupt Ukrainian energy sector. However much cash Moscow lends to Yanukovich – whether it is USD 5bn, 10bn, or 20bn - to prop up such a system, he will always need more in the future. We assume that one of Yanukovich's conditions for the Moscow signing was that Ukraine's accession to the Russian-led Customs Union of former Soviet countries be left off the agenda for the time being. Although we believe that Putin would not have agreed to bail out Yanukovich without a commitment on Kyiv's eventual Customs Union membership, the ongoing pro-EU demonstrations in Independence Square make it clear that the Customs Union will never include Western Ukraine, where popular opposition to joining any new union with Moscow is universal. Therefore, we see a political project in the cards to eventually separate Western Ukraine from the rest of the country, leaving Kyiv and largely pro-European Central Ukraine as an electoral minority dominated by the pro-Russian electorate of southeastern Ukraine; under such a scenario, Yanukovich could plausibly win reelection in 2015, and Kyiv could be brought into the Customs Union.

Alchevsk Steel Expands Credit Line from Cypriot Margit to USD 2.0bn

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

▶ ALCHEVSK STEEL (ALMK UK)

Price: UAH 0.0405 Market Cap: USD 126mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.0	neg	neg	0%
2013E	1.1	neg	neg	0%

NEWS

Cypriot-registered company Margit Holding expanded its credit line to Alchevsk Steel, Ukraine's fifth-largest steel mill, to USD 2.05bn on Dec 10, the latter announced. The initial 5-year credit line in an amount of USD 865mn was opened to the steel plant two years ago in late December 2011. The annual interest rate of the line is 5.125%. The latest withdrawal in the amount of USD 108mn from the initial USD 865mn line was made in September 2012. According to Alchevsk Steel, on Dec 16 the steel plant withdrew USD 650mn, or nearly 55% of the expanded amount (USD 1.2bn).

COMMENTARY

As of end September 2013, the total debt of Alchevsk constituted some USD 1.8bn, with its cash amounting to a negligible USD 1.1mn. We thus presume that the share of the incremental credit line amount will be directed to refinance the part of the existing loans of the company. We suppose that the remaining part will be used for replenishment of the company's working capital, with some small amount to be directed to a modernization program. Importantly, all of the initial credit line of USD 865mn was used by Alchevsk Steel for working capital needs, according to our information. In particular, the company used it to pay for iron ore acquired from Metinvest. We reiterate our view that Margit Holding is affiliated with the Russian owners of ISD. This assumption is grounded by the rather low interest rate of the credit line against the background of the steel mill's high leverage, negative reported EBITDA (USD -47mn in 9M13), and the un-completed and long-running debt restructuring efforts of ISD.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.70	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	184.0	218.0	18%	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	3.04	6.2	105%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.50	3.4	582%	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	0.39	2.9	653%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.7	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.47	5.2	256%	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	1571	5250	234%	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	70.0	370	429%	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	27.7	72.0	160%	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	4.77	15.00	214%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	16.0	22.10	38%	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	58.0	90.0	55%	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	83.0	109.50	32%	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	893.24	1061.97	781.22	0.1%	0.9%	-1.5%	-6.0%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.040	0.06	0.02	0.5%	-0.3%	-3.6%	-25.5%	0.4%	-1.1%	-2.1%	-19.4%
Azovstal	AZST	0.70	0.90	0.31	-2.9%	0.9%	-0.1%	-6.0%	-3.0%	0.0%	1.4%	0.1%
Dniprospeztstal	DNSS	1,300	1,300	700	0.0%	0.0%	0.0%	30.1%	-0.1%	-0.9%	1.5%	36.2%
Enakievo Steel	ENMZ	33.1	49.9	20.0	2.0%	0.9%	-3.5%	-12.8%	1.9%	0.0%	-1.9%	-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	0.12	0.26	0.05	0.0%	-7.7%	0.0%	-45.5%	-0.1%	-8.6%	1.5%	-39.4%
Coke												
Avdivka Coke	AVDK	3.04	4.80	1.60	-0.4%	-0.4%	-6.1%	-7.0%	-0.5%	-1.3%	-4.5%	-1.0%
Yasnyivsky Coking	YASK	0.50	0.85	0.49	-5.7%	-7.4%	-10.7%	-25.4%	-5.7%	-8.3%	-9.2%	-19.3%
Iron Ore Mining												
Centralny GOK	CGOK	6.01	7.74	5.00	0.0%	0.0%	-6.1%	-12.9%	-0.1%	-0.9%	-4.5%	-6.9%
Ferrexpo	FXPO	2.99	4.58	2.02	4.0%	4.1%	1.7%	-25.6%	3.9%	3.2%	3.2%	-19.6%
Pivnichny GOK	SGOK	8.21	10.00	5.77	0.0%	1.4%	0.1%	10.3%	-0.1%	0.5%	1.7%	16.4%
Coal Mining												
Pokrovske Mine	SHCHZ	0.39	0.71	0.39	-17.0%	-22.0%	-13.3%	-38.1%	-17.1%	-22.9%	-11.8%	-32.1%
Komsomolets Donbasa	SHKD	0.67	1.25	0.27	0.0%	15.5%	11.7%	-43.2%	-0.1%	14.6%	13.2%	-37.2%
Energy Coal	CLE	0.41	4.57	0.41	-9.5%	-22.0%	-42.0%	-86.7%	-9.6%	-22.9%	-40.4%	-80.7%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	0.51	0.270	0.0%	n/a	0.0%	-20.7%	-0.1%	n/a	1.5%	-14.7%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.49	0.86	0.30	0.0%	0.0%	-10.9%	-30.0%	-0.1%	-0.9%	-9.4%	-24.0%
Interpipe NMPP	NVTR	0.20	0.32	0.10	0.0%	-13.0%	-20.0%	-9.1%	-0.1%	-13.9%	-18.5%	-3.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.7	29.0	12.0	2.5%	2.6%	1.3%	-13.9%	2.4%	1.8%	2.8%	-7.9%
Luhanskeplovoz	LTPL	1.47	2.20	1.26	-5.8%	-8.1%	-8.1%	-21.4%	-5.8%	-9.0%	-6.6%	-15.4%
Stakhanov Wagon	SVGZ	1.30	1.95	1.00	0.0%	0.8%	-0.8%	-24.9%	-0.1%	-0.1%	0.8%	-18.8%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	-5.0%	-9.9%	-40.8%	-0.1%	-5.9%	-8.3%	-34.8%
Motor Sich	MSICH	1,571	2,640	1,303	-0.9%	1.0%	-2.7%	-28.9%	-1.0%	0.1%	-1.1%	-22.9%
Sumy Frunze Engineering	SMASH	2.42	4.00	1.00	0.0%	4.8%	-5.1%	61.3%	-0.1%	3.9%	-3.5%	67.4%
Turboatom	TATM	3.50	5.00	3.20	0.0%	n/a	0.0%	n/a	-0.1%	n/a	1.5%	n/a
WESTA ISIC	WES	0.17	0.26	0.17	-3.7%	-10.3%	-16.7%	-27.4%	-3.8%	-11.2%	-15.1%	-21.4%
Telecom												
Ukrtelecom	UTLM	0.13	0.18	0.09	0.0%	-0.2%	-10.6%	-21.8%	-0.1%	-1.0%	-9.1%	-15.8%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.59	0.20	-3.6%	-6.0%	-7.2%	-57.2%	-3.7%	-6.9%	-5.6%	-51.2%
JKX Oil	JKX	1.14	1.26	0.75	-1.7%	-3.8%	-5.8%	-4.8%	-1.7%	-4.7%	-4.2%	1.2%
Ukrnafta	UNAF	104	280	96	-0.4%	-2.1%	-5.5%	-12.0%	-0.4%	-2.9%	-4.0%	-5.9%
Power Utilities												
Centrenerg	CEEN	4.77	7.40	2.50	1.2%	-2.0%	-6.9%	-24.8%	1.1%	-2.9%	-5.4%	-18.8%
Donbasenergo	DOEN	27.7	34.0	15.4	1.3%	2.4%	6.8%	30.7%	1.3%	1.5%	8.3%	36.8%
Zakhidenergo	ZAEN	86.0	115.0	64.0	0.0%	-1.1%	3.6%	-11.3%	-0.1%	-2.0%	5.2%	-5.3%
Consumer												
Agroton	AGT	0.72	3.6	0.36	1.3%	9.3%	-4.4%	-77.7%	1.2%	8.4%	-2.8%	-71.7%
Astarta	AST	19.1	24.4	14.5	-6.6%	-12.1%	-10.2%	6.9%	-6.6%	-12.9%	-8.7%	12.9%
Avangardo	AVGR	11.5	13.0	7.61	0.0%	-1.7%	-9.4%	1.5%	-0.1%	-2.6%	-7.9%	7.5%
Industrial Milk Company	IMC	4.11	5.35	3.63	-1.8%	-2.9%	-8.8%	-22.5%	-1.9%	-3.8%	-7.2%	-16.5%
Kernel	KER	12.3	22.6	12.1	0.9%	-5.6%	-11.2%	-43.3%	0.8%	-6.5%	-9.6%	-37.2%
Mriya Agro Holding	MAYA	7.03	8.2	5.36	-3.6%	-2.5%	5.3%	8.3%	-3.6%	-3.4%	6.8%	14.4%
MHPC	MHPC	16.0	19.9	14.15	1.6%	1.3%	-0.6%	4.9%	1.5%	0.4%	0.9%	10.9%
Milkiland	MLK	4.11	5.2	3.11	5.4%	2.3%	3.4%	-12.6%	5.3%	1.4%	5.0%	-6.6%
Ovostar Union	OVO	27.3	33.3	21.3	2.3%	0.1%	-11.7%	-5.4%	2.3%	-0.8%	-10.1%	0.6%
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
Chemicals												
Stirol	STIR	12.9	15.9	7.1	-1.5%	-5.0%	-6.3%	-3.7%	-1.5%	-5.9%	-4.7%	2.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.117	0.128	0.077	0.3%	0.4%	3.3%	35.9%	0.2%	-0.4%	4.8%	42.0%
UkrSotsbank	USCB	0.190	0.257	0.107	1.4%	11.8%	-1.6%	47.2%	1.4%	11.0%	0.0%	53.2%

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	124	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	35	1.3	4.9	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	352	4.1%	14	331	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	59	56	53	\$/tonne
Coke																		
Avdyivka Coke	AVDK	72	7.5%	5	69	neg	neg	neg	11.3	neg	neg	0.0	0.1	0.1	20	15	12	\$/tonne
Yasynivsky Coke	YASK	16	9.0%	1	45	1.1	1.5	1.5	1.6	1.6	1.6	0.1	0.1	0.1	1.6	1.6	1.6	\$/tonne
Iron Ore Mining																		
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	1,761	24.0%	423	2,012	3.1	8.2	6.7	2.5	5.0	4.5	1.1	1.4	1.3				
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	19	11.9%	2	44	0.5	0.5	0.4	0.9	0.7	0.7	0.3	0.3	0.2	0.9	0.7	0.7	\$/tonne
Pipe Manufacturing																		
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
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	39	24.0%	9	39	4.3	5.6	4.8	2.8	3.1	2.5	0.2	0.2	0.2				
Kriviw Wagon	KVBZ	231	5.0%	12	233	2.7	2.4	4.6	2.0	1.7	2.5	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	35	8.0%	3	75	1.8	>30	12.4	2.2	10.4	6.8	0.2	0.2	0.2				
Specialized Machinery																		
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	394	24.0%	94	404	2.3	1.6	1.5	1.4	1.3	1.2	0.6	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	282	7.2%	20	618	neg	6.2	5.9	3.0	3.0	3.0	0.7	0.7	0.8				
Oil & Gas																		
Ukrnafta	UNAF	683	3.0%	20	673	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	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	195	50.4%	98	304	3.3	4.9	3.9	2.7	2.1	2.0	1.3	1.3	1.2	80	55	42	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	213	21.7%	46	295	>30	7.4	6.4	6.1	4.9	4.4	0.3	0.3	0.3	20	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	1,690	34.1%	577	2,735	6.5	5.4	6.2	6.8	5.8	5.2	2.2	1.9	1.8	8547	8547	8547	\$/tonne
Kernel	KER	905	61.8%	559	1,516	4.0	4.3	4.6	4.9	4.7	4.5	0.8	0.7	0.5				
Astarta	AST	477	31.0%	148	624	4.2	9.5	8.1	4.3	6.4	5.2	1.6	1.4	1.1	3163	1926	1599	\$/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	16	44.6%	7	49	neg	0.8	0.8	2.6	1.6	1.5	0.4	0.5	0.5	0.4	n/a	n/a	\$/th/ha
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	422	4.0%	17		>30	>30	14.8	0.5	0.5	0.5	0.06	0.06	0.06				
Ukrsotsbank	USCB	421	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

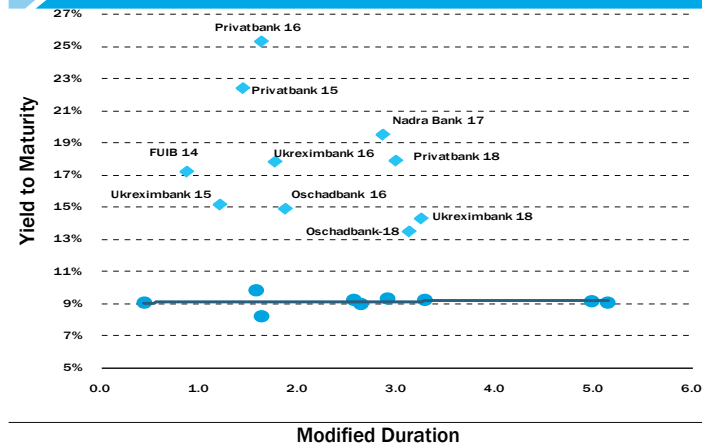
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2014	99.3	100.3	10.4%	7.8%	-2.6%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	97.7	98.7	14.4%	12.7%	-4.7%	0.7	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	94.0	96.0	8.9%	7.6%	-2.6%	1.6	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	94.9	96.9	10.5%	9.1%	-5.3%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	92.9	94.4	9.6%	8.9%	-6.3%	2.6	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	92.4	93.9	9.3%	8.7%	-6.5%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	91.2	93.2	9.6%	9.0%	-7.1%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	99.4	100.9	9.6%	9.1%	-6.6%	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	92.7	94.4	9.3%	9.0%	-9.2%	5.0	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	93.3	95.1	9.3%	8.9%	-9.3%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	91.9	93.6	9.2%	8.9%	-8.1%	6.1	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	91.4	93.2	8.9%	8.6%	-7.7%	6.4	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
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	99.0	101.0	11.8%	10.9%	-5.2%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	85.7	86.8	11.5%	11.2%	-13.7%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	98.0	98.0	11.8%	11.8%	n/a	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	86.0	88.3	15.5%	14.6%	-12.8%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	98.9	100.8	12.1%	11.1%	-3.1%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	83.4	85.0	14.8%	14.2%	-15.8%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	99.0	100.8	10.9%	9.4%	-1.4%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	88.2	89.3	11.4%	11.1%	-11.3%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	100.0	101.0	10.8%	10.0%	-3.0%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	92.2	94.0	11.3%	10.7%	-3.9%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	93.8	96.7	11.4%	9.7%	-2.2%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	86.0	87.9	13.8%	13.2%	-13.0%	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	106.5	108.1	9.3%	8.9%	7.3%	3.4	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
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	95.3	97.7	18.9%	15.5%	-5.5%	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	82.9	85.0	23.4%	21.5%	-11.4%	1.4	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	65.3	74.9	29.3%	21.4%	-9.2%	1.6	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	79.9	81.8	17.9%	17.1%	-19.2%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	92.0	94.0	16.1%	14.2%	-6.9%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	80.0	81.0	18.2%	17.5%	-4.0%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	84.5	86.5	13.8%	13.1%	-14.5%	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	88.0	90.0	15.5%	14.3%	-6.4%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	82.0	85.0	14.8%	13.8%	-16.5%	3.2	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	89.8	91.7	15.0%	13.6%	-3.0%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	89.2	91.3	14.6%	13.5%	-3.5%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

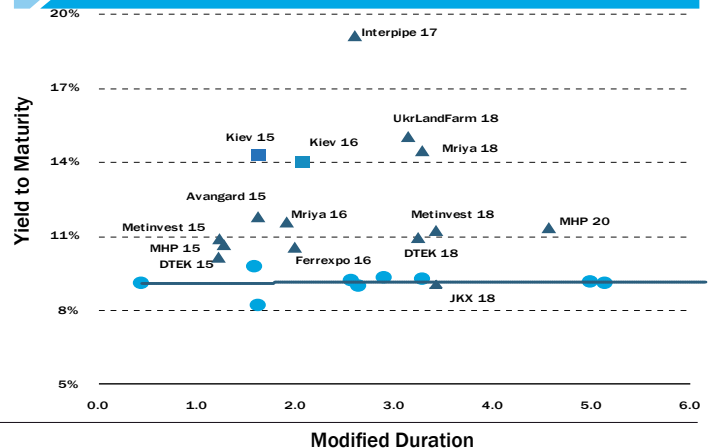
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



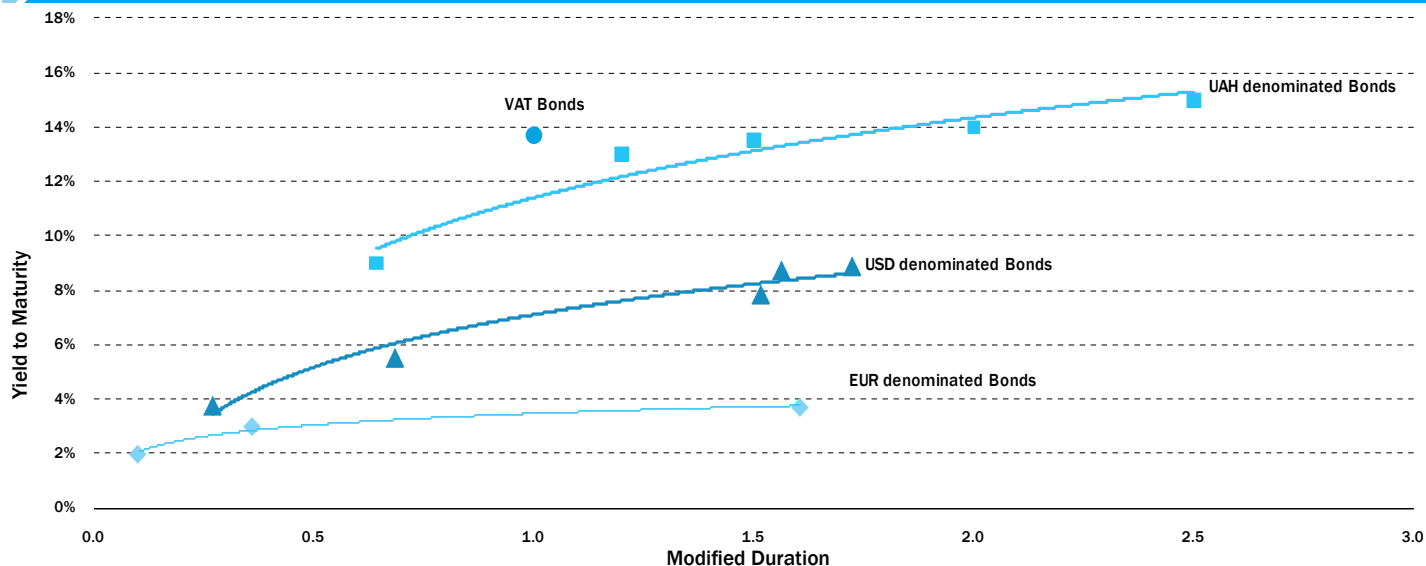
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			12.0%	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
USD denominated Bonds									
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									
UA4000142681	n/a	n/a	5.4%	5.3%	n/a	4.80%	S/A	6 May 2015	40
VAT Bonds									
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

Eavex Capital

Evropa Plaza
33 Shevchenko Blvd.
Floor 11
Kyiv, Ukraine, 01032

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity & Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales & Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua

INVESTMENT BANKING

Anatoliy Zaslavchik

Managing Director

Corporate Finance & IB

a.zaslavchik@eavex.com.ua

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