

Market Update

Equity

Most Ukrainian blue chips were lower on Friday (Dec 20), although top liquid issue Motor Sich rose against the market for a second straight day, thereby limiting the decline in the UX index to just over half a percent. Externally, the main European and US indices continued to rally, with the DAX, DJIA, and S&P 500 all returning to record-high territory after having paused for two weeks on uncertainty over the future direction of US monetary stimulus. The local benchmark retreated by 0.6% to end at 904 points. Azovstal and Raiffeisen Aval lost 2.5% and 2.3% respectively, and CentrEnergO slid 1.7% to UAH 4.75 on turnover of just under UAH 1mn. Outside the UX basket, Metinvest-controlled Khartsysk Pipe fell 11.8% to 52 kopecks. In Warsaw, Kernel rebounded out of its recent slump, adding 5.6%, while the comparatively less liquid Astarta sold off by 7.1% to PLN 59.

Fixed Income

Ukrainian sovereigns were marginally lower on Friday. The long-term benchmark Ukraine-23 issue declined by 0.2p.p. to 90.2/91.7 (9.1%/8.8%). Meanwhile, corporate names were generally higher, with DTEK-15s improving by 1.1p.p. to 101.5/103.0 (8.8%/7.5%) and Metinvest-15s edging up 0.2p.p to 101.6/102.1 (9.5%/9.1%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1726.00	1.5%	12.6	132
Ukrnafta	UNAF	106.20	0.7%	1.8	20
Enakievo Steel	ENMZ	33.150	0.7%	1.6	9

Growth Leaders

Zakhidenergo	ZAEN	89.50	4.1%	0.51	11
Ukrtelecom	UTLM	0.13	3.2%	1.08	8
Motor Sich	MSICH	1726.00	1.5%	12.62	132

Loss Leaders

Raiffeisen Bank Aval	BAVL	0.11	-2.5%	0.544	55
Azovstal	AZST	0.69	-2.3%	0.077	37
CentrenergO	CEEN	4.75	-1.7%	0.951	59

Highlights

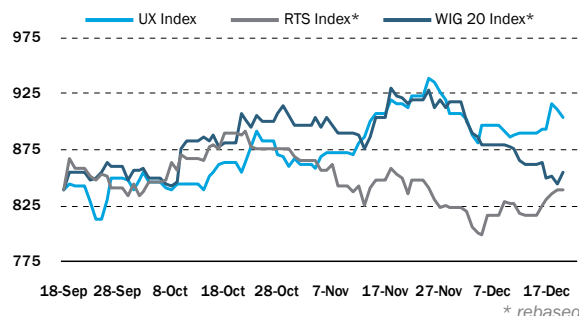
STOCKS IN THE NEWS

- > Krukiv Expects Renewal of its Russian Certification in February

FIXED INCOME

- > Metinvest EBITDA Improves by 18% YoY in 9M13

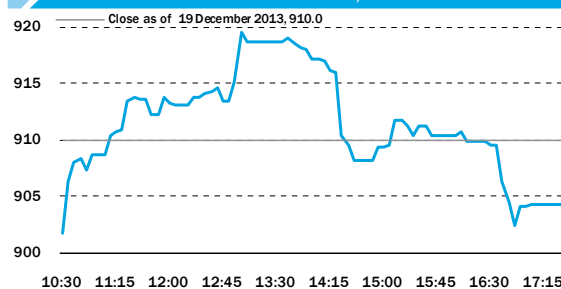
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	904.4	-0.6%	-1.2%	-4.9%
RTS	1429.9	-0.1%	-1.7%	-6.4%
WIG20	2408.8	1.3%	-7.4%	-6.7%
MSCI EM	988.3	-0.2%	-3.5%	-6.3%
S&P 500	1818.3	0.5%	1.7%	29.7%

UX INTRADAY DECEMBER 20, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	333.0	0.6%	-4.8%	22.9%
CDS 5Y UKR	799.9	0.0%	-15.9%	28.0%
Ukraine-17	9.0%	0.0 p.p.	-0.9 p.p.	2.1 p.p.
Naftogaz Ukr-14	10.1%	0.0 p.p.	-7.0 p.p.	2.5 p.p.
Ukraine-23	9.0%	0.0 p.p.	-0.5 p.p.	1.5 p.p.
Privatbank-16	22.9%	0.0 p.p.	-0.5 p.p.	7.6 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.23	-0.5%	0.2%	2.2%
EUR	11.25	-0.4%	1.2%	5.3%
RUB	0.25	-0.7%	-0.8%	-6.0%

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	111.8	1.3%	4.9%	6.5%
Gold, USD/oz	1203.3	1.2%	-5.7%	-27.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Krukiv Expects Renewal of its Russian Certification in February

by Dmitry Churin
d.churin@eavex.com.ua

KRUKIV WAGON (KVBZ UK)

Price: UAH 16.7 Market Cap: USD 232mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	0.3	2.4	1.7	20.4%
2013E	0.5	9.5	4.1	5.3%

NEWS

Kremenchuk-based railcar maker Krukiv Wagon expects to have its production certification resumed by a Russian state agency in February, Interfax reported on Friday (Dec 20). The certification had been suspended by Russia this past September for various kinds of freight railcars produced by Krukiv. Among Russia's reasons for the suspension, the news agency mentioned an accident with a freight train that had been caused by a broken solebar. Krukiv's management said its expects to produce around 115 freight cars in December after essentially zero production for both October and November; the company's monthly capacity it around 900 units.

COMMENTARY

Although the news looks positive on the surface for Krukiv, certification or no, the company is on a trend of losing its position on the Russian market as Russia ramps up its domestic railcar-building capacity. In addition, demand for freight railcars in Russia fell notably in 2012-13, and it is expected that next year will be even worse. Krukiv Wagon's output fell by nearly half to 5,278 units in 11M13, with most of that volume produced in 1H. In our view, there is not enough information to make any positive conclusions about Krukiv's prospects on the Russian market in 2014. We suppose that only the company's production figure for February can provide a real answer.

**Metinvest EBITDA Improves by 18%
YoY in 9M13**

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

NEWS

Metinvest, Ukraine's largest metals and mining group, increased its EBITDA by 18% YoY to USD 1.81bn over 9M13, according to the company's trading update released on Friday (Dec 20). Revenues were flat YoY at USD 9.81bn, with net profit improving by 8% YoY to USD 463mn. Other elements of the P&L statement were not disclosed. As of Sept 30, total debt stood at USD 3.72bn, up from USD 3.78bn on Jun 30. The group's Total Debt/EBITDA ratio stands at 1.6x, compared to 1.8x on Jun 30 and 2.2x as of 30 Sept 2012. Over the period, capital expenditures declined by 25% YoY to USD 426mn.

COMMENTARY

We see the rise in EBITDA as positive for Metinvest's bonds. Despite negative trends in the prices for its products (-13% YoY for steel products, up to -4% for iron ore, and -34% for coal), the group managed to generate revenue in 9M13 on a similar level to 9M12. This was thanks to a 3.2x rise in Metinvest's re-sales of Zaporizhstal's steel products (from USD 351mn to USD 1.11bn in 9M13), higher sales volumes for semi-finished steel (+11% YoY), as well as for iron ore concentrate and pellets (+15% and +9% respectively).

The provided P&L figures imply that the group earned USD 566mn on the EBITDA level in 3Q13, which is a 26% YoY increase. Despite expected lower EBITDA in 4Q13 due to lower iron ore prices QoQ, we believe Metinvest will be able to achieve its stated target of FY13 EBITDA in the range of USD 2.0-2.2bn. We also note that, given the 2013 target for CapEx of USD 750mn, the company is likely to report a doubling in its CapEx in the fourth quarter (compared to 3Q) to near USD 325mn.

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	179.8	218.0	21%	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	6.49	10.6	64%	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	3.06	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	548%	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	0.42	2.9	601%	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	1.36	5.2	285%	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	1726	5250	204%	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	12.8	42.0	229%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	72.5	370	410%	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	27.6	72.0	161%	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	4.75	15.00	216%	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	17.0	22.10	30%	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	59.0	90.0	53%	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	69%	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	89.0	109.50	23%	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	904.37	1061.97	781.22	-0.6%	1.6%	-1.2%	-4.9%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.040	0.06	0.02	-0.5%	0.5%	-4.6%	-25.5%	0.1%	-1.1%	-3.3%	-20.6%
Azovstal	AZST	0.69	0.90	0.31	-2.3%	-0.1%	-2.7%	-7.3%	-1.7%	-1.7%	-1.5%	-2.4%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	30.1%	0.6%	-1.6%	1.2%	35.0%
Enakievo Steel	ENMZ	33.2	49.9	20.0	0.8%	1.4%	-2.9%	-12.8%	1.4%	-0.1%	-1.7%	-7.9%
Arcelor Mittal KR	KSTL	1.15	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.11	0.26	0.05	0.0%	-8.3%	-8.3%	-50.0%	0.6%	-9.9%	-7.1%	-45.1%
Coke												
Avdivka Coke	AVDK	3.06	4.80	1.60	-0.4%	1.9%	-4.9%	-6.5%	0.2%	0.3%	-3.7%	-1.6%
Yasynivsky Coking	YASK	0.53	0.85	0.49	0.0%	1.9%	-5.4%	-20.9%	0.6%	0.4%	-4.1%	-16.0%
Iron Ore Mining												
Centralny GOK	CGOK	6.49	7.74	5.00	0.0%	8.0%	1.4%	-5.9%	0.6%	6.4%	2.6%	-1.1%
Ferrexpo	FXPO	2.94	4.58	2.02	-1.8%	3.2%	-0.5%	-26.9%	-1.1%	1.6%	0.7%	-22.1%
Pivnichny GOK	SGOK	8.10	10.00	5.77	0.5%	-1.3%	1.3%	8.9%	1.1%	-2.9%	2.5%	13.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.42	0.71	0.39	-2.3%	-8.7%	-16.0%	-33.3%	-1.7%	-10.3%	-14.8%	-28.5%
Komsomolets Donbasa	SHKD	0.57	1.25	0.27	0.0%	-14.9%	-9.5%	-51.7%	0.6%	-16.5%	-8.3%	-46.8%
Energy Coal	CLE	0.31	4.57	0.31	-9.4%	-36.5%	-56.9%	-89.9%	-8.8%	-38.1%	-55.7%	-85.0%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	0.51	0.270	0.0%	0.0%	0.0%	-20.7%	0.6%	-1.6%	1.2%	-15.8%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.52	0.86	0.30	-11.9%	6.1%	15.6%	-25.7%	-11.2%	4.6%	16.8%	-20.9%
Interpipe NMPP	NVTR	0.21	0.29	0.10	10.5%	5.0%	0.0%	-4.5%	11.1%	3.4%	1.2%	0.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.7	29.0	12.0	0.0%	2.2%	2.6%	-14.1%	0.6%	0.6%	3.8%	-9.3%
Luhanskeplovoz	LTPL	1.36	2.20	1.26	0.0%	-12.8%	-15.0%	-27.3%	0.6%	-14.4%	-13.8%	-22.4%
Stakhanov Wagon	SVGZ	1.31	1.95	1.00	0.0%	0.8%	-0.8%	-24.3%	0.6%	-0.8%	0.5%	-19.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	0.4%	-6.4%	-37.5%	0.6%	-1.2%	-5.1%	-32.6%
Motor Sich	MSICH	1,726	2,640	1,303	1.5%	7.1%	7.2%	-21.9%	2.2%	5.5%	8.4%	-17.0%
Sumy Frunze Engineering	SMASH	2.50	4.00	1.20	0.0%	0.0%	-2.0%	66.7%	0.6%	-1.6%	-0.7%	71.5%
Turboatom	TATM	3.50	n/a	n/a	0.0%	0.0%	0.0%	n/a	0.6%	-1.6%	1.2%	n/a
WESTA ISIC	WES	0.17	0.26	0.17	-1.8%	-11.9%	-19.0%	-30.1%	-1.2%	-13.4%	-17.8%	-25.3%
Telecom												
Ukrtelecom	UTLM	0.13	0.17	0.09	8.2%	3.9%	-12.0%	-18.8%	8.8%	2.3%	-10.8%	-13.9%
Oil & Gas												
Regal Petroleum	RPT	0.21	0.59	0.20	6.1%	-10.2%	-16.5%	-61.5%	6.7%	-11.7%	-15.3%	-56.6%
JKX Oil	JKX	1.19	1.26	0.75	1.3%	2.5%	-1.3%	-0.8%	1.9%	0.9%	-0.1%	4.0%
Ukrnafta	UNAF	106	280	96	0.7%	-1.2%	-3.6%	-10.5%	1.3%	-2.8%	-2.4%	-5.6%
Power Utilities												
Centrenerg	CEEN	4.75	7.40	2.50	-1.6%	-2.4%	-6.8%	-25.2%	-1.0%	-4.0%	-5.6%	-20.3%
Donbasenergo	DOEN	27.6	34.0	15.4	-0.5%	0.9%	3.9%	30.0%	0.1%	-0.7%	5.1%	34.9%
Zakhidenergo	ZAEN	89.5	115.0	64.0	4.1%	4.1%	-1.0%	-7.7%	4.7%	2.5%	0.2%	-2.9%
Consumer												
Agroton	AGT	0.64	3.6	0.36	-1.9%	-0.8%	-12.6%	-80.1%	-1.3%	-2.4%	-11.4%	-75.3%
Astarta	AST	19.4	24.4	14.5	-7.0%	-6.9%	-9.2%	8.7%	-6.4%	-8.4%	-8.0%	13.6%
Avangardo	AVGR	11.5	13.0	7.61	-0.3%	-0.3%	-7.6%	1.1%	0.3%	-1.9%	-6.4%	6.0%
Industrial Milk Company	IMC	3.83	5.31	3.63	-6.2%	-8.1%	-14.9%	-27.7%	-5.6%	-9.7%	-13.7%	-22.9%
Kernel	KER	12.5	22.6	11.8	5.7%	3.5%	-10.7%	-42.2%	6.4%	1.9%	-9.5%	-37.4%
Mriya Agro Holding	MAYA	7.80	8.2	5.36	11.7%	-5.3%	19.3%	20.2%	12.3%	-6.8%	20.5%	25.1%
MHPC	MHPC	17.0	19.9	14.15	0.0%	7.9%	2.5%	11.5%	0.6%	6.4%	3.7%	16.3%
Milkiland	MLK	4.08	5.2	3.11	-2.5%	3.6%	-1.5%	-13.3%	-1.9%	2.0%	-0.3%	-8.5%
Ovostar Union	OVO	29.3	33.3	21.3	0.1%	10.1%	-4.0%	1.4%	0.7%	8.6%	-2.8%	6.2%
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	12.4	15.9	7.1	-4.4%	-7.6%	-11.8%	-7.8%	-3.8%	-9.2%	-10.6%	-3.0%
Banks												
Raiffeisen Bank Aval	BAVL	0.114	0.128	0.077	-2.2%	-1.8%	-4.8%	32.8%	-1.6%	-3.4%	-3.6%	37.6%
UkrSotsbank	USCB	0.186	0.257	0.107	0.6%	8.8%	-0.9%	44.2%	1.2%	7.2%	0.3%	49.0%

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%
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			
Steel																		
Alchevsk Steel	ALMK	125	3.9%	5	1,540	3.4	neg	neg	10.6	neg	neg	0.7	0.9	0.9	531	458	412	\$/tonne
Yenakievo Steel	ENMZ	42	8.8%	4	35	1.4	5.0	neg	neg	neg	neg	0.0	0.0	0.0	14	13	13	\$/tonne
Azovstal	AZST	350	4.1%	14	328	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	59	55	53	\$/tonne
Coke																		
Avdyivka Coke	AVDK	73	7.5%	5	70	neg	neg	neg	11.5	neg	neg	0.0	0.1	0.1	20	15	13	\$/tonne
Yasynivsky Coke	YASK	18	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
Iron Ore Mining																		
Centralny GOK	CGOK	924	0.5%	5	924	2.8	9.7	8.9	1.9	3.9	4.6	1.1	1.6	1.8				
Pivnichny GOK	SGOK	2,268	0.5%	12	2,392	2.9	5.2	6.3	2.0	2.9	3.7	1.3	1.6	1.8				
Ferrexpo	FXPO	1,731	24.0%	416	1,982	3.0	8.1	6.6	2.5	4.9	4.5	1.1	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	23	5.4%	1	125	1.5	0.6	0.7	1.9	1.3	1.4	0.7	0.5	0.5	31	29	28	\$/tonne
Coal Energy	CLE	14	11.9%	2	39	0.4	0.4	0.3	0.8	0.6	0.6	0.3	0.2	0.2	0.8	0.6	0.6	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	164	2.0%	3	207	1.7	4.9	4.8	1.4	2.8	2.7	0.3	0.3	0.3	328	544	517	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	36	24.0%	9	36	4.0	5.3	4.5	2.6	2.9	2.4	0.2	0.2	0.2				
Kruiiv Wagon	KVBZ	232	5.0%	12	234	2.7	2.4	4.6	2.0	1.7	2.5	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	36	8.0%	3	75	1.8	>30	12.5	2.3	10.5	6.9	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	180	5.8%	10	128	3.4	4.7	4.3	2.0	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	436	24.0%	105	446	2.6	1.8	1.6	1.6	1.4	1.4	0.6	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	296	7.2%	21	632	neg	6.5	6.2	3.1	3.1	3.0	0.7	0.7	0.8				
Oil & Gas																		
Ukrnafta	UNAF	700	3.0%	21	690	2.6	2.2	3.1	1.6	1.4	1.6	0.2	0.2	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	67	49.0%	33	49	10.4	5.6	2.8	neg	2.1	1.4	2.6	1.0	0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	204	50.4%	103	312	3.4	5.1	4.1	2.7	2.2	2.1	1.3	1.4	1.2	82	57	43	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	213	21.7%	46	296	>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	20.7	7.8	6.6	7.9	5.7	0.3	0.2	0.2	17	16	15	\$/MWh
Consumer																		
MHP	MHPC	1,796	34.1%	613	2,841	6.9	5.8	6.6	7.1	6.1	5.4	2.3	2.0	1.9	8877	8877	8877	\$/tonne
Kernel	KER	922	61.8%	570	1,532	4.1	4.4	4.7	4.9	4.8	4.5	0.8	0.7	0.5				
Astarta	AST	485	31.0%	150	632	4.3	9.7	8.2	4.4	6.5	5.2	1.6	1.4	1.2	3204	1951	1620	\$/tonne
Avangardco	AVGR	732	22.5%	165	880	3.7	3.2	3.2	3.5	3.1	3.0	1.6	1.4	1.3	199	151	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	415	4.0%	17		>30	>30	14.5	0.5	0.5	0.4	0.06	0.06	0.06				
Ukrsotsbank	USCB	416	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

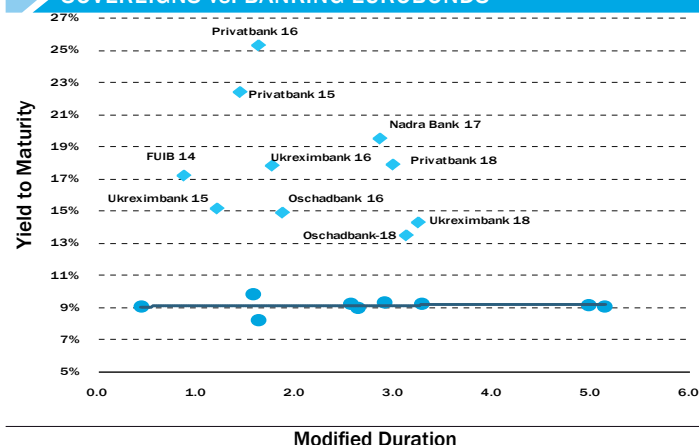
UKRAINIAN EUROBONDS

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	100.0	101.0	8.5%	5.9%	-1.9%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	99.1	99.9	12.1%	10.8%	-3.4%	0.7	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	95.0	97.0	8.3%	7.0%	-1.5%	1.6	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	96.9	98.4	9.2%	8.2%	-3.6%	1.6	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	93.5	94.5	9.3%	8.9%	-5.9%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	93.7	94.9	8.8%	8.3%	-5.4%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	92.0	93.5	9.4%	8.9%	-6.6%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	98.9	99.5	9.7%	9.5%	-7.4%	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	92.4	93.9	9.4%	9.1%	-9.5%	5.0	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	93.1	94.6	9.3%	9.0%	-9.7%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	90.7	91.9	9.4%	9.2%	-9.6%	6.1	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	90.2	91.7	9.1%	8.8%	-9.1%	6.4	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	54.4	32.7%	29.4%	n/a	2.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	103.1	103.9	8.2%	7.9%	-2.0%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	88.7	89.8	10.8%	10.5%	-10.8%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	98.5	100.9	11.5%	9.9%	n/a	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	88.8	90.8	14.5%	13.8%	-10.3%	3.2	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	99.3	100.9	11.9%	11.0%	-2.8%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	86.1	87.1	13.8%	13.5%	-13.4%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	101.5	103.0	8.8%	7.5%	0.9%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	94.0	94.7	9.6%	9.4%	-5.7%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	101.6	102.1	9.5%	9.1%	-1.7%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	94.4	96.0	10.5%	10.0%	-1.8%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	97.1	98.4	9.6%	8.8%	0.4%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	90.7	92.0	12.3%	11.9%	-8.7%	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	109.4	111.0	8.5%	8.1%	10.2%	3.4	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	85.0	95.0	n/a	n/a	40.6%	n/a	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	98.5	98.5	14.6%	14.6%	-3.5%	0.9	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.7	89.0	23.2%	15.8%	-3.8%	2.8	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	88.5	89.9	18.6%	17.4%	-5.9%	1.5	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	70.0	75.0	25.3%	21.4%	-6.1%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	82.5	85.0	16.9%	15.9%	-16.2%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	95.5	96.6	12.8%	11.9%	-3.9%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	84.4	85.4	15.2%	14.6%	1.3%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	88.5	89.7	12.4%	12.0%	-10.9%	3.2	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	83.0	88.0	n/a	n/a	52.7%	n/a	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	92.2	93.9	13.0%	11.9%	-2.2%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	88.4	89.9	12.9%	12.0%	-10.9%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	91.9	93.3	13.5%	12.6%	-1.0%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	92.2	93.6	13.1%	12.4%	-0.7%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

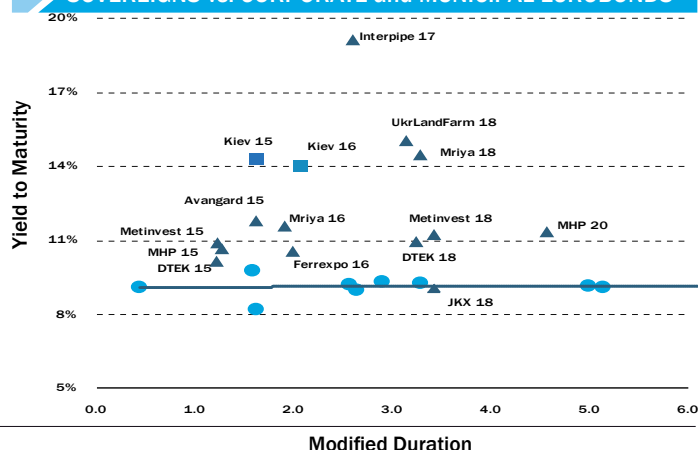
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



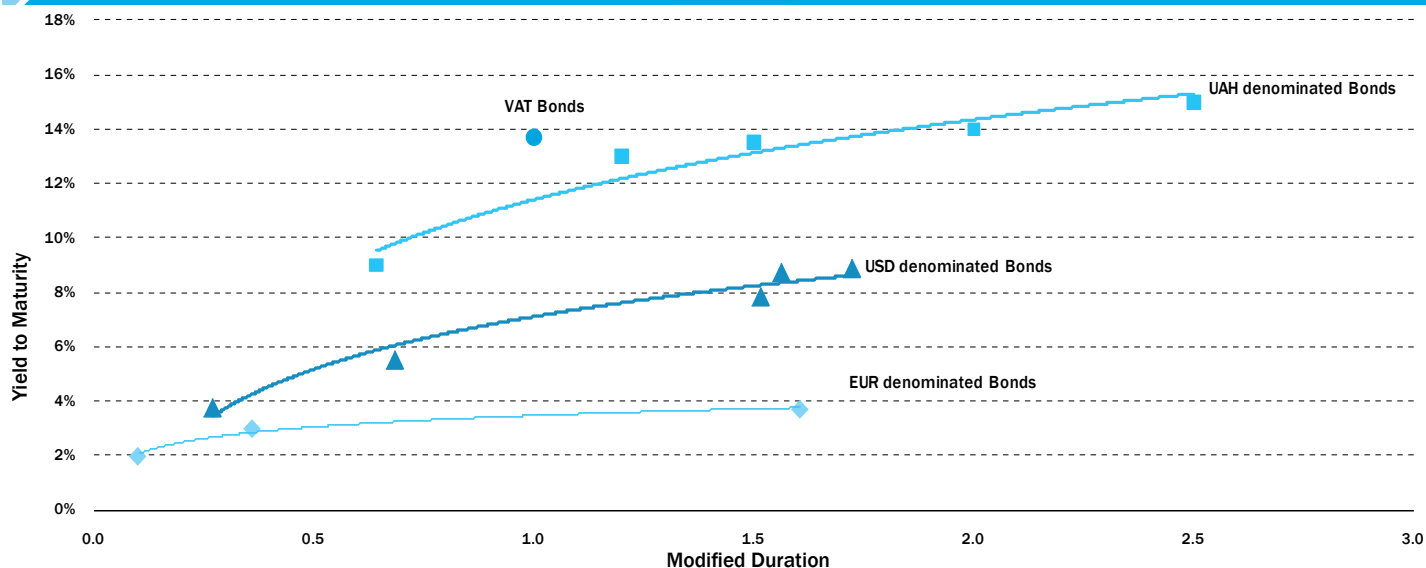
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			12.0%	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			15.5%	14.0%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			15.5%	14.0%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			15.5%	14.0%	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

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2013 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence AB No.534282, issued 20.07.2010