

Market Update

Equity

Kyiv-listed Ukrainian stocks were mostly lower on Tuesday (Dec 24), although a high last deal in Motor Sich kept the UX index from falling substantially. Even in a half day of trading ahead of the Christmas holiday, the main US indices were able to push further into all-time high territory on continued Federal Reserve monetary stimulus and bullish economic expectations for 2014. Locally, the UX index edged down by 0.3% to end at 895 points. Among particular stocks, Azovstal and Alchevsk Steel lost 2.2% and 1.3% respectively. In the second division, quotes for beaten-down Krukiw Wagon remained depressed on uncertainties about whether the company could successfully return on the Russian freight railcar market next year. In London, Avangard added 1.7% while MHP closed unchanged at USD 17 on the nose.

Fixed Income

Ukrainian sovereigns were slightly lower for a third straight session on Tuesday, with Ukraine-23s dropping by 0.3p.p. to 89.7/91.2 (9.2%/8.9%). Corporate names were sluggish. MHP-15s finished unchanged at 103.0/104.0 (8.3%/7.5%) and DTEK-15s inched down by 0.2p.p., closing at 93.8/94.6 (9.7%/9.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1743.00	0.8%	19.3	132
Ukrrotsbank	USCB	0.19	1.1%	0.1	13
Centrenergo	CEEN	4.680	-1.0%	1.8	187

Growth Leaders

Motor Sich	MSICH	1743.00	0.8%	19.31	132
Avdyivka Coke	AVDK	3.04	-0.8%	0.06	26
Ukrrotsbank	USCB	0.19	1.1%	0.07	13

Loss Leaders

Mariupol Heavy Machine	MZVM	0.09	-22.0%	0.372	80
Azovstal	AZST	0.66	-2.2%	0.195	42
Alchevsk Steel	ALMK	0.04	-1.3%	0.107	42

Highlights

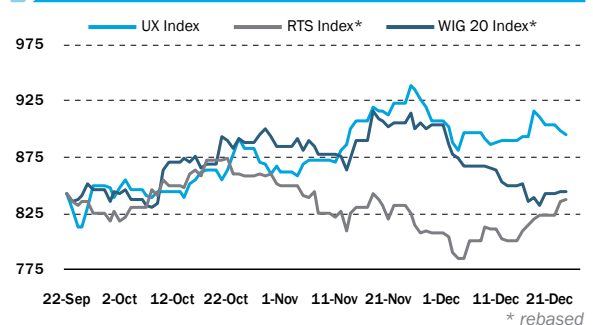
POLITICS AND ECONOMICS

- > Russian Legislation Could Reduce Bailout Volume to USD 9bn

FIXED INCOME

- > Former CEO: Metinvest's FY13 EBITDA to Rise 20% YoY

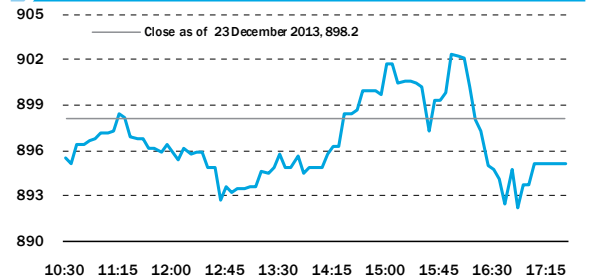
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	895.1	-0.3%	-3.0%	-5.8%
RTS	1454.0	0.1%	0.6%	-4.8%
WIG20	2414.2	0.0%	-6.8%	-6.5%
MSCI EM	995.4	0.3%	-1.4%	-5.7%
S&P 500	1833.3	0.3%	1.6%	30.7%

UX INTRADAY DECEMBER 24, 2013



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	325.1	-1.5%	-6.8%	20.0%
CDS 5Y UKR	799.9	0.0%	-17.4%	28.0%
Ukraine-17	9.1%	0.0 p.p.	-1.2 p.p.	2.1 p.p.
Naftogaz Ukr-14	8.8%	0.0 p.p.		1.2 p.p.
Ukraine-23	9.0%	0.0 p.p.	-0.5 p.p.	1.5 p.p.
Privatbank-16	22.8%	-0.1 p.p.	-0.5 p.p.	7.5 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.18	-0.7%	-0.5%	1.6%
EUR	11.19	-0.8%	0.4%	4.7%
RUB	0.25	-0.5%	-0.1%	-5.5%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	287.4	0.0%	6.4%	-17.5%
Steel, USD/t	532.5	0.0%	1.4%	0.0%
Oil, USD/bbl	111.9	0.3%	1.3%	6.6%
Gold, USD/oz	1204.2	0.5%	-3.2%	-27.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Russian Legislation Could Reduce Bailout Volume to USD 9bn

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

NEWS

A law in Russia that limits purchases of the sovereign bonds of risky countries to 10% of Russia's sovereign wealth fund could limit the recently-announced Russian bailout of Ukraine's government to USD 8.8bn, the Channel 5 media outlet reported on Tuesday (Dec 24), citing Russian media sources. The headline figure for the promised bailout was USD 15bn; USD 3bn in the form of a 2-year bond issue at 5% coupon has already been provided, Russian Prime Minister Dmitry Medvedev said at a Tuesday meeting with Prime Minister Nikolay Azarov in Moscow. The meeting was held in the framework of a conference of Customs Union heads of state which President Yanukovich declined to attend, sending Azarov instead.

COMMENTARY

Murmurings over possible legal restrictions on the use of Russia's sovereign wealth fund to bail out Ukraine highlight an important difference in the nature of Russian aid compared to EU aid. Although the EU has far greater total resources at its disposal than does Russia, the level of accountability to EU taxpayers for the disbursement of such money is much stricter. Complaints from Russian taxpayers that their cash is being used imprudently for a bailout of a corrupt foreign government are probably quite low on President Putin's list of worries. Unlike individual EU leaders, Putin is free to allocate tens of billions of dollars in public funds however he sees fit. We believe that if Putin wishes, he can easily circumvent the legal limit on foreign bond purchases by changing the law or using other sources of Russian state funds in order to lend the USD 15bn to Ukraine. However, we think the Kremlin's strategy over the coming year will be to provide future disbursements of aid only in return for concrete political and/or economic (i.e. stakes in Ukrainian strategic state assets) concessions from the Yanukovich regime.

**Former CEO: Metinvest's FY13
EBITDA to Rise 20% YoY**

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

NEWS

Former Metinvest CEO Igor Syriy, who was appointed COO of Metinvest's parent group System Capital Management (SCM) on Tuesday (Dec 24), gave an interview to Kyiv business daily Commersant which was published today (Dec 25), with the key takeaways as follows:

- Metinvest's full-year 2013 EBITDA is expected by Syriy to increase by 20% YoY (implying a figure of USD 2.4bn);
- CapEx for 2013 will amount to "more than" USD 700mn, with a further increase to around USD 1.0bn in 2014;
- The priority markets for Metinvest in the coming years will remain Ukraine and Europe; Syriy said he does not rule out a decrease in sales to the Far East and the Americas.
- Metinvest is considering its options regarding the purchase of steel rolling plants in Europe;
- Metinvest, along with other stakeholders, is planning to develop iron ore producer Black Iron after "all the necessary allowances are received", a process Syriy estimated as taking two months.

COMMENTARY

While most of Syriy's comments were previously known to the market, his estimate of EBITDA in 2013 is a positive surprise which could provide a boost for Metinvest's bonds. The new forecast exceeds the one provided by management only a month ago by up to 20%. In November, the group's CFO stated that EBITDA in FY13 is expected in the range of 2.0-2.2bn. The new target implies EBITDA in 4Q13 at USD 591mn, or +4.4% QoQ and 32% YoY. This is a rather optimistic target given the correction in iron ore prices which has occurred in 4Q.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.66	0.56	-15%	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	8.05	14.5	80%	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	3.04	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	0.53	3.4	554%	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	0.37	2.9	696%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.8	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.50	5.2	250%	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	1743	5250	201%	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	12.5	42.0	236%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	71.9	370	415%	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	27.5	72.0	162%	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	4.68	15.00	221%	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	63.0	90.0	43%	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	11.7	19.35	66%	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	93.0	109.50	18%	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	895.09	1061.97	781.22	-0.3%	0.2%	-3.0%	-5.8%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.039	0.06	0.02	-1.0%	-2.5%	-6.1%	-27.3%	-0.7%	-2.7%	-3.1%	-21.5%
Azovstal	AZST	0.66	0.90	0.31	-2.2%	-5.5%	-8.0%	-11.1%	-1.9%	-5.7%	-5.0%	-5.3%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	30.1%	0.3%	-0.2%	3.0%	36.0%
Enakievo Steel	ENMZ	32.6	49.9	20.0	-0.5%	-1.5%	-5.1%	-14.2%	-0.1%	-1.7%	-2.1%	-8.3%
Arcelor Mittal KR	KSTL	1.15	n/a	n/a	0.0%	n/a	n/a	n/a	0.3%	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.08	0.26	0.05	0.0%	-33.3%	-27.3%	-63.6%	0.3%	-33.5%	-24.3%	-57.8%
Coke												
Avdivka Coke	AVDK	3.04	4.80	1.60	-0.8%	-0.1%	-5.6%	-7.1%	-0.4%	-0.3%	-2.6%	-1.3%
Yasnyivsky Coking	YASK	0.53	0.85	0.49	0.0%	6.0%	-5.4%	-20.9%	0.3%	5.8%	-2.4%	-15.1%
Iron Ore Mining												
Centralny GOK	CGOK	6.49	7.74	5.00	0.0%	8.0%	1.4%	-5.9%	0.3%	7.8%	4.4%	-0.1%
Ferrexpo	FXPO	3.01	4.58	2.02	2.8%	0.7%	5.2%	-25.1%	3.2%	0.5%	8.2%	-19.3%
Pivnichny GOK	SGOK	8.05	10.00	5.77	0.6%	-1.9%	-0.6%	8.2%	1.0%	-2.2%	2.4%	14.0%
Coal Mining												
Pokrovske Mine	SHCHZ	0.37	0.71	0.37	-7.5%	-5.1%	-21.3%	-41.3%	-7.2%	-5.3%	-18.3%	-35.4%
Komsomolets Donbasa	SHKD	0.59	1.25	0.27	0.0%	-11.9%	-3.3%	-50.0%	0.3%	-12.1%	-0.3%	-44.2%
Energy Coal	CLE	0.32	4.57	0.31	0.0%	-23.1%	-54.8%	-89.8%	0.3%	-23.3%	-51.8%	-83.9%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	0.51	0.270	0.0%	0.0%	0.0%	-20.7%	0.3%	-0.2%	3.0%	-14.9%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.52	0.86	0.30	0.0%	6.1%	6.1%	-25.7%	0.3%	5.9%	9.1%	-19.9%
Interpipe NMPP	NVTR	0.21	0.29	0.10	0.0%	5.0%	0.0%	-4.5%	0.3%	4.8%	3.0%	1.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.8	29.0	12.0	-0.5%	0.3%	-1.8%	-13.7%	-0.2%	0.1%	1.2%	-7.8%
Luhanskeplovoz	LTPL	1.50	2.20	1.26	0.0%	2.0%	-3.8%	-19.8%	0.3%	1.8%	-0.9%	-14.0%
Stakhanov Wagon	SVGZ	1.31	1.95	1.00	0.0%	0.8%	-0.8%	-24.3%	0.3%	0.6%	2.2%	-18.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	5.7%	-6.4%	-37.5%	0.3%	5.5%	-3.4%	-31.7%
Motor Sich	MSICH	1,743	2,640	1,303	0.8%	10.9%	6.9%	-21.1%	1.1%	10.7%	9.9%	-15.3%
Sumy Frunze Engineering	SMASH	2.50	4.00	1.20	0.0%	3.3%	-2.0%	66.7%	0.3%	3.1%	1.0%	72.5%
Turboatom	TATM	3.50	n/a	n/a	0.0%	0.0%	0.0%	n/a	0.3%	-0.2%	3.0%	n/a
WESTA ISIC	WES	0.16	0.26	0.16	0.0%	-5.5%	-16.3%	-31.4%	0.3%	-5.7%	-13.3%	-25.6%
Telecom												
Ukrtelecom	UTLM	0.13	0.17	0.09	0.0%	3.9%	-10.2%	-18.8%	0.3%	3.7%	-7.2%	-12.9%
Oil & Gas												
Regal Petroleum	RPT	0.20	0.59	0.20	0.1%	-11.7%	-18.5%	-62.2%	0.4%	-11.9%	-15.6%	-56.4%
JKX Oil	JKX	1.18	1.26	0.75	1.3%	3.4%	-1.2%	-1.6%	1.6%	3.2%	1.8%	4.2%
Ukrnafta	UNAF	105	280	96	-0.5%	0.6%	-4.5%	-11.5%	-0.1%	0.4%	-1.5%	-5.6%
Power Utilities												
Centrenerg	CEEN	4.68	7.40	2.50	-0.7%	-2.0%	-7.9%	-26.3%	-0.4%	-2.2%	-4.9%	-20.5%
Donbasenergo	DOEN	27.5	34.0	15.4	0.1%	-0.8%	-0.6%	29.7%	0.4%	-1.0%	2.4%	35.6%
Zakhidenergo	ZAEN	89.5	115.0	64.0	0.0%	4.1%	2.6%	-7.7%	0.3%	3.9%	5.6%	-1.9%
Consumer												
Agroton	AGT	0.64	3.6	0.36	0.0%	-11.2%	-13.4%	-80.2%	0.3%	-11.4%	-10.4%	-74.4%
Astarta	AST	20.8	24.4	14.5	0.0%	8.8%	-3.9%	16.3%	0.3%	8.6%	-0.9%	22.2%
Avangardo	AVGR	11.7	13.0	7.61	1.7%	1.7%	-1.8%	3.2%	2.0%	1.4%	1.2%	9.0%
Industrial Milk Company	IMC	3.95	5.31	3.63	0.0%	-3.9%	-12.3%	-25.5%	0.3%	-4.1%	-9.3%	-19.7%
Kernel	KER	13.0	22.6	11.8	0.0%	5.4%	-9.6%	-40.2%	0.3%	5.2%	-6.6%	-34.4%
Mriya Agro Holding	MAYA	7.81	8.2	5.36	0.0%	11.1%	19.4%	20.4%	0.3%	10.9%	22.4%	26.2%
MHPC	MHPC	17.0	19.9	14.15	0.0%	6.3%	0.3%	11.5%	0.3%	6.0%	3.3%	17.3%
Milkiland	MLK	4.17	5.2	3.11	0.0%	1.4%	0.3%	-11.4%	0.3%	1.1%	3.2%	-5.6%
Ovostar Union	OVO	30.6	33.3	21.3	0.0%	12.2%	0.5%	6.1%	0.3%	12.0%	3.5%	11.9%
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	11.6	15.9	7.1	0.0%	-10.1%	-17.1%	-13.4%	0.3%	-10.3%	-14.2%	-7.6%
Banks												
Raiffeisen Bank Aval	BAVL	0.113	0.128	0.077	-0.2%	-3.1%	-5.6%	31.7%	0.2%	-3.3%	-2.6%	37.6%
UkrSotsbank	USCB	0.185	0.257	0.107	0.0%	-2.6%	-1.0%	43.4%	0.3%	-2.8%	2.0%	49.2%

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%
Ukrstsobank	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	122	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	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	338	4.1%	14	316	neg	neg	neg	neg	neg	neg	0.1	0.1	0.1	56	53	51	\$/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	47	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	930	0.5%	5	930	2.9	9.8	8.9	1.9	3.9	4.6	1.2	1.6	1.8				
Pivnichny GOK	SGOK	2,269	0.5%	12	2,394	2.9	5.2	6.3	2.0	2.9	3.7	1.3	1.6	1.8				
Ferrexpo	FXPO	1,773	24.0%	426	2,024	3.1	8.2	6.7	2.5	5.0	4.5	1.1	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	24	5.4%	1	126	1.6	0.6	0.7	1.9	1.3	1.4	0.7	0.5	0.5	31	30	28	\$/tonne
Coal Energy	CLE	14	11.9%	2	40	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	165	2.0%	3	208	1.7	4.9	4.8	1.4	2.8	2.7	0.3	0.3	0.3	330	547	520	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	40	24.0%	10	40	4.5	5.8	5.0	2.9	3.2	2.6	0.2	0.2	0.2				
Kruiiv Wagon	KVBZ	235	5.0%	12	237	2.8	2.5	4.7	2.0	1.8	2.6	0.3	0.3	0.4				
Stakhanov Wagon	SVGZ	36	8.0%	3	75	1.8	>30	12.6	2.3	10.5	6.9	0.2	0.2	0.2				
Specialized Machinery																		
Turboatom	TATM	181	5.8%	10	129	3.4	4.7	4.3	2.1	2.7	2.5	0.8	0.7	0.7				
Motor Sich	MSICH	443	24.0%	106	453	2.6	1.8	1.6	1.6	1.5	1.4	0.6	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	298	7.2%	21	634	neg	6.6	6.2	3.1	3.1	3.0	0.8	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	697	3.0%	21	686	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	66	49.0%	32	48	10.3	5.5	2.7	neg	2.1	1.3	2.5	1.0	0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	202	50.4%	102	310	3.4	5.0	4.0	2.7	2.1	2.1	1.3	1.4	1.2	82	57	43	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	211	21.7%	46	294	>30	7.3	6.3	6.0	4.8	4.4	0.3	0.3	0.3	20	21	17	\$/MWh
DonbasEnergO	DOEN	80	14.2%	11	136	neg	20.8	7.9	6.6	7.9	5.7	0.3	0.2	0.2	17	16	16	\$/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	954	61.8%	589	1,565	4.2	4.5	4.9	5.1	4.9	4.6	0.8	0.7	0.6				
Astarta	AST	519	31.0%	161	666	4.6	10.4	8.8	4.6	6.8	5.5	1.7	1.5	1.2	3376	2055	1707	\$/tonne
Avangardco	AVGR	747	22.5%	168	895	3.8	3.3	3.2	3.6	3.2	3.1	1.6	1.4	1.3	202	154	145	\$/mneegs
Agroton	AGT	14	44.6%	6	47	neg	0.7	0.7	2.5	1.5	1.4	0.4	0.5	0.4	0.4	n/a	n/a	\$/th/ha
Banks																		
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	417	1.6%	7		>30	>30	21.8	0.5	0.5	0.5	0.06	0.06	0.06				

Source: Eavex Research

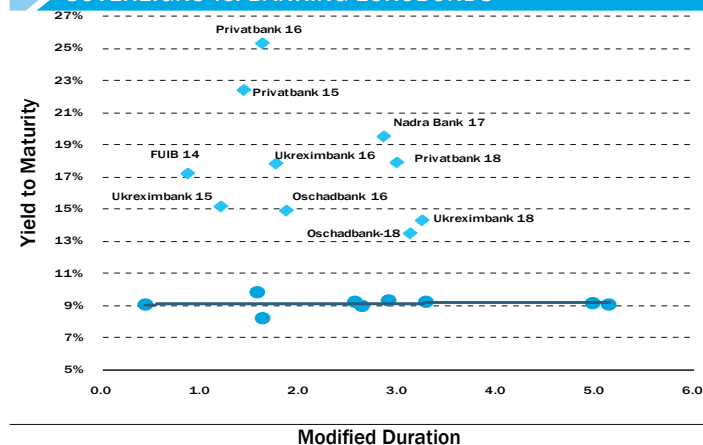
UKRAINIAN EUROBONDS

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	99.5	100.5	9.9%	7.2%	-2.3%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	100.5	100.5	9.9%	9.9%	-2.4%	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	93.4	94.4	9.4%	8.9%	-6.0%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	93.6	94.9	8.8%	8.3%	-5.4%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	91.9	93.4	9.4%	8.9%	-6.7%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	98.8	99.4	9.8%	9.6%	-7.5%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa1/B-/B-
Ukraine, 2017 Infr. projects	81.8	83.5	15.6%	14.9%	-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%	3.3	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	92.1	93.6	9.5%	9.1%	-9.8%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	92.8	94.3	9.4%	9.1%	-10.0%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	90.3	91.5	9.5%	9.2%	-10.0%	6.1	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	89.7	91.2	9.2%	8.9%	-9.5%	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	103.0	104.0	8.3%	7.9%	-1.9%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	90.3	90.3	10.4%	10.4%	-9.8%	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	89.3	91.0	14.3%	13.7%	-9.9%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	99.6	101.0	11.7%	11.0%	-2.6%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	85.8	85.8	13.9%	13.9%	-14.3%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	101.5	102.1	8.8%	8.2%	0.5%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	93.8	94.6	9.7%	9.4%	-5.8%	3.5	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	101.8	102.3	9.4%	9.0%	-1.6%	1.3	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	89.0	89.0	12.3%	12.3%	-8.2%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	98.0	98.0	9.1%	9.0%	0.6%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	90.0	90.0	12.5%	12.5%	-10.0%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	20.0%	18.0%	-3.8%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	109.9	111.9	8.4%	7.9%	10.9%	3.4	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	88.0	98.0	n/a	n/a	45.3%	n/a	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	98.5	98.5	14.7%	14.7%	-3.5%	0.9	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	79.1	81.7	25.3%	22.7%	-3.8%	2.8	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	88.4	90.0	18.7%	17.4%	-5.9%	1.5	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	70.6	74.9	24.9%	21.5%	-5.8%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	82.9	84.3	16.7%	16.2%	-16.4%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	96.5	96.5	11.9%	11.9%	-3.4%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	84.4	85.4	15.3%	14.6%	1.3%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	88.4	89.8	12.5%	12.0%	-10.9%	3.1	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	92.1	93.9	13.0%	12.0%	-2.2%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	88.1	89.9	12.5%	12.0%	-11.0%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	92.0	93.9	13.5%	12.2%	-0.7%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	92.0	93.8	13.2%	12.3%	-0.7%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

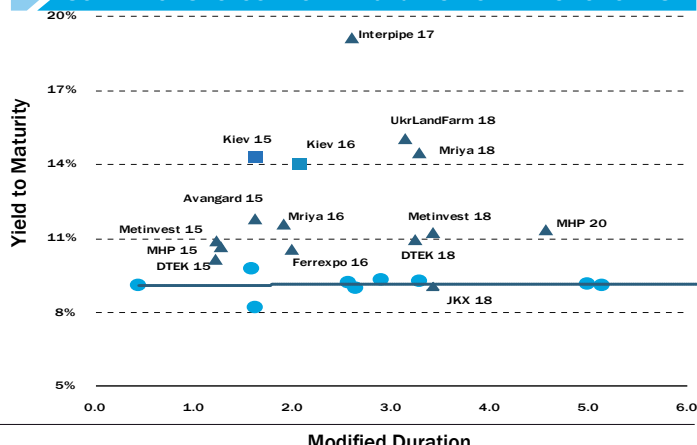
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



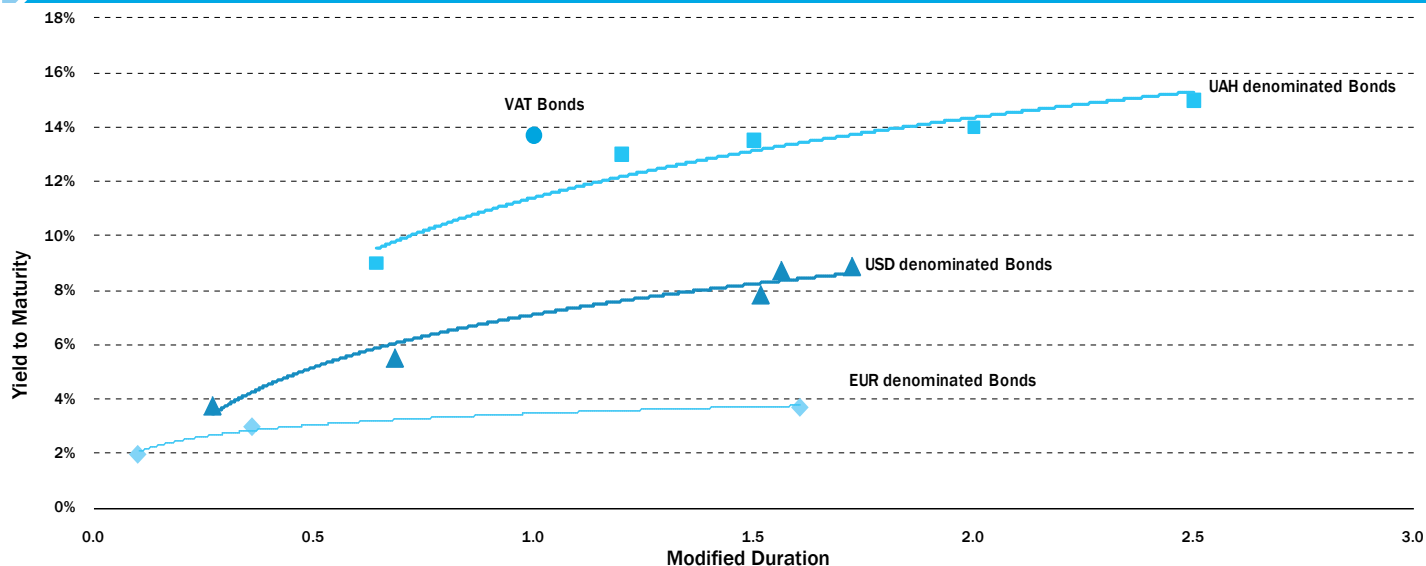
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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