

Market Update

Equity

Ukraine's equity market suffered its worst day in more than 7 months on Thursday (Jan 9), as a large seller appeared to be pushing down blue chip prices across the board against a backdrop of nearly flat external sentiments in Europe and the US. The UX index ended with a loss of 2.3% at 880 points after having been down as much as 3.5% intraday. Alchevsk Steel (ALMK) plunged 7.0% to a new 5-year low of 3.60 kopecks, while Avdyivka Coke (AVDK) hit its lowest level in 14 months after a 5.0% slide. Raiffeisen Aval (BAVL) and Yenakievo Steel (ENMZ) also got hammered, falling by more than 4% each, and Motor Sich's (MSICH) long run of gains ended with a 1.6% decline to UAH 1797. In Warsaw, sporadically-traded Astarta (AST PW) moved down by 5.1%, while in London, Ferrexpo (FXPO LN) and MHP (MHPC LI) dropped by 2.8% and 2.2% respectively, with the former ending near GBp 175.

Fixed Income

Ukrainian sovereigns moved down on Thursday, with Ukraine-23s dropping by 0.5p.p. to close at 91.4/92.9 (8.9%/8.6%), while corporate debt was flat to marginally lower. Agro issues UkrLandFarming-18s and Mriya-16s declined by 0.7p.p. and 0.5p.p. to 90.0/92.0 (14.1%/13.4%) and 100.5/102.7 (11.3%/10.1%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenergy	CEEN	4.60	-1.1%	0.8	67
Avdyivka Coke	AVDK	2.85	-5.0%	0.7	105
Alchevsk Steel	ALMK	0.036	-7.0%	0.6	133

Growth Leaders

Yasynivsky Coke	YASK	0.54	1.7%	0.02	8
Donbasenergo	DOEN	27.70	-0.3%	0.06	26
Centrenergy	CEEN	4.60	-1.1%	0.81	67

Loss Leaders

Alchevsk Steel	ALMK	0.04	-7.0%	0.608	133
Avdyivka Coke	AVDK	2.85	-5.0%	0.655	105
Yenakievo Steel	ENMZ	31.30	-4.7%	0.480	67

Highlights

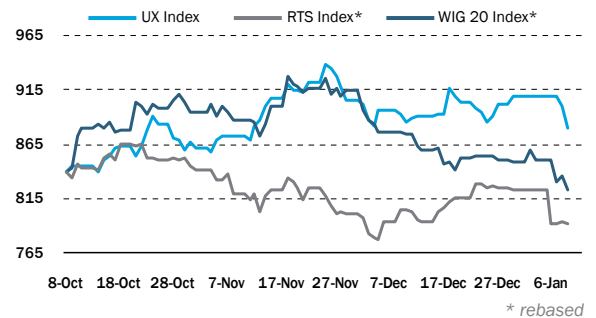
STOCKS IN THE NEWS

- > Ferrexpo's Pellet Output Moves Up 12% YoY in FY13
- > Black Iron/Metinvest Deal Receives Anti-Monopoly Approval

FIXED INCOME

- > Agroton Cuts Bond Coupon Rate from 8% to 6%

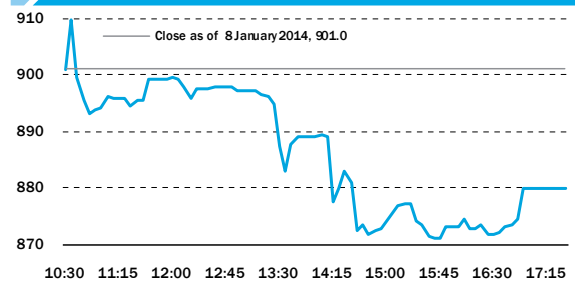
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	880.1	-2.3%	-1.4%	-3.3%
RTS	1388.9	-0.1%	-1.6%	-3.7%
WIG20	2325.5	-1.6%	-6.2%	-3.1%
MSCI EM	963.1	-1.0%	-4.9%	-3.9%
S&P 500	1838.1	0.0%	1.6%	-0.2%

UX INTRADAY JANUARY 9, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	332.4	0.5%	-4.8%	0.5%
CDS 5Y UKR	706.7	3.9%	-37.2%	-13.9%
Ukraine-17	8.1%	0.2 p.p.	-3.7 p.p.	-0.9 p.p.
Naftogaz Ukr-14	8.1%	0.2 p.p.	-14.5 p.p.	-0.7 p.p.
Ukraine-23	8.8%	0.1 p.p.	-2.0 p.p.	1.3 p.p.
Privatbank-16	17.9%	0.0 p.p.	-7.0 p.p.	-6.8 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.27	0.3%	1.2%	0.3%
EUR	11.25	0.6%	0.2%	-1.1%
RUB	0.25	0.4%	-0.4%	-0.8%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	287.4	0.0%	-1.2%	0.0%
Steel, USD/t	537.5	0.0%	1.9%	0.0%
Oil, USD/bbl	106.4	-0.7%	-2.5%	-4.3%
Gold, USD/oz	1228.0	0.2%	-1.0%	2.6%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ferrexpo's Pellet Output Moves Up 12% YoY in FY13

by Ivan Dzvinka
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FERREXPO (FXPO LN)

Price: GBp 174.9 Market Cap: USD 1,694mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	1.46	7.1	5.2	2%
2014E	1.39	6.8	5.0	2%

NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, increased its pellet output by 11.6% YoY to 10.81mn tonnes in full-year 2013, the company said in a Wednesday (Jan 8) press release. Pellet production from in-house ore moved up by 11.2% YoY to 10.47mn tonnes. Pellet production at Ferrexpo's new Yeristovo GOK mine (which came on line in late 2012) was 2.07mn tonnes, while output at the group's flagship Poltava GOK mine was lower by 9.7% YoY at 8.40mn tonnes.

In 4Q13 alone, Ferrexpo produced 2.77mn tonnes of pellets (-1.3 QoQ and +9.1% YoY). Production at Poltava and Yeristovo amounted to 2.04mn t (-5% QoQ) and 660,000 t (+22% QoQ), respectively.

COMMENTARY

Ferrexpo's FY13 production result is slightly above our expectation of 10.6mn tonnes, and represents 98% of its current stated pelletizing capacity of near 11mn t. Two points worth noting are the higher share of 65% Fe-content pellets in the product mix as well as the ramp-up in pellet output using iron ore extracted from Yeristovo. In 2013, the share of 65% Fe pellets in the company mix was 46% (5.0mn tonnes), up from 43% last year.

Also, lower production costs at Yeristovo prompted the company to expand its extraction there at the expense of lower output at Poltava, due to the group's current pelletizing capacity limitation of 11mn tonnes. Ferrexpo's overall production cash cost in 3Q13 from in-house ore stood at USD 58.2/t, or 2.5% lower than USD 59.6/t for FY12, when production at Yeristovo was only 110,000 tonnes.

Black Iron/Metinvest Deal Receives Anti-Monopoly Approval

by Ivan Dzvinka
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NEWS

Ukraine-based exploratory mining company Black Iron has received a green light from the Ukrainian Anti-Monopoly Committee to implement its previously announced strategic investment and development arrangement with metals & mining group Metinvest, Black Iron said on Thursday (Jan 9). According to the company's statement, both Black Iron and Metinvest are now working towards the closing of the arrangement within the next two months. This will include an initial financial contribution by Metinvest of USD 20mn to the account of BKI Cyprus and issuance to Metinvest of common shares equal to 49% of BKI Cyprus's share capital (for details, see our daily as of Aug 1 2013).

COMMENTARY

Although the news on the Anti-Monopoly's Committee's approval was rather expected, the company's stock advanced by 12% yesterday in Toronto. A much stronger catalyst for the BKI stock would be a confirmation by the parties on the source(s) of an estimated USD 1.1bn in necessary development funding.

Agroton Cuts Bond Coupon Rate from 8% to 6%

by Ivan Dzvinka
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NEWS

The new restructuring conditions of Agroton's USD 50mn Eurobonds, which include another cut in the coupon rate, have been approved by bondholders, the company announced in a statement on the Warsaw Stock Exchange on Jan 3. The new conditions were originally floated in late November. While the approved offer envisages leaving the new maturity date unchanged at July 2019, several amendments have been approved, including:

- a reduction in the coupon rate to 6.0% from the 8.0% set by the previous restructuring (vs. the initial rate of 12.5%);
- the postponement to January 2015 a coupon payment due on 14 January 2014 (which includes the previously postponed 14 July 2013 coupon) as well as postponement of the coupon due on 14 July 2014;
- reducing the quorum of a bondholders' meeting aimed at passing an Extraordinary Resolution to two or more persons whose holdings represent 50%+ of the principal amount of the notes;
- ability to pass an Extraordinary Resolution if holders of 50%+ (vs. 66.6%+ currently) of the principal amount present at the meeting vote for it.

COMMENTARY

Given that a majority (we are unaware of the exact percentage) of Agroton's bonds are reportedly concentrated in the hands of the company's major shareholder Vitaliy Zhuravlov and/or related parties, the approval was an expected scenario. We reiterate our view that a further deterioration/reduction in the coupon or maturity is possible in light of the significant deterioration in the company's corporate governance over 2013.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.64	0.56	-13%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	174.9	218.0	25%	BUY	Operations at Ferrexpo's new Yeristovo Mine should allow the company to increase its iron ore pellet output by 10% YoY to 10.6mn tonnes in 2013, with further growth to 12.0mn tonnes in 2015.
Pivnichny GOK	SGOK	8.00	14.5	81%	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	6.50	10.6	63%	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	2.85	6.2	119%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.54	3.4	537%	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	0.38	2.9	675%	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	249%	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	1797	5250	192%	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	13.4	42.0	214%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	72.0	370	414%	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	4.60	15.00	226%	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	17.8	22.10	25%	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	64.0	90.0	41%	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	11.3	19.35	71%	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	94.8	109.50	16%	HOLD	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	880.05	1061.97	781.22	-2.3%	-3.3%	-1.4%	-3.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-7.0%	-7.2%	-10.4%	-7.2%	-4.7%	-3.9%	-9.1%	-3.9%
Azovstal	AZST	0.64	0.90	0.31	-2.4%	-4.5%	-7.4%	-4.5%	-0.1%	-1.2%	-6.0%	-1.2%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	2.3%	3.3%	1.4%	3.3%
Enakievo Steel	ENMZ	31.3	49.9	20.0	-4.0%	-2.2%	-5.4%	-2.2%	-1.7%	1.1%	-4.0%	1.1%
Arcelor Mittal KR	KSTL	1.15	n/a	n/a	0.0%	0.0%	n/a	0.0%	2.3%	3.3%	n/a	3.3%
Mariupol Ilyicha	MMKI	0.10	0.26	0.05	0.0%	0.0%	-23.1%	0.0%	2.3%	3.3%	-21.7%	3.3%
Coke												
Avdiyivka Coke	AVDK	2.85	4.80	1.60	-5.6%	-3.7%	-7.6%	-3.7%	-3.3%	-0.4%	-6.2%	-0.4%
Yasynivsky Coking	YASK	0.54	0.85	0.49	1.9%	1.9%	-1.8%	1.9%	4.2%	5.2%	-0.4%	5.2%
Iron Ore Mining												
Centralny GOK	CGOK	6.50	7.74	5.00	0.0%	0.0%	8.2%	0.0%	2.3%	3.3%	9.5%	3.3%
Ferrexpo	FXPO	2.88	4.58	2.02	-2.7%	-7.3%	-0.4%	-8.7%	-0.4%	-4.0%	1.0%	-5.4%
Pivnichny GOK	SGOK	8.00	10.00	5.77	0.0%	0.0%	-1.2%	0.0%	2.3%	3.3%	0.2%	3.3%
Coal Mining												
Pokrovske Mine	SHCHZ	0.38	0.71	0.10	-5.0%	-5.0%	-11.6%	-5.0%	-2.7%	-1.7%	-10.2%	-1.7%
Komsomolets Donbasa	SHKD	0.62	1.25	0.27	0.0%	0.0%	-4.6%	0.0%	2.3%	3.3%	-3.2%	3.3%
Energy Coal	CLE	0.39	4.57	0.31	15.4%	16.5%	-23.6%	12.6%	17.7%	19.8%	-22.2%	15.9%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	n/a	n/a	0.0%	0.0%	n/a	0.0%	2.3%	3.3%	n/a	3.3%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.60	0.86	0.30	0.0%	0.0%	22.4%	0.0%	2.3%	3.3%	23.8%	3.3%
Interpipe NMPP	NVTR	0.21	0.29	0.10	0.0%	0.0%	-8.7%	0.0%	2.3%	3.3%	-7.3%	3.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.8	29.0	12.0	-3.2%	-3.2%	3.0%	-3.2%	-0.9%	0.1%	4.4%	0.1%
Luhanskeplovoz	LTPL	1.50	2.20	1.26	0.0%	0.0%	-6.3%	0.0%	2.3%	3.3%	-4.9%	3.3%
Stakhanov Wagon	SVGZ	1.30	1.95	1.00	0.0%	0.0%	5.7%	0.0%	2.3%	3.3%	7.1%	3.3%
Specialized Machinery												
Bogdan Motors	LUAZ	0.02	0.08	0.02	0.0%	-23.0%	-25.8%	-23.0%	2.3%	-19.7%	-24.4%	-19.7%
Motor Sich	MSICH	1,797	2,640	1,303	-1.8%	-1.5%	14.0%	-1.5%	0.5%	1.8%	15.3%	1.8%
Sumy Frunze Engineering	SMASH	2.57	4.00	1.20	2.8%	2.8%	11.3%	2.8%	5.1%	6.1%	12.6%	6.1%
Turboatom	TATM	3.50	n/a	n/a	0.0%	0.0%	n/a	0.0%	2.3%	3.3%	n/a	3.3%
WESTA ISIC	WES	0.16	0.26	0.13	4.5%	13.3%	-19.3%	17.3%	6.8%	16.6%	-17.9%	20.6%
Telecom												
Ukrtelecom	UTLM	0.12	0.17	0.09	0.0%	9.4%	-4.0%	9.4%	2.3%	12.7%	-2.6%	12.7%
Oil & Gas												
Regal Petroleum	RPT	0.22	0.57	0.19	1.0%	-0.8%	-10.5%	4.6%	3.4%	2.5%	-9.2%	7.9%
JKX Oil	JKX	1.19	1.26	0.75	0.1%	1.2%	1.4%	0.0%	2.4%	4.4%	2.8%	3.3%
Ukrnafta	UNAF	104	280	96	-3.1%	-4.6%	-3.2%	-4.6%	-0.8%	-1.3%	-1.8%	-1.3%
Power Utilities												
Centrenerg	CEEN	4.60	7.40	2.50	-1.1%	-3.5%	-6.7%	-3.5%	1.2%	-0.2%	-5.3%	-0.2%
Donbasenergo	DOEN	27.7	34.0	15.4	-0.4%	0.4%	1.5%	0.4%	2.0%	3.7%	2.9%	3.7%
Zakhidenergo	ZAEN	90.4	115.0	64.0	0.0%	0.0%	7.5%	0.0%	2.3%	3.3%	8.9%	3.3%
Consumer												
Agroton	AGT	0.82	3.6	0.36	-1.8%	25.5%	28.2%	26.3%	0.5%	28.8%	29.6%	29.6%
Astarta	AST	20.8	24.4	14.5	-5.0%	-6.7%	-1.6%	-6.5%	-2.6%	-3.4%	-0.2%	-3.2%
Avangardo	AVGR	11.3	13.0	7.61	0.0%	-1.7%	-4.2%	-3.8%	2.3%	1.6%	-2.8%	-0.5%
Industrial Milk Company	IMC	4.06	5.25	3.63	-1.9%	-1.8%	-2.4%	0.6%	0.4%	1.5%	-1.0%	3.8%
Kernel	KER	13.7	22.6	11.8	0.4%	4.3%	4.3%	7.8%	2.7%	7.6%	5.7%	11.1%
Mriya Agro Holding	MAYA	6.87	8.2	5.36	0.1%	-5.2%	-8.9%	-7.8%	2.4%	-1.9%	-7.5%	-4.5%
MHPC	MHPC	17.8	19.9	14.15	-2.2%	-1.4%	12.2%	4.4%	0.1%	1.9%	13.6%	7.6%
Milkiland	MLK	3.77	5.2	3.11	-3.8%	-3.3%	-4.3%	-9.4%	-1.5%	0.0%	-2.9%	-6.1%
Ovostar Union	OVO	30.8	33.3	21.3	0.0%	-3.1%	18.7%	-7.4%	2.3%	0.2%	20.1%	-4.1%
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	12.5	15.9	7.1	0.0%	0.0%	-4.6%	0.0%	2.3%	3.3%	-3.2%	3.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.106	0.128	0.077	-4.1%	-6.3%	-8.7%	-6.3%	-1.8%	-3.0%	-7.3%	-3.0%
UkrSotsbank	USCB	0.179	0.257	0.107	-1.5%	-4.8%	5.6%	-4.8%	0.8%	-1.5%	6.9%	-1.5%

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		
		2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E
Steel																
Alchevsk Steel	ALMK	1,783	1,729	1,730	-5	-62	-14	neg	neg	neg	-127	-173	-35	neg	neg	neg
Enakievo Steel	ENMZ	1,578	1,531	1,561	-84	22	33	neg	1.5%	2.1%	9	-185	-29	0.5%	neg	neg
Azovstal	AZST	2,814	1,938	1,976	-181	-31	35	neg	neg	1.8%	-333	-173	-24	neg	neg	neg
Coke																
Avdyivka Coke	AVDK	1,090	914	784	-112	47	29	neg	5.1%	3.8%	-137	-6	-24	neg	neg	neg
Yasynivsky Coking	YASK	432	367	333	27	29	19	6.4%	7.8%	5.7%	8	11	5	1.9%	3.1%	1.4%
Iron Ore Mining																
Centralny GOK	CGOK	610	679	634	232	312	279	38.0%	46.0%	44.1%	95	179	150	15.6%	26.4%	23.7%
Pivnichny GOK	SGOK	1,416	1,630	1,506	750	914	816	53.0%	56.1%	54.2%	436	549	461	30.8%	33.7%	30.6%
Ferrexpo	FXPO	1,424	1,545	1,623	402	433	449	28.2%	28.0%	27.7%	216	240	248	15.1%	15.5%	15.3%
Coal Mining																
Komsomolets Donbasa	SHKD	273	220	234	125	92	94	45.9%	41.8%	40.1%	7	17	17	2.6%	7.6%	7.3%
Coal Energy	CLE	165	126	101	63	21	9	38.0%	16.8%	8.9%	38	-17	-24	23.2%	neg	neg
Pipe Manufacturing																
Khartsyzk Pipe	HRTR	480	310	361	52	31	34	10.8%	10.1%	9.5%	34	17	20	7.0%	5.5%	5.5%
Railcar Manufacturing																
Luhanskteplovoz	LTPL	216	329	367	29	36	38	13.4%	10.8%	10.4%	5	18	20	2.2%	5.4%	5.5%
Kryukiv Wagon	KVBZ	891	427	387	135	65	59	15.2%	15.2%	15.3%	95	25	22	10.7%	5.7%	5.7%
Stakhanov Wagon	SVGZ	311	172	150	7	6	5	2.3%	3.4%	3.6%	1	-1	-1	0.2%	neg	neg
Specialized Machinery																
Turboatom	TATM	160	199	222	51	73	78	32.2%	36.7%	35.2%	38	55	59	23.8%	27.8%	26.6%
Motor Sich	MSICH	979	1,000	1,116	309	233	258	31.6%	23.3%	23.1%	200	184	205	20.4%	18.4%	18.4%
Telecom																
Ukrtelecom	UTLM	838	749	654	206	215	209	24.5%	28.7%	31.9%	45	50	65	5.4%	6.6%	10.0%
Oil & Gas																
Ukrnafta	UNAF	1,853	2,454	2,143	319	414	393	17.2%	16.9%	18.3%	176	131	121	9.5%	5.4%	5.7%
Regal Petroleum	RPT	51	38	60	21	17	31	42.0%	45.0%	52.0%	12	5	13	22.7%	13.2%	21.3%
JKX Oil	JKX	203	210	231	136	85	90	67.1%	40.5%	39.0%	-11	20	24	neg	9.5%	10.4%
Electric Utilities																
Centrenergo	CEEN	1,119	902	1,006	69	62	69	6.2%	6.8%	6.8%	29	43	50	2.6%	4.8%	5.0%
Donbasenergo	DOEN	574	656	732	32	72	64	5.6%	11.0%	8.8%	4	49	43	0.7%	7.5%	5.9%
Consumer																
MHP	MHPC	1,408	1,422	1,635	468	413	545	33.2%	29.0%	33.3%	311	202	269	22.1%	14.2%	16.5%
Kernel	KER	2,157	2,797	2,480	322	291	257	14.9%	10.4%	10.4%	211	105	77	9.8%	3.8%	3.1%
Astarta	AST	456	504	598	109	125	169	20.0%	20.6%	23.6%	58	78	113	10.6%	12.9%	15.8%
Avangardco	AVGR	629	703	785	280	328	373	44.5%	46.6%	47.5%	228	262	300	36.3%	37.2%	38.3%
Agroton	AGT	88	69	76	20	13	12	23.2%	18.1%	15.4%	7	-2	-1	7.7%	neg	neg
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	5,962	5,497	5,664	793	905	856	679	665	613	4	110	115	0.5%	12.2%	13.5%
Ukrspotsbank	USCB	5,151	4,564	4,846	957	950	1,029	451	389	475	1	2	20	0.1%	0.2%	2.0%

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		
				2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E			
Steel																		
Alchevsk Steel	ALMK	112	3.9%	4	1,906	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	493	459	446	\$/tonne
Yenakievo Steel	ENMZ	40	8.8%	4	34	4.7	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	326	3.0%	10	308	neg	neg	neg	neg	neg	8.7	0.1	0.2	0.2	67	68	68	\$/tonne
Coke																		
Avdyivka Coke	AVDK	67	6.8%	5	65	neg	neg	neg	neg	1.4	2.2	0.1	0.1	0.1	15	17	17	\$/tonne
Yasynivsky Coke	YASK	18	9.0%	2	19	2.1	1.6	3.8	0.7	0.7	1.0	0.0	0.1	0.1	0.7	0.7	1.0	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	922	0.3%	2	920	9.7	5.1	6.1	4.0	2.9	3.3	1.5	1.4	1.5				
Pivnichny GOK	SGOK	2,230	0.4%	9	2,224	5.1	4.1	4.8	3.0	2.4	2.7	1.6	1.4	1.5				
Ferrexpo	FXPO	1,694	24.0%	407	2,260	7.9	7.1	6.8	5.6	5.2	5.0	1.6	1.5	1.4				
Coal Mining																		
Komsomolets Donbasa	SHKD	25	5.4%	1	127	3.5	1.5	1.5	1.0	1.4	1.4	0.5	0.6	0.5	31	30	28	\$/tonne
Coal Energy	CLE	18	25.0%	4	128	0.5	neg	neg	2.0	6.0	14.2	0.8	1.0	1.3	2.0	6.0	14.2	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	189	2.0%	4	234	5.6	11.0	9.4	4.5	7.5	6.8	0.5	0.8	0.6	372	617	586	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	40	24.0%	10	82	8.2	2.2	2.0	2.8	2.3	2.1	0.4	0.2	0.2				
Krukiv Wagon	KVBZ	232	5.0%	12	232	2.4	9.5	10.5	1.7	3.6	3.9	0.3	0.5	0.6				
Stakhanov Wagon	SVGZ	36	8.0%	3	75	>30	neg	neg	10.4	12.7	13.7	0.2	0.4	0.5				
Specialized Machinery																		
Turboatom	TATM	179	5.8%	10	106	4.7	3.2	3.0	2.1	1.4	1.4	0.7	0.5	0.5				
Motor Sich	MSICH	452	24.0%	108	470	2.3	2.5	2.2	1.5	2.0	1.8	0.5	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	273	7.2%	20	594	6.0	5.5	4.2	2.9	2.8	2.8	0.7	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	680	3.0%	20	671	3.9	5.2	5.6	2.1	1.6	1.7	0.4	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	71	21.6%	15	42	6.1	14.0	5.5	2.0	2.5	1.3	0.8	1.1	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	203	50.4%	103	312	neg	10.2	8.5	2.3	3.7	3.5	1.5	1.5	1.3	57	43	42	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	206	21.7%	45	274	7.1	4.8	4.1	4.0	4.4	4.0	0.2	0.3	0.3	15	19	17	\$/MWh
DonbasEnergO	DOEN	79	14.2%	11	150	20.7	1.6	1.8	4.7	2.1	2.3	0.3	0.2	0.2	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,876	34.1%	640	3,036	6.0	9.3	7.0	6.5	7.4	5.6	2.2	2.1	1.9				
Kernel	KER	1,088	61.8%	672	1,794	5.2	10.4	14.1	5.6	6.2	7.0	0.8	0.6	0.7				
Astarta	AST	520	37.0%	193	854	9.0	6.6	4.6	7.8	6.8	5.1	1.9	1.7	1.4				
Avangardco	AVGR	722	22.5%	162	921	3.2	2.8	2.4	3.3	2.8	2.5	1.5	1.3	1.2	208	158	149	\$/mneggs
Agroton	AGT	18	26.2%	5	67	2.6	neg	neg	3.3	5.3	5.7	0.8	1.0	0.9	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	386	3.6%	14		>30	3.5	3.3	0.5	0.4	0.5	0.06	0.07	0.07				
Ukrsotsbank	USCB	398	1.4%	6		>30	>30	20.7	0.5	0.4	0.4	0.08	0.09	0.09				

Source: Eavex Research

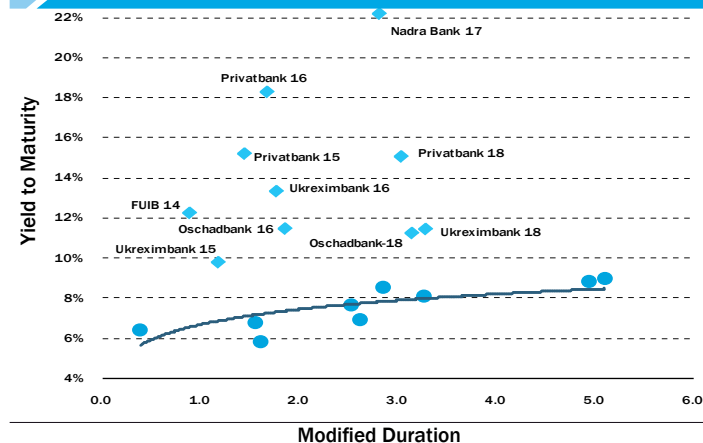
UKRAINIAN EUROBONDS

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	100.3	101.0	7.9%	5.7%	0.6%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	100.6	101.3	9.9%	8.5%	0.4%	0.7	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	98.5	99.5	6.0%	5.4%	3.1%	1.6	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	99.3	100.8	7.6%	6.6%	2.5%	1.5	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	96.6	97.6	8.1%	7.7%	3.2%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	96.8	97.8	7.6%	7.2%	3.2%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	95.0	96.3	8.4%	8.0%	3.2%	3.3	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	102.4	103.7	8.6%	8.1%	3.9%	2.8	9.25%	S/A	24 Jul 2017	2,000	Caa1/B-/B-
Ukraine, 2017 Infr. projects	92.0	93.5	11.6%	11.0%	12.3%	3.1	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	88.8	90.4	11.2%	10.7%	14.1%	3.4	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	93.6	94.9	9.2%	8.9%	1.3%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	94.3	95.8	9.1%	8.8%	1.5%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	91.8	93.1	9.2%	9.0%	1.5%	6.1	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	91.4	92.9	8.9%	8.6%	1.8%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	54.4	32.9%	29.6%	n/a	2.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	103.0	104.4	8.3%	7.7%	0.2%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	89.9	91.3	10.5%	10.2%	1.3%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	100.1	101.8	10.5%	9.3%	n/a	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	90.0	92.0	14.1%	13.4%	0.9%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.5	102.7	11.3%	10.1%	1.4%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	89.7	91.0	12.6%	12.2%	3.7%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	102.3	103.1	8.1%	7.3%	0.5%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	95.7	97.0	9.1%	8.7%	2.2%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	102.8	104.4	8.5%	7.2%	4.0%	1.2	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	96.7	98.1	9.8%	9.4%	2.5%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	98.7	100.1	8.8%	8.0%	1.4%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	93.6	94.9	11.4%	11.0%	2.8%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	20.1%	18.2%	0.0%	2.5	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	110.9	112.8	8.2%	7.7%	0.7%	3.4	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	88.0	98.0	n/a	n/a	0.0%	n/a	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	100.9	100.9	11.7%	11.7%	2.4%	0.9	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.0	85.3	24.8%	19.5%	0.0%	2.8	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	92.0	94.0	16.0%	14.4%	4.3%	1.4	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	77.2	82.2	20.1%	16.5%	13.4%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	87.8	90.3	15.0%	14.0%	6.4%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	97.5	98.6	11.2%	10.1%	1.7%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	86.4	88.8	14.1%	12.5%	5.0%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	91.4	92.8	11.5%	11.0%	3.2%	3.1	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	85.0	90.0	n/a	n/a	2.3%	n/a	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	94.0	95.7	12.1%	11.0%	1.9%	1.9	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	90.1	91.9	11.9%	11.4%	2.3%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	94.6	95.8	11.8%	11.1%	2.4%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	94.7	95.9	11.9%	11.3%	2.5%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

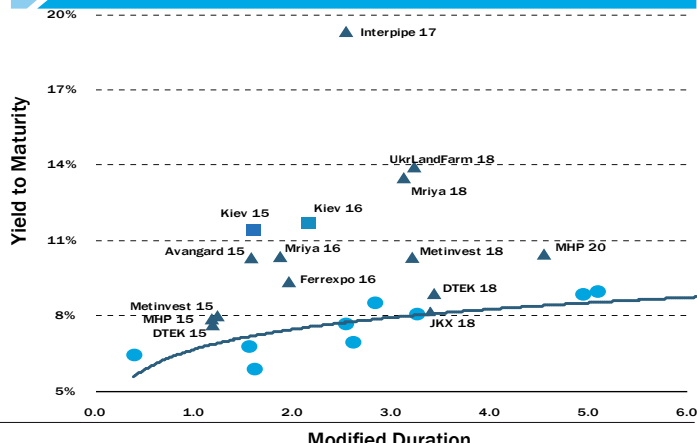
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



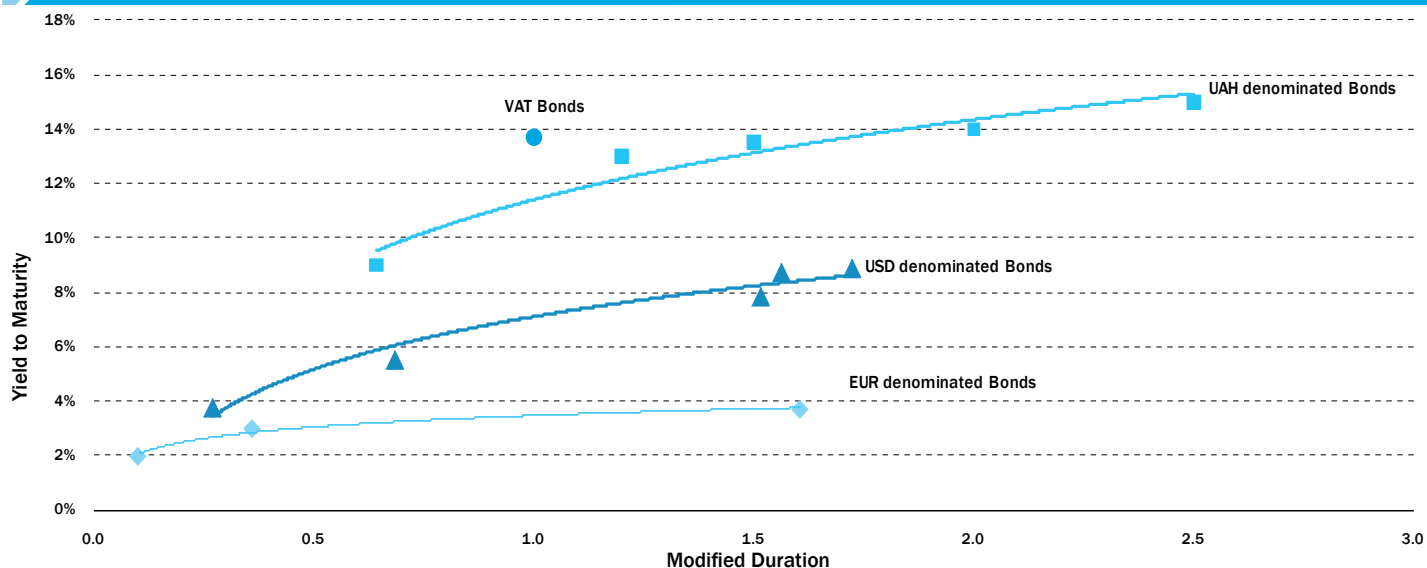
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			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

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