

Market Update

Equity

Most Ukrainian blue chips moved higher on Friday (Jan 10), regaining much of the territory lost in Thursday's session. Externally, markets were largely untroubled by a surprisingly sluggish US jobs report for December, with investors assuming that the data could strengthen the case for continued central bank stimulus measures. The UX index added a robust 1.8%, closing at 896 points. Top liquid issue Motor Sich led the rally, pushing to its best level since August with a 3.5% gain on turnover of UAH 4.4mn, and Raiffeisen Aval rose by the same increment in erasing most of its Thursday decline to finish just above the 11 kopeck level. Alchevsk Steel and CentrErgo saw more moderate pickups of 1.1% and 1.7%, while Metinvest-controlled Avdyivka Coke and Azovstal both ended marginally in the red. Outside the UX basket, Stirol was the most active name, sliding 3.8% to UAH 12.02.

Fixed Income

Ukrainian sovereigns rose on Friday with Ukraine-23s improved by 0.6p.p. closing at 92.0/93.5 (8.8%/8.5%). The corporate universe was mixed. UkrlandFarming-18s increased by 1.7p.p. on news of the group's 5% stake acquisition by global trader Cargill while DTEK-18s declined by 0.3p.p. to 95.4/96.5 (9.2%/8.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1860.00	3.5%	4.5	122
Centrenerg	CEEN	4.68	1.8%	0.9	61
Avdyivka Coke	AVDK	2.845	-0.2%	0.8	126

Growth Leaders

Bank Forum	FORM	0.88	25.7%	0.51	7
Ukrtelecom	UTLM	0.14	16.4%	0.38	10
Pokrovske Mine	SHCHZ	0.41	7.9%	0.01	9

Loss Leaders

Bogdan Motors	LUAZ	0.02	-21.5%	0.005	12
Stirol	STIR	12.02	-3.8%	0.334	12
Ukrasotsbank	USCB	0.18	-1.9%	0.085	17

Highlights

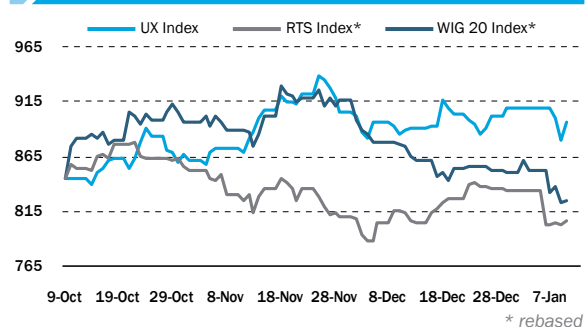
STOCKS IN THE NEWS

- > Ukraine's 2013 Steel Output Moves Up 0.8% YoY

FIXED INCOME

- > F&C Postpones Bond Redemption to 2019, Cuts Coupon by 125 bps

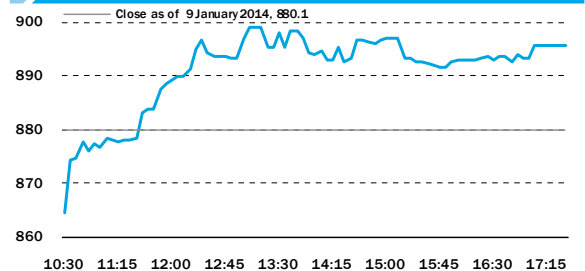
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	895.7	1.8%	1.1%	-1.6%
RTS	1395.9	0.5%	-1.0%	-3.2%
WIG20	2327.9	0.1%	-5.9%	-3.0%
MSCI EM	970.2	0.7%	-4.2%	-3.2%
S&P 500	1842.4	0.2%	2.2%	0.1%

UX INTRADAY JANUARY 10, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	339.5	2.2%	-2.7%	2.7%
CDS 5Y UKR	715.6	1.3%	-37.0%	-12.8%
Ukraine-17	8.0%	-0.1 p.p.	-3.7 p.p.	-1.0 p.p.
Naftogaz Ukr-14	8.1%	0.0 p.p.	-15.8 p.p.	-0.7 p.p.
Ukraine-23	8.6%	-0.1 p.p.	-1.8 p.p.	1.1 p.p.
Privatbank-16	18.0%	0.1 p.p.	-8.6 p.p.	-6.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.29	0.2%	0.5%	0.5%
EUR	11.33	0.7%	-0.2%	-0.4%
RUB	0.25	0.7%	-0.5%	-0.1%

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	107.3	0.8%	-1.7%	-3.6%
Gold, USD/oz	1248.5	1.7%	-1.1%	4.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukraine's 2013 Steel Output Moves Up 0.8% YoY

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NEWS

Ukraine's crude steel output increased by 0.8% YoY to 32.62mn tonnes in full-year 2013, industry publication Metal Courier reported on Friday (Jan 10). In December alone, Ukrainian steel mills smelted 2.66mn of steel, a rise of 3.5% YoY. Average daily steel output in December was higher by 0.6% MoM at 85,600 tonnes.

UKRAINE'S CRUDE STEEL PRODUCTION, '000 T							
Owner		Dec'13	YoY	Dec daily	MoM	2013	YoY
AM	ArchelorMittal KR	566	3%	18.3	1%	6,476	1%
Metinvest	MMK Illich	424	3%	13.7	6%	5,044	-2%
Metinvest	Azovstal	333	-2%	10.7	-3%	4,469	-3%
Metinvest	Zaporizhstal	335	8%	10.8	16%	3,820	1%
Metinvest	Yenakievo Steel	243	34%	7.8	0%	2,888	6%
IUD	Alchevsk Steel	371	0%	12.0	14%	4,174	8%
IUD	Dzerzhinsky Steel	223	-12%	7.2	-1%	2,929	-7%
Evraz	Petrovsky Steel	67	-11%	2.2	-30%	997	21%
	Dniprospeztstal	20	-13%	0.6	2%	274	-17%
	Others	73		2.4		1,549	
TOTAL		2,655	3.5%	85.6	0.6%	32,620	0.8%

Source: Metal Courier, Metallurgprom

COMMENTARY

As we predicted, Ukrainian steelmakers managed to improve their operating results in December, which we attribute to a seasonal resurgence in demand in the second part of the month as consumers and traders replenished their inventories. The solid year-on-year rise of 3.5% was probably helped by the low comparison base from December 2012, a month in which Ukraine was hit by a series of paralyzing snowfalls.

Metinvest (including Zaporizhstal) improved its output by 8% MoM in December to 1.34mn tonnes, while the mills owned by the ISD group posted double digit growth of 11% MoM to 594,000 tonnes in the month.

Overall, the domestic steel industry managed to the finish year slightly ahead of where it was in 2012; the FY13 output of 32.6mn tonnes is in line with our most recent expectations, although the figure comes in somewhat below our initial 2013 forecast of 33.0mn tonnes. Political unrest in several MENA countries as well as lower internal consumption in Ukraine (following the end of EURO-2012 infrastructure projects) were offset by higher demand in Russia/CIS. Additionally, Ukrainian steelmakers - especially those of ISD - managed to fight back to reclaim some of their market share in Europe previously lost to Turkish and Russian competitors.

For 2014, we have a cautiously optimistic outlook for Ukrainian steel production; we expect an increase in the range of 2% YoY against base-case forecasts of a 3% YoY rise in global steel demand. Supportive factors for the forecast are further improvement the situation in Europe and higher steel use in MENA. The risk for national steel plants include tightening competition from China and a deterioration in Ukraine's trade relationship with Russia, which buys a non-negligible chunk of Ukrainian steel exports.

F&C Postpones Bond Redemption to 2019, Cuts Coupon by 125 bps

by Dmitry Churin
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NEWS

Finance&Credit Bank, which is affiliated with the business group of Ferrexpo owner Constantine Zhevago, has restructured its outstanding USD 100mn (10.5%) Eurobonds, which had been set to mature later this month (on Jan 25), according to an announcement made by the bank on the Irish Stock Exchange on Friday (Jan 10). F&C agreed with bondholders to exchange the outstanding bonds for a combination of cash and newly-issued bonds with a 9.25% coupon and maturity in 2019. Each bondholder will get a pro rata share of a one-time USD 5mn cash payment.

COMMENTARY

Although F&C's offer does not provide any particular benefit to the bondholders other than the modest one-off payout, more than 75% of bondholders voted to approve it at a meeting held on Thursday (Jan 9). The approved offer cuts the coupon to 9.25% rather than to the 9.125% initially demanded by F&C in November, when the bank announced the restructuring plan. This is the second time F&C has restructured its bonds, which were first issued in 2006 at 10.375% and were replaced by a new issue with a 10.5% coupon in 2009. We suspect that the bondholders had little choice but to accept the new offer. We believe that Zhevago could easily have raised the cash to redeem the bonds, but that he preferred to avoid a capital outflow from his group.

The F&C bonds are currently quoted with a wide spread at 88.0/98.0, implying a yield of 12.9%/10.0.

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	175.2	218.0	24%	BUY	Operations at Ferrexpo's new Yeristovo Mine should allow the company to increase its iron ore pellet output by 10% YoY to 10.6mn tonnes in 2013, with further growth to 12.0mn tonnes in 2015.
Pivnichny GOK	SGOK	8.01	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	6.50	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						
Avdiyivka 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	0.41	2.9	618%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	17.0	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	1860	5250	182%	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	13.8	42.0	205%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	72.3	370	412%	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	28.0	72.0	157%	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	CentrEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	18.0	22.10	23%	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	65.5	90.0	37%	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	95.0	109.50	15%	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	895.68	1061.97	781.22	1.8%	-1.6%	1.1%	-1.6%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.037	0.06	0.02	2.2%	-5.2%	-7.8%	-5.2%	0.4%	-3.6%	-8.9%	-3.6%
Azovstal	AZST	0.64	0.90	0.31	-0.6%	-5.1%	-7.7%	-5.1%	-2.4%	-3.5%	-8.8%	-3.5%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	-1.8%	1.6%	-1.1%	1.6%
Enakievo Steel	ENMZ	32.0	49.9	20.0	2.4%	0.1%	-2.4%	0.1%	0.6%	1.7%	-3.6%	1.7%
Arcelor Mittal KR	KSTL	1.15	n/a	n/a	0.0%	0.0%	n/a	0.0%	-1.8%	1.6%	n/a	1.6%
Mariupol Ilyicha	MMKI	0.10	0.26	0.05	0.0%	0.0%	-23.1%	0.0%	-1.8%	1.6%	-24.2%	1.6%
Coke												
Avdyivka Coke	AVDK	2.85	4.80	1.60	-0.2%	-3.9%	-6.9%	-3.9%	-2.0%	-2.3%	-8.0%	-2.3%
Yasnyivsky Coking	YASK	0.54	0.85	0.49	0.0%	1.9%	0.0%	1.9%	-1.8%	3.5%	-1.1%	3.5%
Iron Ore Mining												
Centralny GOK	CGOK	6.50	7.74	5.00	0.0%	0.0%	8.2%	0.0%	-1.8%	1.6%	7.0%	1.6%
Ferrexpo	FXPO	2.89	4.58	2.02	0.2%	-6.1%	0.4%	-8.5%	-1.5%	-4.5%	-0.8%	-6.9%
Pivnichny GOK	SGOK	8.01	10.00	5.77	0.1%	0.1%	-1.1%	0.1%	-1.7%	1.7%	-2.3%	1.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.41	0.71	0.10	7.9%	2.5%	-18.0%	2.5%	6.1%	4.1%	-19.1%	4.1%
Komsomolets Donbasa	SHKD	0.62	1.25	0.27	0.0%	0.0%	6.9%	0.0%	-1.8%	1.6%	5.8%	1.6%
Energy Coal	CLE	0.38	4.57	0.31	-2.2%	17.9%	-27.1%	10.1%	-4.0%	19.5%	-28.2%	11.7%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.46	n/a	n/a	0.0%	0.0%	n/a	0.0%	-1.8%	1.6%	n/a	1.6%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.55	0.86	0.30	-8.3%	-8.3%	12.2%	-8.3%	-10.1%	-6.8%	11.1%	-6.8%
Interpipe NMPP	NVTR	0.23	0.29	0.10	9.5%	9.5%	0.0%	9.5%	7.7%	11.1%	-1.1%	11.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.0	29.0	12.0	1.3%	-2.0%	4.2%	-2.0%	-0.5%	-0.4%	3.1%	-0.4%
Luhanskeplovoz	LTPL	1.50	2.20	1.26	0.0%	0.0%	-6.3%	0.0%	-1.8%	1.6%	-7.4%	1.6%
Stakhanov Wagon	SVGZ	1.12	1.95	1.00	-13.8%	-13.8%	-13.2%	-13.8%	-15.6%	-12.3%	-14.3%	-12.3%
Specialized Machinery												
Bogdan Motors	LUAZ	0.02	0.08	0.02	-14.2%	-34.0%	-37.3%	-34.0%	-16.0%	-32.4%	-38.4%	-32.4%
Motor Sich	MSICH	1,860	2,640	1,303	3.5%	2.0%	19.5%	2.0%	1.7%	3.6%	18.4%	3.6%
Sumy Frunze Engineering	SMASH	2.40	4.00	1.20	-6.6%	-4.0%	3.9%	-4.0%	-8.4%	-2.4%	2.8%	-2.4%
Turboatom	TATM	3.50	n/a	n/a	0.0%	0.0%	n/a	0.0%	-1.8%	1.6%	n/a	1.6%
WESTA ISIC	WES	0.16	0.26	0.13	1.1%	0.8%	-18.8%	18.6%	-0.7%	2.4%	-20.0%	20.2%
Telecom												
Ukrtelecom	UTLM	0.14	0.17	0.09	16.4%	27.3%	11.7%	27.3%	14.6%	28.9%	10.6%	28.9%
Oil & Gas												
Regal Petroleum	RPT	0.23	0.57	0.19	2.9%	14.9%	-8.1%	7.6%	1.1%	16.5%	-9.3%	9.1%
JXX Oil	JKX	1.19	1.26	0.75	0.4%	1.3%	0.6%	0.4%	-1.4%	2.9%	-0.6%	2.0%
Ukrnafta	UNAF	107	280	96	2.9%	-1.8%	0.0%	-1.8%	1.1%	-0.3%	-1.1%	-0.3%
Power Utilities												
Centrenerg	CEEN	4.68	7.40	2.50	1.8%	-1.8%	-3.9%	-1.8%	0.0%	-0.3%	-5.1%	-0.3%
Donbasenergo	DOEN	28.0	34.0	15.4	1.0%	1.4%	3.4%	1.4%	-0.8%	3.0%	2.2%	3.0%
Zakhidenergo	ZAEN	90.4	115.0	64.0	0.0%	0.0%	3.9%	0.0%	-1.8%	1.6%	2.8%	1.6%
Consumer												
Agroton	AGT	0.92	3.6	0.36	12.7%	30.5%	39.5%	42.4%	11.0%	32.1%	38.3%	44.0%
Astarta	AST	21.5	24.4	14.5	3.5%	-2.9%	-0.7%	-3.2%	1.8%	-1.3%	-1.8%	-1.6%
Avangardo	AVGR	11.3	13.0	7.61	0.0%	-0.9%	-3.4%	-3.8%	-1.8%	0.7%	-4.6%	-2.3%
Industrial Milk Company	IMC	4.10	5.25	3.63	0.9%	-1.4%	-3.1%	1.5%	-0.8%	0.1%	-4.3%	3.1%
Kernel	KER	13.8	22.6	11.8	1.1%	2.7%	6.1%	9.0%	-0.7%	4.3%	4.9%	10.6%
Mriya Agro Holding	MAYA	6.91	8.2	5.36	0.6%	-0.5%	-4.1%	-7.2%	-1.2%	1.1%	-5.2%	-5.6%
MHPC	MHPC	18.0	19.9	14.15	1.4%	1.4%	13.9%	5.8%	-0.4%	3.0%	12.8%	7.4%
Milkiland	MLK	3.78	5.2	3.11	0.3%	-1.8%	-6.0%	-9.1%	-1.4%	-0.2%	-7.1%	-7.5%
Ovostar Union	OVO	31.2	33.3	21.3	1.3%	-0.3%	14.5%	-6.1%	-0.4%	1.3%	13.3%	-4.5%
Sintal	SNPS	n/a	0.28	0.28	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	0.57	0.57	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	12.0	15.9	7.1	-3.8%	-3.8%	-11.5%	-3.8%	-5.6%	-2.3%	-12.6%	-2.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.110	0.128	0.077	3.6%	-3.0%	-5.1%	-3.0%	1.8%	-1.4%	-6.2%	-1.4%
UkrSotsbank	USCB	0.175	0.257	0.107	-1.8%	-6.6%	3.2%	-6.6%	-3.6%	-5.0%	2.0%	-5.0%

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		
		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%
Ukrsporsbank	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	2013E			
Steel																		
Alchevsk Steel	ALMK	114	3.9%	4	1,908	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	493	460	446	\$/tonne
Yenakievo Steel	ENMZ	41	8.8%	4	35	4.8	neg	neg	neg	1.6	1.1	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	323	3.0%	10	305	neg	neg	neg	neg	neg	8.6	0.1	0.2	0.2	66	68	67	\$/tonne
Coke																		
Avdyivka Coke	AVDK	67	6.8%	5	64	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	919	0.3%	2	918	9.7	5.1	6.1	4.0	2.9	3.3	1.5	1.4	1.4				
Pivnichny GOK	SGOK	2,228	0.4%	9	2,221	5.1	4.1	4.8	3.0	2.4	2.7	1.6	1.4	1.5				
Ferrexpo	FXPO	1,699	24.0%	408	2,265	7.9	7.1	6.9	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	17	25.0%	4	127	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	173	2.0%	3	218	5.1	10.0	8.6	4.2	7.0	6.3	0.5	0.7	0.6	346	574	546	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	40	24.0%	10	81	8.2	2.2	2.0	2.8	2.3	2.1	0.4	0.2	0.2				
Kruiiv Wagon	KVBZ	235	5.0%	12	235	2.5	9.6	10.6	1.7	3.6	4.0	0.3	0.5	0.6				
Stakhanov Wagon	SVGZ	31	8.0%	2	70	>30	neg	neg	9.7	11.9	12.8	0.2	0.4	0.5				
Specialized Machinery																		
Turboatom	TATM	178	5.8%	10	105	4.7	3.2	3.0	2.0	1.4	1.4	0.7	0.5	0.5				
Motor Sich	MSICH	467	24.0%	112	485	2.3	2.5	2.3	1.6	2.1	1.9	0.5	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	316	7.2%	23	638	7.0	6.4	4.8	3.1	3.0	3.1	0.8	0.9	1.0				
Oil & Gas																		
Ukrnafta	UNAF	698	3.0%	21	689	4.0	5.3	5.8	2.2	1.7	1.8	0.4	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	73	21.6%	16	44	6.3	14.4	5.7	2.1	2.6	1.4	0.9	1.2	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	204	50.4%	103	313	neg	10.2	8.5	2.3	3.7	3.5	1.5	1.5	1.4	57	43	42	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	209	21.7%	45	278	7.2	4.9	4.2	4.0	4.5	4.0	0.2	0.3	0.3	16	19	17	\$/MWh
DonbasEnergO	DOEN	80	14.2%	11	150	20.9	1.6	1.9	4.7	2.1	2.3	0.3	0.2	0.2	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,902	34.1%	649	3,062	6.1	9.4	7.1	6.5	7.4	5.6	2.2	2.2	1.9				
Kernel	KER	1,100	61.8%	680	1,806	5.2	10.5	14.3	5.6	6.2	7.0	0.8	0.6	0.7				
Astarta	AST	539	37.0%	199	872	9.3	6.9	4.8	8.0	7.0	5.2	1.9	1.7	1.5				
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	20	26.2%	5	69	2.9	neg	neg	3.4	5.5	5.9	0.8	1.0	0.9	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	399	3.6%	14		>30	3.6	3.5	0.5	0.4	0.5	0.07	0.07	0.07				
Ukrsotsbank	USCB	389	1.4%	5		>30	>30	20.7	0.5	0.4	0.4	0.08	0.09	0.09				

Source: Eavex Research

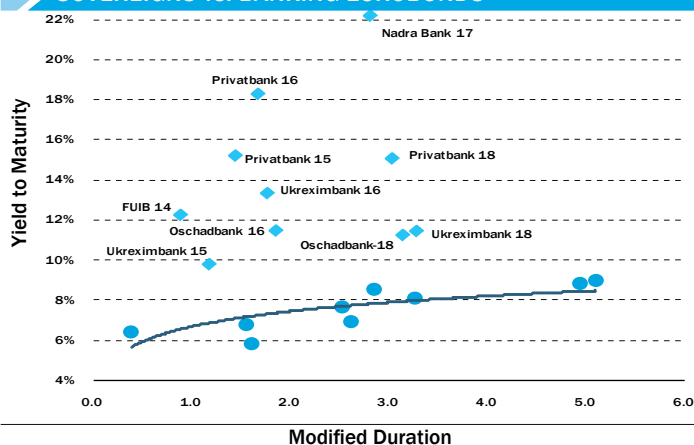
UKRAINIAN EUROBONDS

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	100.5	101.0	7.2%	5.7%	0.8%	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	99.4	100.9	7.6%	6.5%	2.5%	1.5	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	96.8	97.8	8.0%	7.6%	3.5%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	97.0	98.0	7.5%	7.1%	3.3%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	95.4	96.6	8.3%	7.9%	3.5%	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	94.2	95.5	9.0%	8.8%	1.9%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	94.9	96.4	9.0%	8.7%	2.1%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	92.4	93.7	9.1%	8.9%	2.2%	6.1	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	92.0	93.5	8.8%	8.5%	2.5%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	54.4	33.0%	29.7%	n/a	2.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	103.0	104.0	8.3%	7.8%	0.0%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	89.9	91.2	10.5%	10.2%	1.3%	4.6	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	100.0	101.8	10.5%	9.3%	n/a	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	92.3	93.1	13.3%	13.1%	2.8%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.5	102.9	11.3%	9.9%	1.5%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	89.7	91.3	12.6%	12.1%	3.9%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	102.1	103.0	8.3%	7.5%	0.3%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	95.4	96.5	9.2%	8.9%	1.8%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	103.4	104.1	8.0%	7.4%	4.2%	1.2	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	97.2	98.3	9.7%	9.3%	2.9%	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	93.7	95.1	11.4%	11.0%	2.9%	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	111.9	113.1	7.9%	7.6%	1.4%	3.4	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2014	88.0	98.0	12.9%	10.0%	0.0%	3.8	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	85.0	24.8%	19.8%	0.0%	2.8	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	93.0	95.0	15.3%	13.7%	5.5%	1.4	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	77.2	82.2	20.2%	16.6%	13.3%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	87.0	90.2	15.2%	14.1%	5.9%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	97.5	98.5	11.2%	10.3%	1.6%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	86.0	88.0	14.4%	13.1%	4.2%	1.7	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	91.3	93.0	11.5%	11.0%	3.3%	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	95.2	12.0%	11.4%	1.6%	1.8	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	90.2	91.8	11.9%	11.4%	2.3%	3.3	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	94.7	96.1	11.8%	10.9%	2.6%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	94.7	96.2	11.9%	11.2%	2.6%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

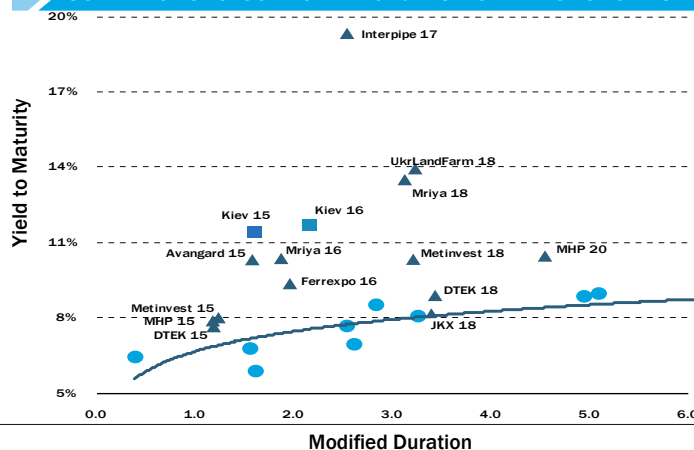
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



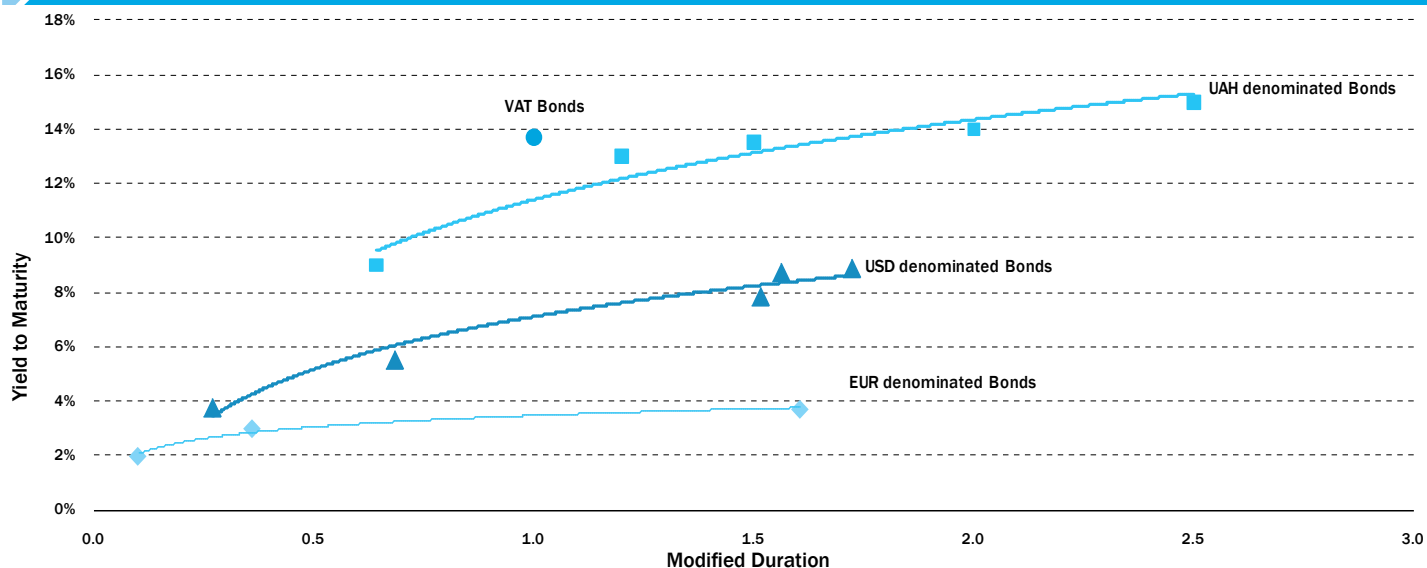
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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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