

**Market Update**

**Equity**

Ukrainian equities were mixed on Tuesday (Jan 14), moving nearly in line with European shares and avoiding the heavy losses seen overnight in the Nikkei and during the previous day on Wall Street. The UX inched down two tenths of a percent to close at 907 points. Low-liquidity UkrSotsBank was the most notable mover, dropping 5.7% to 17.25 kopecks. Metinvest-controlled Yenakievo Steel and Avdyivka Coke both retreated by 1.4% and CentrEnergO slipped 1.0% on turnover of UAH 350,000. Supporting the benchmark were DonbasEnergO, Motor Sich, and Azovstal, each of which finished higher in the range of 1%. Outside the UX basket, Ferrexpo-owned Poltavsky GOK added 8.3%, an increment which we note is less than the buy-sell spread for the sporadically-traded issue. In London, Avangard rose 3.5% to USD 11.70, while in Warsaw, KSG Agro slipped 1.9%, ending just above PLN 10.

**Fixed Income**

Ukrainian sovereigns were sluggish on Tuesday with Ukraine-23s declining by 0.3p.p. to 91.7/92.7 (8.8%/8.7%). The corporate universe also finished slightly in the red. MHP-20s and UkrLandFarming-18s decreased by 0.2p.p. closing at 89.6/90.8 (10.6%/10.3%) and 93.8/95.7 (12.8%/12.2%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1923.00	0.9%	5.6	127
CentrenergO	CEEN	4.65	-1.0%	0.4	39
Poltavsky GOK	PGOK	8.340	8.3%	0.3	7

**Growth Leaders**

Poltavsky GOK	PGOK	8.34	8.3%	0.30	7
DonbasenergO	DOEN	28.74	1.2%	0.13	46
Motor Sich	MSICH	1923.00	0.9%	5.55	127

**Loss Leaders**

Alchevsk Steel	ALMK	0.04	-1.6%	0.046	9
Raiffeisen Bank Aval	BAVL	0.11	-1.5%	0.290	31
Avdyivka Coke	AVDK	2.73	-1.4%	0.265	48

**Highlights**

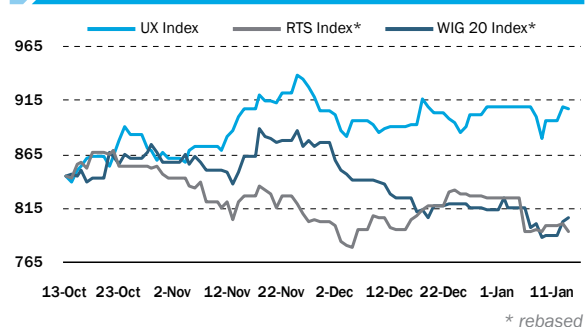
**POLITICS AND ECONOMICS**

- > UkrStat: Merch Trade Deficit at USD 876mn for November

**FIXED INCOME**

- > Fitch Leaves UkrLandFarming Rating Unchanged After Cargill Sale

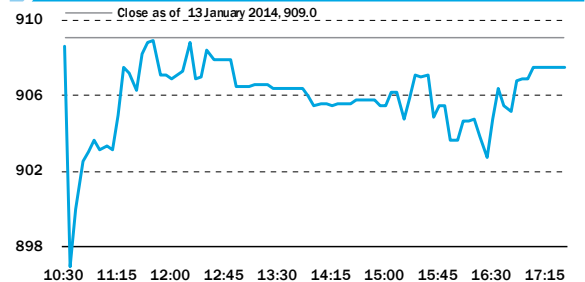
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	907.4	-0.2%	1.9%	-0.3%
RTS	1388.7	-0.9%	-0.2%	-3.7%
WIG20	2377.6	0.6%	-2.1%	-1.0%
MSCI EM	975.3	-0.2%	-1.5%	-2.7%
S&P 500	1838.9	1.1%	3.6%	-0.1%

**UX INTRADAY JANUARY 14, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	337.9	-1.3%	0.1%	2.1%
CDS 5Y UKR	728.0	3.2%	-31.1%	-11.2%
Ukraine-17	8.2%	0.1 p.p.	-2.9 p.p.	-0.8 p.p.
Naftogaz Ukr-14	7.9%	0.2 p.p.	-12.1 p.p.	-0.8 p.p.
Ukraine-23	8.8%	0.0 p.p.	-1.3 p.p.	1.3 p.p.
Privatbank-16	17.6%	-0.2 p.p.	-6.8 p.p.	-7.0 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.32	0.1%	0.6%	1.0%
EUR	11.39	0.2%	0.2%	0.2%
RUB	0.25	0.0%	-0.6%	-0.5%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	276.3	0.0%	-3.9%	-3.9%
Steel, USD/t	537.5	0.0%	1.9%	0.0%
Oil, USD/bbl	106.4	-0.3%	-1.8%	-4.3%
Gold, USD/oz	1245.2	-0.6%	0.5%	4.1%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

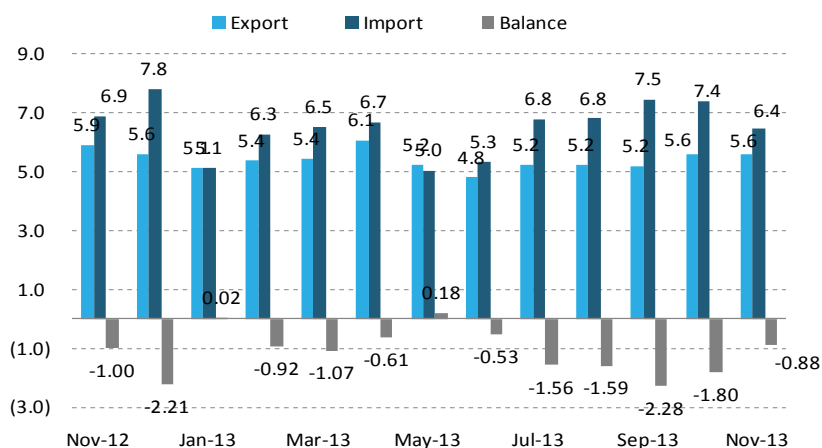
**UkrStat: Merch Trade Deficit at USD 876mn for November**

by Dmitry Churin  
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**NEWS**

Ukraine's merchandise trade deficit declined to USD 876mn in November, compared to USD 1.0bn a year earlier, the State Statistics Committee reported on Tuesday (Jan 14). The country's total merchandise trade deficit for 11M13 was lower by 7.5% YoY to USD 12.6bn. Ukraine's exports fell by 9.2% YoY to USD 57.4bn, while imports decreased by 8.9% YoY to USD 70.0bn in the period.

**UKRAINE'S MONTHLY MERCHANDISE TRADE DATA, USD bn**



Source: State Statistics Committee

**COMMENTARY**

The November figures for the merchandise trade deficit give us more confidence in our full-year forecast for the current account deficit at USD 13.5bn, which implies 7.5% of GDP compared to 8.3% of GDP registered for FY12. As a result of December's agreements between Presidents Yanukovich and Putin on a decrease in the natural gas price for Ukraine by about 30% in 2014, we expect Ukraine's current account deficit to fall to 5.5% of GDP this year. The resulting improvement in Ukraine's balance of payments should have a positive effect on the overall economy. However, the country's economy will remain highly dependent on demand for steel products on key export markets.

## Fitch Leaves UkrLandFarming Rating Unchanged After Cargill Sale

by Ivan Dzvinka  
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### NEWS

Fitch Ratings is leaving its rating and outlook for UkrLandFarming (ULF), Ukraine's largest agricultural holding, unchanged at "B-" with a negative outlook, Interfax reported on Tuesday. While the recently-announced 5% stake sale in ULF to multinational commodity trader Cargill is viewed by Fitch as positive for ULF, the ratings agency stated that the deal will have only a limited impact on the company's solvency due to the small size of the stake. In addition, the deal is cash-neutral for ULF as it does not involve a fresh capital injection into the company, according to the credit agency. Fitch said the main positive from the transaction will be an expansion of trade volumes between the two groups, although benefits from the synergies are unlikely to be felt in 2014.

Fitch highlights efficiency, high scale of operations and moderate financial leverage of ULF while also mentioning weak corporate governance of the group.

### COMMENTARY

The equity market investment community has, like Fitch, reacted rather cautiously to the Cargill-ULF deal, and specifically to its implied valuation. This is reflected in the stock price dynamic of Avangard, the London-listed subsidiary of ULF, whose investment image is traditionally treated by investors to be similar to that of ULF. The Cargill-ULF deal took place at an implied EV/EBITDA multiple of 5.9x, compared to the current EV/EBITDA ratio of 3.3x for Avangard. Despite the large potential arbitrage between Avangard and ULF suggested by the deal, the AVGR stock finished unchanged on Monday (Jan 13), the first day of trading after the news about the deal became available, while it added an underwhelming 3.5% yesterday (Jan 14).

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.64	0.56	-13%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	176.7	218.0	23%	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	6.30	10.6	69%	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	2.73	6.2	128%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.56	3.4	519%	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.
<b>Coal</b>						
Pokrovske Mine	SHCHZ	0.41	2.9	623%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
<b>Railcar Manufacturing</b>						
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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	1923	5250	173%	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.
<b>Oil &amp; Gas</b>						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	14.1	42.0	197%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	71.8	370	416%	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.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	28.7	72.0	151%	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	4.65	15.00	222%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Consumer</b>						
MHP	MHPC	17.6	22.10	26%	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	11.7	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	92.0	109.50	19%	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	907.44	1061.97	781.22	-0.2%	-0.3%	1.9%	-0.3%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.037	0.06	0.02	-1.1%	-5.7%	-7.6%	-5.7%	-0.9%	-5.4%	-9.5%	-5.4%
Azovstal	AZST	0.64	0.90	0.31	1.1%	-4.2%	-6.4%	-4.2%	1.3%	-3.9%	-8.3%	-3.9%
Dniprospezstal	DNSS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enakievo Steel	ENMZ	31.6	49.9	20.0	-1.0%	-1.2%	-3.2%	-1.2%	-0.9%	-0.9%	-5.2%	-0.9%
Arcelor Mittal KR	KSTL	1.15	n/a	n/a	0.0%	0.0%	n/a	0.0%	0.2%	0.3%	n/a	0.3%
Mariupol Ilyicha	MMKI	0.10	0.26	0.05	0.0%	0.0%	-16.7%	0.0%	0.2%	0.3%	-18.6%	0.3%
<b>Coke</b>												
Avdivka Coke	AVDK	2.73	4.80	1.60	-1.4%	-7.7%	-9.1%	-7.7%	-1.2%	-7.5%	-11.0%	-7.5%
Yasnyivsky Coking	YASK	0.56	0.85	0.49	0.0%	5.7%	7.7%	5.7%	0.2%	5.9%	5.8%	5.9%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.30	7.74	5.00	0.0%	-3.1%	4.8%	-3.1%	0.2%	-2.8%	2.9%	-2.8%
Ferrexpo	FXPO	2.91	4.55	2.02	0.6%	-1.6%	2.0%	-7.8%	0.7%	-1.3%	0.1%	-7.6%
Pivnichny GOK	SGOK	8.01	10.00	5.77	0.0%	0.1%	-2.4%	0.1%	0.2%	0.4%	-4.3%	0.4%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.41	0.71	0.10	0.0%	2.5%	-10.9%	2.5%	0.2%	2.8%	-12.8%	2.8%
Komsomolets Donbasa	SHKD	0.62	1.25	0.27	0.0%	0.0%	-7.5%	0.0%	0.2%	0.3%	-9.4%	0.3%
Energy Coal	CLE	0.43	4.57	0.31	17.6%	35.3%	-12.1%	23.9%	17.8%	35.6%	-14.0%	24.2%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.56	0.86	0.30	0.0%	-6.7%	14.3%	-6.7%	0.2%	-6.4%	12.4%	-6.4%
Interpipe NMPP	NVTR	0.23	0.29	0.10	0.0%	9.5%	15.0%	9.5%	0.2%	9.8%	13.1%	9.8%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.8	29.0	12.0	0.8%	-2.9%	3.1%	-2.9%	1.0%	-2.6%	1.2%	-2.6%
Luhanskeplovoz	LTPL	1.50	2.20	1.26	0.0%	0.0%	-3.8%	0.0%	0.2%	0.3%	-5.8%	0.3%
Stakhanov Wagon	SVGZ	1.30	1.95	1.00	16.1%	0.0%	0.0%	0.0%	16.2%	0.3%	-1.9%	0.3%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.02	0.08	0.02	0.0%	-9.8%	-14.3%	-9.8%	0.2%	-9.5%	-16.3%	-9.5%
Motor Sich	MSICH	1,923	2,640	1,303	0.9%	5.4%	19.3%	5.4%	1.1%	5.7%	17.4%	5.7%
Sumy Frunze Engineering	SMASH	2.40	4.00	1.20	0.0%	-4.0%	-4.0%	-4.0%	0.2%	-3.7%	-5.9%	-3.7%
Turboatom	TATM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WESTA ISIC	WES	0.16	0.26	0.13	0.6%	3.3%	-15.0%	21.6%	0.7%	3.6%	-16.9%	21.9%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.13	0.17	0.09	0.0%	19.2%	4.8%	19.2%	0.2%	19.5%	2.9%	19.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.23	0.57	0.19	7.1%	4.8%	0.1%	10.4%	7.3%	5.1%	-1.8%	10.6%
JKX Oil	JKX	1.18	1.26	0.75	0.1%	1.2%	2.0%	-0.4%	0.3%	1.5%	0.1%	-0.1%
Ukrnafta	UNAF	108	280	96	-0.2%	-0.6%	0.5%	-0.6%	0.0%	-0.3%	-1.4%	-0.3%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.65	7.40	2.50	-0.9%	-2.4%	-4.4%	-2.4%	-0.7%	-2.1%	-6.3%	-2.1%
Donbasenergo	DOEN	28.7	34.0	15.4	1.2%	4.2%	5.3%	4.2%	1.4%	4.5%	3.4%	4.5%
Zakhidenergo	ZAEN	90.4	115.0	64.0	0.0%	0.0%	5.1%	0.0%	0.2%	0.3%	3.2%	0.3%
<b>Consumer</b>												
Agroton	AGT	0.93	3.6	0.36	0.2%	8.1%	43.9%	44.1%	0.4%	8.4%	42.0%	44.4%
Astarta	AST	21.6	24.4	14.5	2.9%	-1.8%	3.8%	-2.8%	3.1%	-1.5%	1.9%	-2.5%
Avangardo	AVGR	11.7	13.0	7.61	3.5%	1.7%	1.7%	-0.5%	3.6%	1.9%	-0.3%	-0.2%
Industrial Milk Company	IMC	4.16	5.25	3.63	-0.2%	0.8%	-0.3%	3.0%	-0.1%	1.1%	-2.2%	3.3%
Kernel	KER	13.7	22.6	11.8	0.0%	-0.3%	13.1%	8.0%	0.2%	0.0%	11.2%	8.3%
Mriya Agro Holding	MAYA	7.25	8.2	5.36	0.2%	5.2%	-11.9%	-2.7%	0.4%	5.4%	-13.8%	-2.4%
MHPC	MHPC	17.6	19.9	14.15	0.0%	-2.3%	11.7%	3.5%	0.2%	-2.0%	9.8%	3.8%
Milkiland	MLK	3.78	5.2	3.11	-0.3%	-3.4%	-3.9%	-9.0%	-0.1%	-3.2%	-5.9%	-8.8%
Ovostar Union	OVO	30.4	33.3	21.3	0.6%	-2.0%	14.3%	-8.6%	0.7%	-1.7%	12.4%	-8.4%
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
<b>Chemicals</b>												
Stirol	STIR	12.7	15.9	7.1	12.0%	1.3%	-5.3%	1.3%	12.2%	1.6%	-7.2%	1.6%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.113	0.128	0.077	-1.7%	-0.6%	-2.7%	-0.6%	-1.5%	-0.3%	-4.6%	-0.3%
UkrSotsbank	USCB	0.172	0.257	0.107	-5.7%	-8.1%	0.8%	-8.1%	-5.6%	-7.8%	-1.1%	-7.8%

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
<b>Steel</b>																
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
<b>Coke</b>																
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%
<b>Iron Ore Mining</b>																
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%
<b>Coal Mining</b>																
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
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	480	310	361	52	31	34	10.8%	10.1%	9.5%	34	17	20	7.0%	5.5%	5.5%
<b>Railcar Manufacturing</b>																
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	424	387	135	65	60	15.2%	15.3%	15.4%	95	25	22	10.7%	5.8%	5.8%
Stakhanov Wagon	SVGZ	311	172	150	7	6	5	2.3%	3.4%	3.6%	1	-1	-1	0.2%	neg	neg
<b>Specialized Machinery</b>																
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%
<b>Telecom</b>																
Ukrtelecom	UTLM	838	749	654	206	215	209	24.5%	28.7%	31.9%	45	50	65	5.4%	6.6%	10.0%
<b>Oil &amp; Gas</b>																
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%
<b>Electric Utilities</b>																
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%
<b>Consumer</b>																
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
<b>Banks</b>																
		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	2013E			
<b>Steel</b>																		
Alchevsk Steel	ALMK	113	3.9%	4	1,907	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	493	460	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	324	3.0%	10	307	neg	neg	neg	neg	neg	8.7	0.1	0.2	0.2	67	68	67	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	64	6.8%	4	61	neg	neg	neg	neg	1.3	2.1	0.1	0.1	0.1	14	16	17	\$/tonne
Yasynivsky Coke	YASK	18	9.0%	2	19	2.2	1.6	3.9	0.7	0.7	1.0	0.0	0.1	0.1	0.7	0.7	1.0	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	887	0.3%	2	886	9.3	5.0	5.9	3.8	2.8	3.2	1.5	1.3	1.4				
Pivnichny GOK	SGOK	2,219	0.4%	9	2,212	5.1	4.0	4.8	3.0	2.4	2.7	1.6	1.4	1.5				
Ferrexpo	FXPO	1,711	24.0%	411	2,277	7.9	7.1	6.9	5.7	5.3	5.1	1.6	1.5	1.4				
<b>Coal Mining</b>																		
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	20	25.0%	5	130	0.5	neg	neg	2.1	6.1	14.4	0.8	1.0	1.3	2.1	6.1	14.4	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	175	2.0%	3	221	5.2	10.2	8.7	4.2	7.1	6.4	0.5	0.7	0.6	350	581	552	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	40	24.0%	9	81	8.2	2.2	2.0	2.8	2.3	2.1	0.4	0.2	0.2				
Kruiiv Wagon	KVBZ	232	5.0%	12	232	2.4	9.4	10.3	1.7	3.6	3.9	0.3	0.5	0.6				
Stakhanov Wagon	SVGZ	35	8.0%	3	74	>30	neg	neg	10.4	12.7	13.6	0.2	0.4	0.5				
<b>Specialized Machinery</b>																		
Turboatom	TATM	178	5.8%	10	105	4.7	3.2	3.0	2.0	1.4	1.3	0.7	0.5	0.5				
Motor Sich	MSICH	480	24.0%	115	499	2.4	2.6	2.3	1.6	2.1	1.9	0.5	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	295	7.2%	21	617	6.5	6.0	4.5	3.0	2.9	3.0	0.7	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	704	3.0%	21	696	4.0	5.4	5.8	2.2	1.7	1.8	0.4	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	75	21.6%	16	46	6.4	14.8	5.8	2.1	2.7	1.5	0.9	1.2	0.8	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	203	50.4%	102	311	neg	10.1	8.4	2.3	3.7	3.5	1.5	1.5	1.3	57	43	41	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	207	21.7%	45	275	7.2	4.8	4.1	4.0	4.5	4.0	0.2	0.3	0.3	15	19	17	\$/MWh
DonbasEnergO	DOEN	82	14.2%	12	152	21.4	1.7	1.9	4.7	2.1	2.4	0.3	0.2	0.2	19	20	19	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,860	34.1%	634	3,020	6.0	9.2	6.9	6.5	7.3	5.5	2.1	2.1	1.8				
Kernel	KER	1,090	61.8%	673	1,796	5.2	10.4	14.2	5.6	6.2	7.0	0.8	0.6	0.7				
Astarta	AST	541	37.0%	200	875	9.3	6.9	4.8	8.0	7.0	5.2	1.9	1.7	1.5				
Avangardco	AVGR	747	22.5%	168	946	3.3	2.9	2.5	3.4	2.9	2.5	1.5	1.3	1.2	214	163	153	\$/mneggs
Agroton	AGT	20	26.2%	5	69	3.0	neg	neg	3.4	5.5	5.9	0.8	1.0	0.9	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	407	3.6%	15		>30	3.7	3.5	0.5	0.4	0.5	0.07	0.07	0.07				
Ukrsotsbank	USCB	382	1.4%	5		>30	>30	20.7	0.5	0.4	0.4	0.08	0.09	0.09				

Source: Eavex Research

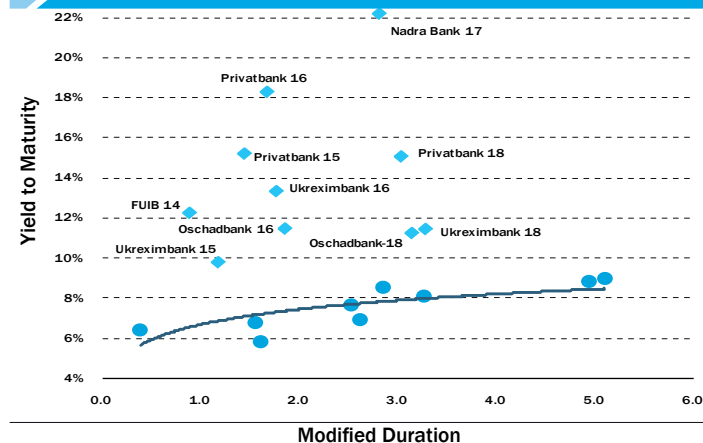
## UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	100.4	100.9	7.6%	6.0%	0.6%	0.4	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	100.7	101.4	9.8%	8.4%	0.5%	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	99.0	100.0	7.8%	7.1%	1.9%	1.5	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	97.1	98.1	7.8%	7.4%	3.8%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	97.2	98.2	7.4%	7.0%	3.5%	2.6	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	94.7	96.0	8.5%	8.1%	2.8%	3.2	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	102.4	103.3	8.6%	8.3%	3.7%	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	93.4	94.7	9.2%	8.9%	1.0%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	93.3	94.6	9.3%	9.0%	0.3%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	92.5	93.5	9.1%	8.9%	2.1%	6.1	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	91.7	92.7	8.8%	8.7%	1.8%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	54.4	33.0%	29.7%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	103.3	104.1	8.1%	7.7%	0.2%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	89.6	90.8	10.6%	10.3%	0.9%	4.5	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	100.0	102.0	10.5%	9.2%	n/a	1.6	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	93.8	95.7	12.8%	12.2%	5.0%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	100.7	102.6	11.2%	10.1%	1.4%	1.9	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	89.4	91.0	12.8%	12.2%	3.6%	3.3	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	102.0	102.9	8.3%	7.5%	0.2%	1.2	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	95.4	96.0	9.2%	9.0%	1.5%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	103.3	104.1	8.1%	7.4%	1.6%	1.2	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	97.4	98.6	9.6%	9.3%	3.1%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	98.6	99.9	8.9%	8.1%	1.3%	2.0	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	93.6	94.7	11.4%	11.1%	2.7%	3.4	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	20.2%	18.2%	0.0%	2.5	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	111.1	112.7	8.1%	7.7%	0.8%	3.4	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
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	100.3	102.0	12.7%	10.3%	2.7%	0.9	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.1	85.3	24.8%	19.6%	0.0%	2.8	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	93.6	94.6	14.8%	14.0%	5.5%	1.4	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	77.5	83.0	20.0%	16.1%	14.1%	1.7	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	90.3	92.4	14.1%	13.3%	9.1%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	97.0	98.5	11.7%	10.3%	1.3%	1.2	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	86.5	89.4	14.2%	12.2%	5.3%	1.8	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	90.8	92.6	11.7%	11.1%	2.8%	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	93.8	95.0	12.2%	11.4%	1.4%	1.8	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	90.1	91.7	11.9%	11.5%	2.2%	3.2	8.88%	S/A	20 Mar 2018	500	Caa1//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	95.1	96.0	11.6%	10.9%	2.8%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	94.7	96.3	11.9%	11.1%	2.7%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

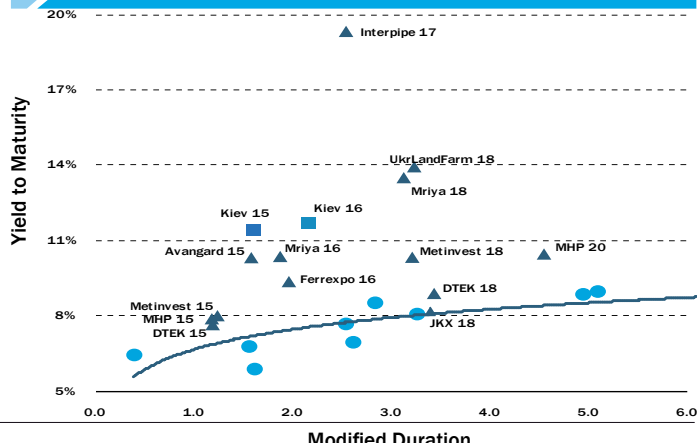
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

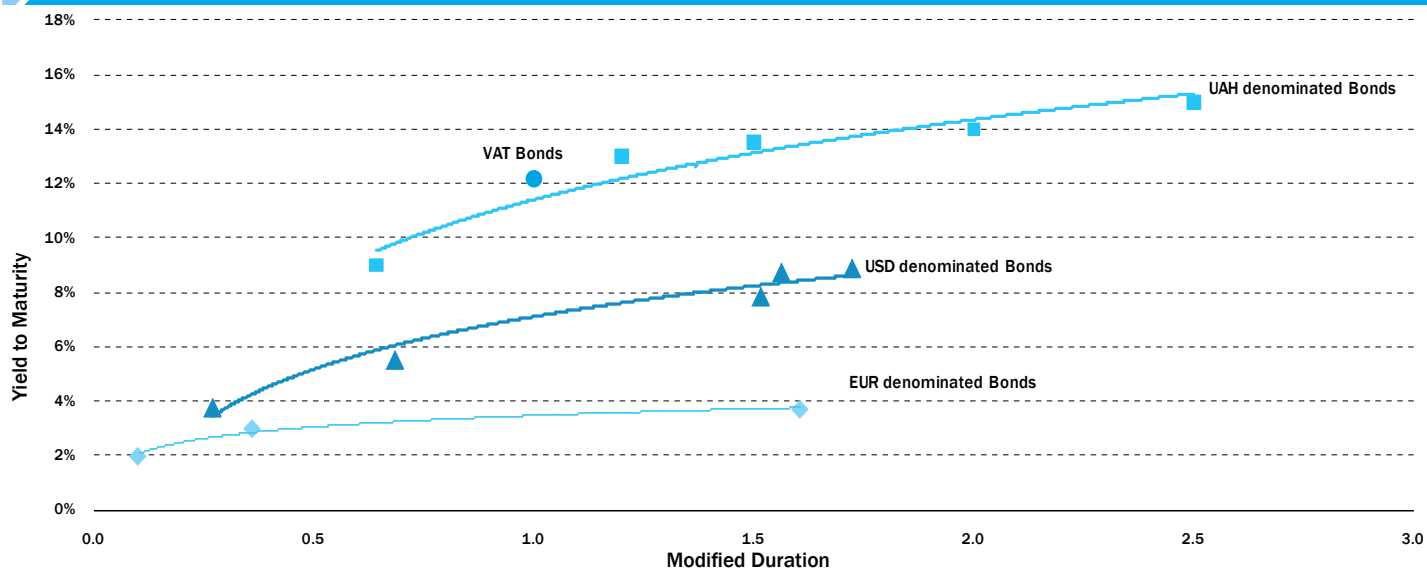




**UKRAINIAN DOMESTIC BONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD
<b>UAH denominated Bonds</b>									
UA4000115117			9.0%	7.5%	n/a	10.75%	S/A	26 Mar 2014	187
UA4000141592			13.5%	12.0%	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
<b>USD denominated Bonds</b>									
UA4000140362	n/a	n/a	5.8%	4.5%	n/a	9.20%	S/A	21 May 2014	171
UA4000142699	n/a	n/a	9.5%	6.5%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	9.5%	6.5%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	9.6%	7.0%	n/a	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	5.4%	5.3%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			12.5%	11.3%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			12.5%	11.3%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			12.5%	11.3%	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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