

**Market Update**
**Equity**

Ukrainian stocks finished mixed on Thursday (Jan 23) as a 1-day truce was declared between violent street protesters and the government's riot police at the request of opposition leader Vitaliy Klitschko; however, the truce looked set to expire without President Yanukovich agreeing to the main opposition demand of an early presidential election. The UX index inched up 0.3% to close at 867 points after heavy losses in the previous two sessions. Top liquid issue Motor Sich continued to slide, dropping 1.9% to UAH 1735, and Alchevsk Steel and Azovstal posted respective declines of 1.1% and 0.8%. On the upside, Raiffeisen Aval and UkrSotsBank added 3.4% and 4.6% respectively after DF Group purchased Pravex Bank from its Italian owner in an EUR 74mn deal which implies that the BAVL and USCB stocks are undervalued by at least half. Avdyivka Coke also corrected upward by 1.4% after an extended run of losses. Outside the UX basket, Krukiv Wagon slid 3.8% to UAH 16.35, while in London, Ferrexpo and JKK Oil&Gas were down 1.6% and 2.1% respectively, with the latter ending at GBp 69.50.

**Fixed Income**

Ukrainian sovereigns were lower on Thursday in light of continued political tensions. Ukraine-23s plunged by 1.5p.p. to 89.2/91.0 (9.3%/9.0%). Corporate names also finished in the red. MHP-15s and DTEK-15s declined by 1.5p.p. and 1.2p.p. to 102.2/103.0 (9.0%/8.3%) and 100.9/102.0 (9.4%/8.4%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1735.00	-1.9%	6.0	102
Centrenerg	CEEN	4.46	0.4%	0.8	30
Raiffeisen Bank Aval	BAVL	0.107	3.4%	0.2	59

**Growth Leaders**

Bogdan Motors	LUAZ	0.03	16.5%	0.00	11
Raiffeisen Bank Aval	BAVL	0.11	3.4%	0.24	59
Avdyivka Coke	AVDK	2.68	1.4%	0.02	8

**Loss Leaders**

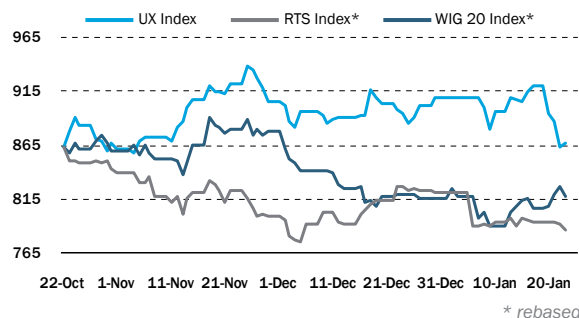
Motor Sich	MSICH	1,735.00	-1.9%	5,980	102
Alchevsk Steel	ALMK	0.04	-1.1%	0.169	37
Azovstal	AZST	0.59	-0.8%	0.007	7

**Highlights**
**STOCKS IN THE NEWS**

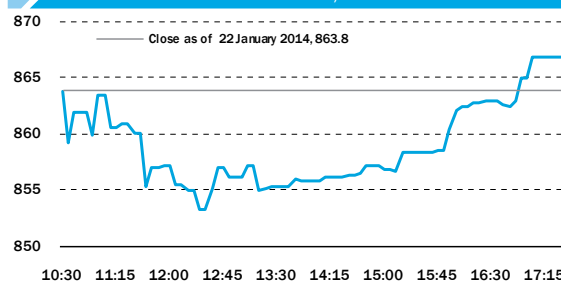
- Intesa Sanpaolo Sells Ukrainian Subsidiary Pravex Bank for 0.9 Book Value

**FIXED INCOME**

- UkrEximBank Net Profit Up 29% to UAH 198mn in FY13

**STOCK MARKET PERFORMANCE**

**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	866.8	0.3%	-3.5%	-4.8%
RTS	1381.6	-0.7%	-4.9%	-4.2%
WIG20	2406.4	-1.1%	-0.3%	0.2%
MSCI EM	964.0	-1.3%	-2.9%	-3.8%
S&P 500	1828.5	-0.9%	0.0%	-0.7%

**UX INTRADAY JANUARY 23, 2014**

**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	358.1	4.6%	8.5%	8.3%
CDS 5Y UKR	859.0	6.9%	7.4%	4.7%
Ukraine-17	9.3%	0.9 p.p.	0.3 p.p.	0.3 p.p.
Naftogaz Ukr-14	11.8%	1.8 p.p.	1.8 p.p.	3.0 p.p.
Ukraine-23	9.1%	0.3 p.p.	0.1 p.p.	1.6 p.p.
Privatbank-16	19.1%	0.0 p.p.	-3.8 p.p.	-5.6 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.44	0.7%	2.5%	2.4%
EUR	11.56	1.8%	2.4%	1.6%
RUB	0.25	0.2%	-1.8%	-1.5%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	268.2	0.0%	-6.7%	-6.7%
Steel, USD/t	542.5	0.0%	1.9%	0.9%
Oil, USD/bbl	107.6	-0.6%	-3.3%	-3.3%
Gold, USD/oz	1264.1	2.2%	5.4%	5.7%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

**Intesa Sanpaolo Sells Ukrainian  
Subsidiary Pravex Bank for 0.9  
Book Value**

by Dmitry Churin  
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**RAIFFEISEN BANK AVAL (BAVL UK)**

Price: UAH 0.107 Market Cap: USD 382mn

	P/Assets	P/Book	P/E	Div. Yield
2012	0.07	0.4	3.5	0%
2013E	0.07	0.4	3.3	0%

**UKRSOTSBANK (USCB UK)**

Price: UAH 0.18 Market Cap: USD 393mn

	P/Assets	P/Book	P/E	Div. Yield
2012	0.09	0.4	>30	0%
2013E	0.08	0.4	19.4	0%

**NEWS**

Italian banking group Intesa Sanpaolo has signed an agreement on the sale of 100% of the capital in its Ukraine subsidiary Pravex Bank to CentraGas Holding for a consideration of EUR 74mn, according to the bank's press statement released on Thursday (Jan 23). Intesa Sanpaolo said its consolidated income statement will record a negative contribution of about EUR 100mn as a result. CentraGas Holding GmbH is a part of Group DF uniting the assets of industrialist Dmitry Firtash.

According to the National Bank of Ukraine, Pravex-Bank ranked 34th (UAH 4.6 bn) in terms of total assets as of 1 Oct 2013 among the 178 banks operating in the country.

The key businesses of Group DF are fertilizer, titanium, gas and banking sectors, while other areas of the group's operation along with real estate include agribusiness, soda ash production and energy infrastructure.

**COMMENTARY**

Intesa Sanpaolo lost its shirt on its Ukrainian venture, paying a reported USD 750mn to Kyiv mayor Leonid Chernovetskiy for Pravex in 2008 just two months before the eruption of the global financial crisis. We estimate the price-to-book multiplier for the announced deal at 0.85x and the price-to-total assets multiplier at 0.18x. The P/E multiplier for the deal is unavailable as Pravex reported a net loss of UAH 165mn for 9M13.

In our opinion, the deal's value looks fair in the current economic environment. The implied price-to-book multiplier of 0.85x is more than double the current levels for publicly-traded Ukrainian blue chip banks Raiffeisen Aval and UkrSotsBank. This suggests that the current market quotes for BAVL and USCB are considerably lower than their fair levels, and both stocks rallied by around 4% yesterday as a result, with the market believing that both Raiffeisen Aval and UkrSotsBank will eventually be sold off by their western parent institutions, who are trying to exit the country.

According to Ukrainian legislation, the purchaser of a controlling stake in an open joint stock entity is obligated to make an offer to minority shareholders at a price not less than the market price of the stock. We thus anticipate that local traders will try to pull the stock price higher in order to set better buyback price ahead of a possible sale announcement.

**UkrEximBank Net Profit Up 29% to UAH 198mn in FY13**

by Dmitry Churin  
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**NEWS**

Government-owned UkrEximBank raised its net profit by 29.3% YoY to UAH 198mn in FY13, according to financial data released on Tuesday (Jan. 16). For 4Q13 alone, UkrExim's net profit slid by 27.7% YoY to UAH 59.3mn. Gross interest income rose 22% YoY while net interest income grew by 11.4% YoY to UAH 3.89bn in the full year. Provisions for loan impairment declined by 11.1% YoY to UAH 2.75bn in the period. On the balance sheet side, UkrExim's total assets rose by 7.3% YoY to UAH 94.3bn (USD 12bn). The bank's loan portfolio increased by 4.7% YoY to UAH 42.3bn, while its securities portfolio shot up from UAH 18.6bn to UAH 33.1bn in the period.

**COMMENTARY**

We see UkrExim's rather poor performance in 4Q as due to a revaluation of its real estate portfolio, which cut UAH 34.6mn from operating profit in the period. As we reported earlier, the vast expansion in UkrExim's securities portfolio last year was a result of purchases of Ukrainian government bonds at the MinFin primary auctions in a process informally referred to as "friendly" bidding. The bank has been accepting well-below-market yields near 14% on 5-year UAH denominated government debt issues; such papers generally trade on the open market at above 18%.

UkrExim's solvency looks strong, with the capital adequacy ratio at 29.2%. Meanwhile, its current liquidity deteriorated sharply during 4Q, from 109% as of Oct 1 to 54.7% on Jan 1. The NBU-mandated minimum is 10% for capital adequacy and 40% for current liquidity.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.59	0.56	-6%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	166.0	218.0	31%	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	8.12	14.5	78%	BUY	Secure demand for Pivnichny GOK's iron ore products and lucrative pricing allow the company to operate with high profitability (EBITDA margin of not lower than 45% since 2009). Disadvantages of the stock are its low liquidity and no dividend in 2013 for the first time since 2005.
Centralny GOK	CGOK	6.30	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	2.68	6.2	133%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.55	3.4	525%	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	0.35	2.9	739%	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	16.3	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.48	5.2	254%	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	1735	5250	203%	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	13.9	42.0	203%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	69.5	370	432%	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	29.7	72.0	143%	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	4.46	15.00	236%	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	17.5	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	65.6	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	11.6	19.35	67%	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	83.8	109.50	31%	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	866.81	1061.97	781.22	0.3%	-5.2%	-3.5%	-4.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.035	0.06	0.02	-1.1%	-2.2%	-9.7%	-8.8%	-1.5%	3.0%	-6.2%	-4.0%
Azovstal	AZST	0.59	0.90	0.31	-0.7%	-4.8%	-11.6%	-11.3%	-1.0%	0.4%	-8.1%	-6.6%
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	31.5	49.9	20.0	0.0%	-1.6%	-3.9%	-1.6%	-0.3%	3.6%	-0.4%	3.1%
Arcelor Mittal KR	KSTL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.15	0.26	0.05	0.0%	0.0%	87.5%	50.0%	-0.3%	5.2%	91.0%	54.8%
<b>Coke</b>												
Avdivka Coke	AVDK	2.68	4.80	1.60	1.4%	-3.7%	-12.7%	-9.6%	1.1%	1.5%	-9.2%	-4.8%
Yasnyivsky Coking	YASK	0.55	0.85	0.49	0.0%	-1.8%	3.8%	3.8%	-0.3%	3.4%	7.3%	8.5%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.30	7.74	5.00	0.0%	0.0%	-2.9%	-3.1%	-0.3%	5.2%	0.6%	1.7%
Ferrexpo	FXPO	2.76	4.55	2.02	-1.5%	-4.2%	-5.8%	-12.6%	-1.8%	1.0%	-2.3%	-7.8%
Pivnichny GOK	SGOK	8.12	10.00	5.77	1.5%	0.2%	1.5%	1.5%	1.2%	5.5%	5.0%	6.3%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.35	0.71	0.10	0.0%	-10.3%	-12.5%	-12.5%	-0.3%	-5.0%	-9.0%	-7.7%
Komsomolets Donbasa	SHKD	0.56	1.25	0.27	-6.7%	-16.4%	-5.1%	-9.7%	-7.0%	-11.2%	-1.6%	-4.9%
Energy Coal	CLE	0.34	4.57	0.31	-9.2%	-19.3%	6.5%	-3.6%	-9.6%	-14.1%	10.0%	1.2%
<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	0.50	0.86	0.30	-10.7%	-10.7%	-3.8%	-16.7%	-11.1%	-5.5%	-0.4%	-11.9%
Interpipe NMPP	NVTR	0.21	0.29	0.10	0.0%	-8.7%	0.0%	0.0%	-0.3%	-3.5%	3.5%	4.8%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.3	29.0	12.0	-3.8%	-2.2%	-3.0%	-5.5%	-4.2%	3.1%	0.5%	-0.8%
Luhanskeplovoz	LTPL	1.48	2.20	1.26	-1.3%	-1.3%	-1.3%	-1.3%	-1.7%	3.9%	2.2%	3.4%
Stakhanov Wagon	SVGZ	1.27	1.95	1.00	0.0%	0.0%	-3.1%	-2.3%	-0.3%	5.2%	0.4%	2.4%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	15.1%	15.1%	-1.8%	3.8%	14.7%	20.3%	1.7%	8.5%
Motor Sich	MSICH	1,735	2,640	1,303	-2.0%	-10.1%	0.3%	-4.9%	-2.3%	-4.9%	3.8%	-0.1%
Summy Frunze Engineering	SMASH	2.50	4.00	1.20	0.0%	0.4%	0.0%	0.0%	-0.3%	5.6%	3.5%	4.8%
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	-1.6%	-7.4%	-4.7%	18.0%	-1.9%	-2.2%	-1.2%	22.7%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.17	0.09	0.0%	3.0%	6.9%	26.4%	-0.3%	8.2%	10.4%	31.1%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.23	0.55	0.19	-0.7%	-0.1%	12.7%	9.5%	-1.0%	5.1%	16.2%	14.2%
JXX Oil	JKX	1.15	1.22	0.75	-1.9%	-0.5%	-0.6%	-2.5%	-2.2%	4.7%	2.9%	2.2%
Ukrnafta	UNAF	111	280	96	0.5%	0.5%	4.8%	1.8%	0.1%	5.8%	8.3%	6.6%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.46	7.40	2.50	0.4%	-4.5%	-5.4%	-6.5%	0.1%	0.7%	-1.9%	-1.7%
Donbasenergo	DOEN	29.7	34.0	15.4	1.0%	-3.5%	8.0%	7.6%	0.6%	1.7%	11.5%	12.3%
Zakhidenergo	ZAEN	91.2	115.0	64.0	0.0%	0.0%	1.9%	0.9%	-0.3%	5.2%	5.4%	5.6%
<b>Consumer</b>												
Agroton	AGT	0.75	3.6	0.36	-4.6%	-18.4%	16.1%	14.9%	-4.9%	-13.1%	19.5%	19.7%
Astarta	AST	21.5	24.4	14.5	0.5%	1.2%	3.3%	-3.6%	0.1%	6.4%	6.8%	1.1%
Avangardo	AVGR	11.6	13.0	7.61	-0.4%	0.9%	0.9%	-1.3%	-0.8%	6.1%	4.4%	3.5%
Industrial Milk Company	IMC	3.63	5.25	3.63	-5.7%	-12.7%	-8.1%	-10.2%	-6.1%	-7.5%	-4.6%	-5.4%
Kernel	KER	13.4	22.6	11.8	-1.5%	1.9%	3.8%	6.1%	-1.8%	7.1%	7.3%	10.9%
Mriya Agro Holding	MAYA	7.07	8.2	5.36	0.9%	-1.8%	-9.4%	-5.1%	0.6%	3.4%	-6.0%	-0.4%
MHPC	MHPC	17.5	19.9	14.15	0.2%	-3.1%	3.1%	3.1%	-0.2%	2.1%	6.6%	7.8%
Milkiland	MLK	3.21	5.1	3.11	-1.5%	-7.1%	-23.1%	-22.9%	-1.9%	-1.9%	-19.6%	-18.2%
Ovostar Union	OVO	27.4	33.3	21.3	-5.1%	-8.7%	-10.6%	-17.6%	-5.4%	-3.5%	-7.1%	-12.9%
Sintal	SNPS	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	12.5	15.9	7.1	0.0%	-3.8%	7.8%	0.0%	-0.3%	1.4%	11.2%	4.8%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.107	0.128	0.077	3.5%	-4.7%	-5.2%	-5.6%	3.1%	0.5%	-1.7%	-0.8%
UkrSotsbank	USCB	0.180	0.257	0.109	7.7%	-0.4%	-2.7%	-4.0%	7.3%	4.8%	0.8%	0.8%

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	373	355	17.2%	15.2%	16.5%	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%
Ukrspasbank	USCB	5,151	4,564	4,846	957	950	1,029	451	380	464	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	108	3.9%	4	1,902	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	492	458	445	\$/tonne
Yenakievo Steel	ENMZ	39	8.8%	3	34	4.6	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	11	\$/tonne
Azovstal	AZST	296	3.0%	9	278	neg	neg	neg	neg	neg	7.9	0.1	0.1	0.1	61	62	61	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	62	6.8%	4	59	neg	neg	neg	neg	1.3	2.0	0.1	0.1	0.1	14	15	16	\$/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
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	875	0.3%	2	873	9.2	4.9	5.8	3.8	2.8	3.1	1.4	1.3	1.4				
Pivnichny GOK	SGOK	2,217	0.4%	9	2,210	5.1	4.0	4.8	2.9	2.4	2.7	1.6	1.4	1.5				
Ferrexpo	FXPO	1,624	24.0%	390	2,190	7.5	6.8	6.5	5.5	5.1	4.9	1.5	1.4	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	22	5.4%	1	124	3.1	1.3	1.3	1.0	1.3	1.3	0.5	0.6	0.5	30	29	28	\$/tonne
Coal Energy	CLE	15	25.0%	4	125	0.4	neg	neg	2.0	5.9	13.9	0.8	1.0	1.2	2.0	5.9	13.9	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	154	2.0%	3	200	4.6	9.0	7.7	3.8	6.4	5.8	0.4	0.6	0.6	317	525	499	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	38	24.0%	9	80	7.9	2.2	1.9	2.8	2.3	2.1	0.4	0.2	0.2				
Krukiv Wagon	KVBZ	222	5.0%	11	222	2.3	9.0	9.9	1.6	3.4	3.7	0.2	0.5	0.6				
Stakhanov Wagon	SVGZ	34	8.0%	3	73	>30	neg	neg	10.2	12.5	13.4	0.2	0.4	0.5				
<b>Specialized Machinery</b>																		
Turboatom	TATM	175	5.8%	10	102	4.6	3.2	3.0	2.0	1.4	1.3	0.6	0.5	0.5				
Motor Sich	MSICH	427	24.0%	103	445	2.1	2.3	2.1	1.4	1.9	1.7	0.5	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	308	7.2%	22	630	6.8	6.2	4.7	3.1	2.9	3.0	0.8	0.8	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	711	3.0%	21	702	4.0	5.4	5.9	2.2	1.9	2.0	0.4	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	74	21.6%	16	45	6.4	14.6	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	198	50.4%	100	307	neg	9.9	8.3	2.3	3.6	3.4	1.5	1.5	1.3	56	42	41	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	195	21.7%	42	264	6.8	4.5	3.9	3.8	4.3	3.8	0.2	0.3	0.3	15	19	16	\$/MWh
DonbasEnergO	DOEN	83	14.2%	12	154	21.7	1.7	1.9	4.8	2.1	2.4	0.3	0.2	0.2	19	20	19	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,852	34.1%	632	3,013	6.0	9.1	6.9	6.4	7.3	5.5	2.1	2.1	1.8				
Kernel	KER	1,071	61.8%	662	1,777	5.1	10.2	13.9	5.5	6.1	6.9	0.8	0.6	0.7				
Astarta	AST	536	37.0%	199	870	9.2	6.8	4.7	8.0	7.0	5.1	1.9	1.7	1.5				
Avangardco	AVGR	741	22.5%	167	940	3.2	2.8	2.5	3.4	2.9	2.5	1.5	1.3	1.2	213	162	152	\$/mneggs
Agroton	AGT	16	26.2%	4	65	2.4	neg	neg	3.2	5.2	5.5	0.7	0.9	0.9	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	381	3.6%	14		>30	3.5	3.3	0.5	0.4	0.4	0.06	0.07	0.07				
Ukrsotsbank	USCB	393	1.4%	5		>30	>30	19.4	0.5	0.4	0.4	0.08	0.09	0.08				

Source: Eavex Research



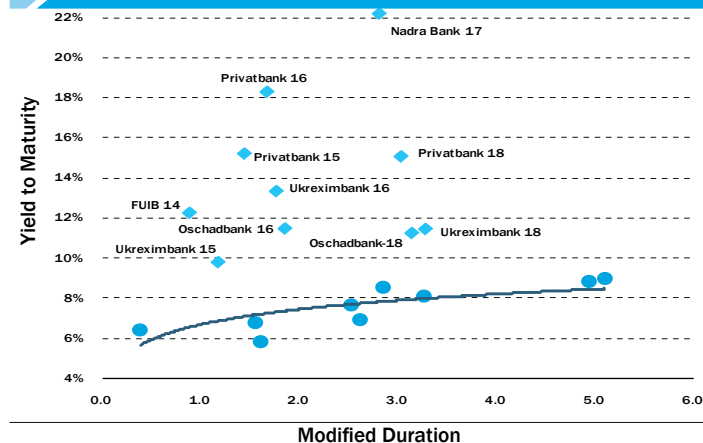
## UKRAINIAN EUROBONDS

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	98.8	99.8	13.3%	9.7%	-0.7%	0.3	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	98.0	99.1	15.0%	12.9%	-1.9%	0.6	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	95.5	96.9	8.1%	7.2%	0.2%	1.5	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	95.9	97.4	10.0%	8.9%	-1.0%	1.5	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	92.4	95.4	9.9%	8.6%	-0.1%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	92.8	95.3	9.3%	8.2%	-0.3%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	91.0	93.0	9.8%	9.1%	-0.8%	3.2	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	98.9	99.9	9.8%	9.5%	0.2%	2.9	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%	3.0	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	88.8	90.4	11.3%	10.7%	14.1%	3.4	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	89.5	91.0	10.1%	9.8%	-3.0%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	89.8	92.3	10.1%	9.5%	-2.8%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	88.6	90.6	9.8%	9.4%	-1.6%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	89.2	91.0	9.3%	9.0%	-0.5%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	54.4	33.2%	29.8%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	102.2	103.0	9.0%	8.6%	-0.8%	1.1	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	86.7	88.1	11.3%	11.0%	-2.3%	4.5	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	100.5	101.2	10.3%	9.7%	n/a	1.5	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	92.1	94.1	13.4%	12.7%	3.2%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	99.3	101.3	12.0%	10.9%	0.1%	1.8	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	86.0	88.4	13.9%	13.1%	0.1%	3.2	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	100.9	102.0	9.4%	8.4%	-0.8%	1.1	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	91.9	92.7	10.3%	10.0%	-2.0%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	101.1	102.8	10.0%	8.5%	-0.1%	1.2	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	95.2	96.6	10.4%	9.9%	1.0%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	95.7	97.7	10.5%	9.3%	-1.3%	1.9	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	90.5	92.1	12.4%	11.9%	-0.4%	3.3	9.50%	S/A	21 May 2018	500	/B-/B-
Interepipe, 2017	77.0	80.1	20.3%	18.3%	0.0%	2.5	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	111.1	113.0	8.1%	7.6%	1.0%	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%	3.7	10.50%	S/A	25 Jan 2014	100	Caa1//
PUMB, 2014	100.9	100.9	11.9%	11.9%	2.4%	0.9	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.1	85.3	24.9%	19.7%	0.0%	2.8	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	89.0	91.0	18.9%	17.1%	1.0%	1.4	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	75.9	80.9	21.4%	17.7%	11.5%	1.6	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	85.3	90.0	15.9%	14.2%	4.7%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	94.0	95.5	14.9%	13.3%	-1.8%	1.1	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	86.7	86.7	14.1%	14.1%		1.7	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	86.4	88.2	13.3%	12.6%	-2.2%	3.2	8.75%	S/A	22 Jan 2018	500	Caa1//B-
VAB Bank, 2014	78.0	83.0	n/a	n/a	-5.8%	n/a	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	89.5	90.8	15.0%	14.1%	-3.1%	1.8	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	84.6	86.2	13.9%	13.3%	-4.1%	3.2	8.88%	S/A	20 Mar 2018	500	Caa1//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	92.6	93.8	13.4%	12.5%	0.3%	1.6	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	93.0	94.2	12.8%	12.2%	0.6%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

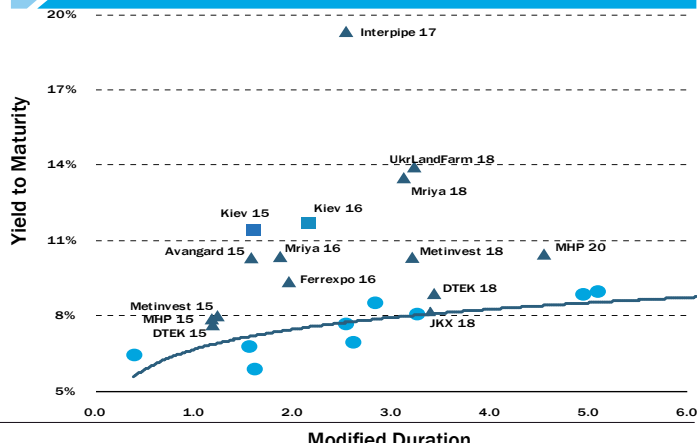
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

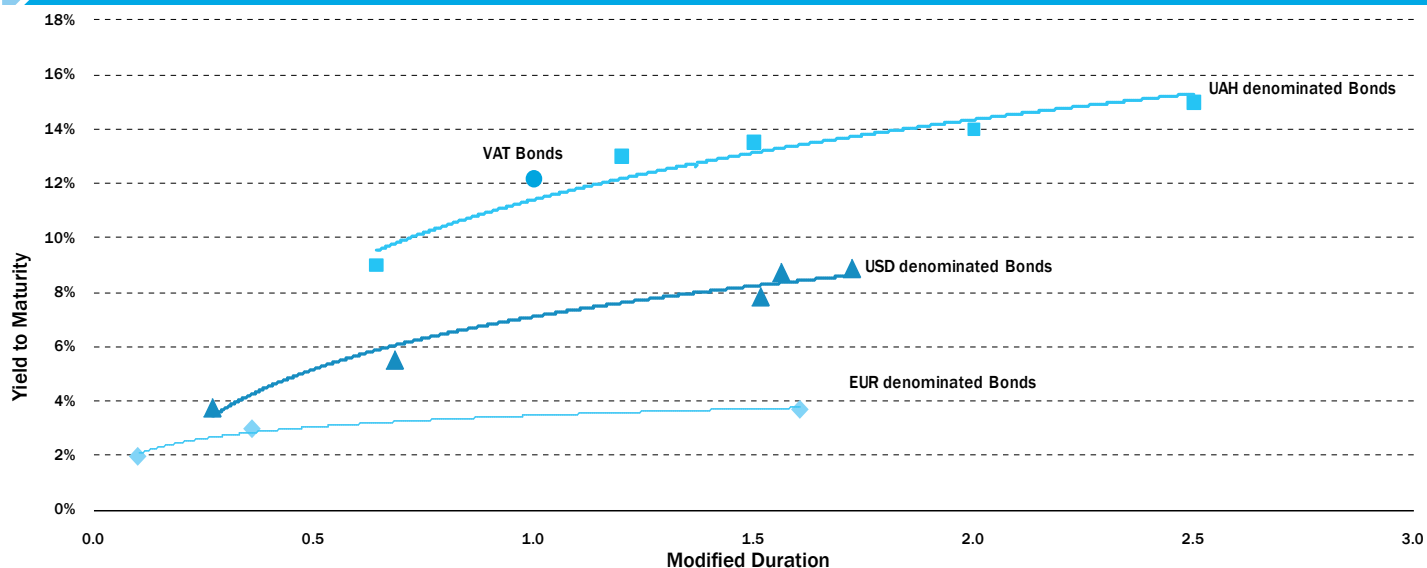




**UKRAINIAN DOMESTIC BONDS**

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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