

Market Update

Equity

Ukrainian stocks ended mostly higher on Tuesday (Jan 28) as market players raised their bids to cover short positions. The UX index added 0.9% to close at 872 points. DonbasEnergO (DOEN UK) outperformed the broad market, advancing by 4.3%, although it still finished below its local maximum of UAH 31.50. Top liquid issue Motor Sich (MSICH UK) was also notably higher rising by 2.2% to UAH 1,742 on volume of just over UAH 1mn. Meanwhile, Avdyivka Coke (AVDK UK) and UkrSotsBank (USCB UK) lost 2.3% and 1.3% respectively. Ukrainian agro names listed in London were mixed, with Avangard (AVGR LI) erasing the previous day's loss with a 4.5% gain, while MHP (MHPC LI) dropped another 1.6%. The Warsaw-traded Milkiland (MLK PW) agro issue appreciated by 3.6%.

Fixed Income

Ukrainian sovereigns showed a move up on Tuesday likely encouraged by news of resignation of Premier Minister. Ukraine-23s advanced by 4.2p.p. to 90.7/92.2 (9.0%/8.7%). Meanwhile, corporate names were mixed. MHP-15s declined by 1.6p.p. closing at 100.6/101.5 (10.6%/9.7%) while DTEK-15s improved by 1.1p.p. to 92.3/93.7 (10.2%/9.7%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1742.00	2.2%	1.1	124
CentrenergO	CEEN	4.40	-0.5%	0.9	80
Alchevsk Steel	ALMK	0.035	0.3%	0.9	17

Growth Leaders

DonbasenergO	DOEN	30.94	4.3%	0.18	51
Stirol	STIR	13.99	3.5%	0.01	8
Kryukiv Wagon	KVBZ	18.28	3.0%	0.02	7

Loss Leaders

Avdyivka Coke	AVDK	2.67	-2.3%	0.628	21
Azovstal	AZST	0.59	-0.5%	0.216	30
CentrenergO	CEEN	4.40	-0.5%	0.911	80

Highlights

POLITICS AND ECONOMICS

- > Azarov Steps Down as PM, Parliament Repeals Jan 16 Laws
- > S&P Downgrades Ukraine's Credit Rating from B- to CCC+

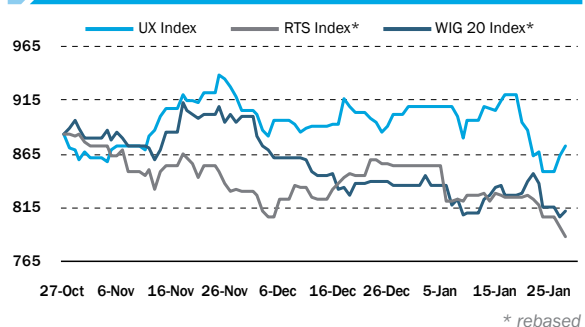
STOCKS IN THE NEWS

- > Metinvest's New Share Issue at Pivnichny, Centralny to Dilute Minorities
- > IMC Completed Acquisition of 16,000 ha Farming Company
- > Astarta's Soybean Processing Plant Operating at 100% Capacity

FIXED INCOME

- > OschadBank Reports Healthy Profit of UAH 679mn for FY13

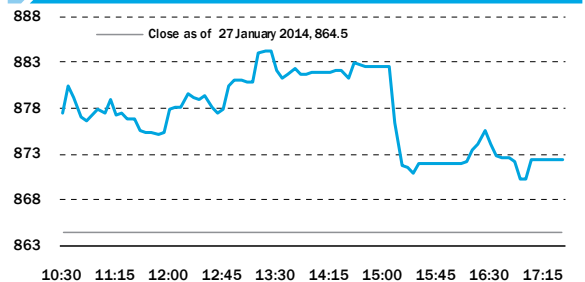
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	872.3	0.9%	-3.2%	-4.1%
RTS	1332.5	-1.0%	-7.8%	-7.6%
WIG20	2333.8	0.7%	-2.9%	-2.8%
MSCI EM	934.1	0.3%	-6.4%	-6.8%
S&P 500	1792.5	0.6%	-2.7%	-2.6%

UX INTRADAY JANUARY 28, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	363.9	-0.7%	11.0%	10.0%
CDS 5Y UKR	865.6	-7.3%	8.2%	5.5%
Ukraine-17	8.9%	-1.1 p.p.	-0.2 p.p.	-0.2 p.p.
Naftogaz Ukr-14	12.3%	-1.6 p.p.	2.5 p.p.	3.5 p.p.
Ukraine-23	8.9%	-0.7 p.p.	-0.2 p.p.	1.4 p.p.
Privatbank-16	20.6%	0.0 p.p.	-4.1 p.p.	-4.1 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.49	-0.1%	3.0%	3.0%
EUR	11.65	0.4%	2.9%	2.5%
RUB	0.24	-0.5%	-3.5%	-2.8%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	272.2	0.0%	-5.3%	-5.3%
Steel, USD/t	542.5	0.0%	1.9%	0.9%
Oil, USD/bbl	107.4	0.7%	-4.0%	-3.4%
Gold, USD/oz	1256.9	0.0%	3.6%	5.0%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Azarov Steps Down as PM, Parliament Repeals Jan 16 Laws

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

NEWS

Prime Minister Nikolay Azarov, the longest-serving PM in Ukraine's history, submitted his resignation on Tuesday (Jan 28) in Parliament. The resignation was accepted by President Yanukovich and automatically triggers the resignation of the entire Cabinet of Ministers, although - importantly - the current ministers will continue in their posts until new ones are appointed. Azarov said he was resigning in order to facilitate a peaceful resolution to the current Ukrainian political standoff. This is the second departure this month of a top official who had served for the entire four years of Yanukovich's presidential term, following that of presidential chief of staff Serhiy Liovochkin. Also on Tuesday, Parliament voted to repeal anti-free speech and freedom-of-assembly laws that had been passed on Jan 16, sparking the violent street uprisings of the past 10 days.

COMMENTARY

The departure of Azarov, who was an anchor of stability but also of stagnation over the duration of the Yanukovich regime, is a necessary but far from sufficient step in resolving the current political, as well as economic crisis. Azarov had repeatedly blamed the IMF for demanding loan conditions that would ruin the Ukrainian economy, without acknowledging that it was his own government's refusal to implement basic structural reforms that had put the government's finances in such bad shape in the first place. Still, the ultimate responsibility for Ukraine's policies, including the handling of the EuroMaidan protests, has always rested not with Azarov, but with President Yanukovich. In our view, what is needed to resolve the political standoff is the installation of a coalition government that will immediately resume negotiations with the EU on signing the Association Agreement. However, we suppose that the President will now try to retain as many

Cabinet ministers as possible in the next government and continue with business as usual, only without the scapegoat Azarov, and this is a scenario under which the street protests will continue. We suspect that Yanukovich will try to appoint another ally, Serhiy Arbuzov, to lead the government, rather than Petro Poroshenko, who is the favored candidate of the opposition. Yanukovich and opposition representatives are currently discussing a reversion to the 2004 constitution that would transfer some of the powers of the presidency to the prime minister and Parliament; however, such a move could come back to bite the pro-European movement in Ukraine if the opposition captures the presidency, just as it did during the term of Viktor Yushchenko. In our view, fresh parliamentary elections will also not help the opposition much, as the fundamental issue of the Eastern Ukrainian electorate sending hundreds of Communist and/or pro-Russian MPs to Kyiv is not going away, regardless of whether or not Yanukovich stays in power.

S&P Downgrades Ukraine's Credit Rating from B- to CCC+

by Dmitry Churin
d.churin@eavex.com.ua

NEWS

Standard & Poor's (S&P) downgraded Ukraine's credit rating by one notch from B- to CCC+, according to a statement released by the agency on Tuesday (Jan 28). The long-term outlook for Ukraine remains negative, S&P's report said, suggesting that the significant escalation of the political turmoil in Ukraine makes the previously promised financial support package of USD 12bn from Russia less certain. The Russian government provided an initial USD 3bn (about 1.6% of Ukraine's GDP) to the country last month by allowing its National Wealth Fund to be the sole subscriber to a Ukrainian government bond issue. The bonds were issued for two years with a 5% coupon, well below the 9.4% market yield at which the outstanding Ukraine-2015 Eurobond currently trades.

COMMENTARY

The move from the S&P could put more pressure on Ukrainian sovereigns and reduces the chances that the government could successfully place new long-term foreign debt issues this year. The upheaval in the country indeed raises a lot of questions about the endgame of the ongoing mass street protests and revolutionary activity. However, Ukraine's economy is expected to start recover this year thanks to better global steel demand, which should be a definite support factor for state finances. In our view, risk of investing in Ukrainian Eurobonds is justified by their high yields. We continue to see Ukraine's public debt-to-GDP ratio of near 40% as a level that should be manageable in the medium term even in current conditions.

Metinvest's New Share Issue at Pivnichny, Centralny to Dilute Minorities

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

NEWS

Metinvest, Ukraine's largest metals and mining group, has included an additional share issue in its iron ore companies Pivnichny GOK (SGOK) and Centralny GOK (CGOK) in special shareholder meeting (EGM) announcements for next month, Interfax reported citing the EGM agendas. The EGMs at both companies have been set for Feb 14. The new shares will be issued at par and be privately placed. Neither the amount of additional issues nor the timing for the move were disclosed. The par values of the SGOK and CGOK stocks are UAH 0.25 for both compared to market prices of UAH 8.20 and UAH 6.30, respectively.

COMMENTARY

We see this step as a way for Metinvest to get rid of the remaining minority shareholders and consolidate in its hands 99.9+% in both companies (vs. 99.6-99.8% currently, in our estimates). We thus highly recommend that any and all non-Metinvest stakeholders in the GOKs vote against the EGM item on "significant deals". Voting against this will effectively allow minorities to sell their shares to Metinvest at a fixed price determined on the day prior to the EGM announcement. Otherwise, given the nature of the additional share issue (private placement), the minorities will not be able to subscribe to the newly issued shares and will have their stakes diluted. In light of all of the abovementioned, we suspend our recommendations for the SGOK and CGOK stocks.

IMC Acquires 16,000 ha Agro Company in Chernihiv

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

NEWS

Central Ukraine-based crop grower Industrial Milk Company (IMC) has acquired a 60% stake in a farming company with land lease rights for 16,000 hectares in Chernihiv province (northeast of Kyiv) for USD 18mn, IMC reported on Tuesday (Jan 28). The acquired firm also possesses some 195,000 tonnes of storage capacities in Chernihiv (160,000) and Sumy provinces (35,000). As a result, IMC now consolidates 100% of the farming firm after the having bought a 40% stake in August 2013.

COMMENTARY

The news was fairly expected by the market given that IMC announced in August its intention to obtain 100% control of the firm by 2013 year-end. At a price of USD 30mn (USD 12mn+18mn), the gross deal valuation is USD 1,875/ha. However, given that the storage capacity value is close to USD 20mn, according to our estimates, IMC paid around USD 625/hectare for the land leasing rights. The deal allows the company to expand its land bank by 13% from 120,700 ha to 136,700 ha, with storage capacities boosted by 54% to 554,000 tonnes.

Astarta's Soybean Processing Plant Operating at 100% Capacity

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

NEWS

Astarta, Ukraine's largest sugar producer, has recently launched and is now operating at 100% capacity a complex for soybean processing in Globino (Poltava oblast), the company reported earlier this week. The complex will process 220,000 tonnes of soybeans per year and produce 160,000 tonnes of soybean meal, 40,000 tonnes of soybean oil and 10,000 tonnes of granulated soybean husks. The processing plant has its own storage facilities with capacity of 64,000 tonnes.

COMMENTARY

While the launch of the facility was largely expected by the market after Astarta announced the completion of its construction earlier this month, the positive news is the ability of the company to reach full capacity use within a time frame of less than two weeks. This is a testimony to high secured demand for the output of the complex. With Astarta's soybean harvest in the recent season of 121,000 tonnes, the company is 55% self-sufficient in core inputs for the plant.

OschadBank Reports Healthy Profit of UAH 679mn for FY13

by Dmitry Churin
d.churin@eavex.com.ua

NEWS

Government-owned savings bank OschadBank reported a net profit of UAH 679mn (USD 83mn) for FY13, compared to UAH 566mn for FY12, according to financials released on Tuesday (Jan 28). The bank's gross interest income rose by 16.5% YoY, while net interest income grew by 12.2% YoY to UAH 5.5bn in the period. Loan loss provisions rose by 45% YoY to UAH 2.8bn in FY13. On the balance sheet side, Oschad's loan portfolio increased by an anemic 0.7% YoY to UAH 51.5bn, while its securities portfolio shot up from UAH 13.1bn to UAH 35.4bn in the period. Total assets rose by 20% YoY to UAH 103bn (USD 13bn).

COMMENTARY

The reported net profit looks healthy, implying a return on equity of 4.5%. As we reported earlier, the bank's massive ramp-up of its securities portfolio was a result of purchases of Ukrainian government bonds. In 4Q13 alone Oschad purchased UAH 11.7bn in domestic government bonds, which is basically a means for the government to finance the central budget deficit. The bank's net profit rose by 28% YoY to UAH 198mn in 4Q13. Oschad's capital adequacy ratio was reported at 25.4% and its current liquidity stood at 77% as of 1 Jan 2014. 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
Steel&Pipes						
Azovstal	AZST	0.59	0.56	-5%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	162.6	218.0	34%	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	8.20	-	-	Susp.	The rating is suspended after the news in late January that SGOK's EGM on 14 Feb 2014 intends to approve additional share issue with new shares to be privately placed. No details were specified.
Centralny GOK	CGOK	6.30	-	-	Susp.	The rating is suspended after the news in late January that CGOK's EGM on 14 Feb 2014 intends to approve additional share issue with new shares to be privately placed. No details were specified.
Coke						
Avdyivka Coke	AVDK	2.67	6.2	134%	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	513%	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	0.31	2.9	847%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	18.3	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.39	5.2	278%	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	1742	5250	201%	BUY	Motor Sich should see its sales grow with a 2012-2016E CAGR of 9%, reaching USD 1.2bn. For 2012-2016, we forecast an average EBITDA margin of 35% and a net margin of 28%.
Turboatom	TATM	5.00	8.9	78%	BUY	We model Turboatom's revenue as increasing at 18% CAGR over 2012-2015. Deliveries of hydro and steam turbines to export markets will remain the company's key revenue drivers.
Oil & Gas						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	13.3	42.0	217%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	68.8	370	438%	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						
DonbasEnerg	DOEN	30.9	72.0	133%	BUY	DonbasEnerg 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%.
CenterEnerg	CEEN	4.40	15.00	241%	BUY	CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	16.4	22.10	35%	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	66.6	90.0	35%	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	11.5	19.35	68%	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	81.9	109.50	34%	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	872.31	1061.97	781.22	0.9%	-1.6%	-3.2%	-4.1%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.035	0.06	0.02	-0.6%	-2.2%	-9.0%	-9.0%	-1.5%	-0.6%	-5.8%	-4.9%
Azovstal	AZST	0.59	0.90	0.31	-0.8%	-5.9%	-12.9%	-12.4%	-1.7%	-4.3%	-9.7%	-8.2%
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	31.0	49.9	20.0	0.0%	-2.8%	-5.4%	-3.2%	-0.9%	-1.1%	-2.2%	1.0%
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	0.09	0.26	0.05	0.0%	-40.0%	-10.0%	-10.0%	-0.9%	-38.4%	-6.8%	-5.9%
Coke												
Avdyivka Coke	AVDK	2.67	4.80	1.60	-2.4%	-3.8%	-11.4%	-9.8%	-3.3%	-2.2%	-8.2%	-5.7%
Yasynivsky Coking	YASK	0.56	0.85	0.49	0.0%	1.8%	5.7%	5.7%	-0.9%	3.5%	8.9%	9.8%
Iron Ore Mining												
Centralny GOK	CGOK	6.30	n/a	n/a	0.0%	0.0%	-3.1%	-3.1%	-0.9%	1.6%	0.2%	1.1%
Ferrexpo	FXPO	2.69	4.55	2.02	2.9%	-4.6%	-13.9%	-14.6%	2.0%	-3.0%	-10.6%	-10.4%
Pivnichny GOK	SGOK	8.20	10.00	5.77	0.0%	2.5%	2.5%	2.5%	-0.9%	4.1%	5.7%	6.6%
Coal Mining												
Pokrovske Mine	SHCHZ	0.31	0.71	0.10	0.0%	-11.4%	-16.2%	-22.5%	-0.9%	-9.8%	-13.0%	-18.4%
Komsomolets Donbasa	SHKD	0.43	n/a	n/a	-28.3%	-28.3%	-30.6%	-30.6%	-29.2%	-26.7%	-27.4%	-26.5%
Energy Coal	CLE	0.38	4.57	0.31	12.7%	-9.4%	13.7%	8.0%	11.8%	-7.8%	16.9%	12.1%
Mining Machinery												
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
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.55	0.86	0.30	10.0%	-1.8%	0.0%	-8.3%	9.1%	-0.1%	3.2%	-4.2%
Interpipe NMPP	NVTR	0.18	n/a	n/a	-14.3%	-14.3%	-14.3%	-14.3%	-15.2%	-12.6%	-11.1%	-10.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	18.3	29.0	12.0	3.0%	9.8%	10.8%	5.7%	2.1%	11.4%	14.0%	9.8%
Luhanskeplovoz	LTPL	1.39	2.20	1.26	0.0%	-7.3%	-9.7%	-7.3%	-0.9%	-5.7%	-6.5%	-3.2%
Stakhanov Wagon	SVGZ	1.27	n/a	n/a	5.8%	0.0%	-1.6%	-2.3%	4.9%	1.6%	1.7%	1.8%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-1.8%	13.0%	-1.8%	1.9%	-2.7%	14.6%	1.4%	6.0%
Motor Sich	MSICH	1,742	2,640	1,303	2.1%	-4.8%	-1.2%	-4.5%	1.2%	-3.2%	2.0%	-0.3%
Summy Frunze Engineering	SMASH	2.50	n/a	n/a	0.0%	0.4%	0.0%	0.0%	-0.9%	2.0%	3.2%	4.1%
Turboatom	TATM	1.80	n/a	n/a	-47.8%	n/a	-48.6%	-48.6%	-48.7%	n/a	-45.3%	-44.4%
WESTA ISIC	WES	0.16	0.26	0.13	6.6%	-2.0%	9.1%	19.7%	5.7%	-0.4%	12.4%	23.9%
Telecom												
Ukrtelecom	UTLM	0.13	0.17	0.09	15.5%	-6.5%	18.2%	18.2%	14.6%	-4.8%	21.4%	22.3%
Oil & Gas												
Regal Petroleum	RPT	0.22	0.52	0.19	-0.1%	-5.7%	6.5%	4.3%	-1.0%	-4.0%	9.7%	8.4%
JKX Oil	JKX	1.14	1.21	0.75	0.3%	-2.6%	-3.4%	-3.9%	-0.6%	-1.0%	-0.2%	0.3%
Ukrnafta	UNAF	113	280	96	1.3%	2.6%	6.3%	4.4%	0.3%	4.3%	9.5%	8.6%
Power Utilities												
Centrenerg	CEEN	4.40	7.40	2.50	0.0%	-4.3%	-6.6%	-7.7%	-0.9%	-2.7%	-3.4%	-3.6%
Donbasenergo	DOEN	30.9	34.0	15.4	4.2%	3.3%	14.3%	12.1%	3.3%	5.0%	17.6%	16.3%
Zakhidenergo	ZAEN	83.5	115.0	64.0	0.0%	-8.4%	-8.1%	-7.6%	-0.9%	-6.8%	-4.9%	-3.5%
Consumer												
Agroton	AGT	0.83	3.6	0.36	12.5%	-4.6%	25.7%	27.3%	11.6%	-2.9%	28.9%	31.4%
Astarta	AST	21.6	24.4	14.5	1.6%	-1.7%	0.6%	-2.7%	0.7%	0.0%	3.8%	1.4%
Avangardo	AVGR	11.5	13.0	7.61	4.5%	-1.7%	-2.2%	-2.2%	3.6%	-0.1%	1.0%	1.9%
Industrial Milk Company	IMC	3.70	5.25	3.63	0.1%	-4.8%	-7.0%	-8.4%	-0.8%	-3.2%	-3.8%	-4.2%
Kernel	KER	13.4	22.6	11.8	1.8%	0.1%	6.1%	5.8%	0.9%	1.8%	9.3%	9.9%
Mriya Agro Holding	MAYA	7.07	8.2	5.36	-0.1%	0.8%	-7.3%	-5.2%	-1.0%	2.5%	-4.1%	-1.0%
MHPC	MHPC	16.4	19.9	14.15	-1.6%	-7.2%	-4.0%	-3.5%	-2.5%	-5.6%	-0.7%	0.7%
Milkiland	MLK	3.25	5.1	3.11	3.6%	-1.1%	-22.1%	-21.9%	2.7%	0.5%	-18.9%	-17.8%
Ovostar Union	OVO	26.6	33.3	21.3	-2.1%	-11.9%	-18.1%	-20.0%	-3.0%	-10.3%	-14.9%	-15.8%
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
Chemicals												
Stirol	STIR	14.0	n/a	n/a	1.0%	7.6%	11.9%	11.9%	0.1%	9.3%	15.1%	16.1%
Banks												
Raiffeisen Bank Aval	BAVL	0.110	0.128	0.077	2.0%	4.8%	-2.9%	-2.9%	1.1%	6.4%	0.3%	1.2%
UkrSotsbank	USCB	0.181	0.257	0.111	-1.9%	5.1%	-3.0%	-3.4%	-2.8%	6.8%	0.2%	0.7%

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	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
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	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%
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	4,854	5,283	4,949	957	1,064	1,016	451	366	461	1	1	20	0.1%	0.1%	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	107	3.9%	4	1,901	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	491	458	445	\$/tonne
Yenakievo Steel	ENMZ	39	8.8%	3	33	4.5	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	11	11	\$/tonne
Azovstal	AZST	291	3.0%	9	273	neg	neg	neg	neg	neg	7.7	0.1	0.1	0.1	59	61	60	\$/tonne
Coke																		
Avdyivka Coke	AVDK	61	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	2.2	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	870	0.3%	2	869	9.1	4.9	5.8	3.7	2.8	3.1	1.4	1.3	1.4				
Pivnichny GOK	SGOK	2,227	0.4%	9	2,220	5.1	4.1	4.8	3.0	2.4	2.7	1.6	1.4	1.5				
Ferrexpo	FXPO	1,586	24.0%	381	2,152	7.4	6.6	6.4	5.4	5.0	4.8	1.5	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	17	5.4%	1	119	2.4	1.0	1.0	0.9	1.3	1.3	0.4	0.5	0.5	29	28	26	\$/tonne
Coal Energy	CLE	17	25.0%	4	127	0.4	neg	neg	2.0	6.0	14.1	0.8	1.0	1.3	2.0	6.0	14.1	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	168	2.0%	3	214	5.0	9.8	8.4	4.1	6.8	6.2	0.4	0.7	0.6	340	564	535	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	36	24.0%	9	78	7.4	2.0	1.8	2.7	2.2	2.0	0.4	0.2	0.2				
Krukiw Wagon	KVBZ	247	5.0%	12	247	2.6	10.1	11.0	1.8	3.8	4.1	0.3	0.6	0.6				
Stakhanov Wagon	SVGZ	34	8.0%	3	73	>30	neg	neg	10.2	12.4	13.4	0.2	0.4	0.5				
Specialized Machinery																		
Turboatom	TATM	174	5.8%	10	101	4.6	3.2	3.0	2.0	1.4	1.3	0.6	0.5	0.5				
Motor Sich	MSICH	427	24.0%	102	445	2.1	2.3	2.1	1.4	1.9	1.7	0.5	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	287	7.2%	21	608	6.3	5.8	4.4	3.0	2.8	2.9	0.7	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	725	3.0%	22	716	4.1	5.5	6.0	2.2	1.9	2.0	0.4	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	70	21.6%	15	42	6.1	13.9	5.5	2.0	2.4	1.3	0.8	1.1	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	195	50.4%	99	304	neg	9.8	8.1	2.2	3.6	3.4	1.5	1.4	1.3	56	42	41	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	192	21.7%	42	260	6.6	4.5	3.8	3.8	4.2	3.8	0.2	0.3	0.3	15	18	16	\$/MWh
DonbasEnergO	DOEN	86	14.2%	12	157	22.5	1.8	2.0	4.9	2.2	2.4	0.3	0.2	0.2	19	20	19	\$/MWh
Consumer																		
MHP	MHPC	1,735	34.1%	592	2,895	5.6	8.6	6.4	6.2	7.0	5.3	2.1	2.0	1.8				
Kernel	KER	1,067	61.8%	659	1,773	5.1	10.2	13.9	5.5	6.1	6.9	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	734	22.5%	165	933	3.2	2.8	2.4	3.3	2.8	2.5	1.5	1.3	1.2	211	161	151	\$/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	390	3.6%	14		>30	3.5	3.4	0.5	0.4	0.5	0.07	0.07	0.07				
Ukrsotsbank	USCB	393	1.4%	5		>30	>30	19.8	0.5	0.4	0.4	0.08	0.08	0.08				

Source: Eavex Research

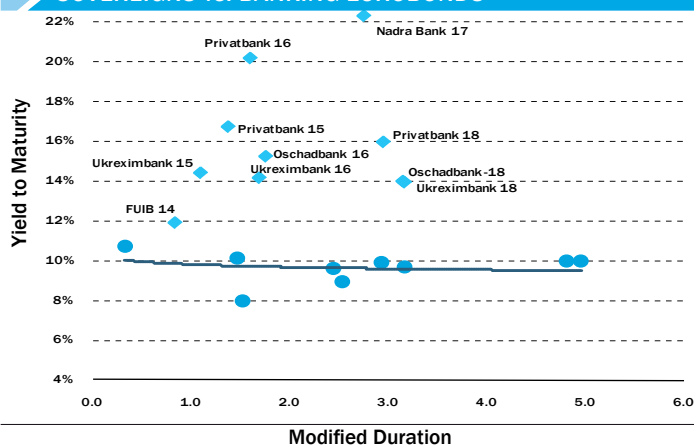
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2014	99.3	100.3	11.7%	8.0%	-0.2%	0.3	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	97.7	98.8	15.9%	13.7%	-2.2%	0.6	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	95.0	96.5	8.5%	7.5%	-0.3%	1.5	4.95%	A	13 Oct 2015	600*	Caa1/B-/B-
Ukraine, 2015	95.9	97.9	10.1%	8.6%	-0.8%	1.5	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	94.4	96.4	9.1%	8.2%	1.4%	2.5	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	94.8	96.8	8.5%	7.6%	1.5%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	92.3	94.3	9.3%	8.7%	0.6%	3.2	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	99.8	101.8	9.5%	8.8%	1.6%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa1/B-/B-
Ukraine, 2017 Infr. projects	92.0	93.5	11.6%	11.1%	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	91.3	92.8	9.7%	9.4%	-1.1%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	91.3	93.3	9.7%	9.3%	-1.4%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	90.6	91.6	9.4%	9.2%	0.0%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	90.7	92.2	9.0%	8.7%	1.1%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa1/B-/B-
Corporate Eurobonds											
Agroton, 2014	50.0	54.4	33.3%	29.9%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	100.6	101.5	10.6%	10.1%	-2.4%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	85.4	87.0	11.6%	11.2%	-3.6%	4.5	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	100.0	102.1	10.6%	9.2%	n/a	1.5	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	91.8	93.4	13.5%	13.0%	2.7%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	98.1	100.2	12.8%	11.5%	-1.1%	1.8	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	85.0	86.5	14.3%	13.8%	-1.6%	3.2	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	99.0	101.0	11.3%	9.3%	-2.2%	1.1	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	92.3	93.7	10.2%	9.7%	-1.3%	3.4	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	100.8	101.8	10.3%	9.4%	-0.8%	1.2	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	94.8	97.1	10.5%	9.7%	1.0%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	94.8	96.0	11.1%	10.2%	-2.6%	1.9	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	90.1	91.8	12.5%	12.0%	-0.8%	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	109.5	111.0	8.5%	8.2%	-0.7%	3.3	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2019	88.0	98.0	12.9%	10.0%	0.0%	3.9	9.25%	S/A	25 Jan 2019	100	Caa2//
PUMB, 2014	100.9	100.9	11.9%	11.9%	2.4%	0.8	11.00%	Q	31 Dec 2014	275	B//
Nadra Bank, 2017	80.1	91.0	25.2%	14.8%	0.0%	2.8	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	87.0	91.0	20.8%	17.2%	-0.1%	1.4	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	73.0	80.0	23.9%	18.4%	8.8%	1.6	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	87.1	88.5	15.2%	14.7%	4.9%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	93.0	95.0	16.0%	13.9%	-2.5%	1.1	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	86.7	86.7	14.2%	14.2%	1.6%	1.7	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	83.8	86.0	14.2%	13.4%	-4.8%	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	87.0	89.0	16.8%	15.4%	-5.4%	1.7	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	82.8	84.5	14.7%	14.1%	-6.0%	3.1	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	92.9	95.0	13.3%	11.7%	1.1%	1.5	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	93.0	95.1	12.8%	11.7%	1.1%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

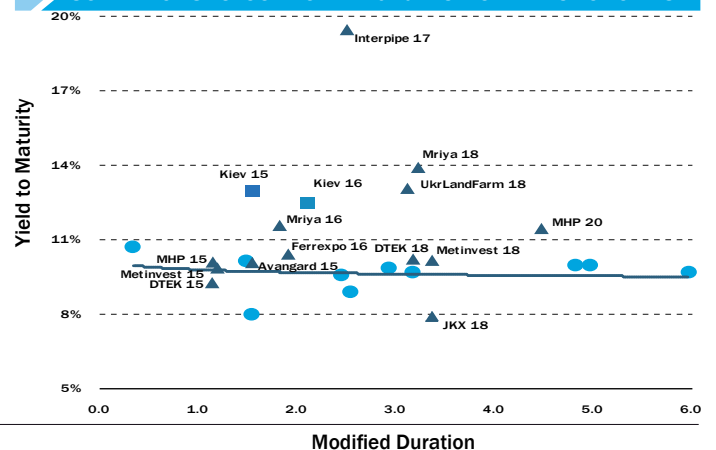
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



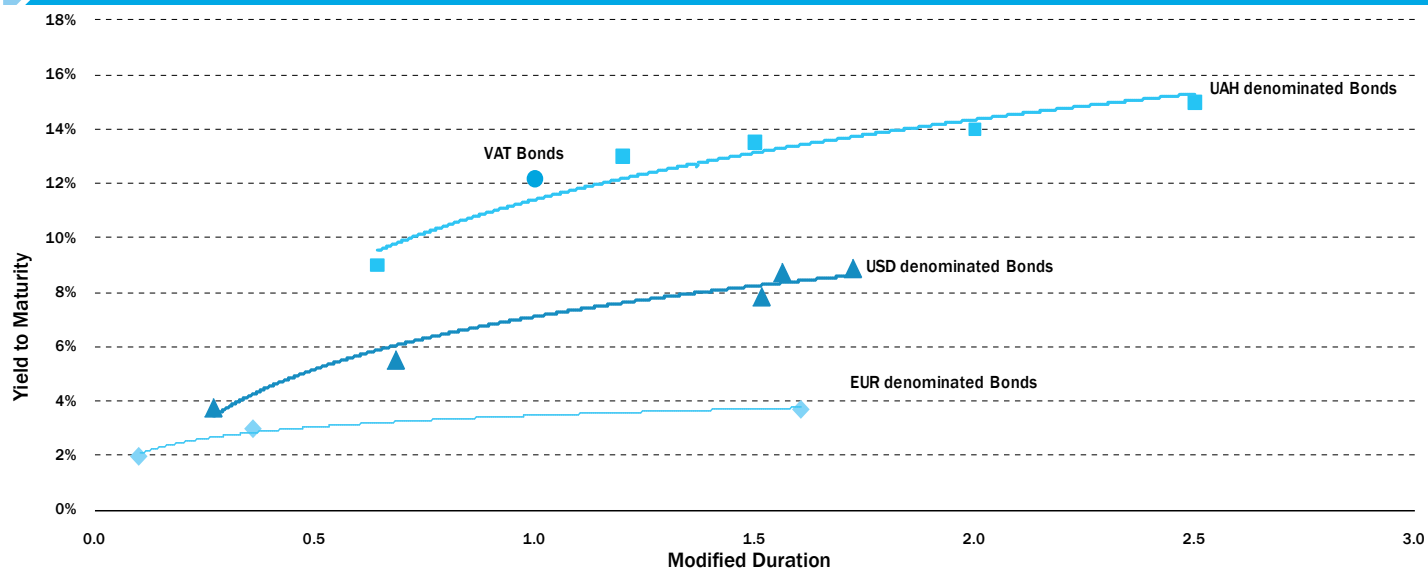
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			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
USD denominated Bonds									
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
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			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

Eavex Capital

Evropa Plaza
33 Shevchenko Blvd.
Floor 11
Kyiv, Ukraine, 01032

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity & Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales & Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua