

Market Update

Equity

Ukrainian stocks regained some more ground on Wednesday (Jan 29) following their sharp fall over the previous week due to the riots that erupted on Hrushevsky Street in central Kyiv on Jan 19. However, trading activity was very subdued, with several of the UX's 10 blue chips posting negligible volumes. Externally, the main bourses in Europe, Asia, and the US all ended lower after the US Federal Reserve announced another reduction in its monthly monetary stimulus, in what was the final Fed meeting for Benjamin Bernanke in his 8-year tenure as chairman. The UX index rose 0.9% to close at 881 points. Among substantially-traded blue chips, Raiffeisen Aval was the top gainer, adding 3.1% to 11.40 kopecks after reporting its bottom line for FY13, and UkrNafta picked up 2.7% as speculation is likely to mount about a possible multi-year dividend payout by the company. Heavyweight issues Motor Sich and CentrEnergo were sluggish, combining for just UAH 950,000 in turnover and both ending little-changed. In London, Ferrexpo and MHP slipped another 1.9% and 0.7% respectively, while JKC Oil&Gas moved up 2.2% to GBp 70.25.

Fixed Income

Ukrainian benchmark sovereigns fell on Wednesday as sharply as they had risen the day before following the "good news" of Prime Minister Azarov's resignation, as the Kremlin swiftly indicated that it will hold off on further bailout disbursements until it sees who the new PM is. For the short term, we assume this means that the Finance Ministry will not receive the USD 2bn in funding that had been expected this week. Ukraine-23s plunged by 3.6p.p. to 87.2/88.7 (9.6%/9.4%), while corporate issue MHP-20s dropped by 1.2p.p. to close at 83.7/86.2 (12.1%/11.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Raiffeisen Bank Aval	BAVL	0.11	3.1%	0.8	62
Centrenergo	CEEN	4.42	0.3%	0.5	78
Mariupol Heavy Machine	MZVM	0.101	-8.5%	0.4	125

Growth Leaders

Zakhidenergo	ZAEN	120.00	43.7%	0.25	23
Azovstal	AZST	0.61	3.9%	0.08	16
Raiffeisen Bank Aval	BAVL	0.11	3.1%	0.83	62

Loss Leaders

Khartsyzk Pipe	HRTR	0.50	-9.1%	0.031	10
Mariupol Heavy Machine	MZVM	0.10	-8.5%	0.423	125
Donbasenergo	DOEN	30.50	-1.3%	0.015	24

Highlights

POLITICS AND ECONOMICS

- > Moscow Suspends Disbursement of Bailout Cash Until New Gov't Formed

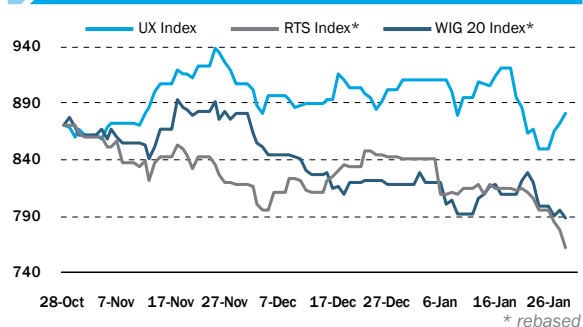
STOCKS IN THE NEWS

- > Raiffeisen Aval Reports Net Profit of UAH 730mn for FY13

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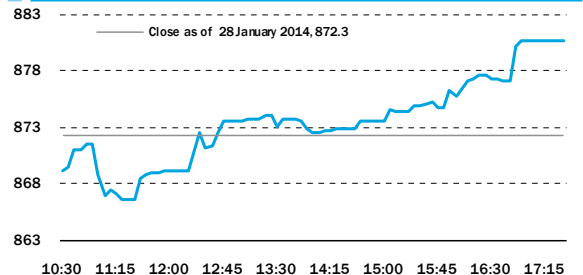
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	880.6	1.0%	-2.3%	-3.2%
RTS	1308.0	-1.8%	-9.5%	-9.3%
WIG20	2313.3	-0.9%	-3.8%	-3.7%
MSCI EM	936.7	0.3%	-6.1%	-6.5%
S&P 500	1774.2	-1.0%	-3.6%	-3.6%

UX INTRADAY JANUARY 29, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	374.6	2.9%	14.3%	13.3%
CDS 5Y UKR	927.6	7.2%	16.0%	13.1%
Ukraine-17	9.7%	0.9 p.p.	0.7 p.p.	0.7 p.p.
Naftogaz Ukr-14	15.0%	2.8 p.p.	5.2 p.p.	6.3 p.p.
Ukraine-23	9.5%	0.6 p.p.	0.5 p.p.	2.0 p.p.
Privatbank-16	20.7%	0.1 p.p.	-4.0 p.p.	-4.0 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.48	-0.1%	2.9%	2.9%
EUR	11.58	-0.6%	2.3%	1.8%
RUB	0.24	-1.2%	-4.6%	-3.9%

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	107.9	0.4%	-3.6%	-3.0%
Gold, USD/oz	1267.2	0.8%	4.4%	5.9%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Moscow Suspends Disbursement of Bailout Cash Until New Gov't Formed

by Will Ritter
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NEWS

The Russian government is suspending its USD 15bn sovereign bailout to Ukraine until the appointment of a new Prime Minister in Kyiv following the resignation of Nikolay Azarov earlier this week, Russian news sources reported Prime Minister Dmitry Medvedev as saying on Wednesday (Jan 29). Medvedev, in a discussion with President Putin, cited the need to ensure that the bailout money is going to be returned as well as his personal agreements with Azarov on the matter. Of the USD 15bn promised, USD 3bn has already been disbursed.

COMMENTARY

The suspension of the bailout funding looks like an obvious move to try to pressure President Yanukovich into appointing a new government that is similar to the outgoing one, i.e. Russia-friendly. There have been rumblings in recent days that Azarov's replacement could be opposition oligarch Petro Poroshenko, a choice that would likely lead to an immediate resumption in Ukraine's talks with the European Union on signing the Association Agreement, and this is a development that would be worrying to the Kremlin. However, even if the AA/DCFTA comes back into play, the issue of Ukraine's sovereign financing problems will remain on the front burner. Further, it is far from clear that the pro-European opposition is prepared to take the steps required by the IMF to renew emergency lending to the country; for example, Batkivschyna party leader Arseniy Yatseniuk has in the past spoken out very specifically against raising subsidized energy tariffs and liberalizing the domestic gas market. We believe that in order to avoid a protracted (and very expensive) civil conflict in Ukraine, the EU will need to pony up a sum that is at least comparable, and probably exceeding, the USD 15bn offered by Moscow. We would point out, for comparison, that the EU, IMF, and ECB managed to come up with USD 300bn in financing to bail out Greece in the name of "saving Europe". In a widely noted article published in Poland's top newspaper earlier this week, Polish MEP Pawel Kowal suggested that a pro-European government in Kyiv deserves to be supported by a kind of "Marshall Plan" to reform the country, and we agree with that assessment; regardless of how much the EU spends in bailing out Ukraine, it will be cheap in comparison with the Europe-wide consequences of the country sliding into civil war.

Raiffeisen Aval Reports Net Profit of UAH 730mn for FY13

by Dmitry Churin
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RAIFFEISEN BANK AVAL (BAVL UK)

Price: UAH 0.114 Market Cap: USD 404mn

	P/Assets	P/Book	P/E	Div. Yield
2012	0.07	0.5	4.7	0%
2013E	0.07	0.5	3.5	0%

NEWS

Raiffeisen Bank Aval, the Ukrainian subsidiary of Vienna-based Raiffeisen International, reported a net profit of UAH 730mn (USD 90mn) for FY13, compared to just UAH 34mn for FY12, according to financials published on Wednesday (Jan 29). The bank's gross interest income declined by 8.0% YoY and net interest income decreased by 3.4% YoY to UAH 3.91bn in the period. Provisions for loan impairment declined by 11.4% YoY to UAH 1.65bn. For 4Q alone, the bank posted a net loss of UAH 7.7mn, compared to its net loss of UAH 34.7mn for the corresponding period a year earlier. On the balance sheet side, Raiffeisen Aval's loan portfolio rose by 3.7% YoY to UAH 27bn, while its total assets declined by 8.9% YoY to UAH 43bn (USD 5.3bn).

FINANCIALS OF RAIFFEISEN BANK AVAL

UAH mn	4Q'13	QoQ, %	2013	2012	YoY, %
Interest income	1,445	-8.9%	5,828	6,335	-8.0%
Interest expense	-381	-36.4%	-1,918	-2,290	-16.2%
Net interest income	1,064	7.7%	3,910	4,046	-3.4%
Net fees and commissions income	408	3.2%	1,501	1,430	4.9%
Trading and other income/(loss)	53	-39.5%	485	187	158.8%
Total income	1,525	3.7%	5,895	5,663	4.1%
Operating expenses	-882	-18.4%	-3,269	-3,558	-8.1%
Profit/(Loss) from operations	643	65.1%	2,627	2,105	24.8%
Provisions for loan impairment	-571	79.7%	-1,651	-1,863	-11.4%
Profit/(loss) before tax	71	0.2%	976	242	303.5%
Corporate tax	-79	-25.4%	-246	-208	18.1%
Net profit/(loss)	-8	n/a	730	34	2056.9%
			2013	2012	YoY
Loans to corporate borrowers			19,238	16,652	15.5%
Loans to individuals			7,809	9,419	-17.1%
Current account of legal entities			10,240	7,917	29.3%
Term deposits of legal entities			1,547	4,452	-65.3%
Current accounts of individuals			6,388	6,074	5.2%
Term deposits of individuals			9,052	9,361	-3.3%
Equity			7,237	6,346	14.0%
Total Assets			43,460	47,694	-8.9%

Source: National Bank of Ukraine, Eavex Research

COMMENTARY

Although Raiffeisen Aval's net profit for FY13 looks solid, the net loss in 4Q13 was unexpected for us. We forecasted that the bank would earn UAH 160mn in the quarter. However, the reported bottom line still suggests a very healthy return on equity of 10.8%. Aval's capital adequacy ratio was 20.6% and its current liquidity was 73.8% as of 1 Jan 2014, both well above the NBU-mandated minimums. The reported earnings per share (EPS) of UAH 0.024 implies a P/E multiple of 4.7x. We forecast that the bank will increase its net profit by about 30% YoY in FY14 to UAH 970mn.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.61	0.56	-9%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	159.5	218.0	37%	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	8.40	14.5	72%	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.
Centralny GOK	CGOK	6.80	10.6	56%	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	2.73	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	0.55	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.
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	17.7	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.46	5.2	259%	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	1738	5250	202%	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	13.0	42.0	223%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	70.3	370	427%	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	30.5	72.0	136%	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	4.42	15.00	240%	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	16.3	22.10	36%	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	66.5	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	80.4	109.50	36%	HOLD	The company is on its way to implementing a two-stage investment program aimed at expanding egg production capacity to 2.1bn pieces by 2017, or 3x more compared to FY12 production of 719mn eggs. Very low liquidity in the OVO stock is a major concern.

Source: Eavex Research

PRICES AND QUOTES

Name	Ticker	Today, UAH*	52 high, UAH*	52 low, UAH*	Absolute performance				Performance relative to the UX index			
					1d	1w	1m	ytd	1d	1w	1m	ytd
UX Index	UX	880.63	1061.97	781.22	1.0%	1.9%	-2.3%	-3.2%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.036	0.06	0.02	1.7%	0.3%	-7.5%	-7.5%	0.7%	-1.7%	-5.2%	-4.2%
Azovstal	AZST	0.61	0.90	0.31	3.9%	2.0%	-9.5%	-9.0%	3.0%	0.1%	-7.2%	-5.7%
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	31.2	49.9	20.0	0.7%	-0.9%	-4.7%	-2.5%	-0.2%	-2.8%	-2.4%	0.8%
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%	-1.0%	-41.9%	-7.7%	-6.8%
Coke												
Avdyivka Coke	AVDK	2.73	4.80	1.60	2.3%	3.5%	-9.4%	-7.7%	1.4%	1.5%	-7.1%	-4.5%
Yasnyivsky Coking	YASK	0.55	0.85	0.49	-1.8%	0.0%	3.8%	3.8%	-2.7%	-1.9%	6.1%	7.0%
Iron Ore Mining												
Centralny GOK	CGOK	6.80	n/a	n/a	7.9%	7.9%	4.6%	4.6%	7.0%	6.0%	6.9%	7.8%
Ferrexpo	FXPO	2.64	4.55	2.02	-1.9%	-5.6%	-15.5%	-16.2%	-2.9%	-7.6%	-13.2%	-13.0%
Pivnichny GOK	SGOK	8.40	10.00	5.77	2.4%	5.0%	5.0%	5.0%	1.5%	3.1%	7.3%	8.2%
Coal Mining												
Pokrovske Mine	SHCHZ	0.31	0.71	0.10	0.0%	-11.4%	-16.2%	-22.5%	-1.0%	-13.4%	-13.9%	-19.3%
Komsomolets Donbasa	SHKD	0.43	n/a	n/a	0.0%	-28.3%	-30.6%	-30.6%	-1.0%	-30.3%	-28.3%	-27.4%
Energy Coal	CLE	0.38	4.57	0.31	-0.4%	1.3%	13.3%	7.6%	-1.3%	-0.7%	15.6%	10.8%
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	0.50	0.86	0.30	-9.1%	-10.7%	-9.1%	-16.7%	-10.0%	-12.7%	-6.8%	-13.4%
Interpipe NMPP	NVTR	0.20	n/a	n/a	11.1%	-4.8%	-4.8%	-4.8%	10.2%	-6.7%	-2.5%	-1.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.7	29.0	12.0	-3.2%	4.2%	7.3%	2.3%	-4.1%	2.2%	9.6%	5.5%
Luhanskeplovoz	LTPL	1.46	2.20	1.26	5.0%	-2.7%	-5.2%	-2.7%	4.1%	-4.6%	-2.9%	0.6%
Stakhanov Wagon	SVGZ	1.27	n/a	n/a	0.0%	0.0%	-1.6%	-2.3%	-1.0%	-1.9%	0.8%	0.9%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-3.7%	8.8%	-5.5%	-1.9%	-4.7%	6.8%	-3.1%	1.3%
Motor Sich	MSICH	1,738	2,640	1,303	-0.2%	-1.8%	-1.5%	-4.7%	-1.2%	-3.8%	0.8%	-1.5%
Sumy Frunze Engineering	SMASH	2.50	n/a	n/a	0.0%	0.0%	0.0%	0.0%	-1.0%	-1.9%	2.3%	3.2%
Turboatom	TATM	1.80	n/a	n/a	0.0%	n/a	-48.6%	-48.6%	-1.0%	n/a	-46.3%	-45.3%
WESTA ISIC	WES	0.16	0.26	0.13	1.7%	1.5%	11.0%	21.7%	0.7%	-0.4%	13.3%	24.9%
Telecom												
Ukrtelecom	UTLM	0.14	0.17	0.09	7.2%	0.2%	26.6%	26.6%	6.2%	-1.7%	28.9%	29.9%
Oil & Gas												
Regal Petroleum	RPT	0.22	0.52	0.19	-1.9%	-7.2%	4.5%	2.3%	-2.8%	-9.1%	6.8%	5.5%
JXX Oil	JKX	1.16	1.21	0.75	2.2%	-1.1%	-1.3%	-1.8%	1.2%	-3.1%	1.0%	1.5%
Ukrnafta	UNAF	117	280	96	2.7%	5.8%	9.2%	7.3%	1.8%	3.9%	11.5%	10.5%
Power Utilities												
Centrenerg	CEEN	4.42	7.40	2.50	0.3%	-0.6%	-6.3%	-7.4%	-0.6%	-2.6%	-4.0%	-4.2%
Donbasenergo	DOEN	30.5	34.0	15.4	-1.4%	3.7%	12.7%	10.5%	-2.4%	1.8%	15.0%	13.8%
Zakhidenergo	ZAEN	120.0	120.0	64.0	43.7%	31.6%	32.0%	32.7%	42.8%	29.6%	34.3%	36.0%
Consumer												
Agroton	AGT	0.82	3.6	0.36	-0.7%	4.9%	24.8%	26.3%	-1.7%	3.0%	27.1%	29.6%
Astarta	AST	21.5	24.4	14.5	-0.5%	0.9%	0.1%	-3.2%	-1.4%	-1.1%	2.4%	0.0%
Avangardo	AVGR	11.5	13.0	7.61	0.0%	-1.4%	-2.2%	-2.2%	-1.0%	-3.3%	0.1%	1.0%
Industrial Milk Company	IMC	3.66	5.25	3.63	-1.1%	-5.0%	-8.0%	-9.4%	-2.1%	-6.9%	-5.7%	-6.2%
Kernel	KER	13.1	22.6	11.8	-2.5%	-4.3%	3.4%	3.1%	-3.5%	-6.2%	5.7%	6.3%
Mriya Agro Holding	MAYA	7.06	8.2	5.36	0.0%	0.8%	-7.3%	-5.2%	-1.0%	-1.1%	-5.0%	-2.0%
MHPC	MHPC	16.3	19.9	14.15	-0.7%	-6.9%	-4.7%	-4.2%	-1.7%	-8.8%	-2.4%	-0.9%
Milkiland	MLK	3.23	5.1	3.11	-0.5%	-0.7%	-22.4%	-22.3%	-1.4%	-2.6%	-20.1%	-19.0%
Ovostar Union	OVO	26.0	33.3	21.3	-2.2%	-9.8%	-19.9%	-21.8%	-3.2%	-11.8%	-17.6%	-18.5%
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	13.5	n/a	n/a	-3.5%	8.0%	8.0%	8.0%	-4.5%	6.1%	10.3%	11.2%
Banks												
Raiffeisen Bank Aval	BAVL	0.114	0.128	0.077	3.4%	10.0%	0.4%	0.4%	2.5%	8.1%	2.7%	3.7%
UkrSotsbank	USCB	0.179	0.257	0.111	-1.4%	6.8%	-4.4%	-4.8%	-2.4%	4.8%	-2.1%	-1.6%

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	884	856	679	665	613	4	90	115	0.5%	10.1%	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	109	3.9%	4	1,903	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	492	459	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	303	3.0%	9	285	neg	neg	neg	neg	neg	8.1	0.1	0.1	0.1	62	63	63	\$/tonne
Coke																		
Avdyivka Coke	AVDK	63	6.8%	4	60	neg	neg	neg	neg	1.3	2.1	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	0.6	1.0	0.0	0.1	0.1	0.7	0.6	1.0	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	940	0.3%	2	939	9.9	5.3	6.3	4.0	3.0	3.4	1.5	1.4	1.5				
Pivnichny GOK	SGOK	2,284	0.4%	9	2,277	5.2	4.2	5.0	3.0	2.5	2.8	1.6	1.4	1.5				
Ferrexpo	FXPO	1,555	24.0%	373	2,121	7.2	6.5	6.3	5.3	4.9	4.7	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	153	2.0%	3	199	4.6	8.9	7.7	3.8	6.4	5.8	0.4	0.6	0.6	316	524	498	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	38	24.0%	9	80	7.8	2.1	1.9	2.7	2.2	2.1	0.4	0.2	0.2				
Krukiw Wagon	KVBZ	240	5.0%	12	240	2.5	9.8	10.7	1.8	3.7	4.0	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	426	24.0%	102	444	2.1	2.3	2.1	1.4	1.9	1.7	0.5	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	308	7.2%	22	629	6.8	6.2	4.7	3.1	2.9	3.0	0.8	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	745	3.0%	22	737	4.2	5.7	6.2	2.3	2.0	2.1	0.4	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	69	21.6%	15	41	6.0	13.7	5.4	1.9	2.4	1.3	0.8	1.1	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	200	50.4%	101	308	neg	10.0	8.3	2.3	3.6	3.4	1.5	1.5	1.3	56	42	41	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	192	21.7%	42	261	6.7	4.5	3.8	3.8	4.2	3.8	0.2	0.3	0.3	15	18	16	\$/MWh
DonbasEnergO	DOEN	85	14.2%	12	155	22.3	1.7	2.0	4.9	2.1	2.4	0.3	0.2	0.2	19	20	19	\$/MWh
Consumer																		
MHP	MHPC	1,722	34.1%	587	2,883	5.5	8.5	6.4	6.2	7.0	5.3	2.0	2.0	1.8				
Kernel	KER	1,040	61.8%	643	1,746	4.9	9.9	13.5	5.4	6.0	6.8	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	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	404	3.6%	14		>30	4.5	3.5	0.5	0.5	0.5	0.07	0.07	0.07				
Ukrsotsbank	USCB	388	1.4%	5		>30	>30	19.8	0.5	0.4	0.4	0.08	0.08	0.08				

Source: Eavex Research

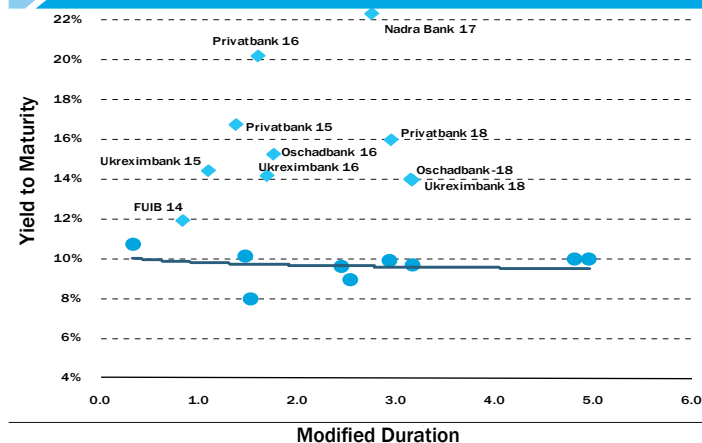
UKRAINIAN EUROBONDS

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	99.0	100.0	12.7%	9.0%	-0.5%	0.3	7.95%	S/A	6 Apr. 2014	1,000	Caa1/B-/B-
Naftogaz Ukraine, 2014	96.0	97.2	19.7%	17.2%	-3.9%	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	95.1	97.1	10.7%	9.2%	-1.6%	1.5	6.875%	S/A	23 Sept 2015	500	Caa1/B-/B-
Ukraine, 2016	92.8	94.8	9.8%	8.9%	-0.2%	2.4	6.58%	S/A	21 Nov 2016	1,000	Caa1/B-/B-
Ukraine, 2016-2	93.0	95.0	9.2%	8.4%	-0.3%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa1/B-/B-
Ukraine, 2017	90.2	91.2	10.1%	9.7%	-2.1%	3.2	6.75%	S/A	14 Nov 2017	700	Caa1/B-/B-
Ukraine, 2017-2	97.8	98.8	10.2%	9.8%	-0.9%	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	89.7	91.2	10.1%	9.7%	-2.8%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa1/B-/B-
Ukraine, 2021	89.8	91.8	10.1%	9.6%	-3.1%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/B-/B-
Ukraine, 2022	86.7	87.7	10.2%	10.0%	-4.3%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa1/B-/B-
Ukraine, 2023	87.2	88.7	9.6%	9.4%	-2.9%	6.2	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	101.1	10.6%	10.3%	-2.5%	1.2	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	83.7	86.2	12.1%	11.4%	-4.9%	4.4	8.25%	S/A	2 Apr 2020	750	/B-/B-
Avangardco, 2015	100.0	101.1	10.6%	9.8%	n/a	1.5	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	91.2	93.0	13.7%	13.1%	2.1%	3.1	10.88%	S/A	26 Mar 2018	275	/B-/B-
Mriya, 2016	98.0	100.1	12.8%	11.6%	-1.2%	1.8	10.95%	S/A	30 Mar 2016	72	/B-/B-
Mriya, 2018	84.2	86.2	14.6%	13.9%	-2.2%	3.2	9.45%	S/A	19 Apr 2018	400	/B-/B-
DTEK, 2015	100.1	101.3	10.1%	9.1%	-1.5%	1.1	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	91.4	93.0	10.5%	10.0%	-2.2%	3.3	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	99.5	101.5	11.5%	9.6%	0.9%	1.2	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	94.2	95.7	10.7%	10.2%	0.0%	3.1	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	94.0	96.0	11.5%	10.2%	-3.0%	1.9	7.875%	S/A	07 Apr 2016	500	/B-/B-
UZ Rail, 2018	89.7	91.8	12.7%	12.0%	-1.1%	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	110.8	113.1	8.2%	7.6%	0.8%	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	97.0	100.0	18.0%	13.4%	0.0%	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	88.0	90.0	19.9%	18.1%	-0.1%	1.4	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	72.6	80.2	24.2%	18.3%	8.7%	1.6	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	86.1	88.3	15.6%	14.8%	4.2%	3.0	10.88%	S/A	28 Feb 2018	175	Caa1//B-
UkrEximBank, 2015	92.0	94.0	17.2%	15.0%	-3.6%	1.1	8.38%	S/A	27 Apr 2015	750	Caa1//B-
UkrEximBank, 2016	81.0	81.0	18.3%	18.3%	-5.0%	1.6	8.40%	S/A	2 Sept 2016	125	Caa1//B-
UkrEximBank, 2018	83.0	85.0	14.5%	13.8%	-5.8%	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	86.0	88.1	17.5%	16.0%	-6.5%	1.7	8.25%	S/A	10 Mar 2016	700	Caa1//B-
Oschadbank, 2018	80.0	82.0	15.5%	14.2%	-9.0%	3.1	8.88%	S/A	20 Mar 2018	500	Caa1//B-
Municipal Eurobonds											
City of Kyiv, 2015	92.9	94.3	13.2%	12.3%	0.7%	1.5	8.00%	S/A	6 Nov 2015	250	Caa1/B-/
City of Kyiv, 2016	93.0	94.1	12.8%	12.2%	0.6%	2.1	9.375%	S/A	30 Jun 2016	300	Caa1/B-/

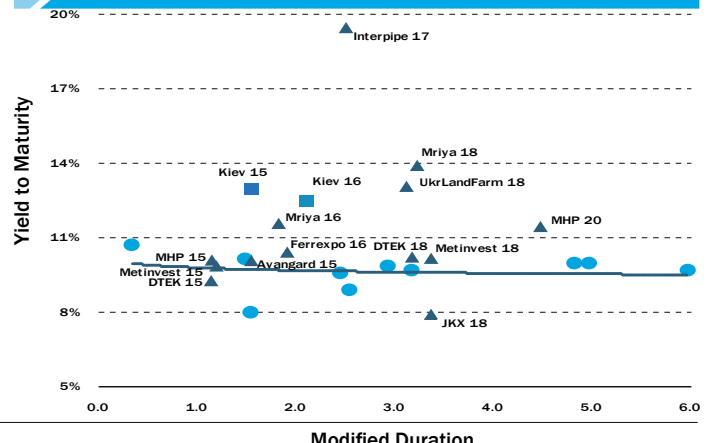
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



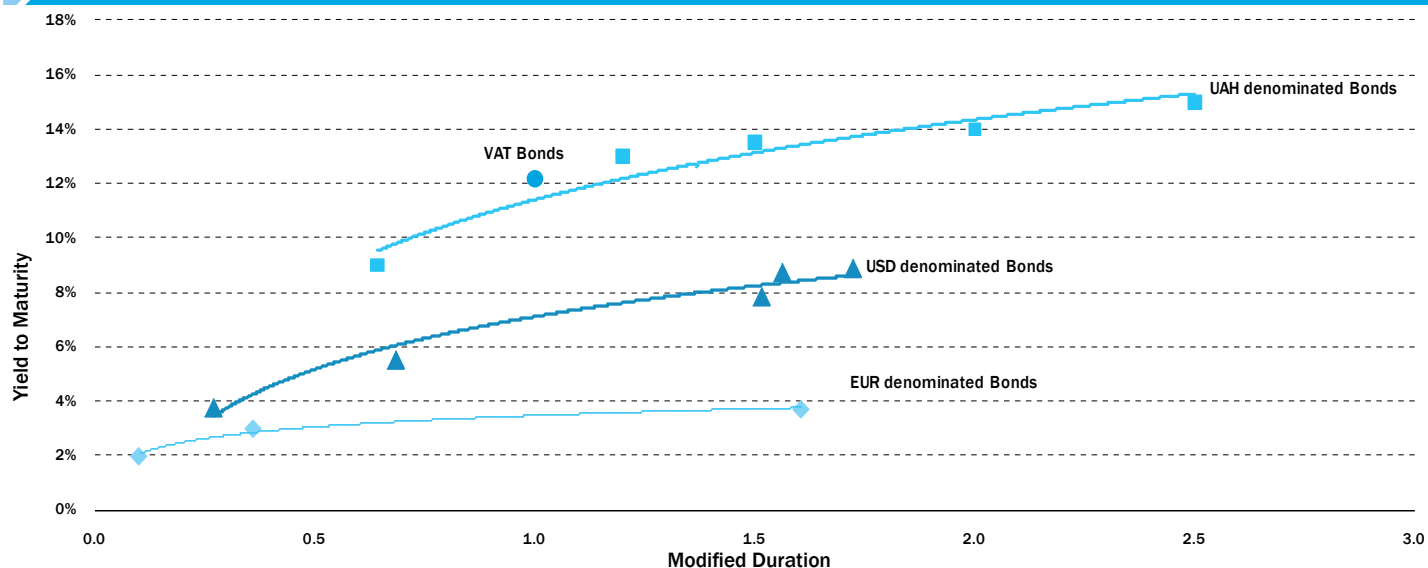
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			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

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