

**Market Update**

**Equity**

Locally-listed Ukrainian blue chips were mixed on Friday (Jan 31), with the Kyiv equity benchmark finishing lower by some 2.5% for the first month of 2014 amid the major domestic political upheaval of the past two weeks. The S&P 500 also ended down by around 5% for the month, as emerging market worries and the enormous rise of 2013 took their toll. For the session, the UX index inched up by 0.2% to close at 889 points. UkrNafta (UNAF) was on the move again, leading on volume with UAH 1.7mn in trades and adding 2.7%. Raiffeisen Aval (BAVL) and DonbasEnergO (DOEN) picked up 1.8% and 1.1% respectively, while on the downside, CentrEnergO (CEEN) and Azovstal (AZST) both slipped by half a percent and heavyweight Motor Sich (MSICH) dropped 1.0% to UAH 1730. The two most actively traded Ukrainian issues in London, Ferrexpo (FXPO) and MHP (MHPC), continued to search for a bottom amid the spike in country risk, selling off by around 3% each, while beaten-down Regal Petroleum (RPT) ended higher by 2.0% at GBp 12.75.

**Fixed Income**

Long-term benchmark Ukraine-23 sovereigns stabilized on Friday after two days of sharp decline, finishing unchanged at 85.4/86.4 (10.0%/9.8%), but Ukraine-17s fell by a further 1.6p.p. to 86.5/88.5 (11.5%/10.7%). Corporate names were mixed, with UkrLandFarming-18s improving by 1.0p.p. to 90.9/100.3 (13.8%/13.1%) while DTEK-18s dropped by 1.2p.p., closing at 88.9/91.5 (11.3%/10.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	126.50	2.7%	1.7	120
Donbasenergo	DOEN	32.30	1.1%	0.9	91
Yenakievo Steel	ENMZ	31.600	1.0%	0.8	23

**Growth Leaders**

Ukrnafta	UNAF	126.50	2.7%	1.72	120
Raiffeisen Bank Aval	BAVL	0.11	1.8%	0.34	57
Donbasenergo	DOEN	32.30	1.1%	0.86	91

**Loss Leaders**

Motor Sich	MSICH	1,730.00	-1.0%	0.439	44
Azovstal	AZST	0.60	-0.5%	0.025	17
CentrenergO	CEEN	4.44	-0.5%	0.232	10

**Highlights**

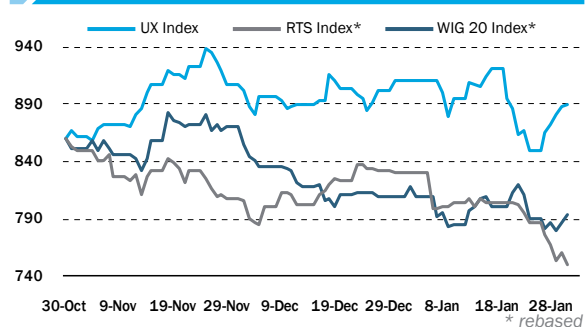
**POLITICS AND ECONOMICS**

- > Opposition Leaders Meet Kerry, Ask for Financial Aid at Munich Conference

**FIXED INCOME**

- > Metinvest Reports Mixed 4Q13 Operating Results

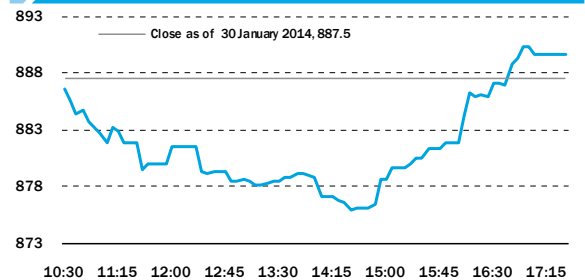
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	889.7	0.2%	-2.2%	-2.2%
RTS	1301.0	-1.5%	-9.8%	-9.8%
WIG20	2355.9	0.9%	-1.9%	-1.9%
MSCI EM	936.5	0.0%	-6.6%	-6.5%
S&P 500	1782.6	-0.6%	-3.6%	-3.2%

**UX INTRADAY JANUARY 31, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	389.9	3.5%	19.2%	17.9%
CDS 5Y UKR				
Ukraine-17	10.9%	0.6 p.p.	1.8 p.p.	1.9 p.p.
Naftogaz Ukr-14	18.2%	1.3 p.p.	8.4 p.p.	9.5 p.p.
Ukraine-23	9.9%	0.0 p.p.	0.8 p.p.	2.4 p.p.
Privatbank-16	21.0%	0.0 p.p.	-2.0 p.p.	-3.7 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.62	1.8%	4.6%	4.6%
EUR	11.62	2.0%	2.6%	2.2%
RUB	0.25	1.3%	-2.1%	-2.4%

**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%	0.9%	0.9%
Oil, USD/bbl	106.4	-1.4%	-3.7%	-4.3%
Gold, USD/oz	1244.6	0.1%	3.2%	4.0%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Opposition Leaders Meet Kerry, Ask for Financial Aid at Munich Conference

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

### NEWS

Ukrainian pro-European opposition leaders Vitaliy Klitschko, Arseniy Yatseniuk, and Petro Poroshenko met with US Secretary of State John Kerry on the sidelines of an international security conference in Germany on Saturday (Feb 1). Afterward, Kerry pledged US support for the opposition's stated goal of integration with the European Union and said that the country's future should not be determined by "coercion", in a clear reference to Russia. Also present at the conference in Munich were Russia's Foreign Minister Sergey Lavrov, who pushed back in accusing the West of trying to force Ukraine into joining its bloc, and Ukrainian Foreign Minister Leonid Kozhara, who pressed Klitschko during a debate panel on whether he supports the radicals who have been attacking police on the front lines of the EuroMaidan demonstration last week in Kyiv. Yatseniuk was quoted as saying that Ukraine "needs a Marshall Plan, not martial law" in order to solve the country's current crisis.

### COMMENTARY

Over the past week, Ukraine's EuroMaidan has become the top international item on the West's diplomatic agenda, eclipsing other long-running conflicts such as the Syrian war, negotiations over Iran's nuclear program, and unrest in Egypt and Thailand. This intense diplomatic and media focus indicates to us that the tide may be turning in the opposition's effort to oust Viktor Yanukovich from the presidency before the end of his term next year. The question increasingly appears to be no longer whether Yanukovich can win a second 5-year term in the 2015 election, but only whether he will manage to serve out his current mandate. With momentum increasing for targeted US and EU sanctions against Ukrainian government officials and oligarchs, the West is using its leverage to try to bring Yanukovich and the hardliners who still back him to the negotiating table for a real power-sharing deal with the opposition. A critical element of any such deal will be replacing Ukraine's suspended USD 15bn Russian bailout with a comparable arrangement underwritten by the West in order to prevent a default and a collapse in the value of the hryvnia in the coming months. The Wall Street Journal reported on Sunday that the EU and US are working on a "significant short-term aid package" for Ukraine that would not be tied to a renewal of the country's IMF lending program. This point is important because it is not obvious that an opposition-led government would be any more willing to implement the IMF-required unpopular energy price hikes than was the outgoing government loyal to the President. The wildcard in a power-sharing arrangement will be the reaction of southeastern Ukraine, where, despite some small anti-government protests, the electoral math and local power structures remain strongly in favor of a pro-Russian orientation for the country, and of the Kremlin itself, which has a number of levers to make life difficult for Ukrainian businesses.

**Metinvest Reports Mixed 4Q13  
Operating Results**

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

**NEWS**

Metinvest, Ukraine's largest metals and mining holding, reported its fourth-quarter operational results on Friday (Jan 31). The company's hot metal production was down by 4% QoQ to 2.89mn tonnes, with output of crude steel declining by 8% QoQ to 2.95mn tonnes. Metal products output decreased by 14% QoQ to 2.88mn tonnes in 4Q13, with finished steel output dropping by 17% QoQ to 2.06mn tonnes.

Operational results in the mining segment were mixed. Iron ore concentrate production inched up by 1% QoQ to 9.19mn tonnes, with tradable iron ore improving by 9% QoQ to 5.27mn tonnes. Meanwhile, coking coal output dropped by 16% QoQ to 2.50mn tonnes and tradable coking coal production was down 28% QoQ to 355,000 tonnes.

In full-year 2013, the group's crude steel output declined by 1% YoY to 12.39mn tonnes while finished steel production edged up by 3% YoY to 12.14mn tonnes. Iron ore concentrate production increased by 2% YoY to 36.93mn tonnes while coking coal output declined by 2% YoY to 11.39mn tonnes.

**COMMENTARY**

4Q13 turned to be worse for Metinvest's steel segment compared to the Ukrainian steel sector as a whole, which posted a 6% QoQ decline vs. 8% at Metinvest. The drop in processed steel output was due to a 17% QoQ decrease in flat steel production to 1.33mn tonnes, as well as in other steel products, which was partially offset by a 21% QoQ increase in tradable pig iron output to 324,000 tonnes.

On the other hand, successful expansion of its external iron ore sales allowed the group to post a positive operational result in iron ore output despite sluggish internal consumption. Metinvest's main market for the incremental sales of iron ore in 4Q13 and FY13 overall was China. With the group managing to increase its number of long-term contracts for its ore in China in 2013, we presume that this market will serve as a reliable backup Metinvest's iron ore production this year, allowing the group to hedge itself against fluctuations on the steel markets.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.60	0.56	-7%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	152.0	218.0	43%	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	8.00	14.5	81%	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	7.00	10.6	52%	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	2.74	6.2	127%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.58	3.4	495%	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	0.36	2.9	718%	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	17.5	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.52	5.2	244%	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	1730	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	12.8	42.0	229%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	71.5	370	417%	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	32.3	72.0	123%	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	4.44	15.00	238%	BUY	CentrEnergO'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	15.1	22.10	46%	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	66.2	90.0	36%	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	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	81.3	109.50	35%	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	889.65	1061.97	781.22	0.2%	4.8%	-2.2%	-2.2%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-0.3%	2.9%	-7.5%	-7.5%	-0.5%	-1.9%	-5.2%	-5.2%
Azovstal	AZST	0.60	0.90	0.31	-0.5%	1.5%	-11.2%	-11.2%	-0.7%	-3.2%	-9.0%	-9.0%
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%	3.6%	-1.3%	-1.3%	0.7%	-1.2%	1.0%	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	0.13	0.26	0.05	18.2%	-13.3%	30.0%	30.0%	17.9%	-18.1%	32.2%	32.2%
<b>Coke</b>												
Avdyivka Coke	AVDK	2.74	4.80	1.60	0.8%	5.1%	-7.3%	-7.3%	0.6%	0.4%	-5.1%	-5.1%
Yasnyivsky Coking	YASK	0.58	0.85	0.49	0.0%	11.5%	9.4%	9.4%	-0.2%	6.8%	11.7%	11.7%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.00	n/a	n/a	0.0%	11.1%	7.7%	7.7%	-0.2%	6.3%	9.9%	9.9%
Ferrexpo	FXPO	2.50	4.55	2.02	-3.1%	-6.3%	-20.9%	-20.7%	-3.3%	-11.1%	-18.7%	-18.4%
Pivnichny GOK	SGOK	8.00	10.00	5.77	0.0%	-3.6%	0.0%	0.0%	-0.2%	-8.4%	2.2%	2.2%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.36	0.71	0.10	0.0%	16.1%	-10.0%	-10.0%	-0.2%	11.3%	-7.8%	-7.8%
Komsomolets Donbasa	SHKD	0.43	n/a	n/a	0.0%	-28.3%	-30.6%	-30.6%	-0.2%	-33.1%	-28.4%	-28.4%
Energy Coal	CLE	0.36	4.57	0.31	-4.3%	6.0%	1.9%	1.9%	-4.5%	1.2%	4.1%	4.1%
<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	2.0%	0.0%	-16.7%	-16.7%	1.8%	-4.8%	-14.4%	-14.4%
Interpipe NMPP	NVTR	0.21	n/a	n/a	5.0%	0.0%	0.0%	0.0%	4.8%	-4.8%	2.2%	2.2%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	17.5	29.0	12.0	-1.7%	2.9%	1.2%	1.2%	-1.9%	-1.8%	3.4%	3.4%
Luhanskeplovoz	LTPL	1.52	2.20	1.26	2.0%	9.4%	1.3%	1.3%	1.8%	4.6%	3.6%	3.6%
Stakhanov Wagon	SVGZ	1.27	n/a	n/a	0.0%	5.8%	-2.3%	-2.3%	-0.2%	1.1%	-0.1%	-0.1%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	-5.5%	-1.9%	-1.9%	-0.2%	-10.2%	0.4%	0.4%
Motor Sich	MSICH	1,730	2,640	1,303	-1.0%	3.0%	-5.2%	-5.2%	-1.2%	-1.7%	-2.9%	-2.9%
Sumy Frunze Engineering	SMASH	2.50	n/a	n/a	0.0%	0.0%	0.0%	0.0%	-0.2%	-4.8%	2.2%	2.2%
Turboatom	TATM	1.80	n/a	n/a	0.0%	n/a	-48.6%	-48.6%	-0.2%	n/a	-46.3%	-46.3%
WESTA ISIC	WES	0.15	0.26	0.13	-2.9%	-0.4%	12.2%	12.2%	-3.2%	-5.2%	14.5%	14.5%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.17	0.09	0.0%	23.7%	26.6%	26.6%	-0.2%	18.9%	28.9%	28.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.21	0.48	0.19	1.9%	-8.4%	-2.6%	-0.3%	1.6%	-13.2%	-0.3%	1.9%
JKX Oil	JKX	1.18	1.21	0.75	-1.2%	3.3%	-0.6%	-0.7%	-1.4%	-1.5%	1.6%	1.6%
Ukrnafta	UNAF	127	280	96	2.5%	16.4%	16.5%	16.5%	2.3%	11.6%	18.7%	18.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.44	7.40	2.50	-0.4%	2.3%	-6.9%	-6.9%	-0.7%	-2.5%	-4.6%	-4.6%
Donbasenergo	DOEN	32.3	34.0	15.4	0.7%	9.9%	17.1%	17.1%	0.4%	5.1%	19.3%	19.3%
Zakhidenergo	ZAEN	119.0	120.0	64.0	-0.8%	48.4%	31.6%	31.6%	-1.1%	43.6%	33.9%	33.9%
<b>Consumer</b>												
Agroton	AGT	0.79	3.6	0.36	-4.3%	7.4%	21.5%	21.5%	-4.6%	2.6%	23.7%	23.7%
Astarta	AST	21.0	24.4	14.5	-0.6%	-1.9%	-5.5%	-5.5%	-0.8%	-6.7%	-3.3%	-3.3%
Avangardo	AVGR	11.6	13.0	7.61	2.7%	0.5%	-1.7%	-1.7%	2.4%	-4.3%	0.5%	0.5%
Industrial Milk Company	IMC	3.19	5.25	3.19	-5.1%	-12.6%	-21.0%	-21.0%	-5.4%	-17.3%	-18.8%	-18.8%
Kernel	KER	12.1	22.6	11.8	-3.0%	-7.2%	-4.4%	-4.4%	-3.3%	-12.0%	-2.2%	-2.2%
Mriya Agro Holding	MAYA	7.02	8.2	5.36	-0.3%	-0.7%	-5.8%	-5.8%	-0.6%	-5.5%	-3.5%	-3.5%
MHPC	MHPC	15.1	19.9	14.15	-3.3%	-13.1%	-11.4%	-11.2%	-3.5%	-17.9%	-9.2%	-9.0%
Milkiland	MLK	3.11	5.1	3.02	3.0%	-2.9%	-25.1%	-25.1%	2.8%	-7.6%	-22.9%	-22.9%
Ovostar Union	OVO	25.8	33.3	21.3	0.7%	-5.5%	-22.4%	-22.4%	0.4%	-10.3%	-20.2%	-20.2%
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	13.1	n/a	n/a	0.0%	4.8%	4.8%	4.8%	-0.2%	0.0%	7.0%	7.0%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.114	0.128	0.077	2.0%	8.7%	0.4%	0.4%	1.7%	3.9%	2.7%	2.7%
UkrSotsbank	USCB	0.185	0.257	0.111	2.5%	2.2%	-1.3%	-1.3%	2.2%	-2.6%	0.9%	0.9%

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	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			
<b>Steel</b>																		
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	290	3.0%	9	273	neg	neg	neg	neg	neg	7.7	0.1	0.1	0.1	59	60	60	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	62	6.8%	4	60	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	3.9	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	952	0.3%	2	950	10.0	5.3	6.3	4.1	3.0	3.4	1.6	1.4	1.5				
Pivnichny GOK	SGOK	2,139	0.4%	9	2,132	4.9	3.9	4.6	2.8	2.3	2.6	1.5	1.3	1.4				
Ferrexpo	FXPO	1,473	24.0%	354	2,039	6.8	6.1	5.9	5.1	4.7	4.5	1.4	1.3	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	17	5.4%	1	119	2.3	1.0	1.0	0.9	1.3	1.3	0.4	0.5	0.5	29	28	26	\$/tonne
Coal Energy	CLE	16	25.0%	4	126	0.4	neg	neg	2.0	6.0	14.0	0.8	1.0	1.3	2.0	6.0	14.0	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	151	2.0%	3	197	4.5	8.8	7.5	3.8	6.3	5.7	0.4	0.6	0.5	312	517	491	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	39	24.0%	9	80	8.0	2.2	1.9	2.8	2.3	2.1	0.4	0.2	0.2				
Kruiiv Wagon	KVBZ	233	5.0%	12	233	2.4	9.5	10.4	1.7	3.6	3.9	0.3	0.5	0.6				
Stakhanov Wagon	SVGZ	33	8.0%	3	72	>30	neg	neg	10.1	12.3	13.3	0.2	0.4	0.5				
<b>Specialized Machinery</b>																		
Turboatom	TATM	172	5.8%	10	99	4.5	3.1	2.9	1.9	1.3	1.3	0.6	0.5	0.4				
Motor Sich	MSICH	417	24.0%	100	435	2.1	2.3	2.0	1.4	1.9	1.7	0.4	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	303	7.2%	22	624	6.7	6.1	4.6	3.0	2.9	3.0	0.7	0.8	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	796	3.0%	24	788	4.5	6.1	6.6	2.5	2.1	2.2	0.4	0.3	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	67	21.6%	15	39	5.8	13.3	5.3	1.8	2.3	1.2	0.8	1.0	0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	202	50.4%	102	310	neg	10.1	8.4	2.3	3.7	3.4	1.5	1.5	1.3	57	43	41	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	190	21.7%	41	259	6.6	4.4	3.8	3.8	4.2	3.8	0.2	0.3	0.3	15	18	16	\$/MWh
DonbasEnergO	DOEN	89	14.2%	13	159	23.2	1.8	2.1	5.0	2.2	2.5	0.3	0.2	0.2	19	20	19	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,596	34.1%	544	2,756	5.1	7.9	5.9	5.9	6.7	5.1	2.0	1.9	1.7				
Kernel	KER	964	61.8%	596	1,670	4.6	9.2	12.5	5.2	5.7	6.5	0.8	0.6	0.7				
Astarta	AST	526	37.0%	195	859	9.1	6.7	4.6	7.9	6.9	5.1	1.9	1.7	1.4				
Avangardco	AVGR	738	22.5%	166	937	3.2	2.8	2.5	3.3	2.9	2.5	1.5	1.3	1.2	212	161	152	\$/mneqgs
Agroton	AGT	17	26.2%	4	66	2.5	neg	neg	3.2	5.3	5.6	0.8	1.0	0.9	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	397	3.6%	14		>30	4.4	3.4	0.5	0.4	0.5	0.07	0.07	0.07				
Ukrsotsbank	USCB	395	1.4%	5		>30	>30	19.8	0.5	0.4	0.4	0.08	0.08	0.08				

Source: Eavex Research



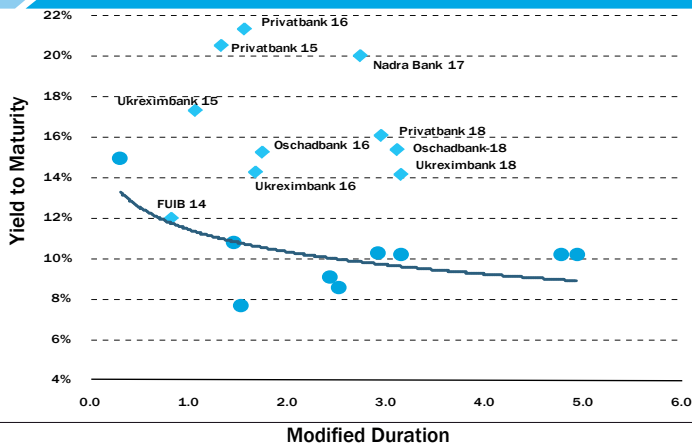
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	97.5	99.5	19.1%	11.0%	-1.5%	0.3	7.95%	S/A	6 Apr. 2014	1,000	Caa2/CCC+/B-
Naftogaz Ukraine, 2014	96.7	97.8	18.5%	16.0%	-3.2%	0.6	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	95.6	96.9	8.2%	7.2%	0.2%	1.5	4.95%	A	13 Oct 2015	600*	Caa2/CCC+/B-
Ukraine, 2015	94.2	95.7	11.4%	10.3%	-2.7%	1.5	6.875%	S/A	23 Sept 2015	500	Caa2/CCC+/B-
Ukraine, 2016	92.8	95.8	9.8%	8.4%	0.3%	2.4	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC+/B-
Ukraine, 2016-2	93.2	95.7	9.1%	8.1%	0.2%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC+/B-
Ukraine, 2017	89.1	90.8	10.5%	9.9%	-3.0%	3.1	6.75%	S/A	14 Nov 2017	700	Caa2/CCC+/B-
Ukraine, 2017-2	96.9	98.2	10.5%	10.1%	-1.7%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC+/B-
Ukraine, 2017 Infr. projects	92.0	93.5	11.7%	11.1%	12.3%	3.0	8.375%	S/A	3 Nov 2017	568	Caa2//
Ukraine, 2018 Infr. projects	88.8	90.4	11.3%	10.7%	14.1%	3.4	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	88.3	89.8	10.4%	10.0%	-4.3%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC+/B-
Ukraine, 2021	88.3	90.3	10.4%	10.0%	-4.7%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC+/B-
Ukraine, 2022	87.4	89.4	10.0%	9.6%	-2.9%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC+/B-
Ukraine, 2023	86.3	88.3	9.8%	9.4%	-3.6%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC+/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	54.4	33.3%	30.0%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.9	100.9	11.3%	10.8%	-3.0%	1.1	10.25%	S/A	29 Apr 2015	235	Caa2//B-
MHP, 2020	83.5	85.6	12.1%	11.6%	-5.5%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC+/B-
Avangardco, 2015	99.9	101.3	10.7%	9.7%	n/a	1.5	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	90.9	94.5	13.8%	12.6%	2.8%	3.1	10.88%	S/A	26 Mar 2018	275	/CCC+/B-
Mriya, 2016	97.8	100.2	13.0%	11.5%	-1.2%	1.8	10.95%	S/A	30 Mar 2016	72	/CCC+/B-
Mriya, 2018	83.7	85.0	14.7%	14.3%	-3.1%	3.2	9.45%	S/A	19 Apr 2018	400	/CCC+/B-
DTEK, 2015	100.0	101.0	10.3%	9.3%	-1.7%	1.1	9.50%	S/A	28 Apr 2015	200	Caa2//B-
DTEK, 2018	91.6	92.2	10.4%	10.2%	-2.5%	3.3	7.88%	S/A	4 Apr 2018	750	Caa2//B-
Metinvest, 2015	99.9	101.3	11.2%	9.9%	-1.5%	1.2	10.25%	S/A	20 May 2015	500	Caa2//B-
Metinvest, 2018	94.4	96.0	10.6%	10.1%	0.2%	3.1	8.75%	S/A	14 Feb 2018	750	Caa2//B-
Ferrexpo, 2016	94.0	96.1	11.6%	10.2%	-3.0%	1.9	7.875%	S/A	07 Apr 2016	500	/CCC+/B-
UZ Rail, 2018	90.2	91.7	12.5%	12.0%	-0.9%	3.3	9.50%	S/A	21 May 2018	500	/CCC+/B-
Interepipe, 2017	77.0	80.1	20.4%	18.4%	0.0%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	109.4	111.5	8.6%	8.0%	-0.5%	3.3	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	75.0	85.0	16.9%	13.5%	-3.6%	3.7	9.25%	S/A	25 Jan 2019	100	Caa2//
PUMB, 2014	100.9	100.9	12.0%	12.0%	2.4%	0.8	11.00%	Q	31 Dec 2014	275	Caa2//
Nadra Bank, 2017	80.2	90.3	25.2%	14.8%	0.0%	2.7	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	86.0	89.0	21.9%	19.1%	-1.8%	1.3	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	73.0	80.0	24.1%	18.5%	8.8%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	84.9	87.0	16.1%	15.3%	2.7%	3.0	10.88%	S/A	28 Feb 2018	175	Caa2//B-
UkrEximBank, 2015	91.0	93.0	18.4%	16.2%	-4.6%	1.1	8.38%	S/A	27 Apr 2015	750	Caa2//B-
UkrEximBank, 2016	86.7	86.7	14.3%	14.3%	1.6%	1.7	8.40%	S/A	2 Sept 2016	125	Caa2//B-
UkrEximBank, 2018	82.1	83.9	14.5%	13.8%	-7.0%	3.2	8.75%	S/A	22 Jan 2018	500	Caa2//B-
VAB Bank, 2014	78.0	83.0	n/a	n/a	-5.8%	n/a	10.50%	Q	14 Jun 2014	125	Caa2//WD
Oschadbank, 2016	88.9	89.8	15.5%	15.0%	-4.0%	1.8	8.25%	S/A	10 Mar 2016	700	Caa2//B-
Oschadbank, 2018	80.6	84.1	15.7%	15.0%	-7.5%	3.1	8.88%	S/A	20 Mar 2018	500	Caa2//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	93.0	94.0	13.2%	12.5%	0.6%	1.5	8.00%	S/A	6 Nov 2015	250	Caa2/CCC+/
City of Kyiv, 2016	92.6	94.0	13.0%	12.3%	0.3%	2.1	9.375%	S/A	30 Jun 2016	300	Caa2/CCC+/

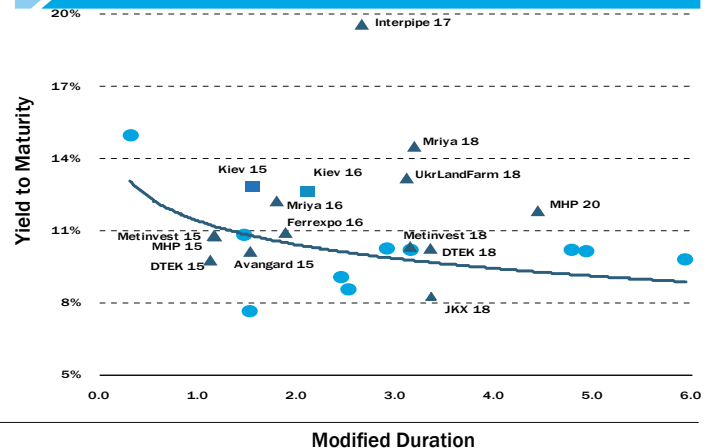
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

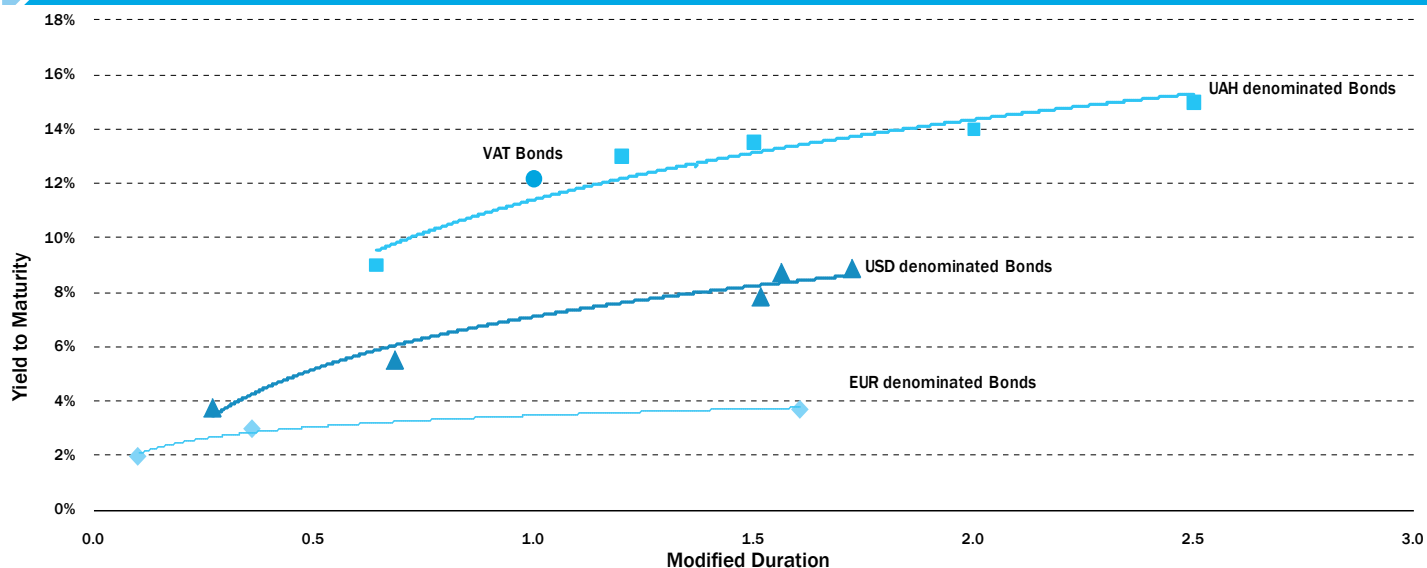




**UKRAINIAN DOMESTIC BONDS**

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

## 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