

**Market Update**

**Equity**

Ukraine's domestic equity index edged lower on Monday (Feb 10), as the hryvnia firmed against the dollar thanks to NBU intervention and top liquid issue Motor Sich gave up most of its gain from Friday's trading session. In Europe, the main bourses in London, Frankfurt and Paris stayed close to the breakeven line, while Tokyo posted a solid rise overnight. The UX index slipped 0.6% to end at 895 points. Motor Sich (MSICH) moved back below UAH 1800 after a 2.0% loss, and DonbasEnergO (DOEN) and Alchevsk Steel (ALMK) fell 1.7% and 0.8% respectively. Non-UX basket component Pivnichny GOK (SGOK) led the UX on volume with UAH 2.1mn in deals while dropping 2.2% to UAH 7.82, and there was some activity in illiquid Zaliv Shipyard (SZLV), which reported UAH 460,000 in trades. In London, Regal Petroleum (RPT) slid 5.1% to GBp 11.25 and Ferrexpo (FXPO) edged down 1.3%, while MHP (MHPC) rebounded by 2.0% to get back above the USD 15 level.

**Fixed Income**

Ukrainian benchmark sovereigns saw a moderate decline on Monday, with Ukraine-23s edging down by 0.4p.p. to close at 86.2/87.7 (9.8%/9.5%). Corporate names had a mixed performance. UkrLandFarming-18s advanced by 2.7p.p. to 88.0/89.9 (14.8%/14.2%) while Avangard-15s lost 2.7p.p., finishing at 97.0/99.0 (12.9%/11.4%); both issues represent the debt of the same Ukrainian business group.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Pivnichny GOK	SGOK	7.82	-2.2%	2.1	26
Motor Sich	MSICH	1791.00	-2.0%	1.1	58
CentrenergO	CEEN	4.445	0.4%	0.5	49

**Growth Leaders**

UkrSotsbank	USCB	0.18	1.3%	0.20	30
Centralny GOK	CGOK	6.60	0.6%	0.19	9
ZakhidnergO	ZAEN	118.00	0.4%	0.02	7

**Loss Leaders**

Pivnichny GOK	SGOK	7.82	-2.2%	2.052	26
Motor Sich	MSICH	1,791.00	-2.0%	1.141	58
DonbasenergO	DOEN	31.87	-1.7%	0.057	16

**Highlights**

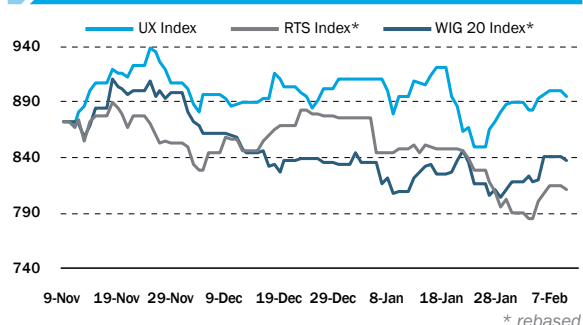
**POLITICS AND ECONOMICS**

- > Fitch Cuts Ukraine's Credit Rating from B- to CCC

**STOCKS IN THE NEWS**

- > Kernel Divests 25% of its Russian Oilseed Crushing Capacity
- > Ferrexpo Spent Some USD 300mn on CapEx in 2013

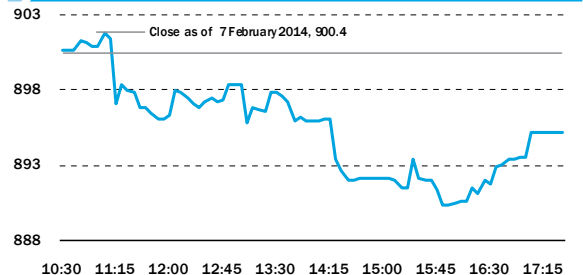
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	895.2	-0.6%	-0.1%	-1.6%
RTS	1336.0	-0.4%	-4.3%	-7.4%
WIG20	2411.4	-0.4%	3.6%	0.4%
MSCI EM	935.5	-0.2%	-3.6%	-6.6%
S&P 500	1799.8	0.2%	-2.3%	-2.2%

**UX INTRADAY FEBRUARY 10, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	372.4	0.6%	9.7%	12.6%
CDS 5Y UKR	1054.4	-1.3%	47.4%	28.5%
Ukraine-17	11.1%	0.4 p.p.	3.1 p.p.	2.1 p.p.
Naftogaz Ukr-14	21.6%	1.0 p.p.	13.6 p.p.	12.9 p.p.
Ukraine-23	9.7%	0.1 p.p.	1.0 p.p.	2.2 p.p.
Privatbank-16	21.8%	0.0 p.p.	3.8 p.p.	-2.9 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.44	-1.3%	1.8%	2.4%
EUR	11.51	-1.2%	1.6%	1.2%
RUB	0.24	-1.3%	-3.2%	-3.3%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	265.4	0.0%	-3.9%	-7.7%
Steel, USD/t	537.5	0.0%	0.0%	0.0%
Oil, USD/bbl	108.6	-0.9%	1.9%	-2.3%
Gold, USD/oz	1274.8	0.6%	2.1%	6.5%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Fitch Cuts Ukraine's Credit Rating from B- to CCC

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### NEWS

Fitch cut its long-term foreign currency Issuer Default Rating (IDR) for Ukraine by one notch from B- to CCC, according to a statement released by the agency on Friday (Feb 7). Fitch said that falling foreign reserves, a weak outlook for the hryvnia, and reduced prospects for Ukraine's access to external funding will undermine the country's ability to service its debt. Fitch also downgraded Ukraine's short-term foreign currency IDR to C from B.

### COMMENTARY

Both Standard&Poor's and Moody's rating agencies had already downgraded Ukraine's credit rating by one notch, to CCC+ and Caa2 respectively, since the outbreak of major street protest violence in mid-January. Given the low chances of raising any external market funding, the government is now dependent on a resumption of its suspended Russian bailout or a rival offer from Western countries, which would presumably include a last-resort deal with the IMF. For the moment, Ukraine's central bank managed to fight off the speculative attack on the hryvnia, which closed at 8.44 against the dollar on the interbank market yesterday compared to a low of 9.10 seen last week. However, in our opinion, the short-term solutions that are currently being implemented by the government will be damaging to the economy unless a strategic plan for deeper reforms is adopted. First of all the country needs a realistic national budget and improve its business climate. As we reported earlier this year, net foreign direct investments (FDI) in the country slumped by half in 2013 to USD 3.3bn, amounting to just 1.9% of GDP compared to FDI of 6.5% of GDP in 2007 and 8.6% of GDP in 2005.

## Kernel Divests 25% of its Russian Oilseed Crushing Capacity

by Ivan Dzvinka  
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### KERNEL (KER PW)

Price: PLN 37.1 Market Cap: USD 966mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.6	9.2	5.8	2%
2014E	0.7	12.5	6.5	2%

### NEWS

Kernel, Ukraine's largest sunflower oil producer, has divested its oilseed crushing plant with installed annual capacity of 100,000 tonnes near Stavropol in southern Russia, the company reported on Monday (Feb 10). The company, without naming the counter-party, said the valuation of the deal was USD 10.0mn.

### COMMENTARY

The divestment was an expected move given that the Stavropol plant had the highest crushing cost and the lowest utilization ratio among Kernel's seed-crushing assets. Following the sale, Kernel's crushing capacity will be reduced by 3.4%, to near 2.9mn tonnes of oilseeds per annum.

The divested capacity amounts to 25% of the company's 400,000 tonnes of crushing capacity located in Russia. All the Russian crushing capacities, as well as oil refining and bottling capacities (100,000 tonnes) were bought in August 2011 through acquisition of a 100% stake in Russian Oils, a deal which was valued at USD 60mn. However, the oil refining and bottling operations were shut down immediately after the completion of the deal due to negligible profitability, leaving only the crushing facilities in operation.

## Ferrexpo Spent Some USD 300mn on CapEx in 2013

by Ivan Dzvinka  
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### FERREXPO (FXPO LN)

Price: GBP 1.585 Market Cap: USD 1,530mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	1.4	6.4	4.8	3%
2014E	1.3	6.2	4.7	3%

### NEWS

Ferrexpo, Ukraine's largest iron ore pellets exporter, has directed on CapEx some UAH 2.4bn (USD 302mn) in 2013 compared to USD 500mn in 2012, the company reported in its press release on Monday (Feb 11). The amount included USD 187mn spent on Poltava GOK and USD 115mn for Yeristovo GOK.

In another news, S&P reiterated its long term rating of Ferrexpo in foreign currency at "B-" and its corporate Eurobonds at "B-" despite the recent downward revision of the sovereign rating to "CCC+".

### COMMENTARY

The news on CapEx is neutral for the company's stock. Meanwhile, reiterating the company's rating in spite of sovereign rating downgrade is positive for the company's securities. Decline in the company's capital expenditures in 2013 was fairly expected since Ferrexpo launched its greenfield project Yeristovo GOK in late 2013. As a result, it required less CapEx this year.

## 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	158.5	218.0	38%	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	7.82	-	-	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	6.60	-	-	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	2.82	6.2	121%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.57	3.4	503%	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	0.38	2.9	675%	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	18.9	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	1791	5250	193%	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	11.3	42.0	273%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	69.3	370	434%	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>						
DonbasEnerg	DOEN	31.9	72.0	126%	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	4.45	15.00	237%	BUY	CenterEnerg'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	47%	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	62.0	90.0	45%	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	11.0	19.35	76%	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	76.0	109.50	44%	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	895.16	1055.64	781.22	-0.6%	1.4%	-0.1%	-1.6%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-0.8%	0.8%	-1.6%	-6.7%	-0.2%	-0.6%	-1.6%	-5.1%
Azovstal	AZST	0.60	0.90	0.31	-0.8%	1.0%	-6.3%	-11.0%	-0.3%	-0.4%	-6.2%	-9.4%
Dniprospezstal	DNSS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enakievo Steel	ENMZ	31.5	49.9	20.0	-0.5%	0.5%	-1.7%	-1.6%	0.1%	-0.9%	-1.7%	0.0%
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	0.12	0.26	0.05	0.0%	9.1%	20.0%	20.0%	0.6%	7.7%	20.1%	21.6%
<b>Coke</b>												
Avdyivka Coke	AVDK	2.82	4.80	1.60	-0.6%	3.0%	-1.0%	-4.8%	0.0%	1.6%	-0.9%	-3.2%
Yasnyivsky Coking	YASK	0.57	0.85	0.49	3.6%	1.8%	5.6%	7.5%	4.2%	0.4%	5.6%	9.2%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.60	n/a	n/a	0.8%	-5.7%	1.5%	1.5%	1.3%	-7.1%	1.6%	3.2%
Ferrexpo	FXPO	2.60	4.55	2.02	-1.2%	3.1%	-9.9%	-17.6%	-0.6%	1.7%	-9.8%	-15.9%
Pivnichny GOK	SGOK	7.82	10.00	5.77	-2.4%	-3.5%	-2.4%	-2.3%	-1.8%	-4.9%	-2.3%	-0.6%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.38	0.70	0.10	-5.0%	5.6%	-7.3%	-5.0%	-4.4%	4.1%	-7.3%	-3.4%
Komsomolets Donbasa	SHKD	0.43	n/a	n/a	0.0%	0.0%	-30.6%	-30.6%	0.6%	-1.4%	-30.6%	-29.0%
Energy Coal	CLE	0.36	4.22	0.31	-3.4%	0.7%	-5.8%	3.7%	-2.8%	-0.7%	-5.8%	5.3%
<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	0.0%	0.0%	-9.1%	-16.7%	0.6%	-1.4%	-9.0%	-15.0%
Interpipe NMPP	NVTR	0.23	n/a	n/a	0.0%	4.5%	0.0%	9.5%	0.6%	3.1%	0.1%	11.2%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	18.9	29.0	12.0	4.9%	7.9%	11.3%	9.1%	5.5%	6.5%	11.4%	10.8%
Luhanskeplovoz	LTPL	1.52	2.20	1.26	0.0%	0.0%	1.3%	1.3%	0.6%	-1.4%	1.4%	3.0%
Stakhanov Wagon	SVGZ	1.26	n/a	n/a	0.0%	-0.8%	12.5%	-3.1%	0.6%	-2.2%	12.6%	-1.4%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	10.7%	60.0%	5.7%	0.6%	9.2%	60.1%	7.3%
Motor Sich	MSICH	1,791	2,640	1,303	-2.0%	3.3%	-3.7%	-1.8%	-1.4%	1.9%	-3.7%	-0.2%
Sumy Frunze Engineering	SMASH	2.50	n/a	n/a	0.0%	0.0%	4.2%	0.0%	0.6%	-1.4%	4.2%	1.6%
Turboatom	TATM	1.80	n/a	n/a	0.0%	0.0%	-48.6%	-48.6%	0.6%	-1.4%	-48.5%	-46.9%
WESTA ISIC	WES	0.15	0.26	0.13	-4.0%	4.8%	-2.8%	15.2%	-3.4%	3.4%	-2.8%	16.9%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.12	0.17	0.09	-2.4%	-13.8%	-14.2%	9.2%	-1.8%	-15.2%	-14.2%	10.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.18	0.48	0.18	-5.2%	-11.2%	-18.5%	-12.3%	-4.6%	-12.7%	-18.4%	-10.7%
JKX Oil	JKX	1.14	1.21	0.75	0.5%	-2.2%	-4.5%	-4.1%	1.0%	-3.7%	-4.5%	-2.5%
Ukrnafta	UNAF	134	180	96	-0.3%	9.0%	25.7%	23.4%	0.3%	7.6%	25.8%	25.0%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.45	7.40	2.50	0.4%	0.6%	-5.0%	-6.8%	1.0%	-0.9%	-5.0%	-5.1%
Donbasenergo	DOEN	31.9	34.0	15.4	-1.7%	-0.4%	13.9%	15.5%	-1.1%	-1.8%	14.0%	17.1%
Zakhidenergo	ZAEN	118.0	134.0	64.0	0.1%	-0.8%	30.5%	30.5%	0.7%	-2.3%	30.6%	32.2%
<b>Consumer</b>												
Agroton	AGT	0.87	3.5	0.36	11.3%	12.2%	-5.7%	34.3%	11.9%	10.8%	-5.6%	35.9%
Astarta	AST	20.2	24.4	14.5	-3.0%	-4.1%	-6.1%	-9.1%	-2.4%	-5.5%	-6.1%	-7.5%
Avangardo	AVGR	11.0	13.0	7.61	0.0%	-4.2%	-2.7%	-6.4%	0.6%	-5.6%	-2.6%	-4.7%
Industrial Milk Company	IMC	2.81	5.25	2.78	-1.1%	-11.1%	-31.6%	-30.6%	-0.5%	-12.5%	-31.5%	-28.9%
Kernel	KER	12.1	22.1	11.8	0.0%	-1.7%	-12.6%	-4.7%	0.6%	-3.1%	-12.5%	-3.0%
Mriya Agro Holding	MAYA	6.87	8.2	5.36	0.2%	-4.1%	-0.6%	-7.8%	0.7%	-5.5%	-0.6%	-6.2%
MHPC	MHPC	15.1	19.9	14.15	2.0%	0.2%	-16.4%	-11.5%	2.6%	-1.2%	-16.3%	-9.9%
Milkiland	MLK	3.21	5.0	3.02	-0.4%	1.2%	-15.1%	-22.8%	0.1%	-0.2%	-15.0%	-21.2%
Ovostar Union	OVO	24.8	33.3	21.3	0.8%	-4.4%	-20.6%	-25.5%	1.4%	-5.8%	-20.6%	-23.9%
Sintal	SNPS	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Chemicals</b>												
Stirol	STIR	13.2	n/a	n/a	0.0%	0.7%	10.0%	5.8%	0.6%	-0.7%	10.0%	7.4%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.113	0.128	0.077	0.1%	-0.3%	2.2%	-0.9%	0.7%	-1.7%	2.2%	0.8%
UkrSotsbank	USCB	0.175	0.257	0.111	1.9%	0.6%	-0.1%	-6.7%	2.4%	-0.8%	-0.1%	-5.0%

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	310	135	65	49	15.2%	15.3%	15.9%	95	25	18	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	5,333	5,495	793	888	859	679	723	613	4	90	115	0.5%	10.1%	13.4%
Ukrsotsbank	USCB	4,854	5,283	4,949	957	1,064	1,016	451	360	453	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	111	3.9%	4	1,905	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	492	459	446	\$/tonne
Yenakievo Steel	ENMZ	39	8.8%	3	34	4.6	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	11	\$/tonne
Azovstal	AZST	297	3.0%	9	279	neg	neg	neg	neg	neg	7.9	0.1	0.1	0.1	61	62	61	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	65	6.8%	4	63	neg	neg	neg	neg	1.3	2.1	0.1	0.1	0.1	15	16	17	\$/tonne
Yasynivsky Coke	YASK	18	9.0%	2	19	2.2	1.6	3.9	0.7	0.7	1.0	0.0	0.1	0.1	0.7	0.7	1.0	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	917	0.3%	2	915	9.6	5.1	6.1	3.9	2.9	3.3	1.5	1.3	1.4				
Pivnichny GOK	SGOK	2,136	0.4%	9	2,130	4.9	3.9	4.6	2.8	2.3	2.6	1.5	1.3	1.4				
Ferrexpo	FXPO	1,531	24.0%	368	2,097	7.1	6.4	6.2	5.2	4.8	4.7	1.5	1.4	1.3				
<b>Coal Mining</b>																		
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	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	154	2.0%	3	200	4.6	9.0	7.7	3.8	6.4	5.8	0.4	0.6	0.6	317	526	499	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	39	24.0%	9	81	8.2	2.2	2.0	2.8	2.3	2.1	0.4	0.2	0.2				
Kruiw Wagon	KVBZ	257	5.0%	13	257	2.7	10.5	14.3	1.9	4.0	5.2	0.3	0.6	0.8				
Stakhanov Wagon	SVGZ	34	8.0%	3	73	>30	neg	neg	10.1	12.4	13.4	0.2	0.4	0.5				
<b>Specialized Machinery</b>																		
Turboatom	TATM	175	5.8%	10	102	4.6	3.2	3.0	2.0	1.4	1.3	0.6	0.5	0.5				
Motor Sich	MSICH	441	24.0%	106	459	2.2	2.4	2.1	1.5	2.0	1.8	0.5	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	267	7.2%	19	588	5.9	5.4	4.1	2.9	2.7	2.8	0.7	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	861	3.0%	26	853	4.9	6.6	7.1	2.7	2.3	2.4	0.5	0.3	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	59	21.6%	13	31	5.1	11.7	4.6	1.4	1.8	1.0	0.6	0.8	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	195	50.4%	98	303	neg	9.7	8.1	2.2	3.6	3.4	1.5	1.4	1.3	55	42	40	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	195	21.7%	42	264	6.8	4.5	3.9	3.8	4.3	3.8	0.2	0.3	0.3	15	19	16	\$/MWh
DonbasEnergO	DOEN	89	14.2%	13	160	23.4	1.8	2.1	5.0	2.2	2.5	0.3	0.2	0.2	20	21	20	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,590	34.1%	542	2,751	5.1	7.9	5.9	5.9	6.7	5.0	2.0	1.9	1.7				
Kernel	KER	962	61.8%	594	1,668	4.6	9.2	12.5	5.2	5.7	6.5	0.8	0.6	0.7				
Astarta	AST	506	37.0%	187	839	8.7	6.5	4.5	7.7	6.7	5.0	1.8	1.7	1.4				
Avangardco	AVGR	703	22.5%	158	902	3.1	2.7	2.3	3.2	2.8	2.4	1.4	1.3	1.1	204	155	146	\$/mneggs
Agroton	AGT	19	26.2%	5	68	2.8	neg	neg	3.3	5.4	5.8	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	400	3.6%	14		>30	4.5	3.5	0.5	0.5	0.5	0.07	0.08	0.07				
Ukrsotsbank	USCB	382	1.4%	5		>30	>30	19.4	0.5	0.4	0.4	0.08	0.07	0.08				

Source: Eavex Research

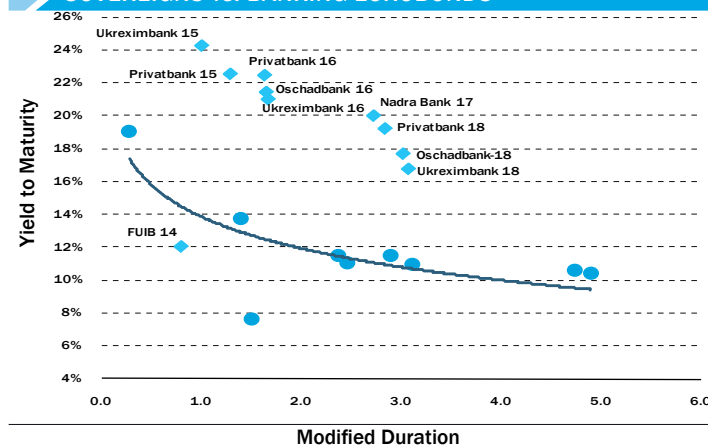
## UKRAINIAN EUROBONDS

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	97.3	98.3	21.5%	16.9%	-2.3%	0.3	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC+/CCC
Naftogaz Ukraine, 2014	92.5	93.7	30.2%	26.8%	-7.3%	0.5	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	95.6	97.0	8.2%	7.2%	0.3%	1.5	4.95%	A	13 Oct 2015	600*	Caa2/CCC+/CCC
Ukraine, 2015	88.8	90.8	16.0%	14.3%	-8.1%	1.4	6.875%	S/A	23 Sept 2015	500	Caa2/CCC+/CCC
Ukraine, 2016	86.8	88.8	12.7%	11.7%	-6.6%	2.4	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC+/CCC
Ukraine, 2016-2	86.8	88.8	12.1%	11.2%	-6.9%	2.5	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC+/CCC
Ukraine, 2017	85.9	87.9	11.7%	11.0%	-6.3%	3.1	6.75%	S/A	14 Nov 2017	700	Caa2/CCC+/CCC
Ukraine, 2017-2	92.5	94.0	12.2%	11.6%	-6.0%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC+/CCC
Ukraine, 2017 Infr. projects	89.5	92.0	12.7%	11.7%	9.8%	3.0	8.375%	S/A	3 Nov 2017	568	Caa2//
Ukraine, 2018 Infr. projects	88.3	90.0	11.5%	10.9%	13.5%	3.3	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	86.3	87.8	10.9%	10.5%	-6.5%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC+/CCC
Ukraine, 2021	86.8	88.3	10.7%	10.4%	-6.5%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC+/CCC
Ukraine, 2022	85.6	87.6	10.4%	10.0%	-4.9%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC+/CCC
Ukraine, 2023	86.2	87.7	9.8%	9.5%	-3.9%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC+/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	50.0	54.4	33.5%	30.1%	n/a	3.1	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.1	100.5	12.2%	11.5%	-3.6%	1.1	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	80.4	82.4	13.0%	12.4%	-9.0%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC+/CCC
Avangardco, 2015	97.0	99.0	12.9%	11.4%	n/a	1.5	10.00%	S/A	29 Oct 2015	200	//CCC
UkrLandFarming, 2018	88.0	89.9	14.8%	14.2%	-1.4%	3.0	10.88%	S/A	26 Mar 2018	275	/CCC+/CCC
Mriya, 2016	95.0	98.0	14.8%	12.9%	-3.7%	1.7	10.95%	S/A	30 Mar 2016	72	/CCC+/CCC
Mriya, 2018	80.0	82.2	16.2%	15.4%	-6.9%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC+/CCC
DTEK, 2015	97.1	98.4	13.3%	12.0%	-4.4%	1.1	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	84.2	85.8	12.9%	12.3%	-9.8%	3.3	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	98.1	99.6	13.0%	11.5%	-3.1%	1.1	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	87.4	89.5	13.1%	12.3%	-6.9%	3.0	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	91.7	93.5	13.1%	11.8%	-5.5%	1.8	7.875%	S/A	07 Apr 2016	500	/B-/CCC
UZ Rail, 2018	84.0	86.0	14.7%	14.0%	-7.3%	3.2	9.50%	S/A	21 May 2018	500	/CCC+/CCC
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	108.8	110.5	8.8%	8.3%	-1.2%	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							11.00%	Q	31 Dec 2014	275	Caa2//
Nadra Bank, 2017	80.1	91.0	25.2%	14.8%	0.0%	2.7	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	84.0	86.0	24.2%	22.2%	-4.6%	1.3	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	73.0	77.5	24.3%	20.6%	7.0%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	77.8	80.0	19.0%	18.1%	-5.8%	2.8	10.88%	S/A	28 Feb 2018	175	Caa2//CCC
UkrEximBank, 2015	85.0	87.0	26.3%	23.6%	-10.8%	1.0	8.38%	S/A	27 Apr 2015	750	Caa2//CCC
UkrEximBank, 2016	78.0	78.0	21.0%	21.0%	-8.6%	1.7	8.40%	S/A	2 Sept 2016	125	Caa2//CCC
UkrEximBank, 2018	76.0	78.0	17.4%	16.6%	-13.7%	3.1	8.75%	S/A	22 Jan 2018	500	Caa2//CCC
VAB Bank, 2014	77.0	82.0	n/a	n/a	-7.0%	n/a	10.50%	Q	14 Jun 2014	125	Caa2//WD
Oschadbank, 2016	79.0	82.0	23.2%	20.7%	-13.5%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//CCC
Oschadbank, 2018	73.8	76.1	18.2%	17.2%	-15.8%	3.0	8.88%	S/A	20 Mar 2018	500	Caa2//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	90.0	92.0	15.7%	14.1%	-2.1%	1.5	8.00%	S/A	6 Nov 2015	250	Caa2/CCC+/
City of Kyiv, 2016	89.8	92.0	14.5%	13.3%	-2.2%	2.0	9.375%	S/A	30 Jun 2016	300	Caa2/CCC+/

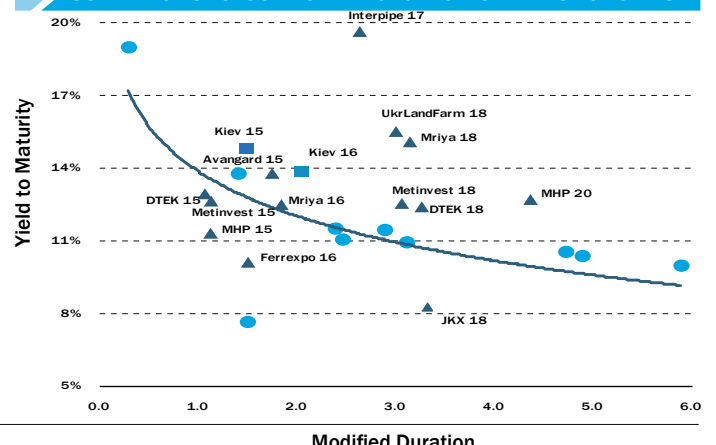
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

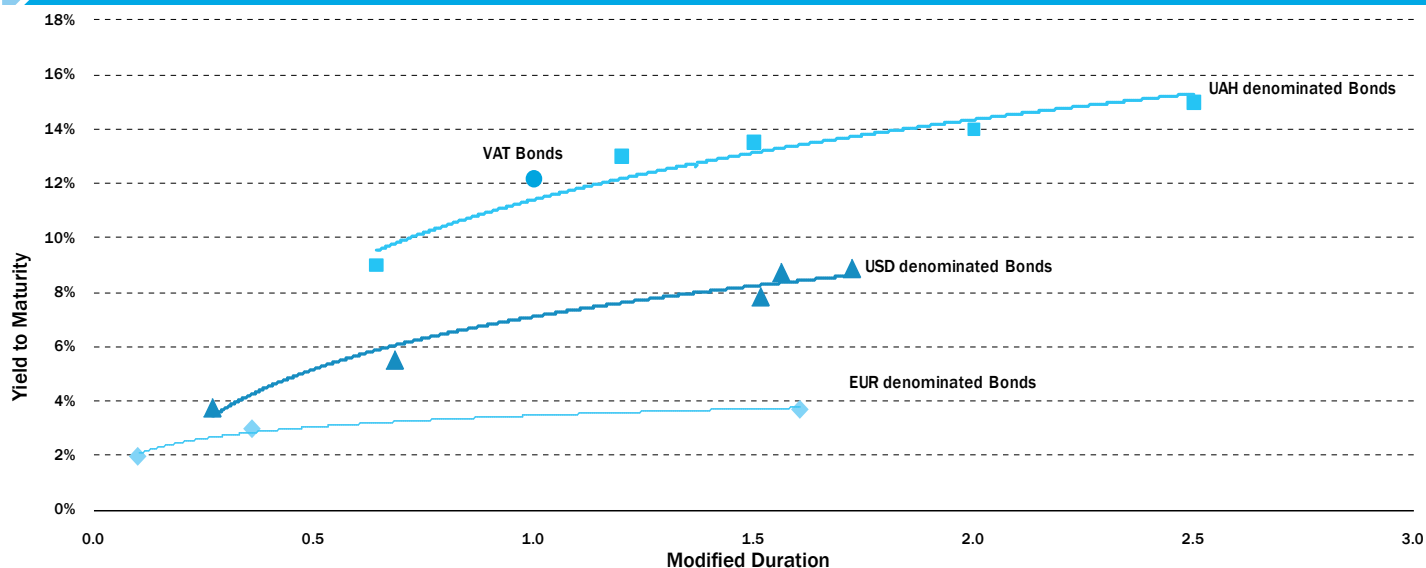




**UKRAINIAN DOMESTIC BONDS**

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			14.5%	12.3%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			14.5%	12.3%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			14.5%	12.3%	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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