

**Market Update**

**Equity**

Kyiv-listed Ukrainian blue chips were solidly higher on Wednesday (Feb 12) as the local market belatedly caught up to the sharp rally in the major US and European indices over the previous several days. The UX index added 1.8% to close at 921 points; the benchmark has risen roughly in line with the slide in the hryvnia against the dollar that has occurred over the past week. CentrEnerg (CEEN) was the top gainer with a 3.4% rise to UAH 4.62, volume leader UkrNafta (UNAF) picked up 2.9% on turnover of just under UAH 1mn, and Motor Sich (MSICH) and Raiffeisen Aval (BAVL) added 2.2% and 1.4% respectively. In London, Ferrexpo (FXPO LN) was unchanged, JXX Oil&Gas (JKX LN) edged down 1.6%, and Avangard (AVGR LI) slipped 1.9% to a 5-month low of USD 10.60 after releasing its fourth-quarter operating results in the morning. In Warsaw, Astarta (AST PW) shed 2.5%, Sadovaya Group (SGR PW) slid 4.6%, and Coal Energy (CLE PW) was unchanged at PLN 1.10.

**Fixed Income**

Ukrainian sovereigns were lower on Wednesday with Ukraine-23s sliding by 1.2p.p. to close at 83.9/85.4 (10.2%/10.0%). Corporate names were also sluggish. MHP-15s and DTEK-15s dropped by 0.5p.p. finishing at 99.0/100.0 (12.3%/11.3%) and 96.0/98.0 (14.6%/12.4%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	152.10	2.9%	1.0	145
Motor Sich	MSICH	1882.00	2.2%	0.5	53
Pivnichny GOK	SGOK	7.780	-1.5%	0.5	8

**Growth Leaders**

Centralny GOK	CGOK	7.38	4.4%	0.04	11
Centrenerg	CEEN	4.62	3.4%	0.30	120
Ukrnafta	UNAF	152.10	2.9%	0.96	145

**Loss Leaders**

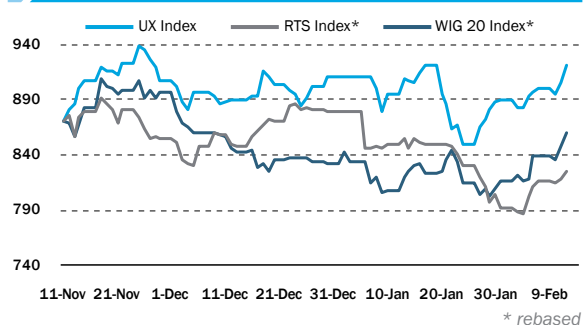
Pivnichny GOK	SGOK	7.78	-1.5%	0.493	8
Ukrsotsbank	USCB	0.17	-1.1%	0.079	15
Alchevsk Steel	ALMK	0.04	-0.3%	0.023	32

**Highlights**

**FIXED INCOME**

- > Customs Union May Jack Up Anti-Dumping Duties Against Interpipe

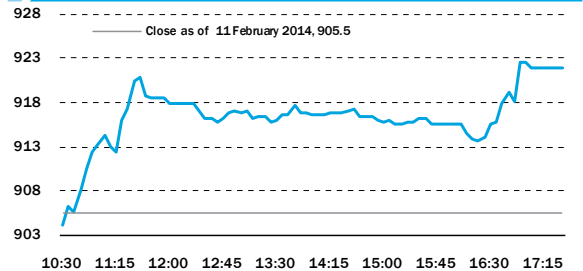
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	922.0	1.8%	2.9%	1.3%
RTS	1353.2	0.8%	-3.1%	-6.2%
WIG20	2482.6	1.6%	6.6%	3.4%
MSCI EM	953.3	0.9%	-1.7%	-4.9%
S&P 500	1819.3	0.0%	-1.3%	-1.2%

**UX INTRADAY FEBRUARY 12, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	363.1	-1.1%	6.9%	9.8%
CDS 5Y UKR	1150.2	2.6%	60.7%	40.2%
Ukraine-17	11.8%	0.8 p.p.	3.6 p.p.	2.8 p.p.
Naftogaz Ukr-14	30.7%	4.8 p.p.	22.6 p.p.	21.9 p.p.
Ukraine-23	10.1%	0.2 p.p.	1.5 p.p.	2.6 p.p.
Privatbank-16	24.7%	0.0 p.p.	6.7 p.p.	0.0 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	8.70	0.8%	5.0%	5.6%
EUR	11.83	0.5%	4.4%	4.0%
RUB	0.25	0.6%	-0.4%	-0.5%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	269.2	0.0%	-2.6%	-6.3%
Steel, USD/t	537.5	0.0%	0.0%	0.0%
Oil, USD/bbl	108.8	0.1%	2.0%	-2.2%
Gold, USD/oz	1291.2	0.0%	3.4%	7.9%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Customs Union May Jack Up Anti-Dumping Duties Against Interpipe

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

### NEWS

The Eurasian Economic Commission, a regulatory body of the Russia-Belarus-Kazakhstan Customs Union, may increase its anti-dumping duties against Interpipe, Ukraine's largest pipe maker, the body said earlier this week. The commission said it is now considering revising the duties for casing, tubing, and medium-diameter pipes from the Dnipropetrovsk-based group from the current 18.9%, 19.9% and 19.4% to 40.9%, 67.7% and 19.7% respectively. The current duty levels were supposed to be valid from June 2011 until November 2015. Importantly, over September 2011 - June 2013 the duties were not imposed on Interpipe's export quota amount which was agreed by two sides on regular basis. Russia refused to set quota for Interpipe's tubes export for 2H13 and onward.

### COMMENTARY

This move of the Russian-led Customs Union directly contradicts Russia's alleged promise to scrap/lift import trade restrictions against Ukrainian pipes, which was announced by Ukrainian Industry Minister Mykhailo Korolenko in mid-December. This therefore looks like a tactic of Russian political pressure against Interpipe beneficiary Viktor Pinchuk, an oligarch who may be encouraging President Yanukovich behind the scenes to come to a compromise with Ukraine's political opposition. With duties of near 20% imposed on Interpipe's products on the Russian border in 2H13, the company's sales to that country were made at close to zero operating profitability. If the much higher anti-dumping duties are imposed, Interpipe's sales to the Customs Union will be loss-making and its deliveries will likely be stopped or significantly reduced. On the other hand, these developments could finally catalyze the process of market diversification by Interpipe, which up to now has left much to be desired.

Currently Interpipe-17s quoted at 20.5%/18.5% implying a spread to sovereign yield curve of 810 bps.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.62	0.56	-10%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	165.6	218.0	32%	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	7.78	-	-	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	7.38	-	-	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	2.83	6.2	120%	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	522%	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	713%	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	18.5	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	1882	5250	179%	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	11.9	42.0	254%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	68.5	370	440%	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	32.4	72.0	122%	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	4.62	15.00	225%	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	14.9	22.10	48%	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	60.0	90.0	50%	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	10.6	19.35	83%	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	74.5	109.50	47%	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	921.95	1055.64	781.22	1.8%	3.2%	2.9%	1.3%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-0.3%	-0.3%	-1.9%	-7.0%	-2.1%	-3.5%	-4.8%	-8.3%
Azovstal	AZST	0.62	0.90	0.31	2.0%	3.7%	-2.7%	-7.6%	0.2%	0.5%	-5.6%	-8.9%
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	31.7	49.9	20.0	1.0%	1.0%	-1.1%	-1.0%	-0.8%	-2.3%	-4.0%	-2.3%
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%	-1.8%	5.9%	17.1%	18.7%
<b>Coke</b>												
Avdivka Coke	AVDK	2.83	4.80	1.60	1.1%	2.3%	-0.5%	-4.4%	-0.7%	-0.9%	-3.5%	-5.7%
Yasnyivsky Coking	YASK	0.55	0.85	0.49	-1.8%	-1.8%	1.9%	3.8%	-3.6%	-5.0%	-1.1%	2.5%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.38	n/a	n/a	4.2%	2.5%	13.5%	13.5%	2.4%	-0.7%	10.6%	12.2%
Ferrexpo	FXPO	2.74	4.55	2.02	0.8%	9.2%	-4.9%	-13.0%	-1.0%	6.0%	-7.8%	-14.3%
Pivnichny GOK	SGOK	7.78	10.00	5.77	-2.8%	-0.3%	-2.9%	-2.8%	-4.6%	-3.5%	-5.8%	-4.1%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.36	0.70	0.10	-5.3%	-7.7%	-12.2%	-10.0%	-7.1%	-10.9%	-15.1%	-11.3%
Komsomolets Donbasa	SHKD	0.61	n/a	n/a	41.9%	41.9%	-1.6%	-1.6%	40.0%	38.6%	-4.5%	-2.9%
Energy Coal	CLE	0.36	4.20	0.31	-0.1%	-0.7%	-6.6%	2.9%	-1.9%	-3.9%	-9.5%	1.6%
<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	0.60	0.86	0.30	20.0%	13.2%	9.1%	0.0%	18.2%	10.0%	6.2%	-1.3%
Interpipe NMPP	NVTR	0.23	n/a	n/a	0.0%	4.5%	0.0%	9.5%	-1.8%	1.3%	-2.9%	8.2%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	18.5	29.0	12.0	-1.1%	3.4%	9.1%	6.9%	-2.9%	0.1%	6.1%	5.6%
Luhanskeplovoz	LTPL	1.52	2.20	1.26	0.0%	0.0%	1.3%	1.3%	-1.8%	-3.2%	-1.6%	0.0%
Stakhanov Wagon	SVGZ	1.26	n/a	n/a	0.0%	0.0%	12.5%	-3.1%	-1.8%	-3.2%	9.6%	-4.4%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	0.0%	60.0%	5.7%	-1.8%	-3.2%	57.1%	4.4%
Motor Sich	MSICH	1,882	2,640	1,303	2.2%	5.3%	1.2%	3.2%	0.4%	2.0%	-1.8%	1.9%
Sumy Frunze Engineering	SMASH	2.50	n/a	n/a	0.0%	0.0%	4.2%	0.0%	-1.8%	-3.2%	1.2%	-1.3%
Turboatom	TATM	1.80	n/a	n/a	0.0%	0.0%	-48.6%	-48.6%	-1.8%	-3.2%	-51.5%	-49.9%
WESTA ISIC	WES	0.16	0.26	0.13	6.3%	7.6%	3.5%	22.7%	4.5%	4.3%	0.6%	21.4%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.12	0.17	0.09	0.0%	-13.8%	-14.2%	9.2%	-1.8%	-17.0%	-17.1%	7.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.20	0.48	0.18	-0.3%	-3.5%	-13.1%	-6.5%	-2.2%	-6.7%	-16.0%	-7.8%
JKX Oil	JKX	1.14	1.21	0.75	-0.7%	-1.3%	-4.6%	-4.2%	-2.5%	-4.6%	-7.5%	-5.5%
Ukrnafta	UNAF	152	174	96	2.4%	16.0%	42.7%	40.1%	0.6%	12.8%	39.7%	38.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	4.62	7.40	2.50	2.8%	5.0%	-1.3%	-3.1%	1.0%	1.8%	-4.2%	-4.4%
Donbasenergo	DOEN	32.4	34.0	15.4	2.2%	-0.2%	16.0%	17.6%	0.4%	-3.4%	13.0%	16.3%
Zakhidenergo	ZAEN	121.0	134.0	64.0	2.6%	1.8%	33.8%	33.8%	0.8%	-1.5%	30.9%	32.5%
<b>Consumer</b>												
Agroton	AGT	0.86	3.5	0.36	2.3%	11.7%	-6.7%	32.9%	0.4%	8.5%	-9.6%	31.6%
Astarta	AST	19.6	24.4	14.5	-2.6%	-9.2%	-9.0%	-11.9%	-4.4%	-12.4%	-12.0%	-13.2%
Avangardo	AVGR	10.6	13.0	7.61	-1.9%	-6.1%	-6.3%	-9.9%	-3.7%	-9.3%	-9.2%	-11.2%
Industrial Milk Company	IMC	2.60	5.25	2.60	-4.2%	-6.5%	-36.6%	-35.7%	-6.0%	-9.7%	-39.6%	-37.0%
Kernel	KER	11.9	22.1	11.7	1.2%	-5.6%	-13.9%	-6.1%	-0.6%	-8.8%	-16.8%	-7.4%
Mriya Agro Holding	MAYA	6.84	8.2	5.36	-0.5%	0.4%	-1.1%	-8.2%	-2.3%	-2.8%	-4.0%	-9.5%
MHPC	MHPC	14.9	19.9	14.15	-0.5%	-0.5%	-17.1%	-12.3%	-2.4%	-3.8%	-20.0%	-13.6%
Milkiland	MLK	3.21	5.0	3.02	-0.1%	1.0%	-15.0%	-22.7%	-1.9%	-2.2%	-17.9%	-24.0%
Ovostar Union	OVO	24.3	33.3	21.3	-0.1%	-5.8%	-22.1%	-26.9%	-1.9%	-9.1%	-25.0%	-28.2%
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	12.8	n/a	n/a	0.0%	-1.9%	6.1%	2.0%	-1.8%	-5.1%	3.1%	0.7%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.114	0.128	0.077	1.4%	1.6%	3.4%	0.3%	-0.4%	-1.6%	0.4%	-1.0%
UkrSotsbank	USCB	0.168	0.257	0.111	-1.1%	-5.6%	-4.1%	-10.4%	-2.9%	-8.8%	-7.0%	-11.7%

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
<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	236	263	51	91	98	32.2%	38.7%	37.1%	38	72	76	23.8%	30.4%	29.0%
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%
Ukrspotsbank	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	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	38	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	299	3.0%	9	281	neg	neg	neg	neg	neg	8.0	0.1	0.1	0.1	61	62	62	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	63	6.8%	4	61	neg	neg	neg	neg	1.3	2.1	0.1	0.1	0.1	14	16	16	\$/tonne
Yasynivsky Coke	YASK	17	9.0%	2	18	2.1	1.5	3.7	0.7	0.6	1.0	0.0	0.0	0.1	0.7	0.6	1.0	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	994	0.3%	2	993	10.4	5.6	6.6	4.3	3.2	3.6	1.6	1.5	1.6				
Pivnichny GOK	SGOK	2,060	0.4%	8	2,054	4.7	3.8	4.5	2.7	2.2	2.5	1.5	1.3	1.4				
Ferrexpo	FXPO	1,616	24.0%	388	2,182	7.5	6.7	6.5	5.4	5.0	4.9	1.5	1.4	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	23	5.4%	1	126	3.3	1.4	1.4	1.0	1.4	1.3	0.5	0.6	0.5	31	29	28	\$/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	179	2.0%	4	225	5.3	10.4	9.0	4.3	7.2	6.5	0.5	0.7	0.6	357	592	562	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	38	24.0%	9	80	7.9	2.2	1.9	2.8	2.2	2.1	0.4	0.2	0.2				
Kruiiv Wagon	KVBZ	244	5.0%	12	244	2.6	9.9	13.6	1.8	3.8	4.9	0.3	0.6	0.8				
Stakhanov Wagon	SVGZ	33	8.0%	3	72	>30	neg	neg	10.0	12.2	13.2	0.2	0.4	0.5				
<b>Specialized Machinery</b>																		
Turboatom	TATM	170	5.8%	10	100	4.5	2.4	2.2	1.9	1.1	1.0	0.6	0.4	0.4				
Motor Sich	MSICH	450	24.0%	108	468	2.2	2.4	2.2	1.5	2.0	1.8	0.5	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	259	7.2%	19	580	5.7	5.2	3.9	2.8	2.7	2.8	0.7	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	948	3.0%	28	940	5.4	7.2	7.8	3.0	2.5	2.7	0.5	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	63	21.6%	14	35	5.4	12.5	4.9	1.6	2.0	1.1	0.7	0.9	0.6	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	196	21.7%	43	265	6.8	4.6	3.9	3.9	4.3	3.9	0.2	0.3	0.3	15	19	16	\$/MWh
DonbasEnergO	DOEN	88	14.2%	13	159	23.1	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	1,577	34.1%	538	2,737	5.1	7.8	5.9	5.9	6.6	5.0	1.9	1.9	1.7				
Kernel	KER	947	61.8%	585	1,653	4.5	9.0	12.3	5.1	5.7	6.4	0.8	0.6	0.7				
Astarta	AST	490	37.0%	181	824	8.4	6.3	4.3	7.5	6.6	4.9	1.8	1.6	1.4				
Avangardco	AVGR	676	22.5%	152	876	3.0	2.6	2.3	3.1	2.7	2.3	1.4	1.2	1.1	198	151	142	\$/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>																		
Raiffeisen Bank Aval	BAVL	393	3.6%	14		>30	4.4	3.4	0.5	0.4	0.5	0.07	0.07	0.07				
Ukrsotsbank	USCB	355	1.4%	5		>30	>30	19.4	0.4	0.3	0.3	0.08	0.07	0.08				

Source: Eavex Research

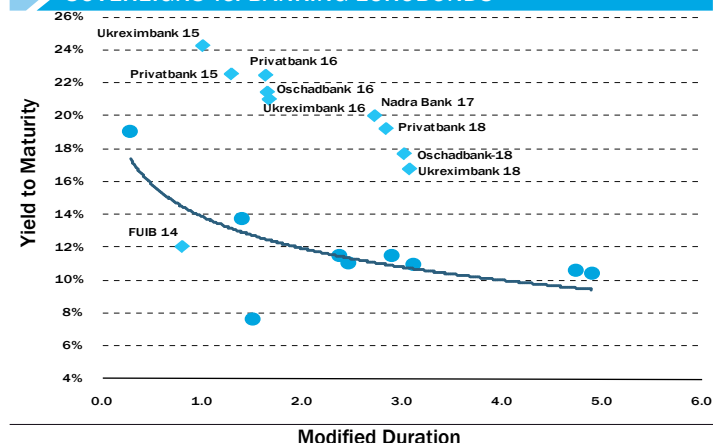
## UKRAINIAN EUROBONDS

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	96.3	97.8	27.0%	19.5%	-3.0%	0.3	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC+/CCC
Naftogaz Ukraine, 2014	88.1	89.4	45.4%	40.6%	-11.7%	0.5	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	95.7	97.0	8.1%	7.2%	0.3%	1.5	4.95%	A	13 Oct 2015	600*	Caa2/CCC+/CCC
Ukraine, 2015	87.6	89.6	17.1%	15.4%	-9.3%	1.4	6.875%	S/A	23 Sept 2015	500	Caa2/CCC+/CCC
Ukraine, 2016	84.5	86.5	13.9%	12.9%	-9.1%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC+/CCC
Ukraine, 2016-2	84.4	86.4	13.3%	12.3%	-9.4%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC+/CCC
Ukraine, 2017	84.1	86.1	12.4%	11.7%	-8.2%	3.1	6.75%	S/A	14 Nov 2017	700	Caa2/CCC+/CCC
Ukraine, 2017-2	89.6	91.1	13.4%	12.8%	-9.0%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC+/CCC
Ukraine, 2017 Infr. projects	93.9	96.6	11.0%	10.0%	15.3%	3.0	8.375%	S/A	3 Nov 2017	568	Caa2//
Ukraine, 2018 Infr. projects	84.3	86.0	13.0%	12.3%	8.4%	3.3	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	84.1	85.6	11.5%	11.1%	-8.9%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC+/CCC
Ukraine, 2021	84.5	86.0	11.3%	10.9%	-9.0%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC+/CCC
Ukraine, 2022	83.6	85.6	10.8%	10.4%	-7.1%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC+/CCC
Ukraine, 2023	83.9	85.4	10.2%	9.9%	-6.5%	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	99.0	100.0	12.3%	11.8%	-3.8%	1.1	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	80.8	81.9	12.9%	12.6%	-9.0%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC+/CCC
Avangardco, 2015	100.8	100.8	10.1%	10.1%	n/a	1.5	10.00%	S/A	29 Oct 2015	200	//CCC
UkrLandFarming, 2018	87.9	89.7	14.9%	14.3%	-1.6%	3.0	10.88%	S/A	26 Mar 2018	275	/CCC+/CCC
Mriya, 2016	94.5	98.0	15.2%	12.9%	-4.0%	1.7	10.95%	S/A	30 Mar 2016	72	/CCC+/CCC
Mriya, 2018	80.0	82.0	16.2%	15.4%	-7.0%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC+/CCC
DTEK, 2015	96.0	98.0	14.6%	12.4%	-5.1%	1.1	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	83.8	84.9	13.1%	12.7%	-10.5%	3.2	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	98.1	99.5	13.0%	11.6%	-3.2%	1.1	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	87.2	89.2	13.2%	12.4%	-7.2%	3.0	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.3	93.5	12.7%	11.8%	-5.2%	1.8	7.875%	S/A	07 Apr 2016	500	/CCC+/CCC
UZ Rail, 2018	81.9	83.8	15.5%	14.7%	-9.7%	3.2	9.50%	S/A	21 May 2018	500	/CCC+/CCC
Interepipe, 2017	77.0	80.1	20.5%	18.5%	0.0%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	109.4	111.1	8.6%	8.1%	-0.7%	3.4	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	72.0	82.0	18.1%	14.5%	-7.2%	3.7	9.25%	S/A	25 Jan 2019	100	Caa2//
PUMB, 2014	96.0	98.0	20.4%	16.9%	-1.5%	0.8	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	86.1	24.3%	22.2%	-4.6%	1.3	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	69.1	74.3	27.9%	23.3%	2.0%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	75.0	80.1	20.3%	18.0%	-7.4%	2.8	10.88%	S/A	28 Feb 2018	175	Caa2//CCC
UkrEximBank, 2015	85.0	86.0	26.4%	25.0%	-11.4%	1.0	8.38%	S/A	27 Apr 2015	750	Caa2//CCC
UkrEximBank, 2016	71.5	71.5	26.9%	26.9%	-16.2%	1.6	8.40%	S/A	2 Sept 2016	125	Caa2//CCC
UkrEximBank, 2018	74.0	76.0	18.3%	17.4%	-15.9%	3.0	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	81.0	23.2%	21.6%	-14.0%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//CCC
Oschadbank, 2018	71.5	72.8	19.4%	18.6%	-19.0%	3.0	8.88%	S/A	20 Mar 2018	500	Caa2//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	90.0	91.0	15.7%	14.9%	-2.6%	1.5	8.00%	S/A	6 Nov 2015	250	Caa2/CCC+/
City of Kyiv, 2016	88.4	91.0	15.3%	13.9%	-3.6%	2.0	9.375%	S/A	30 Jun 2016	300	Caa2/CCC+/

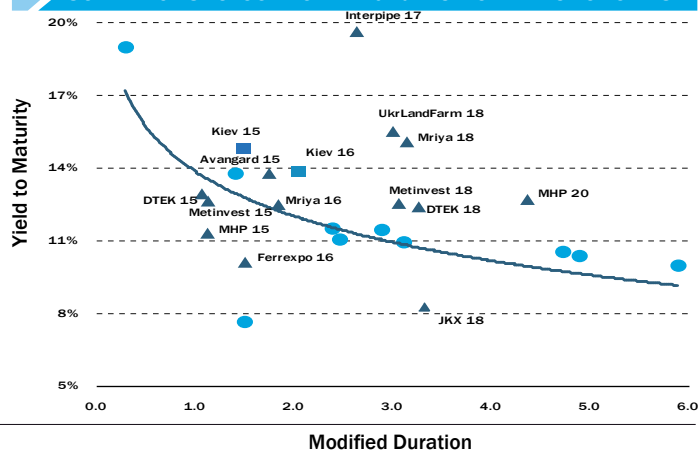
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



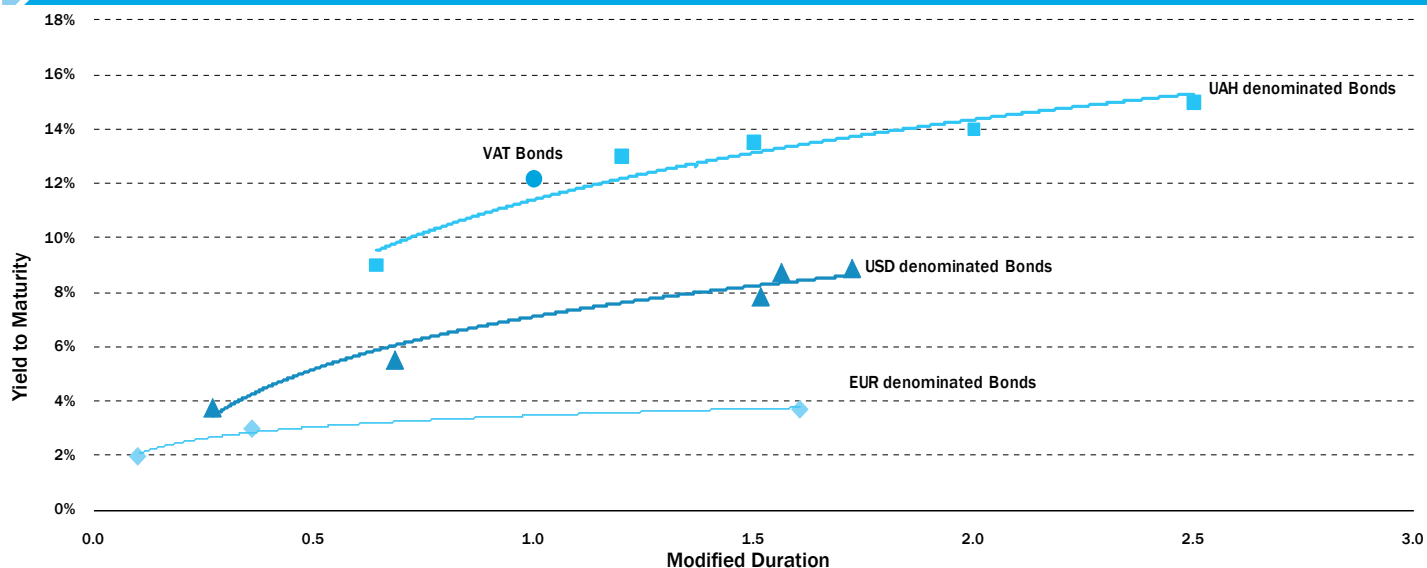
### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



**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



## 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