

Market Update
Equity

Ukrainian stocks shuffled through a day of directionless trading on Thursday (Feb 13) but the local benchmark kept pace with the rally in the main global indices thanks to gains by top liquid issue Motor Sich, which was up another 2.3% to UAH 1925. The UX index added 0.6% to close at 928 points. Also in positive territory were DonbasEnergio and Raiffeisen Aval with respective appreciations of 1.0% and 0.6%. UkrNafta's forward momentum paused, with the issue finishing unchanged after having risen 47% since mid-January. On the downside, Yenakievo Steel lost 1.1% to UAH 31.35. In London, Ferrexpo picked up 1.7% to GBP 168.5 and MHP was unchanged. Warsaw listed Ukrainian names were mixed with Astarta (AST PW) declining 1.9% while Kernel (KER PW) added 2.2%.

Fixed Income

Ukrainian sovereigns finished in the red on Thursday, with Ukraine-23s dropping by 0.7p.p. to 83.2/84.7 (10.4%/10.1%) and pushing their spread over US Treasuries to near 750 basis points. Corporate names were also substantially lower. Avangardco-15s and Mriya-16s dropped by 1.6p.p. and 1.3p.p., closing at 95.5/99.0 (14.0%/11.4%) and 93.8/96.0 (15.6%/14.2%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1925.00	2.3%	1.1	94
Ukrnafta	UNAF	153.90	0.1%	1.0	157
Raiffeisen Bank Aval	BAVL	0.115	0.6%	0.3	61

Growth Leaders

Motor Sich	MSICH	1925.00	2.3%	1.11	94
KRAZ	KRAZ	0.03	1.8%	0.08	12
Ukrtelecom	UTLM	0.13	1.6%	0.05	14

Loss Leaders

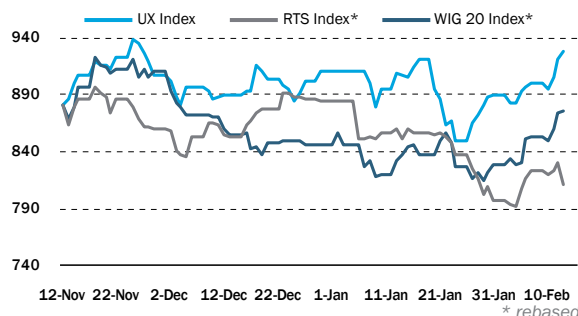
Zakhidenergo	ZAEN	117.00	-3.3%	0.024	7
Poltavsky GOK	PGOK	8.30	-1.5%	0.028	14
Yenakievo Steel	ENMZ	31.35	-1.1%	0.149	19

Highlights
STOCKS IN THE NEWS

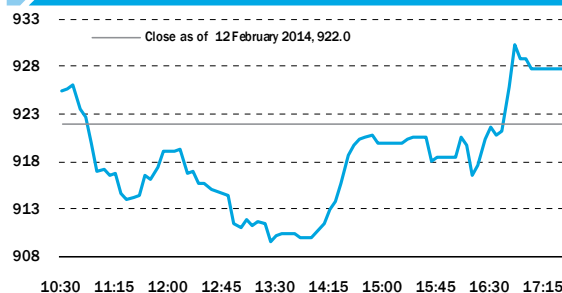
- > Krukiv Wagon's Output Just 47 Freight Cars in January
- > Ukraine May Start Export of Poultry to China In 2014

FIXED INCOME

- > Naftogaz to Receive UAH 11bn Cash Injection from Government

STOCK MARKET PERFORMANCE

MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	927.8	0.6%	2.1%	1.9%
RTS	1321.6	-2.3%	-5.7%	-8.4%
WIG20	2489.7	0.3%	5.3%	3.7%
MSCI EM	945.8	-0.8%	-3.2%	-5.6%
S&P 500	1829.8	0.6%	0.6%	-0.6%

UX INTRADAY FEBRUARY 13, 2014

FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	369.2	1.7%	7.8%	11.6%
CDS 5Y UKR	1205.2	4.8%	70.9%	46.9%
Ukraine-17	11.7%	0.0 p.p.	3.6 p.p.	2.7 p.p.
Naftogaz Ukr-14	33.5%	2.8 p.p.	25.8 p.p.	24.8 p.p.
Ukraine-23	10.2%	0.1 p.p.	1.5 p.p.	2.7 p.p.
Privatbank-16	25.6%	0.9 p.p.	7.8 p.p.	0.9 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.79	1.0%	5.7%	6.7%
EUR	12.02	1.7%	5.8%	5.8%
RUB	0.25	0.3%	0.3%	-0.2%

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	108.5	0.2%	2.8%	-2.4%
Gold, USD/oz	1302.9	0.9%	4.0%	8.9%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Krukiv Wagon's Output Just 47 Freight Cars in January

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

KRUKIV WAGON (KVBZ UK)

Price: UAH 19.2 Market Cap: USD 250mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	0.6	10.2	3.9	4.9%
2014E	0.8	14.0	5.1	3.6%

NEWS

Kremenchuk-based railcar manufacturer Krukiv Wagon produced just 47 freight railcars in January, compared to output of 532 units in the same month a year ago, Interfax reported on Thursday (Feb 13), citing a source in the company. Krukiv had no passenger railcar output in January.

COMMENTARY

It appears that Krukiv Wagon is still short of orders despite Russia's resumption of certification for its railcars. Management's guidance for FY14 freight car output is 3,500 units, down from around FY13's 5,300 and FY12's nearly 10,000, and it currently looks unlikely that Krukiv will be able to restore its previous presence on the Russian market given Russian rising domestic railcar capacity and sluggish demand. The Ukrainian state freight railcar market is not large enough to sustain domestic capacity, state-owned railway operator UkrZaliznytsya lacks the cash to renew its railcar fleet.

Ukraine May Start Export of Poultry to China In 2014

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

MHP (MHPC LI)

Price: USD 14.9 Market Cap: USD 1,577mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.9	7.8	6.6	2%
2013E	1.7	5.9	5.0	2%

NEWS

Ukraine's government is now in the process of negotiating with China on starting exports of Ukrainian poultry meat to the largest Asian economy, Kyiv business daily Capital reported on Thursday (Feb 13). An agreement could be announced in April, Agriculture Minister Mykola Prysiashnuk said.

COMMENTARY

If negotiations are completed successfully, it will take at least several months before the first deliveries take place as domestic producers will be obligated to obtain the necessary certifications. In any case, the initiative is positive for LSE-listed MHP, Ukraine's largest poultry producer, which is aiming to expand its export sales by 40% YoY in 2014. China could become the market where the company redirects its deliveries from the Russian-led Customs Union, where it has faced frequent bans.

Naftogaz to Receive UAH 11bn Cash Injection from Government

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

NEWS

The Cabinet of Ministers has decided to increase the charter fund of state-owned gas monopoly Naftogaz Ukraine by UAH 11bn (USD 1.25bn), Interfax reported yesterday (Feb 13). The Finance Ministry plans to issue hryvnia-denominated bonds with maturity of 5 years and an interest rate of 14.3% to finance the charter fund increase.

COMMENTARY

The move looks to be related to Naftogaz's debt to Russia of approximately USD 3bn. The government has been raising Naftogaz's charter fund every year since 2009. The company's charter fund will increase by 22% to almost UAH 60bn (USD 6.8bn) after the announced share issue. The charter fund increases are effectively being used to finance the company's ongoing losses due to household gas tariffs which do not cover the costs of imported natural gas. However, the new cash injection will obviously be not enough to cover the company's liquidity gap, which is estimated at about UAH 25bn.

Naftogaz's state-guaranteed 2014 Eurobonds with maturity in September currently quote at an enormous 50%/45% YTM, as there are expectations that the issue, previously restructured in 2009, will be restructured again through a new sovereign issue.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.62	0.56	-10%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	168.5	218.0	29%	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	7.71	-	-	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.
Coke						
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	0.55	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.
Coal						
Pokrovske Mine	SHCHZ	0.39	2.9	655%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	19.3	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.
Specialized Machinery						
Motor Sich	MSICH	1925	5250	173%	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	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	68.0	370	444%	BUY	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
Power Utilities						
DonbasEnerg	DOEN	32.7	72.0	120%	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	4.60	15.00	226%	BUY	CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	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	58.5	90.0	54%	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	77%	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	75.0	109.50	46%	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	927.76	1055.64	781.22	0.6%	3.4%	2.1%	1.9%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.036	0.06	0.02	0.0%	-0.3%	-2.4%	-7.0%	-0.6%	-3.7%	-4.5%	-8.9%
Azovstal	AZST	0.62	0.90	0.31	-0.3%	1.8%	-2.8%	-7.9%	-1.0%	-1.6%	-4.9%	-9.9%
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	31.4	49.9	20.0	-1.1%	-0.9%	-1.9%	-2.1%	-1.7%	-4.4%	-3.9%	-4.0%
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	0.11	0.26	0.05	-8.3%	-8.3%	10.0%	10.0%	-9.0%	-11.8%	7.9%	8.1%
Coke												
Avdyivka Coke	AVDK	2.82	4.80	1.60	-0.4%	0.2%	1.8%	-4.7%	-1.0%	-3.2%	-0.3%	-6.7%
Yasnyivsky Coking	YASK	0.55	0.85	0.49	0.0%	-1.8%	-1.8%	3.8%	-0.6%	-5.2%	-3.8%	1.8%
Iron Ore Mining												
Centralny GOK	CGOK	7.38	n/a	n/a	0.0%	12.7%	17.1%	13.5%	-0.6%	9.3%	15.1%	11.6%
Ferrexpo	FXPO	2.80	4.55	2.02	2.2%	9.3%	-3.0%	-11.1%	1.5%	5.9%	-5.0%	-13.0%
Pivnichny GOK	SGOK	7.71	10.00	5.77	-0.9%	-1.2%	-3.7%	-3.6%	-1.5%	-4.6%	-5.8%	-5.6%
Coal Mining												
Pokrovske Mine	SHCHZ	0.39	0.70	0.10	8.3%	-2.5%	-4.9%	-2.5%	7.7%	-5.9%	-6.9%	-4.4%
Komsomolets Donbasa	SHKD	0.61	n/a	n/a	0.0%	41.9%	-1.6%	-1.6%	-0.6%	38.4%	-3.7%	-3.6%
Energy Coal	CLE	0.36	4.20	0.31	-0.4%	-3.5%	-2.7%	2.5%	-1.0%	-6.9%	-4.8%	0.5%
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	0.60	0.86	0.30	0.0%	13.2%	7.1%	0.0%	-0.6%	9.8%	5.1%	-1.9%
Interpipe NMPP	NVTR	0.23	n/a	n/a	0.0%	0.0%	0.0%	9.5%	-0.6%	-3.4%	-2.1%	7.6%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	19.3	29.0	12.0	4.1%	11.3%	15.5%	11.3%	3.4%	7.9%	13.4%	9.3%
Luhanskeplovoz	LTPL	1.52	2.20	1.26	0.0%	0.0%	1.3%	1.3%	-0.6%	-3.4%	-0.7%	-0.6%
Stakhanov Wagon	SVGZ	1.25	n/a	n/a	-0.8%	-0.8%	11.6%	-3.8%	-1.4%	-4.2%	9.5%	-5.8%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-7.1%	-7.1%	8.8%	-1.9%	-7.8%	-10.6%	6.7%	-3.8%
Motor Sich	MSICH	1,925	2,640	1,303	2.3%	7.9%	1.0%	5.5%	1.7%	4.5%	-1.1%	3.6%
Summy Frunze Engineering	SMASH	2.50	n/a	n/a	0.0%	0.0%	4.2%	0.0%	-0.6%	-3.4%	2.1%	-1.9%
Turboatom	TATM	3.25	n/a	n/a	80.6%	80.6%	n/a	-7.1%	79.9%	77.1%	n/a	-9.1%
WESTA ISIC	WES	0.16	0.26	0.13	-1.5%	-1.1%	0.0%	20.9%	-2.1%	-4.5%	-2.1%	19.0%
Telecom												
Ukrtelecom	UTLM	0.13	0.17	0.09	4.1%	6.4%	-4.7%	13.6%	3.4%	3.0%	-6.7%	11.7%
Oil & Gas												
Regal Petroleum	RPT	0.20	0.48	0.18	0.4%	2.9%	-8.9%	-6.1%	-0.2%	-0.5%	-10.9%	-8.1%
JKX Oil	JKX	1.13	1.21	0.75	-0.3%	-0.7%	-4.0%	-4.5%	-0.9%	-4.1%	-6.0%	-6.4%
Ukrnafta	UNAF	154	174	96	1.2%	15.7%	42.2%	41.7%	0.6%	12.3%	40.2%	39.8%
Power Utilities												
Centrenerg	CEEN	4.60	7.40	2.50	-0.4%	4.1%	-2.0%	-3.5%	-1.0%	0.7%	-4.0%	-5.4%
Donbasenergo	DOEN	32.7	34.0	15.4	0.8%	0.3%	15.1%	18.5%	0.1%	-3.1%	13.1%	16.5%
Zakhidenergo	ZAEN	117.0	134.0	64.0	-3.3%	-1.6%	29.4%	29.4%	-3.9%	-5.0%	27.4%	27.5%
Consumer												
Agroton	AGT	0.90	3.5	0.36	4.4%	15.7%	-3.5%	38.7%	3.7%	12.3%	-5.6%	36.8%
Astarta	AST	19.2	24.4	14.5	-1.9%	-10.9%	-8.6%	-13.6%	-2.5%	-14.3%	-10.6%	-15.6%
Avangardo	AVGR	11.0	13.0	7.61	3.5%	-2.8%	-3.0%	-6.7%	2.9%	-6.3%	-5.1%	-8.7%
Industrial Milk Company	IMC	2.58	5.25	2.58	-0.6%	-10.8%	-38.0%	-36.1%	-1.2%	-14.2%	-40.1%	-38.0%
Kernel	KER	12.1	22.1	11.7	2.2%	-1.8%	-11.1%	-4.1%	1.5%	-5.2%	-13.2%	-6.0%
Mriya Agro Holding	MAYA	6.88	8.2	5.36	0.6%	0.5%	-4.9%	-7.6%	0.0%	-2.9%	-6.9%	-9.6%
MHPC	MHPC	14.9	19.9	14.15	0.0%	-0.5%	-15.2%	-12.3%	-0.6%	-4.0%	-17.3%	-14.2%
Milkiland	MLK	3.14	5.0	3.02	-2.2%	0.6%	-17.2%	-24.4%	-2.8%	-2.8%	-19.2%	-26.4%
Ovostar Union	OVO	24.6	33.3	21.3	1.2%	-3.5%	-18.5%	-26.0%	0.6%	-6.9%	-20.6%	-27.9%
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
Chemicals												
Stirol	STIR	11.2	n/a	n/a	-12.2%	-17.0%	-0.9%	-10.4%	-12.8%	-20.5%	-2.9%	-12.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.115	0.128	0.077	0.6%	0.9%	-0.2%	0.9%	0.0%	-2.5%	-2.2%	-1.1%
UkrSotsbank	USCB	0.171	0.257	0.111	1.7%	-0.9%	-6.6%	-8.9%	1.1%	-4.3%	-8.6%	-10.8%

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	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
Specialized Machinery																
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%
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	5,333	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			
Steel																		
Alchevsk Steel	ALMK	106	3.9%	4	1,900	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	491	458	444	\$/tonne
Yenakievo Steel	ENMZ	38	8.8%	3	32	4.4	neg	neg	neg	1.4	1.0	0.0	0.0	0.0	12	11	11	\$/tonne
Azovstal	AZST	295	3.0%	9	277	neg	neg	neg	neg	neg	7.9	0.1	0.1	0.1	60	61	61	\$/tonne
Coke																		
Avdyivka Coke	AVDK	63	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	17	9.0%	2	18	2.0	1.5	3.6	0.7	0.6	1.0	0.0	0.0	0.1	0.7	0.6	1.0	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	984	0.3%	2	982	10.3	5.5	6.6	4.2	3.1	3.5	1.6	1.4	1.5				
Pivnichny GOK	SGOK	2,021	0.4%	8	2,014	4.6	3.7	4.4	2.7	2.2	2.5	1.4	1.2	1.3				
Ferrexpo	FXPO	1,651	24.0%	396	2,217	7.7	6.9	6.7	5.5	5.1	4.9	1.6	1.4	1.4				
Coal Mining																		
Komsomolets Donbasa	SHKD	23	5.4%	1	125	3.2	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
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	177	2.0%	4	223	5.3	10.3	8.9	4.3	7.1	6.5	0.5	0.7	0.6	354	587	558	\$/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				
Kruiw Wagon	KVBZ	251	5.0%	13	251	2.6	10.2	14.0	1.9	3.9	5.1	0.3	0.6	0.8				
Stakhanov Wagon	SVGZ	32	8.0%	3	71	>30	neg	neg	9.9	12.1	13.1	0.2	0.4	0.5				
Specialized Machinery																		
Turboatom	TATM	168	5.8%	10	98	4.4	2.3	2.2	1.9	1.1	1.0	0.6	0.4	0.4				
Motor Sich	MSICH	455	24.0%	109	473	2.3	2.5	2.2	1.5	2.0	1.8	0.5	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	266	7.2%	19	588	5.9	5.4	4.1	2.9	2.7	2.8	0.7	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	949	3.0%	28	941	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	5.5	12.6	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	194	50.4%	98	303	neg	9.7	8.1	2.2	3.6	3.4	1.5	1.4	1.3	55	41	40	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	193	21.7%	42	262	6.7	4.5	3.9	3.8	4.2	3.8	0.2	0.3	0.3	15	18	16	\$/MWh
DonbasEnergO	DOEN	88	14.2%	13	158	23.0	1.8	2.1	4.9	2.2	2.5	0.3	0.2	0.2	19	20	19	\$/MWh
Consumer																		
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	968	61.8%	598	1,674	4.6	9.2	12.6	5.2	5.8	6.5	0.8	0.6	0.7				
Astarta	AST	481	37.0%	178	814	8.3	6.1	4.2	7.5	6.5	4.8	1.8	1.6	1.4				
Avangardco	AVGR	700	22.5%	158	899	3.1	2.7	2.3	3.2	2.7	2.4	1.4	1.3	1.1	203	155	146	\$/mneggs
Agroton	AGT	20	26.2%	5	69	2.9	neg	neg	3.4	5.4	5.8	0.8	1.0	0.9	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	391	3.6%	14		>30	4.4	3.4	0.5	0.4	0.5	0.07	0.07	0.07				
Ukrsotsbank	USCB	358	1.4%	5		>30	>30	19.4	0.5	0.3	0.4	0.08	0.07	0.08				

Source: Eavex Research

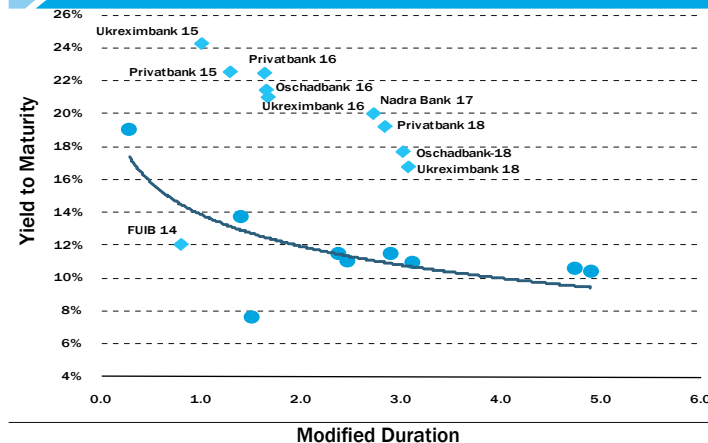
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2014	96.3	97.8	27.3%	19.6%	-3.0%	0.3	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC+/CCC
Naftogaz Ukraine, 2014	86.9	88.1	50.9%	45.7%	-12.9%	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	86.4	87.9	18.2%	16.9%	-10.8%	1.4	6.875%	S/A	23 Sept 2015	500	Caa2/CCC+/CCC
Ukraine, 2016	84.3	86.3	14.0%	12.9%	-9.2%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC+/CCC
Ukraine, 2016-2	84.9	87.2	13.1%	12.0%	-8.8%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC+/CCC
Ukraine, 2017	84.2	86.2	12.4%	11.6%	-8.1%	3.1	6.75%	S/A	14 Nov 2017	700	Caa2/CCC+/CCC
Ukraine, 2017-2	89.2	90.4	13.6%	13.1%	-9.5%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC+/CCC
Ukraine, 2017 Infr. projects	87.0	88.5	13.7%	13.1%	6.2%	2.9	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	84.9	85.9	11.3%	11.0%	-8.2%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC+/CCC
Ukraine, 2021	85.4	87.4	11.1%	10.6%	-7.8%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC+/CCC
Ukraine, 2022	82.9	83.9	10.9%	10.7%	-8.4%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC+/CCC
Ukraine, 2023	83.2	84.7	10.4%	10.1%	-7.3%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC+/CCC
Corporate Eurobonds											
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	98.0	98.8	13.4%	13.0%	-4.9%	1.1	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	79.5	81.2	13.2%	12.8%	-10.1%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC+/CCC
Avangardco, 2015	95.5	99.0	14.0%	11.4%	n/a	1.5	10.00%	S/A	29 Oct 2015	200	//CCC
UkrLandFarming, 2018	87.6	89.0	15.0%	14.5%	-2.1%	3.0	10.88%	S/A	26 Mar 2018	275	/CCC+/CCC
Mriya, 2016	93.8	96.0	15.6%	14.2%	-5.3%	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	96.5	14.7%	14.1%	-5.9%	1.1	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	82.9	84.6	13.4%	12.8%	-11.1%	3.2	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	97.9	98.8	13.3%	12.4%	-3.7%	1.1	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.3	88.3	13.5%	12.8%	-8.1%	3.2	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.0	93.1	12.8%	12.0%	-5.6%	1.8	7.875%	S/A	07 Apr 2016	500	/CCC+/CCC
UZ Rail, 2018	81.2	83.3	15.7%	14.9%	-10.3%	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	108.4	110.1	8.9%	8.4%	-1.6%	3.4	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
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	97.5	20.6%	17.9%	-1.8%	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	83.0	85.5	25.4%	22.8%	-5.5%	1.3	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	67.9	73.6	29.0%	23.9%	0.6%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	75.0	78.0	20.2%	18.9%	-8.6%	2.8	10.88%	S/A	28 Feb 2018	175	Caa2//CCC
UkrEximBank, 2015	83.0	85.0	29.2%	26.4%	-12.9%	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	72.9	75.9	18.8%	17.5%	-16.6%	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	77.7	80.2	24.3%	22.2%	-15.1%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//CCC
Oschadbank, 2018	70.0	73.0	19.7%	18.6%	-19.7%	3.0	8.88%	S/A	20 Mar 2018	500	Caa2//CCC
Municipal Eurobonds											
City of Kyiv, 2015	88.0	91.0	17.3%	14.9%	-3.7%	1.5	8.00%	S/A	6 Nov 2015	250	Caa2/CCC+/
City of Kyiv, 2016	88.0	90.5	15.5%	14.2%	-4.0%	2.0	9.375%	S/A	30 Jun 2016	300	Caa2/CCC+/

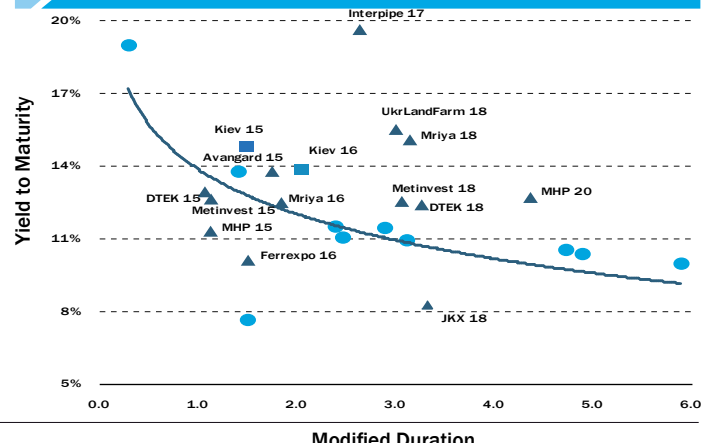
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



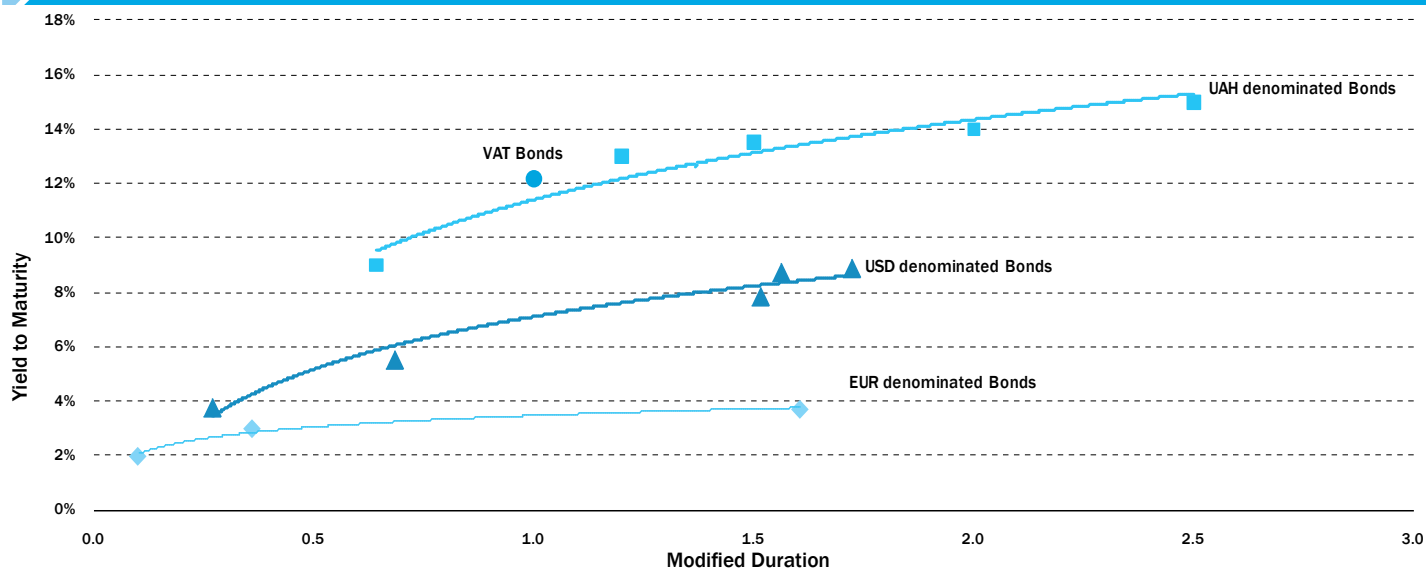
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			12.0%	9.0%	n/a	10.75%	S/A	26 Mar 2014	187
UA4000141592			17.5%	15.0%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			22.0%	18.0%	n/a	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000140362	n/a	n/a	7.0%	5.5%	n/a	9.20%	S/A	21 May 2014	171
UA4000142699	n/a	n/a	10.0%	9.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	10.4%	9.5%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	10.4%	9.5%	n/a	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000142681	n/a	n/a	7.4%	5.5%	n/a	4.80%	S/A	6 May 2015	40
VAT Bonds									
UA4000082531			20.5%	17.3%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			20.5%	17.3%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			20.5%	17.3%	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