

Market Update

Equity

Maybe someone in Ukraine's stock market had a crystal ball on Thursday afternoon (Feb 20), as the local market began to rise sharply well before it became apparent that President Yanukovich would sign a power-sharing deal with the opposition on Friday, and that his regime would then completely crumble over the weekend. During the two days of trading, the UX index added 7.1% to close at 933 points on Friday (Feb 21). Among particular stocks, actively traded Raiffeisen Bank Aval (BAVL UK) and DonbasEnergo (DOEN UK) both gained close to 7% on Friday. The performance of London-traded Ukrainian agro company MHP (MHPC LI) was even more impressive, with the stock jumping 9.8% to USD 14.50. In Warsaw Astarta (AST PW) rebounded from previous sharp losses by 9.1% to PLN 56.40, while Kernel (KER PW) advanced by 6.9%.

Fixed Income

Ukrainian sovereigns enjoyed a strong rally on Friday on news about a compromise agreement between President Yanukovich and the opposition that ceded some presidential powers to Parliament. Benchmark Ukraine-23s jumped 4.2p.p. to 84.2/86.2 (10.2%/9.8%). Corporate names followed the trend of the sovereigns, with MHP-20s and Metinvest-18s rebounding by 6.2p.p. and 4.7p.p. to close at 82.6/84.2 (12.4%/12.0%) and 90.0/91.1 (12.2%/11.8%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenergy	CEEN	4.60	3.6%	1.4	83
Motor Sich	MSICH	1950.00	0.2%	0.9	98
Alchevsk Steel	ALMK	0.035	4.8%	0.9	73

Growth Leaders

Stirol	STIR	13.50	14.6%	0.04	10
Avdyivka Coke	AVDK	2.90	9.8%	0.20	70
Raiffeisen Bank Aval	BAVL	0.11	7.2%	0.76	71

Loss Leaders

Motor Sich	MSICH	1,950.00	0.2%	0.911	98
Azovstal	AZST	0.62	1.2%	0.108	21
Yenakievo Steel	ENMZ	31.58	1.9%	0.389	31

Highlights

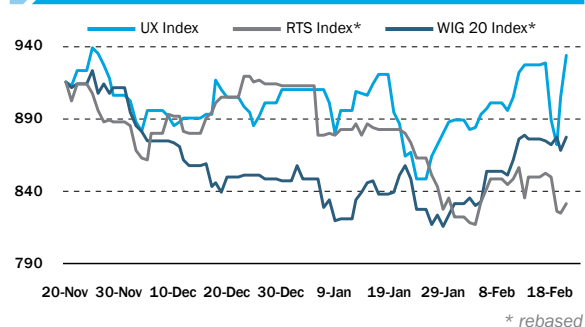
POLITICS AND ECONOMICS

- > Presidential Election Set for May 25; Tymoshenko Released from Jail
- > Turchinov Named Acting President as Opposition Assumes Power
- > Yanukovich Abandons Presidency; Southeastern Oblasts Hold "Federation" Conference

FRIDAY FEB 21 CHRONICLE

- > Yanukovich, Opposition Sign Power-Sharing Deal

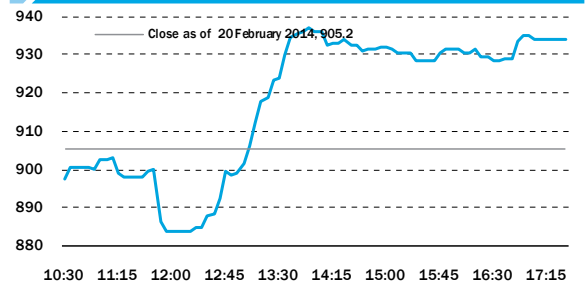
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	933.9	3.2%	5.3%	2.6%
RTS	1315.5	1.0%	-5.8%	-8.8%
WIG20	2487.7	1.0%	3.2%	3.6%
MSCI EM	959.3	0.9%	-1.2%	-4.3%
S&P 500	1836.3	-0.2%	-0.4%	-0.3%

UX INTRADAY FEBRUARY 21, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	363.5	-1.0%	6.6%	9.9%
CDS 5Y UKR	1134.4	-12.4%	52.3%	38.3%
Ukraine-17	11.3%	-1.2 p.p.	3.7 p.p.	2.3 p.p.
Naftogaz Ukr-14	26.7%	-5.7 p.p.	18.1 p.p.	18.0 p.p.
Ukraine-23	10.0%	-0.8 p.p.	1.5 p.p.	2.5 p.p.
Privatbank-16	25.5%	-0.6 p.p.	7.3 p.p.	0.8 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	8.95	0.0%	6.5%	8.6%
EUR	12.30	0.1%	7.9%	8.2%
RUB	0.25	0.7%	1.9%	0.4%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	275.2	0.0%	2.6%	-4.2%
Steel, USD/t	530.0	0.0%	-2.3%	-1.4%
Oil, USD/bbl	109.9	-0.4%	3.6%	-1.2%
Gold, USD/oz	1324.3	0.1%	6.7%	10.7%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Presidential Election Set for May 25; Tymoshenko Released from Jail

by Will Ritter
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NEWS

Parliament on Saturday (Feb 21) passed a resolution decriminalizing the legal statute on which former prime minister Yulia Tymoshenko was convicted for abuse of power charges in 2011, and she was immediately released from the penal colony near Kharkiv where she had been serving a 7-year sentence. Tymoshenko was then rushed to Kyiv, where she addressed approximately 50,000 demonstrators from the main EuroMaidan stage, telling them to “stay on the square until you have achieved everything you set out to.” The former PM said she is not interested in the vacant prime minister’s job but made no comment about whether she intends to compete for the presidency in an election which has been set for this May following Viktor Yanukovich’s effective abandonment of the office over the weekend.

COMMENTARY

Tymoshenko’s sudden release from jail and return to the political arena could set off a free-for-all in the race for the presidency; the prevailing assumption of the last six months that UDAR party leader Vitaliy Klitschko is the leading opposition contender for the job will need to be re-assessed. We note, however, that the response to Tymoshenko’s EuroMaidan address was mixed and not particularly enthusiastic, and that a pro-EuroMaidan demonstration was held on Sunday outside Parliament pointedly calling on Tymoshenko to retire from politics. We assume that current Batkivschyna party leader Arseniy Yatseniuk will cede the reins of the party to Tymoshenko and support her presidential candidacy, putting both into immediate and direct political competition with Klitschko. A key question for the election will be whether pro-EU oligarch Petro Poroshenko decides to run; while Poroshenko would be a formidable candidate, he would also split the moderate pro-EU vote with Klitschko, providing an opening for Tymoshenko or for far-right Svoboda party leader Oleg Tiagnybok. On the Party of Regions side, we assume that Serhiy Tigipko could be a strong contender in the race, as he has managed to keep his distance from Yanukovich during the period of the EuroMaidan and thus avoided discrediting himself. However, Tigipko will need the PoR to remain intact following the defection or abandonment of around one-third of its Parliament MPs in recent days. At this point, we see no serious perspectives for a hard-line pro-Russian or Communist candidate in the election.

Turchinov Named Acting President as Opposition Assumes Power

by Will Ritter
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NEWS

Batkivschyna party deputy leader Oleksandr Turchinov was named Acting President of Ukraine on Sunday (Feb 23), replacing Viktor Yanukovich, who effectively abandoned the office over the weekend. Turchinov assumed the presidency according to the rules of constitutional succession one day after being voted in as Parliament Speaker on the heels of Volodymyr Rybak's resignation, and an election to choose a new President was set for May 25. Deputy Parliament Speaker Ruslan Koshulinsky of the Svoboda party has taken over as acting Speaker.

Based on its expanded powers in accordance with Friday's return to the 2004 Constitution, Parliament also made a number of key appointments and dismissals, although acting Prime Minister Serhiy Arbutov has neither resigned nor been replaced. Most importantly, Vitaliy Zakharchenko was dismissed as Interior Minister and replaced by Batkivschyna's Arseniy Avakov; Viktor Pshonka was dismissed as General Prosecutor and replaced by the Svoboda Party's Oleg Makhnitsky; Valentin Nalivaiychenko of the UDAR party was appointed to head the Ukrainian Security Service (SBU), although the previous head, Igor Kalinin, was not dismissed and did not, to our knowledge, officially resign; and Foreign Minister Leonid Kozhara was dismissed, although a replacement was not appointed.

COMMENTARY

Turchinov, 50, is a senior member of the "Orange" old-guard that led the 2004 protest movement and a hard-line partisan ally of former Prime Minister Yulia Tymoshenko. He is a nuts-and-bolts political operator who is not well-known for his economic reform credentials and will probably not compete for the presidency in the May election. Avakov is similarly a hard-line member of Tymoshenko's party from Kharkiv who was prosecuted in 2011 for alleged embezzlement schemes involving sales of public land while he was Kharkiv governor during 2005-09; he fled to Italy and returned to Ukraine late in 2012 after being elected to Parliament and receiving immunity against the charges he had been facing. Nalivaiychenko previously headed the SBU in the latter years of Viktor Yuschenko's presidency, with his stewardship receiving largely positive reviews from democracy watchdogs. In the coming days, we expect other top appointments, including a new prime minister or foreign minister. Although the appointees are likely to be temporary given the approaching presidential election, they will have an important impact on what kind of financial assistance Ukraine will be able to negotiate from the IMF and Western governments in the immediate future to replace the suspended USD 15bn Russian bailout.

**Yanukovich Abandons Presidency;
Southeastern Oblasts Hold
“Federation” Conference**

by Will Ritter
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NEWS

Following a power-sharing deal signed with opposition leaders on Friday afternoon, President Yanukovich unexpectedly fled his residence north of Kyiv in the succeeding overnight hours to an unknown location, reported but not confirmed to be Kharkiv. The President left his elaborate estate unguarded, and thousands of journalists and ordinary citizens browsed the territory over the weekend. Yanukovich appeared on television on Saturday afternoon, condemning EuroMaidan protesters as “bandits” and stating that he has not resigned as President. However, Party of Regions leader Alexander Yefremov, long one of Yanukovich’s closest allies, on Sunday delivered a stunning, scathing condemnation of him, blaming him for the deaths of protesters and “criminal decisions that disgraced the Party of Regions and all Ukraine in the eyes of the world. Along with the President, approximately 50 hard-line pro-Russian MPs from the Party of Regions and the entire 32-member Communist faction effectively abandoned Parliament, but a quorum of more than 300 MPs remained to pass important resolutions over the weekend, including one which declared Yanukovich no longer capable of fulfilling his duties. Meanwhile, pro-Russian and Communist politicians on Saturday held a conference in Kharkiv featuring the PoR’s Mikhail Dobkin and Vadim Kolesnichenko calling for “autonomy” for Ukraine’s eastern oblasts. Sporadic rowdy demonstrations were reported over the weekend in southeastern Ukraine including in Kharkiv, Donetsk, and Crimea demanding secession from Kyiv.

COMMENTARY

We are unsure about the precise legality of Parliament’s resolution, as it was not an impeachment, but we can state with confidence that as of today, Yanukovich is no longer the President of Ukraine. We assume that the power-sharing compromise signed on Friday afternoon convinced key players in Ukraine’s “ciloviki” security organs that Yanukovich could no longer be expected to remain in power indefinitely, and they therefore withdrew their physical protection of him. This probably reduced his security to only his personal bodyguards and forced him into a decision of either fleeing Kyiv or facing the full wrath of the EuroMaidan’s most radical elements. Parliament elected Oleksandr Turchinov of the Batkivschyna opposition party as speaker on Saturday following the resignation of the PoR’s Volodymyr Rybak; Turchinov was then named Acting President on Sunday according to the constitutional succession formula.

**Yanukovich, Opposition
Sign Power-Sharing Deal**

by Will Ritter
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NEWS (PUBLISHED ON FRIDAY FEB 21 AFTERNOON)

President Yanukovich and opposition party leaders Arseniy Yatseniuk, Vitaliy Klitschko, and Oleg Tiahnybok this afternoon (Feb 21) put their signatures on an agreement that will allow the quick formation of a “national unity” government, change the Constitution to reduce presidential powers, and set an “early” presidential election date, the Ukrayinska Pravda news outlet is reporting. The agreement, brokered in the presence of the Polish and German foreign ministers, comes a day after an estimated 60 anti-government protesters were shot to death by unidentified uniformed security forces near Independence Square; the scene was captured on video footage shown around the world. The Russian government had sent a representative, Vladimir Lukin, to the talks at the presidential administration, but he refused to attend the signing ceremony for the deal, Pravda said. In response to the shocking images of uniformed snipers shooting repeatedly at protesters, the European Union had on Thursday imposed visa and asset-freezing sanctions against unspecified members of the Ukrainian government and the ruling Party of Regions. Three of the most hard-line pro-Russian figures in Ukraine - Party of Regions MP Oleg Tsarev, Communist MP Igor Kaletnik, and MP and Motor Sich CEO Viacheslav Boguslaev - were reported by local media to have fled the country earlier today.

COMMENTARY

Coverage of Thursday’s shocking events was universal among Ukraine’s major television stations, marking a notable change from the media policy of previous days and weeks, when the Ukrainian-language Channel 5 was often the only network providing regular coverage of the EuroMaidan story. We assume this change in policy indicates that Ukraine’s top media-owning oligarchs – Rinat Akhmetov, Igor Kolomoyskiy, Dmitry Firtash, and Viktor Pinchuk – have finally become more afraid of what the EU and US governments are capable of doing to their external real estate holdings and bank accounts, than they are of President Yanukovich’s power to destroy their businesses inside Ukraine. Moscow’s refusal to be a part of the brokered agreement is probably a sign that its demands for influence in the appointment of a new Ukrainian government were not met; the Kremlin has been consistently pushing Yanukovich to refuse to compromise with the opposition on the makeup of the Cabinet as a condition for continuing its financial support to his regime. Indeed, today’s political agreement, assuming it holds up, is only half of the equation necessary to stop the crisis in Ukraine, as an urgent package of economic aid from the West will need to be provided to any new Ukrainian government to replace the now-suspended USD 15bn Russian bailout and stave off a collapse in public finances in the coming months. We also underline that key details about the political agreement, most notably the practical timeline for the reduction in presidential powers and the exact date of the presidential election, remain unspecified. We suspect that the deal will result in a confrontation between the opposition politicians and radical protesters, who are likely to refuse to give up control of Independence Square and provincial government buildings in Western Ukraine as long as Yanukovich remains as president; several thousand protesters joined chants of “No Deal, No Deal!” today on Independence Square on an unusually warm, sunny day that saw the temperature reach the low 50s Fahrenheit in Kyiv. Finally, we believe that this agreement is only a “quick-fix” to Ukraine’s long-term problems, since a political system that maintains Ukraine as a unitary, highly centralized state while providing more power to Parliament will be even more vulnerable to endless gridlock between the country’s West/Center (mostly pro-EU) and its East/South (mostly pro-Russian), than is the current presidential system. Yet on the other hand, if today’s agreement fails to hold up, yesterday’s events show that any further escalation of the conflict is likely to result in all-out civil war.

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	165.1	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	8.66	U/R	na	U/R	On its EGM on 14 Feb 2014, SGOK's shareholders approved additional issue of 14.75mn of new shares implying 0.64% of the company's share capital.
Centralny GOK	CGOK	7.38	U/R	na	U/R	On its EGM on 19 Feb 2014, CGOK's shareholders will consider an approval of additional issue of 14.73mn of new shares implying 1.26% of the company's share capital.
Coke						
Avdyivka Coke	AVDK	2.90	6.2	115%	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.
Coal						
Pokrovske Mine	SHCHZ	0.45	2.9	554%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	20.0	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.40	5.2	274%	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	1950	5250	169%	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	11.0	42.0	282%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	65.0	370	469%	BUY	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
Power Utilities						
DonbasEnergO	DOEN	34.5	72.0	109%	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	4.60	15.00	226%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	14.5	22.10	52%	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	56.4	90.0	60%	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	10.5	19.35	85%	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	68.1	109.50	61%	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	933.91	1045.47	781.22	3.2%	0.7%	5.3%	2.6%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.035	0.06	0.02	4.8%	-3.0%	-2.5%	-9.3%	1.6%	-3.7%	-7.8%	-11.9%
Azovstal	AZST	0.62	0.90	0.31	1.2%	2.2%	-1.4%	-8.2%	-2.0%	1.5%	-6.7%	-10.8%
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	1.9%	1.1%	-0.9%	-1.3%	-1.2%	0.4%	-6.2%	-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	0.13	0.20	0.05	18.2%	18.2%	-13.3%	30.0%	15.0%	17.5%	-18.6%	27.4%
Coke												
Avdyivka Coke	AVDK	2.90	4.80	1.60	3.9%	3.8%	4.5%	-2.0%	0.7%	3.1%	-0.8%	-4.6%
Yasnyivsky Coking	YASK	0.57	0.84	0.49	7.5%	3.6%	3.6%	7.5%	4.4%	2.9%	-1.7%	4.9%
Iron Ore Mining												
Centralny GOK	CGOK	7.38	n/a	n/a	0.0%	0.0%	17.1%	13.5%	-3.2%	-0.7%	11.8%	10.9%
Ferrexpo	FXPO	2.75	3.84	2.02	3.1%	-3.5%	-2.7%	-12.9%	-0.1%	-4.2%	-8.0%	-15.5%
Pivnichny GOK	SGOK	8.66	10.00	5.77	6.4%	9.6%	8.3%	8.3%	3.2%	8.9%	2.9%	5.6%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.70	0.10	-8.2%	-8.2%	28.6%	12.5%	-11.3%	-8.9%	23.3%	9.9%
Komsomolets Donbasa	SHKD	0.50	n/a	n/a	0.0%	-18.0%	-16.7%	-19.4%	-3.2%	-18.7%	-22.0%	-22.0%
Energy Coal	CLE	0.43	3.76	0.31	5.5%	17.3%	3.3%	23.1%	2.3%	16.5%	-2.0%	20.4%
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	0.52	0.85	0.30	0.0%	-13.3%	-7.1%	-13.3%	-3.2%	-14.0%	-12.4%	-16.0%
Interpipe NMPP	NVTR	0.25	n/a	n/a	25.0%	8.7%	19.0%	19.0%	21.8%	8.0%	13.7%	16.4%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	20.0	29.0	12.0	-2.5%	11.0%	20.1%	15.5%	-5.7%	10.3%	14.8%	12.9%
Luhanskeplovoz	LTPL	1.40	2.20	1.20	16.7%	-6.7%	-6.7%	-6.7%	13.5%	-7.4%	-12.0%	-9.3%
Stakhanov Wagon	SVGZ	1.26	n/a	n/a	9.6%	0.8%	-0.8%	-3.1%	6.4%	0.1%	-6.1%	-5.7%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	14.5%	12.1%	1.1%	-3.2%	13.8%	6.8%	-1.5%
Motor Sich	MSICH	1,950	2,640	1,303	0.2%	-0.4%	6.6%	6.9%	-3.0%	-1.1%	1.3%	4.3%
Sumy Frunze Engineering	SMASH	2.60	n/a	n/a	6.1%	4.0%	4.4%	4.0%	3.0%	3.3%	-0.9%	1.4%
Turboatom	TATM	3.25	n/a	n/a	0.0%	0.0%	n/a	-7.1%	-3.2%	-0.7%	n/a	-9.8%
WESTA ISIC	WES	0.20	0.26	0.13	6.0%	20.6%	20.0%	46.6%	2.8%	19.8%	14.7%	44.0%
Telecom												
Ukrtelecom	UTLM	0.11	0.17	0.09	-12.9%	-9.5%	-18.6%	2.8%	-16.1%	-10.2%	-23.9%	0.2%
Oil & Gas												
Regal Petroleum	RPT	0.18	0.47	0.18	-1.2%	-6.9%	-21.3%	-13.1%	-4.4%	-7.6%	-26.6%	-15.7%
JKX Oil	JKX	1.08	1.21	0.75	-1.2%	-5.6%	-7.5%	-8.7%	-4.4%	-6.3%	-12.8%	-11.3%
Ukrnafta	UNAF	154	168	96	6.1%	-0.1%	39.6%	42.1%	3.0%	-0.8%	34.3%	39.5%
Power Utilities												
Centrenerg	CEEN	4.60	7.40	2.50	3.4%	0.7%	0.0%	-3.5%	0.3%	0.0%	-5.3%	-6.1%
Donbasenergo	DOEN	34.5	34.8	15.4	4.2%	4.3%	15.1%	24.9%	1.1%	3.6%	9.8%	22.3%
Zakhidenergo	ZAEN	118.5	134.0	64.0	2.2%	1.3%	29.9%	31.1%	-1.0%	0.6%	24.6%	28.5%
Consumer												
Agroton	AGT	1.42	3.5	0.36	0.6%	53.7%	64.3%	119.2%	-2.6%	53.0%	59.0%	116.6%
Astarta	AST	18.7	24.4	14.5	9.1%	-4.6%	-15.3%	-16.2%	5.9%	-5.3%	-20.6%	-18.8%
Avangardo	AVGR	10.5	13.0	7.61	5.2%	-5.0%	-10.6%	-11.1%	2.0%	-5.7%	-15.9%	-13.7%
Industrial Milk Company	IMC	3.11	5.21	2.57	10.2%	20.8%	-20.1%	-23.1%	7.0%	20.1%	-25.4%	-25.7%
Kernel	KER	11.8	21.7	11.0	6.9%	-3.4%	-11.8%	-6.8%	3.7%	-4.1%	-17.1%	-9.4%
Mriya Agro Holding	MAYA	7.08	8.2	5.36	0.2%	2.7%	1.1%	-4.9%	-2.9%	2.0%	-4.2%	-7.6%
MHPC	MHPC	14.5	19.9	13.05	9.8%	-1.6%	-18.1%	-14.8%	6.7%	-2.3%	-23.4%	-17.4%
Milkiland	MLK	3.30	4.9	3.02	0.6%	2.8%	0.6%	-20.6%	-2.6%	2.1%	-4.7%	-23.2%
Ovostar Union	OVO	22.5	33.3	21.3	5.4%	-6.6%	-25.5%	-32.3%	2.2%	-7.3%	-30.8%	-34.9%
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	13.5	n/a	n/a	14.9%	20.5%	3.8%	8.0%	11.7%	19.8%	-1.5%	5.4%
Banks												
Raiffeisen Bank Aval	BAVL	0.114	0.127	0.077	7.2%	-0.9%	8.0%	0.1%	4.0%	-1.6%	2.7%	-2.5%
UkrSotsbank	USCB	0.167	0.257	0.111	6.1%	1.6%	-3.3%	-11.1%	2.9%	0.9%	-8.6%	-13.8%

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	101	3.9%	4	1,895	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	490	457	443	\$/tonne
Yenakievo Steel	ENMZ	37	8.8%	3	32	4.3	neg	neg	neg	1.4	1.0	0.0	0.0	0.0	12	11	11	\$/tonne
Azovstal	AZST	289	3.0%	9	271	neg	neg	neg	neg	neg	7.7	0.1	0.1	0.1	59	60	60	\$/tonne
Coke																		
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	1.6	3.7	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	966	0.3%	2	965	10.2	5.4	6.4	4.2	3.1	3.5	1.6	1.4	1.5				
Pivnichny GOK	SGOK	2,229	0.4%	9	2,223	5.1	4.1	4.8	3.0	2.4	2.7	1.6	1.4	1.5				
Ferrexpo	FXPO	1,617	24.0%	388	2,183	7.5	6.7	6.5	5.4	5.0	4.9	1.5	1.4	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	19	5.4%	1	121	2.6	1.1	1.1	1.0	1.3	1.3	0.4	0.5	0.5	29	28	27	\$/tonne
Coal Energy	CLE	20	25.0%	5	130	0.5	neg	neg	2.1	6.1	14.4	0.8	1.0	1.3	2.1	6.1	14.4	\$/tonne
Pipe Manufacturing																		
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	518	492	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	34	24.0%	8	76	7.1	1.9	1.7	2.6	2.1	2.0	0.4	0.2	0.2				
Kruiiv Wagon	KVBZ	256	5.0%	13	256	2.7	10.4	14.3	1.9	3.9	5.2	0.3	0.6	0.8				
Stakhanov Wagon	SVGZ	32	8.0%	3	71	>30	neg	neg	9.9	12.1	13.0	0.2	0.4	0.5				
Specialized Machinery																		
Turboatom	TATM	165	5.8%	10	97	4.3	2.3	2.2	1.9	1.1	1.0	0.6	0.4	0.4				
Motor Sich	MSICH	453	24.0%	109	471	2.3	2.5	2.2	1.5	2.0	1.8	0.5	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	237	7.2%	17	558	5.2	4.8	3.6	2.7	2.6	2.7	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	935	3.0%	28	927	5.3	7.1	7.7	2.9	2.5	2.6	0.5	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	59	21.6%	13	30	5.1	11.6	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	186	50.4%	94	294	neg	9.3	7.7	2.2	3.5	3.3	1.4	1.4	1.3	54	40	39	\$/boe
Electric Utilities																		
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	91	14.2%	13	161	23.8	1.9	2.1	5.0	2.2	2.5	0.3	0.2	0.2	20	21	20	\$/MWh
Consumer																		
MHP	MHPC	1,532	34.1%	522	2,692	4.9	7.6	5.7	5.8	6.5	4.9	1.9	1.9	1.6				
Kernel	KER	941	61.8%	581	1,647	4.5	9.0	12.2	5.1	5.7	6.4	0.8	0.6	0.7				
Astarta	AST	466	37.0%	173	800	8.0	6.0	4.1	7.3	6.4	4.7	1.8	1.6	1.3				
Avangardco	AVGR	667	22.5%	150	867	2.9	2.6	2.2	3.1	2.6	2.3	1.4	1.2	1.1	196	149	140	\$/mneqgs
Agroton	AGT	31	26.2%	8	80	4.5	neg	neg	3.9	6.3	6.8	0.9	1.2	1.0	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	381	3.6%	14		>30	4.3	3.3	0.5	0.4	0.4	0.06	0.07	0.07				
Ukrsotsbank	USCB	343	1.4%	5		>30	>30	19.4	0.4	0.3	0.3	0.08	0.07	0.08				

Source: Eavex Research

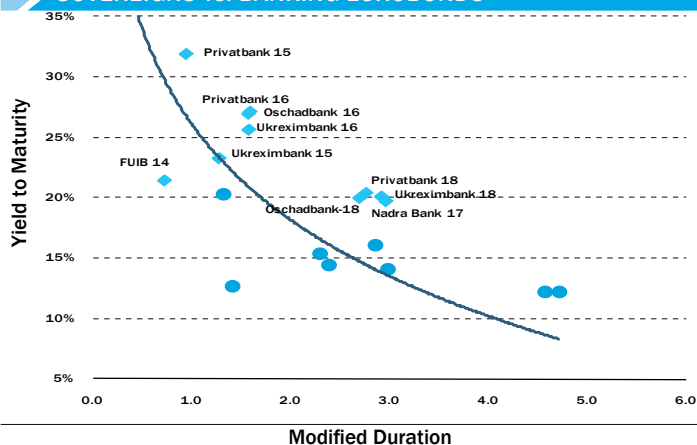
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2014	96.0	97.0	32.2%	26.0%	-3.5%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/B-
Naftogaz Ukraine, 2014	90.3	91.7	40.7%	35.6%	-9.4%	0.5	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	87.0	88.0	15.3%	14.4%	-8.9%	1.4	4.95%	A	13 Oct 2015	600*	Caa2/CCC/B-
Ukraine, 2015	86.9	88.4	18.0%	16.6%	-10.3%	1.3	6.875%	S/A	23 Sept 2015	500	Caa2/CCC/B-
Ukraine, 2016	84.9	86.9	13.7%	12.7%	-8.6%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC/B-
Ukraine, 2016-2	85.3	87.3	13.0%	12.0%	-8.5%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC/B-
Ukraine, 2017	84.9	87.9	12.2%	11.0%	-6.8%	3.0	6.75%	S/A	14 Nov 2017	700	Caa2/CCC/B-
Ukraine, 2017-2	88.2	89.7	14.1%	13.4%	-10.3%	2.9	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC/B-
Ukraine, 2017 Infr. projects	87.0	88.5	13.8%	13.2%	6.2%	2.9	8.375%	S/A	3 Nov 2017	568	Caa2//
Ukraine, 2018 Infr. projects	84.3	86.0	13.1%	12.4%	8.4%	3.3	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	86.2	87.7	11.0%	10.6%	-6.6%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/B-
Ukraine, 2021	86.0	87.5	11.0%	10.6%	-7.4%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC/B-
Ukraine, 2022	84.2	85.7	10.7%	10.4%	-6.8%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/B-
Ukraine, 2023	84.2	86.2	10.2%	9.8%	-5.8%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/B-
Corporate Eurobonds											
Agroton, 2014	35.0	42.9	51.1%	40.6%	n/a	2.5	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.0	100.0	12.4%	11.9%	-3.8%	1.1	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	82.6	84.2	12.4%	12.0%	-6.7%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/B-
Avangardco, 2015	95.0	97.0	14.5%	13.0%	n/a	1.4	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	87.0	88.8	15.3%	14.6%	-2.6%	3.0	10.88%	S/A	26 Mar 2018	275	/CCC/B-
Mriya, 2016	96.0	98.0	14.3%	13.0%	-3.2%	1.7	10.95%	S/A	30 Mar 2016	72	/CCC/B-
Mriya, 2018	82.1	84.0	15.5%	14.7%	-4.7%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC/B-
DTEK, 2015	96.5	97.8	14.2%	12.8%	-5.0%	1.0	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	84.1	86.0	13.0%	12.3%	-9.8%	3.2	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	98.5	99.0	12.7%	12.2%	-0.8%	1.1	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	90.0	91.1	12.2%	11.8%	-4.7%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	93.2	95.2	12.2%	10.8%	-3.9%	1.8	7.875%	S/A	07 Apr 2016	500	/CCC/B-
UZ Rail, 2018	81.0	84.0	15.8%	14.7%	-10.1%	3.2	9.50%	S/A	21 May 2018	500	/CCC/B-
Interepipe, 2017	82.1	84.0	18.0%	16.7%	6.7%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	107.5	109.2	9.1%	8.7%	-2.4%	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	90.0	95.0	34.7%	23.2%	-6.1%	0.7	11.00%	Q	31 Dec 2014	275	Caa2//
Nadra Bank, 2017	79.3	85.0	27.0%	20.8%	6.7%	2.7	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	80.0	85.0	29.3%	23.7%	-7.4%	1.2	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	67.9	74.3	29.4%	23.6%	1.1%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	77.3	79.4	19.3%	18.4%	-6.4%	2.8	10.88%	S/A	28 Feb 2018	175	Caa2//B-
UkrEximBank, 2015	83.0	85.5	30.0%	26.4%	-12.7%	1.0	8.38%	S/A	27 Apr 2015	750	Caa2//B-
UkrEximBank, 2016	70.0	73.0	28.8%	25.9%	-16.2%	1.6	8.40%	S/A	2 Sept 2016	125	Caa2//B-
UkrEximBank, 2018	75.2	77.0	17.8%	17.0%	-14.7%	3.0	8.75%	S/A	22 Jan 2018	500	Caa2//B-
VAB Bank, 2014	78.0	82.0	n/a	n/a	-6.4%	n/a	10.50%	Q	14 Jun 2014	125	Caa2//WD
Oschadbank, 2016	78.0	82.0	24.4%	21.1%	-14.0%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//B-
Oschadbank, 2018	72.1	75.9	19.0%	17.4%	-16.9%	3.0	8.88%	S/A	20 Mar 2018	500	Caa2//B-
Municipal Eurobonds											
City of Kyiv, 2015	86.2	88.0	19.0%	17.5%	-6.3%	1.4	8.00%	S/A	6 Nov 2015	250	Caa2/CCC/
City of Kyiv, 2016	86.0	88.0	16.7%	15.6%	-6.5%	2.0	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

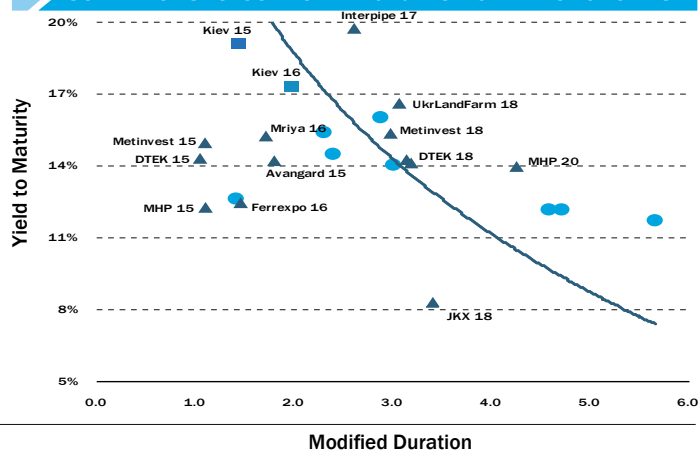
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



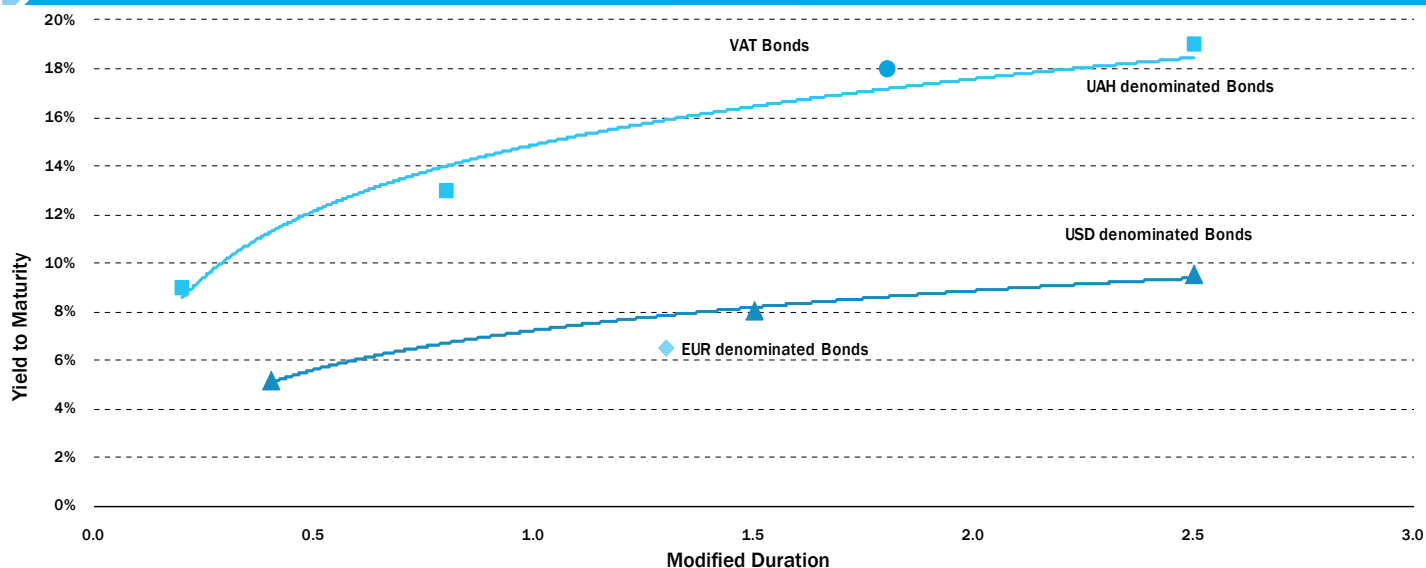
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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

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