

## Market Update

### Equity

Locally-listed Ukrainian stocks were mostly higher again on Tuesday (Feb 25) following Monday's massive gains, although issues listed in London ended lower as apparent internal squabbling as well as possible Western pressure against certain ministerial candidates delayed the formation of a new government until at least Thursday. The UX index added 1.5% to close at 1092 points, driven by gains of more than 5% each in UkrNafta, Alchevsk Steel, and Raiffeisen Aval, with the latter finishing at 14.50 kopecks, its highest level in nearly two years. DonbasEnergo picked up 2.3% and CentrEnergo rose in line with UX benchmark, but Yenakievo Steel corrected by 6.3% following its 30% jump in the previous session. Outside the UX basket, UkrTelecom and Yasynivsky Coke each added a solid 7.7%. In London, Ferrexpo and MHP both edged down by around 1%, while Avangard and JXK Oil&Gas saw more notable declines, dropping by 4.6% and 3.1% to end at USD 10.45 and GBP 62.25, respectively.

### Fixed Income

Ukrainian sovereigns corrected on Tuesday after two previous sessions of sharp gains, with Ukraine-23s declining by 2.3p.p. to 87.1/89.1 (9.7%/9.3%) on news that Ukraine's emerging post-Yanukovich leadership was forced to delay the formation of a new Cabinet of Ministers. Corporate names also finished mostly in the red. MHP-20s and DTEK-18s fell by 2.1p.p. and 2.9p.p., closing at 84.4/85.4 (11.9%/11.7%) and 82.4/84.7 (13.6%/12.8%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2083.00	-0.8%	22.1	269
Centrenergo	CEEN	5.29	1.4%	4.8	389
Ukrnafta	UNAF	185.000	5.1%	3.2	240

### Growth Leaders

Khmelnitskoblenergo	HMON	0.96	20.0%	0.07	10
Mostobud	MTBD	18.00	20.0%	0.10	15
Poltavsky GOK	PGOK	11.98	16.5%	0.04	13

### Loss Leaders

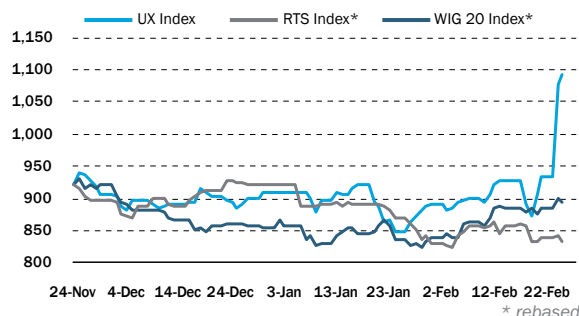
Donetskoblenergo	DOON	22.70	-11.0%	0.143	43
Yenakievo Steel	ENMZ	37.99	-6.3%	2.941	228
Avdyivka Coke	AVDK	3.19	-3.8%	2.168	220

## Highlights

### STOCKS IN THE NEWS

- > Kernels Borrows USD 80mn at Undisclosed Interest Rate
- > Avdyivka Posts Heavy UAH 210mn Fourth-Quarter Loss
- > Pivnichny, Centralny GOKs Report Substantial YoY Rise in FY13 Profits

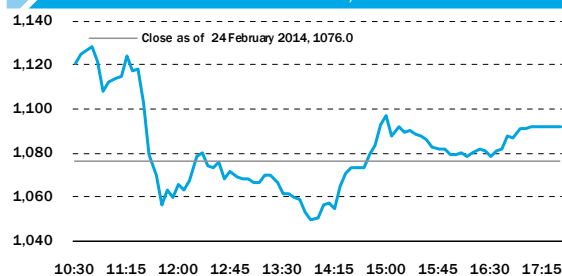
### STOCK MARKET PERFORMANCE



### MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1092.3	1.5%	28.6%	20.0%
RTS	1306.4	-1.0%	-4.2%	-9.5%
WIG20	2507.1	-0.8%	6.8%	4.4%
MSCI EM	955.5	-0.3%	0.6%	-4.6%
S&P 500	1845.1	-0.1%	3.1%	0.2%

### UX INTRADAY FEBRUARY 25, 2014



### FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	356.7	0.6%	-3.0%	7.8%
CDS 5Y UKR	981.6	3.9%	6.1%	19.7%
Ukraine-17	11.0%	0.8 p.p.	1.4 p.p.	2.0 p.p.
Naftogaz Ukr-14	28.9%	6.4 p.p.	15.8 p.p.	20.2 p.p.
Ukraine-23	9.5%	0.4 p.p.	0.2 p.p.	2.0 p.p.
Privatbank-16	22.7%	0.0 p.p.	3.0 p.p.	-2.0 p.p.

### CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	9.73	6.0%	15.3%	18.0%
EUR	13.37	6.0%	15.2%	17.6%
RUB	0.27	5.4%	11.2%	8.4%

### COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	277.4	0.0%	1.9%	-3.5%
Steel, USD/t	530.0	0.0%	-2.3%	-1.4%
Oil, USD/bbl	109.5	-1.0%	2.2%	-1.5%
Gold, USD/oz	1340.6	0.3%	5.6%	12.0%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Kernels Borrows USD 80mn at Undisclosed Interest Rate

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### KERNEL (KER PW)

Price: PLN 36.75 Market Cap: USD 968mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.6	9.2	5.8	2%
2014E	0.7	12.6	6.5	2%

## NEWS

Warsaw-listed Kernel Holding, Ukraine's largest sunflower oil producer, has secured a USD 80mn credit line from a syndicate of Ukrainian and European banks, the company reported on Tuesday (Feb 25). The group intends to use the secured funds to finance working capital for crop production in 2014. No further details about the loan were disclosed.

## COMMENTARY

While Kernel's ability to raise funds on the eve of its crop sowing campaign is positive news, the unanswered question on the table is how much it will have to pay to service the loan. As of 30 Sept 2013 (the latest available data), the group's net debt stood at USD 712mn, implying a Net Debt/EBITDA ratio of 3.3x. Also, adjusting for inventories readily available for sale, Kernel's Net Debt/EBITDA ratio was 2.0x based on the last available data.

## Avdyivka Posts Heavy UAH 210mn Fourth-Quarter Loss

by Ivan Dzvinka  
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### AVDYIVKA COKE (AVDK UK)

Price: UAH 3.19 Market Cap: USD 65mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	0.07	neg*	1.34	0%
2014E	0.08	neg	2.14	0%

\*actual data

## NEWS

Metinvest-controlled Avdyivka Coke, Ukraine's largest coke maker, posted a net loss of UAH 195mn (USD 21mn) in full-year 2013 (about 5x less than its net loss for FY12), according to the company's annual meeting announcement for Apr 10. Other figures from the profit and loss statement were not disclosed. In 4Q13, the company reported a net loss of UAH 212mn vs. loss of UAH 12mn in 3Q13.

## COMMENTARY

Avdyivka's bottom line for 4Q13 was, unsurprisingly, far from reflecting the fundamental situation of the company's business; such distortionary practices have been consistently used by the company in the past, and there is generally no rhyme or reason in the company's reporting from one quarter to the next. While coke prices were flat in 4Q13 vs. 3Q, coking coal prices (core inputs) posted a 2-3% decline over the period. Thus, even the 9% QoQ drop in Avdyivka's coke output in 4Q13 hardly explains the massive net loss immediately after what was essentially a breakeven third quarter.

**Pivnichny, Centralny GOKs Report  
Substantial YoY Rise in FY13 Profits**

by Ivan Dzvinka  
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**NEWS**

Metinvest-controlled iron ore mining companies Pivnichny GOK and Centralny GOK revealed their bottom lines for 2013 in annual shareholder meeting announcements on Tuesday, with both meetings set for Mar 31. Pivnichny reported a net profit of UAH 4.44bn (+26% YoY), while its retained earnings as of end-2013 stood at UAH 10.32bn. Centralny's reported bottom line more than doubled YoY (+2.1x) to UAH 1.58bn. The retained earnings of the company as of end-2013 amounted to UAH 3.45bn.

**COMMENTARY**

Despite a decline in Ukrainian domestic and export prices for iron ore products in the range of 5% to 20% YoY over 2013, the twin Metinvest-controlled mining companies managed to improve their financial results substantially. We attribute this development mainly to sales of iron ore to intra-group Metinvest-owned steel mills at above-market prices (befitting the mining companies' status as profit centers of the group) as well as in optimization of operational costs. Although Metinvest, which is a 99%-plus owner, refused to distribute any dividends from either of the GOKs for FY12, a decision to pay out 100% of the FY13 profit would lead to dividends of UAH 1.93 per share for Pivnichny and UAH 1.34 for Centralny. In the event that all the retained earnings are paid out, the respective dividends would be UAH 4.48 and UAH 2.94, implying dividend yields of 38-47% of the current Ukrainian Exchange share prices.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.77	0.56	-28%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	169.0	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	9.30	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	8.00	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	3.19	6.2	96%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.72	3.4	380%	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	0.50	2.9	489%	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	24.0	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.55	5.2	238%	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	2083	5250	152%	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	62.3	370	494%	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	41.4	72.0	74%	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	5.29	15.00	184%	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	15.3	22.10	45%	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	58.0	90.0	55%	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	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	1092.30	1129.01	781.22	1.5%	22.8%	28.6%	20.0%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.042	0.06	0.02	5.1%	17.8%	19.2%	7.2%	3.5%	-4.9%	-9.5%	-12.8%
Azovstal	AZST	0.77	0.90	0.31	1.3%	29.4%	31.4%	14.9%	-0.2%	6.6%	2.8%	-5.1%
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	38.0	52.0	20.0	-7.3%	22.5%	24.6%	18.7%	-8.8%	-0.3%	-4.1%	-1.3%
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	0.19	0.20	0.05	0.0%	72.7%	26.7%	90.0%	-1.5%	50.0%	-2.0%	70.0%
<b>Coke</b>												
Avdivka Coke	AVDK	3.19	4.80	1.60	-4.5%	18.6%	22.2%	7.7%	-6.0%	-4.2%	-6.5%	-12.3%
Yasnyivsky Coking	YASK	0.72	0.84	0.49	7.5%	26.3%	38.5%	35.8%	5.9%	3.5%	9.8%	15.8%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	8.00	n/a	n/a	3.9%	8.4%	27.0%	23.1%	2.4%	-14.4%	-1.7%	3.0%
Ferrexpo	FXPO	2.82	3.72	2.02	-0.9%	-1.1%	5.7%	-10.5%	-2.4%	-23.9%	-23.0%	-30.6%
Pivnichny GOK	SGOK	9.30	10.00	5.77	-2.6%	19.1%	12.0%	16.3%	-4.1%	-3.7%	-16.6%	-3.8%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.50	0.70	0.10	-5.7%	2.0%	61.3%	25.0%	-7.2%	-20.7%	32.6%	5.0%
Komsomolets Donbasa	SHKD	0.66	n/a	n/a	0.0%	8.2%	10.0%	6.5%	-1.5%	-14.6%	-18.6%	-13.6%
Energy Coal	CLE	0.67	3.56	0.31	10.0%	72.2%	99.2%	91.5%	8.5%	49.5%	70.5%	71.4%
<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	0.62	0.85	0.30	0.0%	24.0%	24.0%	3.3%	-1.5%	1.2%	-4.6%	-16.7%
Interpipe NMPP	NVTR	0.28	n/a	n/a	-3.4%	21.7%	33.3%	33.3%	-5.0%	-1.0%	4.7%	13.3%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	24.0	29.0	12.0	4.3%	31.9%	41.1%	38.7%	2.8%	9.1%	12.5%	18.6%
Luhanskeplovoz	LTPL	1.55	2.20	1.20	0.0%	3.3%	11.5%	3.3%	-1.5%	-19.4%	-17.1%	-16.7%
Stakhanov Wagon	SVGZ	1.28	n/a	n/a	-8.6%	11.3%	6.7%	-1.5%	-10.1%	-11.5%	-22.0%	-21.6%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	0.0%	41.0%	37.5%	42.6%	-1.5%	18.3%	8.8%	22.6%
Motor Sich	MSICH	2,083	2,640	1,303	-0.9%	9.3%	24.1%	14.2%	-2.4%	-13.5%	-4.6%	-5.8%
Summy Frunze Engineering	SMASH	3.33	n/a	n/a	-4.9%	51.4%	33.2%	33.2%	-6.4%	28.6%	4.6%	13.2%
Turboatom	TATM	3.25	n/a	n/a	0.0%	0.0%	n/a	-7.1%	-1.5%	-22.8%	n/a	-27.2%
WESTA ISIC	WES	0.25	0.26	0.13	-6.0%	31.3%	65.6%	86.6%	-7.6%	8.5%	36.9%	66.6%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.17	0.09	8.1%	15.9%	28.7%	31.7%	6.6%	-6.9%	0.0%	11.7%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.19	0.47	0.18	-9.7%	-5.3%	-18.0%	-10.8%	-11.2%	-28.0%	-46.6%	-30.8%
JKX Oil	JKX	1.04	1.21	0.75	-2.8%	-8.8%	-8.7%	-12.3%	-4.3%	-31.6%	-37.4%	-32.3%
Ukrnafta	UNAF	185	195	96	5.1%	35.4%	70.2%	70.3%	3.6%	12.7%	41.5%	50.3%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.29	7.40	2.50	1.4%	22.2%	21.9%	10.9%	-0.1%	-0.6%	-6.7%	-9.1%
Donbasenergo	DOEN	41.4	43.0	15.4	3.4%	31.6%	40.8%	50.1%	1.9%	8.8%	12.2%	30.0%
Zakhidenergo	ZAEN	130.9	134.0	64.0	0.7%	21.9%	63.2%	44.8%	-0.8%	-0.9%	34.6%	24.8%
<b>Consumer</b>												
Agroton	AGT	1.49	3.5	0.36	0.0%	24.7%	103.1%	129.7%	-1.5%	1.9%	74.5%	109.7%
Astarta	AST	19.2	24.4	14.5	-0.8%	-0.6%	-10.4%	-13.7%	-2.3%	-23.4%	-39.1%	-33.7%
Avangardo	AVGR	10.5	13.0	7.61	-4.9%	-7.0%	-9.0%	-11.0%	-6.4%	-29.8%	-37.6%	-31.0%
Industrial Milk Company	IMC	3.30	5.21	2.57	-4.8%	9.8%	-9.7%	-18.4%	-6.4%	-13.0%	-38.3%	-38.4%
Kernel	KER	12.2	21.1	11.0	-3.1%	-0.4%	-6.7%	-3.9%	-4.6%	-23.1%	-35.3%	-23.9%
Mriya Agro Holding	MAYA	7.22	8.2	5.36	1.9%	-0.7%	2.0%	-3.1%	0.4%	-23.5%	-26.6%	-23.1%
MHPC	MHPC	15.3	19.9	13.05	-0.8%	12.7%	-12.1%	-10.2%	-2.4%	-10.1%	-40.8%	-30.3%
Milkiland	MLK	3.45	4.9	3.02	2.4%	0.0%	7.7%	-17.0%	0.9%	-22.8%	-21.0%	-37.1%
Ovostar Union	OVO	24.8	33.3	21.3	1.5%	0.6%	-9.1%	-25.4%	0.0%	-22.2%	-37.8%	-45.4%
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	15.5	n/a	n/a	0.3%	28.0%	23.9%	23.9%	-1.3%	5.2%	-4.7%	3.9%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.145	0.155	0.077	5.5%	33.0%	38.2%	27.8%	4.0%	10.3%	9.6%	7.7%
UkrSotsbank	USCB	0.192	0.257	0.111	3.1%	23.4%	6.1%	2.4%	1.6%	0.6%	-22.6%	-17.6%

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	169	188	20.4%	16.9%	16.9%
<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	505	559	109	81	138	20.0%	13.4%	20.5%	58	13	82	10.6%	2.2%	12.2%
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	110	3.9%	4	1,904	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	492	459	446	\$/tonne
Yenakievo Steel	ENMZ	41	8.8%	4	36	4.8	neg	neg	neg	1.6	1.1	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	333	3.0%	10	315	neg	neg	neg	neg	neg	8.9	0.1	0.2	0.2	69	70	69	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	64	6.8%	4	61	neg	neg	neg	neg	1.3	2.1	0.1	0.1	0.1	14	16	17	\$/tonne
Yasynivsky Coke	YASK	20	9.0%	2	21	2.4	1.8	4.3	0.8	0.7	1.1	0.0	0.1	0.1	0.8	0.7	1.1	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	964	0.3%	2	962	10.1	5.4	6.4	4.1	3.1	3.4	1.6	1.4	1.5				
Pivnichny GOK	SGOK	2,203	0.4%	9	2,197	5.0	4.0	4.8	2.9	2.4	2.7	1.6	1.3	1.5				
Ferrexpo	FXPO	1,661	24.0%	399	2,227	7.7	6.9	6.7	5.5	5.1	5.0	1.6	1.4	1.4				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	23	5.4%	1	125	3.2	1.3	1.3	1.0	1.4	1.3	0.5	0.6	0.5	30	29	28	\$/tonne
Coal Energy	CLE	30	25.0%	8	140	0.8	neg	neg	2.2	6.6	15.6	0.8	1.1	1.4	2.2	6.6	15.6	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	166	2.0%	3	211	4.9	9.6	8.3	4.1	6.8	6.1	0.4	0.7	0.6	336	556	528	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	35	24.0%	8	77	7.2	2.0	1.7	2.6	2.2	2.0	0.4	0.2	0.2				
Kruiiv Wagon	KVBZ	283	5.0%	14	283	3.0	11.5	15.8	2.1	4.4	5.7	0.3	0.7	0.9				
Stakhanov Wagon	SVGZ	30	8.0%	2	69	>30	neg	neg	9.6	11.7	12.6	0.2	0.4	0.5				
<b>Specialized Machinery</b>																		
Turboatom	TATM	152	5.8%	9	84	4.0	2.1	2.0	1.6	0.9	0.9	0.5	0.4	0.3				
Motor Sich	MSICH	445	24.0%	107	461	2.2	2.6	2.4	1.5	2.0	1.8	0.5	0.5	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	279	7.2%	20	601	6.2	5.6	4.3	2.9	2.8	2.9	0.7	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,032	3.0%	31	1,023	5.9	7.8	8.5	3.2	2.7	2.9	0.6	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	60	21.6%	13	32	5.2	11.9	4.7	1.5	1.9	1.0	0.6	0.8	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	178	50.4%	90	287	neg	8.9	7.4	2.1	3.4	3.2	1.4	1.4	1.2	52	39	38	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	201	21.7%	44	270	7.0	4.7	4.0	3.9	4.4	3.9	0.2	0.3	0.3	15	19	16	\$/MWh
DonbasEnergO	DOEN	101	14.2%	14	171	26.3	2.1	2.3	5.3	2.4	2.7	0.3	0.3	0.2	21	22	21	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,614	34.1%	550	2,774	5.2	8.0	6.0	5.9	6.7	5.1	2.0	2.0	1.7				
Kernel	KER	970	61.8%	599	1,676	4.6	9.2	12.6	5.2	5.8	6.5	0.8	0.6	0.7				
Astarta	AST	480	37.0%	178	814	8.3	>30	5.9	7.5	10.0	5.9	1.8	1.6	1.5				
Avangardco	AVGR	668	22.5%	150	868	2.9	2.6	2.2	3.1	2.6	2.3	1.4	1.2	1.1	196	149	140	\$/mneggs
Agroton	AGT	32	26.2%	8	81	4.8	neg	neg	4.0	6.5	6.9	0.9	1.2	1.1	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	448	3.6%	16		>30	5.0	3.9	0.6	0.5	0.5	0.08	0.08	0.08				
Ukrsotsbank	USCB	363	1.4%	5		>30	>30	19.4	0.5	0.3	0.4	0.08	0.07	0.08				

Source: Eavex Research

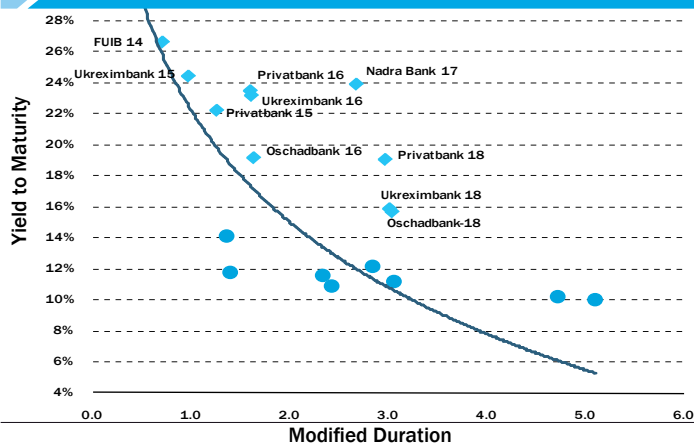
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	94.0	95.0	47.6%	40.0%	-5.5%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/B-
Naftogaz Ukraine, 2014	89.1	91.1	46.7%	38.3%	-10.4%	0.5	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	90.5	92.0	12.3%	11.1%	-4.9%	1.4	4.95%	A	13 Oct 2015	600*	Caa2/CCC/B-
Ukraine, 2015	90.6	92.1	14.7%	13.4%	-6.5%	1.4	6.875%	S/A	23 Sept 2015	500	Caa2/CCC/B-
Ukraine, 2016	88.3	90.3	12.1%	11.1%	-5.0%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC/B-
Ukraine, 2016-2	88.6	90.6	11.3%	10.4%	-5.0%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC/B-
Ukraine, 2017	85.9	88.9	11.8%	10.7%	-5.8%	3.1	6.75%	S/A	14 Nov 2017	700	Caa2/CCC/B-
Ukraine, 2017-2	92.0	93.5	12.5%	11.9%	-6.5%	2.8	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	88.4	89.9	10.4%	10.1%	-4.2%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/B-
Ukraine, 2021	89.3	90.8	10.2%	9.9%	-3.9%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC/B-
Ukraine, 2022	87.4	88.9	10.0%	9.7%	-3.2%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/B-
Ukraine, 2023	87.1	89.1	9.7%	9.3%	-2.7%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	35.0	43.1	51.2%	40.3%	n/a	2.5	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.5	101.5	11.9%	10.8%	-2.9%	1.1	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	84.4	85.4	11.9%	11.7%	-5.0%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/B-
Avangardco, 2015	96.0	98.0	13.8%	12.2%	n/a	1.4	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	89.0	90.5	14.5%	14.0%	-0.5%	3.0	10.88%	S/A	26 Mar 2018	275	/CCC/B-
Mriya, 2016	94.8	97.0	15.1%	13.7%	-4.4%	1.7	10.95%	S/A	30 Mar 2016	72	/CCC/B-
Mriya, 2018	83.2	84.3	15.0%	14.6%	-3.8%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC/B-
DTEK, 2015	97.4	99.0	13.3%	11.5%	-3.9%	1.0	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	82.4	84.7	13.6%	12.8%	-11.3%	3.2	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	98.0	99.0	13.3%	12.2%	-1.1%	1.1	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	90.7	93.0	12.0%	11.1%	-3.3%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	93.3	95.1	12.2%	10.9%	-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%	-10.0%	3.2	9.50%	S/A	21 May 2018	500	/CCC/B-
Interepipe, 2017	81.0	83.0	18.5%	17.2%	5.3%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	106.9	108.6	9.3%	8.8%	-2.9%	3.3	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%	3.6	9.25%	S/A	25 Jan 2019	100	Caa2//
PUMB, 2014	93.5	93.5	26.6%	26.6%	-5.1%	0.7	11.00%	Q	31 Dec 2014	275	Caa2//
Nadra Bank, 2017	79.3	85.0	27.0%	20.8%	5.3%	2.7	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	85.0	88.0	23.8%	20.7%	-2.9%	1.3	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	74.0	75.0	23.9%	23.0%	6.0%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	77.9	79.9	19.0%	18.2%	-5.8%	3.0	10.88%	S/A	28 Feb 2018	175	Caa2//B-
UkrEximBank, 2015	86.0	88.0	25.8%	23.1%	-9.8%	1.0	8.38%	S/A	27 Apr 2015	750	Caa2//B-
UkrEximBank, 2016	76.0	76.0	23.2%	23.2%	-10.9%	1.6	8.40%	S/A	2 Sept 2016	125	Caa2//B-
UkrEximBank, 2018	79.0	81.9	16.2%	15.0%	-9.8%	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	83.0	86.0	20.3%	18.0%	-9.2%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//B-
Oschadbank, 2018	78.0	81.0	16.3%	15.3%	-10.7%	3.0	8.88%	S/A	20 Mar 2018	500	Caa2//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	86.0	87.0	19.3%	18.4%	-7.0%	1.4	8.00%	S/A	6 Nov 2015	250	Caa2/CCC/
City of Kyiv, 2016	85.0	90.0	17.3%	14.5%	-5.9%	2.0	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

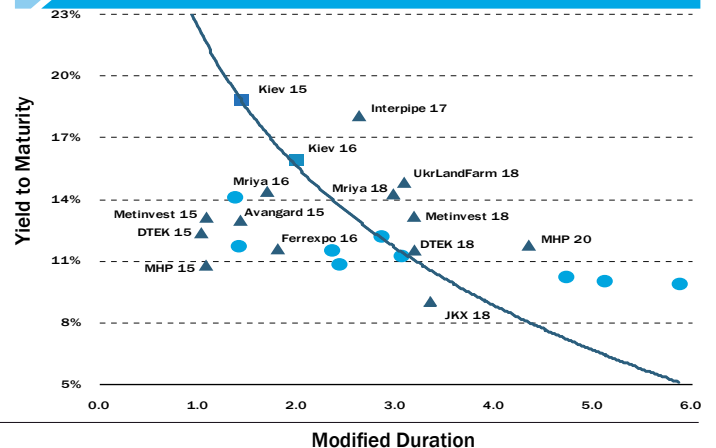
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

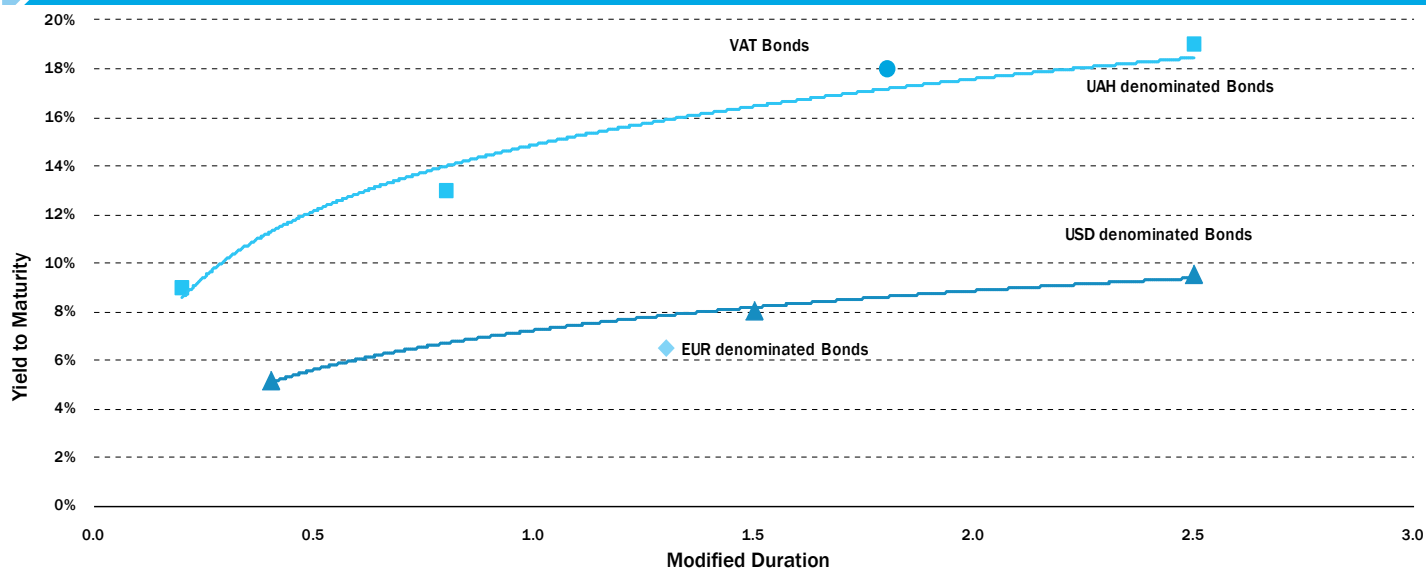




**UKRAINIAN DOMESTIC BONDS**

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			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
<b>USD denominated Bonds</b>									
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
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	7.4%	5.5%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
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

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