

Market Update

Equity

Kyiv-listed Ukrainian stocks rose again on Wednesday (Feb 26), but the local benchmark failed to keep pace with the sharp slide in the hryvnia, which plummeted by nearly 5% as panic buying of hard currency began to dominate the country's forex market. The UX index gained 2.6% to close at 1120 points; however, the UX's year-to-date rise of 23% is exactly in line with the slide in the hryvnia over the same period, implying that the dollar-denominated valuation of the benchmark is flat. Azovstal was yesterday's top gainer, adding 6.5% to 82 kopecks, and financial issues Raiffeisen Aval and UkrSotsBank both picked up around 5%. CentrEnergro rose 4.0% and UkrNafta moved higher by 3.2% to UAH 191. Volume leader Motor Sich was little-changed on turnover of UAH 2.6mn. Outside the UX basket, there was elevated activity in Krukiv Wagon, which fell 2.5% to UAH 23.40. In Warsaw, Kernel and Ovostar both sold off heavily, losing 5.5% and 8.0% respectively, while Agroton rose by 4.4% to PLN 4.70.

Fixed Income

Ukrainian sovereigns were sluggish on Wednesday with Ukraine-23s inching up by 0.2p.p. to 87.3/89.3 (9.6%/9.3%). Meanwhile, corporate names finished mostly in red. The leader of decline was DTEK-15s which dropped by 3.2p.p. closing at 94.0/96.0 (17.2%/14.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2075.00	-0.3%	2.6	122
Centrenergro	CEEN	5.50	4.0%	2.2	221
Kryukiv Wagon	KVBZ	23.390	-2.5%	2.0	13

Growth Leaders

Bank Forum	FORM	0.90	21.5%	0.02	8
Komsomolets Donbasa	SHKD	0.73	9.9%	0.03	7
Donetskoblenergo	DOON	24.90	9.7%	0.02	9

Loss Leaders

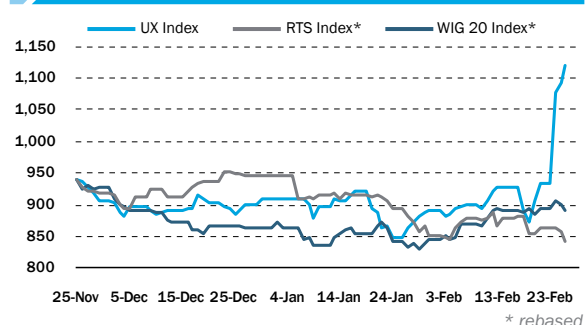
Mariupol Ilyicha	MMKI	0.18	-4.6%	0.030	9
Zakhidenergo	ZAEN	124.30	-4.4%	0.036	7
Poltavsky GOK	PGOK	11.50	-3.9%	0.058	17

Highlights

POLITICS AND ECONOMICS

- > Yatseniuk Likely to Head New Government
- > Crimea Unrest in Focus as Protest Moves to Simferopol
- > Top Journalist Threatens to Expose Tymoshenko Corruption
- > Hryvnia Drops to All-Time Low of 10.10 Against the Dollar

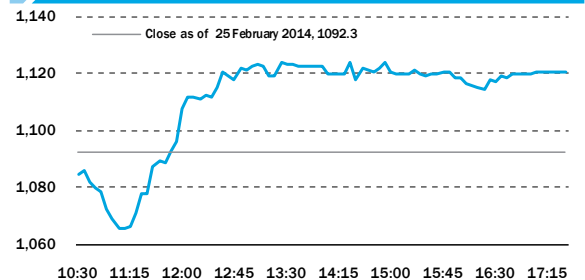
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1120.6	2.6%	32.0%	23.1%
RTS	1286.1	-1.6%	-5.7%	-10.9%
WIG20	2478.4	-1.1%	5.6%	3.2%
MSCI EM	956.3	0.1%	0.7%	-4.6%
S&P 500	1845.2	0.0%	3.1%	0.2%

UX INTRADAY FEBRUARY 26, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	359.5	0.8%	-2.2%	8.7%
CDS 5Y UKR	1087.5	10.8%	17.6%	32.6%
Ukraine-17	10.9%	-0.1 p.p.	1.4 p.p.	1.9 p.p.
Naftogaz Ukr-14	31.2%	2.3 p.p.	18.1 p.p.	22.4 p.p.
Ukraine-23	9.4%	0.0 p.p.	0.2 p.p.	1.9 p.p.
Privatbank-16	24.7%	2.0 p.p.	5.0 p.p.	0.0 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	10.15	4.4%	20.3%	23.2%
EUR	13.89	3.9%	19.8%	22.2%
RUB	0.28	3.5%	15.0%	12.1%

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	0.0%	2.2%	-1.5%
Gold, USD/oz	1330.6	-0.8%	4.8%	11.2%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Yatseniuk Likely to Head New Government

by Will Ritter
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NEWS

At a Wednesday evening (Feb 26) ceremony on Kyiv's Independence Square to present the former opposition's proposals for the makeup of the new Cabinet of Ministers, it was announced that Batkivchyna party leader Arseniy Yatseniuk is the choice for Prime Minister, local media are reporting. The new Cabinet, which is likely to last for only around 4 months until the inauguration of a new president in June, is supposed to be officially chosen in Parliament today.

Other key proposed appointments are as follows:

Deputy Prime Minister for EU Integration: Boris Tarasiuk

Finance Minister - Olexander Shlapak

Economics Minister - Pavlo Sheremeta

Foreign Minister - Andriy Deschytsia

Interior Minister - Arseniy Avakov

Education Minister - Serhiy Kvit

Environment Minister - Andriy Mokhnyk

Cabinet Chief of Staff - Ostap Semerak

COMMENTARY

This Cabinet is supposed to be a so-called "kamikaze government" that will quickly implement unpopular budget cuts and sharp energy tariff hikes to make Ukraine eligible for a large medium-term Western bailout expected to be in the range of USD 20-25bn. We are a bit surprised that Yatseniuk has been chosen to head it, given his past public statements opposing domestic gas market liberalization and his reputation of being politically untrustworthy and excessively self-interested. However, in principle, Yatseniuk is qualified for the job considering his background in finance. Finance Ministry appointee Shlapak is a former deputy National Bank governor closely linked with ex-President Yuschenko, while Sheremeta appears to be a technical figure without a strong political affiliation. We view the nomination of Tarasiuk, a hard-line partisan ally of former PM Yulia Tymoshenko who is well past his prime, as political window-dressing; the more important job at the Foreign Ministry goes to the staunchly pro-European Deschytsia, a career diplomat who most recently served as Ukraine's ambassador to Finland. Local observers, including many students, expressed relief at the choice of Kyiv-Mohyla University's Kvit to head the Education Ministry after fears that a provocative nationalist from the Svoboda Party, Irina Farion, might get the nod. Instead, Svoboda has received the Environment portfolio. Longtime Tymoshenko loyalists in the proposed Cabinet, in addition to Tarasiuk, include Avakov, Semerak, and Social Policy nominee Ludmilla Denisenko. The EuroMaidan also has prominent activists Dmitry Bulatov (Youth & Sports) and Tatiana Chornovil (Anti-Corruption Bureau) as nominees to the new government. Vitaliy Klitschko's UDAR party had previously said it would decline all positions in the Cabinet as it concentrates on Klitschko's already-announced presidential campaign.

Crimea Unrest in Focus as Protest Moves to Simferopol

by Will Ritter
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NEWS

Tensions were high in Simferopol on Wednesday (Feb 26) as several thousand pro-Russian demonstrators attempted to enter the Crimean Parliament to force a vote on holding a referendum to secede from Ukraine, various local and international media reported. However, the body's speaker, Vladimir Konstantinov, cancelled the session. The pro-Moscow demonstrators were challenged by a smaller group of ethnic Crimean Tatars, who were chanting pro-Ukrainian slogans. No major violence was reported, although one man died from an apparent heart attack. There had been a large pro-Russian demonstration against the establishment of a new pro-Western government in Kyiv in the military port city of Sevastopol on Monday.

COMMENTARY

We see the current unrest in Crimea as likely being encouraged by Moscow to try to distract the incoming Ukrainian authorities from their most important task, which is implementation of quick economic reforms that will satisfy the Western donor community. Unfortunately, Kyiv appears to be taking the bait, with Acting President Olexander Turchinov warning lawmakers in Kyiv yesterday about the "threat of separatism" in Crimea. We expect the situation in Crimea to be defused quietly behind the scenes via political horse-trading. However, even if the peninsula were to end up separating from Ukraine, we believe this would ultimately have no practical effect on the major strategic issues facing Ukraine and the tasks for its development. We note that the dynamic in Crimea is complicated by the Tatars, a very politically active minority which is determined to avoid falling under the control of an ethnically-Russian-dominated national government.

Top Journalist Threatens to Expose Tymoshenko Corruption

by Will Ritter
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NEWS

Serhiy Leschenko, Ukraine's best-known anti-corruption journalist, published an entry on his weblog on Wednesday (Feb 26) explicitly calling on former prime minister Yulia Tymoshenko not to run for the presidency. Leschenko wrote that if Tymoshenko becomes a candidate for president, he will publish documents directly linking her to front companies used to defraud money at government tenders and to bribes paid to former Prime Minister Pavel Lazarenko. Leschenko said the documents were from US law enforcement agencies, without indicating how he obtained them.

COMMENTARY

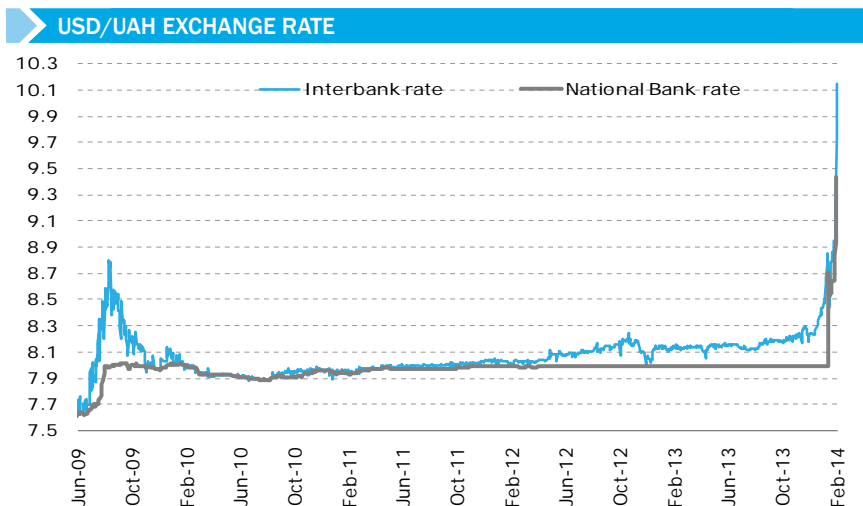
Leschenko and fellow reporter Mustafa Nayem were two of the key figures in the early days of the EuroMaidan movement back in November/December, and this development indicates the strong headwinds that a Tymoshenko presidential candidacy would likely face from Ukraine's pro-European journalistic community. We believe Tymoshenko wants to run, and that her presence in the campaign will make things more complicated for Vitaliy Klitschko, who has long been the presumed pro-European front-runner. Oligarch Petro Poroshenko, another potential strong candidate, has not stated whether he intends to take part in the presidential race.

Hryvnia Drops to All-Time Low of 10.10 Against the Dollar

by Dmitry Churin
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NEWS

The hryvnia fell sharply to a new historical low of UAH 10.10 against the US dollar on the interbank market on Wednesday (Feb 26), while the official NBU rate dropped to UAH 9.43, according to NBU data. The hryvnia has depreciated by 10% since the start of the week and its year-to-date loss against the US currency has now reached 23%.



Source: Bloomberg

COMMENTARY

The appointment of new NBU chief Stepan Kubiv on Monday did nothing to protect the Ukrainian currency from ongoing speculative attacks. The wide margin between the official NBU rate and the interbank rate is opening up large arbitrage opportunities for traders at the expense of the state. Panic purchases of foreign currency by individuals have accelerated the drop, as did Kubiv's up-front acknowledgement that the NBU's reserves have already matched January's terrible performance, falling by another USD 2.8bn to near USD 15bn during February (information about the amount of reserves during a given month is normally not released until the 7th day of the following month). We see that the NBU has given up attempting to control the hryvnia exchange rate on the interbank market over the past days, but this is not an entirely negative development, as the IMF has long been calling for Ukraine to devalue its currency in order to make its exports more competitive. A devaluation has been widely expected by foreign investors for more than two years, and it is possible that a stabilization of the exchange rate at a level close to the current one will provide an argument for increased investment in the country. For the short-term, we forecast some correction of the hryvnia exchange rate to 9.70 against the dollar, based on market expectations of a quick initial tranche of Western financial support. A much larger aid package in the amount of USD 20-25bn could eventually follow, although we would expect the IMF and other foreign lenders to attach tough conditions to the Ukrainian government for an expanded medium-term lending program, given Ukraine's poor track record in sticking to agreed promises.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.82	0.56	-32%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	167.3	218.0	30%	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	9.55	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	7.75	U/R	na	U/R	On its EGM on 19 Feb 2014, CGOK's shareholders made a decision on additional issue of 14.73mn of new shares implying 1.26% of the company's share capital.
Coke						
Avdyivka Coke	AVDK	3.23	6.2	93%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.74	3.4	364%	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	23.4	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.
Specialized Machinery						
Motor Sich	MSICH	2075	5250	153%	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	11.5	42.0	265%	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.
Power Utilities						
DonbasEnerg	DOEN	41.2	72.0	75%	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	5.50	15.00	173%	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	15.4	22.10	44%	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	56.5	90.0	59%	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	84%	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	69.0	109.50	59%	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	1120.64	1129.01	781.22	2.6%	28.6%	32.0%	23.1%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.042	0.06	0.02	1.7%	24.8%	21.2%	9.0%	-0.9%	-3.8%	-10.8%	-14.1%
Azovstal	AZST	0.82	0.90	0.31	6.5%	43.9%	39.9%	22.4%	3.9%	15.3%	7.9%	-0.8%
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	39.2	52.0	20.0	3.2%	30.5%	28.6%	22.5%	0.6%	1.9%	-3.4%	-0.6%
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	0.18	0.20	0.05	-5.3%	63.6%	20.0%	80.0%	-7.9%	35.1%	-12.0%	56.9%
Coke												
Avdivka Coke	AVDK	3.23	4.80	1.60	1.3%	20.1%	23.8%	9.1%	-1.3%	-8.5%	-8.2%	-14.0%
Yasynivsky Coking	YASK	0.74	0.84	0.49	2.8%	37.0%	42.3%	39.6%	0.2%	8.5%	10.3%	16.5%
Iron Ore Mining												
Centralny GOK	CGOK	7.75	n/a	n/a	-3.1%	5.0%	23.0%	19.2%	-5.7%	-23.6%	-9.0%	-3.9%
Ferrexpo	FXPO	2.78	3.64	2.02	-1.4%	1.5%	4.2%	-11.8%	-4.0%	-27.1%	-27.8%	-34.9%
Pivnichny GOK	SGOK	9.55	10.00	5.77	2.7%	22.4%	15.1%	19.4%	0.1%	-6.1%	-16.9%	-3.8%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.70	0.10	-10.0%	-8.2%	45.2%	12.5%	-12.6%	-36.7%	13.2%	-10.6%
Komsomolets Donbasa	SHKD	0.73	n/a	n/a	10.6%	19.7%	21.7%	17.7%	8.0%	-8.9%	-10.3%	-5.4%
Energy Coal	CLE	0.57	3.42	0.31	-15.4%	53.3%	68.6%	62.1%	-17.9%	24.7%	36.6%	38.9%
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	0.62	0.85	0.30	0.0%	24.0%	24.0%	3.3%	-2.6%	-4.6%	-8.0%	-19.8%
Interpipe NMPP	NVTR	0.28	n/a	n/a	0.0%	40.0%	33.3%	33.3%	-2.6%	11.4%	1.3%	10.2%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	23.4	29.0	12.0	-2.5%	14.1%	37.6%	35.2%	-5.1%	-14.5%	5.6%	12.1%
Luhanskeplovoz	LTPL	1.55	2.20	1.20	0.0%	9.2%	11.5%	3.3%	-2.6%	-19.4%	-20.5%	-19.8%
Stakhanov Wagon	SVGZ	1.28	n/a	n/a	0.0%	11.3%	6.7%	-1.5%	-2.6%	-17.3%	-25.3%	-24.7%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	0.0%	41.0%	37.5%	42.6%	-2.6%	12.5%	5.5%	19.5%
Motor Sich	MSICH	2,075	2,640	1,303	-0.4%	12.5%	23.6%	13.8%	-3.0%	-16.1%	-8.4%	-9.4%
Sumy Frunze Engineering	SMASH	3.33	n/a	n/a	0.0%	35.9%	33.2%	33.2%	-2.6%	7.3%	1.2%	10.1%
Turboatom	TATM	3.95	n/a	n/a	21.5%	21.5%	n/a	12.9%	18.9%	-7.0%	n/a	-10.3%
WESTA ISIC	WES	0.22	0.26	0.13	-10.4%	25.0%	48.4%	67.2%	-13.0%	-3.6%	16.4%	44.1%
Telecom												
Ukrtelecom	UTLM	0.14	0.17	0.09	-6.7%	4.1%	20.1%	22.9%	-9.3%	-24.5%	-11.9%	-0.2%
Oil & Gas												
Regal Petroleum	RPT	0.19	0.47	0.18	1.9%	-1.6%	-16.5%	-9.1%	-0.7%	-30.2%	-48.4%	-32.3%
JKX Oil	JKX	1.04	1.21	0.75	-0.4%	-9.6%	-9.1%	-12.6%	-3.0%	-38.2%	-41.1%	-35.7%
Ukrnafta	UNAF	191	195	96	3.2%	44.2%	75.7%	75.9%	0.6%	15.6%	43.7%	52.7%
Power Utilities												
Centrenerg	CEEN	5.50	7.40	2.50	4.0%	27.6%	26.8%	15.4%	1.4%	-1.0%	-5.2%	-7.8%
Donbasenergo	DOEN	41.2	43.0	15.4	-0.4%	29.9%	40.2%	49.4%	-3.0%	1.3%	8.2%	26.3%
Zakhidenergo	ZAEN	124.3	134.0	64.0	-5.0%	7.2%	55.0%	37.5%	-7.6%	-21.4%	23.0%	14.4%
Consumer												
Agroton	AGT	1.54	3.5	0.36	3.2%	1.8%	109.7%	137.1%	0.6%	-26.7%	77.7%	114.0%
Astarta	AST	18.5	24.4	14.5	-3.7%	2.3%	-13.7%	-16.9%	-6.3%	-26.3%	-45.7%	-40.1%
Avangardo	AVGR	10.5	13.0	7.61	0.4%	-0.8%	-8.6%	-10.6%	-2.2%	-29.4%	-40.6%	-33.8%
Industrial Milk Company	IMC	3.08	5.14	2.57	-6.7%	9.6%	-15.8%	-23.9%	-9.3%	-19.0%	-47.7%	-47.0%
Kernel	KER	11.4	20.7	11.0	-6.6%	-1.8%	-12.9%	-10.3%	-9.2%	-30.4%	-44.9%	-33.4%
Mriya Agro Holding	MAYA	8.20	8.2	5.36	13.6%	15.7%	15.9%	10.1%	11.0%	-12.9%	-16.0%	-13.1%
MHPC	MHPC	15.4	19.9	13.05	0.8%	15.7%	-11.4%	-9.5%	-1.8%	-12.9%	-43.4%	-32.7%
Milkiland	MLK	3.40	4.9	3.02	-1.4%	4.3%	6.2%	-18.2%	-3.9%	-24.3%	-25.8%	-41.3%
Ovostar Union	OVO	22.6	33.3	21.3	-9.1%	-4.2%	-17.3%	-32.1%	-11.7%	-32.8%	-49.3%	-55.3%
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	15.5	n/a	n/a	0.0%	31.8%	23.9%	23.9%	-2.6%	3.3%	-8.1%	0.8%
Banks												
Raiffeisen Bank Aval	BAVL	0.151	0.155	0.077	4.0%	46.4%	43.8%	32.9%	1.4%	17.8%	11.8%	9.7%
UkrSotsbank	USCB	0.202	0.257	0.111	5.2%	24.7%	11.5%	7.7%	2.6%	-3.9%	-20.4%	-15.5%

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	194	163	15.6%	28.6%	25.7%
Pivnichny GOK	SGOK	1,416	1,630	1,506	750	914	816	53.0%	56.1%	54.2%	436	548	460	30.8%	33.7%	30.5%
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	169	188	20.4%	16.9%	16.9%
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	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
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	5,962	5,333	5,032	793	888	787	679	723	572	4	90	108	0.5%	10.1%	13.7%
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	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	41	8.8%	4	35	4.8	neg	neg	neg	1.6	1.1	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	340	3.0%	10	322	neg	neg	neg	neg	neg	9.1	0.1	0.2	0.2	70	71	71	\$/tonne
Coke																		
Avdyivka Coke	AVDK	62	6.8%	4	59	neg	neg	neg	neg	1.3	2.0	0.1	0.1	0.1	14	15	16	\$/tonne
Yasynivsky Coke	YASK	20	9.0%	2	21	2.4	1.8	4.2	0.8	0.7	1.1	0.0	0.1	0.1	0.8	0.7	1.1	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	895	0.3%	2	893	9.4	4.6	5.5	3.8	2.9	3.2	1.5	1.3	1.4				
Pivnichny GOK	SGOK	2,168	0.4%	9	2,161	5.0	4.0	4.7	2.9	2.4	2.6	1.5	1.3	1.4				
Ferrexpo	FXPO	1,638	24.0%	393	2,204	7.6	6.8	6.6	5.5	5.1	4.9	1.5	1.4	1.4				
Coal Mining																		
Komsomolets Donbasa	SHKD	24	5.4%	1	126	3.4	1.4	1.4	1.0	1.4	1.3	0.5	0.6	0.5	31	30	28	\$/tonne
Coal Energy	CLE	26	25.0%	6	136	0.7	neg	neg	2.2	6.4	15.1	0.8	1.1	1.3	2.2	6.4	15.1	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	159	2.0%	3	204	4.7	9.2	7.9	3.9	6.5	5.9	0.4	0.7	0.6	325	538	511	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	33	24.0%	8	75	6.9	1.9	1.7	2.6	2.1	2.0	0.3	0.2	0.2				
Kriviw Wagon	KVBZ	264	5.0%	13	264	2.8	10.8	14.8	2.0	4.1	5.4	0.3	0.6	0.9				
Stakhanov Wagon	SVGZ	29	8.0%	2	68	>30	neg	neg	9.4	11.5	12.4	0.2	0.4	0.5				
Specialized Machinery																		
Turboatom	TATM	146	5.8%	8	77	3.8	2.0	1.9	1.5	0.8	0.8	0.5	0.3	0.3				
Motor Sich	MSICH	425	24.0%	102	441	2.1	2.5	2.3	1.4	1.9	1.7	0.5	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	249	7.2%	18	571	5.5	5.0	3.8	2.8	2.7	2.7	0.7	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,020	3.0%	31	1,012	5.8	7.8	8.4	3.2	2.7	2.9	0.5	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	61	21.6%	13	33	5.3	12.2	4.8	1.5	1.9	1.1	0.6	0.9	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	178	50.4%	90	286	neg	8.9	7.4	2.1	3.4	3.2	1.4	1.4	1.2	52	39	38	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	200	21.7%	43	269	6.9	4.7	4.0	3.9	4.4	3.9	0.2	0.3	0.3	15	19	16	\$/MWh
DonbasEnergO	DOEN	96	14.2%	14	166	25.1	2.0	2.2	5.2	2.3	2.6	0.3	0.3	0.2	20	21	20	\$/MWh
Consumer																		
MHP	MHPC	1,626	34.1%	555	2,786	5.2	8.0	6.0	6.0	6.7	5.1	2.0	2.0	1.7				
Kernel	KER	905	61.8%	559	1,611	4.3	8.6	11.8	5.0	5.5	6.3	0.7	0.6	0.6				
Astarta	AST	462	37.0%	171	796	8.0	>30	5.6	7.3	9.8	5.8	1.7	1.6	1.4				
Avangardco	AVGR	671	22.5%	151	870	2.9	2.6	2.2	3.1	2.7	2.3	1.4	1.2	1.1	197	150	141	\$/mneggs
Agroton	AGT	33	26.2%	9	82	4.9	neg	neg	4.0	6.5	7.0	0.9	1.2	1.1	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	446	3.6%	16		>30	5.0	4.1	0.6	0.5	0.6	0.07	0.08	0.09				
Ukrsotsbank	USCB	366	1.4%	5		>30	>30	19.4	0.5	0.3	0.4	0.08	0.07	0.08				

Source: Eavex Research

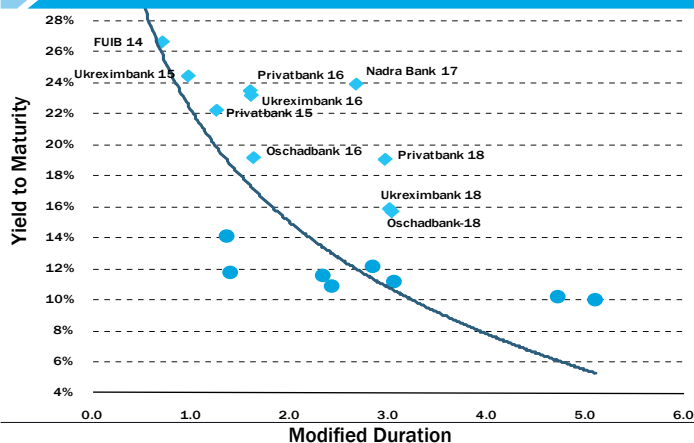
UKRAINIAN EUROBONDS

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	94.3	96.8	46.5%	28.5%	-4.5%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/B-
Naftogaz Ukraine, 2014	88.3	90.2	50.6%	42.0%	-11.2%	0.4	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	95.8	97.0	8.2%	7.2%	0.4%	1.5	4.95%	A	13 Oct 2015	600*	Caa2/CCC/B-
Ukraine, 2015	89.4	90.7	15.8%	14.7%	-7.8%	1.4	6.875%	S/A	23 Sept 2015	500	Caa2/CCC/B-
Ukraine, 2016	88.6	89.6	11.9%	11.4%	-5.3%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC/B-
Ukraine, 2016-2	89.1	90.1	11.1%	10.6%	-5.0%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC/B-
Ukraine, 2017	86.1	89.1	11.7%	10.6%	-5.5%	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	92.5	95.6	11.6%	10.4%	13.8%	3.0	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	88.0	89.6	10.5%	10.1%	-4.6%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/B-
Ukraine, 2021	88.3	89.8	10.4%	10.1%	-4.9%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC/B-
Ukraine, 2022	87.1	88.6	10.1%	9.8%	-3.6%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/B-
Ukraine, 2023	87.3	89.3	9.6%	9.3%	-2.5%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/B-
Corporate Eurobonds											
Agroton, 2014	35.0	43.1	51.2%	40.4%	n/a	2.5	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	97.5	99.0	14.2%	13.3%	-5.1%	1.1	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	82.4	84.6	12.5%	11.9%	-6.6%	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	86.5	88.3	15.5%	14.8%	-3.1%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/B-
Mriya, 2016	95.0	98.0	15.0%	13.0%	-3.7%	1.7	10.95%	S/A	30 Mar 2016	72	/CCC/B-
Mriya, 2018	81.0	84.2	15.9%	14.7%	-5.1%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC/B-
DTEK, 2015	94.0	96.0	17.2%	14.9%	-7.1%	1.0	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	81.1	82.8	14.1%	13.5%	-13.1%	3.2	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	96.0	98.0	15.4%	13.3%	-2.6%	1.1	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	89.5	91.9	12.4%	11.5%	-4.5%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	92.8	94.0	12.5%	11.6%	-4.7%	1.8	7.875%	S/A	07 Apr 2016	500	/CCC/B-
UZ Rail, 2018	79.0	81.0	16.6%	15.8%	-12.8%	3.2	9.50%	S/A	21 May 2018	500	/CCC/B-
Interepipe, 2017	81.0	84.0	18.6%	16.8%	5.3%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	103.5	105.0	10.3%	9.8%	-6.1%	3.3	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	72.0	82.0	18.1%	14.5%	-7.2%	3.6	9.25%	S/A	25 Jan 2019	100	Caa2//
PUMB, 2014	93.5	93.5	26.7%	26.7%	-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	84.0	87.0	24.9%	21.7%	-4.1%	1.3	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	70.3	74.3	27.3%	23.7%	2.8%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	78.3	80.5	18.9%	17.9%	-5.2%	3.0	10.88%	S/A	28 Feb 2018	175	Caa2//B-
UkrEximBank, 2015	84.5	86.0	28.0%	25.9%	-11.6%	1.0	8.38%	S/A	27 Apr 2015	750	Caa2//B-
UkrEximBank, 2016	69.0	75.0	30.0%	24.1%	-15.6%	1.6	8.40%	S/A	2 Sept 2016	125	Caa2//B-
UkrEximBank, 2018	77.0	80.0	17.1%	15.8%	-12.0%	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	82.8	84.5	20.5%	19.2%	-10.2%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//B-
Oschadbank, 2018	78.1	80.1	16.5%	15.7%	-11.1%	3.0	8.88%	S/A	20 Mar 2018	500	Caa2//B-
Municipal Eurobonds											
City of Kyiv, 2015	86.0	87.1	19.3%	18.4%	-6.9%	1.4	8.00%	S/A	6 Nov 2015	250	Caa2/CCC/
City of Kyiv, 2016	85.0	87.1	17.4%	16.1%	-7.5%	2.0	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

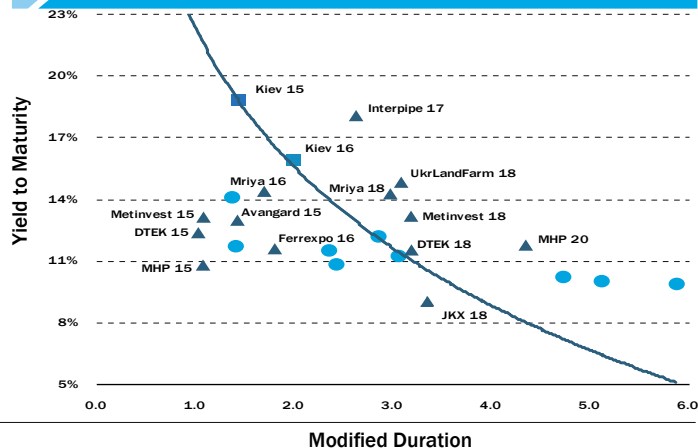
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



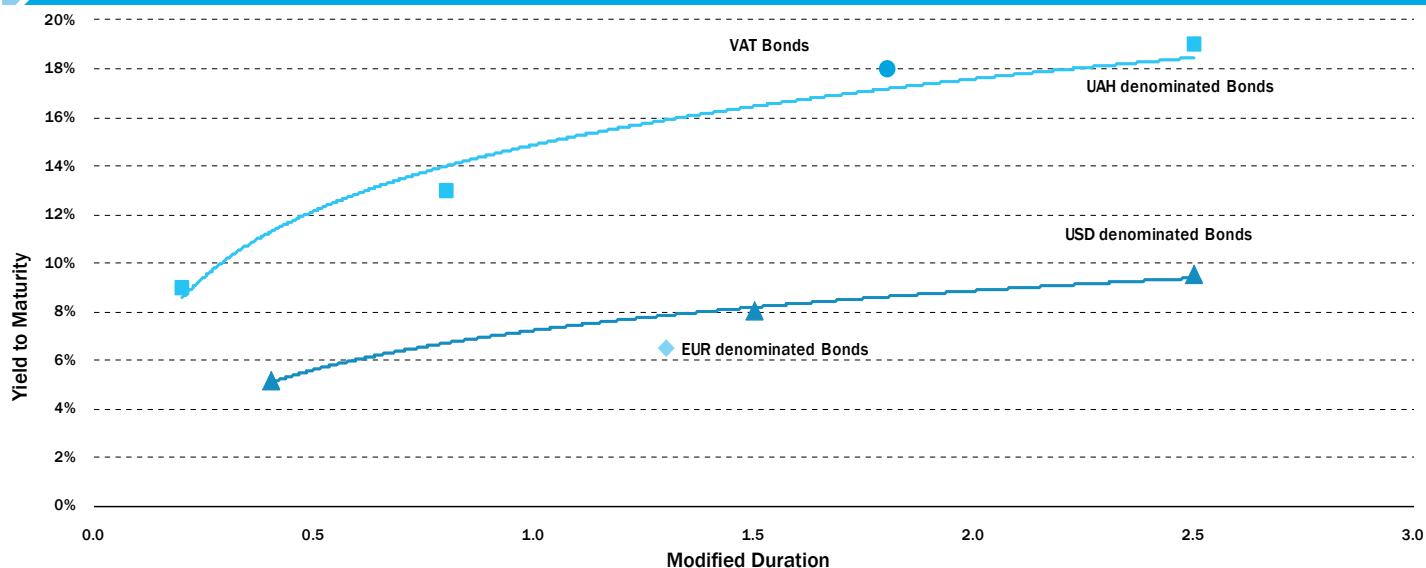
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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

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