

Market Update

Equity

Ukrainian stocks were lower on Friday (Feb 28), snapping a winning streak that had boosted quotes for most blue chips to two-year highs. The UX index shot up by a stunning 20% over the week but shed 0.9% on Friday to close at 1,119 points. The steel sector underperformed the broad market, with Azovstal (AZST UK) and Yenakievo Steel (ENMZ UK) dropping by 4.4% and 6.4% respectively. Meanwhile, volume leader Motor Sich (MSICH UK) edged up to 0.4% to finish at UAH 2083. The official NBU hryvnia exchange rate was set at 9.70 against the US dollar this morning, after wild interbank market trading on Friday saw the hryvnia strengthen from 11.0 to somewhere between 9.6/10.5 against the dollar.

Fixed Income

Ukrainian sovereigns were slightly higher on Friday, with Ukraine-23s advancing by 0.5p.p. to 87.9/89.4 (9.5%/9.3%). Meanwhile, corporate names were mostly down. DTEK-15s dropped by 2.0p.p. to 91.8/93.1 (20.2%/18.4%) and Metinvest-15s declined by 0.7p.p. to close at 94.7/97.0 (16.9%/14.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2083.00	0.4%	2.1	72
Donbasenergo	DOEN	40.56	-0.3%	1.7	168
Ukrnafta	UNAF	197.300	-3.3%	1.5	83

Growth Leaders

Krymenergo	KREN	1.21	28.9%	0.10	17
Raiffeisen Bank Aval	BAVL	0.16	1.9%	0.80	99
Alchevsk Steel	ALMK	0.04	0.7%	0.91	133

Loss Leaders

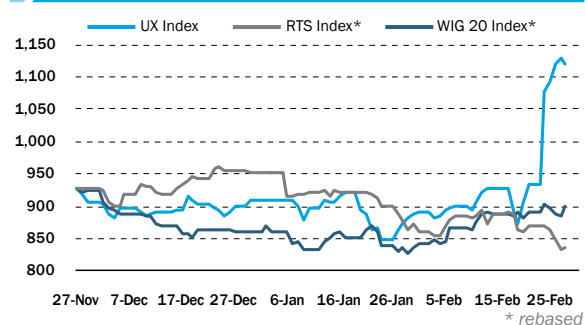
Yenakievo Steel	ENMZ	37.16	-6.4%	0.705	106
Azovstal	AZST	0.78	-4.4%	0.150	66
Ukrnafta	UNAF	197.30	-3.3%	1.480	83

Highlights

POLITICS AND ECONOMICS

- > West Reacts to Russia's Crimea Takeover with Condemnation But No Action
- > Kharkiv the Focus of Unrest in the East; Top Oligarchs Appointed to Head Donetsk, D-petrovsk Gov'ts

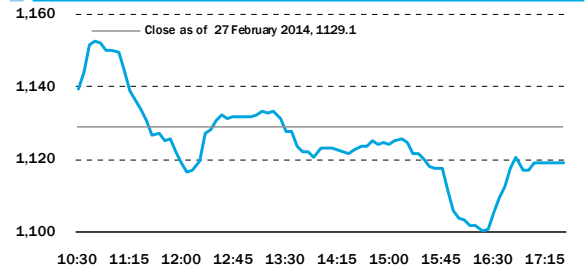
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1119.2	-0.9%	28.3%	23.0%
RTS	1267.3	0.5%	-4.9%	-12.2%
WIG20	2518.5	2.1%	7.9%	4.9%
MSCI EM	966.4	0.3%	3.5%	-3.5%
S&P 500	1859.5	0.3%	3.7%	1.0%

UX INTRADAY FEBRUARY 28, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	344.2	-3.1%	-5.4%	4.1%
CDS 5Y UKR	1032.1	-0.2%	19.2%	25.8%
Ukraine-17	10.2%	-0.4 p.p.	1.3 p.p.	1.2 p.p.
Naftogaz Ukr-14	29.6%	-0.4 p.p.	17.3 p.p.	20.8 p.p.
Ukraine-23	9.4%	-0.1 p.p.	0.5 p.p.	1.9 p.p.
Privatbank-16	24.5%	0.0 p.p.	4.0 p.p.	-0.2 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	9.95	-7.0%	17.3%	20.8%
EUR	13.73	-6.4%	17.8%	20.8%
RUB	0.28	-7.2%	12.9%	9.7%

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	109.1	0.1%	2.1%	-1.9%
Gold, USD/oz	1326.4	-0.4%	5.5%	10.9%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

West Reacts to Russia's Crimea Takeover with Condemnation But No Action

by Will Ritter
w.ritter@eavex.com.ua

NEWS

Russia's military effectively took over Ukraine's Crimean peninsula on Friday (Feb 28), capturing most strategic sites with unmarked military units. The takeover prompted condemnations from the United Nations, NATO, and individual Western governments, while the reaction from Crimea's citizens appeared to be strongly supportive, and no violence was reported. Russia's President Putin reportedly cited the "need to protect Russian speakers" as justification for the takeover. Meanwhile, Ukraine's new interim government reacted with strong words, with Prime Minister Arseniy Yatseniuk calling the takeover "a military invasion of Ukraine", and new head of the National Security Council Andriy Parubiy announcing a "full mobilization" of Ukraine's military forces. In Simferopol, newly-appointed Crimean prime minister Sergey Aksionov announced that a referendum on the region's secession from Ukraine is being moved up from May 25 to March 30.

COMMENTARY

Despite all the Western pronouncements about "need to respect Ukraine's territorial integrity", it looks clear to us that the Russian incursion into Crimea cannot be dislodged, that the referendum on secession at the end of this month will pass easily, and that the region will de facto probably no longer be a part of Ukraine going forward. Putin's claim about "protecting Russian speakers" looks suspect to us, given that the Ukrainian-speaking minority in Russophone areas of Ukraine is considerably more in need of protection than are the Russian speakers. We suppose that Putin has calculated that in taking over Crimea, he may be able to provoke the either the Ukrainian military or irregular Ukrainian fighting units into a violent response that would then allow him to justify a wider invasion of Eastern Ukraine or even the entire country. Putin also seems to have assumed that the political benefits of taking direct action in Ukraine outweigh the consequences he will face from the West, which initially appear to be limited to the cancellation of the upcoming G-8 summit meeting in Russia and the possible expulsion of Russia from the organization.

Kharkiv the Focus of Unrest in the East; Top Oligarchs Appointed to Head Donetsk, D-petrovsk Gov'ts

by Will Ritter
w.ritter@eavex.com.ua

NEWS

Ukraine's Acting President Oleksander Turchinov on Sunday (Mar 2) replaced the regional governors in most of the country's provinces, in a move that saw the appointees of ex-President Viktor Yanukovich formally dismissed. Most notably, Turchinov appointed the co-owner of the ISD metals & mining group, Serhiy Taruta, to head the Donetsk provincial government, and Igor Kolomoysky, the co-owner of Privat Group, to the corresponding position in Dnipropetrovsk. Meanwhile, violent clashes occurred in central Kharkiv, as some 20,000 pro-Russian demonstrators armed with sticks and bats fought with a smaller number of pro-EuroMaidan activists; the pro-Russians entered the provincial government building and physically ousted members of the nationalist "Praviy Sector" organization, who had taken over the premises the previous week. There were scores of injuries and unconfirmed reports of three deaths in the fighting. A similar, less violent takeover of the provincial administration building was reported in Ukraine's easternmost city, Lugansk, and there were competing pro- and anti-Russian demonstrations in the major southern cities of Odessa and Nikolaev. In Donetsk, Interfax reported that the city council effectively declared its independence from the provincial and national governments, raised the Russian flag on its premises, and announced the creation of a special stabilization fund for budgetary expenditures.

COMMENTARY

The disturbing scenes in Kharkiv over the weekend indicate that the events in Crimea may just be the beginning of Ukraine's challenges to maintaining its territorial unity. The Batkivschyna-led Kyiv government's appointment of oligarchs Taruta and Kolomoysky to head provincial governments in the East looks like a logical, but at the same time desperate, step to try to maintain Kyiv's rapidly-slipping control over the major Eastern industrial cities. It is these oligarchs who have the most immediate stakes in holding the Ukrainian state together in its current format, as well as the local clout to make a practical difference. However, the new Kyiv government, which is dominated by hard-liners from Yulia Tymoshenko's Batkivschyna party and lacks the legitimacy of having been chosen in an election, will be opening itself up to further criticism that it is not representative of the people and is merely working in service of the oligarchs. As we noted in our news on the Crimea events, we believe that Russian president Vladimir Putin is currently waiting for some type of military response from the Ukrainian side which would justify his moving Russian troops into part or all of southeastern Ukraine. However, we also think that the international diplomatic community is working in overdrive to prevent such an escalation of the crisis, which would be far more serious than what has occurred thus far in Crimea, and that the situation can still be defused via negotiations.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.78	0.56	-29%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	153.0	218.0	42%	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	9.54	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	9.00	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	3.22	6.2	94%	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	22.0	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.
Specialized Machinery						
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.
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	11.8	42.0	257%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	61.5	370	502%	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	40.6	72.0	78%	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	5.57	15.00	169%	BUY	CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	14.4	22.10	53%	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	54.0	90.0	67%	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	10.0	19.35	94%	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	71.0	109.50	54%	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	1119.23	1153.01	781.22	-0.9%	19.8%	28.3%	23.0%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.043	0.06	0.02	0.7%	21.6%	21.2%	10.3%	1.6%	1.7%	-7.1%	-12.7%
Azovstal	AZST	0.78	0.90	0.31	-4.4%	27.3%	33.4%	16.9%	-3.5%	7.5%	5.1%	-6.1%
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	37.2	52.0	20.0	-6.4%	17.7%	19.9%	16.1%	-5.5%	-2.2%	-8.4%	-6.9%
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	0.0%	38.5%	100.0%	80.0%	0.9%	18.6%	71.7%	57.0%
Coke												
Avdyivka Coke	AVDK	3.22	4.80	1.60	0.6%	10.9%	20.5%	8.7%	1.4%	-8.9%	-7.8%	-14.3%
Yasynivsky Coking	YASK	0.74	0.84	0.49	0.0%	29.8%	32.1%	39.6%	0.9%	10.0%	3.8%	16.6%
Iron Ore Mining												
Centralny GOK	CGOK	9.00	n/a	n/a	1.2%	22.0%	42.9%	38.5%	2.1%	2.1%	14.6%	15.5%
Ferrexpo	FXPO	2.56	3.46	2.02	-6.3%	-6.8%	-5.0%	-18.9%	-5.5%	-26.7%	-33.3%	-41.8%
Pivnichny GOK	SGOK	9.54	10.00	5.77	-0.1%	10.2%	16.3%	19.3%	0.8%	-9.7%	-12.0%	-3.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.70	0.10	0.0%	0.0%	45.2%	12.5%	0.9%	-19.8%	16.9%	-10.5%
Komsomolets Donbasa	SHKD	1.48	n/a	n/a	49.5%	196.0%	244.2%	138.7%	50.4%	176.2%	215.9%	115.7%
Energy Coal	CLE	0.60	3.31	0.31	-5.0%	40.6%	60.2%	73.0%	-4.1%	20.7%	31.9%	50.0%
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	0.81	0.30	0.0%	19.2%	12.7%	3.3%	0.9%	-0.6%	-15.6%	-19.7%
Interpipe NMPP	NVTR	0.29	n/a	n/a	0.0%	16.0%	61.1%	38.1%	0.9%	-3.8%	32.8%	15.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	22.0	29.0	12.0	-5.9%	10.1%	20.4%	27.2%	-5.1%	-9.8%	-8.0%	4.2%
Luhanskeplovoz	LTPL	1.55	2.20	1.20	0.0%	10.7%	11.5%	3.3%	0.9%	-9.1%	-16.8%	-19.7%
Stakhanov Wagon	SVGZ	1.28	n/a	n/a	0.0%	1.6%	0.8%	-1.5%	0.9%	-18.3%	-27.5%	-24.5%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-12.3%	19.4%	18.5%	20.8%	-11.5%	-0.4%	-9.8%	-2.2%
Motor Sich	MSICH	2,083	2,630	1,303	0.4%	6.8%	19.6%	14.2%	1.3%	-13.0%	-8.7%	-8.8%
Summy Frunze Engineering	SMASH	3.90	n/a	n/a	17.1%	50.0%	56.0%	56.0%	18.0%	30.2%	27.7%	33.0%
Turboatom	TATM	4.00	n/a	n/a	0.0%	23.1%	122.2%	14.3%	0.9%	3.2%	93.9%	-8.7%
WESTA ISIC	WES	0.24	0.26	0.13	0.8%	22.5%	50.1%	79.7%	1.7%	2.7%	21.8%	56.7%
Telecom												
Ukrtelecom	UTLM	0.14	0.17	0.09	-4.7%	23.8%	7.7%	27.3%	-3.8%	3.9%	-20.6%	4.3%
Oil & Gas												
Regal Petroleum	RPT	0.20	0.47	0.18	2.4%	7.4%	-10.5%	-6.6%	3.3%	-12.5%	-38.8%	-29.6%
JKX Oil	JKX	1.03	1.21	0.75	-1.3%	-4.9%	-9.7%	-13.2%	-0.5%	-24.7%	-38.0%	-36.2%
Ukrnafta	UNAF	197	208	96	-3.4%	27.9%	74.0%	81.7%	-2.5%	8.0%	45.7%	58.7%
Power Utilities												
Centrenerg	CEEN	5.57	7.40	2.50	-0.9%	21.2%	26.7%	16.9%	-0.1%	1.3%	-1.6%	-6.1%
Donbasenergo	DOEN	40.6	43.0	15.4	-0.3%	17.7%	31.1%	47.0%	0.6%	-2.2%	2.8%	24.0%
Zakhidenergo	ZAEN	127.0	134.0	64.0	0.4%	7.2%	52.1%	40.5%	1.3%	-12.7%	23.8%	17.5%
Consumer												
Agroton	AGT	1.78	3.5	0.36	-1.6%	24.9%	115.1%	173.8%	-0.7%	5.1%	86.8%	150.8%
Astarta	AST	17.9	24.4	14.5	-2.8%	-3.9%	-17.2%	-19.4%	-1.9%	-23.7%	-45.5%	-42.4%
Avangardo	AVGR	10.0	13.0	7.61	-3.9%	-4.4%	-13.0%	-14.9%	-3.0%	-24.2%	-41.3%	-37.9%
Industrial Milk Company	IMC	3.10	5.14	2.57	2.8%	-0.3%	-16.3%	-23.4%	3.6%	-20.2%	-44.6%	-46.3%
Kernel	KER	10.7	20.5	10.7	-2.1%	-9.7%	-20.4%	-15.8%	-1.2%	-29.6%	-48.7%	-38.8%
Mriya Agro Holding	MAYA	8.08	8.2	5.36	0.7%	14.1%	14.4%	8.5%	1.6%	-5.7%	-13.9%	-14.5%
MHPC	MHPC	14.4	19.9	13.05	-3.9%	-0.6%	-12.2%	-15.3%	-3.0%	-20.5%	-40.5%	-38.3%
Milkiland	MLK	3.32	4.9	3.02	-1.5%	0.4%	2.1%	-20.2%	-0.6%	-19.4%	-26.2%	-43.2%
Ovostar Union	OVO	23.6	33.3	21.3	0.5%	4.7%	-11.4%	-29.1%	1.4%	-15.2%	-39.7%	-52.1%
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	14.0	n/a	n/a	-0.6%	3.7%	0.1%	12.0%	0.3%	-16.1%	-28.2%	-11.0%
Banks												
Raiffeisen Bank Aval	BAVL	0.158	0.163	0.077	1.9%	39.1%	43.4%	39.2%	2.8%	19.2%	15.1%	16.2%
UkrSotsbank	USCB	0.193	0.257	0.111	-0.1%	15.6%	6.4%	2.7%	0.8%	-4.2%	-22.0%	-20.3%

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	255	14.9%	10.4%	10.3%	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	5,180	793	888	864	679	723	572	4	90	108	0.5%	10.1%	12.5%
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	111	3.9%	4	1,905	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	492	459	446	\$/tonne
Yenakievo Steel	ENMZ	39	8.8%	3	34	4.6	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	11	\$/tonne
Azovstal	AZST	331	3.0%	10	313	neg	neg	neg	neg	neg	8.9	0.1	0.2	0.2	68	69	69	\$/tonne
Coke																		
Avdivka Coke	AVDK	63	6.8%	4	60	neg	neg	neg	neg	1.3	2.1	0.1	0.1	0.1	14	16	16	\$/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
Iron Ore Mining																		
Centralny GOK	CGOK	1,060	0.3%	3	1,058	11.1	5.5	6.5	4.6	3.4	3.8	1.7	1.6	1.7				
Pivnichny GOK	SGOK	2,209	0.4%	9	2,203	5.1	4.0	4.8	2.9	2.4	2.7	1.6	1.4	1.5				
Ferrexpo	FXPO	1,507	24.0%	362	2,073	7.0	6.3	6.1	5.2	4.8	4.6	1.5	1.3	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	50	5.4%	3	152	6.9	3.0	2.9	1.2	1.6	1.6	0.6	0.7	0.6	37	36	34	\$/tonne
Coal Energy	CLE	27	25.0%	7	137	0.7	neg	neg	2.2	6.5	15.3	0.8	1.1	1.4	2.2	6.5	15.3	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	162	2.0%	3	208	4.8	9.4	8.1	4.0	6.6	6.0	0.4	0.7	0.6	330	546	519	\$/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				
Kruviv Wagon	KVBZ	254	5.0%	13	254	2.7	10.3	14.2	1.9	3.9	5.1	0.3	0.6	0.8				
Stakhanov Wagon	SVGZ	29	8.0%	2	68	>30	neg	neg	9.5	11.6	12.5	0.2	0.4	0.5				
Specialized Machinery																		
Turboatom	TATM	149	5.8%	9	80	3.9	2.1	1.9	1.6	0.9	0.8	0.5	0.3	0.3				
Motor Sich	MSICH	435	24.0%	104	451	2.2	2.6	2.3	1.5	1.9	1.7	0.5	0.5	0.4				
Telecom																		
Ukrtelecom	UTLM	263	7.2%	19	585	5.8	5.3	4.0	2.8	2.7	2.8	0.7	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,075	3.0%	32	1,067	6.1	8.2	8.9	3.3	2.9	3.0	0.6	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	63	21.6%	14	35	5.4	12.5	4.9	1.6	2.0	1.1	0.7	0.9	0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	177	50.4%	89	285	neg	8.8	7.4	2.1	3.4	3.2	1.4	1.4	1.2	52	39	38	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	207	21.7%	45	276	7.2	4.8	4.1	4.0	4.5	4.0	0.2	0.3	0.3	15	19	17	\$/MWh
DonbasEnergO	DOEN	96	14.2%	14	167	25.2	2.0	2.2	5.2	2.3	2.6	0.3	0.3	0.2	20	21	20	\$/MWh
Consumer																		
MHP	MHPC	1,523	34.1%	519	2,683	4.9	7.5	5.7	5.7	6.5	4.9	1.9	1.9	1.6				
Kernel	KER	849	61.8%	525	1,555	4.0	8.1	11.0	4.8	5.4	6.1	0.7	0.6	0.6				
Astarta	AST	448	37.0%	166	782	7.7	>30	5.5	7.2	9.7	5.7	1.7	1.5	1.4				
Avangardco	AVGR	638	22.5%	144	838	2.8	2.4	2.1	3.0	2.6	2.2	1.3	1.2	1.1	190	144	136	\$/mneggs
Agroton	AGT	38	26.2%	10	88	5.7	neg	neg	4.3	7.0	7.4	1.0	1.3	1.1	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	477	3.6%	17		>30	5.3	4.4	0.6	0.5	0.6	0.08	0.09	0.09				
Ukrsotsbank	USCB	356	0.7%	2		>30	>30	19.4	0.4	0.3	0.4	0.08	0.07	0.08				

Source: Eavex Research

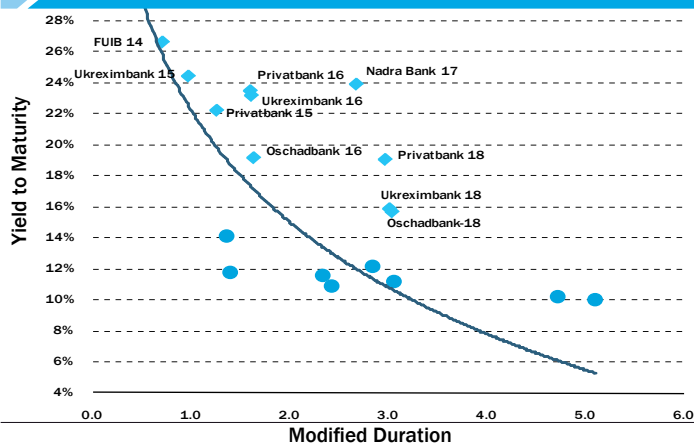
UKRAINIAN EUROBONDS

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	95.5	96.3	39.5%	33.8%	-4.1%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/B-
Naftogaz Ukraine, 2014	89.4	90.8	47.3%	41.4%	-10.4%	0.4	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	88.6	89.3	14.1%	13.4%	-7.4%	1.4	4.95%	A	13 Oct 2015	600*	Caa2/CCC/B-
Ukraine, 2015	90.2	92.2	15.2%	13.4%	-6.6%	1.3	6.875%	S/A	23 Sept 2015	500	Caa2/CCC/B-
Ukraine, 2016	89.9	90.9	11.3%	10.8%	-3.8%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC/B-
Ukraine, 2016-2	90.1	91.6	10.7%	10.0%	-3.7%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC/B-
Ukraine, 2017	88.8	90.4	10.7%	10.1%	-3.4%	3.1	6.75%	S/A	14 Nov 2017	700	Caa2/CCC/B-
Ukraine, 2017-2	93.6	94.6	11.9%	11.5%	-5.1%	2.8	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC/B-
Ukraine, 2017 Infr. projects	85.0	87.0	14.7%	13.8%	4.1%	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%	3.2	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	89.0	90.7	10.3%	9.9%	-3.5%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/B-
Ukraine, 2021	89.0	90.5	10.3%	9.9%	-4.2%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC/B-
Ukraine, 2022	88.1	89.6	9.9%	9.6%	-2.4%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/B-
Ukraine, 2023	87.9	89.4	9.5%	9.2%	-2.1%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/B-
Corporate Eurobonds											
Agroton, 2014	35.0	43.1	51.3%	40.5%	n/a	2.4	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	97.5	98.5	14.2%	13.7%	-5.3%	1.1	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	82.0	83.8	12.6%	12.1%	-7.3%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/B-
Avangardco, 2015	96.0	99.0	13.8%	11.5%	n/a	1.4	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	85.3	87.4	15.9%	15.1%	-4.3%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/B-
Mriya, 2016	94.4	96.3	15.4%	14.1%	-4.9%	1.7	10.95%	S/A	30 Mar 2016	72	/CCC/B-
Mriya, 2018	82.2	84.2	15.4%	14.7%	-4.5%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC/B-
DTEK, 2015	91.8	93.1	20.2%	18.4%	-9.6%	1.0	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	79.5	82.3	14.7%	13.7%	-14.2%	3.2	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	94.7	97.0	16.9%	14.4%	-3.7%	1.0	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	88.8	91.0	12.7%	11.9%	-5.4%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	90.8	93.1	13.8%	12.2%	-6.2%	1.8	7.875%	S/A	07 Apr 2016	500	/CCC/B-
UZ Rail, 2018	77.0	80.1	17.4%	16.2%	-14.4%	3.1	9.50%	S/A	21 May 2018	500	/CCC/B-
Interepipe, 2017	77.0	82.0	20.6%	17.7%	0.1%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	102.7	104.0	10.5%	10.1%	-6.9%	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	27.2%	27.2%	-5.1%	0.7	11.00%	Q	31 Dec 2014	275	Caa2//
Nadra Bank, 2017	79.3	85.0	27.0%	20.8%	0.1%	2.7	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	80.0	85.0	29.7%	24.0%	-7.4%	1.2	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	70.0	75.0	27.7%	23.2%	3.1%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	77.8	80.2	19.1%	18.0%	-5.6%	3.0	10.88%	S/A	28 Feb 2018	175	Caa2//B-
UkrEximBank, 2015	82.0	85.0	32.1%	27.5%	-13.4%	0.9	8.38%	S/A	27 Apr 2015	750	Caa2//B-
UkrEximBank, 2016	76.0	76.0	23.3%	23.3%	-10.9%	1.6	8.40%	S/A	2 Sept 2016	125	Caa2//B-
UkrEximBank, 2018	76.9	77.3	17.1%	17.0%	-13.5%	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	80.0	82.0	22.9%	21.2%	-13.0%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//B-
Oschadbank, 2018	76.5	78.2	17.2%	16.5%	-13.1%	3.0	8.88%	S/A	20 Mar 2018	500	Caa2//B-
Municipal Eurobonds											
City of Kyiv, 2015	80.0	85.0	25.1%	20.3%	-11.3%	1.4	8.00%	S/A	6 Nov 2015	250	Caa2/CCC/
City of Kyiv, 2016	85.0	85.0	17.4%	17.4%	-8.6%	1.9	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

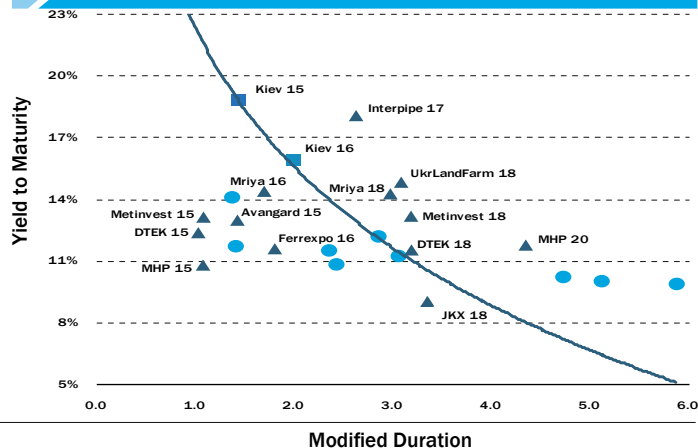
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



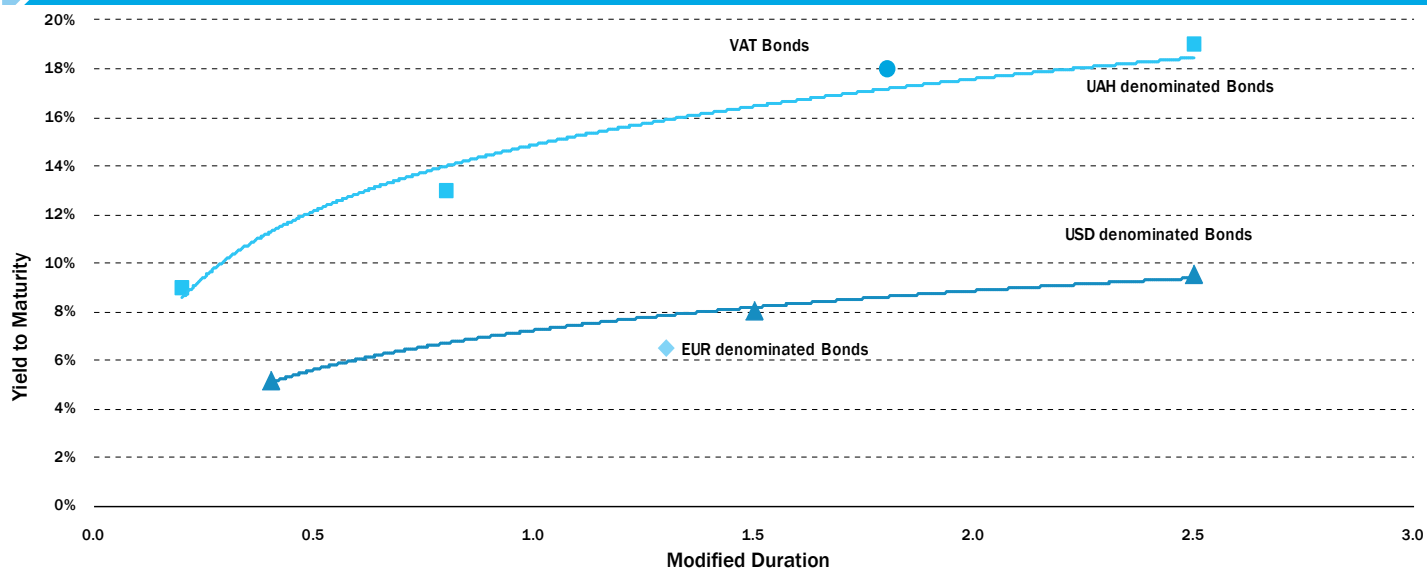
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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			9.0%	7.5%	n/a	10.75%	S/A	26 Mar 2014	187
UA4000141592			13.5%	12.0%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			19.0%	17.0%	n/a	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000140362	n/a	n/a	5.8%	4.5%	n/a	9.20%	S/A	21 May 2014	171
UA4000142699	n/a	n/a	9.5%	6.5%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	9.5%	6.5%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	9.6%	7.0%	n/a	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000142681	n/a	n/a	7.0%	5.3%	n/a	4.80%	S/A	6 May 2015	40
VAT Bonds									
UA4000082531			17.5%	15.0%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			17.5%	15.0%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			17.5%	15.0%	n/a	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

DOMESTIC BONDS YIELD CURVE


Source: Bloomberg, Cbonds, Eavex Research

Eavex Capital

Evropa Plaza
33 Shevchenko Blvd.
Floor 11
Kyiv, Ukraine, 01032

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity & Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales & Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua