

**Market Update**

**Equity**

Kyiv-listed Ukrainian stocks were lower across the board to open the holiday shortened trading week on Tuesday (Mar 11), as the situation in Crimea remained unclear and local media began to voice doubts about the viability of the fast-approaching May 25 presidential election date. The UX index lost 2.4% to end at 1055 points. Raiffeisen Aval led the decline, dropping 4.2% to 15.03 kopecks, and volume leader UkrNafta was down 3.1% on turnover of UAH 3.8mn. Motor Sich and Azovstal both shed 2.7%, while low-liquidity blue chip Avdyivka Coke posted a 1.5% gain. The top Ukrainian names in London were mixed, with MHP falling 3.0% to USD 13.10, while JXK Oil&Gas added a solid 4.3% to get back above the GBp 60 level. In Warsaw, Astarta continued its miserable run of form, plummeting 9.8% to PLN 40.20, and Kernel was also down by 6.1%.

**Fixed Income**

Ukrainian Eurobonds started the week notably lower with Ukraine-23s falling by 2.6 p.p. to close at 82.3/83.6 (10.6%/10.3%). Medium term Ukraine-17s dropped by 1.9 p.p. to 84.3/86.1 (12.5%/11.8%). Corporate issues were less affected by the downward trend with MHP-20s slipped 0.2 p.p. to close at 81.3/84.5 (12.8%/11.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	197.00	-3.2%	3.8	117
Motor Sich	MSICH	1805.00	-2.7%	1.1	69
Centrenerg	CEEN	5.531	-2.5%	1.0	97

**Growth Leaders**

Stirol	STIR	14.99	7.1%	0.04	14
Avdyivka Coke	AVDK	3.06	1.5%	0.12	8
Yenakievo Steel	ENMZ	36.11	-0.1%	0.06	13

**Loss Leaders**

Raiffeisen Bank Aval	BAVL	0.15	-4.2%	0.837	83
Ukrnafta	UNAF	197.00	-3.2%	3.795	117
Donbasenergo	DOEN	40.50	-2.9%	0.294	79

**Highlights**

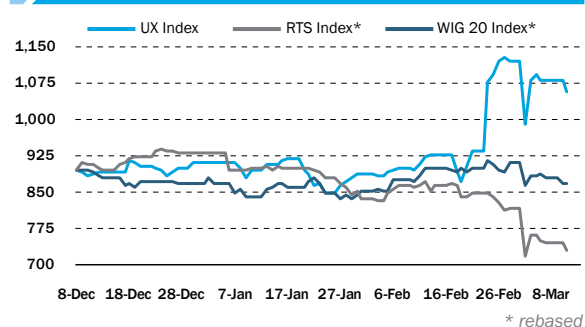
**POLITICS AND ECONOMICS**

- > May 25 Election Date Looks Increasingly in Doubt
- > Akhmetov Criticizes Arrest of Kharkiv's Dobkin
- > EU Removes Duties on Most Ukrainian Exports

**STOCKS IN THE NEWS**

- > Ferrexpo Declares Special Dividend of USD 0.066

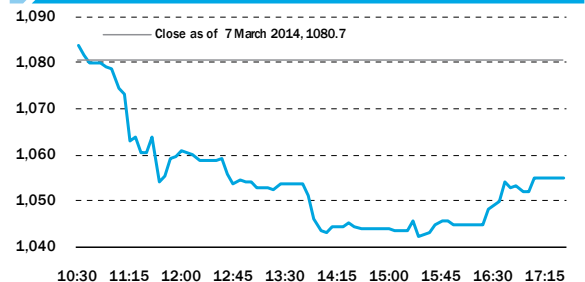
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1055.1	-2.4%	17.2%	15.9%
RTS	1132.1	-2.3%	-15.6%	-21.5%
WIG20	2401.0	-1.4%	-0.8%	0.0%
MSCI EM	955.9	-1.1%	2.0%	-4.6%
S&P 500	1867.6	-0.6%	3.9%	1.4%

**UX INTRADAY MARCH 11, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	341.2	2.1%	-7.8%	3.2%
CDS 5Y UKR	1080.8	0.0%	1.2%	31.8%
Ukraine-17	11.8%	0.7 p.p.	1.1 p.p.	2.8 p.p.
Naftogaz Ukr-14	41.0%	4.2 p.p.	20.4 p.p.	32.3 p.p.
Ukraine-23	10.5%	0.5 p.p.	0.9 p.p.	3.0 p.p.
Privatbank-16	30.2%	-3.9 p.p.	8.4 p.p.	5.5 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	9.23	-0.1%	8.0%	12.0%
EUR	12.79	-0.2%	9.8%	12.5%
RUB	0.25	-0.2%	3.0%	0.8%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	299.0	0.0%	11.1%	4.0%
Steel, USD/t	527.5	0.0%	-1.9%	-1.9%
Oil, USD/bbl	108.6	-0.4%	-0.3%	-2.4%
Gold, USD/oz	1349.0	0.7%	6.4%	12.7%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## May 25 Election Date Looks Increasingly in Doubt

by Will Ritter  
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### NEWS

The Party of Regions faction in Parliament on Tuesday (Mar 11) registered a bill to postpone the presidential election scheduled for May 25 until Dec 7 of this year, Ukrainian media reported. Meanwhile, in his second televised speech from the southern Russian city of Rostov in the last two weeks, ousted president Viktor Yanukovich re-stated his previous claim that he is still Ukraine's legitimate president and that the May 25 election date is unconstitutional.

### COMMENTARY

Although the Party of Regions is now in opposition in Parliament and lacks the votes to push through the resolution on its own, we nonetheless see several reasons why the May 25 presidential election is likely to be postponed. First, the election is only 75 days away, and the campaign should be in full swing, but we see that nothing is happening and that candidates have not even been formally announced. Second, Ukraine's political establishment is entirely focused on responding to the Russian occupation of Crimea, a situation which, unless quickly resolved, precludes the holding of a proper presidential campaign. Third, Yulia Tymoshenko's Batkivschyna (Fatherland) Party probably views a postponement as being in their interest, given that Batkivschyna controls the top posts in the un-elected transitional government and Tymoshenko's poll numbers at the moment are well behind that of her pro-Western competitors Petro Poroshenko and Vitaliy Klitschko. And fourth, Russia is demanding a delay in the election as a condition of any possible compromise on the Crimean issue; Moscow sees a quick election as legitimizing Yanukovich's ouster, and the Kremlin also understands that the longer the current un-elected Ukrainian executive authorities remain in power, the less legitimate they will become and the more trouble they will have in negotiating financial and other backing from Western governments.

## Akhmetov Criticizes Arrest of Kharkiv's Dobkin

by Will Ritter  
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### NEWS

Ukraine's richest industrialist, Metinvest majority owner Rinat Akhmetov, released a statement criticizing the arrest on charges of separatism of recently-fired Kharkiv oblast governor Mikhail Dobkin, the Kyiv Post reported on Tuesday (Mar 11). "When the authorities take into custody one of Eastern Ukraine's leaders, it doesn't calm down the situation in the region but instead inflames it. It should be an independent court that decides, after a comprehensive investigation, whether Mikhail Dobkin is guilty or not," the outlet quoted Akhmetov as saying. He also said he is prepared to post bail for Dobkin and to "personally stand surety for him". Meanwhile, Dobkin's ally, Kharkiv mayor Gennadiy Kernes, is expected to face an interrogation at the General Prosecutor's office in Kyiv on Thursday.

### COMMENTARY

We see the action by Ukraine's new authorities against Dobkin, a highly vocal critic of the EuroMaidan movement, as possibly opening the transitional government up to accusations of using selective justice against political opponents. Dobkin's alleged crime is related to his public call for a federalized structure of the Ukrainian government, i.e. it is a crime of words rather than of actions, and this is likely to go over poorly in Western capitals. Given that the suspected heavyweight offenders in last month's violence against EuroMaidan protesters – Vitaliy Zakharchenko, Viktor Pshonka, and Andrey Kluyev – have apparently gotten away scot-free, the action against Dobkin looks to us like the scapegoating of a less important figure. From Akhmetov's point of view, we understand that high-profile arrests of pro-Russian politicians in Eastern Ukraine makes the industrialist's goal of maintaining the peace in Donetsk oblast that much more difficult.

## EU Removes Duties on Most Ukrainian Exports

by Dmitry Churin  
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### NEWS

The European Commission has temporarily removed customs duties on Ukrainian exports to EU countries until November, according to a set of trade provisions to support Ukraine adopted by the Commission on Tuesday (Mar 11). These measures will represent an economic benefit to Ukraine of around EUR 500mn per year, of which almost EUR 400mn accrue to the agricultural sector, said European Commission President José Manuel Barroso when presenting the documents. Existing EU tariffs for industrial goods exported from Ukraine will be removed immediately for 94.7% of products. For the remaining handful of products (which include some fertilizer products), the tariffs will be reduced. As for agricultural products, the EU has taken more limited action to open up its market to Ukrainian agriculture to ensure the European agricultural sector is not harmed by this unilateral trade action, Barroso said. In concrete terms, the EU will grant immediate and unlimited preferences to 82.2% of Ukraine's agro exports. For the other products (cereals, pork, beef, poultry and a handful of additional products), partial liberalization will be achieved by the granting of duty-free tariff rate quotas (TRQs), which limit the amount of certain goods able to benefit from the trade preferences, Barroso said.

### COMMENTARY

The Commission's move is a fast-action step ahead of the Association Agreement's (AA) provisions on a Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Ukraine. It is expected that the DCFTA will be signed and put into effect by 1 Nov 2014, the date on which the unilateral system of autonomous trade preferences ends. According to UkrStat data, the EU market accounts for 26.5% of Ukraine's merchandise exports, which in absolute figures was equivalent to USD 16.8bn in 2013. The largest markets for Ukrainian goods in the EU are Poland and Italy, which each account for some 4% of the country's total exports. The main categories of goods exported from Ukraine to these countries in 2013 were steel products, iron ore, grain, and oilseeds.

Taking into account that the trade benefits provided by the EU for Ukrainian goods are temporary, it is too early to estimate their economic effect. On the other hand, the duty removals could be viewed as an initial measure in the framework of the wider EUR 11bn package of support for Ukraine announced by the European Commission.

**Ferrexpo Declares Special Dividend of USD 0.066**

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**FERREXPO (FXPO LN)**

Price: GBP 1.39 Market Cap: USD 1,363mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.41	6.8	5.0	5.3%
2014E	1.30	6.1	4.6	2.6%

**NEWS**

Ferrexpo, Ukraine's largest iron ore pellet exporter, announced an ordinary dividend of USD .033 for 2H13 as well as a special FY13 dividend of USD .066 along with the unveiling of its FY13 annual report this morning (Mar 12).

Ferrexpo's revenue improved by 11% YoY to USD 1.58bn in FY13 on the back of an 11% YoY rise in pellet sales to 10.7mn tonnes and a 2% YoY increase in the average selling price to USD 139.9/t. EBITDA in FY13 grew by 25% YoY to USD 506mn, suggesting an EBITDA margin of 32.0% (+3.8p.p. YoY). Net profit increased by 22% YoY to USD 264mn, with the net margin amounting to 16.7% (+1.5p.p.).

The company's production cash cost (from in-house ore) inched up by 0.3% to USD 59.8/t in 2013, as the ramp-up in production at the new Yeristovo mine through the year allowed Ferrexpo to decrease this cost by 6% to USD 57.9/t in 2H13 vs. 1H13.

The VAT balance due from the Ukrainian government amounted to USD 318mn as of 2013 year-end and USD 291mn as of 31 January 2014, compared to USD 302mn at end-2012.

Regarding its CapEx program, Ferrexpo in 2013 completed the upgrade of concentrating and pelletizing capacities, allowing the company now to produce 12mn tonnes of pellets p.a. vs. 11mn tonnes previously. The net debt of Ferrexpo stood at USD 639mn as of end-2013, implying a Net Debt/ EBITDA ratio of 1.3x, up from 1.1x as of end-2012.

**FERREXPO: FINANCIAL RESULTS**

USD mn	2013	2012	YoY	2H13	2H12	1H13	YoY	HoH
Net revenue	1,581	1,424	11%	807	692.8	775	16%	4%
EBITDA	506	402	25%	262	161	244	63%	7%
EBITDA margin	32%	28%	4pp	32%	23%	31%	9pp	1pp
Net profit	264	216	22%	138	70	126	97%	9%
Net margin	17%	15%	2pp	17%	10%	16%	7pp	1pp

Source: Company data, Bloomberg

**COMMENTARY**

We see the set of provided figures as generally positive for the FXPO stock. The special FY13 dividend of USD 0.066, which (unlike the 2H13 dividend) has probably not been priced in by the market, suggests a dividend yield of 2.9%. Also, the company's FY13 EBITDA turned out to be higher than both the analyst consensus of USD 470mn and our forecast of USD 433mn. In addition, the devaluation of the Ukrainian hryvnia bodes well for the company's ongoing operating earnings, since 100% of Ferrexpo's revenue is generated in foreign exchange, while 60-70% of its operating costs are denominated in UAH. With the expected further expansion of ore processing from Yeristovo in 2014, this should positively effect the company's production cost and profitability. On the other hand, Ferrexpo is yet to approve the construction of a concentrator at Yeristovo, which had previously been promised in 2H13. Meanwhile, with the current sluggish iron ore market and recent drop in the benchmark iron ore price to USD 105/t, Ferrexpo's reluctance to embark on a major new CapEx project looks logical to us.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.69	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	139.2	218.0	57%	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	9.77	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 made a decision on additional issue of 14.73mn of new shares implying 1.26% of the company's share capital.
<b>Coke</b>						
Avdyivka Coke	AVDK	3.06	6.2	104%	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	377%	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	0.53	2.9	456%	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	20.5	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.58	5.2	230%	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	1805	5250	191%	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	4.00	8.9	123%	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	11.0	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	60.8	370	509%	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	40.5	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	5.53	15.00	171%	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	13.1	22.10	69%	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	40.2	90.0	124%	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	9.0	19.35	115%	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	70.3	109.50	56%	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.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.150	0.24	60%	BUY	We base our valuation on an assumption of the bank's fair value at 0.9x of its book value, the level at which Italian lender Intesa Sanpaolo sold its Ukrainian subsidiary in early 2014.

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	1055.12	1153.01	781.22	-2.4%	-2.5%	17.2%	15.9%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.040	0.06	0.02	-1.3%	-3.4%	8.2%	1.8%	1.1%	-0.9%	-9.0%	-14.1%
Azovstal	AZST	0.69	0.90	0.31	-2.7%	-6.4%	15.0%	3.1%	-0.3%	-3.9%	-2.2%	-12.8%
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	36.1	52.0	20.0	0.0%	-4.1%	14.1%	12.8%	2.4%	-1.6%	-3.1%	-3.1%
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	0.17	0.20	0.05	0.0%	0.0%	41.7%	70.0%	2.4%	2.5%	24.5%	54.1%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.06	4.80	1.60	1.5%	-0.6%	7.9%	3.3%	3.9%	1.8%	-9.2%	-12.6%
Yasnyivsky Coking	YASK	0.72	0.84	0.49	0.0%	2.9%	30.9%	35.8%	2.4%	5.4%	13.7%	19.9%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	8.00	n/a	n/a	-14.6%	-11.0%	22.1%	23.1%	-12.3%	-8.5%	5.0%	7.1%
Ferrexpo	FXPO	2.31	3.28	2.02	-2.3%	-6.4%	-12.1%	-26.7%	0.0%	-3.9%	-29.3%	-42.6%
Pivnichny GOK	SGOK	9.77	10.00	5.77	0.0%	-0.3%	22.0%	22.1%	2.4%	2.2%	4.8%	6.2%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.53	0.70	0.10	0.0%	-11.7%	32.5%	32.5%	2.4%	-9.2%	15.3%	16.6%
Komsomolets Donbasa	SHKD	1.13	n/a	n/a	0.9%	50.7%	162.8%	82.3%	3.3%	53.2%	145.6%	66.3%
Energy Coal	CLE	0.56	3.21	0.31	15.8%	4.3%	48.8%	59.8%	18.2%	6.8%	31.6%	43.8%
<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	0.60	0.81	0.30	0.0%	0.0%	20.0%	0.0%	2.4%	2.5%	2.8%	-15.9%
Interpipe NMPP	NVTR	0.26	n/a	n/a	0.0%	0.0%	13.0%	23.8%	2.4%	2.5%	-4.1%	7.9%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	20.5	29.0	12.0	0.0%	-6.8%	13.9%	18.5%	2.4%	-4.3%	-3.3%	2.6%
Luhanskeplovoz	LTPL	1.58	2.20	1.20	6.8%	1.9%	3.9%	5.3%	9.1%	4.4%	-13.2%	-10.6%
Stakhanov Wagon	SVGZ	1.20	n/a	n/a	0.0%	-4.0%	-4.8%	-7.7%	2.4%	-1.5%	-21.9%	-23.6%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-11.5%	-1.3%	7.1%	13.2%	-9.1%	1.2%	-10.0%	-2.7%
Motor Sich	MSICH	1,805	2,587	1,303	-2.7%	-6.4%	-1.3%	-1.0%	-0.3%	-3.9%	-18.4%	-17.0%
Summy Frunze Engineering	SMASH	3.49	n/a	n/a	0.0%	0.0%	39.6%	39.6%	2.4%	2.5%	22.4%	23.7%
Turboatom	TATM	2.00	n/a	n/a	-50.0%	-50.0%	11.1%	-42.9%	-47.6%	-47.5%	-6.1%	-58.8%
WESTA ISIC	WES	0.18	0.26	0.13	-0.5%	-10.0%	11.0%	33.2%	1.9%	-7.5%	-6.2%	17.3%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.19	0.19	0.09	0.0%	42.3%	52.7%	70.7%	2.4%	44.8%	35.5%	54.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.18	0.45	0.18	-7.0%	-8.6%	-6.1%	-13.2%	-4.6%	-6.1%	-23.3%	-29.1%
JKX Oil	JKX	1.01	1.21	0.75	2.3%	6.7%	-10.7%	-14.8%	4.7%	9.2%	-27.9%	-30.7%
Ukrnafta	UNAF	197	212	96	-3.1%	-0.2%	46.6%	81.4%	-0.8%	2.3%	29.4%	65.5%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.53	7.40	2.50	-2.5%	3.0%	24.9%	16.0%	-0.1%	5.5%	7.7%	0.1%
Donbasenergo	DOEN	40.5	43.0	15.4	-2.9%	0.0%	24.9%	46.8%	-0.5%	2.5%	7.7%	30.9%
Zakhidenergo	ZAEN	118.6	134.0	64.0	4.1%	-3.2%	0.6%	31.2%	6.5%	-0.7%	-16.6%	15.3%
<b>Consumer</b>												
Agroton	AGT	1.11	3.5	0.36	-20.3%	-20.2%	42.2%	71.5%	-17.9%	-17.7%	25.0%	55.6%
Astarta	AST	13.2	24.4	13.2	-9.8%	-16.2%	-36.7%	-40.6%	-7.5%	-13.7%	-53.9%	-56.6%
Avangardo	AVGR	9.0	13.0	7.61	4.0%	5.3%	-18.2%	-23.4%	6.4%	7.8%	-35.4%	-39.3%
Industrial Milk Company	IMC	2.69	5.14	2.57	-3.5%	-11.0%	-5.1%	-33.4%	-1.1%	-8.5%	-22.3%	-49.3%
Kernel	KER	8.2	19.6	8.2	-6.1%	-10.2%	-32.0%	-35.2%	-3.8%	-7.7%	-49.2%	-51.1%
Mriya Agro Holding	MAYA	7.83	8.2	5.36	6.1%	15.3%	14.2%	5.1%	8.5%	17.8%	-3.0%	-10.8%
MHPC	MHPC	13.1	19.9	12.01	-5.7%	-5.1%	-11.2%	-23.0%	-3.3%	-2.6%	-28.4%	-38.9%
Milkiland	MLK	2.63	4.9	2.63	-1.3%	-11.3%	-18.5%	-36.8%	1.1%	-8.8%	-35.6%	-52.7%
Ovostar Union	OVO	23.1	33.3	19.4	2.8%	6.4%	-6.2%	-30.7%	5.1%	8.9%	-23.4%	-46.6%
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	15.0	n/a	n/a	7.1%	3.7%	13.4%	19.9%	9.4%	6.2%	-3.8%	4.0%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.150	0.163	0.077	-4.2%	-4.5%	33.7%	32.4%	-1.8%	-2.0%	16.5%	16.5%
UkrSotsbank	USCB	0.188	0.257	0.111	3.1%	0.6%	9.7%	0.5%	5.4%	3.1%	-7.5%	-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
<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	1,926	1,976	-181	-31	35	neg	neg	1.8%	-333	-308	-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	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%
<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	5	5	7.0%	1.5%	1.5%
<b>Railcar Manufacturing</b>																
Luhanskteplovoz	LTPL	216	329	367	29	36	38	13.4%	10.8%	10.4%	5	19	23	2.2%	5.9%	6.1%
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	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
<b>Banks</b>																
		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%
Ukrspasbank	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	315	3.0%	9	299	neg	neg	neg	neg	neg	8.5	0.1	0.2	0.2	65	66	66	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	65	6.8%	4	62	neg	neg	neg	neg	1.3	2.1	0.1	0.1	0.1	14	16	17	\$/tonne
Yasynivsky Coke	YASK	21	9.0%	2	22	2.5	1.9	4.5	0.8	0.8	1.2	0.1	0.1	0.1	0.8	0.8	1.2	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	1,016	0.3%	3	1,015	10.7	5.2	6.2	4.4	3.2	3.6	1.7	1.5	1.6				
Pivnichny GOK	SGOK	2,440	0.4%	10	2,434	5.6	4.4	5.3	3.2	2.7	3.0	1.7	1.5	1.6				
Ferrexpo	FXPO	1,362	24.0%	327	1,928	6.3	5.7	5.5	4.8	4.5	4.3	1.4	1.2	1.2				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	41	5.4%	2	143	5.7	2.4	2.4	1.1	1.6	1.5	0.5	0.6	0.6	35	34	32	\$/tonne
Coal Energy	CLE	25	25.0%	6	135	0.7	neg	neg	2.2	6.4	15.0	0.8	1.1	1.3	2.2	6.4	15.0	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	169	2.0%	3	215	5.0	>30	>30	4.1	6.9	6.2	0.4	0.7	0.6	341	565	537	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	38	24.0%	9	75	7.8	1.9	1.7	2.6	2.1	2.0	0.3	0.2	0.2				
Kruiw Wagon	KVBZ	255	5.0%	13	255	2.7	10.4	14.2	1.9	3.9	5.2	0.3	0.6	0.8				
Stakhanov Wagon	SVGZ	29	8.0%	2	68	>30	neg	neg	9.5	11.7	12.6	0.2	0.4	0.5				
<b>Specialized Machinery</b>																		
Turboatom	TATM	160	5.8%	9	92	4.2	2.2	2.1	1.8	1.0	0.9	0.6	0.4	0.3				
Motor Sich	MSICH	407	24.0%	98	422	2.0	2.4	2.2	1.4	1.8	1.6	0.4	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	381	7.2%	27	703	8.4	7.7	5.8	3.4	3.3	3.4	0.8	0.9	1.1				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,158	3.0%	35	1,150	6.6	8.8	9.6	3.6	3.1	3.2	0.6	0.5	0.5	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	173	50.4%	87	282	neg	8.7	7.2	2.1	3.3	3.1	1.4	1.3	1.2	51	39	38	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	221	21.7%	48	290	7.7	5.2	4.4	4.2	4.7	4.2	0.3	0.3	0.3	16	20	18	\$/MWh
DonbasEnergO	DOEN	104	14.2%	15	174	27.1	2.1	2.4	5.4	2.4	2.7	0.3	0.3	0.2	21	22	21	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,384	34.1%	472	2,544	4.5	6.8	5.1	5.4	6.2	4.7	1.8	1.8	1.6				
Kernel	KER	654	61.8%	404	1,360	3.1	6.2	8.5	4.2	4.7	5.3	0.6	0.5	0.5				
Astarta	AST	330	37.0%	122	664	5.7	24.9	4.0	6.1	8.2	4.8	1.5	1.3	1.2				
Avangardco	AVGR	575	22.5%	129	774	2.5	2.2	1.9	2.8	2.4	2.1	1.2	1.1	1.0	175	133	125	\$/mneggs
Agroton	AGT	24	26.2%	6	73	3.6	neg	neg	3.6	5.8	6.2	0.8	1.1	1.0	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	489	3.5%	17		>30	5.5	4.5	0.6	0.6	0.6	0.08	0.09	0.09				
Ukrsotsbank	USCB	376	0.7%	3		>30	>30	19.4	0.5	0.4	0.4	0.08	0.07	0.08				

Source: Eavex Research

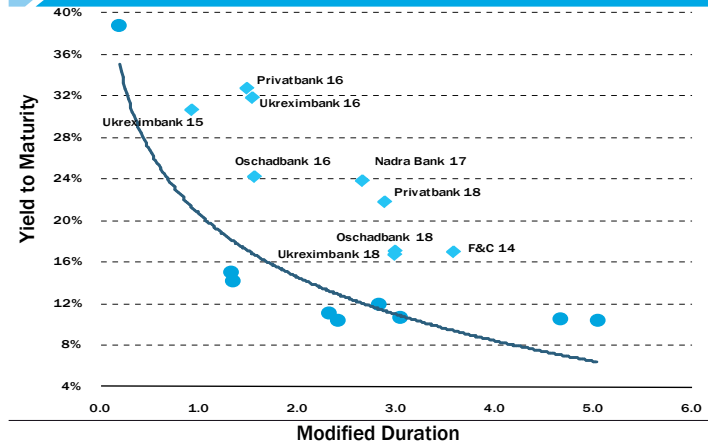
## UKRAINIAN EUROBONDS

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	91.3	92.5		90.2%	-8.1%		7.95%	S/A	4 Jun. 2014	1,000	Caa1/CCC/CCC
Naftogaz Ukraine, 2014	85.0	86.6		72.7%	-14.6%		9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	82.4	87.9	20.2%	14.9%	-11.3%	1.3	4.95%	A	13 Oct 2015	600*	Caa1/CCC/CCC
Ukraine, 2015	87.5	89.3	17.8%	16.2%	-9.5%	1.3	6.875%	S/A	23 Sept 2015	500	Caa1/CCC/CCC
Ukraine, 2016	85.3	86.3	13.7%	13.2%	-8.8%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa1/CCC/CCC
Ukraine, 2016-2	85.6	86.6	12.9%	12.4%	-8.7%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa1/CCC/CCC
Ukraine, 2017	84.3	86.1	12.5%	11.8%	-8.1%	3.0	6.75%	S/A	14 Nov 2017	700	Caa1/CCC/CCC
Ukraine, 2017-2	87.5	88.7	14.5%	13.9%	-11.2%	2.8	9.25%	S/A	24 Jul 2017	2,000	Caa1/CCC/CCC
Ukraine, 2017 Infr. projects	85.0	87.0	14.8%	13.9%	4.1%	2.8	8.375%	S/A	3 Nov 2017	568	Caa1//
Ukraine, 2018 Infr. projects	84.3	86.0	13.1%	12.5%	8.4%	3.2	7.40%	S/A	20 Apr 2018	690	Caa1//
Ukraine, 2020	83.4	84.9	11.7%	11.3%	-9.5%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa1/CCC/CCC
Ukraine, 2021	83.2	84.7	11.7%	11.3%	-10.4%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa1/CCC/CCC
Ukraine, 2022	82.8	84.3	11.0%	10.7%	-8.2%	5.7	7.80%	S/A	28 Nov 2022	1,250	Caa1/CCC/CCC
Ukraine, 2023	82.3	83.6	10.6%	10.3%	-8.4%	6.0	7.50%	S/A	17 Apr 2023	1,250	Caa1/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	34.9	44.4	51.9%	39.3%	n/a	2.4	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	94.4	95.4	18.3%	17.6%	-8.3%	1.0	10.25%	S/A	29 Apr 2015	235	Caa1//CCC
MHP, 2020	81.3	84.5	12.8%	11.9%	-7.2%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	96.8	96.8	13.3%	13.3%	n/a	1.4	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	81.5	81.5	17.4%	17.4%	-9.6%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	92.0	94.0	17.3%	15.8%	-7.2%	1.6	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	80.1	85.0	16.3%	14.4%	-5.2%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	87.8	89.4	26.2%	23.8%	-13.4%	0.9	9.50%	S/A	28 Apr 2015	200	Caa1//CCC
DTEK, 2018	79.0	79.3	15.0%	14.9%	-16.0%	3.1	7.88%	S/A	4 Apr 2018	750	Caa1//CCC
Metinvest, 2015	92.9	93.5	19.4%	18.7%	-8.7%	1.0	10.25%	S/A	20 May 2015	500	Caa1//CCC
Metinvest, 2018	86.8	89.8	13.4%	12.3%	-7.1%	3.1	8.75%	S/A	14 Feb 2018	750	Caa1//CCC
Ferrexpo, 2016	92.2	93.8	13.0%	11.8%	-5.1%	1.8	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	73.8	76.3	18.8%	17.8%	-18.2%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	77.0	82.0	20.7%	17.8%	0.1%	2.5	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	101.2	103.4	11.0%	10.3%	-7.8%	3.3	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	70.0	80.0	18.9%	15.2%	-9.6%	3.6	9.25%	S/A	25 Jan 2019	100	Caa1//
PUMB, 2014	82.3	82.3			-16.5%		11.00%	Q	31 Dec 2014	275	Caa1//
Nadra Bank, 2017	79.3	85.0	27.0%	20.8%	0.1%	2.6	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	71.0	75.0	43.3%	37.1%	-18.1%	1.1	9.38%	S/A	23 Sept 2015	200	Caa1//
PrivatBank, 2016	63.0	70.0	35.3%	28.0%	-5.4%	1.5	8.75%	S/A	9 Feb 2016	150	Caa1//
PrivatBank, 2018	70.1	73.9	22.7%	20.9%	-14.0%	2.9	10.88%	S/A	28 Feb 2018	175	Caa1//CCC
UkrEximBank, 2015	80.0	82.0	36.3%	32.9%	-16.0%	0.9	8.38%	S/A	27 Apr 2015	750	Caa1//CCC
UkrEximBank, 2016	66.0	66.0	34.0%	34.0%	-22.6%	1.5	8.40%	S/A	2 Sept 2016	125	Caa1//CCC
UkrEximBank, 2018	76.2	78.6	17.5%	16.5%	-13.2%	3.0	8.75%	S/A	22 Jan 2018	500	Caa1//CCC
VAB Bank, 2014	70.0	78.0	n/a	n/a	-13.5%	n/a	10.50%	Q	14 Jun 2014	125	Caa1//WD
Oschadbank, 2016	76.0	78.0	26.8%	25.0%	-17.3%	1.6	8.25%	S/A	10 Mar 2016	700	Caa1//CCC
Oschadbank, 2018	74.8	79.5	18.0%	16.0%	-13.3%	3.0	8.88%	S/A	20 Mar 2018	500	Caa1//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	75.8	78.8	30.1%	26.8%	-16.9%	1.3	8.00%	S/A	6 Nov 2015	250	Caa1/CCC/
City of Kyiv, 2016	75.0	80.0	24.0%	20.6%	-16.7%	1.9	9.375%	S/A	30 Jun 2016	300	Caa1/CCC/

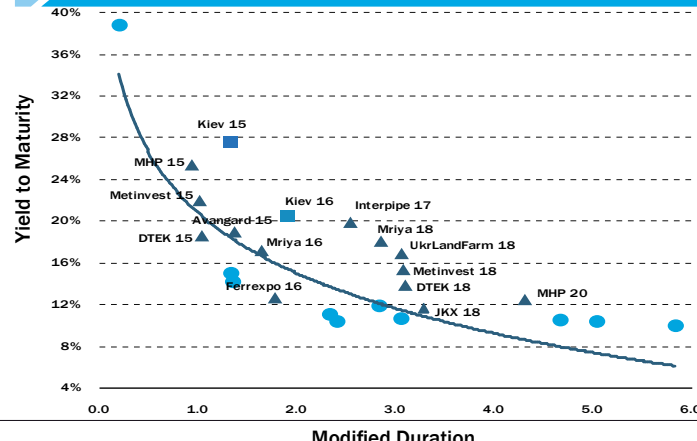
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



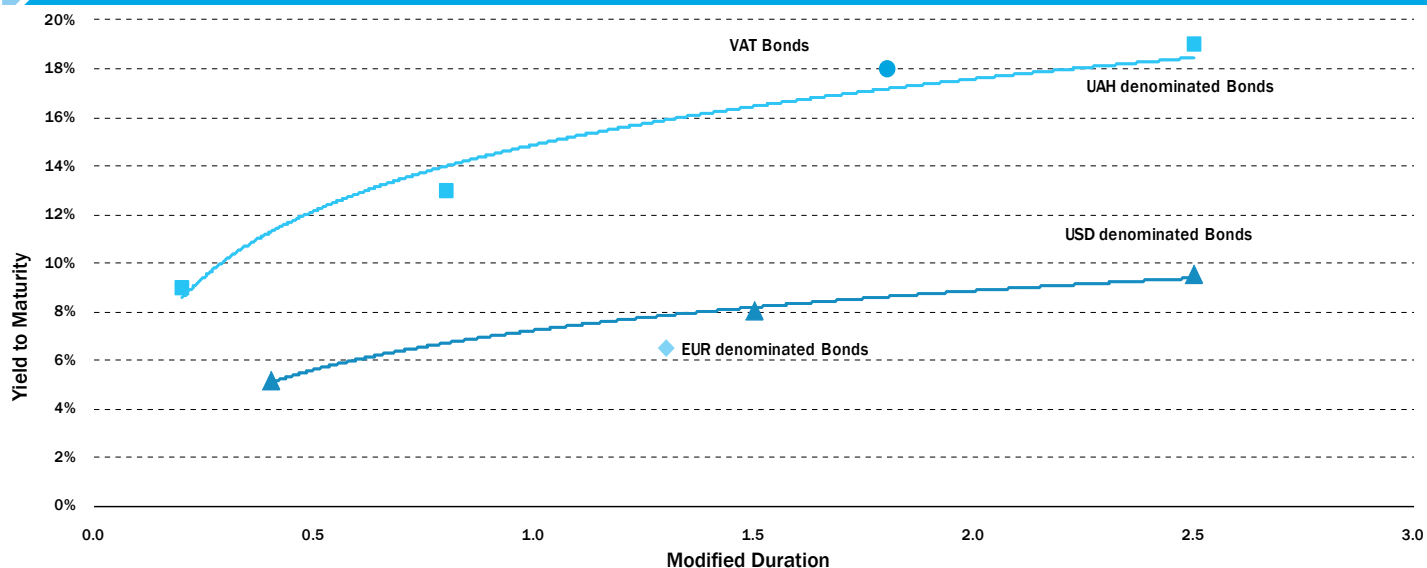
### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



**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			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
<b>USD denominated Bonds</b>									
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
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	7.0%	5.3%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
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

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