

**Market Update**

**Equity**

Ukrainian equities made it a hat trick of heavy losses on Thursday (Mar 13), sliding for a third straight day on the impending showdown with Russia over Crimea's Mar 16 secession referendum. The Crimean standoff also hammered European, and to a lesser extent, US share prices. The UX index lost 2.8% to end at 1002 points, with today's session likely to be no better heading into a tense weekend. UkrNafta led the decline, dropping 4.5% to UAH to UAH 184, and Azovstal and Yenakievo Steel fell 4.0% and 3.6% respectively. Volume leader Motor Sich was down 2.9% on turnover of UAH 4.8mn. Ukraine's top London-traded issues were also notably lower: Ferrexpo and MHP lost 4.0% and 5.1% respectively, with the latter ending at USD 12.35. In Warsaw, Astarta gave up more ground, declining by 3.1% to below the PLN 40 level, while beaten-down Kernel managed a gain of 2.5%.

**Fixed Income**

Ukrainian benchmark sovereigns regained some ground on Thursday after several days of declines. Ukraine-23s improved by 0.9p.p. to end at 82.2/83.4 (10.6%/10.4%). The corporate universe was mixed with considerable volatility. UkrLandfarming-18s got pounded, nosediving by 8.2p.p. to 81.0/82.0 (17.7%/17.2%), while Metinvest-15s rose by 2.5p.p. to finish at 93.0/95.0 (19.4%/16.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1738.00	-2.9%	4.8	99
Centrenergo	CEEN	5.25	-1.7%	2.0	113
Donbasenergo	DOEN	37.530	-2.9%	1.8	84

**Growth Leaders**

Khmelnitskoblenergo	HMON	1.49	24.2%	0.07	8
Ukrtelecom	UTLM	0.17	12.8%	0.03	13
Bogdan Motors	LUAZ	0.03	3.6%	0.00	7

**Loss Leaders**

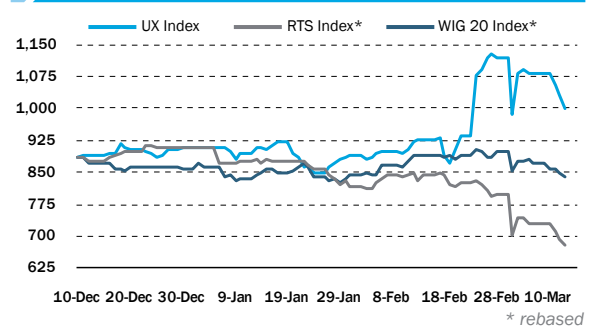
Stirol	STIR	12.00	-16.4%	0.078	20
Kryukiv Wagon	KVBZ	18.50	-9.3%	0.084	10
Ukrnafta	UNAF	183.80	-4.5%	1.424	93

**Highlights**

**POLITICS AND ECONOMICS**

- > Possible IMF Connection in Firtash Arrest
- > Russian Business Daily Kommersant Quits Ukraine

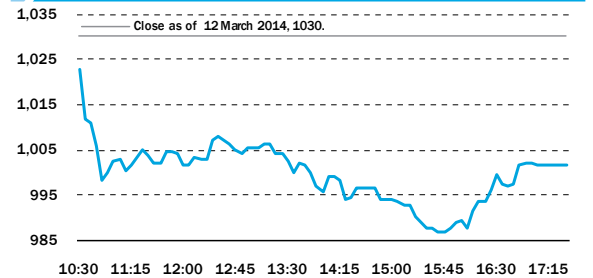
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1001.8	-2.8%	11.9%	10.1%
RTS	1077.9	-2.0%	-19.3%	-25.3%
WIG20	2339.4	-1.3%	-3.0%	-2.6%
MSCI EM	943.2	-0.2%	0.8%	-5.9%
S&P 500	1846.3	-1.2%	2.6%	0.3%

**UX INTRADAY MARCH 13, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	354.9	2.6%	-4.7%	7.3%
CDS 5Y UKR	1254.7	-3.3%	19.0%	53.0%
Ukraine-17	12.4%	-0.1 p.p.	1.2 p.p.	3.3 p.p.
Naftogaz Ukr-14	41.8%	-0.9 p.p.	20.2 p.p.	33.1 p.p.
Ukraine-23	10.5%	-0.2 p.p.	0.8 p.p.	3.0 p.p.
Privatbank-16	30.2%	0.0 p.p.	8.5 p.p.	5.6 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	9.70	3.4%	15.0%	17.7%
EUR	13.45	3.1%	16.9%	18.3%
RUB	0.26	3.0%	9.1%	5.5%

**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	107.4	-0.6%	-0.5%	-3.4%
Gold, USD/oz	1370.1	0.2%	7.5%	14.5%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Possible IMF Connection in Firtash Arrest

by Will Ritter  
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### NEWS

Dmitry Firtash, one of Ukraine's richest oligarchs, was arrested in Vienna on Thursday (Mar 13) by Austrian police. The arrest, which occurred without incident on the street in the presence of Firtash's bodyguards, was made on the request of the US Federal Bureau of Investigation. Firtash's holdings include major fertilizer factories, Ukraine's most-watched television channel INTER, Nadra Bank, and OstChem, a major importer of Russian natural gas.

### COMMENTARY

Although Austria's Interior Ministry stated that Firtash's arrest is connected to a criminal bribery investigation that has been ongoing since 2006, we believe that it is more likely directly related to the current Ukrainian political upheaval. We have two theories on this. First, Firtash's arrest in a major Western capital looks to be a warning to top Russian oligarchs that they could be next, if Russian President Vladimir Putin's aggressive behavior toward Ukraine in Crimea and elsewhere is not quickly reined in. Our second theory is in the context of Ukraine's current negotiations with the IMF to receive an emergency lending program. The most important loan condition of the IMF is that Ukraine's government reform the energy sector by eliminating artificially low domestic natural gas prices. However, although the domestic gas sector is nominally state-owned, it is de-facto under the control of non-transparent structures which the new Kyiv government is unable to dictate terms to, and with which it therefore needs to negotiate. It is quite possible that the US has identified Firtash as a player who has considerable influence over the Ukrainian gas mafia, and arresting him may be a way to obtain leverage and force his cooperation in finally moving against Ukraine's entrenched gas corruption schemes.

## Russian Business Daily Kommersant Quits Ukraine

by Dmitry Churin  
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### NEWS

Russia's respected business daily newspaper *Kommersant* has closed its Ukrainian publishing house, the holding's CEO Pavel Filinkov said on Thursday (Mar 13). The official reason for the move is commercial issues. *Kommersant-Ukraine*, the most popular business daily newspaper in Ukraine, had been published since 2005. The ultimate owner of *Kommersant Publishing House* is top Russian oligarch Alisher Usmanov.

### COMMENTARY

It came as a stunning surprise for Ukraine's media market yesterday that the regular issue of *Kommersant-Ukraine* did not come out. According to unnamed sources from inside the newspaper, the real reason why the business daily was closed was a conflict in editorial policy. The source(s) said this was an attempt of clear censorship against the article on the front page of yesterday's planned issue, and after the censorship order, the Ukrainian management decided not to publish the Thursday issue, after which the Moscow-based parent group decided to shut down the entire Ukrainian operation. The reported censorship looks to us like additional evidence of Moscow's attempts to use Russian state-linked media to undermine the transitional Ukrainian government. Recent examples of the media war include the blocking of Ukrainian TV channels in Crimea and an increase in Russian TV channels' propaganda on the peninsula. Ukrainian cable operators have responded by limiting the availability of Russian TV channels in their cable packages. Controversial media coverage of developments in Ukraine is creating wide room for speculation about actual events, as well as considerable stress for investors.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.67	0.56	-17%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	138.4	218.0	58%	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	9.78	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	7.70	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	2.94	6.2	112%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.66	3.4	423%	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	0.43	2.9	593%	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	18.5	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.54	5.2	240%	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	1738	5250	202%	BUY	Motor Sich should see its sales grow with a 2012-2016E CAGR of 9%, reaching USD 1.2bn. For 2012-2016, we forecast an average EBITDA margin of 35% and a net margin of 28%.
Turboatom	TATM	5.00	8.9	78%	BUY	We model Turboatom's revenue as increasing at 18% CAGR over 2012-2015. Deliveries of hydro and steam turbines to export markets will remain the company's key revenue drivers.
<b>Oil &amp; Gas</b>						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	11.0	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	63.0	370	487%	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	37.5	72.0	92%	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	5.25	15.00	186%	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	12.3	22.10	79%	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	37.1	90.0	143%	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	8.8	19.35	121%	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.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.143	0.24	68%	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	1001.79	1153.01	781.22	-2.8%	-7.3%	11.9%	10.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.038	0.06	0.02	-1.0%	-5.5%	4.1%	-2.8%	1.7%	1.8%	-7.8%	-12.9%
Azovstal	AZST	0.67	0.90	0.31	-4.0%	-8.1%	12.6%	0.1%	-1.2%	-0.8%	0.7%	-9.9%
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	34.4	52.0	20.0	-4.1%	-6.8%	9.2%	7.4%	-1.3%	0.5%	-2.7%	-2.6%
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	0.15	0.20	0.05	-11.8%	-11.8%	25.0%	50.0%	-9.0%	-4.5%	13.1%	39.9%
<b>Coke</b>												
Avdivka Coke	AVDK	2.94	4.80	1.60	-1.9%	-2.5%	4.3%	-0.7%	0.9%	4.8%	-7.6%	-10.8%
Yasnyivsky Coking	YASK	0.66	0.84	0.49	-8.3%	-8.3%	15.8%	24.5%	-5.6%	-1.0%	3.9%	14.4%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.70	n/a	n/a	-3.8%	-17.8%	16.7%	18.5%	-1.0%	-10.5%	4.8%	8.4%
Ferrexpo	FXPO	2.30	3.20	2.02	-3.9%	-6.1%	-11.5%	-27.0%	-1.1%	1.2%	-23.4%	-37.1%
Pivnichny GOK	SGOK	9.78	10.00	5.77	0.0%	-0.2%	25.1%	22.3%	2.8%	7.1%	13.2%	12.2%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.43	0.70	0.10	-4.4%	-18.9%	13.2%	7.5%	-1.7%	-11.6%	1.2%	-2.6%
Komsomolets Donbasa	SHKD	1.13	n/a	n/a	0.0%	43.0%	162.8%	82.3%	2.8%	50.3%	150.9%	72.2%
Energy Coal	CLE	0.52	3.15	0.31	2.7%	-2.5%	44.6%	49.9%	5.5%	4.8%	32.7%	39.9%
<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%	5.3%	20.0%	0.0%	2.8%	12.6%	8.1%	-10.1%
Interpipe NMPP	NVTR	0.26	n/a	n/a	0.0%	-3.7%	13.0%	23.8%	2.8%	3.6%	1.1%	13.7%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	18.5	29.0	12.0	-9.3%	-15.9%	-2.0%	6.9%	-6.5%	-8.6%	-13.9%	-3.1%
Luhanskeplovoz	LTPL	1.54	2.20	1.20	0.0%	4.1%	1.3%	2.7%	2.8%	11.3%	-10.6%	-7.4%
Stakhanov Wagon	SVGZ	1.23	n/a	n/a	-1.6%	0.0%	-2.4%	-5.4%	1.2%	7.3%	-14.3%	-15.5%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	2.7%	14.2%	23.2%	30.2%	5.5%	21.5%	11.3%	20.1%
Motor Sich	MSICH	1,738	2,545	1,303	-2.9%	-8.4%	-3.0%	-4.7%	-0.1%	-1.1%	-14.9%	-14.8%
Sumy Frunze Engineering	SMASH	3.49	n/a	n/a	0.0%	0.0%	39.6%	39.6%	2.8%	7.3%	27.7%	29.5%
Turboatom	TATM	2.00	n/a	n/a	0.0%	-50.0%	11.1%	-42.9%	2.8%	-42.7%	-0.8%	-52.9%
WESTA ISIC	WES	0.16	0.26	0.13	-6.3%	-16.6%	4.6%	20.5%	-3.5%	-9.3%	-7.3%	10.5%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.17	0.19	0.09	12.8%	20.1%	45.6%	59.0%	15.5%	27.4%	33.7%	48.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.18	0.43	0.18	0.1%	-12.7%	-0.9%	-13.1%	2.9%	-5.4%	-12.8%	-23.2%
JKX Oil	JKX	1.05	1.21	0.75	-1.4%	8.2%	-7.8%	-11.6%	1.3%	15.5%	-19.7%	-21.7%
Ukrnafta	UNAF	184	212	96	-5.2%	-8.2%	37.2%	69.2%	-2.4%	-0.9%	25.3%	59.2%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.25	7.40	2.50	-1.6%	-5.8%	18.1%	10.1%	1.1%	1.5%	6.2%	0.0%
Donbasenergo	DOEN	37.5	43.0	15.4	-3.7%	-9.1%	17.8%	36.0%	-0.9%	-1.8%	5.8%	25.9%
Zakhidenergo	ZAEN	105.0	134.0	64.0	-5.0%	-7.1%	-11.0%	16.2%	-2.2%	0.2%	-22.9%	6.1%
<b>Consumer</b>												
Agroton	AGT	0.92	3.5	0.36	-7.7%	-40.2%	5.6%	41.8%	-5.0%	-32.9%	-6.3%	31.7%
Astarta	AST	12.1	24.4	12.1	-3.0%	-20.3%	-40.0%	-45.5%	-0.2%	-13.0%	-51.9%	-55.6%
Avangardo	AVGR	8.8	13.0	7.61	-2.8%	-0.6%	-20.5%	-25.5%	0.0%	6.7%	-32.4%	-35.6%
Industrial Milk Company	IMC	2.49	5.14	2.49	-3.1%	-17.3%	-11.3%	-38.4%	-0.3%	-10.0%	-23.3%	-48.5%
Kernel	KER	7.8	19.4	7.6	2.5%	-10.1%	-35.2%	-38.2%	5.3%	-2.9%	-47.1%	-48.3%
Mriya Agro Holding	MAYA	7.76	8.2	5.36	4.3%	10.5%	13.0%	4.1%	7.1%	17.8%	1.1%	-5.9%
MHPC	MHPC	12.3	19.9	12.01	-5.1%	-12.6%	-18.0%	-27.5%	-2.3%	-5.3%	-29.9%	-37.5%
Milkiland	MLK	2.48	4.9	2.48	-0.8%	-14.5%	-22.7%	-40.3%	2.0%	-7.2%	-34.6%	-50.4%
Ovostar Union	OVO	22.6	33.3	19.4	1.4%	0.2%	-8.9%	-32.1%	4.2%	7.5%	-20.8%	-42.2%
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	12.0	n/a	n/a	-16.4%	-17.0%	-9.2%	-4.0%	-13.6%	-9.7%	-21.1%	-14.1%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.143	0.163	0.077	-2.1%	-8.0%	27.1%	26.0%	0.7%	-0.7%	15.2%	15.9%
UkrSotsbank	USCB	0.172	0.257	0.111	-1.4%	-3.4%	-1.7%	-8.3%	1.3%	3.9%	-13.6%	-18.3%

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
<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	1,581	1,623	402	506	449	28.2%	32.0%	27.7%	216	264	248	15.1%	16.7%	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	280	51	91	98	32.2%	38.7%	34.9%	38	72	69	23.8%	30.4%	24.8%
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%
Ukrspotsbank	USCB	4,854	5,283	4,949	957	1,064	1,016	451	318	400	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	100	3.9%	4	1,894	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	490	456	443	\$/tonne
Yenakievo Steel	ENMZ	37	8.8%	3	32	4.4	neg	neg	neg	1.4	1.0	0.0	0.0	0.0	12	11	11	\$/tonne
Azovstal	AZST	291	3.0%	9	275	neg	neg	neg	neg	neg	7.8	0.1	0.1	0.1	60	61	60	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	59	6.8%	4	57	neg	neg	neg	neg	1.2	1.9	0.1	0.1	0.1	13	14	15	\$/tonne
Yasynivsky Coke	YASK	19	9.0%	2	19	2.2	1.7	4.0	0.7	0.7	1.0	0.0	0.1	0.1	0.7	0.7	1.0	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	930	0.3%	2	929	9.8	4.8	5.7	4.0	3.0	3.3	1.5	1.4	1.5				
Pivnichny GOK	SGOK	2,323	0.4%	9	2,317	5.3	4.2	5.1	3.1	2.5	2.8	1.6	1.4	1.5				
Ferrexpo	FXPO	1,355	24.0%	325	1,921	6.3	5.1	5.5	4.8	3.8	4.3	1.3	1.2	1.2				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	39	5.4%	2	141	5.4	2.3	2.3	1.1	1.5	1.5	0.5	0.6	0.6	34	33	31	\$/tonne
Coal Energy	CLE	24	25.0%	6	134	0.6	neg	neg	2.1	6.3	14.9	0.8	1.1	1.3	2.1	6.3	14.9	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	161	2.0%	3	206	4.8	>30	29.4	4.0	6.6	6.0	0.4	0.7	0.6	328	543	516	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	35	24.0%	8	72	7.2	1.8	1.5	2.5	2.0	1.9	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	219	5.0%	11	219	2.3	8.9	12.2	1.6	3.4	4.4	0.2	0.5	0.7				
Stakhanov Wagon	SVGZ	29	8.0%	2	68	>30	neg	neg	9.4	11.5	12.4	0.2	0.4	0.5				
<b>Specialized Machinery</b>																		
Turboatom	TATM	152	5.8%	9	84	4.0	2.1	2.2	1.6	0.9	0.9	0.5	0.4	0.3				
Motor Sich	MSICH	372	24.0%	89	387	1.9	2.2	2.0	1.3	1.7	1.5	0.4	0.4	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	338	7.2%	24	659	7.5	6.8	5.2	3.2	3.1	3.2	0.8	0.9	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,028	3.0%	31	1,019	5.8	7.8	8.5	3.2	2.7	2.9	0.6	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	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	180	50.4%	91	288	neg	9.0	7.5	2.1	3.4	3.2	1.4	1.4	1.2	53	39	38	\$/boe
<b>Electric Utilities</b>																		
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	91	14.2%	13	162	23.9	1.9	2.1	5.1	2.2	2.5	0.3	0.2	0.2	20	21	20	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,304	34.1%	445	2,464	4.2	6.4	4.8	5.3	6.0	4.5	1.8	1.7	1.5				
Kernel	KER	623	61.8%	385	1,329	3.0	5.9	8.1	4.1	4.6	5.2	0.6	0.5	0.5				
Astarta	AST	303	37.0%	112	637	5.2	22.8	3.7	5.8	7.9	4.6	1.4	1.3	1.1				
Avangardco	AVGR	559	22.5%	126	758	2.4	2.1	1.9	2.7	2.3	2.0	1.2	1.1	1.0	172	130	123	\$/mneggs
Agroton	AGT	20	26.2%	5	69	2.9	neg	neg	3.4	5.5	5.9	0.8	1.0	0.9	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	443	3.5%	16		>30	4.9	4.1	0.6	0.5	0.5	0.07	0.08	0.09				
Ukrsotsbank	USCB	326	0.7%	2		>30	>30	15.8	0.4	0.3	0.3	0.07	0.06	0.06				

Source: Eavex Research

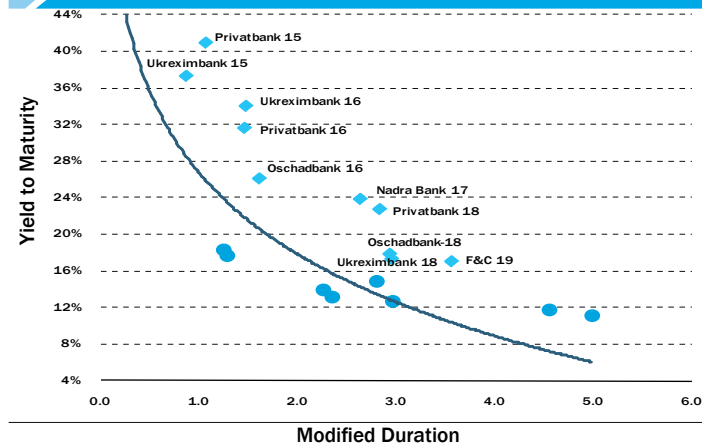
## UKRAINIAN EUROBONDS

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	92.5	93.5	45.9%	40.4%	-7.0%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/CCC
Naftogaz Ukraine, 2014	85.0	86.6	44.0%	39.7%	-14.6%	n/a	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	81.6	87.1	21.1%	15.6%	-12.1%	1.3	4.95%	A	13 Oct 2015	600*	Caa2/CCC/CCC
Ukraine, 2015	85.3	87.0	20.0%	18.3%	-11.8%	1.3	6.875%	S/A	23 Sept 2015	500	Caa2/CCC/CCC
Ukraine, 2016	83.9	85.4	14.4%	13.6%	-9.9%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC/CCC
Ukraine, 2016-2	83.7	85.7	13.9%	12.9%	-10.2%	2.3	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC/CCC
Ukraine, 2017	83.0	84.8	13.0%	12.3%	-9.5%	3.0	6.75%	S/A	14 Nov 2017	700	Caa2/CCC/CCC
Ukraine, 2017-2	86.5	87.5	14.9%	14.5%	-12.3%	2.8	9.25%	S/A	24 Jul 2017	2,000	Caa2/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	Caa2//
Ukraine, 2018 Infr. projects	84.3	86.0	13.2%	12.5%	8.4%	3.2	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	82.3	84.0	12.0%	11.5%	-10.6%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/CCC
Ukraine, 2021	82.6	84.4	11.8%	11.4%	-10.9%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC/CCC
Ukraine, 2022	82.4	83.7	11.0%	10.8%	-8.8%	5.7	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/CCC
Ukraine, 2023	82.2	83.4	10.6%	10.4%	-8.5%	5.9	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	34.9	44.5	52.0%	39.3%	n/a	2.4	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	93.9	96.0	19.0%	17.6%	-8.3%	1.0	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	82.1	84.0	12.6%	12.0%	-7.1%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	96.0	96.0	14.0%	14.0%	n/a	1.4	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	81.0	82.0	17.7%	17.2%	-9.6%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.9	95.0	17.3%	15.1%	n/a	1.6	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	80.0	83.5	16.3%	15.0%	-6.1%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	87.8	89.8	26.3%	23.4%	-13.2%	0.9	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	78.9	80.5	15.0%	14.4%	-15.4%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	93.0	95.0	19.4%	16.9%	-5.6%	1.0	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.0	89.0	13.8%	12.6%	-7.9%	3.1	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.0	94.0	13.1%	11.7%	-5.1%	1.7	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	70.1	73.0	20.5%	19.2%	-22.0%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	77.0	82.0	20.8%	17.8%	0.1%	2.5	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	105.1	106.7	9.8%	9.4%	-4.6%	3.3	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	70.0	80.0	19.0%	15.2%	-9.6%	3.6	9.25%	S/A	25 Jan 2019	100	Caa2//
PUMB, 2014	82.3	82.3	37.7%	37.7%	-16.5%	n/a	11.00%	Q	31 Dec 2014	275	Caa2//
Nadra Bank, 2017	79.3	85.0	27.0%	20.8%	0.1%	2.6	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	72.5	72.5	41.1%	41.1%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	63.1	70.0	35.3%	28.1%	-5.4%	1.5	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	70.0	71.5	22.8%	22.1%	-15.5%	2.8	10.88%	S/A	28 Feb 2018	175	Caa2//CCC
UkrEximBank, 2015	80.0	82.0	36.6%	33.1%	-16.0%	0.9	8.38%	S/A	27 Apr 2015	750	Caa2//CCC
UkrEximBank, 2016	66.0	66.0	34.1%	34.1%	-22.6%	1.5	8.40%	S/A	2 Sept 2016	125	Caa2//CCC
UkrEximBank, 2018	75.6	78.0	17.7%	16.7%	-13.9%	3.0	8.75%	S/A	22 Jan 2018	500	Caa2//CCC
VAB Bank, 2014	70.0	78.0	194.1%	131.3%	-13.5%	n/a	10.50%	Q	14 Jun 2014	125	Caa2//WD
Oschadbank, 2016	75.0	77.5	27.9%	25.5%	-18.1%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//CCC
Oschadbank, 2018	72.5	77.5	19.0%	16.8%	-15.7%	2.9	8.88%	S/A	20 Mar 2018	500	Caa2//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	76.5	81.4	29.4%	24.2%	-15.1%	1.3	8.00%	S/A	6 Nov 2015	250	Caa2/CCC/
City of Kyiv, 2016	75.0	81.0	24.0%	20.0%	-16.1%	1.9	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

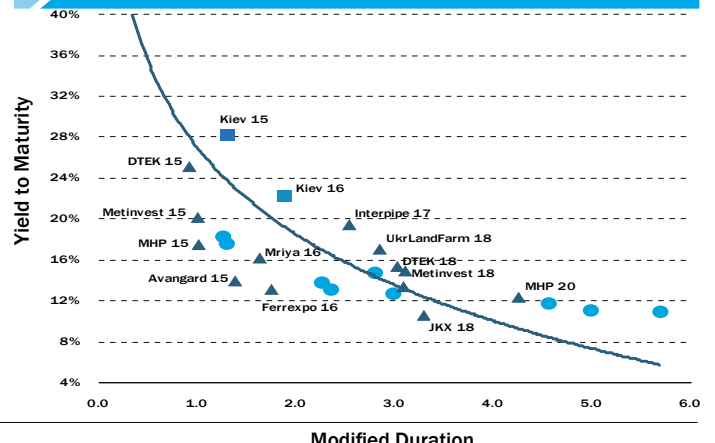
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

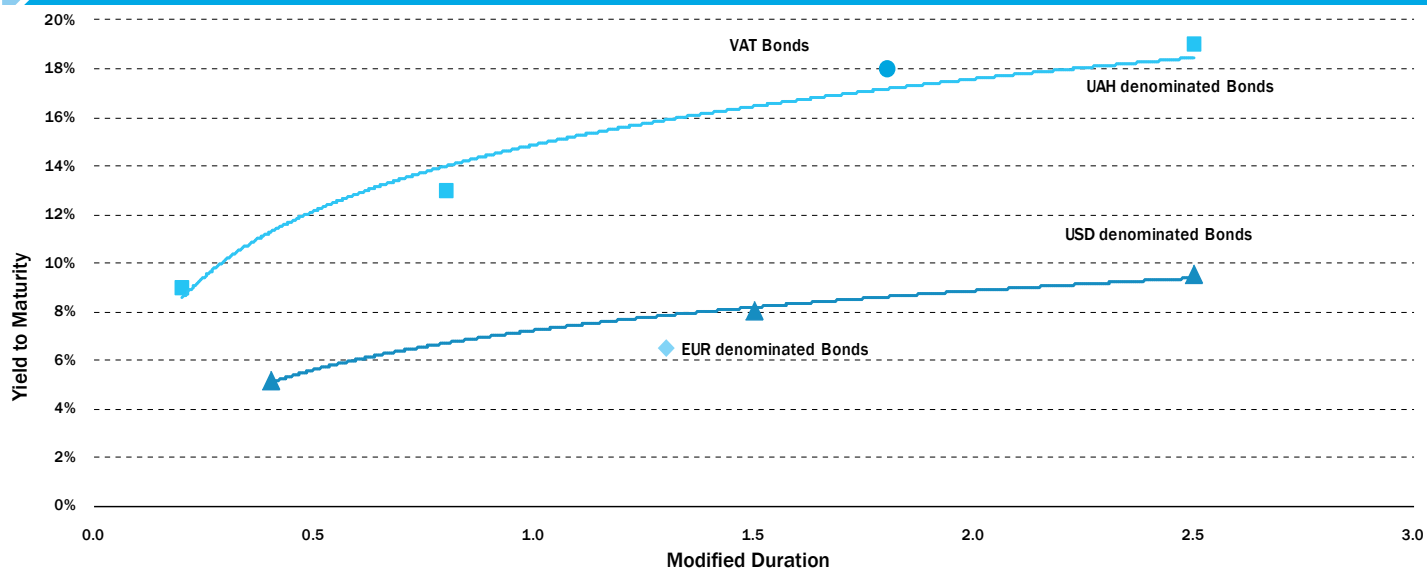




**UKRAINIAN DOMESTIC BONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD
<b>UAH denominated Bonds</b>									
UA4000115117			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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