

Market Update

Equity

Ukraine's equity market ended the week on a high note on Friday (Mar 21), as Prime Minister Arseniy Yatseniuk signed the political portion of Ukraine's Association Agreement with the European Union in Brussels. With most analysts in agreement that Crimea has de-facto seceded from Ukraine, investors' focus is turning to more forward-looking developments in Kyiv such as the possible renewal of IMF lending to the country in the near term. The UX index gained 2.3%, finishing at its session high of 1027 points, although USD-denominated equity values were undercut by a slide of some 12% in the hryvnia against the major global currencies over the week. DonbasEnergo was the top blue chip gainer, adding 3.9% to UAH 38.90, and UkrNafta ended just below the UAH 200 level after a 3.0% rise. CentrEnergo led on volume with UAH 2.6mn in turnover and picked up 1.7%, while most other names appreciated in line with the overall index. In London, Ukraine's top two agro issues moved in opposite directions, with MHP sliding by 5.5% to USD 12.95 and low-liquidity Avangard jumping by 13.2% to reclaim ground lost earlier in the month.

Fixed Income

Quotes for Ukrainian sovereign papers advanced on Friday, with Ukraine-23s improving by 1.0p.p. and closing at 85.7/87.2 (9.9%/9.6%). Corporate names were also higher. Metinvest-18s and DTEK-18s rose by 1.1p.p. and 0.8p.p. to finish at 87.0/90.0 (13.4%/12.3%) and 77.2/79.5 (15.7%/14.8%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenergo	CEEN	5.29	1.7%	2.5	100
Donbasenergo	DOEN	38.90	3.9%	2.2	102
Avdyivka Coke	AVDK	2.999	1.7%	1.1	27

Growth Leaders

Bogdan Motors	LUAZ	0.03	10.8%	0.01	10
Donbasenergo	DOEN	38.90	3.9%	2.19	102
Ukrnafta	UNAF	199.90	3.1%	0.74	53

Loss Leaders

Ukrtelecom	UTLM	0.14	-12.2%	0.065	13
Bank Forum	FORM	0.25	-0.6%	0.007	10
Zakhidenergo	ZAEN	123.30	0.0%	0.015	9

Highlights

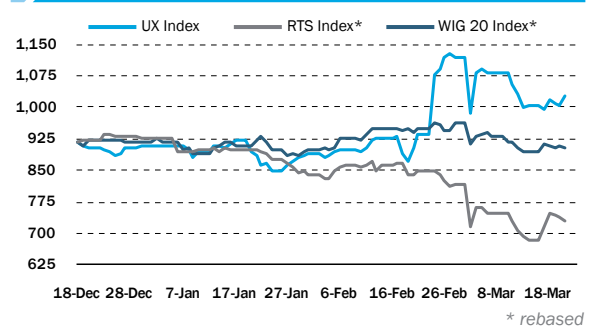
POLITICS AND ECONOMICS

- > Ukraine, EU Sign Political Portion of Association Agreement

STOCKS IN THE NEWS

- > Kyiv Planning to Hike Tax Rates on Iron Ore & Coal Extraction
- > Astarta Plans to Increase Sugar Output This Season by 30-50%

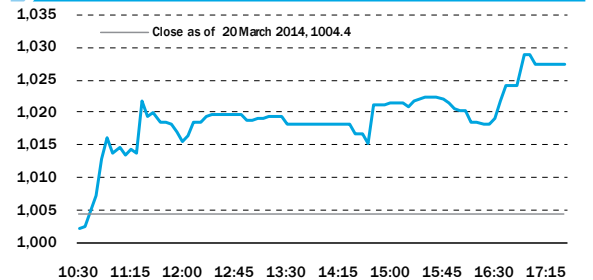
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1027.3	2.3%	15.5%	12.9%
RTS	1136.2	-1.3%	-15.4%	-21.2%
WIG20	2366.0	-0.4%	-4.2%	-1.5%
MSCI EM	945.0	0.5%	-1.5%	-5.7%
S&P 500	1866.5	-0.3%	1.4%	1.4%

UX INTRADAY MARCH 21, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	343.4	-0.1%	-7.6%	3.8%
CDS 5Y UKR	1183.4	0.0%	1.8%	44.3%
Ukraine-17	11.2%	-0.2 p.p.	0.0 p.p.	2.2 p.p.
Naftogaz Ukr-14	32.6%	1.8 p.p.	2.9 p.p.	23.8 p.p.
Ukraine-23	9.8%	-0.2 p.p.	-0.4 p.p.	2.3 p.p.
Privatbank-16	31.7%	-0.3 p.p.	6.3 p.p.	7.1 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	10.55	1.8%	19.1%	28.0%
EUR	14.55	2.1%	19.4%	28.0%
RUB	0.29	2.1%	16.6%	16.0%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	297.4	0.0%	8.1%	3.5%
Steel, USD/t	527.5	0.0%	-0.5%	-1.9%
Oil, USD/bbl	106.9	0.4%	-2.9%	-3.9%
Gold, USD/oz	1334.7	0.5%	1.0%	11.6%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukraine, EU Sign Political Portion of Association Agreement

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NEWS

Prime Minister Arseniy Yatseniuk, top European Commission officials Herman Van Rompuy and Jose Manuel Barroso, and the leaders of the EU's 28 nations signed the political chapters of Ukraine's Association Agreement (AA/DCFTA) at an EU summit in Brussels on Friday. However, it was agreed that the parts of the agreement concerning free trade will only be signed after Ukraine holds a presidential election, the first round of which is currently scheduled for May 25.

COMMENTARY

The signing of the political part of the AA/DCFTA by the new government, while symbolically important, looks rather anti-climactic to us in Ukraine's current security crisis environment. By tying the free trade pact, which is the real "meat and potatoes" of the Ukraine-EU deal, to the May 25 presidential election, the sides appear to be making the optimistic assumption that this election can be held credibly and on time despite a very tense political and security situation in broad areas of southeastern Ukraine. We view the objective of Russia, which has massed its military forces on Ukraine's eastern border, as trying to disrupt the holding of the election. Unfortunately, such a scenario may also suit Ukraine's current un-elected leaders, with members of Yulia Tymoshenko's Batkivshchyna party occupying the top government posts.

Kyiv Planning to Hike Tax Rates on Iron Ore & Coal Extraction

by Ivan Dzvinka
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NEWS

The Finance Ministry is planning an increase in extraction tax rates for several natural resources via a corresponding draft law, Interfax reported on Friday. The draft would increase the state levies on iron ore extraction from the current top rate of 3.5% to 10%, for steam coal from 0.4% to 1.5%, and for coking coal from 0.4% to 3.0%.

COMMENTARY

We suppose that this measure on increasing the state's revenue from mineral resource extraction is related to the IMF's budget-balancing requirements, in the context of the expected renewal of a badly-needed standby lending program for the Ukrainian government. If instituted, however, the initiative will detrimentally affect the production cost of major Ukraine's iron ore concentrate/pellet producers such as Metinvest and Ferrexpo. The new tax rate will push up Ferrexpo's cash cost by some USD 40mn (8% of the company's FY13 EBTDA) in 2014, with a respective drop in the company's earnings. Similarly, the loss for Metinvest due to increased state royalties could amount to around USD 140mn in 2014, or 6% of the group's EBITDA reported for 2013. We believe that the law will come up against significant resistance from the iron ore lobby in Parliament, and we thus do not rule out a more moderate rise in the mineral resource tax rates could ultimately be approved.

Astarta Plans to Increase Sugar Output This Season by 30-50%

by Ivan Dzvinka
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▶ ASTARTA (AST PW)

Price: PLN 44.7 Market Cap: USD 367mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	1.4	6.6	8.7	0%
2014E	1.3	4.5	5.1	0%

NEWS

Astarta, Ukraine's largest sugar producer, intends to increase its sugar production to between 400,000 and 450,000 tonnes in the marketing year for 2014-2015 (September - August), Interfax reported on Friday (Mar 21), citing CEO Viktor Ivanchyk. The planned output level suggests a rise of 31-48% YoY increase from 305,000 tonnes produced in the 2013-14 season, which saw a notable slide in Astarta's sugar output after some 429,000 tonnes of produced in 2012-13.

COMMENTARY

While the news is encouraging for the AST stock, the forthcoming price dynamics for sugar remain to be seen. With domestic sugar demand in Ukraine stable at around 2.0mn tonnes per annum, pricing to a large extent will depend on the supply figures, or more precisely, on production plans of other sector players. For reference, sugar oversupply in the 2011-12 and 2012-13 marketing years kept sugar prices depressed before a recovery in 2H13 on a deliberate undersupply last season.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.70	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	143.8	218.0	52%	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	9.00	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	8.50	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	3.00	6.2	108%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.71	3.4	384%	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	0.47	2.9	526%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	21.6	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.31	5.2	301%	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	1782	5250	195%	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	11.0	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	59.0	370	527%	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	38.9	72.0	85%	BUY	DonbasEnerg is expected to pay a significant dividend from its FY13 profit that could amount to as much as UAH 5.0 per share, implying a dividend yield of 20%.
CenterEnerg	CEEN	5.29	15.00	184%	BUY	CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	13.0	22.10	71%	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	44.7	90.0	101%	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	9.7	19.35	99%	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	67.0	109.50	63%	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.
Banks						
Raiffeisen Bank Aval	BAVL	0.151	0.24	59%	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	1027.29	1153.01	781.22	2.3%	2.4%	15.5%	12.9%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.037	0.06	0.02	1.9%	-0.8%	4.2%	-5.2%	-0.3%	-3.2%	-11.2%	-18.0%
Azovstal	AZST	0.70	0.90	0.31	2.5%	3.7%	16.8%	3.7%	0.2%	1.4%	1.3%	-9.2%
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	34.8	52.0	20.0	1.6%	3.0%	12.1%	8.7%	-0.7%	0.6%	-3.3%	-4.2%
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	0.14	0.20	0.05	0.0%	-6.7%	27.3%	40.0%	-2.3%	-9.0%	11.8%	27.1%
Coke												
Avdyivka Coke	AVDK	3.00	4.80	1.60	2.8%	3.0%	11.5%	1.3%	0.5%	0.6%	-3.9%	-11.6%
Yasynivsky Coking	YASK	0.71	0.84	0.49	0.0%	7.6%	24.6%	34.0%	-2.3%	5.2%	9.1%	21.1%
Iron Ore Mining												
Centralny GOK	CGOK	8.50	n/a	n/a	6.3%	6.3%	15.2%	30.8%	4.0%	3.9%	-0.3%	17.9%
Ferrexpo	FXPO	2.37	3.20	2.02	-1.1%	2.7%	-16.9%	-24.8%	-3.3%	0.3%	-32.3%	-37.7%
Pivnichny GOK	SGOK	9.00	10.00	5.77	0.0%	-8.0%	15.2%	12.5%	-2.3%	-10.3%	-0.2%	-0.4%
Coal Mining												
Pokrovske Mine	SHCHZ	0.47	0.70	0.10	-6.0%	-2.1%	-4.1%	17.5%	-8.3%	-4.4%	-19.5%	4.6%
Komsomolets Donbasa	SHKD	0.90	n/a	n/a	0.0%	-20.4%	47.5%	45.2%	-2.3%	-22.7%	32.1%	32.3%
Energy Coal	CLE	0.49	2.48	0.31	-3.9%	-0.9%	26.9%	41.1%	-6.1%	-3.2%	11.4%	28.2%
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	0.64	0.80	0.30	0.0%	6.7%	28.0%	6.7%	-2.3%	4.3%	12.5%	-6.2%
Interpipe NMPP	NVTR	0.23	n/a	n/a	0.0%	-11.5%	0.0%	9.5%	-2.3%	-13.9%	-15.5%	-3.4%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	21.6	29.0	12.0	0.0%	7.9%	18.5%	24.6%	-2.3%	5.5%	3.0%	11.7%
Luhanskeplovoz	LTPL	1.31	2.20	1.20	0.0%	-14.9%	-12.7%	-12.7%	-2.3%	-17.3%	-28.1%	-25.6%
Stakhanov Wagon	SVGZ	1.14	n/a	n/a	0.0%	8.6%	-0.9%	-12.3%	-2.3%	6.2%	-16.3%	-25.2%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	24.5%	-1.4%	26.9%	28.3%	22.3%	-3.8%	11.4%	15.4%
Motor Sich	MSICH	1,782	2,545	1,303	2.5%	4.2%	-6.5%	-2.3%	0.2%	1.8%	-22.0%	-15.2%
Summy Frunze Engineering	SMASH	3.49	n/a	n/a	0.0%	0.0%	58.6%	39.6%	-2.3%	-2.4%	43.2%	26.7%
Turboatom	TATM	1.70	n/a	n/a	0.0%	-15.0%	-47.7%	-51.4%	-2.3%	-17.4%	-63.2%	-64.3%
WESTA ISIC	WES	0.17	0.26	0.13	-5.6%	10.6%	-11.4%	25.9%	-7.8%	8.3%	-26.9%	13.0%
Telecom												
Ukrtelecom	UTLM	0.14	0.19	0.09	-12.2%	-5.7%	12.4%	27.7%	-14.5%	-8.1%	-3.1%	14.8%
Oil & Gas												
Regal Petroleum	RPT	0.18	0.41	0.18	0.0%	-0.8%	-8.5%	-13.8%	-2.3%	-3.1%	-23.9%	-26.7%
JKX Oil	JKX	0.97	1.21	0.75	-2.9%	-6.3%	-14.6%	-17.9%	-5.2%	-8.7%	-30.1%	-30.7%
Ukrnafta	UNAF	200	212	96	3.1%	8.0%	46.3%	84.1%	0.8%	5.6%	30.9%	71.2%
Power Utilities												
Centrenerg	CEEN	5.29	7.40	2.50	1.9%	0.7%	22.2%	10.9%	-0.4%	-1.6%	6.7%	-1.9%
Donbasenergo	DOEN	38.9	43.0	15.4	3.9%	3.8%	23.6%	41.0%	1.6%	1.4%	8.1%	28.1%
Zakhidenergo	ZAEN	123.3	134.0	64.0	0.2%	11.3%	14.8%	36.4%	-2.0%	8.9%	-0.7%	23.5%
Consumer												
Agroton	AGT	0.99	3.2	0.36	-5.6%	-1.2%	-17.0%	52.9%	-7.9%	-3.6%	-32.4%	40.0%
Astarta	AST	14.7	24.4	12.1	1.6%	20.5%	-24.0%	-34.0%	-0.7%	18.2%	-39.5%	-46.9%
Avangardo	AVGR	9.7	13.0	7.61	13.2%	11.0%	-13.7%	-17.4%	10.9%	8.6%	-29.2%	-30.2%
Industrial Milk Company	IMC	2.78	5.14	2.49	0.6%	6.2%	-7.6%	-31.3%	-1.7%	3.8%	-23.1%	-44.2%
Kernel	KER	9.5	19.1	7.6	1.4%	19.7%	-22.5%	-25.3%	-0.9%	17.4%	-38.0%	-38.2%
Mriya Agro Holding	MAYA	7.55	8.2	5.36	-2.3%	0.7%	3.8%	1.3%	-4.6%	-1.6%	-11.6%	-11.6%
MHPC	MHPC	13.0	19.9	11.21	-5.5%	2.5%	-4.4%	-23.9%	-7.8%	0.2%	-19.9%	-36.8%
Milkiland	MLK	2.57	4.7	2.22	1.7%	15.7%	-25.5%	-38.1%	-0.6%	13.4%	-40.9%	-51.0%
Ovostar Union	OVO	22.0	33.3	19.4	0.0%	-3.1%	-10.9%	-33.9%	-2.3%	-5.5%	-26.3%	-46.7%
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	11.9	n/a	n/a	0.0%	-3.7%	-1.7%	-4.8%	-2.3%	-6.1%	-17.1%	-17.7%
Banks												
Raiffeisen Bank Aval	BAVL	0.151	0.163	0.077	2.1%	1.8%	38.5%	33.0%	-0.2%	-0.5%	23.1%	20.2%
UkrSotsbank	USCB	0.153	0.257	0.111	-3.5%	-11.6%	-1.7%	-18.5%	-5.8%	-13.9%	-17.2%	-31.3%

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	-214	-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
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	1,581	1,623	402	506	449	28.2%	32.0%	27.7%	216	264	248	15.1%	16.7%	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	319	52	31	30	10.8%	10.1%	9.5%	34	5	5	7.0%	1.5%	1.5%
Railcar Manufacturing																
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	0	0.2%	0.3%	0.3%
Specialized Machinery																
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	987	309	233	228	31.6%	23.3%	23.1%	200	169	167	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	890	69	62	61	6.2%	6.8%	6.8%	29	43	44	2.6%	4.8%	5.0%
Donbasenergo	DOEN	574	656	647	32	72	57	5.6%	11.0%	8.8%	4	49	38	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	5,074	793	888	846	679	723	542	4	90	102	0.5%	10.1%	12.1%
Ukrsotsbank	USCB	4,854	5,283	4,439	957	1,064	911	451	318	400	1	1	18	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	90	3.9%	3	1,884	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	487	454	441	\$/tonne
Yenakievo Steel	ENMZ	35	8.8%	3	29	4.1	neg	neg	neg	1.3	0.9	0.0	0.0	0.0	11	10	10	\$/tonne
Azovstal	AZST	277	3.0%	8	261	neg	neg	neg	neg	neg	7.4	0.1	0.1	0.1	57	58	57	\$/tonne
Coke																		
Avdyivka Coke	AVDK	55	6.8%	4	53	neg	neg	neg	neg	1.1	1.8	0.0	0.1	0.1	12	14	14	\$/tonne
Yasynivsky Coke	YASK	18	9.0%	2	19	2.2	1.6	3.9	0.7	0.7	1.0	0.0	0.1	0.1	0.7	0.7	1.0	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	944	0.3%	2	943	9.9	4.9	5.8	4.1	3.0	3.4	1.5	1.4	1.5				
Pivnichny GOK	SGOK	1,966	0.4%	8	1,959	4.5	3.6	4.3	2.6	2.1	2.4	1.4	1.2	1.3				
Ferrexpo	FXPO	1,396	24.0%	335	2,035	6.5	5.3	5.6	5.1	4.0	4.5	1.4	1.3	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	29	5.4%	2	131	4.0	1.7	1.7	1.0	1.4	1.4	0.5	0.6	0.6	32	31	29	\$/tonne
Coal Energy	CLE	22	25.0%	6	132	0.6	neg	neg	2.1	6.3	14.7	0.8	1.1	1.3	2.1	6.3	14.7	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	158	2.0%	3	203	4.7	>30	>30	3.9	6.5	6.7	0.4	0.7	0.6	323	535	508	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	27	24.0%	7	64	5.6	1.4	1.2	2.2	1.8	1.7	0.3	0.2	0.2				
Krukiv Wagon	KVBZ	234	5.0%	12	234	2.5	9.5	13.1	1.7	3.6	4.7	0.3	0.6	0.8				
Stakhanov Wagon	SVGZ	24	8.0%	2	57	>30	>30	>30	7.9	9.7	10.5	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	140	5.8%	8	72	3.7	2.0	2.0	1.4	0.8	0.7	0.4	0.3	0.3				
Motor Sich	MSICH	351	24.0%	84	366	1.8	2.1	2.1	1.2	1.6	1.6	0.4	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	1,028	3.0%	31	1,019	5.8	7.8	8.5	3.2	2.7	2.9	0.5	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	58	21.6%	13	30	5.0	11.5	4.5	1.4	1.7	1.0	0.6	0.8	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	167	50.4%	84	275	neg	8.4	7.0	2.0	3.2	3.1	1.4	1.3	1.2	50	38	37	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	185	21.7%	40	254	6.4	4.3	4.2	3.7	4.1	4.2	0.2	0.3	0.3	14	18	16	\$/MWh
DonbasEnergO	DOEN	87	14.2%	12	158	22.8	1.8	2.3	4.9	2.2	2.8	0.3	0.2	0.2	19	20	19	\$/MWh
Consumer																		
MHP	MHPC	1,368	34.1%	467	2,529	4.4	6.8	5.1	5.4	6.1	4.6	1.8	1.8	1.5				
Kernel	KER	754	61.8%	466	1,460	3.6	7.2	9.8	4.5	5.0	5.7	0.7	0.5	0.6				
Astarta	AST	367	37.0%	136	701	6.3	27.6	4.5	6.4	8.7	5.1	1.5	1.4	1.3				
Avangardco	AVGR	620	22.5%	140	820	2.7	2.4	2.1	2.9	2.5	2.2	1.3	1.2	1.0	185	141	133	\$/mneggs
Agroton	AGT	21	26.2%	6	71	3.2	neg	neg	3.4	5.6	6.0	0.8	1.0	0.9	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	430	3.5%	15		>30	4.8	4.2	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	267	0.7%	2		>30	>30	17.9	0.3	0.3	0.3	0.07	0.06	0.07				

Source: Eavex Research

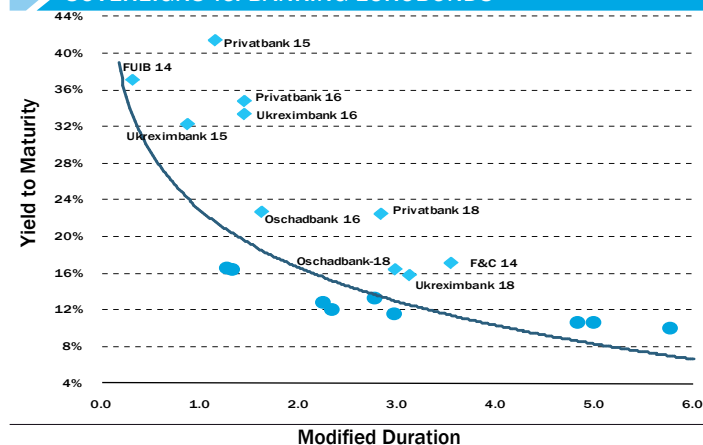
UKRAINIAN EUROBONDS

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	93.0	94.0	47.1%	41.2%	-6.5%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/CCC
Naftogaz Ukraine, 2014	89.1	90.6	34.6%	30.6%	-10.6%	n/a	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	84.6	88.1	18.4%	15.0%	-10.0%	1.3	4.95%	A	13 Oct 2015	600*	Caa2/CCC/CCC
Ukraine, 2015	88.3	90.3	17.4%	15.5%	-8.5%	1.3	6.875%	S/A	23 Sept 2015	500	Caa2/CCC/CCC
Ukraine, 2016	86.3	87.8	13.3%	12.5%	-7.5%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC/CCC
Ukraine, 2016-2	86.8	88.3	12.4%	11.6%	-7.1%	2.3	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC/CCC
Ukraine, 2017	86.0	87.7	11.9%	11.2%	-6.3%	3.0	6.75%	S/A	14 Nov 2017	700	Caa2/CCC/CCC
Ukraine, 2017-2	89.7	91.0	13.6%	13.0%	-8.9%	2.8	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC/CCC
Ukraine, 2017 Infr. projects	78.0	80.0	18.3%	17.3%	-4.4%	2.7	8.375%	S/A	3 Nov 2017	568	Caa2//
Ukraine, 2018 Infr. projects	77.0	80.3	16.3%	14.9%	0.2%	3.1	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	86.7	88.2	10.9%	10.5%	-6.0%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/CCC
Ukraine, 2021	87.1	88.3	10.8%	10.5%	-6.4%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC/CCC
Ukraine, 2022	86.6	88.1	10.2%	9.9%	-4.1%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/CCC
Ukraine, 2023	85.7	87.2	10.0%	9.7%	-4.4%	6.0	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	34.9	44.5	52.4%	39.5%	n/a	2.4	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	94.3	95.9	18.9%	17.8%	-8.2%	1.0	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	81.4	83.9	12.8%	12.1%	-7.5%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	97.0	97.0	13.3%	13.3%	n/a	1.4	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	82.0	82.0	17.3%	17.3%	-9.1%	3.0	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.0	95.0	18.2%	15.2%	n/a	1.6	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	81.0	83.0	16.0%	15.2%	-5.9%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	88.1	89.9	26.4%	23.8%	-12.9%	0.9	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	77.2	79.5	15.7%	14.8%	-16.8%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	93.0	95.0	19.7%	17.2%	-5.6%	1.0	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	87.0	90.0	13.4%	12.3%	-6.8%	3.1	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.1	94.1	13.2%	11.7%	-5.0%	1.7	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	70.0	75.0	20.6%	18.3%	-20.9%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	77.0	82.0	20.9%	17.9%	0.1%	2.5	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	102.8	104.8	10.5%	9.9%	-6.5%	3.3	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	70.0	80.0	19.0%	15.2%	-9.6%	3.5	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					0.1%	2.6	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	73.0	73.0	41.4%	41.4%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	64.4	66.3	34.4%	32.3%	-7.1%	1.4	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	70.8	73.1	22.5%	21.3%	-14.1%	2.8	10.88%	S/A	28 Feb 2018	175	Caa2//CCC
UkrEximBank, 2015	82.3	84.0	33.7%	30.8%	-13.8%	0.9	8.38%	S/A	27 Apr 2015	750	Caa2//CCC
UkrEximBank, 2016	66.0	66.0	34.8%	34.8%	-22.6%	1.4	8.40%	S/A	2 Sept 2016	125	Caa2//CCC
UkrEximBank, 2018	76.4	81.3	17.5%	15.4%	-11.6%	3.0	8.75%	S/A	22 Jan 2018	500	Caa2//CCC
VAB Bank, 2014	70.0	78.0	211.7%	143.0%	-13.5%	n/a	10.50%	Q	14 Jun 2014	125	Caa2//WD
Oschadbank, 2016	80.0	82.0	23.6%	21.8%	-13.0%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//CCC
Oschadbank, 2018	79.0	81.0	16.3%	15.3%	-10.1%	3.1	8.88%	S/A	20 Mar 2018	500	Caa2//CCC
Municipal Eurobonds											
City of Kyiv, 2015	76.5	78.9	29.9%	27.2%	-16.4%	1.3	8.00%	S/A	6 Nov 2015	250	Caa2/CCC/
City of Kyiv, 2016	75.0	79.0	24.2%	21.4%	-17.2%	1.8	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

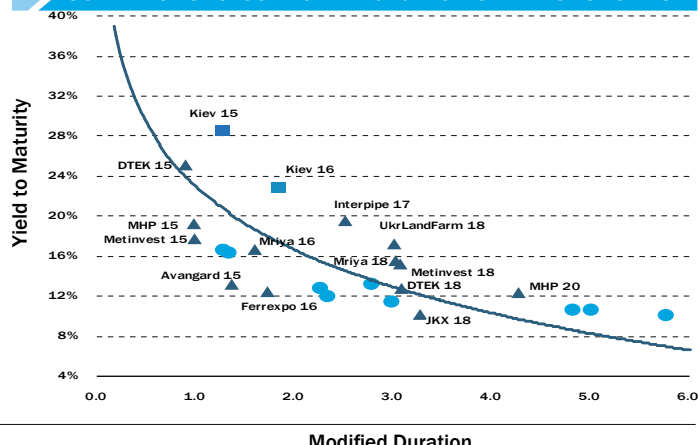
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



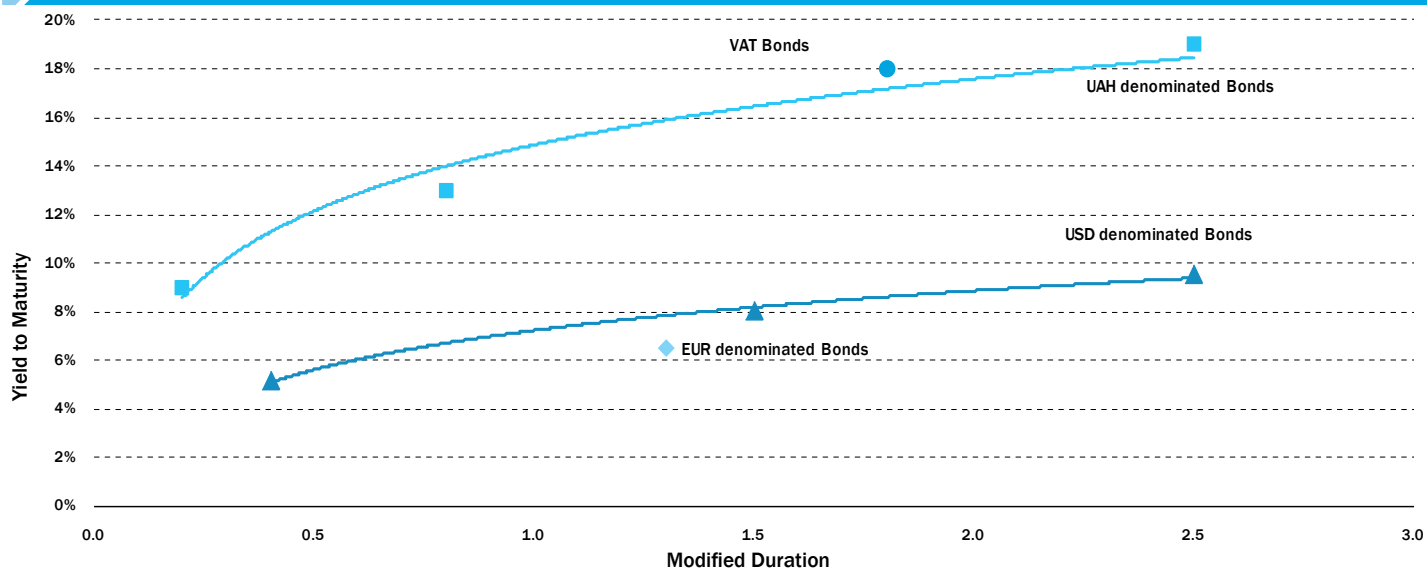
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



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									
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									
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

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