

**Market Update**
**Equity**

Local Ukrainian stocks traded higher during much of Monday's (Mar 24) session before declining in the last hour of activity to end mixed. Meanwhile, European shares were hit hard in Frankfurt in Paris on fears of higher energy costs if European imports of Russian oil and natural gas are reduced due to economic sanctions related to the security situation in Ukraine. The UX index closed with a gain of 0.8% at 1035 points. DonbasEnergo was responsible for most of the benchmark's rise, adding 4.0%, and UkrNafta also picked up 2.3% to UAH 204. On the downside, Motor Sich slipped 0.6% on turnover of UAH 750,000 and Alchevsk Steel fell 0.8% to 3.66 kopecks, representing a fresh all-time low for the issue in terms of its USD-denominated value given this year's sharp hryvnia devaluation. In London, low-liquidity Avangard sold off by 6.0% to USD 9.13, and Ferrexpo fell 2.2% after news that mineral resource tax rates in Ukraine could be raised in the near term to increase budget revenues. In Warsaw trading, Astarta and Kernel shed 1.9% and 1.6% respectively.

**Fixed Income**

Ukrainian benchmark sovereigns were nearly flat on Monday, with Ukraine-23s inching up by 0.1p.p. to close at 85.8/87.3 (9.9%/9.6%). In corporate names, volatile Avangard-15s shot up by 5.2p.p. to 4.5/97.0 (15.4%/13.3%), while DTEK-18s edged down by 0.2p.p., finishing at 77.4/79.0 (15.7%/15.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Donbasenergo	DOEN	40.44	4.0%	2.7	144
Centrenergo	CEEN	5.37	1.4%	2.0	152
Alchevsk Steel	ALMK	0.037	-0.8%	0.8	97

**Growth Leaders**

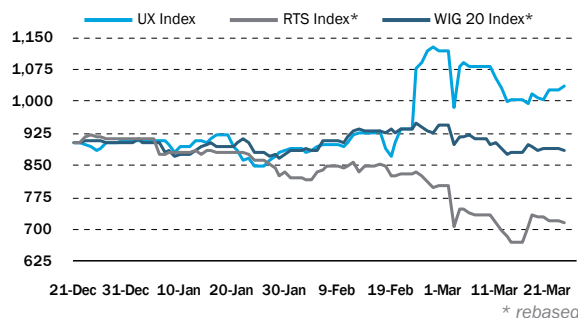
Luhanskteplovoy	LTPL	1.80	37.9%	0.16	31
Donetskoblenergo	DOON	22.00	37.5%	0.11	30
Donbasenergo	DOEN	40.44	4.0%	2.73	144

**Loss Leaders**

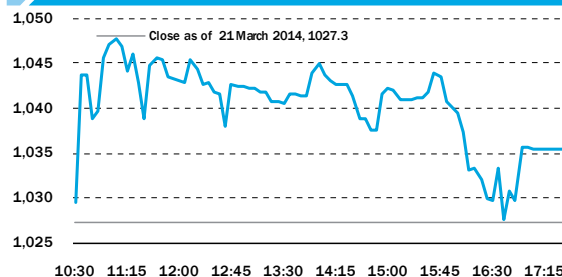
Kievenergo	KIEN	9.50	-21.8%	0.174	10
Poltavsky GOK	PGOK	12.20	-6.2%	0.148	7
Zakhidenergo	ZAEN	118.00	-4.3%	0.076	7

**Highlights**
**STOCKS IN THE NEWS**

- > CentrEnergo Boosts Net Profit by 2.1x YoY to UAH 487mn in FY13
- > UkrTelecom's Net Profit Drops 4x YoY to UAH 85mn
- > Yasynivsky Coke Reports First Full-Year Loss in the Past Decade

**STOCK MARKET PERFORMANCE**

**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1035.5	0.8%	10.9%	13.8%
RTS	1131.6	-0.4%	-14.0%	-21.6%
WIG20	2361.8	-0.2%	-5.1%	-1.6%
MSCI EM	953.9	0.9%	-0.6%	-4.8%
S&P 500	1857.4	-0.5%	1.2%	0.9%

**UX INTRADAY MARCH 24, 2014**

**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	342.0	-0.4%	-5.9%	3.4%
CDS 5Y UKR	1183.4	0.0%	4.3%	44.3%
Ukraine-17	11.3%	0.0 p.p.	-0.1 p.p.	2.2 p.p.
Naftogaz Ukr-14	34.4%	1.8 p.p.	7.7 p.p.	25.6 p.p.
Ukraine-23	9.8%	0.0 p.p.	-0.2 p.p.	2.3 p.p.
Privatbank-16	31.1%	-0.6 p.p.	5.6 p.p.	6.5 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	10.65	0.9%	19.0%	29.2%
EUR	14.74	1.3%	19.9%	29.6%
RUB	0.30	1.3%	17.1%	17.5%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	297.4	0.0%	7.2%	3.5%
Steel, USD/t	510.0	-3.3%	-3.8%	-5.1%
Oil, USD/bbl	106.8	-0.1%	-2.4%	-4.0%
Gold, USD/oz	1308.8	-1.9%	-1.2%	9.4%

\*Ukraine FOB
Source: Bloomberg, Ukrainian Exchange

## CentrEnergO Boosts Net Profit by 2.1x YoY to UAH 487mn in FY13

by Dmitry Churin  
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### CENTRENERGO (CEEN UK)

Price: UAH 5.37 Market Cap: USD 185mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	0.7	0.3	3.1	3.0	7.4%
2014E	0.7	0.3	3.0	3.0	10.0%

\*actual

## UkrTelecom's Net Profit Drops 4x YoY to UAH 85mn

by Dmitry Churin  
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### UKRTELECOM (UTLM UK)

Price: UAH 0.151 Market Cap: USD 264mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	0.8	24.5	3.1	0.0%
2014E	1.0	10.0	3.4	0.0%

### NEWS

CentrEnergO, Ukraine's second-largest thermal electricity generation company, lifted its net profit by 2.1x YoY to UAH 487mn (USD 60mn at the average UAH/USD exchange rate for 2013), according to the announcement for the company's general shareholder meeting published on Monday (Mar 24). CentrEnergO did not unveil any other P&L items in the statement. The shareholders meeting is scheduled for Apr 25 in Kyiv.

### COMMENTARY

CentrEnergO's reported net profit exceeds our forecast of UAH 350mn for FY13. Importantly, state-controlled companies are obligated to pay out at least 30% of their annual net profit, and the National Energy Company of Ukraine currently owns 78.3% of CentrEnergO. We estimate that the dividend will amount to UAH 0.40 per share, implying a 7.4% dividend yield at the current share price.

### NEWS

UkrTelecom, Ukraine's monopoly fixed-line telephone operator, had a net profit of UAH 87.5mn (USD 10.7mn) in FY13, compared to net profit of UAH 367mn earned in FY12, according to the company's preliminary financial results reported on Monday (Mar 24) in the announcement for the annual shareholder meeting. The company did not disclose other P&L items in the statement. UkrTelecom's general shareholders meeting is scheduled for Apr 24 in Kyiv. Some 93% of the company is owned by Rinat Akhmetov's System Capital Management (SCM) group.

### COMMENTARY

Taking in account that UkrTelecom reported a UAH 113mn net profit for 9M13, the 4Q13 net loss amounted to UAH 25.5mn. UkrTelecom's financial results for FY13 were far short of our initial expectations, as we thought that under SCM's management, the company would become more efficient and would find a way to optimize its large administrative costs. The announced agenda for the UkrTelecom's shareholder meeting does not contain an item for 'substantial deals', so there will be no obligatory offer for a share buyback to minority shareholders. Formerly a blue chip issue, the UTLM stock lost most of its liquidity after the company was privatized in 2011 and we currently have no recommendation on the stock, which, like most Ukrainian Exchange equities, has fallen by more than 75% in value over the last three years.

## Yasynivsky Coke Reports First Full-Year Loss in the Past Decade

by Ivan Dzvinka  
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### YASYNIVSKY COKE (YASK UK)

Price: UAH 0.71 Market Cap: USD 20mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	0.06	neg	0.7	0.0%
2014E	0.06	4.3	1.1	0.0%

### NEWS

DonetskStal-controlled Yasynivsky Coke unveiled a net loss of UAH 22mn for full-year 2013, the company said in its annual meeting announcement released on Monday (Mar 24). In 2012, Yasynivsky had reported net income of UAH 68mn. Other figures from the profit and loss statement were not disclosed. The quarterly result for 4Q13 is not available since the company reports its financial figures on an annual basis only.

### COMMENTARY

The news is negative for the company's stock, as Yasynivsky's bottom line in 2013 was the first negative result since 2004. As the full set of financials is not available, it is impossible to definitively determine the basis for the loss; nonetheless, we assume that the reason is not related to fundamentals, since coke prices in 2013 dropped by some 10% YoY compared to a fall in coking coal input pricing by 20%. With the actual FY13 bottom line figure much lower than our forecast of UAH +88mn, poor disclosure transparency, and very low trading volume of the YASK stock, we are placing the issue under review from previous BUY rating.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.68	0.56	-19%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	140.7	218.0	55%	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	8.60	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	3.02	6.2	107%	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%	U/R	Yasynivsky Coke reported net loss of UAH 22mn for FY13 which was the first negative bottom line since 2004.
<b>Coal</b>						
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.
<b>Railcar Manufacturing</b>						
Krukiv Wagon	KVBZ	21.6	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.80	5.2	191%	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	1767	5250	197%	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	58.5	370	532%	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	40.4	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	5.37	15.00	179%	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	13.2	22.10	68%	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	43.6	90.0	106%	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	9.1	19.35	112%	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	65.7	109.50	67%	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	0.152	0.24	58%	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	1035.49	1153.01	781.22	0.8%	4.1%	10.9%	13.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.037	0.06	0.02	-0.5%	1.7%	4.0%	-5.7%	-1.3%	-2.5%	-6.9%	-19.5%
Azovstal	AZST	0.68	0.90	0.31	-1.6%	0.0%	11.2%	2.1%	-2.4%	-4.1%	0.3%	-11.7%
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	-1.1%	6.8%	8.9%	7.4%	-1.9%	2.7%	-2.0%	-6.3%
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%	7.7%	40.0%	-0.8%	-10.8%	-3.2%	26.2%
<b>Coke</b>												
Avdiyivka Coke	AVDK	3.02	4.80	1.60	0.6%	3.0%	4.1%	2.0%	-0.2%	-1.2%	-6.8%	-11.8%
Yasynivsky Coking	YASK	0.71	0.84	0.49	0.0%	1.4%	24.6%	34.0%	-0.8%	-2.7%	13.7%	20.2%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	8.60	n/a	n/a	1.2%	4.2%	16.5%	32.3%	0.4%	0.1%	5.7%	18.5%
Ferrexpo	FXPO	2.33	3.20	2.02	-1.9%	-1.7%	-15.3%	-26.2%	-2.7%	-5.9%	-26.2%	-40.0%
Pivnichny GOK	SGOK	9.00	10.00	5.77	0.0%	0.0%	3.9%	12.5%	-0.8%	-4.1%	-7.0%	-1.3%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.47	0.70	0.10	0.0%	9.3%	4.4%	17.5%	-0.8%	5.2%	-6.4%	3.7%
Komsomolets Donbasa	SHKD	0.95	n/a	n/a	5.6%	5.6%	90.0%	53.2%	4.8%	1.4%	79.1%	39.4%
Energy Coal	CLE	0.50	2.43	0.31	0.5%	-2.4%	15.2%	41.8%	-0.3%	-6.5%	4.4%	28.0%
<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	0.66	0.80	0.30	3.1%	10.0%	26.9%	10.0%	2.3%	5.9%	16.0%	-3.8%
Interpipe NMPP	NVTR	0.24	n/a	n/a	4.3%	-4.0%	-4.0%	14.3%	3.5%	-8.1%	-14.9%	0.5%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	21.6	29.0	12.0	0.0%	26.8%	7.8%	24.6%	-0.8%	22.6%	-3.1%	10.8%
Luhanskeplovoz	LTPL	1.80	2.20	1.20	37.4%	38.5%	28.6%	20.0%	36.6%	34.3%	17.7%	6.2%
Stakhanov Wagon	SVGZ	1.10	n/a	n/a	-3.5%	4.8%	-12.7%	-15.4%	-4.3%	0.6%	-23.6%	-29.2%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	8.5%	7.0%	37.7%	39.2%	7.7%	2.8%	26.8%	25.5%
Motor Sich	MSICH	1,767	2,545	1,303	-0.8%	3.6%	-9.4%	-3.1%	-1.6%	-0.5%	-20.3%	-16.9%
Sumy Frunze Engineering	SMASH	3.49	n/a	n/a	0.0%	0.0%	34.2%	39.6%	-0.8%	-4.1%	23.4%	25.8%
Turboatom	TATM	2.50	n/a	n/a	47.1%	-16.7%	-23.1%	-28.6%	46.3%	-20.8%	-34.0%	-42.4%
WESTA ISIC	WES	0.18	0.26	0.13	4.5%	2.2%	-10.3%	31.5%	3.7%	-2.0%	-21.2%	17.7%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.19	0.09	7.5%	1.3%	33.5%	37.3%	6.7%	-2.8%	22.6%	23.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.18	0.41	0.18	0.2%	-0.6%	-0.6%	-13.6%	-0.6%	-4.8%	-11.5%	-27.4%
JXX Oil	JKX	0.97	1.21	0.75	-0.6%	-7.7%	-10.6%	-18.4%	-1.4%	-11.9%	-21.4%	-32.1%
Ukrnafta	UNAF	204	212	96	2.1%	8.7%	32.3%	87.9%	1.3%	4.6%	21.4%	74.2%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.37	7.40	2.50	1.5%	2.7%	16.7%	12.6%	0.7%	-1.5%	5.9%	-1.2%
Donbasenergo	DOEN	40.4	43.0	15.4	4.0%	9.7%	17.3%	46.6%	3.2%	5.6%	6.4%	32.8%
Zakhidenergo	ZAEN	118.0	134.0	64.0	-4.3%	6.5%	-0.4%	30.5%	-5.1%	2.4%	-11.3%	16.7%
<b>Consumer</b>												
Agroton	AGT	0.98	3.1	0.36	-0.8%	9.0%	-30.8%	51.7%	-1.6%	4.9%	-41.7%	37.9%
Astarta	AST	14.4	24.4	12.1	-1.9%	7.1%	-22.8%	-35.3%	-2.7%	3.0%	-33.7%	-49.1%
Avangardo	AVGR	9.1	13.0	7.61	-6.0%	4.4%	-12.6%	-22.3%	-6.8%	0.3%	-23.5%	-36.1%
Industrial Milk Company	IMC	2.77	5.14	2.49	-0.1%	1.0%	-10.8%	-31.4%	-0.9%	-3.2%	-21.6%	-45.2%
Kernel	KER	9.3	19.1	7.6	-1.6%	9.7%	-21.1%	-26.5%	-2.4%	5.5%	-32.0%	-40.3%
Mriya Agro Holding	MAYA	7.36	8.2	5.36	-2.4%	0.6%	4.0%	-1.2%	-3.2%	-3.6%	-6.9%	-15.0%
MHPC	MHPC	13.2	19.9	11.21	1.5%	1.2%	-9.3%	-22.7%	0.7%	-3.0%	-20.2%	-36.5%
Milkiland	MLK	2.54	4.7	2.22	-1.3%	6.5%	-23.1%	-38.9%	-2.1%	2.3%	-34.0%	-52.7%
Ovostar Union	OVO	21.7	33.3	19.4	-1.4%	-4.6%	-3.7%	-34.8%	-2.2%	-8.7%	-14.5%	-48.6%
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	11.9	n/a	n/a	0.0%	-3.7%	-11.9%	-4.8%	-0.8%	-7.9%	-22.7%	-18.6%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.152	0.163	0.077	0.9%	5.0%	34.1%	34.2%	0.1%	0.9%	23.2%	20.4%
UkrSotsbank	USCB	0.164	0.257	0.111	7.1%	1.6%	-1.7%	-12.7%	6.3%	-2.6%	-12.6%	-26.5%

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	-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
<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	319	52	31	30	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	0	0.2%	0.3%	0.3%
<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	987	309	233	228	31.6%	23.3%	23.1%	200	169	167	20.4%	16.9%	16.9%
<b>Telecom</b>																
Ukrtelecom	UTLM	838	749	579	206	190	174	24.5%	25.4%	30.0%	45	11	26	5.4%	1.4%	4.5%
<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	890	69	84	83	6.2%	9.3%	9.4%	29	60	62	2.6%	6.6%	6.9%
Donbasenergo	DOEN	574	656	647	32	72	57	5.6%	11.0%	8.8%	4	49	38	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	56	82	10.6%	9.2%	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	5,074	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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	89	3.9%	3	1,883	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	487	454	440	\$/tonne
Yenakievo Steel	ENMZ	34	8.8%	3	28	4.0	neg	neg	neg	1.3	0.9	0.0	0.0	0.0	10	10	10	\$/tonne
Azovstal	AZST	270	3.0%	8	254	neg	neg	neg	neg	neg	7.2	0.1	0.1	0.1	55	56	56	\$/tonne
<b>Coke</b>																		
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
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	946	0.3%	2	945	9.9	4.9	5.8	4.1	3.0	3.4	1.5	1.4	1.5				
Pivnichny GOK	SGOK	1,947	0.4%	8	1,941	4.5	3.6	4.2	2.6	2.1	2.4	1.4	1.2	1.3				
Ferrexpo	FXPO	1,370	24.0%	329	2,008	6.4	5.2	5.5	5.0	4.0	4.5	1.4	1.3	1.2				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	30	5.4%	2	132	4.2	1.8	1.8	1.1	1.4	1.4	0.5	0.6	0.6	32	31	29	\$/tonne
Coal Energy	CLE	23	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
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	161	2.0%	3	207	4.8	>30	>30	4.0	6.6	6.8	0.4	0.7	0.6	328	544	517	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	37	24.0%	9	74	7.7	1.9	1.6	2.6	2.1	1.9	0.3	0.2	0.2				
Krukiv Wagon	KVBZ	232	5.0%	12	232	2.4	9.5	13.0	1.7	3.6	4.7	0.3	0.5	0.7				
Stakhanov Wagon	SVGZ	23	8.0%	2	56	>30	>30	>30	7.8	9.5	10.3	0.2	0.3	0.4				
<b>Specialized Machinery</b>																		
Turboatom	TATM	139	5.8%	8	70	3.6	1.9	2.0	1.4	0.8	0.7	0.4	0.3	0.3				
Motor Sich	MSICH	345	24.0%	83	360	1.7	2.0	2.1	1.2	1.5	1.6	0.4	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	266	7.2%	19	587	5.9	24.7	10.1	2.9	3.1	3.4	0.7	0.8	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,039	3.0%	31	1,031	5.9	7.9	8.6	3.2	2.8	2.9	0.6	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	58	21.6%	13	30	5.0	11.6	4.6	1.4	1.7	1.0	0.6	0.8	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	166	50.4%	84	274	neg	8.3	6.9	2.0	3.2	3.0	1.4	1.3	1.2	50	38	37	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	186	21.7%	40	255	6.5	3.1	3.0	3.7	3.0	3.1	0.2	0.3	0.3	14	18	16	\$/MWh
DonbasEnergO	DOEN	90	14.2%	13	160	23.5	1.8	2.4	5.0	2.2	2.8	0.3	0.2	0.2	20	21	20	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,390	34.1%	474	2,550	4.5	6.9	5.2	5.5	6.2	4.7	1.8	1.8	1.6				
Kernel	KER	742	61.8%	458	1,448	3.5	7.1	9.6	4.5	5.0	5.7	0.7	0.5	0.6				
Astarta	AST	360	37.0%	133	694	6.2	6.5	4.4	6.4	8.6	5.0	1.5	1.4	1.2				
Avangardco	AVGR	583	22.5%	131	783	2.6	2.2	1.9	2.8	2.4	2.1	1.2	1.1	1.0	177	135	127	\$/mneggs
Agroton	AGT	21	26.2%	6	70	3.1	neg	neg	3.4	5.6	6.0	0.8	1.0	0.9	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	429	3.5%	15		>30	4.8	4.2	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	283	0.7%	2		>30	>30	17.9	0.4	0.3	0.3	0.07	0.06	0.07				

Source: Eavex Research



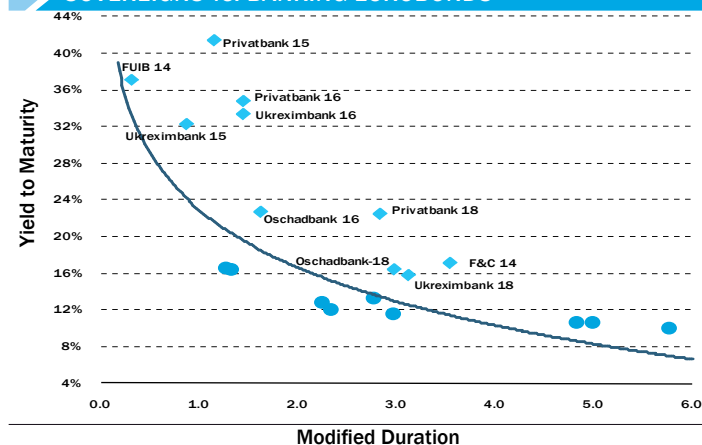
## UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	95.8	97.8	31.3%	20.0%	-3.3%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/CCC
Naftogaz Ukraine, 2014	88.3	90.2	36.8%	32.0%	-11.2%	n/a	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	84.6	88.1	18.4%	14.9%	-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	86.2	87.7	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%	-6.4%	3.0	6.75%	S/A	14 Nov 2017	700	Caa2/CCC/CCC
Ukraine, 2017-2	89.7	90.9	13.6%	13.1%	-8.9%	2.8	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC/CCC
Ukraine, 2017 Infr. projects	92.6	96.7	11.6%	10.1%	14.5%	2.9	8.375%	S/A	3 Nov 2017	568	Caa2//
Ukraine, 2018 Infr. projects	92.3	96.0	10.3%	9.0%	19.9%	3.3	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	86.8	88.3	10.9%	10.5%	-6.0%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/CCC
Ukraine, 2021	87.1	88.4	10.7%	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%	-4.0%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/CCC
Ukraine, 2023	85.8	87.3	9.9%	9.6%	-4.4%	6.0	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	34.3	45.8	53.5%	38.2%	n/a	2.3	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	94.1	95.9	19.1%	17.9%	-8.2%	1.0	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	82.4	85.2	12.5%	11.7%	-6.3%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	94.5	97.0	15.4%	13.3%	n/a	1.3	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	77.3	82.3	19.3%	17.2%	-11.6%	3.0	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.0	95.0	18.2%	15.3%	n/a	1.6	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	81.5	83.0	15.8%	15.2%	-5.6%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	88.5	90.3	25.9%	23.3%	-12.6%	0.9	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	77.4	79.0	15.7%	15.0%	-17.0%	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	89.8	13.4%	12.4%	-6.9%	3.1	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.0	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%	18.4%	-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	101.5	103.3	10.9%	10.4%	-7.8%	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%	3.5	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	75.0	41.5%	38.3%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	65.0	67.0	33.8%	31.6%	-6.1%	1.4	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	71.0	73.3	22.3%	21.3%	-13.8%	2.8	10.88%	S/A	28 Feb 2018	175	Caa2//CCC
UkrEximBank, 2015	82.0	85.0	34.3%	29.2%	-13.4%	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	78.3	81.3	16.6%	15.4%	-10.5%	3.0	8.75%	S/A	22 Jan 2018	500	Caa2//CCC
VAB Bank, 2014	70.0	78.0	214.2%	144.6%	-13.5%	n/a	10.50%	Q	14 Jun 2014	125	Caa2//WD
Oschadbank, 2016	80.0	81.0	23.6%	22.7%	-13.5%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//CCC
Oschadbank, 2018	78.8	81.3	16.3%	15.4%	-10.0%	3.1	8.88%	S/A	20 Mar 2018	500	Caa2//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	76.6	78.9	29.8%	27.3%	-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%	-16.9%	1.8	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

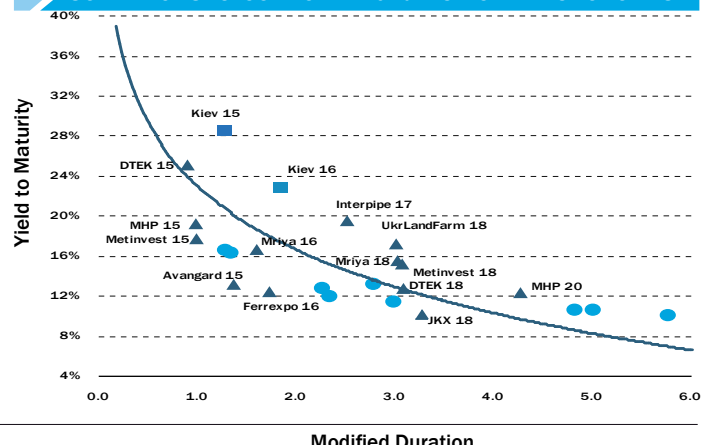
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

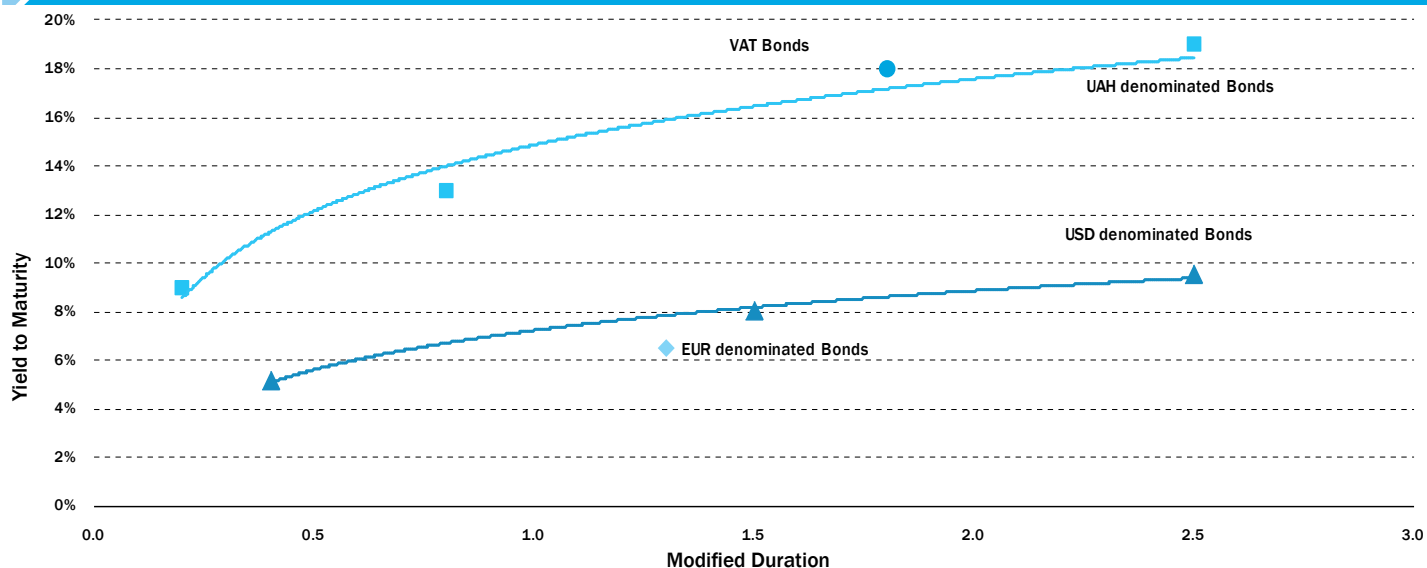




**UKRAINIAN DOMESTIC BONDS**

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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