

Market Update

Equity

Kyiv-listed Ukrainian stocks ended lower on Friday (Mar 28) despite the announcement of a preliminary agreement between the new government and the IMF on a comprehensive lending program that could see an initial aid tranche of USD 3bn delivered by the end of April. The UX index declined by 1.3%, closing at 992 points; year-to-date, although the index remains up by around 9%, stocks are substantially lower in USD terms due to a 25% fall in the value of the hryvnia. Motor Sich, which will not necessarily benefit from the new government's pro-EU direction, concluded a terrible week by slumping 2.9% to UAH 1620. Raiffeisen Aval was also down by the same increment, although it still managed to end flat for the week. Alchevsk Steel continued to retreat into record-low territory, falling 1.7% to 3.46 kopecks, while UkrNafta was in the black, picking up 0.8% on turnover of UAH 900,000. In Warsaw, agro issues Kernel and Warsaw lost 2.0% and 3.2% respectively, with the latter ending at PLN 42.

Fixed Income

Ukrainian sovereigns were mixed on Friday. Ukraine-23s rose by 0.3p.p. to 92.5/97.3 (8.7%/7.9%) while Ukraine-17s declined by 1.0p.p. closing at 91.8/92.8 (9.7%/9.4%). Corporate names finished mostly in the red. Metinvest-18s dropped by 0.5p.p. to 91.9/93.2 (11.6%/11.2%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1623.00	-2.9%	4.7	109
Centrenerg	CEEN	5.15	-0.5%	3.3	130
Ukrnafta	UNAF	202.500	0.9%	0.9	110

Growth Leaders

Ukrasotsbank	USCB	0.16	1.7%	0.10	14
Ukrnafta	UNAF	202.50	0.9%	0.92	110
Azovstal	AZST	0.67	0.1%	0.19	49

Loss Leaders

Raiffeisen Bank Aval	BAVL	0.15	-2.9%	0.382	62
Motor Sich	MSICH	1,623.00	-2.9%	4.680	109
Yenakievo Steel	ENMZ	33.09	-1.8%	0.094	33

Highlights

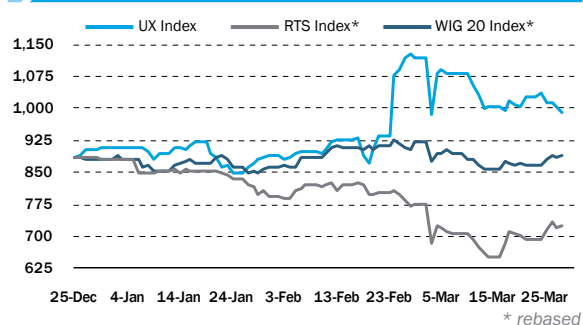
POLITICS AND ECONOMICS

- > Poroshenko in Pole Position after Klitschko Endorsement

STOCKS IN THE NEWS

- > Parliament Hikes Mineral Extraction Tax by Less Than Initially Planned

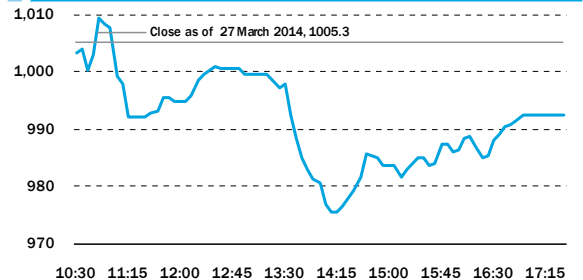
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	992.4	-1.3%	-9.1%	9.1%
RTS	1186.3	0.6%	-9.2%	-17.8%
WIG20	2433.7	0.5%	-2.9%	1.4%
MSCI EM	984.9	1.0%	3.1%	-1.7%
S&P 500	1857.6	0.5%	0.7%	0.9%

UX INTRADAY MARCH 28, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	326.9	-0.6%	-8.4%	-1.2%
CDS 5Y UKR	890.0	-0.6%	-9.3%	8.5%
Ukraine-17	9.3%	0.3 p.p.	-1.7 p.p.	0.3 p.p.
Naftogaz Ukr-14	21.9%	0.7 p.p.	-7.0 p.p.	13.1 p.p.
Ukraine-23	8.3%	0.0 p.p.	-1.2 p.p.	0.8 p.p.
Privatbank-16	28.9%	0.0 p.p.	6.2 p.p.	4.2 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.01	-0.5%	13.2%	33.6%
EUR	15.14	-0.4%	13.3%	33.2%
RUB	0.31	0.9%	15.1%	24.7%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	297.4	0.0%	7.2%	3.5%
Steel, USD/t	510.0	0.0%	-3.8%	-5.1%
Oil, USD/bbl	108.1	0.2%	-0.9%	-2.8%
Gold, USD/oz	1295.3	0.3%	-3.4%	8.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Poroshenko in Pole Position after Klitschko Endorsement

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

NEWS

UDAR party leader Vitaliy Klitschko withdrew from Ukraine's presidential race on Saturday (Mar 29), citing the need for the country's pro-European forces to unite around a single candidate for the May 25 election. Simultaneously, Klitschko endorsed the candidacy of Petro Poroshenko, who has been leading the race by an increasingly wide margin in all polls taken since the abandonment of the presidency by Viktor Yanukovich five weeks ago. The most recent poll had put Poroshenko's support at 36% of likely voters, compared to 13% for Klitschko and 11% for Yulia Tymoshenko in second and third place. Poroshenko himself made his candidacy official over the weekend after months of speculation that he would decide to run.

COMMENTARY

Klitschko, who was the opposition presidential front-runner during all of last year (as well as during most of the EuroMaidan protest) when it was widely expected that Yanukovich would stand for reelection, has seen his poll numbers slide dramatically in recent weeks following Yanukovich's sudden exit. On the other hand, the less combative but more experienced Poroshenko has been steadily on the rise throughout the winter despite not having announced his candidacy, thanks in part to his Channel 5 television network's unyielding support for the EuroMaidan from its early days. The alliance between the two center-right politicians is a strongly positive signal about the future formation of a broad pro-European coalition government in Kyiv, as both have been competing for the same bloc of moderate patriotic voters who make up the largest chunk of Ukraine's pro-European electorate. Klitschko's move throws down the gauntlet to Tymoshenko, whose only chance for victory will be to act quickly to bring down Poroshenko's high trust rating by attacking his record and character. Even so, given Tymoshenko's own consistently high negative rating among voters, it looks practically impossible for her to win the presidency herself, even if she succeeds in damaging the relatively untested Poroshenko. We therefore would not be surprised if Tymoshenko were also to withdraw from the race in the coming weeks in order to avoid an embarrassing defeat, as well as charges that she is undermining the democratic movement in the country. At the same time, we note that Tymoshenko currently has more de-facto power than either of her pro-European competitors, as her Batkivshyna party loyalists occupy the top posts in the interim government, and she will probably be able to use this power to keep herself politically relevant in the medium term.

Parliament Hikes Mineral Extraction Tax by Less Than Initially Planned

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

NEWS

Parliament passed a law on Thursday (Mar 27) envisaging an increase in mineral extraction tax rates, Interfax reported. However, the growth in rates in the ultimate version of law was revised substantially downward compared to the initial proposals. For iron ore extraction, the tax rate was revised from 1.5-3.5% to 5% vs. the initially proposed 10%. For coking coal the final rate was raised from 0.4% to 1.5% (vs. 3% initially). The steam coal rate increased from 0.5% to 1% (1.5% initially).

COMMENTARY

As we predicted in our commentary on Mar 24, the scenario of the initially proposed extraction tax hikes being subsequently reduced in the final version of the law actually came to pass, due to the strong influence of the mining lobby in Parliament. As a result, the incremental cost from increased of these levies will not exceed USD 25mn for Ferrexpo and USD 60mn for Metinvest. To put the difference in perspective, the estimated incremental expenses from the initial tax hike proposal were USD 40mn for Ferrexpo and 135mn for Metinvest.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.67	0.56	-17%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	152.8	125.0	-18%	SELL	Ferrexpo's lower production cost due to UAH devaluation in 2014 together with a 8% increase in output will not be sufficient to offset a projected 13% drop in the group's achieved iron ore pricing.
Pivnichny GOK	SGOK	8.90	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	8.90	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	2.85	6.2	119%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.75	3.4	361%	U/R	Yasynivsky Coke reported net loss of UAH 22mn for FY13 which was the first negative bottom line since 2004.
Coal						
Pokrovske Mine	SHCHZ	0.44	2.9	569%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	17.8	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.60	5.2	227%	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	1623	5250	223%	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	11.5	42.0	265%	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.
Power Utilities						
DonbasEnerg	DOEN	38.6	72.0	87%	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	5.15	15.00	192%	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	70%	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	42.0	90.0	114%	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	9.6	19.35	102%	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	68.9	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.
Banks						
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	992.41	1153.01	781.22	-1.3%	-3.4%	-9.1%	9.1%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.035	0.06	0.02	-1.7%	-6.0%	-16.8%	-10.8%	-0.4%	-2.6%	-7.7%	-19.9%
Azovstal	AZST	0.67	0.90	0.31	0.1%	-3.5%	-12.9%	0.1%	1.4%	-0.1%	-3.7%	-8.9%
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	33.1	52.0	20.0	-1.8%	-4.9%	-12.9%	3.4%	-0.5%	-1.5%	-3.8%	-5.7%
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%	0.0%	-26.3%	40.0%	1.3%	3.4%	-17.2%	30.9%
Coke												
Avdyivka Coke	AVDK	2.85	4.80	1.60	-0.1%	-4.8%	-10.5%	-3.6%	1.2%	-1.4%	-1.4%	-12.6%
Yasnyivsky Coking	YASK	0.75	0.77	0.49	4.2%	5.6%	4.2%	41.5%	5.5%	9.0%	13.3%	32.5%
Iron Ore Mining												
Centralny GOK	CGOK	8.90	n/a	n/a	0.0%	4.7%	11.3%	36.9%	1.3%	8.1%	20.4%	27.9%
Ferrexpo	FXPO	2.54	3.20	2.02	2.1%	7.2%	-9.9%	-19.4%	3.4%	10.6%	-0.7%	-28.4%
Pivnichny GOK	SGOK	8.90	10.00	5.77	0.0%	-1.1%	-4.3%	11.3%	1.3%	2.3%	4.8%	2.2%
Coal Mining												
Pokrovske Mine	SHCHZ	0.44	0.64	0.10	-6.4%	-6.4%	-12.0%	10.0%	-5.1%	-3.0%	-2.9%	0.9%
Komsomolets Donbasa	SHKD	0.90	n/a	n/a	0.0%	0.0%	36.4%	45.2%	1.3%	3.4%	45.5%	36.1%
Energy Coal	CLE	0.54	1.94	0.31	5.1%	9.1%	-19.7%	53.8%	6.3%	12.5%	-10.5%	44.8%
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	0.71	0.80	0.30	2.9%	10.9%	14.5%	18.3%	4.2%	14.3%	23.7%	9.3%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	30.4%	7.1%	42.9%	1.3%	33.8%	16.3%	33.8%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	17.8	29.0	12.0	-2.9%	-17.5%	-25.9%	2.7%	-1.6%	-14.1%	-16.8%	-6.3%
Luhanskeplovoz	LTPL	1.60	2.20	1.20	0.0%	22.1%	3.2%	6.7%	1.3%	25.5%	12.4%	-2.4%
Stakhanov Wagon	SVGZ	1.12	n/a	n/a	0.0%	-1.8%	-12.5%	-13.8%	1.3%	1.6%	-3.4%	-22.9%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-2.2%	17.6%	5.8%	50.9%	-0.9%	21.0%	15.0%	41.9%
Motor Sich	MSICH	1,623	2,545	1,303	-2.9%	-8.9%	-22.1%	-11.0%	-1.6%	-5.5%	-12.9%	-20.1%
Summy Frunze Engineering	SMASH	3.49	n/a	n/a	0.0%	0.0%	4.8%	39.6%	1.3%	3.4%	13.9%	30.5%
Turboatom	TATM	2.50	n/a	n/a	0.0%	47.1%	-23.1%	-28.6%	1.3%	50.5%	-13.9%	-37.6%
WESTA ISIC	WES	0.18	0.26	0.13	7.7%	8.2%	-27.0%	36.3%	9.0%	11.6%	-17.8%	27.2%
Telecom												
Ukrtelecom	UTLM	0.14	0.19	0.09	0.0%	1.6%	-1.5%	29.7%	1.3%	5.0%	7.6%	20.7%
Oil & Gas												
Regal Petroleum	RPT	0.19	0.41	0.17	0.2%	5.5%	1.9%	-9.1%	1.5%	8.9%	11.1%	-18.1%
JKX Oil	JKX	0.97	1.21	0.75	-1.9%	0.1%	-6.3%	-17.8%	-0.6%	3.5%	2.8%	-26.9%
Ukrnafta	UNAF	203	212	96	0.8%	1.3%	9.5%	86.5%	2.1%	4.7%	18.6%	77.4%
Power Utilities												
Centrenerg	CEEN	5.15	7.40	2.50	-0.9%	-2.7%	-2.7%	7.9%	0.4%	0.7%	6.4%	-1.1%
Donbasenergo	DOEN	38.6	43.0	15.4	-0.4%	-0.8%	-6.8%	39.9%	0.9%	2.6%	2.4%	30.9%
Zakhidenergo	ZAEN	120.0	134.0	64.0	1.8%	-2.7%	-8.3%	32.7%	3.1%	0.7%	0.8%	23.7%
Consumer												
Agroton	AGT	0.97	2.7	0.36	3.4%	-2.0%	-34.7%	49.9%	4.7%	1.4%	-25.6%	40.9%
Astarta	AST	13.8	24.4	12.1	-3.3%	-5.7%	-27.9%	-37.8%	-2.0%	-2.3%	-18.8%	-46.8%
Avangardo	AVGR	9.6	13.0	7.70	0.0%	-1.1%	-8.2%	-18.3%	1.3%	2.3%	0.9%	-27.3%
Industrial Milk Company	IMC	2.80	5.14	2.49	0.5%	1.0%	-15.0%	-30.7%	1.8%	4.3%	-5.9%	-39.7%
Kernel	KER	9.5	19.1	7.6	-2.1%	0.2%	-22.1%	-25.2%	-0.9%	3.6%	-13.0%	-34.2%
Mriya Agro Holding	MAYA	6.88	8.2	5.36	-5.9%	-8.9%	-4.8%	-7.7%	-4.6%	-5.5%	4.4%	-16.8%
MHPC	MHPC	13.0	19.9	11.21	1.6%	0.4%	-14.9%	-23.6%	2.8%	3.8%	-5.7%	-32.6%
Milkiland	MLK	2.54	4.7	2.22	-0.1%	-1.3%	-26.4%	-39.0%	1.2%	2.1%	-17.3%	-48.0%
Ovostar Union	OVO	22.7	33.3	19.4	1.4%	3.2%	-8.5%	-31.7%	2.7%	6.6%	0.6%	-40.8%
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	12.9	n/a	n/a	0.0%	8.4%	-16.7%	3.2%	1.3%	11.8%	-7.6%	-5.9%
Banks												
Raiffeisen Bank Aval	BAVL	0.150	0.163	0.077	-2.9%	-0.7%	3.4%	32.2%	-1.6%	2.7%	12.6%	23.1%
UkrSotsbank	USCB	0.158	0.257	0.112	2.1%	3.0%	-18.0%	-16.0%	3.4%	6.4%	-8.8%	-25.1%

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	-3	5	1.9%	neg	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	1,542	402	506	447	28.2%	32.0%	29.0%	216	264	198	15.1%	16.7%	12.8%
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	274	135	65	44	15.2%	15.3%	15.9%	95	42	27	10.7%	9.8%	9.8%
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	579	206	190	174	24.5%	25.4%	30.0%	45	11	26	5.4%	1.4%	4.5%
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	45	21	17	26	42.0%	45.0%	57.0%	12	2	2	22.7%	5.2%	4.4%
JKX Oil	JKX	203	181	199	136	66	68	67.1%	36.7%	34.3%	-11	7	8	neg	3.6%	3.9%
Electric Utilities																
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	65	50	0.7%	9.9%	7.8%
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	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
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	81	3.9%	3	1,875	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	485	452	439	\$/tonne
Yenakievo Steel	ENMZ	32	8.8%	3	26	3.7	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	10	9	9	\$/tonne
Azovstal	AZST	256	3.0%	8	241	neg	neg	neg	neg	neg	6.8	0.1	0.1	0.1	52	53	53	\$/tonne
Coke																		
Avdyivka Coke	AVDK	51	6.8%	3	48	neg	neg	neg	neg	1.0	1.6	0.0	0.1	0.1	11	12	13	\$/tonne
Yasynivsky Coke	YASK	19	9.0%	2	20	2.2	neg	4.0	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	947	0.3%	2	946	10.0	4.9	5.8	4.1	3.0	3.4	1.6	1.4	1.5				
Pivnichny GOK	SGOK	1,863	0.4%	7	1,856	4.3	3.4	4.1	2.5	2.0	2.3	1.3	1.1	1.2				
Ferrexpo	FXPO	1,488	24.0%	357	2,127	6.9	5.6	7.5	5.3	4.2	4.8	1.5	1.3	1.4				
Coal Mining																		
Komsomolets Donbasa	SHKD	27	5.4%	1	129	3.8	1.6	1.6	1.0	1.4	1.4	0.5	0.6	0.6	32	30	29	\$/tonne
Coal Energy	CLE	24	25.0%	6	134	0.6	neg	neg	2.1	6.4	14.9	0.8	1.1	1.3	2.1	6.4	14.9	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	168	2.0%	3	213	5.0	>30	>30	4.1	6.8	7.0	0.4	0.7	0.7	339	561	533	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	32	24.0%	8	69	6.6	1.6	1.4	2.4	1.9	1.8	0.3	0.2	0.2				
Kruiw Wagon	KVBZ	185	5.0%	9	185	1.9	4.4	6.9	1.4	2.9	4.2	0.2	0.4	0.7				
Stakhanov Wagon	SVGZ	23	8.0%	2	56	>30	>30	>30	7.7	9.5	10.2	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	134	5.8%	8	66	3.5	1.9	1.9	1.3	0.7	0.7	0.4	0.3	0.2				
Motor Sich	MSICH	306	24.0%	74	321	1.5	1.8	1.8	1.0	1.4	1.4	0.3	0.3	0.3				
Telecom																		
Ukrtelecom	UTLM	243	7.2%	17	564	5.4	22.6	9.2	2.7	3.0	3.2	0.7	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	997	3.0%	30	989	5.7	7.6	8.2	3.1	2.7	2.8	0.5	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	61	21.6%	13	33	5.3	>30	>30	1.5	1.9	1.3	0.6	0.9	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	167	50.4%	84	276	neg	25.7	21.4	2.0	4.2	4.0	1.4	1.5	1.4	50	38	37	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	173	21.7%	37	241	6.0	2.9	2.8	3.5	2.9	2.9	0.2	0.3	0.3	14	17	15	\$/MWh
DonbasEnergO	DOEN	83	14.2%	12	153	21.7	1.3	1.6	4.8	2.1	2.7	0.3	0.2	0.2	19	20	19	\$/MWh
Consumer																		
MHP	MHPC	1,374	34.1%	468	2,534	4.4	6.8	5.1	5.4	6.1	4.7	1.8	1.8	1.5				
Kernel	KER	755	61.8%	467	1,461	3.6	7.2	9.8	4.5	5.0	5.7	0.7	0.5	0.6				
Astarta	AST	346	37.0%	128	680	6.0	6.2	4.2	6.2	8.4	4.9	1.5	1.3	1.2				
Avangardco	AVGR	613	22.5%	138	813	2.7	2.3	2.0	2.9	2.5	2.2	1.3	1.2	1.0	184	140	132	\$/mneqgs
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	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	409	3.5%	14		>30	4.6	4.0	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	263	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

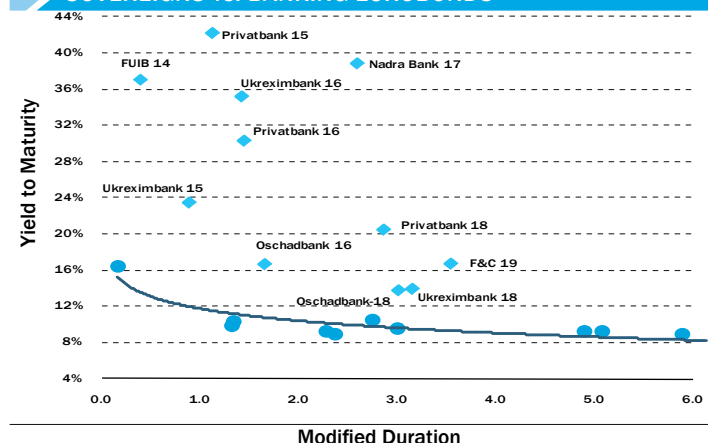
UKRAINIAN EUROBONDS

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	98.0	99.0	19.4%	13.5%	-1.5%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/CCC
Naftogaz Ukraine, 2014	93.9	95.0	23.3%	20.5%	-6.0%	0.4	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	92.5	95.5	11.1%	8.6%	-2.1%	1.3	4.95%	A	13 Oct 2015	600*	Caa2/CCC/CCC
Ukraine, 2015	95.5	97.0	11.0%	9.7%	-1.4%	1.4	6.875%	S/A	23 Sept 2015	500	Caa2/CCC/CCC
Ukraine, 2016	93.8	95.3	9.6%	8.9%	0.5%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC/CCC
Ukraine, 2016-2	93.5	94.5	9.2%	8.8%	-0.3%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC/CCC
Ukraine, 2017	91.8	92.8	9.7%	9.4%	-0.5%	3.0	6.75%	S/A	14 Nov 2017	700	Caa2/CCC/CCC
Ukraine, 2017-2	97.0	97.8	10.6%	10.3%	-1.8%	2.8	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC/CCC
Ukraine, 2017 Infr. projects	78.0	80.0	18.4%	17.4%	-4.4%	2.7	8.375%	S/A	3 Nov 2017	568	Caa2//
Ukraine, 2018 Infr. projects	77.0	80.3	16.4%	14.9%	0.2%	3.1	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	93.0	94.0	9.4%	9.2%	0.5%	4.9	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/CCC
Ukraine, 2021	93.3	94.3	9.4%	9.2%	0.1%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC/CCC
Ukraine, 2022	92.9	93.9	9.0%	8.9%	2.5%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/CCC
Ukraine, 2023	92.5	97.3	8.7%	8.5%	4.8%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	34.9	44.6	52.7%	39.6%	-23.8%	2.3	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	98.5	99.9	13.5%	12.7%	-4.2%	1.0	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	86.4	88.5	11.4%	10.9%	-2.2%	4.5	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	98.5	98.5	12.1%	12.1%	0.6%	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	95.1	98.0	15.3%	13.3%	-3.7%	1.7	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	84.2	86.8	14.8%	13.8%	-1.8%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	95.1	96.9	16.8%	14.5%	-6.1%	0.9	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	84.6	86.0	12.9%	12.4%	-9.5%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	97.0	99.0	14.9%	12.6%	-1.6%	1.0	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	91.9	93.2	11.6%	11.2%	-2.6%	3.1	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	95.5	98.0	11.0%	9.4%	-1.3%	1.7	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	80.0	84.0	16.3%	14.8%	-10.6%	3.1	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	76.0	79.0	21.5%	19.4%	-1.2%	2.5	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	102.0	103.7	10.8%	10.3%	-7.4%	3.2	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	71.0	81.0	18.6%	14.9%	-8.4%	3.5	9.25%	S/A	25 Jan 2019	100	Caa2//
PUMB, 2014	82.3	82.3	37.7%	37.7%	-16.5%	0.6	11.00%	Q	31 Dec 2014	275	Caa2//
Nadra Bank, 2017	70.0	75.0	43.0%	34.7%	-9.9%	2.6	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	73.0	73.0	42.2%	42.2%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	67.0	70.0	31.9%	28.8%	-2.6%	1.4	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	74.9	77.0	20.5%	19.6%	-9.3%	2.9	10.88%	S/A	28 Feb 2018	175	Caa2//CCC
UkrEximBank, 2015	88.0	90.0	25.0%	22.1%	-7.7%	0.9	8.38%	S/A	27 Apr 2015	750	Caa2//CCC
UkrEximBank, 2016	66.0	66.0	35.2%	35.2%	-22.6%	1.4	8.40%	S/A	2 Sept 2016	125	Caa2//CCC
UkrEximBank, 2018	84.7	86.0	14.1%	13.6%	-4.3%	3.0	8.75%	S/A	22 Jan 2018	500	Caa2//CCC
VAB Bank, 2014	71.0	79.0	217.4%	145.2%	-12.3%	0.2	10.50%	Q	14 Jun 2014	125	Caa2//WD
Oschadbank, 2016	87.0	90.0	17.9%	15.6%	-4.9%	1.7	8.25%	S/A	10 Mar 2016	700	Caa2//CCC
Oschadbank, 2018	83.7	86.0	14.4%	13.6%	-4.7%	3.2	8.88%	S/A	20 Mar 2018	500	Caa2//CCC
Municipal Eurobonds											
City of Kyiv, 2015	84.0	85.0	22.2%	21.2%	-9.1%	1.3	8.00%	S/A	6 Nov 2015	250	Caa2/CCC/
City of Kyiv, 2016	84.0	87.0	18.3%	16.4%	-8.1%	1.9	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

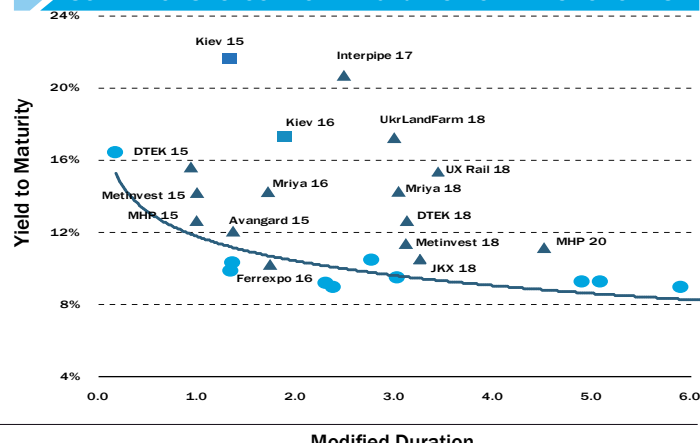
¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



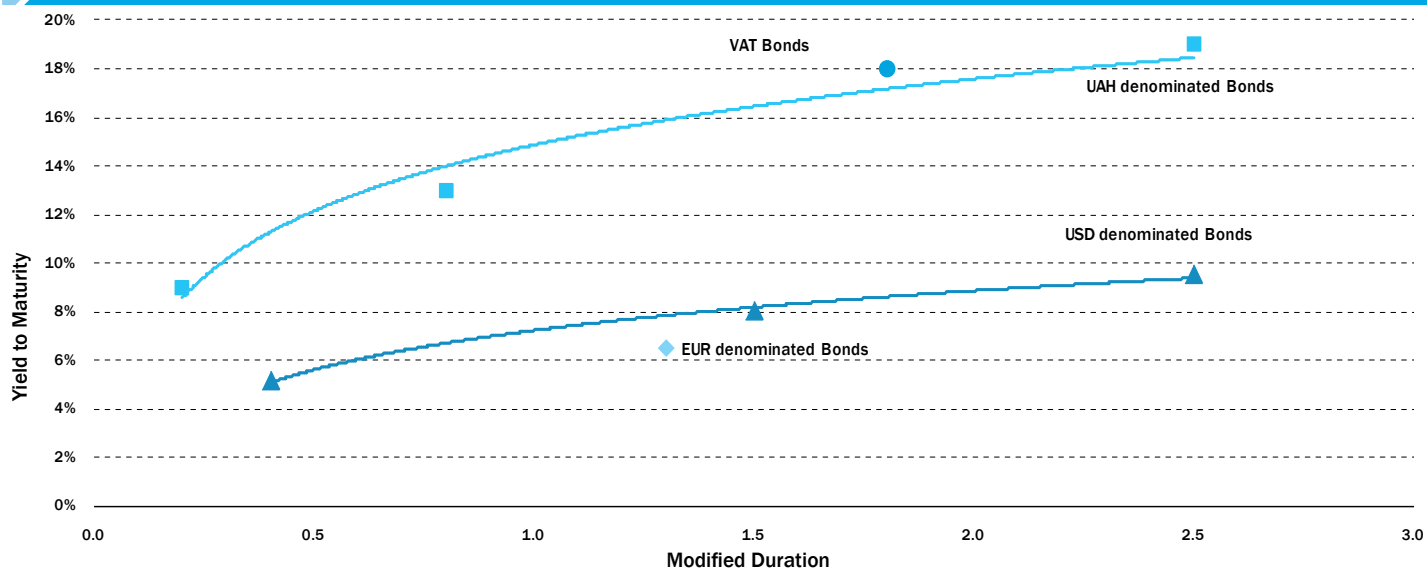
SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



UKRAINIAN DOMESTIC BONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn USD
UAH denominated Bonds									
UA4000141592			20.5%	18.0%	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	20.0%	18.5%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	20.5%	18.5%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	20.5%	18.5%	n/a	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000142681	n/a	n/a	9.5%	7.3%	n/a	4.80%	S/A	6 May 2015	40
VAT Bonds									
UA4000082531			21.5%	18.0%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			21.5%	18.0%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			21.5%	18.0%	n/a	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

DOMESTIC BONDS YIELD CURVE


Source: Bloomberg, Cbonds, Eavex Research

Eavex Capital

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

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity & Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales & Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua