

## Market Update

### Equity

Kyiv-listed equities were mixed on Thursday (Feb 27), with only UkrNafta managing to keep pace with the continuing sharp fall in the value of the hryvnia, which plunged by nearly 10% intraday before recovering to end with a drop of 4% against the dollar. A steadily escalating separatism situation in Crimea continued to stoke political tensions, although Parliament's approval of the new government lineup provided a stabilizing counter-weight. The hryvnia-denominated UX index ended higher by 0.7% at 1129 points. UkrNafta led the exchange on volume with UAH 3.1mn in deals, and jumped 7.4% to UAH 204. Also higher for the day were Raiffeisen Aval and CentrEnerg, which picked up 2.8% and 2.4% respectively. Other local blue chips were either sluggish or posted minor losses. In London, Ferrexpo and MHP registered respective declines of 2.1% and 2.6%, with the former ending near GBp 164.

### Fixed Income

Quotes for Ukrainian sovereign Eurobonds were little-changed yesterday, with the benchmark Ukraine-23 issue closing at 87.4/88.9 (9.6%/9.3%). Medium-term Ukraine-17s edged up by 0.4 p.p. to 92.7/93.7 (12.2%/11.8%). Corporate and banking issues ended mostly lower. DTEK-18s shed 0.6 p.p., ending at 81.2/81.5 (14.1%/14.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	204.20	7.4%	3.1	146
Centrenerg	CEEN	5.63	2.4%	2.1	249
Donbasenerg	DOEN	40.690	-1.3%	1.8	266

### Growth Leaders

Komsomolets Donbasa	SHKD	0.99	38.8%	0.01	12
Interpipe NMPP	NVTR	0.29	11.2%	0.09	14
Poltavsky GOK	PGOK	12.47	8.5%	0.28	20

### Loss Leaders

Stirol	STIR	14.08	-8.6%	0.221	7
Bank Forum	FORM	0.79	-6.6%	0.102	19
UkrSotsbank	USCB	0.19	-4.6%	0.160	12

## Highlights

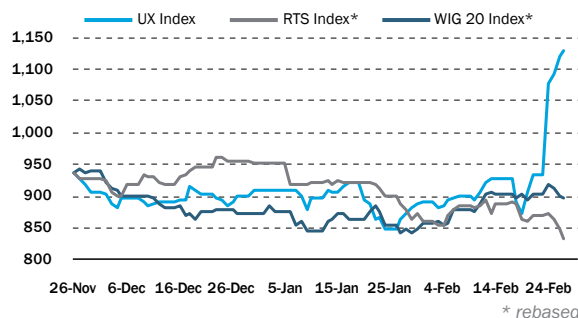
### POLITICS AND ECONOMICS

- Russian Military Seizes Simferopol Airport; Crimea Sets May 25 Secession Referendum Date

### STOCKS IN THE NEWS

- Kernel's EBITDA Down 28% YoY in Sept-Dec Quarter, But FY14 Guidance Left Unchanged

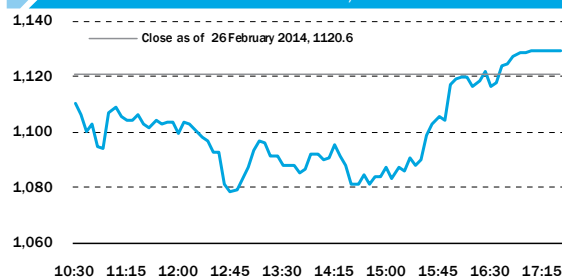
### STOCK MARKET PERFORMANCE



### MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1129.1	0.8%	30.6%	24.1%
RTS	1261.0	-2.0%	-6.4%	-12.6%
WIG20	2467.9	-0.4%	6.5%	2.8%
MSCI EM	963.2	0.7%	3.4%	-3.9%
S&P 500	1854.3	0.5%	4.1%	0.7%

### UX INTRADAY FEBRUARY 27, 2014



### FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	355.3	-1.2%	-3.0%	7.4%
CDS 5Y UKR	1034.0	-4.9%	10.8%	26.0%
Ukraine-17	10.6%	-0.3 p.p.	0.6 p.p.	1.6 p.p.
Naftogaz Ukr-14	30.0%	-1.2 p.p.	16.1 p.p.	21.3 p.p.
Ukraine-23	9.5%	0.0 p.p.	-0.1 p.p.	2.0 p.p.
Privatbank-16	24.5%	-0.1 p.p.	3.9 p.p.	-0.2 p.p.

### CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	10.70	5.4%	26.0%	29.9%
EUR	14.67	5.6%	26.4%	29.0%
RUB	0.30	5.5%	21.0%	18.3%

### COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	277.4	0.0%	1.9%	-3.5%
Steel, USD/t	530.0	0.0%	-2.3%	-1.4%
Oil, USD/bbl	109.0	-0.5%	2.8%	-2.0%
Gold, USD/oz	1331.3	0.1%	5.9%	11.3%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Russian Military Seizes Simferopol Airport; Crimea Sets May 25 Secession Referendum Date

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### NEWS

Tensions rose further on Ukraine's Crimean peninsula on Thursday (Feb 27), as the autonomous region's parliament was seized by armed pro-Russian vigilantes who then allowed lawmakers inside for a session. The legislature voted overwhelmingly to dismiss the region's current executive governing council and to hold a regional referendum on May 25 on seceding from Ukraine. In Kyiv, Acting President Olexander Turchinov warned that any action of Russia's Black Sea Fleet forces outside the territory of their contracted Crimean base in Sevastopol would be considered as military aggression; Turchinov's threat was openly challenged this morning (Feb 28) when Russian commandos seized control of Simferopol Airport, the "Ukrainian Policy" news website reported. In other news, ousted President Viktor Yanukovich has re-appeared in Russia, where he has promised to hold a press conference this afternoon restating his claim to still be Ukraine's legitimate leader.

### COMMENTARY

Ukraine's new rulers look to be in over their heads regarding the current fast-moving developments in Crimea. Turchinov, Acting Interior Minister Arseniy Avakov, and new Prime Minister Arseniy Yatseniuk are all highly confrontational politicians by nature, but they appear to be making statements on forcibly keeping Crimea in Ukraine that cannot be backed up if push comes to shove. Also, the new Ukrainian government's position on having its prosecutors initiate charges of armed seizure of public buildings in Crimea looks hypocritical and morally untenable, given that seizures of public buildings were a major element of how Ukraine's former opposition itself came to power in Kyiv. Notably, Ukraine's oligarchic-controlled television and Internet media has continued to under-play the conflict in Crimea, with cryptically brief and contradictory reports coming out of local outlets. Ultimately, we see Crimea as not worth fighting for given Ukraine's dire economic situation, and we are concerned that the new Ukrainian "kamikaze" government may use the turmoil in Crimea as an excuse to avoid concentrating its efforts on urgent structural economic reforms needed to maintain the independence and viability of the entire country. We would go so far as to suggest that Ukraine might actually be better off without the corrosive effect of Crimea's virulent Russian nationalism inside its borders.

**Kernel's EBITDA Down 28% YoY in Sept-Dec Quarter, But FY14 Guidance Left Unchanged**

by Ivan Dzvinka  
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**KERNEL (KER PW)**

Price: PLN 33.2 Market Cap: USD 881mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY13	0.6	8.4	5.5	0%
FY14E	0.6	11.4	6.2	2%

**NEWS**

Warsaw-listed Kernel, Ukraine's largest sunflower oil producer, reported worse financial results YoY for the Sept-Dec quarter (2QFY14 based on a July-June financial year) this morning (Feb 28). The company's net revenue was down by 24% YoY to USD 726mn, mainly due to a 43% drop in bulk oil sales. EBITDA fell 28% YoY to USD 58.1mn which is explained by a 24% decrease in the bulk oil segment result as well as by negative EBITDA of the farming segment of USD 42mn (vs. USD -12mn in 2QFY13). The poor farming result stemmed from a 20-45% fall in crop prices. On the positive side, the Sept-Dec results were much better than last year in terms of the profitability of several segments compared to those in 2QFY13. The EBITDA profitability of the bulk oil segment improved to 16% vs. 12% in 2QFY13, bottled oil improved to 29% from 15%, and silo services to 59% from 42%.

**COMMENTARY**

On the surface, the year-on-year deterioration in Kernel's financials looks disappointing, and we definitely do not rule out a negative reaction by the stock. That said, we see this period as a good time to penetrate into the issue, which has been beaten-down over the last few months and posted a further 15% drop this week as investors bet on disappointing results. Our position is grounded with the following arguments:

- 1) Kernel's lower YoY results for 2QFY14 (ex-farming) are because of exceptionally strong figures from 2QFY13. Indeed, the group's EBITDA in its core segments, bulk and bottled oil, as well as in its export terminals and silo services, were its second-best results over the last 10-quarter period;
- 2) A double-digit decline in crop prices took a heavy toll, pushing the EBITDA of the farming segment heavily in red in 2Q. But based on the historical picture, the company has likely sold the lion's share of its harvested crops in the first half of the reporting year, leading us to believe that in the next quarter, the segment should finish with a substantially lower loss or even at breakeven. On the positive side, the effect from revaluation (IAS 41) should allow the farming segment to show a positive result in 4QFY14, which to a large extent should offset the poor results of 1HFY14. The company's previous forecast of ending FY14 at breakeven for the farming segment supports this presumption;
- 3) If the EBITDA loss of the farming segment in 2QFY14 had remained at the level of 2QFY13 (USD 12mn) with other factors unchanged, Kernel's 2QFY14 EBITDA would have amounted to USD 88mn. With much smaller loss from the farming segment and presuming other segments operating close to the 2QFY14 results, we think the company has a good chance to report 2HFY14 EBITDA of around USD 200mn, translating into a full-year 2014 result of not less than USD 250mn, which would match the company's guidance. Our expectations seem to be shared by management, which did not revise its EBITDA guidance today (historically, Kernel has revised its guidance on the same date as its financial results releases).

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.82	0.56	-32%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	163.8	218.0	33%	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	9.55	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	8.89	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	3.20	6.2	95%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.74	3.4	364%	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	0.45	2.9	554%	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	23.4	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.55	5.2	238%	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	2075	5250	153%	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	11.5	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	62.5	370	492%	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>						
DonbasEnergO	DOEN	40.7	72.0	77%	BUY	DonbasEnergO 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%.
CenterEnergO	CEEN	5.63	15.00	167%	BUY	CentrEnergO'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	15.0	22.10	47%	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	56.0	90.0	61%	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	10.4	19.35	86%	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	71.2	109.50	54%	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.

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	1129.08	1130.07	781.22	0.8%	24.7%	30.6%	24.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.043	0.06	0.02	0.5%	26.5%	19.7%	9.5%	-0.3%	1.8%	-10.9%	-14.5%
Azovstal	AZST	0.82	0.90	0.31	-0.1%	34.7%	38.3%	22.2%	-0.9%	10.0%	7.7%	-1.8%
Dniprospezstal	DNSS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enakievo Steel	ENMZ	39.7	52.0	20.0	1.2%	28.1%	28.0%	24.0%	0.5%	3.4%	-2.6%	-0.1%
Arcelor Mittal KR	KSTL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.18	0.20	0.05	0.0%	63.6%	100.0%	80.0%	-0.8%	38.9%	69.4%	55.9%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.20	4.80	1.60	-1.0%	14.6%	17.0%	8.1%	-1.7%	-10.1%	-13.6%	-16.0%
Yasynivsky Coking	YASK	0.74	0.84	0.49	0.0%	39.6%	32.1%	39.6%	-0.8%	14.9%	1.5%	15.6%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	8.89	n/a	n/a	14.7%	20.5%	41.1%	36.8%	14.0%	-4.3%	10.5%	12.7%
Ferrexpo	FXPO	2.73	3.64	2.02	-1.8%	2.6%	4.4%	-13.4%	-2.6%	-22.2%	-26.2%	-37.4%
Pivnichny GOK	SGOK	9.55	10.00	5.77	0.0%	17.3%	16.5%	19.4%	-0.8%	-7.4%	-14.1%	-4.7%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.45	0.70	0.10	0.0%	-8.2%	45.2%	12.5%	-0.8%	-32.9%	14.6%	-11.6%
Komsomolets Donbasa	SHKD	0.99	n/a	n/a	35.6%	98.0%	65.0%	59.7%	34.9%	73.3%	34.4%	35.6%
Energy Coal	CLE	0.64	3.41	0.31	12.3%	56.0%	90.0%	82.0%	11.6%	31.3%	59.4%	58.0%
<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	0.62	0.81	0.30	0.0%	19.2%	24.0%	3.3%	-0.8%	-5.5%	-6.6%	-20.7%
Interpipe NMPP	NVTR	0.29	n/a	n/a	3.6%	45.0%	38.1%	38.1%	2.8%	20.3%	7.5%	14.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	23.4	29.0	12.0	0.0%	14.1%	31.8%	35.2%	-0.8%	-10.6%	1.2%	11.1%
Luhanskeplovoz	LTPL	1.55	2.20	1.20	0.0%	29.2%	11.5%	3.3%	-0.8%	4.4%	-19.1%	-20.7%
Stakhanov Wagon	SVGZ	1.28	n/a	n/a	0.0%	11.3%	6.7%	-1.5%	-0.8%	-13.4%	-23.9%	-25.6%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-3.4%	36.2%	32.7%	37.7%	-4.2%	11.5%	2.1%	13.7%
Motor Sich	MSICH	2,075	2,640	1,303	0.0%	6.6%	21.6%	13.8%	-0.8%	-18.2%	-9.0%	-10.3%
Summy Frunze Engineering	SMASH	3.33	n/a	n/a	0.0%	35.9%	33.2%	33.2%	-0.8%	11.2%	2.6%	9.1%
Turboatom	TATM	4.00	n/a	n/a	1.3%	23.1%	15.9%	14.3%	0.5%	-1.7%	-14.7%	-9.8%
WESTA ISIC	WES	0.24	0.26	0.13	6.6%	28.9%	58.7%	78.3%	5.8%	4.1%	28.1%	54.2%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.17	0.09	8.7%	13.1%	30.5%	33.5%	7.9%	-11.6%	-0.1%	9.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.19	0.47	0.18	0.3%	3.6%	-12.7%	-8.9%	-0.5%	-21.2%	-43.3%	-33.0%
JKX Oil	JKX	1.04	1.21	0.75	0.7%	-4.8%	-8.2%	-12.0%	-0.1%	-29.5%	-38.8%	-35.1%
Ukrnafta	UNAF	204	204	96	6.9%	40.4%	82.3%	88.0%	6.2%	15.7%	51.7%	64.0%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.63	7.40	2.50	2.3%	26.5%	27.9%	18.0%	1.5%	1.8%	-2.7%	-6.1%
Donbasenergo	DOEN	40.7	43.0	15.4	-1.3%	23.0%	37.0%	47.5%	-2.0%	-1.7%	6.4%	23.4%
Zakhidenergo	ZAEN	126.5	134.0	64.0	1.8%	9.1%	51.5%	39.9%	1.0%	-15.7%	20.9%	15.9%
<b>Consumer</b>												
Agroton	AGT	1.81	3.5	0.36	17.4%	27.7%	145.9%	178.3%	16.6%	3.0%	115.3%	154.2%
Astarta	AST	18.4	24.4	14.5	-0.2%	7.9%	-13.5%	-17.1%	-1.0%	-16.8%	-44.1%	-41.2%
Avangardo	AVGR	10.4	13.0	7.61	-1.0%	4.7%	-5.5%	-11.5%	-1.7%	-20.0%	-36.1%	-35.6%
Industrial Milk Company	IMC	3.01	5.14	2.57	-2.0%	6.9%	-18.5%	-25.4%	-2.8%	-17.8%	-49.1%	-49.5%
Kernel	KER	10.9	20.7	10.9	-4.2%	-1.4%	-17.3%	-14.0%	-4.9%	-26.1%	-47.9%	-38.1%
Mriya Agro Holding	MAYA	8.03	8.2	5.36	-2.2%	13.6%	13.5%	7.7%	-2.9%	-11.1%	-17.1%	-16.4%
MHPC	MHPC	15.0	19.9	13.05	-2.6%	13.6%	-10.2%	-11.9%	-3.4%	-11.2%	-40.8%	-35.9%
Milkiland	MLK	3.37	4.9	3.02	-1.1%	2.5%	7.4%	-19.0%	-1.8%	-22.2%	-23.2%	-43.1%
Ovostar Union	OVO	23.5	33.3	21.3	3.9%	9.8%	-13.7%	-29.5%	3.1%	-14.9%	-44.3%	-53.6%
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	14.1	n/a	n/a	-9.1%	19.8%	1.7%	12.6%	-9.9%	-4.9%	-28.9%	-11.4%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.155	0.157	0.077	2.8%	46.2%	43.5%	36.6%	2.0%	21.5%	12.9%	12.5%
UkrSotsbank	USCB	0.193	0.257	0.111	-4.6%	22.7%	4.4%	2.8%	-5.3%	-2.0%	-26.2%	-21.3%

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	1,938	1,976	-181	-31	35	neg	neg	1.8%	-333	-173	-24	neg	neg	neg
<b>Coke</b>																
Avdyivka Coke	AVDK	1,090	914	784	-112	47	29	neg	5.1%	3.8%	-137	-6	-24	neg	neg	neg
Yasynivsky Coking	YASK	432	367	333	27	29	19	6.4%	7.8%	5.7%	8	11	5	1.9%	3.1%	1.4%
<b>Iron Ore Mining</b>																
Centralny GOK	CGOK	610	679	634	232	312	279	38.0%	46.0%	44.1%	95	194	163	15.6%	28.6%	25.7%
Pivnichny GOK	SGOK	1,416	1,630	1,506	750	914	816	53.0%	56.1%	54.2%	436	548	460	30.8%	33.7%	30.5%
Ferrexpo	FXPO	1,424	1,545	1,623	402	433	449	28.2%	28.0%	27.7%	216	240	248	15.1%	15.5%	15.3%
<b>Coal Mining</b>																
Komsomolets Donbasa	SHKD	273	220	234	125	92	94	45.9%	41.8%	40.1%	7	17	17	2.6%	7.6%	7.3%
Coal Energy	CLE	165	126	101	63	21	9	38.0%	16.8%	8.9%	38	-17	-24	23.2%	neg	neg
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	480	310	361	52	31	34	10.8%	10.1%	9.5%	34	17	20	7.0%	5.5%	5.5%
<b>Railcar Manufacturing</b>																
Luhanskteplovoz	LTPL	216	329	367	29	36	38	13.4%	10.8%	10.4%	5	18	20	2.2%	5.4%	5.5%
Kryukiv Wagon	KVBZ	891	424	310	135	65	49	15.2%	15.3%	15.9%	95	25	18	10.7%	5.8%	5.8%
Stakhanov Wagon	SVGZ	311	172	150	7	6	5	2.3%	3.4%	3.6%	1	-1	-1	0.2%	neg	neg
<b>Specialized Machinery</b>																
Turboatom	TATM	160	236	263	51	91	98	32.2%	38.7%	37.1%	38	72	76	23.8%	30.4%	29.0%
Motor Sich	MSICH	979	1,000	1,116	309	233	258	31.6%	23.3%	23.1%	200	169	188	20.4%	16.9%	16.9%
<b>Telecom</b>																
Ukrtelecom	UTLM	838	749	654	206	215	209	24.5%	28.7%	31.9%	45	50	65	5.4%	6.6%	10.0%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	1,853	2,454	2,143	319	373	355	17.2%	15.2%	16.5%	176	131	121	9.5%	5.4%	5.7%
Regal Petroleum	RPT	51	38	60	21	17	31	42.0%	45.0%	52.0%	12	5	13	22.7%	13.2%	21.3%
JKX Oil	JKX	203	210	231	136	85	90	67.1%	40.5%	39.0%	-11	20	24	neg	9.5%	10.4%
<b>Electric Utilities</b>																
Centrenergo	CEEN	1,119	902	1,006	69	62	69	6.2%	6.8%	6.8%	29	43	50	2.6%	4.8%	5.0%
Donbasenergo	DOEN	574	656	732	32	72	64	5.6%	11.0%	8.8%	4	49	43	0.7%	7.5%	5.9%
<b>Consumer</b>																
MHP	MHPC	1,408	1,422	1,635	468	413	545	33.2%	29.0%	33.3%	311	202	269	22.1%	14.2%	16.5%
Kernel	KER	2,157	2,797	2,480	322	291	255	14.9%	10.4%	10.3%	211	105	77	9.8%	3.8%	3.1%
Astarta	AST	456	505	559	109	81	138	20.0%	13.4%	20.5%	58	13	82	10.6%	2.2%	12.2%
Avangardco	AVGR	629	703	785	280	328	373	44.5%	46.6%	47.5%	228	262	300	36.3%	37.2%	38.3%
Agroton	AGT	88	69	76	20	13	12	23.2%	18.1%	15.4%	7	-2	-1	7.7%	neg	neg
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	5,962	5,333	5,032	793	888	787	679	723	572	4	90	108	0.5%	10.1%	13.7%
Ukrspotsbank	USCB	4,854	5,283	4,949	957	1,064	1,016	451	360	453	1	1	20	0.1%	0.1%	2.0%

Source: Eavex Research

**MAIN TRADING MULTIPLES**

Ticker	MCap USD mn	Free Float % USD mn	EV USD mn	P/E			EV/EBITDA			EV/Sales			EV/Output			Units		
				2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2013E			
<b>Steel</b>																		
Alchevsk Steel	ALMK	102	3.9%	4	1,896	neg	neg	neg	neg	neg	neg	1.1	1.1	1.1	490	457	444	\$/tonne
Yenakievo Steel	ENMZ	39	8.8%	3	33	4.6	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	11	\$/tonne
Azovstal	AZST	322	3.0%	9	304	neg	neg	neg	neg	neg	8.6	0.1	0.2	0.2	66	67	67	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	58	6.8%	4	56	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	20	2.3	1.7	4.0	0.7	0.7	1.1	0.0	0.1	0.1	0.7	0.7	1.1	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	974	0.3%	2	972	10.2	5.0	6.0	4.2	3.1	3.5	1.6	1.4	1.5				
Pivnichny GOK	SGOK	2,056	0.4%	8	2,050	4.7	3.7	4.5	2.7	2.2	2.5	1.4	1.3	1.4				
Ferrexpo	FXPO	1,609	24.0%	386	2,175	7.5	6.7	6.5	5.4	5.0	4.8	1.5	1.4	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	31	5.4%	2	133	4.3	1.8	1.8	1.1	1.4	1.4	0.5	0.6	0.6	32	31	30	\$/tonne
Coal Energy	CLE	29	25.0%	7	139	0.8	neg	neg	2.2	6.6	15.4	0.8	1.1	1.4	2.2	6.6	15.4	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	151	2.0%	3	196	4.5	8.8	7.5	3.8	6.3	5.7	0.4	0.6	0.5	312	517	491	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	32	24.0%	8	74	6.6	1.8	1.6	2.5	2.1	1.9	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	251	5.0%	13	251	2.6	10.2	14.0	1.9	3.9	5.1	0.3	0.6	0.8				
Stakhanov Wagon	SVGZ	27	8.0%	2	66	>30	neg	neg	9.2	11.3	12.1	0.2	0.4	0.4				
<b>Specialized Machinery</b>																		
Turboatom	TATM	138	5.8%	8	70	3.6	1.9	1.8	1.4	0.8	0.7	0.4	0.3	0.3				
Motor Sich	MSICH	403	24.0%	97	419	2.0	2.4	2.1	1.4	1.8	1.6	0.4	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	257	7.2%	19	579	5.7	5.2	3.9	2.8	2.7	2.8	0.7	0.8	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,035	3.0%	31	1,027	5.9	7.9	8.5	3.2	2.8	2.9	0.6	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	62	21.6%	13	33	5.3	12.2	4.8	1.5	1.9	1.1	0.6	0.9	0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	179	50.4%	90	287	neg	8.9	7.5	2.1	3.4	3.2	1.4	1.4	1.2	52	39	38	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	194	21.7%	42	263	6.7	4.5	3.9	3.8	4.3	3.8	0.2	0.3	0.3	15	18	16	\$/MWh
DonbasEnergO	DOEN	90	14.2%	13	160	23.5	1.8	2.1	5.0	2.2	2.5	0.3	0.2	0.2	20	21	20	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,584	34.1%	540	2,744	5.1	7.8	5.9	5.9	6.6	5.0	1.9	1.9	1.7				
Kernel	KER	868	61.8%	536	1,574	4.1	8.3	11.4	4.9	5.4	6.2	0.7	0.6	0.6				
Astarta	AST	461	37.0%	171	795	7.9	>30	5.6	7.3	9.8	5.8	1.7	1.6	1.4				
Avangardco	AVGR	664	22.5%	150	864	2.9	2.5	2.2	3.1	2.6	2.3	1.4	1.2	1.1	195	149	140	\$/mneggs
Agroton	AGT	39	26.2%	10	88	5.8	neg	neg	4.3	7.0	7.5	1.0	1.3	1.2	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	435	3.6%	16		>30	4.9	4.0	0.5	0.5	0.6	0.07	0.08	0.09				
Ukrsotsbank	USCB	332	1.4%	5		>30	>30	19.4	0.4	0.3	0.3	0.08	0.07	0.08				

Source: Eavex Research



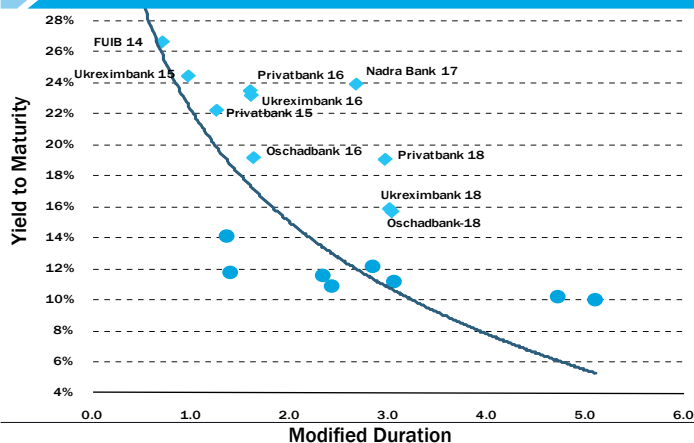
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	94.5	95.8	45.2%	35.8%	-4.9%	0.2	7.95%	S/A	4 Jun. 2014	1,000	Caa2/CCC/B-
Naftogaz Ukraine, 2014	89.1	90.6	47.4%	40.9%	-10.6%	0.4	9.50%	S/A	30 Sept 2014	1,595	//B-
Ukraine, 2015 (EUR)	88.5	89.5	14.1%	13.2%	-7.3%	1.4	4.95%	A	13 Oct 2015	600*	Caa2/CCC/B-
Ukraine, 2015	89.9	91.6	15.4%	13.9%	-7.1%	1.4	6.875%	S/A	23 Sept 2015	500	Caa2/CCC/B-
Ukraine, 2016	89.2	90.2	11.6%	11.1%	-4.6%	2.3	6.58%	S/A	21 Nov 2016	1,000	Caa2/CCC/B-
Ukraine, 2016-2	89.6	90.6	10.9%	10.4%	-4.5%	2.4	6.25%	S/A	17 Jun 2016	1,250	Caa2/CCC/B-
Ukraine, 2017	87.1	89.8	11.3%	10.3%	-4.6%	3.1	6.75%	S/A	14 Nov 2017	700	Caa2/CCC/B-
Ukraine, 2017-2	92.7	93.7	12.2%	11.8%	-6.1%	2.8	9.25%	S/A	24 Jul 2017	2,000	Caa2/CCC/B-
Ukraine, 2017 Infr. projects	87.0	88.5	13.8%	13.2%	6.2%	2.9	8.375%	S/A	3 Nov 2017	568	Caa2//
Ukraine, 2018 Infr. projects	84.3	86.0	13.1%	12.4%	8.4%	3.2	7.40%	S/A	20 Apr 2018	690	Caa2//
Ukraine, 2020	88.0	89.7	10.5%	10.1%	-4.5%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa2/CCC/B-
Ukraine, 2021	88.2	89.7	10.5%	10.1%	-5.1%	5.1	7.95%	S/A	23 Feb 2021	1,500	Caa2/CCC/B-
Ukraine, 2022	87.7	89.2	10.0%	9.7%	-2.9%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa2/CCC/B-
Ukraine, 2023	87.4	88.9	9.6%	9.3%	-2.6%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa2/CCC/B-
<b>Corporate Eurobonds</b>											
Agroton, 2014	35.0	43.1	51.2%	40.4%	n/a	2.4	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	97.5	99.0	14.2%	13.3%	-5.1%	1.1	10.25%	S/A	29 Apr 2015	235	Caa1//B-
MHP, 2020	82.3	83.9	12.5%	12.1%	-7.0%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/B-
Avangardco, 2015	96.0	99.0	13.8%	11.5%	n/a	1.4	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	85.5	87.4	15.8%	15.1%	-4.2%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/B-
Mriya, 2016	95.0	96.5	15.0%	14.0%	-4.5%	1.7	10.95%	S/A	30 Mar 2016	72	/CCC/B-
Mriya, 2018	82.1	83.6	15.5%	14.9%	-4.9%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC/B-
DTEK, 2015	93.8	95.1	17.6%	15.9%	-7.6%	1.0	9.50%	S/A	28 Apr 2015	200	Caa1//B-
DTEK, 2018	81.2	81.5	14.1%	14.0%	-13.7%	3.1	7.88%	S/A	4 Apr 2018	750	Caa1//B-
Metinvest, 2015	95.5	97.5	16.0%	13.8%	-3.1%	1.1	10.25%	S/A	20 May 2015	500	Caa1//B-
Metinvest, 2018	89.0	91.0	12.6%	11.8%	-5.2%	3.2	8.75%	S/A	14 Feb 2018	750	Caa1//B-
Ferrexpo, 2016	92.0	92.6	13.0%	12.4%	-5.8%	1.8	7.875%	S/A	07 Apr 2016	500	/CCC/B-
UZ Rail, 2018	79.0	81.0	16.6%	15.8%	-12.8%	3.1	9.50%	S/A	21 May 2018	500	/CCC/B-
Interepipe, 2017	77.0	81.5	20.6%	17.9%	0.1%	2.6	10.25%	S/A	2 Aug 2017	200	/NR/C
JKX Oil&Gas, 2018	103.6	105.0	10.2%	9.8%	-6.0%	3.3	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	72.0	82.0	18.1%	14.5%	-7.2%	3.6	9.25%	S/A	25 Jan 2019	100	Caa2//
PUMB, 2014	93.5	93.5	26.9%	26.9%	-5.1%	0.7	11.00%	Q	31 Dec 2014	275	Caa2//
Nadra Bank, 2017	79.3	85.0	27.0%	20.8%	0.1%	2.7	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	81.0	86.0	28.3%	22.8%	-6.3%	1.2	9.38%	S/A	23 Sept 2015	200	Caa2//
PrivatBank, 2016	70.0	75.0	27.6%	23.1%	3.1%	1.6	8.75%	S/A	9 Feb 2016	150	Caa2//
PrivatBank, 2018	77.8	80.2	19.1%	18.0%	-5.6%	3.0	10.88%	S/A	28 Feb 2018	175	Caa2//B-
UkrEximBank, 2015	83.0	85.0	30.3%	27.3%	-12.9%	0.9	8.38%	S/A	27 Apr 2015	750	Caa2//B-
UkrEximBank, 2016	68.0	72.5	31.1%	26.5%	-17.6%	1.6	8.40%	S/A	2 Sept 2016	125	Caa2//B-
UkrEximBank, 2018	77.0	79.0	17.1%	16.2%	-12.6%	3.0	8.75%	S/A	22 Jan 2018	500	Caa2//B-
VAB Bank, 2014	78.0	82.0	n/a	n/a	-6.4%	n/a	10.50%	Q	14 Jun 2014	125	Caa2//WD
Oschadbank, 2016	82.5	84.0	20.8%	19.6%	-10.6%	1.6	8.25%	S/A	10 Mar 2016	700	Caa2//B-
Oschadbank, 2018	77.0	79.6	17.0%	16.0%	-12.0%	3.0	8.88%	S/A	20 Mar 2018	500	Caa2//B-
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	82.0	85.0	23.0%	20.3%	-10.2%	1.4	8.00%	S/A	6 Nov 2015	250	Caa2/CCC/
City of Kyiv, 2016	82.0	85.0	19.2%	17.4%	-10.2%	1.9	9.375%	S/A	30 Jun 2016	300	Caa2/CCC/

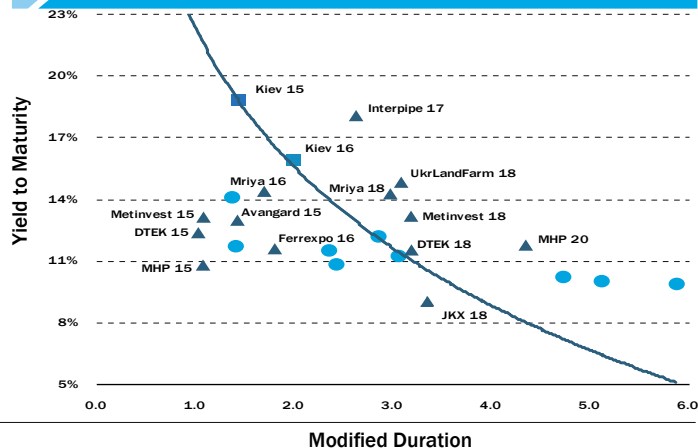
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS

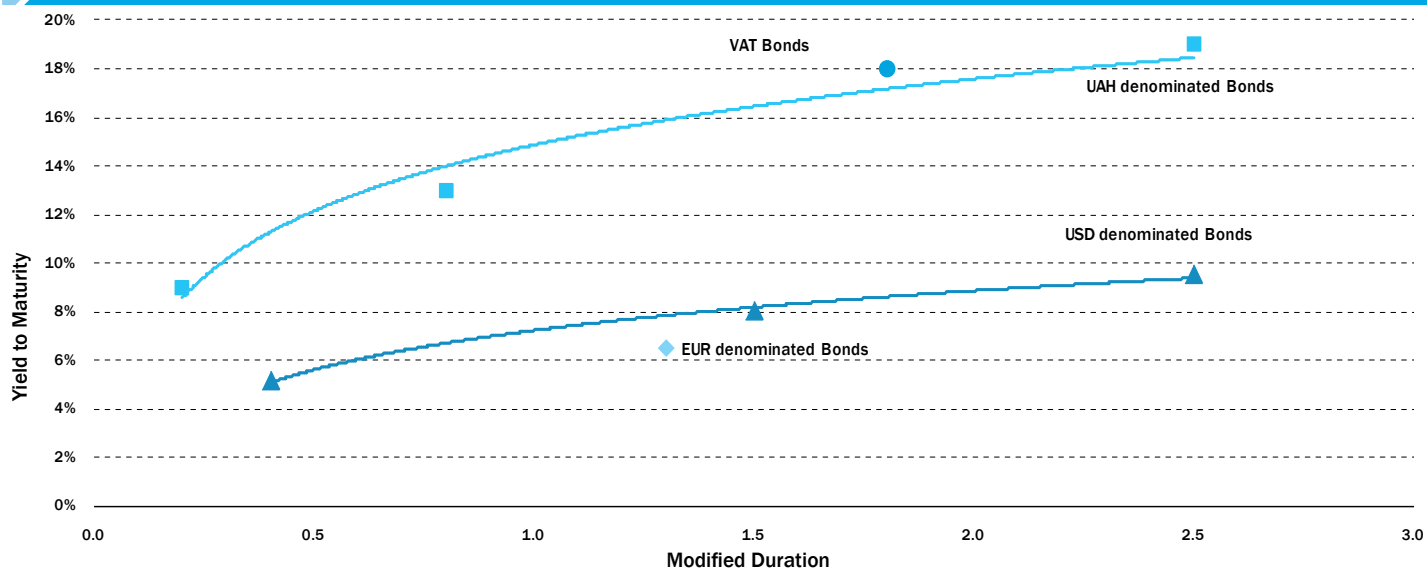




**UKRAINIAN DOMESTIC BONDS**

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			12.0%	9.0%	n/a	10.75%	S/A	26 Mar 2014	187
UA4000141592			17.5%	15.0%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			22.0%	18.0%	n/a	14.30%	S/A	24 May 2017	184
<b>USD denominated Bonds</b>									
UA4000140362	n/a	n/a	7.0%	5.5%	n/a	9.20%	S/A	21 May 2014	171
UA4000142699	n/a	n/a	10.0%	9.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	10.4%	9.5%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	10.4%	9.5%	n/a	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	7.4%	5.5%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			20.5%	17.3%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			20.5%	17.3%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			20.5%	17.3%	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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