

**Market Update**

**Equity**

Kyiv-listed blue chips made up some ground on the rapidly sliding hryvnia on Friday (Apr 11), although they were far from re-couping all of the currency's stunning 15% decline against the dollar as UAH depositors rushed to pull their money out of banks this week. Meanwhile, US shares were down across the board for a second straight day and the main European bourses also joined in the selloff, with the DAX ending down by one and a half percent. The UX index gained 2.8% to close at 1164 points, led by Avdyivka Coke, which jumped 8.5% to UAH 3.52, its highest hryvnia-denominated closing price in nearly a year. CentrEnergog and DonbasEnergog picked up 4.9% and 3.9% respectively, while UkrNafta was up 3.4% to UAH 264. Raiffeisen Aval lagged behind the UX's other top names, dropping by 1.1%. Outside the UX basket, second-tier issues Poltavsky GOK and Stinol saw substantial rises of 7.9% and 10.7% respectively. In London, both Ferrexpo and MHP appreciated by around 2%, with the latter finishing at USD 13.12.

**Fixed Income**

Ukrainian sovereigns were lower on Friday with Ukraine-23s sliding by 1.3p.p. to 88.5/93.3 (9.4%/8.6%). Corporate names also finished in red with the deepest decrease demonstrated by Avangardco-15s. The bond dropped by 0.7p.p. closing at 95.5/98.2 (14.8%/12.4%) after the management provided negative outlook for 2014 on Friday.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1940.00	2.3%	4.5	148
Ukrnafta	UNAF	264.00	3.4%	4.4	124
Centrenergog	CEEN	5.950	4.9%	1.9	312

**Growth Leaders**

Bogdan Motors	LUAZ	0.05	24.8%	0.08	19
Komsomolets Donbasa	SHKD	1.15	15.3%	0.06	12
Stinol	STIR	15.00	10.7%	0.16	12

**Loss Leaders**

Raiffeisen Bank Aval	BAVL	0.17	-1.1%	0.699	114
UkrSotsbank	USCB	0.17	-0.7%	0.789	19
Dniproenergog	DNEN	417.20	0.6%	0.046	15

**Highlights**

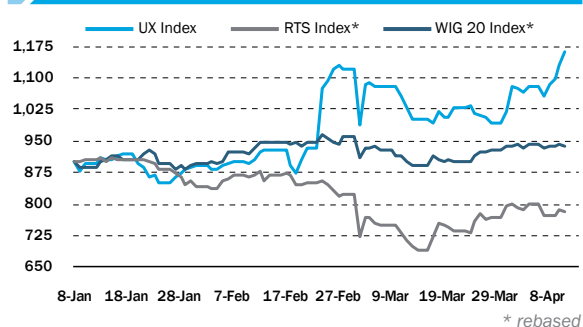
**POLITICS AND ECONOMICS**

- > Turchinov Threatens "Anti-Terrorist Operation" if Eastern Cities Not Freed

**STOCKS IN THE NEWS**

- > Avangard Postpones Dividend Announcement to Later this Year

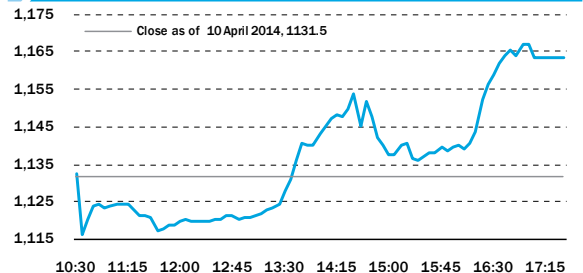
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1163.5	2.8%	10.3%	27.9%
RTS	1204.1	-0.8%	6.4%	-16.5%
WIG20	2464.1	-0.3%	2.6%	2.6%
MSCI EM	1015.4	-0.6%	6.2%	1.4%
S&P 500	1815.7	-0.9%	-2.8%	-1.4%

**UX INTRADAY APRIL 11, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	317.4	1.2%	-7.0%	-4.0%
CDS 5Y UKR	1009.5	2.4%	-6.6%	23.1%
Ukraine-17	10.0%	0.3 p.p.	-1.9 p.p.	1.0 p.p.
Naftogaz Ukr-14	27.3%	1.1 p.p.	-13.8 p.p.	18.5 p.p.
Ukraine-23	9.0%	0.2 p.p.	-1.5 p.p.	1.5 p.p.
Privatbank-16	29.1%	0.0 p.p.	-1.1 p.p.	4.4 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	12.71	0.9%	37.8%	54.2%
EUR	17.65	0.9%	38.0%	55.2%
RUB	0.36	0.6%	40.9%	42.0%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	287.9	0.0%	-3.7%	0.2%
Steel, USD/t	522.5	0.0%	-0.9%	-2.8%
Oil, USD/bbl	107.3	-0.1%	-0.5%	-3.5%
Gold, USD/oz	1318.4	0.0%	-2.3%	10.2%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Turchinov Threatens “Anti-Terrorist Operation” if Eastern Cities Not Freed

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### NEWS

Armed pro-Russian paramilitaries seized police stations in several of the major cities in Donetsk oblast (province) on Saturday (Apr 13), including in Slavyansk, Kramatorsk, and Mariupol. In Slavyansk, a Ukrainian army soldier and a security service operative were reported to have died in a shootout on Sunday. In a televised address, acting President Olexandr Turchinov laid down a deadline of this morning (Apr 14) for the militants to free the buildings and said that otherwise, he will mobilize the army in a “full-scale anti-terrorist operation” to end the uprising. Vadim Denisenko, one of the most reliably independent Ukrainian political analysts, wrote over the weekend that the pro-Russian operators are under the control of ousted president Victor Yanukovich, while the Ukrayinska Pravda news site said they are backed by Interior Ministry officials in Donetsk and Lugansk provinces. Meanwhile, Russian Foreign Minister Sergey Lavrov threatened to pull out of a negotiation conference set for this Thursday (Apr 17) in Switzerland with his counterparts from Kyiv, the US, and the EU if Turchinov goes ahead with the military operation.

### COMMENTARY

We believe, with an increasingly high degree of confidence, that the escalating unrest in Eastern Ukraine will prevent the holding of the country’s May 25 presidential election in a number of cities in Donetsk and Lugansk oblast. This leads to the question of whether the election will go forward at all; in this sense, the current interim government (led by Yulia Tymoshenko’s allies Turchinov and Interior Minister Arseniy Avakov) and the Kremlin actually share a common interest, as both sides are focused on preventing the election of moderate pro-European oligarch Petro Poroshenko to the Ukrainian presidency. In our view, the Russian strategy is not to annex Ukraine’s eastern provinces as it did Crimea, but rather to encourage a permanent state of tension and instability there that will in turn paralyze the entire country, preventing it from holding democratic elections, implementing Western-style economic reforms, and integrating with Europe. We see the Kremlin’s ultimate goal as weakening the Ukrainian central government in Kyiv; backing the separatists in the south and east of the country is merely an instrument in achieving that larger objective. The military operation in Eastern Ukraine threatened by Turchinov is likely to end badly for Ukraine’s army, and without a de-escalation of the growing crisis, the focus of the country’s armed forces may eventually have to shift to the frightening prospect of defending Central Ukraine and Kyiv from a Russian military invasion backed by heavily armed irregular paramilitary units.

## Avangard Postpones Dividend Announcement to Later this Year

by Ivan Dzvinka  
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### AVANGARDCO (ABGR LI)

Price: USD 9.60 Market Cap: USD 613mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.3	2.7	2.9	0%
2013	1.2	2.6	2.7	0%

### NEWS

Avangard, Ukraine's largest egg producer, said its net revenue rose by 5% YoY to USD 661mn in its FY13 financial release on Friday (Apr 11). A 51% YoY increase in sales of egg products to 20,000 tonnes offset a 2% decline in egg sales (5.09bn pieces) and lower prices for both eggs and egg products (-1% for eggs and -5% for EP). Avangard's EBITDA improved by 8% to USD 301mn, with the EBITDA margin amounting to 45.6% vs. 44.5% last year. Net profit rose by 4% YoY to USD 238mn with the net margin at 36.0% (flat YoY).

While the company repeated its promise to pay out 25% of its net profit for FY13, it delayed the actual dividend announcement until the annual shareholder meeting (which is likely to take place by late summer, according to management). The 25% payout would imply a USD 0.93 per GDR, i.e. a 9% dividend yield.

Avangard said it completed in 2013, on time and as expected, the construction of two poultry complexes, and re-stated plans to expand its egg processing capacity from the current 6.0mn eggs per day to 10.0mn; previously, management had expected to reach the 10mn capacity figure by early 2014.

### COMMENTARY

Avangard's EBITDA came in 8% lower than what we expected (USD 328mn). The main reason is that expanding the sales volume of egg products was effectuated by cutting prices in order to penetrate into new markets. Notably, in 4Q13, Avangard's realized price for egg products was 19% lower YoY. The company said it expects egg prices to be flat in UAH terms in 2014. Management confirmed that the sharp UAH devaluation is adversely affecting earnings, stating that "a 9% devaluation leads to a 7% drop on the EBITDA level"; we note that the hryvnia has devalued by around 55% in the last 3 months. Avangard was not able to state its EBITDA guidance for FY14, merely mentioning that EBITDA will be lower compared to 2013. With our current projections for the company now looking overly optimistic, we are going to revise our model, and thus place our recommendation for the AVGR stock under review.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.77	0.56	-28%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	154.5	125.0	-19%	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	9.05	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	9.00	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	3.53	6.2	77%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.69	U/R	na	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	0.69	2.9	327%	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	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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	1940	5250	171%	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	10.5	42.0	300%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	59.8	370	519%	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	46.0	72.0	56%	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	5.95	15.00	152%	BUY	CenterEnergO'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	13.1	U/R	--	U/R	
Astarta	AST	44.1	90.0	104%	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	U/R	--	U/R	
Ovostar Union	OVO	69.0	109.50	59%	HOLD	The company is on its way to implementing a two-stage investment program aimed at expanding egg production capacity to 2.1bn pieces by 2017, or 3x more compared to FY12 production of 719mn eggs. Very low liquidity in the OVO stock is a major concern.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.171	0.24	40%	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	1163.54	1170.00	781.22	2.8%	7.6%	10.3%	27.9%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.039	0.06	0.02	3.5%	4.9%	-1.5%	0.3%	0.6%	-2.7%	-11.8%	-27.6%
Azovstal	AZST	0.77	0.90	0.31	2.7%	4.8%	11.4%	14.9%	-0.2%	-2.8%	1.2%	-12.9%
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	38.3	52.0	20.0	4.6%	6.8%	6.2%	19.8%	1.8%	-0.7%	-4.1%	-8.1%
Arcelor Mittal KR	KSTL	3.00	n/a	n/a	0.0%	n/a	n/a	160.9%	-2.8%	n/a	n/a	133.0%
Mariupol Ilyicha	MMKI	0.15	0.21	0.05	7.1%	0.0%	-11.8%	50.0%	4.3%	-7.6%	-22.0%	22.1%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.53	4.80	1.60	8.6%	16.8%	15.4%	19.3%	5.8%	9.3%	5.1%	-8.6%
Yasnyivsky Coking	YASK	0.69	0.77	0.49	3.0%	-8.0%	-4.2%	30.2%	0.2%	-15.6%	-14.4%	2.3%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	9.00	n/a	n/a	0.0%	0.1%	12.5%	38.5%	-2.8%	-7.4%	2.2%	10.6%
Ferrexpo	FXPO	2.59	3.20	2.02	1.7%	-3.7%	11.8%	-18.0%	-1.2%	-11.3%	1.6%	-45.8%
Pivnichny GOK	SGOK	9.05	10.00	5.77	0.6%	16.0%	-7.4%	13.1%	-2.3%	8.5%	-17.6%	-14.7%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.69	0.70	0.10	-1.4%	27.8%	30.2%	72.5%	-4.3%	20.2%	19.9%	44.6%
Komsomolets Donbasa	SHKD	1.15	n/a	n/a	15.0%	21.1%	1.8%	85.5%	12.2%	13.5%	-8.5%	57.6%
Energy Coal	CLE	0.51	1.92	0.31	0.6%	-0.3%	-9.4%	44.7%	-2.2%	-7.9%	-19.7%	16.9%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.45	n/a	n/a	0.0%	0.0%	n/a	-2.2%	-2.8%	-7.6%	n/a	-30.0%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.71	0.81	0.30	-12.3%	0.0%	18.3%	18.3%	-15.2%	-7.6%	8.1%	-9.5%
Interpipe NMPP	NVTR	0.30	n/a	n/a	25.0%	0.0%	15.4%	42.9%	22.2%	-7.6%	5.1%	15.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	17.8	29.0	12.0	2.0%	7.4%	-13.4%	2.6%	-0.8%	-0.1%	-23.7%	-25.3%
Luhanskeplovoz	LTPL	1.60	2.20	1.20	-1.2%	0.6%	1.3%	6.7%	-4.1%	-6.9%	-9.0%	-21.2%
Stakhanov Wagon	SVGZ	1.27	n/a	n/a	2.4%	5.8%	5.8%	-2.3%	-0.4%	-1.7%	-4.4%	-30.2%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.08	0.02	25.7%	5.8%	76.3%	99.6%	22.8%	-1.8%	66.1%	71.8%
Motor Sich	MSICH	1,940	2,545	1,303	2.3%	13.7%	7.5%	6.4%	-0.6%	6.2%	-2.8%	-21.5%
Sumy Frunze Engineering	SMASH	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Turboatom	TATM	3.40	n/a	n/a	6.3%	6.3%	70.0%	-2.9%	3.4%	-1.3%	59.7%	-30.7%
WESTA ISIC	WES	0.18	0.26	0.13	-1.9%	1.0%	1.3%	35.0%	-4.7%	-6.6%	-9.0%	7.1%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.19	0.09	0.0%	1.7%	-18.7%	38.7%	-2.8%	-5.8%	-29.0%	10.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.18	0.41	0.17	2.2%	-1.4%	-3.8%	-16.5%	-0.6%	-8.9%	-14.1%	-44.4%
JKX Oil	JKX	1.00	1.21	0.75	-0.6%	-1.9%	-0.9%	-15.6%	-3.5%	-9.4%	-11.2%	-43.4%
Ukrnafta	UNAF	264	264	96	4.0%	11.4%	34.0%	143.1%	1.2%	3.9%	23.7%	115.2%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.95	7.40	2.50	4.9%	7.6%	7.6%	24.8%	2.1%	0.1%	-2.7%	-3.1%
Donbasenergo	DOEN	46.0	46.9	15.4	3.6%	9.4%	13.6%	66.8%	0.7%	1.8%	3.4%	38.9%
Zakhidenergo	ZAEN	125.0	134.0	64.0	2.0%	-1.6%	5.4%	38.3%	-0.9%	-9.1%	-4.9%	10.4%
<b>Consumer</b>												
Agroton	AGT	0.89	2.6	0.36	-2.6%	-7.0%	-19.9%	37.4%	-5.4%	-14.6%	-30.2%	9.5%
Astarta	AST	14.7	24.4	12.1	-0.1%	-4.3%	10.9%	-34.2%	-2.9%	-11.9%	0.6%	-62.0%
Avangardo	AVGR	9.6	13.0	8.05	1.1%	-2.0%	6.7%	-18.3%	-1.8%	-9.6%	-3.6%	-46.2%
Industrial Milk Company	IMC	2.73	5.14	2.49	0.2%	-7.3%	1.4%	-32.5%	-2.6%	-14.8%	-8.8%	-60.3%
Kernel	KER	10.4	19.1	7.6	0.9%	1.2%	26.8%	-17.8%	-1.9%	-6.3%	16.6%	-45.7%
Mriya Agro Holding	MAYA	6.75	8.2	5.36	0.1%	1.4%	-13.8%	-9.4%	-2.8%	-6.2%	-24.1%	-37.3%
MHPC	MHPC	13.1	19.9	11.21	2.0%	-2.4%	0.2%	-22.9%	-0.8%	-9.9%	-10.1%	-50.7%
Milkiland	MLK	2.56	4.7	2.22	-0.1%	-3.4%	-2.6%	-38.4%	-2.9%	-11.0%	-12.9%	-66.3%
Ovostar Union	OVO	22.9	33.3	19.4	-1.5%	-5.8%	-0.5%	-31.0%	-4.3%	-13.4%	-10.8%	-58.9%
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	15.0	n/a	n/a	10.7%	11.1%	0.1%	20.0%	7.9%	3.6%	-10.2%	-7.9%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.171	0.177	0.077	-1.1%	0.5%	13.8%	50.7%	-3.9%	-7.1%	3.5%	22.8%
UkrSotsbank	USCB	0.167	0.257	0.113	-1.9%	-1.9%	-11.5%	-11.0%	-4.7%	-9.4%	-21.7%	-38.9%

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	-3	5	1.9%	neg	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	1,542	402	506	447	28.2%	32.0%	29.0%	216	264	198	15.1%	16.7%	12.8%
<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	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%
<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	41	37	45	21	-146	26	52.2%	neg	57.0%	12	-127	2	28.3%	neg	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%
<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	65	50	0.7%	9.9%	7.8%
<b>Consumer</b>																
MHP	MHPC	1,408	1,496	1,635	468	391	545	33.2%	26.1%	33.3%	311	162	269	22.1%	10.8%	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	661	785	280	301	373	44.5%	45.6%	47.5%	228	238	300	36.3%	36.0%	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	79	3.9%	3	1,428	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	369	344	334	\$/tonne
Yenakievo Steel	ENMZ	32	8.8%	3	28	3.7	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	10	10	9	\$/tonne
Azovstal	AZST	255	3.0%	8	239	neg	neg	neg	neg	neg	6.8	0.1	0.1	0.1	52	53	52	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	54	6.8%	4	52	neg	neg	neg	neg	1.1	1.8	0.0	0.1	0.1	12	13	14	\$/tonne
Yasynivsky Coke	YASK	15	9.0%	1	16	1.8	neg	3.2	0.6	0.5	0.8	0.0	0.0	0.0	0.6	0.5	0.8	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	830	0.3%	2	828	8.7	4.3	5.1	3.6	2.7	3.0	1.4	1.2	1.3				
Pivnichny GOK	SGOK	1,641	0.4%	7	1,634	3.8	3.0	3.6	2.2	1.8	2.0	1.2	1.0	1.1				
Ferrexpo	FXPO	1,514	24.0%	363	2,152	7.0	5.7	7.7	5.4	4.3	4.8	1.5	1.4	1.4				
<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	133	0.6	neg	neg	2.1	6.3	14.8	0.8	1.1	1.3	2.1	6.3	14.8	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	145	2.0%	3	191	4.3	>30	>30	3.7	6.1	6.3	0.4	0.6	0.6	303	502	477	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	28	24.0%	7	65	5.7	1.4	1.2	2.2	1.8	1.7	0.3	0.2	0.2				
Kruiw Wagon	KVBZ	160	5.0%	8	160	1.7	3.8	6.0	1.2	2.5	3.7	0.2	0.4	0.6				
Stakhanov Wagon	SVGZ	23	8.0%	2	55	>30	>30	>30	7.7	9.4	10.1	0.2	0.3	0.4				
<b>Specialized Machinery</b>																		
Turboatom	TATM	116	5.8%	7	48	3.1	1.6	1.7	0.9	0.5	0.5	0.3	0.2	0.2				
Motor Sich	MSICH	317	24.0%	76	332	1.6	1.9	1.9	1.1	1.4	1.5	0.3	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	225	7.2%	16	546	5.0	20.9	8.5	2.7	2.9	3.1	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,126	3.0%	34	1,118	6.4	8.6	9.3	3.5	3.0	3.2	0.6	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	56	21.6%	12	31	4.8	neg	28.2	1.5	neg	1.2	0.8	0.9	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	172	50.4%	87	280	neg	26.4	22.0	2.1	4.2	4.1	1.4	1.5	1.4	51	38	37	\$/boe
<b>Electric Utilities</b>																		
CentrEnerg	CEEN	173	21.7%	38	242	6.0	2.9	2.8	3.5	2.9	2.9	0.2	0.3	0.3	14	17	15	\$/MWh
DonbasEnerg	DOEN	86	14.2%	12	156	22.4	1.3	1.7	4.9	2.2	2.7	0.3	0.2	0.2	19	20	19	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,386	34.1%	473	2,514	4.5	8.5	5.1	5.4	6.4	4.6	1.8	1.7	1.5				
Kernel	KER	829	61.8%	512	1,535	3.9	7.9	10.8	4.8	5.3	6.0	0.7	0.5	0.6				
Astarta	AST	366	37.0%	136	700	6.3	6.6	4.5	6.4	8.6	5.1	1.5	1.4	1.3				
Avangardco	AVGR	613	22.5%	138	813	2.7	2.6	2.0	2.9	2.7	2.2	1.3	1.2	1.0	184	140	132	\$/mneggs
Agroton	AGT	19	26.2%	5	68	2.8	neg	neg	3.3	5.4	5.8	0.8	1.0	0.9	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	404	3.5%	14		>30	4.5	4.0	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	242	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

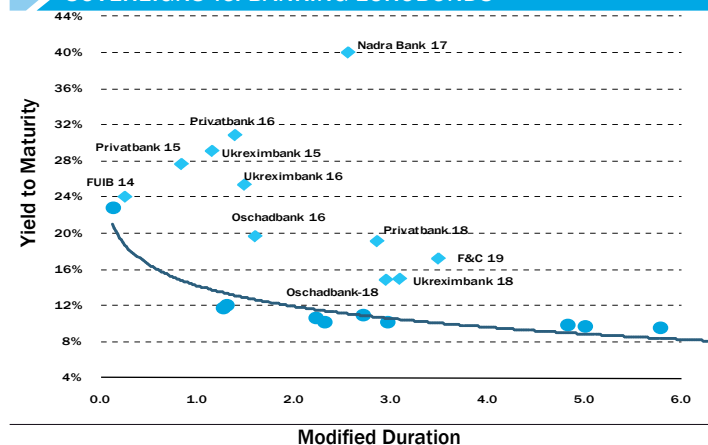
## UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	97.5	98.5	26.6%	18.9%	-2.0%	0.1	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	92.1	93.4	29.0%	25.6%	-7.7%	0.4	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	90.5	93.5	13.2%	10.5%	-4.2%	1.3	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	93.8	95.3	12.7%	11.4%	-3.2%	1.3	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	91.3	92.3	10.9%	10.4%	-2.4%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	91.3	92.3	10.3%	9.9%	-2.7%	2.3	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	90.0	91.0	10.4%	10.0%	-2.4%	3.0	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	95.8	96.8	11.2%	10.8%	-3.0%	2.7	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	92.7	95.7	11.7%	10.5%	14.0%	2.8	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	92.3	96.1	10.3%	9.0%	20.0%	3.2	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	90.5	91.5	10.0%	9.8%	-2.2%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	91.0	92.0	9.9%	9.7%	-2.3%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	90.0	91.0	9.6%	9.4%	-0.6%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	88.5	93.3	9.4%	8.6%	0.4%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	34.9	44.6	53.3%	39.9%	-23.8%	2.3	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	98.1	99.6	14.3%	13.3%	-4.5%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	82.9	85.4	12.4%	11.7%	-5.9%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.5	98.2	14.8%	12.4%	-3.1%	1.3	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	80.7	81.9	17.9%	17.4%	-9.8%	3.0	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.8	91.8	18.0%	18.0%	-8.5%	1.6	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	79.9	82.2	16.5%	15.6%	-7.0%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	93.3	94.9	19.9%	17.6%	-8.0%	0.9	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	82.4	83.6	13.8%	13.3%	-11.9%	3.2	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	94.6	95.9	18.3%	16.7%	-6.7%	0.9	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	88.7	91.8	12.9%	11.7%	-5.0%	3.0	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	94.1	95.4	12.1%	11.0%	-3.3%	1.8	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	78.0	80.0	17.2%	16.4%	-13.9%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	73.0	75.0	23.5%	21.7%	-5.1%	2.4	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	103.1	105.2	10.5%	9.8%	-6.2%	3.2	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	70.0	80.0	19.1%	15.3%	-9.6%	3.5	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	91.6	91.6	24.0%	24.0%	-7.0%	0.6	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	70.0	75.0	44.4%	35.7%	-9.9%	2.6	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	80.0	85.0	32.6%	25.9%	n/a	1.2	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	65.1	72.4	34.8%	27.0%	-2.2%	1.4	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	78.1	80.1	19.1%	18.2%	-5.5%	2.9	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	85.0	89.0	31.2%	24.4%	-9.8%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	74.0	77.0	26.9%	23.9%	-11.5%	1.5	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	81.6	84.2	15.3%	14.3%	-7.1%	3.0	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	63.0	71.0	375.6%	264.8%	-21.6%	0.1	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	84.4	86.0	20.3%	19.0%	-8.5%	1.6	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	82.2	83.8	15.4%	14.5%	-6.8%	3.1	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	82.3	85.0	24.5%	21.7%	-10.0%	1.3	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	82.4	84.3	19.4%	18.2%	-10.1%	1.8	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

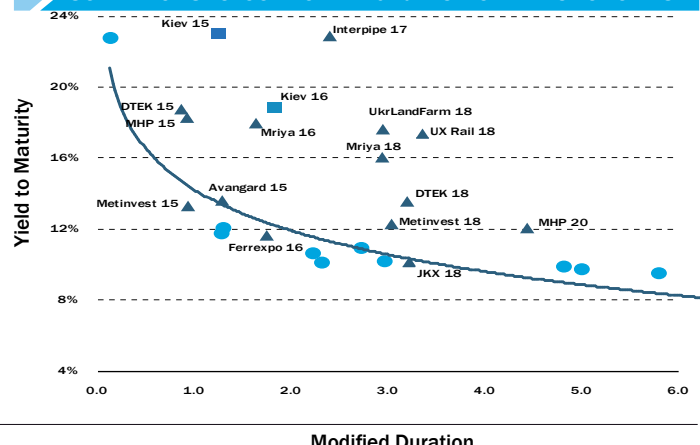
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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>									
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
<b>USD denominated Bonds</b>									
UA4000142699	n/a	n/a	12.0%	11.5%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	12.0%	11.5%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	12.0%	11.5%	n/a	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	11.5%	10.8%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			20.0%	17.5%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			20.0%	17.5%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			20.0%	17.5%	n/a	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

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