

Market Update

Equity

Kyiv-listed equities were mixed on Thursday (Apr 17) as the main global indices continued what has been a fairly good week, especially in the US, with investors responding to dovish comments from Federal Reserve chief Janet Yellen. More locally, the US, EU, Russia and Ukraine signed a rather unconvincing diplomatic agreement on the crisis in Eastern Ukraine that calls for all sides to refrain from violence and end illegal occupations of public buildings and squares. The UX index edged up 0.6% to end at 1093 points. Avdyivka Coke wrote another chapter in its recent history of sharp 1-day price swings that have taken it more or less nowhere, this time slumping 7.3% to UAH 2.92. Other losers were Motor Sich and Azovstal, which declined by 2.3% and 1.5% respectively. On the upside, CentrEnerg, DonbasEnerg, and UkrNafta all finished higher by more than 2%. In London, MHP fell to a fresh 1-year closing low of USD 12.00, while Ferrexpo was unchanged near GBP 150.

Fixed Income

Ukrainian sovereigns finished Thursday on a positive territory with Ukraine-23s improving by 1.0p.p. to 86.5/91.8 (9.8%/8.9%). Corporate names were mixed. Metinvest-15s declined by 1.4p.p. to 91.3/92.5 (23.3%/21.5%) while DTEK-15s rose by 2.1p.p. closing at 90.6/92.1 (24.2%/21.8%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	244.70	2.1%	4.8	129
Motor Sich	MSICH	1807.00	-2.3%	1.4	85
Centrenerg	CEEN	5.790	3.7%	1.2	112

Growth Leaders

Khartsyzk Pipe	HRTR	0.79	8.1%	0.01	8
Stirol	STIR	13.79	6.0%	0.25	11
Centrenerg	CEEN	5.79	3.7%	1.24	112

Loss Leaders

Avdyivka Coke	AVDK	2.92	-7.4%	0.404	173
Ukrsotsbank	USCB	0.16	-2.6%	0.064	19
Motor Sich	MSICH	1,807.00	-2.3%	1.409	85

Highlights

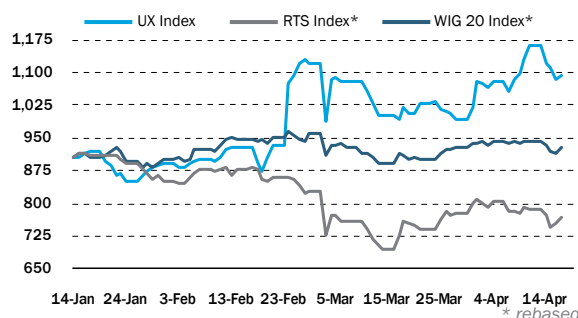
POLITICS AND ECONOMICS

- Putin Says May 25 Presidential Election Won't be Legitimate

STOCKS IN THE NEWS

- Devaluation Pushes Ferrexpo's C1 Cost Down 13% QoQ

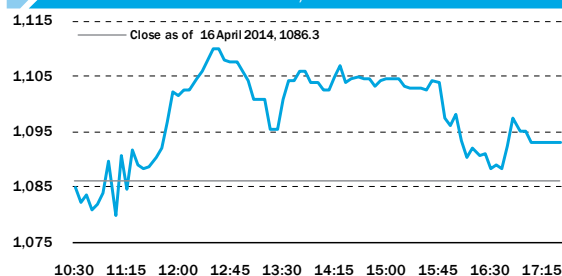
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1093.2	0.6%	10.0%	20.1%
RTS	1172.6	1.6%	5.2%	-18.7%
WIG20	2433.9	1.6%	1.6%	1.4%
MSCI EM	1009.2	0.7%	7.0%	0.7%
S&P 500	1864.9	0.1%	0.3%	1.3%

UX INTRADAY APRIL 17, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	309.2	-3.1%	-11.5%	-6.5%
CDS 5Y UKR	1138.5	-2.4%	-8.6%	38.8%
Ukraine-17	11.0%	-0.3 p.p.	-1.8 p.p.	2.0 p.p.
Naftogaz Ukr-14	33.2%	-0.6 p.p.	-7.2 p.p.	24.5 p.p.
Ukraine-23	9.3%	-0.2 p.p.	-1.5 p.p.	1.8 p.p.
Privatbank-16	33.7%	1.6 p.p.	3.1 p.p.	9.0 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.15	-1.3%	14.4%	35.3%
EUR	15.40	-1.4%	13.5%	35.4%
RUB	0.31	0.2%	17.0%	25.1%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	293.6	0.0%	-1.3%	2.2%
Steel, USD/t	522.5	0.0%	-0.9%	-2.8%
Oil, USD/bbl	109.5	-0.1%	3.3%	-1.5%
Gold, USD/oz	1295.2	-0.6%	-5.3%	8.2%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Putin Says May 25 Presidential Election Won't be Legitimate

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

NEWS

Russian President Putin said in a televised question & answer session on Thursday (Apr 17) that Ukraine's upcoming May 25 presidential election cannot be considered legitimate because "according to the constitution... Ukraine cannot hold elections if there is a living, legitimate president". He was referring to Victor Yanukovich, who abandoned the presidency on Feb 22 and fled to Russia. Putin also cited the ongoing unrest in Eastern Ukraine as a reason why the election shouldn't be seen as legitimate. In other news from Thursday, the US, EU, Russian, and Ukrainian foreign ministers signed a deal in Switzerland calling for the disarming of irregular militia groups and an end to the illegal occupation of public buildings by political protesters, presumably referring not only the situation in Donetsk provincial cities but also to the Independence Square protest camp in Kyiv. Meanwhile, Acting President Turchinov said that soldiers from the 25th paratrooper brigade, which voluntarily surrendered six armored vehicles to pro-Russian paramilitaries on Wednesday, will face court-martial for "cowardice".

COMMENTARY

It has been a good week for Putin in Ukraine, with Turchinov's threat to launch a major "anti-terrorist operation" in Donetsk having come to nothing, and the resulting outrage among hardline Ukrainian nationalist groups further squeezing room for a de-escalation, thus advancing Putin's claims that Kyiv is controlled by extremists. However, Putin's stance against the holding of Ukraine's presidential election looks to be on flimsy ground, given that Yanukovich abandoned the presidency of his own accord just one day after signing a power-sharing agreement that would have left him in office for most of 2014, and the only legitimate way to replace him is via a democratic vote. We think Putin's position is based on his desire to see the current un-elected interim Ukrainian government remain in office for as long as possible, allowing Kyiv to continue to blunder and discredit itself with over-the-top proclamations on which it cannot deliver. The irony is that it is not Ukraine's extremists whom Putin fears, but its moderates, led by pro-European oligarch Petro Poroshenko and his new ally Vitaliy Klitschko, both of whom have taken a more pragmatic and less hostile approach toward the country's Russian-speaking southeastern provinces. It is now our view that some of the Donbass activists' demands – specifically the one regarding increased local autonomy, i.e. "federalization" – will have to be met quickly in order to have any chance of holding the presidential election in Donetsk and Lugansk oblasts. Of course, the election could be held without the participation of these provinces, but they would then have an even stronger claim for autonomy or independence from Kyiv.

Devaluation Pushes Ferrexpo's C1 Cost Down 13% QoQ

by Ivan Dzvinika
 i.dzvinika@eavex.com.ua

FERREXPO (FXPO LN)

Price: GBp 150.2 Market Cap: USD 1,478mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.4	5.6	4.3	5.2%
2014E	1.4	7.5	4.8	1.3%

NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, increased its pellet sales volume by 10.8% YoY to 2.84mn tonnes in 1Q14, the company reported in an interim management statement on Thursday (Apr 17). The company said it intends to produce 12.0mn tonnes of pellets in FY14 (+11% YoY), up from its projected output in the range of 11.5-12.0mn tonnes announced last month.

The average FOB price for the company's pellets declined by 3% QoQ in 1Q14, considerably less than the 11% QoQ drop in the Chinese benchmark iron ore price in the period. The devaluation of the hryvnia and efficiency improvements in 1Q14 led to a 21% YoY and 13% QoQ drop in Ferrexpo's average production cost for in-house ore (C1 cost) to USD 50.3 per tonne of pellets. Some 50% of the company's operating cost are linked to UAH.

Ferrexpo said it intends to finance the iron ore concentrator construction at its Yeristovo mine in stages and will make a firm decision on the construction of the Yeristovo project later in 2014.

The VAT balance owed to Ferrexpo by the national government as of end-1Q14 was unchanged from the 2013 year-end level of UAH 2.47bn. With the UAH devaluation, however, the VAT balance has fallen in USD terms by USD 84mn (DO THEY LOSE USD 84mn ON THIS?). The company expects the government to issue VAT bonds in 2014 to settle outstanding VAT receivables.

The company's net debt as of Mar 31 stood at USD 679mn, or nearly unchanged from USD 685mn on Dec 31.

COMMENTARY

Lower gas prices in 1Q14 along with the UAH devaluation benefited Ferrexpo, with 100% of sales directed to export and only 50% of the operating cost linked to hard currency. With the roller-caster UAH/USD rate recently, it is hard to predict the rate in the near future, but we still think that the average hryvnia value in 2Q will be lower than in 1Q, boding well for a further drop in the company's C1 cost. At the same time, adverse factors offsetting the devaluation in the 2Q production cost equation will be a 30% QoQ increase in natural gas prices and an estimated doubling in the extraction tax.

We note that apart from a better pellet premium over fines/concentrate observed in 1Q, another significant reason for the lower drop in Ferrexpo's achieved prices vs. the benchmark spot rate was due to the specifics of the company's pricing pattern. The price for some 40-50% of the company's sales volume is based on the average price in the previous quarter. Thus, higher prices in 4Q13 enabled Ferrexpo to achieve a better performance than the spot figures. A similar situation was observed in 3Q12, when benchmark prices plunged by 20% QoQ while Ferrexpo's average price was lower by only 10%. However, the chickens came home to roost in the following quarter (4Q12), when Ferrexpo's price was down by 12% despite an 8% increase in spot prices.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.70	0.56	-21%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	150.2	125.0	-17%	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	8.60	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.
Coke						
Avdyivka Coke	AVDK	2.92	6.2	113%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.75	U/R	na	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	0.60	2.9	391%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	17.5	U/R	–	U/R	
LuganskTeplovoz	LTPL	1.62	5.2	223%	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	1807	5250	191%	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	10.3	42.0	310%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	58.0	370	538%	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	42.9	72.0	68%	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	5.79	15.00	159%	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	12.0	U/R	–	U/R	
Astarta	AST	39.7	90.0	127%	BUY	Astarta's business leans on three pillars: sugar beet cultivation/processing, grain cultivation, and cattle farming. With sugar prices depressed since 2011, a favorable market for grain should continue to drive the company's profitability.
AvangardCo	AVGR	9.7	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.
Banks						
Raiffeisen Bank Aval	BAVL	0.168	0.24	43%	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*	1d	Absolute performance				Performance relative to the UX index			
						1w	1m	ytd		1d	1w	1m	ytd
UX Index	UX	1093.20	1170.00	791.51	0.6%	-3.4%	10.0%	20.1%		0.0%	0.0%	0.0%	0.0%
Steel													
Alchevsk Steel	ALMK	0.035	0.06	0.02	-0.9%	-8.0%	-3.9%	-10.8%		-1.5%	-4.6%	-13.8%	-31.0%
Azovstal	AZST	0.70	0.90	0.31	-0.8%	-6.7%	2.3%	4.5%		-1.5%	-3.3%	-7.6%	-15.6%
Dniprospeztstal	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	35.9	52.0	20.0	2.8%	-2.0%	11.5%	12.2%		2.1%	1.3%	1.5%	-8.0%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	33.3%	n/a	247.8%		-0.6%	36.7%	n/a	227.7%
Mariupol Ilyicha	MMKI	0.14	0.21	0.05	0.0%	0.0%	-6.7%	40.0%		-0.6%	3.4%	-16.6%	19.9%
Coke													
Avdyivka Coke	AVDK	2.92	4.80	1.60	-7.4%	-10.1%	-0.3%	-1.3%		-8.0%	-6.7%	-10.2%	-21.4%
Yasynivsky Coking	YASK	0.75	0.77	0.49	8.7%	11.9%	7.1%	41.5%		8.1%	15.3%	-2.8%	21.4%
Iron Ore Mining													
Centralny GOK	CGOK	9.00	n/a	n/a	0.0%	0.0%	9.1%	38.5%		-0.6%	3.4%	-0.9%	18.3%
Ferrexpo	FXPO	2.52	3.20	2.02	-0.3%	-0.8%	6.6%	-20.0%		-0.9%	2.6%	-3.4%	-40.1%
Pivnichny GOK	SGOK	8.60	10.00	5.77	-2.7%	-4.4%	-4.4%	7.5%		-3.4%	-1.1%	-14.4%	-12.6%
Coal Mining													
Pokrovske Mine	SHCHZ	0.60	0.70	0.10	-7.7%	-14.3%	39.5%	50.0%		-8.3%	-10.9%	29.6%	29.9%
Komsomolets Donbasa	SHKD	1.03	n/a	n/a	-3.7%	3.0%	14.4%	66.1%		-4.4%	6.4%	4.5%	46.0%
Energy Coal	CLE	0.42	1.63	0.31	-3.7%	-15.8%	-16.7%	21.0%		-4.3%	-12.5%	-26.6%	0.9%
Mining Machinery													
Svitlo Shakhtara	HMBZ	0.28	n/a	n/a	0.0%	-37.8%	n/a	-39.1%		-0.6%	-34.4%	n/a	-59.3%
Pipe Manufacturing													
Khartsyzk Pipe	HRTR	0.79	0.81	0.30	8.2%	-2.5%	31.7%	31.7%		7.6%	0.9%	21.7%	11.5%
Interpipe NMPP	NVTR	0.24	n/a	n/a	-4.0%	0.0%	-4.0%	14.3%		-4.6%	3.4%	-14.0%	-5.8%
Railcar Manufacturing													
Kryukiv Wagon	KVBZ	17.5	29.0	12.0	0.0%	0.6%	2.9%	1.2%		-0.6%	4.0%	-7.0%	-19.0%
Luhanskeplovoz	LTPL	1.62	2.20	1.20	-1.2%	0.0%	24.6%	8.0%		-1.9%	3.4%	14.7%	-12.1%
Stakhanov Wagon	SVGZ	1.10	n/a	n/a	0.0%	-11.3%	4.8%	-15.4%		-0.6%	-7.9%	-5.2%	-35.5%
Specialized Machinery													
Bogdan Motors	LUAZ	0.04	0.08	0.02	1.4%	4.8%	27.8%	66.4%		0.7%	8.1%	17.9%	46.3%
Motor Sich	MSICH	1,807	2,545	1,303	-2.3%	-4.7%	6.0%	-0.9%		-3.0%	-1.4%	-4.0%	-21.1%
Summy Frunze Engineering	SMASH	3.76	n/a	n/a	0.0%	n/a	7.7%	50.4%		-0.6%	n/a	-2.2%	30.3%
Turboatom	TATM	1.70	n/a	n/a	0.0%	-46.9%	-43.3%	-51.4%		-0.6%	-43.5%	-53.3%	-71.6%
WESTA ISIC	WES	0.18	0.26	0.13	0.1%	-4.3%	2.2%	31.6%		-0.6%	-0.9%	-7.8%	11.4%
Telecom													
Ukrtelecom	UTLM	0.16	0.19	0.09	0.0%	4.8%	7.4%	45.5%		-0.6%	8.2%	-2.6%	25.3%
Oil & Gas													
Regal Petroleum	RPT	0.17	0.41	0.16	0.0%	0.1%	-5.9%	-18.2%		-0.6%	3.5%	-15.9%	-38.3%
JKX Oil	JKX	0.97	1.21	0.75	0.9%	-3.2%	-7.0%	-17.8%		0.2%	0.2%	-17.0%	-37.9%
Ukrnafta	UNAF	245	270	96	2.2%	-3.6%	30.4%	125.3%		1.5%	-0.2%	20.4%	105.2%
Power Utilities													
Centrenerg	CEEN	5.79	7.40	2.50	3.7%	2.1%	10.7%	21.4%		3.0%	5.4%	0.8%	1.3%
Donbasenerg	DOEN	42.9	46.9	15.4	3.7%	-3.5%	16.3%	55.4%		3.0%	-0.1%	6.4%	35.3%
Zakhidenerg	ZAEN	122.0	134.0	64.0	0.0%	-0.5%	10.1%	35.0%		-0.6%	2.9%	0.2%	14.8%
Consumer													
Agroton	AGT	0.71	1.8	0.43	-5.6%	-22.0%	-21.0%	10.0%		-6.2%	-18.6%	-30.9%	-10.1%
Astarta	AST	13.1	24.4	12.1	1.5%	-10.7%	-2.6%	-41.2%		0.9%	-7.3%	-12.5%	-61.3%
Avangardo	AVGR	9.7	13.0	8.20	0.2%	2.3%	11.1%	-17.3%		-0.4%	5.7%	1.2%	-37.4%
Industrial Milk Company	IMC	2.81	5.14	2.49	2.5%	3.0%	2.2%	-30.5%		1.9%	6.4%	-7.8%	-50.7%
Kernel	KER	9.5	19.1	7.6	-0.6%	-7.7%	12.1%	-24.9%		-1.2%	-4.4%	2.1%	-45.0%
Mriya Agro Holding	MAYA	6.28	8.2	5.36	-7.3%	-6.9%	-14.2%	-15.7%		-7.9%	-3.5%	-24.2%	-35.8%
MHPC	MHPC	12.0	19.9	11.21	-2.4%	-6.7%	-7.7%	-29.5%		-3.1%	-3.3%	-17.6%	-49.6%
Milkiland	MLK	2.47	4.7	2.22	2.0%	-3.4%	3.7%	-40.5%		1.4%	0.0%	-6.2%	-60.6%
Ovostar Union	OVO	22.7	33.3	19.4	0.0%	-2.3%	0.1%	-31.6%		-0.6%	1.0%	-9.9%	-51.8%
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	13.8	n/a	n/a	6.1%	1.8%	11.6%	10.3%		5.4%	5.2%	1.6%	-9.8%
Banks													
Raiffeisen Bank Aval	BAVL	0.168	0.177	0.077	0.5%	-2.8%	15.9%	48.0%		-0.2%	0.6%	5.9%	27.9%
UkrSotsbank	USCB	0.156	0.257	0.115	-1.6%	-8.5%	-3.5%	-17.1%		-2.2%	-5.1%	-13.5%	-37.2%

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	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%
Electric Utilities																
Centrenerg	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	1,496	1,570	468	391	458	33.2%	26.1%	29.2%	311	162	-30	22.1%	10.8%	neg
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	491	559	110	91	138	20.2%	15.5%	20.5%	58	34	82	10.6%	5.8%	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
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%
Ukrspotsbank	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	80	3.9%	3	1,429	neg	neg	neg	neg	neg	0.8	0.8	0.8	369	344	334	\$/tonne
Yenakievo Steel	ENMZ	34	8.8%	3	30	4.0	neg	neg	neg	1.3	0.9	0.0	0.0	11	10	10	\$/tonne
Azovstal	AZST	264	3.0%	8	248	neg	neg	neg	neg	neg	7.0	0.1	0.1	54	55	54	\$/tonne
Coke																	
Avdyivka Coke	AVDK	51	6.8%	3	49	neg	neg	neg	neg	1.0	1.7	0.0	0.1	11	12	13	\$/tonne
Yasynivsky Coke	YASK	18	9.0%	2	19	2.2	neg	3.9	0.7	0.7	1.0	0.0	0.1	0.7	0.7	1.0	\$/tonne
Iron Ore Mining																	
Centralny GOK	CGOK	946	0.3%	2	944	9.9	4.9	5.8	4.1	3.0	3.4	1.5	1.4	1.5			
Pivnichny GOK	SGOK	1,777	0.4%	7	1,771	4.1	3.2	3.9	2.4	1.9	2.2	1.3	1.1	1.2			
Ferrexpo	FXPO	1,476	24.0%	354	2,155	6.8	5.6	7.5	5.4	4.3	4.8	1.5	1.4	1.4			
Coal Mining																	
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
Coal Energy	CLE	19	25.0%	5	129	0.5	neg	neg	2.1	6.1	14.4	0.8	1.0	1.3	2.1	6.1	14.4
Pipe Manufacturing																	
Khartsyzk Pipe	HRTR	184	2.0%	4	230	5.5	>30	>30	4.4	7.3	7.6	0.5	0.7	0.7	365	605	575
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			
Krukiy Wagon	KVBZ	180	5.0%	9	180	1.9	4.3	6.7	1.3	2.8	4.1	0.2	0.4	0.7			
Stakhanov Wagon	SVGZ	22	8.0%	2	55	>30	>30	>30	7.6	9.4	10.1	0.2	0.3	0.4			
Specialized Machinery																	
Turboatom	TATM	133	5.8%	8	64	3.5	1.9	1.9	1.2	0.7	0.7	0.4	0.3	0.2			
Motor Sich	MSICH	337	24.0%	81	352	1.7	2.0	2.0	1.1	1.5	1.5	0.4	0.4	0.4			
Telecom																	
Ukrtelecom	UTLM	269	7.2%	19	590	5.9	25.0	10.2	2.9	3.1	3.4	0.7	0.8	1.0			
Oil & Gas																	
Ukrnafta	UNAF	1,190	3.0%	36	1,182	6.8	9.1	9.8	3.7	3.2	3.3	0.6	0.5	0.6	n/a	n/a	n/a
Regal Petroleum	RPT	55	21.6%	12	30	4.7	neg	27.6	1.4	neg	1.2	0.7	0.8	0.7	n/a	n/a	n/a
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
Electric Utilities																	
CentrEnerg	CEEN	192	21.7%	42	261	6.7	3.2	3.1	3.8	3.1	3.1	0.2	0.3	0.3	15	18	16
DonbasEnerg	DOEN	91	14.2%	13	161	23.8	1.4	1.8	5.0	2.2	2.8	0.3	0.2	0.2	20	21	20
Consumer																	
MHP	MHPC	1,268	34.1%	432	2,396	4.1	7.8	neg	5.1	6.1	5.2	1.7	1.6	1.5			
Kernel	KER	758	61.8%	468	1,464	3.6	7.2	9.8	4.5	5.0	5.7	0.7	0.5	0.6			
Astarta	AST	327	37.0%	121	661	5.6	9.6	4.0	6.0	7.3	4.8	1.5	1.3	1.2			
Avangardco	AVGR	621	22.5%	140	820	2.7	2.6	2.1	2.9	2.7	2.2	1.3	1.2	1.0	186	141	133
Agroton	AGT	15	26.2%	4	64	2.3	neg	neg	3.2	5.1	5.5	0.7	0.9	0.8	n/a	n/a	n/a
Banks																	
						P/E			P/Book			P/Assets					
Raiffeisen Bank Aval	BAVL	452	3.5%	16		>30	5.1	4.4	0.6	0.5	0.5	0.08	0.08	0.09			
Ukrsotsbank	USCB	257	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07			

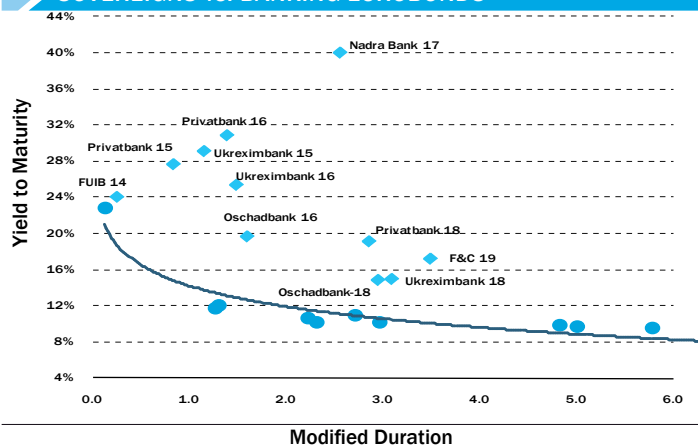
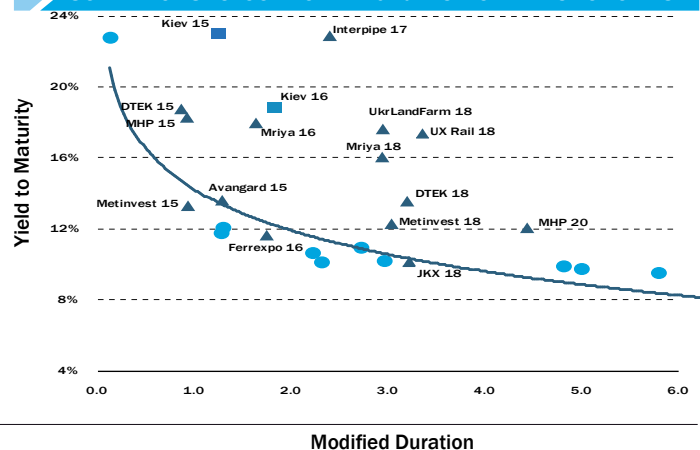
Source: Eavex Research

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	96.8	98.3	36.6%	23.0%	-2.5%	0.1	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	90.2	91.6	35.3%	31.2%	-9.6%	0.4	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	88.0	91.0	15.7%	12.8%	-6.8%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.5	93.0	14.9%	13.5%	-5.5%	1.3	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	87.8	89.3	12.7%	11.9%	-5.9%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	88.0	89.5	12.0%	11.2%	-5.9%	2.3	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	87.0	88.5	11.6%	11.0%	-5.4%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	92.8	93.8	12.4%	12.0%	-6.0%	2.7	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	85.0	87.9	15.1%	13.8%	4.6%	2.7	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	84.0	86.5	13.5%	12.5%	8.6%	3.1	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	87.5	89.0	10.7%	10.4%	-5.2%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	88.0	89.5	10.6%	10.2%	-5.3%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	87.5	88.5	10.1%	9.9%	-3.4%	5.7	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	86.5	91.8	9.8%	8.9%	-1.5%	6.3	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	30.0	33.3	63.7%	56.5%	-39.4%	2.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	96.1	97.1	17.2%	16.5%	-6.6%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	80.1	81.9	13.2%	12.7%	-9.4%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	97.8	97.8	12.8%	12.8%	-0.2%	1.3	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	78.0	82.3	19.1%	17.3%	-11.1%	2.9	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	77.0	79.6	17.7%	16.7%	-10.1%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	90.6	92.1	24.2%	21.8%	-10.6%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	80.3	81.9	14.6%	14.0%	-14.0%	3.2	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	91.3	92.5	23.3%	21.5%	-10.0%	0.9	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.9	88.8	13.6%	12.8%	-7.5%	3.0	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.0	92.5	14.9%	13.0%	-6.9%	1.7	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	74.9	77.8	18.5%	17.3%	-16.7%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	74.0	75.5	23.0%	21.5%	-3.8%	2.4	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	102.2	105.4	10.8%	9.8%	-6.5%	3.2	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	65.0	75.0	21.3%	17.1%	-15.7%	3.4	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	45.1%	36.3%	-9.9%	2.6	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	76.0	76.0	39.2%	39.2%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	62.0	67.0	38.7%	32.8%	-8.3%	1.4	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	73.6	75.6	21.2%	20.3%	-10.8%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	79.0	81.0	43.7%	39.3%	-17.1%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	67.0	72.0	35.2%	29.3%	-18.5%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	77.1	79.9	17.3%	16.1%	-12.0%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	60.0	68.0	479.0%	341.9%	-25.1%	0.1	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	80.0	82.0	24.4%	22.6%	-13.0%	1.6	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	76.0	79.0	17.6%	16.4%	-13.0%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	78.0	80.0	29.6%	27.2%	-15.0%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	78.3	80.1	22.3%	21.0%	-14.5%	1.8	9.375%	S/A	30 Jun 2016	300	Caa3/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	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
EUR denominated Bonds									
UA4000142681	n/a	n/a	11.5%	10.8%	n/a	4.80%	S/A	6 May 2015	40
VAT Bonds									
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

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