

Market Update

Equity

Local and foreign-listed Ukrainian stocks were mostly higher on Tuesday (Apr 22) as US Vice President Joseph Biden completed a 2-day visit to Kyiv in support of the country's interim government, during which he suggested that the approval of a new IMF lending program for Ukraine is imminent and announced several chunks of targeted US assistance grants. Local equities also benefited from a surprise government decree that jacked up dividend payouts for state-controlled companies to 50% from 30%. In Europe, investors in Germany continued to ignore the threats raised by ongoing Ukrainian-Russian tensions, with the DAX shooting up by 2% to 9600 points, while the S&P 500 rose for a 6th straight session, its longest such run year-to-date. The UX index added 2.1% to close at 1129 points. DonbasEnergo was the day's big winner, gaining 8.0% to UAH 45.85, while top liquid issues UkrNafta, CentrEnergo, and Raiffeisen Aval each picked up more than 2%. Volume leader Motor Sich underperformed, slipping 0.8% on turnover of UAH 2.8mn. In Warsaw, Kernel and Astarta appreciated by 4.3% and 3.1% respectively, and Ferrexpo was up 3.2% in London to GBp 155.

Fixed Income

Ukrainian sovereigns ended lower yesterday with Ukraine-23s declining by 1.3 p.p. to 85.5/90.3 (10.0%/9.1%). Among corporate issues, quotes for Avangard-15s fell by 2.1 p.p. to close at 94.0/95.0 (16.4%/15.4%) and DTEK-15s decreased by 0.9 p.p. to 90.3/90.8 (25.2%/24.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	256.00	2.2%	2.8	55
Motor Sich	MSICH	1810.00	-0.8%	2.8	98
Centrenergo	CEEN	5.990	2.5%	2.6	294

Growth Leaders

Dniproenergo	DNEN	445.20	11.3%	0.06	19
Donbasenergo	DOEN	45.85	8.0%	1.98	255
Zakhidenergo	ZAEN	132.00	7.3%	0.09	11

Loss Leaders

UkrSotsbank	USCB	0.15	-2.4%	0.029	11
Yenakievo Steel	ENMZ	34.73	-1.2%	0.065	28
Alchevsk Steel	ALMK	0.03	-0.9%	0.529	59

Highlights

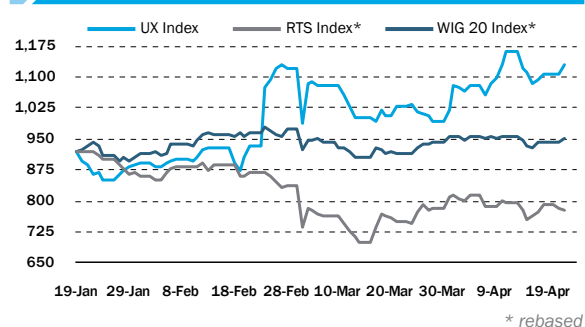
POLITICS AND ECONOMICS

- > No Sign of Implementation of Geneva Deal as Biden Visit Concludes

STOCKS IN THE NEWS

- > Gov't Raises Dividend Payout Ratio for State Companies to 50%

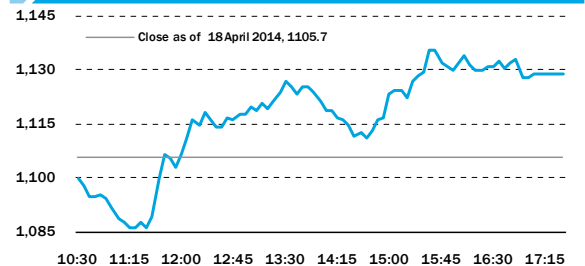
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1128.9	2.1%	9.9%	24.0%
RTS	1178.8	-1.8%	3.7%	-18.3%
WIG20	2459.3	1.0%	3.9%	2.4%
MSCI EM	1008.7	-0.3%	6.7%	0.7%
S&P 500	1879.6	0.8%	0.7%	2.1%

UX INTRADAY APRIL 22, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	310.8	0.5%	-9.5%	-6.0%
CDS 5Y UKR	1123.7	-1.3%	-5.0%	37.0%
Ukraine-17	11.1%	0.1 p.p.	-0.1 p.p.	2.1 p.p.
Naftogaz Ukr-14	35.3%	1.9 p.p.	2.7 p.p.	26.6 p.p.
Ukraine-23	9.5%	0.2 p.p.	-0.2 p.p.	2.0 p.p.
Privatbank-16	32.5%	-1.2 p.p.	0.7 p.p.	7.8 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.75	4.0%	11.4%	42.6%
EUR	16.22	3.9%	11.5%	42.7%
RUB	0.33	3.9%	13.2%	31.3%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	302.2	0.0%	1.6%	5.1%
Steel, USD/t	522.5	0.0%	-0.9%	-2.8%
Oil, USD/bbl	109.3	-0.2%	2.4%	-1.7%
Gold, USD/oz	1283.8	-0.8%	-3.8%	7.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

No Sign of Implementation of Geneva Deal as Biden Visit Concludes

by Will Ritter
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NEWS

The de-escalation agreement signed by the foreign ministers of Ukraine, Russia, the EU and the United States last week in Switzerland was further undermined on Tuesday (Apr 22) when Acting President Olexander Turchinov announced the resumption of “anti-terrorist” operations against pro-Russian militants occupying public buildings in Donetsk oblast cities. Turchinov said the move is in response to the murder of a pro-Kyiv local council member in the city of Gorlovka. Meanwhile, US Vice President Joseph Biden said in a speech given on Tuesday at the conclusion of his Kyiv visit that “Ukraine is and must remain one country from Lviv to Kharkiv down to the Black Sea.” Donetsk and Lugansk oblasts, the sites of the heaviest anti-Kyiv unrest, are located to the east of Kharkiv.

COMMENTARY

In our view, implementation of the Geneva accord was unrealistic from the start, as the pro-Russian militants in Donetsk were not represented at the talks, and the interim Kyiv government is neither willing nor able to disarm the hard-line nationalists of the Praviy Sektor group who played a key role in this winter’s EuroMaidan protests. We therefore assume that the deal was viewed by the US and Russia merely as a way of buying a few days of stability and postponing further economic sanctions, respectively, ahead of a renewed escalation of the conflict. Given the weakness of Ukraine’s security apparatus, we see no military solution to the Donetsk standoff, and we believe that the pro-Russian paramilitaries can be dislodged only by strong local resistance or by an active effort by Russian President Putin to pull them back. With neither of these scenarios likely to occur, we now see the situation in Donetsk and Lugansk oblasts as probably developing into a “frozen zone” in which the provinces will remain outside Kyiv’s control even if they do not actually declare independence. Although figures have been cited claiming that a majority of Donetsk oblast residents favor remaining inside Ukraine, we have a very low level of confidence in the reliability of any polls taken in the region, as polling agencies often have a pre-set political agenda. We doubt that Biden’s “Lviv to Kharkiv” comment was merely a geographic slip of the tongue, and it may indicate that the US is coming to terms with the strong possibility that Ukraine’s May 25 presidential election will not be conducted in Donetsk and Lugansk provinces. Looking further ahead to whether Russia might use the Donetsk model to try to peel off other majority-Russian-speaking provinces of the Ukrainian southeast, we are somewhat more optimistic, as voting patterns in the provinces of Kharkiv, Odessa, Zaporizhia and Dnipropetrovsk in the 2004 and 2010 presidential elections indicated far lower (although still majority) support for the perceived pro-Russian candidate, Victor Yanukovich, than the 90%-plus which he registered in Donetsk and Lugansk.

Gov't Raises Dividend Payout Ratio for State Companies to 50%

by Dmitry Churin
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NEWS

The Cabinet of Ministers published a decree on Tuesday (Apr 22) increasing the obligatory dividend payout ratio from 30% to 50% for companies with state ownership stakes of more than half. The 30% obligatory payout ratio for state-controlled entities had been in place since 2010.

COMMENTARY

This news is most directly important for shareholders of CentrEnergO, which reported a net profit of UAH 487mn for FY13; the 50% payout implies a dividend of 66 kopecks per share instead of the previously expected 40 kopecks. If the 66-kopeck figure is paid, this would translate into a dividend yield of 11%. The company's annual meeting is scheduled for this Friday (Apr 25). In regard to DonbasEnergO, the company was privatized in August 2013 on terms that promised a 30% dividend payout for FY13, and we therefore doubt that the Cabinet's decree will increase the payout, despite the DOEN stock's leap of 8% in UX trading yesterday. The company's FY13 net profit of UAH 532mn implies a potential dividend of UAH 6.74 per share and a very healthy dividend yield of 14.6%. DonbasEnergO's annual meeting is scheduled for this Saturday (Apr 26).

De-jure state-controlled UkrNafta has refused to hold annual shareholder meetings in recent years, with the most recent one occurring in February 2011. We cannot confidently predict whether UkrNafta's new state-appointed representatives and the longtime de-facto private beneficiary of the company, Igor Kolomoyskiy, will agree on announcing a shareholder meeting to distribute the net profit for FY11-13. However, we see a greater possibility for this than in previous years, as the recent hryvnia devaluation has sharply reduced the USD-denominated amount of the required 30% payout, obviously to the great detriment of minority stakeholders. According to our estimates, UkrNafta owes dividend payouts of UAH 12.07 per share for FY11 and UAH 7.90 for FY12. The company has not reported its bottom line for FY13, but we estimate that the legally required per-share dividend will be in the range of UAH 10.

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	155.0	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	7.16	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	7.00	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	3.09	6.2	102%	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	18.0	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.
Specialized Machinery						
Motor Sich	MSICH	1810	5250	190%	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	57.5	370	543%	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						
DonbasEnergO	DOEN	45.9	72.0	57%	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	5.99	15.00	150%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	11.8	U/R	--	U/R	
Astarta	AST	40.9	90.0	120%	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	9.5	U/R	--	U/R	
Ovostar Union	OVO	70.0	109.50	56%	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	0.181	0.24	33%	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	1128.88	1170.00	791.51	2.1%	1.3%	9.9%	24.0%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.034	0.06	0.02	-0.9%	-4.7%	-7.1%	-11.9%	-3.0%	-6.1%	-17.0%	-35.9%
Azovstal	AZST	0.70	0.90	0.31	0.0%	-2.6%	0.7%	4.5%	-2.1%	-4.0%	-9.2%	-19.6%
Dniprospeztstal	DNSS	1,300	n/a	n/a	0.0%	n/a	n/a	0.0%	-2.1%	n/a	n/a	-24.0%
Enakievo Steel	ENMZ	34.7	52.0	20.0	-1.2%	-3.3%	-0.1%	8.5%	-3.3%	-4.7%	-10.0%	-15.5%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	33.3%	n/a	247.8%	-2.1%	32.0%	n/a	223.8%
Mariupol Ilyicha	MMKI	0.13	0.21	0.05	0.0%	-31.6%	-7.1%	30.0%	-2.1%	-32.9%	-17.0%	6.0%
Coke												
Avdiyivka Coke	AVDK	3.09	4.80	1.60	4.6%	-5.4%	3.1%	4.4%	2.5%	-6.8%	-6.8%	-19.6%
Yasnyivsky Coking	YASK	0.75	0.77	0.49	0.0%	8.7%	5.6%	41.5%	-2.1%	7.4%	-4.3%	17.5%
Iron Ore Mining												
Centralny GOK	CGOK	7.00	n/a	n/a	-22.2%	-22.2%	-17.6%	7.7%	-24.3%	-23.5%	-27.5%	-16.4%
Ferrexpo	FXPO	2.61	3.20	2.02	3.4%	5.1%	10.0%	-17.3%	1.3%	3.8%	0.1%	-41.3%
Pivnichny GOK	SGOK	7.16	10.00	6.00	0.0%	-13.7%	-20.4%	-10.5%	-2.1%	-15.1%	-30.3%	-34.5%
Coal Mining												
Pokrovske Mine	SHCHZ	0.60	0.70	0.10	0.0%	7.1%	27.7%	50.0%	-2.1%	5.8%	17.8%	26.0%
Komsomolets Donbasa	SHKD	1.05	n/a	n/a	0.0%	-8.7%	16.7%	69.4%	-2.1%	-10.0%	6.8%	45.3%
Energy Coal	CLE	0.46	1.63	0.31	9.1%	1.4%	-6.4%	32.0%	7.0%	0.1%	-16.3%	8.0%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.28	n/a	n/a	0.0%	0.0%	n/a	-39.1%	-2.1%	-1.3%	n/a	-63.2%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.75	0.82	0.30	-7.4%	4.2%	17.2%	25.0%	-9.5%	2.8%	7.3%	1.0%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	8.0%	17.4%	28.6%	-2.1%	6.7%	7.5%	4.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	18.0	29.0	12.0	2.9%	2.9%	-16.5%	4.0%	0.8%	1.5%	-26.4%	-20.0%
Luhanskeplovoz	LTPL	1.55	2.20	1.20	0.0%	-5.5%	18.3%	3.3%	-2.1%	-6.8%	8.4%	-20.7%
Stakhanov Wagon	SVGZ	1.10	n/a	n/a	0.0%	-13.4%	-3.5%	-15.4%	-2.1%	-14.7%	-13.4%	-39.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	-0.4%	13.7%	37.1%	75.8%	-2.5%	12.3%	27.2%	51.8%
Motor Sich	MSICH	1,810	2,545	1,303	-0.8%	-5.6%	1.6%	-0.8%	-2.9%	-6.9%	-8.3%	-24.8%
Sumy Frunze Engineering	SMASH	3.76	n/a	n/a	0.0%	0.0%	7.7%	50.4%	-2.1%	-1.3%	-2.2%	26.4%
Turboatom	TATM	2.55	n/a	n/a	50.0%	50.0%	50.0%	-27.1%	47.9%	48.7%	40.1%	-51.2%
WESTA ISIC	WES	0.18	0.26	0.13	3.5%	1.8%	8.1%	36.1%	1.4%	0.5%	-1.7%	12.1%
Telecom												
Ukrtelecom	UTLM	0.16	0.19	0.09	0.0%	0.0%	13.9%	45.5%	-2.1%	-1.3%	4.0%	21.4%
Oil & Gas												
Regal Petroleum	RPT	0.17	0.41	0.16	0.2%	5.8%	-4.9%	-18.1%	-1.9%	4.5%	-14.8%	-42.1%
JKX Oil	JKX	0.97	1.21	0.75	-0.7%	0.6%	-0.6%	-18.3%	-2.8%	-0.7%	-10.5%	-42.4%
Ukrnafta	UNAF	256	270	96	2.2%	5.3%	28.1%	135.7%	0.1%	4.0%	18.2%	111.7%
Power Utilities												
Centrenerg	CEEN	5.99	7.40	2.50	2.4%	4.7%	13.2%	25.6%	0.3%	3.4%	3.3%	1.6%
Donbasenergo	DOEN	45.9	46.9	15.4	8.2%	5.7%	17.9%	66.2%	6.1%	4.4%	8.0%	42.1%
Zakhidenergo	ZAEN	132.0	137.0	64.0	7.3%	5.6%	7.1%	46.0%	5.2%	4.3%	-2.8%	22.0%
Consumer												
Agroton	AGT	0.84	1.8	0.43	17.7%	9.4%	-15.3%	29.5%	15.6%	8.0%	-25.2%	5.4%
Astarta	AST	13.5	24.4	12.1	2.9%	-0.3%	-8.2%	-39.5%	0.8%	-1.6%	-18.1%	-63.5%
Avangardo	AVGR	9.5	13.0	8.26	-2.2%	-2.0%	-2.1%	-19.1%	-4.3%	-3.3%	-12.0%	-43.2%
Industrial Milk Company	IMC	2.87	5.14	2.49	2.3%	7.4%	3.5%	-28.9%	0.2%	6.1%	-6.4%	-53.0%
Kernel	KER	9.9	19.1	7.6	4.0%	3.9%	4.6%	-21.8%	1.9%	2.6%	-5.3%	-45.9%
Mriya Agro Holding	MAYA	6.27	8.2	5.36	-0.1%	-7.4%	-16.9%	-15.8%	-2.2%	-8.7%	-26.8%	-39.9%
MHPC	MHPC	11.8	19.9	11.21	-1.7%	-5.6%	-8.9%	-30.6%	-3.8%	-6.9%	-18.8%	-54.7%
Milkiland	MLK	2.41	4.7	2.22	-2.7%	-4.5%	-6.4%	-42.1%	-4.8%	-5.8%	-16.3%	-66.1%
Ovostar Union	OVO	23.1	33.3	19.4	1.4%	1.4%	4.8%	-30.7%	-0.7%	0.1%	-5.1%	-54.7%
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	13.4	n/a	n/a	-0.7%	0.0%	12.6%	7.2%	-2.8%	-1.3%	2.7%	-16.8%
Banks												
Raiffeisen Bank Aval	BAVL	0.181	0.182	0.077	2.7%	7.1%	19.5%	59.0%	0.6%	5.8%	9.6%	35.0%
UkrSotsbank	USCB	0.152	0.257	0.115	-2.4%	-4.3%	-0.5%	-18.9%	-4.5%	-5.6%	-10.4%	-42.9%

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
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	214	280	51	90	96	32.2%	42.1%	34.4%	38	72	69	23.8%	33.5%	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																
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	1,496	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%
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	75	3.9%	3	1,424	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	368	343	333	\$/tonne
Yenakievo Steel	ENMZ	31	8.8%	3	27	3.6	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	10	9	9	\$/tonne
Azovstal	AZST	250	3.0%	7	235	neg	neg	neg	neg	neg	6.7	0.1	0.1	0.1	51	52	52	\$/tonne
Coke																		
Avdyivka Coke	AVDK	51	6.8%	3	49	neg	neg	neg	neg	1.0	1.7	0.0	0.1	0.1	11	12	13	\$/tonne
Yasynivsky Coke	YASK	17	9.0%	2	18	2.1	neg	3.7	0.7	0.6	1.0	0.0	0.0	0.1	0.7	0.6	1.0	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	698	0.3%	2	697	7.3	3.6	4.3	3.0	2.2	2.5	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,404	0.4%	6	1,398	3.2	2.6	3.1	1.9	1.5	1.7	1.0	0.9	0.9				
Ferrexpo	FXPO	1,526	24.0%	366	2,205	7.1	5.8	7.7	5.5	4.4	4.9	1.5	1.4	1.4				
Coal Mining																		
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	21	25.0%	5	131	0.5	neg	neg	2.1	6.2	14.5	0.8	1.0	1.3	2.1	6.2	14.5	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	166	2.0%	3	212	4.9	>30	>30	4.1	6.8	7.0	0.4	0.7	0.7	336	557	529	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	29	24.0%	7	66	6.0	1.5	1.3	2.3	1.9	1.7	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	176	5.0%	9	176	1.8	4.2	6.5	1.3	2.7	4.0	0.2	0.4	0.6				
Stakhanov Wagon	SVGZ	21	8.0%	2	54	>30	>30	>30	7.5	9.2	9.9	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	126	5.8%	7	36	3.3	1.8	1.8	0.7	0.4	0.4	0.2	0.2	0.1				
Motor Sich	MSICH	320	24.0%	77	335	1.6	1.9	1.9	1.1	1.4	1.5	0.3	0.3	0.3				
Telecom																		
Ukrtelecom	UTLM	255	7.2%	18	577	5.6	23.8	9.7	2.8	3.0	3.3	0.7	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,181	3.0%	35	1,173	6.7	9.0	9.8	3.7	3.1	3.3	0.6	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	55	21.6%	12	30	4.8	neg	27.7	1.4	neg	1.2	0.7	0.8	0.7	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	166	50.4%	84	274	neg	25.6	21.3	2.0	4.1	4.0	1.4	1.5	1.4	50	38	37	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	188	21.7%	41	257	6.5	3.2	3.1	3.7	3.1	3.1	0.2	0.3	0.3	14	18	16	\$/MWh
DonbasEnergO	DOEN	92	14.2%	13	163	24.1	1.4	1.8	5.1	2.2	2.9	0.3	0.2	0.3	20	21	20	\$/MWh
Consumer																		
MHP	MHPC	1,247	34.1%	425	2,375	4.0	7.7	neg	5.1	6.1	5.2	1.7	1.6	1.5				
Kernel	KER	789	61.8%	487	1,495	3.7	7.5	10.2	4.6	5.1	5.9	0.7	0.5	0.6				
Astarta	AST	337	37.0%	125	671	5.8	9.9	4.1	6.1	7.4	4.9	1.5	1.4	1.2				
Avangardco	AVGR	607	22.5%	137	807	2.7	2.5	2.0	2.9	2.7	2.2	1.3	1.2	1.0	182	139	131	\$/mneggs
Agroton	AGT	18	26.2%	5	67	2.7	neg	neg	3.3	5.3	5.7	0.8	1.0	0.9	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	461	3.5%	16		>30	5.1	4.5	0.6	0.5	0.5	0.08	0.09	0.09				
Ukrsotsbank	USCB	238	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

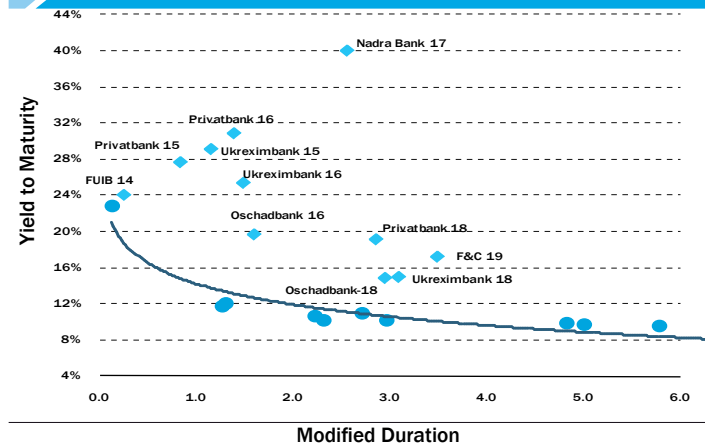
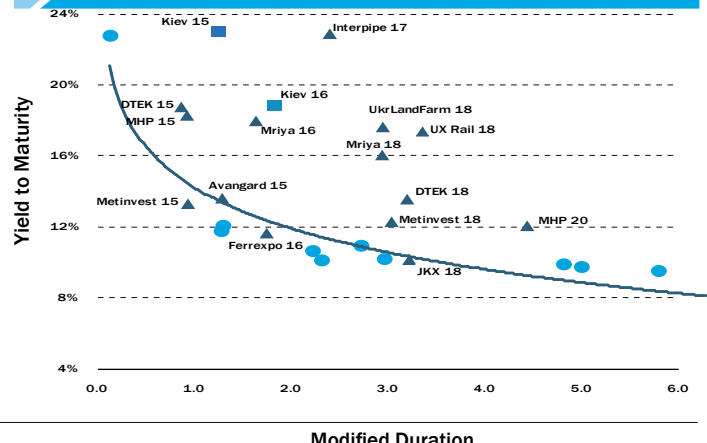
Source: Eavex Research

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	96.9	98.4	36.8%	22.6%	-2.4%	0.1	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	89.6	90.9	37.2%	33.5%	-10.2%	0.4	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	88.0	91.0	15.8%	12.9%	-6.8%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.5	93.0	15.0%	13.6%	-5.5%	1.3	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	86.3	87.8	13.6%	12.7%	-7.5%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	86.5	88.0	12.8%	12.0%	-7.5%	2.3	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	86.6	88.1	11.8%	11.2%	-5.8%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	91.8	92.8	12.8%	12.4%	-7.0%	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%	3.2	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	87.1	88.1	10.8%	10.6%	-5.9%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	87.5	89.0	10.7%	10.4%	-5.8%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	86.3	87.8	10.3%	10.0%	-4.5%	5.7	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.5	90.3	10.0%	9.1%	-2.9%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	30.0	35.9	64.0%	52.0%	-36.9%	2.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	95.1	96.6	18.8%	17.7%	-7.4%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	80.0	82.6	13.2%	12.5%	-9.0%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	94.0	95.0	16.4%	15.4%	-5.5%	1.3	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	78.0	82.5	19.1%	17.2%	-11.0%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.8	91.8	18.1%	18.1%	-8.5%	1.6	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	77.0	80.0	17.7%	16.5%	-9.9%	3.1	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	90.3	90.8	25.2%	24.4%	-11.5%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	80.3	82.0	14.6%	14.0%	-13.9%	3.2	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	90.8	92.4	24.3%	21.9%	-10.3%	0.9	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.4	88.8	13.8%	12.9%	-7.8%	3.0	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.0	91.9	15.0%	13.4%	-7.2%	1.7	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	75.0	79.0	18.5%	16.8%	-16.0%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	74.0	75.5	23.0%	21.6%	-3.8%	2.4	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	101.7	103.6	10.9%	10.3%	-7.5%	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	45.3%	36.4%	-9.9%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	76.0	76.0	39.8%	39.8%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.9	66.6	35.5%	33.5%	-6.5%	1.4	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	73.4	75.6	21.4%	20.3%	-11.0%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	79.0	81.0	44.6%	40.0%	-17.0%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	67.0	72.0	35.5%	29.5%	-18.5%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	77.1	79.7	17.3%	16.2%	-12.1%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	60.0	68.0	497.4%	354.9%	-25.1%	0.1	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	79.0	82.0	25.6%	22.7%	-13.5%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	76.2	79.1	17.5%	16.3%	-12.7%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	78.0	80.0	29.9%	27.5%	-15.0%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	78.4	80.1	22.2%	21.0%	-14.4%	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			19.0%	15.5%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			21.0%	16.5%	n/a	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000142699	n/a	n/a	26.0%	18.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	26.0%	18.0%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	26.0%	18.0%	n/a	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000142681	n/a	n/a	20.0%	15.0%	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

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