

**Market Update**

**Equity**

Locally-listed equities saw little action on Friday (Apr 25), while the main indices in New York and Frankfurt ended the week on a sour note, selling off rather heavily to break an impressive run of gains on the back of improving macroeconomic data in both Europe and the US. The UX index inched down 0.2% to finish at 1125 points. UkrNafta was the most notable mover with a 3.6% drop to UAH 244, while DonbasEnergo and Alchevsk Steel declined by 1.7% and 3.5% respectively. Avdyivka Coke and Azovstal balanced the losses with their appreciations of about 1.5% each, albeit on low trading volume of UAH 200,000 combined. Outside the UX basket, UkrTelecom was most the active issue, adding 1.0% to 16 kopecks on the nose. In London, Avangard shed 2.8% to USD 8.99. In Warsaw trading, Kernel inched down by 0.2% while Agroton gained 0.6%.

**Fixed Income**

Ukrainian sovereigns were lower on Friday with Ukraine-23s declining by 0.8p.p. to 84.0/88.8 (10.3%/9.4%). Corporate names were mixed. MHP-20s improved by 0.4p.p. to 82.4/84.0 (12.6%/12.1%) while DTEK-18s dropped by 2.2p.p. to 80.8/82.0 (14.5%/14.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	244.20	-3.6%	4.2	200
Centrenergo	CEEN	6.17	0.1%	4.2	273
Motor Sich	MSICH	1780.00	-0.7%	3.5	53

**Growth Leaders**

Azovstal	AZST	0.69	1.6%	0.07	51
Avdyivka Coke	AVDK	3.14	1.4%	0.14	47
Ukrtelecom	UTLM	0.16	1.0%	0.41	10

**Loss Leaders**

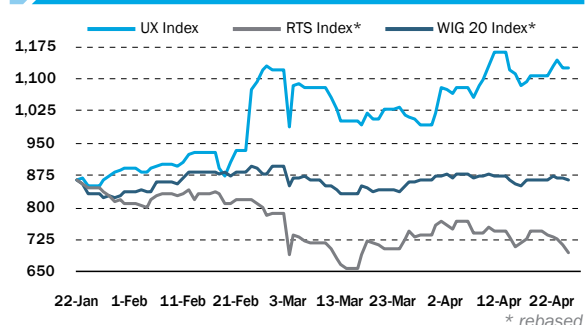
Zhytomyroblenergo	ZHEN	1.40	-19.1%	0.045	8
Dniproenergo	DNEN	420.00	-8.4%	0.025	11
Zakhidenergo	ZAEN	130.00	-3.6%	0.010	7

**Highlights**

**STOCKS IN THE NEWS**

- > CentrEnergO Is Set To Pay 2 Separate Dividends to Comply With New 50% Rule
- > Azovstal Ends 1Q14 with Net Loss of UAH 318mn
- > Raiffeisen Aval Announces 3-Kopeck Dividend
- > Raiffeisen Bank Aval Posts Net Loss of UAH 943mn in 1Q14

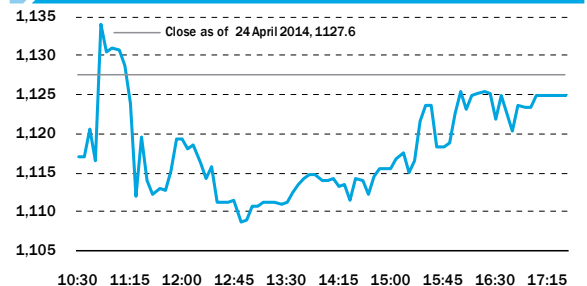
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1125.0	-0.2%	11.0%	23.6%
RTS	1119.4	-2.3%	-4.3%	-22.4%
WIG20	2429.8	-0.7%		1.2%
MSCI EM	993.4	-1.1%	3.6%	-0.9%
S&P 500	1863.4	-0.8%	-0.1%	1.2%

**UX INTRADAY APRIL 25, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	322.9	2.1%	-4.0%	-2.4%
CDS 5Y UKR	1199.1	3.7%	2.2%	46.2%
Ukraine-17	11.7%	0.3 p.p.	1.4 p.p.	2.7 p.p.
Naftogaz Ukr-14	35.2%	-0.8 p.p.	4.1 p.p.	26.4 p.p.
Ukraine-23	9.8%	0.1 p.p.	0.7 p.p.	2.3 p.p.
Privatbank-16	32.7%	0.0 p.p.	3.0 p.p.	8.0 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	11.50	1.8%	5.1%	39.6%
EUR	15.91	1.8%	5.0%	39.9%
RUB	0.32	1.1%	3.5%	27.2%

**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%	2.5%	-2.8%
Oil, USD/bbl	109.6	-0.7%	2.6%	-1.5%
Gold, USD/oz	1303.2	0.8%	-0.6%	8.9%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## CentrEnergO Is Set To Pay 2 Separate Dividends to Comply With New 50% Rule

by Ivan Dzvinika  
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### CENTRENERGO (CEEN UK)

Price: UAH 6.17 Market Cap: USD 207mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.3	3.5	3.3	9%
2014E	0.3	3.4	3.3	9%

### NEWS

Shareholders of state-controlled power plant operator CentrEnergO approved dividend per share in the amount of UAH 0.396 at the company's annual meeting on Friday (Apr 25). The approved action implies dividend payout of 30%. The payout will be made by Jul 1.

### COMMENTARY

Representatives of the company explained to us that CentrEnergO's annual meeting agenda was approved by the board before Apr 23, when the legal payout requirement was still at 30%. They cited a law specifying that companies are not allowed to make changes in the annual shareholder meeting agenda less than 10 days before the said meeting. Thus, CentrEnergO's management said the board will schedule a special shareholder meeting to approve an additional 26 kopecks per share dividend to bring it into compliance with the Cabinet of Ministers' Apr 23 decree obligating the companies with state's stake to pay out 50% of their annual net profit to shareholders.

Management said the ex-rights date for the initial dividend was set on Apr 25, while that for the extra dividend will be the date of the as-yet-to-be announced special shareholder meeting. They added that the extra dividend should also be paid out by Jul 1.

## Azovstal Ends 1Q14 with Net Loss of UAH 318mn

by Ivan Dzvinika  
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### AZOVSTAL (AZST UK)

Price: UAH 0.69 Market Cap: USD 317mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	0.16	neg	neg	0%
2014E	0.15	neg	8.5	0%

### NEWS

Mariupol-based Azovstal, Ukraine's third-largest steel mill, posted a net loss of UAH 318mn (USD 36mn at the 1Q average exchange rate of UAH/USD 8.80), the company reported last week. In 1Q13, the company's net loss had been UAH 612mn. Net revenue was down by 20%YoY to UAH 4.18bn. Significant 'other operating income' of UAH 203mn (UAH -3mn in 1Q13) allowed the company to show a smaller negative EBITDA of UAH -57mn compared to UAH -199mn in 1Q13.

### COMMENTARY

Azovstal's better reported bottom line in the quarter was entirely unrelated to its core operating activities. The steelmaker's gross profit actually deteriorated in YoY terms during the period, turning negative to UAH -74mn from a positive figure of UAH 26mn in 1Q13. We therefore reiterate our negative stance on Azovstal and confirm our sell recommendation for the AZST stock.

## Raiffeisen Aval Announces 3-Kopeck Dividend

by Dmitry Churin  
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### RAIFFEISEN BANK AVAL (BAVL UK)

Price: UAH 0.18 Market Cap: USD 471mn

	P/Assets	P/Book	P/E	Div. Yield
2013	0.09	0.5	4.3	17%
2014E	0.09	0.6	14.9	0%

### NEWS

Raiffeisen Bank Aval, the Ukrainian subsidiary of Vienna-based Raiffeisen International, will pay out almost UAH 900mn, or 3.0 kopecks per share, in dividends this year. The payout was approved at the bank's annual shareholder meeting on Friday (Apr 25). The ex-rights date for the dividend has not been announced. This represents Raiffeisen Aval's first payout to shareholders since the 2008-09 financial crisis.

### COMMENTARY

Rumors about the 3-kopeck dividend had appeared at the beginning of this month and quickly pushed the BAVL stock higher by around 17%, i.e. the approximate amount of the announced payout. Although the National Bank (NBU) has temporarily prohibited banks from paying dividends, we see a reasonable chance that the prohibition to be removed in May. Raiffeisen Aval's supervisory board was ordered to prepare the necessary procedures for dividend distribution immediately after the lifting of the regulatory impediments, at which point the ex-rights date will be set.

## Raiffeisen Bank Aval Posts Net Loss of UAH 943mn in 1Q14

by Dmitry Churin  
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### RAIFFEISEN BANK AVAL (BAVL UK)

Price: UAH 0.18 Market Cap: USD 471mn

	P/Assets	P/Book	P/E	Div. Yield
2013	0.09	0.5	4.3	17%
2014E	0.09	0.6	14.9	0%

### NEWS

Raiffeisen Bank Aval, the Ukrainian arm of Austrian financial Group, posted a net loss of UAH 943mn (USD 105mn at the average UAH/USD exchange rate for the period) in 1Q14, compared to net profit of UAH 84mn in 1Q13, according to the bank's financials published last week. Aval's gross interest income rose by 6.9% YoY and net interest income jumped by 35% YoY to UAH 1.15bn in the period. Meanwhile the bank's provision for loan impairment increased by 2.8x YoY to UAH 878mn in 1Q14.

On the balance sheet side, Aval's loan portfolio increased by 9.7% YtD to UAH 29.7bn, while its total assets rose by 3.5% YtD to UAH 45bn.

### FINANCIALS OF RAIFFEISEN BANK AVAL

UAH mn	1Q'14	1Q'13	YoY, %	4Q'13	QoQ, %
<b>Interest income</b>	<b>1,521</b>	<b>1,422</b>	<b>6.9%</b>	<b>1,445</b>	<b>5.3%</b>
Interest expense	-368	-565	-34.9%	-381	-3.5%
Net interest income	1,154	857	34.5%	1,064	8.4%
<b>Net fees and commissions income</b>	<b>345</b>	<b>330</b>	<b>4.6%</b>	<b>408</b>	<b>-15.3%</b>
Trading and other income/(loss)	-789	56	n/a	53	n/a
Total income	710	1,244	-42.9%	1,525	-53.5%
Operating expenses	-736	-813	-9.5%	-882	-16.5%
Profit/(Loss) from operations	-27	430	n/a	643	n/a
Provisions for loan impairment	-878	-313	180.4%	-571	53.7%
Profit/(loss) before tax	-905	117	n/a	71	n/a
Corporate tax	-38	-33	14.5%	-79	-51.7%
<b>Net profit/(loss)</b>	<b>-943</b>	<b>84</b>	<b>n/a</b>	<b>-8</b>	<b>nm</b>

	1Q14	2013	YtD
Loans to corporate borrowers	21,176	19,238	10.1%
Loans to individuals	8,491	7,809	8.7%
Current account of legal entities	9,197	10,240	-10.2%
Term deposits of legal entities	1,164	1,547	-24.8%
Current accounts of individuals	5,642	6,388	-11.7%
Term deposits of individuals	7,848	8,245	-4.8%
Equity	6,789	7,237	-6.2%
Total Assets	44,987	43,460	3.5%

Source: National Bank of Ukraine, Eavex Research

### COMMENTARY

The bank poor financial results in 1Q14 were a result of both deterioration of quality of its loan portfolio and revaluation losses after the hryvnia devaluation. A share of foreign denominated assets in Aval's total assets amounted to 36.6% (UAH 16.0bn) as of 31 Mar 2014 while share of foreign denominated liabilities was 50.4% (UAH 19.3) for the same date. The bank did not provide its capital adequacy ratio as of 31 Mar 2014 but we estimate that it remained well above 10% the NBU-mandated minimum level. Aval's capital adequacy ratio was at 20.6% as of 1 Jan 2014.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.69	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	150.8	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	7.89	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	3.14	6.2	98%	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.
<b>Coal</b>						
Pokrovske Mine	SHCHZ	0.54	2.9	445%	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	16.8	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.59	5.2	230%	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	1780	5250	195%	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	9.0	42.0	367%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	56.5	370	555%	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	45.0	72.0	60%	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	6.17	15.00	143%	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	11.7	U/R	--	U/R	
Astarta	AST	39.8	90.0	126%	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	9.0	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	0.181	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	1124.97	1170.00	791.51	-0.2%	1.7%	11.0%	23.6%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.033	0.06	0.02	-3.5%	-4.9%	-9.1%	-15.5%	-3.3%	-6.7%	-20.1%	-39.1%
Azovstal	AZST	0.69	0.90	0.31	1.6%	-1.0%	2.2%	3.4%	1.8%	-2.7%	-8.8%	-20.2%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	n/a	0.0%	0.2%	-1.7%	n/a	-23.6%
Enakievo Steel	ENMZ	35.0	52.0	20.0	-1.2%	-0.4%	4.6%	9.3%	-1.0%	-2.1%	-6.4%	-14.3%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	n/a	247.8%	0.2%	-1.7%	n/a	224.2%
Mariupol Ilyicha	MMKI	0.18	0.21	0.05	20.0%	38.5%	28.6%	80.0%	20.2%	36.7%	17.6%	56.4%
<b>Coke</b>												
Avdivka Coke	AVDK	3.14	4.80	1.60	1.4%	6.4%	6.6%	6.2%	1.7%	4.6%	-4.4%	-17.4%
Yasnyivsky Coking	YASK	0.75	0.77	0.49	0.0%	0.0%	-1.3%	41.5%	0.2%	-1.7%	-12.3%	17.9%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.00	n/a	n/a	0.0%	-22.2%	-21.3%	7.7%	0.2%	-24.0%	-32.4%	-15.9%
Ferrexpo	FXPO	2.53	3.20	2.02	-1.9%	0.4%	6.9%	-19.7%	-1.6%	-1.4%	-4.1%	-43.3%
Pivnichny GOK	SGOK	7.89	10.00	6.02	0.0%	10.2%	-11.3%	-1.4%	0.2%	8.4%	-22.4%	-25.0%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.54	0.70	0.10	-6.9%	-10.0%	14.9%	35.0%	-6.7%	-11.7%	3.9%	11.4%
Komsomolets Donbasa	SHKD	1.05	n/a	n/a	0.0%	0.0%	5.0%	69.4%	0.2%	-1.7%	-6.0%	45.7%
Energy Coal	CLE	0.43	1.63	0.31	-0.2%	1.8%	-11.9%	23.2%	0.0%	0.0%	-22.9%	-0.4%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	39.3%	n/a	-15.2%	0.2%	37.5%	n/a	-38.8%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.79	0.85	0.30	2.6%	-2.5%	19.7%	31.7%	2.8%	-4.2%	8.7%	8.0%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	0.0%	-6.9%	28.6%	0.2%	-1.7%	-17.9%	5.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.8	29.0	10.0	0.0%	-4.0%	-9.2%	-2.9%	0.2%	-5.7%	-20.2%	-26.5%
Luhanskeplovoz	LTPL	1.59	2.20	1.20	2.6%	2.6%	-0.6%	6.0%	2.8%	0.8%	-11.6%	-17.6%
Stakhanov Wagon	SVGZ	1.25	n/a	n/a	0.0%	13.6%	13.6%	-3.8%	0.2%	11.9%	2.6%	-27.5%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.0%	13.2%	48.5%	100.0%	0.2%	11.5%	37.5%	76.4%
Motor Sich	MSICH	1,780	2,545	1,303	-0.7%	-2.4%	3.5%	-2.4%	-0.4%	-4.2%	-7.5%	-26.0%
Sumy Frunze Engineering	SMASH	5.05	n/a	n/a	0.0%	34.3%	44.7%	102.0%	0.2%	32.6%	33.7%	78.4%
Turboatom	TATM	3.00	n/a	n/a	17.6%	76.5%	20.0%	-14.3%	17.9%	74.7%	9.0%	-37.9%
WESTA ISIC	WES	0.17	0.26	0.13	-2.1%	-0.5%	3.4%	30.8%	-1.9%	-2.3%	-7.6%	7.2%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.16	0.19	0.09	0.1%	0.0%	3.2%	45.5%	0.4%	-1.7%	-7.8%	21.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.41	0.15	0.0%	-12.3%	-16.9%	-28.2%	0.2%	-14.0%	-27.9%	-51.9%
JKX Oil	JKX	0.95	1.21	0.75	-0.4%	-2.6%	-0.6%	-19.9%	-0.2%	-4.3%	-11.6%	-43.5%
Ukrnafta	UNAF	244	270	96	-3.5%	-2.5%	21.5%	124.9%	-3.2%	-4.3%	10.5%	101.2%
<b>Power Utilities</b>												
Centrenerg	CEEN	6.17	7.40	2.50	0.1%	5.4%	17.8%	29.3%	0.3%	3.6%	6.8%	5.7%
Donbasenergo	DOEN	45.0	47.5	15.4	-1.2%	6.2%	14.2%	63.2%	-0.9%	4.5%	3.2%	39.6%
Zakhidenergo	ZAEN	130.0	137.0	64.0	-4.7%	5.7%	9.4%	43.8%	-4.5%	3.9%	-1.6%	20.2%
<b>Consumer</b>												
Agroton	AGT	0.76	1.8	0.43	0.6%	6.8%	-21.7%	17.5%	0.9%	5.1%	-32.7%	-6.1%
Astarta	AST	13.1	24.4	12.1	-0.7%	-0.2%	-11.4%	-41.2%	-0.5%	-1.9%	-22.4%	-64.9%
Avangardo	AVGR	9.0	13.0	8.26	-2.8%	-7.5%	-9.9%	-23.4%	-2.5%	-9.2%	-20.9%	-47.1%
Industrial Milk Company	IMC	2.96	5.14	2.49	-0.2%	5.3%	7.0%	-26.8%	0.0%	3.6%	-4.0%	-50.5%
Kernel	KER	9.5	19.1	7.6	-0.2%	0.1%	-0.3%	-24.8%	0.0%	-1.6%	-11.3%	-48.4%
Mriya Agro Holding	MAYA	6.92	8.2	5.36	10.1%	10.1%	-9.0%	-7.2%	10.3%	8.4%	-20.0%	-30.8%
MHPC	MHPC	11.7	19.9	11.00	0.0%	-2.5%	-12.0%	-31.2%	0.2%	-4.2%	-23.0%	-54.8%
Milkiland	MLK	2.22	4.7	2.22	-3.8%	-10.4%	-11.6%	-46.7%	-3.6%	-12.1%	-22.6%	-70.3%
Ovostar Union	OVO	22.7	33.3	19.4	-0.2%	-0.3%	1.0%	-31.9%	0.0%	-2.1%	-10.0%	-55.5%
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	14.3	n/a	n/a	0.0%	6.1%	13.2%	14.6%	0.2%	4.3%	2.2%	-9.1%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.181	0.185	0.077	0.9%	2.7%	20.7%	59.0%	1.1%	0.9%	9.7%	35.4%
UkrSotsbank	USCB	0.149	0.257	0.115	-1.8%	-4.2%	-5.7%	-20.4%	-1.6%	-6.0%	-16.7%	-44.0%

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	1,570	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
<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	74	3.9%	3	1,422	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	368	343	333	\$/tonne
Yenakievo Steel	ENMZ	32	8.8%	3	28	3.7	neg	neg	neg	1.3	0.8	0.0	0.0	0.0	10	10	9	\$/tonne
Azovstal	AZST	253	3.0%	7	238	neg	neg	neg	neg	neg	6.7	0.1	0.1	0.1	52	53	52	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	53	6.8%	4	51	neg	neg	neg	neg	1.1	1.7	0.0	0.1	0.1	12	13	14	\$/tonne
Yasynivsky Coke	YASK	18	9.0%	2	19	2.1	neg	3.8	0.7	0.7	1.0	0.0	0.1	0.1	0.7	0.7	1.0	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	713	0.3%	2	712	7.5	3.7	4.4	3.1	2.3	2.5	1.2	1.0	1.1				
Pivnichny GOK	SGOK	1,581	0.4%	6	1,574	3.6	2.9	3.4	2.1	1.7	1.9	1.1	1.0	1.0				
Ferrexpo	FXPO	1,482	24.0%	356	2,161	6.9	5.6	7.5	5.4	4.3	4.8	1.5	1.4	1.4				
<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	29	\$/tonne
Coal Energy	CLE	20	25.0%	5	130	0.5	neg	neg	2.1	6.1	14.4	0.8	1.0	1.3	2.1	6.1	14.4	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	179	2.0%	4	224	5.3	>30	>30	4.3	7.2	7.4	0.5	0.7	0.7	356	590	561	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	30	24.0%	7	68	6.3	1.6	1.3	2.3	1.9	1.8	0.3	0.2	0.2				
Kruiw Wagon	KVBZ	168	5.0%	8	168	1.8	4.0	6.2	1.2	2.6	3.8	0.2	0.4	0.6				
Stakhanov Wagon	SVGZ	25	8.0%	2	57	>30	>30	>30	8.0	9.7	10.5	0.2	0.3	0.4				
<b>Specialized Machinery</b>																		
Turboatom	TATM	129	5.8%	7	60	3.4	1.8	1.9	1.2	0.7	0.6	0.4	0.3	0.2				
Motor Sich	MSICH	322	24.0%	77	336	1.6	1.9	1.9	1.1	1.4	1.5	0.3	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	261	7.2%	19	582	5.8	24.3	9.9	2.8	3.1	3.3	0.7	0.8	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,152	3.0%	35	1,143	6.5	8.8	9.5	3.6	3.1	3.2	0.6	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	48	21.6%	10	23	4.2	neg	24.2	1.1	neg	0.9	0.6	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	163	50.4%	82	271	neg	25.1	20.9	2.0	4.1	4.0	1.3	1.5	1.4	50	37	36	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	198	21.7%	43	267	6.9	3.3	3.2	3.9	3.2	3.2	0.2	0.3	0.3	15	19	16	\$/MWh
DonbasEnergO	DOEN	93	14.2%	13	163	24.2	1.4	1.8	5.1	2.3	2.9	0.3	0.2	0.3	20	21	20	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,236	34.1%	422	2,364	4.0	7.6	neg	5.1	6.0	5.2	1.7	1.6	1.5				
Kernel	KER	759	61.8%	469	1,465	3.6	7.2	9.9	4.6	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	575	22.5%	129	774	2.5	2.4	1.9	2.8	2.6	2.1	1.2	1.2	1.0	175	133	125	\$/mneggs
Agroton	AGT	17	26.2%	4	66	2.4	neg	neg	3.2	5.2	5.6	0.7	0.9	0.9	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	471	3.5%	17		>30	5.3	4.6	0.6	0.5	0.6	0.08	0.09	0.09				
Ukrsotsbank	USCB	239	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research



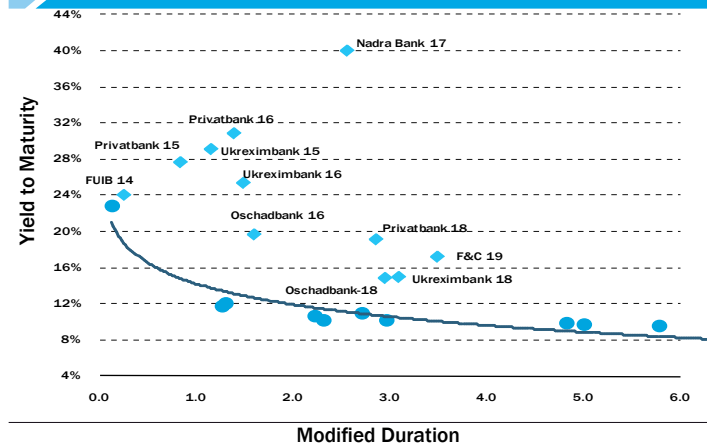
## UKRAINIAN EUROBONDS

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	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	15.9%	13.0%	-6.8%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.5	93.0	15.1%	13.7%	-5.5%	1.3	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	86.3	87.8	13.6%	12.8%	-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%	12.1%	-7.5%	2.2	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	12.9%	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	15.2%	13.9%	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	10.9%	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
<b>Corporate Eurobonds</b>											
Agroton, 2014	30.0	35.9	64.3%	52.2%	-36.9%	1.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	95.1	96.6	19.0%	17.9%	-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	16.5%	15.5%	-5.5%	1.2	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	18.2%	18.2%	-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	25.6%	24.7%	-11.5%	0.9	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	24.7%	22.2%	-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	15.1%	13.5%	-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	23.1%	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	
<b>Bank Eurobonds</b>											
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	40.4%	40.4%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.9	66.6	35.8%	33.8%	-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	45.6%	40.8%	-17.0%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	67.0	72.0	35.9%	29.8%	-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	25.8%	22.9%	-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
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	78.0	80.0	30.2%	27.7%	-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/

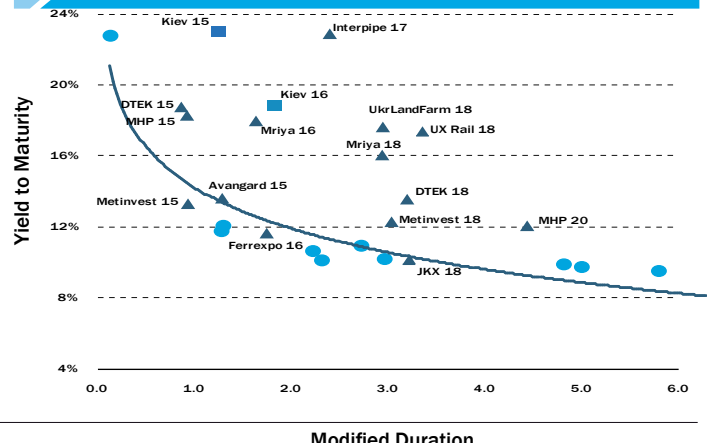
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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			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
<b>USD denominated Bonds</b>									
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
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	20.0%	15.0%	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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