

Market Update

Equity

Ukrainian equities finished generally lower on Monday (Apr 28) despite a batch of positive corporate reports for 1Q14. In particular, blue chip heavyweight Motor Sich announced a 50% YoY rise in its net profit and oil major UkrNafta posted 35% increase in its bottom line. Quotes for Motor Sich climbed by 0.5% while those for UkrNafta inched down by 0.4%. CentrEnergio corrected by 3.7% after the ex-rights date for its FY13 dividend of 39.60 kopecks expired on Friday (Apr 25). The UX index inched down by 0.2%, ending at 1122 points. However, UX futures contracts with expiration in mid-June gained 1.7%, trimming their negative spread to the basic index to 28 points. Among Ukrainian names traded abroad, London-listed MHP rose by 2.1%, while Warsaw-listed agro names Milkiland and Agroton added 3.5% and 2.8% respectively.

Fixed Income

Ukrainian sovereigns dropped on Monday with Ukraine-23s declining by 0.6p.p. to 83.4/88.1 (10.4%/9.5%). Corporate names were mostly lower with UkrlandFarming-18s declining by 1.7p.p. to 78.1/80.3 (19.1%/18.1%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenergio	CEEN	5.94	-3.6%	5.9	466
Motor Sich	MSICH	1789.00	0.5%	2.5	53
Donbasenergio	DOEN	47.63	5.1%	2.1	232

Growth Leaders

Zhytomyroblenergo	ZHEN	1.90	35.6%	0.02	10
Bank Forum	FORM	0.60	8.9%	0.00	8
Donbasenergio	DOEN	47.63	5.1%	2.14	232

Loss Leaders

Centrenergio	CEEN	5.94	-3.6%	5.886	466
Avdyivka Coke	AVDK	3.05	-2.9%	0.007	18
Alchevsk Steel	ALMK	0.03	-2.4%	0.035	47

Highlights

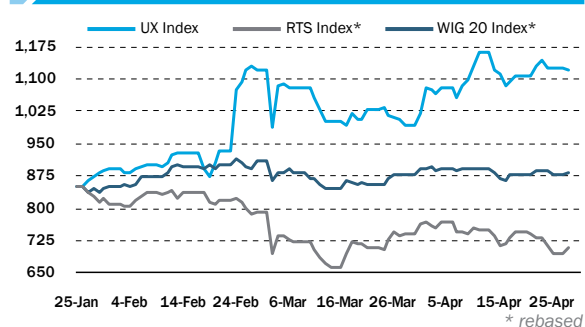
POLITICS AND ECONOMICS

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STOCKS IN THE NEWS

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- > Russia Blocks Transit of MHP Poultry Exports to Uzbekistan
- > Motor Sich's Profit Up 51% YoY to UAH 487mn in 1Q14
- > Ukrnafta's Net Profit Rises 35% YoY to UAH 452mn in 1Q14

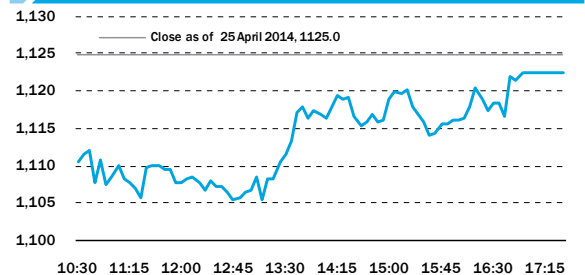
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1122.5	-0.2%	13.1%	23.3%
RTS	1139.3	1.8%	-4.0%	-21.0%
WIG20	2438.2	0.3%	0.2%	1.6%
MSCI EM	993.1	0.0%	0.8%	-0.9%
S&P 500	1869.4	0.3%	0.6%	1.5%

UX INTRADAY APRIL 28, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	318.4	-1.4%	-2.6%	-3.7%
CDS 5Y UKR	1208.9	0.8%	35.8%	47.4%
Ukraine-17	11.8%	0.1 p.p.	2.5 p.p.	2.8 p.p.
Naftogaz Ukr-14	36.3%	1.2 p.p.	14.4 p.p.	27.6 p.p.
Ukraine-23	9.9%	0.1 p.p.	1.6 p.p.	2.4 p.p.
Privatbank-16	34.4%	1.7 p.p.	5.6 p.p.	9.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.55	0.4%	4.9%	40.2%
EUR	16.00	0.6%	5.7%	40.7%
RUB	0.32	0.8%	2.8%	28.2%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	297.7	0.0%	1.5%	3.6%
Steel, USD/t	532.5	1.9%	4.4%	-0.9%
Oil, USD/bbl	108.1	-1.3%	0.1%	-2.8%
Gold, USD/oz	1296.7	-0.5%	0.1%	8.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

US Widens Sanctions Net but Holds “Stage 3” in Reserve

by Will Ritter
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NEWS

The US government announced new economic sanctions against Russian officials seen to be close to President Putin on Monday (Apr 28), blaming Moscow for a refusal to implement the so-called “de-escalation deal” regarding the unrest in Eastern Ukraine which was signed in Switzerland on Apr 17. The new sanctions list includes 7 individuals, the most prominent of which is Rosneft oil group president Igor Sechin, along with 17 Russian companies and banks. The sanctioned entities will have all their identifiable US assets frozen and will be effectively shut out of transactions involving the US banking system.

COMMENTARY

The new US sanctions list was somewhat weaker than expected, with both Gazprom and Rosneft (as a company), as well as Russia’s leading state-controlled banks, being left untouched, and Russia’s stock market actually rose after the announcement. However, despite heavy criticism of US President Obama both in Ukraine and from his domestic Republican Party detractors for not taking a tougher line against Moscow, we believe that Obama is following the correct approach of holding the more serious “Stage 3” sector-wide sanctions in reserve as a deterrent against a Russian attack (either special operations or military) on additional cities in Eastern/Central Ukraine or even Kyiv itself; although most of the media coverage has focused on the situation in Eastern Ukraine, Russia also has its forces poised on Ukraine’s northern border near the capital. The US domestic political criticism of Obama is mostly invalidated by his opponents’ lack of any viable alternative strategy for forcing Putin to stand down, and we agree with official US statements that there is no military solution in terms of trying to dislodge pro-Russian paramilitaries from their entrenched positions in Donetsk and Lugansk. Further, we see the sarcastic response from Moscow regarding this rather mild ramp-up in US sanctions as a poor attempt to disguise the Russian elites’ underlying nervousness about the toll that a US-led economic embargo, including the possible ejection of Russia from international oil markets and a freeze-out from the dollar system, could have on the country’s economy, not to mention personal fortunes. The claims from some pro-Moscow analysts that Russia could simply re-orient its oil sales to the Chinese without incurring substantial flow disruptions and pricing losses sound like a bluff.

Kharkiv Mayor Kernes Seriously Wounded in Assassination Attempt

by Will Ritter
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NEWS

Gennadiy Kernes, the mayor of Ukraine's second-largest city Kharkiv, was shot in the abdomen while bicycling on the outskirts of the city at around noon on Monday (Apr 28), international and local media reported. Kernes was wounded in the lung and liver and underwent emergency surgery, and was subsequently flown to a hospital in Israel overnight, where the Ukrayinska Pravda news site is reporting that he remains in serious condition. Police said they believed the shooting was carried out by a sniper hiding in the forest; no one was arrested.

COMMENTARY

The attempt on Kernes' life represents an alarming escalation in the armed confrontations taking place in Eastern Ukraine. Kernes may have been targeted precisely because he is a figure who has enemies on both sides of the conflict, thereby muddying the waters over who may have been responsible. Kernes was previously the political archrival of current Interior Minister and Kharkiv native Arseniy Avakov, whom he defeated by a narrow and disputed margin in the city's mayoral vote in 2010. The mayor was despised by pro-European Ukrainians on Kyiv's Independence Square for his public opposition to the EuroMaidan and his rumored backing of "titushki" sent from Eastern Ukraine to attack demonstrators in the capital. More recently, however, Kernes has sided with the new Kyiv government in its drive to keep anti-Ukrainian activity in Kharkiv from boiling over; unlike Donetsk and Lugansk further east, Kharkiv has been quite successful in keeping things from getting out of hand, and this is a situation that could have made the mayor a target of the wrath of Moscow and/or pro-Russian paramilitaries.

Avdyivka Coke's Guidance Implies Small Profit for FY14

by Ivan Dzvinka
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AVDYIVKA COKE (AVDK UK)

Price: UAH 3.05 Market Cap: USD 54mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.06	neg	1.12	0%
2014E	0.07	neg	1.75	0%

NEWS

Avdyivka Coke, Ukraine's largest coke maker, simultaneously unveiled its full set of FY13 financial results along with its 1Q14 financials, and also provided guidance for the full year on Monday (Apr 28). Avdyivka's FY13 revenue was down by 17% YoY to UAH 7.33bn (USD 918mn at the 2013 average exchange rate). EBITDA improved to UAH 372mn vs. negative UAH 906mn in 2012. As we reported earlier, the company's bottom line was negative UAH 195mn, compared to UAH -1.11bn in FY12. Despite a profit before tax of UAH 26mn, UAH 221mn from unspecified discontinued activities resulted in the net loss for FY13.

In 1Q14, the company's net revenue declined by 4% YoY to UAH 1.81bn. EBITDA turned heavily in the red (UAH 353mn) due to a non-operating loss of UAH 540mn. The net loss was UAH 371mn vs. net profit of UAH 34mn in 1Q13.

Avdyivka said it intends to produce 4.01mn tonnes in FY14, suggesting a 3.3% YoY increase. Full-year revenue guidance was set at UAH 7.5bn, with net profit of UAH 41mn expected (corresponding to a net margin of 0.5%) vs. the net loss of UAH 195mn in FY13.

COMMENTARY

Avdyivka's forecasts for FY14 look rather encouraging. The production growth target appears feasible if, as is likely, increased demand materializes from Avdyivka's sister steel mills in the Metinvest group for high quality premium coke. Still, the financial results will to a large extent depend on what happens in Avdyivka's accounting department and Metinvest's willingness to show a profit; it would be naive to assume that the company will not end up reporting another full-year loss for 2014. We obviously remember what happened in FY12, when the company reported a net loss of UAH 1.1bn despite having provided guidance for a positive bottom line. We also can't avoid noting that based on the FY13 and 1Q14 financial results, Avdyivka continues to inflate its COGS, thereby significantly squeezing its earnings. For FY13, our calculations show that the company inflated its cost of sales by some UAH 1.0bn. Without this cost inflation, we calculate that the company would have reported an EBITDA margin of 19% vs. the declared 5%.

Russia Blocks Transit of MHP Poultry Exports to Uzbekistan

by Ivan Dzvinka
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NEWS

Russia's state agency on veterinary inspection (RAVI) has blocked the transit of the exports of Ukraine's largest poultry producer MHP to Uzbekistan, Interfax reported on Apr 28. The amount of the blocked delivery is 188.5 tonnes. RAVI based its decision on the absence of a permit for the transit.

COMMENTARY

We see this news as broadly neutral for the MHPC stock, as the company has the ability to deliver its poultry to Uzbekistan via the alternative route of Georgia, the company's representative told us. According to MHP's management, Uzbekistan accounted for some 10% of the company's export structure in 1Q14, translating into 3% of its total poultry revenue.

Motor Sich's Profit Up 51% YoY to UAH 487mn in 1Q14

by Dmitry Churin
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NEWS

Zaporizhia-based Motor Sich, Ukraine's monopoly aircraft and helicopter engine producer, reported a rise in net profit by 51% YoY to UAH 487mn in 1Q14 (USD 54mn at the average UAH/USD exchange rate for the period), according to financials released on Monday (Apr 28). Revenue declined by 3.6% YoY to UAH 1.85bn in the period, while EBITDA increased by almost 70% to UAH 752mn. The company said that 65% of its revenue came from the sale of its aircraft engines and 8.2% from the sale of repaired engines. Other sources of the revenue were the various services which Motor Sich provided for its customers, including replacement of parts. On the balance sheet side, Motor Sich reported net debt of UAH 270mn as of Mar 31.

MOTOR SICH (MSICH UK)

Price: UAH 1,789 Market Cap: USD 322mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.3	0.3	1.9	1.3	0.9%
2014E	0.3	0.4	1.9	1.3	2.0%

MOTOR SICH FINANCIAL RESULTS

UAH mn	1Q14	1Q13	YoY
Net revenue	1,847	1,916	-3.6%
EBITDA	752	444	69.3%
EBITDA margin	40.7%	23.2%	+17.5 p.p.
Net profit	487	321	51.4%
net margin	26.3%	16.8%	+10.5 p.p.

Source: Company data.

COMMENTARY

The devaluation of the hryvnia during 1Q14 was a positive factor in Motor Sich's higher EBITDA, as about 90% of the company's revenue is from export sales. Management expects a total order book for FY14 of about USD 950mn. We believe that Motor Sich will be able to operate with an EBITDA margin for FY14 of 27%, which corresponds to USD 260mn on the EBITDA level. We maintain a positive outlook for the company for 2014-2015, since we view the threat by the interim government Kyiv to ban Ukrainian defense industry exports to Russia as unlikely to be enforced in the case of Motor Sich. The Russian market accounts for some 30% of the company's export sales, with its other key markets being India and China.

Ukrnafta's Net Profit Rises 35% YoY to UAH 452mn in 1Q14

by Dmitry Churin
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UKRNAFTA (UNAF UK)

Price: UAH 245 Market Cap: USD 1,150mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013E	0.5	0.5	8.8	3.1	n/a
2014E	0.5	0.5	9.5	3.2	n/a

NEWS

UkrNafta, the largest oil producer in Ukraine, reported a rise in net profit by 35% YoY to UAH 452mn in 1Q14 (USD 50mn at the average UAH/USD exchange rate for the period), according to financials unveiled on Monday (Apr 28). The company's revenue decreased by 9.0% YoY to UAH 5.12bn, while operating profit increased by 17% YoY to UAH 550mn.

UKRNAFTA FINANCIAL RESULTS

UAH mn	1Q14	1Q13	YoY
Net revenue	5,120	4,698	9.0%
Operating profit	550	470	17.1%
operating margin	10.7%	10.0%	+0.7 p.p.
Net profit	452	335	34.9%
net margin	8.8%	7.1%	+1.7 p.p.

Source: Company data.

COMMENTARY

Surprisingly, UkrNafta did not report its amortizations and depreciation charges for 1Q14, meaning that we were unable to calculate its EBITDA for the period. However, we see that the major contribution to the company's top and bottom lines was made by the higher oil price in UAH terms, i.e. the hryvnia devaluation, in the period. Meanwhile, on the production side, the company said its oil output declined by 2.1% YoY to 3.3 MMboe in Jan-Mar 2014. Oil sales accounted for 49.7% of the company's revenue in the quarter. Other revenue came from gasoline retailing and from the sale of ammonia nitrate fertilizer, which is produced at the DniproAzot plant that UkrNafta currently has under lease. Although the company posted its 1Q14 financial report, it has yet to publish its financials for FY13, leaving the amount of the dividend to be owed to shareholders undetermined.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.69	0.56	-19%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	148.0	125.0	-16%	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	7.40	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	3.05	6.2	105%	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	0.54	2.9	445%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.8	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.60	5.2	228%	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	1789	5250	193%	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	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	54.5	370	579%	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	47.6	72.0	51%	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	5.94	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.
Consumer						
MHP	MHPC	12.0	U/R	--	U/R	
Astarta	AST	40.0	90.0	125%	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	8.8	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	0.179	0.24	34%	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	1122.47	1170.00	791.51	-0.2%	1.5%	13.1%	23.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.032	0.06	0.02	-2.1%	-7.0%	-7.2%	-17.3%	-1.9%	-8.5%	-20.3%	-40.6%
Azovstal	AZST	0.69	0.90	0.31	-1.0%	-2.0%	2.2%	2.4%	-0.8%	-3.5%	-10.9%	-21.0%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	n/a	0.0%	0.2%	-1.5%	n/a	-23.3%
Enakievo Steel	ENMZ	34.7	52.0	20.0	-0.8%	-1.2%	4.9%	8.5%	-0.6%	-2.7%	-8.2%	-14.9%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	n/a	247.8%	0.2%	-1.5%	n/a	224.5%
Mariupol Ilyicha	MMKI	0.18	0.21	0.05	0.0%	38.5%	28.6%	80.0%	0.2%	36.9%	15.5%	56.7%
Coke												
Avdiyivka Coke	AVDK	3.05	4.80	1.60	-3.0%	3.2%	6.9%	3.0%	-2.8%	1.7%	-6.2%	-20.3%
Yasnyivsky Coking	YASK	0.75	0.77	0.49	0.0%	0.0%	0.0%	41.5%	0.2%	-1.5%	-13.1%	18.2%
Iron Ore Mining												
Centralny GOK	CGOK	7.40	n/a	n/a	5.7%	-17.8%	-16.9%	13.8%	5.9%	-19.3%	-30.0%	-9.5%
Ferrexpo	FXPO	2.49	3.20	2.02	-1.8%	-1.4%	-2.2%	-21.2%	-1.6%	-3.0%	-15.3%	-44.5%
Pivnichny GOK	SGOK	7.89	10.00	6.02	0.0%	10.2%	-11.3%	-1.4%	0.2%	8.7%	-24.5%	-24.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.54	0.70	0.10	0.0%	-10.0%	22.7%	35.0%	0.2%	-11.5%	9.6%	11.7%
Komsomolets Donbasa	SHKD	0.95	n/a	n/a	-9.5%	-9.5%	5.6%	53.2%	-9.3%	-11.0%	-7.5%	29.9%
Energy Coal	CLE	0.43	1.63	0.31	-0.5%	1.2%	-20.3%	22.6%	-0.3%	-0.3%	-33.4%	-0.8%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	39.3%	n/a	-15.2%	0.2%	37.8%	n/a	-38.6%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.82	0.85	0.30	3.8%	1.2%	15.5%	36.7%	4.0%	-0.3%	2.4%	13.3%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	0.0%	-10.0%	28.6%	0.2%	-1.5%	-23.1%	5.2%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.8	29.0	10.0	0.0%	-4.0%	-5.5%	-2.9%	0.2%	-5.5%	-18.6%	-26.2%
Luhanskeplovoz	LTPL	1.60	2.20	1.20	0.6%	3.2%	0.0%	6.7%	0.9%	1.7%	-13.1%	-16.7%
Stakhanov Wagon	SVGZ	1.25	n/a	n/a	0.0%	13.6%	11.6%	-3.8%	0.2%	12.1%	-1.5%	-27.2%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.0%	13.2%	32.5%	100.0%	0.2%	11.7%	19.4%	76.7%
Motor Sich	MSICH	1,789	2,545	1,303	0.5%	-1.9%	10.2%	-1.9%	0.7%	-3.4%	-2.9%	-25.3%
Summy Frunze Engineering	SMASH	5.05	n/a	n/a	0.0%	34.3%	44.7%	102.0%	0.2%	32.8%	31.6%	78.7%
Turboatom	TATM	3.00	n/a	n/a	0.0%	76.5%	20.0%	-14.3%	0.2%	74.9%	6.9%	-37.6%
WESTA ISIC	WES	0.18	0.26	0.13	2.1%	1.6%	-1.9%	33.6%	2.3%	0.0%	-15.0%	10.3%
Telecom												
Ukrtelecom	UTLM	0.16	0.19	0.09	-1.3%	-1.3%	10.7%	43.6%	-1.0%	-2.8%	-2.4%	20.3%
Oil & Gas												
Regal Petroleum	RPT	0.15	0.41	0.15	0.1%	-12.2%	-21.0%	-28.2%	0.3%	-13.7%	-34.1%	-51.5%
JKX Oil	JKX	0.92	1.21	0.75	-3.5%	-6.0%	-6.0%	-22.7%	-3.3%	-7.5%	-19.1%	-46.1%
Ukrnafta	UNAF	245	270	96	0.3%	-2.2%	21.0%	125.6%	0.5%	-3.7%	7.9%	102.3%
Power Utilities												
Centrenerg	CEEN	5.94	7.40	2.50	-3.6%	1.6%	15.5%	24.7%	-3.4%	0.1%	2.4%	1.3%
Donbasenergo	DOEN	47.6	50.2	15.4	5.8%	12.4%	23.4%	72.6%	6.0%	10.9%	10.3%	49.3%
Zakhidenergo	ZAEN	136.5	137.0	64.0	5.0%	11.0%	13.8%	51.0%	5.2%	9.5%	0.6%	27.7%
Consumer												
Agroton	AGT	0.78	1.8	0.43	2.8%	9.8%	-19.4%	20.8%	3.0%	8.3%	-32.5%	-2.5%
Astarta	AST	13.2	24.4	12.1	0.7%	0.6%	-4.9%	-40.8%	1.0%	-1.0%	-18.0%	-64.2%
Avangardo	AVGR	8.8	13.0	8.26	-2.2%	-9.5%	-8.3%	-25.1%	-1.9%	-11.0%	-21.4%	-48.4%
Industrial Milk Company	IMC	3.03	5.14	2.49	2.5%	7.9%	8.1%	-25.0%	2.7%	6.4%	-5.0%	-48.4%
Kernel	KER	9.5	19.1	7.6	-0.3%	-0.2%	0.2%	-25.0%	-0.1%	-1.7%	-12.9%	-48.3%
Mriya Agro Holding	MAYA	6.51	8.2	5.36	-5.9%	3.6%	-5.4%	-12.7%	-5.7%	2.1%	-18.5%	-36.0%
MHPC	MHPC	12.0	19.9	11.00	2.1%	-0.4%	-8.1%	-29.7%	2.4%	-1.9%	-21.2%	-53.1%
Milkiland	MLK	2.30	4.7	2.22	3.5%	-7.2%	-9.6%	-44.8%	3.7%	-8.8%	-22.7%	-68.1%
Ovostar Union	OVO	22.7	33.3	19.4	0.0%	-0.3%	-0.2%	-31.9%	0.2%	-1.9%	-13.3%	-55.2%
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	14.3	n/a	n/a	0.0%	6.1%	11.0%	14.6%	0.2%	4.6%	-2.1%	-8.8%
Banks												
Raiffeisen Bank Aval	BAVL	0.179	0.185	0.077	-0.8%	1.8%	19.3%	57.7%	-0.6%	0.3%	6.2%	34.4%
UkrSotsbank	USCB	0.148	0.257	0.115	-0.7%	-4.9%	-5.9%	-21.0%	-0.4%	-6.4%	-19.0%	-44.3%

Source: Bloomberg

* companies listed abroad are in USD

MAIN FINANCIAL FORECASTS, USD mn

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E
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																
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	72	3.9%	3	1,420	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	367	342	332	\$/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	250	3.0%	7	234	neg	neg	neg	neg	neg	6.6	0.1	0.1	0.1	51	52	51	\$/tonne
Coke																		
Avdyivka Coke	AVDK	52	6.8%	3	49	neg	neg	neg	neg	1.0	1.7	0.0	0.1	0.1	11	13	13	\$/tonne
Yasynivsky Coke	YASK	18	9.0%	2	19	2.1	neg	3.8	0.7	0.6	1.0	0.0	0.1	0.1	0.7	0.6	1.0	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	751	0.3%	2	749	7.9	3.9	4.6	3.2	2.4	2.7	1.2	1.1	1.2				
Pivnichny GOK	SGOK	1,574	0.4%	6	1,567	3.6	2.9	3.4	2.1	1.7	1.9	1.1	1.0	1.0				
Ferrexpo	FXPO	1,455	24.0%	349	2,134	6.7	5.5	7.4	5.3	4.2	4.8	1.5	1.3	1.4				
Coal Mining																		
Komsomolets Donbasa	SHKD	28	5.4%	1	130	3.8	1.6	1.6	1.0	1.4	1.4	0.5	0.6	0.6	32	30	29	\$/tonne
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	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	184	2.0%	4	230	5.5	>30	>30	4.4	7.4	7.6	0.5	0.7	0.7	365	606	576	\$/tonne
Railcar Manufacturing																		
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	167	5.0%	8	167	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	7.9	9.7	10.5	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	128	5.8%	7	60	3.4	1.8	1.8	1.2	0.7	0.6	0.4	0.3	0.2				
Motor Sich	MSICH	322	24.0%	77	337	1.6	1.9	1.9	1.1	1.4	1.5	0.3	0.3	0.3				
Telecom																		
Ukrtelecom	UTLM	256	7.2%	18	578	5.7	23.9	9.7	2.8	3.0	3.3	0.7	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,150	3.0%	35	1,142	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	157	50.4%	79	266	neg	24.2	20.1	2.0	4.0	3.9	1.3	1.5	1.3	49	36	35	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	190	21.7%	41	259	6.6	3.2	3.1	3.8	3.1	3.1	0.2	0.3	0.3	15	18	16	\$/MWh
DonbasEnergO	DOEN	98	14.2%	14	168	25.5	1.5	1.9	5.2	2.3	3.0	0.3	0.3	0.3	21	22	21	\$/MWh
Consumer																		
MHP	MHPC	1,263	34.1%	431	2,390	4.1	7.8	neg	5.1	6.1	5.2	1.7	1.6	1.5				
Kernel	KER	757	61.8%	468	1,463	3.6	7.2	9.8	4.5	5.0	5.7	0.7	0.5	0.6				
Astarta	AST	329	37.0%	122	663	5.7	9.7	4.0	6.0	7.3	4.8	1.5	1.4	1.2				
Avangardco	AVGR	562	22.5%	127	762	2.5	2.4	1.9	2.7	2.5	2.0	1.2	1.2	1.0	172	131	123	\$/mneggs
Agroton	AGT	17	26.2%	4	66	2.5	neg	neg	3.2	5.2	5.6	0.8	1.0	0.9	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	465	3.5%	16		>30	5.2	4.6	0.6	0.5	0.6	0.08	0.09	0.09				
Ukrsotsbank	USCB	236	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

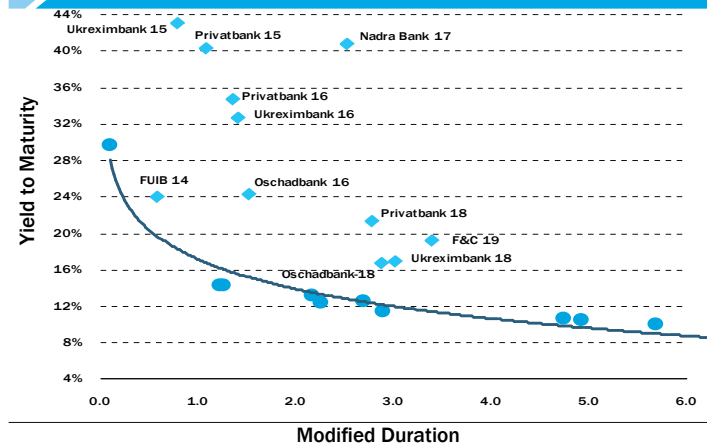
UKRAINIAN EUROBONDS

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	16.0%	13.0%	-6.8%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.5	93.0	15.2%	13.7%	-5.5%	1.2	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	13.6%	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
Corporate Eurobonds											
Agroton, 2014	30.0	35.9	64.4%	52.2%	-36.9%	1.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	95.1	96.6	19.1%	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%	1.3	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	18.3%	18.3%	-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	25.7%	24.8%	-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	
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	40.5%	40.5%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.9	66.6	35.8%	33.9%	-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	45.8%	41.0%	-17.0%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	67.0	72.0	36.0%	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
Municipal Eurobonds											
City of Kyiv, 2015	78.0	80.0	30.2%	27.8%	-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/

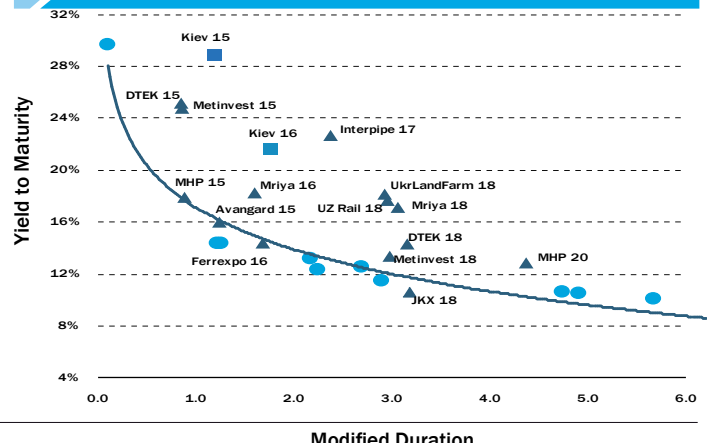
¹ Moody's/S&P/Fitch; * EUR

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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