

**Market Update**

**Equity**

Kyiv-listed stocks finished marginally higher on Thursday (May 8), with the UX index climbing by 0.4% to close at 1102 points. Among actively traded names, UkrNafta (UNAF UK) and CentrEnergO (CCEN UK) rose by 2.1% and 1.6% respectively, while Raiffeisen Aval (BAVL UK) shed 0.8%. Outside the UX basket, Gorlovka-based fertilizer producer Stiroil (STIR UK) tumbled 11.5% after news that the company has shut down its operations for security reasons, in a decision related to the ongoing violence in Donetsk oblast. In London, poultry producer MHP (MHPC LI) inched up by 0.2% on Friday after jumping 7% the previous day, while Avangard (AVGR LI) dropped by 3.1% to end at USD 8.57.

**Fixed Income**

Ukrainian sovereigns ended last week with a solid gain despite correcting on Friday. Ukraine-23s rose by 2.7% for the week, finishing at 84.4/85.6 (10.2%/10.0%). The corporate universe was mixed for the week. Ferrexpo-16s improved by 1.2% to 89.5/91.7 (14.4%/12.9%), while Mriya-18s declined by 1.2%, closing at 77.2/79.0 (17.7%/17.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
CentrenergO	CEEN	6.07	1.6%	5.1	182
Motor Sich	MSICH	1730.00	0.2%	2.0	68
Raiffeisen Bank Aval	BAVL	0.18	-0.8%	1.3	85

**Growth Leaders**

Alchevsk Steel	ALMK	0.03	3.6%	0.03	59
Ukrnafta	UNAF	237.40	2.1%	0.55	48
CentrenergO	CEEN	6.07	1.6%	5.14	182

**Loss Leaders**

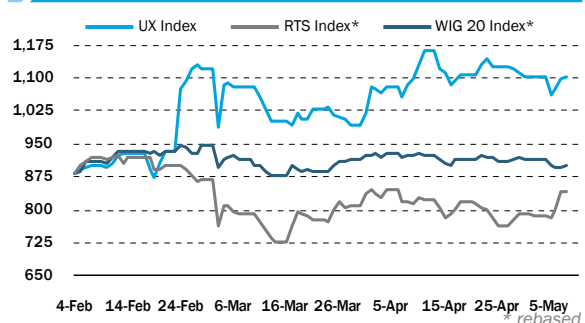
Yasynivsky Coke	YASK	0.64	-2.7%	0.144	30
Yenakievo Steel	ENMZ	33.40	-0.9%	0.036	29
Raiffeisen Bank Aval	BAVL	0.18	-0.8%	1.321	85

**Highlights**

**POLITICS AND ECONOMICS**

- > Donetsk Reports Massive 89% Anti-Kyiv Vote in Referendum
- > NBU Reserves Down USD 850mn to USD 14.2bn in April

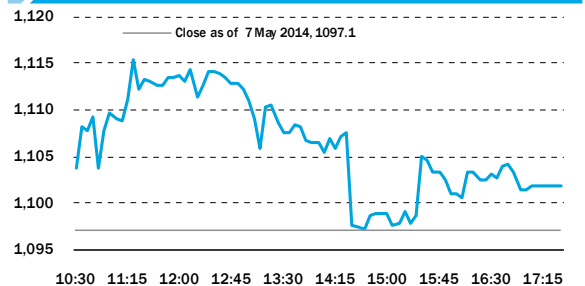
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1101.9	0.4%	4.3%	21.1%
RTS	1232.8	0.4%	3.3%	-14.6%
WIG20	2403.9	0.6%	-2.0%	0.1%
MSCI EM	1008.9	0.4%	0.5%	0.7%
S&P 500	1875.6	-0.1%	1.7%	1.9%

**UX INTRADAY MAY 8, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	297.5	-1.9%	-6.8%	-10.0%
CDS 5Y UKR	1196.8	0.0%	34.5%	45.9%
Ukraine-17	11.5%	-1.5 p.p.	2.1 p.p.	2.5 p.p.
Naftogaz Ukr-14	29.2%	-3.6 p.p.	3.9 p.p.	20.5 p.p.
Ukraine-23	9.8%	-0.2 p.p.	1.0 p.p.	2.3 p.p.
Privatbank-16	33.6%	0.0 p.p.	5.4 p.p.	8.9 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	11.66	0.3%	-0.4%	41.4%
EUR	16.13	-0.2%	0.3%	41.9%
RUB	0.33	-0.2%	1.3%	32.3%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	295.3	0.0%	2.6%	2.7%
Steel, USD/t	532.5	0.0%	1.9%	-0.9%
Oil, USD/bbl	108.0	-0.1%	2.1%	-2.9%
Gold, USD/oz	1289.3	0.0%	-0.6%	7.8%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Donetsk Reports Massive 89% Anti-Kyiv Vote in Referendum

by Will Ritter  
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### NEWS

An impromptu referendum held in Donetsk and Lugansk oblasts on Sunday (May 11) has yielded a result of 89.1% in favor of self-rule for the “Donetsk People’s Republic”, international media quoted Roman Lyagin, the head of that entity’s electoral commission as saying, with 10.2% opposed. Lyagin also stated that the voter turnout for the referendum was around 75%. Results of the voting in the smaller neighboring province of Lugansk were not available. Ukraine’s interim president Olexander Turchinov had on Sunday labeled the referendum as “illegal” and a “farce”, a position largely backed up by the European Union and the United States.

### COMMENTARY

Although it is not at all clear exactly what the Donetsk populace was voting in favor of on Sunday, there is no doubt about what they were voting against: the post-Yanukovich order in Kyiv. The procedures of the referendum were obviously rife with violations of basic electoral standards, but this does not change the basic message sent by Sunday’s events, i.e. Kyiv has lost all control over the two Donbass oblasts and will be unable to get it back without launching a massive military assault and incurring thousands of civilian casualties. Despite the bellicose rhetoric continuing to come out of Kyiv from Batkivschyna party officials in the interim government such as Turchinov, presidential administration head Serhiy Pashynskiy, and Interior Minister Arsen Avakov, we are hopeful that the government will refrain from such a disastrous military move, which would effectively plunge Ukraine into all-out civil war. Meanwhile, Donetsk industrial baron Rinat Akhmetov came closer to bringing himself into conflict with the Kyiv authorities by issuing a statement demanding that the government’s so-called “anti-terrorist operation” in Donetsk oblast be halted; Akhmetov has remained nominally in favor of Ukrainian unity during the events of the past two months, but if there is a formal declaration of independence by the region, we would not be surprised to see Akhmetov change sides. Separately, we believe it is important to note that a widely circulated poll by US think tank Pew Research, which claims that 70% of citizens in Eastern Ukraine favor maintaining the unity of the country, is highly misleading; Donetsk and Lugansk were lumped together with the other Eastern oblasts, where Ukrainian identity is considerably stronger. Further, the most important question in any poll of Ukrainians today is that of civilizational choice, i.e. integration with the West or with Russia, and not nominal loyalty to the flag.

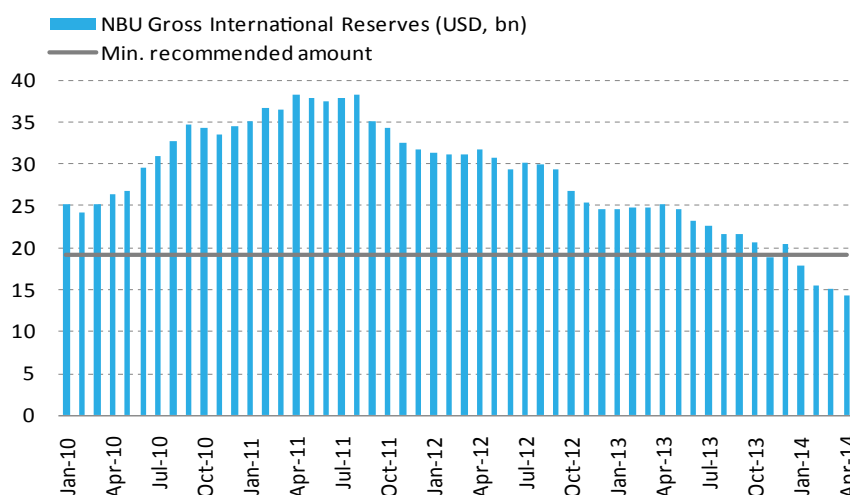
**NBU Reserves Down USD 850mn to USD 14.2bn in April**

by Dmitry Churin  
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**NEWS**

Ukraine's foreign currency reserves declined by 5.7% (USD 853mn) MoM to USD 14.22bn in April, the National Bank of Ukraine (NBU) reported last week. The NBU said it did not intervene on the interbank currency market during the month.

**UKRAINE'S FX RESERVES, USD bn**



Source: National Bank of Ukraine

**COMMENTARY**

The drop in foreign reserves was a result of repayments of external government debt in the amount of USD 959mn, including USD 654mn to the IMF. However, we presume that the country's foreign reserves have already rebounded since the latest data, as the IMF disbursed a new credit tranche of USD 3.19bn to Ukraine on Wednesday (May 7). According to forecasts from the IMF, Ukraine's reserves will increase to USD 19.2bn by the end of the year and will reach USD 26.7bn by the end of 2015. The next tranche of the stand-by loan of USD 1.42bn from the IMF is expected in July. Meanwhile, the IMF program unlocked wider financial support for the country and it is expected that the World Bank, EBRD and other international creditors will quickly follow by injecting a total of about USD 1.1bn into the country in May alone. We confirm our forecast for a hryvnia exchange rate strengthening from the current 11.60 to closer to 10.50 against the dollar in the short term.

## 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	145.8	125.0	-14%	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	7.80	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	7.20	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	2.97	6.2	110%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.64	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	0.55	2.9	435%	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	16.5	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.45	5.2	261%	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	1730	5250	203%	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	9.1	42.0	360%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	53.8	370	588%	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	41.3	72.0	74%	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	6.07	15.00	147%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Consumer</b>						
MHP	MHPC	13.5	U/R	--	U/R	
Astarta	AST	38.5	90.0	134%	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	8.6	U/R	--	U/R	
Ovostar Union	OVO	65.0	109.50	68%	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	0.185	0.24	30%	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	1101.91	1170.00	799.72	0.4%	-0.1%	4.3%	21.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.032	0.06	0.02	3.6%	1.9%	-9.9%	-17.5%	3.1%	2.0%	-14.2%	-38.6%
Azovstal	AZST	0.69	0.90	0.31	-0.3%	-2.4%	-2.9%	3.3%	-0.7%	-2.3%	-7.3%	-17.8%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	n/a	0.0%	-0.4%	0.1%	n/a	-21.1%
Enakievo Steel	ENMZ	33.4	52.0	20.0	-0.9%	-4.1%	-2.6%	4.3%	-1.3%	-4.0%	-6.9%	-16.7%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	135.3%	247.8%	-0.4%	0.1%	131.0%	226.7%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	-6.7%	0.0%	-6.7%	40.0%	-7.1%	0.1%	-11.0%	18.9%
<b>Coke</b>												
Avdivka Coke	AVDK	2.97	4.80	1.60	-0.3%	-0.4%	0.3%	0.4%	-0.8%	-0.2%	-4.0%	-20.6%
Yasnyivsky Coking	YASK	0.64	0.77	0.49	-4.5%	3.2%	0.0%	20.8%	-4.9%	3.3%	-4.3%	-0.3%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.20	n/a	n/a	-2.7%	-2.7%	-19.9%	10.8%	-3.1%	-2.6%	-24.2%	-10.3%
Ferrexpo	FXPO	2.47	3.20	2.02	0.0%	0.1%	-4.4%	-21.6%	-0.4%	0.2%	-8.7%	-42.7%
Pivnichny GOK	SGOK	7.80	10.00	6.20	0.0%	0.0%	0.0%	-2.5%	-0.4%	0.1%	-4.3%	-23.6%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.55	0.70	0.10	0.0%	0.0%	1.9%	37.5%	-0.4%	0.1%	-2.5%	16.4%
Komsomolets Donbasa	SHKD	0.76	n/a	n/a	0.0%	-20.0%	-22.4%	22.6%	-0.4%	-19.9%	-26.8%	1.5%
Energy Coal	CLE	0.42	1.63	0.31	-0.3%	2.0%	-12.4%	21.4%	-0.8%	2.1%	-16.7%	0.3%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	0.0%	-13.3%	-15.2%	-0.4%	0.1%	-17.7%	-36.3%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.85	0.85	0.30	3.7%	1.2%	23.2%	41.7%	3.2%	1.3%	18.9%	20.6%
Interpipe NMPP	NVTR	0.27	n/a	n/a	8.0%	8.0%	-10.0%	28.6%	7.6%	8.1%	-14.3%	7.5%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.5	29.0	10.0	9.7%	-2.0%	-3.5%	-4.9%	9.3%	-1.9%	-7.8%	-25.9%
Luhanskeplovoz	LTPL	1.45	2.20	1.20	0.0%	-5.2%	-8.8%	-3.3%	-0.4%	-5.1%	-13.1%	-24.4%
Stakhanov Wagon	SVGZ	1.05	n/a	n/a	0.0%	-11.0%	-4.5%	-19.2%	-0.4%	-10.9%	-8.9%	-40.3%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	0.0%	-13.7%	-6.5%	69.1%	-0.4%	-13.6%	-10.8%	48.0%
Motor Sich	MSICH	1,730	2,545	1,303	0.1%	-1.5%	1.9%	-5.2%	-0.3%	-1.4%	-2.4%	-26.2%
Summy Frunze Engineering	SMASH	4.00	n/a	n/a	0.0%	-13.2%	n/a	60.0%	-0.4%	-13.1%	n/a	38.9%
Turboatom	TATM	3.70	n/a	n/a	0.0%	0.0%	15.6%	5.7%	-0.4%	0.1%	11.3%	-15.4%
WESTA ISIC	WES	0.16	0.26	0.13	0.0%	-7.6%	-7.3%	23.8%	-0.4%	-7.4%	-11.7%	2.7%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.16	0.19	0.09	1.9%	3.2%	8.0%	47.3%	1.5%	3.3%	3.7%	26.2%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.37	0.13	2.6%	14.3%	-9.2%	-26.6%	2.2%	14.4%	-13.5%	-47.7%
JKX Oil	JKX	0.91	1.21	0.75	-0.2%	-0.2%	-7.9%	-23.2%	-0.6%	-0.1%	-12.2%	-44.3%
Ukrnafta	UNAF	237	270	96	2.2%	-0.9%	2.4%	118.6%	1.8%	-0.8%	-1.9%	97.5%
<b>Power Utilities</b>												
Centrenerg	CEEN	6.07	7.40	2.50	1.5%	0.3%	13.0%	27.3%	1.1%	0.4%	8.7%	6.2%
Donbasenergo	DOEN	41.3	50.2	15.4	0.3%	-2.6%	1.6%	49.8%	-0.1%	-2.4%	-2.7%	28.7%
Zakhidenergo	ZAEN	133.0	137.9	64.0	3.5%	1.9%	4.7%	47.1%	3.1%	2.0%	0.4%	26.0%
<b>Consumer</b>												
Agroton	AGT	0.79	1.8	0.43	-3.2%	-0.9%	-14.5%	21.6%	-3.6%	-0.7%	-18.8%	0.5%
Astarta	AST	12.7	24.4	12.1	0.9%	-5.8%	-12.0%	-42.7%	0.5%	-5.7%	-16.3%	-63.8%
Avangardo	AVGR	8.9	13.0	8.26	1.1%	0.6%	-6.8%	-24.7%	0.7%	0.7%	-11.1%	-45.8%
Industrial Milk Company	IMC	2.95	5.14	2.49	-0.9%	-4.4%	9.3%	-27.0%	-1.3%	-4.3%	5.0%	-48.1%
Kernel	KER	9.6	19.1	7.6	3.2%	3.9%	-1.7%	-24.1%	2.8%	4.0%	-6.1%	-45.2%
Mriya Agro Holding	MAYA	6.35	8.2	5.36	-3.0%	-2.6%	-4.9%	-14.8%	-3.4%	-2.5%	-9.2%	-35.9%
MHPC	MHPC	13.5	19.1	11.00	8.1%	8.7%	1.4%	-20.7%	7.7%	8.8%	-2.9%	-41.8%
Milkiland	MLK	2.12	4.7	2.07	-0.3%	-6.9%	-14.7%	-49.0%	-0.8%	-6.8%	-19.0%	-70.1%
Ovostar Union	OVO	22.9	33.3	19.4	-1.7%	-1.0%	-3.6%	-31.3%	-2.1%	-0.9%	-7.9%	-52.4%
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	12.7	n/a	n/a	-11.5%	-3.2%	0.0%	1.3%	-11.9%	-3.1%	-4.3%	-19.8%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.185	0.188	0.077	-1.0%	4.2%	10.3%	62.9%	-1.5%	4.4%	6.0%	41.8%
UkrSotsbank	USCB	0.159	0.257	0.115	1.0%	1.4%	-1.7%	-15.2%	0.5%	1.5%	-6.0%	-36.3%

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
<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	71	3.9%	3	1,420	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	367	342	332	\$/tonne
Yenakievo Steel	ENMZ	30	8.8%	3	26	3.5	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	10	9	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
<b>Coke</b>																		
Avdyivka Coke	AVDK	50	6.8%	3	47	neg	neg	neg	neg	1.0	1.6	0.0	0.1	0.1	11	12	13	\$/tonne
Yasynivsky Coke	YASK	15	9.0%	1	16	1.8	neg	3.2	0.6	0.6	0.8	0.0	0.0	0.0	0.6	0.6	0.8	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	724	0.3%	2	722	7.6	3.7	4.4	3.1	2.3	2.6	1.2	1.1	1.1				
Pivnichny GOK	SGOK	1,542	0.4%	6	1,535	3.5	2.8	3.4	2.0	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,448	24.0%	348	2,127	6.7	5.5	7.3	5.3	4.2	4.8	1.5	1.3	1.4				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	22	5.4%	1	124	3.0	1.3	1.3	1.0	1.3	1.3	0.5	0.6	0.5	30	29	28	\$/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
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	190	2.0%	4	235	5.6	>30	>30	4.5	7.5	7.7	0.5	0.8	0.7	373	619	588	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	27	24.0%	7	64	5.6	1.4	1.2	2.2	1.8	1.7	0.3	0.2	0.2				
Kriviw Wagon	KVBZ	162	5.0%	8	162	1.7	3.9	6.0	1.2	2.5	3.7	0.2	0.4	0.6				
Stakhanov Wagon	SVGZ	20	8.0%	2	53	>30	>30	>30	7.4	9.0	9.7	0.2	0.3	0.4				
<b>Specialized Machinery</b>																		
Turboatom	TATM	127	5.8%	7	59	3.3	1.8	1.8	1.1	0.6	0.6	0.4	0.2	0.2				
Motor Sich	MSICH	308	24.0%	74	323	1.5	1.8	1.9	1.0	1.4	1.4	0.3	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	260	7.2%	19	582	5.7	24.2	9.9	2.8	3.1	3.3	0.7	0.8	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,105	3.0%	33	1,096	6.3	8.4	9.1	3.4	2.9	3.1	0.6	0.4	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	50	21.6%	11	24	4.3	neg	24.8	1.1	neg	1.0	0.6	0.7	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	156	50.4%	79	265	neg	24.0	20.0	1.9	4.0	3.9	1.3	1.5	1.3	48	36	35	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	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	\$/MWh
DonbasEnergO	DOEN	84	14.2%	12	154	21.9	1.3	1.7	4.8	2.1	2.7	0.3	0.2	0.2	19	20	19	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,425	34.1%	486	2,553	4.6	8.8	neg	5.5	6.5	5.6	1.8	1.7	1.6				
Kernel	KER	766	61.8%	473	1,472	3.6	7.3	9.9	4.6	5.1	5.8	0.7	0.5	0.6				
Astarta	AST	319	37.0%	118	652	5.5	9.3	3.9	5.9	7.2	4.7	1.4	1.3	1.2				
Avangardco	AVGR	565	22.5%	127	765	2.5	2.4	1.9	2.7	2.5	2.0	1.2	1.2	1.0	173	132	124	\$/mneggs
Agroton	AGT	17	26.2%	4	66	2.5	neg	neg	3.2	5.3	5.6	0.8	1.0	0.9	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	476	3.5%	17		>30	5.3	4.7	0.6	0.5	0.6	0.08	0.09	0.09				
Ukrsotsbank	USCB	251	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

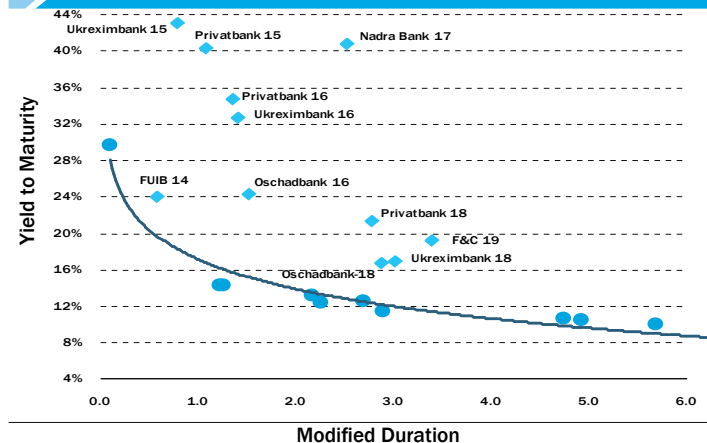
## UKRAINIAN EUROBONDS

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	98.0	101.0	41.6%	-8.8%	-0.5%	0.1	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	92.6	93.6	30.9%	27.6%	-7.3%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	88.5	91.5	15.8%	12.8%	-6.3%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	90.3	92.8	16.8%	14.2%	-6.3%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	86.8	88.3	13.5%	12.6%	-6.9%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	86.8	88.3	12.8%	12.0%	-7.2%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	85.6	87.6	12.3%	11.5%	-6.7%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	90.2	92.7	13.6%	12.5%	-7.8%	2.6	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	83.5	85.5	16.1%	15.1%	2.3%	2.8	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	84.0	86.5	13.6%	12.6%	8.6%	3.2	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	85.7	87.7	11.2%	10.7%	-6.9%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	85.6	87.6	11.2%	10.7%	-7.6%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	85.1	87.1	10.6%	10.2%	-5.5%	5.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.5	87.5	10.0%	9.6%	-4.5%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.9	33.0	65.7%	58.3%	-39.8%	1.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	98.0	99.0	15.2%	14.4%	-4.8%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	82.4	84.2	12.6%	12.1%	-6.8%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.0	95.0	15.8%	15.8%	-3.0%	1.3	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	79.1	83.0	18.7%	17.0%	-10.1%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.6	92.7	18.7%	17.7%	-8.1%	1.6	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	77.2	79.0	17.7%	17.0%	-10.3%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	90.4	90.6	26.5%	26.1%	-11.5%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	79.5	81.3	15.0%	14.3%	-14.7%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	93.9	94.9	20.6%	19.1%	-7.5%	0.9	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.2	87.9	14.0%	13.3%	-8.4%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.0	92.0	15.3%	13.6%	-7.1%	1.7	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	72.8	75.0	19.6%	18.6%	-19.4%	2.9	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	74.0	75.5	23.3%	21.8%	-3.8%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	100.4	102.1	11.3%	10.8%	-8.8%	3.1	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	65.0	75.0	21.4%	17.2%	-15.7%	3.4	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014						0.5	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	70.0	75.0	47.5%	37.9%	-9.9%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	75.0	80.0	44.3%	35.2%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.6	66.3	37.1%	35.1%	-6.9%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	72.4	75.2	21.9%	20.6%	-11.8%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	84.0	87.0	36.5%	30.4%	-11.3%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	70.0	73.0	33.0%	29.4%	-16.2%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	76.9	78.9	17.5%	16.6%	-12.7%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	60.0	68.0	769.6%	548.1%	-25.1%	0.1	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	79.5	82.0	25.9%	23.4%	-13.2%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	73.1	75.2	19.1%	17.7%	-16.7%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	76.5	78.5	33.1%	30.4%	-16.6%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	77.0	79.9	23.5%	21.5%	-15.3%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

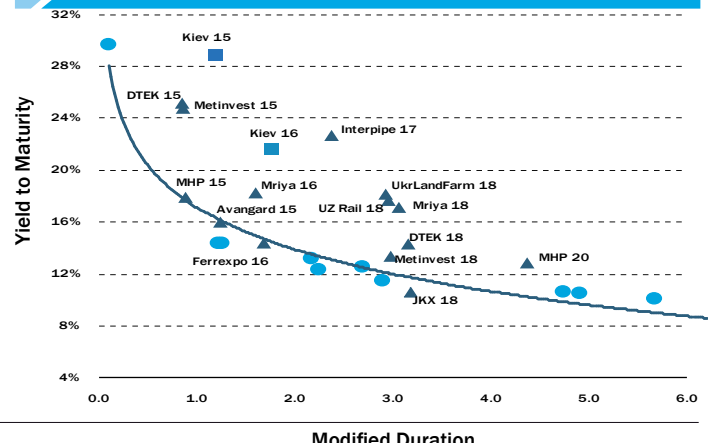
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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	22.0%	18.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	22.0%	18.0%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	22.0%	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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