

Market Update

Equity

Ukraine's main equity index ended sharply lower on Tuesday (May 13), pulled down the passage of the ex-rights date for Raiffeisen Aval's hefty 3-kopeck dividend payout. The bank's share price fell 13.1%, or a bit less than the 16% dividend yield implied by the payout, which is roughly equal to the bank's profit over the last 5 years. We presume that this payout could be related to Raiffeisen International's desire to squeeze extra funds out of the bank before selling its majority stake. Externally, US markets were flat after big gains on Monday, but the main European indices edged higher again, with the DAX picking up half a percent. The UX index ended with a loss of 3.2% at 1053 points. Although most of the decline was due to Raiffeisen Aval, top liquid names UkrNafta and DonbasEnergo also shed 2.0% each. Outside the UX basket, Krukiv Wagon slid 5.2% to UAH 15.60, while in London, it was a good day for both MHP and JX Oil&Gas, which appreciated by 3.5% and 5.8% respectively.

Fixed Income

Ukrainian sovereigns were slightly up on Tuesday with Ukraine-23s increasing by 0.2p.p. closing at 83.7/85.4 (10.3%/10.0%). The corporate universe was mixed. DTEK-15s declined by 0.6p.p. to 90.9/91.5 (25.8%/24.6%) while MHP-20s improved by 0.4p.p. finishing at 82.8/84.4 (12.5%/12.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Raiffeisen Bank Aval	BAVL	0.16	-13.1%	1.3	208
Centrenergo	CEEN	5.90	-0.9%	1.1	226
Donbasenergo	DOEN	40.10	-2.0%	0.8	49

Growth Leaders

Dniproenergo	DNEN	440.00	15.8%	0.01	10
Pivnichny GOK	SGOK	7.84	1.8%	0.02	9
Yenakievo Steel	ENMZ	32.77	-0.7%	0.01	16

Loss Leaders

Raiffeisen Bank Aval	BAVL	0.16	-13.1%	1.278	208
UkrSotsbank	USCB	0.15	-4.5%	0.015	9
Krymenergo	KREN	1.95	-2.5%	0.021	8

Highlights

POLITICS AND ECONOMICS

- > 7 Ukrainian Soldiers Dead in Fighting in Donetsk Oblast

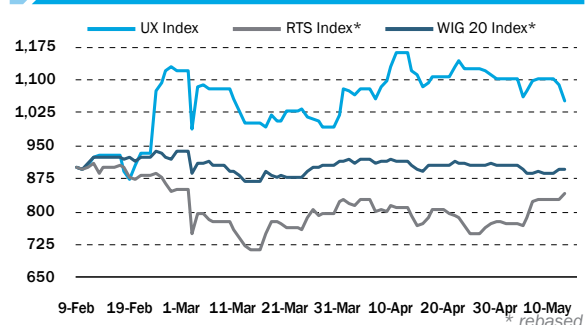
STOCKS IN THE NEWS

- > Milkiland Posts Net Loss of EUR 25mn in 1Q14

FIXED INCOME

- > UkrLandFarming Reports 40% Rise in FY13 Net Income On Other Operating Gain

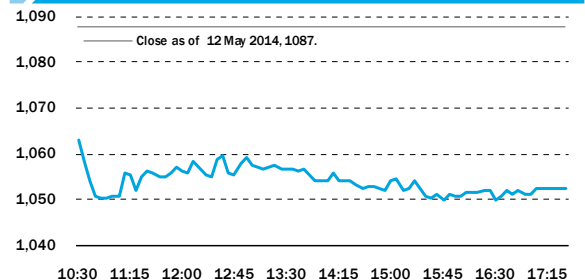
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1052.6	-3.2%	-9.5%	15.7%
RTS	1254.3	1.6%	4.2%	-13.1%
WIG20	2413.2	0.0%	-2.1%	0.5%
MSCI EM	1022.4	0.7%	0.7%	2.1%
S&P 500	1897.5	0.0%	4.5%	3.1%

UX INTRADAY MAY 13, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	299.5	0.7%	-5.6%	-9.4%
CDS 5Y UKR	1113.9	-4.6%	10.4%	35.8%
Ukraine-17	12.1%	-0.2 p.p.	2.1 p.p.	3.1 p.p.
Naftogaz Ukr-14	31.9%	-0.8 p.p.	4.6 p.p.	23.1 p.p.
Ukraine-23	10.2%	0.0 p.p.	1.2 p.p.	2.7 p.p.
Privatbank-16	34.0%	0.0 p.p.	4.8 p.p.	9.3 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.84	0.5%	-6.8%	43.7%
EUR	16.23	0.1%	-8.1%	42.7%
RUB	0.34	1.0%	-4.7%	35.3%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	286.8	0.0%	-2.3%	-0.2%
Steel, USD/t	532.5	0.0%	1.9%	-0.9%
Oil, USD/bbl	109.2	0.8%	1.7%	-1.8%
Gold, USD/oz	1293.6	-0.2%	-1.9%	8.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

7 Ukrainian Soldiers Dead in Fighting in Donetsk Oblast

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NEWS

Seven Ukrainian paratroopers died in an ambush outside the Donetsk oblast city of Kramatorsk on Tuesday (May 13), local and international media reported. Pro-Russian paramilitaries attacked a supply convoy with grenades and small arms fire; one rebel fighter was reported dead. Separately, Kyiv-appointed Donetsk provincial governor Serhiy Taruta dismissed the results of the province's ad hoc "autonomy referendum" and said Ukraine's national presidential election will go ahead in the region.

COMMENTARY

We suppose that news of armed clashes and casualties coming is going to be the "new normal" coming out of Donetsk as long as Kyiv continues its so-called "anti-terrorist operation" there. Escalation is likely following the promise of Donetsk rebel political leader Dennis Pushilin to launch an offensive against the "occupying army" if it does not pull back from its positions near the hot-spots of Slavyansk and Kramatorsk. In our view, it is pointless and without benefit for the Kyiv government, with or without Western backing, to try to hold the Donbass by force, and we think that policy decisions in Kyiv are currently being driven by a radical self-interested minority. In our view, the situation could improve significantly following the presidential election, ahead of which pro-EU oligarch Petro Poroshenko holds a large lead in polls. Despite Taruta's comments, we think the election will be heavily impeded in Donetsk and Lugansk oblasts, with most voters either boycotting or staying home due to intimidation by pro-Russian paramilitaries. The first round of the election is on May 25, with a possible second round on June 15. We note that Poroshenko is currently polling very near the 50% mark needed to decide the outcome in a single round.

Milkiland Posts Net Loss of EUR 25mn in 1Q14

by Dmitry Churin
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MILKILAND (MLK PW)

Price: PLN 6.15 Market Cap: EUR 46mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.4	3.9	4.1	4.8%
2014E	0.4	neg	20.4	0.0%

NEWS

Milkiland, a cheese & dairy producer with assets in Ukraine, Russia and Poland, posted a net loss of EUR 24.6mn in 1Q14 compared to net profit of EUR 1.0mn in 1Q13, according to the company's financials released on Monday (May 12) after the market close. Revenue rose by 8.7% YoY to EUR 77.3mn in the period, while operating profit fell 39% YoY to EUR 1.7mn and EBITDA decreased by 18% YoY to EUR 5.2mn. The company's total debt was EUR 110mn as of 1 Apr 2014.

MILKILAND FINANCIALS

EUR mn	1Q14	1Q13	chg.
Net revenue	77.3	71.1	8.7%
EBITDA	5.2	6.3	-18.0%
margin	6.7%	8.9%	-2.2 p.p.
Net Income	-24.6	1.0	nm
net margin	-31.9%	1.4%	-33.3 p.p.

Source: Company data.

COMMENTARY

Although we had previously expected Milkiland to post a positive bottom line for FY14 which would presumably have resulted in a dividend next year, we now believe that the company will finish this year in the red with a loss of around EUR 10mn. Milkiland had large financial expenses of EUR 30.5mn in 1Q14 compared to financial expenses of just EUR 2.6mn in 1Q13. This was related to a non-cash foreign exchange loss of EUR 27.5mn due to a sharp devaluation of the Ukrainian currency. On the other hand, we were surprised that Milkiland managed to increase its net revenue in 1Q14 despite a 10% decrease in cheese exports. The company held onto its position as the largest cheese exporter in the country, accounting for almost 40% of total Ukrainian cheese exports. The cheese & butter segment contributed approximately 40% to the company's total revenue and 57% to its EBITDA. According to our estimates, Milkiland's net debt stood at EUR 97mn as of 1 Apr. 2014 implying a rather high Net Debt/12M EBITDA ratio of 3.0x.

UkrLandFarming Reports 40% Rise in FY13 Net Income On Other Operating Gain

by Ivan Dzvinka
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NEWS

UkrLandFarming (ULF), Ukraine's largest agricultural group in terms of land under lease, reported an increase in net income by 39% YoY to USD 754mn for FY13, according to the company's annual financial results. Meanwhile, net revenue and EBITDA showed more modest increases of 10% and 6% respectively. The main contributors to the higher revenue of USD 2.07bn were increases in sales of crops, seeds and unspecified goods. Exports accounted for 75% of revenue in 2013, or largely at the same level as in 2012 (73%). ULF's EBITDA came in at USD 842mn.

COMMENTARY

The sharp discrepancy in the dynamics of the company's top and bottom lines is due to a huge USD 350mn 'Bargain purchases gain'. The latter in turn is mostly due to ULF's lower acquisition price of fertilizer producer POLYMINERAL compared to its fair value. This difference was estimated at as much as USD 282mn. Interestingly, the difference resulted from an immense and unspecified amount of intangible assets held by POLYMINERAL in the amount of USD 406mn, a figure which we suppose is up to the large discretion of the ordered by ULF 'independent appraisal'.

We note that we are negatively surprised that ULF has not released its FY13 financial statements publicly, as they are available only upon request. We see this policy as unacceptable for a company with traded Eurobonds.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.68	0.56	-18%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	147.3	125.0	-15%	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	7.84	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.
Coke						
Avdyivka Coke	AVDK	2.96	6.2	111%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.63	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	15.6	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.
Specialized Machinery						
Motor Sich	MSICH	1726	5250	204%	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	8.8	42.0	380%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	58.0	370	538%	BUY	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
Power Utilities						
DonbasEnerg	DOEN	40.1	72.0	80%	BUY	DonbasEnerg is expected to pay a significant dividend from its FY13 profit that could amount to as much as UAH 5.0 per share, implying a dividend yield of 20%.
CenterEnerg	CEEN	5.90	15.00	154%	BUY	CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	14.7	15.65	7%	BUY	The company is set to reach full capacity utilisation at its greenfield Vinnytsia project in late 2014 on the back of favorable export and domestic markets demand for its poultry.
Astarta	AST	39.4	90.0	129%	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	66.0	109.50	66%	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	0.157	0.24	53%	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	1052.63	1170.00	799.72	-3.2%	-2.1%	-9.5%	15.7%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.031	0.06	0.02	-1.3%	1.6%	-19.8%	-19.6%	2.0%	3.7%	-10.3%	-35.3%
Azovstal	AZST	0.68	0.90	0.31	-1.6%	-0.9%	-11.7%	1.5%	1.7%	1.2%	-2.2%	-14.2%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	n/a	0.0%	3.2%	2.1%	n/a	-15.7%
Enakievo Steel	ENMZ	32.8	52.0	20.0	-0.7%	-1.9%	-14.5%	2.4%	2.5%	0.1%	-5.0%	-13.3%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	33.3%	247.8%	3.2%	2.1%	42.9%	232.2%
Mariupol Ilyicha	MMKI	0.16	n/a	n/a	6.7%	6.7%	6.7%	60.0%	9.9%	8.7%	16.2%	44.3%
Coke												
Avdivka Coke	AVDK	2.96	4.80	1.46	0.0%	-0.6%	-16.1%	0.0%	3.2%	1.5%	-6.6%	-15.7%
Yasnyivsky Coking	YASK	0.63	0.77	0.49	3.3%	10.5%	-8.7%	18.9%	6.5%	12.6%	0.8%	3.2%
Iron Ore Mining												
Centralny GOK	CGOK	7.20	n/a	n/a	0.0%	-2.7%	-20.0%	10.8%	3.2%	-0.6%	-10.5%	-4.9%
Ferrexpo	FXPO	2.48	3.20	2.02	-0.7%	0.5%	-4.1%	-21.4%	2.6%	2.6%	5.4%	-37.0%
Pivnichny GOK	SGOK	7.84	10.00	6.20	0.5%	0.5%	-13.4%	-2.0%	3.8%	2.6%	-3.8%	-17.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.54	0.70	0.10	0.0%	-1.8%	-21.7%	35.0%	3.2%	0.2%	-12.2%	19.3%
Komsomolets Donbasa	SHKD	0.95	n/a	n/a	25.0%	25.0%	-17.4%	53.2%	28.2%	27.1%	-7.9%	37.6%
Energy Coal	CLE	0.38	1.54	0.31	-1.3%	-5.3%	-24.2%	9.7%	2.0%	-3.3%	-14.7%	-6.0%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	0.0%	-13.3%	-15.2%	3.2%	2.1%	-3.8%	-30.9%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.80	0.85	0.30	-4.8%	-3.6%	12.7%	33.3%	-1.5%	-1.6%	22.2%	17.7%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	8.0%	-10.0%	28.6%	3.2%	10.1%	-0.5%	12.9%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.6	29.0	10.0	-5.2%	-8.0%	-12.1%	-9.8%	-2.0%	-5.9%	-2.6%	-25.5%
Luhanskeplovoz	LTPL	1.45	2.20	1.20	0.0%	0.0%	-9.4%	-3.3%	3.2%	2.1%	0.2%	-19.0%
Stakhanov Wagon	SVGZ	1.01	n/a	n/a	0.0%	1.0%	-20.5%	-22.3%	3.2%	3.1%	-10.9%	-38.0%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-11.5%	-4.4%	-25.7%	48.3%	-8.2%	-2.3%	-16.2%	32.6%
Motor Sich	MSICH	1,726	2,545	1,303	0.0%	1.1%	-11.0%	-5.4%	3.2%	3.1%	-1.5%	-21.0%
Summy Frunze Engineering	SMASH	3.70	n/a	n/a	-7.5%	-7.5%	n/a	48.0%	-4.3%	-5.4%	n/a	32.3%
Turboatom	TATM	3.70	n/a	n/a	0.0%	0.0%	8.8%	5.7%	3.2%	2.1%	18.4%	-10.0%
WESTA ISIC	WES	0.16	0.26	0.13	0.0%	0.0%	-8.2%	23.8%	3.2%	2.1%	1.3%	8.2%
Telecom												
Ukrtelecom	UTLM	0.15	0.19	0.09	-4.9%	-3.8%	0.9%	40.0%	-1.7%	-1.7%	10.4%	24.3%
Oil & Gas												
Regal Petroleum	RPT	0.15	0.36	0.13	-4.3%	5.1%	-16.2%	-30.0%	-1.1%	7.2%	-6.7%	-45.7%
JKX Oil	JKX	0.98	1.21	0.75	6.2%	6.2%	-2.4%	-17.6%	9.4%	8.3%	7.1%	-33.3%
Ukrnafta	UNAF	229	270	96	-2.0%	-0.9%	-13.1%	111.1%	1.2%	1.2%	-3.6%	95.5%
Power Utilities												
Centrenerg	CEEN	5.90	7.40	2.50	-1.1%	-0.9%	-0.8%	23.8%	2.2%	1.1%	8.7%	8.1%
Donbasenergo	DOEN	40.1	50.2	15.4	-2.0%	-1.6%	-12.9%	45.3%	1.3%	0.5%	-3.3%	29.7%
Zakhidenergo	ZAEN	133.0	137.9	64.0	0.0%	1.1%	6.4%	47.1%	3.2%	3.2%	15.9%	31.5%
Consumer												
Agroton	AGT	0.75	1.8	0.43	-0.9%	3.2%	-15.8%	15.6%	2.4%	5.3%	-6.3%	0.0%
Astarta	AST	12.9	24.4	12.1	1.1%	-0.3%	-12.0%	-42.0%	4.3%	1.8%	-2.4%	-57.7%
Avangardo	AVGR	8.8	13.0	8.26	0.5%	-0.1%	-8.4%	-25.2%	3.7%	1.9%	1.1%	-40.9%
Industrial Milk Company	IMC	2.94	5.14	2.49	-1.7%	-1.5%	7.7%	-27.2%	1.5%	0.6%	17.3%	-42.9%
Kernel	KER	9.3	19.1	7.6	-1.2%	3.5%	-10.7%	-26.6%	2.0%	5.6%	-1.2%	-42.3%
Mriya Agro Holding	MAYA	6.40	8.2	5.36	0.0%	0.8%	-5.2%	-14.1%	3.3%	2.8%	4.3%	-29.8%
MHPC	MHPC	14.7	19.1	11.00	3.5%	22.4%	12.0%	-13.6%	6.7%	24.5%	21.5%	-29.3%
Milkiland	MLK	2.01	4.7	2.01	-5.5%	-2.9%	-21.3%	-51.6%	-2.3%	-0.8%	-11.8%	-67.2%
Ovostar Union	OVO	21.6	33.3	19.4	2.7%	-2.8%	-5.8%	-35.0%	5.9%	-0.7%	3.7%	-50.7%
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	13.8	n/a	n/a	0.0%	-4.0%	-8.0%	10.4%	3.2%	-1.9%	1.5%	-5.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.157	0.188	0.077	-13.1%	-9.6%	-8.5%	37.9%	-9.8%	-7.5%	1.1%	22.2%
UkrSotsbank	USCB	0.150	0.257	0.115	-4.5%	-0.2%	-10.1%	-20.0%	-1.3%	1.9%	-0.5%	-35.7%

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	46	29	neg	5.0%	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	158	135	65	15	15.2%	15.3%	9.7%	95	42	-5	10.7%	9.8%	neg
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	950	309	274	260	31.6%	27.4%	27.4%	200	169	167	20.4%	16.9%	17.5%
Telecom																
Ukrtelecom	UTLM	838	791	611	206	190	174	24.5%	24.0%	28.5%	45	17	26	5.4%	2.2%	4.3%
Oil & Gas																
Ukrnafta	UNAF	2,554	2,589	2,713	454	286	307	17.8%	11.1%	11.3%	176	23	114	6.9%	0.9%	4.2%
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	805	69	84	76	6.2%	9.3%	9.4%	29	60	56	2.6%	6.6%	6.9%
Donbasenergo	DOEN	574	656	585	32	72	51	5.6%	11.0%	8.8%	4	65	46	0.7%	9.9%	7.8%
Consumer																
MHP	MHPC	1,408	1,496	1,466	468	391	479	33.2%	26.1%	32.7%	311	162	-44	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	81	90	20	8	3	23.2%	9.2%	3.9%	7	-6	-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	32	0.5%	10.1%	3.7%
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	68	3.9%	3	1,417	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	366	341	331	\$/tonne
Yenakievo Steel	ENMZ	29	8.8%	3	25	3.4	neg	neg	neg	1.1	0.8	0.0	0.0	0.0	9	9	8	\$/tonne
Azovstal	AZST	241	3.0%	7	226	neg	neg	neg	neg	neg	6.4	0.1	0.1	0.1	49	50	50	\$/tonne
Coke																		
Avdyivka Coke	AVDK	49	6.8%	3	46	neg	neg	neg	neg	1.0	1.6	0.0	0.1	0.1	11	12	12	\$/tonne
Yasynivsky Coke	YASK	15	9.0%	1	15	1.7	neg	3.1	0.6	0.5	0.8	0.0	0.0	0.0	0.6	0.5	0.8	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	713	0.3%	2	711	7.5	3.7	4.4	3.1	2.3	2.5	1.2	1.0	1.1				
Pivnichny GOK	SGOK	1,526	0.4%	6	1,519	3.5	2.8	3.3	2.0	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,451	24.0%	348	2,130	6.7	5.5	7.3	5.3	4.2	4.8	1.5	1.3	1.4				
Coal Mining																		
Komsomolets Donbasa	SHKD	27	5.4%	1	129	3.7	1.6	1.6	1.0	1.4	1.4	0.5	0.6	0.6	31	30	29	\$/tonne
Coal Energy	CLE	17	25.0%	4	127	0.5	neg	neg	2.0	6.0	14.2	0.8	1.0	1.3	2.0	6.0	14.2	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	176	2.0%	4	221	5.2	>30	>30	4.3	7.1	7.3	0.5	0.7	0.7	351	582	553	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	27	24.0%	6	64	5.5	1.4	1.2	2.2	1.8	1.7	0.3	0.2	0.2				
Krukiv Wagon	KVBZ	151	5.0%	8	151	1.6	3.6	neg	1.1	2.3	9.8	0.2	0.4	1.0				
Stakhanov Wagon	SVGZ	19	8.0%	2	52	>30	>30	>30	7.2	8.8	9.5	0.2	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	125	5.8%	7	35	3.3	1.7	1.8	0.7	0.4	0.4	0.2	0.2	0.1				
Motor Sich	MSICH	303	24.0%	73	326	1.5	1.8	1.8	1.1	1.2	1.3	0.3	0.3	0.3				
Telecom																		
Ukrtelecom	UTLM	244	7.2%	18	565	5.4	14.3	9.3	2.7	3.0	3.3	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,050	3.0%	32	1,042	6.0	>30	9.2	2.3	3.6	3.4	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	47	21.6%	10	22	4.1	neg	23.6	1.0	neg	0.9	0.5	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	168	50.4%	84	276	neg	25.8	21.5	2.0	4.2	4.0	1.4	1.5	1.4	50	38	37	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	184	21.7%	40	253	6.4	3.1	3.3	3.7	3.0	3.3	0.2	0.3	0.3	14	18	15	\$/MWh
DonbasEnergO	DOEN	80	14.2%	11	147	20.9	1.2	1.8	4.6	2.0	2.9	0.3	0.2	0.3	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,552	34.1%	529	2,680	5.0	9.6	neg	5.7	6.9	5.6	1.9	1.8	1.8				
Kernel	KER	740	61.8%	457	1,446	3.5	7.1	9.6	4.5	5.0	5.7	0.7	0.5	0.6				
Astarta	AST	322	37.0%	119	656	5.6	9.5	3.9	5.9	7.2	4.8	1.4	1.3	1.2				
Avangardco	AVGR	561	22.5%	126	761	2.5	2.4	1.9	2.7	2.5	2.0	1.2	1.2	1.0	172	131	123	\$/mneggs
Agroton	AGT	16	26.2%	4	65	2.4	neg	neg	3.2	8.7	18.8	0.7	0.8	0.7	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	397	3.5%	14		>30	4.4	12.6	0.5	0.4	0.5	0.07	0.07	0.08				
Ukrsotsbank	USCB	233	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

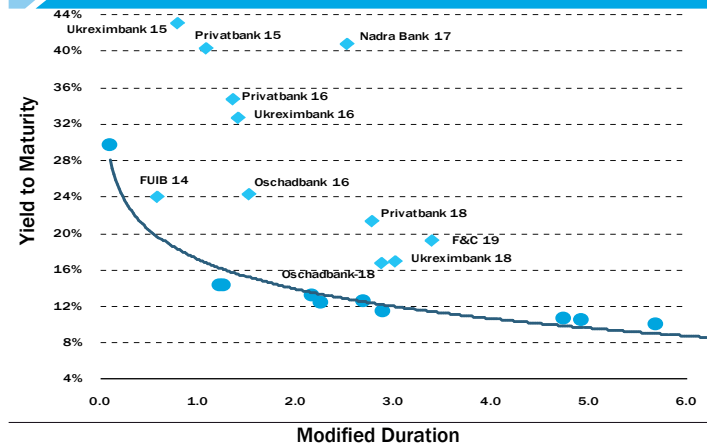
UKRAINIAN EUROBONDS

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	97.8	99.3	52.3%	22.3%	-1.5%	0.0	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	92.0	92.8	33.2%	30.5%	-8.0%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	87.3	91.0	17.2%	13.3%	-7.2%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	88.0	89.5	19.3%	17.6%	-9.1%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	84.3	85.8	14.9%	14.1%	-9.6%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	84.6	86.6	14.0%	12.9%	-9.3%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	84.1	86.1	12.9%	12.1%	-8.2%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	88.6	90.1	14.4%	13.7%	-9.9%	2.6	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.3	96.8	11.2%	10.2%	15.6%	2.9	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	92.5	96.1	10.4%	9.1%	20.1%	3.3	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	84.7	86.7	11.5%	11.0%	-7.9%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	84.8	86.8	11.4%	10.9%	-8.4%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	83.8	85.8	10.8%	10.4%	-6.8%	5.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	83.7	85.4	10.3%	10.0%	-6.6%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.9	33.4	65.8%	57.7%	-39.4%	1.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	98.0	100.0	15.2%	13.7%	-4.3%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	82.8	84.4	12.5%	12.0%	-6.5%	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	80.8	81.9	18.0%	17.5%	-9.8%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.0	93.0	19.2%	17.5%	-8.2%	1.6	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	75.5	78.5	18.5%	17.2%	-11.6%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	90.9	91.5	25.8%	24.6%	-10.8%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	80.0	80.9	14.8%	14.5%	-14.6%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	93.4	94.5	21.5%	19.7%	-8.0%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	85.8	88.0	14.2%	13.3%	-8.6%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	89.4	91.4	15.8%	14.0%	-7.7%	1.6	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	23.4%	21.9%	-3.8%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	102.6	105.3	10.7%	9.9%	-6.3%	3.1	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	65.0	75.0	21.4%	17.2%	-15.7%	3.3	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014						0.5	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	65.0	70.0	59.9%	47.9%	-16.1%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	75.0	79.0	44.6%	37.0%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.0	66.3	38.0%	35.1%	-7.3%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	73.9	75.9	21.2%	20.3%	-10.5%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	84.0	87.0	36.8%	30.6%	-11.3%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	72.0	75.0	30.7%	27.3%	-13.8%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	76.8	78.8	17.5%	16.7%	-12.8%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	60.0	68.0	849.1%	604.4%	-25.1%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	79.5	82.0	26.0%	23.5%	-13.2%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	73.1	75.2	19.0%	18.1%	-16.7%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	76.4	78.3	33.4%	30.9%	-16.8%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.3	78.1	24.9%	22.8%	-17.2%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

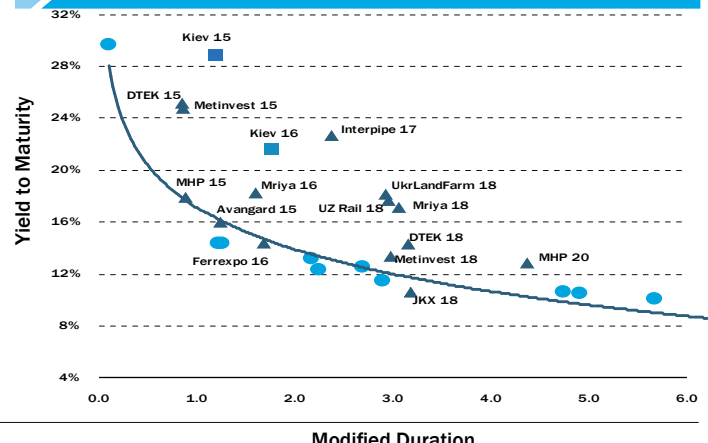
¹ Moody's/S&P/Fitch; * EUR

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	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
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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