

Market Update

Equity

Ukraine's local equity index finished higher on Wednesday (May 14), adding 1.0% to close at 1063 points. Low-liquidity blue chip Yenakievo Steel gained 4.6% to UAH 34.30, while among the top liquid names, UkrNafta and Motor Sich rose by 2.9% and 0.7% respectively on combined turnover of UAH 2.6mn. Raiffeisen Aval was unchanged after falling 13% in Tuesday's session on the expiration of the ex-rights date for its dividend. Outside the UX basket, there was a trade in TurboAtom at UAH 5, representing a 35% increase from the previously-listed price. Externally, the main US indices retreated by around half a percent from their all-time highs registered at the start of this week. In London, Ferrexpo edged up 1.0% to GBP 148, while MHP picked up 1.4% as news of its generous FY13 dividend hit the market; most of the payout had already been priced in, however, and there should be a 5% fall in the issue after the May 23 ex-rights date.

Fixed Income

Ukrainian sovereigns moved marginally higher on Wednesday, with the benchmark Ukraine-2023 issue rising by 0.3p.p. to 84.0/85.7 (10.3%/10.0%). In corporate names, there was some growth UkrLandFarming-18s and DTEK-18s, which advanced by 1.2p.p. and 0.7% to close at 82.1/83.1 (17.4%/17.0%) and 80.0/82.3 (14.8%/13.9%) respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1741.00	0.7%	2.0	53
Donbasenergo	DOEN	40.79	0.9%	1.3	42
Raiffeisen Bank Aval	BAVL	0.16	0.1%	1.1	47

Growth Leaders

Krymenergo	KREN	2.02	5.0%	0.11	8
Yenakievo Steel	ENMZ	34.29	4.6%	0.03	13
Ukrnafta	UNAF	235.90	2.9%	0.58	58

Loss Leaders

Avdyivka Coke	AVDK	2.96	-0.1%	0.012	25
Raiffeisen Bank Aval	BAVL	0.16	0.1%	1.132	47
Centrenergo	CEEN	5.91	0.3%	1.084	137

Highlights

POLITICS AND ECONOMICS

- Ukraine to Issue 5-year USD 1.0bn Eurobonds Under US Guarantee at 2.9%

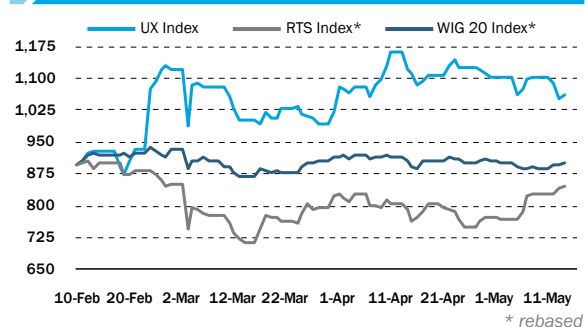
STOCKS IN THE NEWS

- MHP Declares USD 0.757 Dividend, Posts Mixed 1Q14 Financials
- UkrTelecom Reports Net Loss of UAH 50mn 1Q14
- IMC Land Bank Under Spring Crops Up 18% YoY

FIXED INCOME

- DTEK Boosts Coal Export by 70% YoY to 1.2mn tonnes in 1Q14

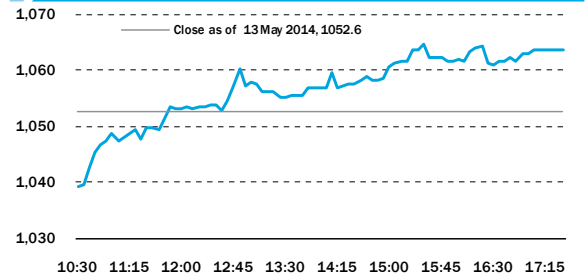
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1063.5	1.0%	-8.6%	16.9%
RTS	1261.0	0.5%	4.7%	-12.6%
WIG20	2421.5	0.3%	-1.7%	0.9%
MSCI EM	1032.2	1.0%	1.7%	3.0%
S&P 500	1888.5	-0.5%	4.0%	2.6%

UX INTRADAY MAY 14, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	302.6	1.0%	-4.7%	-8.5%
CDS 5Y UKR	1113.9	0.0%	10.4%	35.8%
Ukraine-17	11.7%	-0.4 p.p.	1.7 p.p.	2.7 p.p.
Naftogaz Ukr-14	30.5%	-1.3 p.p.	3.2 p.p.	21.8 p.p.
Ukraine-23	10.1%	-0.1 p.p.	1.1 p.p.	2.6 p.p.
Privatbank-16	33.7%	-0.3 p.p.	4.6 p.p.	9.0 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.93	0.8%	-6.1%	44.8%
EUR	16.36	0.8%	-7.3%	43.9%
RUB	0.34	1.3%	-3.5%	37.1%

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	110.2	0.9%	2.6%	-0.9%
Gold, USD/oz	1306.0	1.0%	-0.9%	9.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukraine to Issue 5-year USD 1.0bn Eurobonds Under US Guarantee at 2.9%

by Dmitry Churin
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NEWS

The Ukrainian government is planning to issue a 5-year USD 1.0bn Eurobond under a US guarantee, Interfax reported on Wednesday (May 14), citing a Cabinet of Ministers decree adopted on May 8. The coupon for the issue should not exceed 2.9%, the document said.

COMMENTARY

We understand that the new issue will be placed this week, with the proceeds used to redeem the outstanding USD 1.0bn Eurobond coming due on Jun 4. The announced cap for the bond yield at 2.9% implies a spread of 130 bps to 5-year US Treasuries, compared to the market spread on outstanding Ukrainian sovereigns in the range of 750 bps. The USD 1.0bn loan guarantee is part of a US bilateral assistance package to the Ukrainian government that was signed by US Treasury Secretary Jack Lew and Finance Minister Oleksandr Shlapak on Apr 14. The guarantee assures investors of full repayment of principal and interest. The flip side of the deal is that guarantee is only for a 5-year period instead of a 10-year period, which would have been more appropriate for Ukraine, as the country does not have any Eurobond issues with maturity beyond 2023. We doubt that the successful placement of the new bond will have much effect in terms of lowering the yield on Ukraine's other outstanding sovereign issues, as the bond's market value will be linked much more to the perception of the value of US Treasuries than to the situation in Ukraine.

MHP Declares USD 0.757 Dividend, Posts Mixed 1Q14 Financials

by Ivan Dzvinka
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MHP (MHPC LI)

Price: USD 14.90 Market Cap: USD 1,574mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.8	9.7	6.9	5%
2014E	1.8	neg	5.6	0%

NEWS

MHP, Ukraine's largest poultry producer, said on Wednesday (May 14) that its board has approved a dividend in the amount of USD of 0.757 per share. The ex-rights date is May 23, and the payout will take place on Jun 5. MHP also unveiled a mixed set of financial results for 1Q14 the same day (May 14). The company's top line was up by 2% YoY to USD 309mn on higher sales volumes of poultry and sunflower oil. EBITDA grew by 45% YoY to USD 106mn, with much of the rise coming due to revaluation gain. Lower poultry prices in the period were offset by higher sales volume and a 20% YoY reduction in poultry production cost. The bottom line was distorted by a large foreign currency translation loss of USD 366mn, resulting in a gigantic net loss of USD 316mn.

The pumped-up EBITDA allowed MHP to lower its Net Debt/EBITDA ratio to 2.62x from 2.89x at the start of the year. Net debt was nearly unchanged QoQ at USD 1.28bn, while CapEx halved YoY to USD 29mn in 1Q14.

The spring planting campaign is almost complete and all winter crops are in good condition, according to management.

COMMENTARY

As we expected, the company announced a hefty dividend (implying a yield of 5.2%) simultaneously with the release of its 1Q14 results in order to mitigate negative sentiment from the quarter's gigantic net loss due to FX translation losses. The dividend is a payout of 49% of the company's FY13 net income, or close to the maximum possible level of 50%, according to the company's dividend policy. While the 45% growth in EBITDA looks impressive, we note that out of USD 33mn incremental EBITDA in 1Q14 vs 1Q13, some 73% of this addition was due to a gain in revaluation of biological assets. In particular, this gain amounted to USD 16mn in 1Q14 compared to negative USD 8mn in 1Q13.

The company says it expects to finish 2014 with 20% a YoY increase in EBITDA (implying USD 470mn) or nearly in line with our own forecast of USD 479mn. The company's projection envisages a flat price for poultry in Ukraine YoY over 2014, which we see as rather conservative in light of ongoing growth in the price for pork.

Finally, management said its decision on starting the construction of the second stage its Vinnytsia complex will depend on whether it decides to acquire some EU-based poultry assets instead. If such acquisitions are made in the next 1-2 years, the expansion of Vinnytsia would likely be postponed. In the earliest scenario, MHP said it would start working on second stage in late 2015.

UkrTelecom Reports Net Loss of UAH 50mn 1Q14

by Dmitry Churin
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UKRTELECOM (UTLM UK)

Price: UAH 0.134 Market Cap: USD 212mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.7	12.4	2.7	0.0%
2014E	0.8	8.0	3.0	0.0%

NEWS

UkrTelecom, Ukraine's dominant fixed telephone line operator, reported a net loss of UAH 50.4mn in 1Q14 compared to its net profit of UAH 16.0mn for 1Q13, according to the company's financials published on Wednesday (May 14). Net revenue was essentially unchanged year-over-year at UAH 1.6bn while EBITDA rose 28% YoY to UAH 405mn in the period. On the balance sheet side, the company's total debt was UAH 2.6bn as of 1 Apr 2014.

UKRTELECOM FINANCIALS

UAH mn	1Q14	1Q13	chg.
Net revenue	1,604.0	1,619.0	-0.9%
EBITDA	404.9	316.1	28.1%
<i>margin</i>	25.2%	19.5%	+4.7 p.p.
Net Income	-50.4	16.0	<i>nm</i>
<i>net margin</i>	-3.1%	1.0%	-4.1 p.p.

Source: Company data.

COMMENTARY

UkrTelecom's bottom line deteriorated due to increased financial expenses, which most likely are related to the hryvnia devaluation in 1Q14. The financial costs advanced by 4.4x YoY to UAH 251mn in the period. Notably, the company's revenues from internet access services rose by 6.2% YoY to UAH 371mn. UkrTelecom's internet user base consisted of 1.65mn customers as of 1 Apr 2014. The internet segment is the company's primary focus for further growth. We currently have no recommendation for the UTLM stock, which has seen little trading activity over the past three years.

IMC Land Bank Under Spring Crops Up 18% YoY

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INDUSTRIAL MILK COMPANY (IMC PW)

Price: PLN 8.71 Market Cap: USD 89mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.9	3.5	4.3	0%
2014E	1.2	<i>nm</i>	3.6	0%

NEWS

Central Ukraine-based crop grower Industrial Milk Company (IMC) expanded its land sowed with spring crops by 18% YoY to 124,000 ha, the company said on Tuesday (May 13). The area under corn increased by 38% to 84,700 ha, with the area under soybean doubling to 8,100 ha this season. At the same time, sunflower seeds sowed on an area of 18,800 ha represented a 27% YoY drop, with only small changes in areas under fodder crops (11,700 ha, -6%) and potatoes (672 ha, +4%). Management said the company's winter crops are in good condition.

COMMENTARY

The crop structure of the sowed land corresponds to the company's guidance for this season, which was announced at the start of the planting campaign in mid-April. The only material change was an increase by 300 ha in the area of sunflower at the expense of lower by 300 ha planting area under corn. The completion of the campaign three weeks earlier than last year provides management with grounds to expect robust crop yields this season.

DTEK Boosts Coal Export by 70% YoY to 1.2mn tonnes in 1Q14

by Dmitry Churin
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NEWS

Vertically integrated coal miner and power plant operator DTEK increased its coal exports by 68% YoY to 1.2mn tonnes in 1Q14, according to the group's operational report released on Wednesday (May 14). In other business segments, DTEK showed mixed results in the period, with coal output edging up by 1.7% YoY to 10.4mn tonnes while electricity generation fell by 3.1% YoY to 12.9 TWh.

DTEK PRODUCTION FIGURES				
Segment	Unit	1Q14	1Q13	Change YoY
Coal production	mn tonnes	10.4	10.3	1.7%
Electricity generation	TWh	12.9	13.3	-3.1%
Electricity distribution	TWh	14.8	15.4	-4.0%
Electricity export	TWh	2.1	2.2	-6.2%

Source: Companies' data

COMMENTARY

The notable increase in coal export supplies in 1Q14 could be attributed to the better pricing position of Ukrainian coal on the international market amid the sharp hryvnia devaluation of about 37% in the period. The declines in electricity generation and distribution are clearly due to the poor macroeconomic situation that saw a 5% YoY drop in industrial production over the period. Electricity consumption by industrial consumers fell by 3.4% YoY in 1Q14, while overall demand for electricity in Ukraine decreased by 2.2% YOY to 49.3 TWh in the period. We view DTEK's operating results for 1Q14 as in line with market expectations. For the rest of the year, DTEK will be depending on the performance of the domestic economy, as most of its business is focused on the internal market.

DTEK-2018 Eurobonds currently quote at 14.8%/13.9% YTM, with a spread to the sovereign yield curve of 210 basis points.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.70	0.56	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	148.8	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	8.00	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	7.18	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	0.61	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	15.5	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.
Specialized Machinery						
Motor Sich	MSICH	1741	5250	202%	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	8.9	42.0	373%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	58.5	370	532%	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	40.8	72.0	77%	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	5.91	15.00	154%	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	14.9	15.65	5%	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	39.9	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	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	1063.50	1170.00	799.72	1.0%	-3.1%	-8.6%	16.9%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.032	0.06	0.02	1.3%	2.3%	-18.8%	-18.6%	0.2%	5.3%	-10.2%	-35.4%
Azovstal	AZST	0.70	0.90	0.31	2.6%	0.6%	-9.4%	4.2%	1.6%	3.6%	-0.8%	-12.7%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	n/a	0.0%	-1.0%	3.1%	n/a	-16.9%
Enakievo Steel	ENMZ	34.3	52.0	20.0	4.6%	1.8%	-10.6%	7.1%	3.6%	4.8%	-2.0%	-9.7%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	33.3%	247.8%	-1.0%	3.1%	41.9%	231.0%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	-12.5%	-6.7%	-6.7%	40.0%	-13.5%	-3.6%	1.9%	23.1%
Coke												
Avdivka Coke	AVDK	2.96	4.80	1.46	-0.1%	-0.9%	-16.3%	-0.1%	-1.2%	2.2%	-7.7%	-17.0%
Yasnyivsky Coking	YASK	0.61	0.77	0.49	-3.2%	-9.0%	-11.6%	15.1%	-4.2%	-5.9%	-3.0%	-1.8%
Iron Ore Mining												
Centralny GOK	CGOK	7.18	n/a	n/a	-0.3%	-3.0%	-20.2%	10.5%	-1.3%	0.1%	-11.6%	-6.4%
Ferrexpo	FXPO	2.50	3.20	2.02	0.7%	0.9%	-3.5%	-20.9%	-0.4%	4.0%	5.1%	-37.7%
Pivnichny GOK	SGOK	8.00	10.00	6.20	2.0%	2.6%	-11.6%	0.0%	1.0%	5.6%	-3.0%	-16.9%
Coal Mining												
Pokrovske Mine	SHCHZ	0.54	0.70	0.10	0.0%	-1.8%	-21.7%	35.0%	-1.0%	1.2%	-13.1%	18.1%
Komsomolets Donbasa	SHKD	0.95	n/a	n/a	0.0%	25.0%	-17.4%	53.2%	-1.0%	28.1%	-8.8%	36.4%
Energy Coal	CLE	0.40	1.54	0.31	3.3%	-6.9%	-21.6%	13.4%	2.3%	-3.9%	-13.1%	-3.5%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	0.0%	-13.3%	-15.2%	-1.0%	3.1%	-4.7%	-32.1%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.82	0.85	0.30	2.5%	0.0%	15.5%	36.7%	1.5%	3.1%	24.1%	19.8%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	8.0%	-10.0%	28.6%	-1.0%	11.1%	-1.4%	11.7%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.5	29.0	10.0	-0.6%	3.3%	-12.7%	-10.4%	-1.7%	6.4%	-4.1%	-27.3%
Luhanskeplovoz	LTPL	1.45	2.20	1.20	0.0%	0.0%	-9.4%	-3.3%	-1.0%	3.1%	-0.8%	-20.2%
Stakhanov Wagon	SVGZ	1.01	n/a	n/a	0.0%	-3.8%	-20.5%	-22.3%	-1.0%	-0.7%	-11.9%	-39.2%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	0.5%	-11.8%	-25.3%	49.1%	-0.5%	-8.8%	-16.7%	32.2%
Motor Sich	MSICH	1,741	2,545	1,303	0.9%	0.8%	-10.3%	-4.6%	-0.2%	3.8%	-1.7%	-21.4%
Sumy Frunze Engineering	SMASH	3.75	n/a	n/a	1.4%	-6.3%	n/a	50.0%	0.3%	-3.2%	n/a	33.1%
Turboatom	TATM	5.00	n/a	n/a	35.1%	35.1%	47.1%	42.9%	34.1%	38.2%	55.7%	26.0%
WESTA ISIC	WES	0.16	0.26	0.13	0.0%	0.0%	-8.2%	23.8%	-1.0%	3.1%	0.4%	7.0%
Telecom												
Ukrtelecom	UTLM	0.13	0.19	0.09	-13.0%	-15.7%	-12.2%	21.8%	-14.0%	-12.7%	-3.6%	5.0%
Oil & Gas												
Regal Petroleum	RPT	0.15	0.36	0.13	1.1%	-1.1%	-15.3%	-29.3%	0.0%	2.0%	-6.7%	-46.1%
JKX Oil	JKX	0.98	1.21	0.75	0.5%	7.6%	-1.9%	-17.2%	-0.5%	10.7%	6.7%	-34.0%
Ukrnafta	UNAF	236	270	96	2.9%	1.5%	-10.6%	117.2%	1.8%	4.6%	-2.0%	100.4%
Power Utilities												
Centrenerg	CEEN	5.91	7.40	2.50	0.1%	-1.2%	-0.7%	23.9%	-0.9%	1.9%	7.9%	7.1%
Donbasenergo	DOEN	40.8	50.2	15.4	1.7%	-1.0%	-11.4%	47.8%	0.7%	2.1%	-2.8%	31.0%
Zakhidenergo	ZAEN	135.6	137.9	64.0	2.0%	5.5%	8.5%	50.0%	0.9%	8.6%	17.1%	33.1%
Consumer												
Agroton	AGT	0.77	1.8	0.43	3.0%	-5.2%	-13.3%	19.1%	2.0%	-2.1%	-4.7%	2.2%
Astarta	AST	13.1	24.4	12.1	1.3%	3.4%	-10.9%	-41.3%	0.2%	6.5%	-2.3%	-58.2%
Avangardo	AVGR	8.8	13.0	8.26	-0.2%	0.2%	-8.6%	-25.4%	-1.3%	3.3%	0.0%	-42.2%
Industrial Milk Company	IMC	2.85	5.14	2.49	-3.1%	-4.2%	4.4%	-29.5%	-4.1%	-1.1%	13.0%	-46.3%
Kernel	KER	8.9	19.1	7.6	-4.2%	-4.4%	-14.5%	-29.7%	-5.3%	-1.3%	-5.9%	-46.6%
Mriya Agro Holding	MAYA	7.04	8.2	5.36	10.1%	7.6%	4.3%	-5.5%	9.0%	10.7%	12.9%	-22.4%
MHPC	MHPC	14.9	19.1	11.00	1.4%	19.4%	13.6%	-12.4%	0.4%	22.5%	22.2%	-29.3%
Milkiland	MLK	2.01	4.7	2.01	-0.2%	-5.5%	-21.5%	-51.7%	-1.3%	-2.5%	-12.9%	-68.5%
Ovostar Union	OVO	21.6	33.3	19.4	-0.1%	-7.1%	-5.9%	-35.1%	-1.1%	-4.0%	2.7%	-51.9%
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	-0.4%	-3.8%	-8.3%	10.0%	-1.4%	-0.8%	0.3%	-6.9%
Banks												
Raiffeisen Bank Aval	BAVL	0.157	0.188	0.077	0.1%	-16.1%	-8.4%	38.1%	-0.9%	-13.0%	0.2%	21.2%
UkrSotsbank	USCB	0.152	0.257	0.115	1.0%	-3.8%	-9.2%	-19.2%	0.0%	-0.7%	-0.6%	-36.1%

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	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	246	3.0%	7	230	neg	neg	neg	neg	neg	6.5	0.1	0.1	0.1	50	51	51	\$/tonne
Coke																		
Avdyivka Coke	AVDK	48	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	14	9.0%	1	15	1.7	neg	3.0	0.5	0.5	0.8	0.0	0.0	0.0	0.5	0.5	0.8	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	705	0.3%	2	704	7.4	3.6	4.3	3.0	2.3	2.5	1.2	1.0	1.1				
Pivnichny GOK	SGOK	1,545	0.4%	6	1,539	3.5	2.8	3.4	2.1	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,461	24.0%	351	2,140	6.8	5.5	7.4	5.3	4.2	4.8	1.5	1.4	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	18	25.0%	5	128	0.5	neg	neg	2.0	6.1	14.2	0.8	1.0	1.3	2.0	6.1	14.2	\$/tonne
Pipe Manufacturing																		
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
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	149	5.0%	7	149	1.6	3.6	neg	1.1	2.3	9.7	0.2	0.4	0.9				
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	124	5.8%	7	34	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	210	7.2%	15	514	4.6	12.3	8.0	2.5	2.7	3.0	0.6	0.6	0.8				
Oil & Gas																		
Ukrnafta	UNAF	1,072	3.0%	32	1,064	6.1	>30	9.4	2.3	3.7	3.5	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	48	21.6%	10	23	4.1	neg	23.9	1.1	neg	0.9	0.6	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	168	50.4%	85	277	neg	25.9	21.6	2.0	4.2	4.1	1.4	1.5	1.4	51	38	37	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	183	21.7%	40	252	6.3	3.1	3.3	3.7	3.0	3.3	0.2	0.3	0.3	14	18	15	\$/MWh
DonbasEnerg	DOEN	81	14.2%	12	147	21.1	1.2	1.8	4.6	2.0	2.9	0.3	0.2	0.3	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,574	34.1%	537	2,702	5.1	9.7	neg	5.8	6.9	5.6	1.9	1.8	1.8				
Kernel	KER	709	61.8%	438	1,415	3.4	6.8	9.2	4.4	4.9	5.5	0.7	0.5	0.6				
Astarta	AST	327	37.0%	121	660	5.6	9.6	4.0	6.0	7.3	4.8	1.4	1.3	1.2				
Avangardco	AVGR	560	22.5%	126	760	2.5	2.4	1.9	2.7	2.5	2.0	1.2	1.1	1.0	172	131	123	\$/mneggs
Agroton	AGT	17	26.2%	4	66	2.5	neg	neg	3.2	8.7	18.9	0.7	0.8	0.7	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	394	3.5%	14		>30	4.4	12.5	0.5	0.4	0.5	0.07	0.07	0.08				
Ukrsotsbank	USCB	234	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

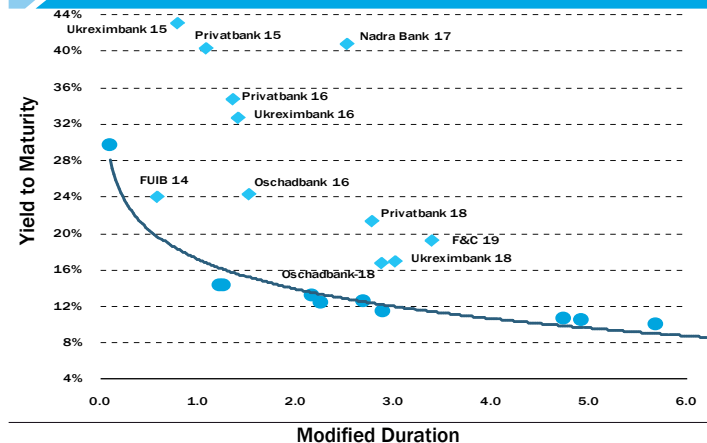
UKRAINIAN EUROBONDS

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	61.1%	25.2%	-1.5%	0.0	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	92.5	93.5	32.0%	29.0%	-7.5%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	87.9	91.6	16.6%	12.7%	-6.5%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	88.3	89.8	19.0%	17.4%	-8.9%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	84.5	86.0	14.8%	13.9%	-9.3%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	85.1	87.1	13.8%	12.7%	-8.7%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	85.2	87.2	12.5%	11.7%	-7.1%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	89.3	90.8	14.0%	13.4%	-9.2%	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	85.0	86.3	11.4%	11.1%	-8.0%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	85.5	86.8	11.2%	10.9%	-8.1%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	84.1	86.1	10.8%	10.4%	-6.5%	5.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	84.0	85.7	10.3%	10.0%	-6.2%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.9	33.8	65.9%	57.0%	-39.0%	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	83.0	84.6	12.4%	12.0%	-6.2%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	94.5	94.5	16.3%	16.3%	-3.5%	1.3	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	82.1	83.1	17.4%	17.0%	-8.4%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	90.0	92.5	20.1%	18.0%	-9.0%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	76.2	79.0	18.2%	17.0%	-10.9%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	91.1	91.4	25.4%	25.0%	-10.7%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	80.0	82.3	14.8%	13.9%	-13.9%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	93.5	94.4	21.4%	20.0%	-8.0%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	85.7	87.9	14.2%	13.3%	-8.6%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.0	92.0	15.3%	13.6%	-7.1%	1.6	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	72.7	75.1	19.7%	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	103.4	105.6	10.5%	9.8%	-5.9%	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	60.4%	48.3%	-16.1%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	75.0	80.0	44.8%	35.5%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.2	67.0	37.8%	34.3%	-6.7%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	74.0	75.3	21.2%	20.6%	-10.8%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	85.0	87.0	34.8%	30.7%	-10.8%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	72.0	75.0	30.8%	27.3%	-13.8%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	77.0	79.4	17.5%	16.4%	-12.3%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	60.0	68.0	947.6%	674.3%	-25.1%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	79.3	82.0	26.2%	23.5%	-13.3%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	73.7	76.1	18.5%	17.7%	-15.9%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	76.4	78.3	33.5%	31.0%	-16.8%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.6	78.5	24.6%	22.5%	-16.8%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

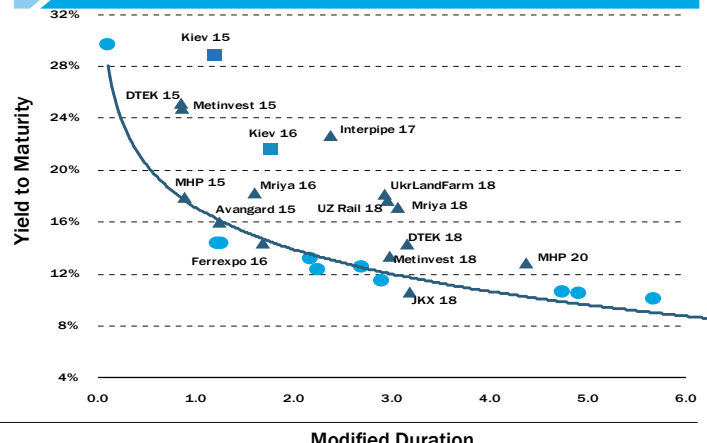
¹ Moody's/S&P/Fitch; * EUR

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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