

**Market Update**

**Equity**

Local Ukrainian blue chips were generally higher on Thursday (May 15) despite negative sentiments on global markets, which declined after worse-than-expected industrial output data from the US along with news of rising bad loans in China. The UX index added 1.0% to close at 1074 points, driven by Motor Sich, which jumped 2.7% to UAH 1788. Low-liquidity issue Avdyivka Coke picked up 2.0% while volume leader DonbasEnergogained 1.0% on turnover of UAH 2.4mn; UkrNafta was little-changed near UAH 235. Outside the UX basket, KrymEnergog, the Rinat-Akhmetov controlled electricity supplier to the former Ukrainian province of Crimea, saw some action, adding 9.5% to UAH 2.08. In London, Ferrexpo continued its sluggish behavior, finishing unchanged, while Avangard moved up 2.6% to just below USD 9.

**Fixed Income**

Ukrainian sovereigns saw some solid improvement on Thursday after MinFin placed a new US-backed 5-year issue; benchmark Ukraine-23s rose by 1.6p.p. to close at 85.5/87.3 (10.0%/9.7%). The corporate universe, however, was mostly sluggish. UkrLandFarming-18s edged up by 0.5p.p. to 82.2/84.1 (17.4%/16.6%) while Metinvest-18s slipped 0.2p.p. to finish at 85.3/87.8 (14.4%/13.3%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Donbasenergo	DOEN	41.30	1.0%	2.4	44
Centrenergog	CEEN	5.97	0.9%	1.8	83
Ukrnafta	UNAF	235.00	-0.3%	1.2	58

**Growth Leaders**

Bank Forum	FORM	0.69	50.0%	0.01	10
Motor Sich	MSICH	1788.00	2.7%	1.22	51
Avdyivka Coke	AVDK	3.02	2.0%	0.03	30

**Loss Leaders**

Khartsyzk Pipe	HRTR	0.81	-0.8%	0.069	8
Ukrnafta	UNAF	235.00	-0.3%	1.238	58
Kryukiv Wagon	KVBZ	15.55	0.3%	0.085	8

**Highlights**

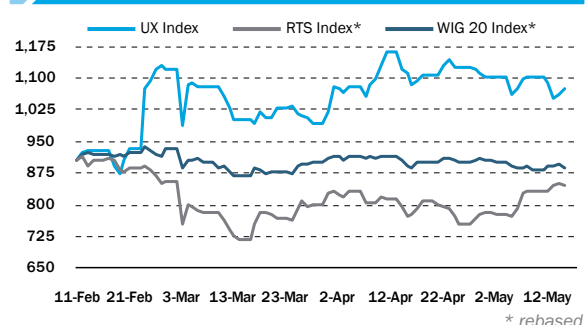
**POLITICS AND ECONOMICS**

- > Merchandise Trade Balance Flat in 1Q as Imports Slump

**STOCKS IN THE NEWS**

- > Ovostar EBITDA Improves 42% YoY in 1Q14
- > Kernel: Likely Sunflower Oil Export Duty To Have Immaterial Effect on Earnings
- > JKK's Output Surges 50% YoY in 1Q14

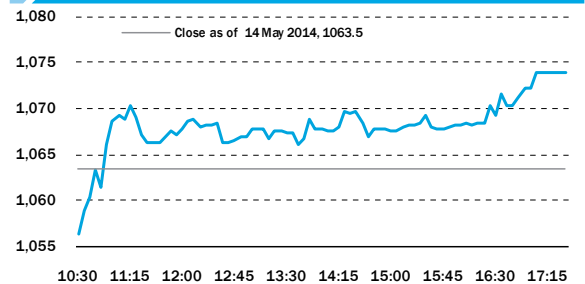
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1073.9	1.0%	-4.1%	18.0%
RTS	1253.0	-0.6%	6.2%	-13.2%
WIG20	2395.6	-1.1%	-1.8%	-0.2%
MSCI EM	1029.1	-0.3%	1.7%	2.7%
S&P 500	1870.9	-0.9%	2.2%	1.6%

**UX INTRADAY MAY 15, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	307.3	1.6%	-3.7%	-7.1%
CDS 5Y UKR	1151.5	3.4%	7.9%	40.4%
Ukraine-17	10.9%	-0.8 p.p.	-0.1 p.p.	1.9 p.p.
Naftogaz Ukr-14	28.8%	-1.7 p.p.	-2.9 p.p.	20.1 p.p.
Ukraine-23	9.8%	-0.3 p.p.	0.4 p.p.	2.3 p.p.
Privatbank-16	33.7%	0.0 p.p.	2.0 p.p.	9.0 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	11.83	-0.9%	-6.9%	43.5%
EUR	16.22	-0.9%	-7.6%	42.6%
RUB	0.34	-1.2%	-6.1%	35.4%

**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	109.1	-0.2%	0.3%	-1.9%
Gold, USD/oz	1296.2	-0.7%	-2.4%	8.3%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

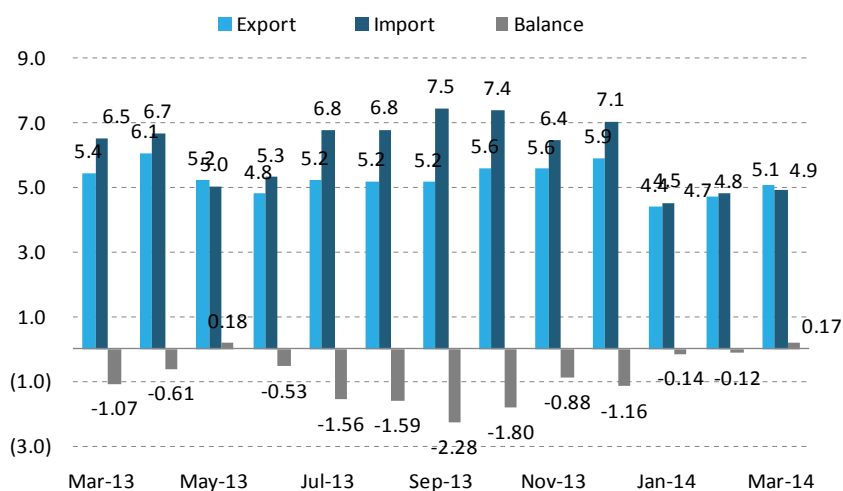
**Merchandise Trade Balance Flat in 1Q as Imports Slump**

by Dmitry Churin  
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**NEWS**

Ukraine's merchandise trade surplus was USD 172mn in March compared to a deficit of USD 1.13bn in the corresponding period a year ago, according to data from the State Statistics Committee. Ukraine's exports were almost unchanged in a year-on-year comparison in March and amounted to USD 5.1bn, while imports plunged by 25% YoY to USD 4.9bn due to a drop in heavy equipment and machinery imports. The country's overall merchandise trade balance for 1Q14 was nearly flat at USD 51mn, compared to a deficit of USD 2.6bn a year earlier.

**UKRAINE'S TRADE BALANCE DATA, USD bn**



Source: State Statistics Committee

**COMMENTARY**

The political upheaval since the start of the year has negatively affected the economy, resulting in a sharp decrease in imports as consumer and business confidence deteriorated in the period. The government made efforts to restrain hard currency outflow from the country with only marginal success. The National Bank (NBU) reported that Ukraine's balance of payment (BoP) deficit was USD 4.3bn in 1Q14, compared to a BoP surplus of USD 1.8bn in 1Q13. We believe that the trade data for April will show only a minor trade deficit, while starting from May the deficit will widen, as the natural gas import season begins amid Russia's intention to switch to advance payments for the fuel. Gazprom says Ukraine currently owes USD 3.5bn for imported gas, including USD 1.3bn for supplies in April. Negotiations are ongoing, with Ukraine insisting on a much lower debt based on a gas price of USD 269 per 1,000 cubic metres instead the USD 485 per 1,000 cu-m that Gazprom claims.

## Ovostar EBITDA Improves 42% YoY in 1Q14

by Ivan Dzvinika  
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### OVOSTAR UNION (OVO PW)

Price: PLN 67.00 Market Cap: USD 132mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.7	4.3	3.9	0%
2014E	1.5	3.9	3.6	0%

### NEWS

Ovostar Union, Ukraine's third-largest egg producer, unveiled across-the-board improved financial results for 1Q14 earlier this week (May 14). Net revenue was up by 11% YoY to USD 19.5mn on a 13% increase in egg sales volume. EBITDA rose by 42% YoY to USD 9.2mn, implying an EBITDA margin of 47%. As it did not register a forex translation loss, Ovostar was able to improve its net profit by 54% YoY to USD 7.9mn in 1Q14.

### COMMENTARY

The strong 1Q results are positive news for the OVO stock. A higher selling price for eggs as well as egg products together with lower production cost allowed the company to improve its operating earnings and margins. The increase in net profit was a result of higher operating profit and a zero forex translation loss, despite the mostly-EUR-denominated debt of the group as of Mar 31 of (equivalent) USD 13.3mn. The forex loss was avoided only because the debt is on the accounts of a holding company (Ovostar Union N.V.) whose functional currency is USD. However, if the debt were consolidated on the books of the operational company (LLC Ovostar Union), the translation loss would be some USD 3.6mn leading, obviously to lower year-on-year net profit (USD 4.3mn vs. USD 5.1mn in 1Q13).

At the end of 1Q14, Ovostar had consumed practically all the feedstock procured at last year's harvest and began to purchase feedstock at current market prices, which are up to 20% higher vs. late 2013. This will adversely affect the company's production cost in 2Q. The large devaluation from UAH/USD 8.90 (the average rate in 1Q) to the current 2Q average rate of close to 12 is set to have a negative impact on the company's top line in 2Q14 (93% of revenue is in UAH), which together with rising production cost will lead to notably lower earnings vs. 1Q in the second quarter.

## Kernel: Likely Sunflower Oil Export Duty To Have Immaterial Effect on Earnings

by Ivan Dzvinika  
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### KERNEL (KER PW)

Price: PLN 26.53 Market Cap: USD 692mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY13	0.5	6.6	4.8	0%
FY14E	0.6	9.0	5.5	3%

### NEWS

Ukraine's Parliament registered a draft law on Tuesday (May 13) envisaging the imposition of a bulk sunflower oil export duty of 3% starting from January 2015. Among listed companies, this initiative will apply to the business of Warsaw-traded Kernel, Ukraine's largest sunflower oil producer.

### COMMENTARY

According to Kernel's management, if this initiative is passed, it will not affect the company's oilseed crushing segment results as "incremental cost would be passed on to the farmers through the re-pricing mechanism". Meanwhile, for the farming segment of the company, it will mean an incremental cost of some USD 2mn per annum, or 0.7% of FY13 EBITDA.

## JKX's Output Surges 50% YoY in 1Q14

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### JKX OIL&GAS (JKX LN)

Price: GBp 58.8 Market Cap: USD 169mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.3	1.0	26.1	2.6	0%
2014E	0.3	0.9	21.7	2.6	0%

## NEWS

Ukraine/Russia-based hydrocarbons extractor JKX Oil&Gas boosted its output by 49.5% YoY to 10,235 boepd in 1Q14, according to an interim management statement released on Thursday (May 15). The company's average production was some 4,650 boepd in Ukraine and 5,580 boepd in Russia in the period.

### JKX PRODUCTION UPDATE

	1Q14	1Q13	change YoY
Production (boepd)	10,235	6,844	49.5%
Gas Production (MMcfd)	55.2	32.6	69.3%
Oil Production (bopd)	1,031	1,417	-27.2%
Realised gas price (USD per Mcf)	6.28	9.15	-31.4%
Realised oil price (USD per barrel)	92.12	94.27	-2.3%
Realised LPG price (USD per tonne)	891.31	925.13	-3.7%

Source: Company data

## COMMENTARY

Although the company reported an impressive improvement in its production results, we still view the current output level as weak. JKX had better results in 2H13 with total output of almost 12,000 boepd reached in 3Q13. For a better understanding of what shape JKX is in this year, we are waiting for testing results from the appraisal well IG-141 at the Ignatovske field located in Ukraine's Poltava oblast. We view the released production results as NEUTRAL for the JKX stock.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.70	0.56	-21%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	148.4	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	3.02	6.2	107%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.57	U/R	na	U/R	Yasynivsky Coke reported net loss of UAH 22mn for FY13 which was the first negative bottom line since 2004.
<b>Coal</b>						
Pokrovske Mine	SHCHZ	0.54	2.9	445%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
<b>Railcar Manufacturing</b>						
Krukiv Wagon	KVBZ	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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	1788	5250	194%	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	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	58.8	370	530%	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	5.97	15.00	151%	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	14.8	15.65	6%	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	9.0	U/R	--	U/R	
Ovostar Union	OVO	67.0	109.50	63%	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	0.157	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	1073.93	1170.00	799.72	1.0%	-2.5%	-4.1%	18.0%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.032	0.06	0.02	0.9%	-0.3%	-11.9%	-17.8%	0.0%	2.2%	-7.8%	-35.8%
Azovstal	AZST	0.70	0.90	0.31	0.4%	1.3%	-3.6%	4.6%	-0.6%	3.8%	0.5%	-13.4%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	n/a	0.0%	-1.0%	2.5%	n/a	-18.0%
Enakievo Steel	ENMZ	34.4	52.0	20.0	0.4%	3.1%	-6.3%	7.6%	-0.5%	5.7%	-2.2%	-10.4%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	33.3%	247.8%	-1.0%	2.5%	37.4%	229.8%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	0.0%	0.0%	-17.6%	40.0%	-1.0%	2.5%	-13.6%	22.0%
<b>Coke</b>												
Avdivka Coke	AVDK	3.02	4.80	1.46	2.1%	1.5%	-4.8%	2.0%	1.2%	4.1%	-0.8%	-16.0%
Yasnyivsky Coking	YASK	0.57	0.77	0.49	-6.6%	-10.9%	-17.4%	7.5%	-7.5%	-8.4%	-13.3%	-10.5%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.18	n/a	n/a	0.0%	-0.3%	-20.2%	10.5%	-1.0%	2.3%	-16.2%	-7.5%
Ferrexpo	FXPO	2.49	3.20	2.02	-0.2%	0.7%	-1.7%	-21.0%	-1.2%	3.2%	2.3%	-39.0%
Pivnichny GOK	SGOK	8.00	10.00	6.20	0.0%	2.6%	-11.6%	0.0%	-1.0%	5.1%	-7.5%	-18.0%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.54	0.70	0.10	0.0%	-1.8%	35.0%	35.0%	-1.0%	0.7%	39.1%	17.0%
Komsomolets Donbasa	SHKD	0.95	n/a	n/a	0.0%	25.0%	-17.4%	53.2%	-1.0%	27.5%	-13.3%	35.2%
Energy Coal	CLE	0.39	1.54	0.31	-2.6%	-9.1%	-15.5%	10.4%	-3.6%	-6.5%	-11.5%	-7.6%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	0.0%	39.3%	-15.2%	-1.0%	2.5%	43.4%	-33.2%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.81	0.85	0.30	-1.2%	-4.7%	12.5%	35.0%	-2.2%	-2.2%	16.6%	17.0%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	0.0%	8.0%	28.6%	-1.0%	2.5%	12.1%	10.6%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	15.6	29.0	10.0	0.3%	-5.5%	-11.5%	-10.1%	-0.7%	-3.0%	-7.5%	-28.1%
Luhanskeplovoz	LTPL	1.45	2.20	1.20	0.0%	0.0%	-11.6%	-3.3%	-1.0%	2.5%	-7.5%	-21.3%
Stakhanov Wagon	SVGZ	1.01	n/a	n/a	0.0%	-3.8%	-20.5%	-22.3%	-1.0%	-1.3%	-16.4%	-40.3%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	1.3%	-10.7%	-2.4%	50.9%	0.3%	-8.2%	1.6%	32.9%
Motor Sich	MSICH	1,788	2,545	1,303	2.7%	3.4%	-6.5%	-2.0%	1.7%	5.9%	-2.5%	-20.0%
Sumy Frunze Engineering	SMASH	3.75	n/a	n/a	0.0%	-6.3%	n/a	50.0%	-1.0%	-3.7%	n/a	32.0%
Turboatom	TATM	5.00	n/a	n/a	0.0%	35.1%	194.1%	42.9%	-1.0%	37.7%	198.2%	24.8%
WESTA ISIC	WES	0.16	0.26	0.13	0.0%	0.0%	-2.4%	23.8%	-1.0%	2.5%	1.7%	5.8%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.13	0.19	0.09	0.0%	-17.3%	-10.7%	21.8%	-1.0%	-14.7%	-6.6%	3.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.36	0.13	0.1%	-3.6%	-15.2%	-29.2%	-0.9%	-1.0%	-11.1%	-47.3%
JKX Oil	JKX	0.99	1.21	0.75	0.5%	8.4%	2.9%	-16.8%	-0.5%	10.9%	7.0%	-34.8%
Ukrnafta	UNAF	235	270	96	-0.4%	-1.0%	-8.3%	116.4%	-1.4%	1.5%	-4.3%	98.4%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.97	7.40	2.50	1.0%	-1.7%	3.6%	25.1%	0.0%	0.8%	7.6%	7.1%
Donbasenergo	DOEN	41.3	50.2	15.4	1.3%	0.0%	-3.7%	49.7%	0.3%	2.5%	0.4%	31.7%
Zakhidenergo	ZAEN	135.6	137.9	64.0	0.0%	2.0%	8.5%	50.0%	-1.0%	4.5%	12.5%	32.0%
<b>Consumer</b>												
Agroton	AGT	0.75	1.8	0.43	-3.5%	-5.5%	-5.0%	14.9%	-4.5%	-2.9%	-0.9%	-3.1%
Astarta	AST	13.0	24.4	12.1	-0.1%	2.3%	-8.4%	-41.4%	-1.1%	4.9%	-4.3%	-59.4%
Avangardo	AVGR	9.0	13.0	8.26	2.6%	1.6%	-8.2%	-23.4%	1.6%	4.2%	-4.1%	-41.5%
Industrial Milk Company	IMC	2.92	5.14	2.49	2.5%	-0.9%	9.1%	-27.7%	1.5%	1.6%	13.2%	-45.7%
Kernel	KER	8.7	19.1	7.6	-2.5%	-9.7%	-11.8%	-31.5%	-3.5%	-7.2%	-7.7%	-49.5%
Mriya Agro Holding	MAYA	6.71	8.2	5.36	-4.8%	5.6%	-1.0%	-10.0%	-5.8%	8.2%	3.0%	-28.0%
MHPC	MHPC	14.8	19.1	11.00	-0.7%	9.7%	13.6%	-13.0%	-1.7%	12.3%	17.7%	-31.0%
Milkiland	MLK	2.00	4.7	2.00	-0.3%	-5.5%	-21.4%	-51.8%	-1.3%	-3.0%	-17.3%	-69.8%
Ovostar Union	OVO	21.9	33.3	19.4	1.4%	-4.2%	-4.1%	-34.2%	0.4%	-1.7%	0.0%	-52.2%
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
<b>Chemicals</b>												
Stirol	STIR	13.8	n/a	n/a	0.0%	8.6%	2.6%	10.0%	-1.0%	11.1%	6.7%	-8.0%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.157	0.188	0.077	0.0%	-15.3%	-7.2%	38.1%	-1.0%	-12.7%	-3.1%	20.1%
UkrSotsbank	USCB	0.150	0.257	0.115	-1.0%	-5.7%	-6.3%	-20.0%	-2.0%	-3.1%	-2.2%	-38.0%

Source: Bloomberg

\* companies listed abroad are in USD

**MAIN FINANCIAL FORECASTS, USD mn**

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E
<b>Steel</b>																
Alchevsk Steel	ALMK	1,783	1,729	1,730	-5	-62	-14	neg	neg	neg	-127	-214	-35	neg	neg	neg
Enakievo Steel	ENMZ	1,578	1,531	1,561	-84	22	33	neg	1.5%	2.1%	9	-185	-29	0.5%	neg	neg
Azovstal	AZST	2,814	1,926	1,976	-181	-31	35	neg	neg	1.8%	-333	-308	-24	neg	neg	neg
<b>Coke</b>																
Avdyivka Coke	AVDK	1,090	914	784	-112	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%
<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	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%
<b>Specialized Machinery</b>																
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%
<b>Telecom</b>																
Ukrtelecom	UTLM	838	791	611	206	190	174	24.5%	24.0%	28.5%	45	17	26	5.4%	2.2%	4.3%
<b>Oil &amp; Gas</b>																
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%
<b>Electric Utilities</b>																
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%
<b>Consumer</b>																
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
<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	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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	70	3.9%	3	1,418	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	367	342	332	\$/tonne
Yenakievo Steel	ENMZ	31	8.8%	3	27	3.6	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	10	9	9	\$/tonne
Azovstal	AZST	249	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	13	9.0%	1	14	1.6	neg	2.8	0.5	0.5	0.7	0.0	0.0	0.0	0.5	0.5	0.7	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	712	0.3%	2	710	7.5	3.7	4.4	3.1	2.3	2.5	1.2	1.0	1.1				
Pivnichny GOK	SGOK	1,559	0.4%	6	1,552	3.6	2.8	3.4	2.1	1.7	1.9	1.1	1.0	1.0				
Ferrexpo	FXPO	1,458	24.0%	350	2,137	6.8	5.5	7.4	5.3	4.2	4.8	1.5	1.4	1.4				
<b>Coal Mining</b>																		
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%	4	128	0.5	neg	neg	2.0	6.0	14.2	0.8	1.0	1.3	2.0	6.0	14.2	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	178	2.0%	4	224	5.3	>30	>30	4.3	7.2	7.4	0.5	0.7	0.7	355	589	559	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	27	24.0%	6	64	5.6	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				
<b>Specialized Machinery</b>																		
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	314	24.0%	75	337	1.6	1.9	1.9	1.1	1.2	1.3	0.3	0.3	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	212	7.2%	15	516	4.7	12.5	8.1	2.5	2.7	3.0	0.6	0.7	0.8				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,078	3.0%	32	1,070	6.1	>30	9.4	2.4	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	169	50.4%	85	278	neg	26.0	21.7	2.0	4.2	4.1	1.4	1.5	1.4	51	38	37	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	186	21.7%	40	255	6.5	3.1	3.3	3.7	3.0	3.4	0.2	0.3	0.3	14	18	16	\$/MWh
DonbasEnergO	DOEN	83	14.2%	12	149	21.6	1.3	1.8	4.7	2.1	2.9	0.3	0.2	0.3	18	19	18	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,564	34.1%	533	2,692	5.0	9.6	neg	5.8	6.9	5.6	1.9	1.8	1.8				
Kernel	KER	691	61.8%	427	1,397	3.3	6.6	9.0	4.3	4.8	5.5	0.6	0.5	0.6				
Astarta	AST	326	37.0%	121	660	5.6	9.6	4.0	6.0	7.3	4.8	1.4	1.3	1.2				
Avangardco	AVGR	575	22.5%	129	774	2.5	2.4	1.9	2.8	2.6	2.1	1.2	1.2	1.0	175	133	125	\$/mneggs
Agroton	AGT	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	
<b>Banks</b>																		
									P/E	P/Book				P/Assets				
Raiffeisen Bank Aval	BAVL	398	3.5%	14		>30	4.4	12.6	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



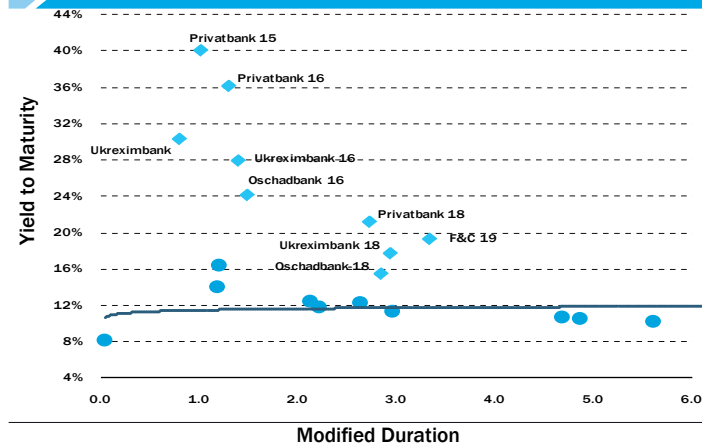
## UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2014	98.5	101.5	45.5%	-29.1%	0.0%	0.0	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	93.2	93.9	30.0%	27.7%	-6.9%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	88.4	92.2	16.0%	12.2%	-5.9%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	89.9	91.4	17.3%	15.7%	-7.2%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	88.2	89.2	12.7%	12.2%	-5.7%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	87.7	89.7	12.4%	11.3%	-6.0%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	87.1	89.1	11.7%	10.9%	-5.0%	3.0	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	92.4	93.9	12.7%	12.1%	-6.1%	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	13.7%	12.6%	8.6%	3.2	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	87.0	89.0	10.9%	10.4%	-5.5%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	87.4	89.4	10.8%	10.3%	-5.7%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	85.9	87.4	10.4%	10.1%	-4.9%	5.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.5	87.3	10.0%	9.7%	-4.5%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.9	33.9	66.0%	56.8%	-38.9%	1.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	98.0	100.0	15.3%	13.7%	-4.3%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	83.3	84.9	12.3%	11.9%	-5.9%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	94.5	94.5	16.4%	16.4%	-3.5%	1.3	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	82.2	84.1	17.4%	16.6%	-7.8%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	90.0	93.0	20.1%	17.6%	-8.7%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	76.0	77.1	18.3%	17.8%	-12.1%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	91.1	91.4	25.5%	25.0%	-10.7%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	80.7	82.5	14.6%	13.9%	-13.4%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	93.4	94.8	21.6%	19.5%	-7.8%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	85.3	87.8	14.4%	13.3%	-8.9%	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	72.9	77.1	19.6%	17.7%	-18.2%	3.1	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	104.4	106.2	10.2%	9.6%	-5.1%	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%	3.3	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	60.6%	48.4%	-16.1%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	75.0	80.0	45.0%	35.6%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.2	67.0	37.8%	34.4%	-6.7%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	74.0	76.0	21.2%	20.2%	-10.4%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	87.0	87.5	30.8%	29.8%	-9.5%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	73.0	76.0	29.7%	26.3%	-12.7%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	80.9	82.2	15.8%	15.3%	-8.6%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	60.0	68.0	985.9%	701.5%	-25.1%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	80.7	82.0	24.8%	23.5%	-12.6%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	75.0	77.0	18.2%	17.3%	-14.6%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	76.0	81.0	34.1%	27.5%	-15.6%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	76.0	81.0	24.4%	20.8%	-15.6%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

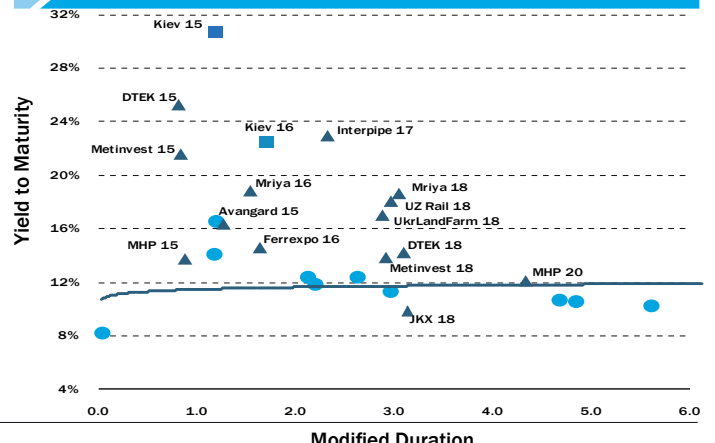
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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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