

**Market Update**
**Equity**

Kyiv-listed Ukrainian stocks ended mostly higher on Friday (May 16), with the UX index rising 0.7% to close at 1081 points. The largest contribution to the market growth was made by Motor Sich (MSICH UK), which advanced by 3.0% to UAH 1858, bringing its weekly gain to 7.5%. Comments by the company's CEO Vyacheslav Boguslaev claiming continued normal exports of the company's engines to Russia were the main positive factor for the stock. Among other blue chips, UkrNafta (UNAF UK) increased by 1.8% while Avdyivka Coke (AVDK UK) shed 0.5%. In the second division, both UkrTelecom (UTLM UK) and Yasynivsky Coke (YASK UK) added about 1.3%. In London trading, MHP (MHPC LI) and Avangard (AVGR LI) declined by 1.4% and 1.6% respectively, while in Warsaw, Industrial milk Company (IMC PW) fell by 6.4% to PLN 8.25 after reporting a net loss for 1Q14.

**Fixed Income**

Ukrainian benchmark sovereigns edged higher on Friday in a relatively subdued session, with Ukraine-23s increasing by 0.5p.p. to 86.1/87.6 (9.9%/9.6%), reducing their yield spread to US Treasuries to around 735 bps. In corporate debt, MHP-20s improved by 0.4p.p. to 83.6/85.6 (12.3%/11.7%) while DTEK-18s inched down 0.2p.p. to close at 80.5/82.3 (14.6%/13.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenergo	CEEN	5.95	0.1%	2.2	139
Motor Sich	MSICH	1840.00	3.0%	1.4	97
Ukrnafta	UNAF	240.00	1.8%	1.3	53

**Growth Leaders**

Pivnichny GOK	SGOK	8.19	3.7%	0.01	8
Motor Sich	MSICH	1840.00	3.0%	1.44	97
Ukrnafta	UNAF	240.00	1.8%	1.35	53

**Loss Leaders**

Krymenergo	KREN	1.80	-10.0%	0.279	11
Yenakievo Steel	ENMZ	33.90	-1.6%	0.009	22
Azovstal	AZST	0.70	-1.1%	0.017	13

**Highlights**
**POLITICS AND ECONOMICS**

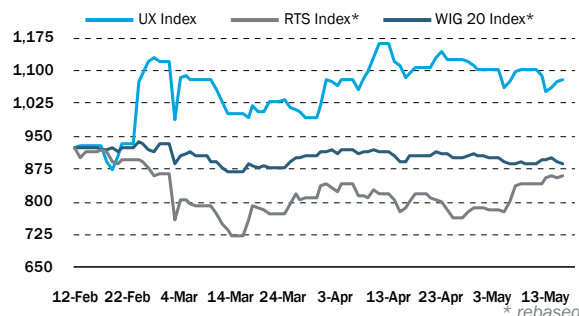
- > Communist Symonenko Quits Presidential Race

**STOCKS IN THE NEWS**

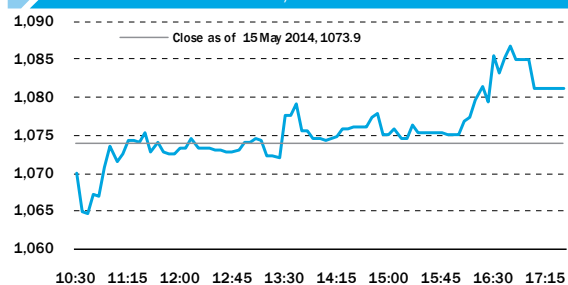
- > IMC Reports 84% YoY Higher 1Q14 EBITDA, Net Loss on Deval

**FIXED INCOME**

- > UkrZaliznytsa Cargo Handling Edged Down 0.3% YoY in 4M14

**STOCK MARKET PERFORMANCE**

**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1081.3	0.7%	-2.9%	18.8%
RTS	1262.0	0.7%	10.4%	-12.5%
WIG20	2392.9	-0.1%	-0.6%	-0.3%
MSCI EM	1032.0	0.3%	3.2%	3.0%
S&P 500	1877.9	0.4%	1.9%	2.0%

**UX INTRADAY MAY 16, 2014**

**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	306.8	-0.1%	-5.0%	-7.2%
CDS 5Y UKR	1141.3	-0.9%	7.0%	39.1%
Ukraine-17	11.0%	0.0 p.p.	-0.2 p.p.	2.0 p.p.
Naftogaz Ukr-14	28.9%	0.1 p.p.	-5.7 p.p.	20.2 p.p.
Ukraine-23	9.7%	-0.1 p.p.	0.2 p.p.	2.2 p.p.
Privatbank-16	34.7%	1.0 p.p.	2.6 p.p.	10.0 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	11.96	1.1%	0.5%	45.1%
EUR	16.38	1.0%	-0.4%	44.0%
RUB	0.34	1.4%	4.8%	37.3%

**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	109.8	0.6%	0.7%	-1.3%
Gold, USD/oz	1293.5	-0.2%	-0.7%	8.1%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Communist Symonenko Quits Presidential Race

by Will Ritter  
w.ritter@eavex.com.ua

### NEWS

Ukrainian Communist Party presidential candidate Petro Symonenko announced his withdrawal from the race on Friday (May 16) during his slot in the televised public debate series on National Channel One. The Communist leader, who was runner-up to Leonid Kuchma in the 1999 presidential election and more recently won about 4% in the 2010 presidential election, called on his supporters to boycott the May 25 vote and said it is “illegitimate” due to the interim government’s military offensive in Donetsk oblast.

### COMMENTARY

Symonenko’s withdrawal is notable because it could help front-runner Petro Poroshenko over the 50% barrier on May 25, allowing him to claim the presidency outright immediately after this Sunday’s vote without having to go to a second round on June 15. Poroshenko has been polling in the mid to high 40s among likely voters, with Yulia Tymoshenko and Serhiy Tigipko both well behind him in the low to middle teens. Far-right and marginal Ukrainian nationalist candidates appear set to combine for around 6-8%, while the Party of Regions’ Mikhail Dobkin may pick up about the same figure in combination with minor pro-Russian candidates. With Symonenko out of the race and assuming that most of his voters stay home, this theoretically leaves Poroshenko with 52-53%, although we note that the margin of error of the polling is more than 3%, and we therefore see the May 25 outcome as a very close call. In a second round campaign against either Tymoshenko or Tigipko, Poroshenko would obviously be the favorite, but as we have seen over the recent months, three weeks can be a very long time in Ukrainian politics, and the challenger might be able to make up more ground on Poroshenko than expected. Importantly, Parliament approved a law last week allowing the election results to be certified even if voting does not take place in some regions, as armed pro-Russian paramilitaries are likely to physically prevent the election from being held in municipalities under their control.

**IMC Reports 84% YoY Higher 1Q14 EBITDA, Net Loss on Deval**

by Ivan Dzvinka  
i.dzvinka@eavex.com.ua

**INDUSTRIAL MILK COMPANY (IMC PW)**

Price: PLN 8.36 Market Cap: USD 87mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.8	3.4	4.3	0%
2014E	1.2	nm	3.6	0%

**NEWS**

Central-Ukraine-based crop grower Industrial Milk Company (IMC) finished 1Q14 with EBITDA of USD 9.3mn, a rise of 84% YoY, the company reported last week. Net revenue was up by 13% yoY to USD 39.9mn, mostly due to a 24% increase in revenue from sales of corn. Meanwhile, the devaluation of the hryvnia led to a large foreign currency translation loss, which pushed IMC's bottom line deep into the red at negative USD 32mn.

**COMMENTARY**

Apart from the predictable forex-related one-off write-down, IMC's latest results look rather impressive. The company's self-sufficiency in storage capacities allowed it to postpone sales of much of its crops following last year's harvest. As a result, IMC sold 183,000 tonnes of its corn (95% of its total sales tonnage in 1Q14) at a price which was 12% higher compared to that in 4Q13. With around 85% of its revenue earned in foreign currency and only 60% of its production cost linked to the UAH/USD rate, IMC is one of just a few Ukrainian agro names who will benefit from the hryvnia devaluation on the level of operating earnings, and we confirm our positive outlook for the company which now trades with lucrative 2014E EV/EBITDA ratio of 3.6x.

**UkrZaliznytsa Cargo Handling  
Edged Down 0.3% YoY in 4M14**

by Dmitry Churin  
d.churin@eavex.com.ua

**NEWS**

UkrZaliznytsa (UZ Rail), Ukraine's state-owned railway operator, handled 136.8mn tonnes of cargo in 4M14, according to a company press statement published on Friday (May 16). The cargo transport breakdown in the period was the following: 66.2mn tonnes internal, 58.6mn tonnes external, and 11.9mn tonnes transit. Ukraine's total cargo transportation, including data for Crimea, increased by 2.5% YoY to 243.6mn tonnes in 4M14.

**COMMENTARY**

It looks surprising to us that Ukraine's cargo transportation has not declined amid the overall downturn in the country's economy reported by UkrStat. We assume that support for transportation loads has come from the agro sector following a record high grain harvest in 2013. Cargo transport is the largest business segment for UkrZaliznytsa, accounting for some 75% of its revenue.

UZ Rail-2018 Eurobonds are currently quoted at 19.5%/17.7% YTM, implying a spread of 800 bps to the sovereign yield curve.

## 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	-20%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	142.2	125.0	-12%	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	8.19	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	3.00	6.2	108%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.60	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	15.5	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.40	5.2	273%	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	1840	5250	185%	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	58.5	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.
<b>Power Utilities</b>						
DonbasEnerg	DOEN	41.8	72.0	72%	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	5.95	15.00	152%	BUY	CenterEnerg'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	14.6	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	39.9	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	8.9	U/R	--	U/R	
Ovostar Union	OVO	65.2	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	0.157	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	1081.28	1170.00	799.72	0.7%	-1.9%	-2.9%	18.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.032	0.06	0.02	-0.9%	-1.3%	-12.0%	-18.6%	-1.6%	0.6%	-9.0%	-37.4%
Azovstal	AZST	0.70	0.90	0.31	-0.4%	0.9%	-2.9%	4.2%	-1.1%	2.7%	0.0%	-14.6%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	n/a	0.0%	-0.7%	1.9%	n/a	-18.8%
Enakievo Steel	ENMZ	33.9	52.0	20.0	-1.6%	1.5%	-5.6%	5.9%	-2.3%	3.4%	-2.7%	-12.9%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	33.3%	247.8%	-0.7%	1.9%	36.3%	229.0%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	0.0%	0.0%	-26.3%	40.0%	-0.7%	1.9%	-23.4%	21.2%
<b>Coke</b>												
Avdivka Coke	AVDK	3.00	4.80	1.46	-0.5%	1.0%	-8.1%	1.5%	-1.2%	2.9%	-5.2%	-17.4%
Yasnyivsky Coking	YASK	0.60	0.77	0.49	5.3%	-6.3%	-13.0%	13.2%	4.6%	-4.4%	-10.1%	-5.6%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.18	n/a	n/a	0.0%	-0.3%	-20.2%	10.5%	-0.7%	1.6%	-17.3%	-8.4%
Ferrexpo	FXPO	2.39	3.20	2.02	-3.9%	-2.6%	-3.6%	-24.1%	-4.6%	-0.7%	-0.6%	-42.9%
Pivnichny GOK	SGOK	8.19	10.00	6.20	2.4%	5.0%	-1.3%	2.4%	1.7%	6.9%	1.6%	-16.4%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.54	0.70	0.10	0.0%	-1.8%	-3.6%	35.0%	-0.7%	0.1%	-0.6%	16.2%
Komsomolets Donbasa	SHKD	0.95	n/a	n/a	0.0%	25.0%	-17.4%	53.2%	-0.7%	26.9%	-14.4%	34.4%
Energy Coal	CLE	0.39	1.54	0.31	1.7%	-3.0%	-13.7%	12.4%	1.1%	-1.1%	-10.8%	-6.5%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	0.0%	39.3%	-15.2%	-0.7%	1.9%	42.2%	-34.0%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.84	0.85	0.30	3.7%	-1.2%	16.7%	40.0%	3.0%	0.7%	19.6%	21.2%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	0.0%	8.0%	28.6%	-0.7%	1.9%	10.9%	9.8%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	15.5	29.0	10.0	-0.3%	-5.8%	-11.4%	-10.4%	-1.0%	-4.0%	-8.5%	-29.2%
Luhanskeplovoz	LTPL	1.40	2.20	1.20	-3.4%	-3.4%	-14.6%	-6.7%	-4.1%	-1.6%	-11.7%	-25.5%
Stakhanov Wagon	SVGZ	1.02	n/a	n/a	1.0%	-2.9%	-19.7%	-21.5%	0.3%	-1.0%	-16.7%	-40.4%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	12.0%	0.0%	9.3%	69.1%	11.3%	1.9%	12.2%	50.2%
Motor Sich	MSICH	1,840	2,545	1,303	2.9%	6.4%	-4.0%	0.9%	2.2%	8.2%	-1.1%	-17.9%
Summy Frunze Engineering	SMASH	4.40	n/a	n/a	17.3%	10.0%	17.0%	76.0%	16.6%	11.9%	20.0%	57.2%
Turboatom	TATM	5.00	n/a	n/a	0.0%	35.1%	194.1%	42.9%	-0.7%	37.0%	197.1%	24.0%
WESTA ISIC	WES	0.16	0.26	0.13	0.0%	0.0%	-7.4%	23.8%	-0.7%	1.9%	-4.5%	5.0%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.16	0.19	0.09	20.1%	-0.6%	0.6%	46.4%	19.5%	1.3%	3.6%	27.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.36	0.13	0.3%	-2.8%	-8.4%	-29.1%	-0.4%	-1.0%	-5.5%	-47.9%
JXX Oil	JKX	0.98	1.21	0.75	-0.2%	8.7%	2.4%	-16.9%	-0.9%	10.6%	5.3%	-35.7%
Ukrnafta	UNAF	240	270	96	2.1%	1.1%	-1.2%	121.0%	1.4%	3.0%	1.7%	102.2%
<b>Power Utilities</b>												
Centrenerg	CEEN	5.95	7.40	2.50	-0.2%	-1.9%	4.0%	24.9%	-0.9%	-0.1%	7.0%	6.0%
Donbasenergo	DOEN	41.8	50.2	15.4	1.3%	1.3%	-3.6%	51.6%	0.6%	3.1%	-0.6%	32.8%
Zakhidenergo	ZAEN	135.6	137.9	64.0	0.0%	2.0%	8.5%	50.0%	-0.7%	3.8%	11.4%	31.2%
<b>Consumer</b>												
Agroton	AGT	0.76	1.8	0.43	2.2%	3.9%	-0.8%	17.5%	1.6%	5.8%	2.2%	-1.3%
Astarta	AST	13.0	24.4	12.1	0.0%	3.0%	-3.5%	-41.4%	-0.7%	4.9%	-0.5%	-60.2%
Avangardo	AVGR	8.9	13.0	8.26	-1.6%	3.2%	-8.7%	-24.7%	-2.3%	5.1%	-5.8%	-43.5%
Industrial Milk Company	IMC	2.73	5.14	2.49	-6.4%	-5.5%	2.3%	-32.4%	-7.1%	-3.7%	5.2%	-51.2%
Kernel	KER	8.7	19.1	7.6	0.0%	-8.6%	-8.9%	-31.5%	-0.6%	-6.7%	-6.0%	-50.3%
Mriya Agro Holding	MAYA	6.71	8.2	5.36	0.1%	4.9%	-0.8%	-9.9%	-0.6%	6.8%	2.1%	-28.7%
MHPC	MHPC	14.6	19.1	11.00	-1.4%	7.9%	16.7%	-14.2%	-2.1%	9.8%	19.7%	-33.0%
Milkiland	MLK	1.88	4.7	1.88	-6.3%	-7.9%	-25.6%	-54.9%	-7.0%	-6.1%	-22.6%	-73.7%
Ovostar Union	OVO	21.3	33.3	19.4	-2.6%	-0.2%	-6.2%	-35.9%	-3.3%	1.6%	-3.3%	-54.7%
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
<b>Chemicals</b>												
Stirol	STIR	13.8	n/a	n/a	0.0%	8.6%	2.6%	10.0%	-0.7%	10.5%	5.6%	-8.8%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.157	0.188	0.077	0.0%	-15.3%	-7.0%	38.1%	-0.7%	-13.4%	-4.1%	19.2%
UkrSotsbank	USCB	0.153	0.257	0.115	2.0%	-3.8%	-3.7%	-18.4%	1.3%	-1.9%	-0.8%	-37.2%

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	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	30	8.8%	3	26	3.5	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	9	9	9	\$/tonne
Azovstal	AZST	245	3.0%	7	230	neg	neg	neg	neg	neg	6.5	0.1	0.1	0.1	50	51	50	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	49	6.8%	3	46	neg	neg	neg	neg	1.0	1.6	0.0	0.1	0.1	11	12	13	\$/tonne
Yasynivsky Coke	YASK	14	9.0%	1	15	1.6	neg	2.9	0.5	0.5	0.8	0.0	0.0	0.0	0.5	0.5	0.8	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	703	0.3%	2	702	7.4	3.6	4.3	3.0	2.2	2.5	1.2	1.0	1.1				
Pivnichny GOK	SGOK	1,578	0.4%	6	1,571	3.6	2.9	3.4	2.1	1.7	1.9	1.1	1.0	1.0				
Ferrexpo	FXPO	1,400	24.0%	336	2,079	6.5	5.3	7.1	5.2	4.1	4.7	1.5	1.3	1.3				
<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	183	2.0%	4	228	5.4	>30	>30	4.4	7.3	7.5	0.5	0.7	0.7	362	601	571	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	26	24.0%	6	63	5.3	1.3	1.1	2.2	1.8	1.6	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				
<b>Specialized Machinery</b>																		
Turboatom	TATM	124	5.8%	7	34	3.2	1.7	1.8	0.7	0.4	0.4	0.2	0.2	0.1				
Motor Sich	MSICH	320	24.0%	77	342	1.6	1.9	1.9	1.1	1.3	1.3	0.3	0.3	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	252	7.2%	18	556	5.6	14.8	9.6	2.7	2.9	3.2	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,088	3.0%	33	1,080	6.2	>30	9.5	2.4	3.8	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	277	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	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	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	1,542	34.1%	526	2,669	5.0	9.5	neg	5.7	6.8	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	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	2.4	neg	neg	3.2	8.7	18.9	0.7	0.8	0.7	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	393	3.5%	14		>30	4.4	12.5	0.5	0.4	0.5	0.07	0.07	0.08				
Ukrsotsbank	USCB	235	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research



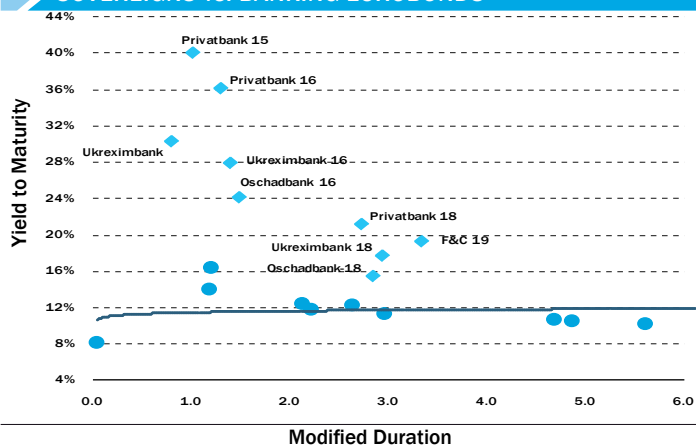
### UKRAINIAN EUROBONDS

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	100.5	48.4%	-5.7%	-0.5%	0.0	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	93.2	93.9	30.2%	27.7%	-6.9%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	90.3	91.8	14.1%	12.6%	-5.2%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.2	92.7	15.9%	14.4%	-5.8%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	89.0	90.0	12.3%	11.7%	-4.8%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	88.5	90.2	12.0%	11.1%	-5.3%	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	92.1	93.6	12.8%	12.2%	-6.4%	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%	12.7%	8.6%	3.2	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	87.0	89.0	10.9%	10.4%	-5.4%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	88.1	90.1	10.6%	10.1%	-4.9%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	86.7	88.2	10.2%	9.9%	-3.9%	5.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	86.1	87.6	9.9%	9.6%	-4.0%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.9	33.9	66.2%	56.9%	-38.9%	1.8	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	98.0	100.0	15.4%	13.8%	-4.3%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	83.6	85.6	12.3%	11.7%	-5.4%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	92.2	92.2	18.8%	18.8%	-5.9%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	82.2	83.6	17.4%	16.8%	-8.1%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	90.0	93.0	20.2%	17.7%	-8.7%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	75.0	77.0	18.7%	17.9%	-12.8%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	91.9	92.1	24.4%	23.9%	-10.0%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	80.5	82.3	14.6%	13.9%	-13.6%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	93.6	94.9	21.4%	19.4%	-7.7%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	85.7	87.1	14.2%	13.6%	-9.1%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.1	92.7	15.4%	13.2%	-6.8%	1.6	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	73.0	77.1	19.5%	17.7%	-18.2%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	74.0	75.5	23.5%	21.9%	-3.8%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	103.7	105.7	10.3%	9.8%	-5.7%	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	60.8%	48.5%	-16.1%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	75.0	80.0	45.5%	35.9%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	61.5	68.0	41.8%	33.4%	-7.9%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	73.8	75.7	21.3%	20.4%	-10.7%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	87.0	89.0	31.2%	27.3%	-8.8%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	74.0	77.0	28.7%	25.4%	-11.5%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	81.1	82.1	15.7%	15.3%	-8.5%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	60.0	68.0	1027.5%	731.0%	-25.1%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	81.5	83.0	24.2%	22.7%	-11.6%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	75.8	78.7	17.9%	16.6%	-13.2%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	76.0	81.0	34.3%	27.7%	-15.5%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	76.3	81.0	24.2%	20.8%	-15.5%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

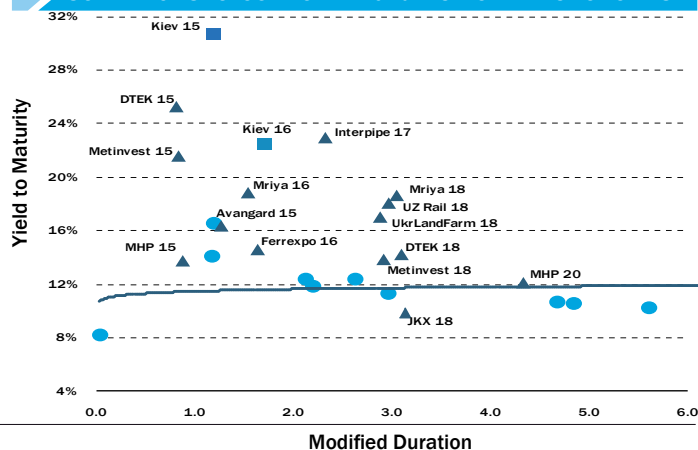
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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

## Eavex Capital

Evropa Plaza  
33 Shevchenko Blvd.  
Floor 11  
Kyiv, Ukraine, 01032

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

**Chairman of the Board**

yuriy.yakovenko@eavex.com.ua

### SALES & TRADING

Pavel Korovitskiy

**Managing Director**

**Equity and Fixed Income**

p.korovitsky@eavex.com.ua

Alexander Klymchuk

**Equity & Fixed Income**

a.klymchuk@eavex.com.ua

Eugene Klymchuk

**Fixed Income Sales & Trading**

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

**Equity Trading**

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

**Online Trading**

n.malinyak@eavex.com.ua

### RESEARCH

Dmitry Churin

**Head of Research**

d.churin@eavex.com.ua

Ivan Dzvinka

**Research Associate**

i.dzvinka@eavex.com.ua

Will Ritter

**Research editor**

w.ritter@eavex.com.ua