

**Market Update**

**Equity**

Locally-listed Ukrainian stocks were mixed on Tuesday (May 20), with the UX index flatlining for much of the day before ending up two tenths of a percent at 1120 points. The most notable mover was power generation blue chip CentrEnergO, which added 2.1% to UAH 6.33. Also closing higher were volume leaders Motor Sich and DonbasEnergO, which edged up by about half a percent each on combined turnover of UAH 4.0mn. On the downside, Raiffeisen Aval and Metinvest-controlled Yenakievo Steel fell 1.7% and 1.3% respectively; most other blue chips, including UkrNafta and Azovstal, were little-changed. Outside the UX basket, another Metinvest steel mill, Mariupol-based MMK Illycha, fell 7% from its previously listed price to 13.65 kopecks. In London, Ferrexpo slid another 2.5% to GBp 133 as it approaches its post-2009 low on slumping iron ore spot prices in China that have fallen below USD 100 per tonne.

**Fixed Income**

Ukrainian sovereigns continued their advance on Tuesday, with long-term benchmark Ukraine-23s rising 0.6p.p. to close at 88.4/90.) (9.5%/9.1%). In corporate names, UkrLandFarming-18s improved by 1.7p.p. to 84.0/85.9 (16.7%/15.9%) and Metinvest-18s added 0.7p.p. to 87.2/89.6 (13.6%/12.7%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	1921.00	0.4%	2.8	135
CentrenergO	CEEN	6.33	2.2%	1.5	186
Raiffeisen Bank Aval	BAVL	0.16	-1.7%	1.3	112

**Growth Leaders**

CentrenergO	CEEN	6.33	2.2%	1.55	186
Ukrsotsbank	USCB	0.16	0.7%	0.01	7
DonbasenergO	DOEN	43.53	0.7%	1.23	92

**Loss Leaders**

Mariupol Illycha	MMKI	0.14	-7.0%	0.184	27
Raiffeisen Bank Aval	BAVL	0.16	-1.7%	1.327	112
Yenakievo Steel	ENMZ	34.08	-1.3%	0.011	28

**Highlights**

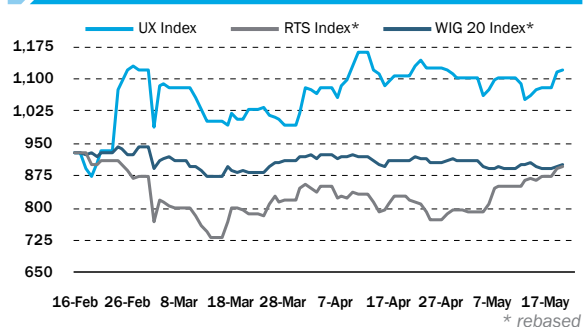
**POLITICS AND ECONOMICS**

- > Industrial Production Index Down 6.0% YoY in April

**FIXED INCOME**

- > VAB to Postpone Bond Redemption to 2019, Cut Coupon from 10.5% to 9.0%
- > Metinvest Crude Steel Output Down, Processed Steel Output Up in 1Q14

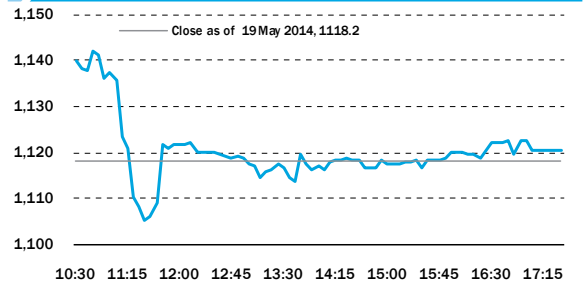
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1120.3	0.2%	1.3%	23.1%
RTS	1298.6	0.7%	8.2%	-10.0%
WIG20	2410.2	0.4%	-1.0%	0.4%
MSCI EM	1029.9	-0.5%	1.8%	2.8%
S&P 500	1872.8	-0.6%	0.4%	1.7%

**UX INTRADAY MAY 20, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	307.2	1.4%	-0.6%	-7.1%
CDS 5Y UKR	1006.2	-5.3%	-11.6%	22.7%
Ukraine-17	10.3%	0.4 p.p.	-0.7 p.p.	1.3 p.p.
Naftogaz Ukr-14	26.2%	-0.4 p.p.	-7.2 p.p.	17.4 p.p.
Ukraine-23	9.3%	-0.1 p.p.	0.0 p.p.	1.8 p.p.
Privatbank-16	32.1%	-2.6 p.p.	-1.6 p.p.	7.4 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	11.95	0.0%	5.8%	45.0%
EUR	16.38	0.0%	4.9%	44.0%
RUB	0.35	0.1%	9.1%	37.8%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	275.5	0.0%	-8.8%	-4.1%
Steel, USD/t	537.5	0.0%	2.9%	0.0%
Oil, USD/bbl	109.7	0.3%	0.5%	-1.4%
Gold, USD/oz	1294.4	0.1%	0.0%	8.2%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

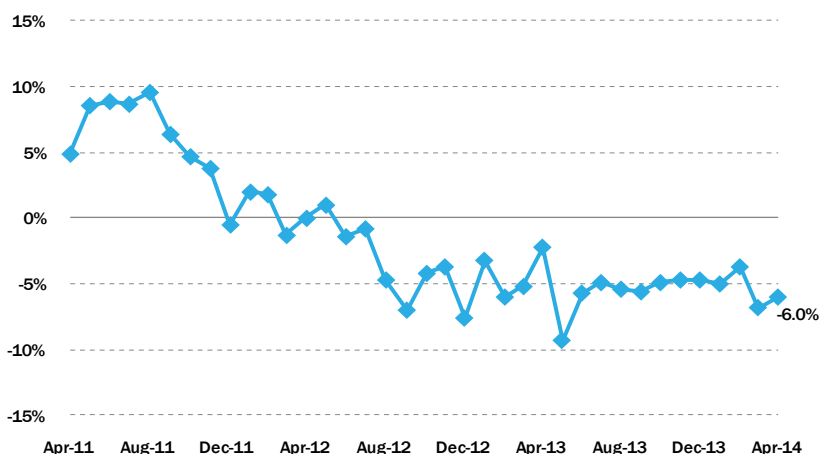
**Industrial Production Index Down  
6.0% YoY in April**

by Dmitry Churin  
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**NEWS**

Ukraine's industrial production fell by 6.0% YoY in April, the State Statistics Committee reported on Tuesday (May 20). Year-to-date through April, industrial production is down by 5.3% YoY.

**UKRAINE'S MONTHLY INDUSTRIAL PRODUCTION INDEX, YOY**



Source: State Statistics Committee

**COMMENTARY**

The industrial production trend of -5% YoY thus far in 2014 is on a scale similar to the 2013-on-2012 decline; obviously, in the environment of political upheaval that has characterized 2014 so far, previous forecasts of a recovery in output from last year's low comparison base are out the window. We note that the State Statistics Committee decided to provide the IP data by removing the data for Crimea, which has effectively seceded from Ukraine. For information purpose only, the IP index in Crimea alone plunged by 30.5% YoY and 21% MoM in April.

In particular Ukrainian industries in April, utility sector output rose by 1.1% YoY while extraction sector output decreased by 7.0% YoY and manufacturing fell by 9.6%. One of the worst performing sub-sectors was chemicals, where production dropped by 23.3% YoY as a result of uncertainty over the imported gas price. The IP index decline in April was marginally less than the 6.8% YoY drop registered in March, but we suspect this was a result of a change in comparison base rather than any improvement in industrial activity in April.

## VAB to Postpone Bond Redemption to 2019, Cut Coupon from 10.5% to 9.0%

by Dmitry Churin  
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### NEWS

VAB Bank, an affiliate of the business group of UkrLandFarming beneficiary Oleg Bakhmatiuk, asked the holders of its outstanding VAB-14s Eurobonds maturing on June 14 to postpone the redemption by five years and to cut the coupon from 10.5% to 9.0%, Interfax said on Tuesday (May 20). VAB is proposing redemption of the bonds in 5 equal installments of USD 180 per USD 1,000 of principal amount starting in 2018. The first installment would be paid on 14 Mar 2018, and the following ones every quarter with the last USD 100 per 1,000 of principal amount be paid with the 5th installment on 14 Mar 2019. For bondholders who agree to the restructuring by next Friday (May 30), the bank will pay a premium of USD 5.0 per USD 1,000 principal amount.

VAB originally placed the 3-year USD 125mn Eurobonds in 2007 at 10.125% yield, and restructured them in 2010 by increasing coupon to 10.5%.

### COMMENTARY

VAB-14s have been trading at distressed yields above 40% for most of the last two years, as the market fully understood that these bonds would likely not be redeemed on time. As we reported earlier this year in January, Finance&Credit Bank, an affiliate of the business group of Ferrexpo owner Constantine Zhevago, restructured its outstanding USD 100mn (10.5%) Eurobonds in a similar manner. Although the F&C Bank restructuring and the likely VAB restructuring both have a negative impact on the perception of Ukrainian banking sector Eurobonds, we suppose that Bakhmatiuk owns enough of the VAB bonds to be able to push through the changes as was similarly done by Zhevago. We also believe that we will see a restructuring of PUMB-14 Eurobonds (PUMB is owned by Rinat Akhmetov's group) due in December.

VAB-14s are currently quoted at 66.0/70.0 (870%/730%).

**Metinvest Crude Steel Output Down,  
Processed Steel Output Up in 1Q14**

by Ivan Dzvinka  
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**NEWS**

Metinvest, Ukraine's largest metals & mining group, reported a quarterly increase in its merchant steel product output, while its iron ore and hot metal production were down in 1Q14 compared to 4Q13. The group decreased its crude steel output by 7% QoQ to 2.76mn tonnes over the period, while processed steel output improved by 4% to 2.98mn tonnes. Iron ore concentrate production was down by 4% QoQ to 8.82mn tonnes, while coking coal output edged up by 1% to 2.54mn tonnes.

**COMMENTARY**

Amid the ongoing sluggishness of the global metallurgy market, Metinvest is focusing on output of relatively more in-demand semi-finished products. Notably, the 4% increase in steel products output was solely due to 21% and 98% QoQ jumps in output of pig iron and billet output, respectively. This compensated for a 3% drop in finished steel output to 559,000 tonnes in the quarter. Meanwhile, the lower result in iron ore output was rather surprising to us, and management attributed this to adverse weather conditions in Jan-Feb 2014. The higher output of tradable iron ore pellets output (in contrast to lower iron ore concentrate output) was a result of stronger demand for environmentally-friendly pellets in China, the destination for most of Metinvest's ore exports.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.72	0.56	-22%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	135.0	125.0	-7%	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	8.29	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	3.07	6.2	103%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.62	U/R	na	U/R	Yasynivsky Coke reported net loss of UAH 22mn for FY13 which was the first negative bottom line since 2004.
<b>Coal</b>						
Pokrovske Mine	SHCHZ	0.55	2.9	435%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
<b>Railcar Manufacturing</b>						
Krukiv Wagon	KVBZ	15.5	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.40	5.2	274%	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	1921	5250	173%	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	59.9	120	100%	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	43.5	72.0	65%	BUY	DonbasEnergO is expected to pay a significant dividend from its FY13 profit that could amount to as much as UAH 5.0 per share, implying a dividend yield of 20%.
CenterEnergO	CEEN	6.33	15.00	137%	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	14.3	15.65	9%	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	39.7	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	8.7	U/R	--	U/R	
Ovostar Union	OVO	68.5	109.50	60%	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	0.159	0.24	51%	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	1120.30	1170.00	799.72	0.2%	6.4%	1.3%	23.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.032	0.06	0.02	-0.3%	2.2%	-7.5%	-17.8%	-0.5%	-4.2%	-8.9%	-40.9%
Azovstal	AZST	0.72	0.90	0.31	-0.7%	5.1%	2.1%	6.7%	-0.9%	-1.3%	0.8%	-16.4%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	-0.2%	-6.4%	-1.3%	-23.1%
Enakievo Steel	ENMZ	34.1	52.0	20.0	-1.3%	4.0%	-3.0%	6.5%	-1.5%	-2.4%	-4.3%	-16.6%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-0.2%	-6.4%	-1.3%	224.7%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	7.7%	-12.5%	7.7%	40.0%	7.5%	-18.9%	6.4%	16.9%
<b>Coke</b>												
Avdivka Coke	AVDK	3.07	4.80	1.46	-0.2%	3.7%	3.9%	3.7%	-0.4%	-2.7%	2.6%	-19.4%
Yasnyivsky Coking	YASK	0.62	0.77	0.49	1.6%	-1.6%	-17.3%	17.0%	1.4%	-8.0%	-18.7%	-6.1%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.18	n/a	n/a	0.0%	-0.3%	-20.2%	10.5%	-0.2%	-6.7%	-21.5%	-12.6%
Ferrexpo	FXPO	2.27	3.20	2.02	-2.6%	-8.3%	-9.9%	-27.9%	-2.8%	-14.7%	-11.2%	-51.0%
Pivnichny GOK	SGOK	8.29	10.00	6.20	1.2%	5.7%	15.8%	3.6%	1.0%	-0.7%	14.5%	-19.5%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.55	0.70	0.10	17.0%	1.9%	-8.3%	37.5%	16.8%	-4.6%	-9.7%	14.4%
Komsomolets Donbasa	SHKD	0.98	n/a	n/a	3.2%	3.2%	-6.7%	58.1%	3.0%	-3.3%	-8.0%	35.0%
Energy Coal	CLE	0.42	1.54	0.31	4.0%	8.3%	-1.8%	18.9%	3.8%	1.9%	-3.1%	-4.3%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	0.0%	39.3%	-15.2%	-0.2%	-6.4%	38.0%	-38.3%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.79	0.85	0.30	0.0%	-1.3%	-2.5%	31.7%	-0.2%	-7.7%	-3.8%	8.6%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	0.0%	0.0%	28.6%	-0.2%	-6.4%	-1.3%	5.5%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	15.5	29.0	10.0	-0.6%	-0.6%	-11.4%	-10.4%	-0.8%	-7.1%	-12.8%	-33.5%
Luhanskeplovoz	LTPL	1.40	2.20	1.20	0.0%	-3.4%	-9.7%	-6.7%	-0.2%	-9.9%	-11.0%	-29.8%
Stakhanov Wagon	SVGZ	1.10	n/a	n/a	0.0%	8.9%	0.0%	-15.4%	-0.2%	2.5%	-1.3%	-38.5%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-5.7%	0.8%	-15.4%	49.4%	-5.9%	-5.7%	-16.7%	26.3%
Motor Sich	MSICH	1,921	2,545	1,303	0.2%	11.3%	5.3%	5.3%	0.0%	4.9%	4.0%	-17.8%
Summy Frunze Engineering	SMASH	4.20	n/a	n/a	0.0%	13.5%	11.7%	68.0%	-0.2%	7.1%	10.4%	44.9%
Turboatom	TATM	5.00	n/a	n/a	0.0%	35.1%	194.1%	42.9%	-0.2%	28.7%	192.8%	19.8%
WESTA ISIC	WES	0.16	0.26	0.13	0.0%	0.0%	-5.9%	23.8%	-0.2%	-6.4%	-7.2%	0.7%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.17	0.19	0.09	0.0%	9.9%	5.8%	53.9%	-0.2%	3.5%	4.5%	30.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.35	0.13	0.2%	1.5%	-13.2%	-29.0%	0.0%	-5.0%	-14.5%	-52.1%
JKX Oil	JKX	1.01	1.21	0.75	0.8%	3.3%	3.5%	-14.9%	0.6%	-3.2%	2.2%	-38.0%
Ukrnafta	UNAF	245	270	96	0.4%	6.8%	-2.2%	125.6%	0.2%	0.4%	-3.5%	102.5%
<b>Power Utilities</b>												
Centrenerg	CEEN	6.33	7.40	2.50	2.0%	7.3%	8.2%	32.8%	1.8%	0.9%	6.9%	9.7%
Donbasenergo	DOEN	43.5	50.2	15.4	0.6%	8.6%	2.7%	57.8%	0.5%	2.1%	1.4%	34.7%
Zakhidenergo	ZAEN	137.0	137.9	64.0	1.0%	3.0%	11.4%	51.5%	0.8%	-3.4%	10.1%	28.4%
<b>Consumer</b>												
Agroton	AGT	0.76	1.8	0.43	-1.4%	1.1%	6.3%	16.9%	-1.6%	-5.3%	5.0%	-6.2%
Astarta	AST	13.0	24.4	12.1	0.5%	0.7%	-0.8%	-41.6%	0.3%	-5.7%	-2.1%	-64.7%
Avangardo	AVGR	8.7	13.0	8.26	-1.7%	-1.0%	-10.5%	-26.0%	-1.9%	-7.5%	-11.8%	-49.1%
Industrial Milk Company	IMC	2.83	5.14	2.49	0.5%	-3.9%	0.7%	-30.0%	0.3%	-10.3%	-0.6%	-53.1%
Kernel	KER	8.7	19.1	7.6	-2.4%	-6.1%	-8.4%	-31.1%	-2.6%	-12.6%	-9.7%	-54.2%
Mriya Agro Holding	MAYA	6.58	8.2	5.36	-2.0%	2.9%	4.8%	-11.6%	-2.2%	-3.5%	3.5%	-34.7%
MHPC	MHPC	14.3	19.1	11.00	0.3%	-2.7%	19.2%	-15.9%	0.1%	-9.1%	17.8%	-39.0%
Milkiland	MLK	1.81	4.7	1.81	-0.1%	-9.9%	-26.7%	-56.4%	-0.3%	-16.4%	-28.0%	-79.5%
Ovostar Union	OVO	22.4	33.3	19.4	-0.1%	3.6%	-1.5%	-32.7%	-0.3%	-2.8%	-2.9%	-55.8%
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%	-0.4%	1.9%	10.0%	-0.2%	-6.8%	0.5%	-13.1%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.159	0.188	0.077	-1.7%	1.7%	-9.5%	40.2%	-1.9%	-4.8%	-10.8%	17.1%
UkrSotsbank	USCB	0.159	0.257	0.115	0.7%	5.7%	1.8%	-15.4%	0.5%	-0.7%	0.5%	-38.5%

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	69	3.9%	3	1,418	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	366	342	332	\$/tonne
Yenakievo Steel	ENMZ	30	8.8%	3	26	3.5	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	9	9	9	\$/tonne
Azovstal	AZST	252	3.0%	7	236	neg	neg	neg	neg	neg	6.7	0.1	0.1	0.1	51	52	52	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	50	6.8%	3	48	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	1.7	neg	3.0	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	704	0.3%	2	703	7.4	3.6	4.3	3.0	2.2	2.5	1.2	1.0	1.1				
Pivnichny GOK	SGOK	1,598	0.4%	6	1,592	3.7	2.9	3.5	2.1	1.7	2.0	1.1	1.0	1.1				
Ferrexpo	FXPO	1,330	24.0%	319	2,009	6.2	5.0	6.7	5.0	4.0	4.5	1.4	1.3	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	27	5.4%	1	129	3.8	1.6	1.6	1.0	1.4	1.4	0.5	0.6	0.6	32	30	29	\$/tonne
Coal Energy	CLE	19	25.0%	5	129	0.5	neg	neg	2.1	6.1	14.3	0.8	1.0	1.3	2.1	6.1	14.3	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	172	2.0%	3	218	5.1	>30	>30	4.2	7.0	7.2	0.5	0.7	0.7	345	572	544	\$/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				
Kruiiv 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	21	8.0%	2	53	>30	>30	>30	7.4	9.1	9.8	0.2	0.3	0.4				
<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	334	24.0%	80	357	1.7	2.0	2.0	1.2	1.3	1.4	0.4	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	265	7.2%	19	569	5.9	15.6	10.1	2.8	3.0	3.3	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,112	3.0%	33	1,104	6.3	>30	9.7	2.4	3.9	3.6	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	48	21.6%	10	23	4.1	neg	24.0	1.1	neg	0.9	0.6	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	173	50.4%	87	281	neg	26.6	22.2	2.1	4.2	4.1	1.4	1.6	1.4	51	39	38	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	196	21.7%	43	265	6.8	3.3	3.5	3.8	3.2	3.5	0.2	0.3	0.3	15	19	16	\$/MWh
DonbasEnergO	DOEN	86	14.2%	12	153	22.5	1.3	1.9	4.8	2.1	3.0	0.3	0.2	0.3	19	20	19	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,511	34.1%	515	2,639	4.9	9.3	neg	5.6	6.7	5.5	1.9	1.8	1.8				
Kernel	KER	695	61.8%	429	1,401	3.3	6.6	9.0	4.4	4.8	5.5	0.6	0.5	0.6				
Astarta	AST	325	37.0%	120	658	5.6	9.5	4.0	6.0	7.2	4.8	1.4	1.3	1.2				
Avangardco	AVGR	556	22.5%	125	755	2.4	2.3	1.8	2.7	2.5	2.0	1.2	1.1	1.0	171	130	122	\$/mneggs
Agroton	AGT	16	26.2%	4	65	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>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	400	3.5%	14		>30	4.5	12.7	0.5	0.5	0.5	0.07	0.07	0.08				
Ukrsotsbank	USCB	244	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research



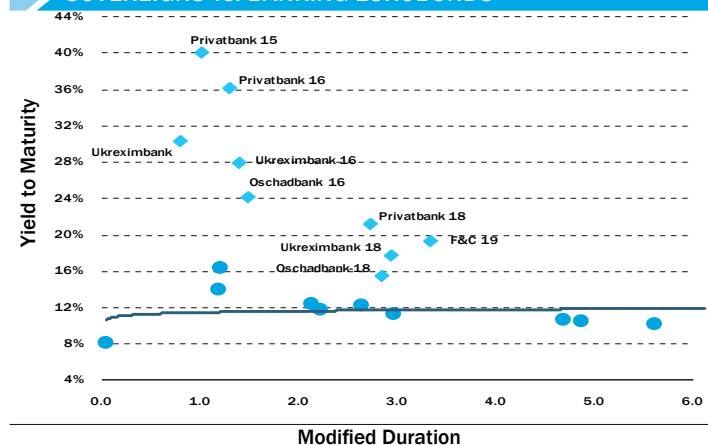
## UKRAINIAN EUROBONDS

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	97.8	99.3	80.4%	31.6%	-1.5%	0.0	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	94.1	94.9	27.6%	24.8%	-6.0%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	91.8	93.8	12.7%	10.8%	-3.4%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	92.8	94.3	14.4%	12.9%	-4.3%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	90.5	92.0	11.5%	10.7%	-3.0%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	90.8	92.3	10.8%	10.1%	-3.0%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	89.3	90.5	10.9%	10.4%	-3.1%	3.0	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	95.0	96.0	11.6%	11.2%	-3.7%	2.6	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	83.5	85.5	16.2%	15.2%	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	91.3	92.5	9.9%	9.6%	-1.3%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	91.0	93.0	9.9%	9.5%	-1.8%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	88.6	90.4	9.9%	9.5%	-1.7%	5.7	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	88.4	90.1	9.5%	9.1%	-1.4%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.9	33.9	66.4%	57.0%	-38.9%	1.8	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.5	101.0	13.1%	12.0%	-3.1%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	86.4	88.1	11.5%	11.1%	-2.4%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	92.0	96.0	19.1%	15.0%	-6.0%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	84.0	85.9	16.7%	15.9%	-5.8%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	90.0	94.1	20.2%	16.8%	-8.2%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	73.5	77.0	19.4%	17.9%	-13.6%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	93.5	93.8	21.6%	21.2%	-8.4%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	82.9	84.6	13.7%	13.1%	-11.1%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	95.1	96.8	19.1%	16.7%	-6.0%	0.9	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	87.2	89.6	13.6%	12.7%	-6.9%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	95.1	96.6	11.7%	10.5%	-2.2%	1.7	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	79.6	82.0	16.7%	15.7%	-11.9%	3.1	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	74.0	75.5	23.5%	22.0%	-3.8%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	104.7	106.6	10.0%	9.5%	-4.8%	3.1	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	50.0	60.0	29.7%	23.9%	-33.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	80.0	80.0	51.4%	51.4%	-18.8%	0.4	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	65.0	70.0	61.2%	48.8%	-16.1%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	79.0	82.0	37.9%	32.8%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.8	69.7	37.4%	31.6%	-4.3%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	77.0	80.0	19.8%	18.5%	-6.2%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	91.0	92.7	23.8%	20.8%	-4.8%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	77.0	79.0	25.5%	23.4%	-8.6%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	85.6	87.2	13.9%	13.3%	-3.1%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	66.0	70.0	872.4%	728.7%	-20.5%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	86.0	88.1	19.9%	18.1%	-6.5%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	82.0	84.0	15.5%	14.7%	-6.7%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	80.8	82.5	28.1%	26.0%	-12.2%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	79.0	82.0	22.2%	20.1%	-13.4%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

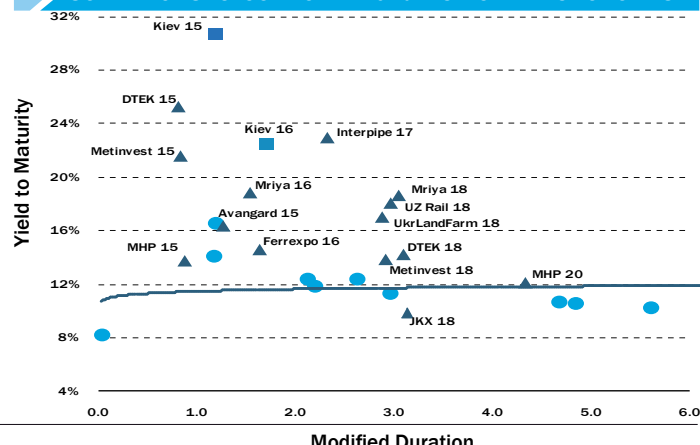
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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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