

Market Update

Equity

Ukraine's local equity market enjoyed a big rally on Friday (May 23) on optimism that moderate pro-European oligarch Petro Poroshenko would be elected as the country's next president on the first ballot in Sunday's (May 25) presidential election, thereby avoiding an additional 3 weeks of political uncertainty ahead of a June 15 runoff vote. The UX index rose steadily through the afternoon, finishing up 3.9% at its session high of 1176 points. CentrEnergog led the charge with a 5.5% gain, and Motor Sich rose back above the UAH 2000 level for the first time since late February after a 3.2% pickup. In the steel sector, Azovstal and Avdyivka Coke both added 4.0%, Alchevsk Steel advanced by 4.7%. In a second division, Krukiv Wagon rose 3.2% to close at UAH 16.0 per share. London-listed MHP increased by 2.9% while Ferrexpo and Avangard ended unchanged. In Warsaw Kernel and Astarta added moderate 1.0%.

Fixed Income

Ukrainian benchmark sovereigns made it 5-for-5 for the week on Friday, with Ukraine-23s extending their winning streak on a 0.4p.p. advance to 90.6/92.1 (9.1%/8.8%). There was little action across the local corporate spectrum, however, with all names finishing nearly flat. MHP-20s inched up by 0.2p.p., closing at 87.1/88.5 (11.3%/11.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2054.00	3.2%	34.5	192
Centrenergog	CEEN	6.74	5.5%	4.3	329
Ukrnafta	UNAF	250.00	1.9%	1.0	87

Growth Leaders

Centrenergog	CEEN	6.74	5.5%	4.26	329
Alchevsk Steel	ALMK	0.03	4.7%	0.10	67
Khartsyzk Pipe	HRTR	0.81	4.1%	0.03	9

Loss Leaders

Krymenergog	KREN	1.48	-12.9%	0.075	8
Pivnichny GOK	SGOK	8.30	-2.0%	0.007	9
Ukrtelecom	UTLM	0.17	0.4%	0.056	7

Highlights

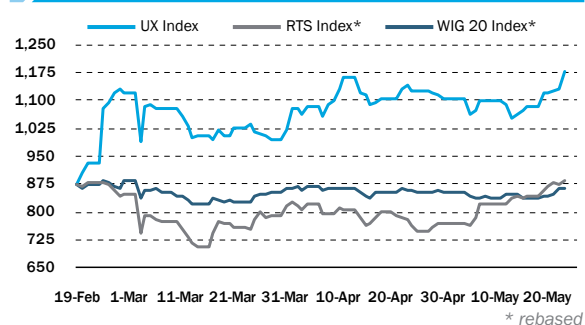
POLITICS AND ECONOMICS

- > Poroshenko Set to Claim Presidency With 54%; Separatists Prevent Voting in Most of Donetsk, Lugansk

STOCKS IN THE NEWS

- > Avangard's EBITDA Edges Down 17% YoY in 1Q14

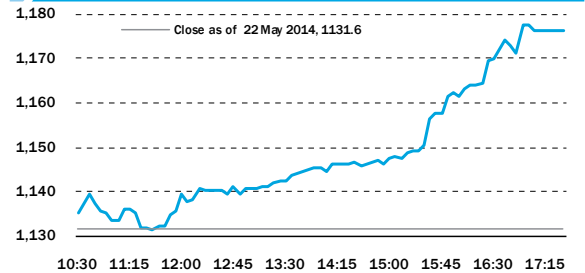
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1176.3	3.9%	4.2%	29.3%
RTS	1326.6	1.0%	12.5%	-8.1%
WIG20	2465.5	0.0%	0.3%	2.7%
MSCI EM	1042.9	0.2%	3.4%	4.1%
S&P 500	1900.5	0.4%	1.1%	3.2%

UX INTRADAY MAY 23, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	300.7	-0.5%	-3.3%	-9.1%
CDS 5Y UKR	958.0	-1.9%	-14.7%	16.8%
Ukraine-17	9.1%	-0.1 p.p.	-2.1 p.p.	0.0 p.p.
Naftogaz Ukr-14	25.5%	-0.2 p.p.	-9.8 p.p.	16.8 p.p.
Ukraine-23	8.9%	-0.1 p.p.	-0.6 p.p.	1.4 p.p.
Privatbank-16	30.0%	0.0 p.p.	-2.5 p.p.	5.3 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.95	0.0%	1.7%	45.0%
EUR	16.29	-0.2%	0.4%	43.3%
RUB	0.35	0.6%	6.3%	39.6%

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	110.5	0.2%	1.4%	-0.6%
Gold, USD/oz	1292.6	-0.1%	0.7%	8.0%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Poroshenko Set to Claim Presidency With 54%; Separatists Prevent Voting in Most of Donetsk, Lugansk

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NEWS

Industrialist and long-time government functionary and MP Petro Poroshenko appeared to win Ukraine's presidential election in the first ballot on Sunday (May 25), with official results giving him 53.9% of the vote with about 50% counted as of this morning. National exit polls had given Poroshenko a slightly higher total of 56-57%. Coming in a distant second was former PM Yulia Tymoshenko at 13.2%, while populist MP Oleg Lyashko was running a surprising third at 8.5%. Serhiy Tigipko, the top candidate from Eastern Ukraine, was in a disappointing 5th place with about 5%. Pro-Russian separatists prevented voting from taking place in much of Donetsk and Lugansk provinces, including the entire city of Donetsk, the region's largest municipality. In Central and Western Ukraine, including Kyiv, turnout was reported to be very high, helped by summer-like weather that brought people outside in droves. US President Obama made a statement congratulating Poroshenko on his victory; there was no immediate reaction from President Putin in Moscow. Winning at least 50% allows Poroshenko to avoid a June 15 runoff against Tymoshenko.

COMMENTARY

Poroshenko said at a Sunday night victory rally in Kyiv that his first task as President will be to stop the war in the Donbass, but it is unclear how he plans to do this, and we believe that instability in the region is set to become a quasi-permanent feature of the new Ukraine. Government forecasts of 50% voter turnout in the Donbass were ludicrous, as people were only able to vote in a scattering of areas controlled by the Ukrainian army. The world is now awaiting the reaction of the Kremlin to the vote, and we think that Putin will have little choice but to recognize Poroshenko's victory and state his readiness to work with him to rebuild the two countries' relations. However, we believe that Putin and Poroshenko will be almost immediately at loggerheads over the oft-repeated Russian demand for Ukraine's "federalization" as well as constitutional reform that would hinder Ukraine's integration with Europe, since EU integration has always been the main driving principle behind Poroshenko's political orientation. We see the Kremlin's "federalization" as a poorly-disguised code word for allowing the pro-Russian electoral minority in southeastern Ukraine to block Kyiv from pursuing the European path of development favored by a clear majority of voters nationwide.

Avangard's EBITDA Edges Down 17% YoY in 1Q14

by Ivan Dzvinka
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AVANGARD (AVGR LI)

Price: USD 8.70 Market Cap: USD 556mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2012	1.1	2.4	2.4	0%
2013	1.0	2.3	2.2	11%

NEWS

Avangard, Ukraine's largest egg producer, reported lower YoY and QoQ 1Q14 financial results on Friday (May 23), which its management blamed on the devaluation of Ukrainian hryvnia. Net revenue was down by 2% YoY and 22% QoQ to USD 152mn in the period. EBITDA declined by 17% YoY and 37% QoQ to USD 61mn, implying an EBITDA margin of 40% (-9p.p. QoQ and -7p.p. YoY). The company reported a negligible forex translation loss of USD 200,000 as, according to the management, the debt sits on the balance sheet of a holding company whose functional currency is EUR. As a result, net profit was unaffected by the devaluation and amounted to USD 47mn (-39% QoQ and -23% YoY).

Avangard's industrial laying hen flock declined by 2% QoQ to 26.5mn heads, which was a result of lower capacity utilization at assets located in Donetsk and Lugansk provinces (known together as the Donbass) amid an environment of military conflict there. According to management, assets located in the Donbass account for some 9% of the company's total egg production capacity.

The company said its board of directors will meet in August or September to determine the dividend payout from FY13 profit.

Management provided no specific guidance for FY14 EBITDA, merely stating that it is expected to be lower than the FY13 figure of USD 301mn.

COMMENTARY

We view Avangard's latest results negatively on the top line and with a healthy dose of suspicion regarding possible cost inflation. While the company managed to expand its egg product sales by 2.2x YoY to 7,300 tonnes in 1Q14, this was achieved only with a simultaneous drop in the selling price by 9% YoY, which led to reduction in the operating margin of the egg product segment from 47% in 1Q13 to 37% in 1Q14. Also, despite only a small decline in the company's selling price for shell eggs of 1%, its EBIT margin in this segment fell by a whopping 18p.p. YoY to 20% in 1Q14. According to our calculations, this implies a 15% YoY increase in production cost per egg in USD terms, and such growth looks artificially high to us for two reasons. First, the company told us it had secured some 70% of its needs in the grain component of its feedstock in 4Q13 at low corn/wheat prices when the UAH/USD rate was near 8.20. Thus, the devaluation had to lower this part of the cost in USD terms. Second, the price for sunflower protein plunged by some 35% YoY in 1Q14. With these two components accounting for some 70% in the egg production cost, we should have seen a reduction in the cost, not an increase; indeed, Ovostar, the close Ukrainian close peer of Avangard, reported such a cost reduction.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.77	0.56	-28%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	137.5	125.0	-9%	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	8.30	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	7.49	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	3.21	6.2	94%	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.
Coal						
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.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.0	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.48	5.2	253%	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	2054	5250	156%	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	59.5	120	102%	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	45.2	72.0	59%	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	6.74	15.00	123%	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	14.0	15.65	12%	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	40.4	90.0	123%	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	68.0	109.50	61%	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	0.161	0.24	49%	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	1176.25	1178.70	799.72	3.9%	8.8%	4.2%	29.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.034	0.06	0.02	4.7%	6.0%	-2.0%	-13.7%	0.7%	-2.8%	-6.2%	-42.9%
Azovstal	AZST	0.77	0.90	0.31	3.9%	10.6%	10.3%	15.2%	0.0%	1.8%	6.1%	-14.0%
Dniprospezstal	DNSS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enakievo Steel	ENMZ	35.2	52.0	20.0	1.6%	3.9%	1.4%	10.1%	-2.4%	-4.9%	-2.8%	-19.2%
Arcelor Mittal KR	KSTL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mariupol Ilyicha	MMKI	0.15	n/a	n/a	-6.3%	7.1%	15.4%	50.0%	-10.2%	-1.6%	11.2%	20.7%
Coke												
Avdivka Coke	AVDK	3.21	4.80	1.46	4.0%	6.9%	3.8%	8.4%	0.0%	-1.9%	-0.3%	-20.8%
Yasnyivsky Coking	YASK	0.62	0.77	0.49	3.3%	3.3%	-17.3%	17.0%	-0.6%	-5.4%	-21.5%	-12.3%
Iron Ore Mining												
Centralny GOK	CGOK	7.49	n/a	n/a	0.0%	4.3%	7.0%	15.2%	-3.9%	-4.5%	2.8%	-14.0%
Ferrexpo	FXPO	2.31	3.20	2.02	-0.1%	-3.4%	-11.3%	-26.7%	-4.1%	-12.1%	-15.5%	-55.9%
Pivnichny GOK	SGOK	8.30	10.00	6.20	-2.0%	1.3%	15.9%	3.8%	-6.0%	-7.4%	11.7%	-25.5%
Coal Mining												
Pokrovske Mine	SHCHZ	0.55	0.70	0.10	7.8%	1.9%	-8.3%	37.5%	3.9%	-6.9%	-12.5%	8.2%
Komsomolets Donbasa	SHKD	1.01	n/a	n/a	3.1%	6.3%	-3.8%	62.9%	-0.9%	-2.5%	-8.0%	33.7%
Energy Coal	CLE	0.42	1.41	0.31	2.3%	6.9%	-9.0%	20.1%	-1.7%	-1.9%	-13.2%	-9.2%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.39	n/a	n/a	0.0%	0.0%	39.3%	-15.2%	-3.9%	-8.8%	35.1%	-44.5%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.81	0.99	0.30	-18.2%	-3.6%	8.0%	35.0%	-22.1%	-12.4%	3.8%	5.7%
Interpipe NMPP	NVTR	0.27	n/a	n/a	0.0%	0.0%	0.0%	28.6%	-3.9%	-8.8%	-4.2%	-0.7%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.0	29.0	10.0	4.8%	3.2%	-11.1%	-7.5%	0.9%	-5.6%	-15.3%	-36.8%
Luhanskeplovoz	LTPL	1.48	2.20	1.20	5.7%	5.7%	-4.5%	-1.3%	1.8%	-3.1%	-8.7%	-30.6%
Stakhanov Wagon	SVGZ	1.01	n/a	n/a	-9.0%	-1.0%	-8.2%	-22.3%	-13.0%	-9.8%	-12.4%	-51.6%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	0.0%	-11.6%	-15.0%	49.4%	-3.9%	-20.4%	-19.2%	20.2%
Motor Sich	MSICH	2,054	2,545	1,303	3.2%	11.6%	13.5%	12.6%	-0.7%	2.8%	9.3%	-16.6%
Summy Frunze Engineering	SMASH	4.00	n/a	n/a	0.0%	-9.1%	6.4%	60.0%	-3.9%	-17.9%	2.2%	30.7%
Turboatom	TATM	5.00	n/a	n/a	0.0%	0.0%	96.1%	42.9%	-3.9%	-8.8%	91.9%	13.6%
WESTA ISIC	WES	0.16	0.26	0.13	0.0%	0.0%	-9.0%	23.8%	-3.9%	-8.8%	-13.2%	-5.4%
Telecom												
Ukrtelecom	UTLM	0.17	0.19	0.09	-8.2%	2.5%	3.1%	50.0%	-12.2%	-6.3%	-1.1%	20.7%
Oil & Gas												
Regal Petroleum	RPT	0.15	0.35	0.13	-0.2%	-0.1%	-13.5%	-29.1%	-4.2%	-8.8%	-17.7%	-58.4%
JXX Oil	JKX	1.00	1.21	0.75	0.6%	1.6%	3.4%	-15.5%	-3.3%	-7.1%	-0.8%	-44.8%
Ukrnafta	UNAF	250	270	96	2.2%	4.2%	-2.3%	130.2%	-1.7%	-4.6%	-6.5%	101.0%
Power Utilities												
Centrenerg	CEEN	6.74	7.40	2.50	5.2%	13.1%	12.4%	41.3%	1.3%	4.4%	8.2%	12.0%
Donbasenergo	DOEN	45.2	50.2	15.4	3.7%	8.0%	-1.4%	63.8%	-0.2%	-0.8%	-5.6%	34.5%
Zakhidenergo	ZAEN	138.9	138.9	64.0	1.4%	2.4%	5.2%	53.7%	-2.6%	-6.3%	1.0%	24.4%
Consumer												
Agroton	AGT	0.77	1.8	0.43	2.5%	1.1%	-8.3%	18.7%	-1.4%	-7.7%	-12.5%	-10.5%
Astarta	AST	13.2	24.4	12.1	0.9%	1.5%	-1.7%	-40.5%	-3.1%	-7.3%	-5.9%	-69.8%
Avangardo	AVGR	8.7	13.0	8.26	0.0%	-1.7%	-8.5%	-26.0%	-3.9%	-10.5%	-12.7%	-55.2%
Industrial Milk Company	IMC	2.95	5.14	2.49	3.3%	7.9%	2.7%	-27.0%	-0.6%	-0.9%	-1.5%	-56.3%
Kernel	KER	8.8	18.2	7.6	1.0%	1.4%	-11.1%	-30.5%	-3.0%	-7.4%	-15.3%	-59.8%
Mriya Agro Holding	MAYA	7.15	8.2	5.36	9.0%	6.6%	14.0%	-4.0%	5.0%	-2.2%	9.9%	-33.2%
MHPC	MHPC	14.0	19.1	11.00	2.9%	-4.1%	18.6%	-17.8%	-1.1%	-12.9%	14.4%	-47.0%
Milkiland	MLK	1.72	4.7	1.71	0.9%	-8.3%	-28.5%	-58.6%	-3.1%	-17.1%	-32.7%	-87.9%
Ovostar Union	OVO	22.3	33.3	19.4	2.9%	4.5%	-3.3%	-33.0%	-1.0%	-4.3%	-7.5%	-62.3%
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	13.7	n/a	n/a	0.0%	-0.7%	1.9%	9.2%	-3.9%	-9.5%	-2.3%	-20.1%
Banks												
Raiffeisen Bank Aval	BAVL	0.161	0.188	0.077	4.5%	2.7%	-10.9%	41.8%	0.5%	-6.1%	-15.1%	12.5%
UkrSotsbank	USCB	0.168	0.257	0.115	2.3%	9.5%	10.1%	-10.7%	-1.7%	0.7%	5.9%	-39.9%

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	72	3.9%	3	1,421	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	272	3.0%	8	256	neg	neg	neg	neg	neg	7.3	0.1	0.1	0.1	56	57	56	\$/tonne
Coke																		
Avdyivka Coke	AVDK	52	6.8%	4	50	neg	neg	neg	neg	1.1	1.7	0.0	0.1	0.1	12	13	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
Iron Ore Mining																		
Centralny GOK	CGOK	734	0.3%	2	733	7.7	3.8	4.5	3.2	2.3	2.6	1.2	1.1	1.2				
Pivnichny GOK	SGOK	1,600	0.4%	6	1,594	3.7	2.9	3.5	2.1	1.7	2.0	1.1	1.0	1.1				
Ferrexpo	FXPO	1,353	24.0%	325	2,032	6.3	5.1	6.9	5.1	4.0	4.5	1.4	1.3	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	28	5.4%	2	130	3.9	1.7	1.7	1.0	1.4	1.4	0.5	0.6	0.6	32	31	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
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	176	2.0%	4	222	5.2	>30	>30	4.3	7.1	7.3	0.5	0.7	0.7	352	584	555	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	27	24.0%	7	64	5.6	1.4	1.2	2.2	1.8	1.7	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	154	5.0%	8	154	1.6	3.7	neg	1.1	2.4	10.0	0.2	0.4	1.0				
Stakhanov Wagon	SVGZ	19	8.0%	2	52	>30	>30	>30	7.2	8.8	9.5	0.2	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	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	357	24.0%	86	380	1.8	2.1	2.1	1.2	1.4	1.5	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	259	7.2%	19	562	5.7	15.2	9.8	2.7	3.0	3.2	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,134	3.0%	34	1,126	6.4	>30	9.9	2.5	3.9	3.7	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	172	50.4%	87	280	neg	26.4	22.0	2.1	4.2	4.1	1.4	1.6	1.4	51	38	37	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	208	21.7%	45	277	7.2	3.5	3.7	4.0	3.3	3.7	0.2	0.3	0.3	16	19	17	\$/MWh
DonbasEnergO	DOEN	89	14.2%	13	156	23.4	1.4	2.0	4.9	2.2	3.0	0.3	0.2	0.3	19	20	19	\$/MWh
Consumer																		
MHP	MHPC	1,478	34.1%	504	2,606	4.8	9.1	neg	5.6	6.7	5.4	1.9	1.7	1.8				
Kernel	KER	701	61.8%	433	1,407	3.3	6.7	9.1	4.4	4.8	5.5	0.7	0.5	0.6				
Astarta	AST	331	37.0%	123	665	5.7	9.7	4.0	6.0	7.3	4.8	1.5	1.4	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	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	404	3.5%	14		>30	4.5	12.8	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	258	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

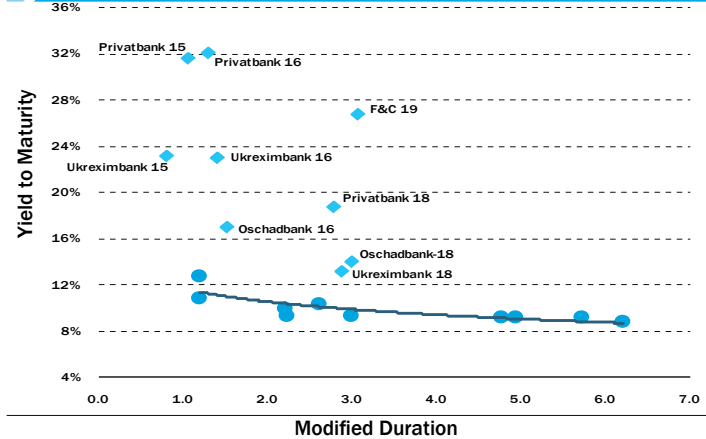
UKRAINIAN EUROBONDS

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	167.3%	60.1%	-1.5%	0.0	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	94.5	95.3	26.9%	24.3%	-5.6%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	92.7	94.7	11.9%	10.0%	-2.4%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	93.6	95.1	13.6%	12.1%	-3.4%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	92.8	94.0	10.3%	9.7%	-0.6%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	93.0	94.2	9.7%	9.1%	-0.7%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	92.3	94.3	9.7%	9.0%	0.6%	3.0	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	97.2	98.6	10.7%	10.1%	-1.3%	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%	2.7	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	84.0	86.5	13.7%	12.7%	8.6%	3.1	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	93.3	94.8	9.4%	9.1%	1.0%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	93.7	95.1	9.3%	9.1%	0.7%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	91.0	92.8	9.4%	9.1%	0.9%	5.7	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	90.6	92.1	9.1%	8.8%	0.9%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.9	33.9	66.8%	57.3%	-38.9%	1.8	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	99.9	101.0	12.7%	11.8%	-3.0%	0.9	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	87.1	88.5	11.3%	11.0%	-1.8%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	92.0	96.0	19.2%	15.1%	-6.0%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	85.0	86.2	16.3%	15.8%	-5.1%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	90.0	94.5	20.4%	16.5%	-8.0%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	75.2	77.3	18.7%	17.8%	-12.5%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	93.0	95.0	22.8%	19.3%	-8.0%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	83.0	84.9	13.7%	13.0%	-10.9%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	96.0	97.0	17.9%	16.4%	-3.1%	0.9	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	88.2	89.4	13.2%	12.8%	-6.5%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	97.3	99.2	10.3%	8.9%	0.2%	1.7	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	81.0	84.0	16.2%	15.0%	-10.1%	3.1	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	74.0	75.5	23.6%	22.1%	-3.8%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	105.4	107.1	9.9%	9.4%	-4.3%	3.1	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
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	62.5%	49.7%	-16.1%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	82.0	84.0	33.3%	30.1%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	67.0	72.0	35.0%	29.3%	-1.1%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	79.2	84.0	18.8%	16.8%	-2.5%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	91.0	92.0	24.2%	22.3%	-5.1%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.5	80.5	24.1%	22.1%	-6.8%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	86.3	88.3	13.6%	12.9%	-2.2%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	64.0	68.0			-22.8%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	88.5	90.4	17.9%	16.3%	-3.9%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	83.6	86.0	14.5%	13.7%	-4.7%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	82.4	84.8	26.4%	23.6%	-10.1%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	80.0	85.0	21.6%	18.2%	-11.3%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

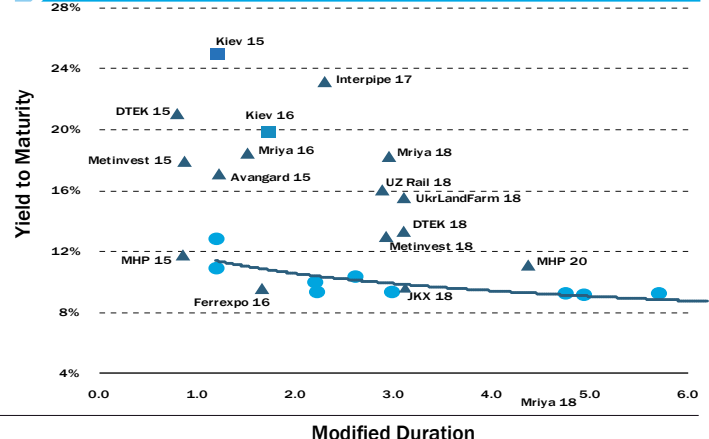
¹ Moody's/S&P/Fitch; * EUR

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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