

## Market Update

### Equity

Local Ukrainian equity issues corrected on Friday (May 30) on the heels of their jump of more than 10% on the election of Petro Poroshenko as Ukraine's president over the previous week. Externally, the S&P 500 ended the week at another record high, having risen almost continuously from its most recent dip 7 weeks ago. The UX index fell 1.3% to close at 1221 points. Among actively traded names, DonbasEnergo and UkrNafta were the main decliners, dropping by 3.6% and 2.2% respectively on combined turnover of UAH 4.4mn, with the latter ending at UAH 261. On the upside, Motor Sich continued its remarkable run of form, edging up another 0.4% to UAH 2213; the issue has not posted a loss in any session since May 12. Outside the UX basket, Krukiv Wagon and Bank Forum were both in the red on respective losses of 3.5% and 2.1%. In London trading, JXK Oil&Gas edged down 1.2% to GBp 61.

### Fixed Income

Ukrainian sovereign Eurobonds ended mixed on Friday, with medium-term Ukraine-17s declining by 0.6 p.p. to close at 93.9/95.2 (9.1%/8.6%). Ukraine-14s, which are maturing this week on Jun 4, added 1.3 p.p. to near par value at 99.5/100.0. In corporate names, MHP-15s rose by a solid 2.0 p.p. to 101.0/102.0 (11.1%/9.5%) while most other names were little-changed.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2213.00	0.4%	5.1	177
Donbasenergo	DOEN	43.70	-3.6%	2.3	74
Ukrnafta	UNAF	261.00	-2.3%	2.0	108

### Growth Leaders

Mariupol Ilyicha	MMKI	0.14	4.5%	0.11	14
Energomashspetzstal	ENMA	0.59	1.7%	0.02	7
Poltavsky GOK	PGOK	14.49	1.3%	0.11	9

### Loss Leaders

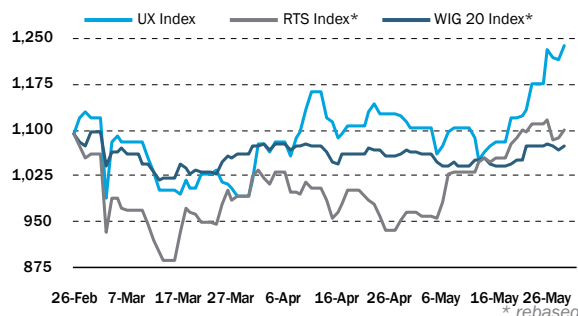
Azovstal	AZST	0.76	-4.8%	0.048	33
Donbasenergo	DOEN	43.70	-3.6%	2.343	74
Kryukiv Wagon	KVBZ	16.01	-3.6%	0.225	12

## Highlights

### STOCKS IN THE NEWS

- > Kernel Posts 33% YoY Decline in EBITDA in Jan-Mar due to One-Off Loss

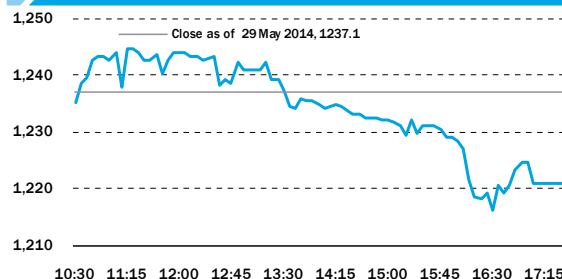
## STOCK MARKET PERFORMANCE



## MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1220.9	-1.3%	9.6%	34.2%
RTS	1295.8	-1.4%	12.3%	-10.2%
WIG20	2429.5	-1.5%	-0.9%	1.2%
MSCI EM	1027.7	-1.1%	2.8%	2.6%
S&P 500	1923.6	0.2%	2.4%	4.5%

## UX INTRADAY MAY 30, 2014



## FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	292.5	-0.5%	-6.7%	-11.6%
CDS 5Y UKR	915.3	3.4%	-24.3%	11.6%
Ukraine-17	8.6%	0.2 p.p.	-3.0 p.p.	-0.4 p.p.
Naftogaz Ukr-14	22.6%	0.5 p.p.	-11.2 p.p.	13.9 p.p.
Ukraine-23	8.8%	0.0 p.p.	-1.0 p.p.	1.3 p.p.
Privatbank-16	28.2%	-0.9 p.p.	-6.2 p.p.	3.5 p.p.

## CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.80	-0.4%	2.1%	43.1%
EUR	16.09	-0.1%	0.9%	41.5%
RUB	0.34	-1.0%	4.2%	34.5%

## COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	271.3	0.0%	-8.9%	-5.6%
Steel, USD/t	537.5	0.0%	0.9%	0.0%
Oil, USD/bbl	109.4	-0.5%	0.9%	-1.6%
Gold, USD/oz	1249.7	-0.5%	-3.6%	4.4%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Kernel Posts 33% YoY Decline in EBITDA in Jan-Mar due to One-Off Loss

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

### KERNEL (KER PW)

Price: PLN 28.00 Market Cap: USD 730mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY13	0.5	7.0	4.9	0%
FY14E	0.6	15.5	8.2	3%

### NEWS

Kernel, Ukraine's largest sunflower oil producer, finished 3QFY14 (Jan-Mar 2014) with net revenue of USD 675mn, a 13% YoY increase, the company reported on Friday (May 31). The increase was mainly fueled by a doubling in grain sales volume YoY in the period, translating into a 29% YoY increase in revenue of the segment to USD 309mn. While sunflower oil sales volume grew by 52%, this segment's revenue was up by just 2% due to lower oil prices. The overall EBITDA of the group declined by 34% YoY to USD 30mn, as the strong EBITDA generated by the bulk oil and grain trading segments of USD 50mn (+37% YoY) and USD 33mn (6.8x), respectively, was not able to offset a poor result in farming segment of negative USD 22mn (vs. USD -4mn in 3QFY13) and a currency devaluation loss of USD 45mn. Consequently, the group finished with net loss of USD 25mn vs. a loss of USD 3mn last year. Management revised downward its EBITDA expectation for FY14 from USD 250mn to USD 170mn.

### COMMENTARY

This result has curbed our optimism about Kernel's ability to reach FY14 EBITDA close to its previous target of USD 250mn. The downgrade of the management guidance is due to two reasons. While the first one, a 5.5x surge in the negative result of the farming segment, was another disappointment after an EBITDA loss of USD 48mn over July-Dec 2013, the second one, a one-off foreign exchange loss of USD 45mn from revaluing VAT receivables was, in our view, more of a technical matter connected to accounting practices. In case the functional currency of the holding company were UAH or if these receivables had been sitting on the balance of one of the group's subsidiaries, this loss would have not appeared. Without this loss, the group's EBITDA would have shown growth by as much as 67% YoY.

On the positive side, following the ugly results of the last harvest season, the farming segment should demonstrate robust results this year due to expected growth in yields as well as a favorable effect of devaluation on farming production cost. The yields of corn, sunflower and soya are expected at 7.0 t/ha (+27% yoy), 2.3 t/ha (+9% yoy) and 2.2 t/ha (+52% yoy), respectively. We note that the bulk of production cost was incurred while the UAH/USD rate was still close to 8.0, while crop prices in Ukraine are linked to USD. However, the positive effect from this will be reflected only in Kernel's FY15 financial results (the new financial year starting in July). Expected robust results in the farming segment next year should push the group's EBITDA much higher (to not less than USD 300mn), in our view.

All in all, following a 10% decline in Kernel's stock price earlier this week, we think the poor results have now already been priced in by the market. Meanwhile, a recovery of the loss-making farming segment should provide firm sentiment for the stock in the short run. An additional positive is that management has confirmed its intention to pay a USD 0.25 per share dividend for FY14 despite the poor bottom line.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.76	0.56	-26%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	136.9	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	7.50	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	7.35	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	3.25	6.2	92%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.65	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	0.59	2.9	399%	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	16.0	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.49	5.2	252%	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	2213	5250	137%	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	61.0	120	97%	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	43.7	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	7.20	15.00	108%	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	46.5	90.0	94%	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	68.0	58.74	-14%	SELL	Ovostar is one of the hardest-hit Ukrainian public companies from this year's UAH devaluation as some 70% of its production cost is linked to USD while only 7% of revenue earned in hard currency. Capacity expansion project for 2014-16 will likely be delayed, according to the management.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.163	0.24	47%	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	1220.89	1245.20	799.72	-1.3%	3.8%	9.6%	34.2%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-0.6%	6.0%	8.9%	-8.5%	0.8%	2.2%	-0.7%	-42.7%
Azovstal	AZST	0.76	0.90	0.31	-4.8%	-2.2%	7.9%	12.7%	-3.5%	-6.0%	-1.8%	-21.5%
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	43.9	52.0	20.0	0.3%	24.6%	26.7%	37.1%	1.6%	20.8%	17.1%	3.0%
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	0.14	n/a	n/a	7.7%	-6.7%	0.0%	40.0%	9.0%	-10.5%	-9.6%	5.8%
<b>Coke</b>												
Avdivka Coke	AVDK	3.25	4.80	1.46	-1.1%	1.2%	7.0%	9.8%	0.2%	-2.5%	-2.6%	-24.4%
Yasnyivsky Coking	YASK	0.65	0.77	0.49	0.0%	4.8%	-13.3%	22.6%	1.3%	1.0%	-23.0%	-11.5%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.35	n/a	n/a	-0.5%	-1.9%	-0.7%	13.1%	0.8%	-5.7%	-10.3%	-21.1%
Ferrexpo	FXPO	2.30	3.20	2.02	-1.2%	-0.7%	-7.8%	-27.2%	0.1%	-4.5%	-17.4%	-61.4%
Pivnichny GOK	SGOK	7.50	10.00	6.20	-9.5%	-9.6%	-4.9%	-6.3%	-8.2%	-13.4%	-14.6%	-40.4%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.59	0.70	0.10	-1.7%	7.3%	-1.7%	47.5%	-0.4%	3.5%	-11.3%	13.3%
Komsomolets Donbasa	SHKD	1.00	n/a	n/a	0.0%	-1.0%	5.3%	61.3%	1.3%	-4.8%	-4.4%	27.1%
Energy Coal	CLE	0.43	1.23	0.31	-1.3%	2.1%	-3.6%	22.6%	0.0%	-1.7%	-13.2%	-11.6%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	n/a	n/a	-7.0%	2.6%	2.6%	-13.0%	-5.7%	-1.2%	-7.1%	-47.2%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.85	0.99	0.30	0.0%	4.9%	3.7%	41.7%	1.3%	1.1%	-6.0%	7.5%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	11.1%	25.0%	42.9%	1.3%	7.3%	15.4%	8.7%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.0	29.0	10.0	-3.6%	0.1%	-4.7%	-7.5%	-2.2%	-3.7%	-14.3%	-41.6%
Luhanskeplovoz	LTPL	1.49	2.20	1.20	0.0%	0.7%	-6.9%	-0.7%	1.3%	-3.1%	-16.5%	-34.8%
Stakhanov Wagon	SVGZ	1.18	n/a	n/a	0.0%	16.8%	18.0%	-9.2%	1.3%	13.0%	8.4%	-43.4%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.06	0.08	0.02	0.0%	48.7%	38.6%	122.3%	1.3%	44.9%	29.0%	88.1%
Motor Sich	MSICH	2,213	2,545	1,303	0.4%	7.7%	24.3%	21.3%	1.7%	3.9%	14.6%	-12.8%
Summy Frunze Engineering	SMASH	4.20	n/a	n/a	-3.2%	5.0%	-16.0%	68.0%	-1.9%	1.2%	-25.6%	33.8%
Turboatom	TATM	4.50	n/a	n/a	0.0%	-10.0%	50.0%	28.6%	1.3%	-13.8%	40.4%	-5.6%
WESTA ISIC	WES	0.16	0.26	0.13	0.0%	0.0%	-9.0%	23.8%	1.3%	-3.8%	-18.6%	-10.3%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.17	0.19	0.09	0.0%	0.0%	8.6%	50.0%	1.3%	-3.8%	-1.1%	15.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.34	0.13	-5.0%	-0.3%	1.1%	-29.3%	-3.7%	-4.1%	-8.5%	-63.5%
JKX Oil	JKX	1.02	1.21	0.75	-0.9%	2.2%	11.1%	-13.7%	0.4%	-1.6%	1.4%	-47.8%
Ukrnafta	UNAF	261	270	96	-2.2%	4.4%	8.5%	140.3%	-0.9%	0.6%	-1.1%	106.2%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.20	7.40	2.50	-0.5%	6.9%	19.0%	51.0%	0.8%	3.1%	9.4%	16.8%
Donbasenergo	DOEN	43.7	50.2	15.4	-3.6%	-3.3%	-0.3%	58.4%	-2.3%	-7.1%	-9.9%	24.2%
Zakhidenergo	ZAEN	142.5	142.9	64.0	0.0%	2.6%	3.3%	57.6%	1.3%	-1.2%	-6.3%	23.5%
<b>Consumer</b>												
Agroton	AGT	0.85	1.8	0.43	1.0%	9.9%	6.3%	30.5%	2.3%	6.1%	-3.3%	-3.6%
Astarta	AST	15.3	24.4	12.1	5.8%	15.7%	17.8%	-31.2%	7.1%	11.9%	8.2%	-65.3%
Avangardo	AVGR	9.0	13.0	8.26	0.2%	3.4%	0.1%	-23.4%	1.5%	-0.3%	-9.6%	-57.6%
Industrial Milk Company	IMC	3.29	5.14	2.49	3.5%	11.7%	5.9%	-18.5%	4.8%	7.9%	-3.7%	-52.7%
Kernel	KER	9.2	18.2	7.6	1.8%	4.8%	0.1%	-27.2%	3.1%	1.0%	-9.5%	-61.3%
Mriya Agro Holding	MAYA	6.62	8.2	5.50	0.2%	-7.5%	1.9%	-11.2%	1.5%	-11.3%	-7.7%	-45.4%
MHPC	MHPC	14.8	19.0	11.00	0.9%	5.4%	22.9%	-13.3%	2.2%	1.6%	13.3%	-47.4%
Milkiland	MLK	2.09	4.7	1.71	0.2%	21.6%	-7.9%	-49.7%	1.5%	17.8%	-17.5%	-83.9%
Ovostar Union	OVO	22.4	33.3	19.4	1.8%	0.5%	-1.4%	-32.7%	3.1%	-3.3%	-11.0%	-66.8%
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	15.5	n/a	n/a	-8.1%	13.5%	9.9%	23.9%	-6.8%	9.7%	0.2%	-10.2%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.163	0.188	0.077	-0.4%	1.5%	-9.0%	43.9%	0.9%	-2.3%	-18.7%	9.7%
UkrSotsbank	USCB	0.170	0.257	0.115	0.1%	1.5%	14.7%	-9.3%	1.4%	-2.3%	5.1%	-43.5%

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	915	816	69	94	86	6.2%	10.3%	10.5%	29	60	56	2.6%	6.5%	6.8%
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	175	14.9%	10.4%	7.1%	211	105	47	9.8%	3.8%	1.9%
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%
Ukrspotsbank	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	78	3.9%	3	1,426	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	369	344	334	\$/tonne
Yenakievo Steel	ENMZ	39	8.8%	3	35	4.6	neg	neg	neg	1.6	1.1	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	269	3.0%	8	254	neg	neg	neg	neg	neg	7.2	0.1	0.1	0.1	55	56	56	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	54	6.8%	4	51	neg	neg	neg	neg	1.1	1.7	0.0	0.1	0.1	12	13	14	\$/tonne
Yasynivsky Coke	YASK	15	9.0%	1	16	1.8	neg	3.2	0.6	0.6	0.8	0.0	0.0	0.0	0.6	0.6	0.8	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	730	0.3%	2	729	7.7	3.8	4.5	3.1	2.3	2.6	1.2	1.1	1.1				
Pivnichny GOK	SGOK	1,465	0.4%	6	1,459	3.4	2.7	3.2	1.9	1.6	1.8	1.0	0.9	1.0				
Ferrexpo	FXPO	1,343	24.0%	323	2,022	6.2	5.1	6.8	5.0	4.0	4.5	1.4	1.3	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	28	5.4%	2	130	4.0	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	14.4	0.8	1.0	1.3	2.1	6.1	14.4	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	187	2.0%	4	233	5.6	>30	>30	4.5	7.4	7.7	0.5	0.8	0.7	370	613	582	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	28	24.0%	7	65	5.7	1.4	1.2	2.2	1.8	1.7	0.3	0.2	0.2				
Krukiv Wagon	KVBZ	156	5.0%	8	156	1.6	3.7	neg	1.2	2.4	10.1	0.2	0.4	1.0				
Stakhanov Wagon	SVGZ	23	8.0%	2	55	>30	>30	>30	7.7	9.4	10.1	0.2	0.3	0.4				
<b>Specialized Machinery</b>																		
Turboatom	TATM	125	5.8%	7	36	3.3	1.8	1.8	0.7	0.4	0.4	0.2	0.2	0.1				
Motor Sich	MSICH	390	24.0%	94	412	2.0	2.3	2.3	1.3	1.5	1.6	0.4	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	262	7.2%	19	566	5.8	15.4	10.0	2.8	3.0	3.3	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,200	3.0%	36	1,192	6.8	>30	10.5	2.6	4.2	3.9	0.5	0.5	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	176	50.4%	88	284	neg	27.0	22.5	2.1	4.3	4.2	1.4	1.6	1.4	52	39	38	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	225	21.7%	49	305	7.8	3.8	4.1	4.4	3.2	3.6	0.3	0.3	0.4	17	22	19	\$/MWh
DonbasEnergO	DOEN	88	14.2%	12	154	22.9	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	1,559	34.1%	531	2,686	5.0	9.6	neg	5.7	6.9	5.6	1.9	1.8	1.8				
Kernel	KER	735	61.8%	454	1,441	3.5	7.0	15.6	4.5	5.0	8.2	0.7	0.5	0.6				
Astarta	AST	383	37.0%	142	717	6.6	11.2	4.7	6.5	7.9	5.2	1.6	1.5	1.3				
Avangardco	AVGR	575	22.5%	129	682	2.5	2.4	1.9	2.4	2.3	1.8	1.1	1.0	0.9	154	117	111	\$/mneggs
Agroton	AGT	18	26.2%	5	67	2.7	neg	neg	3.3	9.0	19.4	0.8	0.8	0.8	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	416	3.5%	15		>30	4.6	13.2	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	265	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

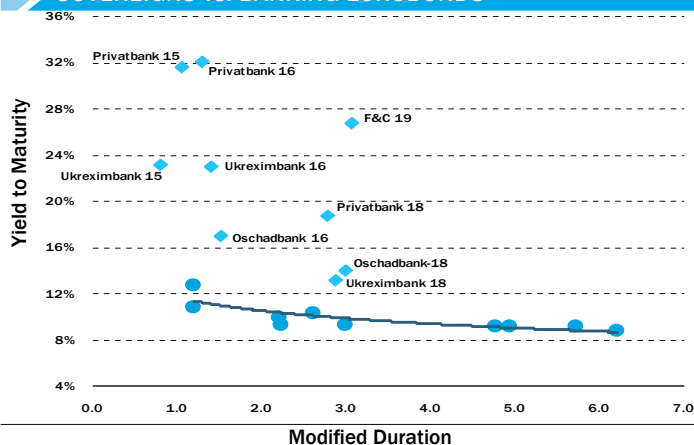
UKRAINIAN EUROBONDS

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	99.5	100.0	181.7%	7.6%	-0.2%	0.0	7.95%	S/A	4 Jun. 2014	1,000	Caa3/CCC/CCC
Naftogaz Ukraine, 2014	95.5	96.4	24.3%	21.0%	-4.5%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.3	95.3	11.4%	9.4%	-1.7%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	95.4	96.6	12.0%	10.7%	-1.7%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	94.8	96.0	9.4%	8.7%	1.5%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	94.8	96.0	8.9%	8.3%	1.1%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	93.9	95.2	9.1%	8.6%	2.0%	3.0	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	98.8	99.8	10.1%	9.7%	0.1%	2.6	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	87.0	88.9	14.5%	13.7%	6.4%	2.8	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	87.0	89.0	12.5%	11.8%	12.1%	3.2	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	93.3	94.3	9.4%	9.2%	0.8%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	94.5	95.5	9.2%	9.0%	1.4%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	92.0	93.0	9.2%	9.1%	1.6%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	91.6	93.1	8.9%	8.6%	2.1%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.9	33.9	67.3%	57.7%	-38.9%	1.8	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	101.0	102.0	11.1%	10.3%	-1.9%	0.8	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	87.3	88.3	11.3%	11.0%	-1.8%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	96.3	96.3	14.9%	14.9%	-1.7%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	85.3	87.4	16.2%	15.4%	-4.3%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.1	92.5	19.6%	18.3%	-8.4%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	75.2	76.7	18.7%	18.0%	-12.8%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	93.9	95.4	21.7%	19.0%	-7.4%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	82.8	84.5	13.8%	13.1%	-11.2%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	96.5	97.9	17.5%	15.4%	-4.8%	0.9	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	87.6	89.8	13.5%	12.7%	-6.7%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	97.6	99.6	10.0%	8.6%	0.6%	1.6	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	83.0	85.7	15.4%	14.3%	-8.0%	3.1	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	75.5	77.5	22.8%	21.0%	-1.9%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	106.0	108.0	9.7%	9.1%	-3.6%	3.1	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	50.0	60.0	29.8%	24.0%	-33.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	84.5	84.5	42.8%	42.8%	-14.2%	0.4	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	65.0	70.0	63.8%	50.6%	-16.1%	2.4	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	83.5	86.0	31.6%	27.7%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	69.0	74.1	33.1%	27.4%	1.7%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	81.4	86.0	17.9%	16.0%	0.0%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	91.5	92.5	23.8%	21.9%	-4.6%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	80.0	81.5	22.8%	21.3%	-5.3%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	87.1	89.2	13.3%	12.5%	-1.2%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	66.0	70.0	n/a	n/a	-20.5%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	90.5	92.0	16.3%	15.1%	-2.0%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	86.1	87.6	13.8%	13.0%	-2.4%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	85.0	87.8	23.6%	20.5%	-7.1%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	85.6	87.5	17.9%	16.6%	-6.5%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

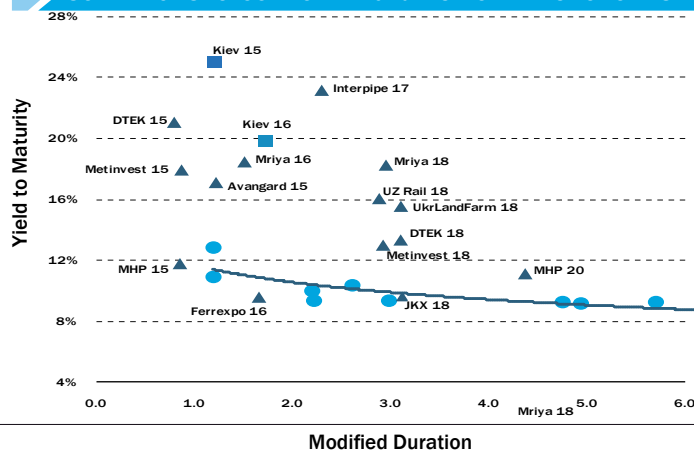
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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			18.5%	17.0%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			18.5%	17.0%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			18.5%	17.0%	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