

Market Update

Equity

The UX index declined by 1.1% on Wednesday (Jun 4), finishing three ticks below the psychological level of 1,200 points. Yenakievo Steel (ENMZ UK) was the only blue chip to end in the black, climbing 0.5%. Meanwhile, other steel-related names were under notable pressure, with Azovstal (AZST UK) and Avdyivka Coke (AVDK UK) declining by 3.0% and 1.6% respectively. Heavyweight Motor Sich (MSICH UK), still glowing from its recent 36% run-up over 3 weeks, shed a moderate 0.4%. In second-tier names, locomotive producer LuganskTeplovoz (LTPL UK) lost 6.0% and Yasynivsky Coke (YASK UK) fell 2.1%. London-listed Avangard (AVGR LI) and MHP (MHPC LI) rose by 3.4% and 1.5% respectively, while Ferrexpo (FXPO LN) edged down by 0.9%, and now sits just a single tick above its post-2009 low of GBp 133. In Warsaw trading, Kernel (KER PW) added 1.6% and Astarta (AST PW) increased by 0.6%.

Fixed Income

Ukrainian sovereign Eurobonds ended higher yesterday as newly-elected president Petro Poroshenko met his US counterpart Barack Obama at a high-profile event in Poland. Benchmark Ukraine-23s rose 0.7 p.p. to close at 91.7/93.2 (8.9%/8.6%) and Ukraine-22s added 1.0 p.p. to 91.9/92.9 (9.3%/9.1%). The main Ukrainian corporate and banking issues saw little to no trading action.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2255.00	-0.4%	5.8	116
Ukrnafta	UNAF	254.50	-1.2%	4.2	111
Centrenergy	CEEN	7.04	-0.2%	0.9	266

Growth Leaders

Yenakievo Steel	ENMZ	41.54	0.5%	0.25	26
Centrenergy	CEEN	7.04	-0.2%	0.87	266
Raiffeisen Bank Aval	BAVL	0.16	-0.3%	0.09	32

Loss Leaders

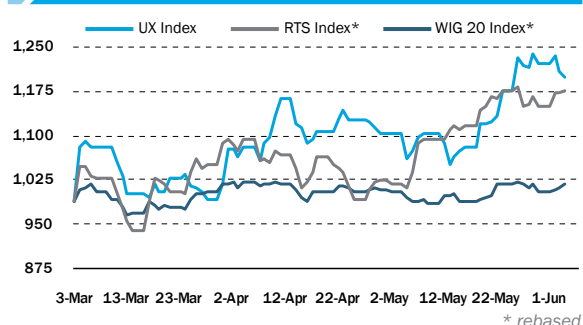
Luhanskteplovoz	LTPL	1.36	-6.0%	0.144	26
Azovstal	AZST	0.74	-3.0%	0.039	40
Yasynivsky Coke	YASK	0.64	-2.1%	0.123	16

Highlights

POLITICS AND ECONOMICS

- > G7 Threatens New Moscow Sanctions if Donbass Destabilization Continues
- > Poroshenko Meets Obama, Hollande in Warsaw

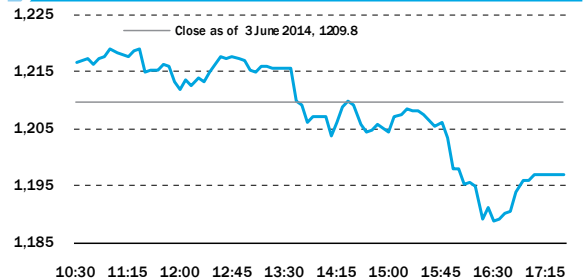
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1197.0	-1.1%	8.5%	31.5%
RTS	1324.9	0.1%	15.3%	-8.2%
WIG20	2462.1	0.6%	1.2%	2.5%
MSCI EM	1031.2	-0.5%	2.8%	2.9%
S&P 500	1927.9	0.2%	2.5%	4.7%

UX INTRADAY JUNE 4, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	289.3	0.6%	-8.6%	-12.5%
CDS 5Y UKR	890.5	-2.0%	-28.8%	8.6%
Ukraine-17	8.6%	0.0 p.p.	-4.6 p.p.	-0.4 p.p.
Naftogaz Ukr-14	18.1%	-2.1 p.p.	-22.6 p.p.	9.3 p.p.
Ukraine-23	8.7%	-0.1 p.p.	-1.8 p.p.	1.2 p.p.
Privatbank-16	28.2%	0.0 p.p.	-5.0 p.p.	3.6 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.93	-0.2%	2.8%	44.7%
EUR	16.22	-0.4%	0.8%	42.6%
RUB	0.34	0.0%	5.3%	35.8%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	266.8	0.0%	-9.7%	-7.2%
Steel, USD/t	537.5	0.0%	0.9%	0.0%
Oil, USD/bbl	108.4	-0.4%	0.4%	-2.5%
Gold, USD/oz	1243.9	-0.1%	-4.3%	4.0%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

G7 Threatens New Moscow Sanctions if Donbass Destabilization Continues

by Will Ritter
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NEWS

Speaking at a meeting of the Group of Seven industrialized countries in Brussels on Wednesday (Jun 4), German chancellor Angela Merkel said that Russia needs to stop the flow of weapons and guerillas from its territory into Eastern Ukraine to avoid a stiffening of Western economic sanctions. The G7 meeting had originally been slated to take place in Russia but was moved following the Russian takeover of Crimea in March. Also on Wednesday, Ukrainian government sources said a border guard unit in Lugansk oblast had given up its positions after a sustained 17-hour assault by pro-Russian paramilitaries, leaving the border essentially undefended, Euronews reported. CNN television reported, without confirmation and apparently erroneously, that some 300 paramilitaries were killed and another 500 wounded in a major government offensive near the rebel-controlled city of Slavyansk.

COMMENTARY

It appears that Russia's President Putin is in an untenable position; even giving Putin the maximum benefit of the doubt that the Russian government is not involved in sponsoring the war in the Donbass, the fact that Russia's powerful border service is allowing weapons and mercenaries to move freely across the frontier would seem to provide sufficient grounds for escalating the Western sanctions regime. After mercenaries from the pro-Russian "Vostok Battalion" broke up a camp of local pro-Russian squatters in Donetsk last week, it has become increasingly clear that the conflict is no longer being driven by local separatist elements, but by well-organized Russian imports. Meanwhile, the wildly erroneous report from CNN indicates the difficulty of obtaining reliable information from Donetsk and Lugansk, where it has become dangerous for credible news outlets to operate; we have decreasing confidence in the accuracy of information being released by the Ukrainian Interior Ministry or the army, as well as by formerly dependable local outlets such as Ukrayinska Pravda and Channel 5.

Poroshenko Meets Obama, Hollande in Warsaw

by Will Ritter
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NEWS

Ukraine's President-elect Petro Poroshenko traveled to Warsaw on Wednesday (Jun 4) for a ceremony commemorating the 25th anniversary of the free election that ousted Poland's communists from power in 1989. On the sidelines of the event, Poroshenko, who is set to be inaugurated in Kyiv this Saturday (Jun 7), held bilateral meetings with US President Barack Obama and French President Francois Hollande. At the meeting with Obama, Poroshenko obtained pledges of specific non-lethal US military equipment aid in the amount of around USD 20mn. Meanwhile, Russian President Putin extended a sort of olive branch to Poroshenko, saying that he still has "clean hands" and can stop the Ukrainian military operation in the Donbass; it expected that Putin and Poroshenko will have some interaction at tomorrow's (Jun 6) ceremony in France marking the 70th anniversary of D-Day, although no formal talks are planned.

COMMENTARY

The Warsaw ceremony was staged as a cheerleading event whereby Obama could publicly reaffirm US security guarantees to Poland and other Eastern European NATO members following Russia's armed takeover of the Crimean peninsula earlier this year. In this sense, it had little significance for Eastern Ukraine's armed standoff despite Poroshenko's high-profile presence. Putin's call for Poroshenko to stop the Donbass military operation is disingenuous for two reasons: first, Putin is fully aware that such a move is politically impossible for the incoming President, and second, it is the Russian government's own complicity in allowing mercenaries to operate across its border that is fueling the escalation of violence. We see Putin's strategy as using the war in the Donbass, combined with the Ukrainian government's inflexible attitude toward finding a political solution for the region, as a way to de-stabilize Kyiv over the medium term, and thereby prevent the implementation of real economic reforms that would allow Ukraine's integration into the EU. As such, it is obvious that Putin has no interest in repeating the Crimean scenario of annexation in the Donbass.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.74	0.56	-24%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	134.2	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	7.80	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.
Coke						
Avdyivka Coke	AVDK	3.17	6.2	97%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.64	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	0.60	2.9	394%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.1	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.36	5.2	285%	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	2255	5250	133%	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	7.9	42.0	433%	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.
Power Utilities						
DonbasEnerg	DOEN	41.0	72.0	76%	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	7.04	15.00	113%	BUY	CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	15.2	15.65	3%	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	47.2	90.0	91%	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	9.2	U/R	--	U/R	
Ovostar Union	OVO	66.2	58.74	-11%	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.
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	1197.02	1245.20	799.72	-1.1%	-1.4%	8.5%	31.5%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.035	0.06	0.02	-0.8%	4.5%	11.5%	-9.8%	0.2%	5.9%	3.0%	-41.3%
Azovstal	AZST	0.74	0.90	0.31	-3.0%	-6.8%	3.8%	9.9%	-2.0%	-5.4%	-4.7%	-21.7%
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	41.5	52.0	20.0	-0.7%	7.1%	19.3%	29.8%	0.3%	8.5%	10.8%	-1.8%
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	-6.7%	7.7%	0.0%	40.0%	-5.6%	9.1%	-8.5%	8.5%
Coke												
Avdyivka Coke	AVDK	3.17	4.80	1.46	-1.6%	-0.8%	6.2%	7.1%	-0.5%	0.6%	-2.3%	-24.4%
Yasnyivsky Coking	YASK	0.64	0.77	0.49	-3.0%	1.6%	3.2%	20.8%	-2.0%	3.0%	-5.3%	-10.8%
Iron Ore Mining												
Centralny GOK	CGOK	7.35	n/a	n/a	0.0%	-0.5%	-0.7%	13.1%	1.1%	0.9%	-9.2%	-18.5%
Ferrexpo	FXPO	2.25	3.20	2.02	-0.9%	-2.7%	-8.8%	-28.8%	0.2%	-1.3%	-17.3%	-60.3%
Pivnichny GOK	SGOK	7.80	10.00	6.20	4.0%	-6.0%	0.0%	-2.5%	5.1%	-4.6%	-8.5%	-34.0%
Coal Mining												
Pokrovske Mine	SHCHZ	0.60	0.70	0.10	1.7%	20.0%	9.1%	50.0%	2.8%	21.4%	0.6%	18.5%
Komsomolets Donbasa	SHKD	0.95	n/a	n/a	-8.7%	-5.0%	0.0%	53.2%	-7.6%	-3.6%	-8.5%	21.7%
Energy Coal	CLE	0.41	1.23	0.31	-6.4%	-7.4%	-1.6%	17.9%	-5.4%	-6.0%	-10.1%	-13.7%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.40	n/a	n/a	0.0%	n/a	2.6%	-13.0%	1.1%	n/a	-5.9%	-44.6%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.89	0.99	0.30	0.0%	6.0%	6.0%	48.3%	1.1%	7.4%	-2.5%	16.8%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	0.0%	20.0%	42.9%	1.1%	1.4%	11.5%	11.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.1	29.0	10.0	0.0%	-2.7%	-4.5%	-7.2%	1.1%	-1.3%	-13.0%	-38.8%
Luhanskeplovoz	LTPL	1.36	2.20	1.20	-6.2%	-6.2%	-11.1%	-9.3%	-5.1%	-4.8%	-19.6%	-40.9%
Stakhanov Wagon	SVGZ	1.12	n/a	n/a	-5.1%	1.8%	-5.1%	-13.8%	-4.0%	3.2%	-13.6%	-45.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.06	0.08	0.02	0.0%	0.9%	9.8%	115.1%	1.1%	2.3%	1.3%	83.6%
Motor Sich	MSICH	2,255	2,545	1,303	-0.4%	5.3%	28.3%	23.6%	0.6%	6.8%	19.8%	-7.9%
Summy Frunze Engineering	SMASH	4.30	n/a	n/a	0.0%	13.2%	-6.7%	72.0%	1.1%	14.6%	-15.2%	40.5%
Turboatom	TATM	4.00	n/a	n/a	0.0%	-11.1%	8.1%	14.3%	1.1%	-9.7%	-0.4%	-17.2%
WESTA ISIC	WES	n/a	0.26	0.13	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Telecom												
Ukrtelecom	UTLM	0.18	0.19	0.09	7.7%	10.0%	13.2%	61.5%	8.8%	11.4%	4.7%	30.0%
Oil & Gas												
Regal Petroleum	RPT	0.13	0.34	0.13	6.7%	-11.1%	0.8%	-37.4%	7.7%	-9.7%	-7.6%	-68.9%
JKX Oil	JKX	1.02	1.21	0.75	-0.3%	2.7%	10.1%	-13.8%	0.8%	4.2%	1.6%	-45.3%
Ukrnafta	UNAF	255	270	96	-1.2%	-1.4%	6.2%	134.3%	-0.1%	0.0%	-2.3%	102.8%
Power Utilities												
Centrenerg	CEEN	7.04	7.40	2.50	-0.5%	-0.6%	16.3%	47.6%	0.6%	0.8%	7.8%	16.1%
Donbasenergo	DOEN	41.0	50.2	15.4	-2.5%	-10.4%	-3.3%	48.6%	-1.4%	-9.0%	-11.8%	17.1%
Zakhidenergo	ZAEN	149.9	153.0	64.0	7.1%	4.9%	14.9%	65.8%	8.1%	6.3%	6.4%	34.3%
Consumer												
Agroton	AGT	0.83	1.8	0.43	-2.4%	-4.2%	11.0%	27.5%	-1.3%	-2.8%	2.5%	-4.1%
Astarta	AST	15.5	24.4	12.1	0.6%	6.1%	15.0%	-30.2%	1.7%	7.6%	6.5%	-61.7%
Avangardo	AVGR	9.2	13.0	8.26	3.4%	2.2%	3.7%	-21.7%	4.4%	3.7%	-4.8%	-53.2%
Industrial Milk Company	IMC	3.23	5.14	2.49	-1.2%	1.6%	4.4%	-20.2%	-0.1%	3.0%	-4.1%	-51.7%
Kernel	KER	10.1	18.2	7.6	1.6%	12.4%	8.0%	-20.2%	2.6%	13.8%	-0.5%	-51.7%
Mriya Agro Holding	MAYA	6.14	8.2	5.52	-2.1%	-9.7%	-1.6%	-17.6%	-1.1%	-8.3%	-10.1%	-49.2%
MHPC	MHPC	15.2	18.7	11.00	1.5%	7.0%	25.0%	-10.7%	2.6%	8.4%	16.5%	-42.2%
Milkiland	MLK	2.03	4.7	1.71	2.7%	-1.7%	-8.9%	-51.3%	3.7%	-0.2%	-17.4%	-82.8%
Ovostar Union	OVO	21.8	33.3	19.4	-2.3%	1.0%	-5.5%	-34.4%	-1.2%	2.5%	-14.0%	-66.0%
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	14.3	n/a	n/a	0.0%	-6.9%	9.6%	14.6%	1.1%	-5.5%	1.1%	-16.9%
Banks												
Raiffeisen Bank Aval	BAVL	0.161	0.188	0.077	-0.2%	-2.4%	-9.4%	41.6%	0.9%	-1.0%	-17.9%	10.1%
UkrSotsbank	USCB	0.164	0.257	0.115	-1.1%	-2.4%	4.4%	-12.7%	0.0%	-1.0%	-4.1%	-44.2%

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
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	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%
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	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
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%
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			
Steel																		
Alchevsk Steel	ALMK	76	3.9%	3	1,424	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	368	343	333	\$/tonne
Yenakievo Steel	ENMZ	37	8.8%	3	33	4.3	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	11	11	\$/tonne
Azovstal	AZST	259	3.0%	8	244	neg	neg	neg	neg	neg	6.9	0.1	0.1	0.1	53	54	54	\$/tonne
Coke																		
Avdyivka Coke	AVDK	52	6.8%	4	49	neg	neg	neg	neg	1.1	1.7	0.0	0.1	0.1	11	13	13	\$/tonne
Yasynivsky Coke	YASK	15	9.0%	1	16	1.8	neg	3.1	0.6	0.5	0.8	0.0	0.0	0.0	0.6	0.5	0.8	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	722	0.3%	2	721	7.6	3.7	4.4	3.1	2.3	2.6	1.2	1.1	1.1				
Pivnichny GOK	SGOK	1,507	0.4%	6	1,501	3.5	2.7	3.3	2.0	1.6	1.8	1.1	0.9	1.0				
Ferrexpo	FXPO	1,315	24.0%	316	1,994	6.1	5.0	6.7	5.0	3.9	4.5	1.4	1.3	1.3				
Coal Mining																		
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	19	25.0%	5	129	0.5	neg	neg	2.0	6.1	14.3	0.8	1.0	1.3	2.0	6.1	14.3	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	194	2.0%	4	240	5.8	>30	>30	4.6	7.7	7.9	0.5	0.8	0.8	380	631	599	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	25	24.0%	6	62	5.2	1.3	1.1	2.1	1.7	1.6	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	154	5.0%	8	154	1.6	3.7	neg	1.1	2.4	10.1	0.2	0.4	1.0				
Stakhanov Wagon	SVGZ	21	8.0%	2	54	>30	>30	>30	7.5	9.2	9.9	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	124	5.8%	7	34	3.3	1.7	1.8	0.7	0.4	0.4	0.2	0.2	0.1				
Motor Sich	MSICH	393	24.0%	94	415	2.0	2.3	2.4	1.3	1.5	1.6	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	279	7.2%	20	583	6.2	16.4	10.6	2.8	3.1	3.4	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,157	3.0%	35	1,149	6.6	>30	10.1	2.5	4.0	3.7	0.5	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	42	21.6%	9	17	3.6	neg	21.1	0.8	neg	0.7	0.4	0.5	0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	175	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
Electric Utilities																		
CentrEnergO	CEEN	218	21.7%	47	297	7.6	3.6	3.9	4.3	3.1	3.5	0.3	0.3	0.4	17	21	19	\$/MWh
DonbasEnergO	DOEN	81	14.2%	12	147	21.3	1.2	1.8	4.6	2.0	2.9	0.3	0.2	0.3	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,605	34.1%	547	2,733	5.2	9.9	neg	5.8	7.0	5.7	1.9	1.8	1.9				
Kernel	KER	805	61.8%	497	1,511	3.8	7.7	17.1	4.7	5.2	8.6	0.7	0.5	0.6				
Astarta	AST	388	37.0%	144	722	6.7	11.4	4.7	6.5	7.9	5.2	1.6	1.5	1.3				
Avangardco	AVGR	588	22.5%	132	695	2.6	2.5	2.0	2.5	2.3	1.9	1.1	1.1	0.9	157	120	113	\$/mneggs
Agroton	AGT	18	26.2%	5	67	2.6	neg	neg	3.3	8.9	19.3	0.8	0.8	0.7	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	405	3.5%	14		>30	4.5	12.8	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	253	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

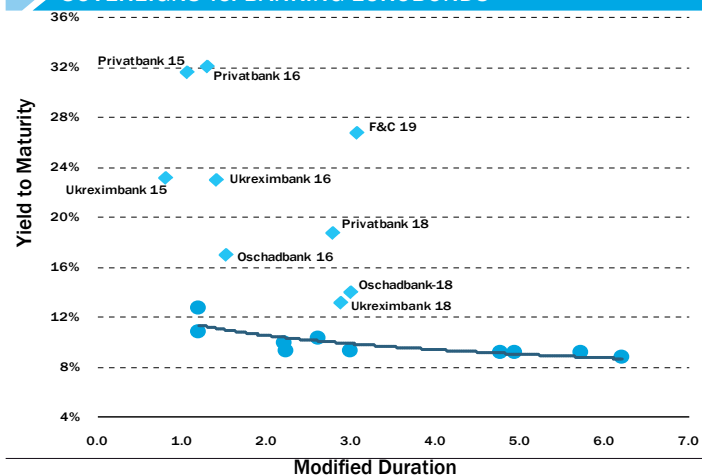
UKRAINIAN EUROBONDS

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											
Naftogaz Ukraine, 2014	97.0	97.8	19.3%	16.9%	-3.1%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.4	94.9	11.3%	9.9%	-1.9%	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	94.4	95.2	9.5%	9.2%	0.8%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	94.5	95.2	9.0%	8.6%	0.6%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.0	95.2	9.1%	8.6%	2.0%	3.0	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	98.6	99.6	10.1%	9.7%	-0.1%	2.6	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	90.8	92.3	12.8%	12.2%	10.7%	2.8	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	91.0	92.1	11.0%	10.6%	16.6%	3.2	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	93.8	94.8	9.3%	9.1%	1.4%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	94.3	95.3	9.2%	9.0%	1.2%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	91.9	92.9	9.3%	9.1%	1.4%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	91.7	93.2	8.9%	8.6%	2.2%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.9	33.9	67.6%	57.9%	-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	87.2	88.4	11.3%	11.0%	-1.8%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	94.5	96.0	16.8%	15.3%	-4.7%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	84.9	87.7	16.3%	15.2%	-4.3%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.6	93.0	19.2%	18.0%	-7.9%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	75.7	78.7	18.5%	17.2%	-11.4%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	92.9	94.1	23.9%	21.5%	-8.5%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	81.3	82.4	14.4%	14.0%	-13.2%	3.0	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	96.1	97.3	18.2%	16.4%	-5.3%	0.9	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.9	88.2	13.8%	13.3%	-7.9%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	97.0	98.1	10.5%	9.7%	-0.5%	1.6	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	83.9	85.8	15.0%	14.3%	-7.5%	3.1	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	75.5	76.9	22.8%	21.4%	-1.9%	2.3	10.25%	S/A	2 Aug 2017	200	//
JXX Oil&Gas, 2018	106.3	108.2	9.6%	9.0%	-3.4%	3.1	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	50.0	60.0	29.8%	24.0%	-33.7%	3.0	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	83.0	88.1	47.3%	35.3%	-13.1%	0.5	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	65.0	70.0	65.0%	51.3%	-16.1%	2.4	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	82.0	85.0	34.4%	29.4%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	69.0	74.1	33.2%	27.6%	1.7%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	81.8	83.6	17.8%	17.0%	-1.2%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	91.5	92.7	24.0%	21.8%	-4.5%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	80.0	81.5	23.0%	21.4%	-5.3%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	86.3	88.2	13.7%	12.9%	-2.2%	2.8	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	90.1	92.0	16.7%	15.1%	-2.2%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	85.8	88.0	13.8%	13.0%	-2.4%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	85.1	90.0	23.6%	18.2%	-5.8%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	86.0	89.0	17.7%	15.7%	-5.9%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

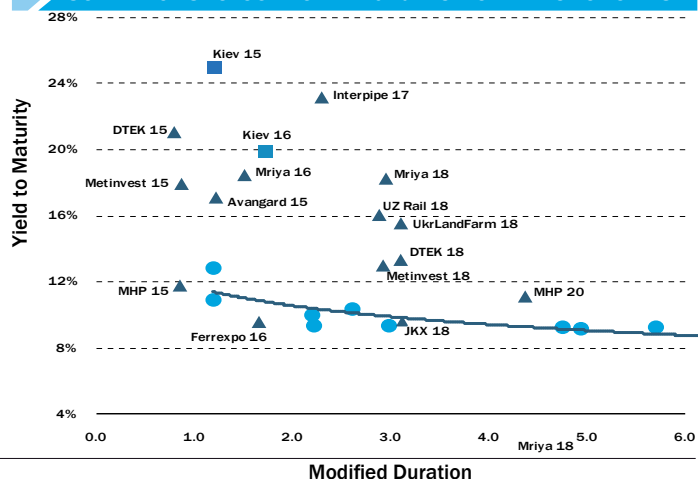
¹ Moody's/S&P/Fitch; * EUR

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			17.0%	13.5%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			18.0%	14.5%	n/a	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000142699	n/a	n/a	18.0%	17.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	18.0%	17.0%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	18.0%	17.0%	n/a	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000142681	n/a	n/a	18.0%	14.0%	n/a	4.80%	S/A	6 May 2015	40
VAT Bonds									
UA4000082531			17.5%	16.0%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			17.5%	16.0%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			17.5%	16.0%	n/a	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

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