

**Market Update**

**Equity**

Ukrainian stocks rallied on Friday (Jun 6) ahead of Monday's (Jun 9) local holiday closure, helped by positive external sentiments from the European Central Bank's latest interest rate cut. In Monday trading, Germany's DAX smashed through the 10,000 point milestone for the first time after receiving a bump from the ECB's move. In Kyiv, the UX index gained 2.4% to close at 1238 points. Perennial underperformers Alchevsk Steel and Avdyivka Coke were the biggest winners, picking up 6.5% and 5.0% respectively. CentrEnergO rose 1.7% to UAH 7.18 and volume leader Motor Sich picked up 2.0% on turnover of UAH 2.4mn. Outside the UX basket, Bogdan Motors appreciated by 5.2% to 5.90 kopecks. In London, Avangard moved up 3.2%, finishing at USD 9.46.

**Fixed Income**

Ukrainian sovereigns ended higher on Friday, with Ukraine-23s rising by 0.8 p.p. to close at 92.7/94.2 (8.7%/8.4%), and medium-term Ukraine-20s jumping 3.9 p.p. to 98.0/99.3 (8.4%/8.1%). Corporate issues also improved, with Metinvest-18s adding 1.0 p.p. to 87.5/89.1 (13.6%/12.9%) and MHP-20s gaining 1.3 p.p. to 88.1/90.1 (11.1%/10.6%). In banking names, short-term issue PrivatBank-15s rose by 2.2 p.p. to 86.0/87.0 (28.3%/26.8%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2329.00	2.0%	2.4	82
Avdyivka Coke	AVDK	3.28	5.0%	1.6	51
Ukrnafta	UNAF	262.60	2.0%	0.8	48

**Growth Leaders**

Alchevsk Steel	ALMK	0.04	6.5%	0.32	173
Bogdan Motors	LUAZ	0.06	5.2%	0.01	8
Avdyivka Coke	AVDK	3.28	5.0%	1.55	51

**Loss Leaders**

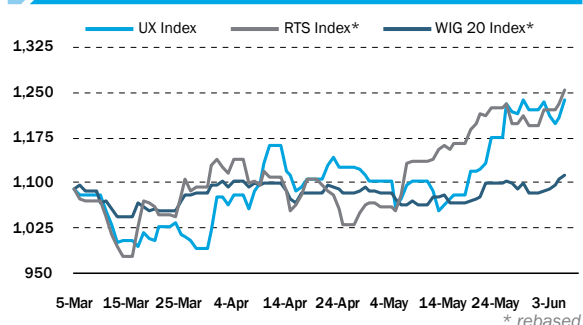
Raiffeisen Bank Aval	BAVL	0.16	0.9%	0.184	28
Yasynivsky Coke	YASK	0.67	0.9%	0.134	7
CentrenergO	CEEN	7.18	1.7%	0.637	129

**Highlights**

**POLITICS AND ECONOMICS**

- > Poroshenko Says He'll Return Crimea; Kyiv Loses Control of Lugansk Border
- > NBU Reserves Jump by USD 3.7bn to USD 17.9bn in May

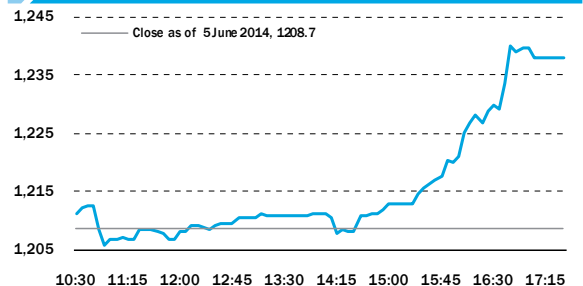
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1238.1	2.4%	15.2%	36.1%
RTS	1359.1	1.9%	15.9%	-5.8%
WIG20	2498.7	0.7%	4.6%	4.1%
MSCI EM	1044.9	1.0%	4.1%	4.3%
S&P 500	1949.4	0.5%	4.4%	5.9%

**UX INTRADAY JUNE 6, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	273.1	-4.5%	-12.5%	-17.4%
CDS 5Y UKR	775.1	-10.4%	-35.2%	-5.5%
Ukraine-17	8.6%	0.1 p.p.	-4.3 p.p.	-0.4 p.p.
Naftogaz Ukr-14	15.0%	-2.7 p.p.	-24.9 p.p.	6.2 p.p.
Ukraine-23	8.6%	-0.1 p.p.	-1.9 p.p.	1.1 p.p.
Privatbank-16	26.5%	-1.5 p.p.	-7.1 p.p.	1.8 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	11.78	-0.8%	-0.2%	42.9%
EUR	16.06	-0.9%	-2.3%	41.2%
RUB	0.34	0.1%	2.8%	36.3%

**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	108.6	-0.2%	2.0%	-2.3%
Gold, USD/oz	1253.3	0.0%	-4.2%	4.7%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Poroshenko Says He'll Return Crimea; Kyiv Loses Control of Lugansk Border

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

### NEWS

In his inauguration speech on Saturday (Jun 7), independent Ukraine's fifth elected president Petro Poroshenko said that his top priority will be ending the war in the east of the country, and that Crimea "was, is, and always will be Ukrainian territory". Poroshenko also promised to sign the economic portion of Ukraine's Association Agreement with the European Union as soon as possible. Meanwhile, in the country's easternmost province of Lugansk, international media reported that badly outgunned Ukrainian border guards have abandoned their posts, effectively ending any attempt to stop the flow of arms and fighters into the region from Russia.

### COMMENTARY

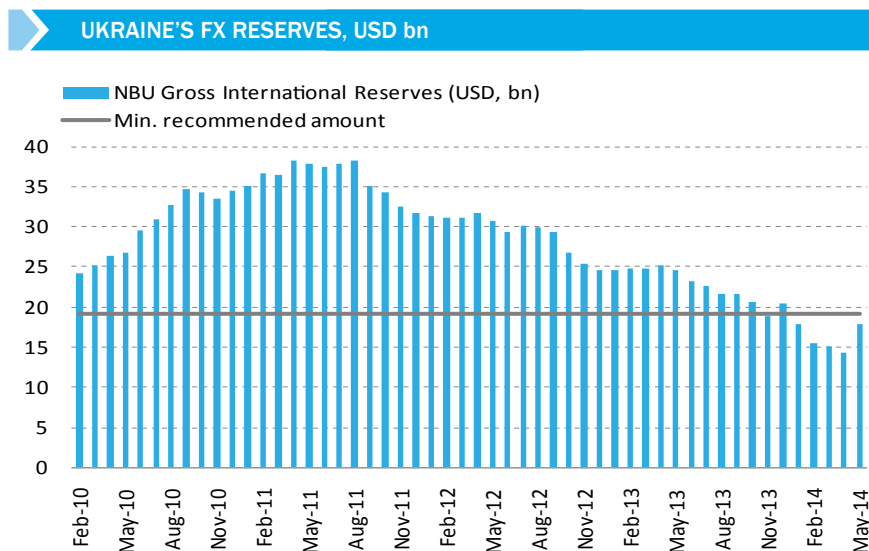
Poroshenko's comments on returning Crimea to Ukraine look to us like mere political posturing, as we see no feasible way that this can happen given Western countries' unwillingness to impose severe economic sanctions on Moscow over the issue. Poroshenko's "peace plan" offering amnesty to the Donbass rebels in exchange for laying down their arms also looks like a proposal that is simply not a serious effort to end the conflict. We see a growing disconnect between the insular view of the Donbass conflict in Kyiv and the hard reality of the war on the ground; the central Ukrainian government does not control the territory there, as is unlikely to regain such control in the near future, despite Poroshenko's promises. Ultimately, even if the armed conflict can be stopped, anti-Ukrainian separatist sentiment in the Donbass will remain, creating a permanent political headache for the rest of the country.

**NBU Reserves Jump by USD 3.7bn to USD 17.9bn in May**

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

**NEWS**

Ukraine's foreign currency reserves rose by 25.8% (USD 3.7bn) MoM to USD 17.9bn in May, the National Bank of Ukraine (NBU) reported last week. The increase in reserves is attributable to the arrival of the first tranche of USD 3.2bn from the IMF under a new stand-by program.



Source: National Bank of Ukraine

**COMMENTARY**

Although the increase in foreign reserves is a positive development for Ukraine's economy, the country is still in a situation of lacking hard currency to cover its short-term external obligations, and we expect the reserves to show a decline over the next month or two. On Jun 4 MinFin redeemed USD 1.0bn in Eurobonds, and we assume that this redemption was partly funded from the reserves. An immediate large amount of hard currency (up to USD 2.0bn) is also needed to pay off debt to Gazprom. In addition, we estimate the amount needed to service the government's external debt in June-July at USD 1.3bn (incl. servicing of USD-denominated domestically-issued bonds). Meanwhile, the reserves will be supported from additional injection of money into the country from international financial institutions. In particular, the World Bank has disbursed USD 750mn out of pledged USD 1.48bn to Ukraine.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.78	0.56	-29%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	137.9	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	8.10	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	3.28	6.2	90%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.67	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	0.60	2.9	391%	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	17.0	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.38	5.2	279%	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	2329	5250	125%	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	61.5	120	95%	BUY	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
<b>Power Utilities</b>						
DonbasEnerg	DOEN	43.0	72.0	67%	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	7.18	15.00	109%	BUY	CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Consumer</b>						
MHP	MHPC	15.0	15.65	4%	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	48.0	90.0	88%	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	9.5	U/R	--	U/R	
Ovostar Union	OVO	73.0	58.74	-20%	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	1238.13	1245.20	799.72	2.4%	1.4%	15.2%	36.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.038	0.06	0.02	6.5%	6.8%	23.5%	-2.3%	4.0%	5.3%	8.3%	-38.4%
Azovstal	AZST	0.78	0.90	0.31	4.6%	3.2%	13.6%	16.3%	2.1%	1.8%	-1.6%	-19.8%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	n/a	0.0%	0.0%	-2.4%	n/a	-15.2%	-36.1%
Enakievo Steel	ENMZ	43.5	52.0	20.0	2.6%	-0.9%	30.1%	35.9%	0.2%	-2.3%	14.9%	-0.2%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	n/a	0.0%	247.8%	-2.4%	n/a	-15.2%	211.8%
Mariupol Ilyicha	MMKI	0.15	n/a	n/a	0.0%	7.1%	0.0%	50.0%	-2.4%	5.7%	-15.2%	13.9%
<b>Coke</b>												
Avdivka Coke	AVDK	3.28	4.80	1.46	5.0%	1.0%	10.2%	10.9%	2.5%	-0.4%	-5.0%	-25.2%
Yasnyivsky Coking	YASK	0.67	0.77	0.49	0.0%	3.1%	17.5%	26.4%	-2.4%	1.7%	2.3%	-9.6%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.35	n/a	n/a	0.0%	0.0%	-0.7%	13.1%	-2.4%	-1.4%	-15.9%	-23.0%
Ferrexpo	FXPO	2.30	3.20	2.02	2.2%	0.3%	-6.7%	-27.0%	-0.3%	-1.1%	-21.9%	-63.1%
Pivnichny GOK	SGOK	8.10	10.00	6.20	3.8%	8.0%	3.8%	1.3%	1.4%	6.6%	-11.4%	-34.8%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.60	0.70	0.10	0.0%	1.7%	9.1%	50.0%	-2.4%	0.3%	-6.1%	13.9%
Komsomolets Donbasa	SHKD	1.00	n/a	n/a	5.3%	0.0%	31.6%	61.3%	2.8%	-1.4%	16.4%	25.2%
Energy Coal	CLE	0.43	1.23	0.31	1.7%	-0.5%	5.3%	22.0%	-0.7%	-1.9%	-9.9%	-14.0%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	n/a	n/a	0.0%	0.0%	2.6%	-13.0%	-2.4%	-1.4%	-12.6%	-49.1%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.89	0.99	0.30	0.0%	4.7%	7.2%	48.3%	-2.4%	3.3%	-8.0%	12.3%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	0.0%	20.0%	42.9%	-2.4%	-1.4%	4.8%	6.8%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	17.0	29.0	10.0	3.1%	6.2%	0.3%	-1.7%	0.7%	4.8%	-14.9%	-37.8%
Luhanskeplovoz	LTPL	1.38	2.20	1.20	6.2%	-7.4%	-4.8%	-8.0%	3.7%	-8.8%	-20.0%	-44.1%
Stakhanov Wagon	SVGZ	1.12	n/a	n/a	0.0%	-5.1%	12.0%	-13.8%	-2.4%	-6.5%	-3.2%	-49.9%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.06	0.08	0.02	5.2%	0.0%	43.3%	122.3%	2.7%	-1.4%	28.1%	86.2%
Motor Sich	MSICH	2,329	2,545	1,303	2.0%	5.2%	36.4%	27.7%	-0.4%	3.8%	21.2%	-8.4%
Summy Frunze Engineering	SMASH	4.29	n/a	n/a	-0.2%	2.1%	7.3%	71.6%	-2.7%	0.7%	-7.9%	35.5%
Turboatom	TATM	4.00	n/a	n/a	0.0%	-11.1%	8.1%	14.3%	-2.4%	-12.5%	-7.1%	-21.8%
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
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.19	0.09	-17.8%	-11.5%	-8.8%	32.7%	-20.3%	-12.9%	-23.9%	-3.3%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.34	0.12	1.4%	0.2%	6.4%	-29.2%	-1.0%	-1.2%	-8.8%	-65.2%
JKX Oil	JKX	1.03	1.21	0.75	0.0%	0.2%	11.5%	-13.5%	-2.4%	-1.2%	-3.7%	-49.5%
Ukrnafta	UNAF	263	270	96	2.0%	0.6%	13.5%	141.8%	-0.5%	-0.8%	-1.7%	105.8%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.18	7.40	2.50	1.6%	-0.3%	20.5%	50.6%	-0.8%	-1.7%	5.3%	14.5%
Donbasenergo	DOEN	43.0	50.2	15.4	3.1%	-1.6%	5.5%	55.9%	0.7%	-3.0%	-9.7%	19.8%
Zakhidenergo	ZAEN	151.9	153.0	64.0	1.4%	6.6%	15.5%	68.0%	-1.0%	5.2%	0.3%	32.0%
<b>Consumer</b>												
Agroton	AGT	0.86	1.8	0.43	3.3%	1.1%	17.8%	31.9%	0.9%	-0.4%	2.6%	-4.2%
Astarta	AST	15.6	24.4	12.1	0.0%	2.1%	21.0%	-29.7%	-2.4%	0.7%	5.8%	-65.7%
Avangardo	AVGR	9.2	13.0	8.26	3.0%	1.8%	4.1%	-22.0%	0.5%	0.4%	-11.1%	-58.1%
Industrial Milk Company	IMC	3.39	5.14	2.49	2.6%	2.9%	13.5%	-16.1%	0.2%	1.5%	-1.7%	-52.2%
Kernel	KER	10.4	17.7	7.6	2.1%	12.6%	15.7%	-18.0%	-0.4%	11.2%	0.5%	-54.0%
Mriya Agro Holding	MAYA	6.12	8.2	5.52	-5.5%	-7.4%	-3.6%	-17.8%	-8.0%	-8.8%	-18.8%	-53.9%
MHPC	MHPC	15.1	18.7	11.00	0.0%	2.4%	25.8%	-11.2%	-2.4%	1.0%	10.6%	-47.3%
Milkiland	MLK	2.18	4.7	1.71	2.8%	4.1%	5.0%	-47.6%	0.3%	2.7%	-10.2%	-83.7%
Ovostar Union	OVO	24.3	33.3	19.4	6.9%	8.5%	9.3%	-26.9%	4.5%	7.1%	-5.9%	-63.0%
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
<b>Chemicals</b>												
Stirol	STIR	14.3	n/a	n/a	0.0%	-7.5%	-0.3%	14.6%	-2.4%	-8.9%	-15.5%	-21.4%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.163	0.188	0.077	0.9%	0.1%	-5.6%	44.0%	-1.6%	-1.4%	-20.8%	7.9%
UkrSotsbank	USCB	0.173	0.257	0.115	1.6%	1.6%	15.0%	-7.8%	-0.8%	0.2%	-0.2%	-43.9%

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
<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%
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	83	3.9%	3	1,432	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	370	345	335	\$/tonne
Yenakievo Steel	ENMZ	39	8.8%	3	35	4.5	neg	neg	neg	1.6	1.1	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	278	3.0%	8	263	neg	neg	neg	neg	neg	7.4	0.1	0.1	0.1	57	58	58	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	54	6.8%	4	52	neg	neg	neg	neg	1.1	1.8	0.0	0.1	0.1	12	13	14	\$/tonne
Yasynivsky Coke	YASK	16	9.0%	1	16	1.9	neg	3.3	0.6	0.6	0.9	0.0	0.0	0.0	0.6	0.6	0.9	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	731	0.3%	2	730	7.7	3.8	4.5	3.1	2.3	2.6	1.2	1.1	1.2				
Pivnichny GOK	SGOK	1,585	0.4%	6	1,578	3.6	2.9	3.4	2.1	1.7	1.9	1.1	1.0	1.0				
Ferrexpo	FXPO	1,347	24.0%	323	2,026	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	196	2.0%	4	242	5.8	>30	>30	4.7	7.7	8.0	0.5	0.8	0.8	384	637	605	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	26	24.0%	6	63	5.3	1.3	1.1	2.2	1.8	1.6	0.3	0.2	0.2				
Krukiv Wagon	KVBZ	166	5.0%	8	166	1.7	4.0	neg	1.2	2.5	10.8	0.2	0.4	1.0				
Stakhanov Wagon	SVGZ	22	8.0%	2	54	>30	>30	>30	7.5	9.2	9.9	0.2	0.3	0.4				
<b>Specialized Machinery</b>																		
Turboatom	TATM	126	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	411	24.0%	99	434	2.1	2.4	2.5	1.4	1.6	1.7	0.4	0.4	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	232	7.2%	17	536	5.1	13.6	8.8	2.6	2.8	3.1	0.6	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,209	3.0%	36	1,201	6.9	>30	10.6	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%	89	284	neg	27.1	22.6	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	304	7.8	3.8	4.0	4.4	3.2	3.6	0.3	0.3	0.4	17	22	19	\$/MWh
DonbasEnergO	DOEN	86	14.2%	12	152	22.6	1.3	1.9	4.7	2.1	3.0	0.3	0.2	0.3	19	20	19	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,596	34.1%	544	2,723	5.1	9.8	neg	5.8	7.0	5.7	1.9	1.8	1.9				
Kernel	KER	828	61.8%	511	1,534	3.9	7.9	17.6	4.8	5.3	8.8	0.7	0.5	0.6				
Astarta	AST	391	37.0%	145	725	6.7	11.5	4.8	6.6	8.0	5.3	1.6	1.5	1.3				
Avangardco	AVGR	585	22.5%	132	693	2.6	2.5	1.9	2.5	2.3	1.9	1.1	1.0	0.9	157	119	112	\$/mneggs
Agroton	AGT	19	26.2%	5	68	2.7	neg	neg	3.3	9.0	19.5	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	417	3.5%	15		>30	4.7	13.2	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	270	0.7%	2		>30	>30	17.9	0.3	0.3	0.3	0.07	0.06	0.07				

Source: Eavex Research

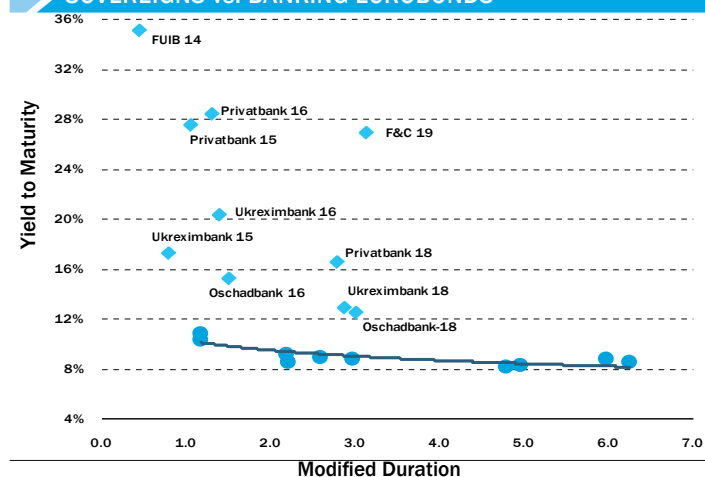
## UKRAINIAN EUROBONDS

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>											
Naftogaz Ukraine, 2014	98.0	98.7	16.1%	13.9%	-2.2%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.7	95.2	11.1%	9.6%	-1.6%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	95.8	97.3	11.7%	10.2%	-1.2%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	94.4	95.9	9.6%	8.8%	1.2%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	94.6	96.1	9.0%	8.2%	1.1%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.0	95.3	9.1%	8.6%	2.0%	3.0	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	101.1	101.9	9.1%	8.8%	2.3%	2.6	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	90.8	92.3	12.9%	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	98.0	99.3	8.4%	8.1%	6.0%	4.8	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	97.5	98.8	8.6%	8.3%	4.7%	5.0	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	93.3	94.8	9.0%	8.7%	3.3%	6.0	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	92.7	94.2	8.7%	8.4%	3.2%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.8	33.9	68.4%	58.2%	-39.0%	1.7	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	102.5	103.5	8.8%	8.0%	-0.5%	0.8	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	88.1	90.1	11.1%	10.6%	-0.3%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.0	97.2	16.4%	14.1%	-3.9%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	87.4	87.4	15.4%	15.4%	-3.2%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	93.0	94.8	18.1%	16.6%	-6.4%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	78.0	79.5	17.5%	16.9%	-9.6%	3.0	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	93.9	94.5	22.2%	21.1%	-7.8%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	84.0	85.1	13.4%	12.9%	-10.3%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	97.0	98.0	17.0%	15.4%	-2.1%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	87.5	89.1	13.6%	12.9%	-7.0%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	98.0	99.0	9.8%	9.0%	0.5%	1.6	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	83.7	88.5	15.1%	13.3%	-6.1%	3.1	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	75.6	76.8	22.8%	21.6%	-1.7%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	106.1	108.1	9.7%	9.1%	-3.5%	3.1	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	50.0	60.0	29.9%	24.0%	-33.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	88.3	88.3	35.1%	35.1%	-10.4%	0.4	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	65.0	70.0	65.5%	51.7%	-16.1%	2.4	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	86.0	87.0	28.3%	26.8%	n/a	1.1	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	72.0	75.0	30.1%	26.8%	4.5%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	84.5	85.5	16.6%	16.2%	1.5%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	94.8	96.0	18.4%	16.3%	-1.1%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	82.0	83.5	21.1%	19.7%	-3.0%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	87.3	88.8	13.3%	12.7%	-1.3%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	68.0	72.0	n/a	n/a	-18.1%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	91.2	92.5	15.9%	14.8%	-1.3%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	86.3	87.6	13.0%	12.3%	-2.3%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	88.0	90.0	20.5%	18.4%	-4.3%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	89.9	92.6	15.2%	13.5%	-1.5%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

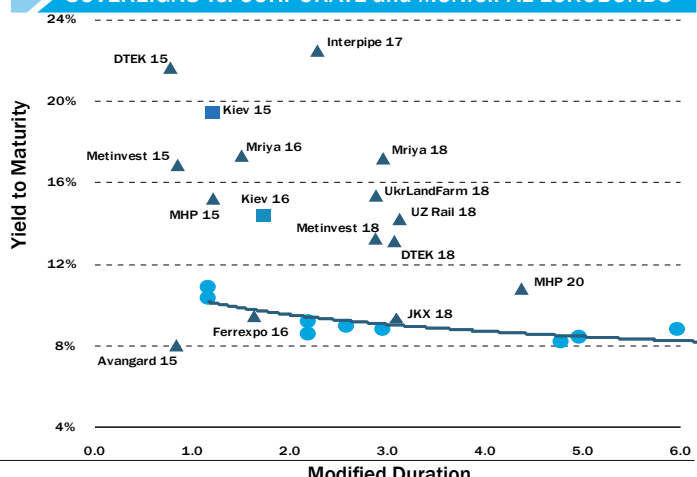
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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			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
<b>USD denominated Bonds</b>									
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
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	18.0%	14.0%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
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

## 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