

## Market Update

### Equity

Kyiv-listed Ukrainian stocks ended last week on a minor note as the UX index shed 0.5% to close at 1235 points on Friday (Jun 13). Heavyweight CentrEnergO was the main drag on the index, falling by 1.6%, while Motor Sich rose by 0.8% to UAH 2365 per share. Among other actively traded stocks, UkrNafta edged down by 0.6%. Importantly, today will be expiration of the rolling 6-month UX futures contracts, which are currently traded with a negative spread of 15 points to the current index value, while the next-to-expire September contracts have a positive spread of 33 points. In London, poultry producer MHP edged down by 0.7% to USD 14.90. In Warsaw trading, Kernel and Agroton were down by 0.9% and 2.7% respectively.

Among notable news appearing this morning, Gazprom said that it has switched Ukraine to an advance payment mode for natural gas, as talks between the two sides over weekend brought no compromise deal regarding the pricing formula.

### Fixed Income

Quotes for Ukrainian sovereign Eurobonds were lower on Friday, with Ukraine-23s declining by 0.9 p.p. to close at 91.5/93.0 (8.9%/8.6%). Ukraine-21s suffered a 1.7 p.p. loss, finishing at 95.3/96.8 (9.0%/8.7%). Corporate issues were mostly unchanged, while in banking names, Privatbank-16s gained 1.0 p.p. to close at 76.1/79.6 (25.9%/22.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
CentrEnergO	CEEN	7.37	-1.6%	2.0	177
Motor Sich	MSICH	2365.00	0.8%	1.7	89
Avdyivka Coke	AVDK	3.32	0.1%	1.6	11

### Growth Leaders

Khartsyzk Pipe	HRTR	0.94	13.3%	0.16	30
Kryukiv Wagon	KVBZ	17.80	3.0%	0.32	42
Poltavsky GOK	PGOK	14.94	1.7%	0.01	8

### Loss Leaders

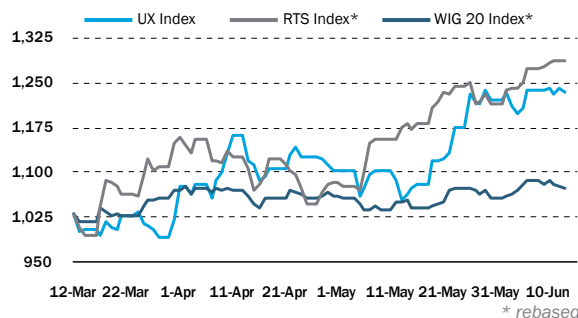
Bogdan Motors	LUAZ	0.06	-8.8%	0.031	26
Bank Forum	FORM	0.51	-7.5%	0.007	10
Alchevsk Coke	ALKZ	0.06	-2.3%	0.008	13

## Highlights

### POLITICS AND ECONOMICS

- Donetsk Provincial Gov't Seat Moved to Mariupol
- Russian Embassy Vandalized After Downing of Military Plane

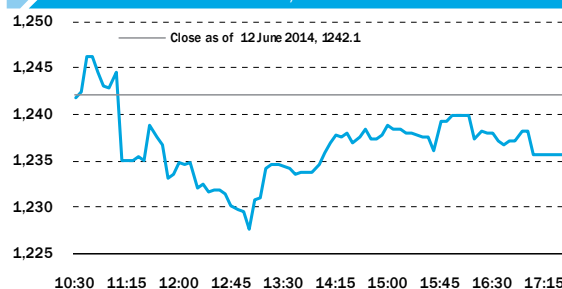
## STOCK MARKET PERFORMANCE



## MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1235.6	-0.5%	17.4%	35.8%
RTS	1374.9	0.0%	9.6%	-4.7%
WIG20	2471.8	-0.2%	2.4%	3.0%
MSCI EM	1049.1	-0.5%	2.6%	4.7%
S&P 500	1936.2	0.3%	2.0%	5.2%

## UX INTRADAY JUNE 13, 2014



## FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	281.3	-1.3%	-6.1%	-15.0%
CDS 5Y UKR	856.4	1.0%	-23.1%	4.4%
Ukraine-17	8.6%	0.2 p.p.	-3.5 p.p.	-0.4 p.p.
Naftogaz Ukr-14	16.3%	0.1 p.p.	-15.5 p.p.	7.6 p.p.
Ukraine-23	8.8%	0.2 p.p.	-1.4 p.p.	1.3 p.p.
Privatbank-16	22.7%	-0.9 p.p.	-11.3 p.p.	-2.0 p.p.

## CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.80	0.9%	-0.3%	43.2%
EUR	15.98	0.7%	-1.5%	40.5%
RUB	0.34	0.8%	1.0%	36.6%

## COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	266.8	0.0%	-7.0%	-7.2%
Steel, USD/t	537.5	0.0%	0.9%	0.0%
Oil, USD/bbl	112.5	0.0%	4.2%	1.1%
Gold, USD/oz	1276.9	0.3%	-1.3%	6.7%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Donetsk Provincial Gov't Seat Moved to Mariupol

by Will Ritter  
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### NEWS

The Ukrainian authorities have moved the seat of the Donetsk oblast (province) administration from Donetsk to the Azov Sea port city of Mariupol 120 km to the south, the Kyiv Post reported on Saturday (Jun 14). The move was made because of the provincial government's ongoing lack of control over the main administration facilities in the city of Donetsk, which are held by pro-Russian paramilitaries. The oblast administrations in Ukraine are the local arms of the central government; the Kyiv-appointed oblast governor, industrialist Serhiy Taruta, fled the city last month after receiving threats.

### COMMENTARY

Despite some anti-government violence in Mariupol at the end of last week, the city, unlike Donetsk and the oblast's other main population centers, has been essentially under the control of pro-Ukrainian forces since mid-May thanks largely to the support of industrialist Rinat Akhmetov; two of Akhmetov's most important assets, the steel mills Azovstal and MMK Illich, are located there. We see the move as a possible underhanded acknowledgement by the Poroshenko administration that most of Donetsk and Lugansk oblasts are likely to remain outside of Kyiv's control on a permanent basis. The decision to shift the provincial capital could be setting the stage for an effort to hold onto Mariupol in the event of Donetsk's de facto secession. In addition to hosting Akhmetov's assets, Mariupol has considerable strategic value as a port city, especially in light of Ukraine's loss of Crimea.

## Russian Embassy Vandalized After Downing of Military Plane

by Will Ritter  
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### NEWS

Protesters vandalized the Russian Embassy in Kyiv on Saturday night (Jun 14) in response to the downing of a Ukrainian military transport aircraft in Lugansk early that morning which resulted in 49 personnel deaths. The plane was taken down by pro-Russian paramilitaries using anti-aircraft missiles, various local and international media reported. The incident represents the largest single loss of life on the Ukrainian side in the Donbass conflict and prompted new President Petro Poroshenko to declare a national day of mourning on Sunday. At the Russian Embassy in Kyiv's Pechersk district, vandals used paintball guns to splatter blue and yellow paint on the building, broke windows, and overturned several cars while shouting anti-Russian slogans.

### COMMENTARY

The downing of the plane in Lugansk represents a tragic new phase in the undeclared Donbass war, and in our view, indicates the lack of preparedness and experience of the Ukrainian armed forces. We continue to believe that there is no military solution to the standoff in Donetsk and Lugansk. Importantly, we also think that Western governments are ultimately unwilling to impose major economic sanctions against Moscow to defend a region that Kyiv is simply not able to control either militarily or politically. The recent events in Iraq, which have broken Ukraine's months-long grip on the West's diplomatic and media attention, make new Russia sanctions even less likely. We doubt that the Ukrainian electorate is ready to back a long war with inevitable large-scale casualties to re-take the Donbass, as the moderate Poroshenko crushed his more hawkish opponents - Yulia Tymoshenko, Oleg Liashko, and Anatoliy Hrytsenko - in the recent election, more than doubling their combined vote total. In the coming weeks, Poroshenko will need to make some hard decisions about whose interests he represents and whether he is really serious about making concessions to end the war in the Donbass, as the only alternative is further escalation and more military and civilian deaths. In terms of the incident at the Russian Embassy, we view it as simply fresh propaganda fodder for state-controlled Russian media, and do not rule out that Russian agents may even have played a role in inciting the vandalism as part of the Kremlin's ongoing "black public relations" campaign against Kyiv. A bizarre twist in the events came courtesy of acting Foreign Minister Andriy Deschytza, who was captured on camera referring to Russian President Putin by a profane epithet; we suppose that Deschytza understands that he is going to be replaced soon by a figure closer to Poroshenko, and may have been trying to raise his own profile ahead of his impending dismissal.

## 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	-27%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	129.4	125.0	-3%	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	7.35	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	3.32	6.2	88%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.72	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	0.70	2.9	322%	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	17.8	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.37	5.2	282%	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	2365	5250	122%	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	8.8	42.0	380%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	59.4	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.
<b>Power Utilities</b>						
DonbasEnerg	DOEN	41.4	72.0	74%	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	7.37	15.00	104%	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	14.9	15.65	5%	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	46.9	90.0	92%	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	9.7	U/R	-	U/R	
Ovostar Union	OVO	71.0	58.74	-17%	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	0.158	0.24	52%	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	1235.59	1254.58	799.72	-0.5%	-0.2%	17.4%	35.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.038	0.06	0.02	-1.1%	-0.8%	20.5%	-3.1%	-0.5%	-0.6%	3.1%	-38.9%
Azovstal	AZST	0.76	0.90	0.31	-0.1%	-1.9%	12.4%	14.0%	0.4%	-1.7%	-5.0%	-21.7%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	0.5%	0.2%	-17.4%	-35.8%
Enakievo Steel	ENMZ	44.0	52.0	20.0	-4.3%	1.1%	34.2%	37.4%	-3.7%	1.3%	16.8%	1.6%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	0.5%	0.2%	-17.4%	212.1%
Mariupol Ilyicha	MMKI	0.18	n/a	n/a	20.0%	20.0%	12.5%	80.0%	20.5%	20.2%	-4.9%	44.2%
<b>Coke</b>												
Avdivka Coke	AVDK	3.32	4.80	1.46	0.0%	1.1%	12.1%	12.1%	0.5%	1.3%	-5.3%	-23.6%
Yasnyivsky Coking	YASK	0.72	0.84	0.49	-2.7%	7.5%	14.3%	35.8%	-2.2%	7.7%	-3.1%	0.1%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.35	n/a	n/a	0.0%	0.0%	2.1%	13.1%	0.5%	0.2%	-15.3%	-22.7%
Ferrexpo	FXPO	2.19	3.20	2.02	-1.6%	-4.7%	-11.5%	-30.4%	-1.1%	-4.5%	-28.9%	-66.2%
Pivnichny GOK	SGOK	8.30	10.00	4.50	0.0%	2.5%	5.9%	3.8%	0.5%	2.7%	-11.5%	-32.0%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.70	0.70	0.10	0.0%	16.7%	29.6%	75.0%	0.5%	16.9%	12.2%	39.2%
Komsomolets Donbasa	SHKD	1.00	n/a	n/a	0.0%	0.0%	5.3%	61.3%	0.5%	0.2%	-12.1%	25.5%
Energy Coal	CLE	0.43	1.23	0.31	-2.6%	0.9%	12.2%	23.1%	-2.1%	1.1%	-5.2%	-12.7%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.40	n/a	n/a	0.0%	0.0%	2.6%	-13.0%	0.5%	0.2%	-14.8%	-48.8%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.94	1.01	0.30	6.8%	5.6%	17.5%	56.7%	7.3%	5.8%	0.1%	20.9%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	30.0%	44.4%	85.7%	0.5%	30.2%	27.1%	49.9%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	17.8	29.0	10.0	2.7%	4.7%	14.1%	2.9%	3.2%	4.9%	-3.3%	-32.9%
Luhanskeplovoz	LTPL	1.37	2.20	1.20	-1.4%	-0.7%	-5.5%	-8.7%	-0.9%	-0.5%	-22.9%	-44.4%
Stakhanov Wagon	SVGZ	1.15	n/a	n/a	0.9%	2.7%	13.9%	-11.5%	1.4%	2.9%	-3.5%	-47.3%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.06	0.08	0.02	-8.8%	1.9%	52.7%	126.4%	-8.3%	2.1%	35.3%	90.6%
Motor Sich	MSICH	2,365	2,545	1,303	0.8%	1.5%	37.0%	29.7%	1.3%	1.8%	19.6%	-6.1%
Summy Frunze Engineering	SMASH	4.34	n/a	n/a	3.3%	1.2%	17.3%	73.6%	3.9%	1.4%	-0.1%	37.8%
Turboatom	TATM	4.00	n/a	n/a	0.0%	0.0%	8.1%	14.3%	0.5%	0.2%	-9.3%	-21.5%
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	0.18	0.19	0.09	8.6%	20.5%	14.3%	60.0%	9.2%	20.8%	-3.1%	24.2%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.31	0.12	0.9%	-0.5%	0.8%	-29.5%	1.4%	-0.3%	-16.6%	-65.3%
JKX Oil	JKX	1.01	1.21	0.75	0.3%	-1.7%	3.1%	-15.0%	0.8%	-1.5%	-14.2%	-50.8%
Ukrnafta	UNAF	263	271	80	-0.8%	0.0%	14.5%	141.8%	-0.2%	0.2%	-2.9%	106.0%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.37	7.57	2.50	-1.2%	2.6%	24.8%	54.5%	-0.7%	2.8%	7.4%	18.7%
Donbasenergo	DOEN	41.4	50.2	11.0	-0.6%	-3.7%	3.3%	50.1%	0.0%	-3.5%	-14.1%	14.4%
Zakhidenergo	ZAEN	153.0	156.0	64.0	0.0%	0.7%	15.0%	69.2%	0.5%	0.9%	-2.3%	33.5%
<b>Consumer</b>												
Agroton	AGT	0.95	1.8	0.43	-2.7%	11.2%	26.9%	46.7%	-2.2%	11.4%	9.5%	10.9%
Astarta	AST	15.4	24.4	12.1	-0.6%	-1.7%	19.3%	-30.9%	-0.1%	-1.4%	1.9%	-66.6%
Avangardo	AVGR	9.7	13.0	8.26	-3.0%	5.8%	10.4%	-17.4%	-2.5%	6.0%	-7.0%	-53.2%
Industrial Milk Company	IMC	3.33	5.14	2.49	1.0%	-1.7%	13.2%	-17.6%	1.6%	-1.5%	-4.1%	-53.4%
Kernel	KER	11.1	17.7	7.6	-0.9%	6.6%	19.2%	-12.5%	-0.4%	6.8%	1.8%	-48.3%
Mriya Agro Holding	MAYA	6.31	8.2	5.52	0.2%	3.0%	-1.4%	-15.4%	0.7%	3.2%	-18.8%	-51.2%
MHPC	MHPC	14.9	18.7	11.00	-0.7%	-1.3%	1.4%	-12.4%	-0.1%	-1.1%	-16.0%	-48.2%
Milkiland	MLK	2.42	4.7	1.71	0.0%	11.3%	20.3%	-41.7%	0.5%	11.5%	2.9%	-77.5%
Ovostar Union	OVO	23.3	33.3	19.4	-0.9%	-4.1%	7.8%	-30.0%	-0.3%	-3.9%	-9.6%	-65.7%
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%	0.0%	3.8%	14.6%	0.5%	0.2%	-13.5%	-21.1%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.158	0.188	0.077	-0.7%	-3.4%	0.8%	39.0%	-0.2%	-3.2%	-16.6%	3.3%
UkrSotsbank	USCB	0.170	0.257	0.120	-0.8%	-1.4%	13.6%	-9.1%	-0.2%	-1.2%	-3.8%	-44.9%

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%
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	82	3.9%	3	1,431	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	370	345	335	\$/tonne
Yenakievo Steel	ENMZ	39	8.8%	3	35	4.6	neg	neg	neg	1.6	1.1	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	272	3.0%	8	257	neg	neg	neg	neg	neg	7.3	0.1	0.1	0.1	56	57	56	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	55	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	17	9.0%	2	18	2.0	neg	3.5	0.6	0.6	0.9	0.0	0.0	0.1	0.6	0.6	0.9	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	730	0.3%	2	728	7.7	3.8	4.5	3.1	2.3	2.6	1.2	1.1	1.1				
Pivnichny GOK	SGOK	1,621	0.4%	6	1,614	3.7	3.0	3.5	2.2	1.8	2.0	1.1	1.0	1.1				
Ferrexpo	FXPO	1,284	24.0%	308	1,963	6.0	4.9	6.5	4.9	3.9	4.4	1.4	1.2	1.3				
<b>Coal Mining</b>																		
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	20	25.0%	5	130	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	207	2.0%	4	253	6.1	>30	>30	4.9	8.1	8.3	0.5	0.8	0.8	401	665	632	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	25	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	173	5.0%	9	173	1.8	4.2	neg	1.3	2.7	11.3	0.2	0.4	1.1				
Stakhanov Wagon	SVGZ	22	8.0%	2	55	>30	>30	>30	7.6	9.3	10.0	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	416	24.0%	100	439	2.1	2.5	2.5	1.4	1.6	1.7	0.4	0.4	0.5				
<b>Telecom</b>																		
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				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,207	3.0%	36	1,199	6.8	>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	23.8	1.0	neg	0.9	0.5	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	173	50.4%	87	281	neg	26.6	22.2	2.1	4.2	4.1	1.4	1.6	1.4	51	39	37	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	231	21.7%	50	310	8.0	3.9	4.1	4.5	3.3	3.6	0.3	0.3	0.4	17	22	19	\$/MWh
DonbasEnergO	DOEN	83	14.2%	12	148	21.7	1.3	1.8	4.6	2.1	2.9	0.3	0.2	0.3	18	19	18	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,574	34.1%	537	2,702	5.1	9.7	neg	5.8	6.9	5.6	1.9	1.8	1.8				
Kernel	KER	883	61.8%	545	1,589	4.2	8.4	18.8	4.9	5.5	9.1	0.7	0.6	0.6				
Astarta	AST	385	37.0%	142	718	6.6	11.3	4.7	6.5	7.9	5.2	1.6	1.5	1.3				
Avangardco	AVGR	620	22.5%	139	727	2.7	2.6	2.1	2.6	2.4	1.9	1.2	1.1	0.9	164	125	118	\$/mneggs
Agroton	AGT	21	26.2%	5	70	3.0	neg	neg	3.4	9.3	20.1	0.8	0.9	0.8	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	402	3.5%	14		>30	4.5	12.7	0.5	0.5	0.5	0.07	0.08	0.08				
Ukrsotsbank	USCB	266	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research



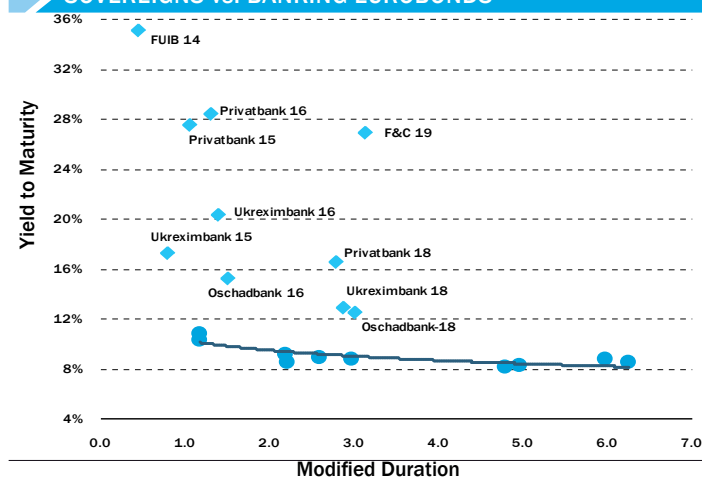
## UKRAINIAN EUROBONDS

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>											
Naftogaz Ukraine, 2014	97.7	98.4	17.6%	15.0%	-2.4%	0.3	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	95.0	96.0	10.0%	9.0%	-0.6%	1.2	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	96.9	98.1	10.7%	9.4%	-0.2%	1.2	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	94.1	95.1	9.7%	9.2%	0.7%	2.2	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	94.3	95.3	9.2%	8.7%	0.5%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	93.9	95.2	9.1%	8.7%	2.0%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	99.1	100.4	10.0%	9.4%	0.6%	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	95.0	96.0	9.0%	8.8%	2.7%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	95.3	96.8	9.0%	8.7%	2.5%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	91.9	93.4	9.3%	9.0%	1.7%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	91.5	93.0	8.9%	8.6%	1.9%	6.2	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.9	33.9	68.6%	58.6%	-38.9%	1.7	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	101.5	102.5	10.4%	9.6%	-1.4%	0.8	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	89.8	91.6	10.7%	10.2%	1.4%	4.4	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.1	97.3	16.5%	14.1%	-3.8%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	88.9	88.9	14.8%	14.8%	-1.4%	2.9	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	93.8	95.1	17.6%	16.4%	-5.8%	1.5	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	79.5	81.8	16.9%	16.0%	-7.4%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	94.5	96.4	21.6%	17.9%	-6.6%	0.8	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	84.3	85.7	13.3%	12.7%	-9.8%	3.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	96.3	97.5	18.5%	16.4%	-2.7%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	88.1	89.2	13.4%	12.9%	-6.7%	2.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	96.9	98.3	10.6%	9.6%	-0.4%	1.6	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	87.3	89.4	13.8%	13.0%	-3.6%	3.1	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	77.0	79.0	22.1%	20.4%	0.1%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	105.8	107.8	9.8%	9.2%	-3.8%	3.1	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	55.0	65.0	26.8%	21.6%	-27.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	92.0	92.0	27.4%	27.4%	-6.6%	0.4	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	65.0	70.0	67.3%	52.8%	-16.1%	2.4	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	86.0	90.0	28.8%	22.9%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	76.1	79.6	25.9%	22.4%	10.7%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	87.1	91.0	15.6%	14.1%	6.4%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	93.5	95.6	21.1%	17.3%	-2.0%	0.8	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	81.5	83.5	21.9%	19.9%	-3.3%	1.4	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	87.8	89.4	13.1%	12.5%	-0.6%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	65.0	69.0	n/a	n/a	-21.6%	0.0	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	90.5	91.5	16.6%	15.7%	-2.2%	1.5	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	87.5	89.5	13.2%	12.5%	-0.6%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	91.5	92.8	16.9%	15.6%	-0.9%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	91.0	92.8	14.6%	13.5%	-0.8%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

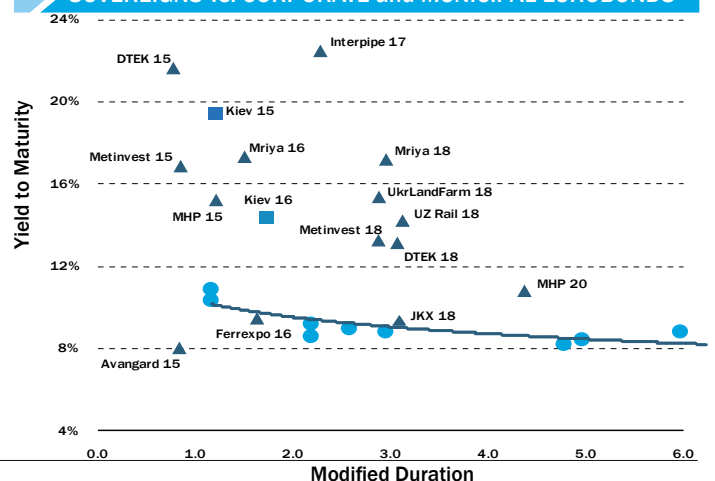
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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

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