

Market Update

Equity

Kyiv-listed blue chips were lower on Friday (Jun 20) in an inactive session of trading, while externally, the main US indices pressed further into all-time high territory on small gains; in Europe, the DAX and CAC were marginally lower. The UX index fell 0.9% to end the week at 1216 points. DonbasEnergo was the biggest decliner, dropping 2.5% to UAH 39.75 after news that the war in the Eastern Ukraine has forced an indefinite shutdown of its Slavyansk thermal power plant. Steel names Alchevsk and Azovstal lost 1.4% and 2.2% respectively, while volume leader Motor Sich slipped half a percent on turnover of UAH 2.6mn. Outside the UX basket, gasoline retailer Galnaftogaz was traded at 9 kopecks, unchanged from its previous listing. In London, Avangard sold off by 10.6% to USD 9.07 to give up its recent gains, while Ferrexpo dropped to its lowest closing price since the autumn of 2009 on a 1.5% decline. In Warsaw, Kernel was in the plus column, adding 2.0% to PLN 33.70.

Fixed Income

Ukrainian sovereigns were flat on Friday, with benchmark Ukraine-23s finishing unchanged at 90.6/92.1 (9.1%/8.8%). The corporate universe was mixed. MHP-20s inched down by 0.3p.p. to 89.2/90.6 (10.8%/10.5%) while DTEK-18s improved by 0.7.p. and closed at 83.7/84.3 (13.5%/13.3%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2326.00	-0.5%	2.6	96
Centrenergo	CEEN	7.29	-1.1%	1.2	177
Donbasenergo	DOEN	39.75	-2.5%	0.3	108

Growth Leaders

Bank Forum	FORM	0.18	38.3%	0.01	9
Ukrnafta	UNAF	257.20	0.1%	0.22	49
Avdyivka Coke	AVDK	3.26	-0.1%	0.21	58

Loss Leaders

Donbasenergo	DOEN	39.75	-2.5%	0.266	108
Azovstal	AZST	0.77	-2.2%	0.047	21
Alchevsk Steel	ALMK	0.04	-1.4%	0.088	56

Highlights

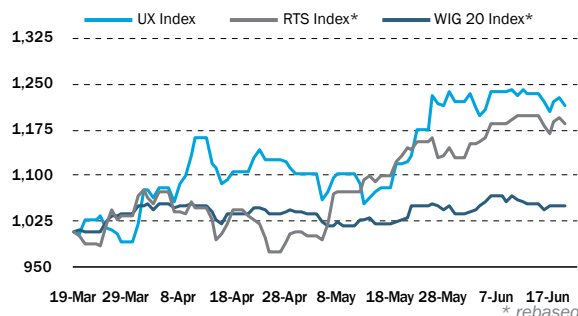
POLITICS AND ECONOMICS

- Donbass Paramilitaries Refusing to Accept Poroshenko Ceasefire
- New VAT Bond Issue Amount Pegged at UAH 7.0bn

STOCKS IN THE NEWS

- Kernel's Management Buys USD 101,000 of the Company's Stock

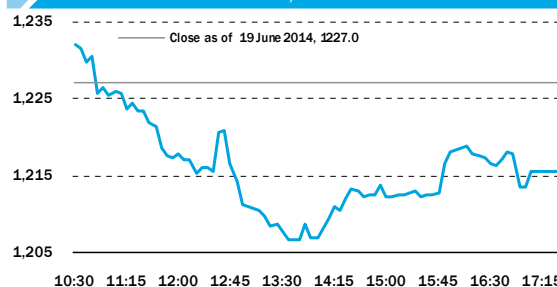
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1215.6	-0.9%	8.5%	33.6%
RTS	1358.7	-0.9%	4.6%	-5.8%
WIG20	2462.1	0.0%	2.2%	2.5%
MSCI EM	1043.9	-0.6%	1.4%	4.2%
S&P 500	1962.9	0.2%	4.8%	6.6%

UX INTRADAY JUNE 20, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	280.6	0.0%	-8.7%	-15.2%
CDS 5Y UKR	868.5	0.3%	-13.7%	5.9%
Ukraine-17	8.9%	0.0 p.p.	-1.4 p.p.	-0.1 p.p.
Naftogaz Ukr-14	18.7%	0.9 p.p.	-7.5 p.p.	9.9 p.p.
Ukraine-23	8.9%	0.0 p.p.	-0.4 p.p.	1.4 p.p.
Privatbank-16	23.1%	0.0 p.p.	-9.0 p.p.	-1.6 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.91	0.4%	-0.4%	44.5%
EUR	16.19	0.4%	-1.1%	42.4%
RUB	0.35	0.1%	-0.1%	37.6%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	259.9	0.0%	-5.7%	-9.6%
Steel, USD/t	537.5	0.0%	0.0%	0.0%
Oil, USD/bbl	114.8	-0.2%	5.4%	3.2%
Gold, USD/oz	1314.9	-0.4%	1.6%	9.9%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Donbass Paramilitaries Refusing to Accept Poroshenko Ceasefire

by Will Ritter
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NEWS

President Poroshenko's 14-point peace plan for ending the war in Donetsk and Lugansk oblasts is being undermined by pro-Russian paramilitaries' refusal to accept Poroshenko's declaration of a 7-day ceasefire, according to various local and international media reports of fighting over the weekend (Jun 21-22). Ukrainian military blogger Dmitry Tymchuk wrote that Ukrainian forces were attacked overnight in Kremminna in Lugansk oblast, while other sources said that Ukraine's border posts in Lugansk were still coming under mortar shelling and machine gun fire. Russian President Putin also said that some rebel positions were being shelled despite the ceasefire, although he added that he was unaware about whether the source of the fire was from the Ukrainian army or unspecified irregular units. Putin expressed backing for the ceasefire over the weekend, calling on all sides to lay down arms, but stressed that a political process involving dialogue between the Poroshenko government and the rebels is needed to end the conflict. In a national address on Saturday, Poroshenko referred to the rebels as "mercenaries" rather than "separatists" and "terrorists", the two words which have been the Ukrainian government's lingua franca for the combatants over the past two months. Poroshenko personally visited military units in the eastern city of Iziium, the last major town fully controlled by the government, over the weekend.

COMMENTARY

There are a number of factors at play here as Western countries try to induce Putin's cooperation in ending the conflict by using the implicit threat of more serious sanctions against the Russian economy. We think the weeklong ceasefire, which has little chance of holding up, is a strategy by Poroshenko to buy a little more time and run out the clock on the US-declared one-month deadline for Russia to stop the flow of weapons and fighters from its territory into Donetsk and Lugansk. Meanwhile, Putin may be counting on the explosion of instability in Iraq to distract the US from deeper involvement in Ukraine. The heavy military offensive against the rebels by Ukrainian forces over the past week has undoubtedly increased pressure on Putin from Russian hardliners to intervene with force, and NATO reported that Russian troops are again building up near the Ukrainian border. Ultimately, Putin's call for Poroshenko to negotiate with the rebels look hollow, as these players are largely mercenaries sponsored by Russia itself; their strategic goal is neither independence for the Donbass provinces, nor "federalization", nor anything else other than to keep fighting and sowing instability. We reiterate our belief that Moscow's strategy of supporting the rebel movement has nothing to do with Donetsk and Lugansk, but is rather intended as a bridgehead to destabilize the rest of Ukraine and to retard the country's ability to integrate with the European Union. However, Poroshenko's tough position on Donetsk and Lugansk also looks unrealistic, as we think that even if the military conflict can be stopped (via Russia's closing of the border to weapons and fighters), it is naïve to believe that the two provinces can simply be re-integrated back into the rest of Ukraine given all that has happened there and the lack of a significant pro-Ukrainian civilian population in the major cities of the region.

New VAT Bond Issue Amount Pegged at UAH 7.0bn

by Dmitry Churin
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NEWS

Ukraine's Cabinet of Ministers set the amount of the government's new VAT bond issue at UAH 7.0bn, the RBC news agency reported on Friday (Jun 20), citing CabMin's decree.

As we reported in late May, the Cabinet approved the issuance of 5-year amortized hryvnia-denominated bonds to compensate entities who are owed VAT refunds. The coupon for the bonds will be equal to the National Bank refinancing rate, which is currently at 9.5%. The terms of the VAT bonds also foresee a semi-annual 10% amortization.

COMMENTARY

The announced amount of the issue is surprisingly low, as the total VAT arrears that supposed to be covered by the bonds was estimated at UAH 20bn just last month. In our opinion, the lower figure could indicate that the government is either mulling some other solution to the VAT refund problem, or simply decided to hide the real scale of the problem. The experience of past VAT bond placements suggests that these new bonds will trade on the secondary market at some discount to par; the most recent VAT bond issue in 2010 traded with a discount to the nominal value of up to 20% after they were issued with a coupon rate of just 5.5%. This time, we expect a lower market discount in the range of 5%-8% of par value, as the new bonds' coupon is 9.5%, while the yields for UAH-denominated Ukrainian treasury bonds stand at 16%-18%.

Placement of the bonds could start this Friday (Jun 27), a date previously mentioned by Ihor Bilous, who heads the State Tax Administration.

Kernel's Management Buys USD 101,000 of the Company's Stock

by Ivan Dzvinka
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KERNEL (KER PW)

Price: PLN 33.7 Market Cap: USD 886mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY13	0.6	8.4	5.5	0%
FY14E	0.6	18.9	9.1	2%

NEWS

Companies controlled by Kernel's management bought 9,500 of the Warsaw-listed company's shares over June 16-20, this company revealed in a Monday (June 23) statement. Kernel said the average price market of the acquisition was PLN 32.7 per share, implying a deal value of some USD 101,000.

COMMENTARY

We see this transaction as an indication of insiders' belief in the good prospects of the group in the short term. The near-term catalyst for Kernel's stock could be, in our view, achieving management's expectations of a solid improvement in crop yields this season. Despite a 25% rise in the KER stock over the past month, KER shares are still 30% lower than one year ago.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.77	0.56	-27%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	121.8	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	7.00	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	3.26	6.2	91%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.82	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	0.57	2.9	417%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	18.1	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.36	5.2	286%	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	2326	5250	126%	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	7.8	42.0	442%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	59.3	120	103%	BUY	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
Power Utilities						
DonbasEnergO	DOEN	39.8	72.0	81%	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	7.29	15.00	106%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	14.5	15.65	8%	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	45.5	90.0	98%	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	9.1	U/R	-	U/R	
Ovostar Union	OVO	71.9	58.74	-18%	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	0.154	0.24	56%	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	1215.59	1254.58	799.72	-0.9%	-1.6%	8.5%	33.6%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-1.4%	-3.2%	14.1%	-6.2%	-0.4%	-1.6%	5.6%	-39.8%
Azovstal	AZST	0.77	0.95	0.31	-2.2%	0.4%	7.3%	14.5%	-1.2%	2.0%	-1.2%	-19.1%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	0.9%	1.6%	-8.5%	-33.6%
Enakievo Steel	ENMZ	44.5	52.0	17.0	-0.6%	1.2%	30.5%	39.0%	0.3%	2.8%	22.0%	5.4%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	0.9%	1.6%	-8.5%	214.3%
Mariupol Ilyicha	MMKI	0.20	n/a	n/a	0.0%	11.1%	42.9%	100.0%	0.9%	12.7%	34.4%	66.4%
Coke												
Avdivka Coke	AVDK	3.26	4.80	1.46	0.0%	-1.7%	6.2%	10.2%	0.9%	-0.1%	-2.3%	-23.4%
Yasnyivsky Coking	YASK	0.82	0.84	0.30	0.0%	13.9%	32.3%	54.7%	0.9%	15.5%	23.8%	21.1%
Iron Ore Mining												
Centralny GOK	CGOK	7.00	n/a	n/a	-3.4%	-4.8%	-2.5%	7.7%	-2.5%	-3.1%	-11.0%	-25.9%
Ferrexpo	FXPO	2.07	3.20	2.02	-1.7%	-5.6%	-8.9%	-34.3%	-0.7%	-4.0%	-17.4%	-67.9%
Pivnichny GOK	SGOK	8.30	10.00	4.50	0.0%	0.0%	0.1%	3.8%	0.9%	1.6%	-8.4%	-29.8%
Coal Mining												
Pokrovske Mine	SHCHZ	0.57	0.70	0.10	-18.6%	-18.6%	3.6%	42.5%	-17.6%	-17.0%	-4.9%	8.9%
Komsomolets Donbasa	SHKD	0.98	n/a	n/a	0.0%	-2.0%	0.0%	58.1%	0.9%	-0.4%	-8.5%	24.5%
Energy Coal	CLE	0.44	1.10	0.31	0.2%	1.7%	5.3%	25.1%	1.1%	3.3%	-3.2%	-8.5%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.43	n/a	n/a	7.5%	7.5%	10.3%	-6.5%	8.4%	9.1%	1.8%	-40.1%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.88	1.01	0.30	-6.4%	-6.4%	11.4%	46.7%	-5.5%	-4.8%	2.9%	13.1%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	44.4%	85.7%	0.9%	1.6%	35.9%	52.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	18.1	29.0	10.0	0.0%	1.6%	16.7%	4.6%	0.9%	3.2%	8.2%	-29.0%
Luhanskeplovoz	LTPL	1.36	2.20	1.20	-2.9%	-0.7%	-2.9%	-9.3%	-1.9%	0.9%	-11.4%	-42.9%
Stakhanov Wagon	SVGZ	1.18	n/a	n/a	0.0%	2.6%	7.3%	-9.2%	0.9%	4.2%	-1.2%	-42.8%
Specialized Machinery												
Bogdan Motors	LUAZ	0.06	0.08	0.02	0.0%	2.5%	55.3%	132.1%	0.9%	4.1%	46.8%	98.5%
Motor Sich	MSICH	2,326	2,545	1,303	-0.4%	-1.6%	21.1%	27.5%	0.5%	0.0%	12.6%	-6.1%
Summy Frunze Engineering	SMASH	4.34	n/a	n/a	0.0%	0.0%	3.3%	73.6%	0.9%	1.6%	-5.2%	40.0%
Turboatom	TATM	4.60	n/a	n/a	0.0%	15.0%	-8.0%	31.4%	0.9%	16.6%	-16.5%	-2.1%
WESTA ISIC	WES	0.15	0.26	0.13	-2.6%	n/a	-8.9%	12.8%	-1.7%	n/a	-17.5%	-20.8%
Telecom												
Ukrtelecom	UTLM	0.18	0.19	0.09	0.0%	0.3%	4.3%	60.5%	0.9%	1.9%	-4.3%	26.9%
Oil & Gas												
Regal Petroleum	RPT	0.13	0.30	0.12	-0.2%	-11.2%	-11.8%	-37.4%	0.7%	-9.6%	-20.3%	-71.0%
JKX Oil	JKX	1.01	1.21	0.75	-1.9%	0.1%	-0.1%	-14.9%	-0.9%	1.7%	-8.6%	-48.5%
Ukrnafta	UNAF	257	271	80	0.1%	-2.1%	5.0%	136.8%	1.0%	-0.4%	-3.5%	103.3%
Power Utilities												
Centrenerg	CEEN	7.29	8.00	2.50	-1.5%	-1.1%	15.0%	52.8%	-0.5%	0.5%	6.5%	19.2%
Donbasenergo	DOEN	39.8	50.2	11.0	-2.5%	-4.0%	-8.7%	44.1%	-1.5%	-2.4%	-17.2%	10.5%
Zakhidenergo	ZAEN	147.0	157.0	64.0	0.0%	-3.9%	7.3%	62.6%	0.9%	-2.3%	-1.2%	29.0%
Consumer												
Agroton	AGT	0.91	1.8	0.43	0.9%	-4.0%	20.4%	40.8%	1.8%	-2.4%	11.9%	7.2%
Astarta	AST	14.8	24.4	12.1	-1.7%	-3.7%	14.1%	-33.4%	-0.8%	-2.1%	5.6%	-67.0%
Avangardo	AVGR	9.1	13.0	8.26	-10.6%	-6.5%	4.3%	-22.8%	-9.7%	-4.9%	-4.3%	-56.4%
Industrial Milk Company	IMC	3.33	5.14	2.49	0.9%	-0.1%	17.7%	-17.7%	1.8%	1.5%	9.1%	-51.3%
Kernel	KER	11.0	17.7	7.6	1.4%	-0.8%	26.0%	-13.3%	2.4%	0.8%	17.4%	-46.8%
Mriya Agro Holding	MAYA	5.96	8.2	5.52	-2.7%	-5.4%	-9.4%	-20.0%	-1.8%	-3.8%	-17.9%	-53.6%
MHPC	MHPC	14.5	18.7	11.00	-2.7%	-2.7%	1.4%	-14.8%	-1.8%	-1.1%	-7.1%	-48.3%
Milkiland	MLK	2.22	4.7	1.71	-0.7%	-8.5%	22.2%	-46.7%	0.3%	-6.9%	13.7%	-80.2%
Ovostar Union	OVO	23.5	33.3	19.4	-0.7%	0.7%	4.7%	-29.5%	0.3%	2.3%	-3.8%	-63.1%
Sintal	SNPS	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	13.0	n/a	n/a	0.0%	-9.6%	-5.8%	3.6%	0.9%	-8.0%	-14.3%	-30.0%
Banks												
Raiffeisen Bank Aval	BAVL	0.154	0.188	0.077	-0.7%	-2.6%	-3.4%	35.4%	0.2%	-1.0%	-11.9%	1.8%
UkrSotsbank	USCB	0.167	0.257	0.120	0.0%	-2.0%	5.3%	-10.9%	0.9%	-0.4%	-3.2%	-44.5%

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
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%
Ukrsotsbank	USCB	4,854	5,283	4,439	957	1,064	911	451	318	400	1	1	18	0.1%	0.1%	2.0%

Source: Eavex Research

MAIN TRADING MULTIPLES

Ticker	MCap USD mn	Free Float % USD mn	EV USD mn	P/E			EV/EBITDA			EV/Sales			EV/Output			Units		
				2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2013E			
Steel																		
Alchevsk Steel	ALMK	79	3.9%	3	1,428	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	271	3.0%	8	255	neg	neg	neg	neg	neg	7.2	0.1	0.1	0.1	56	57	56	\$/tonne
Coke																		
Avdyivka Coke	AVDK	53	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	19	9.0%	2	20	2.2	neg	4.0	0.7	0.7	1.0	0.0	0.1	0.1	0.7	0.7	1.0	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	689	0.3%	2	688	7.2	3.5	4.2	3.0	2.2	2.5	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,606	0.4%	6	1,600	3.7	2.9	3.5	2.1	1.8	2.0	1.1	1.0	1.1				
Ferrexpo	FXPO	1,212	24.0%	291	1,891	5.6	4.6	6.1	4.7	3.7	4.2	1.3	1.2	1.2				
Coal Mining																		
Komsomolets Donbasa	SHKD	28	5.4%	1	130	3.8	1.6	1.6	1.0	1.4	1.4	0.5	0.6	0.6	32	30	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
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	192	2.0%	4	238	5.7	>30	>30	4.6	7.6	7.8	0.5	0.8	0.7	377	626	595	\$/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				
Krukiv Wagon	KVBZ	174	5.0%	9	174	1.8	4.2	neg	1.3	2.7	11.4	0.2	0.4	1.1				
Stakhanov Wagon	SVGZ	22	8.0%	2	55	>30	>30	>30	7.7	9.4	10.1	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	124	5.8%	7	35	3.3	1.7	1.8	0.7	0.4	0.4	0.2	0.2	0.1				
Motor Sich	MSICH	406	24.0%	97	429	2.0	2.4	2.4	1.4	1.6	1.6	0.4	0.4	0.5				
Telecom																		
Ukrtelecom	UTLM	278	7.2%	20	581	6.1	16.3	10.5	2.8	3.1	3.3	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,172	3.0%	35	1,163	6.6	>30	10.3	2.6	4.1	3.8	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	173	50.4%	87	281	neg	26.6	22.2	2.1	4.2	4.1	1.4	1.6	1.4	51	39	38	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	226	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	79	14.2%	11	144	20.6	1.2	1.7	4.5	2.0	2.8	0.3	0.2	0.2	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,532	34.1%	522	2,660	4.9	9.4	neg	5.7	6.8	5.6	1.9	1.8	1.8				
Kernel	KER	875	61.8%	541	1,581	4.2	8.3	18.6	4.9	5.4	9.0	0.7	0.6	0.6				
Astarta	AST	371	37.0%	137	704	6.4	10.9	4.5	6.4	7.7	5.1	1.5	1.4	1.3				
Avangardco	AVGR	579	22.5%	130	687	2.5	2.4	1.9	2.5	2.3	1.8	1.1	1.0	0.9	155	118	111	\$/mneggs
Agroton	AGT	20	26.2%	5	69	2.9	neg	neg	3.4	9.1	19.8	0.8	0.8	0.8	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	388	3.5%	14		>30	4.3	12.3	0.5	0.4	0.5	0.07	0.07	0.08				
Ukrsotsbank	USCB	258	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

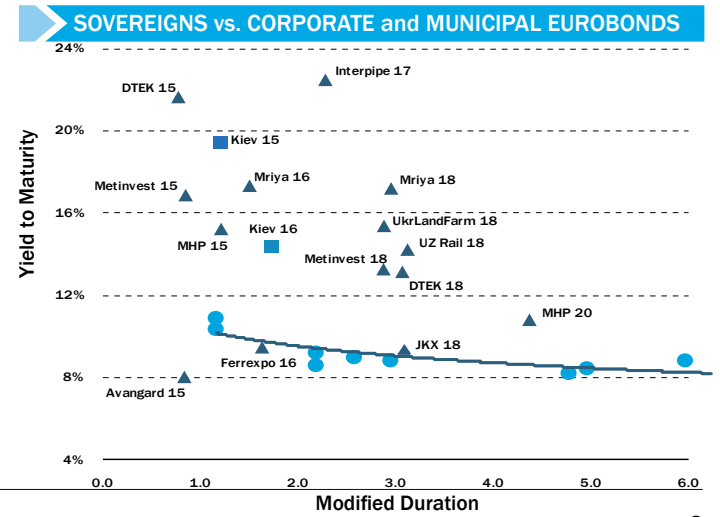
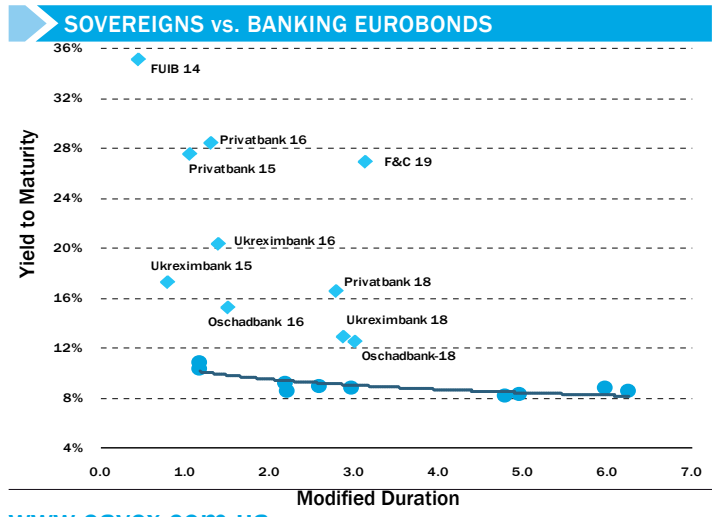
Source: Eavex Research

UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Naftogaz Ukraine, 2014	97.2	98.0	20.2%	17.1%	-2.9%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.9	94.9	11.2%	10.2%	-1.7%	1.1	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	95.8	97.0	11.9%	10.6%	-1.3%	1.1	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	93.4	94.4	10.2%	9.6%	-0.1%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	93.7	94.7	9.5%	9.0%	-0.1%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	93.2	94.5	9.4%	9.0%	1.2%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	98.4	99.7	10.3%	9.7%	-0.1%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	90.8	92.3	13.0%	12.3%	10.7%	2.7	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	91.0	92.1	11.1%	10.7%	16.6%	3.1	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	95.5	96.5	8.9%	8.7%	3.1%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	94.6	96.1	9.2%	8.9%	1.7%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	91.1	92.6	9.4%	9.2%	0.8%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	90.6	92.1	9.1%	8.8%	1.0%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.8	33.9	69.6%	59.1%	-39.0%	1.7	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	101.6	103.0	10.3%	9.1%	-1.1%	0.8	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	89.2	90.6	10.8%	10.5%	0.6%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.0	97.0	16.7%	14.6%	-4.0%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	88.9	88.9	14.8%	14.8%	-1.4%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	91.0	95.0	20.2%	16.6%	-7.2%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	77.8	80.9	17.7%	16.4%	-8.9%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	94.0	95.0	23.2%	21.1%	-7.6%	0.7	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	83.7	84.3	13.5%	13.3%	-10.9%	3.0	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	95.9	97.4	19.5%	16.9%	-5.3%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.8	88.2	14.0%	13.4%	-7.9%	2.8	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	95.5	97.5	11.7%	10.1%	-1.5%	1.6	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	86.1	87.9	14.3%	13.6%	-5.1%	3.1	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	76.0	78.0	22.8%	21.0%	-1.2%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	105.6	107.2	9.9%	9.4%	-4.2%	3.0	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	55.0	65.0	26.9%	21.7%	-27.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	90.5	90.5	31.5%	31.5%	-8.1%	0.4	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	65.0	70.0	40.2%	33.8%	-16.1%	2.6	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	85.0	90.0	31.0%	23.3%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	75.0	80.1	27.4%	22.2%	10.3%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	85.0	88.0	16.5%	15.3%	3.3%	2.8	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	92.0	94.0	24.7%	20.6%	-3.6%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	80.5	82.5	23.2%	21.1%	-4.5%	1.3	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	86.9	88.9	13.5%	12.7%	-1.4%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	n/a	n/a	n/a	n/a	n/a	n/a	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	88.3	90.0	18.8%	17.2%	-4.2%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	85.8	87.4	13.7%	12.7%	-2.7%	3.0	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	89.7	93.0	19.1%	15.6%	-1.7%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	89.0	91.1	15.9%	14.6%	-3.2%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

¹ Moody's/S&P/Fitch; * EUR

Source: Bloomberg, Cbonds, Eavex Research



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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