

**Market Update**

**Equity**

Ukrainian stocks listed in Kyiv ended notably lower on Friday (Jul 4) with the UX index dropping 1.5% to close at 1193 points. The steepest fall among blue chips was registered in DonbasEnergo (DOEN UK) which plunged by 4.3% after news that the company's equipment was damaged amid anti-terrorist operation on the east of the country. Raiffeisen Bank Aval (BAVL UK) and Avdyivka Coke (AVDK UK) also underperformed the broader market falling by 2.8% and 2.2% respectively. In London trading MHP (MHPC LI) and Ferrexpo (FXPO LN) rose by 1.3% and 1.5% respectively while oil&gas producer with major assets in Ukraine Regal Petroleum (RPT LN) tumbled by 5.5%. Warsaw-listed agro holding Kernel (KER PW) lost 2.5%.

**Fixed Income**

Ukrainian sovereigns were flat on Friday with Ukraine-23s finishing unchanged at 93.5/94.7 (8.6%/8.4%). The corporate universe was sluggish. MHP-20s edged down by 0.1p.p. to 91.0/92.5 (10.4%/10.0%) while Ferrexpo-16s inched up by 0.1p.p. and closed at 96.8/98.3 (10.9%/9.6%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenergy	CEEN	7.22	-0.7%	4.5	134
Motor Sich	MSICH	2380.00	-0.6%	1.0	61
Raiffeisen Bank Aval	BAVL	0.15	-2.8%	0.7	88

**Growth Leaders**

Azovstal	AZST	0.77	-0.5%	0.03	28
Alchevsk Steel	ALMK	0.04	-0.6%	0.24	24
Motor Sich	MSICH	2380.00	-0.6%	1.05	61

**Loss Leaders**

Donbasenergo	DOEN	37.31	-4.3%	0.666	193
Raiffeisen Bank Aval	BAVL	0.15	-2.8%	0.702	88
Avdyivka Coke	AVDK	3.15	-2.2%	0.189	33

**Highlights**

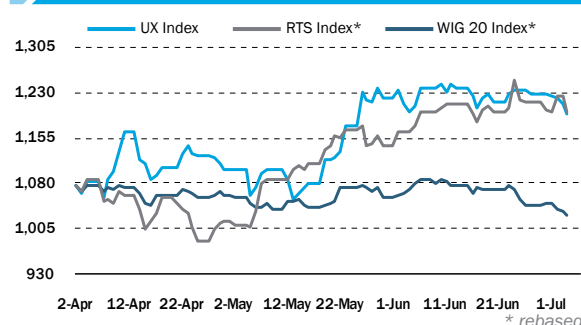
**POLITICS AND ECONOMICS**

- > War Focus Shifts to Donetsk as Rebels Pushed Out of Slavyansk, Kramatorsk

**STOCKS IN THE NEWS**

- > DonbasEnergo's Slavyansk Plant Damaged by Artillery Shot
- > Milkiland Facing New Impediments to Exports to Russia

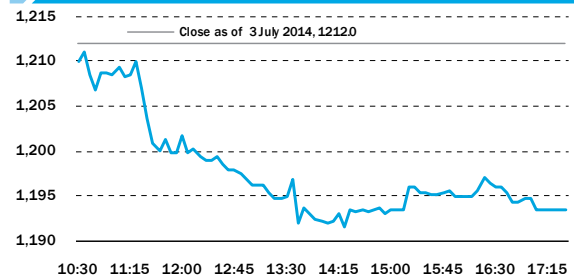
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1193.6	-1.5%	-1.3%	31.2%
RTS	1360.5	-2.2%	2.8%	-5.7%
WIG20	2363.0	-0.5%	-3.4%	-1.6%
MSCI EM	1062.4	0.0%	2.6%	6.0%
S&P 500	1985.4	0.0%	3.2%	7.8%

**UX INTRADAY JULY 4, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	276.4	0.0%	-3.9%	-16.4%
CDS 5Y UKR	810.8	0.0%	-10.8%	-1.2%
Ukraine-17	8.5%	0.0 p.p.	-0.1 p.p.	-0.5 p.p.
Naftogaz Ukr-14	16.3%	0.0 p.p.	-4.0 p.p.	7.5 p.p.
Ukraine-23	8.5%	0.0 p.p.	-0.4 p.p.	1.0 p.p.
Privatbank-16	23.6%	0.0 p.p.	-4.6 p.p.	-1.0 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	11.75	-0.7%	-1.7%	42.6%
EUR	15.97	-0.9%	-1.9%	40.5%
RUB	0.34	-1.0%	0.3%	36.1%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	250.4	0.0%	-6.1%	-12.9%
Steel, USD/t	530.0	0.0%	-1.4%	-1.4%
Oil, USD/bbl	110.6	-0.3%	2.3%	-0.5%
Gold, USD/oz	1320.6	0.1%	6.1%	10.4%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## War Focus Shifts to Donetsk as Rebels Pushed Out of Slavyansk, Kramatorsk

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### NEWS

Pro-Russian paramilitaries retreated from their strongholds of Slavyansk and Kramatorsk in northern Donetsk province on Saturday (Jul 5), exactly 12 weeks after the towns were taken over in mid-April, as Ukrainian forces continued an offensive launched on Jul 1. Various media reports said that pro-Russian paramilitaries are now concentrated in the city of Donetsk, and that a large pro-Russian rally was held there on Sunday (Jul 6) with several thousand participants. There was less news available about the situation in neighboring Lugansk province, where other paramilitary groups are waging a parallel but largely separate anti-Kyiv campaign. President Poroshenko has not responded to calls from Russia and Germany for new talks to reinstate a ceasefire that expired at the end of June.

### COMMENTARY

The stage appears to be set for a showdown between pro-government forces and fighters supporting the so-called Donetsk People's Republic in the provincial capital, a city of around 1 million. In our view, the rebels' retreat from the smaller cities in the north of the province indicates that the flow of logistical support across the Russian border has begun to be choked off; in Russia, President Putin is coming under criticism from hard-line nationalists for not providing enough backing to the anti-Kyiv forces. We believe it is imperative for Kyiv to now avoid a brute-force assault on Donetsk that would result in large-scale civilian casualties, and that President Poroshenko will need to proceed with caution and patience in order to bring an end the paramilitary uprising that would set the stage for a longer-term political solution. We think Poroshenko is wise to resist a settlement imposed by Moscow and Berlin until the rebels have been further weakened, but the President must be careful not to overplay his military hand. Ultimately, winning a military victory may be the easy part of stabilizing the situation in Donetsk, as the electoral reality in the region is that there is strong popular opposition to the new President's pro-European strategy vector for Ukraine. We also note the lack of reliable information flow from southern Lugansk province, where the pro-Russian movement has shown itself to be more versatile and resilient than in Donetsk.

## DonbasEnergo's Slavyansk Plant Damaged by Artillery Shot

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### DONBASENERGO (DOEN UK)

Price: UAH 37.3 Market Cap: USD 75mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.5	0.2	1.1	1.9	18.1%
2014E	0.5	0.2	1.6	2.7	16.3%

### NEWS

DonbasEnergo, the 5th-largest Ukrainian thermal electricity generation company, reported that its Slavyansk power plant was partly damaged by a rebounding artillery shell on Jul 3 amid the undeclared war in Eastern Ukraine between government forces and pro-Russian paramilitaries, according to a press statement released by the company on Friday (Jul 4). The main damage was to the administrative building of the plant, two power converters, and a storage facility for heating oil with capacity of 2,000 tonnes of fuel.

### COMMENTARY

The DOEN stock dropped by 4.3% to UAH 37.3 on the news on Friday (Jul 4), bringing the issue's slide since late May to more than 20%. The city of Slavyansk, re-taken by government forces this past weekend, has seen some of the heaviest fighting of the three-month Donbass war, and the plant was forced to turn off its all power units on Jun 24 as a result of a lack of coal supplies to the plant. The Slavyansk plant is one of two that DonbasEnergo operates (the other is at Starobeshivska between Donetsk and Mariupol in government-controlled territory). Slavyansk's installed capacity is 880 MW out of the company's total installed capacity of 2855 MW.

## Milkiland Facing New Impediments to Exports to Russia

by Dmitry Churin  
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### MILKILAND (MLK PW)

Price: PLN 7.0 Market Cap: USD 72mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.4	4.5	4.2	4.2%
2014E	0.4	neg	21.3	0.0%

### NEWS

Milkiland, a Warsaw-listed cheese producer operating in Russia, Ukraine and Poland, is facing a halt to exports of its products from Ukraine to Russia after the latter's main consumer protection agency Rospotrebn imposed a ban on milk products made by 11 subsidiaries of the company, the RBC news agency reported on Friday (Jul 4). The agency, known as RosPotrebNadzor, found that the products were not compliant with dairy regulations for fatty acid composition, as well as total protein and fat percentage.

In April, Milkiland saw a similar ban instituted against exports from its Okhtyrka Cheese Plant based in Sumy province. At that time, the company said it would aim for diversification of its export sales including further expansion in Kazakhstan and searching for new markets in Asia.

### COMMENTARY

The ban on Milkiland's sales to Russia should be viewed in the framework of the atmosphere of rising trade restrictions between the two countries as the practical effects of Ukraine's EU integration course begin to be realized. Milkiland's business will be significantly affected by the imposed supply restriction as the Russian market has been the most important one for the company, contributing about 60% of its overall top line. Milkiland will probably try to substitute products of its Ukrainian plants on the Russian market with those produced at its Polish subsidiary in Ostrowia. Milkiland also has a cheese plant located in Russia, which we suppose could increase its output to support the group's Russian sales.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.77	0.56	-28%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	140.5	125.0	-11%	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	9.00	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	6.95	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	3.15	6.2	98%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.68	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	321%	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	18.3	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	2380	5250	121%	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	8.5	42.0	394%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	58.3	120	106%	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	37.3	72.0	93%	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	7.22	15.00	108%	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	15.1	15.65	4%	HOLD	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	42.5	90.0	112%	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	10.1	U/R	--	U/R	
Ovostar Union	OVO	72.0	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.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.148	0.24	63%	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	1193.58	1254.58	799.72	-1.5%	-2.7%	-1.3%	31.2%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-0.5%	-1.9%	3.1%	-6.2%	1.0%	0.8%	4.5%	-37.3%
Azovstal	AZST	0.77	0.95	0.35	-0.5%	-1.1%	2.0%	15.5%	1.0%	1.5%	3.3%	-15.6%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	n/a	0.0%	1.5%	2.7%	n/a	-31.2%
Enakievo Steel	ENMZ	41.4	52.0	17.0	-1.5%	-7.3%	-1.0%	29.5%	0.0%	-4.6%	0.4%	-1.7%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	n/a	247.8%	1.5%	2.7%	n/a	216.7%
Mariupol Ilyicha	MMKI	0.16	n/a	n/a	0.0%	0.0%	6.7%	60.0%	1.5%	2.7%	8.0%	28.8%
<b>Coke</b>												
Avdivka Coke	AVDK	3.15	4.80	1.46	-2.2%	-3.0%	-2.4%	6.3%	-0.7%	-0.3%	-1.0%	-24.9%
Yasnyivsky Coking	YASK	0.68	0.84	0.30	-1.4%	-5.6%	3.0%	28.3%	0.1%	-2.9%	4.4%	-2.9%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.95	n/a	n/a	0.0%	0.0%	-5.4%	6.9%	1.5%	2.7%	-4.1%	-24.2%
Ferrexpo	FXPO	2.41	3.20	2.03	1.5%	8.1%	6.4%	-23.6%	3.0%	10.8%	7.7%	-54.7%
Pivnichny GOK	SGOK	9.00	10.00	4.50	11.1%	11.1%	20.0%	12.5%	12.6%	13.8%	21.3%	-18.7%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.70	0.75	0.10	-6.7%	-5.4%	18.6%	75.0%	-5.1%	-2.7%	20.0%	43.8%
Komsomolets Donbasa	SHKD	0.85	n/a	n/a	0.0%	-5.6%	-18.3%	37.1%	1.5%	-2.9%	-16.9%	5.9%
Energy Coal	CLE	0.38	0.93	0.31	-2.7%	-8.9%	-14.3%	7.9%	-1.2%	-6.2%	-13.0%	-23.3%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	10.0%	-4.3%	1.5%	2.7%	11.3%	-35.5%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.88	1.01	0.30	0.0%	0.0%	-1.1%	46.7%	1.5%	2.7%	0.2%	15.5%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	30.0%	85.7%	1.5%	2.7%	31.3%	54.6%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	18.3	29.0	10.0	-1.0%	-2.7%	14.1%	5.8%	0.5%	0.0%	15.4%	-25.3%
Luhanskeplovoz	LTPL	1.38	2.20	1.04	3.8%	-1.4%	-4.8%	-8.0%	5.3%	1.3%	-3.5%	-39.2%
Stakhanov Wagon	SVGZ	1.15	n/a	n/a	0.0%	0.0%	-2.5%	-11.5%	1.5%	2.7%	-1.2%	-42.7%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.06	0.08	0.02	-8.1%	-8.1%	-2.5%	109.8%	-6.6%	-5.4%	-1.1%	78.7%
Motor Sich	MSICH	2,380	3,000	1,303	-0.5%	-1.7%	5.1%	30.5%	1.0%	1.0%	6.4%	-0.7%
Summy Frunze Engineering	SMASH	5.99	n/a	n/a	0.0%	0.0%	39.3%	139.6%	1.5%	2.7%	40.6%	108.4%
Turboatom	TATM	4.60	n/a	n/a	0.0%	0.0%	15.0%	31.4%	1.5%	2.7%	16.3%	0.3%
WESTA ISIC	WES	0.11	0.26	0.11	-8.1%	-20.6%	n/a	-13.8%	-6.6%	-17.9%	n/a	-45.0%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.18	0.19	0.09	0.0%	2.7%	8.9%	63.4%	1.5%	5.4%	10.3%	32.2%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.15	0.27	0.12	-5.5%	2.3%	18.0%	-30.7%	-4.0%	5.0%	19.4%	-61.9%
JKX Oil	JKX	1.00	1.21	0.78	3.2%	1.7%	-2.4%	-15.6%	4.7%	4.4%	-1.1%	-46.8%
Ukrnafta	UNAF	241	271	54	-1.4%	-2.0%	-6.5%	121.7%	0.2%	0.7%	-5.1%	90.6%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.22	8.00	2.50	-0.6%	-1.5%	2.1%	51.4%	0.9%	1.2%	3.5%	20.3%
Donbasenergo	DOEN	37.3	50.2	11.0	-4.7%	-5.5%	-11.3%	35.2%	-3.2%	-2.8%	-9.9%	4.1%
Zakhidenergo	ZAEN	137.0	157.0	64.0	-2.1%	-3.5%	-2.1%	51.5%	-0.6%	-0.8%	-0.8%	20.4%
<b>Consumer</b>												
Agroton	AGT	0.96	1.8	0.43	0.2%	-0.8%	13.0%	47.5%	1.7%	1.9%	14.3%	16.4%
Astarta	AST	13.9	24.4	12.1	0.0%	-3.1%	-9.7%	-37.4%	1.5%	-0.4%	-8.4%	-68.6%
Avangardo	AVGR	10.1	13.0	8.26	-1.8%	1.9%	13.4%	-14.1%	-0.2%	4.6%	14.7%	-45.3%
Industrial Milk Company	IMC	3.29	5.14	2.49	2.0%	-2.9%	0.8%	-18.6%	3.6%	-0.2%	2.2%	-49.8%
Kernel	KER	10.5	17.7	7.6	-2.5%	-4.4%	5.9%	-16.8%	-0.9%	-1.7%	7.2%	-48.0%
Mriya Agro Holding	MAYA	6.27	8.2	5.62	-0.1%	2.2%	0.0%	-15.8%	1.4%	4.9%	1.4%	-47.0%
MHPC	MHPC	15.1	18.7	11.00	1.3%	2.9%	0.9%	-11.2%	2.8%	5.6%	2.3%	-42.4%
Milkiland	MLK	2.29	4.7	1.71	0.5%	-2.6%	16.2%	-44.8%	2.1%	0.1%	17.6%	-76.0%
Ovostar Union	OVO	23.6	33.3	19.4	2.6%	-1.3%	5.7%	-29.1%	4.1%	1.4%	7.0%	-60.3%
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	12.5	n/a	n/a	0.0%	0.0%	-12.6%	0.2%	1.5%	2.7%	-11.3%	-31.0%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.148	0.188	0.077	-2.7%	-4.4%	-8.4%	30.0%	-1.2%	-1.7%	-7.0%	-1.2%
UkrSotsbank	USCB	0.164	0.257	0.090	-2.4%	-2.1%	-0.8%	-12.5%	-0.9%	0.6%	0.5%	-43.6%

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	80	3.9%	3	1,429	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	369	344	334	\$/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	277	3.0%	8	261	neg	neg	neg	neg	neg	7.4	0.1	0.1	0.1	57	58	57	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	52	6.8%	4	50	neg	neg	neg	neg	1.1	1.7	0.0	0.1	0.1	12	13	13	\$/tonne
Yasynivsky Coke	YASK	16	9.0%	1	17	1.9	neg	3.4	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	693	0.3%	2	692	7.3	3.6	4.3	3.0	2.2	2.5	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,765	0.4%	7	1,758	4.0	3.2	3.8	2.3	1.9	2.2	1.2	1.1	1.2				
Ferrexpo	FXPO	1,411	24.0%	339	2,090	6.5	5.3	7.1	5.2	4.1	4.7	1.5	1.3	1.4				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	24	5.4%	1	126	3.4	1.4	1.4	1.0	1.4	1.3	0.5	0.6	0.5	31	30	28	\$/tonne
Coal Energy	CLE	17	25.0%	4	127	0.4	neg	neg	2.0	6.0	14.1	0.8	1.0	1.3	2.0	6.0	14.1	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	195	2.0%	4	240	5.8	>30	>30	4.6	7.7	7.9	0.5	0.8	0.8	381	632	601	\$/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				
Kruiiv Wagon	KVBZ	179	5.0%	9	179	1.9	4.3	neg	1.3	2.8	11.6	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	126	5.8%	7	60	3.3	1.8	1.8	1.2	0.7	0.6	0.4	0.3	0.2				
Motor Sich	MSICH	421	24.0%	101	444	2.1	2.5	2.5	1.4	1.6	1.7	0.5	0.4	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	286	7.2%	21	590	6.3	16.8	10.9	2.9	3.1	3.4	0.7	0.7	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,111	3.0%	33	1,103	6.3	>30	9.7	2.4	3.9	3.6	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	47	21.6%	10	22	4.0	neg	23.4	1.0	neg	0.8	0.5	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	172	50.4%	86	280	neg	26.4	22.0	2.1	4.2	4.1	1.4	1.5	1.4	51	38	37	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	227	21.7%	49	306	7.9	3.8	4.1	4.4	3.2	3.6	0.3	0.3	0.4	17	22	19	\$/MWh
DonbasEnergO	DOEN	75	14.2%	11	140	19.6	1.2	1.6	4.4	1.9	2.7	0.2	0.2	0.2	17	18	17	\$/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	840	61.8%	519	1,545	4.0	8.0	17.9	4.8	5.3	8.8	0.7	0.6	0.6				
Astarta	AST	348	37.0%	129	682	6.0	10.2	4.3	6.2	7.5	4.9	1.5	1.4	1.2				
Avangardco	AVGR	644	22.5%	145	752	2.8	2.7	2.1	2.7	2.5	2.0	1.2	1.1	1.0	170	129	122	\$/mneggs
Agroton	AGT	21	26.2%	5	70	3.1	neg	neg	3.4	9.3	20.1	0.8	0.9	0.8	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	377	3.5%	13		>30	4.2	11.9	0.5	0.4	0.4	0.06	0.07	0.07				
Ukrsotsbank	USCB	257	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

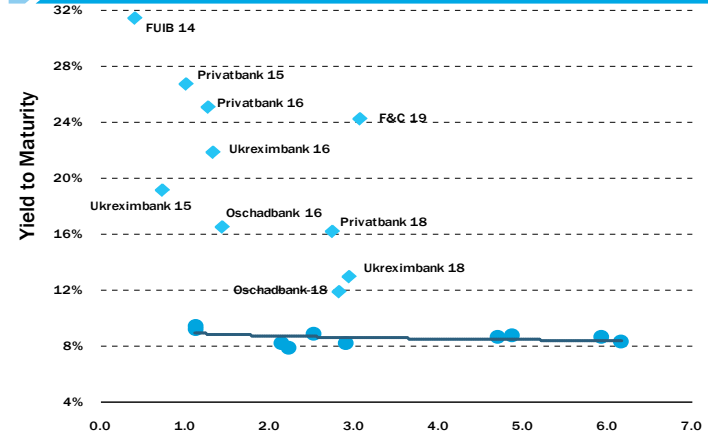
## UKRAINIAN EUROBONDS

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	98.0	98.8	18.1%	14.4%	-2.1%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.8	95.3	11.6%	10.0%	-1.5%	1.1	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	97.7	98.7	10.0%	8.9%	0.6%	1.1	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	95.6	96.3	9.1%	8.7%	2.1%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	95.5	97.0	8.6%	7.9%	2.1%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.5	95.5	9.0%	8.6%	2.4%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	100.9	101.7	9.3%	9.0%	2.1%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	11.6%	10.9%	14.7%	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	95.0	96.0	9.1%	8.9%	2.6%	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%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	94.8	95.5	8.8%	8.6%	4.5%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	93.5	94.7	8.6%	8.4%	4.0%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.8	33.9	71.0%	60.0%	-39.0%	1.6	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	103.2	104.0	7.6%	6.9%	0.1%	0.8	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	91.0	92.5	10.4%	10.0%	2.6%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.0	98.0	17.1%	13.8%	-3.5%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	89.8	90.7	14.5%	14.2%	0.1%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	92.5	95.0	19.2%	16.9%	-6.5%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	79.3	81.2	17.1%	16.3%	-7.9%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	94.5	95.4	23.4%	21.4%	-7.1%	0.7	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	81.3	82.5	14.5%	14.0%	-13.1%	3.0	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	95.3	97.2	21.6%	17.8%	-3.3%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.9	88.1	14.0%	13.5%	-7.9%	2.8	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	96.8	98.3	10.9%	9.6%	-0.5%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	87.4	89.3	13.8%	13.1%	-3.7%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	76.0	77.5	23.1%	21.6%	-1.2%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	104.4	106.0	10.3%	9.8%	-5.2%	3.0	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	55.0	65.0	27.0%	21.7%	-27.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	91.1	91.1	31.8%	31.8%	-7.5%	0.4	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	55.0	60.0	57.5%	48.6%	-28.6%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	85.0	90.0	32.6%	24.2%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	75.0	80.0	28.1%	22.8%	10.2%	1.3	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	85.8	87.5	16.2%	15.5%	3.5%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	94.0	95.0	21.8%	19.8%	-2.0%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	80.0	82.0	24.4%	22.2%	-5.0%	1.3	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	90.2	91.2	12.2%	11.9%	1.7%	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	89.0	90.5	18.5%	17.1%	-3.6%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	87.2	88.7	13.2%	12.9%	-1.2%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	90.5	92.9	18.7%	16.0%	-1.4%	1.2	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.3	92.1	15.2%	14.0%	-1.6%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

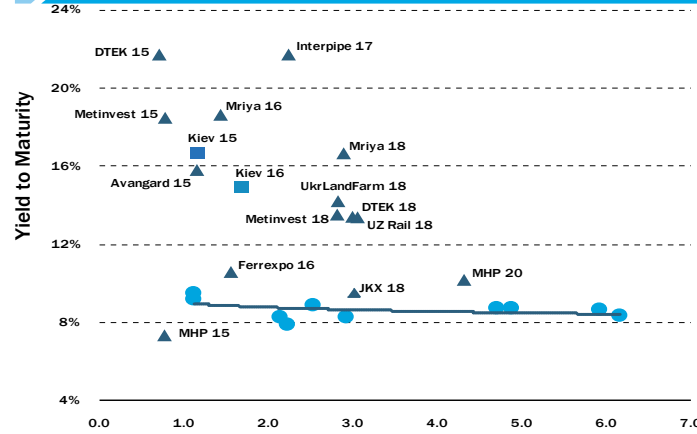
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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			16.0%	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	16.5%	14.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	16.5%	14.0%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	16.5%	14.0%	n/a	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	15.0%	12.0%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
UA4000082531			16.0%	14.5%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			16.0%	14.5%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			16.0%	14.5%	n/a	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

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