

**Market Update**

**Equity**

Kyiv-listed stocks posted solid gains for the second time in the last 3 sessions on Wednesday (Jul 9), while the main European indices rebounded from two days of losses with marginal rises. In New York, the S&P 500 also moved moderately higher despite the release of Federal Reserve meeting minutes detailing the central bank's concerns about investor "complacency" and possible excessive risk-taking in light of the Fed's long period of backstopping the US economy. As in Ukraine, volatility and liquidity on US equity markets has fallen sharply over the last six months. The UX index added 1.3% to end at 1226 points; taking into account the 40% hryvnia devaluation, the benchmark's performance is roughly flat year-to-date. CentrEnergog was the top gainer, rising 1.9% to UAH 7.51, and Motor Sich and Raiffeisen Aval were both up by 1.5%. Alchevsk Steel, located in the heart of the Donbass conflict zone in southern Lugansk oblast, underperformed the market with a 0.5% drop to 3.68 kopecks. In London, top agro names MHP and Avangard moved in opposite directions, with the former adding 1.6% to USD 15.30 while the latter sold off by 4.0%.

**Fixed Income**

Ukrainian sovereigns were sluggish on Wednesday with Ukraine-23s finishing unchanged at 94.5/95.5 (8.4%/8.2%). The corporate universe was mixed. MHP-15s grew by 0.3p.p. to 103.5/104.0 (7.1%/6.2%) while Metinvest-15s inched down by 0.1p.p. closing at 96.2/97.0 (19.9%/18.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2457.00	1.5%	4.1	76
Centrenergog	CEEN	7.51	1.9%	3.7	177
Ukrnafta	UNAF	243.90	1.6%	0.8	20

**Growth Leaders**

Bank Forum	FORM	0.18	4.7%	0.00	7
Centrenergog	CEEN	7.51	1.9%	3.74	177
Ukrnafta	UNAF	243.90	1.6%	0.78	20

**Loss Leaders**

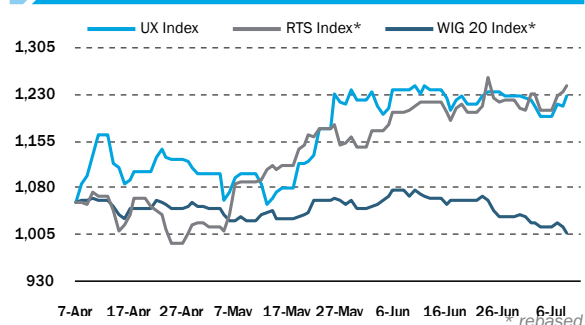
Alchevsk Steel	ALMK	0.04	-0.5%	0.027	27
Yenakievo Steel	ENMZ	42.46	0.0%	0.231	13
Avdyivka Coke	AVDK	3.21	0.2%	0.004	9

**Highlights**

**POLITICS AND ECONOMICS**

- > MinFin Issues UAH 3.6bn Amortized VAT Bonds Maturing in 2019

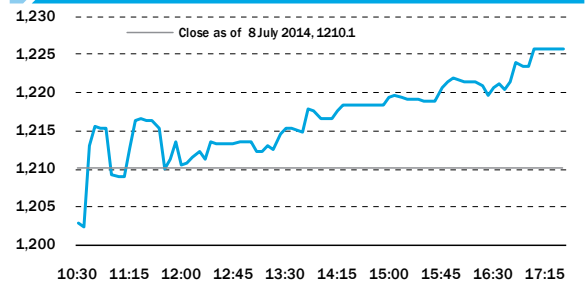
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1225.8	1.3%	-1.0%	34.7%
RTS	1403.7	0.7%	3.3%	-2.7%
WIG20	2343.4	-0.7%	-6.2%	-2.4%
MSCI EM	1060.9	-0.4%	1.5%	5.9%
S&P 500	1972.8	0.5%	1.2%	7.2%

**UX INTRADAY JULY 9, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	276.7	-0.4%	1.3%	-16.3%
CDS 5Y UKR	750.1	0.0%	-3.2%	-8.6%
Ukraine-17	8.0%	0.0 p.p.	-0.1 p.p.	-1.0 p.p.
Naftogaz Ukr-14	16.0%	0.5 p.p.	1.0 p.p.	7.2 p.p.
Ukraine-23	8.3%	0.0 p.p.	-0.3 p.p.	0.8 p.p.
Privatbank-16	23.8%	-0.4 p.p.	-2.7 p.p.	-0.9 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	11.73	0.5%	-0.4%	42.3%
EUR	16.00	0.7%	-0.4%	40.7%
RUB	0.35	1.4%	1.0%	37.6%

**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	108.3	-0.6%	0.4%	-2.6%
Gold, USD/oz	1327.8	0.6%	5.9%	11.0%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## MinFin Issues UAH 3.6bn Amortized VAT Bonds Maturing in 2019

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### NEWS

Ukraine's Finance Ministry (MinFin) has issued UAH 3.58bn of new VAT bonds to compensate entities who are owed value-added tax refunds, Interfax reported on Wednesday (Jul 9). Poltavsky GOK, the flagship asset of London-listed Ferrexpo (FXPO LN), and Kernel Trade, a subsidiary of Warsaw-listed Kernel (KER PW) are among the largest recipients of the bonds, which they may legally use as collateral for bank loans or monetize on the securities markets.

As we reported in June, the VAT hryvnia-denominated bonds have the following terms: a coupon of 9.5% and a 5-year semi-annual 10% amortization. The first coupon payment is set for 6 Jan 2015, and the last on 2 Jul 2019. The Cabinet of Ministers set the cap amount of new VAT bond issue this year at UAH 7.0bn.

### COMMENTARY

We expect that the issued VAT bonds could appear on the secondary market next week. The main intrigue lies in the question of what yield market players are ready to buy these bonds at. We estimate that the effective yield to maturity for the new VAT bonds, taking into account the amortized scheme of redemption, is 16.1%. Therefore, in our opinion, the issue will be quoted on the secondary market with only a moderate discount to par value. We are quite surprised by some rumors that the discounts could be up to 20% of par; this was the discount which the market applied to 5-year amortized VAT bonds issued back in 2010 with a 5.5% coupon rate. Our calculations show that a 20% discount for the new VAT bonds will imply an effective yield of 27.7%, which is clearly too high for the quasi-sovereign bonds. Currently, 2-year UAH-denominated domestic hryvnia bonds trade at 16.5% on the secondary market, while MinFin has been consistently selling 5-year UAH denominated bonds to state-owned banks at 14.3%.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.79	0.56	-29%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	139.6	125.0	-10%	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	3.21	6.2	94%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.70	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	19.3	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.15	5.2	355%	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	2457	5250	114%	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	8.0	42.0	425%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	57.8	120	108%	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	38.1	72.0	89%	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	7.51	15.00	100%	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	15.3	15.65	2%	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	44.0	90.0	105%	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	69.9	58.74	-16%	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	0.152	0.24	58%	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	1225.83	1254.58	799.72	1.3%	0.4%	-1.0%	34.7%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.037	0.06	0.02	-0.5%	-0.5%	-2.9%	-5.2%	-1.8%	-1.0%	-1.9%	-39.9%
Azovstal	AZST	0.79	0.95	0.35	1.3%	0.5%	0.9%	17.3%	0.0%	0.1%	1.9%	-17.4%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	-1.3%	-0.4%	1.0%	-34.7%
Enakievo Steel	ENMZ	42.5	52.0	17.0	0.0%	-1.1%	-2.4%	32.6%	-1.3%	-1.5%	-1.4%	-2.1%
Arcelor Mittal KR	KSTL	2.01	n/a	n/a	0.0%	-49.8%	-49.8%	74.8%	-1.3%	-50.2%	-48.8%	40.1%
Mariupol Ilyicha	MMKI	0.16	n/a	n/a	0.0%	0.0%	6.7%	60.0%	-1.3%	-0.4%	7.7%	25.3%
<b>Coke</b>												
Avdivka Coke	AVDK	3.21	4.80	1.46	0.1%	-0.7%	-2.1%	8.5%	-1.2%	-1.1%	-1.1%	-26.2%
Yasnyivsky Coking	YASK	0.70	0.84	0.30	4.5%	-2.8%	4.5%	32.1%	3.2%	-3.2%	5.5%	-2.6%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.95	n/a	n/a	0.0%	0.0%	-5.4%	6.9%	-1.3%	-0.4%	-4.4%	-27.8%
Ferrexpo	FXPO	2.39	3.20	2.07	-1.0%	4.8%	3.9%	-24.2%	-2.3%	4.4%	4.8%	-58.9%
Pivnichny GOK	SGOK	9.00	10.00	4.50	0.0%	11.1%	11.1%	12.5%	-1.3%	10.7%	12.1%	-22.2%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.70	0.75	0.10	0.0%	-2.8%	16.7%	75.0%	-1.3%	-3.2%	17.7%	40.3%
Komsomolets Donbasa	SHKD	0.85	n/a	n/a	0.0%	0.0%	-15.0%	37.1%	-1.3%	-0.4%	-14.0%	2.4%
Energy Coal	CLE	0.38	0.93	0.31	-0.6%	-3.9%	-10.9%	8.7%	-1.9%	-4.3%	-9.9%	-26.0%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	10.0%	-4.3%	-1.3%	-0.4%	11.0%	-39.0%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.88	1.01	0.30	4.8%	0.0%	-1.1%	46.7%	3.5%	-0.4%	-0.1%	12.0%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	30.0%	85.7%	-1.3%	-0.4%	31.0%	51.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	19.3	29.0	10.0	0.0%	4.0%	13.8%	11.8%	-1.3%	3.6%	14.8%	-22.9%
Luhanskeplovoz	LTPL	1.15	2.20	0.85	0.0%	-17.9%	-16.7%	-23.3%	-1.3%	-18.3%	-15.7%	-58.0%
Stakhanov Wagon	SVGZ	1.15	n/a	n/a	0.0%	0.0%	2.7%	-11.5%	-1.3%	-0.4%	3.7%	-46.2%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.06	0.08	0.02	0.0%	-2.5%	0.2%	122.6%	-1.3%	-2.9%	1.2%	87.9%
Motor Sich	MSICH	2,457	3,000	1,303	1.5%	1.9%	5.5%	34.7%	0.2%	1.5%	6.5%	0.0%
Summy Frunze Engineering	SMASH	5.99	n/a	n/a	0.0%	0.0%	39.6%	139.6%	-1.3%	-0.4%	40.6%	104.9%
Turboatom	TATM	4.60	n/a	n/a	0.0%	0.0%	15.0%	31.4%	-1.3%	-0.4%	16.0%	-3.3%
WESTA ISIC	WES	0.12	0.26	0.11	3.1%	-14.0%	n/a	-10.7%	1.8%	-14.4%	n/a	-45.4%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.18	0.19	0.09	0.0%	-0.1%	23.1%	63.4%	-1.3%	-0.5%	24.1%	28.7%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.14	0.27	0.12	1.3%	-8.8%	-8.1%	-34.9%	0.0%	-9.2%	-7.1%	-69.6%
JKX Oil	JKX	0.99	1.21	0.78	1.7%	0.7%	-3.5%	-16.5%	0.5%	0.3%	-2.5%	-51.2%
Ukrnafta	UNAF	244	271	54	1.6%	-0.2%	-7.1%	124.6%	0.3%	-0.7%	-6.1%	89.9%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.51	8.00	2.50	1.8%	2.6%	4.6%	57.5%	0.5%	2.2%	5.6%	22.8%
Donbasenergo	DOEN	38.1	50.2	11.0	0.3%	-3.0%	-11.4%	38.0%	-1.0%	-3.5%	-10.4%	3.3%
Zakhidenergo	ZAEN	137.0	157.0	64.0	0.0%	-2.1%	-9.8%	51.5%	-1.3%	-2.6%	-8.8%	16.8%
<b>Consumer</b>												
Agroton	AGT	1.01	1.8	0.43	0.6%	7.7%	18.1%	55.8%	-0.7%	7.3%	19.1%	21.1%
Astarta	AST	14.5	24.4	12.1	2.5%	1.4%	-7.2%	-34.8%	1.2%	1.0%	-6.2%	-69.5%
Avangardo	AVGR	9.5	13.0	8.26	-4.0%	-2.6%	3.7%	-19.1%	-5.3%	-3.0%	4.6%	-53.8%
Industrial Milk Company	IMC	3.24	5.14	2.49	-1.3%	-2.6%	-4.3%	-19.8%	-2.6%	-3.0%	-3.3%	-54.5%
Kernel	KER	10.2	17.7	7.6	-2.2%	-2.9%	-1.4%	-19.1%	-3.5%	-3.4%	-0.4%	-53.9%
Mriya Agro Holding	MAYA	6.21	8.2	5.62	0.3%	-3.8%	1.5%	-16.6%	-1.0%	-4.2%	2.5%	-51.3%
MHPC	MHPC	15.3	18.7	11.00	1.3%	2.0%	1.3%	-10.1%	0.0%	1.6%	2.3%	-44.8%
Milkiland	MLK	2.17	4.7	1.71	-0.3%	-5.8%	-0.4%	-47.8%	-1.6%	-6.3%	0.6%	-82.5%
Ovostar Union	OVO	23.1	33.3	19.4	2.4%	-3.2%	-5.0%	-30.6%	1.1%	-3.6%	-4.0%	-65.3%
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%	-1.3%	-0.4%	-11.6%	-34.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.152	0.188	0.077	1.7%	-1.0%	-7.0%	33.9%	0.4%	-1.5%	-6.0%	-0.8%
UkrSotsbank	USCB	0.166	0.257	0.090	1.1%	-2.4%	-4.1%	-11.6%	-0.2%	-2.8%	-3.1%	-46.3%

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	81	3.9%	3	1,430	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	370	345	334	\$/tonne
Yenakievo Steel	ENMZ	38	8.8%	3	34	4.5	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	12	\$/tonne
Azovstal	AZST	282	3.0%	8	266	neg	neg	neg	neg	neg	7.5	0.1	0.1	0.1	58	59	58	\$/tonne
<b>Coke</b>																		
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	16	9.0%	1	17	1.9	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	695	0.3%	2	693	7.3	3.6	4.3	3.0	2.2	2.5	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,769	0.4%	7	1,762	4.1	3.2	3.8	2.4	1.9	2.2	1.2	1.1	1.2				
Ferrexpo	FXPO	1,399	24.0%	336	2,078	6.5	5.3	7.1	5.2	4.1	4.7	1.5	1.3	1.3				
<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	241	5.8	>30	>30	4.6	7.7	7.9	0.5	0.8	0.8	382	634	602	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	21	24.0%	5	59	4.4	1.1	1.0	2.0	1.6	1.5	0.3	0.2	0.2				
Krukiv Wagon	KVBZ	189	5.0%	9	189	2.0	4.5	neg	1.4	2.9	12.3	0.2	0.4	1.2				
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	435	24.0%	105	458	2.2	2.6	2.6	1.5	1.7	1.8	0.5	0.5	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	287	7.2%	21	591	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	1,128	3.0%	34	1,120	6.4	>30	9.9	2.5	3.9	3.7	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	44	21.6%	9	19	3.8	neg	22.0	0.9	neg	0.7	0.5	0.5	0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	170	50.4%	86	278	neg	26.1	21.8	2.0	4.2	4.1	1.4	1.5	1.4	51	38	37	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	237	21.7%	51	316	8.2	4.0	4.3	4.6	3.3	3.7	0.3	0.3	0.4	18	23	20	\$/MWh
DonbasEnergO	DOEN	77	14.2%	11	143	20.1	1.2	1.7	4.5	2.0	2.8	0.2	0.2	0.2	17	18	17	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,617	34.1%	551	2,744	5.2	10.0	neg	5.9	7.0	5.7	1.9	1.8	1.9				
Kernel	KER	816	61.8%	504	1,522	3.9	7.8	17.4	4.7	5.2	8.7	0.7	0.5	0.6				
Astarta	AST	363	37.0%	134	697	6.3	10.6	4.4	6.3	7.7	5.1	1.5	1.4	1.2				
Avangardco	AVGR	607	22.5%	137	714	2.7	2.5	2.0	2.6	2.4	1.9	1.1	1.1	0.9	162	123	116	\$/mneggs
Agroton	AGT	22	26.2%	6	71	3.2	neg	neg	3.5	9.4	20.4	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	389	3.5%	14		>30	4.3	12.3	0.5	0.4	0.5	0.07	0.07	0.08				
Ukrsotsbank	USCB	260	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

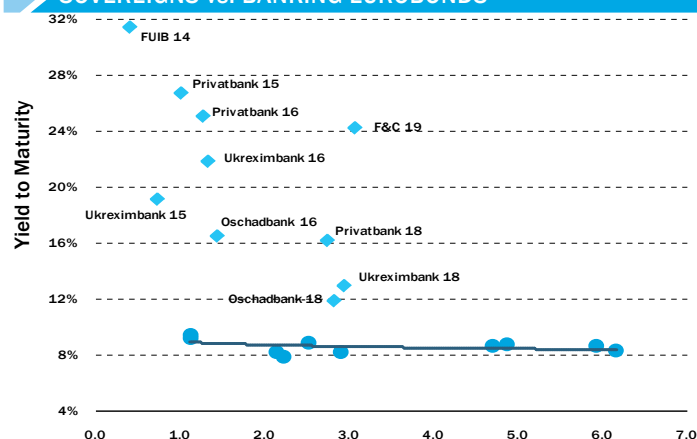
## UKRAINIAN EUROBONDS

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	98.2	99.0	17.4%	13.7%	-1.9%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	94.7	95.7	10.6%	9.6%	-0.8%	1.1	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	98.4	99.6	9.4%	8.0%	1.4%	1.1	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	96.6	97.6	8.6%	8.1%	3.3%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	96.7	97.7	8.1%	7.6%	3.1%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	95.8	96.8	8.5%	8.1%	3.8%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	102.5	103.3	8.6%	8.3%	3.7%	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	11.2%	10.7%	16.6%	3.1	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	96.1	97.6	8.8%	8.5%	4.1%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	96.8	97.8	8.7%	8.5%	3.8%	4.9	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	96.2	97.4	8.5%	8.3%	6.3%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	94.5	95.5	8.4%	8.2%	5.0%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.8	33.9	71.3%	60.2%	-39.0%	1.6	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	103.0	104.0	8.0%	7.1%	0.0%	0.8	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	92.2	93.7	10.1%	9.7%	4.0%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	99.5	99.5	12.2%	12.2%	1.6%	1.2	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	91.8	94.3	13.8%	12.8%	3.1%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	94.0	96.0	17.9%	16.1%	-5.3%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	78.3	82.8	17.6%	15.7%	-7.6%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	94.0	95.0	24.9%	22.5%	-7.5%	0.7	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	82.2	83.3	14.2%	13.8%	-12.2%	3.0	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	96.3	97.3	19.9%	17.9%	-2.8%	0.8	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.8	88.2	14.1%	13.5%	-7.9%	2.8	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	97.0	98.5	10.8%	9.5%	-0.2%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	87.2	89.6	13.9%	13.0%	-3.6%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	77.0	78.0	22.5%	21.3%	0.1%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	104.7	106.5	10.2%	9.6%	-4.9%	3.0	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	55.0	65.0	27.0%	21.8%	-27.7%	3.0	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	57.7%	48.8%	-28.6%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	86.0	88.0	31.1%	27.6%	n/a	1.0	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	74.5	79.5	28.9%	23.4%	9.5%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	85.4	88.0	16.3%	15.3%	3.6%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	93.8	95.5	22.5%	18.8%	-1.9%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.5	81.5	26.3%	22.9%	-6.2%	1.3	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	90.4	91.8	12.2%	11.6%	2.1%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2014	75.0	78.0	18.2%	17.1%	n/a	3.4	10.50%	Q	14 Jun 2014	125	Caa3//WD
Oschadbank, 2016	89.0	90.8	18.6%	16.9%	-3.4%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	87.2	89.1	13.3%	12.7%	-1.0%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	90.5	92.9	18.8%	16.1%	-1.4%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.6	92.7	15.0%	13.7%	-1.4%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

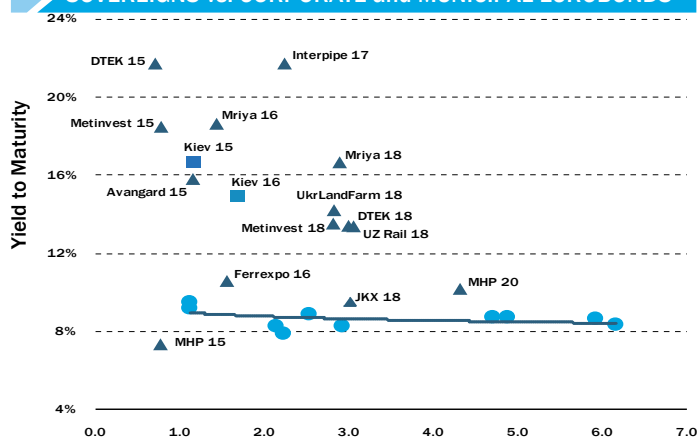
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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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