

Market Update

Equity

Most Ukrainian blue chips listed in Kyiv were lower in light activity on Monday (Jul 14) following last week's outstanding local market performance. In Europe, Germany's World Cup victory apparently lifted the mood of traders on the DAX, which added more than 1% despite the lack of an obvious positive driver. The UX index edged down 0.4% to close at 1252 points. Among the the major UX liquid names, DonbasEnergo and UkrNafta were the notable movers, declining by 1.9% and 1.0% respectively, with the former ending at UAH 38.70. Motor Sich and CentrEnergo were both essentially unchanged on combined turnover of UAH 5.9mn, while low liquidity issues Yenakievo Steel and UkrSotsBank saved the index from a larger drop with rises of 0.8% each. In London, Ferrexpo picked up 1.4% to GBp 142, while MHP sold off by 2.7% ahead of its trading update release this morning.

Fixed Income

Ukrainian benchmark sovereigns were lower on Tuesday, with Ukraine-23s moving down by 0.8p.p. to 94.4/95.4 (8.4%/8.3%). The corporate universe was also mostly in the red. DTEK-18s declined by 1.2p.p. to 80.5/81.5 (14.9%/14.5%) and Avangard-15s dropped by 1.4p.p., closing at 95.4/97.4 (16.9%/14.6%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenergo	CEEN	7.85	-0.1%	3.8	265
Motor Sich	MSICH	2491.00	-0.1%	2.1	90
Yenakievo Steel	ENMZ	42.93	0.8%	0.7	34

Growth Leaders

Poltavsky GOK	PGOK	15.40	10.0%	0.07	14
Yenakievo Steel	ENMZ	42.93	0.8%	0.68	34
UkrSotsbank	USCB	0.17	0.8%	0.01	8

Loss Leaders

Avdyivka Coke	AVDK	3.22	-2.3%	0.045	45
Donbasenergo	DOEN	38.72	-1.9%	0.115	51
Kryukiv Wagon	KVBZ	18.86	-1.8%	0.327	40

Highlights

POLITICS AND ECONOMICS

- > Ukraine's Credit Outlook Upgraded to Stable by S&P

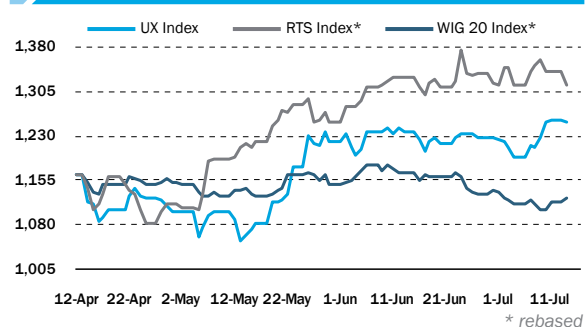
STOCKS IN THE NEWS

- > MHP's Poultry Sales Volume Up 23% YoY in 2Q14

FIXED INCOME

- > SCM and Smart Holding Complete Merger of Their Assets Under Metinvest

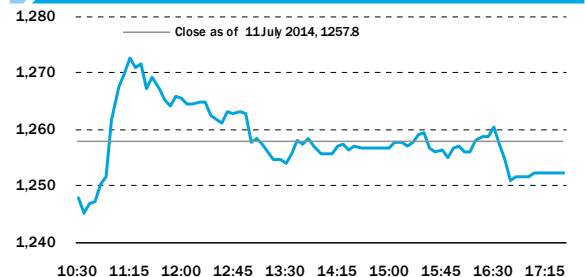
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1252.2	-0.4%	1.3%	37.6%
RTS	1361.9	-1.5%	-0.9%	-5.6%
WIG20	2380.4	0.4%	-3.7%	-0.9%
MSCI EM	1063.7	0.5%	1.4%	6.2%
S&P 500	1977.1	0.5%	2.1%	7.4%

UX INTRADAY JULY 14, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	279.8	-0.3%	-0.5%	-15.4%
CDS 5Y UKR	758.0	0.9%	-11.5%	-7.6%
Ukraine-17	7.8%	-0.1 p.p.	-0.9 p.p.	-1.3 p.p.
Naftogaz Ukr-14	17.5%	1.0 p.p.	1.2 p.p.	8.8 p.p.
Ukraine-23	8.3%	0.1 p.p.	-0.4 p.p.	0.8 p.p.
Privatbank-16	5.6%	0.0 p.p.	0.0 p.p.	-19.1 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	11.72	0.1%	-0.7%	42.2%
EUR	15.96	0.2%	-0.1%	40.4%
RUB	0.34	-2.4%	-0.4%	36.0%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	250.4	0.0%	-3.7%	-12.9%
Steel, USD/t	530.0	0.0%	-1.4%	-1.4%
Oil, USD/bbl	107.0	0.3%	-4.9%	-3.8%
Gold, USD/oz	1307.1	-2.4%	2.4%	9.2%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukraine's Credit Outlook Upgraded to Stable by S&P

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

NEWS

Ukraine's credit rating was revised from negative to stable by Standard & Poor's, according to the agency's statement published on Friday (Jul 11). S&P maintained the country's long-term foreign currency sovereign credit ratings at CCC. The main reason for the rating outlook improvement was the receipt by Ukraine of a USD 17bn bailout loan from the IMF in May. However, the agency does not rule out that the IMF program could be derailed by "geopolitical risks" faced by the country, given the events in Eastern Ukraine during the last 3 months. S&P said it does not anticipate that the geopolitical environment will stabilize in the short term. The agency is also concerned about Ukraine's economic stability, as the country's GDP may shrink 7% this year, and not meaningfully recover until 2016. Earlier this year, S&P cut Ukraine's sovereign long term foreign currency credit rating by one notch from CCC+ to CCC in February at the height of the political turmoil in Kyiv.

COMMENTARY

S&P's statement about a 7% decline in GDP this year is less drastic than it sounds, as it presumably is largely due to the secession of Crimea, which previously accounted for around 4% of Ukraine's GDP. Although Ukraine is stuck in a nasty war against pro-Russia separatists in the Donbass provinces, we see signs of rising investor trust in the country under newly-elected President Petro Poroshenko. The new authorities not only resumed cooperation with the IMF but also finalized the long-awaited signing of the Association Agreement with EU. Ukraine is now in a more viable position to launch deep and comprehensive reforms which should result in a firm improvement in both public finance and the business climate in the medium and even short terms. We want to avoid being overly optimistic, but we expect the start of a quick economic recovery in 2015. Our base case scenario foresees 3.5% GDP growth next year after a 5.7% GDP drop this year. The IMF stand-by program has unlocked wider financial help, including assistance from the European Commission, World Bank and other institutions. We believe that the Ukrainian government will be able to service all of its external liabilities on schedule. The latest available data from the Finance Ministry says that the country's total public debt stood at USD 65.2bn as on 30 April 2014, including USD 36.9bn of external debt. We estimate the debt-to-GDP ratio for Ukraine at 47%, still well below the 60% we would consider as a danger threshold in the current conditions.

MHP's Poultry Sales Volume Up 23% YoY in 2Q14

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

MHP (MHPC LI)

Price: USD 14.70 Market Cap: USD 1,554mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.8	9.6	6.9	5%
2014E	1.8	neg	5.6	0%

NEWS

Central-Ukraine-based MHP, the country's largest poultry producer, increased its poultry sales by 23% YoY to 139,700 tonnes in 2Q14, the company reported in its trading update on Tuesday (July 15). The group sold 112,500 tonnes of poultry meat in Ukraine (+37% YoY) and exported some 27,200 tonnes (-14% YoY). The average selling price grew by 10% YoY to UAH 17.85/kg (ex-VAT). Sunflower oil sales increased by 13% YoY to 69,600 tonnes with the average price down by 22% YoY to USD 861/t. At MHP's Vinnytsia complex, 10 out of 12 production sites are now operating at full capacity, with the remaining two sites to be brought on line in 2H14.

Commenting on the situation in its grain growing business, management said the harvesting of rapeseed, barley and wheat is under way, with the yields approximately at the same level as in 2013. Overall, the company expects yields to be good this season due to favourable weather conditions.

COMMENTARY

Today's release holds both positives and negatives, but with the former prevailing, in our view. The historically record-high quarterly domestic sales and the overall poultry sales in 2Q14 is encouraging news for the company. We explain the robust growth in domestic sales by the substitution effect of chicken consumption replacing that of more expensive meats amid the complicated economic conditions in the country. Still, against the background of devaluation, the drop in poultry exports by almost 30% from the robust level of 4Q13 (37,900 tonnes) is a negative development, but unsurprising due to the export ban introduced by the Russian-led Customs Union in February against MHP's poultry. The Customs Union countries accounted for 2/3, or 20,000 tonnes, of MHP's exports, as recently as in 2Q13. Also, while poultry prices increased in UAH terms, the devaluation resulted in a roughly 25% decline in price in USD terms. On the positive side, this drop will be partly offset by MHP's procurement of feedstock in 2H13, when the UAH/USD rate was still close to 8. In addition, if the yields for the year harvest campaign stay at the same level as now (flat YoY), the company's harvest results will be better than previously conservatively projected by management (lower YoY), boding well for upcoming financial results.

SCM and Smart Holding Complete Merger of Their Assets Under Metinvest

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

NEWS

System Capital Management (SCM) and Smart Holding have finished a merger of their metallurgical assets under the umbrella of Metinvest B.V., the parent company of Metinvest, Ukraine's largest metals and mining holding, the latter reported on Monday (July 14). The final step envisaged the contribution of 46.15% shares in iron ore miner Pivdenny GOK by Smart to the structure of Metinvest. SCM and Smart, business groups which are owned respectively by industrialists Rinat Akhmetov and Vadim Novitsky, began to merge their metals and mining assets in 2007.

COMMENTARY

The news was fully expected by the market. The core motivation to formally and juridically complete the merger was, in our view, to some extent associated with the current upheaval in the Donbass region, and also aimed at diminishing the risk of a nationalization of the stakes in the metallurgical assets of both SCM and Smart by Ukraine's new authorities.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.82	0.56	-32%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	142.7	125.0	-12%	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	7.90	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.
Coke						
Avdyivka Coke	AVDK	3.22	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	0.71	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	0.75	2.9	294%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	18.9	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.04	5.2	403%	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	2491	5250	111%	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	9.3	42.0	354%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	56.8	120	111%	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						
DonbasEnerg	DOEN	38.7	72.0	86%	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	7.85	15.00	91%	BUY	CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	14.7	15.65	6%	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	43.0	90.0	109%	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	9.4	U/R	--	U/R	
Ovostar Union	OVO	68.2	58.74	-14%	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	0.151	0.24	59%	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	1252.20	1272.84	799.72	-0.4%	3.1%	1.3%	37.6%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.037	0.06	0.02	-1.1%	-1.1%	-2.9%	-5.9%	-0.6%	-4.2%	-4.3%	-43.5%
Azovstal	AZST	0.82	0.95	0.35	-0.4%	4.6%	6.9%	21.9%	0.1%	1.5%	5.6%	-15.7%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	0.4%	-3.1%	-1.3%	-37.6%
Enakievo Steel	ENMZ	42.9	52.0	17.0	1.4%	1.7%	-2.4%	34.1%	1.8%	-1.4%	-3.7%	-3.5%
Arcelor Mittal KR	KSTL	2.97	n/a	n/a	0.0%	-25.8%	-25.8%	158.3%	0.4%	-28.9%	-27.1%	120.7%
Mariupol Ilyicha	MMKI	0.16	n/a	n/a	0.0%	0.0%	-11.1%	60.0%	0.4%	-3.1%	-12.5%	22.4%
Coke												
Avdivka Coke	AVDK	3.22	4.80	1.46	-2.4%	0.5%	-3.1%	8.6%	-1.9%	-2.6%	-4.4%	-28.9%
Yasynivsky Coking	YASK	0.71	0.84	0.30	2.9%	2.9%	-1.4%	34.0%	3.3%	-0.2%	-2.7%	-3.6%
Iron Ore Mining												
Centralny GOK	CGOK	6.95	n/a	n/a	0.0%	0.0%	-5.4%	6.9%	0.4%	-3.1%	-6.8%	-30.7%
Ferrexpo	FXPO	2.44	3.20	2.07	1.4%	-0.5%	11.0%	-22.8%	1.9%	-3.7%	9.7%	-60.4%
Pivnichny GOK	SGOK	7.90	10.00	4.50	0.0%	-12.2%	-4.8%	-1.3%	0.4%	-15.3%	-6.2%	-38.8%
Coal Mining												
Pokrovske Mine	SHCHZ	0.75	0.79	0.10	0.0%	7.1%	7.1%	87.5%	0.4%	4.0%	5.8%	49.9%
Komsomolets Donbasa	SHKD	0.85	n/a	n/a	0.0%	0.0%	-15.0%	37.1%	0.4%	-3.1%	-16.3%	-0.5%
Energy Coal	CLE	0.37	0.93	0.31	-1.7%	-5.7%	-12.9%	7.2%	-1.2%	-8.8%	-14.2%	-30.4%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	10.0%	-4.3%	0.4%	-3.1%	8.7%	-41.9%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.88	1.01	0.30	0.0%	0.0%	-6.4%	46.7%	0.4%	-3.1%	-7.7%	9.1%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	0.4%	-3.1%	-1.3%	48.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	18.9	26.0	10.0	-2.0%	-2.5%	6.0%	9.0%	-1.6%	-5.6%	4.6%	-28.6%
Luhanskeplovoz	LTPL	1.04	2.20	0.85	0.0%	-24.6%	-24.1%	-30.7%	0.4%	-27.8%	-25.4%	-68.3%
Stakhanov Wagon	SVGZ	1.15	n/a	n/a	0.0%	0.0%	0.0%	-11.5%	0.4%	-3.1%	-1.3%	-49.1%
Specialized Machinery												
Bogdan Motors	LUAZ	0.06	0.08	0.02	-3.9%	2.0%	-5.5%	114.0%	-3.5%	-1.1%	-6.8%	76.4%
Motor Sich	MSICH	2,491	3,000	1,303	0.1%	3.2%	5.3%	36.6%	0.5%	0.1%	4.0%	-1.0%
Summy Frunze Engineering	SMASH	5.99	n/a	n/a	0.0%	0.0%	38.0%	139.6%	0.4%	-3.1%	36.7%	102.0%
Turboatom	TATM	4.60	n/a	n/a	0.0%	0.0%	15.0%	31.4%	0.4%	-3.1%	13.7%	-6.2%
WESTA ISIC	WES	0.11	0.26	0.11	3.2%	0.1%	n/a	-18.5%	3.6%	-3.0%	n/a	-56.1%
Telecom												
Ukrtelecom	UTLM	0.18	0.19	0.09	0.0%	-2.6%	-0.6%	59.1%	0.4%	-5.7%	-1.9%	21.5%
Oil & Gas												
Regal Petroleum	RPT	0.16	0.27	0.12	-0.2%	2.4%	6.4%	-25.0%	0.2%	-0.7%	5.1%	-62.6%
JKX Oil	JKX	0.97	1.21	0.78	0.2%	-2.9%	-3.8%	-18.2%	0.7%	-6.0%	-5.1%	-55.8%
Ukrnafta	UNAF	254	271	54	-1.1%	3.9%	-3.3%	133.9%	-0.6%	0.8%	-4.6%	96.3%
Power Utilities												
Centrenerg	CEEN	7.85	8.05	2.50	0.3%	6.8%	6.5%	64.6%	0.7%	3.7%	5.2%	27.0%
Donbasenergo	DOEN	38.7	50.2	11.0	-2.0%	0.7%	-6.5%	40.3%	-1.5%	-2.4%	-7.9%	2.7%
Zakhidenergo	ZAEN	140.0	157.0	64.0	0.0%	2.2%	-8.5%	54.9%	0.4%	-0.9%	-9.8%	17.3%
Consumer												
Agroton	AGT	0.95	1.8	0.43	-2.0%	-5.8%	-0.6%	45.9%	-1.6%	-8.9%	-1.9%	8.3%
Astarta	AST	14.1	24.4	12.1	-2.9%	-1.0%	-8.2%	-36.5%	-2.4%	-4.1%	-9.5%	-74.1%
Avangardo	AVGR	9.4	13.0	8.26	0.3%	-6.0%	-3.1%	-20.0%	0.7%	-9.1%	-4.5%	-57.6%
Industrial Milk Company	IMC	3.12	5.14	2.49	0.1%	-4.8%	-6.2%	-22.7%	0.6%	-7.9%	-7.5%	-60.3%
Kernel	KER	10.1	17.7	7.6	-0.7%	-3.6%	-8.7%	-20.1%	-0.2%	-6.7%	-10.0%	-57.7%
Mriya Agro Holding	MAYA	6.11	8.2	5.62	-2.4%	-3.8%	-3.1%	-18.0%	-1.9%	-6.9%	-4.5%	-55.6%
MHPC	MHPC	14.7	18.7	11.00	-2.3%	-2.0%	-1.3%	-13.6%	-1.9%	-5.1%	-2.7%	-51.2%
Milkiland	MLK	2.19	4.7	1.71	-0.7%	-1.4%	-9.8%	-47.5%	-0.3%	-4.5%	-11.2%	-85.1%
Ovostar Union	OVO	22.4	33.3	19.4	-2.5%	-5.2%	-3.8%	-32.6%	-2.1%	-8.3%	-5.2%	-70.2%
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	12.1	n/a	n/a	-3.8%	-3.8%	-15.9%	-3.6%	-3.3%	-6.9%	-17.3%	-41.2%
Banks												
Raiffeisen Bank Aval	BAVL	0.151	0.188	0.077	-0.5%	0.2%	-4.1%	33.3%	0.0%	-2.9%	-5.5%	-4.3%
UkrSotsbank	USCB	0.170	0.257	0.090	0.2%	3.4%	-0.5%	-9.6%	0.6%	0.2%	-1.9%	-47.2%

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	141	20.4%	16.9%	14.9%
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%
Ukrspasbank	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	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	39	8.8%	3	34	4.5	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	293	3.0%	9	277	neg	neg	neg	neg	neg	7.9	0.1	0.1	0.1	60	61	61	\$/tonne
Coke																		
Avdyivka Coke	AVDK	54	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	17	9.0%	1	17	2.0	neg	3.5	0.6	0.6	0.9	0.0	0.0	0.1	0.6	0.6	0.9	\$/tonne
Iron Ore Mining																		
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	1,553	0.4%	6	1,547	3.6	2.8	3.4	2.1	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,426	24.0%	342	2,105	6.6	5.4	7.2	5.2	4.2	4.7	1.5	1.3	1.4				
Coal Mining																		
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
Pipe Manufacturing																		
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
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	19	24.0%	5	57	4.0	1.0	0.9	2.0	1.6	1.5	0.3	0.2	0.2				
Krukiv Wagon	KVBZ	185	5.0%	9	185	1.9	4.4	neg	1.4	2.8	12.0	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				
Specialized Machinery																		
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	442	24.0%	106	465	2.2	2.6	3.1	1.5	1.7	1.8	0.5	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	280	7.2%	20	583	6.2	16.4	10.6	2.8	3.1	3.4	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,175	3.0%	35	1,167	6.7	>30	10.3	2.6	4.1	3.8	0.5	0.5	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	51	21.6%	11	26	4.3	neg	25.3	1.2	neg	1.0	0.6	0.7	0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	166	50.4%	84	275	neg	25.6	21.3	2.0	4.1	4.0	1.4	1.5	1.4	50	38	37	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	247	21.7%	54	326	8.6	4.1	4.4	4.7	3.5	3.8	0.3	0.4	0.4	18	24	21	\$/MWh
DonbasEnergO	DOEN	78	14.2%	11	144	20.4	1.2	1.7	4.5	2.0	2.8	0.3	0.2	0.2	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,553	34.1%	530	2,681	5.0	9.6	neg	5.7	6.9	5.6	1.9	1.8	1.8				
Kernel	KER	806	61.8%	498	1,512	3.8	7.7	17.1	4.7	5.2	8.6	0.7	0.5	0.6				
Astarta	AST	353	37.0%	131	687	6.1	10.4	4.3	6.2	7.5	5.0	1.5	1.4	1.2				
Avangardco	AVGR	600	22.5%	135	708	2.6	2.5	2.0	2.5	2.3	1.9	1.1	1.1	0.9	160	122	115	\$/mneggs
Agroton	AGT	21	26.2%	5	70	3.0	neg	neg	3.4	9.2	20.0	0.8	0.9	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	266	0.7%	2		>30	>30	17.9	0.3	0.3	0.3	0.07	0.06	0.07				

Source: Eavex Research

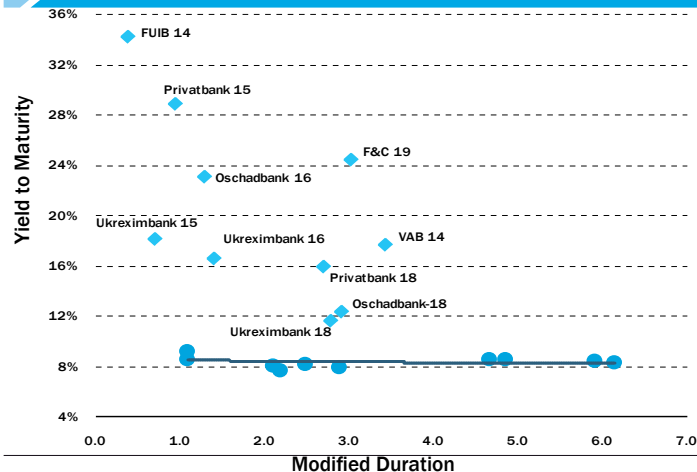
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Naftogaz Ukraine, 2014	98.0	98.7	19.4%	15.6%	-2.2%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	95.2	96.8	10.1%	8.5%	0.0%	1.1	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	98.4	99.8	9.4%	7.9%	1.5%	1.1	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	97.1	98.0	8.3%	7.9%	3.7%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	97.1	97.8	7.9%	7.5%	3.3%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	96.6	97.6	8.2%	7.8%	4.7%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	103.1	103.9	8.4%	8.1%	4.4%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	11.6%	11.0%	14.7%	2.7	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	95.8	97.3	9.4%	8.8%	23.0%	3.1	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	96.5	98.0	8.8%	8.4%	4.4%	4.7	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	96.6	97.6	8.8%	8.6%	3.6%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	95.7	97.0	8.6%	8.4%	5.8%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	94.4	95.4	8.4%	8.3%	4.8%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.8	33.9	71.9%	60.6%	-39.0%	2.0	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	103.5	104.0	7.1%	6.6%	0.2%	0.7	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	93.0	94.4	9.9%	9.5%	4.8%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.4	97.4	16.9%	14.6%	-3.6%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	91.8	93.9	13.8%	13.0%	3.0%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	94.4	96.3	17.6%	15.9%	-4.9%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	80.0	82.6	16.8%	15.7%	-6.6%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	94.0	96.0	25.6%	20.6%	-7.1%	0.7	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	80.5	81.5	14.9%	14.5%	-14.1%	2.9	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	96.5	96.5	19.7%	19.7%	#VALUE!	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.6	88.5	14.2%	13.4%	-7.8%	2.8	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	97.1	98.5	10.8%	9.6%	-0.2%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	87.9	89.9	13.6%	12.9%	-3.1%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	77.0	78.0	22.6%	21.4%	0.1%	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	
Bank Eurobonds											
Fin&Credit Bank, 2019	55.0	65.0	27.1%	21.8%	-27.7%	3.0	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	90.5	90.5	34.2%	34.2%	-8.1%	0.4	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	55.0	60.0	58.3%	49.2%	-28.6%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	85.0	90.0	33.5%	24.7%	n/a	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016							8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	86.4	87.8	15.9%	15.4%	4.1%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	95.0	97.0	20.3%	16.1%	-0.5%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	80.0	83.0	24.8%	21.5%	-4.5%	1.3	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	91.0	92.8	12.0%	11.3%	3.0%	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	90.5	92.0	17.3%	15.9%	-2.0%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	89.2	90.7	12.6%	12.1%	1.0%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	91.2	92.9	18.2%	16.2%	-1.0%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.6	92.9	15.0%	13.6%	-1.3%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

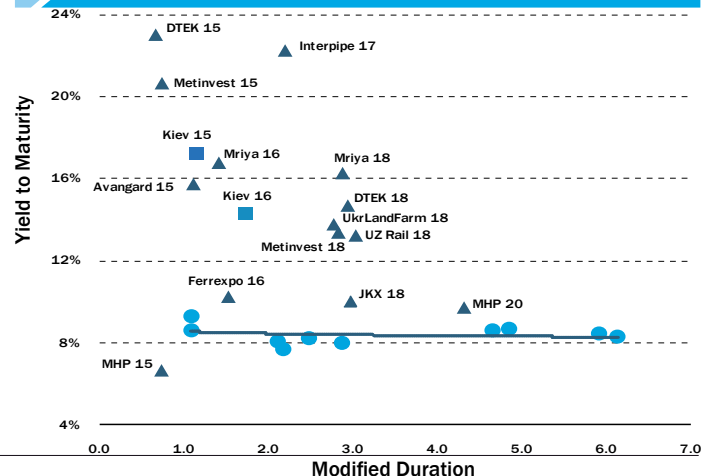
¹ Moody's/S&P/Fitch; * EUR

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
UAH denominated Bonds									
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
USD denominated Bonds									
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
EUR denominated Bonds									
UA4000142681	n/a	n/a	15.0%	12.0%	n/a	4.80%	S/A	6 May 2015	40
VAT Bonds									
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

Eavex Capital

12, Ezhena Pottier str.
Kiev 03057
Ukraine

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity and Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales and Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua