

**Market Update**

**Equity**

Local Ukrainian stocks were lower on Wednesday (Jul 16), once again trading against the pattern of European shares, which rose sharply on strong GDP growth data from China; however, the main indices in Europe are likely to sell off today following the announcement of tougher-than-expected EU sanctions against Russia for backing the separatist insurgency in Eastern Ukraine. The UX index declined by 1.0% to close at 1242 points. Trading volume in blue chips was minimal, signaling no activity by large players on the market. Among particular UX index components, CentrEnerg and UkrNafta were the biggest movers, with their quotes falling by 2.0% and 1.7% respectively. Heavyweight Motor Sich lost 1.1% to finish at UAH 2485. In London trading, MHP rose by 1.3% and Ferrexpo inched up by 0.3%, while Avangard was unchanged at USD 9.50. In Warsaw, cheese producer Milkiland sold off by 4.7%.

**Fixed Income**

Ukraine's Eurobond universe showed a mixed performance on Wednesday. Ukraine-17s declined by 0.9p.p. to 95.5/96.5 (8.6%/8.3%) and long-term benchmark Ukraine-23s were nearly unchanged at 94.3/95.3 (8.4%/8.3%). In corporate names, DTEK-15s dropped by 1.6p.p. to 92.1/93.6 (30.9%/26.7%) while Avangardco-15s improved by 1.4p.p. to 96.5/99.0 (15.6%/12.8%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenerg	CEEN	7.83	-2.0%	3.3	209
Ukrnafta	UNAF	250.90	-1.7%	0.5	83
Motor Sich	MSICH	2485.00	-1.1%	0.3	19

**Growth Leaders**

Ukrsotsbank	USCB	0.17	1.1%	0.01	7
Alchevsk Steel	ALMK	0.04	-0.6%	0.07	66
Raiffeisen Bank Aval	BAVL	0.15	-0.6%	0.19	32

**Loss Leaders**

Mariupol Ilyicha	MMKI	0.11	-21.9%	0.049	9
Khartsyzk Pipe	HRTR	0.72	-5.6%	0.013	8
Centrenerg	CEEN	7.83	-2.0%	3.255	209

**Highlights**

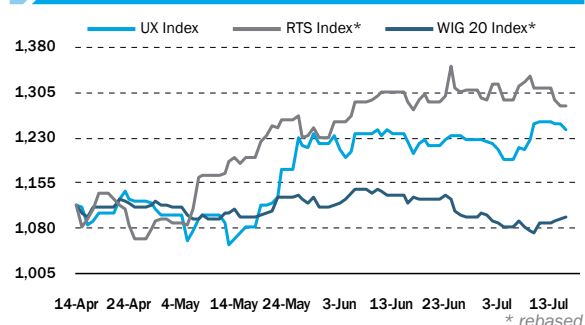
**POLITICS AND ECONOMICS**

- > US, Europe Nail Russia With Tougher-Than-Expected Sanctions

**FIXED INCOME**

- > F&C Bank Ends 2Q14 at Breakeven

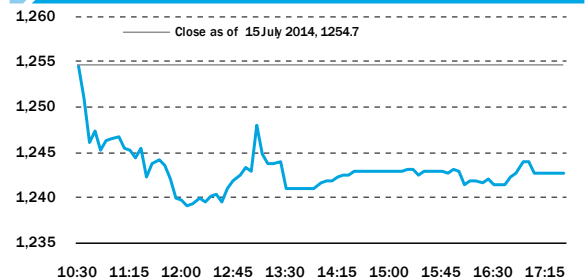
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1242.8	-0.9%	0.6%	36.6%
RTS	1350.5	-0.1%	-1.8%	-6.4%
WIG20	2397.0	0.4%	-3.0%	-0.2%
MSCI EM	1066.8	0.0%	1.7%	6.5%
S&P 500	1981.6	0.4%	2.3%	7.6%

**UX INTRADAY JULY 16, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	281.5	0.3%	0.1%	-14.9%
CDS 5Y UKR	774.3	-2.9%	-9.6%	-5.6%
Ukraine-17	8.1%	0.3 p.p.	-0.5 p.p.	-0.9 p.p.
Naftogaz Ukr-14	19.6%	0.7 p.p.	3.3 p.p.	10.8 p.p.
Ukraine-23	8.3%	0.0 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	11.73	0.1%	-0.6%	42.3%
EUR	15.86	-0.2%	-0.8%	39.5%
RUB	0.34	-0.5%	-2.2%	33.6%

**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	107.2	0.3%	-4.0%	-3.6%
Gold, USD/oz	1299.2	0.4%	1.7%	8.6%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## US, Europe Nail Russia With Tougher-Than-Expected Sanctions

by Will Ritter  
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### NEWS

US President Obama announced a new round of targeted economic sanctions against Russian companies on Wednesday (Jul 16), while a parallel meeting of European Union leaders in Brussels also yielded new measures to try to force Moscow to stop its support for paramilitary separatist groups in Eastern Ukraine. Russia's top oil producer Rosneft headlined the list of companies being hit, and state financial giants GazPromBank and VneshEconBank are also included. The sanctions will prevent the Russian companies from accessing US equity or debt markets for new financing with maturity beyond 90 days, Bloomberg news reported. The EU promised to halt lending for new public-sector projects in Russia by the European Investment Bank, as well as to use its influence to prevent any new lending by the European Bank for Reconstruction and Development, Bloomberg said.

### COMMENTARY

Given that Obama's "one-month" deadline to President Putin at the beginning of June to prevent anti-Ukrainian mercenaries from crossing the Russian side of the border had already expired by a couple of weeks, many observers had assumed that the US administration had backed off its tough position, but the stepped-up sanctions show that this is not the case. Although the EU measures are not as comprehensive as those taken by Washington, they are not insignificant, and certainly will challenge the Putin regime's assumption that Europe is bound by economic self-interest to limit its response to the Ukraine crisis to mere rhetoric. The most important effect of yesterday's bombshell announcements is their implication that the West has even more tools in its arsenal to impose costs on the Russian economy and the Putin regime if the latter continues its barely-disguised support for paramilitary destabilization in southeastern provinces of Ukraine. For its part, the Ukrainian government will view the new sanctions as a victory, but overconfidence would be a mistake, as an ever-growing number of civilian casualties in Donetsk and Lugansk mean that the government offensive is going to come under increasing scrutiny; in public relations terms, President Poroshenko cannot afford to continue the offensive much longer, as it will begin to sap Western public support for the Ukrainian cause. Further, a failure to end the war quickly will inevitably bring up concerns that massive Western aid to Ukraine intended for economic reforms might be getting diverted for military purposes. It is still unclear to us what could be a sustainable political resolution for the Donbass provinces after a peace settlement, and we also believe that the US and EU are unsure about whether the two provinces will ultimately remain in Ukraine over the longer term, or whether they might be privately viewed similarly to Crimea, i.e. as de-facto expendable territory.

**F&C Bank Ends 2Q14 at Breakeven**

by Dmitry Churin  
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**NEWS**

Finance&Credit Bank, which is affiliated with the business group of Ferrexpo owner Constantine Zhevago, reported a tiny net profit of UAH 3.3mn for 2Q14, according to financials published on Wednesday (Jul 16). Gross interest income rose 54% YoY as a result of the hryvnia devaluation against the dollar, while net interest income fell by 12.9% YoY to UAH 79.2mn in the quarter. Provisions for loan impairment increased by 73.3% YoY to UAH 59.3mn in the period. For 1H14, F&C had a net loss of UAH 51.4mn (USD 4.9mn at the average USD/UAH exchange rate for the period), compared to net profit of UAH 2.2mn for 1H13. On the balance sheet side, the bank's total assets rose by 16.3% YtD to UAH 29.9bn (USD 2.6bn) as of 30 Jun 2014. The loan portfolio has increased by 23.3% YtD to UAH 25.0bn.

**COMMENTARY**

In our opinion, F&C's business model is coming under pressure this year, as its net interest income margin was squeezed down to 9.7% in 2Q14 from 16.0% in 2Q13. We also think that F&C has an insufficient level of bad loan reserves, with its NPL portfolio of UAH 1.9bn covered by reserves of only 48% as of Jun 30. The bank's capital adequacy ratio was 11.8% and current liquidity was 51.6% at the end of 1H14. The NBU-mandated minimum is 10% for capital adequacy and 40% for current liquidity; F&C is not very far above these levels. We view the released financials as NEUTRAL for the bank's outstanding Eurobonds, which were restructured earlier this year.

F&C-2019 Eurobonds are currently quoted at 55.0/65.0 (27.1%/21.8%) .

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.81	0.56	-31%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	143.0	125.0	-13%	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	7.75	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	3.16	6.2	97%	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	0.75	2.9	294%	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	18.7	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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2485	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.
<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	9.1	42.0	360%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	55.3	120	117%	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	38.6	72.0	87%	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	7.83	15.00	92%	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	15.2	15.65	3%	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	40.7	90.0	121%	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	69.0	58.74	-15%	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	0.149	0.24	61%	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	1242.79	1272.84	799.72	-0.9%	1.4%	0.6%	36.6%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-0.6%	-2.2%	-4.3%	-7.2%	0.4%	-3.6%	-4.8%	-43.8%
Azovstal	AZST	0.81	0.95	0.35	0.2%	2.5%	5.5%	20.3%	1.2%	1.2%	4.9%	-16.3%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	0.9%	-1.4%	-0.6%	-36.6%
Enakievo Steel	ENMZ	42.0	52.0	17.0	-0.7%	-1.1%	-4.5%	31.2%	0.2%	-2.5%	-5.1%	-5.4%
Arcelor Mittal KR	KSTL	2.97	n/a	n/a	0.0%	47.8%	-25.8%	158.3%	0.9%	46.4%	-26.3%	121.7%
Mariupol Ilyicha	MMKI	0.11	n/a	n/a	-31.3%	-31.3%	-38.9%	10.0%	-30.3%	-32.6%	-39.5%	-26.6%
<b>Coke</b>												
Avdivka Coke	AVDK	3.16	4.80	1.46	0.0%	-1.6%	-4.7%	6.8%	0.9%	-2.9%	-5.3%	-29.7%
Yasnyivsky Coking	YASK	0.68	0.84	0.30	-2.9%	-2.9%	-5.6%	28.3%	-1.9%	-4.2%	-6.1%	-8.3%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.95	n/a	n/a	0.0%	0.0%	-5.4%	6.9%	0.9%	-1.4%	-6.0%	-29.6%
Ferrexpo	FXPO	2.45	3.20	2.07	0.3%	2.5%	11.6%	-22.3%	1.3%	1.1%	11.0%	-58.9%
Pivnichny GOK	SGOK	7.75	10.00	4.50	-2.0%	-13.9%	-6.6%	-3.1%	-1.1%	-15.3%	-7.2%	-39.7%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.75	0.79	0.10	0.0%	7.1%	7.1%	87.5%	0.9%	5.8%	6.6%	50.9%
Komsomolets Donbasa	SHKD	0.85	n/a	n/a	0.0%	0.0%	-15.0%	37.1%	0.9%	-1.4%	-15.6%	0.5%
Energy Coal	CLE	0.35	0.93	0.31	-3.6%	-6.9%	-17.7%	1.3%	-2.7%	-8.2%	-18.3%	-35.3%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	10.0%	-4.3%	0.9%	-1.4%	9.4%	-40.9%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.72	1.01	0.30	-6.5%	-18.2%	-23.4%	20.0%	-5.5%	-19.6%	-24.0%	-16.6%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	0.9%	-1.4%	-0.6%	49.1%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	18.7	26.0	10.0	-1.6%	-3.3%	5.1%	8.1%	-0.6%	-4.7%	4.5%	-28.5%
Luhanskeplovoz	LTPL	1.04	2.20	0.85	0.0%	-9.6%	-24.1%	-30.7%	0.9%	-10.9%	-24.7%	-67.2%
Stakhanov Wagon	SVGZ	1.15	n/a	n/a	0.0%	0.0%	0.0%	-11.5%	0.9%	-1.4%	-0.6%	-48.1%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.08	0.02	-2.5%	-9.2%	-10.7%	102.3%	-1.6%	-10.5%	-11.2%	65.7%
Motor Sich	MSICH	2,485	3,000	1,303	-1.1%	1.1%	5.1%	36.2%	-0.1%	-0.2%	4.5%	-0.3%
Summy Frunze Engineering	SMASH	4.50	n/a	n/a	0.0%	-24.9%	3.7%	80.0%	0.9%	-26.3%	3.1%	43.4%
Turboatom	TATM	4.00	n/a	n/a	0.0%	-13.0%	0.0%	14.3%	0.9%	-14.4%	-0.6%	-22.3%
WESTA ISIC	WES	0.11	0.26	0.11	0.0%	-9.0%	n/a	-18.7%	0.9%	-10.4%	n/a	-55.3%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.17	0.19	0.09	-4.6%	-7.1%	-5.1%	51.8%	-3.6%	-8.5%	-5.7%	15.3%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.16	0.27	0.12	0.0%	14.1%	5.3%	-25.7%	0.9%	12.7%	4.8%	-62.3%
JXX Oil	JKX	0.95	1.21	0.78	-2.7%	-4.3%	-6.0%	-20.1%	-1.7%	-5.7%	-6.6%	-56.7%
Ukrnafta	UNAF	251	271	54	-1.7%	2.9%	-4.5%	131.0%	-0.7%	1.5%	-5.0%	94.5%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.83	8.10	2.50	-2.1%	4.3%	6.3%	64.3%	-1.1%	2.9%	5.7%	27.7%
Donbasenergo	DOEN	38.6	50.2	11.0	-0.4%	1.4%	-6.8%	39.9%	0.5%	0.0%	-7.4%	3.3%
Zakhidenergo	ZAEN	142.2	157.0	64.0	0.0%	3.8%	-7.1%	57.3%	0.9%	2.4%	-7.6%	20.7%
<b>Consumer</b>												
Agroton	AGT	0.91	1.8	0.43	0.3%	-9.9%	-4.3%	40.4%	1.2%	-11.3%	-4.9%	3.8%
Astarta	AST	13.3	24.4	12.1	0.3%	-8.3%	-13.5%	-40.2%	1.3%	-9.7%	-14.1%	-76.7%
Avangardo	AVGR	9.5	13.0	8.26	0.1%	0.0%	-2.1%	-19.1%	1.1%	-1.4%	-2.6%	-55.7%
Industrial Milk Company	IMC	3.01	5.14	2.49	-1.4%	-7.1%	-9.5%	-25.5%	-0.4%	-8.5%	-10.1%	-62.0%
Kernel	KER	9.9	17.7	7.6	0.2%	-3.1%	-10.4%	-21.6%	1.1%	-4.5%	-11.0%	-58.2%
Mriya Agro Holding	MAYA	6.09	8.2	5.62	0.0%	-2.0%	-3.5%	-18.3%	0.9%	-3.4%	-4.0%	-54.9%
MHPC	MHPC	15.2	18.7	11.00	1.3%	-1.0%	1.7%	-10.9%	2.3%	-2.4%	1.1%	-47.5%
Milkiland	MLK	1.95	4.7	1.71	-4.7%	-10.0%	-19.5%	-53.1%	-3.8%	-11.4%	-20.0%	-89.6%
Ovostar Union	OVO	22.6	33.3	19.4	-0.1%	-2.1%	-3.0%	-32.1%	0.9%	-3.5%	-3.6%	-68.6%
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	12.0	n/a	n/a	-1.0%	-4.2%	-16.3%	-4.0%	0.0%	-5.5%	-16.8%	-40.6%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.149	0.188	0.077	-0.6%	-1.7%	-5.3%	31.6%	0.3%	-3.1%	-5.9%	-4.9%
UkrSotsbank	USCB	0.168	0.257	0.090	1.1%	1.3%	-1.4%	-10.4%	2.0%	-0.1%	-2.0%	-47.0%

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	141	20.4%	16.9%	14.9%
<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%
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			
<b>Steel</b>																		
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	38	8.8%	3	34	4.4	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	11	\$/tonne
Azovstal	AZST	289	3.0%	9	273	neg	neg	neg	neg	neg	7.7	0.1	0.1	0.1	59	61	60	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	53	6.8%	4	50	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	3.4	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	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	1,523	0.4%	6	1,516	3.5	2.8	3.3	2.0	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,434	24.0%	344	2,113	6.7	5.4	7.3	5.3	4.2	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	16	25.0%	4	126	0.4	neg	neg	2.0	6.0	14.0	0.8	1.0	1.3	2.0	6.0	14.0	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	160	2.0%	3	205	4.7	>30	>30	4.0	6.6	6.7	0.4	0.7	0.6	326	540	513	\$/tonne
<b>Railcar Manufacturing</b>																		
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	183	5.0%	9	183	1.9	4.4	neg	1.4	2.8	11.9	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	440	24.0%	106	463	2.2	2.6	3.1	1.5	1.7	1.8	0.5	0.5	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	267	7.2%	19	570	5.9	15.7	10.1	2.8	3.0	3.3	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,160	3.0%	35	1,152	6.6	>30	10.2	2.5	4.0	3.8	0.5	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	50	21.6%	11	25	4.3	neg	25.1	1.2	neg	1.0	0.6	0.7	0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	162	50.4%	82	271	neg	25.0	20.8	2.0	4.1	4.0	1.3	1.5	1.4	49	37	36	\$/boe
<b>Electric Utilities</b>																		
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	20	\$/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	18	18	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,601	34.1%	546	2,729	5.1	9.9	neg	5.8	7.0	5.7	1.9	1.8	1.9				
Kernel	KER	791	61.8%	488	1,497	3.8	7.5	16.8	4.6	5.1	8.6	0.7	0.5	0.6				
Astarta	AST	333	37.0%	123	654	5.7	9.8	4.1	5.9	7.2	4.7	1.4	1.3	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	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	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	383	3.5%	13		>30	4.3	12.1	0.5	0.4	0.5	0.06	0.07	0.08				
Ukrsotsbank	USCB	264	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

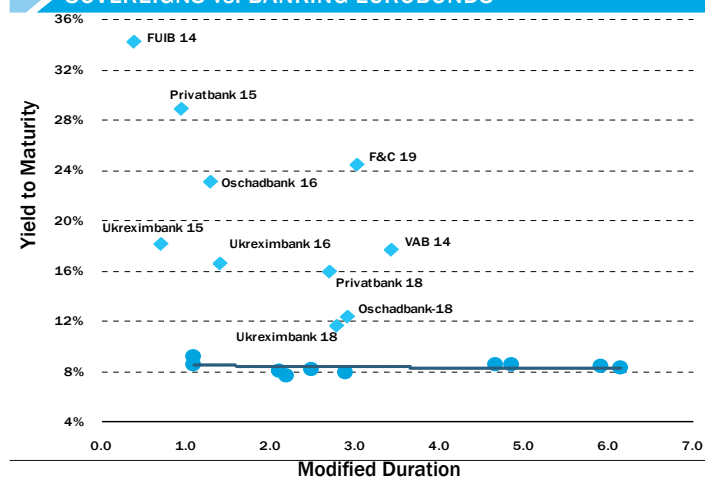
## UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Naftogaz Ukraine, 2014	97.7	98.4	21.6%	17.6%	-2.5%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	95.1	96.6	10.3%	8.8%	-0.2%	1.1	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	98.1	99.8	9.7%	7.9%	1.3%	1.1	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	96.3	97.2	8.8%	8.3%	2.9%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	96.5	97.5	8.2%	7.7%	2.8%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	95.5	96.5	8.6%	8.3%	3.5%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	102.3	103.1	8.7%	8.4%	3.6%	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	91.0	92.1	11.2%	10.8%	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	96.3	97.3	8.8%	8.6%	3.3%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	95.6	97.1	8.6%	8.4%	5.8%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	94.3	95.3	8.4%	8.3%	4.7%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.8	33.9	72.1%	60.8%	-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	92.8	94.4	9.9%	9.5%	4.7%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	96.5	99.0	15.6%	12.8%	-2.2%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	91.6	92.9	13.8%	13.4%	2.3%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	93.0	95.5	19.0%	16.6%	-6.0%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	79.9	81.9	16.9%	16.0%	-7.1%	2.9	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	92.1	93.6	30.9%	26.7%	-9.1%	0.6	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	79.0	81.7	15.5%	14.4%	-14.7%	2.9	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	95.0	96.0	23.0%	20.9%	-6.8%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.2	87.6	14.4%	13.8%	-8.5%	2.8	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	97.0	98.3	10.8%	9.7%	-0.3%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	86.9	89.6	14.0%	13.0%	-3.7%	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	103.5	105.1	10.6%	10.1%	-6.0%	3.0	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
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	58.7%	49.5%	-28.6%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	85.0	90.0	33.8%	24.9%	-1.8%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	76.0	78.0	27.5%	25.3%	1.3%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	85.0	90.0	16.5%	14.5%	4.5%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	95.5	96.5	19.3%	17.2%	-0.5%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.5	81.5	26.7%	23.2%	-6.2%	1.3	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	90.6	92.2	12.1%	11.5%	2.5%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	75.0	78.0	18.2%	17.2%	-10.5%	3.4	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	91.5	92.5	16.4%	15.5%	-1.1%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	88.5	89.9	12.9%	12.4%	0.3%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	91.1	93.0	18.4%	16.2%	-1.0%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.4	93.1	15.2%	13.4%	-1.3%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

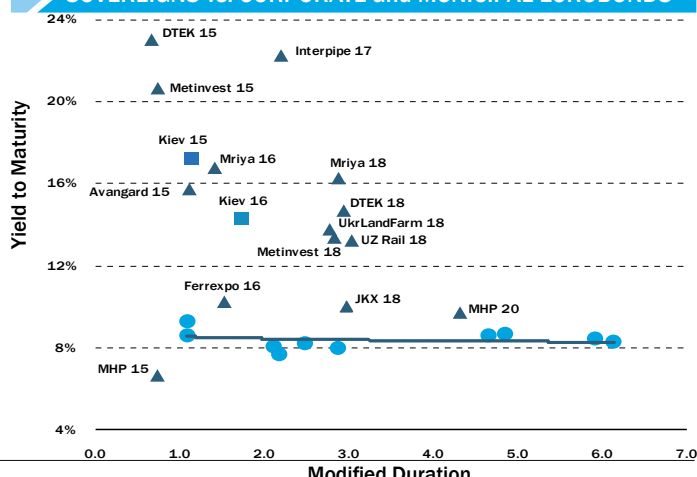
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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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