

**Market Update**

**Equity**

Kyiv-listed equities were substantially lower in line with the main European bourses on Thursday (Jul 17) as investors reacted to the imposition of new sanctions on the Russian economy over the war in Eastern Ukraine by the US and European Union. Shocking news that filtered in during the late afternoon that a Malaysian civilian airliner was shot down over Donetsk also had a negative effect on markets. The UX index lost 1.5% to close at 1224 points as local stocks continued to give back the gains which they had racked up last week. The UX's drop would have been much larger if not for a 5.6% rise in UkrNafta after Energy Minister Yuriy Prodan demanded that the half-state-owned oil company pay out a big dividend for the past 3 years as required by law. Raiffeisen Aval was the leading decliner, falling 3.4% to 14.45 kopecks, and heavyweights Motor Sich and CentrEnerg were down by 1.8% and 2.8% respectively. In London, Ferrexpo slid 3.6% to near GBp 138, extending its losses late in the session after news about the Malaysian plane came through. In Warsaw, Kernel was less affected, edging down 0.7% to PLN 30.10.

**Fixed Income**

Quotes for Ukrainian sovereign bonds declined yesterday with Ukraine-23s decreasing by 0.8 p.p. to close at 93.5/94.5 (8.6%/8.4%). Short term Ukraine-15s edged down by 0.2 p.p. to close at 97.9/99.6 (9.9%/8.1%). Among corporate issues, Metinvest-15s declined by 0.5 p.p. to 94.5/95.5 (22.4%/22.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	264.90	5.6%	4.0	343
Centrenerg	CEEN	7.64	-2.8%	3.9	357
Raiffeisen Bank Aval	BAVL	0.14	-3.5%	0.8	85

**Growth Leaders**

Ukrnafta	UNAF	264.90	5.6%	4.00	343
Kryukiv Wagon	KVBZ	18.99	1.6%	0.11	14
Avdyivka Coke	AVDK	3.15	-0.5%	0.08	38

**Loss Leaders**

Raiffeisen Bank Aval	BAVL	0.14	-3.5%	0.824	85
Centrenerg	CEEN	7.64	-2.8%	3.949	357
Motor Sich	MSICH	2,441.00	-1.8%	0.567	48

**Highlights**

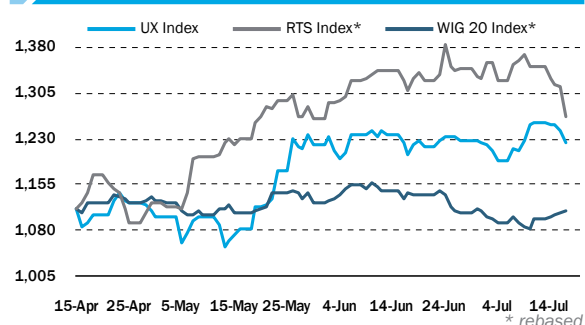
**POLITICS AND ECONOMICS**

- > Civilian Airliner Shot Down, Apparently by Separatists, in Donetsk

**STOCKS IN THE NEWS**

- > Gov't Wants UkrNafta to Hold AGM and Pay Dividend of UAH 47 ps

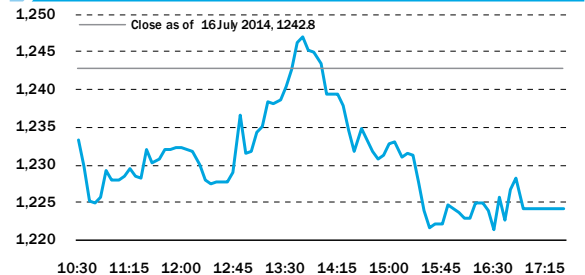
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1224.3	-1.5%	0.1%	34.5%
RTS	1299.0	-3.8%	-4.3%	-10.0%
WIG20	2403.1	0.3%	-1.8%	0.1%
MSCI EM	1062.6	-0.4%	1.6%	6.1%
S&P 500	1958.1	-1.2%	1.0%	6.4%

**UX INTRADAY JULY 17, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	291.6	3.6%	1.7%	-11.8%
CDS 5Y UKR	809.6	4.6%	-10.6%	-1.3%
Ukraine-17	8.3%	0.2 p.p.	-0.7 p.p.	-0.7 p.p.
Naftogaz Ukr-14	22.1%	2.5 p.p.	3.1 p.p.	13.3 p.p.
Ukraine-23	8.5%	0.1 p.p.	-0.6 p.p.	1.0 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%	-1.7%	42.2%
EUR	15.85	-0.1%	-2.1%	39.4%
RUB	0.33	-1.0%	-3.2%	32.3%

**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	107.9	0.7%	-3.9%	-3.0%
Gold, USD/oz	1319.2	1.5%	3.7%	10.3%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Civilian Airliner Shot Down, Apparently by Separatists, in Donetsk

by Will Ritter  
w.ritter@eavex.com.ua

### NEWS

A civilian Malaysian Airlines jet carrying 298 people was shot down by a surface-to-air missile on Thursday (Jul 17) afternoon over Eastern Ukrainian airspace, international media reported. The wreckage of the plane landed in a rural area east of the city of Donetsk not far from the Donetsk-Lugansk provincial boundary, a region that has seen some of the heaviest fighting of Ukraine's Donbass war in the past two weeks. The crash site was around 30 miles from the Russian border. Everyone aboard the airliner was presumed dead. President Poroshenko and Foreign Minister Pavlo Klimkin immediately stated that Ukraine's military had nothing to do with the attack, which the United States said it has confirmed was carried out using a radar-guided surface-to-air missile battery capable of striking high-altitude targets. However, pro-Russian separatist leader Alexander Boroday came out with a statement accusing the Ukrainian military of shooting down the jet as a deliberate provocation.

### COMMENTARY

Although pro-Russian separatists denied having the weaponry capable of shooting down an aircraft flying at civilian-level high altitude above 30,000 feet, journalists on the ground have reported having seen such equipment in their possession. The obvious explanation from everything we have seen and heard is that the separatists fired on the civilian jet, mistaking it for a Ukrainian military plane, as they have been aggressively targeting Ukrainian aircraft flying in the region over the past month. Indeed, on Monday (Jul 14), a Ukrainian military plane flying at about 21,000 feet altitude was shot down by the separatists in an incident confirmed by both sides. The distance of the Malaysian airliner's crash site from the Russian border of 30 miles (50 km) would appear to preclude the missile having come from inside Russian territory. Boroday's accusation that the Ukrainian military deliberately shot down the airliner to discredit the pro-Russian insurgents looks like nothing other than an outrageous attempt to deflect blame for the disaster. If anything, it is the separatists who will probably benefit the most from this tragedy, as it will result in a short-term ratcheting down of the Ukrainian military offensive in the Donbass, and will sharply increase international pressure on the Ukrainian government to bring a conclusion to the war. In the coming days and weeks there will be further technical analysis to prove conclusively that separatists were responsible for the shootdown, and we suppose that there will eventually be an international judicial effort to bring the perpetrators to justice.

## Gov't Wants UkrNafta to Hold AGM and Pay Dividend of UAH 47 ps

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

### UKRNAFTA (UNAF UK)

Price: UAH 265 Market Cap: USD 1,227mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.6	0.5	52.7	4.3	n/a
2014E	0.7	0.4	10.7	4.0	n/a

### NEWS

Ukraine's Energy Minister Yuriy Prodan said that UkrNafta, the largest oil producer in the county, should hold a general shareholder meeting and announce a dividend payout of UAH 1.3bn on the state stake, Interfax reported on Thursday (Jul 17). State-owned and partially-state-owned companies are required by law to pay out 30% of their net profit each year to shareholders. Ukrnafta's last AGM was held in 2011, since which time the meetings have been blocked by the largest minority shareholder, Privat Group, which reportedly has operating control over the company. According to Ukrainian law, a shareholders meeting's quorum is set at 60%, and Privat, owned by pro-government oligarch Igor Kolomoysky, controls around 48% of UkrNafta's shares, giving it blocking power.

### COMMENTARY

The news was positively received by traders, with UNAF quotes jumping by 5.6% to UAH 265 yesterday. On the other hand, this may just be a new round of verbal jousting over the company as the government demands its share of the profits from UkrNafta for 2011-2013. The estimate of a UAH 1.3bn payout translates into UAH 47 per share, implying a hefty yield of 17.7%. However, we are skeptical that this dividend will really be paid, as the government has been unable or unwilling to enforce the dividend law in the past in regard to UkrNafta, which refuses to pay the dividend voluntarily. Therefore, even if the AGM is held and the dividend is announced, we recommend selling the stock ahead of the ex-rights day.

In separate news, the State Property Fund of Ukraine (SPF) said it has not included UkrNafta into the privatization list for this year.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.80	0.56	-30%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	137.9	125.0	-9%	SELL	Ferrexpo's lower production cost due to UAH devaluation in 2014 together with a 8% increase in output will not be sufficient to offset a projected 13% drop in the group's achieved iron ore pricing.
Pivnichny GOK	SGOK	8.10	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	0.75	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	19.0	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	2441	5250	115%	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	52.8	120	127%	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	38.0	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	7.64	15.00	96%	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	41.6	90.0	116%	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	70.0	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	0.144	0.24	66%	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	1224.28	1272.84	799.72	-1.5%	-2.2%	0.1%	34.5%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-1.4%	-4.8%	-2.2%	-8.5%	0.1%	-2.6%	-2.3%	-43.0%
Azovstal	AZST	0.80	0.95	0.35	-1.2%	-0.5%	4.1%	18.8%	0.2%	1.7%	3.9%	-15.7%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	1.5%	2.2%	-0.1%	-34.5%
Enakievo Steel	ENMZ	41.6	52.0	17.0	-1.0%	-4.1%	-3.1%	30.0%	0.5%	-1.9%	-3.3%	-4.6%
Arcelor Mittal KR	KSTL	2.97	n/a	n/a	0.0%	19.8%	-25.8%	158.3%	1.5%	22.0%	-25.9%	123.7%
Mariupol Ilyicha	MMKI	0.11	n/a	n/a	0.0%	-31.3%	-38.9%	10.0%	1.5%	-29.0%	-39.0%	-24.5%
<b>Coke</b>												
Avdivka Coke	AVDK	3.15	4.80	1.46	-0.4%	-2.8%	-2.5%	6.4%	1.0%	-0.6%	-2.7%	-28.2%
Yasnyivsky Coking	YASK	0.68	0.84	0.30	0.0%	-5.6%	-5.6%	28.3%	1.5%	-3.4%	-5.7%	-6.2%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.95	n/a	n/a	0.0%	0.0%	-5.4%	6.9%	1.5%	2.2%	-5.6%	-27.6%
Ferrexpo	FXPO	2.36	3.20	2.07	-3.7%	-1.5%	11.5%	-25.2%	-2.2%	0.7%	11.3%	-59.7%
Pivnichny GOK	SGOK	8.10	10.00	4.50	4.5%	2.5%	-2.4%	1.3%	6.0%	4.7%	-2.5%	-33.3%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.75	0.79	0.10	0.0%	7.1%	25.0%	87.5%	1.5%	9.3%	24.9%	53.0%
Komsomolets Donbasa	SHKD	0.85	n/a	n/a	0.0%	0.0%	-15.0%	37.1%	1.5%	2.2%	-15.1%	2.6%
Energy Coal	CLE	0.36	0.93	0.31	0.4%	-3.4%	-17.2%	1.7%	1.9%	-1.2%	-17.4%	-32.9%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	10.0%	-4.3%	1.5%	2.2%	9.9%	-38.9%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.67	1.01	0.30	-6.9%	-23.9%	-28.7%	11.7%	-5.5%	-21.7%	-28.9%	-22.9%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	1.5%	2.2%	-0.1%	51.2%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	19.0	26.0	10.0	1.6%	-2.3%	8.6%	9.8%	3.0%	-0.1%	8.5%	-24.8%
Luhanskeplovoz	LTPL	1.04	2.20	0.85	0.0%	-16.8%	-24.6%	-30.7%	1.5%	-14.6%	-24.8%	-65.2%
Stakhanov Wagon	SVGZ	1.15	n/a	n/a	0.0%	0.0%	0.0%	-11.5%	1.5%	2.2%	-0.1%	-46.1%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.0%	-9.2%	-6.1%	102.3%	1.5%	-7.0%	-6.3%	67.7%
Motor Sich	MSICH	2,441	3,000	1,303	-1.8%	-1.2%	4.8%	33.8%	-0.3%	1.0%	4.7%	-0.7%
Summy Frunze Engineering	SMASH	4.50	n/a	n/a	0.0%	-24.9%	3.7%	80.0%	1.5%	-22.7%	3.5%	45.5%
Turboatom	TATM	4.00	n/a	n/a	0.0%	-13.0%	0.0%	14.3%	1.5%	-10.8%	-0.1%	-20.2%
WESTA ISIC	WES	0.11	0.26	0.11	-0.6%	2.4%	n/a	-19.2%	0.9%	4.6%	n/a	-53.7%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.17	0.19	0.09	1.8%	-5.4%	-3.7%	54.5%	3.3%	-3.2%	-3.8%	20.0%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.16	0.27	0.12	-0.2%	2.7%	8.1%	-25.9%	1.3%	4.9%	8.0%	-60.4%
JKX Oil	JKX	0.90	1.21	0.78	-4.7%	-7.9%	-8.4%	-23.8%	-3.2%	-5.7%	-8.5%	-58.4%
Ukrnafta	UNAF	265	274	54	5.6%	6.3%	2.5%	143.9%	7.1%	8.5%	2.3%	109.4%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.64	8.10	2.50	-2.5%	-4.0%	4.1%	60.1%	-1.0%	-1.8%	4.0%	25.6%
Donbasenergo	DOEN	38.0	50.2	11.0	-1.6%	-2.3%	-8.3%	37.7%	-0.1%	-0.1%	-8.4%	3.2%
Zakhidenergo	ZAEN	128.0	157.0	64.0	-10.0%	-6.6%	-14.7%	41.6%	-8.5%	-4.4%	-14.8%	7.1%
<b>Consumer</b>												
Agroton	AGT	0.90	1.8	0.43	-0.9%	-5.8%	0.9%	39.1%	0.6%	-3.6%	0.8%	4.6%
Astarta	AST	13.5	24.4	12.1	1.7%	-3.5%	-6.2%	-39.1%	3.2%	-1.3%	-6.3%	-73.7%
Avangardo	AVGR	9.5	13.0	8.26	0.0%	0.2%	-5.0%	-19.1%	1.5%	2.4%	-5.1%	-53.7%
Industrial Milk Company	IMC	2.87	5.14	2.49	-4.7%	-6.9%	-12.4%	-29.0%	-3.2%	-4.7%	-12.5%	-63.5%
Kernel	KER	9.8	17.7	7.6	-1.2%	-3.6%	-10.2%	-22.6%	0.3%	-1.4%	-10.3%	-57.1%
Mriya Agro Holding	MAYA	5.95	8.2	5.62	-2.3%	-2.7%	-6.9%	-20.1%	-0.8%	-0.5%	-7.1%	-54.7%
MHPC	MHPC	15.2	18.7	11.00	0.0%	1.0%	4.4%	-10.9%	1.5%	3.2%	4.3%	-45.5%
Milkiland	MLK	1.95	4.7	1.71	0.1%	-7.4%	-12.4%	-53.0%	1.6%	-5.2%	-12.5%	-87.5%
Ovostar Union	OVO	22.8	33.3	19.4	0.9%	3.7%	2.4%	-31.4%	2.4%	5.9%	2.3%	-66.0%
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	0.0%	-4.2%	-11.1%	-4.0%	1.5%	-2.0%	-11.3%	-38.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.144	0.188	0.077	-3.3%	-4.9%	-6.8%	27.2%	-1.9%	-2.7%	-7.0%	-7.3%
UkrSotsbank	USCB	0.165	0.257	0.090	-2.0%	-2.2%	-1.8%	-12.2%	-0.5%	0.0%	-2.0%	-46.7%

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	78	3.9%	3	1,427	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	369	344	334	\$/tonne
Yenakievo Steel	ENMZ	37	8.8%	3	33	4.4	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	11	\$/tonne
Azovstal	AZST	286	3.0%	8	270	neg	neg	neg	neg	neg	7.7	0.1	0.1	0.1	59	60	59	\$/tonne
<b>Coke</b>																		
Avdivka 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	695	0.3%	2	694	7.3	3.6	4.3	3.0	2.2	2.5	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,593	0.4%	6	1,587	3.7	2.9	3.5	2.1	1.7	1.9	1.1	1.0	1.1				
Ferrexpo	FXPO	1,380	24.0%	331	2,059	6.4	5.2	7.0	5.1	4.1	4.6	1.4	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	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	149	2.0%	3	194	4.4	>30	>30	3.7	6.2	6.4	0.4	0.6	0.6	308	511	486	\$/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	186	5.0%	9	186	2.0	4.5	neg	1.4	2.9	12.1	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	433	24.0%	104	456	2.2	2.6	3.1	1.5	1.7	1.8	0.5	0.5	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	272	7.2%	20	575	6.0	15.9	10.3	2.8	3.0	3.3	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,226	3.0%	37	1,218	7.0	>30	10.7	2.7	4.3	4.0	0.5	0.5	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	50	21.6%	11	25	4.3	neg	25.0	1.2	neg	1.0	0.6	0.7	0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	155	50.4%	78	263	neg	23.8	19.9	1.9	4.0	3.9	1.3	1.5	1.3	48	36	35	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	241	21.7%	52	320	8.4	4.0	4.3	4.6	3.4	3.7	0.3	0.3	0.4	18	23	20	\$/MWh
DonbasEnergO	DOEN	77	14.2%	11	142	20.1	1.2	1.7	4.4	2.0	2.8	0.2	0.2	0.2	17	18	17	\$/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	781	61.8%	483	1,487	3.7	7.4	16.6	4.6	5.1	8.5	0.7	0.5	0.6				
Astarta	AST	339	37.0%	125	660	5.8	9.9	4.1	6.0	7.3	4.8	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>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	370	3.5%	13		>30	4.1	11.7	0.5	0.4	0.4	0.06	0.07	0.07				
Ukrsotsbank	USCB	259	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

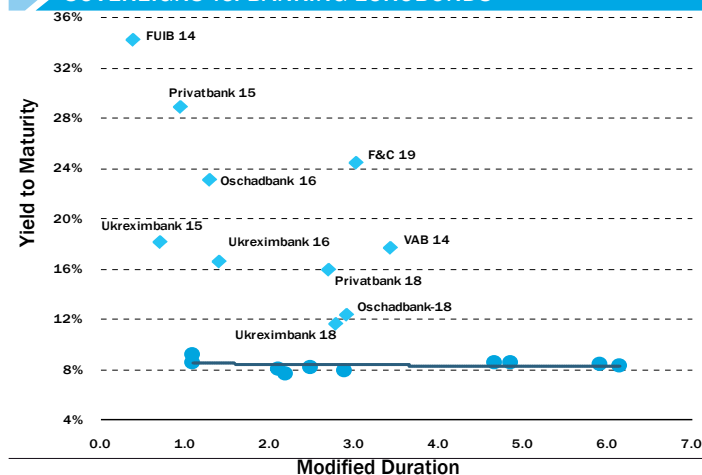
**UKRAINIAN EUROBONDS**

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	97.2	98.0	24.1%	20.1%	-2.9%	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	97.9	99.6	9.9%	8.1%	1.1%	1.1	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	95.9	96.8	8.9%	8.5%	2.5%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	96.1	97.1	8.4%	7.9%	2.5%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	95.1	96.1	8.8%	8.4%	3.0%	2.9	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	101.9	102.7	8.9%	8.6%	3.1%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	11.6%	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	95.5	97.0	9.0%	8.6%	3.4%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	95.7	96.7	9.0%	8.8%	2.6%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	94.9	96.4	8.8%	8.5%	5.0%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	93.5	94.5	8.6%	8.4%	3.9%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.8	33.9	72.2%	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	94.0	9.9%	9.6%	4.5%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	96.8	99.1	15.3%	12.8%	-2.1%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	90.6	92.8	14.2%	13.4%	1.7%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	93.0	95.0	19.0%	17.1%	-6.2%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	79.1	81.2	17.2%	16.4%	-8.0%	2.8	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	92.4	93.4	30.4%	27.6%	-9.1%	0.6	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	81.0	81.0	14.7%	14.7%	-14.1%	2.9	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	94.5	95.5	24.2%	22.0%	-7.3%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	86.3	87.6	14.3%	13.8%	-8.5%	2.8	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	97.0	97.8	10.8%	10.1%	-0.6%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	85.0	87.0	14.7%	14.0%	-6.2%	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	101.6	103.4	11.2%	10.6%	-7.6%	2.9	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	58.8%	49.6%	-28.6%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	85.0	89.0	34.0%	26.6%	-2.4%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	76.0	78.0	27.6%	25.3%	1.3%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	87.0	89.0	15.7%	14.9%	5.2%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	94.0	95.5	22.8%	19.4%	-1.8%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	77.5	80.5	28.0%	24.4%	-7.4%	1.3	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	90.4	90.8	12.2%	12.1%	1.6%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	72.0	75.0	19.4%	18.2%	-14.0%	3.4	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	91.0	92.5	16.9%	15.5%	-1.4%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	87.3	89.1	13.4%	12.7%	-0.9%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	90.5	93.0	19.1%	16.2%	-1.3%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	89.1	93.0	16.1%	13.5%	-2.1%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

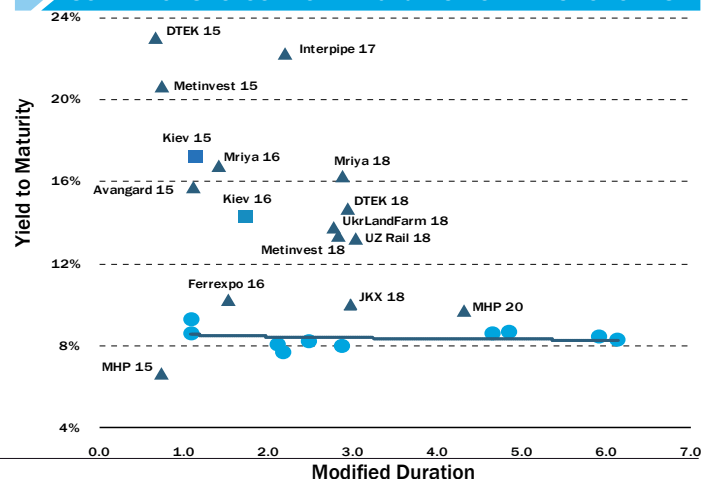
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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

**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