

Market Update

Equity

Kyiv-listed Ukrainian stocks ended mixed on Friday (Jul 18). Motor Sich and CentrEnerg were in the black, rising by 0.7% and 1.6% respectively. Meanwhile, UkrNafta dropped by 1.0% and low-liquidity Yenakievo Steel, which is located in a city controlled by pro-Russian separatists, lost 3.5%. The UX index inched up by 0.3% to close at 1228 points. In the second division of local names, Bogdan Motors advanced by 4.6% while Khartsysk Pipe lost 3.0%. In London, both Ferrexpo and MHP fell by 2.0% amid ongoing negative news flow regarding the situation in eastern Ukraine. Warsaw-listed Ukrainian stocks were also under pressure, with Astarta dropping by 3.7% and Ovostar declining by 1.4%.

Fixed Income

Ukrainian benchmark sovereigns were marginally lower on Friday with Ukraine-23s inching down by 0.2p.p. to 93.3/94.3 (8.6%/8.4%). Donetsk-based corporate names were hit by continued conflict in the region. DTEK-15s dropped by 1.5p.p. to close at 90.5/92.3 (36.9%/31.3%) and Metinvest18s declined by 1.0p.p. to 84.9/87.1 (15.0%/14.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2460.00	0.7%	14.9	107
Centrenerg	CEEN	7.76	1.6%	4.5	239
Ukrnafta	UNAF	261.90	-1.0%	1.5	127

Growth Leaders

Bogdan Motors	LUAZ	0.06	4.6%	0.07	7
Ukrasotsbank	USCB	0.17	1.9%	0.02	9
Centrenerg	CEEN	7.76	1.6%	4.48	239

Loss Leaders

Mariupol Ilyicha	MMKI	0.09	-21.5%	0.192	26
Yasynivsky Coke	YASK	0.66	-4.4%	0.008	7
Yenakievo Steel	ENMZ	40.40	-3.2%	0.147	67

Highlights

POLITICS AND ECONOMICS

- > 1st-Half Industrial Production in Ukraine Down 4.7% YoY

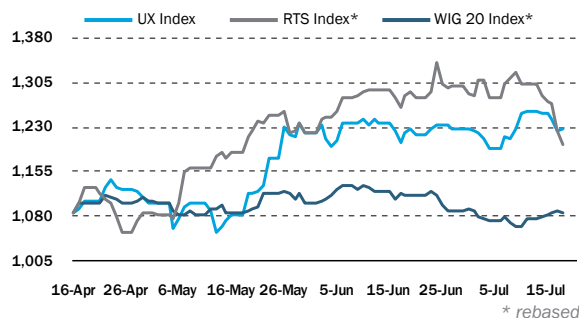
STOCKS IN THE NEWS

- > Kernel's Bulk Oil Sales Up by 3% YoY over Apr-Jun 2014

FIXED INCOME

- > Metinvest Lifts Steel Output by 8% QoQ in 2Q14

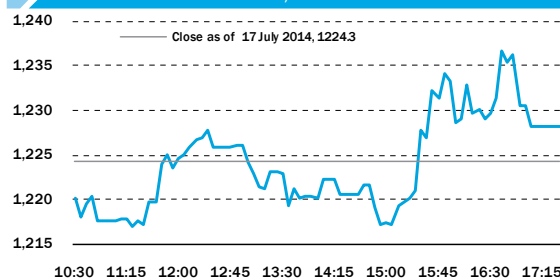
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1228.2	0.3%	1.9%	35.0%
RTS	1276.3	-1.8%	-5.0%	-11.5%
WIG20	2394.0	-0.4%	-2.9%	-0.3%
MSCI EM	1063.3	0.1%	1.9%	6.1%
S&P 500	1978.2	1.0%	1.9%	7.4%

UX INTRADAY JULY 18, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	286.3	-1.8%	0.3%	-13.4%
CDS 5Y UKR	791.4	-2.3%	-12.6%	-3.5%
Ukraine-17	8.7%	0.4 p.p.	-0.6 p.p.	-0.3 p.p.
Naftogaz Ukr-14	19.8%	-2.3 p.p.	0.1 p.p.	11.0 p.p.
Ukraine-23	8.5%	0.0 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	11.64	-0.6%	-2.5%	41.3%
EUR	15.74	-0.7%	-2.7%	38.5%
RUB	0.33	-0.3%	-2.0%	31.9%

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	-0.6%	-4.9%	-3.6%
Gold, USD/oz	1311.1	-0.6%	3.2%	9.6%

*Ukraine FOB

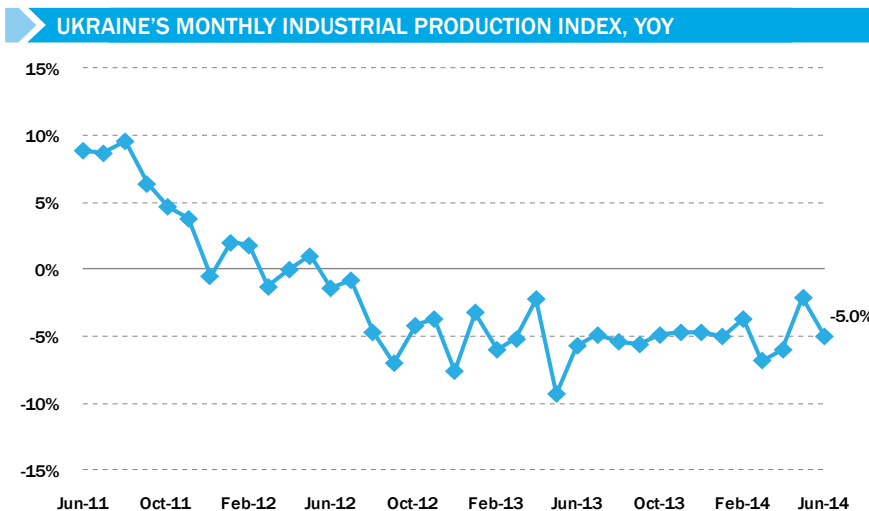
Source: Bloomberg, Ukrainian Exchange

1st-Half Industrial Production in Ukraine Down 4.7% YoY

by Dmitry Churin
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NEWS

Ukraine's industrial production fell by 4.7 YoY in 1H14, the State Statistics Committee reported last week. In terms of the fresh data for the month of June, the IP index was down by 1.5% MoM and 5.0% YoY.



Source: State Statistics Committee

COMMENTARY

The new data suggests that industrial production in the troubled Donbass region was not much affected by the military operation against pro-Russia separatists in the month of June. However, in our opinion, the data may be somewhat distorted by the state agency; the region's undeniable decrease in business activity could start to be reflected in the data for this and following months. In a sector breakdown, output in manufacturing dropped by 5.9% YoY in June, while in the extraction and the utility sectors the decreases were 5.5% and 1.5% respectively. Our updated forecast for the IP index decline in 2014 is 7.5% YoY; at the beginning of the year we had forecasted a decrease of 2.0%.

Kernel's Bulk Oil Sales Up by 3% YoY over Apr-Jun 2014

by Ivan Dzvinka
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KERNEL (KER PW)

Price: PLN 30.00 Market Cap: USD 790mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY13	0.5	7.5	5.1	0%
FY14E	0.6	16.8	8.5	3%

NEWS

Kernel, Ukraine's largest sunflower oil producer, increased its bulk sunflower oil sales by 2.8% YoY to 298,000 tonnes in the Apr-Jun quarter, according to the company's trading update on Friday (July 18). Bottled oil sales dropped by 21% YoY to 19.0mn liters. Meanwhile, Kernel expanded the amount of sunflower seeds crushed by an impressive 60% YoY to 668,000 tonnes. The company decreased its grain sales by 21% YoY in the period to 714,000 tonnes. Its export terminal throughput improved by 36% YoY, reaching 841,000 tonnes.

While providing no comment on the situation in its grain growing segment, the company said that it is currently operating in a normal mode despite the ongoing war in Ukraine's two easternmost provinces of Donetsk and Lugansk.

COMMENTARY

The large difference between sunflower oil sales volume and seeds crushed (3% increase vs. 60% increase) is attributable to shifted contract volumes for the next quarter, or the first quarter of Kernel's 2015 financial year (which runs from June to July). This makes a good job in preparing a lower comparison base for the financial results in the next financial year and also strengthens the basis for robust earnings in the next FY.

Metinvest Lifts Steel Output by 8% QoQ in 2Q14

by Ivan Dzvinka
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NEWS

Metinvest, Ukraine's largest metals and mining holding, expanded its crude steel production by 8% QoQ to 2.97mn tonnes in 2Q14, the company said in its operating update on Friday (Jul 18). The group's hot metal output was up by 6% QoQ to similar 2.97mn tonnes. Output of metal products (pig iron, semi-finished and finished steel products) was up by 3% QoQ to 3.08mn tonnes. Iron ore concentrate production improved by 4% QoQ to 9.19mn tonnes while coking coal extraction volume was down by 9% QoQ to 1.13mn tonnes.

For 1H14, the group's hot metal output was up by 3% YoY to 5.76mn tonnes, while crude steel production dropped by 8% YoY to 5.73mn tonnes. Output of metal products was up by 3% YoY to 6.06mn tonnes, while iron ore concentrate and coking coal production declined by 3% and 21% YoY to 18.0mn and 2.36mn tonnes, respectively.

COMMENTARY

The news is positive for Metinvest and its outstanding bonds for two main reasons. First, the positive dynamic in the steel division indicates that the group managed to avoid being negatively affected by paramilitary activity in Donetsk province, where many of its assets are located, including three steel mills: two in the government-controlled port city of Mariupol and one in separatist-held Yenakievo. Second, Metinvest was able to increase its steel product output in 2Q14 vs. 1Q despite a rather complicated situation with steel demand on international markets.

In the mining division, while iron ore output overall was essentially flat in 2Q vs 1Q, we note that the drop in pellet production at the benefit of expanded output of concentrate was rather expected, due to a 30% QoQ reduction in the pellet premium over concentrate in the period; this is occurring against the background of increasing oversupply of iron ore on the global market. Meanwhile, the decline by 9% QoQ in Metinvest's coal production was mainly due to employees striking for several days at the group's Krasnodon Mine in this April.

We acknowledge however, that with recent sharp escalation of the war in the Donbass, the political risk for Metinvest remains rather high.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.80	0.56	-30%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	135.5	125.0	-8%	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	7.82	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	3.12	6.2	100%	BUY	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.66	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	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.
Specialized Machinery						
Motor Sich	MSICH	2460	5250	113%	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	9.1	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	51.8	120	132%	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	37.7	72.0	91%	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	7.76	15.00	93%	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	14.9	15.65	5%	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	40.0	90.0	125%	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	9.6	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.
Banks						
Raiffeisen Bank Aval	BAVL	0.145	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	1228.18	1272.84	799.72	0.3%	-2.4%	1.9%	35.0%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.036	0.06	0.02	0.0%	-3.8%	0.6%	-8.5%	-0.3%	-1.4%	-1.4%	-43.5%
Azovstal	AZST	0.80	0.95	0.35	0.1%	-2.8%	3.9%	19.0%	-0.2%	-0.5%	2.0%	-16.0%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	-0.3%	2.4%	-1.9%	-35.0%
Enakievo Steel	ENMZ	40.4	52.0	17.0	-2.9%	-4.6%	-6.3%	26.2%	-3.2%	-2.3%	-8.3%	-8.7%
Arcelor Mittal KR	KSTL	2.97	n/a	n/a	0.0%	0.0%	-25.8%	158.3%	-0.3%	2.4%	-27.7%	123.3%
Mariupol Ilyicha	MMKI	0.09	n/a	n/a	-18.2%	-43.8%	-50.0%	-10.0%	-18.5%	-41.4%	-51.9%	-45.0%
Coke												
Avdivka Coke	AVDK	3.12	4.80	1.46	-0.9%	-5.3%	-3.4%	5.4%	-1.2%	-3.0%	-5.4%	-29.6%
Yasnyivsky Coking	YASK	0.66	0.84	0.30	-2.9%	-4.3%	-8.3%	24.5%	-3.3%	-2.0%	-10.3%	-10.4%
Iron Ore Mining												
Centralny GOK	CGOK	6.95	n/a	n/a	0.0%	0.0%	-5.4%	6.9%	-0.3%	2.4%	-7.4%	-28.0%
Ferrexpo	FXPO	2.31	3.20	2.07	-1.9%	-3.7%	7.8%	-26.6%	-2.2%	-1.4%	5.9%	-61.6%
Pivnichny GOK	SGOK	7.82	10.00	4.50	-3.5%	-1.0%	-5.8%	-2.3%	-3.8%	1.3%	-7.7%	-37.2%
Coal Mining												
Pokrovske Mine	SHCHZ	0.75	0.79	0.10	0.0%	0.0%	25.0%	87.5%	-0.3%	2.4%	23.1%	52.5%
Komsomolets Donbasa	SHKD	0.90	n/a	n/a	5.9%	5.9%	-10.0%	45.2%	5.6%	8.2%	-11.9%	10.2%
Energy Coal	CLE	0.35	0.93	0.31	-0.9%	-7.6%	-19.0%	0.8%	-1.2%	-5.3%	-20.9%	-34.2%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	10.0%	-4.3%	-0.3%	2.4%	8.1%	-39.3%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.65	1.01	0.30	-3.0%	-26.1%	-30.9%	8.3%	-3.3%	-23.8%	-32.8%	-26.6%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	-0.3%	2.4%	-1.9%	50.8%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	19.0	26.0	10.0	0.0%	-1.4%	6.7%	9.8%	-0.3%	1.0%	4.8%	-25.2%
Luhanskeplovoz	LTPL	1.04	2.20	0.85	0.0%	0.0%	-24.6%	-30.7%	-0.3%	2.4%	-26.6%	-65.6%
Stakhanov Wagon	SVGZ	1.15	n/a	n/a	0.0%	0.0%	3.6%	-11.5%	-0.3%	2.4%	1.7%	-46.5%
Specialized Machinery												
Bogdan Motors	LUAZ	0.06	0.08	0.02	5.4%	-4.2%	-5.5%	113.2%	5.1%	-1.9%	-7.5%	78.2%
Motor Sich	MSICH	2,460	3,000	1,303	0.8%	-1.2%	10.7%	34.9%	0.5%	1.2%	8.8%	-0.1%
Summy Frunze Engineering	SMASH	4.50	n/a	n/a	0.0%	-24.9%	3.7%	80.0%	-0.3%	-22.5%	1.8%	45.0%
Turboatom	TATM	4.00	n/a	n/a	0.0%	-13.0%	0.0%	14.3%	-0.3%	-10.7%	-1.9%	-20.7%
WESTA ISIC	WES	0.10	0.26	0.10	-3.0%	-0.8%	-30.6%	-21.6%	-3.3%	1.6%	-32.5%	-56.6%
Telecom												
Ukrtelecom	UTLM	0.17	0.19	0.09	0.0%	-2.9%	-3.7%	54.5%	-0.3%	-0.5%	-5.6%	19.6%
Oil & Gas												
Regal Petroleum	RPT	0.16	0.27	0.12	-0.2%	-1.6%	18.5%	-26.0%	-0.5%	0.8%	16.6%	-61.0%
JKX Oil	JKX	0.88	1.21	0.81	-2.1%	-8.6%	-9.4%	-25.4%	-2.4%	-6.3%	-11.4%	-60.4%
Ukrnafta	UNAF	262	300	54	-1.1%	2.0%	2.3%	141.2%	-1.5%	4.4%	0.4%	106.2%
Power Utilities												
Centrenerg	CEEN	7.76	8.10	2.50	1.6%	-0.8%	7.6%	62.8%	1.3%	1.5%	5.7%	27.8%
Donbasenergo	DOEN	37.7	50.2	11.0	-0.7%	-4.5%	-10.0%	36.8%	-1.0%	-2.1%	-12.0%	1.8%
Zakhidenergo	ZAEN	128.0	157.0	64.0	0.0%	-8.6%	-18.5%	41.6%	-0.3%	-6.2%	-20.4%	6.6%
Consumer												
Agroton	AGT	0.92	1.8	0.43	1.8%	-4.8%	3.4%	41.7%	1.5%	-2.5%	1.5%	6.7%
Astarta	AST	13.0	24.4	12.1	-3.7%	-10.4%	-9.5%	-41.4%	-4.1%	-8.0%	-11.4%	-76.4%
Avangardo	AVGR	9.6	13.0	8.26	0.5%	1.9%	-5.4%	-18.7%	0.2%	4.3%	-7.4%	-53.7%
Industrial Milk Company	IMC	2.84	5.14	2.49	-1.0%	-8.9%	-13.0%	-29.7%	-1.3%	-6.6%	-14.9%	-64.6%
Kernel	KER	9.8	17.7	7.6	-0.3%	-4.0%	-10.1%	-22.8%	-0.6%	-1.6%	-12.1%	-57.8%
Mriya Agro Holding	MAYA	5.95	8.2	5.62	0.0%	-4.9%	-7.0%	-20.2%	-0.4%	-2.6%	-8.9%	-55.1%
MHPC	MHPC	14.9	18.7	11.00	-2.0%	-1.3%	2.1%	-12.7%	-2.3%	1.0%	0.1%	-47.7%
Milkiland	MLK	1.89	4.7	1.71	-3.5%	-14.3%	-12.5%	-54.6%	-3.8%	-11.9%	-14.4%	-89.6%
Ovostar Union	OVO	22.5	33.3	19.4	-1.4%	-2.2%	-4.4%	-32.4%	-1.7%	0.2%	-6.3%	-67.4%
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	12.0	n/a	n/a	0.0%	-4.2%	-7.3%	-4.0%	-0.3%	-1.8%	-9.3%	-39.0%
Banks												
Raiffeisen Bank Aval	BAVL	0.145	0.188	0.077	0.4%	-4.6%	-4.9%	27.8%	0.1%	-2.3%	-6.8%	-7.2%
UkrSotsbank	USCB	0.168	0.257	0.090	2.1%	-0.7%	1.2%	-10.3%	1.8%	1.7%	-0.7%	-45.3%

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
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%
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			
Steel																		
Alchevsk Steel	ALMK	79	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	32	4.3	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	11	11	\$/tonne
Azovstal	AZST	288	3.0%	8	272	neg	neg	neg	neg	neg	7.7	0.1	0.1	0.1	59	60	60	\$/tonne
Coke																		
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	16	1.9	neg	3.3	0.6	0.6	0.9	0.0	0.0	0.0	0.6	0.6	0.9	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	700	0.3%	2	698	7.4	3.6	4.3	3.0	2.2	2.5	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,548	0.4%	6	1,541	3.5	2.8	3.4	2.1	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,354	24.0%	325	2,033	6.3	5.1	6.9	5.1	4.0	4.6	1.4	1.3	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	26	5.4%	1	128	3.6	1.5	1.5	1.0	1.4	1.4	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
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	145	2.0%	3	191	4.3	>30	30.0	3.7	6.1	6.3	0.4	0.6	0.6	303	502	477	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	20	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	187	5.0%	9	187	2.0	4.5	neg	1.4	2.9	12.2	0.2	0.4	1.2				
Stakhanov Wagon	SVGZ	22	8.0%	2	55	>30	>30	>30	7.6	9.4	10.1	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	127	5.8%	7	61	3.3	1.8	1.8	1.2	0.7	0.6	0.4	0.3	0.2				
Motor Sich	MSICH	439	24.0%	105	462	2.2	2.6	3.1	1.5	1.7	1.8	0.5	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	273	7.2%	20	577	6.0	16.1	10.4	2.8	3.0	3.3	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,220	3.0%	37	1,212	6.9	>30	10.7	2.7	4.2	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	152	50.4%	76	260	neg	23.3	19.4	1.9	3.9	3.8	1.3	1.4	1.3	47	36	35	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	246	21.7%	53	325	8.5	4.1	4.4	4.7	3.4	3.8	0.3	0.4	0.4	18	24	20	\$/MWh
DonbasEnergO	DOEN	77	14.2%	11	142	20.0	1.2	1.7	4.4	2.0	2.8	0.2	0.2	0.2	17	18	17	\$/MWh
Consumer																		
MHP	MHPC	1,569	34.1%	535	2,697	5.0	9.7	neg	5.8	6.9	5.6	1.9	1.8	1.8				
Kernel	KER	779	61.8%	481	1,485	3.7	7.4	16.6	4.6	5.1	8.5	0.7	0.5	0.6				
Astarta	AST	326	37.0%	121	647	5.6	9.6	4.0	5.9	7.1	4.7	1.4	1.3	1.2				
Avangardco	AVGR	610	22.5%	137	718	2.7	2.6	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	9.2	19.9	0.8	0.8	0.8	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	374	3.5%	13		>30	4.2	11.8	0.5	0.4	0.4	0.06	0.07	0.07				
Ukrsotsbank	USCB	266	0.7%	2		>30	>30	17.9	0.3	0.2	0.3	0.07	0.06	0.07				

Source: Eavex Research

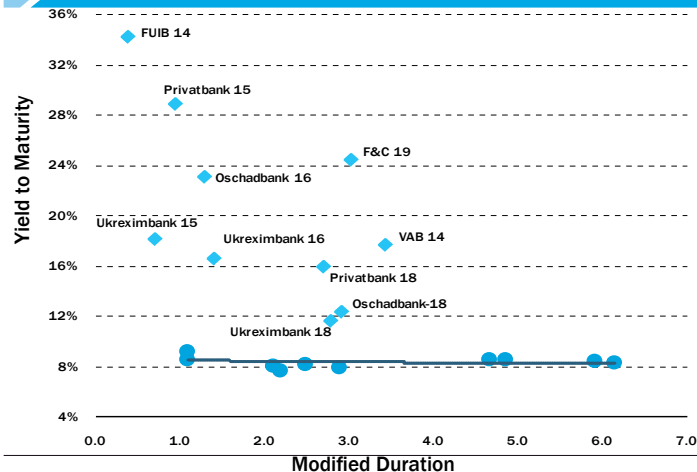
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Naftogaz Ukraine, 2014	97.7	98.4	21.8%	17.8%	-2.4%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	95.1	96.6	10.4%	8.8%	-0.2%	1.1	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	97.0	98.0	11.0%	9.9%	-0.2%	1.1	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	94.8	95.8	9.6%	9.1%	1.3%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	95.0	96.0	9.0%	8.4%	1.2%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.0	95.0	9.2%	8.8%	1.9%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	101.8	102.6	8.9%	8.6%	3.0%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	11.7%	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	95.0	96.0	9.1%	8.9%	2.6%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	95.5	96.5	9.0%	8.8%	2.5%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	94.7	96.2	8.8%	8.5%	4.8%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	93.3	94.3	8.6%	8.4%	3.7%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.8	33.9	72.6%	61.1%	-39.0%	1.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	102.8	102.8	8.4%	8.4%		0.7	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	92.6	93.8	10.0%	9.7%	4.3%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.2	100.0	17.3%	11.8%	-2.4%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	90.7	92.8	14.2%	13.4%	1.8%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	93.5	94.8	18.6%	17.4%	-6.1%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	79.2	81.2	17.2%	16.4%	-8.0%	2.8	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	90.5	92.3	36.9%	31.3%	-10.6%	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	94.0	95.0	25.7%	23.4%	-7.8%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	84.9	87.1	15.0%	14.0%	-9.5%	2.7	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	96.5	97.9	11.3%	10.0%	-0.8%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	86.0	87.9	14.4%	13.6%	-5.2%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	77.0	78.0	22.7%	21.5%	0.1%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	100.8	102.4	11.5%	10.9%	-8.5%	2.9	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	55.0	65.0	27.2%	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	58.9%	49.6%	-28.6%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	85.0	90.0	34.3%	25.1%	-1.8%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	77.0	79.0	26.6%	24.4%	2.6%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	87.0	89.0	15.7%	14.9%	5.1%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	94.5	95.5	21.9%	19.7%	-1.5%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.5	82.5	26.9%	22.3%	-5.6%	1.3	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	90.2	91.7	12.3%	11.7%	2.0%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	72.0	75.0	19.4%	18.3%	-14.0%	3.4	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	91.2	93.0	16.7%	15.1%	-1.0%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	87.7	89.1	13.2%	12.5%	-0.7%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	91.0	93.0	18.6%	16.3%	-1.0%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.3	91.9	15.3%	14.3%	-1.7%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

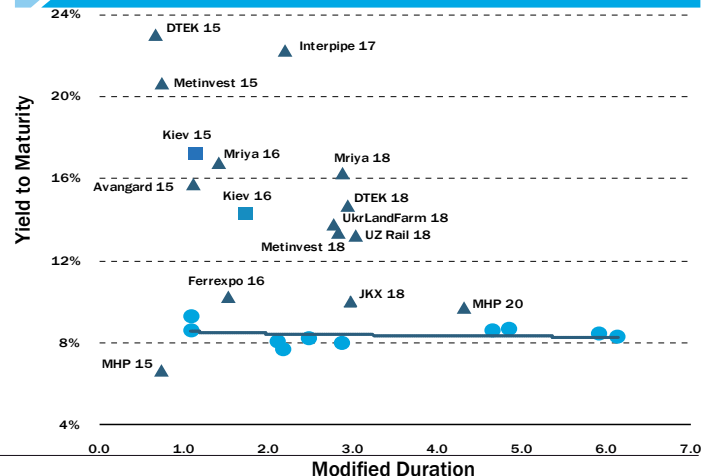
¹ Moody's/S&P/Fitch; * EUR

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

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