

**Market Update**
**Equity**

The shoe was on the other foot on Tuesday (Jul 22) as local Ukrainian stocks were sluggish while the main European indices racked up big gains after concerns about new EU trade sanctions against Russia appeared to ease. The UX index slipped 0.4% to close at 1258 points. Avdyivka Coke lost 7.5% to UAH 3.03 after coming under artillery fire, presumably from pro-Russian paramilitary units, as fighting intensified northwest of the city of Donetsk on Monday night. However, we are unsure whether the drop in quotes for the issue represented actual trading of shares, as the AVDK stock has flatlined within a narrow range for the past 18 months on very low liquidity. Volume leader CentrEnergO was down 1.1% on turnover of UAH 2.2mn and UkrNafta shed 1.2%, while Motor Sich finished in marginally positive territory, edging up 0.3% to UAH 2521. In London, Ferrexpo rose along with the FTSE 100, adding 2.5%, but top Warsaw-listed names Kernel and Astarta were both lower by around 1.5%, with the latter ending at PLN 39.50.

**Fixed Income**

Ukrainian benchmark sovereigns were nearly flat again on Tuesday, with Ukraine-23s inching up by 0.1p.p. to 93.4/94.4 (8.6%/8.4%). Most corporate names were moderately lower. Mriya-16s fell 0.5p.p. to 93.1/94.5 (19.1%/17.7%) and Ferrexpo-16s declined by 0.3p.p., closing at 96.0/97.5 (11.7%/10.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
CentrenergO	CEEN	7.88	-1.1%	2.2	128
Motor Sich	MSICH	2521.00	0.3%	1.2	42
Avdyivka Coke	AVDK	3.03	-7.5%	0.7	137

**Growth Leaders**

LuhanskteplovOz	LTPL	1.45	26.1%	0.14	13
Yenakievo Steel	ENMZ	43.62	1.9%	0.30	87
Bogdan Motors	LUAZ	0.06	1.6%	0.02	11

**Loss Leaders**

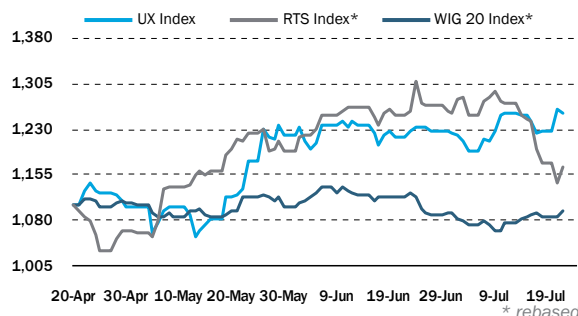
Avdyivka Coke	AVDK	3.03	-7.5%	0.666	137
Stirol	STIR	11.33	-5.6%	0.010	7
Ukrsotsbank	USCB	0.17	-1.4%	0.011	7

**Highlights**
**STOCKS IN THE NEWS**

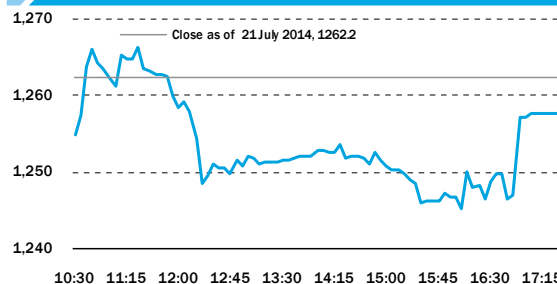
- > Avdyivka Coke Comes Under Artillery Attack

**FIXED INCOME**

- > Nadra Bank Faces Net Interest Losses of UAH 150mn in 2Q14

**STOCK MARKET PERFORMANCE**

**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1257.6	-0.4%	3.5%	38.2%
RTS	1266.9	2.2%	-6.8%	-12.2%
WIG20	2411.6	0.9%	-2.1%	0.4%
MSCI EM	1074.5	1.1%	2.9%	7.2%
S&P 500	1983.5	0.5%	1.1%	7.7%

**UX INTRADAY JULY 22, 2014**

**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	286.9	-0.8%	2.2%	-13.3%
CDS 5Y UKR	812.9	1.8%	-6.4%	-0.9%
Ukraine-17	8.3%	0.1 p.p.	-0.5 p.p.	-0.7 p.p.
Naftogaz Ukr-14	20.5%	-0.5 p.p.	1.9 p.p.	11.8 p.p.
Ukraine-23	8.5%	0.0 p.p.	-0.4 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	11.67	-0.3%	-2.0%	41.6%
EUR	15.71	-0.7%	-3.0%	38.2%
RUB	0.33	0.4%	-3.4%	32.9%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	250.4	0.0%	-0.3%	-12.9%
Steel, USD/t	535.0	0.0%	-0.5%	-0.5%
Oil, USD/bbl	107.3	-0.3%	-6.0%	-3.5%
Gold, USD/oz	1306.4	-0.5%	-0.6%	9.2%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Avdyivka Coke Comes Under Artillery Attack

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

### NEWS

Avdyivka Coke, Ukraine's largest coke maker, was attacked with artillery fire on Monday night (Jul 21), the company's parent group Metinvest reported in a release this morning (Jul 22). Several artillery shells struck the main production facilities of the company, with the major damage from the attack being a disruption of the electricity supply to the plant. A fire burning at the plant caused by the attack has been extinguished, Metinvest said, but it will take at least two days to recover from the situation. During the recovery period, Metinvest intends to halve output at Avdyivka, with a simultaneous expansion of production at the group's other coke plants.

### COMMENTARY

The news is negative for Avdyivka's Kyiv-listed stock and, more importantly, provides new negative sentiment for Metinvest's outstanding bonds. As we noted earlier this week (Jul 21), the political risk for Metinvest's assets remains high, and unfortunately this risk materialized for the group's largest coke maker, located just north of the city of Donetsk in Avdyivka. The latter produced 851,000 tonnes of coke in 2Q14, amounting for 56% of the group's total coke production. We do not rule out further attacks on the plant due to its location in a separatist-controlled area and the likely intensification of the Donbass war. With the situation surrounding Avdyivka looking increasingly difficult, we are suspending our recommendation for the AVDK stock.

## Nadra Bank Faces Net Interest Losses of UAH 150mn in 2Q14

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

### NEWS

Nadra Bank, a subsidiary of the DF business group of industrialist Dmitry Firtash, reported a net interest loss of UAH 150mn in 2Q14 as interest expenses rose by 63% YoY, outpacing a 10.8% YoY increase in gross interest income, according to the bank's financials released on Tuesday (Jul 22). Nadra was able to post a negligible net profit of UAH 1.2mn in 2Q thanks to a UAH 473mn currency revaluation gain in the period, which offset the net interest losses. For 1H14, the bank's net profit amounted to UAH 39mn (USD 3.7mn at the average exchange rate for the period). On the balance sheet side, Nadra increased its total assets by 19.3% YtD to UAH 37.1bn (USD 3.1bn) as of 30 Jun 2014. The loan portfolio has increased by 20.8% YtD to UAH 30.2bn..

### COMMENTARY

We are quite concerned that Nadra had net interest losses in 2Q14, as this could signal that the bank's cost of resources is rising. Importantly, Nadra has an unusually high (for the Ukrainian banking system) proportion of its assets and liabilities denominated in foreign currency. The bank's foreign currency assets amounted UAH 19.4bn as of 30 Jun 2014, while foreign currency liabilities were at UAH 11.5bn for the same date. This means that the bank received a revaluation gain as a result of the hryvnia devaluation. The total amount of the revaluation gain in 1H14 was UAH 1.7bn, which allowed Nadra to be profitable in the period. However, foreign-denominated loans are becoming harder to service for borrowers, leading to an increase in loan loss provision charges, which amounted to UAH 821mn in 1H14. Nadra's capital adequacy was 13.6% and current liquidity was 43.8% at the end of 1H14, compared to the NBU-mandated minimum of 10% for capital adequacy and 40% for current liquidity.

We view the released financials as **NEGATIVE** for the bank's outstanding Eurobonds. Nadra-18s are currently quoted at a heavily discounted 55.0/60.0, implying a distressed yield close to 55%.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.85	0.56	-34%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	140.2	125.0	-11%	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	-	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	6.10	U/R	-	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	3.03	U/R	-	Susp.	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.69	U/R	-	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	1.45	5.2	261%	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	2521	5250	108%	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	50.0	120	140%	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	38.7	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	7.88	15.00	90%	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	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	39.5	90.0	128%	BUY	Astarta's business leans on three pillars: sugar beet cultivation/processing, grain cultivation, and cattle farming. With sugar prices depressed since 2011, a favorable market for grain should continue to drive the company's profitability.
AvangardCo	AVGR	9.5	U/R	-	U/R	
Ovostar Union	OVO	69.9	58.74	-16%	SELL	Ovostar is one of the hardest-hit Ukrainian public companies from this year's UAH devaluation as some 70% of its production cost is linked to USD while only 7% of revenue earned in hard currency. Capacity expansion project for 2014-16 will likely be delayed, according to the management.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.147	0.24	63%	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	1257.58	1272.84	799.72	-0.4%	0.2%	3.5%	38.2%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-1.4%	0.6%	0.0%	-6.2%	-1.0%	0.3%	-3.5%	-44.4%
Azovstal	AZST	0.85	0.95	0.35	1.1%	5.6%	10.7%	26.7%	1.4%	5.4%	7.2%	-11.5%
Dniprospezstal	DNSS	1,300	n/a	n/a	0.0%	0.0%	0.0%	0.0%	0.4%	-0.2%	-3.5%	-38.2%
Enakievo Steel	ENMZ	43.6	52.0	17.0	1.9%	3.1%	-2.0%	36.3%	2.2%	2.9%	-5.4%	-1.9%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	34.7%	34.7%	0.0%	247.8%	35.0%	34.4%	-3.5%	209.6%
Mariupol Ilyicha	MMKI	0.09	n/a	n/a	0.0%	-43.8%	-55.0%	-10.0%	0.4%	-44.0%	-58.5%	-48.2%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.03	4.80	1.46	-7.5%	-4.1%	-7.1%	2.4%	-7.1%	-4.4%	-10.5%	-35.8%
Yasnyivsky Coking	YASK	0.69	0.84	0.30	0.0%	-1.4%	-15.9%	30.2%	0.4%	-1.7%	-19.3%	-8.0%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.10	n/a	n/a	-18.1%	-12.2%	-12.9%	-6.2%	-17.8%	-12.5%	-16.3%	-44.3%
Ferrexpo	FXPO	2.39	3.20	2.07	2.5%	-2.1%	15.4%	-24.2%	2.8%	-2.3%	12.0%	-62.4%
Pivnichny GOK	SGOK	7.82	10.00	4.50	0.0%	-1.1%	-5.8%	-2.3%	0.4%	-1.4%	-9.2%	-40.4%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.75	0.79	0.10	0.0%	0.0%	31.6%	87.5%	0.4%	-0.2%	28.1%	49.3%
Komsomolets Donbasa	SHKD	0.86	n/a	n/a	-4.4%	1.2%	-12.2%	38.7%	-4.1%	0.9%	-15.7%	0.5%
Energy Coal	CLE	0.34	0.93	0.31	2.7%	-6.0%	-21.1%	-1.2%	3.0%	-6.2%	-24.5%	-39.4%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	2.3%	-4.3%	0.4%	-0.2%	-1.1%	-42.5%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.65	1.01	0.30	0.0%	-15.6%	-26.1%	8.3%	0.4%	-15.8%	-29.6%	-29.9%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	0.4%	-0.2%	-3.5%	47.5%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	19.0	26.0	10.0	0.0%	0.0%	5.0%	9.8%	0.4%	-0.2%	1.6%	-28.4%
Luhanskeplovoz	LTPL	1.45	2.20	0.85	39.4%	39.4%	6.6%	-3.3%	39.8%	39.2%	3.2%	-41.5%
Stakhanov Wagon	SVGZ	1.15	n/a	n/a	0.0%	0.0%	-2.5%	-11.5%	0.4%	-0.2%	-6.0%	-49.7%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.06	0.08	0.02	1.6%	6.2%	-5.0%	120.4%	1.9%	6.0%	-8.5%	82.2%
Motor Sich	MSICH	2,521	3,000	1,303	0.2%	0.4%	8.4%	38.2%	0.6%	0.1%	4.9%	0.0%
Summy Frunze Engineering	SMASH	4.50	n/a	n/a	0.0%	0.0%	3.7%	80.0%	0.4%	-0.2%	0.2%	41.8%
Turboatom	TATM	4.00	n/a	n/a	0.0%	0.0%	-13.0%	14.3%	0.4%	-0.2%	-16.5%	-23.9%
WESTA ISIC	WES	0.10	0.26	0.10	-0.2%	-6.7%	-32.8%	-24.2%	0.1%	-6.9%	-36.2%	-62.4%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.17	0.19	0.09	0.0%	-2.9%	-3.7%	54.5%	0.4%	-3.1%	-7.1%	16.4%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.16	0.27	0.12	-0.1%	-0.5%	18.1%	-26.1%	0.3%	-0.7%	14.6%	-64.3%
JKX Oil	JKX	0.85	1.21	0.82	-2.0%	-12.3%	-15.4%	-28.0%	-1.7%	-12.6%	-18.8%	-66.2%
Ukrnafta	UNAF	261	300	54	-1.1%	2.1%	1.3%	139.9%	-0.8%	1.8%	-2.2%	101.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.88	8.70	2.50	-1.1%	-1.5%	8.2%	65.3%	-0.7%	-1.7%	4.7%	27.1%
Donbasenergo	DOEN	38.7	50.2	11.0	0.5%	-0.3%	-2.8%	40.1%	0.8%	-0.5%	-6.2%	1.9%
Zakhidenergo	ZAEN	128.0	157.0	64.0	0.0%	-10.0%	-12.9%	41.6%	0.4%	-10.2%	-16.4%	3.4%
<b>Consumer</b>												
Agroton	AGT	0.89	1.8	0.50	-2.4%	-1.4%	-2.0%	38.0%	-2.0%	-1.6%	-5.5%	-0.2%
Astarta	AST	12.9	24.4	12.1	-1.5%	-3.2%	-13.3%	-42.2%	-1.1%	-3.4%	-16.7%	-80.4%
Avangardo	AVGR	9.5	13.0	8.39	0.0%	0.1%	4.7%	-19.1%	0.4%	-0.1%	1.3%	-57.3%
Industrial Milk Company	IMC	2.73	5.14	2.49	-1.3%	-10.5%	-17.8%	-32.4%	-0.9%	-10.7%	-21.3%	-70.6%
Kernel	KER	9.5	17.7	7.6	-1.7%	-4.5%	-13.9%	-25.4%	-1.4%	-4.8%	-17.4%	-63.5%
Mriya Agro Holding	MAYA	5.93	8.2	5.62	-0.6%	-2.7%	-0.6%	-20.5%	-0.3%	-2.9%	-4.1%	-58.7%
MHPC	MHPC	14.9	18.7	11.00	-1.3%	-0.3%	2.8%	-12.4%	-1.0%	-0.6%	-0.7%	-50.6%
Milkiland	MLK	1.85	4.7	1.71	4.0%	-9.6%	-16.5%	-55.5%	4.3%	-9.8%	-20.0%	-93.7%
Ovostar Union	OVO	22.8	33.3	19.4	-0.2%	0.7%	-2.9%	-31.6%	0.1%	0.4%	-6.4%	-69.8%
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	11.3	n/a	n/a	-5.6%	-6.5%	-12.5%	-9.4%	-5.2%	-6.7%	-16.0%	-47.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.147	0.188	0.077	-0.2%	-2.1%	-4.2%	29.7%	0.2%	-2.3%	-7.7%	-8.5%
UkrSotsbank	USCB	0.171	0.257	0.090	-1.4%	2.8%	2.3%	-8.9%	-1.0%	2.5%	-1.2%	-47.1%

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%
Ukrspotsbank	USCB	4,854	5,283	4,439	957	1,064	911	451	318	400	1	1	18	0.1%	0.1%	2.0%

Source: Eavex Research

**MAIN TRADING MULTIPLES**

Ticker	MCap USD mn	Free Float % USD mn	EV USD mn	P/E			EV/EBITDA			EV/Sales			EV/Output			Units		
				2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2013E			
<b>Steel</b>																		
Alchevsk Steel	ALMK	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	35	4.6	neg	neg	neg	1.6	1.1	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	306	3.0%	9	290	neg	neg	neg	neg	neg	8.2	0.1	0.2	0.1	63	64	64	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	51	6.8%	3	48	neg	neg	neg	neg	1.0	1.6	0.0	0.1	0.1	11	12	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	613	0.3%	2	611	6.4	3.2	3.8	2.6	2.0	2.2	1.0	0.9	1.0				
Pivnichny GOK	SGOK	1,544	0.4%	6	1,537	3.5	2.8	3.4	2.1	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,399	24.0%	336	2,078	6.5	5.3	7.1	5.2	4.1	4.7	1.5	1.3	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	25	5.4%	1	127	3.4	1.5	1.4	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	5.9	14.0	0.8	1.0	1.2	2.0	5.9	14.0	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	145	2.0%	3	190	4.3	>30	29.9	3.7	6.1	6.3	0.4	0.6	0.6	302	501	476	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	27	24.0%	7	64	5.6	1.4	1.2	2.2	1.8	1.7	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				
<b>Specialized Machinery</b>																		
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	449	24.0%	108	472	2.2	2.7	3.2	1.5	1.7	1.8	0.5	0.5	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	273	7.2%	20	576	6.0	16.0	10.4	2.8	3.0	3.3	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,210	3.0%	36	1,202	6.9	>30	10.6	2.7	4.2	3.9	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	146	50.4%	74	255	neg	22.5	18.8	1.9	3.8	3.7	1.3	1.4	1.3	47	35	34	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	249	21.7%	54	329	8.7	4.2	4.5	4.8	3.5	3.8	0.3	0.4	0.4	18	24	21	\$/MWh
DonbasEnergO	DOEN	78	14.2%	11	144	20.5	1.2	1.7	4.5	2.0	2.8	0.3	0.2	0.2	18	19	18	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,574	34.1%	537	2,702	5.1	9.7	neg	5.8	6.9	5.6	1.9	1.8	1.8				
Kernel	KER	753	61.8%	465	1,459	3.6	7.2	16.0	4.5	5.0	8.3	0.7	0.5	0.6				
Astarta	AST	321	37.0%	119	643	5.5	9.4	3.9	5.8	7.1	4.7	1.4	1.3	1.1				
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	19	26.2%	5	68	2.9	neg	neg	3.3	9.1	19.7	0.8	0.8	0.8	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	379	3.5%	13		>30	4.2	12.0	0.5	0.4	0.4	0.06	0.07	0.07				
Ukrsotsbank	USCB	269	0.7%	2		>30	>30	17.9	0.3	0.3	0.3	0.07	0.06	0.07				

Source: Eavex Research

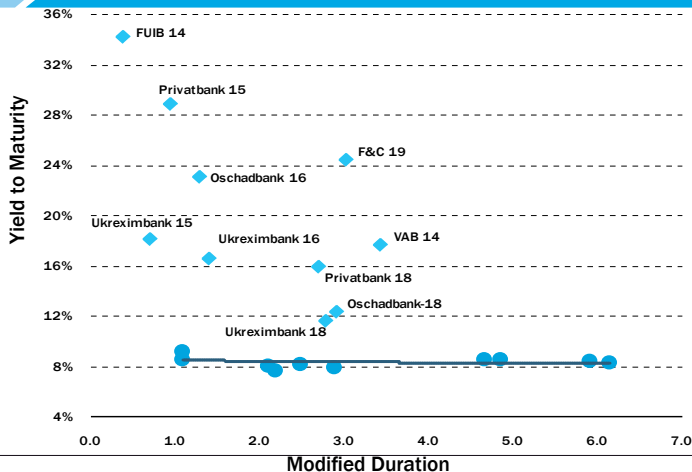
**UKRAINIAN EUROBONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Naftogaz Ukraine, 2014	97.6	98.4	22.7%	18.3%	-2.5%	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	97.6	98.6	10.3%	9.2%	0.5%	1.1	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	95.9	96.9	9.0%	8.5%	2.5%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	95.9	96.9	8.5%	8.0%	2.2%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	95.0	96.0	8.9%	8.5%	2.9%	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	95.4	96.9	9.0%	8.7%	3.3%	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	94.8	96.3	8.8%	8.5%	4.9%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	93.4	94.4	8.6%	8.4%	3.8%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	28.8	32.8	76.4%	64.0%	-41.1%	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	92.4	94.0	10.0%	9.6%	4.2%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.0	100.0	17.6%	11.8%	-2.5%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	89.9	92.8	14.5%	13.4%	1.3%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	93.1	94.5	19.1%	17.7%	-6.4%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	78.0	81.0	17.7%	16.4%	-8.7%	2.8	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	90.0	91.8	39.3%	33.3%	-11.1%	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	93.0	94.0	28.5%	26.0%	-8.8%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	83.7	86.0	15.5%	14.5%	-10.7%	2.7	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	96.0	97.5	11.7%	10.4%	-1.3%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	85.8	88.9	14.5%	13.3%	-4.7%	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	98.8	100.4	12.1%	11.6%	-10.3%	2.9	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	55.0	65.0	27.2%	21.9%	-27.7%	3.2	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	90.5	90.5	34.2%	34.2%	-8.1%	0.3	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2017	55.0	60.0	59.1%	49.8%	-28.6%	2.5	8.00%	A	22 Jun 2017	175	//
PrivatBank, 2015	85.0	87.0	34.6%	30.6%	-3.5%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	77.0	79.0	26.7%	24.5%	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	22.1%	19.8%	-1.5%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.5	82.5	27.0%	22.3%	-5.6%	1.3	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	90.1	91.3	12.3%	11.9%	1.7%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	72.0	75.0	23.6%	21.8%	-14.0%	2.2	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	91.3	92.5	16.8%	15.6%	-1.3%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	87.0	89.1	13.5%	12.7%	-1.1%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	90.5	93.0	19.3%	16.3%	-1.3%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.1	91.8	15.4%	14.3%	-1.8%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

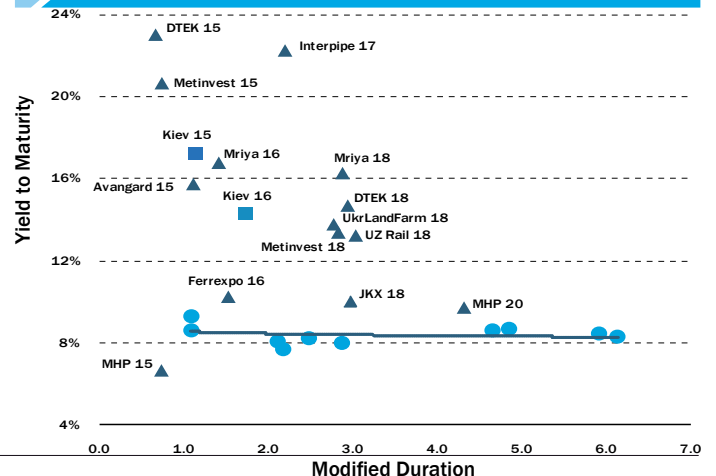
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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