

Market Update

Equity

Kyiv-listed equities were broadly lower on Thursday (Jul 24), although a large rise in national flagship oil producer UkrNafta allowed the UX index to end the day unchanged at 1280 points. Externally, the S&P 500 continued to press slowly into new record-high territory, hovering just below the intimidating 2000-point barrier amid better-than-expected corporate earnings and a lack of any bad news to drive a correction. UkrNafta gained a massive 11% on elevated volume of UAH 5.5mn as speculation again fired up about a multi-year dividend payout. Meanwhile, the decline was led by Raiffeisen Aval, which lost 1.9% after posting worse-than-expected 2Q financials, and Alchevsk Steel was down 2.2% to 3.57 kopecks. Among second-tier names, Stirol and LuganskTeplovoz, two companies whose operations have been shut down by the Donbass war, declined by 7.0% and 13.7% respectively, with the latter ending at UAH 1.25. In London, MHP got hammered, slumping 10.9% to USD 12.50, bringing its 2-day fall to more than 16%.

Fixed Income

Ukrainian benchmark sovereigns corrected somewhat on Thursday following the previous day's large rise, with Ukraine-23s declining by 0.8p.p. to 94.7/96.2 (8.4%/8.1%). Meanwhile, the corporate universe was mixed. UkrLandFarming-18s improved by 0.5p.p. to 90.9/92.8 (14.1%/13.4%) while Avangard-15s declined by the same increment, closing at 95.5/98.5 (17.1%/13.5%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	290.00	11.0%	5.4	444
Centrenergo	CEEN	7.97	-0.1%	2.1	173
Motor Sich	MSICH	2581.00	-0.2%	1.1	113

Growth Leaders

Mariupol Ilyicha	MMKI	0.13	38.7%	0.08	26
Ukrnafta	UNAF	290.00	11.0%	5.45	444
Centrenergo	CEEN	7.97	-0.1%	2.14	173

Loss Leaders

Bank Forum	FORM	0.20	-25.7%	0.007	18
Stirol	STIR	10.51	-7.0%	0.009	9
Bogdan Motors	LUAZ	0.05	-6.1%	0.014	7

Highlights

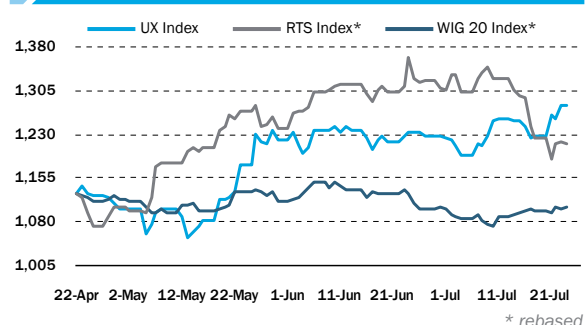
POLITICS AND ECONOMICS

- > VR Election Expected by End-October as Coalition Dissolves; Yatseniuk 'Resigns'

STOCKS IN THE NEWS

- > Avdyivka Coke Ended 2Q14 with EBITDA Margin of 7.3%
- > Raiffeisen Bank Aval Posts Net Loss of UAH 60mn in 2Q14

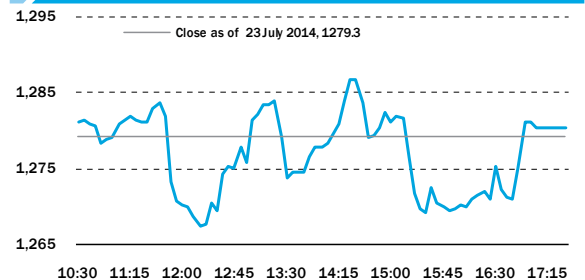
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1280.4	0.1%	4.4%	40.7%
RTS	1266.7	-0.4%	-7.5%	-12.2%
WIG20	2409.2	0.3%	-2.7%	0.3%
MSCI EM	1080.9	0.3%	3.7%	7.9%
S&P 500	1988.0	0.0%	1.3%	8.0%

UX INTRADAY JULY 24, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	275.8	-1.8%	-1.3%	-16.6%
CDS 5Y UKR	801.4	1.9%	-7.6%	-2.3%
Ukraine-17	8.4%	0.4 p.p.	-0.5 p.p.	-0.6 p.p.
Naftogaz Ukr-14	21.7%	2.6 p.p.	2.1 p.p.	12.9 p.p.
Ukraine-23	8.2%	0.1 p.p.	-0.8 p.p.	0.7 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	0.4%	-1.1%	42.4%
EUR	15.79	0.4%	-2.1%	38.9%
RUB	0.33	-2.2%	-3.9%	33.3%

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	107.1	-0.9%	-5.8%	-3.7%
Gold, USD/oz	1293.7	-0.8%	-1.8%	8.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

VR Election Expected by End-October as Coalition Dissolves; Yatseniuk 'Resigns'

by Will Ritter
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NEWS

The Svoboda and UDAR party factions quit the ruling "European Choice" parliamentary coalition on Thursday (Jul 24), paving the way for President Poroshenko to dissolve the Verkhovna Rada and call a snap parliamentary election if no new coalition appears in the next 30 days. Allowing for a two-month campaign, this would place the likely date of the election on Oct 26. It is widely assumed that the election law will be changed to eliminate geographic districts and that the system will be returned to choosing MPs by national party lists. Later in the day yesterday, Prime Minister Arseniy Yatseniuk of the Batkivschyna party announced his resignation, claiming that he was unable to push key budget measures, including those financing the ongoing Donbass war, through Parliament. We suppose, however, that Yatseniuk and his Cabinet may continue on in a temporary capacity until the new Parliament is sworn in.

COMMENTARY

The move toward a snap Parliamentary election to re-format the legislature to reflect this past winter's revolutionary events has been widely expected in recent weeks, as it was one of the first promises of Poroshenko after he won the presidency in May. Of course, such a re-formatting entails certain risks and uncertainties, and we think that the current polls showing two previously unheard-of parties, including that of the clownish radical nationalist Oleg Lyashko, leading the pack are essentially meaningless; no one can confidently predict at this point how the campaign is going to go. We suppose that Poroshenko pushed for the early election for two reasons: 1) he wants to hold the election while something still remains of his "honeymoon" with voters that swept him into office by an impressively large margin; and 2) the war, which is concentrated in the most heavily populated areas of Donetsk and Lugansk provinces, will depress the turnout there, allowing a Parliament to be elected with far less representation of pro-Russian/anti-Ukrainian MPs than in any previous convocation of the Verkhovna Rada. The situation for the pro-Russian electorate is further complicated by the recent banning of the Communist Party, the organizational collapse of the Party of Regions, and the secession of the pro-Russian stronghold of Crimea. Large groupings of pro-Russian MPs in Parliament have been a constant drag on all previous Ukrainian presidents who, at least nominally, were trying to move Ukraine toward a more European strategic orientation.

Avdyivka Coke Ended 2Q14 with EBITDA Margin of 7.3%

by Ivan Dzvinka
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NEWS

Metinvest-controlled Avdyivka Coke, Ukraine's largest coke maker, reported EBITDA of UAH 171mn for 2Q14, based on the company's financial results for 1H14. This is much higher compared to the negative EBITDA of UAH 353mn in 1Q14 and UAH +76mn in 2Q13. Revenue was up by 29% QoQ to UAH 2.33bn in 2Q14 on the back of a 22% increase in the reported coke selling price. The bottom line of Avdyivka turned positive (for the first time since 1Q13), coming in at UAH 74mn vs. UAH -371mn in 1Q14 and UAH -5mn in 2Q13.

In other news, management said the company is in the process of recovering from an artillery attack by pro-Russian guerillas which took place on Monday (Jul 21). Although the plant's coke output was halved due to attack, it is now gradually increasing, but management admitted that the risk of further attacks remains high.

COMMENTARY

The news about the 2Q14 financials should be positive for the AVDK stock, which is a low-liquidity blue chip listed on the Ukrainian Exchange in Kyiv. Avdyivka became the second Metinvest company after Yenakievo Steel to reported encouraging financials for 2Q14. That said, the heavy fighting in the area where the coke maker is located suggests a high risk to the continuation of normal operations by the company in the near term. Our analysis shows that the main reason for the improvement in Avdyivka's EBITDA was the robust growth in coke prices combined with stable coal prices in Ukraine (+3% QoQ in 2Q14). Still, the provided financials imply that the company continued to sell its high quality coke (with low moisture content) at the price of ordinary coke during 2Q14, meaning that there is further room for reporting profitability improvement in the coming quarters.

Raiffeisen Bank Aval Posts Net Loss of UAH 60mn in 2Q14

 by Dmitry Churin
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RAIFFEISEN BANK AVAL (BAVL UK)

Price: UAH 0.147 Market Cap: USD 376mn

	P/Assets	P/Book	P/E	Div. Yield
2013	0.07	0.4	4.2	20%
2014E	0.09	0.6	neg	0%

NEWS

Raiffeisen Bank Aval, the Ukrainian subsidiary of Vienna-based Raiffeisen International, posted a net loss of UAH 60mn (USD 5.2mn at the average UAH/USD exchange rate for the period) in 2Q14, compared to net profit of UAH 438mn in 2Q13, according to the bank's financials published on Thursday (Jul 24). Aval's gross interest income rose by 9.7% YoY and net interest income advanced by 25.4% YoY to UAH 1.18bn in the period. Meanwhile, the bank's provisions for loan impairment increased by 2.9x YoY to UAH 964mn in 2Q14. The bank's net loss was UAH 1.0bn for 1H14 due to both the hryvnia devaluation and increase in loan loss provisions. On the balance sheet side, Aval's loan portfolio has increased by 6.6% YtD to UAH 28.8bn, while its total assets rose by 2.2% YtD to UAH 44.4bn.

RAIFFEISEN BANK AVAL FINANCIALS

UAH mn	2Q14	2Q13	YoY, %	1H14	YoY, %
Interest income	1,611	1,468	9.7%	3,132	8.4%
Interest expense	-430	-526	-18.3%	-798	-26.9%
Net interest income	1,181	942	25.4%	2,334	29.8%
Net fees and commissions income	382	362	5.7%	727	5.2%
Trading and other income/(loss)	39	211	-81.7%	-750	-380.1%
Total income	1,602	1,515	5.8%	2,311	-16.2%
Operating expenses	-833	-766	8.7%	-1,569	-0.6%
Profit/(Loss) from operations	769	748	2.8%	742	-37.0%
Provisions for loan impairment	-964	-247	290.0%	-1,842	228.7%
Profit/(loss) before tax	-195	501	n/a	-1,100	n/a
Corporate tax	136	-63	n/a	97	n/a
Net profit/(loss)	-60	438	n/a	-1,003	n/a
	1H14	2013	YtD		
Loans to corporate borrowers	20,543	19,238	6.8%		
Loans to individuals	8,294	7,809	6.2%		
Current account of legal entities	9,354	10,240	-8.6%		
Term deposits of legal entities	1,479	1,547	-4.4%		
Current accounts of individuals	6,666	6,388	4.3%		
Term deposits of individuals	8,270	8,245	0.3%		
Equity	6,318	7,237	-12.7%		
Total Assets	44,413	43,460	2.2%		

Source: National Bank of Ukraine, Eavex Research

COMMENTARY

Although Aval's total income in 2Q14 rose by 5.8% YoY to UAH 1.6bn, we have to state that the bank's loan portfolio quality deteriorated in the period. However, we consider Aval's business model as successful and expect that it can return to profitable operation in 2H14. On the other hand, we are forced to revise our projection of Aval's net profit of UAH 300mn in FY14 to a net loss of UAH 450mn for the period. The bank recently paid its shareholders a dividend of close to UAH 900mn (3 kopecks per share) after a corresponding decision had been made at the general shareholders meeting in late March. This dividend payout led to a decrease in the bank's total equity by 6.9% QoQ to UAH 6.3bn. Aval currently trades at an attractive Price/Book multiple of 0.6x, and we maintain our BUY recommendation for the BAVL stock with a target price of UAH 0.24, implying an upside of 60%.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.88	0.56	-37%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	142.5	125.0	-12%	SELL	Ferrexpo's lower production cost due to UAH devaluation in 2014 together with a 8% increase in output will not be sufficient to offset a projected 13% drop in the group's achieved iron ore pricing.
Pivnichny GOK	SGOK	8.00	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	7.00	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.
Coke						
Avdyivka Coke	AVDK	3.12	U/R	--	BUY	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.
Coal						
Pokrovske Mine	SHCHZ	0.67	2.9	342%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	19.3	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.25	5.2	319%	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	2581	5250	103%	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	46.8	120	157%	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						
DonbasEnergO	DOEN	38.2	72.0	89%	BUY	DonbasEnergO 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%.
CenterEnergO	CEEN	7.97	15.00	88%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	12.5	15.65	25%	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	9.2	8.93	-3%	HOLD	The company's FY14 results will be hit by the hryvnia devaluation, while next year's likely elimination of the special VAT regime for large agro producers bodes poorly for FY15 earnings.
Ovostar Union	OVO	67.2	58.74	-13%	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	0.147	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	1280.40	1286.71	799.72	0.1%	4.6%	4.4%	40.7%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-2.5%	0.3%	-4.8%	-8.2%	-2.6%	-4.3%	-9.2%	-48.9%
Azovstal	AZST	0.88	0.95	0.35	-0.5%	10.8%	12.6%	31.6%	-0.5%	6.2%	8.2%	-9.1%
Dniprospezstal	DNSS	602	n/a	n/a	-7.4%	-53.7%	-53.7%	-53.7%	-7.5%	-58.3%	-58.1%	-94.4%
Enakievo Steel	ENMZ	43.2	52.0	17.0	-1.5%	3.8%	-2.7%	34.9%	-1.6%	-0.8%	-7.1%	-5.8%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	34.7%	0.0%	247.8%	-0.1%	30.1%	-4.4%	207.1%
Mariupol Ilyicha	MMKI	0.13	n/a	n/a	44.4%	18.2%	-35.0%	30.0%	44.4%	13.6%	-39.4%	-10.7%
Coke												
Avdivka Coke	AVDK	3.12	4.80	1.46	-0.7%	-1.0%	-5.8%	5.3%	-0.8%	-5.5%	-10.2%	-35.4%
Yasnyivsky Coking	YASK	0.69	0.84	0.30	0.0%	1.5%	-15.9%	30.2%	-0.1%	-3.1%	-20.3%	-10.5%
Iron Ore Mining												
Centralny GOK	CGOK	7.00	n/a	n/a	0.0%	0.7%	0.0%	7.7%	-0.1%	-3.9%	-4.4%	-33.0%
Ferrexpo	FXPO	2.42	3.20	2.07	0.3%	2.6%	14.5%	-23.3%	0.2%	-2.0%	10.1%	-64.0%
Pivnichny GOK	SGOK	8.00	10.00	4.50	2.3%	-1.2%	1.9%	0.0%	2.2%	-5.8%	-2.5%	-40.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.67	0.79	0.10	-10.7%	-10.7%	3.1%	67.5%	-10.8%	-15.3%	-1.3%	26.8%
Komsomolets Donbasa	SHKD	0.94	n/a	n/a	9.3%	10.6%	4.4%	51.6%	9.2%	6.0%	0.0%	10.9%
Energy Coal	CLE	0.35	0.93	0.31	-0.9%	-0.1%	-17.2%	1.5%	-1.0%	-4.7%	-21.6%	-39.2%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	2.3%	-4.3%	-0.1%	-4.6%	-2.1%	-45.0%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.76	1.01	0.30	8.6%	13.4%	-13.6%	26.7%	8.5%	8.8%	-18.1%	-14.0%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	-0.1%	-4.6%	-4.4%	45.0%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	19.3	26.0	10.0	1.7%	1.7%	2.8%	11.7%	1.6%	-2.8%	-1.7%	-29.0%
Luhanskeplovoz	LTPL	1.25	2.20	0.85	-13.8%	20.2%	-8.1%	-16.7%	-13.9%	15.6%	-12.5%	-57.4%
Stakhanov Wagon	SVGZ	1.10	n/a	n/a	0.0%	-4.3%	0.0%	-15.4%	-0.1%	-8.9%	-4.4%	-56.1%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	-8.4%	-0.2%	-11.7%	101.9%	-8.5%	-4.8%	-16.1%	61.2%
Motor Sich	MSICH	2,581	3,000	1,303	-0.2%	5.7%	9.7%	41.5%	-0.2%	1.2%	5.3%	0.8%
Summy Frunze Engineering	SMASH	4.50	n/a	n/a	0.0%	0.0%	3.7%	80.0%	-0.1%	-4.6%	-0.7%	39.3%
Turboatom	TATM	4.00	n/a	n/a	0.0%	0.0%	-13.0%	14.3%	-0.1%	-4.6%	-17.5%	-26.4%
WESTA ISIC	WES	0.10	0.26	0.10	6.7%	-3.2%	-24.2%	-21.8%	6.6%	-7.7%	-28.6%	-62.5%
Telecom												
Ukrtelecom	UTLM	0.18	0.19	0.09	0.0%	4.5%	0.7%	61.5%	-0.1%	-0.1%	-3.7%	20.8%
Oil & Gas												
Regal Petroleum	RPT	0.15	0.27	0.12	-0.3%	-0.7%	7.1%	-26.4%	-0.4%	-5.3%	2.7%	-67.1%
JKX Oil	JKX	0.79	1.21	0.79	-0.8%	-12.0%	-20.6%	-33.0%	-0.9%	-16.6%	-25.0%	-73.7%
Ukrnafta	UNAF	290	370	54	11.2%	9.5%	11.9%	167.0%	11.1%	4.9%	7.5%	126.3%
Power Utilities												
Centrenerg	CEEN	7.97	8.70	2.50	-0.1%	4.4%	8.8%	67.1%	-0.2%	-0.2%	4.3%	26.4%
Donbasenergo	DOEN	38.2	50.2	11.0	-0.7%	0.5%	-5.5%	38.4%	-0.8%	-4.1%	-9.9%	-2.3%
Zakhidenergo	ZAEN	143.5	157.0	64.0	5.5%	12.1%	-1.0%	58.7%	5.4%	7.5%	-5.5%	18.0%
Consumer												
Agroton	AGT	0.89	1.8	0.56	0.8%	-1.9%	-0.5%	36.4%	0.7%	-6.5%	-4.9%	-4.3%
Astarta	AST	12.9	24.4	12.1	0.0%	-5.1%	-12.6%	-42.3%	-0.1%	-9.7%	-17.0%	-82.9%
Avangardo	AVGR	9.2	13.0	8.40	0.0%	-3.3%	-7.2%	-21.8%	-0.1%	-7.8%	-11.6%	-62.5%
Industrial Milk Company	IMC	2.77	5.14	2.49	0.3%	-3.6%	-17.1%	-31.6%	0.2%	-8.2%	-21.5%	-72.3%
Kernel	KER	9.7	17.7	7.6	0.2%	-0.8%	-13.3%	-23.2%	0.1%	-5.4%	-17.7%	-63.9%
Mriya Agro Holding	MAYA	6.15	8.2	5.62	-2.4%	3.4%	-2.1%	-17.5%	-2.5%	-1.2%	-6.5%	-58.2%
MHPC	MHPC	12.5	18.7	11.00	-10.9%	-17.5%	-15.8%	-26.5%	-11.0%	-22.1%	-20.2%	-67.2%
Milkiland	MLK	1.88	4.7	1.71	1.8%	-3.6%	-11.5%	-54.7%	1.7%	-8.2%	-15.9%	-95.4%
Ovostar Union	OVO	21.8	33.3	19.4	-2.7%	-4.2%	-9.7%	-34.3%	-2.7%	-8.8%	-14.1%	-75.0%
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
Chemicals												
Stirol	STIR	10.5	n/a	n/a	-7.2%	-12.4%	-18.8%	-15.9%	-7.3%	-17.0%	-23.3%	-56.6%
Banks												
Raiffeisen Bank Aval	BAVL	0.147	0.188	0.077	-1.9%	1.7%	-4.5%	29.3%	-2.0%	-2.9%	-8.9%	-11.4%
UkrSotsbank	USCB	0.173	0.257	0.090	-1.1%	4.8%	3.4%	-8.0%	-1.2%	0.2%	-1.1%	-48.7%

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
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	271	52	31	26	10.8%	10.1%	9.5%	34	5	4	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	210	51	90	72	32.2%	42.1%	34.4%	38	72	52	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	594	280	301	234	44.5%	45.6%	39.5%	228	238	164	36.3%	36.0%	27.6%
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	3,966	793	888	610	679	723	460	4	90	-40	0.5%	10.1%	-6.6%
Ukrspotsbank	USCB	4,854	5,283	3,777	957	1,064	775	451	318	400	1	1	15	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	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	39	8.8%	3	35	4.5	neg	neg	neg	1.6	1.1	0.0	0.0	0.0	13	12	12	\$/tonne
Azovstal	AZST	316	3.0%	9	301	neg	neg	neg	neg	neg	8.5	0.1	0.2	0.2	65	67	66	\$/tonne
Coke																		
Avdyivka Coke	AVDK	52	6.8%	4	49	neg	neg	neg	neg	1.1	1.7	0.0	0.1	0.1	11	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
Iron Ore Mining																		
Centralny GOK	CGOK	699	0.3%	2	698	7.3	3.6	4.3	3.0	2.2	2.5	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,571	0.4%	6	1,565	3.6	2.9	3.4	2.1	1.7	1.9	1.1	1.0	1.0				
Ferrexpo	FXPO	1,416	24.0%	340	2,095	6.6	5.4	7.2	5.2	4.1	4.7	1.5	1.3	1.4				
Coal Mining																		
Komsomolets Donbasa	SHKD	27	5.4%	1	129	3.7	1.6	1.6	1.0	1.4	1.4	0.5	0.6	0.6	31	30	29	\$/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	168	2.0%	3	214	5.0	>30	>30	4.1	6.8	8.3	0.4	0.7	0.8	340	563	535	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	23	24.0%	6	61	4.8	1.2	1.0	2.1	1.7	1.6	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	189	5.0%	9	189	2.0	4.5	neg	1.4	2.9	12.3	0.2	0.4	1.2				
Stakhanov Wagon	SVGZ	21	8.0%	2	54	>30	>30	>30	7.5	9.2	9.9	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	126	5.8%	7	60	3.3	1.8	2.4	1.2	0.7	0.8	0.4	0.3	0.3				
Motor Sich	MSICH	457	24.0%	110	480	2.3	2.7	3.2	1.6	1.8	1.8	0.5	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	284	7.2%	20	587	6.3	16.7	10.8	2.9	3.1	3.4	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,341	3.0%	40	1,333	7.6	>30	11.7	2.9	4.7	4.3	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	50	21.6%	11	25	4.3	neg	24.8	1.1	neg	1.0	0.6	0.7	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	136	50.4%	69	245	neg	21.0	17.5	1.8	3.7	3.6	1.2	1.4	1.2	45	34	33	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	251	21.7%	54	330	8.7	4.2	4.5	4.8	3.5	3.9	0.3	0.4	0.4	19	24	21	\$/MWh
DonbasEnergO	DOEN	77	14.2%	11	143	20.1	1.2	1.7	4.5	2.0	2.8	0.2	0.2	0.2	17	18	17	\$/MWh
Consumer																		
MHP	MHPC	1,321	34.1%	450	2,449	4.2	8.1	neg	5.2	6.3	5.1	1.7	1.6	1.7				
Kernel	KER	775	61.8%	479	1,481	3.7	7.4	16.5	4.6	5.1	8.5	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	587	22.5%	132	695	2.6	2.5	3.6	2.5	2.3	3.0	1.1	1.1	1.2	157	119	112	\$/mneggs
Agroton	AGT	19	26.2%	5	68	2.8	neg	neg	3.3	9.1	19.6	0.8	0.8	0.8	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	376	3.5%	13		>30	4.2	neg	0.5	0.4	0.6	0.06	0.07	0.09				
Ukrsotsbank	USCB	271	1.0%	3		>30	>30	21.1	0.3	0.3	0.3	0.07	0.06	0.08				

Source: Eavex Research

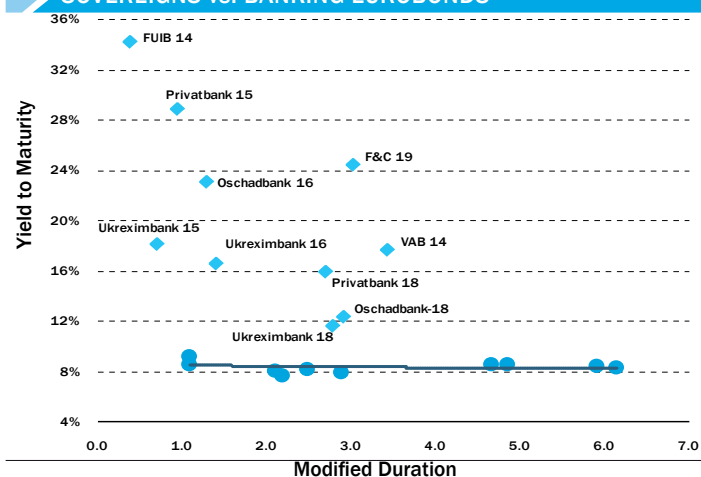
UKRAINIAN EUROBONDS

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	97.5	98.3	24.0%	19.4%	-2.6%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	94.1	95.2	11.6%	10.4%	-1.4%	1.0	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	96.8	98.8	11.2%	9.0%	0.2%	1.0	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	96.5	97.4	8.7%	8.2%	3.1%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	96.7	97.7	8.1%	7.6%	3.1%	2.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.8	95.8	8.9%	8.5%	2.7%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	102.0	102.8	8.9%	8.5%	3.2%	2.6	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	95.2	96.7	9.1%	8.7%	3.1%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	95.8	97.3	9.0%	8.6%	3.1%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	95.5	97.0	8.6%	8.4%	5.7%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	94.7	96.2	8.4%	8.1%	5.4%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	28.8	32.6	76.7%	64.5%	-41.2%	1.9	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	102.8	102.8	8.4%	8.4%	-0.7%	0.7	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	92.4	93.9	10.0%	9.7%	4.2%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	95.5	98.5	17.1%	13.5%	-1.0%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	90.9	92.8	14.1%	13.4%	1.8%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	94.4	95.5	17.9%	16.8%	-5.3%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	78.6	80.9	17.5%	16.5%	-8.4%	2.8	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	90.4	92.1	38.5%	32.5%	-10.7%	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	26.2%	23.8%	-7.8%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	84.1	85.5	15.4%	14.7%	-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	87.0	87.8	14.0%	13.7%	-4.7%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	77.0	78.0	22.8%	21.6%	0.1%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	95.7	97.2	13.2%	12.7%	-13.1%	2.9	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
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	89.0	91.0	40.8%	34.9%	-8.6%	0.3	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	55.0	60.0	59.5%	50.1%	-28.6%	2.5	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	85.0	88.0	34.9%	29.0%	-3.0%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	77.0	79.0	26.8%	24.6%	2.6%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	85.0	88.5	16.6%	15.2%	3.7%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	94.0	96.0	23.6%	19.0%	-1.5%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.0	82.0	27.8%	23.0%	-6.2%	1.2	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	90.0	91.1	12.4%	12.0%	1.5%	2.9	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	70.0	73.0	24.8%	23.0%	-16.4%	2.2	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	91.5	92.6	16.6%	15.5%	-1.1%	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
Municipal Eurobonds											
City of Kyiv, 2015	90.6	92.4	19.2%	17.1%	-1.6%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	91.0	93.0	14.9%	13.6%	-1.1%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

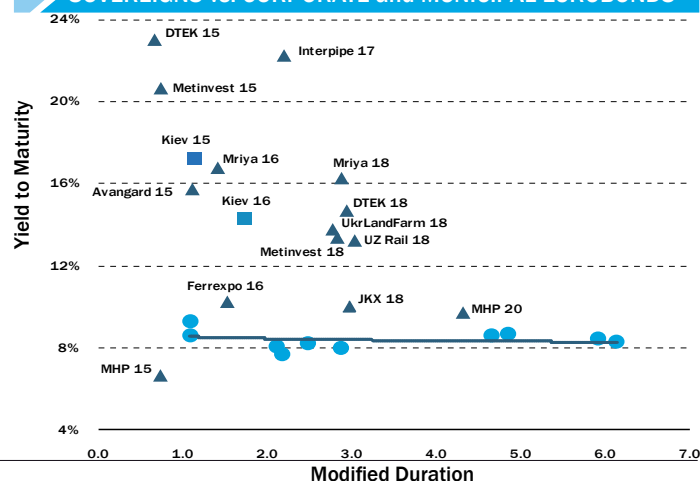
¹ Moody's/S&P/Fitch; * EUR

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	14.5%	13.5%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	14.5%	13.5%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	14.5%	13.5%	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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