

Market Update

Equity

Kyiv-listed Ukrainian equities were solidly higher on Friday (Jul 25), driven by positive 2Q financial reporting news flow on two of the most actively-traded local issues, Motor Sich and DonbasEnergo. The gains occurred despite significant losses in the main European indices in Frankfurt and Paris, both of which were down by more than 1%, and the S&P 500 also pulled back by half a percent in New York. The UX index added 2.0% to move above the 1300 point level for the first time since early 2012 (the index's value is however still substantially lower than then, due to this year's UAH devaluation.) DonbasEnergo added 5.2% and Motor Sich picked up 4.9% to UAH 2712 after both companies reported impressive bottom lines for the second quarter. UkrNafta was also a winner, rising in line with the index to UAH 295, while CentrEnergo once again retreated from the UAH 8 resistance barrier, declining by 1.0%. In London, MHP rebounded slightly off of its nasty double-digit losses from the previous two sessions, rising 1.9% to USD 12.75.

Fixed Income

Ukrainian sovereigns were lower on Friday Minister after Prime Minister Arseniy Yatseniuk made global headlines by offering his resignation despite having a rather high approval rating. Benchmark Ukraine-23s declined by 1.0p.p. to 93.7/95.2 (8.5%/8.3%). Top corporate names also finished in the red, with Metinvest-15s declining by 2.3p.p. to 91.8/92.8 (32.7%/29.9%) and MHP-20s edging down by 0.4p.p. to 92.0/93.4 (10.1%/9.8%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2712.00	4.9%	6.2	180
Centrenergo	CEEN	7.90	-1.0%	2.8	185
Ukrnafta	UNAF	295.30	2.0%	1.9	240

Growth Leaders

Krymenergo	KREN	1.88	50.0%	0.57	10
Bank Forum	FORM	0.20	10.1%	0.02	76
Donbasenergo	DOEN	40.18	5.2%	0.34	159

Loss Leaders

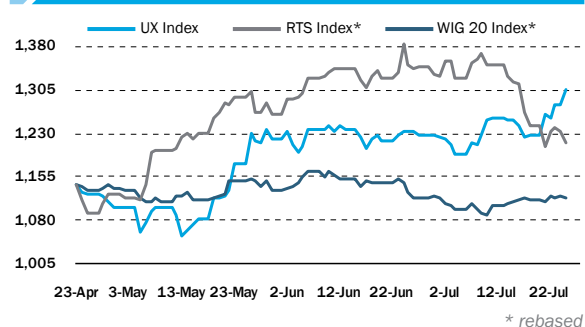
Azovstal	AZST	0.87	-1.4%	0.033	29
Centrenergo	CEEN	7.90	-1.0%	2.841	185
Raiffeisen Bank Aval	BAVL	0.15	0.5%	0.108	33

Highlights

STOCKS IN THE NEWS

- > UkrNafta's Net Profit Surges 5.5x YoY to UAH 1.0bn in 2Q14
- > Motor Sich Reports Record High Quarterly Profit Above UAH 1.0bn in 2Q14
- > DonbasEnergo 2Q Profit Up 18% YoY to UAH 424mn Despite Lower Revenue
- > IMC Unveiles First Results of Wheat Harvesting Campaign

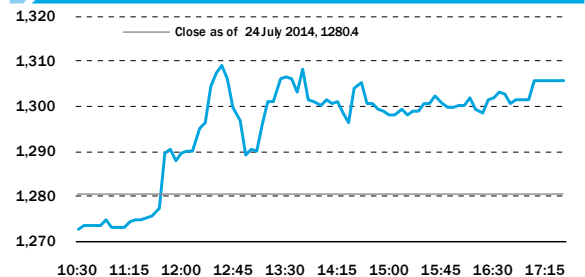
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1305.9	2.0%	5.9%	43.5%
RTS	1246.3	-1.6%	-12.3%	-13.6%
WIG20	2406.3	-0.1%	-2.2%	0.2%
MSCI EM	1078.7	-0.2%	2.9%	7.7%
S&P 500	1978.3	-0.5%	1.5%	7.5%

UX INTRADAY JULY 25, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	283.8	2.9%	1.6%	-14.2%
CDS 5Y UKR	824.3	2.9%	-2.5%	0.5%
Ukraine-17	8.6%	0.2 p.p.	0.8 p.p.	-0.4 p.p.
Naftogaz Ukr-14	24.4%	2.7 p.p.	7.9 p.p.	15.6 p.p.
Ukraine-23	8.4%	0.2 p.p.	0.1 p.p.	0.9 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	11.91	1.5%	-0.1%	44.5%
EUR	16.00	1.3%	-1.4%	40.7%
RUB	0.34	1.3%	-3.9%	35.0%

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	108.4	1.2%	-4.9%	-2.5%
Gold, USD/oz	1307.2	1.0%	-0.9%	9.2%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

UkrNafta's Net Profit Surges 5.5x YoY to UAH 1.0bn in 2Q14

by Dmitry Churin
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UKRNAFTA (UNAF UK)

Price: UAH 294 Market Cap: USD 1,339mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.6	0.5	57.5	4.6	n/a
2014E	0.8	0.5	8.3	4.1	n/a

NEWS

UkrNafta's, Ukraine's largest oil producer, saw its net profit in 2Q14 surge by 5.5x to UAH 1.0bn (USD 88mn at the average UAH/USD exchange rate for the period), according to financials released on Friday (Jul 25) after the market close. Revenue rose by 33.5% YoY to 6.9bn in the period and EBITDA advanced by 58.3% YoY to UAH 1.27bn. For 1H14, UkrNafta's net profit is up by 2.8x YOY to 1.45bn.

UKRNAFTA FINANCIAL RESULTS

UAH mn	2Q14	2Q13	1Q14	QoQ	YoY	1H14	1H13	YoY
Net revenue	6,917	5,179	5,120	35.1%	33.5%	12,037	9,877	21.9%
EBITDA	1272	804	927	37.3%	58.3%	2199	1650	33.3%
EBITDA margin	18.4%	15.5%	18.1%	+0.3 p.p.	+2.9 p.p.	18.3%	16.7%	+1.6 p.p.
Net Income	1,002	180	452	121.6%	455.7%	1,454	515	182.1%
Net margin	14.5%	3.5%	8.8%	+5.7 p.p.	+11.0 p.p.	12.1%	5.2%	+6.9 p.p.

Source: Company data,

COMMENTARY

The year-on-year surge in the company's bottom line was mostly due to a return to normal profitability in 2Q after a very poor quarter a year ago. Overall, the increase in UkrNafta's revenue in 2Q14 was expected since its oil and petroleum product prices are directly linked to the UAH/USD rate, and the hryvnia devaluation had a mostly positive effect on the company's operations. Although UkrNafta's oil volume extraction continued its long trend of decline, dropping by about 3% YoY in 1H14, the Igor-Kolomoyskiy-controlled company upped its share on the domestic petroleum retail market over the period by competing hard on pricing. We consider the released financials as POSITIVE for the UNAF stock.

Motor Sich Reports Record High Quarterly Profit Above UAH 1.0bn in 2Q14

by Dmitry Churin
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MOTOR SICH (MSICH UK)

Price: UAH 2705 Market Cap: USD 472mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.4	0.5	2.8	1.7	0.4%
2014E	0.5	0.5	2.5	1.8	1.2%

NEWS

Motor Sich, Ukraine's monopoly aircraft engine producer, reported a historically high quarterly net profit of UAH 1.05bn in 2Q14 (USD 88mn at the average UAH/USD exchange rate for the period), according to the company's financial released on Friday (Jul 25). Revenue rose by 45% YoY to UAH 2.85bn in the period, while EBITDA jumped by 2.1x to UAH 1.42bn. For 1H14, the company's net profit amounted to UAH 1.54bn, compared to UAH 826mn in 1H13. On the balance sheet side, Motor Sich reported total debt of UAH 682mn and available cash of UAH 796mn as of 30 Jun 2014.

MOTOR SICH FINANCIAL RESULTS

UAH mn	2Q14	2Q13	1Q14	QoQ	YoY	1H14	1H13	YoY
Net revenue	2,853	1,967	1,847	54.4%	45.0%	4,700	3,883	21.0%
EBITDA	1416	654	752	88.3%	116.5%	2168	1098	97.4%
EBITDA margin	49.6%	33.3%	40.7%	+8.9 p.p.	+16.3 p.p.	46.1%	28.3%	+17.8 p.p.
Net Income	1,056	504	487	116.9%	109.4%	1,543	826	86.8%
Net margin	37.0%	25.6%	26.3%	+11.4 p.p.	+10.7 p.p.	32.8%	21.3%	+11.5 p.p.

Source: Company data,

COMMENTARY

Motor Sich's 2Q financial results impressively outpaced the UAH devaluation across the board; the devaluation was clearly positive for the company, which managed to reach an EBITDA margin of almost 50% for the quarter, as most of its sales are denominated in USD while most of its expenses, especially personnel costs, are denominated in UAH. Motor Sich, which employs a highly skilled labor force, said its personnel costs grew by just 4.1% YoY in 1H14 to UAH 873mn, compared to the hryvnia devaluation of 42% since the start of the year. Wages accounted for 31% of the total operating expenses of the company in 1H14. For the moment, we see that Motor Sich's exports to Russia have not been interrupted, although the risk falling under the umbrella of a Ukrainian government ban on defense exports Russia still exists for the company. The MSICH stock trades at very attractive 2014E EV/EBITDA and P.E multiples of 1.8x and 2.5x respectively. Any signs of a resolution of the ongoing Donbass war would be a very strong driver for the stock, in our view.

DonbasEnergo 2Q Profit Up 18% YoY to UAH 424mn Despite Lower Revenue

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DONBASENERGO (DOEN UK)

Price: UAH 40.1 Market Cap: USD 79mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.5	0.2	1.2	2.0	16.8%
2014E	0.5	0.3	1.9	3.0	15.2%

NEWS

DonbasEnergo, Ukraine's fifth-largest thermal power generation company, increased its net profit by 17.8% YoY to UAH 424mn in 2Q14 (USD 37.2mn at the average UAH/USD exchange rate for the period), according to the company's financial report released on Friday (Jul 25). Revenue declined by 3.5% YoY in the period to UAH 1.25bn, while EBITDA rose by 19.3% YoY to UAH 467mn. In 1H14 DonbasEnergo earned UAH 621mn in net profit, an increase of 18.9% YoY. First-half revenue rose by 2.8% YoY to UAH 2.55bn thanks to higher tariffs for thermal electricity in the period. The company's output declined by 10.7% YoY to 3.94 TWh in 1H14.

DONBASENERGO'S FINANCIAL RESULTS

UAH mn	2Q14	2Q13	1Q14	QoQ	YoY	1H14	1H13	YOY
Net revenue	1,246	1,291	1,304	-4.5%	-3.5%	2,550	2,481	2.8%
EBITDA	467	392	239	95.8%	19.3%	706	522	35.2%
EBITDA margin	37.5%	30.3%	18.3%	+19.2 p.p.	+7.2 p.p.	27.7%	21.1%	+6.6 p.p.
Net Income	424	360	197	115.9%	17.8%	621	522	18.9%
Net margin	34.1%	27.9%	15.1%	+19.0 p.p.	+6.2 p.p.	24.4%	21.1%	+3.3 p.p.

Source: Company data,

COMMENTARY

We were quite surprised that DonbasEnergo managed to operate almost without disruption in 2Q14 amid the undeclared but fierce war in parts of Donetsk oblast, especially as one of the company's power plants is located in the hotspot of Slavyansk. The biggest problem for the company at Slavyansk occurred near the end of the quarter in late June, when the plant's operations were suspended after coal supplies were cut off due to rail infrastructure damage from the war.

It is important to note that DonbasEnergo's impressive financial results for 1H14 are partly attributed to a sharp 2.0x rise in 'other operating income' to UAH 168mn. That the released financials had a POSITIVE effect on the DOEN stock which jumped by 5.2% to above UAH 40 in Friday trading. However, we expect the company's 3Q14 financials to be hit by the Slavyansk shutdown, and we would assume that further short-term appreciation in the stock is limited.

IMC Unveils First Results of Wheat Harvesting Campaign

by Ivan Dzvinka
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INDUSTRIAL MILK COMPANY (IMC PW)

Price: PLN 8.20 Market Cap: USD 84mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.8	3.3	4.2	0%
2014E	1.2	16.8	3.5	0%

NEWS

Industrial Milk Company (IMC), Ukraine's grain growing company, announced last week about the first results of its wheat harvesting. The company completed harvesting some 4,700 ha of land under winter wheat representing a 55% of area under that crop. Average yield amounts to 5.1 t/ha which is 46% higher compared to Ukrainian average of 3.5 t/ha.

COMMENTARY

The news is neutral for the company's stock as the unveiled result is in line with the management targets. Also, the outperforming of domestic average is also rather expected given the pattern of last years. Notably, last season the company's average yield for wheat was 4.8 t/ha vs. Ukraine's average of 3.4 t/ha.

We should note that area under wheat in case of IMC this season amounts to only 6.4% of IMC's total with the lion's share of planted land used under corn (85,000 ha out of harvested 132,700 ha) and sunflower (18,800 ha). Yields of the two will be available in autumn only.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.87	0.56	-36%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	141.1	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	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	3.14	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	0.65	2.9	353%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	19.4	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.35	5.2	288%	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	2712	5250	94%	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	46.5	120	158%	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	40.2	72.0	79%	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	7.90	15.00	90%	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	12.7	15.65	23%	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	39.1	90.0	130%	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	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.
Banks						
Raiffeisen Bank Aval	BAVL	0.148	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	1305.87	1310.23	799.72	2.0%	6.3%	5.9%	43.5%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.036	0.06	0.02	2.0%	2.3%	-2.4%	-6.4%	0.0%	-4.1%	-8.3%	-49.9%
Azovstal	AZST	0.87	0.95	0.35	-1.4%	9.2%	9.8%	29.9%	-3.3%	2.8%	4.0%	-13.6%
Dniprospezstal	DNSS	602	n/a	n/a	0.0%	-53.7%	-53.7%	-53.7%	-2.0%	-60.0%	-59.5%	-97.2%
Enakievo Steel	ENMZ	43.6	52.0	17.0	1.0%	8.0%	-5.1%	36.3%	-1.0%	1.7%	-11.0%	-7.2%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	34.7%	0.0%	247.8%	-2.0%	28.4%	-5.9%	204.3%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	7.7%	55.6%	-30.0%	40.0%	5.7%	49.2%	-35.9%	-3.5%
Coke												
Avdivka Coke	AVDK	3.14	4.80	1.46	0.7%	0.7%	-5.4%	6.1%	-1.3%	-5.7%	-11.3%	-37.4%
Yasnyivsky Coking	YASK	0.69	0.84	0.30	0.0%	4.5%	-2.8%	30.2%	-2.0%	-1.8%	-8.7%	-13.3%
Iron Ore Mining												
Centralny GOK	CGOK	7.00	n/a	n/a	0.0%	0.7%	0.0%	7.7%	-2.0%	-5.6%	-5.9%	-35.8%
Ferrexpo	FXPO	2.39	3.20	2.07	-1.1%	3.5%	13.4%	-24.1%	-3.1%	-2.8%	7.5%	-67.6%
Pivnichny GOK	SGOK	8.00	10.00	4.50	0.0%	2.3%	1.9%	0.0%	-2.0%	-4.0%	-3.9%	-43.5%
Coal Mining												
Pokrovske Mine	SHCHZ	0.65	0.79	0.10	-3.0%	-13.3%	0.0%	62.5%	-5.0%	-19.7%	-5.9%	19.0%
Komsomolets Donbasa	SHKD	0.94	n/a	n/a	0.0%	4.4%	4.4%	51.6%	-2.0%	-1.9%	-1.4%	8.1%
Energy Coal	CLE	0.35	0.93	0.31	-0.4%	0.3%	-18.8%	1.1%	-2.4%	-6.0%	-24.7%	-42.4%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	-2.2%	-4.3%	-2.0%	-6.3%	-8.1%	-47.8%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.68	1.01	0.30	-10.5%	4.6%	-22.7%	13.3%	-12.5%	-1.7%	-28.6%	-30.2%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	-2.0%	-6.3%	-5.9%	42.2%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	19.4	26.0	10.0	0.2%	1.9%	2.3%	11.8%	-1.8%	-4.4%	-3.5%	-31.6%
Luhanskeplovoz	LTPL	1.35	2.20	0.85	8.0%	29.8%	-0.7%	-10.0%	6.0%	23.5%	-6.6%	-53.5%
Stakhanov Wagon	SVGZ	1.05	n/a	n/a	-4.5%	-8.7%	4.0%	-19.2%	-6.5%	-15.0%	-1.9%	-62.7%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.9%	-4.4%	-7.2%	103.8%	-1.1%	-10.8%	-13.1%	60.3%
Motor Sich	MSICH	2,712	3,000	1,303	5.1%	10.2%	14.4%	48.7%	3.1%	3.9%	8.5%	5.2%
Summy Frunze Engineering	SMASH	4.50	n/a	n/a	0.0%	0.0%	-24.9%	80.0%	-2.0%	-6.3%	-30.7%	36.5%
Turboatom	TATM	4.00	n/a	n/a	0.0%	0.0%	-13.0%	14.3%	-2.0%	-6.3%	-18.9%	-29.2%
WESTA ISIC	WES	0.10	0.26	0.10	0.0%	-0.2%	-24.2%	-21.8%	-2.0%	-6.5%	-30.1%	-65.3%
Telecom												
Ukrtelecom	UTLM	0.18	0.19	0.09	0.0%	4.5%	8.8%	61.5%	-2.0%	-1.8%	3.0%	18.0%
Oil & Gas												
Regal Petroleum	RPT	0.15	0.27	0.12	-0.1%	-0.6%	7.3%	-26.5%	-2.1%	-7.0%	1.5%	-70.0%
JKX Oil	JKX	0.79	1.21	0.79	-0.6%	-10.7%	-20.5%	-33.4%	-2.6%	-17.0%	-26.4%	-76.9%
Ukrnafta	UNAF	295	370	54	1.8%	12.8%	14.9%	171.9%	-0.2%	6.4%	9.1%	128.4%
Power Utilities												
Centrenerg	CEEN	7.90	8.70	2.50	-0.9%	1.8%	6.8%	65.7%	-2.9%	-4.5%	0.9%	22.2%
Donbasenergo	DOEN	40.2	50.2	11.0	5.2%	6.5%	1.0%	45.6%	3.2%	0.2%	-4.9%	2.1%
Zakhidenergo	ZAEN	146.3	157.0	64.0	2.0%	14.3%	1.6%	61.8%	0.0%	8.0%	-4.3%	18.3%
Consumer												
Agroton	AGT	0.87	1.8	0.56	-1.2%	-4.8%	-16.2%	34.9%	-3.1%	-11.1%	-22.0%	-8.6%
Astarta	AST	12.7	24.4	12.1	-1.4%	-2.8%	-13.9%	-43.0%	-3.3%	-9.1%	-19.7%	-86.5%
Avangardo	AVGR	9.2	13.0	8.40	0.0%	-3.8%	-3.6%	-21.8%	-2.0%	-10.1%	-9.4%	-65.3%
Industrial Milk Company	IMC	2.71	5.14	2.49	-1.9%	-4.6%	-20.2%	-32.9%	-3.9%	-10.9%	-26.1%	-76.4%
Kernel	KER	9.7	17.7	7.6	-0.4%	-0.9%	-14.2%	-23.5%	-2.4%	-7.2%	-20.0%	-67.0%
Mriya Agro Holding	MAYA	6.26	8.2	5.62	1.7%	5.2%	2.2%	-16.0%	-0.2%	-1.1%	-3.7%	-59.5%
MHPC	MHPC	12.7	18.7	11.00	1.9%	-14.2%	-14.5%	-25.1%	-0.1%	-20.5%	-20.3%	-68.6%
Milkiland	MLK	1.88	4.7	1.71	-0.3%	-0.4%	-19.7%	-54.8%	-2.2%	-6.7%	-25.5%	-98.3%
Ovostar Union	OVO	22.7	33.3	19.4	3.8%	0.9%	-5.0%	-31.8%	1.8%	-5.5%	-10.9%	-75.3%
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	0.0%	-12.4%	-16.1%	-15.9%	-2.0%	-18.7%	-21.9%	-59.4%
Banks												
Raiffeisen Bank Aval	BAVL	0.148	0.188	0.077	0.5%	1.7%	-5.1%	30.0%	-1.5%	-4.6%	-11.0%	-13.5%
UkrSotsbank	USCB	0.179	0.257	0.090	3.7%	6.4%	7.9%	-4.6%	1.7%	0.0%	2.1%	-48.1%

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
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	188	20.4%	16.9%	19.7%
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	2,543	454	286	323	17.8%	11.1%	12.7%	176	23	161	6.9%	0.9%	6.3%
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	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	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	307	3.0%	9	291	neg	neg	neg	neg	neg	8.3	0.1	0.2	0.1	63	65	64	\$/tonne
Coke																		
Avdyivka Coke	AVDK	51	6.8%	3	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	689	0.3%	2	687	7.2	3.5	4.2	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	1,401	24.0%	336	2,080	6.5	5.3	7.1	5.2	4.1	4.7	1.5	1.3	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	26	5.4%	1	128	3.7	1.6	1.5	1.0	1.4	1.4	0.5	0.6	0.5	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	148	2.0%	3	194	4.4	>30	>30	3.7	6.2	7.5	0.4	0.6	0.7	308	511	485	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	25	24.0%	6	62	5.1	1.3	1.1	2.1	1.7	1.6	0.3	0.2	0.2				
Kruiiv 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	20	8.0%	2	53	>30	>30	>30	7.3	9.0	9.6	0.2	0.3	0.4				
Specialized Machinery																		
Turboatom	TATM	124	5.8%	7	58	3.3	1.7	2.4	1.1	0.6	0.8	0.4	0.3	0.3				
Motor Sich	MSICH	473	24.0%	114	464	2.4	2.8	2.5	1.5	1.7	1.8	0.5	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	279	7.2%	20	583	6.2	16.4	10.6	2.8	3.1	3.4	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,345	3.0%	40	1,336	7.6	>30	8.4	2.9	4.7	4.1	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	135	50.4%	68	244	neg	20.8	17.4	1.8	3.7	3.6	1.2	1.3	1.2	45	33	33	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	245	21.7%	53	324	8.5	4.1	4.4	4.7	3.4	3.8	0.3	0.4	0.4	18	23	20	\$/MWh
DonbasEnergO	DOEN	80	14.2%	11	146	20.9	1.2	1.7	4.5	2.0	2.8	0.3	0.2	0.2	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,346	34.1%	459	2,474	4.3	8.3	neg	5.3	6.3	5.2	1.8	1.7	1.7				
Kernel	KER	772	61.8%	477	1,478	3.7	7.4	16.4	4.6	5.1	8.4	0.7	0.5	0.6				
Astarta	AST	317	37.0%	117	638	5.5	9.3	3.9	5.8	7.0	4.6	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	9.0	19.6	0.8	0.8	0.8	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	372	3.5%	13		>30	4.2	neg	0.5	0.4	0.6	0.06	0.07	0.09				
Ukrsotsbank	USCB	276	1.0%	3		>30	>30	21.1	0.3	0.3	0.4	0.07	0.06	0.08				

Source: Eavex Research

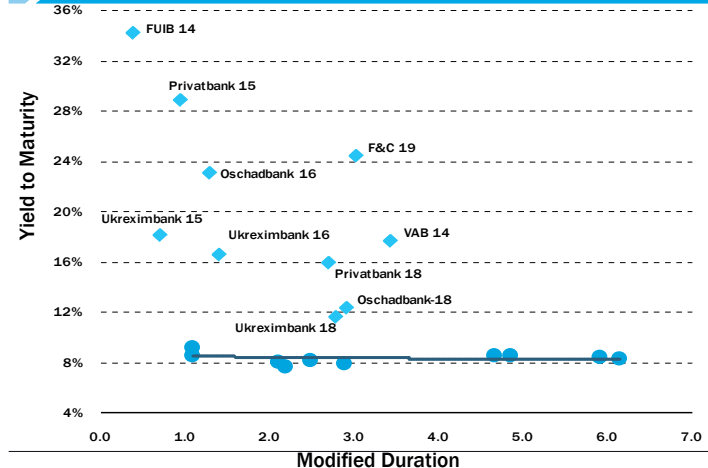
UKRAINIAN EUROBONDS

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	97.1	97.9	26.9%	21.8%	-3.0%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.6	95.1	12.2%	10.6%	-1.7%	1.0	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	96.2	97.9	12.1%	10.1%	-0.7%	1.0	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	94.8	96.4	9.6%	8.7%	1.7%	2.1	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	95.7	96.5	8.6%	8.2%	1.9%	2.1	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.1	95.4	9.2%	8.7%	2.2%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	101.1	102.1	9.2%	8.8%	2.4%	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	11.3%	10.8%	16.6%	3.0	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	94.4	95.9	9.2%	8.9%	2.2%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	95.0	96.5	9.1%	8.8%	2.2%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	94.5	96.5	8.8%	8.5%	4.9%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	93.7	95.2	8.5%	8.3%	4.3%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	28.8	32.8	77.1%	64.4%	-41.1%	1.8	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	92.0	93.4	10.1%	9.8%	3.7%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	98.8	98.8	13.2%	13.2%	0.8%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	90.2	92.4	14.4%	13.6%	1.2%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	93.9	95.3	18.4%	17.1%	-5.7%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	77.5	80.0	18.0%	16.9%	-9.5%	2.8	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	89.9	91.5	41.5%	35.3%	-11.3%	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	91.8	92.8	32.7%	29.9%	-10.0%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	84.0	86.0	15.4%	14.5%	-10.5%	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	94.8	96.6	13.5%	12.9%	-13.8%	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	41.0%	35.1%	-8.6%	0.3	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	55.0	60.0	59.6%	50.2%	-28.6%	2.5	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	85.0	87.1	35.3%	31.0%	-3.4%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	77.0	79.0	26.9%	24.7%	2.6%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	84.3	88.0	16.9%	15.3%	2.9%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	94.0	95.5	23.9%	20.2%	-1.8%	0.7	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.0	82.0	28.0%	23.1%	-6.2%	1.2	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	89.8	90.9	12.5%	12.0%	1.3%	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	91.0	92.5	17.1%	15.7%	-1.4%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	86.1	88.1	13.8%	13.1%	-2.1%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	91.0	92.8	18.8%	16.8%	-1.2%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.5	92.5	15.2%	13.9%	-1.7%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

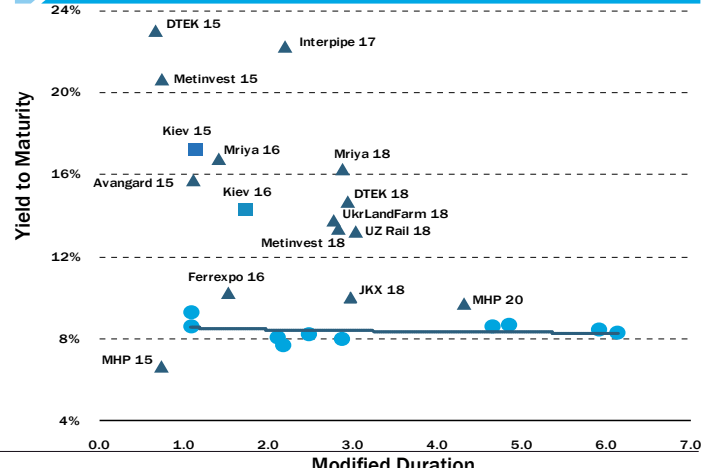
¹ Moody's/S&P/Fitch; * EUR

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	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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