

Market Update

Equity

Local Ukrainian stocks extended their recent hot run into the new week on Monday (Jul 28), riding a big gain in national flagship oil company UkrNafta further into territory not seen since early 2012, while the main indices in the US and Europe were mixed to flat. The UX index jumped 3.0% to close at 1345 points, with all 10 UX basket components ending higher. UkrNafta shot up by 12.7% to UAH 328 on reports that the company could hold its first shareholder meeting in more than three years as soon as this September, with a large dividend payout likely to be on the agenda. Azovstal, located in the government-controlled Donbass city of Mariupol, also continued to rally, picking up 4.7% to above 91 kopecks, and volume leaders Motor Sich and CentrEnergo added 2.9% and 2.7% respectively. Raiffeisen Aval's gain of 1.0% was the smallest of the day among blue chips. In London, MHP recovered some territory from last week's big losses on concerns about a scaling back of Ukraine's special tax regime for big agro producers, picking up 4.3% to USD 13.30.

Fixed Income

Ukrainian sovereigns were sluggish on Monday, with benchmark Ukraine-23s inching down by 0.1p.p. to 93.5/95.0 (8.6%/8.3%). Top corporate debt names also saw few notable changes. MHP-20s inched down by 0.1p.p. to 91.9/93.3 (10.1%/9.8%) and Metinvest-18s finished flat at 84.1/85.9 (15.4%/14.6%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2795.00	3.0%	72.1	105
Ukrnafta	UNAF	327.70	12.7%	3.9	320
Centrenergo	CEEN	8.10	2.7%	3.7	366

Growth Leaders

Bank Forum	FORM	0.23	12.8%	0.00	12
Ukrnafta	UNAF	327.70	12.7%	3.90	320
Azovstal	AZST	0.91	4.7%	0.22	65

Loss Leaders

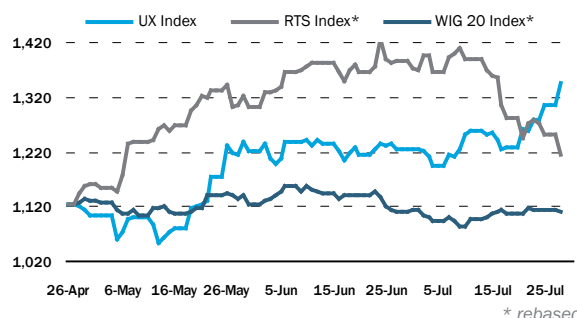
Slavutych Brevery	SLAV	7.19	-14.5%	0.287	7
Kievenergo	KIEN	14.80	-12.9%	0.012	8
Mariupol Ilyicha	MMKI	0.13	-6.2%	0.074	12

Highlights

STOCKS IN THE NEWS

- > Ovostar's Egg Output Up 14% YoY in 2Q14
- > JKX Oil&Gas Revenue Down 19% YoY to USD 74mn in 1H14
- > Avdyivka Coke Halts Operations Due to Electricity Cut

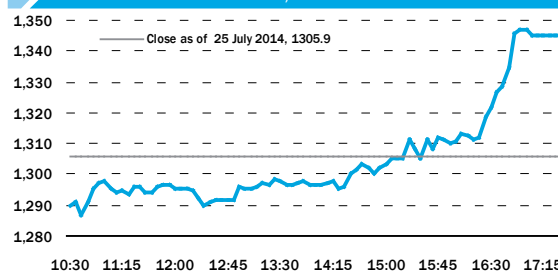
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1345.0	3.0%	9.6%	47.8%
RTS	1208.8	-3.0%	-12.4%	-16.2%
WIG20	2399.9	-0.3%	0.0%	0.0%
MSCI EM	1079.2	0.1%	3.2%	7.7%
S&P 500	1978.9	0.0%	0.9%	7.5%

UX INTRADAY JULY 28, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	285.1	0.5%	1.4%	-13.8%
CDS 5Y UKR	824.3	0.0%	-1.7%	0.5%
Ukraine-17	8.6%	0.0 p.p.	0.6 p.p.	-0.4 p.p.
Naftogaz Ukr-14	25.6%	1.3 p.p.	7.7 p.p.	16.9 p.p.
Ukraine-23	8.4%	0.0 p.p.	0.0 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	12.15	2.0%	3.4%	47.5%
EUR	16.33	2.1%	1.8%	43.6%
RUB	0.34	0.8%	-1.8%	36.1%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	251.2	0.0%	0.3%	-12.6%
Steel, USD/t	535.0	0.0%	-0.5%	-0.5%
Oil, USD/bbl	107.6	-0.8%	-4.7%	-3.3%
Gold, USD/oz	1304.0	-0.2%	-0.9%	9.0%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ovostar's Egg Output Up 14% YoY in 2Q14

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

OVOSTAR UNION (OVO PW)

Price: PLN 68.05 Market Cap: USD 133mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.7	4.3	3.9	0%
2014E	2.0	8.3	6.5	0%

NEWS

Kyiv-based Ovostar Union, Ukraine's third-largest egg producer, increased its laying hen flock by 22% YoY to 4.1mn heads as of end-1H14 after completing an upgrade of one of its two production sites in late 2013, the company said on Monday (July 28). Egg output was up by 11% YoY to 468mn pieces in 1H14, with the amount of eggs processed into egg products up by 10% to 150mn pieces. Egg sales volume rose by 16% YoY to 298mn, including egg exports of 42mn pcs (+75% YoY). Ovostar's average selling price rose by 17% YoY to UAH 0.70/egg in the period. The company sold 786 tonnes of dry egg products at an average price of UAH 53.19/kg (+17% YoY). Sales of liquid egg products increased to 2,962 tonnes, with the average price standing at UAH 16.35/kg (+9%).

Management said it is in the process of upgrading its second production site. Also, the company said that as of early July, it is now officially authorized to export its goods to the EU.

COMMENTARY

The 1H14 results imply that in the second quarter, Ovostar produced 238mn eggs (+14% YoY and +3% QoQ), while egg sales were up by 18% YoY and 7% QoQ to 154mn pieces. Although the average selling price of UAH 0.68/egg in 2Q14 was expectedly higher vs. 2Q13 (+35%) due to exceptionally depressed price in 2Q13, it was surprisingly down by 7% QoQ despite a higher pace of inflation in Ukraine in 2Q as well as an increased share of egg exports by the company in 2Q vs 1Q14. Ovostar increased its egg exports by 80% QoQ from 15mn to 27mn pieces in 2Q14, with exports amounting to 18% of total egg sales vs. 10% in 1Q14.

While receiving the green light to export eggs to the EU is definitely a positive development for the company's image, management acknowledged that it is not planning to start such exports in the near future, saying that the pricing environment in the EU is not as favorable as in the company's already-existing export markets.

The Warsaw-listed OVO stock reacted to the operating update with a decline of 2.7% yesterday, and we reiterate our SELL recommendation for the issue.

Avdyivka Coke Halts Operations Due to Electricity Cut

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

NEWS

Avdyivka Coke, Ukraine's largest coke maker, was forced to suspend operations on Monday (Jul 28) after military conflict in the city of Avdyivka (located just north of Donetsk) damaged the company's power lines, the company's parent group Metinvest reported in a press release. According to the release, if the electricity supply is not renewed within the next 24 hours, a near-term resumption of coke production will be hardly achievable.

COMMENTARY

The news is obviously negative for AVDK stock, and more importantly, for Metinvest's Eurobonds. As we noted in our news last week, the threat to the company's operations remains high after an artillery attack a week ago.

**JKX Oil&Gas Revenue Down 19%
YoY to USD 74mn in 1H14**

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

JKX OIL&GAS (JKX LN)

Price: GBp 44.8 Market Cap: USD 131mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.3	0.8	20.1	2.1	0%
2014E	0.3	0.7	16.7	2.0	0%

NEWS

Ukraine-focused hydrocarbons extraction company JKX Oil & Gas increased its net profit by 13.8% YoY to USD 8.5mn in 1H14, according to financial statements released on Monday (Jul 28). JKX's revenue declined by 18.6% YoY to USD 74.3mn and its operating profit fell from USD 9.4mn in 1H13 to USD 2.4mn in 1H14. The company also reported an operating cash flow of USD 31.1mn in the period, a decrease of 28.0% YoY. The company's average oil and gas production rose by 12% YoY to 10,126 boepd on the back of a 20% YoY increase in gas extraction at its Russian fields to 5,520 boepd.

In a segment breakdown, JKX's oil revenues were USD 19.2mn and gas revenues were USD 50.3mn in 1H14, with the balance of USD 4.8mn coming from sales of liquefied petroleum gas (LPG).

JKX FINANCIAL RESULTS			
USD mn	1H14	1H13	YoY
Net revenue	74.3	91.3	-18.6%
Operating profit	5.8*	9.4	-74.5%
margin	3.2%	10.3%	-7.1 p.p.
Net profit (loss)	8.5	7.5	13.8%
net margin	11.4%	8.2%	+3.3 p.p.

*underlying figure corrected for exceptional item of USD 3.3mn

Source: Company data

COMMENTARY

Although JKX had higher output in 1H14, the company's revenue declined in the period as the average gas sale price fell by 22% YoY to USD 160 per 1,000 cubic metres. The company said that its operations in Poltava province (Ukraine) have not been affected by the Donbass war further to the east, and that both production and drilling operations proceeded normally in 1H14. JKX's production guidance for 2H14 foresees an average output of 10,000 boepd, essentially unchanged from the level of 1H14. We view JKX's financials for 1H14 as worse than expected, with a NEGATIVE impact for the stock.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.91	0.56	-39%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	139.5	125.0	-10%	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	3.26	U/R	-	Susp.	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.70	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	19.1	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	2795	5250	88%	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	45.0	120	167%	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	41.1	72.0	75%	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	8.10	15.00	85%	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	13.3	15.65	18%	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	39.0	90.0	131%	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	68.1	58.74	-14%	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	0.149	0.24	61%	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	1344.97	1349.98	799.72	3.0%	6.6%	9.6%	47.8%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.037	0.06	0.02	1.9%	0.3%	-0.3%	-4.6%	-1.1%	-6.3%	-9.9%	-52.4%
Azovstal	AZST	0.91	0.95	0.35	4.7%	8.5%	16.3%	36.0%	1.7%	1.9%	6.7%	-11.8%
Dniprospezstal	DNSS	602	n/a	n/a	0.0%	-53.7%	-53.7%	-53.7%	-3.0%	-60.2%	-63.3%	-101.5%
Enakievo Steel	ENMZ	44.6	52.0	17.0	2.2%	4.1%	-0.2%	39.3%	-0.8%	-2.4%	-9.9%	-8.5%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	34.7%	0.0%	247.8%	-3.0%	28.1%	-9.6%	200.0%
Mariupol Ilyicha	MMKI	0.13	n/a	n/a	-7.1%	44.4%	-18.8%	30.0%	-10.1%	37.9%	-28.4%	-17.8%
Coke												
Avdiyivka Coke	AVDK	3.26	4.80	1.46	3.8%	-0.5%	0.6%	10.1%	0.8%	-7.1%	-9.1%	-37.7%
Yasnyivsky Coking	YASK	0.70	0.84	0.30	1.4%	1.4%	-2.8%	32.1%	-1.5%	-5.1%	-12.4%	-15.7%
Iron Ore Mining												
Centralny GOK	CGOK	7.00	n/a	n/a	0.0%	-6.0%	0.7%	7.7%	-3.0%	-12.6%	-8.9%	-40.1%
Ferrexpo	FXPO	2.37	3.20	2.07	-1.0%	1.6%	6.3%	-24.9%	-4.0%	-5.0%	-3.4%	-72.7%
Pivnichny GOK	SGOK	8.00	10.00	4.50	0.0%	2.3%	-1.2%	0.0%	-3.0%	-4.3%	-10.9%	-47.8%
Coal Mining												
Pokrovske Mine	SHCHZ	0.65	0.79	0.10	0.0%	-13.3%	-12.2%	62.5%	-3.0%	-19.9%	-21.8%	14.7%
Komsomolets Donbasa	SHKD	0.94	n/a	n/a	0.0%	4.4%	4.4%	51.6%	-3.0%	-2.1%	-5.2%	3.8%
Energy Coal	CLE	0.34	0.93	0.31	-4.5%	0.4%	-18.5%	-3.5%	-7.5%	-6.2%	-28.1%	-51.3%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	0.0%	-4.3%	-3.0%	-6.6%	-9.6%	-52.1%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.79	1.01	0.30	16.2%	21.5%	-10.2%	31.7%	13.2%	15.0%	-19.9%	-16.1%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	-3.0%	-6.6%	-9.6%	37.9%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	19.1	26.0	10.0	-1.2%	0.6%	1.6%	10.5%	-4.2%	-6.0%	-8.0%	-37.3%
Luhanskeplovoz	LTPL	1.35	2.20	0.85	0.0%	29.8%	-3.6%	-10.0%	-3.0%	23.3%	-13.2%	-57.8%
Stakhanov Wagon	SVGZ	1.05	n/a	n/a	0.0%	-8.7%	-8.7%	-19.2%	-3.0%	-15.3%	-18.3%	-67.0%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.0%	-6.1%	-10.7%	103.8%	-3.0%	-12.6%	-20.4%	56.0%
Motor Sich	MSICH	2,795	3,000	1,303	3.1%	11.1%	15.4%	53.2%	0.1%	4.6%	5.8%	5.4%
Summy Frunze Engineering	SMASH	3.50	n/a	n/a	-22.2%	-22.2%	-41.6%	40.0%	-25.2%	-28.8%	-51.2%	-7.8%
Turboatom	TATM	4.00	n/a	n/a	0.0%	0.0%	-13.0%	14.3%	-3.0%	-6.6%	-22.7%	-33.5%
WESTA ISIC	WES	0.10	0.26	0.10	-0.4%	2.6%	-28.1%	-22.0%	-3.3%	-4.0%	-37.8%	-69.8%
Telecom												
Ukrtelecom	UTLM	0.16	0.19	0.09	-8.1%	-3.9%	-6.7%	48.5%	-11.1%	-10.5%	-16.3%	0.7%
Oil & Gas												
Regal Petroleum	RPT	0.16	0.27	0.12	0.1%	-0.5%	8.7%	-26.4%	-2.9%	-7.0%	-1.0%	-74.2%
JKX Oil	JKX	0.76	1.21	0.76	-3.1%	-12.2%	-22.2%	-35.5%	-6.1%	-18.7%	-31.9%	-83.3%
Ukrnafta	UNAF	328	370	54	11.0%	24.4%	33.4%	201.7%	8.0%	17.8%	23.8%	154.0%
Power Utilities												
Centrenerg	CEEN	8.10	8.70	2.50	2.5%	1.7%	10.5%	69.9%	-0.4%	-4.9%	0.8%	22.1%
Donbasenergo	DOEN	41.1	50.2	11.0	2.3%	6.9%	4.1%	49.0%	-0.7%	0.3%	-5.6%	1.2%
Zakhidenergo	ZAEN	146.3	157.0	64.0	0.0%	14.3%	3.0%	61.8%	-3.0%	7.7%	-6.6%	14.0%
Consumer												
Agroton	AGT	0.85	1.8	0.56	-2.9%	-7.3%	-12.0%	30.9%	-5.9%	-13.9%	-21.6%	-16.9%
Astarta	AST	12.6	24.4	12.1	-0.3%	-3.1%	-12.1%	-43.2%	-3.3%	-9.7%	-21.7%	-91.0%
Avangardo	AVGR	9.2	13.0	8.40	0.0%	-3.3%	-7.2%	-21.8%	-3.0%	-9.8%	-16.8%	-69.6%
Industrial Milk Company	IMC	2.68	5.14	2.49	-1.0%	-3.1%	-20.8%	-33.6%	-4.0%	-9.6%	-30.5%	-81.4%
Kernel	KER	9.7	17.7	7.6	0.1%	0.7%	-12.1%	-23.5%	-2.9%	-5.8%	-21.7%	-71.3%
Mriya Agro Holding	MAYA	6.11	8.2	5.62	-2.4%	2.5%	-0.5%	-18.0%	-5.4%	-4.1%	-10.1%	-65.8%
MHPC	MHPC	13.3	18.7	11.00	4.3%	-12.0%	-9.4%	-21.9%	1.3%	-18.5%	-19.0%	-69.7%
Milkiland	MLK	1.93	4.7	1.71	2.8%	8.5%	-18.0%	-53.5%	-0.2%	1.9%	-27.6%	-101.3%
Ovostar Union	OVO	22.1	33.3	19.4	-2.7%	-3.3%	-7.6%	-33.7%	-5.7%	-9.9%	-17.3%	-81.5%
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	11.9	n/a	n/a	12.8%	-1.2%	-5.3%	-5.1%	9.9%	-7.7%	-14.9%	-52.9%
Banks												
Raiffeisen Bank Aval	BAVL	0.149	0.188	0.077	1.0%	1.0%	-3.4%	31.3%	-2.0%	-5.5%	-13.1%	-16.5%
UkrSotsbank	USCB	0.182	0.257	0.090	1.6%	4.9%	8.4%	-3.1%	-1.4%	-1.6%	-1.2%	-50.9%

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	765	69	94	80	6.2%	10.3%	10.5%	29	60	52	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	315	3.0%	9	300	neg	neg	neg	neg	neg	8.5	0.1	0.2	0.2	65	66	66	\$/tonne
Coke																		
Avdyivka Coke	AVDK	52	6.8%	4	50	neg	neg	neg	neg	1.1	1.7	0.0	0.1	0.1	12	13	13	\$/tonne
Yasynivsky Coke	YASK	16	9.0%	1	17	1.9	neg	3.3	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	675	0.3%	2	674	7.1	3.5	4.1	2.9	2.2	2.4	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,517	0.4%	6	1,511	3.5	2.8	3.3	2.0	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,387	24.0%	333	2,066	6.4	5.3	7.0	5.1	4.1	4.6	1.5	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	15	25.0%	4	125	0.4	neg	neg	2.0	5.9	13.9	0.8	1.0	1.2	2.0	5.9	13.9	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	169	2.0%	3	215	5.0	>30	>30	4.1	6.9	8.3	0.4	0.7	0.8	341	565	537	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	24	24.0%	6	62	5.0	1.3	1.1	2.1	1.7	1.6	0.3	0.2	0.2				
Krukiv Wagon	KVBZ	180	5.0%	9	180	1.9	4.3	neg	1.3	2.8	11.7	0.2	0.4	1.1				
Stakhanov Wagon	SVGZ	20	8.0%	2	52	>30	>30	>30	7.3	8.9	9.6	0.2	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	122	5.8%	7	56	3.2	1.7	2.3	1.1	0.6	0.8	0.3	0.3	0.3				
Motor Sich	MSICH	478	24.0%	115	468	2.4	2.8	2.5	1.5	1.7	1.8	0.5	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	252	7.2%	18	555	5.6	14.8	9.6	2.7	2.9	3.2	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,463	3.0%	44	1,454	8.3	>30	9.1	3.2	5.1	4.5	0.6	0.6	0.6	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	50	21.6%	11	25	4.3	neg	24.9	1.1	neg	1.0	0.6	0.7	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	131	50.4%	66	240	neg	20.2	16.8	1.8	3.6	3.5	1.2	1.3	1.2	44	33	32	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	246	21.7%	53	315	8.5	4.1	4.7	4.6	3.3	3.9	0.3	0.3	0.4	18	23	20	\$/MWh
DonbasEnergO	DOEN	80	14.2%	11	145	20.9	1.2	1.8	4.5	2.0	2.8	0.3	0.2	0.2	18	19	18	\$/MWh
Consumer																		
MHP	MHPC	1,404	34.1%	479	2,532	4.5	8.7	neg	5.4	6.5	5.3	1.8	1.7	1.7				\$/tonne
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	316	37.0%	117	637	5.4	9.3	3.9	5.8	7.0	4.6	1.4	1.3	1.1				\$/tonne
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	\$/mneegs
Agroton	AGT	18	26.2%	5	67	2.7	neg	neg	3.3	9.0	19.4	0.8	0.8	0.8	n/a	n/a	n/a	\$/th/ha
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	368	3.5%	13		>30	4.1	neg	0.5	0.4	0.6	0.06	0.07	0.09				
Ukrsotsbank	USCB	275	1.0%	3		>30	>30	21.1	0.3	0.3	0.4	0.07	0.06	0.08				

Source: Eavex Research

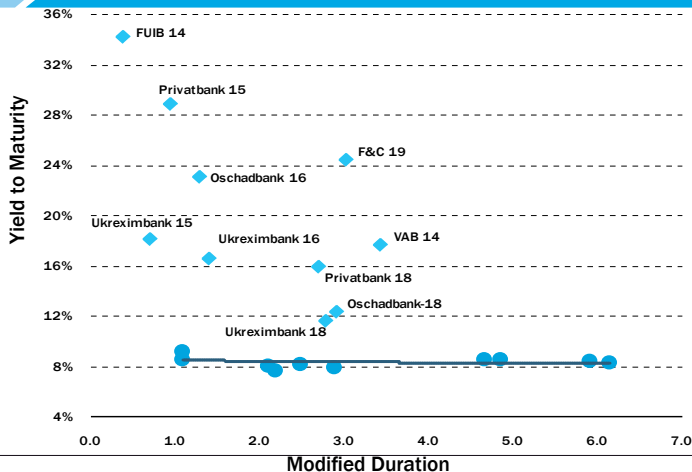
UKRAINIAN EUROBONDS

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	96.9	97.7	28.0%	23.2%	-3.2%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.7	95.2	12.1%	10.5%	-1.6%	1.0	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	95.8	97.5	12.5%	10.5%	-1.0%	1.0	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	94.8	96.5	9.6%	8.7%	1.7%	2.0	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	95.7	96.4	8.6%	8.3%	1.8%	2.1	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.1	95.3	9.2%	8.7%	2.1%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	100.8	101.8	9.4%	8.9%	2.1%	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	94.3	95.8	9.3%	8.9%	2.1%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	94.8	96.3	9.2%	8.8%	2.0%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	94.4	96.4	8.8%	8.5%	4.8%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	93.5	95.0	8.6%	8.3%	4.2%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.3	35.6	75.3%	57.8%	-37.9%	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	91.9	93.3	10.1%	9.8%	3.6%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	98.8	98.8	13.3%	13.3%	0.8%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	91.1	92.8	14.1%	13.4%	1.9%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	93.9	95.3	18.5%	17.1%	-5.7%	1.4	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	77.4	79.1	18.0%	17.3%	-10.1%	2.8	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	89.8	92.0	42.5%	33.8%	-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	91.8	92.8	32.9%	30.1%	-10.0%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	84.1	85.9	15.4%	14.6%	-10.5%	2.7	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	96.0	97.4	11.8%	10.5%	-1.3%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	86.5	88.9	14.2%	13.3%	-4.4%	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	93.8	95.5	13.9%	13.3%	-14.7%	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	59.7%	50.3%	-28.6%	2.5	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	85.0	90.0	35.5%	25.8%	-1.8%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	77.0	79.0	27.0%	24.8%	2.6%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	84.3	88.0	16.9%	15.4%	2.9%	2.7	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	94.0	95.5	24.0%	20.3%	-1.8%	0.6	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.0	82.0	28.1%	23.2%	-6.2%	1.2	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	88.0	89.3	13.2%	12.6%	-0.6%	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	90.5	92.6	17.6%	15.7%	-1.6%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	86.7	88.1	13.6%	13.0%	-1.8%	2.9	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	91.0	92.5	18.9%	17.1%	-1.3%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.9	92.3	14.9%	14.1%	-1.1%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

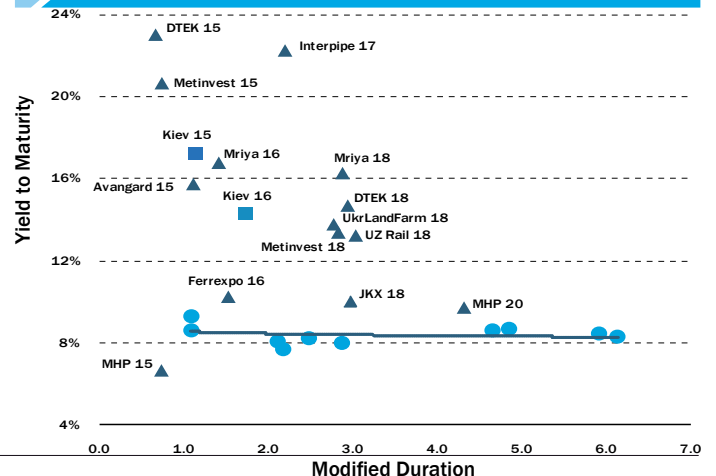
¹ Moody's/S&P/Fitch; * EUR

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

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