

## Market Update

### Equity

Locally-listed Ukrainian equities corrected moderately on Tuesday (Jul 29) after their sharp run-up of recent days, while European shares shook off the announcements of new EU sanctions against Russia thanks to solid corporate earnings data. The UX index edged down 0.6% to close at 1337 points. Avdyivka Coke was the biggest mover, dropping 3.4% after news of another war-related stoppage at its main plant north of Donetsk. Azovstal and Raiffeisen Aval declined by 1.9% and 1.1% respectively, while Motor Sich inched up 0.2% to end at UAH 2800 on the nose. Outside the UX basket, Stiroi fell 10.2% to amid very heavy fighting in the company's home base of Gorlovka. In London, MHP gave up its rebound from Monday's session, dropping 3.3% to USD 12.85, and Ferrexpo was little-changed near GBp 140.

### Fixed Income

Ukrainian sovereign Eurobonds rose moderately on Tuesday, with benchmark Ukraine-23s rising by 0.4p.p. to 94.0/95.5 (8.5%/8.2%). The corporate universe was predominantly, however. Mriya-16s sold off by a full 3p.p. to 90.0/92.0 (22.6%/20.4%) and UkrLandFarming-18s edged down by 0.5p.p., closing at 90.5/92.4 (14.3%/13.6%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	326.50	-0.2%	4.8	425
Motor Sich	MSICH	2800.0	0.2%	3.2	110
Centrenergo	CEEN	8.14	0.6%	3.0	342

### Growth Leaders

Yasynivsky Coke	YASK	0.73	4.3%	0.02	11
Krymenergo	KREN	2.00	3.9%	0.44	23
Bank Forum	FORM	0.24	3.8%	0.01	18

### Loss Leaders

Dniproenergo	DNEN	413.90	-7.6%	0.041	20
Kryukiv Wagon	KVBZ	18.22	-4.7%	0.042	10
Avdyivka Coke	AVDK	3.14	-3.4%	0.217	43

## Highlights

### POLITICS AND ECONOMICS

- EU Slams Russian State Banks With New Sanctions

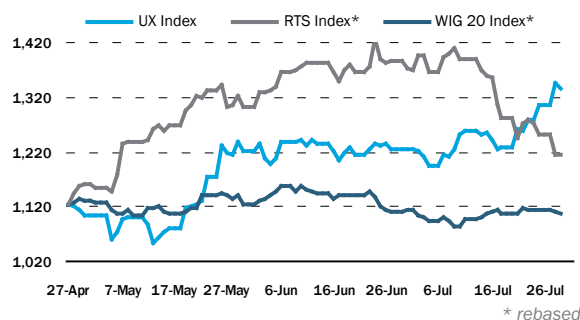
### STOCKS IN THE NEWS

- UkrNafta Likely to Distribute Dividends for FY11-13 in September
- Avdyivka Coke Renewed Electricity Supply to the Plant
- IMC Intends to Build Oilseed Processing Plant by 2019

### FIXED INCOME

- MinFin Issues Second VAT Bonds Tranche for UAH 2.17bn

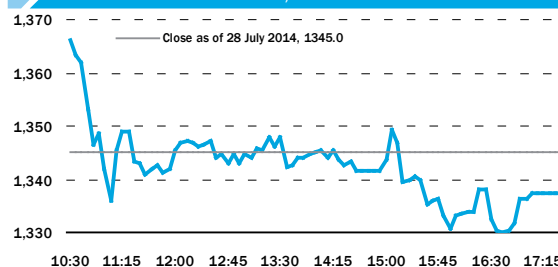
### STOCK MARKET PERFORMANCE



### MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1337.4	-0.6%	9.0%	47.0%
RTS	1207.3	-0.1%	-12.5%	-16.3%
WIG20	2391.0	-0.4%	-0.4%	-0.4%
MSCI EM	1080.5	0.1%	3.3%	7.8%
S&P 500	1970.0	-0.5%	0.5%	7.0%

### UX INTRADAY JULY 29, 2014



### FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	289.4	1.5%	2.9%	-12.5%
CDS 5Y UKR	864.5	4.9%	3.1%	5.4%
Ukraine-17	8.5%	-0.1 p.p.	0.5 p.p.	-0.5 p.p.
Naftogaz Ukr-14	25.4%	-0.3 p.p.	7.4 p.p.	16.6 p.p.
Ukraine-23	8.4%	-0.1 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	12.12	-0.3%	3.1%	47.0%
EUR	16.25	-0.5%	1.3%	42.9%
RUB	0.34	-0.8%	-2.7%	35.0%

### 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	107.7	0.1%	-4.5%	-3.1%
Gold, USD/oz	1299.0	-0.4%	-1.3%	8.6%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## EU Slams Russian State Banks with New Sanctions

by Will Ritter  
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### NEWS

The European Union on Tuesday (Jul 29) rolled out its toughest sanctions yet against the Russian economy, international media reported. The sanctions will lock Russian banks with 50% or greater state ownership out of European debt and equity markets. Meanwhile, new defense industry trade with Russian companies will be prohibited, as will sales of oil-industry equipment to Russian extraction companies. The United States also joined in later in the day by announcing similar sanctions, including banning transactions in the US financial system by two of Russia's largest banks, VTB and Bank of Moscow.

### COMMENTARY

The new EU and US sanctions are a direct response to Moscow's insulting reaction to the shooting down of the MH17 civilian airliner two weeks ago that killed 298 people, including 194 citizens of the Netherlands. The Putin regime has refused to acknowledge the clear evidence of responsibility of pro-Russian guerillas for the disaster, instead putting forth various ridiculous conspiracy theories to explain it. Meanwhile, the guerillas have repeatedly denied access to the crash site to European investigators, at times threatening and humiliating them, and there has been little visible progress in ending the Kremlin's logistical support for the Donbass rebellion. Still, at this point, it is anyone's guess how the conflict between Russia and the West over Ukraine will develop over the next couple of months, as we think that cornering Putin is not an ideal strategy for dealing with him; the new sanctions will only increase domestic nationalist support in Russia for him to harden his line on Ukraine and raise the military pressure, with a possible expansion of hostilities beyond the Donbass provinces to other regions of Ukraine being the greatest danger. It appears to us that many Western analysts have forgotten the bigger picture: that the current conflict is hardly about the Donbass region itself, and that all of Ukraine remains potentially at risk to Russian aggression if the war and mounting civilian casualties cannot be ratcheted down in the very near term.

**UkrNafta Likely to Distribute Dividends for FY11-13 in September**

by Ivan Dzvinka  
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**UKRNAFTA (UNAF UK)**

Price: UAH 326.5 Market Cap: USD 1,463mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.6	nm	5.1	n/a
2014E	0.6	9.1	4.5	n/a

**Avdyivka Coke's Electricity Supply Renewed**

by Ivan Dzvinka  
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**AVDYIVKA COKE (AVDK UK)**

Price: UAH 3.14 Market Cap: USD 51mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.05	neg	1.1	0%
2014E	0.06	neg	1.6	0%

**NEWS**

UkrNafta, Ukraine's largest oil producer, will hold a general shareholders' meeting on Sept 11, the company announced on Tuesday (Jul 29). Among agenda items, shareholders will consider the question of endorsing the company's financial statements for the past three years (2011-2013) as well as the distribution of profits earned over 2011-13. UkrNafta has not held a shareholder meeting in more than three years, since March 2011.

**COMMENTARY**

UkrNafta, which is 50% government-owned but controlled by industrialist Igor Kolomoyskiy, had refused to pay out 30% of its net profit to shareholders as required by law for the past three years, with no enforcement of the provision by the Yanukovich administration. Importantly, the dividend payout for these three years will now be heavily watered down by this spring's hryvnia devaluation. Energy Minister Yuriy Prodan recently stated his expectation of a payment of UAH 1.30bn to the government in dividends from UkrNafta. With the government's 50%+1 stake in UkrNafta and cumulative 2011-13 net income in the amount of UAH 3.80bn, this suggests a dividend payout of UAH 2.60bn, or 68% of 2011-13 net profit. This translates into a dividend per share of UAH 47.9 and dividend yield of 20%, most of which looks to have been already priced in by the UNAF stock's sharp run-up this week.

**NEWS**

Avdyivka Coke, Ukraine's largest coke maker, managed to renew electricity supplies to its main plant yesterday, its parent group Metinvest reported in a press release on Tuesday (Jul 29). Specifically, two out of four electricity lines delivering electricity to the plant are operating again after being hit by artillery shelling.

**COMMENTARY**

Metinvest stated that if the supply of electricity to Avdyivka had not been renewed within 24 hours of the cutoff, the coke-processing batteries of the plant would be permanently ruined. Avdyivka covered some 55% of Metinvest's group-wide needs in coke in 2Q14, and we presume that the other three coke plants of Metinvest and market purchases would be unable to meet the coke deficit in case of full stoppage of Avdyivka. The resumption was successful due to the Ukrainian army's expulsion from of pro-Russian paramilitaries from the city yesterday, the Ukrayinska Pravda news site reported.

## IMC Intends to Build Oilseed Processing Plant by 2019

by Ivan Dzvinka  
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### IMC (IMC PW)

Price: PLN 8.68 Market Cap: USD 89mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.9	4.3	4.3	0%
2014E	1.2	17.8	3.6	0%

### NEWS

Central-Ukraine-based crop grower Industrial Milk Company (IMC) plans to start construction of a sunflower and soya processing plant, Interfax reported on Tuesday (July 29), citing the company's management. The nominal processing capacity of the plant is targeted at 300,000 tonnes per annum; its planned location was not specified by the company.

### COMMENTARY

Management told us that the plant will not be launched until 2019 when the construction of the facility is expected to be finished. Its effective capacity will be some 283,000 tonnes. We presume that the recent success in its soybean processing project of Ukraine's largest sugar producer Astarta, was the main trigger for IMC to embark on this project. The processing plant will provide IMC with the flexibility to either process its own oilseeds or simply to sell the crops unprocessed, depending on the pricing situation. The company's stock advanced by 4.8% to PLN 8.68 yesterday on the news.

## MinFin Issues Second VAT Bonds Tranche for UAH 2.17bn

by Ivan Dzvinka  
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### NEWS

Ukraine's Finance Ministry issued a second tranche of new VAT bonds in the amount of UAH 2.17bn on Monday (Jul 28), the Ministry said. These papers are 5-year amortized bonds with the amortization taking place semi-annually at 10%, and the coupon at 9.5% per annum. The first payment on the bonds is set for January 2015. The VAT bonds will be distributed to 199 entities, according to MinFin.

### COMMENTARY

With much higher number of recipients of the second tranche of VAT bonds than the first one, this could, in our view, intensify the trading activity in these papers on the local marketplace. The first tranche in the amount of UAH 3.58bn was reimbursed on Jul 8 to a small number of large companies which were owed the greatest VAT arrears, including ArcelorMittal, ISD, Ferrexpo, and Kernel. Given current backstopping of Ukraine's sovereign finances by the IMF, we think investors will have a fair degree of confidence in the bonds; initial reports suggest trading valuations in the 75-80 range.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.89	0.56	-38%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	140.3	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	3.14	U/R	-	Susp.	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.73	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	0.65	2.9	353%	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	18.2	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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2800	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.
<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	8.4	42.0	401%	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.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	40.5	72.0	78%	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	8.14	15.00	84%	BUY	CenterEnergO'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	12.9	15.65	22%	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	38.9	90.0	132%	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.
<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	1337.36	1367.35	799.72	-0.6%	6.3%	9.0%	47.0%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-1.6%	0.0%	-1.9%	-6.2%	-1.1%	-6.3%	-10.9%	-53.1%
Azovstal	AZST	0.89	0.95	0.35	-2.0%	5.2%	14.0%	33.3%	-1.4%	-1.2%	5.0%	-13.7%
Dniprospezstal	DNSS	500	n/a	n/a	-16.9%	-61.5%	-61.5%	-61.5%	-16.4%	-67.9%	-70.6%	-108.5%
Enakievo Steel	ENMZ	44.3	65.0	17.0	-0.7%	1.5%	-0.9%	38.3%	-0.2%	-4.9%	-10.0%	-8.7%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	0.6%	-6.3%	-9.0%	200.9%
Mariupol Ilyicha	MMKI	0.13	n/a	n/a	0.0%	44.4%	-18.8%	30.0%	0.6%	38.1%	-27.8%	-17.0%
<b>Coke</b>												
Avdyivka Coke	AVDK	3.14	4.80	1.46	-3.6%	3.7%	-3.1%	6.2%	-3.0%	-2.6%	-12.1%	-40.8%
Yasynivsky Coking	YASK	0.73	0.84	0.30	4.3%	5.8%	1.4%	37.7%	4.9%	-0.5%	-7.6%	-9.2%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.00	n/a	n/a	0.0%	14.8%	0.7%	7.7%	0.6%	8.4%	-8.3%	-39.3%
Ferrexpo	FXPO	2.38	3.20	2.07	0.3%	-0.6%	6.6%	-24.7%	0.8%	-7.0%	-2.4%	-71.6%
Pivnichny GOK	SGOK	8.00	10.00	4.50	0.0%	2.3%	-1.2%	0.0%	0.6%	-4.0%	-10.3%	-47.0%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.65	0.79	0.10	0.0%	-13.3%	-12.2%	62.5%	0.6%	-19.7%	-21.2%	15.5%
Komsomolets Donbasa	SHKD	0.80	n/a	n/a	-14.9%	-7.0%	-11.1%	29.0%	-14.3%	-13.3%	-20.1%	-17.9%
Energy Coal	CLE	0.32	0.93	0.31	-5.1%	-7.2%	-22.6%	-8.4%	-4.5%	-13.6%	-31.6%	-55.3%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	0.0%	-4.3%	0.6%	-6.3%	-9.0%	-51.3%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.79	1.01	0.30	0.0%	21.5%	-10.2%	31.7%	0.6%	15.2%	-19.2%	-15.3%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	0.0%	0.0%	85.7%	0.6%	-6.3%	-9.0%	38.8%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	18.2	26.0	10.0	-4.7%	-4.1%	-3.1%	5.3%	-4.1%	-10.4%	-12.2%	-41.6%
Luhanskeplovoz	LTPL	1.35	2.20	0.85	0.0%	-6.9%	-3.6%	-10.0%	0.6%	-13.2%	-12.6%	-57.0%
Stakhanov Wagon	SVGZ	1.05	n/a	n/a	0.0%	-8.7%	-8.7%	-19.2%	0.6%	-15.0%	-17.7%	-66.2%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.0%	-7.5%	-10.7%	103.8%	0.6%	-13.9%	-19.8%	56.8%
Motor Sich	MSICH	2,800	3,000	1,303	0.2%	11.1%	15.7%	53.5%	0.7%	4.7%	6.6%	6.6%
Summy Frunze Engineering	SMASH	3.50	n/a	n/a	0.0%	-22.2%	-41.6%	40.0%	0.6%	-28.6%	-50.6%	-7.0%
Turboatom	TATM	4.00	n/a	n/a	0.0%	0.0%	-13.0%	14.3%	0.6%	-6.3%	-22.1%	-32.7%
WESTA ISIC	WES	0.10	0.26	0.10	-0.3%	2.5%	-28.4%	-22.3%	0.3%	-3.8%	-37.4%	-69.2%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.16	0.19	0.09	0.0%	-3.9%	-6.7%	48.5%	0.6%	-10.3%	-15.7%	1.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	0.14	0.27	0.12	-8.5%	-8.8%	-0.5%	-32.6%	-7.9%	-15.2%	-9.6%	-79.6%
JKX Oil	JKX	0.76	1.21	0.76	-0.3%	-10.6%	-22.4%	-35.7%	0.3%	-17.0%	-31.5%	-82.6%
Ukrnafta	UNAF	327	370	54	-0.4%	25.3%	32.9%	200.6%	0.2%	19.0%	23.9%	153.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	8.14	8.70	2.50	0.5%	3.3%	11.0%	70.7%	1.0%	-3.1%	2.0%	23.7%
Donbasenergo	DOEN	40.5	50.2	11.0	-1.5%	4.8%	2.5%	46.8%	-0.9%	-1.6%	-6.5%	-0.2%
Zakhidenergo	ZAEN	146.3	157.0	64.0	0.0%	14.3%	3.0%	61.8%	0.6%	8.0%	-6.0%	14.9%
<b>Consumer</b>												
Agroton	AGT	0.82	1.8	0.56	-3.0%	-7.9%	-14.6%	27.1%	-2.4%	-14.2%	-23.6%	-19.9%
Astarta	AST	12.6	24.4	12.1	-0.6%	-2.3%	-12.6%	-43.6%	-0.1%	-8.7%	-21.7%	-90.5%
Avangardo	AVGR	9.2	13.0	8.40	-0.1%	-3.3%	-7.2%	-21.8%	0.5%	-9.7%	-16.2%	-68.8%
Industrial Milk Company	IMC	2.81	5.14	2.49	4.5%	2.6%	-17.2%	-30.6%	5.1%	-3.7%	-26.3%	-77.5%
Kernel	KER	9.7	17.7	7.6	-0.2%	2.3%	-12.3%	-23.6%	0.3%	-4.0%	-21.3%	-70.6%
Mriya Agro Holding	MAYA	6.03	8.2	5.62	-1.2%	1.8%	-1.7%	-19.0%	-0.7%	-4.5%	-10.7%	-66.0%
MHPC	MHPC	12.9	18.7	11.00	-3.3%	-13.8%	-12.4%	-24.5%	-2.7%	-20.1%	-21.4%	-71.4%
Milkiland	MLK	1.91	4.7	1.71	-1.3%	3.0%	-19.1%	-54.1%	-0.7%	-3.4%	-28.1%	-101.1%
Ovostar Union	OVO	22.6	33.3	19.4	2.6%	-0.6%	-5.3%	-32.0%	3.1%	-6.9%	-14.3%	-78.9%
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	10.6	n/a	n/a	-10.3%	-6.1%	-15.0%	-14.9%	-9.7%	-12.4%	-24.0%	-61.8%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.147	0.188	0.077	-1.3%	-0.1%	-4.7%	29.6%	-0.7%	-6.4%	-13.7%	-17.4%
UkrSotsbank	USCB	0.177	0.257	0.090	-2.6%	3.6%	5.6%	-5.6%	-2.0%	-2.7%	-3.4%	-52.6%

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	271	52	31	26	10.8%	10.1%	9.5%	34	5	4	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	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%
<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	2,543	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%
<b>Electric Utilities</b>																
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%
<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	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
<b>Banks</b>																
		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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	77	3.9%	3	1,426	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	310	3.0%	9	294	neg	neg	neg	neg	neg	8.3	0.1	0.2	0.1	64	65	65	\$/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	2.0	neg	3.5	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	677	0.3%	2	676	7.1	3.5	4.2	2.9	2.2	2.4	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,521	0.4%	6	1,515	3.5	2.8	3.3	2.0	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	1,391	24.0%	334	2,070	6.5	5.3	7.0	5.2	4.1	4.6	1.5	1.3	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	22	5.4%	1	124	3.1	1.3	1.3	1.0	1.3	1.3	0.5	0.6	0.5	30	29	28	\$/tonne
Coal Energy	CLE	15	25.0%	4	125	0.4	neg	neg	2.0	5.9	13.8	0.8	1.0	1.2	2.0	5.9	13.8	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	169	2.0%	3	215	5.0	>30	>30	4.1	6.9	8.3	0.4	0.7	0.8	342	566	538	\$/tonne
<b>Railcar Manufacturing</b>																		
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	172	5.0%	9	172	1.8	4.1	neg	1.3	2.7	11.2	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				
<b>Specialized Machinery</b>																		
Turboatom	TATM	122	5.8%	7	56	3.2	1.7	2.3	1.1	0.6	0.8	0.4	0.3	0.3				
Motor Sich	MSICH	480	24.0%	115	471	2.4	2.8	2.6	1.5	1.7	1.8	0.5	0.5	0.5				
<b>Telecom</b>																		
Ukrtelecom	UTLM	252	7.2%	18	556	5.6	14.8	9.6	2.7	2.9	3.2	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,461	3.0%	44	1,453	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	45	21.6%	10	20	3.9	neg	22.7	1.0	neg	0.8	0.5	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	131	50.4%	66	239	neg	20.1	16.8	1.8	3.6	3.5	1.2	1.3	1.2	44	33	32	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	248	21.7%	54	317	8.6	4.2	4.8	4.6	3.4	3.9	0.3	0.3	0.4	18	23	20	\$/MWh
DonbasEnergO	DOEN	79	14.2%	11	144	20.7	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	1,358	34.1%	463	2,486	4.4	8.4	neg	5.3	6.4	5.2	1.8	1.7	1.7				\$/tonne
Kernel	KER	771	61.8%	476	1,477	3.7	7.3	16.4	4.6	5.1	8.4	0.7	0.5	0.6				
Astarta	AST	314	37.0%	116	635	5.4	9.2	3.8	5.8	7.0	4.6	1.4	1.3	1.1				\$/tonne
Avangardco	AVGR	587	22.5%	132	694	2.6	2.5	3.6	2.5	2.3	3.0	1.1	1.0	1.2	157	119	112	\$/mneegs
Agroton	AGT	18	26.2%	5	67	2.6	neg	neg	3.3	8.9	19.3	0.8	0.8	0.7	n/a	n/a	n/a	\$/th/ha
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	365	3.5%	13		>30	4.1	neg	0.5	0.4	0.6	0.06	0.07	0.09				
Ukrsotsbank	USCB	269	1.0%	3		>30	>30	21.1	0.3	0.3	0.3	0.07	0.06	0.08				

Source: Eavex Research

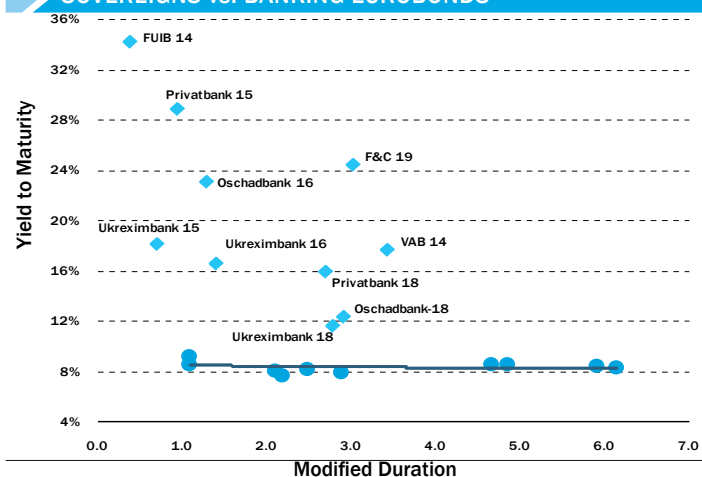
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Naftogaz Ukraine, 2014	97.0	97.8	27.9%	22.9%	-3.1%	0.2	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.8	95.8	12.0%	9.7%	-1.2%	1.0	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	95.8	96.8	12.6%	11.4%	-1.4%	1.0	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	95.2	96.8	9.4%	8.5%	2.1%	2.0	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	94.8	95.8	9.1%	8.6%	1.0%	2.1	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.5	95.7	9.1%	8.6%	2.5%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	101.3	102.0	9.2%	8.8%	2.5%	2.6	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	11.7%	11.1%	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	9.3%	8.9%	2.2%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	94.9	96.4	9.1%	8.8%	2.1%	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	94.0	95.5	8.5%	8.2%	4.7%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2014	29.1	36.1	75.9%	56.8%	-37.5%	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	93.2	10.2%	9.8%	3.5%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	96.5	96.5	16.0%	16.0%	-1.5%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	90.5	92.4	14.3%	13.6%	1.4%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	90.0	92.0	22.6%	20.4%	-9.3%	1.3	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	77.6	79.8	18.0%	17.0%	-9.7%	2.8	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	89.8	91.1	42.9%	37.2%	-11.5%	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	33.1%	30.2%	-10.0%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	83.2	86.0	15.8%	14.6%	-11.0%	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	86.0	87.8	14.4%	13.7%	-5.3%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	77.0	78.0	22.9%	21.6%	0.1%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	93.6	95.1	14.0%	13.4%	-15.0%	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	89.0	91.0	41.2%	35.2%	-8.6%	0.3	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	55.0	60.0	59.8%	50.4%	-28.6%	2.5	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	85.1	90.0	35.5%	25.9%	-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	93.8	95.5	24.8%	20.4%	-1.9%	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	88.6	89.4	12.9%	12.6%	-0.3%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	70.0	73.0	24.9%	23.0%	-16.4%	2.2	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	90.6	92.2	17.6%	16.0%	-1.8%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	86.7	88.2	13.6%	13.0%	-1.7%	2.8	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	91.0	93.0	18.9%	16.5%	-1.0%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	90.0	92.1	15.5%	14.2%	-2.1%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

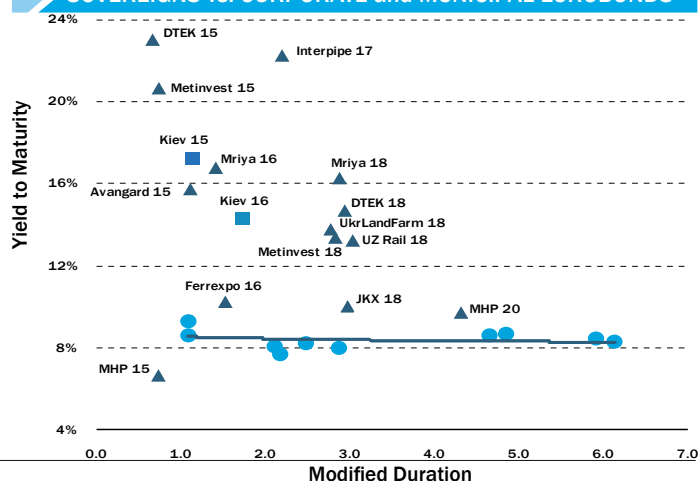
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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	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
<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

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