

Market Update
Equity

Ukrainian equities sank on Thursday (Jul 31) in line with the main US and European indices, which suffered their worst day in six months on concerns about the Argentinian default and US data showing a rise in labor costs. Although the jobs numbers were strong, they spooked traders, suggesting for the first time that the Federal Reserve's monetary stimulus could be fueling US inflation. The UX index lost 1.9% to close at 1323 points, with USD-denominated valuations further undermined by the 5% drop in the UAH/USD rate over the past week. Among the top liquid names, Motor Sich and UkrNafta led the selloff, declining by 3.2% each, and low-liquidity name Azovstal shed 3.7% to 87.20 kopecks. Outside the UX basket, Metinvest-controlled Centralny GOK had a loss of 9.1%. In London, Ferrexpo fell in line with the broad market by 2.0% to near GBP 135, while top agro names MHP and Avangard were little-changed.

Fixed Income

Ukrainian sovereigns were higher on Thursday, with Ukraine-23s improving by 0.8p.p. to 94.5/96.0 (8.4%/8.1%). In corporate debt, DTEK-15s declined by 0.6p.p. to 89.3/91.1 (46.2%/37.9%) while Metinvest-18s edged up 0.3p.p., closing at 83.8/85.9 (15.5%/14.6%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenergy	CEEN	8.13	-0.9%	3.4	248
Ukrnafta	UNAF	321.00	-3.3%	2.7	148
Motor Sich	MSICH	2738.00	-3.2%	1.6	101

Growth Leaders

Yenakievo Steel	ENMZ	44.29	0.3%	0.17	36
Avdyivka Coke	AVDK	3.20	0.2%	0.01	11
Centrenergy	CEEN	8.13	-0.9%	3.42	248

Loss Leaders

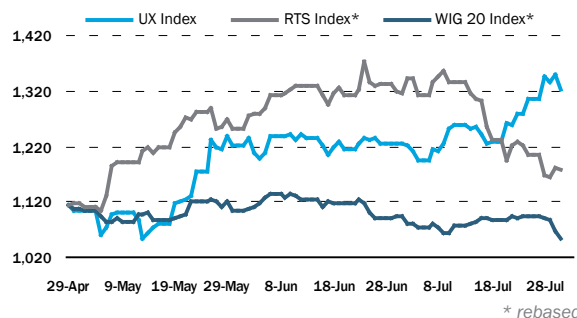
Krymenergo	KREN	1.92	-7.5%	0.221	22
Azovstal	AZST	0.87	-3.8%	0.100	81
Ukrnafta	UNAF	321.00	-3.3%	2.671	148

Highlights
POLITICS AND ECONOMICS

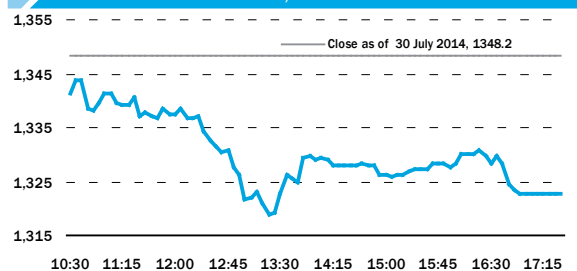
- > Yatseniuk Says Ukraine "Avoids Default" as VR Approves Budget Moves
- > Parliament Raises Taxes On Iron Ore, Gas Extraction; Agro VAT Left Untouched

STOCKS IN THE NEWS

- > Kernel Insider Acquires 5,000 Shares in the Company

STOCK MARKET PERFORMANCE

MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1322.8	-1.9%	7.8%	45.4%
RTS	1219.4	-0.2%	-10.7%	-15.5%
WIG20	2320.9	-1.1%	-3.7%	-3.3%
MSCI EM	1065.8	-1.2%	1.4%	6.4%
S&P 500	1930.7	-2.0%	-1.5%	4.9%

UX INTRADAY JULY 31, 2014

FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	290.6	3.8%	2.0%	-12.1%
CDS 5Y UKR	798.3	-1.0%	-5.0%	-2.7%
Ukraine-17	8.3%	-0.2 p.p.	0.1 p.p.	-0.7 p.p.
Naftogaz Ukr-14	24.6%	-0.9 p.p.	6.8 p.p.	15.9 p.p.
Ukraine-23	8.3%	-0.1 p.p.	-0.1 p.p.	0.8 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	12.28	0.3%	4.5%	49.0%
EUR	16.44	0.3%	2.2%	44.6%
RUB	0.34	-0.1%	-0.6%	36.8%

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%	0.9%	-0.5%
Oil, USD/bbl	106.0	-0.5%	-5.4%	-4.7%
Gold, USD/oz	1282.6	-1.1%	-3.4%	7.2%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Yatseniuk Says Ukraine “Avoids Default” as VR Approves Budget Moves

by Will Ritter
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NEWS

Prime Minister Arseniy Yatseniuk’s offer of resignation, made last week, was soundly rejected by Parliament on Thursday (Jul 31), with only 16 MPs voting in favor. The legislature also approved key short-term tax increases and budgetary amendments needed in order for the government to receive the second USD 1.4bn tranche of the country’s IMF standby loan. The political showdown had started last week after some MPs in the ruling “European Choice” coalition refused to support the measures; Yatseniuk reacted by accusing them of self-interest and offering to quit. In his remarks following yesterday’s vote, Yatseniuk said Ukraine “will never default” on its debt obligations.

COMMENTARY

Yesterday’s developments in Parliament confirm our previous view that Yatseniuk’s resignation offer was a political tactic designed to bring wayward coalition MPs into line on the IMF-required measures, and perhaps also to force more active support on the issue from President Poroshenko, from whom little has been heard on the economic front as of late. With Yatseniuk having emerged victorious, the stage is now set for his Cabinet to remain in place until the beginning of December, after a new Parliament is elected and convened. In our view, the most important budgetary issue now facing Ukraine is a quick resolution to the Donbass war, as the longer it continues, the more it will drain the country’s already-tight finances. We see the Western governments currently providing moral and financial support to Kyiv as probably unwilling to fund an open-ended military operation to re-take urban areas currently held by pro-Russian guerillas, and any appearance of a diversion of IMF money for military purposes is going to be problematic.

Parliament Raises Taxes On Iron Ore, Gas Extraction; Agro VAT Left Untouched

by Ivan Dzvinka
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NEWS

Parliament on Thursday (Jul 31) passed important amendments to Ukrainian Tax Code in line with IMF demands for the release of a new USD 1.4bn loan tranche. These changes had failed to pass in Parliament a week ago, and the new amendments which passed yesterday are significantly different from those rejected previously. The main amendments approved to the current Tax Code are temporary and will be valid only until the end of 2014. They include:

- An extraction tax on natural gas will be increased from the current 28% to 55% with drilling at the depth up to 5000 metres and from 15% to 28% for depth above 5000 metres;
- The extraction tax rate for iron ore miners will increase from 5% to 8% of the market price for iron ore products;
- In agriculture, the non-reimbursement of export VAT to grain exporters will continue until the end of 2014, instead of expiring on Oct 1.
- No changes were made in the preferential VAT regime for agro producers, or in the sector's preferential fixed agricultural tax (FAT). Notably, tough changes in VAT/FAT regimes for agrarians had been proposed in the bill rejected by Parliament last week, although this does preclude the VAT exemption being removed at the start of 2015;
- A 1.5% tax rate on personal wages (a so-called "war tax") with the funds collected to finance Ukraine's military operations in the Donbass provinces.

COMMENTARY

While increasing taxes to raise budget revenues during tough economic and military times is simply a reality, we believe that strict fiscal policy is not the optimal way for Ukraine's economic development in the longer term, as higher taxes adversely affect the competitiveness of domestic entities on international markets and also encourages tax avoidance schemes. For example, the temporary extraction tax on Ukrainian iron ore will now be the second-highest in the world after India (10%); the rates world's major iron ore producing countries are 2% for Brazil, 2.7-7.5% for Australia, and 2% for China.

We see the primary means for recovery of the national economy as effective steps in fighting corruption and bringing part of Ukraine's huge shadow economy into the open, where it would become the source of tens of billions of hryvnias in tax revenues. We think persuasive moves by the new government in this direction are yet to be introduced.

Kernel Insider Acquires 5,000 Shares in the Company

by Ivan Dzvinka
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KERNEL (KER PW)

Price: PLN 29.0 Market Cap: USD 742mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY13	0.5	7.1	5.0	0%
FY14E	0.6	15.8	8.3	3%

NEWS

Kernel, Ukraine's largest sunflower oil producer, reported on Friday (Aug 1) that a company controlled by the group's management acquired 5,000 shares of the KER stock on Jul 31 at an average price of PLN 28.6 per share, translating into deal value of some USD 46,000.

COMMENTARY

We see this step as once again indicating that the company's management believes that the KER stock is oversold. We note that the issue had lost 5% on Jul 30 on concerns that Parliament would pass amendments to the tax code to bring the preferential VAT and fixed agricultural tax regimes in agriculture up to regular corporate rates. Although Parliament did in fact postpone export VAT reimbursement by three months, from Oct 1 until Jan 1, the VAT and FAT special regimes were left untouched; the KER stock recovered yesterday by a modest 1.6% to near PLN 29.

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	134.6	125.0	-7%	SELL	Ferrexpo's lower production cost due to UAH devaluation in 2014 together with a 8% increase in output will not be sufficient to offset a projected 13% drop in the group's achieved iron ore pricing.
Pivnichny GOK	SGOK	7.95	U/R	-	U/R	On its EGM on 14 Feb 2014, SGOK's shareholders approved additional issue of 14.75mn of new shares implying 0.64% of the company's share capital.
Centralny GOK	CGOK	6.36	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	3.20	U/R	-	Susp.	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.72	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	0.62	2.9	375%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	18.7	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	2738	5250	92%	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	8.3	42.0	409%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	43.0	120	179%	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	40.2	72.0	79%	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	8.13	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	13.0	15.65	21%	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	37.0	90.0	143%	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	9.1	8.93	-2%	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	70.5	58.74	-17%	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	1322.84	1368.76	799.72	-1.9%	3.3%	7.8%	45.4%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.037	0.06	0.02	-1.3%	2.8%	-1.3%	-5.7%	0.5%	-0.5%	-9.2%	-51.0%
Azovstal	AZST	0.87	0.95	0.35	-3.8%	-1.1%	11.4%	30.1%	-1.9%	-4.4%	3.5%	-15.2%
Dniprospezstal	DNSS	500	n/a	n/a	0.0%	-16.9%	-61.5%	-61.5%	1.9%	-20.3%	-69.4%	-106.9%
Enakievo Steel	ENMZ	44.3	65.0	17.0	0.3%	2.5%	-0.9%	38.4%	2.1%	-0.8%	-8.7%	-7.0%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	1.9%	-3.3%	-7.8%	202.5%
Mariupol Ilyicha	MMKI	0.13	n/a	n/a	0.0%	0.0%	-18.8%	30.0%	1.9%	-3.3%	-26.6%	-15.4%
Coke												
Avdiyivka Coke	AVDK	3.20	4.80	1.46	0.2%	2.6%	-1.3%	8.1%	2.1%	-0.7%	-9.2%	-37.3%
Yasnyivsky Coking	YASK	0.72	0.84	0.30	0.0%	4.3%	0.0%	35.8%	1.9%	1.0%	-7.8%	-9.5%
Iron Ore Mining												
Centralny GOK	CGOK	6.36	n/a	n/a	-9.1%	-9.1%	-8.5%	-2.2%	-7.3%	-12.5%	-16.3%	-47.5%
Ferrexpo	FXPO	2.27	3.20	2.07	-2.2%	-6.1%	1.4%	-27.9%	-0.3%	-9.4%	-6.4%	-73.3%
Pivnichny GOK	SGOK	7.95	10.00	4.50	-0.6%	-0.6%	-1.9%	-0.6%	1.3%	-3.9%	-9.7%	-46.0%
Coal Mining												
Pokrovske Mine	SHCHZ	0.62	0.79	0.10	-4.6%	-7.5%	-16.2%	55.0%	-2.7%	-10.8%	-24.1%	9.6%
Komsomolets Donbasa	SHKD	0.80	n/a	n/a	0.0%	-14.9%	-11.1%	29.0%	1.9%	-18.2%	-18.9%	-16.3%
Energy Coal	CLE	0.30	0.93	0.29	4.0%	-14.2%	-27.8%	-12.9%	5.9%	-17.5%	-35.7%	-58.3%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	0.0%	-4.3%	1.9%	-3.3%	-7.8%	-49.7%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.70	1.01	0.30	-11.4%	-7.9%	-20.5%	16.7%	-9.5%	-11.2%	-28.3%	-28.7%
Interpipe NMPP	NVTR	0.40	n/a	n/a	0.0%	2.6%	2.6%	90.5%	1.9%	-0.8%	-5.3%	45.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	18.7	26.0	10.0	0.0%	-3.4%	-0.7%	7.9%	1.9%	-6.7%	-8.6%	-37.4%
Luhanskeplovoz	LTPL	1.35	2.20	0.85	0.0%	8.0%	-3.6%	-10.0%	1.9%	4.7%	-11.4%	-55.4%
Stakhanov Wagon	SVGZ	1.07	n/a	n/a	0.0%	-2.7%	-7.0%	-17.7%	1.9%	-6.0%	-14.8%	-63.1%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.0%	-2.8%	-14.0%	96.2%	1.9%	-6.1%	-21.9%	50.9%
Motor Sich	MSICH	2,738	3,000	1,303	-3.1%	6.1%	13.1%	50.1%	-1.2%	2.8%	5.3%	4.7%
Summy Frunze Engineering	SMASH	3.50	n/a	n/a	0.0%	-22.2%	-41.6%	40.0%	1.9%	-25.5%	-49.4%	-5.4%
Turboatom	TATM	5.00	n/a	n/a	0.0%	25.0%	8.7%	42.9%	1.9%	21.7%	0.9%	-2.5%
WESTA ISIC	WES	0.10	0.26	0.10	-3.5%	-4.7%	-31.2%	-25.4%	-1.6%	-8.0%	-39.1%	-70.8%
Telecom												
Ukrtelecom	UTLM	0.17	0.19	0.09	0.0%	-3.2%	-1.7%	56.4%	1.9%	-6.5%	-9.6%	11.0%
Oil & Gas												
Regal Petroleum	RPT	0.14	0.27	0.12	-9.7%	-10.1%	-6.9%	-33.8%	-7.8%	-13.4%	-14.7%	-79.2%
JKX Oil	JKX	0.73	1.21	0.73	-3.5%	-8.5%	-26.5%	-38.7%	-1.6%	-11.9%	-34.3%	-84.1%
Ukrnafta	UNAF	321	370	54	-3.5%	10.7%	30.7%	195.6%	-1.7%	7.4%	22.9%	150.2%
Power Utilities												
Centrenerg	CEEN	8.13	8.70	2.50	-0.9%	2.0%	10.9%	70.5%	1.0%	-1.3%	3.1%	25.2%
Donbasenergo	DOEN	40.2	50.2	11.0	-1.2%	5.4%	1.8%	45.8%	0.7%	2.1%	-6.0%	0.5%
Zakhidenergo	ZAEN	146.3	157.0	64.0	0.0%	2.0%	3.0%	61.8%	1.9%	-1.4%	-4.8%	16.5%
Consumer												
Agroton	AGT	0.77	1.8	0.61	0.9%	-13.2%	-19.8%	18.5%	2.8%	-16.5%	-27.6%	-26.9%
Astarta	AST	11.8	24.4	11.8	-3.0%	-7.8%	-18.2%	-46.8%	-1.1%	-11.1%	-26.1%	-92.1%
Avangardo	AVGR	9.1	13.0	8.40	2.2%	-1.0%	-8.1%	-22.6%	4.1%	-4.3%	-15.9%	-67.9%
Industrial Milk Company	IMC	2.69	5.14	2.49	-0.4%	-2.7%	-20.2%	-33.5%	1.5%	-6.1%	-28.1%	-78.8%
Kernel	KER	9.3	17.7	7.6	1.3%	-4.6%	-15.5%	-26.8%	3.1%	-8.0%	-23.4%	-72.1%
Mriya Agro Holding	MAYA	5.42	8.2	5.42	-2.4%	-11.9%	-13.0%	-27.3%	-0.5%	-15.2%	-20.8%	-72.6%
MHPC	MHPC	13.0	18.7	11.00	-0.3%	3.7%	-13.6%	-23.8%	1.6%	0.4%	-21.4%	-69.2%
Milkiland	MLK	1.83	4.7	1.71	-0.2%	-2.6%	-19.9%	-55.9%	1.7%	-5.9%	-27.8%	-101.2%
Ovostar Union	OVO	22.7	33.3	19.4	0.0%	3.7%	-5.7%	-31.9%	1.9%	0.4%	-13.6%	-77.2%
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	10.6	n/a	n/a	0.0%	1.2%	-15.0%	-14.9%	1.9%	-2.1%	-22.9%	-60.2%
Banks												
Raiffeisen Bank Aval	BAVL	0.147	0.188	0.077	-0.7%	0.3%	-4.6%	29.7%	1.1%	-3.0%	-12.4%	-15.7%
UkrSotsbank	USCB	0.177	0.257	0.090	0.2%	2.6%	5.5%	-5.7%	2.1%	-0.8%	-2.3%	-51.0%

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	77	3.9%	3	1,426	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	368	344	334	\$/tonne
Yenakievo Steel	ENMZ	38	8.8%	3	34	4.4	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	12	\$/tonne
Azovstal	AZST	299	3.0%	9	283	neg	neg	neg	neg	neg	8.0	0.1	0.1	0.1	62	63	62	\$/tonne
Coke																		
Avdyivka Coke	AVDK	51	6.8%	3	48	neg	neg	neg	neg	1.1	1.6	0.0	0.1	0.1	11	12	13	\$/tonne
Yasynivsky Coke	YASK	16	9.0%	1	17	1.9	neg	3.4	0.6	0.6	0.9	0.0	0.0	0.1	0.6	0.6	0.9	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	607	0.3%	2	606	6.4	3.1	3.7	2.6	1.9	2.2	1.0	0.9	1.0				
Pivnichny GOK	SGOK	1,492	0.4%	6	1,486	3.4	2.7	3.2	2.0	1.6	1.8	1.0	0.9	1.0				
Ferrexpo	FXPO	1,330	24.0%	319	2,009	6.2	5.0	6.7	5.0	4.0	4.5	1.4	1.3	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	22	5.4%	1	124	3.0	1.3	1.3	1.0	1.3	1.3	0.5	0.6	0.5	30	29	28	\$/tonne
Coal Energy	CLE	14	25.0%	3	124	0.4	neg	neg	2.0	5.9	13.8	0.7	1.0	1.2	2.0	5.9	13.8	\$/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	510	485	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	24	24.0%	6	61	5.0	1.2	1.1	2.1	1.7	1.6	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	174	5.0%	9	174	1.8	4.2	neg	1.3	2.7	11.4	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	120	5.8%	7	54	3.2	1.7	2.3	1.1	0.6	0.8	0.3	0.3	0.3				
Motor Sich	MSICH	464	24.0%	111	454	2.3	2.7	2.5	1.5	1.7	1.7	0.5	0.5	0.5				
Telecom																		
Ukrtelecom	UTLM	262	7.2%	19	566	5.8	15.4	10.0	2.8	3.0	3.3	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,418	3.0%	43	1,410	8.0	>30	8.8	3.1	4.9	4.4	0.6	0.5	0.6	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	45	21.6%	10	20	3.8	neg	22.3	0.9	neg	0.8	0.5	0.5	0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	125	50.4%	63	233	neg	19.2	16.0	1.7	3.5	3.4	1.1	1.3	1.2	43	32	31	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	245	21.7%	53	313	8.5	4.1	4.7	4.5	3.3	3.9	0.3	0.3	0.4	18	23	20	\$/MWh
DonbasEnergO	DOEN	77	14.2%	11	143	20.3	1.2	1.7	4.5	2.0	2.8	0.2	0.2	0.2	17	18	17	\$/MWh
Consumer																		
MHP	MHPC	1,369	34.1%	467	2,497	4.4	8.4	neg	5.3	6.4	5.2	1.8	1.7	1.7				\$/tonne
Kernel	KER	739	61.8%	457	1,445	3.5	7.0	15.7	4.5	5.0	8.3	0.7	0.5	0.6				
Astarta	AST	296	37.0%	110	618	5.1	8.7	3.6	5.6	6.8	4.5	1.4	1.3	1.1				\$/tonne
Avangardco	AVGR	581	22.5%	131	689	2.5	2.4	3.5	2.5	2.3	2.9	1.1	1.0	1.2	156	118	112	\$/mneqgs
Agroton	AGT	17	26.2%	4	66	2.5	neg	neg	3.2	8.7	18.9	0.7	0.8	0.7	n/a	n/a	n/a	\$/th/ha
Banks																		
							P/E			P/Book			P/Assets					
Raiffeisen Bank Aval	BAVL	360	3.5%	13		>30	4.0	neg	0.5	0.4	0.6	0.06	0.07	0.09				
Ukrsotsbank	USCB	265	1.0%	3		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

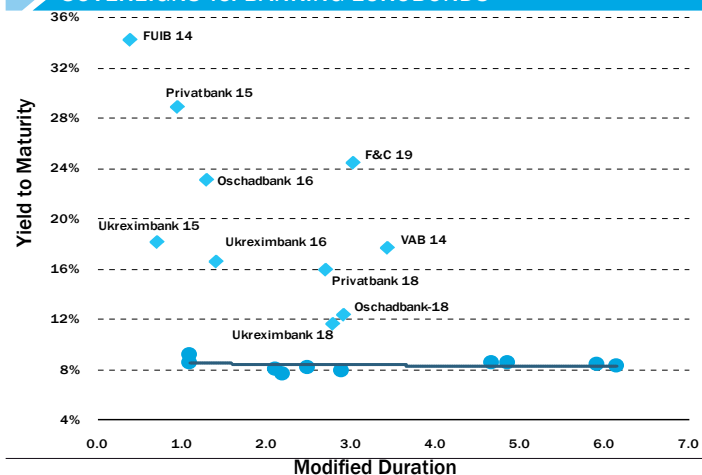
UKRAINIAN EUROBONDS

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	97.3	98.0	27.1%	22.2%	-2.8%	0.1	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	94.2	96.2	11.6%	9.4%	-0.8%	1.0	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	96.8	98.3	11.5%	9.7%	-0.2%	1.0	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	95.4	97.3	9.3%	8.3%	2.5%	2.0	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	96.2	97.4	8.4%	7.8%	2.6%	2.1	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	94.9	96.2	8.9%	8.4%	3.0%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	101.5	102.2	9.1%	8.8%	2.7%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	11.7%	11.1%	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	94.9	96.4	9.1%	8.8%	2.8%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	96.2	97.7	8.9%	8.6%	3.5%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	95.4	97.4	8.7%	8.3%	5.8%	5.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	94.5	96.0	8.4%	8.1%	5.3%	6.1	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.1	36.4	76.2%	56.4%	-37.3%	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	92.3	93.5	10.1%	9.8%	3.9%	4.3	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	97.8	97.8	14.5%	14.5%	-0.2%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	89.9	92.1	14.5%	13.7%	0.8%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	90.0	92.0	22.6%	20.5%	-9.3%	1.3	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	77.3	79.8	18.1%	17.0%	-9.9%	2.8	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	89.3	91.1	46.2%	37.9%	-11.8%	0.6	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	75.0	76.3	17.4%	16.8%	-19.8%	2.8	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	91.8	92.8	33.5%	30.6%	-10.0%	0.7	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	83.8	85.9	15.5%	14.6%	-10.7%	2.7	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	95.9	97.2	11.8%	10.7%	-1.5%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	84.9	86.7	14.9%	14.1%	-6.5%	3.0	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	77.0	78.0	22.9%	21.7%	0.1%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	91.8	93.7	14.6%	14.0%	-16.5%	2.8	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	55.0	65.0	27.3%	21.9%	-27.7%	3.2	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	89.0	91.0	41.9%	35.8%	-8.6%	0.3	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	55.0	60.0	60.2%	50.7%	-28.6%	2.5	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	85.0	88.0	36.0%	29.7%	-2.9%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	77.0	79.0	27.1%	24.9%	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	93.5	94.5	25.7%	23.1%	-2.5%	0.6	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.0	82.0	28.3%	23.3%	-6.2%	1.2	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	88.5	90.5	13.0%	12.2%	0.3%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	70.0	73.0	24.9%	23.1%	-16.4%	2.2	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	90.8	92.6	17.5%	15.7%	-1.5%	1.4	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	86.9	88.6	13.6%	12.9%	-1.4%	2.8	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	90.1	92.0	20.1%	17.8%	-2.0%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	89.6	91.1	15.8%	14.8%	-2.4%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

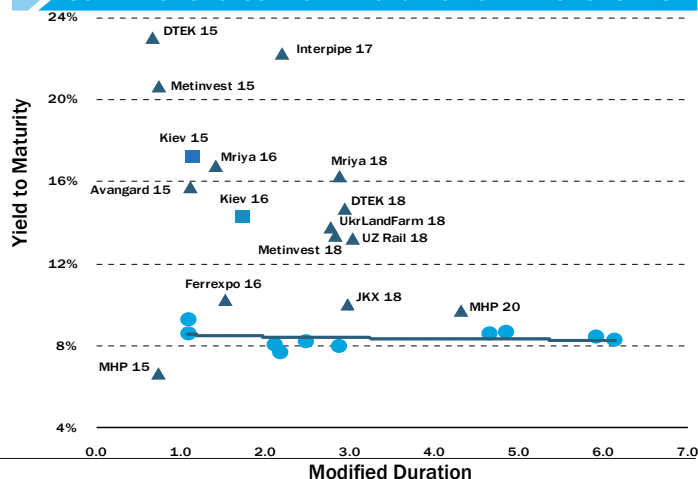
¹ Moody's/S&P/Fitch; * EUR

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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