

Market Update

Equity

Kyiv-listed Ukrainian blue chips fell notably on Tuesday (Aug 5) as concerns about the escalating war in the east of the country and the dire humanitarian situation in the besieged city of Lugansk in particular weighed on investors not just locally, but around the globe. The UX index lost 1.7%, all of it in the last hour of trading, to close at 1293 points; the S&P 500 also sold off by around 1% on worries about Russia's military heavy troop presence on the border bringing new tension to the crisis. Motor Sich and UkrNafta, the two issues which have benefited the most from the recent run of buying, were the day's biggest losers, dropping by 3.2% and 4.8% to UAH 2607 and UAH 298 respectively. Raiffeisen Aval shed 1.8% and CentrEnergO lost 1.2% on turnover of UAH 2.3mn. In London, JKN Oil&Gas rebounded off its all-time low set on Monday, picking up 1.7%, and lower-liquidity issue Regal Petroleum rose 10.9%. In Frankfurt, Mriya has plunged by more than 50% since announcing liquidity problems late last week, and is now listed at EUR 2.05.

Fixed Income

Ukrainian corporate Eurobonds were hit hard on Tuesday by continuing fallout from Mriya's announcement of liquidity problems and the ongoing Donbass war. Metinvest-18s dropped by 2.6p.p. to 77.9/80.7 (18.4%/17.0%) and Avangardco-15s declined by 3.5p.p., closing at 93.0/94.0 (20.8%/19.4%). Sovereigns saw a more marginal fall, with benchmark Ukraine-23s down 0.7p.p. to 91.3/92.6 (9.0%/8.7%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	298.00	-4.8%	3.8	335
CentrenergO	CEEN	8.05	-1.2%	2.3	206
Motor Sich	MSICH	2607.00	-3.2%	1.1	135

Growth Leaders

Azovstal	AZST	0.88	0.3%	0.54	169
Donbasenergo	DOEN	40.65	-0.3%	0.15	83
Yenakievo Steel	ENMZ	43.35	-0.7%	0.03	65

Loss Leaders

Ukrnafta	UNAF	298.00	-4.8%	3.800	335
Motor Sich	MSICH	2,607.00	-3.2%	1.124	135
Krymenergo	KREN	1.92	-2.5%	0.044	12

Highlights

POLITICS AND ECONOMICS

- > Ukraine's Steel Output Down by 7% YoY In 7M14

STOCKS IN THE NEWS

- > Kernel Completed Harvesting of Winter Wheat
- > Astarta Holding Finished Early Crops Harvesting

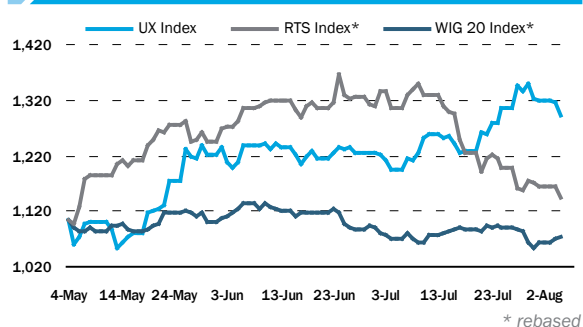
FIXED INCOME

- > Fitch Cuts Mriya to 'C'

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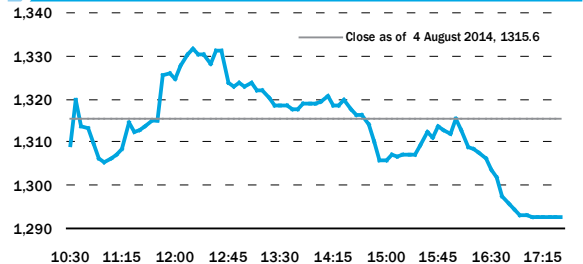
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1292.6	-1.7%	8.3%	42.0%
RTS	1191.4	-1.7%	-12.4%	-17.4%
WIG20	2369.3	0.3%	0.3%	-1.3%
MSCI EM	1063.1	-0.6%	0.1%	6.1%
S&P 500	1920.2	-1.0%	-3.3%	4.3%

UX INTRADAY AUGUST 5, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	312.3	2.1%	13.0%	-5.6%
CDS 5Y UKR	901.0	8.6%	11.1%	9.8%
Ukraine-17	9.0%	0.1 p.p.	0.5 p.p.	0.0 p.p.
Naftogaz Ukr-14	27.8%	1.7 p.p.	11.5 p.p.	19.1 p.p.
Ukraine-23	8.8%	0.1 p.p.	0.4 p.p.	1.3 p.p.
Privatbank-16	25.5%	0.0 p.p.	1.9 p.p.	0.9 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	12.35	-0.2%	5.1%	49.9%
EUR	16.52	-0.6%	3.4%	45.3%
RUB	0.34	-1.0%	0.2%	36.3%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	237.4	0.0%	-5.0%	-17.4%
Steel, USD/t	537.5	0.0%	1.4%	0.0%
Oil, USD/bbl	104.6	-0.8%	-5.4%	-5.9%
Gold, USD/oz	1288.8	0.0%	-2.4%	7.7%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukraine's Steel Output Down by 7% YoY In 7M14

by Ivan Dzvinka
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NEWS

Ukraine's average daily crude steel output dropped by 7% MoM to 79,200 tonnes in July, industry publication Metal Courier reported. Overall, steelmakers produced 2.46mn tonnes during the month, representing a 13% YoY drop, as the war in the Donbass took its toll on the region's industrial activity and the figure came up against a high comparison base from July 2013. Year-to-date (through 7M14), steel production in Ukraine is down by 7% YoY to 17.9mn tonnes.

UKRAINE'S CRUDE STEEL PRODUCTION

'000 tonnes		Jul'14	YoY	Jul daily	MoM	7M14	YoY
KSTL	ArchelorMittal KR	570	4%	18.4	-2%	3,618	-2%
MMKI	MMK Illich	353	-16%	11.4	-12%	2,562	-14%
AZST	Azovstal	268	-31%	8.7	-24%	2,308	-14%
ZPST	Zaporizhstal	326	-5%	10.5	-2%	2,263	3%
ALMK	Alchevsk Steel	268	-29%	8.6	-9%	2,464	-3%
ENMZ	Yenakievo Steel	236	-8%	7.6	19%	1,712	3%
DMKD	Dzerzhinsky Steel	208	-8%	6.7	-11%	1,442	-21%
DMZP	Petrovsky Steel	93	9%	3.0	13%	594	-1%
DNSS	Dniprospezstal	26	14%	0.8	5%	164	-5%
	Others	106		3.4		802	
TOTAL		2,455	-13%	79.2	-7%	17,929	-7%

Source: Metal Courier, Metallurgprom

COMMENTARY

As the breakdown of the steel output shows, the war in Donbass hit the most heavily two steel mills of Metinvest (Azovstal and MMK Illich), which demonstrated a double-digit drop in production in July in YoY and MoM terms in July. For 7M14 results, upset results was reported by the mentioned Azovstal and MMK Illich and also ISD-owned Dzerzhinsky Steel as ISD partly redirected orders to Alchevsk Steel.

This year's decline in Ukrainian steel output is due to two core reasons: a drop in domestic sales and a decline in exports to Russia. In available data for 1H14, domestic deliveries of steel were down by 13% YoY to 2.3mn tonnes on the overall poor macroeconomic situation and disruptions from the Donbass war. Also, export deliveries to CIS in 1H14 dropped by 36% YoY to 2.54mn tonnes (-37% in exports to Russia). Since Russia is now actively working on import substitution of Ukrainian products as well as the launch of new capacities for long steel (the main export product from Ukraine to Russia), we expect to continue to see declining sales of Ukrainian steel goods to Russian buyers.

On the other hand, Ukrainian steelmakers managed to increase their export sales to Europe and MENA in 1H14 by 13% and 14% YoY respectively, largely offsetting the drop in sales to Russia. As a result, overall Ukrainian steel exports in 1H14 were down by 3% YoY to 11.5mn tonnes. Another positive development was a 3x YoY increase in exports to North America (mostly US), though the volumes remain relatively insignificant at 250,000 tonnes. With the US having removed its anti-dumping duty on Ukrainian long products in June of this year, we expect a further expansion of sales to the region in the medium term. Meanwhile, in the coming months, we could experience sluggish steel production in domestic steel sector due to continued tough situation in Donbass.

Kernel Posts Gross Winter Wheat Yield of 5.6 t/ha

by Ivan Dzvinka
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KERNEL (KER PW)

Price: PLN 27.65 Market Cap: USD 708mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY14E	0.6	15.1	8.1	3%
FY15E	0.5	4.2	4.6	3%

Astarta Holding Finished Early Crops Harvesting

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ASTARTA (AST PW)

Price: PLN 37.0 Market Cap: USD 297mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.3	8.7	6.8	0%
2014E	1.1	3.6	4.5	0%

NEWS

Kernel, Ukraine's largest sunflower oil producer and a major crop grower, has completed its winter wheat harvesting campaign, the company said in its release on Tuesday (Aug 5). The achieved average gross yield was 5.6 tonnes/ha, representing a 23% YoY rise.

COMMENTARY

In addition to the solid increase YoY, Kernel's result for winter wheat is also 47% higher compared to the Ukrainian average of 3.8 t/ha (as of Jul 31). While the area under winter wheat amounted to only 30,700 ha (8.2% of the total planted), the initial results of the harvest campaign support our expectation of a material improvement in Kernel's grain growing business this season, and we thus view the news as positive for the Warsaw-listed KER stock.

NEWS

Astarta Holding, Ukraine's largest sugar producer and large agriculture company, reported on Tuesday (Aug 5) that it completed harvesting of early crops (wheat and barley), according to the company's press release. The average yeild achieved for wheat and barley amounts to 5 tonnes/ha and 4.8 tonnes/ha, respectively.

COMMENTARY

Given that last season the company's yields for wheat and barley were 4.7 t/ha and 3.0 t/ha, respectively, this season's results imply a 6% YoY for wheat and 60% growth for barley. While the improvement in barley yield is clearly a standout result, the achieved wheat yield is largely in line with the results of Astarta's peers and some 30% higher than Ukraine's average of 3.8 t/ha. We thus treat the news as positive for the company's AST stock.

Fitch Cuts Mriya Rating to 'C'

by Ivan Dzvinka
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NEWS

Ratings agency Fitch has downgraded the credit rating of Mriya Agro Holding, Ukraine's largest crop growers, to 'C' from 'CCC' previously. Fitch based its decision on uncertainty regarding the recently disclosed plans of the company to restructure its balance sheet (likely including its debt). Fitch voiced its concern that the restructuring process will result in a significant deterioration of conditions for Mriya's Eurobond holders.

Mriya cited a complicated liquidity condition due to depressed grain prices and its inability to replenish working capital heading into this year's harvest period. The company also recently defaulted on some unspecified debt, likely retaining the cash for use as working capital. In contrast to the difficulties with working capital, the situation with Mriya's debt redemption for 2014 had still looked manageable as of the end of April. The company stated in its 1Q14 results presentation that it had to repay USD 111mn in debt over May-December 2014, which looked achievable task given its cash balance of USD 75mn on Apr 30.

COMMENTARY

The rating downgrade is unsurprising and justified in light of Mriya's shock announcement (given its status as one of Ukraine's largest corporate borrowers) last week about its financial and liquidity problems with liquidity. Mriya's 2018 Eurobonds have since crashed from 77/80 to around 45/60, while the Frankfurt-listed MAYA stock has lost half its value. The refusal of the company's investor relations department to comment on the situation, as well as the reported dismissal Mriya's CFO, provide us with grounds to assume the financial situation is even worse than has thus far been acknowledged, and we suppose without a short-term improvement, a further downgrade of the company's rating may be forthcoming.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.88	0.56	-36%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	132.3	125.0	-6%	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	8.05	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	3.09	U/R	-	Susp.	AVDK's order book is secure thanks to its integration with Metinvest, Ukraine's largest M&M holding.
Yasynivsky Coke	YASK	0.74	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	0.79	2.9	275%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	18.3	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	2607	5250	101%	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	7.6	42.0	451%	BUY	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	37.1	120	223%	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	40.7	72.0	77%	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	8.05	15.00	86%	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	12.9	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	9.0	8.93	-1%	HOLD	The company's FY14 results will be hit by the hryvnia devaluation, while next year's likely elimination of the special VAT regime for large agro producers bodes poorly for FY15 earnings.
Ovostar Union	OVO	67.1	58.74	-12%	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	0.144	0.24	66%	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	1292.62	1368.76	799.72	-1.7%	-3.3%	8.3%	42.0%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.036	0.06	0.02	-1.4%	-0.5%	-0.5%	-6.7%	0.4%	2.8%	-8.8%	-48.7%
Azovstal	AZST	0.88	0.95	0.35	0.5%	-2.0%	13.0%	30.6%	2.2%	1.3%	4.8%	-11.4%
Dniprospezstal	DNSS	500	n/a	n/a	0.0%	0.0%	-61.5%	-61.5%	1.7%	3.3%	-69.8%	-103.6%
Enakievo Steel	ENMZ	43.4	65.0	17.0	-0.3%	-2.1%	4.6%	35.4%	1.5%	1.3%	-3.7%	-6.6%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	1.7%	3.3%	-8.3%	205.8%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	0.0%	7.7%	-12.5%	40.0%	1.7%	11.0%	-20.8%	-2.0%
Coke												
Avdivka Coke	AVDK	3.09	4.80	1.46	-2.4%	-1.8%	-1.9%	4.2%	-0.6%	1.5%	-10.2%	-37.8%
Yasynivsky Coking	YASK	0.74	0.84	0.30	0.0%	1.4%	8.8%	39.6%	1.7%	4.7%	0.5%	-2.4%
Iron Ore Mining												
Centralny GOK	CGOK	6.36	n/a	n/a	0.0%	-9.1%	-8.5%	-2.2%	1.7%	-5.8%	-16.8%	-44.2%
Ferrexpo	FXPO	2.23	3.20	2.07	-0.6%	-6.1%	-7.4%	-29.2%	1.2%	-2.7%	-15.7%	-71.3%
Pivnichny GOK	SGOK	8.05	10.00	4.50	3.5%	0.6%	-10.6%	0.6%	5.2%	4.0%	-18.9%	-41.4%
Coal Mining												
Pokrovske Mine	SHCHZ	0.79	0.79	0.10	0.0%	21.5%	12.9%	97.5%	1.7%	24.9%	4.6%	55.5%
Komsomolets Donbasa	SHKD	0.80	n/a	n/a	0.0%	0.0%	-5.9%	29.0%	1.7%	3.3%	-14.2%	-13.0%
Energy Coal	CLE	0.32	0.93	0.29	-1.6%	-1.2%	-16.1%	-9.5%	0.1%	2.1%	-24.4%	-51.5%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.44	n/a	n/a	0.0%	0.0%	0.0%	-4.3%	1.7%	3.3%	-8.3%	-46.4%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.70	1.01	0.30	0.0%	-11.4%	-20.5%	16.7%	1.7%	-8.0%	-28.8%	-25.4%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	-23.1%	-23.1%	42.9%	1.7%	-19.7%	-31.4%	0.8%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	18.3	26.0	10.0	-0.3%	0.2%	-0.3%	5.5%	1.5%	3.6%	-8.6%	-36.5%
Luhanskeplovoz	LTPL	1.35	2.20	0.85	0.0%	0.0%	-2.2%	-10.0%	1.7%	3.3%	-10.5%	-52.0%
Stakhanov Wagon	SVGZ	1.07	n/a	n/a	0.0%	1.9%	-7.0%	-17.7%	1.7%	5.3%	-15.3%	-59.7%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.0%	-3.7%	-6.5%	96.2%	1.7%	-0.4%	-14.8%	54.2%
Motor Sich	MSICH	2,607	3,000	1,303	-3.2%	-6.9%	9.5%	42.9%	-1.4%	-3.5%	1.2%	0.9%
Sumy Frunze Engineering	SMASH	3.00	n/a	n/a	0.0%	-14.3%	-49.9%	20.0%	1.7%	-10.9%	-58.2%	-22.0%
Turboatom	TATM	5.00	n/a	n/a	0.0%	25.0%	8.7%	42.9%	1.7%	28.3%	0.4%	0.8%
WESTA ISIC	WES	0.10	0.26	0.09	6.2%	-4.3%	-13.7%	-25.6%	8.0%	-1.0%	-22.0%	-67.7%
Telecom												
Ukrtelecom	UTLM	0.18	0.19	0.09	0.0%	8.8%	-1.1%	61.5%	1.7%	12.2%	-9.4%	19.5%
Oil & Gas												
Regal Petroleum	RPT	0.13	0.27	0.12	11.1%	-9.3%	-11.8%	-38.9%	12.8%	-6.0%	-20.1%	-80.9%
JKX Oil	JKX	0.63	1.21	0.61	1.9%	-17.8%	-37.3%	-47.1%	3.6%	-14.5%	-45.6%	-89.2%
Ukrnafta	UNAF	298	370	54	-4.8%	-8.7%	23.8%	174.4%	-3.0%	-5.4%	15.5%	132.4%
Power Utilities												
Centrenerg	CEEN	8.05	8.70	2.50	-1.0%	-1.1%	11.5%	68.8%	0.8%	2.2%	3.2%	26.8%
Donbasenergo	DOEN	40.7	50.2	11.0	-0.3%	0.4%	9.0%	47.3%	1.5%	3.7%	0.7%	5.3%
Zakhidenergo	ZAEN	149.0	157.0	64.0	0.0%	1.8%	8.8%	64.8%	1.7%	5.2%	0.5%	22.8%
Consumer												
Agroton	AGT	0.72	1.8	0.64	-6.1%	-12.8%	-24.9%	10.8%	-4.3%	-9.5%	-33.2%	-31.3%
Astarta	AST	11.8	24.4	11.6	0.4%	-5.9%	-15.2%	-46.9%	2.2%	-2.6%	-23.5%	-89.0%
Avangardo	AVGR	9.0	13.0	8.40	0.4%	-1.9%	-10.7%	-23.3%	2.1%	1.4%	-19.0%	-65.4%
Industrial Milk Company	IMC	2.67	5.14	2.49	-2.3%	-4.9%	-18.9%	-34.0%	-0.5%	-1.5%	-27.2%	-76.0%
Kernel	KER	8.8	17.7	7.6	-3.4%	-8.7%	-16.2%	-30.3%	-1.7%	-5.4%	-24.5%	-72.3%
Mriya Agro Holding	MAYA	2.79	8.2	2.79	-24.4%	-53.8%	-55.5%	-62.6%	-22.7%	-50.4%	-63.8%	-104.6%
MHPC	MHPC	12.9	18.5	11.00	-1.1%	0.4%	-14.6%	-24.2%	0.6%	3.7%	-22.9%	-66.2%
Milkiland	MLK	1.79	4.7	1.71	-1.3%	-6.2%	-22.0%	-57.0%	0.4%	-2.9%	-30.3%	-99.0%
Ovostar Union	OVO	21.4	33.3	19.4	-4.7%	-5.3%	-9.1%	-35.6%	-3.0%	-1.9%	-17.4%	-77.6%
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	0.0%	11.4%	-5.4%	-5.2%	1.7%	14.7%	-13.6%	-47.2%
Banks												
Raiffeisen Bank Aval	BAVL	0.144	0.188	0.077	-1.8%	-1.8%	-2.1%	27.2%	0.0%	1.5%	-10.4%	-14.8%
UkrSotsbank	USCB	0.174	0.257	0.090	-1.3%	-1.7%	6.0%	-7.2%	0.4%	1.7%	-2.3%	-49.2%

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	76	3.9%	3	1,424	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	368	343	333	\$/tonne
Yenakievo Steel	ENMZ	37	8.8%	3	33	4.3	neg	neg	neg	1.5	1.0	0.0	0.0	0.0	12	12	11	\$/tonne
Azovstal	AZST	298	3.0%	9	282	neg	neg	neg	neg	neg	8.0	0.1	0.1	0.1	61	63	62	\$/tonne
Coke																		
Avdyivka Coke	AVDK	49	6.8%	3	46	neg	neg	neg	neg	1.0	1.6	0.0	0.1	0.1	11	12	12	\$/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
Iron Ore Mining																		
Centralny GOK	CGOK	603	0.3%	2	602	6.3	3.1	3.7	2.6	1.9	2.2	1.0	0.9	0.9				
Pivnichny GOK	SGOK	1,502	0.4%	6	1,495	3.4	2.7	3.3	2.0	1.6	1.8	1.1	0.9	1.0				
Ferrexpo	FXPO	1,306	24.0%	314	1,985	6.1	5.0	6.6	4.9	3.9	4.4	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%	4	124	0.4	neg	neg	2.0	5.9	13.8	0.8	1.0	1.2	2.0	5.9	13.8	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	147	2.0%	3	193	4.4	>30	>30	3.7	6.2	7.5	0.4	0.6	0.7	306	508	483	\$/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				
Kruiw Wagon	KVBZ	170	5.0%	8	170	1.8	4.1	neg	1.3	2.6	11.0	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	3.1	1.7	2.3	1.0	0.6	0.7	0.3	0.3	0.3				
Motor Sich	MSICH	439	24.0%	105	429	2.2	2.6	2.3	1.4	1.6	1.7	0.4	0.4	0.5				
Telecom																		
Ukrtelecom	UTLM	269	7.2%	19	573	6.0	15.8	10.2	2.8	3.0	3.3	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,309	3.0%	39	1,300	7.4	>30	8.1	2.9	4.5	4.0	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	41	21.6%	9	16	3.5	neg	20.6	0.8	neg	0.6	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	108	50.4%	54	216	neg	16.5	13.8	1.6	3.3	3.2	1.1	1.2	1.1	39	30	29	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	241	21.7%	52	309	8.3	4.0	4.6	4.5	3.3	3.9	0.3	0.3	0.4	17	22	19	\$/MWh
DonbasEnerg	DOEN	78	14.2%	11	143	20.4	1.2	1.7	4.5	2.0	2.8	0.2	0.2	0.2	17	18	18	\$/MWh
Consumer																		
MHP	MHPC	1,363	34.1%	465	2,491	4.4	8.4	neg	5.3	6.4	5.2	1.8	1.7	1.7				\$/tonne
Kernel	KER	704	61.8%	435	1,409	3.3	6.7	15.0	4.4	4.8	8.1	0.7	0.5	0.6				
Astarta	AST	295	37.0%	109	617	5.1	8.7	3.6	5.6	6.8	4.5	1.4	1.3	1.1				\$/tonne
Avangardco	AVGR	575	22.5%	130	683	2.5	2.4	3.5	2.4	2.3	2.9	1.1	1.0	1.2	155	117	111	\$/mneegs
Agroton	AGT	16	26.2%	4	65	2.3	neg	neg	3.2	8.6	18.6	0.7	0.8	0.7	n/a	n/a	n/a	\$/ha
Banks																		
Raiffeisen Bank Aval	BAVL	351	3.5%	12		>30	3.9	neg	0.4	0.4	0.6	0.06	0.07	0.09				
Ukrsotsbank	USCB	259	1.0%	3		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

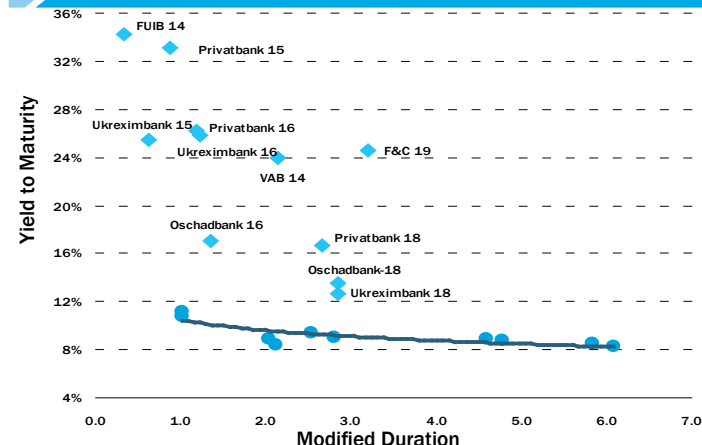
UKRAINIAN EUROBONDS

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	97.1	97.9	28.7%	23.4%	-3.0%	0.1	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	93.9	95.6	12.0%	10.0%	-1.3%	1.0	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	95.9	97.9	12.6%	10.2%	-0.8%	1.0	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	94.1	95.7	10.0%	9.1%	1.0%	2.0	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	94.9	96.1	9.1%	8.5%	1.2%	2.1	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	93.3	94.8	9.6%	9.0%	1.4%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	99.8	101.0	9.8%	9.3%	1.2%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	11.8%	11.1%	14.7%	2.7	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	92.6	93.8	10.6%	10.2%	18.8%	3.0	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	93.5	95.0	9.5%	9.1%	1.3%	4.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	94.3	95.8	9.3%	9.0%	1.4%	4.7	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	93.6	95.4	9.0%	8.7%	3.8%	5.8	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	92.0	93.3	8.8%	8.6%	2.4%	6.0	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.1	36.4	76.9%	56.8%	-37.3%	1.8	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	na	na	na	na	na	na	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	89.8	90.9	10.7%	10.4%	1.1%	4.2	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	96.0	96.0	16.8%	16.8%	-2.0%	1.1	10.00%	S/A	29 Oct 2015	200	//B-
UkrLandFarming, 2018	88.7	92.9	15.0%	13.4%	0.7%	2.8	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	35.0	60.0	97.5%	48.9%	-52.6%	na	10.95%	S/A	30 Mar 2016	72	/CCC/CCC
Mriya, 2018	45.0	60.0	38.5%	27.2%	-39.7%	2.6	9.45%	S/A	19 Apr 2018	400	/CCC/CCC
DTEK, 2015	87.4	88.8	65.1%	52.2%	-13.9%	0.5	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	87.0	92.0	55.7%	33.8%	-12.7%	0.6	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	80.0	83.8	17.4%	15.6%	-13.8%	2.6	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	94.0	96.0	13.5%	11.6%	-3.1%	1.5	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	84.0	85.9	15.2%	14.5%	-7.4%	2.9	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	77.0	78.0	23.0%	21.8%	0.1%	2.3	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	86.2	87.9	16.8%	16.2%	-21.6%	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	90.5	90.5	34.2%	34.2%	-8.1%	0.3	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	55.0	60.0	60.4%	50.8%	-28.6%	2.5	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	85.0	86.0	36.8%	34.6%	-4.1%	0.9	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	77.0	79.0	27.4%	25.1%	2.6%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	85.9	88.3	16.2%	15.3%	4.0%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	93.0	94.0	27.9%	25.1%	-3.1%	0.6	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	78.0	82.0	28.6%	23.6%	-6.2%	1.2	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	87.2	88.1	13.5%	13.1%	-1.7%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	73.0	76.0	23.1%	21.4%	-12.9%	2.2	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	89.0	91.0	19.4%	17.4%	-3.3%	1.3	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	86.2	88.1	14.0%	13.3%	-2.1%	2.8	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	88.3	91.1	22.8%	19.1%	-3.5%	1.1	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	87.6	89.6	17.2%	15.8%	-4.3%	1.7	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

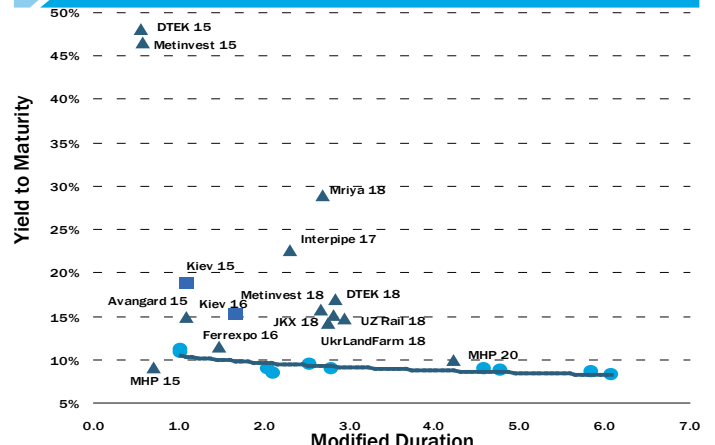
¹ Moody's/S&P/Fitch; * EUR

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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