

Market Update

Equity

Ukrainian stocks slumped across the board on Wednesday (Aug 13), moving opposite to a rally on Western markets. Local traders continue to be spooked by the fall in the hryvnia after rumors that the government is financing the Donbass war with a large monetary emission. The UX index had its worst day in 3 months, losing 2.9% to end at 1232 points. Yenakievo Steel led the decline after reports that its main plant, located on the edge of the Donbass conflict zone, has been shut down after coming under artillery fire; the issue lost 7.4% to UAH 40 on the nose. The other two Metinvest-controlled blue chips, Azovstal and Avdyivka Coke, were down by about 4.5% each, as was Alchivsk Steel, which fell to 3.39 kopecks. The decline in volume leader Motor Sich was relatively less, but still substantial at 1.7% on turnover of UAH 4.8mn. In London, Ukraine's top independent gas extractors moved in opposite directions, with Regal Petroleum sinking another 8.5% to GBp 4.88, while JKX Oil&Gas rebounded by 6.5% to near GBp 43.

Fixed Income

Ukrainian sovereigns saw another day of recovery their big drop over the previous week. Benchmark Ukraine-23s added 0.8 p.p. to close at 89.7/91.0 (9.2%/9.0%) and short-term Ukraine-15s rose by 1.2 p.p. to 95.3/96.8 (13.6%/11.7%). Corporate debt was mixed, with UkrLandFarming-18s sliding 3.6 p.p. to 82.9/84.9 (17.4%/16.6%) while DTEK-15s rebounded 2.5 p.p. to end at 83.0/85.0 (39.7%/35.5%). Banking bonds were mostly unchanged.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2248.00	-1.8%	4.8	187
Ukrnafta	UNAF	304.00	-3.8%	2.0	222
Centrenerg	CEEN	7.84	-2.5%	1.1	208

Growth Leaders

Bank Forum	FORM	0.25	11.4%	0.00	10
Kryukiv Wagon	KVBZ	16.60	1.6%	0.06	8
Dniproenergo	DNEN	407.00	0.5%	0.01	9

Loss Leaders

Dniprobenergo	DNON	50.00	-28.6%	0.010	9
Yenakievo Steel	ENMZ	40.00	-7.4%	0.244	150
Pokrovske Mine	SHCHZ	0.60	-7.3%	0.013	8

Highlights

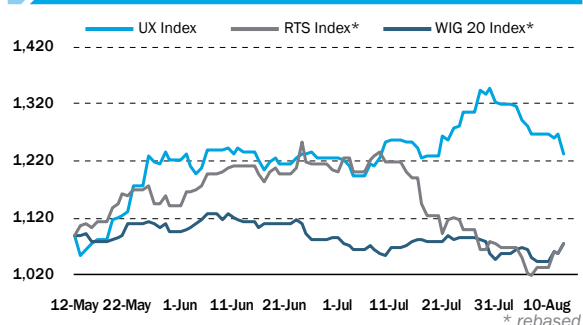
POLITICS AND ECONOMICS

- > Concerns Rising Over Ukraine Media Freedom

FIXED INCOME

- > Mriya Unveils USD 130mn in Missed Debt Payments

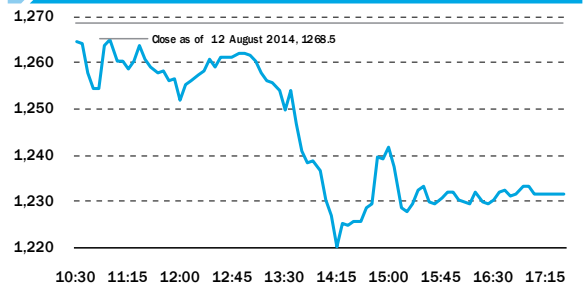
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1231.7	-2.9%	-2.1%	35.3%
RTS	1220.8	1.8%	-11.7%	-15.4%
WIG20	2381.7	1.4%	0.4%	-0.8%
MSCI EM	1070.9	0.6%	1.2%	6.9%
S&P 500	1946.7	0.7%	-1.1%	5.7%

UX INTRADAY AUGUST 13, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	313.9	-0.4%	11.9%	-5.1%
CDS 5Y UKR	969.4	-1.9%	29.1%	18.2%
Ukraine-17	9.1%	-0.3 p.p.	1.6 p.p.	0.1 p.p.
Naftogaz Ukr-14	31.4%	-0.9 p.p.	14.8 p.p.	22.6 p.p.
Ukraine-23	9.1%	-0.1 p.p.	0.9 p.p.	1.6 p.p.
Privatbank-16	29.7%	0.1 p.p.	5.9 p.p.	9.3 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	13.15	-1.9%	12.3%	59.6%
EUR	17.57	-1.9%	10.3%	54.5%
RUB	0.37	-3.7%	4.4%	45.4%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	240.6	0.0%	-1.6%	-16.3%
Steel, USD/t	530.0	0.0%	0.0%	-1.4%
Oil, USD/bbl	104.3	1.2%	-2.8%	-6.2%
Gold, USD/oz	1312.9	0.3%	-1.9%	9.7%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Concerns Rising Over Ukraine Media Freedom

by Will Ritter
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NEWS

A new Ukrainian law aimed at sanctioning Russian businesses but also containing provisions that can block any media in Ukraine deemed a threat to national security is raising new concerns about media freedom under the new administration of President Petro Poroshenko. US-funded Internet news outlet Radio Free Europe reports that the law will bypass standard checks and balances by handing fast-track powers on blocking media to President Poroshenko and the National Security and Defense Council (RNBO), which is appointed by the President. Watchdog organizations including the OSCE and Freedom House have criticized the law and called on it to be amended.

COMMENTARY

In our view, the government's ongoing offensive against pro-Russian paramilitaries in the Donbass is resulting in a clear deterioration in Ukrainian press freedom and overall freedom of speech in the country. Today, Ukraine's most prominent media figure is RNBO military spokesman Andriy Lysenko, who delivers two dour-faced briefings per day from a pro-government press center. Ironically, President Poroshenko's Channel 5 television news outlet, which was Ukraine's main bastion of press freedom and open debate throughout the years of the Yanukovich presidency, is now limiting itself to almost exclusively pro-war coverage with little room for discussion or dissent. In a disturbing event in Odessa recently, nationalist militants used violence with impunity in attempting to disrupt the concert of a Ukrainian pop star who had written an anti-war ballad. The costs of the Donbass war are rising rapidly with sharp negative effects for the entire national economy; we believe that it is high time for a debate to begin on the pro's and con's of continuing the offensive, and the current draft law on media limitations is a step in the wrong direction.

Mriya Unveils USD 130mn in Missed Debt Payments

by Dmitry Churin
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NEWS

Western-Ukraine-based crop grower Mriya Agro Holding released an update on its difficult financial situation on Wednesday (Aug 13), saying that it has missed around USD 9mn in interest payments and USD 120mn in amortization principal repayments. The company also said it is evaluating its ability to make further payments on interest, amortization or principal under the current circumstances. In addition, Mriya stated that it has provided corporate guarantees of approximately USD 200mn in debt obligations with respect to certain affiliated entities. Those guarantees primarily support affiliated entities with whom Mriya has key operational business relationships, including Laosme Finance Limited and its subsidiaries (together "T-Sugar") to which Mriya sells its sugar beet, and newly created Logistgroup Limited and its subsidiaries (together "Logist"), which provides transportation services to Mriya. To date, T-Sugar and Logist have missed approximately USD 3.0mn in interest payments and approximately USD 55mn in amortization payments and principal repayments.

COMMENTARY

As we reported earlier this month, Mriya announced liquidity problems on Aug 1 without specifying details. In our opinion, the missed USD 129mn in debt repayments is still not being explained in a proper way, as in its 1Q14 presentation the company reported cash and cash equivalents of USD 75.2mn as of 31 Mar 2014 and planned debt servicing in the amount of USD 110.9mn for FY14. The excuse of the generally poor economic conditions in Ukraine is not sufficient to clarify the real scale of the problems that Mriya is facing. Although Mriya, in our view, has a quite sustainable business model, it has borrowed excessively, i.e. the borrowing was not properly covered by cash flow from operations. In 1Q14 Mriya had a negative operating cash flow of USD 5.1mn compared to positive operating cash flow of USD 21.0mn in 1Q13. We suppose the company's operating cash flow deteriorated dramatically in 2Q14. It is quite possible that Mriya will be forced to sell off part of its assets in the coming months to withstand the liquidity crunch.

Mriya's outstanding Eurobonds are currently in a distressed condition. Mriya-16s are quoted at 45.0/55.0 (74.9%/57.0%), while Mriya-18s are at 45.0/55.0 (41.7%/33.0%).

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.88	0.56	-37%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	133.4	108.0	-19%	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	8.30	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	6.50	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	3.01	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	0.60	2.9	391%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.6	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.07	5.2	389%	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	2248	5250	134%	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	4.9	U/R	-	U/R	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	42.8	U/R	-	U/R	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	39.5	72.0	82%	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	7.84	15.00	91%	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	12.1	15.65	29%	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	36.6	90.0	146%	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	8.4	8.93	7%	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	69.5	58.74	-15%	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	0.139	0.24	73%	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	1231.73	1368.76	799.72	-2.9%	-4.0%	-2.1%	35.3%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.034	0.06	0.02	-4.5%	-6.1%	-8.1%	-12.6%	-1.6%	-2.1%	-6.1%	-48.0%
Azovstal	AZST	0.88	0.95	0.35	-4.4%	1.0%	7.0%	30.9%	-1.5%	5.0%	9.0%	-4.5%
Dniprospezstal	DNSS	250	n/a	n/a	0.0%	-50.0%	-80.8%	-80.8%	2.9%	-46.0%	-78.7%	-116.1%
Enakievo Steel	ENMZ	40.0	65.0	17.0	-7.7%	-8.4%	-5.5%	25.0%	-4.8%	-4.5%	-3.5%	-10.4%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	34.7%	247.8%	2.9%	4.0%	36.8%	212.5%
Mariupol Ilyicha	MMKI	0.11	n/a	n/a	0.0%	0.0%	-31.3%	10.0%	2.9%	4.0%	-29.2%	-25.3%
Coke												
Avdivka Coke	AVDK	3.01	4.80	1.46	-4.6%	-1.7%	-8.5%	1.8%	-1.7%	2.2%	-6.4%	-33.5%
Yasnyivsky Coking	YASK	0.70	0.84	0.30	-6.7%	-5.4%	1.4%	32.1%	-3.8%	-1.4%	3.5%	-3.3%
Iron Ore Mining												
Centralny GOK	CGOK	6.50	n/a	n/a	0.0%	2.2%	-6.5%	0.0%	2.9%	6.2%	-4.4%	-35.3%
Ferrexpo	FXPO	2.23	3.20	2.07	0.0%	1.6%	-7.3%	-29.4%	2.9%	5.6%	-5.2%	-64.7%
Pivnichny GOK	SGOK	8.30	10.00	4.50	0.0%	3.8%	5.1%	3.8%	2.9%	7.7%	7.1%	-31.6%
Coal Mining												
Pokrovske Mine	SHCHZ	0.60	0.79	0.10	-7.7%	-24.1%	-20.0%	50.0%	-4.8%	-20.1%	-17.9%	14.7%
Komsomolets Donbasa	SHKD	0.80	n/a	n/a	0.0%	0.0%	-5.9%	29.0%	2.9%	4.0%	-3.8%	-6.3%
Energy Coal	CLE	0.29	0.93	0.29	0.4%	1.3%	-22.9%	-15.9%	3.3%	5.3%	-20.9%	-51.3%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	-31.8%	-31.8%	-34.8%	2.9%	-27.9%	-29.7%	-70.1%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.67	1.01	0.30	-2.9%	-4.3%	-23.9%	11.7%	0.0%	-0.3%	-21.8%	-23.7%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	0.0%	-23.1%	42.9%	2.9%	4.0%	-21.0%	7.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.6	26.0	10.0	2.1%	-7.9%	-13.8%	-4.0%	5.0%	-3.9%	-11.7%	-39.4%
Luhanskeplovoz	LTPL	1.07	2.20	0.85	0.0%	-26.2%	2.9%	-28.7%	2.9%	-22.2%	5.0%	-64.0%
Stakhanov Wagon	SVGZ	1.13	n/a	n/a	0.0%	5.6%	-1.7%	-13.1%	2.9%	9.6%	0.3%	-48.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	0.0%	-12.5%	-22.9%	71.7%	2.9%	-8.5%	-20.8%	36.3%
Motor Sich	MSICH	2,248	3,000	1,303	-1.7%	-12.9%	-9.7%	23.2%	1.2%	-8.9%	-7.6%	-12.1%
Summy Frunze Engineering	SMASH	3.00	n/a	n/a	0.0%	0.0%	-49.9%	20.0%	2.9%	4.0%	-47.8%	-15.3%
Turboatom	TATM	5.15	n/a	n/a	0.0%	3.0%	12.0%	47.1%	2.9%	7.0%	14.0%	11.8%
WESTA ISIC	WES	0.09	0.26	0.09	-2.9%	-6.5%	-11.9%	-30.5%	0.0%	-2.5%	-9.9%	-65.8%
Telecom												
Ukrtelecom	UTLM	0.16	0.19	0.09	0.0%	-9.4%	-7.4%	47.4%	2.9%	-5.5%	-5.3%	12.0%
Oil & Gas												
Regal Petroleum	RPT	0.08	0.27	0.08	-9.1%	-31.0%	-48.6%	-61.3%	-6.2%	-27.0%	-46.5%	-96.7%
JKX Oil	JKX	0.71	1.21	0.61	5.8%	17.7%	-26.2%	-39.8%	8.7%	21.7%	-24.1%	-75.1%
Ukrnafta	UNAF	304	370	54	-4.1%	2.4%	18.4%	179.9%	-1.2%	6.3%	20.5%	144.6%
Power Utilities												
Centrenerg	CEEN	7.84	8.70	2.50	-2.5%	-0.2%	0.2%	64.5%	0.4%	3.8%	2.3%	29.2%
Donbasenergo	DOEN	39.5	50.2	11.0	-1.7%	-2.1%	0.0%	43.2%	1.2%	1.9%	2.1%	7.8%
Zakhidenergo	ZAEN	134.9	157.0	64.0	-9.5%	-9.5%	-3.6%	49.2%	-6.6%	-5.5%	-1.6%	13.9%
Consumer												
Agroton	AGT	0.68	1.8	0.64	0.4%	-6.8%	-29.9%	4.3%	3.3%	-2.9%	-27.9%	-31.1%
Astarta	AST	11.7	24.4	11.0	-0.2%	1.8%	-19.8%	-47.6%	2.7%	5.8%	-17.7%	-82.9%
Avangardo	AVGR	8.4	13.0	8.36	-2.4%	-7.2%	-10.8%	-28.9%	0.5%	-3.2%	-8.8%	-64.2%
Industrial Milk Company	IMC	2.65	4.98	2.49	1.3%	1.9%	-15.2%	-34.5%	4.2%	5.9%	-13.1%	-69.9%
Kernel	KER	8.7	17.7	7.6	1.5%	2.7%	-14.1%	-31.0%	4.4%	6.6%	-12.1%	-66.3%
Mriya Agro Holding	MAYA	2.89	8.2	2.79	-7.6%	-10.0%	-53.8%	-61.2%	-4.7%	-6.0%	-51.8%	-96.6%
MHPC	MHPC	12.1	18.5	11.00	1.2%	-5.9%	-19.3%	-28.6%	4.1%	-1.9%	-17.3%	-64.0%
Milkiland	MLK	1.60	4.7	1.60	-3.4%	-7.4%	-27.5%	-61.6%	-0.5%	-3.4%	-25.4%	-97.0%
Ovostar Union	OVO	22.1	33.3	19.4	0.0%	2.0%	-3.9%	-33.6%	2.9%	6.0%	-1.8%	-69.0%
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	11.5	n/a	n/a	0.0%	-4.6%	-8.1%	-8.0%	2.9%	-0.6%	-6.1%	-43.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.139	0.188	0.077	-2.4%	-3.8%	-8.5%	22.6%	0.5%	0.2%	-6.4%	-12.8%
UkrSotsbank	USCB	0.171	0.257	0.090	-3.5%	-1.7%	1.1%	-8.8%	-0.6%	2.2%	3.1%	-44.1%

Source: Bloomberg

* companies listed abroad are in USD

MAIN FINANCIAL FORECASTS, USD mn

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E
Steel																
Alchevsk Steel	ALMK	1,783	1,729	1,730	-5	-62	-14	neg	neg	neg	-127	-214	-35	neg	neg	neg
Enakievo Steel	ENMZ	1,578	1,531	1,561	-84	22	33	neg	1.5%	2.1%	9	-185	-29	0.5%	neg	neg
Azovstal	AZST	2,814	1,926	1,976	-181	-31	35	neg	neg	1.8%	-333	-308	-24	neg	neg	neg
Coke																
Avdyivka Coke	AVDK	1,090	914	784	-112	46	29	neg	5.0%	3.8%	-137	-6	-24	neg	neg	neg
Yasynivsky Coking	YASK	432	367	333	27	29	19	6.4%	7.8%	5.7%	8	-3	5	1.9%	neg	1.4%
Iron Ore Mining																
Centralny GOK	CGOK	610	679	634	232	312	279	38.0%	46.0%	44.1%	95	194	163	15.6%	28.6%	25.7%
Pivnichny GOK	SGOK	1,416	1,630	1,506	750	914	816	53.0%	56.1%	54.2%	436	548	460	30.8%	33.7%	30.5%
Ferrexpo	FXPO	1,424	1,581	1,449	402	506	492	28.2%	32.0%	33.9%	216	264	277	15.1%	16.7%	19.1%
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	714	69	94	44	6.2%	10.3%	6.1%	29	60	21	2.6%	6.5%	2.9%
Donbasenergo	DOEN	574	656	512	32	72	45	5.6%	11.0%	8.8%	4	65	40	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%
Ukrspatsbank	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	66	3.9%	3	1,415	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	366	341	331	\$/tonne
Yenakievo Steel	ENMZ	32	8.8%	3	29	3.7	neg	neg	neg	1.3	0.9	0.0	0.0	0.0	10	10	10	\$/tonne
Azovstal	AZST	280	3.0%	8	265	neg	neg	neg	neg	neg	7.5	0.1	0.1	0.1	58	59	58	\$/tonne
Coke																		
Avdyivka Coke	AVDK	45	6.8%	3	42	neg	neg	neg	neg	0.9	1.4	0.0	0.0	0.1	10	11	11	\$/tonne
Yasynivsky Coke	YASK	15	9.0%	1	15	1.7	neg	3.1	0.6	0.5	0.8	0.0	0.0	0.0	0.6	0.5	0.8	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	579	0.3%	1	578	6.1	3.0	3.6	2.5	1.8	2.1	0.9	0.9	0.9				
Pivnichny GOK	SGOK	1,454	0.4%	6	1,448	3.3	2.7	3.2	1.9	1.6	1.8	1.0	0.9	1.0				
Ferrexpo	FXPO	1,303	24.0%	313	1,982	6.0	4.9	4.7	4.9	3.9	4.0	1.4	1.3	1.4				
Coal Mining																		
Komsomolets Donbasa	SHKD	20	5.4%	1	122	2.8	1.2	1.2	1.0	1.3	1.3	0.4	0.6	0.5	30	29	27	\$/tonne
Coal Energy	CLE	13	25.0%	3	123	0.3	neg	neg	2.0	5.8	13.7	0.7	1.0	1.2	2.0	5.8	13.7	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	132	2.0%	3	178	3.9	28.2	>30	3.4	5.7	6.9	0.4	0.6	0.7	283	469	445	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	18	24.0%	4	55	3.7	0.9	0.8	1.9	1.5	1.4	0.3	0.2	0.1				
Krukiv Wagon	KVBZ	145	5.0%	7	145	1.5	3.5	neg	1.1	2.2	9.4	0.2	0.3	0.9				
Stakhanov Wagon	SVGZ	19	8.0%	2	52	>30	>30	>30	7.2	8.9	9.5	0.2	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	112	5.8%	6	46	2.9	1.6	2.2	0.9	0.5	0.6	0.3	0.2	0.2				
Motor Sich	MSICH	355	24.0%	85	346	1.8	2.1	1.9	1.1	1.3	1.3	0.4	0.3	0.4				
Telecom																		
Ukrtelecom	UTLM	231	7.2%	17	534	5.1	13.5	8.8	2.6	2.8	3.1	0.6	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,254	3.0%	38	1,246	7.1	>30	7.8	2.7	4.4	3.9	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	26	21.6%	6	1	2.2	neg	13.0	0.0	neg	0.0	0.0	0.0	0.0	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	123	50.4%	62	231	neg	18.8	15.7	1.7	3.5	3.4	1.1	1.3	1.2	42	32	31	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	220	21.7%	48	289	7.6	3.7	10.6	4.2	3.1	6.6	0.3	0.3	0.4	16	21	18	\$/MWh
DonbasEnergO	DOEN	71	14.2%	10	136	18.6	1.1	1.8	4.3	1.9	3.0	0.2	0.2	0.3	17	18	17	\$/MWh
Consumer																		
MHP	MHPC	1,283	34.1%	437	2,411	4.1	7.9	neg	5.2	6.2	5.0	1.7	1.6	1.6				
Kernel	KER	697	61.8%	430	1,403	3.3	6.6	14.8	4.4	4.8	8.0	0.7	0.5	0.6				
Astarta	AST	292	37.0%	108	613	5.0	8.6	3.6	5.6	6.7	4.4	1.3	1.2	1.1				
Avangardco	AVGR	534	22.5%	120	641	2.3	2.2	3.3	2.3	2.1	2.7	1.0	1.0	1.1	145	110	104	\$/mneggs
Agroton	AGT	15	26.2%	4	64	2.2	neg	neg	3.1	8.5	18.3	0.7	0.8	0.7	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	318	3.5%	11		>30	3.5	neg	0.4	0.4	0.5	0.05	0.06	0.08				
Ukrsotsbank	USCB	239	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

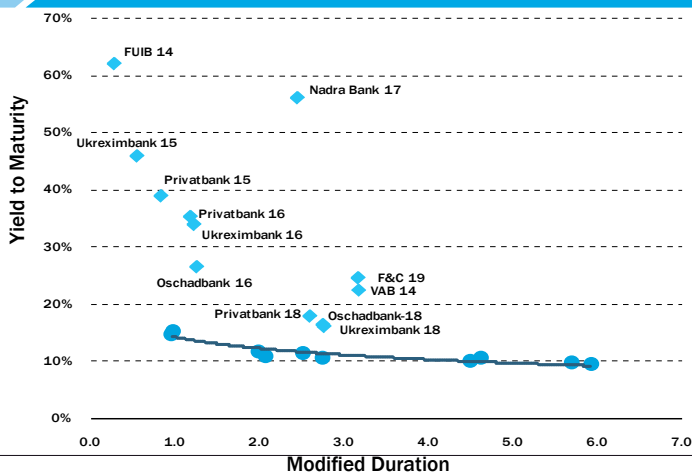
UKRAINIAN EUROBONDS

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	97.0	97.9	35.2%	27.5%	-3.1%	0.1	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	92.9	94.7	13.6%	11.3%	-2.3%	1.0	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	95.3	96.8	13.6%	11.7%	-1.7%	1.0	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	92.3	94.3	11.2%	10.0%	-0.8%	2.0	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	93.0	94.3	10.1%	9.5%	-0.7%	2.1	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	92.7	94.2	9.8%	9.2%	0.8%	2.8	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	97.4	98.4	10.9%	10.4%	-1.3%	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%	2.6	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	91.0	92.1	11.3%	10.9%	16.6%	3.0	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	92.1	94.1	9.8%	9.3%	0.0%	4.5	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	92.8	94.3	9.6%	9.3%	-0.2%	4.7	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	91.3	93.8	9.4%	9.0%	1.6%	5.7	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	89.7	91.0	9.2%	9.0%	-0.1%	6.0	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2014	29.0	37.9	78.6%	54.4%	-35.9%	1.8	8.00%	S/A	14 Jul 2019	50	/CCC/RD
MHP, 2015	93.0	96.0	21.5%	16.5%	-8.7%	0.6	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	84.4	86.8	12.2%	11.5%	-4.2%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	94.0	94.0	19.8%	19.8%	-4.1%	1.0	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	82.9	84.9	17.4%	16.6%	-7.0%	2.7	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	45.0	55.0	74.9%	57.0%	-50.1%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	45.0	55.0	41.7%	33.0%	-42.6%	2.4	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	83.0	85.0	39.7%	35.5%	-17.8%	0.6	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	70.0	75.0	19.9%	17.5%	-23.1%	2.8	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	82.0	86.0	39.9%	32.4%	-18.0%	0.6	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	75.1	78.4	20.0%	18.3%	-19.2%	2.7	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.6	94.3	14.8%	13.1%	-4.6%	1.4	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	79.2	81.0	17.2%	16.5%	-12.7%	2.9	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	73.5	74.5	25.6%	24.1%	-4.5%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	91.3	93.3	14.9%	14.1%	-16.8%	2.9	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	55.0	65.0	27.4%	22.0%	-27.7%	3.2	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	83.6	83.6	62.2%	62.2%	-15.1%	0.3	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	55.0	60.0	61.6%	51.8%	-28.6%	2.4	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	82.0	85.0	47.2%	38.3%	-6.3%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	72.0	74.0	34.2%	31.6%	-3.9%	1.2	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	81.3	84.4	18.3%	16.9%	-1.1%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	88.0	90.0	50.4%	40.5%	-7.7%	0.5	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	72.0	77.0	38.4%	30.6%	-12.7%	1.2	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	82.3	84.1	15.6%	14.8%	-6.7%	2.8	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	72.0	75.0	23.9%	22.1%	-14.0%	2.1	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	83.3	85.5	26.4%	23.7%	-9.3%	1.3	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	81.3	83.3	15.9%	15.1%	-7.5%	2.8	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	84.8	87.0	28.4%	25.1%	-7.6%	1.0	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	84.8	86.5	19.3%	18.0%	-7.9%	1.6	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

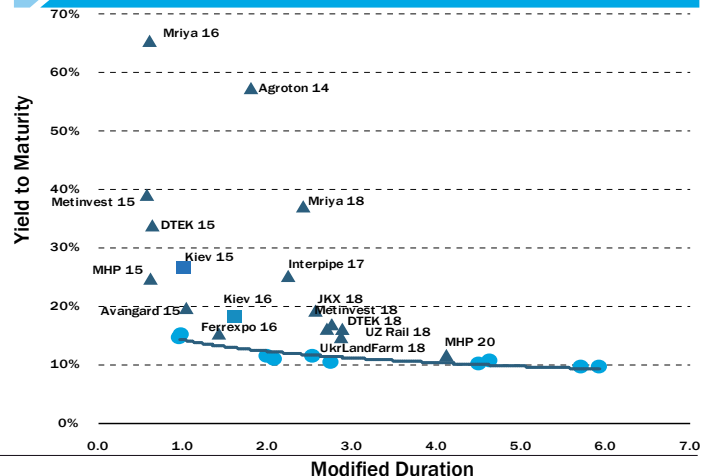
¹ Moody's/S&P/Fitch; * EUR

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%	14.5%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			18.0%	15.5%	n/a	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000142699	n/a	n/a	13.5%	13.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	13.5%	13.0%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	13.5%	13.0%	n/a	4.50%	S/A	17 Jun 2015	175
EUR denominated Bonds									
UA4000142681	n/a	n/a	14.0%	12.0%	n/a	4.80%	S/A	6 May 2015	40
VAT Bonds									
UA4000082531			16.0%	15.5%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			16.0%	15.5%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			16.0%	15.5%	n/a	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

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