

Market Update

Equity

Ukrainian equities were hammered across the board on Thursday (Aug 28) as a wide media coverage of new wave of Russian aggression against Ukraine triggered selloff on the UX stock exchange. The UX index plunged by 6.2% to 1174 points. The steepest losses were seen in the steel sector with quotes for Azovstal (AZST UK) slumping by 12.9% to UAH 0.77 per share. Heavyweight Motor Sich (MSICH UK) and CentrEnerg (CEEN UK) dropped by 4.3% and 4.1% respectively. UX Futures contracts with expiration in September lost 3.9% to close at 1217 points. The NBU official UAH/USD rate was set at 13.43 yesterday. London listed Ferrexpo (FXPO LN) fell by 4.7% to Gbp 130.0 and MHP (MHPC LI) declined by 2.5% to USD 11.7 despite releasing quite upbeat financial results for 2Q14.

Fixed Income

Ukrainian sovereigns were down across the board on Thursday in light of exacerbated situation in Donbass war zone. Ukraine-23s declined by 1.6p.p. to 85.8/87.8 (10.0%/9.6%) and Ukraine-17s dropped by 1.9p.p. closing at 88.6/90.6 (11.6%/10.8%). Corporate names also closed in the red. UkrlandFarming-18s decreased by 2.2.p.p. to 78.1/79.0 (19.7%/19.3%) and Metinvest-18s went down by 1.4p.p. finishing at 65.6/68.0 (26.1%/24.5%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2270.00	-4.3%	8.2	295
Ukrnafta	UNAF	321.70	-5.8%	6.0	408
Centrenerg	CEEN	7.64	-4.1%	1.0	356

Growth Leaders

Krymenergo	KREN	1.93	-1.5%	0.05	7
Zakhidenergo	ZAEN	135.50	-2.0%	0.03	8
Ukrsotsbank	USCB	0.17	-2.3%	0.02	13

Loss Leaders

Dniproblenergo	DNON	50.00	-23.1%	0.033	14
Mariupol Heavy Machine	MZVM	0.09	-22.1%	0.259	31
Yasynivsky Coke	YASK	0.52	-13.2%	0.025	26

Highlights

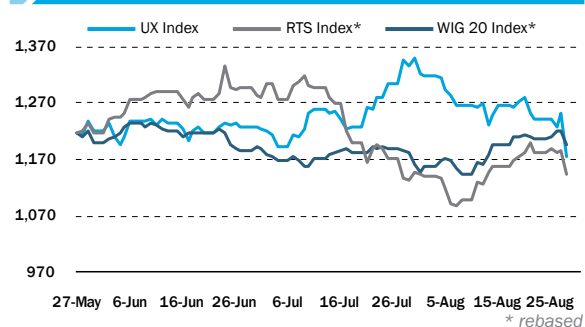
POLITICS AND ECONOMICS

- > UN Security Council Emergency Meeting Brings No Solution on Ukraine-Russia Crisis

STOCKS IN THE NEWS

- > IMC Expands EBITDA by 13% YoY in 1H14

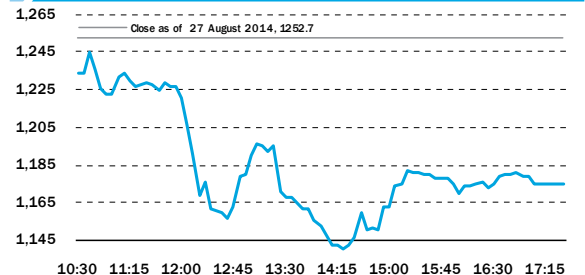
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1175.0	-6.2%	-12.6%	29.1%
RTS	1219.5	-3.3%	0.9%	-15.5%
WIG20	2421.4	-1.9%	0.9%	0.9%
MSCI EM	1087.0	-0.6%	0.7%	8.5%
S&P 500	1996.7	-0.2%	0.9%	8.5%

UX INTRADAY AUGUST 28, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	307.7	1.6%	7.9%	-7.0%
CDS 5Y UKR	1062.5	7.2%	28.9%	29.5%
Ukraine-17	10.7%	0.8 p.p.	2.0 p.p.	1.6 p.p.
Naftogaz Ukr-14	52.1%	11.9 p.p.	26.5 p.p.	43.4 p.p.
Ukraine-23	9.8%	0.3 p.p.	1.4 p.p.	2.3 p.p.
Privatbank-16	37.0%	0.1 p.p.	13.1 p.p.	16.6 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	13.50	-0.7%	11.1%	63.8%
EUR	17.80	-0.8%	9.0%	56.5%
RUB	0.37	-2.3%	7.5%	46.3%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	235.3	0.0%	-6.3%	-18.1%
Steel, USD/t	542.5	0.0%	1.4%	0.9%
Oil, USD/bbl	102.5	-0.3%	-5.0%	-7.9%
Gold, USD/oz	1289.7	0.6%	-1.1%	7.8%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

UN Security Council Emergency Meeting Brings No Solution on Ukraine-Russia Crisis

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

NEWS

The United Nations Security Council met following reports that close to 1,000 Russian troops had entered Ukraine. The UN emergency meetings was held for the international response to Russia after Kiev accused Moscow of a de facto invasion. Tensions were heightened after Ukrainian military leaders claimed that Russia launched an incursion into Ukraine's eastern region, where violent confrontation between government troops and pro-Russian separatists is under way. The situation in the east has deteriorated just two days after the Ukrainian and Russian presidents met in Minsk. Russia denies that any of its troops are in eastern Ukraine. But on Thursday (Aug 28) Nato said it estimated there were now more than 1,000 Russian soldiers fighting there. The organisation released satellite images that it said showed Russian armoured vehicles and artillery had been crossing into Ukraine for at least a week.

A spokesman for Ban Ki-moon, the UN secretary general, said the latest allegations pointed to a "dangerous escalation" and added: "The international community cannot allow it to escalate further."

COMMENTARY

We see that the UN meeting had brought no ideas how to solve the ongoing war in the east of Ukraine. The international community has already warned Russia that provocative actions would be completely unacceptable and illegal . Western powers have already imposed a slew of sanctions on Moscow that have started to show signs of hurting Russia's economy. A wide media coverage of evidence of Russian invasion hammered financial markets both in Ukraine and Russia.

IMC Expands EBITDA by 13% YoY in 1H14

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

IMC (IMC PW)

Price: PLN 8.49 Market Cap: USD 83mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.8	3.2	4.2	0%
2014E	1.2	16.7	3.6	0%

NEWS

Industrial Milk Company (IMC), Ukraine's agricultural company, increased its net revenue by 55% YoY to USD 82mn in 1H14 on the back of a 83% growth in sales of corn to USD 73mn, according to the company's financial report. Gross profit increased by 19% YoY to USD 64mn as growth in revenue was partially offset with drop in gain from revaluation of biological assets by 18% YoY to USD 50mn and a 13% increase in cost of sales. As a result, EBITDA grew by 13% YoY to USD 58mn. Bottom line was at the breakeven of USD 102,000 for 1H14 due to a USD 40mn currency translation loss stemming from 48% devaluation of Ukrainian hryvnia.

The company said war in Donbass does not have a material impact on the company's operations as its assets are located in central and northern part of Ukraine.

IMC's management confirmed its target to increase revenue and EBITDA by 50% and 20% YoY respectively implying USD 172mn for the top line and USD 60mn for EBITDA.

COMMENTARY

We see the news as positive for the company's stock. The company managed to report growth in its operating earnings despite up to 40% drop in market prices for crops. This was a result of significant expansion of the company's operations together with full sufficiency in storage capacities which allows IMC to avoid selling its harvest in times of depressed prices. With little exposure to political risk, we suppose the company's plan of 50% increase in revenue and 20% growth in EBITDA in FY14 looks fairly achievable. The company now trades at attractive 14E EV/EBITDA of 3.6x.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.77	0.56	-28%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	130.0	108.0	-17%	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	8.10	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	6.70	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	2.87	U/R	--	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.52	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	376%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	16.0	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.01	U/R	--	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
Specialized Machinery						
Motor Sich	MSICH	2270	5250	131%	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	7.0	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	44.9	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						
DonbasEnergO	DOEN	35.2	72.0	105%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.64	15.00	96%	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	11.7	15.65	34%	BUY	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	36.5	90.0	147%	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	6%	HOLD	The company's FY14 results will be hit by the hryvnia devaluation, while next year's likely elimination of the special VAT regime for large agro producers bodes poorly for FY15 earnings.
Ovostar Union	OVO	68.1	58.74	-14%	SELL	Ovostar is one of the hardest-hit Ukrainian public companies from this year's UAH devaluation as some 70% of its production cost is linked to USD while only 7% of revenue earned in hard currency. Capacity expansion project for 2014-16 will likely be delayed, according to the management.
Banks						
Raiffeisen Bank Aval	BAVL	0.128	0.24	88%	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	1174.97	1368.76	799.72	-6.2%	-6.1%	-12.6%	29.1%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.033	0.06	0.02	-4.1%	-6.1%	-12.2%	-16.2%	2.1%	0.0%	0.5%	-45.3%
Azovstal	AZST	0.77	0.95	0.35	-12.9%	-10.2%	-15.5%	14.9%	-6.7%	-4.1%	-2.8%	-14.2%
Dniprospezstal	DNSS	250	n/a	n/a	0.0%	0.0%	-58.5%	-80.8%	6.2%	6.1%	-45.8%	-109.9%
Enakievo Steel	ENMZ	36.5	65.0	17.0	-4.5%	-5.8%	-18.2%	13.9%	1.7%	0.3%	-5.6%	-15.2%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	6.2%	6.1%	12.6%	218.7%
Mariupol Ilyicha	MMKI	0.10	n/a	n/a	0.0%	0.0%	-23.1%	0.0%	6.2%	6.1%	-10.4%	-29.1%
Coke												
Avdyivka Coke	AVDK	2.87	4.80	1.46	-4.3%	-4.5%	-12.1%	-3.2%	1.9%	1.6%	0.6%	-32.3%
Yasnyivsky Coking	YASK	0.52	0.84	0.30	-13.3%	-10.3%	-25.7%	-1.9%	-7.1%	-4.3%	-13.1%	-31.0%
Iron Ore Mining												
Centralny GOK	CGOK	6.70	n/a	n/a	-3.2%	3.1%	-4.3%	3.1%	3.0%	9.2%	8.4%	-26.0%
Ferrexpo	FXPO	130.0	199.0	121.8	-4.7%	-5.7%	-6.8%	-31.9%	1.5%	0.4%	5.8%	-61.0%
Pivnichny GOK	SGOK	8.10	10.00	4.50	0.0%	-2.4%	1.3%	1.3%	6.2%	3.7%	13.9%	-27.9%
Coal Mining												
Pokrovske Mine	SHCHZ	0.62	0.79	0.10	0.0%	8.8%	-4.6%	55.0%	6.2%	14.9%	8.0%	25.9%
Komsomolets Donbasa	SHKD	0.75	n/a	n/a	0.0%	0.0%	-20.2%	21.0%	6.2%	6.1%	-7.6%	-8.1%
Energy Coal	CLE	0.69	2.86	0.69	-19.8%	-25.8%	-33.7%	-34.3%	-13.6%	-19.7%	-21.0%	-63.4%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	-31.8%	-34.8%	6.2%	6.1%	-19.2%	-63.9%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.55	1.01	0.30	3.8%	-8.3%	-30.4%	-8.3%	10.0%	-2.3%	-17.7%	-37.4%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	0.0%	-23.1%	42.9%	6.2%	6.1%	-10.4%	13.7%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	16.0	26.0	10.0	-2.4%	-3.9%	-16.3%	-7.5%	3.8%	2.2%	-3.6%	-36.6%
Luhanskeplovoz	LTPL	1.01	2.20	0.85	-15.8%	-3.8%	-25.2%	-32.7%	-9.6%	2.3%	-12.5%	-61.8%
Stakhanov Wagon	SVGZ	0.90	n/a	n/a	-3.2%	-3.2%	-14.3%	-30.8%	3.0%	2.9%	-1.6%	-59.9%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	-8.0%	-8.0%	-14.8%	73.6%	-1.8%	-1.9%	-2.2%	44.5%
Motor Sich	MSICH	2,270	3,000	1,303	-4.6%	-5.8%	-18.8%	24.5%	1.6%	0.2%	-6.1%	-4.7%
Sumy Frunze Engineering	SMASH	3.00	n/a	n/a	0.0%	0.0%	-14.3%	20.0%	6.2%	6.1%	-1.6%	-9.1%
Turboatom	TATM	3.00	n/a	n/a	0.0%	0.0%	-25.0%	-14.3%	6.2%	6.1%	-12.4%	-43.4%
WESTA ISIC	WES	0.24	0.80	0.24	-11.1%	-17.2%	-25.0%	-40.0%	-4.9%	-11.2%	-12.4%	-69.1%
Telecom												
Ukrtelecom	UTLM	0.20	0.20	0.09	-0.1%	19.7%	22.4%	81.7%	6.2%	25.8%	35.1%	52.6%
Oil & Gas												
Regal Petroleum	RPT	7.00	17.25	4.88	0.0%	16.7%	-23.3%	-45.1%	6.2%	22.7%	-10.6%	-74.2%
JKX Oil	JKX	44.88	75.00	36.00	0.0%	-1.4%	-0.3%	-37.5%	6.2%	4.7%	12.4%	-66.6%
Ukrnafta	UNAF	322	370	54	-5.8%	3.1%	-1.8%	196.2%	0.4%	9.2%	10.8%	167.1%
Power Utilities												
Centrenerg	CEEN	7.64	8.70	2.50	-4.1%	-4.9%	-5.7%	60.3%	2.1%	1.2%	7.0%	31.1%
Donbasenergo	DOEN	35.2	50.2	11.0	-6.6%	-6.9%	-14.4%	27.6%	-0.4%	-0.8%	-1.7%	-1.5%
Zakhidenergo	ZAEN	135.5	157.0	64.0	-2.0%	-2.0%	-7.4%	49.9%	4.3%	4.1%	5.3%	20.8%
Consumer												
Agroton	AGT	1.81	5.5	1.81	-13.8%	-19.6%	-30.9%	-7.2%	-7.6%	-13.5%	-18.3%	-36.3%
Astarta	AST	36.5	73.7	34.5	-3.2%	-3.3%	-6.4%	-45.5%	3.0%	2.8%	6.2%	-74.6%
Avangardo	AVGR	8.4	13.0	8.36	-5.5%	-6.7%	-8.6%	-28.5%	0.7%	-0.6%	4.0%	-57.6%
Industrial Milk Company	IMC	8.49	15.50	7.60	-3.5%	-1.3%	2.5%	-30.1%	2.7%	4.8%	15.2%	-59.2%
Kernel	KER	27.0	53.9	23.2	-2.2%	-3.3%	-9.8%	-29.1%	4.0%	2.8%	2.9%	-58.2%
Mriya Agro Holding	MAYA	1.90	6.0	1.44	0.0%	14.5%	-58.2%	-64.8%	6.2%	20.5%	-45.6%	-93.9%
MHPC	MHPC	11.7	18.5	11.00	-2.5%	-6.4%	-12.0%	-31.2%	3.7%	-0.3%	0.7%	-60.3%
Milkiland	MLK	4.51	14.2	4.51	-2.2%	-10.7%	-24.3%	-63.9%	4.0%	-4.6%	-11.7%	-93.0%
Ovostar Union	OVO	68.1	103.0	59.4	-4.1%	-2.4%	0.1%	-31.9%	2.1%	3.6%	12.7%	-61.0%
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	11.3	n/a	n/a	-9.6%	-9.6%	-4.7%	-9.6%	-3.4%	-3.5%	7.9%	-38.7%
Banks												
Raiffeisen Bank Aval	BAVL	0.128	0.188	0.077	-7.5%	-10.1%	-14.4%	12.3%	-1.3%	-4.1%	-1.8%	-16.8%
UkrSotsbank	USCB	0.171	0.257	0.090	-2.3%	-0.6%	-5.9%	-8.9%	3.9%	5.4%	6.7%	-38.0%

Source: Bloomberg

* companies listed abroad are in traded currency

MAIN FINANCIAL FORECASTS, USD mn

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2012	2013	2014E	2012	2013	2014E	2012	2013	2014E	2012	2013	2014E	2012	2013	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	196	51	90	73	32.2%	42.1%	37.3%	38	72	65	23.8%	33.5%	33.0%
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	1,306	468	391	479	33.2%	26.1%	36.7%	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	2013	2014E	2012	2013	2014E	2012	2013	2014E	2012	2013	2013E			
Steel																		
Alchevsk Steel	ALMK	62	3.9%	2	1,411	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	365	340	330	\$/tonne
Yenakievo Steel	ENMZ	29	8.8%	3	25	3.3	neg	neg	neg	1.1	0.8	0.0	0.0	0.0	9	9	8	\$/tonne
Azovstal	AZST	240	3.0%	7	224	neg	neg	neg	neg	neg	6.4	0.1	0.1	0.1	49	50	49	\$/tonne
Coke																		
Avdyivka Coke	AVDK	41	6.8%	3	39	neg	neg	neg	neg	0.8	1.3	0.0	0.0	0.0	9	10	10	\$/tonne
Yasynivsky Coke	YASK	11	9.0%	1	11	1.3	neg	2.2	0.4	0.4	0.6	0.0	0.0	0.0	0.4	0.4	0.6	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	582	0.3%	1	580	6.1	3.0	3.6	2.5	1.9	2.1	1.0	0.9	0.9				
Pivnichny GOK	SGOK	1,382	0.4%	6	1,376	3.2	2.5	3.0	1.8	1.5	1.7	1.0	0.8	0.9				
Ferrexpo	FXPO	1,261	24.0%	303	1,940	5.9	4.8	4.6	4.8	3.8	3.9	1.4	1.2	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	19	5.4%	1	121	2.6	1.1	1.1	1.0	1.3	1.3	0.4	0.5	0.5	29	28	27	\$/tonne
Coal Energy	CLE	31	25.0%	8	141	0.8	neg	neg	2.3	6.7	15.7	0.9	1.1	1.4	2.3	6.7	15.7	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	106	2.0%	2	152	3.1	22.5	25.8	2.9	4.8	5.9	0.3	0.5	0.6	241	399	379	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	16	24.0%	4	54	3.4	0.8	0.7	1.8	1.5	1.4	0.2	0.2	0.1				
Kruiiv Wagon	KVBZ	136	5.0%	7	136	1.4	3.3	neg	1.0	2.1	8.9	0.2	0.3	0.9				
Stakhanov Wagon	SVGZ	15	8.0%	1	48	25.6	28.4	>30	6.6	8.1	8.7	0.2	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	110	5.8%	6	49	2.9	1.5	1.7	1.0	0.5	0.7	0.3	0.2	0.3				
Motor Sich	MSICH	349	24.0%	84	340	1.7	2.1	1.9	1.1	1.2	1.3	0.3	0.3	0.4				
Telecom																		
Ukrtelecom	UTLM	277	7.2%	20	581	6.1	16.3	10.5	2.8	3.1	3.3	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,292	3.0%	39	1,284	7.3	>30	8.0	2.8	4.5	4.0	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	37	21.6%	8	12	3.2	neg	18.6	0.6	neg	0.5	0.3	0.3	0.3	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	128	50.4%	64	236	neg	19.6	16.4	1.7	3.6	3.5	1.2	1.3	1.2	43	32	31	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	209	21.7%	45	277	7.3	3.5	10.0	4.0	2.9	6.3	0.2	0.3	0.4	16	20	17	\$/MWh
DonbasEnergO	DOEN	62	14.2%	9	127	16.1	0.9	1.5	4.0	1.8	2.8	0.2	0.2	0.2	16	16	16	\$/MWh
Consumer																		
MHP	MHPC	1,236	34.1%	422	2,364	4.0	7.6	neg	5.1	6.0	4.9	1.7	1.6	1.8				
Kernel	KER	669	61.8%	413	1,375	3.2	6.4	14.2	4.3	4.7	7.9	0.6	0.5	0.6				
Astarta	AST	284	37.0%	105	605	4.9	8.3	3.5	5.5	6.6	4.4	1.3	1.2	1.1				
Avangardco	AVGR	537	22.5%	121	644	2.4	2.3	3.3	2.3	2.1	2.7	1.0	1.0	1.1	146	111	104	\$/mneggs
Agroton	AGT	12	26.2%	3	61	1.8	neg	neg	3.0	8.1	17.6	0.7	0.8	0.7	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	284	3.5%	10		>30	3.2	neg	0.4	0.3	0.5	0.05	0.05	0.07				
Ukrsotsbank	USCB	233	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

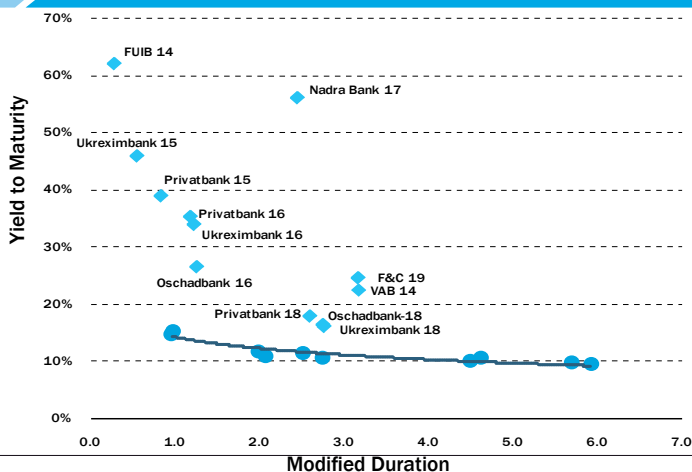
UKRAINIAN EUROBONDS

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	96.4	97.2	57.8%	46.5%	-3.7%	0.1	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	89.5	91.7	18.7%	15.6%	-5.6%	0.9	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.4	93.9	19.7%	16.0%	-5.2%	0.9	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	89.6	91.6	12.9%	11.7%	-3.7%	1.9	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	89.8	91.9	12.1%	10.9%	-3.6%	2.0	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	88.6	90.6	11.6%	10.8%	-3.3%	2.7	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	93.0	94.0	13.0%	12.5%	-5.8%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	11.9%	11.2%	14.7%	2.6	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	87.5	89.1	12.9%	12.2%	12.5%	2.9	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	88.2	90.2	10.8%	10.3%	-4.1%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	88.9	90.9	10.6%	10.1%	-4.0%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	87.6	89.6	10.2%	9.8%	-2.7%	5.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.8	87.8	10.0%	9.6%	-4.1%	5.9	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	29.1	35.8	80.6%	59.8%	-37.9%	1.7	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	97.0	100.0	15.2%	10.2%	-4.8%	0.6	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	84.9	87.7	12.0%	11.3%	-3.5%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	87.0	90.0	32.8%	27.1%	-9.7%	0.9	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	78.1	79.0	19.7%	19.3%	-12.9%	2.6	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	35.0	45.0	117.3%	87.3%	-60.1%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	35.0	45.0	54.7%	42.4%	-54.1%	2.2	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	67.5	69.8	83.2%	76.1%	-32.9%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	60.5	63.5	25.2%	23.5%	-34.2%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	75.0	78.0	57.4%	50.4%	-25.4%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	65.6	68.0	26.1%	24.5%	-29.7%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	93.0	95.7	14.8%	12.2%	-3.7%	1.4	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	75.0	80.0	19.2%	17.0%	-15.5%	2.8	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	73.5	74.5	26.0%	24.5%	-4.5%	2.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	90.3	92.0	15.4%	14.7%	-17.9%	2.9	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	55.0	65.0	27.5%	22.1%	-27.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	65.0	65.0	172.5%	172.5%	-34.0%	0.2	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	55.0	60.0	63.4%	53.2%	-28.6%	2.4	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	75.0	80.0			-13.0%		9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	65.0	70.0	46.6%	38.4%	-11.2%	1.1	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	76.6	78.4	20.6%	19.7%	-7.4%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	84.9	86.5			-11.2%		8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	63.0	68.0	64.1%	48.8%	-23.2%	1.1	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	77.0	79.0	18.1%	17.2%	-12.6%	2.7	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	70.0	75.0	25.3%	22.3%	-15.2%	2.1	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	81.0	85.0	30.6%	25.1%	-10.8%	1.2	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	78.5	80.5	17.4%	16.4%	-10.7%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	83.5	85.0	32.1%	29.5%	-9.4%	1.0	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	81.3	82.6	22.2%	21.1%	-11.5%	1.5	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

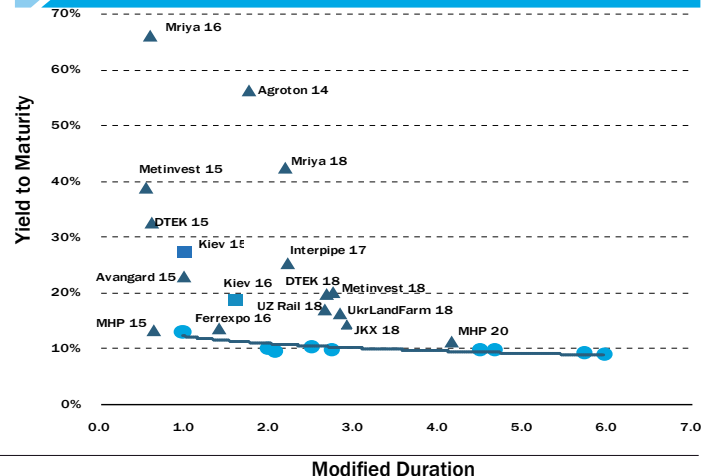
¹ Moody's/S&P/Fitch; * EUR

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

Eavex Capital

12, Ezhena Pottier str.

Kiev 03057

Ukraine

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity and Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales and Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua