

Market Update

Equity

Kyiv listed Ukrainian stocks finished mixed on Friday (Aug 29) after a sharp fall seen during previous trading session on reports of Russian aggression at Ukraine's south-eastern boarder. The UX index rose by 0.5% recovering just small part of 6.2% loss registered on Thursday (Aug 28). Among actively traded stocks, Motor Sich (MSICH UK) added 1.4% and CentrEnergO (CEEN UK) climbed by 0.8%. Meanwhile DonbasEnergO (DOEN UK) lost 0.6% to close at UAH 35.0 per share and Alchevsk Steel (ALMK UK) slid 0.9% on a very light volume. Quotes for UX Futures contracts expiring on Sept 15 declined by 0.3% to 1212 points. In London trading MHP (MHPC LI) declined 0.4% to USD 11.7 while Avangard (AVGR LI) surged 4.8% after publishing its financial results for 2Q14. Warsaw listed Kernel (KER PW) fell 4.6% to PLN 25.8 per share.

Fixed Income

Ukrainian sovereigns continued its downward move on Friday with Ukraine-23s dropping by 1.1p.p. to 85.0/86.5 (10.2%/9.9%). Corporate names also finished in the red. Avangard-15s decreased by 2.0p.p. to 85.0/88.0 (37.8%/31.2%) and Ferrexpo-16s went down by 1.6p.p. finishing at 92.5/93.0 (15.3%/14.5%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	320.00	-0.5%	5.2	337
Motor Sich	MSICH	2302.00	1.4%	1.4	141
CentrenergO	CEEN	7.70	0.8%	0.9	167

Growth Leaders

Yasynivsky Coke	YASK	0.57	7.9%	0.03	14
Poltavsky GOK	PGOK	17.00	4.3%	0.08	14
Motor Sich	MSICH	2302.00	1.4%	1.41	141

Loss Leaders

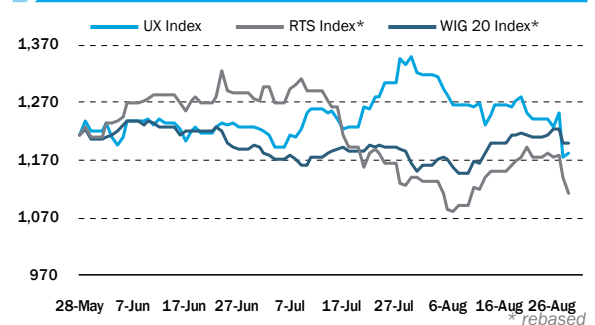
Krymenergo	KREN	1.72	-10.9%	0.033	8
Avdyivka Coke	AVDK	2.79	-2.5%	0.016	33
Alchevsk Steel	ALMK	0.03	-0.9%	0.049	43

Highlights

STOCKS IN THE NEWS

- > Avangard's EBITDA Down by 41% YoY in 1H14
- > Ovostar Improves Its 2Q14 Results After Depressed 2Q13 Data

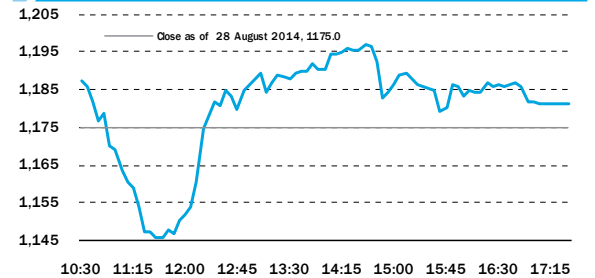
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1181.1	0.5%	-11.7%	29.8%
RTS	1190.2	-2.4%	-1.4%	-17.5%
WIG20	2417.0	-0.2%	1.1%	0.7%
MSCI EM	1087.9	0.1%	0.7%	8.6%
S&P 500	2003.4	0.3%	1.7%	8.8%

UX INTRADAY AUGUST 29, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	306.4	-0.4%	5.8%	-7.4%
CDS 5Y UKR	1077.1	1.4%	24.6%	31.3%
Ukraine-17	11.0%	0.3 p.p.	2.5 p.p.	1.9 p.p.
Naftogaz Ukr-14	55.8%	3.6 p.p.	30.4 p.p.	47.0 p.p.
Ukraine-23	10.0%	0.2 p.p.	1.6 p.p.	2.5 p.p.
Privatbank-16	37.0%	0.1 p.p.	13.2 p.p.	16.6 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	13.20	-2.2%	9.0%	60.2%
EUR	17.33	-2.6%	6.7%	52.5%
RUB	0.36	-3.1%	5.0%	41.7%

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	103.2	0.7%	-4.5%	-7.2%
Gold, USD/oz	1287.8	-0.1%	-0.9%	7.6%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Avangard's EBITDA Down by 41% YoY in 1H14

by Ivan Dzvinka
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AVANGARD (AVGR LI)

Price: USD 8.80 Market Cap: USD 562mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.0	2.4	2.2	11%
2014E	1.1	3.4	2.8	7%

NEWS

Avangard, Ukraine's largest egg producer, reported 71% YoY drop in its EBITDA to USD 18mn for 2Q14, according to the company's financial results released on Friday (Aug 29). The group's net revenue was down by 26% YoY to USD 111mn. The company's bottom line declined by 88% YoY to USD 5.2mn in 2Q14.

In 1H14, the company's EBITDA dropped by 41% YoY to USD 79mn from USD 135mn in 1H13. The top line was down by 14% YoY to USD 263mn and the bottom line halved to USD 52mn. Meanwhile, the company managed to improve its FFO from USD 79mn in 1H13 to USD 111mn in 1H14 due to signing no contracts on forward purchases of grains in light of unstable political situation.

Total debt of the group as of end June 2014 stood at USD 342mn translating into debt to LTM EBITDA ratio of 1.4x vs. covenant figure of 3.0x.

AVANGARD: FINANCIAL RESULTS

USD mn	2Q14	1Q14	2Q13	QoQ	YoY	1H14	1H13	YoY
Net revenue	110.5	152.2	148.5	-27%	-26%	263	304	-14%
EBITDA	18.1	60.9	61.6	-70%	-71%	79	135	-41%
EBITDA margin	16%	40%	41%	-24%	-25pp	30%	44%	-14pp
Net profit	5.2	46.8	44.9	-89%	-88%	52	106	-51%
Net margin	5%	31%	30%	-26pp	-26pp	20%	35%	-15pp

Source: Company data, Bloomberg

COMMENTARY

The company's 1H14 earnings are definitely upset. Avangard's EBITDA was down by USD 56mn with only some USD 16mn of this sum (29%) attributed to lower earnings in the two core segments (egg and egg products) mainly due to devaluation of Ukrainian currency as 70% of the group's production cost is linked to USD while only 40% of its revenue is earned in hard currency. Another USD 10mn drop in the group's EBITDA was due to a drop in result of poultry segment from USD 12.3mn in 1H13 to USD 1.9mn in 1H14. And the most material impact on EBITDA drop of USD 28mn (50%) was done with "loss on exchange". This is additional negative effect from devaluation which usually takes place when the delivery of products is done in time of less favorable FX rate vs. the rate in time when the contract is signed. With recent Avangard's owner Oleg Bakhmatuyk statements about complicated supply of feed to its poultry farms in Donbass due to war, result in 3Q14 could also remain subdued.

Exacerbated military situation in Donbass (accounts for 20% of the group's egg output in 2013) together with poor 1H14 results and especially 2Q14 data are providing obviously negative sentiment for AVGR stock. The factor now able to partly compensate these drawbacks are expected decision on dividends which, according to the management is set to be done at the group's AGM in September. While we prefer to believe that the company will keep its promise and will make positive decision on the dividend distribution in spite of complicated business environment, there is no 100% assurance on dividend distribution decision which will be highly depended on political situation, management told us on Friday (Aug 29).

Ovostar Improves Its 2Q14 Results After Depressed 2Q13 Data

by Ivan Dzvinka
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OVOSTAR UNION (OVO PW)

Price: PLN 67.6 Market Cap: USD 126mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.6	4.1	3.8	0%
2014E	1.9	7.9	6.3	0%

NEWS

Ovostar Union, Ukraine's one of the largest egg producer, reported higher financials for 1H14 vs. 1H13, according to the company's financial results released on Friday (Aug 29). Ovostar's net revenue was up by 6% YoY to USD 35mn on the back of 16% increase in sales of shell eggs to 298 mn pieces. The company's EBITDA rose by 42% YoY to USD 13.5mn in 1H14 with net profit improving by 67% YoY to USD 11.2mn. In 2Q14, the company also managed to improve its earnings with EBITDA up by 42% YoY to USD 4.3mn and bottom line doubling to 3.4mn.

Net debt of Ovostar as of end June 2014 stood at USD 6.9mn translating into net debt to LTM EBITDA ratio of comfortable 0.2x.

The company now considers 2017 as the year of completion of modernization of its poultry complex in Stavyshe vs. 2016 previously.

OVOSTAR UNION: FINANCIAL RESULTS

USD mn	2Q14	1Q14	2Q13	QoQ	YoY	1H14	1H13	YoY
Net revenue	15.4	19.5	15.4	-21%	0%	34.9	33.1	6%
EBITDA	4.3	9.2	3.0	-54%	42%	13.5	9.5	42%
EBITDA margin	27.7%	47.1%	19.4%	-19pp	8pp	38.5%	28.6%	10pp
Net profit	3.4	7.9	1.6	-57%	104%	11.2	6.7	67%
Net margin	21.9%	40.2%	10.7%	-18pp	11pp	32.1%	20.4%	12pp

Source: Company data, Bloomberg

COMMENTARY

While the results look rosy from the first glance, deeper analysis provide rather different point of view. Growth in the company's 1H14 results were mostly due to strong 1Q14 figures as 2Q14 EBITDA and bottom line halved QoQ mainly due to devaluation of Ukrainian currency (UAH) on the back of Ovostar's sales focus on domestic market.

48% devaluation of UAH and small share of export sales in revenue (~10%) led to flat YoY sales of the company in 2Q14 despite a 18% YoY increase in egg sales volume and 35% YoY growth in selling price in UAH terms. Also, while the company posted increase in EBITDA and net profit in 2Q14 vs. 2Q13, this happened due to non-related to production elements as well as favourable comparable base of 2Q13 when the company reported one of the poorest earnings in its history. In 2Q14, other operating income (mainly from special VAT regime) jumped 2.5x to USD 1.3mn and SG&A cost were lower by USD 0.5mn.

We stick to our EBITDA forecast for FY14 of USD 21mn and confirm our target price of PLN 58.7 suggesting SELL recommendation.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.79	0.56	-30%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	132.1	108.0	-18%	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	8.15	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	6.85	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	2.79	U/R	-	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.57	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	15.8	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	2302	5250	128%	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	7.5	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	45.1	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	35.0	72.0	106%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.70	15.00	95%	BUY	CentrEnergO'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	36.0	90.0	150%	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	8.8	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	69.8	58.74	-16%	SELL	Ovostar is one of the hardest-hit Ukrainian public companies from this year's UAH devaluation as some 70% of its production cost is linked to USD while only 7% of revenue earned in hard currency. Capacity expansion project for 2014-16 will likely be delayed, according to the management.
Banks						
Raiffeisen Bank Aval	BAVL	0.127	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	1181.10	1368.76	799.72	0.5%	-4.8%	-11.7%	29.8%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.032	0.06	0.02	-0.9%	-5.6%	-11.5%	-17.0%	-1.4%	-0.7%	0.1%	-46.8%
Azovstal	AZST	0.79	0.95	0.35	2.5%	-9.1%	-11.6%	17.8%	1.9%	-4.3%	0.0%	-12.0%
Dniprospezstal	DNSS	250	n/a	n/a	0.0%	0.0%	-50.0%	-80.8%	-0.5%	4.8%	-38.3%	-110.6%
Enakievo Steel	ENMZ	36.4	65.0	17.0	-0.1%	-5.9%	-17.7%	13.8%	-0.7%	-1.1%	-6.0%	-16.0%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-0.5%	4.8%	11.7%	218.0%
Mariupol Ilyicha	MMKI	0.10	n/a	n/a	0.0%	0.0%	-23.1%	0.0%	-0.5%	4.8%	-11.4%	-29.8%
Coke												
Avdyivka Coke	AVDK	2.79	4.80	1.46	-2.5%	-5.4%	-11.1%	-5.6%	-3.0%	-0.6%	0.6%	-35.4%
Yasnyivsky Coking	YASK	0.57	0.84	0.30	9.6%	-12.3%	-21.9%	7.5%	9.1%	-7.5%	-10.2%	-22.2%
Iron Ore Mining												
Centralny GOK	CGOK	6.85	n/a	n/a	2.2%	5.4%	-2.1%	5.4%	1.7%	10.2%	9.5%	-24.4%
Ferrexpo	FXPO	132.1	199.0	121.8	1.6%	-4.3%	-5.8%	-30.8%	1.1%	0.5%	5.8%	-60.6%
Pivnichny GOK	SGOK	8.15	10.00	4.50	0.6%	-1.8%	1.9%	1.9%	0.1%	3.0%	13.6%	-27.9%
Coal Mining												
Pokrovske Mine	SHCHZ	0.60	0.79	0.10	-3.2%	5.3%	-7.7%	50.0%	-3.7%	10.1%	4.0%	20.2%
Komsomolets Donbasa	SHKD	0.75	n/a	n/a	0.0%	0.0%	-6.3%	21.0%	-0.5%	4.8%	5.4%	-8.8%
Energy Coal	CLE	0.63	2.86	0.63	-8.7%	-31.5%	-36.4%	-40.0%	-9.2%	-26.7%	-24.7%	-69.8%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	-31.8%	-34.8%	-0.5%	4.8%	-20.1%	-64.6%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.55	1.01	0.30	0.0%	-8.3%	-30.4%	-8.3%	-0.5%	-3.5%	-18.7%	-38.1%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	0.0%	-23.1%	42.9%	-0.5%	4.8%	-11.4%	13.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.8	26.0	10.0	-1.3%	-6.0%	-13.3%	-8.7%	-1.8%	-1.2%	-1.7%	-38.5%
Luhanskeplovoz	LTPL	1.01	1.80	0.85	0.0%	-15.8%	-25.2%	-32.7%	-0.5%	-11.0%	-13.5%	-62.5%
Stakhanov Wagon	SVGZ	0.71	n/a	n/a	-21.1%	-23.7%	-32.4%	-45.4%	-21.6%	-18.8%	-20.7%	-75.2%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-3.7%	-11.4%	-18.0%	67.2%	-4.2%	-6.6%	-6.3%	37.4%
Motor Sich	MSICH	2,302	3,000	1,303	1.4%	-1.6%	-17.8%	26.2%	0.9%	3.2%	-6.2%	-3.6%
Summy Frunze Engineering	SMASH	3.00	n/a	n/a	0.0%	0.0%	-14.3%	20.0%	-0.5%	4.8%	-2.6%	-9.8%
Turboatom	TATM	4.50	n/a	n/a	50.0%	50.0%	12.5%	28.6%	49.5%	54.8%	24.2%	-1.2%
WESTA ISIC	WES	0.24	0.80	0.24	0.0%	-17.2%	-25.0%	-40.0%	-0.5%	-12.4%	-13.3%	-69.8%
Telecom												
Ukrtelecom	UTLM	0.20	0.20	0.09	0.0%	16.2%	22.4%	81.7%	-0.5%	21.0%	34.1%	51.9%
Oil & Gas												
Regal Petroleum	RPT	7.50	17.25	4.88	7.1%	11.1%	-10.4%	-41.2%	6.6%	15.9%	1.2%	-71.0%
JXX Oil	JKX	45.13	75.00	36.00	0.6%	-0.6%	0.3%	-37.1%	0.0%	4.3%	12.0%	-66.9%
Ukrnafta	UNAF	320	370	54	-0.5%	1.6%	-2.0%	194.7%	-1.1%	6.4%	9.7%	164.9%
Power Utilities												
Centrenerg	CEEN	7.70	8.70	2.50	0.8%	-3.0%	-5.4%	61.5%	0.3%	1.8%	6.3%	31.7%
Donbasenergo	DOEN	35.0	50.2	11.0	-0.6%	-8.1%	-13.6%	26.8%	-1.1%	-3.3%	-1.9%	-3.0%
Zakhidenergo	ZAEN	130.0	157.0	64.0	-4.1%	-5.9%	-11.1%	43.8%	-4.6%	-1.1%	0.5%	14.0%
Consumer												
Agroton	AGT	1.79	5.5	1.79	-1.1%	-19.4%	-29.8%	-8.2%	-1.6%	-14.5%	-18.1%	-38.0%
Astarta	AST	36.0	73.7	34.5	-1.3%	-4.8%	-7.3%	-46.2%	-1.8%	0.0%	4.3%	-76.0%
Avangardo	AVGR	8.8	13.0	8.36	4.8%	-2.2%	-4.2%	-25.1%	4.2%	2.7%	7.5%	-54.9%
Industrial Milk Company	IMC	8.40	15.50	7.60	-1.1%	-2.3%	-3.2%	-30.9%	-1.6%	2.5%	8.5%	-60.6%
Kernel	KER	25.8	53.9	23.2	-4.6%	-6.4%	-13.9%	-32.4%	-5.1%	-1.6%	-2.3%	-62.1%
Mriya Agro Holding	MAYA	1.90	6.0	1.44	0.0%	14.5%	-57.8%	-64.8%	-0.5%	19.3%	-46.1%	-94.6%
MHPC	MHPC	11.7	18.5	11.00	-0.4%	-3.1%	-9.3%	-31.5%	-0.9%	1.7%	2.3%	-61.3%
Milkiland	MLK	4.50	14.2	4.50	-0.2%	-5.3%	-23.7%	-64.0%	-0.7%	-0.4%	-12.0%	-93.8%
Ovostar Union	OVO	69.8	103.0	59.4	2.5%	-0.3%	-0.3%	-30.2%	2.0%	4.5%	11.4%	-60.0%
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	0.0%	-9.6%	6.2%	-9.6%	-0.5%	-4.8%	17.9%	-39.4%
Banks												
Raiffeisen Bank Aval	BAVL	0.127	0.188	0.077	-0.1%	-9.1%	-13.4%	12.2%	-0.6%	-4.3%	-1.7%	-17.5%
UkrSotsbank	USCB	0.171	0.257	0.090	0.2%	-0.5%	-3.3%	-8.7%	-0.3%	4.4%	8.4%	-38.5%

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	63	3.9%	2	1,412	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	365	340	330	\$/tonne
Yenakievo Steel	ENMZ	29	8.8%	3	26	3.4	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	9	9	9	\$/tonne
Azovstal	AZST	251	3.0%	7	236	neg	neg	neg	neg	neg	6.7	0.1	0.1	0.1	51	52	52	\$/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	12	9.0%	1	13	1.4	neg	2.5	0.5	0.4	0.7	0.0	0.0	0.0	0.5	0.4	0.7	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	608	0.3%	2	607	6.4	3.1	3.7	2.6	1.9	2.2	1.0	0.9	1.0				
Pivnichny GOK	SGOK	1,423	0.4%	6	1,416	3.3	2.6	3.1	1.9	1.6	1.7	1.0	0.9	0.9				
Ferrexpo	FXPO	1,284	24.0%	308	1,963	6.0	4.9	4.6	4.9	3.9	4.0	1.4	1.2	1.4				
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	30	28	27	\$/tonne
Coal Energy	CLE	29	25.0%	7	139	0.7	neg	neg	2.2	6.6	15.4	0.8	1.1	1.4	2.2	6.6	15.4	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	108	2.0%	2	154	3.2	23.0	26.4	3.0	4.9	6.0	0.3	0.5	0.6	244	405	385	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	17	24.0%	4	54	3.5	0.9	0.7	1.9	1.5	1.4	0.2	0.2	0.1				
Kruiiv Wagon	KVBZ	137	5.0%	7	137	1.4	3.3	neg	1.0	2.1	8.9	0.2	0.3	0.9				
Stakhanov Wagon	SVGZ	12	8.0%	1	45	20.7	22.9	26.2	6.2	7.6	8.2	0.1	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	112	5.8%	6	52	2.9	1.6	1.7	1.0	0.6	0.7	0.3	0.2	0.3				
Motor Sich	MSICH	362	24.0%	87	353	1.8	2.1	1.9	1.1	1.3	1.4	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	284	7.2%	20	587	6.3	16.6	10.8	2.9	3.1	3.4	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,315	3.0%	39	1,307	7.5	>30	8.2	2.9	4.6	4.0	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	40	21.6%	9	15	3.4	neg	20.0	0.7	neg	0.6	0.4	0.4	0.3	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	129	50.4%	65	237	neg	19.8	16.5	1.7	3.6	3.5	1.2	1.3	1.2	43	32	32	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	215	21.7%	47	284	7.5	3.6	10.3	4.1	3.0	6.5	0.3	0.3	0.4	16	21	18	\$/MWh
DonbasEnergO	DOEN	63	14.2%	9	128	16.4	1.0	1.6	4.0	1.8	2.8	0.2	0.2	0.2	16	16	16	\$/MWh
Consumer																		
MHP	MHPC	1,231	34.1%	420	2,359	4.0	7.6	neg	5.0	6.0	4.9	1.7	1.6	1.8				
Kernel	KER	640	61.8%	395	1,346	3.0	6.1	13.6	4.2	4.6	7.7	0.6	0.5	0.5				
Astarta	AST	281	37.0%	104	602	4.8	8.2	3.4	5.4	6.6	4.4	1.3	1.2	1.1				
Avangardco	AVGR	562	22.5%	127	670	2.5	2.4	3.4	2.4	2.2	2.9	1.1	1.0	1.1	151	115	108	\$/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	290	3.5%	10		>30	3.2	neg	0.4	0.3	0.5	0.05	0.05	0.07				
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

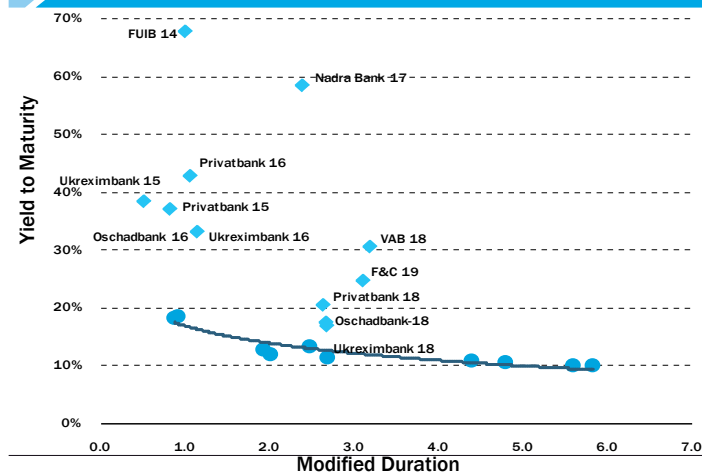
UKRAINIAN EUROBONDS

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	96.3	97.0	60.8%	50.7%	-3.8%	0.1	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	88.0	91.8	21.2%	15.7%	-6.4%	0.9	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.0	93.5	20.6%	16.7%	-5.6%	0.9	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	88.7	90.7	13.5%	12.3%	-4.6%	1.9	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	89.1	91.2	12.5%	11.3%	-4.4%	2.0	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	87.9	89.9	12.0%	11.1%	-4.1%	2.7	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	91.7	93.0	13.6%	13.0%	-6.9%	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	86.0	87.2	13.6%	13.1%	10.3%	2.9	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	87.4	89.4	11.1%	10.6%	-5.1%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	88.0	90.0	10.8%	10.3%	-5.0%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	86.5	88.5	10.4%	10.0%	-3.9%	5.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.0	86.5	10.2%	9.9%	-5.3%	5.8	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	29.1	35.8	81.1%	60.0%	-37.9%	1.7	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	94.0	99.0	20.4%	11.8%	-6.8%	0.6	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	83.9	87.4	12.3%	11.4%	-4.2%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	85.0	88.0	37.8%	31.2%	-11.7%	0.9	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	76.5	79.5	20.5%	19.0%	-13.5%	2.6	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	35.0	45.0	117.6%	87.5%	-60.1%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	35.0	42.0	54.8%	45.7%	-55.8%	2.1	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	67.1	68.3	84.7%	81.1%	-33.8%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	60.5	63.5	25.3%	23.5%	-34.2%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	75.0	78.0	57.6%	50.5%	-25.4%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	65.0	69.0	26.6%	23.9%	-29.5%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.5	93.0	15.3%	14.5%	-5.3%	1.4	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	74.0	80.0	19.7%	17.0%	-16.0%	2.8	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	67.0	70.0	31.4%	27.8%	-12.9%	2.1	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	90.4	92.2	15.3%	14.6%	-17.7%	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	63.5%	53.3%	-28.6%	2.4	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	75.0	80.0	40.9%	33.4%	-14.8%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	65.0	70.0	47.0%	38.7%	-11.2%	1.1	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	76.6	78.1	20.6%	19.9%	-7.6%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	83.5	84.5	39.6%	37.4%	-12.9%	0.5	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	60.0	65.0	57.9%	57.9%	-26.7%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	77.1	79.1	18.1%	17.1%	-12.4%	2.7	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	60.0	65.0	32.5%	28.7%	-26.9%	1.9	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	78.9	80.1	34.2%	32.2%	-14.6%	1.2	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	77.8	80.1	17.5%	16.5%	-11.3%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	81.6	82.6	36.1%	34.1%	-11.7%	0.9	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	81.4	82.5	22.1%	21.2%	-11.5%	1.5	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

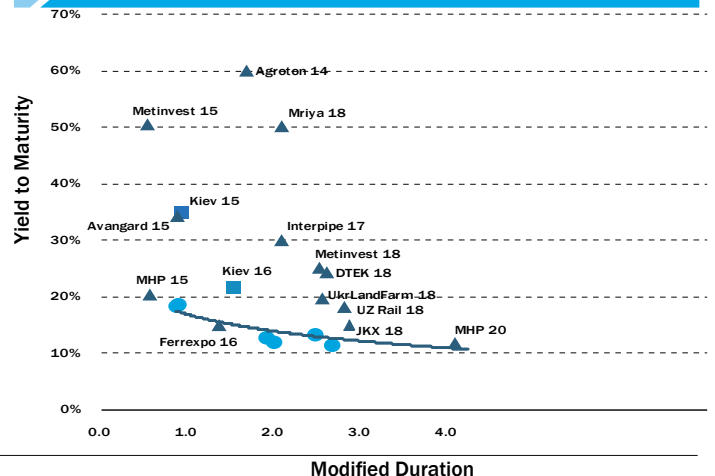
¹ Moody's/S&P/Fitch; * EUR

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			16.5%	14.5%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			19.0%	17.5%	n/a	14.30%	S/A	24 May 2017	184
USD denominated Bonds									
UA4000142699	n/a	n/a	15.0%	14.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	15.0%	14.0%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	15.0%	14.0%	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			18.5%	16.5%	n/a	5.50%	S/A	21 Aug 2015	141
UA4000082622			18.5%	16.5%	n/a	5.50%	S/A	24 Aug 2015	571
UA4000083059			18.5%	16.5%	n/a	5.50%	S/A	25 Aug 2015	415

Source: Bloomberg, Cbonds, Eavex Research

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