

Market Update
Equity

Ukraine's stock market ended in the red on Tuesday (Sept 2) despite generally positive external sentiments. Local traders continued to focus on deteriorating macro forecasts for the country, with one of Ukraine's top independent think-tanks, the International Center for Policy Studies, saying the GDP drop might reach 7.0% this year. The UX index lost 1.6% to close at 1168 points, still retaining some breathing room above its historically strong support level of 1150. Among heavyweight stocks, both Motor Sich (MSICH UK) and CentrEnergO (CEEN UK) fell by 1.8%. UkrNafta (UNAF UK) was actively traded, printing UAH 1.05mn in transactions while dropping by 1.5% to UAH 326 per share. Krukiv Wagon (KVBZ UK) slid 2.7% after a moderate increase the day before. Quotes for UX Futures contracts expiring on Sept 15 declined 1.8% to 1196 points. In London, poultry producer MHP (MHPC LI) sold off by 3.5% to a fresh 2-year low of USD 11.2 on worries that demand for the company's products could worsen in the current domestic economic environment. Ferrexpo (FXPO LN) dropped by 3.0% as the outlook for global iron ore prices remained weak.

Fixed Income

Ukrainian sovereigns dropped on Tuesday with Ukraine-23s down by 0.3p.p. to 85.0/86.0 (10.2%/10.0%). Corporate names also finished in the red. MHP-20s declined by 2.8.p.p. to 81.8/83.6 (12.9%/12.4%) and DTEK-15s plunged by 13.0p.p. finishing at 67.0/70.0 (85.5%/76.0%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2268.00	-1.8%	2.4	216
Ukrnafta	UNAF	326.00	-1.5%	1.1	114
Azovstal	AZST	0.78	-1.5%	0.3	75

Growth Leaders

Raiffeisen Bank Aval	BAVL	0.13	-0.7%	0.14	31
Donbasenergo	DOEN	34.13	-1.1%	0.13	120
Avdyivka Coke	AVDK	2.72	-1.2%	0.06	41

Loss Leaders

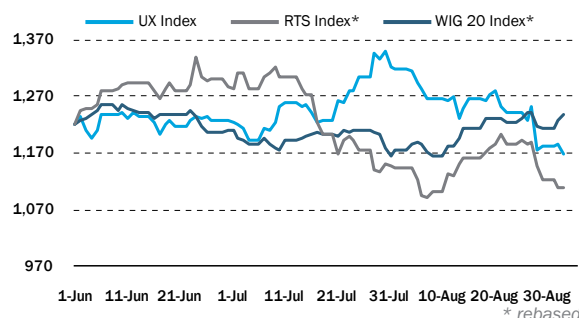
Yenakievo Steel	ENMZ	34.00	-6.6%	0.202	54
Kryukiv Wagon	KVBZ	15.50	-2.7%	0.255	24
Motor Sich	MSICH	2,268.00	-1.8%	2.417	216

Highlights
POLITICS AND ECONOMICS

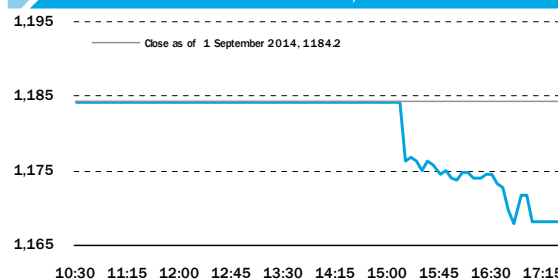
- > Pro-Ukrainian Forces Routed at Ilovaysk, Lugansk Airport

STOCKS IN THE NEWS

- > Steel Output in Ukraine Plunges 33% MoM in August
- > Agroton Ends 1H14 with Net Loss of USD 37mn

STOCK MARKET PERFORMANCE

MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1168.2	-1.4%	-11.4%	28.4%
RTS	1177.9	0.0%	-2.9%	-18.4%
WIG20	2463.1	0.8%	5.2%	2.6%
MSCI EM	1086.7	-0.4%	2.5%	8.5%
S&P 500	2002.3	-0.1%	4.0%	8.8%

UX INTRADAY SEPTEMBER 2, 2014

FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	307.1	0.2%	0.8%	-7.2%
CDS 5Y UKR	1110.0	2.9%	35.6%	35.3%
Ukraine-17	11.3%	0.3 p.p.	2.7 p.p.	2.3 p.p.
Naftogaz Ukr-14	61.8%	5.6 p.p.	35.3 p.p.	53.0 p.p.
Ukraine-23	10.1%	0.1 p.p.	1.7 p.p.	2.6 p.p.
Privatbank-16	37.1%	0.1 p.p.	13.1 p.p.	16.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	12.45	-0.8%	1.0%	51.1%
EUR	16.35	-0.8%	-1.2%	43.8%
RUB	0.34	-2.1%	-1.6%	35.1%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	238.4	0.0%	0.4%	-17.0%
Steel, USD/t	545.0	0.0%	1.9%	1.4%
Oil, USD/bbl	100.3	-2.4%	-4.9%	-9.8%
Gold, USD/oz	1265.4	-1.6%	-2.2%	5.8%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Pro-Ukrainian Forces Routed at Ilovaysk, Lugansk Airport

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NEWS

Ukrainian army troops and volunteer battalions were forced to retreat from two key hot-spots in the war against pro-Russian separatists earlier this week while suffering heavy losses in both men and equipment. International media reported that around 100 pro-Ukraine fighters died in an ambush while retreating from the town of Ilovaysk east of Donetsk, and the government's military spokesman acknowledged that the army has been ousted from its base at Lugansk Airport. Meanwhile, the army has also abandoned its control of the main highway running south from Donetsk to the port city of Mariupol; along the highway lie the strategic towns of Volnovakha, Starobeshevo (the site of DonbasEnerg's main power plant), and Olenivka.

COMMENTARY

The turnaround of the Donbass war over the past week does not come as a surprise to us, as Ukraine's lack of control over its border with Russia has always meant that the Kremlin has had free reign to reinforce the separatists as needed in order prevent them from suffering a total military defeat. We now believe that the window for the Poroshenko government to recapture the cities of Donetsk and Lugansk has closed, and that Ukraine's armed forces will have to focus on trying to defend Mariupol – and perhaps other cities - from a Russian separatist takeover. We continue to believe that the West, led by President Obama and Chancellor Merkel, will try to impose a peace plan on Poroshenko that will effectively cede parts of Donetsk and Lugansk provinces to permanent separatist control, as the West is simply not willing to enact further economic sanctions against Moscow or offer large-scale military aid to Ukraine for the defense of this particular territory. For its part, the Kremlin's strategy looks clear to us: to place President Poroshenko under increasing domestic political pressure from Ukrainian nationalists over the loss of the country's territory, in the hopes that he will be weakened or overthrown by right-wing hard-liners, thus plunging Kyiv into a state of chaos.

Steel Output in Ukraine Plunges 33% MoM in August

by Ivan Dzvinka
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NEWS

Crude steel production in Ukraine was 1.65mn tonnes in August, representing a 33% MoM and 41% YoY plunge, Interfax reported, citing industry association Metallurgprom. Output of processed steel declined by 32% MoM and 39% YoY to 1.49mn tonnes in the month. Year-to-date, steelmakers have smelted 19.69mn tonnes of crude steel, an 11% YoY drop. Processed steel output is also down 11% YoY to 17.34mn tonnes.

COMMENTARY

The plunge by a full third in steel output in August falls in line with our expectations. This decline is unprecedented, even exceeding the drops seen in the financial crisis period of 4Q08, which were around 25% MoM. Obviously, the intensified war in the Donbass region was to blame; the region accounts for some 50% of steel smelting capacity in Ukraine. The war forced the stoppage in mid-August of several steel mills (including top traded names Alchevsk Steel and Yenakievo Steel) due to electricity cutoffs or damaged plant facilities. Other metallurgy plants sharply reduced their output due to problems with input supplies against the background of badly damaged transportation infrastructure in the Donbass.

If the war continues unabated in the coming weeks, we will likely see another monthly double-digit drop in steel production in September, with inherent negative consequences for Ukrainian industrial output and export revenue (some 80% of Ukrainian steel is exported).

Agroton Ends 1H14 with Net Loss of USD 37mn

by Ivan Dzvinka
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NEWS

Lugansk-based, Warsaw-listed crop grower Agroton reported a sharp deterioration in its financial results, according to the company's management accounts released on Tuesday (Sept 2). The accounts provided include only the Profit and Loss statement, which is based on the best available data in the company's possession; management said that it "lacks access to most of the source documents due to the ongoing armed conflict in the region". The company's revenue was down by 44% YoY to USD 22.8mn in 1H14. A loss of USD 700,000 from revaluation of biological assets and a 22% YoY increase in production cost to USD 52.4mn led to a gross loss of USD 30.3mn (vs. USD +9.9mn in 1H13). As a result, the operating loss amounted to USD 35.4mn compared to operating profit of USD 4.1mn in 1H13. The net loss totaled USD 36.6mn vs. a net loss of USD 187,000 for 1H13.

COMMENTARY

Lower achieved crop prices in 1H14 along with declining sales volume on the back of last year's small harvest and the ongoing war in Lugansk province explain the near-halving of Agroton's top line. Still, a huge 2.2x increase in cost of sales per dollar of revenue from USD 1.1 to 2.3 looks extremely doubtful to us. Since the company provided no notes to its P&L, it is not possible to clarify the reason for the sharp cost of sales increase. We continue to consider the equity and Eurobonds of Agroton to be outside of the investable universe.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.78	0.56	-29%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	128.0	108.0	-16%	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	2.72	U/R	--	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.58	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	0.50	2.9	489%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	15.5	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.02	U/R	--	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
Specialized Machinery						
Motor Sich	MSICH	2268	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	6.0	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	45.3	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	34.1	72.0	111%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.62	15.00	97%	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	11.2	15.65	40%	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	8.4	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	67.6	58.74	-13%	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	1168.20	1368.76	799.72	-1.4%	-4.8%	-11.4%	28.4%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.032	0.06	0.02	-1.5%	-6.7%	-13.1%	-17.8%	-0.2%	-1.9%	-1.7%	-46.2%
Azovstal	AZST	0.78	0.95	0.35	-1.5%	-9.4%	-11.0%	16.4%	-0.2%	-4.6%	0.4%	-12.0%
Dniprospeztstal	DNSS	250	n/a	n/a	0.0%	0.0%	-50.0%	-80.8%	1.4%	4.8%	-38.6%	-109.1%
Enakievo Steel	ENMZ	34.0	65.0	17.0	-6.7%	-9.4%	-22.0%	6.2%	-5.3%	-4.6%	-10.6%	-22.2%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	1.4%	4.8%	11.4%	219.5%
Mariupol Ilyicha	MMKI	0.10	n/a	n/a	0.0%	0.0%	-23.1%	0.0%	1.4%	4.8%	-11.7%	-28.4%
Coke												
Avdyivka Coke	AVDK	2.72	4.80	1.46	-4.1%	-9.3%	-12.3%	-8.1%	-2.8%	-4.5%	-1.0%	-36.5%
Yasnyivsky Coking	YASK	0.58	0.84	0.30	-3.3%	-10.8%	-19.4%	9.4%	-2.0%	-5.9%	-8.1%	-18.9%
Iron Ore Mining												
Centralny GOK	CGOK	6.85	n/a	n/a	0.0%	-1.0%	7.7%	5.4%	1.4%	3.8%	19.1%	-23.0%
Ferrexpo	FXPO	128.0	199.0	121.8	-3.0%	-5.2%	-3.4%	-33.0%	-1.6%	-0.4%	8.0%	-61.4%
Pivnichny GOK	SGOK	8.15	10.00	4.50	0.0%	-1.8%	4.8%	1.9%	1.4%	3.0%	16.1%	-26.5%
Coal Mining												
Pokrovske Mine	SHCHZ	0.50	0.79	0.10	-10.7%	-19.4%	-36.7%	25.0%	-9.4%	-14.5%	-25.3%	-3.4%
Komsomolets Donbasa	SHKD	0.64	n/a	n/a	-3.0%	-14.7%	-20.0%	3.2%	-1.7%	-9.8%	-8.6%	-25.1%
Energy Coal	CLE	0.63	2.86	0.55	14.5%	-30.8%	-35.1%	-40.0%	15.9%	-25.9%	-23.7%	-68.4%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	-31.8%	-34.8%	1.4%	4.8%	-20.4%	-63.2%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.55	1.01	0.30	0.0%	3.8%	-21.4%	-8.3%	1.4%	8.6%	-10.0%	-36.7%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	0.0%	0.0%	42.9%	1.4%	4.8%	11.4%	14.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.5	26.0	10.0	-3.1%	-7.7%	-15.3%	-10.4%	-1.8%	-2.9%	-4.0%	-38.8%
Luhanskeplovoz	LTPL	1.02	1.80	0.85	1.0%	-15.0%	-24.4%	-32.0%	2.3%	-10.2%	-13.1%	-60.4%
Stakhanov Wagon	SVGZ	0.71	n/a	n/a	0.0%	-23.7%	-33.6%	-45.4%	1.4%	-18.8%	-22.3%	-73.8%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-1.8%	-13.0%	-16.3%	64.2%	-0.5%	-8.2%	-5.0%	35.8%
Motor Sich	MSICH	2,268	3,000	1,303	-1.8%	0.7%	-15.8%	24.3%	-0.5%	5.5%	-4.4%	-4.0%
Sumy Frunze Engineering	SMASH	3.00	n/a	n/a	0.0%	0.0%	-14.3%	20.0%	1.4%	4.8%	-2.9%	-8.4%
Turboatom	TATM	5.20	n/a	n/a	15.6%	73.3%	4.0%	48.6%	16.9%	78.2%	15.4%	20.2%
WESTA ISIC	WES	0.21	0.80	0.21	-8.7%	-25.0%	-27.6%	-47.5%	-7.3%	-20.2%	-16.2%	-75.9%
Telecom												
Ukrtelecom	UTLM	0.20	0.20	0.09	0.0%	11.1%	12.5%	81.8%	1.4%	15.9%	23.9%	53.5%
Oil & Gas												
Regal Petroleum	RPT	6.00	17.25	4.88	-14.3%	-11.1%	-21.3%	-52.9%	-12.9%	-6.3%	-9.9%	-81.3%
JXX Oil	JKX	45,25	75.00	36.00	0.8%	0.0%	12.4%	-36.9%	2.2%	4.8%	23.8%	-65.3%
Ukrnafta	UNAF	326	370	54	-1.5%	1.6%	4.7%	200.2%	-0.1%	6.4%	16.0%	171.8%
Power Utilities												
Centrenerg	CEEN	7.62	8.70	2.50	-1.8%	-4.1%	-6.1%	59.9%	-0.5%	0.7%	5.3%	31.5%
Donbasenergo	DOEN	34.1	50.2	11.0	-0.8%	-9.1%	-17.6%	23.7%	0.5%	-4.2%	-6.2%	-4.7%
Zakhidenergo	ZAEN	130.0	157.0	64.0	0.0%	-5.9%	-12.8%	43.8%	1.4%	-1.1%	-1.4%	15.4%
Consumer												
Agroton	AGT	1.81	5.5	1.79	-3.2%	-15.0%	-25.5%	-7.2%	-1.9%	-10.2%	-14.1%	-35.5%
Astarta	AST	36.0	73.7	34.4	4.6%	-4.6%	0.0%	-46.2%	5.9%	0.2%	11.4%	-74.6%
Avangardo	AVGR	8.4	13.0	8.36	0.0%	0.0%	-1.8%	-28.5%	1.4%	4.8%	9.6%	-56.9%
Industrial Milk Company	IMC	8.17	15.50	7.60	-1.0%	-3.2%	-6.4%	-32.8%	0.4%	1.6%	5.0%	-61.1%
Kernel	KER	23.6	53.9	23.2	-3.1%	-14.0%	-17.8%	-37.9%	-1.8%	-9.2%	-6.4%	-66.3%
Mriya Agro Holding	MAYA	1.81	6.0	1.44	0.0%	9.0%	-47.5%	-66.5%	1.4%	13.8%	-36.1%	-94.8%
MHPC	MHPC	11.2	18.5	11.00	-3.5%	-7.2%	-14.0%	-34.5%	-2.2%	-2.4%	-2.6%	-62.8%
Milkiland	MLK	4.16	14.2	4.16	-2.1%	-9.4%	-26.9%	-66.7%	-0.8%	-4.5%	-15.5%	-95.1%
Ovostar Union	OVO	67.6	103.0	59.4	0.0%	-4.8%	-3.4%	-32.4%	1.4%	0.0%	8.0%	-60.8%
Sintal	SNPS	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	10.5	n/a	n/a	-7.5%	-16.4%	-11.8%	-16.4%	-6.2%	-11.6%	-0.4%	-44.8%
Banks												
Raiffeisen Bank Aval	BAVL	0.128	0.188	0.077	-0.7%	-7.9%	-13.6%	12.6%	0.7%	-3.0%	-2.2%	-15.8%
UkrSotsbank	USCB	0.170	0.257	0.090	-0.6%	2.2%	-3.6%	-9.4%	0.7%	7.0%	7.8%	-37.8%

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%
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	2013	2014E	2012	2013	2014E	2012	2013	2014E	2012	2013	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	29	8.8%	3	25	3.4	neg	neg	neg	1.1	0.8	0.0	0.0	0.0	9	9	9	\$/tonne
Azovstal	AZST	263	3.0%	8	248	neg	neg	neg	neg	neg	7.0	0.1	0.1	0.1	54	55	54	\$/tonne
Coke																		
Avdyivka Coke	AVDK	43	6.8%	3	40	neg	neg	neg	neg	0.9	1.4	0.0	0.0	0.1	9	10	11	\$/tonne
Yasynivsky Coke	YASK	13	9.0%	1	14	1.5	neg	2.7	0.5	0.5	0.7	0.0	0.0	0.0	0.5	0.5	0.7	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	645	0.3%	2	643	6.8	3.3	4.0	2.8	2.1	2.3	1.1	0.9	1.0				
Pivnichny GOK	SGOK	1,508	0.4%	6	1,502	3.5	2.8	3.3	2.0	1.6	1.8	1.1	0.9	1.0				
Ferrexpo	FXPO	1,234	24.0%	296	1,913	5.7	4.7	4.5	4.8	3.8	3.9	1.3	1.2	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	17	5.4%	1	119	2.4	1.0	1.0	1.0	1.3	1.3	0.4	0.5	0.5	29	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	115	2.0%	2	161	3.4	24.4	28.0	3.1	5.1	6.2	0.3	0.5	0.6	255	422	401	\$/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	0.2				
Krukiw Wagon	KVBZ	143	5.0%	7	143	1.5	3.4	neg	1.1	2.2	9.3	0.2	0.3	0.9				
Stakhanov Wagon	SVGZ	13	8.0%	1	45	21.9	24.3	27.8	6.3	7.8	8.3	0.1	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	119	5.8%	7	59	3.1	1.7	1.8	1.1	0.7	0.8	0.4	0.3	0.3				
Motor Sich	MSICH	379	24.0%	91	369	1.9	2.2	2.0	1.2	1.3	1.4	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	301	7.2%	22	604	6.6	17.7	11.4	2.9	3.2	3.5	0.7	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,420	3.0%	43	1,412	8.1	>30	8.8	3.1	4.9	4.4	0.6	0.5	0.6	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	32	21.6%	7	7	2.7	neg	15.8	0.3	neg	0.3	0.2	0.2	0.1	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	128	50.4%	64	236	neg	19.7	16.4	1.7	3.6	3.5	1.2	1.3	1.2	43	32	32	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	226	21.7%	49	295	7.8	3.8	10.9	4.3	3.1	6.7	0.3	0.3	0.4	17	21	19	\$/MWh
DonbasEnergO	DOEN	65	14.2%	9	130	16.9	1.0	1.6	4.1	1.8	2.9	0.2	0.2	0.3	16	17	16	\$/MWh
Consumer																		
MHP	MHPC	1,178	34.1%	402	2,306	3.8	7.3	neg	4.9	5.9	4.8	1.6	1.5	1.8				
Kernel	KER	588	61.8%	363	1,294	2.8	5.6	12.5	4.0	4.5	7.4	0.6	0.5	0.5				
Astarta	AST	281	37.0%	104	602	4.8	8.2	3.4	5.5	6.6	4.4	1.3	1.2	1.1				
Avangardco	AVGR	537	22.5%	121	643	2.4	2.3	3.3	2.3	2.1	2.7	1.0	1.0	1.1	145	110	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	308	3.5%	11		>30	3.4	neg	0.4	0.3	0.5	0.05	0.06	0.08				
Ukrsotsbank	USCB	251	1.0%	3		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

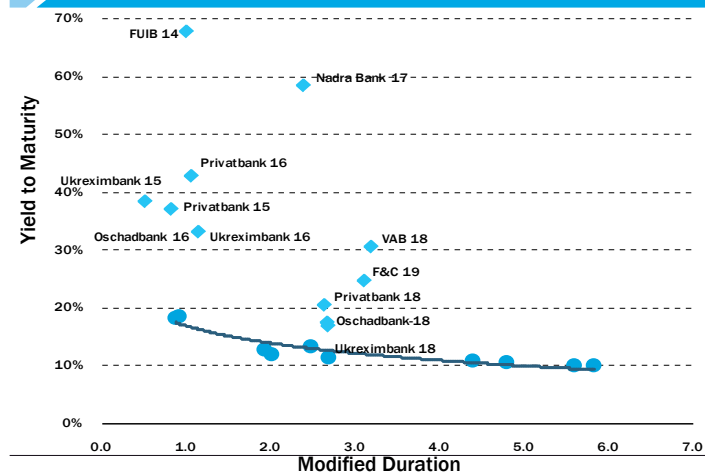
UKRAINIAN EUROBONDS

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	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	21.4%	15.7%	-6.4%	0.9	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.0	93.5	20.7%	16.8%	-5.6%	0.9	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	88.7	90.7	13.6%	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	12.6%	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	13.7%	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	81.5%	60.2%	-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	38.1%	31.4%	-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%	14.6%	-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%	27.9%	-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	47.3%	38.9%	-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	58.5%	58.5%	-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	34.5%	32.4%	-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	36.4%	34.4%	-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/

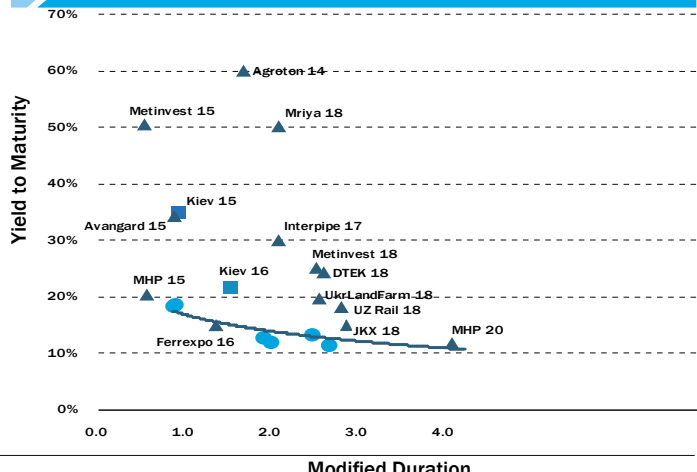
¹ Moody's/S&P/Fitch; * EUR

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			16.0%	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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