

Market Update

Equity

Ukraine's local equity benchmark was higher by almost 5% intraday on Wednesday (Sept 3) after media reports spread that President Poroshenko had reached an agreement with his Russian counterpart Vladimir Putin on a ceasefire in Ukraine's Donbass region. However, later in day it became clear that the reports were premature, and the UX index gave back most of the gain, although it still managed to add 1.0% to close at 1179 points. Raiffeisen Bank Aval (BAVL UK) was the top blue chip performer, advancing by 3.1%. Alchevsk Steel (ALMK UK) and Yenakievo Steel (ENMZ UK) rose by 1.6% and 2.3% respectively while DonbasEnergO (DOEN UK) lost 3.3% to end at UAH 33 per share. Top liquid name Motor Sich (MSICH UK) increased by 1.2% to UAH 2300 on turnover of UAH 3.7mn. In London, Ukrainian stocks were impressively higher on the ceasefire report, with MHP (MHPC LI) jumping 7.6% and Ferrexpo (FXPO LN) picking up 3.8%.

Fixed Income

Ukrainian sovereigns improved on Wednesday following the negotiations between presidents of Ukraine and Russia. Ukraine-23s was up by 1.2p.p. closing at 85.9/87.4 (10.0%/9.7%). Corporate names also followed the trend of sovereigns. MHP-20s and UkrlandFarming-18s rose by 1.4p.p. finishing at 83.7/84.5 (12.4%/12.2%) and 77.9/79.1 (19.8%/19.3%), respectively.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2300.00	1.2%	3.7	260
Ukrnafta	UNAF	333.00	2.2%	3.4	304
CentrenergO	CEEN	7.74	1.3%	2.6	259

Growth Leaders

Raiffeisen Bank Aval	BAVL	0.13	3.1%	2.01	347
Yenakievo Steel	ENMZ	34.79	2.3%	0.50	89
Ukrnafta	UNAF	333.00	2.2%	3.44	304

Loss Leaders

Yasynivsky Coke	YASK	0.53	-8.6%	0.044	14
DonbasenergO	DOEN	33.00	-3.3%	0.358	213
Ukrsotsbank	USCB	0.17	-0.1%	0.024	12

Highlights

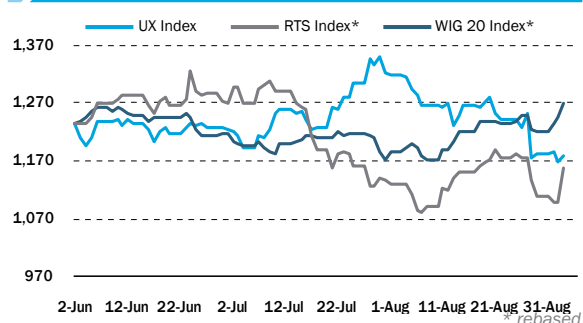
POLITICS AND ECONOMICS

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STOCKS IN THE NEWS

- > UkrNafta Cancels Shareholders Meeting Scheduled for 11 September

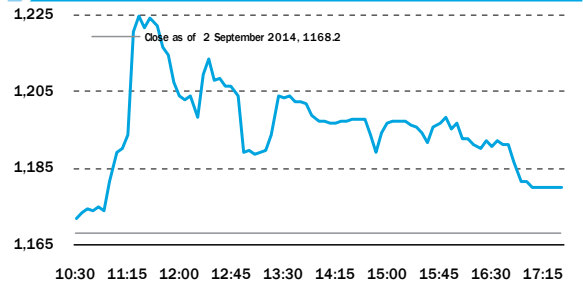
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1179.9	1.0%	-10.5%	29.7%
RTS	1239.2	5.2%	2.2%	-14.1%
WIG20	2514.0	2.1%	7.3%	4.7%
MSCI EM	1101.0	1.3%	3.9%	9.9%
S&P 500	2000.7	-0.1%	3.9%	8.7%

UX INTRADAY SEPTEMBER 3, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	304.5	-0.8%	-0.1%	-7.9%
CDS 5Y UKR	1054.6	-5.0%	28.9%	28.6%
Ukraine-17	10.8%	-0.5 p.p.	1.7 p.p.	1.8 p.p.
Naftogaz Ukr-14	48.8%	-13.0 p.p.	22.3 p.p.	40.0 p.p.
Ukraine-23	9.8%	-0.2 p.p.	1.5 p.p.	2.3 p.p.
Privatbank-16	37.3%	0.2 p.p.	13.2 p.p.	16.9 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	12.35	-0.8%	0.2%	49.9%
EUR	16.24	-0.7%	-1.8%	42.8%
RUB	0.34	-1.2%	-2.8%	33.5%

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	102.8	2.4%	-2.6%	-7.6%
Gold, USD/oz	1269.4	0.3%	-1.8%	6.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Poroshenko Withdraws Ceasefire Announcement

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NEWS

President Poroshenko on Wednesday (Sept 3) morning announced on his website that he and Russian President Putin had agreed on a permanent ceasefire to halt hostilities in the Donbass war in Eastern Ukraine, only to walk the statement back in the afternoon. Instead, Poroshenko said that he and Putin had “reached mutual understanding on steps that will contribute to establishing peace”, without providing details. However, only about three hours later, Prime Minister Arseniy Yatseniuk issued a aggressive statement blasting Putin for “aiming to destroy Ukraine and recreate the Soviet Union” and calling for Ukraine’s immediate entry into NATO. Meanwhile, a representative of the Donetsk separatists was quoted by Russian state media as saying that any ceasefire will require a full withdrawal of Ukrainian military forces from the conflict zone. For his part, Putin unveiled his own “peace plan” to journalists while on a trip to Mongolia, the main points of which were a pullback of Ukrainian artillery from the perimeter of separatist-controlled territory, a full exchange of prisoners of war, and “an end to offensive operations by both sides”. Putin said he expects an agreement at multi-party negotiations in Minsk set for Friday (Sept 5) that will include Ukraine, Russia, the EU, and separatist representatives.

COMMENTARY

It was a confusing day of developments, and we are unsure whether anything has changed to warrant the optimism in the Ukrainian and European equity markets that erupted following Poroshenko’s initial cease-fire announcement. We see the timing of Putin’s conciliatory rhetoric as related to the NATO summit in the UK, probably as a ploy to blunt momentum in the EU for escalating its sanctions regime against Moscow. We believe that Poroshenko is under behind-the-scenes pressure from Western leaders to withdraw Ukrainian forces from the Donbass, and that this is the only way to stop the conflict given Putin’s clear willingness to continue to ramp up Moscow’s military assistance to its separatist proxies. Still, such a solution will require a 180-degree reversal of position by Poroshenko, and Yatseniuk’s belligerent remarks suggest to us that the two leaders may not be on the same page. A peace deal that creates a de-facto new border between Ukraine and separatist-controlled territory in the Donbass is sure to result in significant anti-Poroshenko demonstrations in Kyiv by hard-line nationalists; a commander of the Ukrainian “Azov Battalion” paramilitary group was quoted yesterday by the Wall Street Journal as threatening the overthrow of Poroshenko if he concedes any Donbass territory. Squeezing Poroshenko between his hard-line domestic political opponents and an economically devastating continuation of the war is undoubtedly a major element of the Kremlin’s effort to prevent Ukraine’s movement toward European institutions.

IMF Cuts UAH/USD Forecast from 11.5 to 13.3 for 2015

by Dmitry Churin
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NEWS

The International Monetary Fund (IMF) has revised its forecast for the hryvnia exchange rate against the US dollar (UAH/USD) from 11.50 to 13.30 for 2015, according to the IMF's staff report released earlier this week. The Washington-based lender also said that if the war in Eastern Ukraine continues through the end of 2015, the economy will shrink by 7.3% this year and 4.2% next. Under its current base-case scenario, the IMF expects Ukraine's GDP to contract by 6.5% this year, and then rise 1.0% in 2015.

COMMENTARY

The IMF's revised forecast gives Ukraine's government a better chance to meet the IMF program's key parameters by the end of the year in order to receive the next tranches of financial support. Moreover, the IMF's new, more pessimistic scenario signals that the Fund has an understanding of the challenges that the country is facing at the moment. The Donetsk and Lugansk provinces have historically contributed about 15% to Ukraine's total GDP, and the war in the East has hammered coal, steel, agriculture, construction, and other sectors of the economy. Our latest GDP forecast for 2015 is growth of 3.5%, but we will have to revise this figure lower if the Donbass war is not halted and the overall political situation does not improve in the coming months. Among other macroeconomic parameters for 2015, we forecast consumer inflation of 9.5% and a current account deficit of 3.3% GDP.

UkrNafta Cancels Shareholders Meeting Scheduled for 11 September

by Dmitry Churin
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UKRNAFTA (UNAF UK)

Price: UAH 333 Market Cap: USD 1,441mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.7	0.6	61.9	5.0	n/a
2014E	0.8	0.6	9.0	4.4	n/a

NEWS

UkrNafta, Ukraine's largest oil producer, cancelled a general shareholder meeting scheduled for 11 September, according to the company's statement published on the official website on Wednesday (Sept 3). The company said the reason for cancellation was some technical issues. Also UkrNafta announced a plan to hold a general shareholders meeting on 10 October 2014. The agenda for the meeting will be published later.

COMMENTARY

The news is definitely NEGATIVE for UkrNafta's stocks as market participants expected a dividend distribution decision at the company's shareholders meeting. We estimated that potential dividend per share could amount to UAH 49.1 in case of a 100% dividend payout for 2011-2013. UkrNafta has not held a general shareholders meeting since 2012. The most obvious reason for postponement of the shareholders meeting is a conflict of interest between the government, which controls 50% + 1 share in UkrNafta, and Privat group which controls about 42% stake in UkrNafta and de-facto manages the company. According to Ukrainian law, a quorum for a general shareholders meeting is 60%.

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	132.8	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	8.10	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	6.85	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	2.75	U/R	-	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.53	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	15.8	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	2300	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	7.3	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	46.3	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	33.0	72.0	118%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.74	15.00	94%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	12.0	15.65	30%	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	39.3	90.0	129%	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	70.0	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	0.132	0.24	82%	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	1179.91	1368.76	799.72	1.0%	-5.8%	-10.5%	29.7%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.032	0.06	0.02	1.6%	-4.4%	-11.7%	-16.5%	0.6%	1.4%	-1.2%	-46.1%
Azovstal	AZST	0.78	0.95	0.35	0.4%	-11.4%	-10.6%	16.9%	-0.6%	-5.6%	-0.1%	-12.8%
Dniprospezstal	DNSS	250	n/a	n/a	0.0%	0.0%	-50.0%	-80.8%	-1.0%	5.8%	-39.5%	-110.4%
Enakievo Steel	ENMZ	34.8	65.0	17.0	2.3%	-8.9%	-20.2%	8.7%	1.3%	-3.1%	-9.7%	-21.0%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-1.0%	5.8%	10.5%	218.2%
Mariupol Ilyicha	MMKI	0.10	n/a	n/a	0.0%	0.0%	-23.1%	0.0%	-1.0%	5.8%	-12.6%	-29.7%
Coke												
Avdivka Coke	AVDK	2.75	4.80	1.46	1.2%	-8.1%	-11.3%	-7.0%	0.2%	-2.3%	-0.8%	-36.6%
Yasnyivsky Coking	YASK	0.53	0.84	0.30	-8.6%	-11.7%	-26.4%	0.0%	-9.6%	-5.9%	-15.9%	-29.7%
Iron Ore Mining												
Centralny GOK	CGOK	6.85	n/a	n/a	0.0%	-1.0%	7.7%	5.4%	-1.0%	4.8%	18.2%	-24.3%
Ferrexpo	FXPO	132.8	199.0	121.8	3.8%	-2.6%	0.2%	-30.5%	2.7%	3.2%	10.7%	-60.1%
Pivnichny GOK	SGOK	8.10	10.00	4.50	-0.6%	0.0%	4.1%	1.3%	-1.6%	5.8%	14.6%	-28.4%
Coal Mining												
Pokrovske Mine	SHCHZ	0.50	0.79	0.10	0.0%	-19.4%	-36.7%	25.0%	-1.0%	-13.5%	-26.2%	-4.7%
Komsomolets Donbasa	SHKD	0.75	n/a	n/a	17.2%	0.0%	-6.3%	21.0%	16.2%	5.8%	4.3%	-8.7%
Energy Coal	CLE	0.78	2.86	0.55	23.8%	-9.3%	-19.6%	-25.7%	22.8%	-3.5%	-9.1%	-55.4%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	-31.8%	-34.8%	-1.0%	5.8%	-21.3%	-64.4%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.55	1.01	0.30	0.0%	3.8%	-21.4%	-8.3%	-1.0%	9.6%	-10.9%	-38.0%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	0.0%	0.0%	42.9%	-1.0%	5.8%	10.5%	13.2%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.8	26.0	10.0	1.7%	-3.9%	-13.9%	-8.9%	0.7%	1.9%	-3.4%	-38.6%
Luhanskeplovoz	LTPL	1.02	1.80	0.85	0.0%	-15.0%	-24.4%	-32.0%	-1.0%	-9.2%	-13.9%	-61.7%
Stakhanov Wagon	SVGZ	1.00	n/a	n/a	40.8%	7.5%	-6.5%	-23.1%	39.8%	13.3%	4.0%	-52.7%
Specialized Machinery												
Bogdan Motors	LUAZ	0.05	0.08	0.02	9.4%	-4.8%	-8.5%	79.6%	8.4%	1.0%	2.0%	50.0%
Motor Sich	MSICH	2,300	2,879	1,303	1.4%	-3.3%	-14.7%	26.1%	0.4%	2.5%	-4.2%	-3.6%
Sumy Frunze Engineering	SMASH	2.10	n/a	n/a	-30.0%	-30.0%	-40.0%	-16.0%	-31.0%	-24.2%	-29.5%	-45.7%
Turboatom	TATM	5.20	n/a	n/a	0.0%	73.3%	4.0%	48.6%	-1.0%	79.1%	14.5%	18.9%
WESTA ISIC	WES	0.26	0.80	0.21	23.8%	-3.7%	-10.3%	-35.0%	22.8%	2.1%	0.2%	-64.7%
Telecom												
Ukrtelecom	UTLM	0.19	0.20	0.09	-5.0%	-5.0%	6.9%	72.7%	-6.0%	0.8%	17.4%	43.1%
Oil & Gas												
Regal Petroleum	RPT	7.25	16.63	4.88	20.8%	3.6%	-4.9%	-43.1%	19.8%	9.4%	5.6%	-72.8%
JKX Oil	JKX	46.25	75.00	36.00	2.2%	3.1%	14.9%	-35.5%	1.2%	8.9%	25.4%	-65.2%
Ukrnafta	UNAF	333	370	54	2.1%	-2.5%	6.9%	206.6%	1.1%	3.3%	17.4%	177.0%
Power Utilities												
Centrenerg	CEEN	7.74	8.70	2.50	1.6%	-2.8%	-4.6%	62.4%	0.6%	3.0%	5.9%	32.8%
Donbasenergo	DOEN	33.0	50.2	11.0	-3.3%	-12.4%	-20.3%	19.6%	-4.3%	-6.6%	-9.8%	-10.0%
Zakhidenergo	ZAEN	139.9	157.0	64.0	7.6%	1.2%	-6.1%	54.8%	6.6%	7.0%	4.4%	25.1%
Consumer												
Agroton	AGT	2.26	5.5	1.79	24.9%	7.6%	-7.0%	15.9%	23.9%	13.4%	3.5%	-13.8%
Astarta	AST	39.3	73.7	34.4	9.1%	4.2%	9.1%	-41.3%	8.1%	10.0%	19.6%	-71.0%
Avangardo	AVGR	8.4	13.0	8.36	-0.5%	-5.9%	-2.2%	-28.9%	-1.5%	-0.1%	8.3%	-58.5%
Industrial Milk Company	IMC	8.39	15.50	7.60	2.7%	-4.7%	-3.9%	-30.9%	1.7%	1.2%	6.6%	-60.6%
Kernel	KER	25.0	53.9	23.2	5.8%	-9.3%	-13.0%	-34.3%	4.8%	-3.5%	-2.5%	-64.0%
Mriya Agro Holding	MAYA	1.90	6.0	1.44	5.0%	0.0%	-44.9%	-64.8%	4.0%	5.8%	-34.4%	-94.5%
MHPC	MHPC	12.0	18.5	10.91	7.6%	0.0%	-7.4%	-29.5%	6.6%	5.8%	3.1%	-59.1%
Milkiland	MLK	4.90	14.2	4.16	17.8%	6.3%	-13.9%	-60.8%	16.8%	12.1%	-3.4%	-90.5%
Ovostar Union	OVO	70.0	103.0	59.4	3.6%	-1.4%	0.0%	-30.0%	2.5%	4.4%	10.5%	-59.7%
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	10.4	n/a	n/a	-0.9%	-17.1%	-12.6%	-17.1%	-1.9%	-11.3%	-2.1%	-46.8%
Banks												
Raiffeisen Bank Aval	BAVL	0.132	0.190	0.077	3.1%	-4.4%	-12.2%	16.0%	2.0%	1.4%	-1.7%	-13.6%
UkrSotsbank	USCB	0.170	0.257	0.090	-0.1%	-3.0%	-3.7%	-9.4%	-1.1%	2.8%	6.8%	-39.1%

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	68	3.9%	3	1,416	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	366	341	331	\$/tonne
Yenakievo Steel	ENMZ	30	8.8%	3	26	3.5	neg	neg	neg	1.2	0.8	0.0	0.0	0.0	10	9	9	\$/tonne
Azovstal	AZST	267	3.0%	8	251	neg	neg	neg	neg	neg	7.1	0.1	0.1	0.1	55	56	55	\$/tonne
Coke																		
Avdyivka Coke	AVDK	43	6.8%	3	41	neg	neg	neg	neg	0.9	1.4	0.0	0.0	0.1	9	10	11	\$/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	650	0.3%	2	648	6.8	3.3	4.0	2.8	2.1	2.3	1.1	1.0	1.0				
Pivnichny GOK	SGOK	1,511	0.4%	6	1,505	3.5	2.8	3.3	2.0	1.6	1.8	1.1	0.9	1.0				
Ferrexpo	FXPO	1,279	24.0%	307	1,958	5.9	4.8	4.6	4.9	3.9	4.0	1.4	1.2	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	35	25.0%	9	145	0.9	neg	neg	2.3	6.9	16.2	0.9	1.2	1.4	2.3	6.9	16.2	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	116	2.0%	2	161	3.4	24.6	28.2	3.1	5.2	6.3	0.3	0.5	0.6	256	425	404	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	18	24.0%	4	55	3.7	0.9	0.8	1.9	1.6	1.4	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	146	5.0%	7	146	1.5	3.5	neg	1.1	2.3	9.5	0.2	0.3	0.9				
Stakhanov Wagon	SVGZ	18	8.0%	1	51	>30	>30	>30	7.1	8.7	9.3	0.2	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	120	5.8%	7	60	3.1	1.7	1.9	1.2	0.7	0.8	0.4	0.3	0.3				
Motor Sich	MSICH	387	24.0%	93	377	1.9	2.3	2.1	1.2	1.4	1.5	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	288	7.2%	21	592	6.4	16.9	10.9	2.9	3.1	3.4	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,462	3.0%	44	1,454	8.3	>30	9.1	3.2	5.1	4.5	0.6	0.6	0.6	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	38	21.6%	8	13	3.3	neg	19.1	0.6	neg	0.5	0.3	0.4	0.3	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	131	50.4%	66	239	neg	20.1	16.7	1.8	3.6	3.5	1.2	1.3	1.2	44	33	32	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	232	21.7%	50	300	8.0	3.9	11.1	4.4	3.2	6.8	0.3	0.3	0.4	17	22	19	\$/MWh
DonbasEnergO	DOEN	63	14.2%	9	128	16.5	1.0	1.6	4.0	1.8	2.9	0.2	0.2	0.3	16	17	16	\$/MWh
Consumer																		
MHP	MHPC	1,268	34.1%	432	2,396	4.1	7.8	neg	5.1	6.1	5.0	1.7	1.6	1.8				
Kernel	KER	624	61.8%	386	1,330	3.0	6.0	13.3	4.1	4.6	7.6	0.6	0.5	0.5				
Astarta	AST	308	37.0%	114	629	5.3	9.0	3.8	5.7	6.9	4.6	1.4	1.3	1.1				
Avangardco	AVGR	534	22.5%	120	640	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	2.3	neg	neg	3.1	8.6	18.5	0.7	0.8	0.7	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	320	3.5%	11		>30	3.6	neg	0.4	0.4	0.5	0.05	0.06	0.08				
Ukrsotsbank	USCB	253	1.0%	3		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

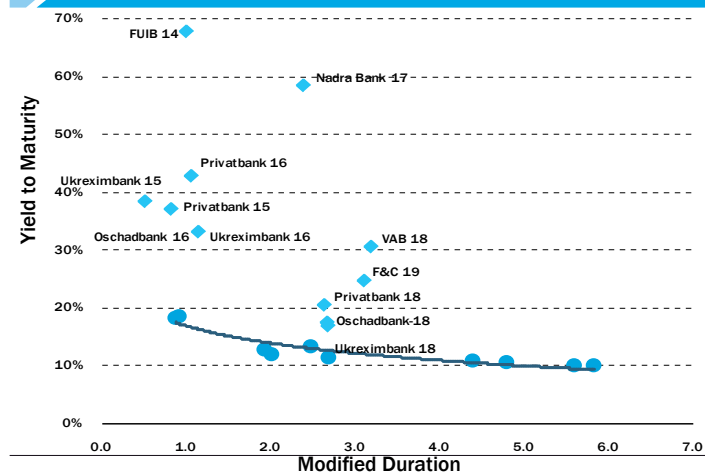
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Naftogaz Ukraine, 2014	97.1	98.0	55.7%	41.9%	-2.9%	0.1	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	89.6	93.1	18.9%	13.9%	-4.8%	0.9	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	93.0	94.5	17.5%	15.3%	-4.0%	0.9	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	89.1	91.1	13.3%	12.0%	-4.1%	1.9	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	89.2	91.2	12.5%	11.4%	-4.4%	2.0	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	88.3	90.3	11.8%	11.0%	-3.7%	2.7	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	92.6	94.1	13.2%	12.5%	-5.9%	2.5	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	12.0%	11.2%	14.7%	2.6	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	84.6	86.2	14.3%	13.6%	8.8%	2.9	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	87.5	89.5	11.1%	10.5%	-4.9%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	88.4	90.4	10.7%	10.2%	-4.6%	4.8	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	87.2	89.2	10.3%	9.9%	-3.1%	5.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.9	87.4	10.0%	9.7%	-4.2%	5.8	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	30.1	35.5	77.3%	60.9%	-37.1%	1.8	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	95.0	97.0	18.8%	15.3%	-7.2%	0.6	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	83.7	84.5	12.4%	12.2%	-5.9%	4.0	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	89.0	89.0	29.6%	29.6%	-9.2%	0.9	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	77.9	79.1	19.8%	19.3%	-12.9%	2.5	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	30.0	40.0	140.2%	102.2%	-65.1%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	30.0	40.0	63.5%	48.3%	-59.8%	2.0	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	67.0	70.0	86.6%	77.0%	-33.0%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	59.0	62.0	26.2%	24.4%	-35.8%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	76.0	79.0	55.9%	48.9%	-24.4%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	65.0	70.0	26.6%	23.3%	-28.9%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	91.8	93.0	16.1%	14.6%	-5.7%	1.4	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	74.0	77.5	19.7%	18.1%	-17.4%	2.8	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	67.0	70.0	31.5%	27.9%	-12.9%	2.1	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	91.6	93.4	14.9%	14.2%	-16.6%	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%	0.1	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	55.0	60.0	64.0%	53.7%	-28.6%	2.4	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	75.0	80.0	41.2%	33.7%	-14.8%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	65.0	70.0	47.4%	39.0%	-11.2%	1.1	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	76.5	78.6	20.7%	19.7%	-7.3%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	83.0	85.0	41.3%	36.8%	-12.9%	0.5	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	63.0	68.0	43.3%	36.6%	-23.2%	1.1	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	75.2	79.2	19.0%	17.1%	-13.5%	2.7	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	60.0	65.0	32.6%	28.8%	-26.9%	1.9	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	80.0	81.0	32.7%	31.1%	-13.5%	1.2	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	78.0	79.0	17.5%	16.8%	-11.8%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	80.4	81.5	39.2%	36.8%	-12.9%	0.9	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	79.0	81.0	24.1%	22.5%	-13.9%	1.5	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

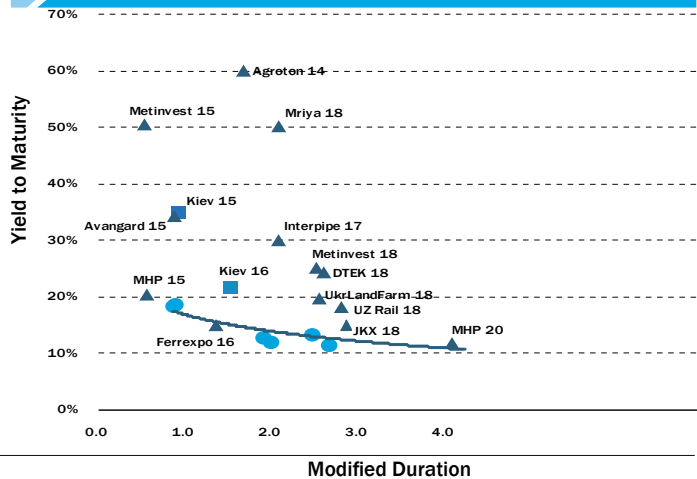
¹ Moody's/S&P/Fitch; * EUR

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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