

**Market Update**
**Equity**

Kyiv-listed stocks finished firmly higher on Friday (Sept 12) as market players hustled to close their short positions ahead of the expiration of UX future contracts today (Sept 15), an event which occurs four times per year. The UX index added 1.3% to finish the week at 1125 points. Volume leader UkrNafta (UNAF UK) rose by 1.2% to UAH 319 per share on turnover of UAH 2.0mn. In the power generation sector, DonbasEnergO (DOEN UK) and CentrEnergO (CEEN UK) saw respective gains of 4.3% and 1.3%. London-listed Ukrainian names were mixed, with MHP (MHPC LI) advancing by 2.1% to USD 12.25 while JKK Oil&Gas (JKX LN) slipped 1.1% to GBP 43.50. Warsaw-traded sugar producer Astarta (AST PW) edged up 0.9% to PLN 37.60.

**Fixed Income**

Ukrainian sovereigns were lower on Friday with Ukraine-23s down by 0.3p.p. closing at 85.7/87.2 (10.0%/9.7%). The corporate universe was mostly up. Metinvest-18s rose by 1.2p.p. to 68.0/71.5 (24.8%/22.6%) and MHP-20s gained by 0.4p.p. finishing at 85.1/87.2 (12.0%/11.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	319.00	1.2%	2.0	48
Motor Sich	MSICH	2248.00	-0.1%	0.8	54
Yenakievo Steel	ENMZ	28.01	-2.9%	0.6	25

**Growth Leaders**

Mariupol Ilyicha	MMKI	0.14	39.8%	0.02	9
DonbasenergO	DOEN	29.50	4.3%	0.37	74
Azovstal	AZST	0.72	3.8%	0.09	46

**Loss Leaders**

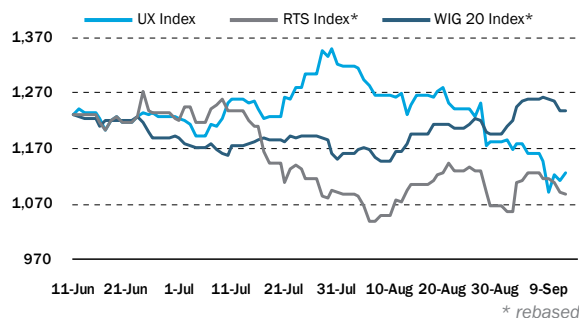
Yenakievo Steel	ENMZ	28.01	-2.9%	0.609	25
Stakhanov Wagon	SVGZ	0.56	-0.4%	0.037	13
Motor Sich	MSICH	2,248.00	-0.1%	0.837	54

**Highlights**
**POLITICS AND ECONOMICS**

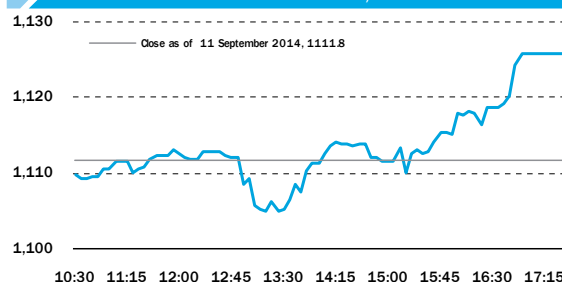
- > Ukraine, EU Delay Free Trade Deal Until 2016
- > Yatseniuk, Turchinov Running Separately from Poroshenko Bloc

**FIXED INCOME**

- > DTEK's Bottom Line Hammered by USD 1.0bn Forex Loss

**STOCK MARKET PERFORMANCE**

**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1125.7	1.3%	-11.3%	23.7%
RTS	1213.3	-0.4%	1.2%	-15.9%
WIG20	2497.4	-0.2%	6.3%	4.0%
MSCI EM	1061.5	-0.7%	-0.3%	6.0%
S&P 500	1985.5	-0.6%	2.7%	7.8%

**UX INTRADAY SEPTEMBER 12, 2014**

**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	305.3	-0.2%	-3.1%	-7.7%
CDS 5Y UKR	1097.5	6.4%	11.1%	33.8%
Ukraine-17	11.0%	0.0 p.p.	1.6 p.p.	2.0 p.p.
Naftogaz Ukr-14	49.5%	6.6 p.p.	17.2 p.p.	40.7 p.p.
Ukraine-23	9.9%	0.1 p.p.	0.6 p.p.	2.4 p.p.
Privatbank-16	36.6%	0.1 p.p.	7.0 p.p.	16.2 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	12.98	0.0%	-3.2%	57.5%
EUR	16.82	0.3%	-6.1%	47.9%
RUB	0.34	-0.6%	-9.4%	36.8%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	227.5	0.0%	-5.4%	-20.8%
Steel, USD/t	542.0	0.0%	2.3%	0.8%
Oil, USD/bbl	97.1	-1.0%	-6.5%	-12.7%
Gold, USD/oz	1229.7	-0.9%	-6.1%	2.8%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Ukraine, EU Delay Free Trade Deal Until 2016

by Will Ritter  
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### NEWS

Ukraine and the European Union have agreed to delay the implementation of their “Deep and Comprehensive” free trade agreement (DCFTA) until the start of 2016, European Commission President Jose Barroso said on Friday (Sept 12). The Kyiv Post reported that Barroso said, after trilateral talks on the impact of the deal on the Russian economy, that the delay is being offered as a concession to Russia, which claims to be concerned about the unauthorized inflow of EU-made products onto its market. However, Ukraine will continue to receive unilateral export-boosting trade privileges from the EU in the interim period before the DCFTA takes effect. The Ukrainian and European parliaments are due to ratify the DCFTA and the accompanying Association Agreement this Tuesday (Sept 16). The DCFTA had previously been expected to take effect on Nov 1 of this year.

### COMMENTARY

Despite the cries from various quarters about President Poroshenko and the EU “caving in” to Russian President Putin’s efforts to derail Kyiv’s European integration (Deputy Foreign Minister Danilo Lubkivskiy resigned over the decision), we tend to view this move as a relatively symbolic concession. At this point, finding a political solution to the Donbass war is a far higher priority for both Kyiv and Brussels than starting the formal implementation of the DCFTA, and in any case, the continuation of Ukraine’s unilateral trade privileges provides the country with significant practical compensation in the meantime. For its part, the EU finally put its money where its mouth is on Friday when it slapped major new sanctions on Russia’s top oil companies designed to halt the country’s Arctic exploration efforts; the sanctions, which German Chancellor Merkel has said can be rolled back if the current Minsk ceasefire holds up, are a response to Russia’s undisguised use of its armed forces to support the Donbass separatists in late August, and appear to have caught the Kremlin by surprise.

## Yatseniuk, Turchinov Running Separately from Poroshenko Bloc

by Will Ritter  
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### NEWS

Prime Minister Arseniy Yatseniuk, Parliament Speaker Oleksandr Turchinov, and Interior Minister Arseniy Avakov last week formed a new political bloc called “The People’s Front” for the Oct 26 parliamentary election. All three were previously top members of Yulia Tymoshenko’s Fatherland party, but quit in late August. The People’s Front is expected to feature some EuroMaidan figures and Donbass paramilitary commanders on its election list in addition to its headline names.

### COMMENTARY

When Yatseniuk, Turchinov and Avakov quit Fatherland, the initial assumption was that they would run in the election with the newly-created Poroshenko Bloc under the President’s umbrella along with another major statehood party, Vitaliy Klitschko’s UDAR. There are two ways of looking at their decision to run separately: first, that a real rift has emerged between Poroshenko and the three former Fatherland leaders, with the latter taking a hawkish position on continuing the Donbass war and the former advocating a compromise peace plan demanded by Ukraine’s Western allies; and second, that Yatseniuk and Poroshenko are playing a “good cop, bad cop” game together that is designed to win the maximum amount of votes from both the moderate and hawkish segments of the electorate, thereby undermining extremist pro-war parties such as that led by Oleg Lyashko, who won a surprising 8% of the national vote in the May presidential election. Overall, we believe that the risk of a radical nationalist electoral backlash due to the current Donbass ceasefire has been much overstated by the analyst community, and that the most important issue for a large majority Ukrainian voters on Oct 26 will not be re-taking the lost Donbass territory (or Crimea), but maintaining a clear commitment to Kyiv’s pro-European orientation. This means that Poroshenko can politically afford to “freeze” the Donbass conflict, but he cannot afford to agree to Putin’s proposal of a “federation” deal whereby the Donbass remains part of Ukraine and receives veto power over Kyiv’s foreign policy initiatives.

**DTEK's Bottom Line Hammered by USD 1.0bn Forex Loss**

by Dmitry Churin  
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**NEWS**

Vertically-integrated thermal power plant operator DTEK reported that its EBITDA declined moderately by 5.7% YoY to USD 829mn in 1H14 despite a sharp fall of 21% YoY in revenue to USD 4.31bn in the period due to the hryvnia devaluation, according to the company's financial results published last week. DTEK's net loss in 1H14 amounted to USD 738mn, compared to USD 150mn net profit in 1H13. The main hit to the company's bottom line came from a USD 1.0bn foreign exchange loss on borrowings.

**DTEK INTERIM FINANCIAL RESULTS**

USD mn*	1H14	1H13	Y/Y
<b>Revenue</b>	<b>4,309</b>	<b>5,477</b>	-21.3%
<b>EBITDA</b>	<b>829</b>	<b>879</b>	-5.7%
<i>margin</i>	19.2%	16.0%	+3.2 p.p.
<b>Net Profit</b>	<b>-738</b>	<b>150</b>	+/-
<i>margin</i>	-17.1%	2.7%	-19.8 p.p.

\*UAH/USD FX rates used:

For Income statement highlights 1H 2013 - 7.99; 1H 2014 - 10.27 (NBU average Jan to June)

For Balance sheet highlights 30.06.2013 - 7.99, 30.06.2014 - 11.82

Source: Company Data. Eavex Research

DTEK's revenue was generated by the wholesale supply of electricity to state enterprise EnergoRynok, sales of coal, and the distribution and sales of electricity and heating to end consumers.

On the balance sheet side, DTEK's total debt was USD 3.43bn as of 30 Jun 2014. Some 97% of DTEK's debt is denominated in foreign currency. The group's Net Debt/EBITDA ratio rose to 2.1x as of the end of 1H14, compared to 1.5x one year earlier.

**COMMENTARY**

DTEK's 1H14 financial results give us a rough understanding of the scale of problems that the company is facing in 2H14. For example, we now see that the hryvnia devaluation by 48% in 1H led to a foreign exchange loss of USD 1.0bn, implying that each further 10% devaluation of the local currency would result in an approximately USD 200mn foreign exchange loss. Even more important right now is the question of whether DTEK will be able to continue operating its assets located on territory controlled by pro-Russian separatists. The group has core assets at risk, including power generation and electricity distribution entities as well as most of its steam coal mines. During the conference call, DTEK's management provided only a few details about the current situation at its assets in the conflict zone. In terms of output, 42% of DTEK's coal assets, 30% of its power generation capacity, and 35% of its electricity distribution assets are located in or near the occupied territory.

Separately, management said it has no plans to restructure its USD 200mn DTEK-2015 Eurobonds maturing in just over seven months in April. DTEK-15s are quoted at 74.9/75.1 (65.2%/64.5%) while DTEK-18s are trading at 64.5/66.5 (23.1%/21.9%).

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.72	0.56	-22%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	127.2	108.0	-15%	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	7.85	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	7.28	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	2.39	U/R	-	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.51	U/R	-	U/R	Yasynivsky Coke reported net loss of UAH 22mn for FY13 which was the first negative bottom line since 2004.
<b>Coal</b>						
Pokrovske Mine	SHCHZ	0.49	2.9	502%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
<b>Railcar Manufacturing</b>						
Krukiv Wagon	KVBZ	15.9	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.13	U/R	-	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2248	5250	134%	BUY	Motor Sich should see its sales grow with a 2012-2016E CAGR of 9%, reaching USD 1.2bn. For 2012-2016, we forecast an average EBITDA margin of 35% and a net margin of 28%.
Turboatom	TATM	5.00	8.9	78%	BUY	We model Turboatom's revenue as increasing at 18% CAGR over 2012-2015. Deliveries of hydro and steam turbines to export markets will remain the company's key revenue drivers.
<b>Oil &amp; Gas</b>						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	8.0	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	44.0	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.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	29.5	72.0	144%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.59	15.00	98%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Consumer</b>						
MHP	MHPC	12.3	15.65	28%	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	37.6	90.0	140%	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	8.3	8.93	8%	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.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.133	0.24	80%	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	1125.73	1368.76	799.72	1.3%	-3.1%	-11.3%	23.7%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.030	0.06	0.02	1.7%	-3.5%	-14.4%	-21.6%	0.4%	-0.4%	-3.1%	-45.4%
Azovstal	AZST	0.72	0.95	0.35	3.8%	-4.7%	-21.9%	6.9%	2.5%	-1.6%	-10.7%	-16.8%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	-30.0%	-86.5%	-1.3%	3.1%	-18.7%	-110.2%
Enakievo Steel	ENMZ	28.0	65.0	17.0	-2.9%	-16.9%	-35.4%	-12.5%	-4.2%	-13.8%	-24.1%	-36.2%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-1.3%	3.1%	11.3%	224.1%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	40.0%	40.0%	27.3%	40.0%	38.7%	43.1%	38.5%	16.3%
<b>Coke</b>												
Avdyivka Coke	AVDK	2.39	4.80	1.46	0.2%	-6.8%	-24.4%	-19.3%	-1.0%	-3.7%	-13.1%	-43.0%
Yasnyivsky Coking	YASK	0.51	0.84	0.30	2.0%	-1.9%	-32.0%	-3.8%	0.7%	1.2%	-20.7%	-27.5%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.28	n/a	n/a	16.1%	4.0%	12.0%	12.0%	14.9%	7.1%	23.3%	-11.7%
Ferrexpo	FXPO	127.2	199.0	121.8	0.0%	-3.6%	-4.0%	-33.4%	-1.3%	-0.6%	7.3%	-57.1%
Pivnichny GOK	SGOK	7.85	9.80	4.50	-4.3%	-6.5%	-5.4%	-1.9%	-5.5%	-3.5%	5.8%	-25.6%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.49	0.79	0.10	0.0%	-3.9%	-24.6%	22.5%	-1.3%	-0.8%	-13.4%	-1.2%
Komsomolets Donbasa	SHKD	0.53	n/a	n/a	1.9%	32.5%	-33.8%	-14.5%	0.7%	35.6%	-22.5%	-38.2%
Energy Coal	CLE	1.05	2.86	0.55	0.0%	6.1%	14.1%	0.0%	-1.3%	9.1%	25.4%	-23.7%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	-1.3%	3.1%	11.3%	-58.5%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.55	1.01	0.30	3.8%	10.0%	-20.3%	-8.3%	2.5%	13.1%	-9.0%	-32.0%
Interpipe NMPP	NVTR	0.35	n/a	n/a	0.0%	0.0%	16.7%	66.7%	-1.3%	3.1%	27.9%	43.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	15.9	26.0	10.0	0.3%	-0.4%	-2.1%	-8.0%	-1.0%	2.6%	9.2%	-31.7%
Luhanskeplovoz	LTPL	1.13	1.80	0.85	13.0%	4.6%	5.6%	-24.7%	11.7%	7.7%	16.9%	-48.4%
Stakhanov Wagon	SVGZ	0.56	n/a	n/a	0.0%	1.8%	-50.4%	-56.9%	-1.3%	4.9%	-39.2%	-80.6%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.05	0.08	0.02	6.3%	3.6%	8.4%	86.0%	5.0%	6.7%	19.6%	62.3%
Motor Sich	MSICH	2,248	2,879	1,303	-0.1%	-1.6%	-1.7%	23.2%	-1.3%	1.5%	9.6%	-0.5%
Sumy Frunze Engineering	SMASH	3.20	n/a	n/a	6.3%	14.3%	6.7%	28.0%	5.1%	17.4%	17.9%	4.3%
Turboatom	TATM	4.50	n/a	n/a	0.0%	0.0%	-12.6%	28.6%	-1.3%	3.1%	-1.4%	4.9%
WESTA ISIC	WES	0.29	0.80	0.21	0.0%	-3.3%	-3.3%	-27.5%	-1.3%	-0.2%	7.9%	-51.2%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.18	0.20	0.09	0.0%	2.3%	11.0%	63.6%	-1.3%	5.4%	22.3%	39.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	7.99	16.63	4.88	3.0%	14.1%	50.0%	-37.4%	1.8%	17.2%	61.2%	-61.1%
JKX Oil	JKX	44.00	75.00	36.00	0.0%	-5.4%	9.7%	-38.7%	-1.3%	-2.3%	20.9%	-62.4%
Ukrnafta	UNAF	319	370	54	1.3%	-2.4%	0.7%	193.7%	0.0%	0.7%	11.9%	170.0%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.59	8.70	2.50	1.3%	-2.3%	-5.7%	59.1%	0.1%	0.8%	5.6%	35.4%
Donbasenergo	DOEN	29.5	50.2	11.0	3.4%	-5.7%	-26.6%	6.9%	2.1%	-2.6%	-15.4%	-16.8%
Zakhidenergo	ZAEN	129.0	157.0	64.0	0.0%	-0.8%	-13.4%	42.7%	-1.3%	2.3%	-2.2%	19.0%
<b>Consumer</b>												
Agroton	AGT	2.14	5.5	1.79	0.5%	-7.8%	0.9%	9.7%	-0.8%	-4.7%	12.2%	-14.0%
Astarta	AST	37.6	73.7	34.4	0.9%	-3.1%	2.0%	-43.9%	-0.3%	0.0%	13.3%	-67.6%
Avangardo	AVGR	8.3	13.0	8.20	0.0%	-1.4%	-3.3%	-29.5%	-1.3%	1.7%	8.0%	-53.2%
Industrial Milk Company	IMC	8.14	15.50	7.60	-2.6%	0.6%	-1.0%	-33.0%	-3.9%	3.7%	10.3%	-56.7%
Kernel	KER	24.9	53.9	23.2	-0.2%	-4.3%	-8.1%	-34.6%	-1.5%	-1.2%	3.1%	-58.3%
Mriya Agro Holding	MAYA	1.79	6.0	1.44	-1.2%	-5.8%	-23.5%	-66.9%	-2.4%	-2.7%	-12.2%	-90.6%
MHPC	MHPC	12.3	18.5	10.91	2.1%	2.9%	2.1%	-28.0%	0.8%	6.0%	13.3%	-51.7%
Milkiland	MLK	4.70	14.2	4.16	0.0%	-2.3%	-9.6%	-62.4%	-1.3%	0.8%	1.6%	-86.1%
Ovostar Union	OVO	70.0	103.0	59.4	0.0%	-0.7%	0.7%	-30.0%	-1.3%	2.4%	12.0%	-53.7%
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
<b>Chemicals</b>												
Stirol	STIR	12.2	n/a	n/a	0.0%	18.4%	6.1%	-2.4%	-1.3%	21.5%	17.3%	-26.1%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.133	0.190	0.085	0.8%	0.4%	-6.5%	17.4%	-0.4%	3.5%	4.8%	-6.3%
UkrSotsbank	USCB	0.167	0.257	0.090	8.4%	3.5%	-5.9%	-11.1%	7.1%	6.6%	5.3%	-34.8%

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
<b>Steel</b>																
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
<b>Coke</b>																
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%
<b>Iron Ore Mining</b>																
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%
<b>Coal Mining</b>																
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
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	480	310	271	52	31	26	10.8%	10.1%	9.5%	34	5	4	7.0%	1.5%	1.5%
<b>Railcar Manufacturing</b>																
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	462	142	135	50	13	15.2%	10.9%	9.4%	95	42	-4	10.7%	9.0%	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%
<b>Specialized Machinery</b>																
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%
<b>Telecom</b>																
Ukrtelecom	UTLM	838	791	611	206	190	174	24.5%	24.0%	28.5%	45	17	26	5.4%	2.2%	4.3%
<b>Oil &amp; Gas</b>																
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%
<b>Electric Utilities</b>																
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%
<b>Consumer</b>																
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
<b>Banks</b>																
		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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	60	3.9%	2	1,409	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	364	340	330	\$/tonne
Yenakievo Steel	ENMZ	23	8.8%	2	19	2.7	neg	neg	neg	0.9	0.6	0.0	0.0	0.0	7	7	7	\$/tonne
Azovstal	AZST	232	3.0%	7	216	neg	neg	neg	neg	neg	6.1	0.1	0.1	0.1	47	48	47	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	36	6.8%	2	33	neg	neg	neg	neg	0.7	1.1	0.0	0.0	0.0	8	9	9	\$/tonne
Yasynivsky Coke	YASK	11	9.0%	1	12	1.3	neg	2.3	0.4	0.4	0.6	0.0	0.0	0.0	0.4	0.4	0.6	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	657	0.3%	2	656	6.9	3.4	4.0	2.8	2.1	2.3	1.1	1.0	1.0				
Pivnichny GOK	SGOK	1,394	0.4%	6	1,387	3.2	2.5	3.0	1.9	1.5	1.7	1.0	0.9	0.9				
Ferrexpo	FXPO	1,209	24.0%	290	1,888	5.6	4.6	4.4	4.7	3.7	3.8	1.3	1.2	1.3				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	14	5.4%	1	116	1.9	0.8	0.8	0.9	1.3	1.2	0.4	0.5	0.5	28	27	26	\$/tonne
Coal Energy	CLE	48	25.0%	12	158	1.2	neg	neg	2.5	7.5	17.5	1.0	1.3	1.6	2.5	7.5	17.5	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	110	2.0%	2	156	3.3	23.4	26.8	3.0	5.0	6.0	0.3	0.5	0.6	247	410	390	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	19	24.0%	5	56	3.9	1.0	0.8	1.9	1.6	1.5	0.3	0.2	0.2				
Kruiiv Wagon	KVBZ	141	5.0%	7	130	1.5	3.4	neg	1.0	2.6	9.7	0.1	0.3	0.9				
Stakhanov Wagon	SVGZ	10	8.0%	1	42	16.6	18.4	21.1	5.9	7.2	7.8	0.1	0.2	0.3				
<b>Specialized Machinery</b>																		
Turboatom	TATM	114	5.8%	7	54	3.0	1.6	1.8	1.0	0.6	0.7	0.3	0.3	0.3				
Motor Sich	MSICH	360	24.0%	86	351	1.8	2.1	1.9	1.1	1.3	1.4	0.4	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	260	7.2%	19	563	5.7	15.2	9.9	2.7	3.0	3.2	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,333	3.0%	40	1,325	7.6	>30	8.3	2.9	4.6	4.1	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	42	21.6%	9	17	3.6	neg	20.8	0.8	neg	0.6	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	123	50.4%	62	231	neg	18.9	15.7	1.7	3.5	3.4	1.1	1.3	1.2	42	32	31	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	216	21.7%	47	284	7.5	3.6	10.4	4.1	3.0	6.5	0.3	0.3	0.4	16	21	18	\$/MWh
DonbasEnergO	DOEN	54	14.2%	8	119	14.1	0.8	1.3	3.7	1.6	2.6	0.2	0.2	0.2	15	15	15	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,294	34.1%	441	2,422	4.2	8.0	neg	5.2	6.2	5.1	1.7	1.6	1.9				
Kernel	KER	611	61.8%	378	1,317	2.9	5.8	13.0	4.1	4.5	7.5	0.6	0.5	0.5				
Astarta	AST	289	37.0%	107	611	5.0	8.5	3.5	5.5	6.7	4.4	1.3	1.2	1.1				
Avangardco	AVGR	529	22.5%	119	635	2.3	2.2	3.2	2.3	2.1	2.7	1.0	1.0	1.1	144	109	103	\$/mneqgs
Agroton	AGT	14	26.2%	4	63	2.1	neg	neg	3.1	8.4	18.2	0.7	0.8	0.7	n/a	n/a	n/a	
<b>Banks</b>																		
							P/E			P/Book				P/Assets				
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	237	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research



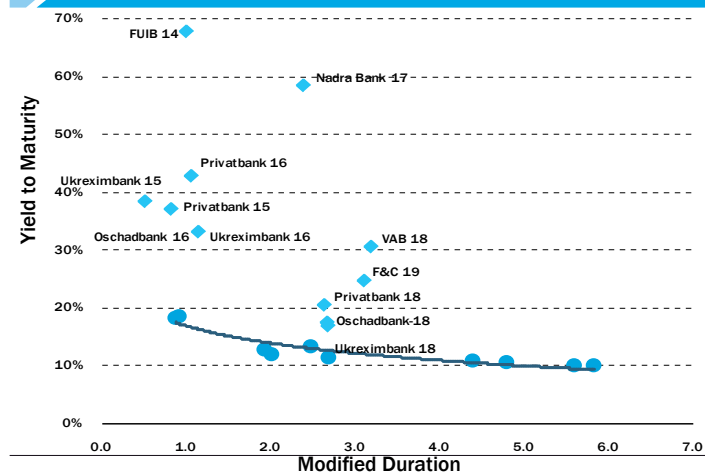
## UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Naftogaz Ukraine, 2014	98.2	98.8	58.8%	40.3%	-2.0%	0.0	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	92.0	94.0	15.9%	13.1%	-3.2%	0.9	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	94.1	95.8	16.4%	13.8%	-2.8%	0.9	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	88.9	89.9	13.6%	12.9%	-4.9%	1.9	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	89.9	91.9	12.2%	11.0%	-3.7%	2.0	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	88.0	90.0	12.1%	11.2%	-4.1%	2.6	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	92.8	93.8	13.2%	12.7%	-6.0%	2.4	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	12.0%	11.3%	14.7%	2.6	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	85.0	86.7	14.2%	13.4%	9.3%	2.8	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	89.2	90.7	10.6%	10.2%	-3.3%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	89.5	90.5	10.5%	10.2%	-3.9%	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	85.7	87.2	10.0%	9.7%	-4.5%	5.8	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.0	35.1	79.7%	62.8%	-37.6%	1.7	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	97.0	98.0	15.5%	13.7%	-5.8%	0.6	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	85.1	87.2	12.0%	11.4%	-3.6%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	87.0	90.0	35.4%	28.9%	-9.7%	0.9	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	75.0	78.5	21.3%	19.6%	-14.9%	2.5	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	32.0	37.0	134.7%	114.7%	-65.6%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	30.0	35.0	64.3%	55.7%	-62.7%	1.9	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	74.9	75.1	65.2%	64.5%	-26.6%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	64.5	66.5	23.1%	21.9%	-30.5%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	79.0	81.0	50.4%	45.8%	-22.0%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	68.0	71.5	24.8%	22.6%	-26.6%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	91.5	94.0	16.6%	13.9%	-5.4%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	78.0	80.0	17.9%	17.0%	-13.9%	2.8	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	46.1%	32.5%	-28.5%	1.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	89.3	91.1	15.8%	15.2%	-18.7%	2.8	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	55.0	65.0	27.6%	22.2%	-27.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	70.0	75.0	161.2%	128.4%	-26.4%	0.2	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	50.0	55.0	78.0%	65.2%	-34.8%	2.4	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	76.0	81.0	40.4%	32.8%	-13.7%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	66.0	71.0	47.1%	38.5%	-9.9%	1.0	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	76.0	81.0	21.0%	18.6%	-6.2%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	85.0	89.0	38.0%	29.2%	-9.8%	0.5	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	66.0	71.0	39.8%	33.4%	-19.7%	1.1	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	79.7	81.3	16.9%	16.2%	-9.8%	2.7	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	60.0	65.0	32.9%	29.0%	-26.9%	2.0	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	80.0	83.0	33.9%	29.0%	-12.4%	1.2	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	79.5	80.4	16.9%	16.4%	-10.2%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	79.4	82.9	43.7%	35.5%	-12.7%	0.9	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	79.1	81.3	24.2%	22.5%	-13.4%	1.5	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

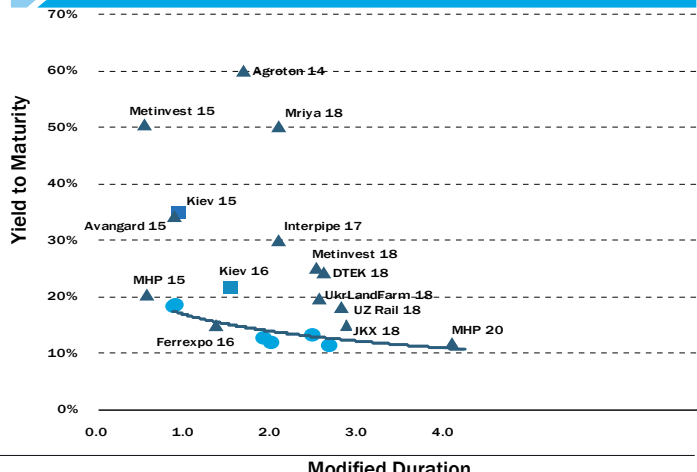
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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
<b>UAH denominated Bonds</b>									
UA4000141592			16.5%	15.0%	n/a	14.30%	S/A	20 May 2015	31
UA4000142665			19.0%	18.0%	n/a	14.30%	S/A	24 May 2017	184
<b>USD denominated Bonds</b>									
UA4000142699	n/a	n/a	12.5%	12.0%	n/a	9.45%	S/A	22 Apr 2015	312
UA4000141071	n/a	n/a	12.5%	12.0%	n/a	9.45%	S/A	27 May 2015	152
UA4000142673	n/a	n/a	12.5%	12.0%	n/a	4.50%	S/A	17 Jun 2015	175
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	12.5%	12.0%	n/a	4.80%	S/A	6 May 2015	40
<b>VAT Bonds</b>									
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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