

Market Update

Equity

Kyiv-listed stocks fell again on Thursday (Sept 18) after the release of data showing a 20% plunge in industrial production in August worsened local market sentiments, even as the S&P 500 and DJIA pressed to new all-time highs in New York. The UX index turned south in afternoon trading, closing at 1044 points, which represents the benchmark's lowest USD-denominated level since the 2009 crisis period. Index heavyweights Motor Sich (MSICH) and CentrEnergO (CEEN) lost 1.9% and 1.0% respectively. Beaten-down Avdyivka Coke (AVDK) managed to advance by 3.2% to UAH 2.30, while UkrNafta inched up 0.2%. Ukrainian names traded in London were mostly lower, with MHP (MHPC) declining by 0.9% and JKX Oil&Gas (JKX) slipping 0.6% to GBP 43.75. The Warsaw-listed issues, AgrotOn (AGT) and Kernel (KER), saw moderate changes; the former gained 1.5% while the latter edged down by 1.1%.

Fixed Income

Ukrainian sovereigns were higher on Thursday with Ukraine-23s improving by 0.8p.p. to 83.6/85.1 (10.4%/10.1%). The corporate universe was mixed. DTEK-15s rose by 3.5p.p. to 73.0/77.0 (72.6%/60.7%) while MHP-20s inched down by 0.1p.p. closing at 85.0/86.9 (12.0%/11.5%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	313.50	-0.2%	2.4	42
CentrenergO	CEEN	7.13	-1.0%	2.2	140
Motor Sich	MSICH	2167.00	-1.9%	0.5	73

Growth Leaders

Avdyivka Coke	AVDK	2.30	3.6%	0.32	110
DonbasenergO	DOEN	26.30	1.2%	0.02	21
Ukrnafta	UNAF	313.50	-0.2%	2.38	42

Loss Leaders

Alchevsk Coke	ALKZ	0.04	-28.9%	0.004	12
Azovstal	AZST	0.59	-3.6%	0.050	55
Yenakievo Steel	ENMZ	25.00	-2.2%	0.176	14

Highlights

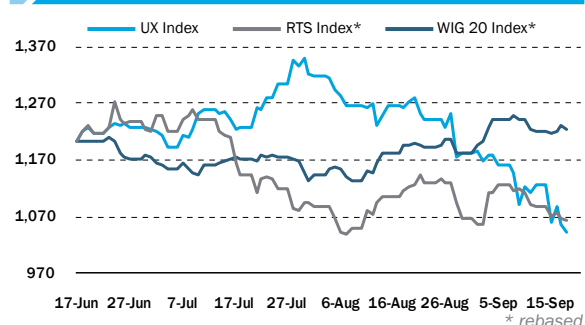
POLITICS AND ECONOMICS

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STOCKS IN THE NEWS

- > Avdyivka Coke Resumes Its Operations

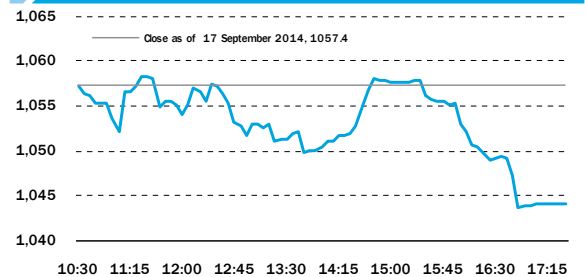
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1044.2	-1.2%	-17.3%	14.7%
RTS	1187.2	-0.2%	-4.5%	-17.7%
WIG20	2503.2	-0.5%	2.2%	4.3%
MSCI EM	1056.4	-0.6%	-1.9%	5.4%
S&P 500	2011.4	0.5%	2.0%	9.2%

UX INTRADAY SEPTEMBER 18, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	315.8	0.2%	2.6%	-4.5%
CDS 5Y UKR	1217.6	-0.7%	27.8%	48.4%
Ukraine-17	12.2%	-0.8 p.p.	2.7 p.p.	3.2 p.p.
Naftogaz Ukr-14	88.6%	-5.6 p.p.	54.9 p.p.	79.9 p.p.
Ukraine-23	10.3%	-0.2 p.p.	1.2 p.p.	2.8 p.p.
Privatbank-16	36.9%	0.1 p.p.	7.1 p.p.	16.5 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	12.85	0.0%	-1.4%	55.9%
EUR	16.60	0.4%	-4.6%	46.0%
RUB	0.33	0.1%	-7.4%	33.1%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	214.3	0.0%	-8.9%	-25.4%
Steel, USD/t	540.0	0.0%	-0.5%	0.5%
Oil, USD/bbl	97.7	-1.3%	-4.5%	-12.1%
Gold, USD/oz	1225.2	0.1%	-5.6%	2.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Poroshenko Asks Washington for Special Non-NATO Security Status

by Will Ritter
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NEWS

President Poroshenko addressed a joint session of the US Senate and House of Representatives on Thursday morning (Sept 18) in Washington and met with President Obama later in the day. Poroshenko, who delivered his speech in English, used the opportunity to ask the US for security assistance in the form of lethal weapon supplies in order to help Ukraine to defend itself from Russian aggression. Notably, Poroshenko also asked the US to give Ukraine a special security status as a non-NATO ally, following statements at a NATO summit earlier this month that Ukraine will not be invited to join the alliance. Poroshenko framed the Ukraine-Russia conflict as being “a choice between civilization and barbarism” and stated that Russian aggression against Ukraine is part of a larger effort by Russian President Putin to undermine global security and the West in general. The 45-minute speech was well-received by the US legislators, who interrupted several times with standing ovations.

COMMENTARY

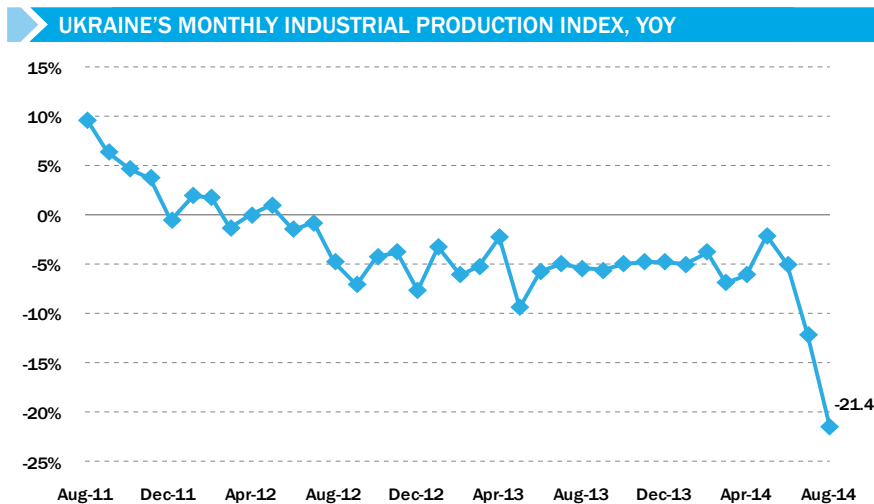
Poroshenko’s speech went over far better than that of the last Ukrainian President to address the US Congress; back in 2005, Viktor Yushenko had given a rambling diatribe in the Ukrainian language that literally put a number of legislators to sleep, in a speech that was a harbinger of the later ineffectiveness of his presidency and failure to deliver on necessary reforms. The reception given to Poroshenko yesterday demonstrates that the new Ukrainian administration currently enjoys strong support among both major US political parties. The most notable request of Poroshenko was for non-NATO special ally status; such a status could be key in deterring the worst-case scenario of a massive Russian assault against Kyiv and Central Ukraine, if it implies a credible American threat to intervene unilaterally, with or without NATO, in the event of an all-out invasion. Although President Obama has been criticized for not doing enough to punish Russian aggression in Ukraine, we see Obama’s approach of avoiding the temptation of instant gratification responses (in the form of advanced weapons supplies to Kyiv or draconian sanctions against Moscow) as having been fairly effective as a medium-term deterrent against the Kremlin, as it leaves the US with significant options still in reserve. Having said that, however, we believe that the US administration has no interest in helping Kyiv to reclaim the lost territory in the Donbass, and that the current Poroshenko peace plan of granting “autonomy” to the Donetsk and Lugansk “People’s Republics” will eventually have to be replaced with a de-facto release of these areas from Ukraine entirely in order to prevent them from becoming a permanent political and financial drag on the entire nation.

Ukraine's Industrial Production Suffers Free-Fall of 21% YoY in August

by Dmitry Churin
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NEWS

Ukraine's sharp industrial production fall accelerated in August, with the IP index plunging by 21.4% YoY in the period, the State Statistics Committee reported on Thursday (Sept 18). The also index fell by 12.7% MoM, while the drop for 8M14 reached 7.8% YoY, up from 5.8% YoY through July.



Source: State Statistics Committee

COMMENTARY

The huge drop in industrial output was largely expected, due to the internal factors of massive upheaval throughout August related to the Donbass war. Industrial production in the provinces of Donetsk and Lugansk was decimated, plummeting by 59% and 85% respectively compared to a year ago. In a sector breakdown, overall output in manufacturing dropped by 19.2% YoY in August. In the extraction sector, which includes coal mining, the performance was -21.9%, and in utilities (including electricity generation) the drop was 17.3%. In crisis-hit 2009, industrial output had a drop of 21.9% YoY for the full year, which was a result of mostly external factors. This year, industrial production in Ukraine is experiencing a more dangerous threat, as a recovery will be limited by the interruption of technical and business links between Ukrainian and Russian enterprises. However, we remain cautiously optimistic that support from the West will help Ukraine to withstand the ongoing economic recession. We plan to lower our forecast for the IP index's full-year 2014 decline (our current forecast is 7.5%) after the data for September is published.

Avdyivka Coke Resumes Its Operations

by Ivan Dzvinka
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NEWS

Avdyivka Coke, Ukraine's largest coke maker, started resuming its production in mid of September, Metal Courier reported on Thursday (Sept 19). The company resumed operations at five of its coke batteries with total nominal capacity of 3.45mn tonnes representing some 56% of the total capacity. The operated batteries now work at capacity use of approximately 30%. The resumption of the remaining three batteries will depend on the situation in the region. At the current capacity load, monthly production will, according to Metal Courier estimates, not exceed 90,000 tonnes vs. average monthly output in 2013 of 324,000 tonnes. Avdyivka plans to deliver the whole amount of the produced coke to Azovstal and MMK Illich (both located in Mariupol).

COMMENTARY

The news is cautiously positive for bonds of parent Metinvest group as well as for the company's shares. As far as we are acknowledged, Avdyivka is located on the territory controlled by Ukrainian arms but not far from the border zone with separatists' controlled area. This exposes the company to certain risk in the coming future in case of renewed military operations. Also, the condition of the infrastructure now allows the coke maker to deliver to Mariupol limited amount of coke.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.59	0.56	-5%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	129.0	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	7.60	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	7.19	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	2.30	U/R	--	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.47	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	0.45	2.9	551%	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	1.14	U/R	--	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
Specialized Machinery						
Motor Sich	MSICH	2167	5250	142%	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	9.0	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	43.8	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	26.3	72.0	174%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.13	15.00	111%	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	12.7	15.65	24%	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	37.0	90.0	143%	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	8.0	8.93	12%	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	69.2	58.74	-15%	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	89%	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	1044.21	1368.76	799.72	-1.2%	-6.1%	-17.3%	14.7%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.024	0.06	0.02	-1.7%	-20.4%	-31.8%	-38.7%	-0.4%	-14.3%	-14.5%	-53.4%
Azovstal	AZST	0.59	0.95	0.35	-3.6%	-15.1%	-34.4%	-12.5%	-2.4%	-9.0%	-17.0%	-27.3%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	-30.0%	-86.5%	1.2%	6.1%	-12.6%	-101.3%
Enakievo Steel	ENMZ	25.0	65.0	17.0	-2.8%	-13.3%	-39.5%	-21.9%	-1.6%	-7.3%	-22.2%	-36.6%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	1.2%	6.1%	17.3%	233.1%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	0.0%	40.0%	27.3%	40.0%	1.2%	46.1%	44.6%	25.3%
Coke												
Avdivka Coke	AVDK	2.30	4.80	1.46	3.3%	-3.5%	-21.9%	-22.3%	4.6%	2.6%	-4.5%	-37.0%
Yasynivsky Coking	YASK	0.47	0.84	0.30	0.0%	-6.0%	-32.9%	-11.3%	1.2%	0.1%	-15.5%	-26.1%
Iron Ore Mining												
Centralny GOK	CGOK	7.19	n/a	n/a	0.0%	14.7%	10.6%	10.6%	1.2%	20.7%	28.0%	-4.1%
Ferrexpo	FXPO	129.0	199.0	121.8	0.8%	1.4%	-7.6%	-32.5%	2.0%	7.5%	9.8%	-47.2%
Pivnichny GOK	SGOK	7.60	9.80	4.50	-3.8%	-7.3%	-8.4%	-5.0%	-2.6%	-1.2%	8.9%	-19.7%
Coal Mining												
Pokrovske Mine	SHCHZ	0.45	0.79	0.10	0.0%	-8.2%	-30.8%	12.5%	1.2%	-2.1%	-13.4%	-2.2%
Komsomolets Donbasa	SHKD	0.56	n/a	n/a	0.0%	7.7%	-25.3%	-9.7%	1.2%	13.8%	-8.0%	-24.4%
Energy Coal	CLE	0.87	2.86	0.55	3.6%	-17.1%	-8.4%	-17.1%	4.8%	-11.1%	8.9%	-31.9%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	1.2%	6.1%	17.3%	-49.5%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.48	1.01	0.30	0.0%	-9.4%	-31.4%	-20.0%	1.2%	-3.4%	-14.1%	-34.7%
Interpipe NMPP	NVTR	0.32	n/a	n/a	0.0%	-8.6%	6.7%	52.4%	1.2%	-2.5%	24.0%	37.6%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.8	26.0	10.0	-1.0%	-0.5%	-5.1%	-8.7%	0.2%	5.6%	12.2%	-23.4%
Luhanskeplovoz	LTPL	1.14	1.80	0.85	0.0%	14.0%	6.5%	-24.0%	1.2%	20.1%	23.9%	-38.7%
Stakhanov Wagon	SVGZ	0.81	n/a	n/a	0.0%	44.6%	-11.0%	-37.7%	1.2%	50.7%	6.4%	-52.4%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-2.2%	-5.2%	-3.3%	66.0%	-1.0%	0.9%	14.1%	51.3%
Motor Sich	MSICH	2,167	2,879	1,303	-2.0%	-3.7%	-8.3%	18.8%	-0.7%	2.4%	9.0%	4.1%
Sumy Frunze Engineering	SMASH	3.20	n/a	n/a	0.0%	6.3%	6.7%	28.0%	1.2%	12.4%	24.0%	13.3%
Turboatom	TATM	4.50	n/a	n/a	0.0%	0.0%	50.0%	28.6%	1.2%	6.1%	67.3%	13.8%
WESTA ISIC	WES	0.29	0.80	0.21	0.0%	0.0%	0.0%	-27.5%	1.2%	6.1%	17.3%	-42.2%
Telecom												
Ukrtelecom	UTLM	0.19	0.20	0.09	5.6%	5.6%	13.8%	72.7%	6.8%	11.6%	31.1%	58.0%
Oil & Gas												
Regal Petroleum	RPT	9.00	16.63	4.88	0.0%	16.1%	63.6%	-29.4%	1.2%	22.2%	81.0%	-44.2%
JKX Oil	JKX	43.75	75.00	36.00	-0.6%	-0.6%	-0.6%	-39.0%	0.7%	5.5%	16.8%	-53.8%
Ukrnafta	UNAF	314	370	54	-0.3%	-0.5%	-1.5%	188.7%	0.9%	5.6%	15.8%	173.9%
Power Utilities												
Centrenerg	CEEN	7.13	8.70	2.50	-1.0%	-4.8%	-11.0%	49.4%	0.2%	1.2%	6.3%	34.7%
Donbasenergo	DOEN	26.3	50.2	11.0	0.2%	-7.8%	-33.8%	-4.7%	1.5%	-1.7%	-16.5%	-19.4%
Zakhidenergo	ZAEN	127.9	157.0	64.0	0.0%	-0.9%	-2.4%	41.5%	1.2%	5.2%	15.0%	26.7%
Consumer												
Agroton	AGT	2.14	5.5	1.79	1.4%	0.5%	-0.5%	9.7%	2.7%	6.5%	16.9%	-5.0%
Astarta	AST	37.0	73.7	34.4	0.0%	-0.5%	-2.6%	-44.7%	1.2%	5.5%	14.7%	-59.4%
Avangardo	AVGR	8.0	13.0	8.00	0.0%	-3.4%	-14.9%	-31.9%	1.2%	2.7%	2.4%	-46.7%
Industrial Milk Company	IMC	8.00	15.50	7.60	0.8%	-4.3%	-8.4%	-34.2%	2.0%	1.8%	9.0%	-48.9%
Kernel	KER	24.8	53.9	23.2	-1.1%	-0.8%	-8.7%	-35.0%	0.1%	5.3%	8.6%	-49.7%
Mriya Agro Holding	MAYA	1.46	6.0	1.44	-8.8%	-19.4%	-2.7%	-73.0%	-7.5%	-13.3%	14.7%	-87.7%
MHPC	MHPC	12.7	18.5	10.91	-0.9%	5.4%	0.0%	-25.6%	0.4%	11.5%	17.3%	-40.4%
Milkiland	MLK	4.29	14.2	4.16	-4.7%	-8.7%	-16.7%	-65.7%	-3.4%	-2.6%	0.7%	-80.4%
Ovostar Union	OVO	69.2	103.0	59.4	-1.1%	-1.1%	-1.1%	-30.8%	0.1%	4.9%	16.2%	-45.5%
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	10.3	n/a	n/a	0.0%	-15.6%	-10.4%	-17.6%	1.2%	-9.5%	6.9%	-32.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.127	0.190	0.085	-2.2%	-4.2%	-10.9%	11.6%	-0.9%	1.9%	6.4%	-3.1%
UkrSotsbank	USCB	0.145	0.257	0.090	-3.3%	-5.7%	-14.8%	-22.7%	-2.1%	0.4%	2.5%	-37.4%

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	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%
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	48	3.9%	2	1,396	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	361	337	327	\$/tonne
Yenakievo Steel	ENMZ	21	8.8%	2	17	2.4	neg	neg	neg	0.8	0.5	0.0	0.0	0.0	6	6	6	\$/tonne
Azovstal	AZST	192	3.0%	6	176	neg	neg	neg	neg	neg	5.0	0.1	0.1	0.1	38	39	39	\$/tonne
Coke																		
Avdyivka Coke	AVDK	35	6.8%	2	32	neg	neg	neg	neg	0.7	1.1	0.0	0.0	0.0	8	8	9	\$/tonne
Yasynivsky Coke	YASK	10	9.0%	1	11	1.2	neg	2.1	0.4	0.4	0.6	0.0	0.0	0.0	0.4	0.4	0.6	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	656	0.3%	2	654	6.9	3.4	4.0	2.8	2.1	2.3	1.1	1.0	1.0				
Pivnichny GOK	SGOK	1,363	0.4%	5	1,356	3.1	2.5	3.0	1.8	1.5	1.7	1.0	0.8	0.9				
Ferrexpo	FXPO	1,241	24.0%	298	1,920	5.8	4.7	4.5	4.8	3.8	3.9	1.3	1.2	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	15	5.4%	1	117	2.0	0.9	0.9	0.9	1.3	1.2	0.4	0.5	0.5	28	27	26	\$/tonne
Coal Energy	CLE	40	25.0%	10	150	1.0	neg	neg	2.4	7.1	16.6	0.9	1.2	1.5	2.4	7.1	16.6	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	97	2.0%	2	143	2.9	20.7	23.7	2.7	4.6	5.5	0.3	0.5	0.5	227	376	357	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	19	24.0%	5	57	4.0	1.0	0.9	2.0	1.6	1.5	0.3	0.2	0.2				
Kruiw Wagon	KVBZ	141	5.0%	7	130	1.5	3.4	neg	1.0	2.6	9.8	0.1	0.3	0.9				
Stakhanov Wagon	SVGZ	14	8.0%	1	47	24.2	26.9	>30	6.5	8.0	8.6	0.2	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	115	5.8%	7	55	3.0	1.6	1.8	1.1	0.6	0.8	0.3	0.3	0.3				
Motor Sich	MSICH	350	24.0%	84	342	1.8	2.1	1.9	1.1	1.2	1.3	0.3	0.3	0.4				
Telecom																		
Ukrtelecom	UTLM	277	7.2%	20	580	6.1	16.3	10.5	2.8	3.1	3.3	0.7	0.7	1.0				
Oil & Gas																		
Ukrnafta	UNAF	1,323	3.0%	40	1,315	7.5	>30	8.2	2.9	4.6	4.1	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	47	21.6%	10	22	4.1	neg	23.7	1.0	neg	0.9	0.5	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	123	50.4%	62	232	neg	19.0	15.8	1.7	3.5	3.4	1.1	1.3	1.2	42	32	31	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	205	21.7%	44	273	7.1	3.4	9.8	4.0	2.9	6.2	0.2	0.3	0.4	15	20	17	\$/MWh
DonbasEnergO	DOEN	48	14.2%	7	114	12.7	0.7	1.2	3.5	1.6	2.5	0.2	0.2	0.2	14	15	14	\$/MWh
Consumer																		
MHP	MHPC	1,337	34.1%	456	2,464	4.3	8.2	neg	5.3	6.3	5.1	1.8	1.6	1.9				
Kernel	KER	607	61.8%	375	1,312	2.9	5.8	12.9	4.1	4.5	7.5	0.6	0.5	0.5				
Astarta	AST	284	37.0%	105	606	4.9	8.3	3.5	5.5	6.7	4.4	1.3	1.2	1.1				
Avangardco	AVGR	511	22.5%	115	617	2.2	2.1	3.1	2.2	2.0	2.6	1.0	0.9	1.0	140	106	100	\$/mneggs
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	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	296	3.5%	10		>30	3.3	neg	0.4	0.3	0.5	0.05	0.06	0.07				
Ukrsotsbank	USCB	208	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

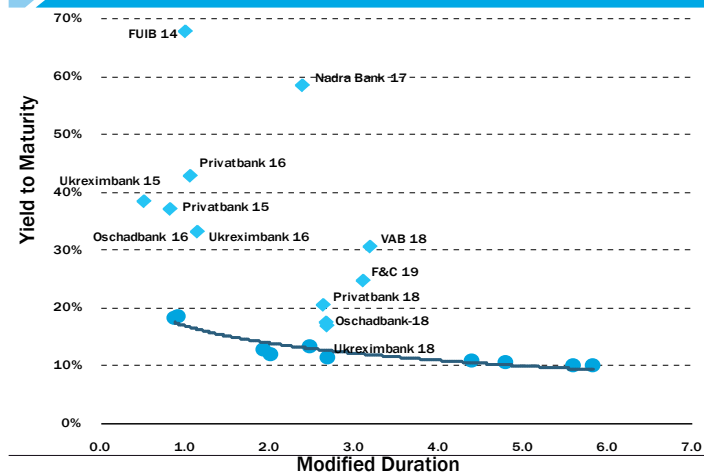
UKRAINIAN EUROBONDS

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	98.1	98.7	105.7%	71.7%	-2.1%	0.0	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	87.9	90.1	22.7%	18.9%	-7.3%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	88.5	90.5	26.3%	22.5%	-8.3%	0.8	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	85.7	87.2	15.8%	14.7%	-8.0%	1.8	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	86.2	88.2	14.6%	13.3%	-7.5%	1.9	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	85.4	86.9	13.3%	12.6%	-7.1%	2.6	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	88.7	90.0	15.4%	14.7%	-9.9%	2.4	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	12.1%	11.3%	14.7%	2.5	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	81.9	83.9	15.8%	14.8%	5.6%	2.8	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	86.2	87.7	11.5%	11.1%	-6.6%	4.3	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	86.5	87.5	11.2%	11.0%	-7.2%	4.7	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	85.4	87.1	10.7%	10.3%	-5.3%	5.5	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	83.6	85.1	10.4%	10.1%	-6.8%	5.7	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	30.0	35.1	80.5%	63.2%	-37.6%	1.7	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	96.0	97.0	17.5%	15.6%	-6.8%	0.5	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	85.0	86.9	12.0%	11.5%	-3.8%	4.0	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	87.0	90.0	36.1%	29.3%	-9.7%	0.9	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	74.0	75.6	21.9%	21.1%	-17.1%	2.5	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	28.0	35.0	157.9%	124.3%	-68.6%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	28.0	33.0	69.1%	59.4%	-65.0%	1.8	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	73.0	77.0	72.6%	60.7%	-26.6%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	63.0	66.0	24.0%	22.3%	-31.6%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	77.0	80.0	56.5%	49.1%	-23.4%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	69.0	70.9	24.2%	23.0%	-26.4%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	91.1	93.0	17.1%	14.9%	-6.1%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	75.0	79.9	19.3%	17.1%	-15.5%	2.8	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	46.5%	32.7%	-28.5%	1.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	89.7	91.2	15.7%	15.1%	-18.5%	2.8	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	55.0	65.0	27.7%	22.2%	-27.7%	3.1	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	73.0	78.0	150.3%	117.5%	-23.3%	0.2	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	50.0	55.0	79.0%	66.0%	-34.8%	2.4	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	76.0	81.0	41.0%	33.2%	-13.7%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	66.0	71.0	47.6%	38.9%	-9.9%	1.0	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	76.9	78.8	20.6%	19.7%	-7.0%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	84.0	85.5	41.3%	37.8%	-12.1%	0.5	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	65.0	68.0	41.6%	37.6%	-22.0%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	76.0	76.9	18.8%	18.3%	-14.3%	2.6	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	60.0	65.0	33.0%	29.1%	-26.9%	1.9	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	77.8	79.5	38.5%	35.2%	-15.5%	1.2	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	77.2	79.8	17.9%	17.6%	-11.8%	2.8	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	78.5	80.9	47.0%	40.7%	-14.3%	0.8	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	78.4	80.5	25.0%	23.2%	-14.2%	1.5	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

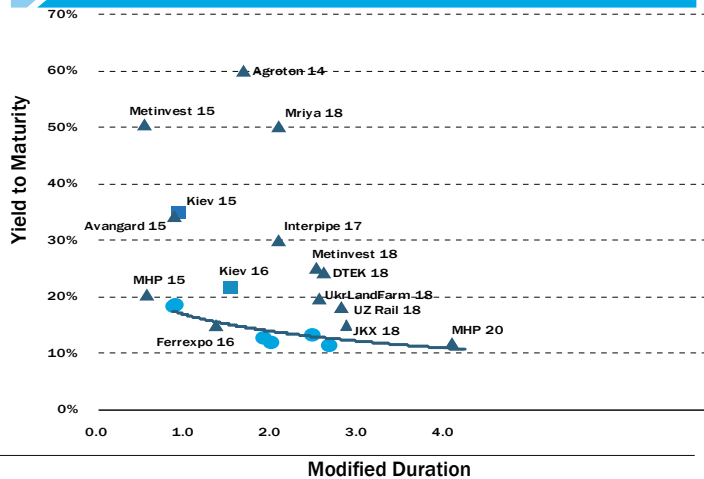
¹ Moody's/S&P/Fitch; * EUR

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%	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
USD denominated Bonds									
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
EUR denominated Bonds									
UA4000142681	n/a	n/a	12.5%	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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