

Market Update

Equity

Kyiv-listed stocks ended mostly higher on Thursday (Sept 25), even as the main European and US indices saw their biggest 1-day selloff in more than two months. Local investor attention was generally focused on the currency market, where the NBU sold USD 135mn at 12.95 UAH/USD through a special auction aimed to support the hryvnia. The UX index edged up by 0.4% to close at 1089 points. Beaten-down Alchevsk Steel (ALMK) was the best performer among blue chips, advancing 5.1% to 2.47 kopecks per share; however, the issue's light weight in the index basket meant that it contributed little to the benchmark's growth. Donetsk oblast-based Avdyivka Coke (AVDK) and DonbasEnergo (DOEN) both gained 2.9%. Raiffeisen Aval (BAVL) underperformed, losing 1.2% amid reports from its parent Raiffeisen International that the group could end 2014 with a net loss of up to EUR 500mn after writing off most of its loan book in Eastern Ukraine due to the separatist conflict there. In London, Ferrexpo (FXPO) had a rough day in line with global stocks, sliding 5.2% to a new post-2009 low near GBP 121 on an increasingly poor outlook for iron ore prices. Warsaw-listed Astarta (AST) added 2.3% while Kernel (KER) retreated by 1.2% to PLN 25.20.

Fixed Income

Ukrainian sovereigns were down on Thursday with Ukraine-23s moving down by 1.5p.p. to 82.4/83.7 (10.7%/10.4%). Corporate names finished also mostly in the red. DTEK-18s dropped by 2.0p.p. to 61.0/63.0 (25.3%/24.1%) and Metinvest-18s declined by 1.2p.p. closing at 68.8/70.0 (24.5%/23.7%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2264.00	0.3%	6.2	73
Ukrnafta	UNAF	322.00	-0.4%	2.3	34
Centrenergo	CEEN	7.51	0.7%	0.6	27

Growth Leaders

Zaporizhtransformator	ZATR	1.70	13.3%	0.07	7
Alchevsk Steel	ALMK	0.02	5.1%	0.22	75
Donbasenergo	DOEN	28.11	2.9%	0.25	53

Loss Leaders

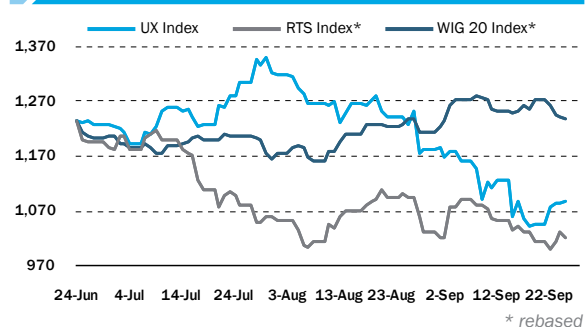
Khartsyzk Pipe	HRTR	0.45	-5.0%	0.013	8
Raiffeisen Bank Aval	BAVL	0.13	-1.2%	0.294	32
Yenakievo Steel	ENMZ	25.09	-0.4%	0.012	16

Highlights

POLITICS AND ECONOMICS

- Poroshenko Presses Reform Agenda, Says Worst of Donbass War is Over

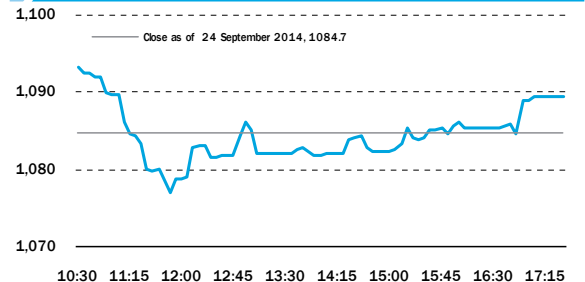
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1089.3	0.4%	-12.2%	19.7%
RTS	1175.6	-1.1%	-7.2%	-18.5%
WIG20	2469.7	-0.2%	0.8%	2.9%
MSCI EM	1025.6	-0.9%	-5.5%	2.4%
S&P 500	1966.0	-1.6%	-1.6%	6.8%

UX INTRADAY SEPTEMBER 25, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	316.9	1.8%	2.8%	-4.2%
CDS 5Y UKR	1270.5	2.1%	35.7%	54.9%
Ukraine-17	13.0%	0.3 p.p.	3.4 p.p.	3.9 p.p.
Naftogaz Ukr-14	14.4%	0.1 p.p.	3.8 p.p.	5.5 p.p.
Ukraine-23	10.6%	0.3 p.p.	1.4 p.p.	3.1 p.p.
Privatbank-16	38.0%	0.1 p.p.	6.2 p.p.	17.6 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	12.95	0.4%	-4.4%	57.2%
EUR	16.51	0.1%	-7.6%	45.2%
RUB	0.34	-2.1%	-10.1%	34.0%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	211.6	0.0%	-11.2%	-26.4%
Steel, USD/t	544.5	0.0%	0.4%	1.3%
Oil, USD/bbl	97.0	0.1%	-6.2%	-9.6%
Gold, USD/oz	1221.5	0.4%	-4.3%	2.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Poroshenko Presses Reform Agenda, Says Worst of Donbass War is Over

by Will Ritter
w.ritter@eavex.com.ua

NEWS

President Poroshenko held a marathon 150-minute press conference in Kyiv on Thursday (Sept 25) at which he laid out his vision for Ukraine to apply for European Union membership by 2020, and defended his peace plan offering the separatist-occupied territories in Eastern Ukraine certain autonomous rights of governance for the next three years. Poroshenko declared that “the discussion about where to go [Europe] is over; the only discussion we should have now is how to get there”. He also warned that a failure to implement necessary economic reforms would force Ukraine into a future “alone with Russia”. In terms of the Donbass separatist conflict, Poroshenko insisted that “the most dangerous part of the war is past”, but said that Kyiv will not recognize separatist elections that have been scheduled for Nov 2, instead calling for local elections in the Donbass to be held in accordance with his peace plan on Dec 7.

COMMENTARY

If the main tenets of Poroshenko’s pro-EU reform agenda – anti-corruption measures, an energy sector overhaul, and a re-booting of the judiciary – sound familiar, this is because they are exactly the same steps promised by Viktor Yanukovich shortly after he took office in 2010. At this point, talk is cheap, and the post-Euromaidan authorities, who have been able to use the Donbass conflict as an excuse for their lack of reforms during their first half year in power, will need to deliver quickly in order to convince international investors that Ukraine is not simply a financial black hole headed for sovereign default. We think Poroshenko’s optimism regarding the selection of a more pro-European Parliament in the upcoming national election set for next month is justified, although only because the occupied Donbass territories, which are densely populated and historically have chosen pro-Russian lawmakers, will not be taking part. In our view, holding onto the Donbass territories has been overrated by the media as a national political issue, and the majority of Ukrainian voters will be choosing based on who they think will best be able to advance Kyiv’s pro-European and overall economic agenda. This suggests that the “Poroshenko Bloc”, an alliance with Vitaliy Klitschko’s UDAR party, should fare well against nationalist parties that favor continuing the war in the East to recapture the occupied territories. As for Poroshenko’s claim that he has solved the Donbass conflict and that the provinces will ultimately remain in Ukraine, we are skeptical, as there are simply too many unanswered questions and contradictory statements in terms of how the territories can stay in Ukraine under conditions acceptable to both sides. In short order, Kyiv is going to be faced with demands to put up cash to support the territories’ reconstruction, as well as to allow them representation in Parliament proportional to their large populations; neither of these unavoidable developments are compatible with Poroshenko’s economic belt-tightening and “EU by 2020” reform drive.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.65	0.56	-14%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	121.2	108.0	-11%	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	7.50	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.
Coke						
Avdyivka Coke	AVDK	2.40	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.
Coal						
Pokrovske Mine	SHCHZ	0.40	2.9	636%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	15.9	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.15	U/R	-	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
Specialized Machinery						
Motor Sich	MSICH	2264	5250	132%	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	45.0	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.
Power Utilities						
DonbasEnergO	DOEN	28.1	72.0	156%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.51	15.00	100%	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	38.0	90.0	137%	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	69.5	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	0.128	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	1089.29	1368.76	816.48	0.4%	4.3%	-12.2%	19.7%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.025	0.06	0.02	5.1%	3.8%	-27.6%	-36.3%	4.7%	-0.5%	-15.3%	-56.0%
Azovstal	AZST	0.65	0.95	0.35	0.3%	10.4%	-25.5%	-3.4%	-0.1%	6.1%	-13.2%	-23.1%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	-30.0%	-86.5%	-0.4%	-4.3%	-17.8%	-106.2%
Enakievo Steel	ENMZ	25.1	65.0	17.0	0.3%	0.4%	-35.2%	-21.6%	-0.1%	-4.0%	-22.9%	-41.3%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-0.4%	-4.3%	12.2%	228.1%
Mariupol Ilyicha	MMKI	0.12	n/a	n/a	-14.3%	-14.3%	20.0%	20.0%	-14.7%	-18.6%	32.2%	0.3%
Coke												
Avdivka Coke	AVDK	2.40	4.80	1.46	2.1%	4.1%	-19.0%	-19.1%	1.7%	-0.2%	-6.7%	-38.8%
Yasnyivsky Coking	YASK	0.51	0.84	0.30	10.9%	8.5%	-21.5%	-3.8%	10.4%	4.2%	-9.3%	-23.5%
Iron Ore Mining												
Centralny GOK	CGOK	7.28	n/a	n/a	0.0%	1.3%	12.0%	12.0%	-0.4%	-3.1%	24.2%	-7.7%
Ferrexpo	FXPO	121.2	199.0	121.2	-5.2%	-6.0%	-12.2%	-36.5%	-5.7%	-10.4%	0.0%	-56.2%
Pivnichny GOK	SGOK	7.50	9.80	4.50	-8.5%	-1.3%	-9.6%	-6.3%	-9.0%	-5.6%	2.6%	-25.9%
Coal Mining												
Pokrovske Mine	SHCHZ	0.40	0.79	0.10	-9.1%	-11.1%	-29.8%	0.0%	-9.5%	-15.4%	-17.6%	-19.7%
Komsomolets Donbasa	SHKD	0.59	n/a	n/a	1.7%	5.4%	-21.3%	-4.8%	1.3%	1.0%	-9.1%	-24.5%
Energy Coal	CLE	0.93	2.86	0.55	-5.1%	6.9%	-1.1%	-11.4%	-5.5%	2.6%	11.2%	-31.1%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	-0.4%	-4.3%	12.2%	-54.5%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.45	1.01	0.30	-4.3%	-6.2%	-25.0%	-25.0%	-4.7%	-10.6%	-12.8%	-44.7%
Interpipe NMPP	NVTR	0.35	n/a	n/a	0.0%	9.4%	16.7%	66.7%	-0.4%	5.1%	28.9%	47.0%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.9	26.0	10.0	0.3%	0.7%	-5.3%	-8.0%	-0.2%	-3.6%	6.9%	-27.7%
Luhanskeplovoz	LTPL	1.15	1.80	0.85	4.5%	0.9%	-4.2%	-23.3%	4.1%	-3.4%	8.1%	-43.0%
Stakhanov Wagon	SVGZ	0.85	n/a	n/a	0.0%	4.9%	-8.6%	-34.6%	-0.4%	0.6%	3.6%	-54.3%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	0.0%	-1.8%	-13.6%	63.0%	-0.4%	-6.1%	-1.4%	43.3%
Motor Sich	MSICH	2,264	2,879	1,303	0.4%	4.5%	-3.2%	24.1%	-0.1%	0.2%	9.0%	4.4%
Summy Frunze Engineering	SMASH	6.90	n/a	n/a	0.0%	115.6%	130.0%	176.0%	-0.4%	111.3%	142.2%	156.3%
Turboatom	TATM	4.50	n/a	n/a	0.0%	0.0%	50.0%	28.6%	-0.4%	-4.3%	62.2%	8.9%
WESTA ISIC	WES	0.33	0.80	0.21	3.1%	13.8%	13.8%	-17.5%	2.7%	9.5%	26.0%	-37.2%
Telecom												
Ukrtelecom	UTLM	0.18	0.20	0.09	0.0%	-5.3%	4.7%	63.6%	-0.4%	-9.6%	16.9%	43.9%
Oil & Gas												
Regal Petroleum	RPT	9.00	16.00	4.88	-2.7%	0.0%	33.3%	-29.4%	-3.1%	-4.3%	45.6%	-49.1%
JKX Oil	JKX	45.00	75.00	36.00	0.0%	2.9%	-0.8%	-37.3%	-0.4%	-1.5%	11.4%	-57.0%
Ukrnafta	UNAF	322	370	54	-0.2%	2.7%	2.2%	196.5%	-0.6%	-1.6%	14.4%	176.8%
Power Utilities												
Centrenerg	CEEN	7.51	8.70	2.50	1.0%	5.4%	-5.4%	57.6%	0.6%	1.1%	6.8%	37.9%
Donbasenergo	DOEN	28.1	50.2	11.0	1.2%	6.9%	-26.2%	1.9%	0.7%	2.6%	-14.0%	-17.8%
Zakhidenergo	ZAEN	139.0	157.0	64.0	4.6%	8.7%	0.6%	53.8%	4.2%	4.4%	12.8%	34.1%
Consumer												
Agroton	AGT	2.10	5.5	1.79	-1.9%	-1.9%	-1.9%	7.7%	-2.3%	-6.2%	10.4%	-12.0%
Astarta	AST	38.0	73.7	34.4	2.3%	2.7%	1.2%	-43.2%	1.8%	-1.6%	13.4%	-62.9%
Avangardo	AVGR	8.0	13.0	7.99	0.0%	-0.1%	-11.2%	-32.0%	-0.4%	-4.4%	1.0%	-51.7%
Industrial Milk Company	IMC	7.33	15.50	7.13	2.8%	-8.4%	-13.2%	-39.7%	2.4%	-12.7%	-0.9%	-59.4%
Kernel	KER	25.2	53.9	23.2	-1.2%	1.8%	-8.2%	-33.8%	-1.6%	-2.5%	4.0%	-53.5%
Mriya Agro Holding	MAYA	1.50	6.0	1.44	3.4%	2.7%	-9.6%	-72.2%	3.0%	-1.6%	2.6%	-91.9%
MHPC	MHPC	12.7	18.5	10.91	1.7%	0.0%	5.2%	-25.6%	1.3%	-4.3%	17.5%	-45.3%
Milkiland	MLK	3.93	14.2	3.93	-0.5%	-8.4%	-17.3%	-68.6%	-0.9%	-12.7%	-5.0%	-88.3%
Ovostar Union	OVO	69.5	103.0	59.4	0.0%	0.4%	0.1%	-30.5%	-0.4%	-3.9%	12.3%	-50.2%
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	9.8	n/a	n/a	0.0%	-4.9%	-21.6%	-21.6%	-0.4%	-9.2%	-9.4%	-41.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.128	0.190	0.086	-1.2%	0.7%	-9.0%	12.4%	-1.6%	-3.6%	3.2%	-7.3%
UkrSotsbank	USCB	0.145	0.257	0.090	0.0%	0.0%	-15.7%	-22.7%	-0.4%	-4.3%	-3.5%	-42.4%

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%
Ukrspasbank	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	49	3.9%	2	1,398	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	361	337	327	\$/tonne
Yenakievo Steel	ENMZ	20	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	210	3.0%	6	194	neg	neg	neg	neg	neg	5.5	0.1	0.1	0.1	42	43	43	\$/tonne
Coke																		
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
Iron Ore Mining																		
Centralny GOK	CGOK	659	0.3%	2	657	6.9	3.4	4.0	2.8	2.1	2.4	1.1	1.0	1.0				
Pivnichny GOK	SGOK	1,334	0.4%	5	1,328	3.1	2.4	2.9	1.8	1.5	1.6	0.9	0.8	0.9				
Ferrexpo	FXPO	1,157	24.0%	278	1,836	5.4	4.4	4.2	4.6	3.6	3.7	1.3	1.2	1.3				
Coal Mining																		
Komsomolets Donbasa	SHKD	15	5.4%	1	117	2.1	0.9	0.9	0.9	1.3	1.3	0.4	0.5	0.5	29	28	26	\$/tonne
Coal Energy	CLE	42	25.0%	11	152	1.1	neg	neg	2.4	7.2	16.9	0.9	1.2	1.5	2.4	7.2	16.9	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	90	2.0%	2	136	2.7	19.2	22.0	2.6	4.3	5.3	0.3	0.4	0.5	216	358	340	\$/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				
Kriviw Wagon	KVBZ	141	5.0%	7	131	1.5	3.4	neg	1.0	2.6	9.8	0.1	0.3	0.9				
Stakhanov Wagon	SVGZ	15	8.0%	1	47	25.2	28.0	>30	6.6	8.1	8.7	0.2	0.3	0.3				
Specialized Machinery																		
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	363	24.0%	87	354	1.8	2.2	1.9	1.1	1.3	1.4	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	260	7.2%	19	564	5.7	15.3	9.9	2.7	3.0	3.2	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,348	3.0%	40	1,340	7.6	>30	8.4	3.0	4.7	4.1	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	47	21.6%	10	22	4.0	neg	23.5	1.0	neg	0.9	0.5	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	126	50.4%	63	234	neg	19.4	16.1	1.7	3.5	3.4	1.2	1.3	1.2	43	32	31	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	214	21.7%	47	283	7.4	3.6	10.3	4.1	3.0	6.4	0.3	0.3	0.4	16	20	18	\$/MWh
DonbasEnergO	DOEN	51	14.2%	7	117	13.4	0.8	1.3	3.6	1.6	2.6	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	612	61.8%	378	1,318	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	510	22.5%	115	616	2.2	2.1	3.1	2.2	2.0	2.6	1.0	0.9	1.0	139	106	100	\$/mneggs
Agroton	AGT	14	26.2%	4	63	2.0	neg	neg	3.1	8.4	18.1	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	206	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

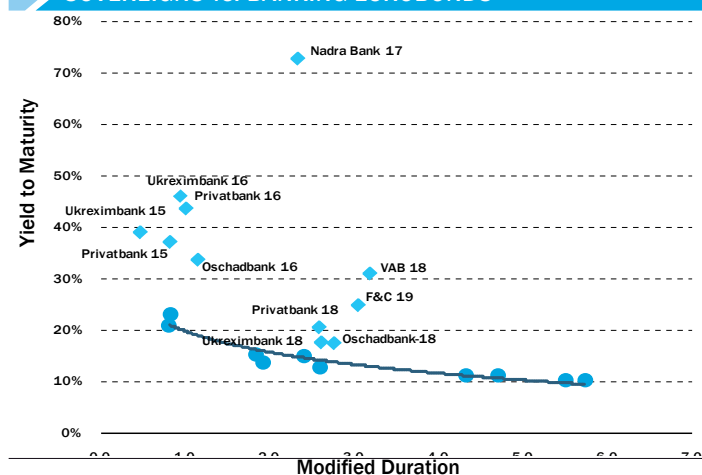
UKRAINIAN EUROBONDS

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	98.4	99.3	570.2%	245.1%	-1.0%	0.0	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	87.7	90.7	23.6%	18.4%	-7.1%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	89.3	91.3	25.6%	21.8%	-7.6%	0.9	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	84.1	86.0	17.0%	15.7%	-9.5%	1.8	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	85.6	87.1	15.1%	14.1%	-8.5%	1.9	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	83.7	85.2	14.2%	13.4%	-8.9%	2.6	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	86.3	87.6	16.8%	16.1%	-12.4%	2.4	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	94.0	95.5	12.1%	11.4%	14.7%	2.5	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	79.0	81.4	17.4%	16.2%	2.2%	2.7	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	85.0	86.5	11.8%	11.4%	-7.9%	4.5	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	85.1	86.6	11.6%	11.2%	-8.4%	4.7	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	83.8	85.4	11.0%	10.7%	-7.1%	5.5	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	82.4	83.7	10.7%	10.4%	-8.2%	5.7	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	30.0	35.1	81.9%	63.9%	-37.6%	1.6	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	96.0	97.0	17.7%	15.8%	-6.8%	0.5	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	84.9	86.5	12.1%	11.6%	-4.1%	4.0	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	87.0	87.0	37.6%	37.6%	-11.2%	0.8	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	71.1	73.3	23.5%	22.3%	-19.9%	2.6	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	25.0	30.0	147.9%	125.1%	-72.6%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	25.0	30.0	77.2%	65.5%	-68.4%	1.7	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	74.0	75.0	71.8%	68.7%	-26.9%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	61.0	63.0	25.3%	24.1%	-34.2%	2.5	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	77.0	79.0	58.0%	52.9%	-23.9%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	68.8	70.0	24.5%	23.7%	-27.0%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.2	92.5	18.2%	15.6%	-6.7%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	75.2	77.5	19.3%	18.2%	-16.7%	2.7	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	47.2%	33.0%	-28.5%	1.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	89.0	90.5	16.1%	15.4%	-19.2%	2.8	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	45.0	55.0	34.7%	27.7%	-39.8%	2.9	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	70.0	75.0	187.1%	148.1%	-26.4%	0.2	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	45.0	50.0	96.8%	80.3%	-41.0%	2.3	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	75.5	79.5	42.4%	36.0%	-14.8%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	66.0	70.0	48.7%	41.3%	-10.5%	1.0	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	76.4	79.4	20.9%	19.4%	-7.0%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	84.0	85.0	42.5%	40.0%	-12.0%	0.5	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	67.0	70.0	39.4%	35.4%	-19.7%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	75.2	77.1	19.2%	18.2%	-14.6%	2.6	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	50.0	55.0	42.6%	37.6%	-38.6%	1.7	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	79.0	80.0	37.0%	35.1%	-14.6%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	76.6	78.0	18.4%	17.6%	-13.1%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	77.1	79.9	53.7%	44.9%	-15.6%	0.8	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.0	80.0	28.1%	23.7%	-16.7%	1.5	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

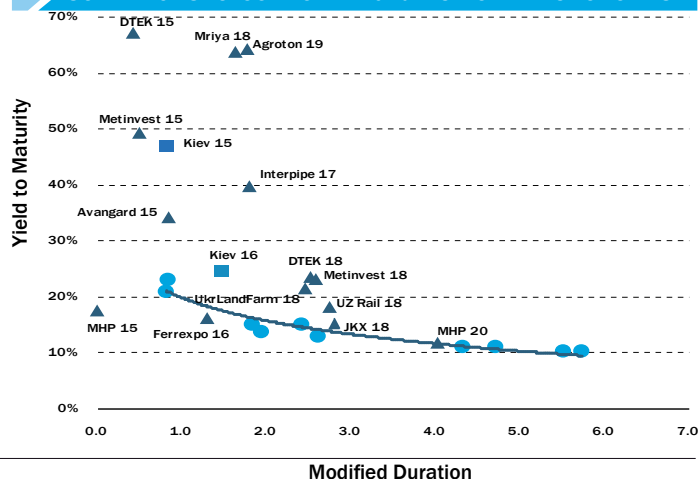
¹ Moody's/S&P/Fitch; * EUR

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 UAH
UAH denominated Bonds									
UA4000141592			16.5%	15.0%	n/a	14.30%	S/A	20 May 2015	n/a
UA4000142665			20.0%	18.0%	n/a	14.30%	S/A	24 May 2017	n/a
USD denominated Bonds									
UA4000142699	n/a	n/a	14.0%	12.0%	n/a	9.45%	S/A	22 Apr 2015	n/a
UA4000141071	n/a	n/a	14.0%	12.0%	n/a	9.45%	S/A	27 May 2015	n/a
UA4000142673	n/a	n/a	14.0%	12.0%	n/a	4.50%	S/A	17 Jun 2015	n/a
EUR denominated Bonds									
UA4000142681	n/a	n/a	12.5%	12.0%	n/a	4.80%	S/A	6 May 2015	n/a
VAT Bonds									
UA4000082531			20.5%	16.5%	n/a	5.50%	S/A	21 Aug 2015	n/a
UA4000082622			20.5%	16.5%	n/a	5.50%	S/A	24 Aug 2015	n/a
UA4000083059			20.5%	16.5%	n/a	5.50%	S/A	25 Aug 2015	n/a
UA4000185151			20.3%	19.0%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			20.3%	19.0%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			20.3%	19.0%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

Eavex Capital

12, Ezhena Pottier str.

Kiev 03057

Ukraine

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity and Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales and Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua