

Market Update

Equity

Kyiv-listed stocks finished mixed on Friday (Sept 26) with the UX index inching up by 0.1% to 1090 points. The day's most important news appeared only after the market close, with reports that Russia's Gazprom is demanding a USD 2.0bn debt repayment from Naftogaz as a precondition for resumption of natural gas deliveries to the country; the total amount of Naftogaz's debt to Gazprom is currently the subject of a court dispute in Stockholm Arbitrage. Overall, it appears that this latest round of Ukraine-Russia gas talks brought little progress. Among actively traded stocks, UkrNafta (UNAF) rose by 1.4% to UAH 327 while Motor Sich (MSICH) and CentrEnergO (CEEN) declined by 0.8% and 0.1% respectively. London-listed MHP (MHPC) picked up 1.7% while the lower-liquidity stock of Avangard (AVGR) were unchanged close to USD 8.00. In Warsaw, dairy product maker Milkiland (MLK) slid by 6.1% after the company said it is seeking restructuring for a USD 100mn syndicated loan facility. In Frankfurt, Mriya shed 3.3% to EUR 1.45.

Fixed Income

Ukrainian sovereigns were up on Friday with Ukraine-23s increasing by 0.4p.p. to 82.8/84.1 (10.6%/10.4%). Meanwhile, corporate names finished in the red. UkrlandFarming-18s dropped by 3.2p.p. to 68.0/70.0 (25.2%/24.1%) and Metinvest-15s declined by 2.0p.p. closing at 75.0/77.0 (63.6%/60.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2251.00	-0.8%	4.8	46
Ukrnafta	UNAF	327.40	1.4%	2.3	74
CentrenergO	CEEN	7.49	-0.1%	1.2	57

Growth Leaders

Yenakievo Steel	ENMZ	26.39	3.4%	0.00	14
Ukrnafta	UNAF	327.40	1.4%	2.29	74
Donbasenergo	DOEN	28.49	1.4%	0.20	73

Loss Leaders

Kievenergo	KIEN	12.00	-14.3%	0.018	14
Yasynivsky Coke	YASK	0.44	-10.8%	0.084	20
Azovstal	AZST	0.64	-0.9%	0.038	47

Highlights

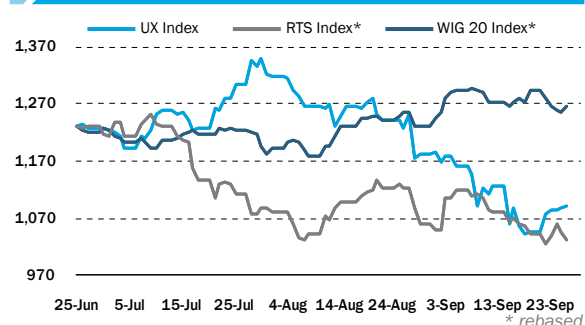
STOCKS IN THE NEWS

- Milkiland Falls Behind in Syndicated Loan Covenants

FIXED INCOME

- ULF Made a Bond Coupon Payment; Completed Harvesting Campaign

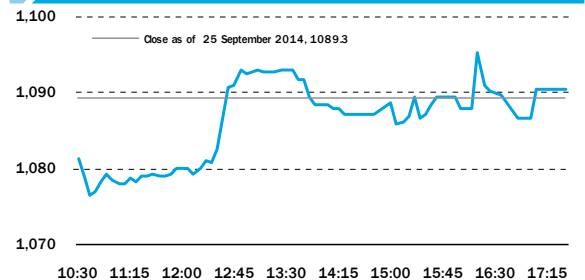
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1090.5	0.1%	-11.2%	19.8%
RTS	1156.2	-1.7%	-8.2%	-19.9%
WIG20	2484.0	0.6%	0.6%	3.5%
MSCI EM	1023.9	-0.2%	-5.9%	2.2%
S&P 500	1982.9	0.9%	-0.9%	7.7%

UX INTRADAY SEPTEMBER 26, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	317.7	0.3%	4.1%	-3.9%
CDS 5Y UKR	1302.6	2.5%	36.0%	58.8%
Ukraine-17	12.9%	-0.1 p.p.	3.3 p.p.	3.9 p.p.
Naftogaz Ukr-14	14.7%	0.3 p.p.	3.6 p.p.	5.8 p.p.
Ukraine-23	10.5%	-0.1 p.p.	1.1 p.p.	3.0 p.p.
Privatbank-16	40.8%	2.8 p.p.	6.5 p.p.	20.4 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	12.90	-0.4%	-5.1%	56.6%
EUR	16.36	-0.9%	-8.6%	43.9%
RUB	0.33	-2.1%	-13.6%	31.2%

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	0.0%	-6.1%	-9.6%
Gold, USD/oz	1218.4	-0.3%	-4.9%	1.8%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Milkiland Falls Behind in Syndicated Loan Covenants

by Dmitry Churin
d.churin@eavex.com.ua

MILKILAND (MLK PW)

Price: PLN 3.69 Market Cap: EUR 28mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.4	2.4	3.5	7.9%
2014E	0.3	neg	17.8	0.0%

NEWS

Milkiland, a Kyiv-based cheese and butter producer operating in Russia, Ukraine and Poland, said it has failed to abide by the amortization schedule for its syndicated USD 100mn loan, according to a statement published on the company's website on Thursday (Sept 25). The loan facility with a floating rate of LIBOR +7.5% was extended by Raiffeisen Bank International and UniCredit Bank Austria. The amortization payback scheme for the loan foresees full repayment by December 2015. Milkiland said it is trying to restructure the loan facility as well as to revise its covenants for Debt/EBITDA and EBITDA/Interest Expenses, the indicators which failed to meet the initial requirements under the contract.

COMMENTARY

The company's debt servicing problems are unsurprising, as it has been banned from exporting its Ukrainian-made products to Russia since early this year and was also hit hard by the sharp hryvnia and ruble devaluations. The devaluations of these currencies against EUR and USD resulted in a non-cash foreign exchange loss of EUR 33.4mn in 1H14 for Milkiland, compared to EUR 1.8mn of foreign exchange gain in 1H13. The company's net debt stood at EUR 97.6mn as of Jun 30 this year. The Debt/12M EBITDA ratio for 1H14 was 2.3x, but taking into account the worsening business conditions in 2H14, the full-year 2014 Debt/EBITDA ratio could soar to 5.5x, according to our rough estimates. Although Milkiland is having considerable business difficulties this year, we still believe the company can find a reasonable compromise with its lenders on terms for debt restructuring. The MLK stock listed in Warsaw tumbled by 6.1% to PLN 3.69 after the news.

**ULF Made a Bond Coupon Payment;
Completed Harvesting Campaign**

by Ivan Dzvinka
i.dzvinka@eavex.com.ua

NEWS

Ukrlandfarming (ULF), Ukraine's largest agricultural group in terms of the landbank, made a coupon payment on its 5-year USD 500mn bonds, the company said on Friday (Sept 26). The coupon is payable semi-annually in arrears on 26 September and 26 March at the annual rate of 10.875%. In addition, ULF declared its intention to fulfil all its financial obligations thanks to sustainable currency inflow from its export activities despite the challenging economic environment in Ukraine.

In the same announcement, the group stated it has successfully completed the summer harvesting campaign with the next crop harvesting under way and to be finished in October-November.

COMMENTARY

The announcement on timely payment of coupon is positive news for the group's bonds as it disavows the rumors about the company's intention to initiate restructuring of its debt on the eve of coupon payment. Still, we remain disappointed with level and frequency of corporate news disclosure. While other companies use to present the precise yield and harvest figures on their harvesting campaign, ULF managed to report just general statement about its completion and strangely included it in unrelated notification about the coupon payment. The immense room for improvement in terms of publicity exists for ULF and we hope the progress in this respect will be the question of near rather than medium term horizon due to the company's intention to go public in the coming years.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.64	0.56	-14%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	118.3	108.0	-9%	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	8.30	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	7.70	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	2.39	U/R	-	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.44	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	15.8	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.25	U/R	-	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
Specialized Machinery						
Motor Sich	MSICH	2251	5250	133%	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	8.8	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	44.5	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	28.5	72.0	153%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.49	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	1090.50	1368.76	819.82	0.1%	4.4%	-11.2%	19.8%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.025	0.06	0.02	-0.8%	6.5%	-28.4%	-36.9%	-0.9%	2.1%	-17.2%	-56.7%
Azovstal	AZST	0.64	0.95	0.35	-0.5%	7.9%	-25.2%	-3.9%	-0.6%	3.5%	-14.1%	-23.7%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	-30.0%	-86.5%	-0.1%	-4.4%	-18.8%	-106.4%
Enakievo Steel	ENMZ	26.4	65.0	17.0	5.2%	7.7%	-29.7%	-17.6%	5.1%	3.3%	-18.5%	-37.4%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-0.1%	-4.4%	11.2%	228.0%
Mariupol Ilyicha	MMKI	0.15	n/a	n/a	25.0%	7.1%	50.0%	50.0%	24.9%	2.7%	61.2%	30.2%
Coke												
Avdyivka Coke	AVDK	2.39	4.80	1.46	-0.4%	7.0%	-20.5%	-19.4%	-0.5%	2.6%	-9.3%	-39.3%
Yasnyivsky Coking	YASK	0.44	0.84	0.30	-13.7%	-4.3%	-32.3%	-17.0%	-13.8%	-8.8%	-21.2%	-36.8%
Iron Ore Mining												
Centralny GOK	CGOK	7.70	n/a	n/a	5.8%	7.1%	11.3%	18.5%	5.7%	2.7%	22.4%	-1.4%
Ferrexpo	FXPO	118.3	199.0	118.3	-2.4%	-9.2%	-12.4%	-38.1%	-2.5%	-13.6%	-1.2%	-57.9%
Pivnichny GOK	SGOK	8.30	9.80	4.50	10.7%	9.2%	0.0%	3.8%	10.6%	4.8%	11.2%	-16.1%
Coal Mining												
Pokrovske Mine	SHCHZ	0.40	0.79	0.10	0.0%	-11.1%	-35.5%	0.0%	-0.1%	-15.5%	-24.3%	-19.8%
Komsomolets Donbasa	SHKD	0.62	n/a	n/a	5.1%	10.7%	-17.3%	0.0%	5.0%	6.3%	-6.2%	-19.8%
Energy Coal	CLE	0.94	2.86	0.55	1.1%	0.0%	3.3%	-10.5%	1.0%	-4.4%	14.4%	-30.3%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	-0.1%	-4.4%	11.2%	-54.6%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.49	1.01	0.30	8.9%	2.1%	-7.5%	-18.3%	8.8%	-2.3%	3.6%	-38.2%
Interpipe NMPP	NVTR	0.35	n/a	n/a	0.0%	0.0%	16.7%	66.7%	-0.1%	-4.4%	27.8%	46.8%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.8	26.0	10.0	-0.5%	-1.0%	-5.8%	-8.5%	-0.6%	-5.4%	5.4%	-28.3%
Luhanskeplovoz	LTPL	1.25	1.80	0.85	8.7%	9.6%	4.2%	-16.7%	8.6%	5.2%	15.3%	-36.5%
Stakhanov Wagon	SVGZ	0.70	n/a	n/a	-17.6%	-13.6%	-24.7%	-46.2%	-17.8%	-18.0%	-13.6%	-66.0%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-14.4%	-15.9%	-26.0%	39.6%	-14.5%	-20.3%	-14.8%	19.8%
Motor Sich	MSICH	2,251	2,879	1,303	-0.6%	3.8%	-0.1%	23.4%	-0.7%	-0.6%	11.1%	3.6%
Summy Frunze Engineering	SMASH	6.90	n/a	n/a	0.0%	115.6%	130.0%	176.0%	-0.1%	111.2%	141.2%	156.2%
Turboatom	TATM	4.50	n/a	n/a	0.0%	0.0%	50.0%	28.6%	-0.1%	-4.4%	61.2%	8.7%
WESTA ISIC	WES	0.31	0.80	0.21	-6.1%	3.3%	10.7%	-22.5%	-6.2%	-1.1%	21.9%	-42.3%
Telecom												
Ukrtelecom	UTLM	0.18	0.20	0.09	0.0%	-5.3%	0.0%	63.6%	-0.1%	-9.7%	11.2%	43.8%
Oil & Gas												
Regal Petroleum	RPT	8.75	16.00	4.88	-2.8%	-2.8%	29.6%	-31.4%	-2.9%	-7.2%	40.8%	-51.2%
JXX Oil	JKX	44.50	75.00	36.00	-1.1%	-2.7%	-1.7%	-38.0%	-1.2%	-7.2%	9.5%	-57.8%
Ukrnafta	UNAF	327	370	54	1.7%	4.2%	2.0%	201.5%	1.6%	-0.2%	13.2%	181.6%
Power Utilities												
Centrenerg	CEEN	7.49	8.70	2.50	-0.3%	5.8%	-5.8%	57.1%	-0.4%	1.4%	5.4%	37.3%
Donbasenergo	DOEN	28.5	50.2	11.0	1.4%	11.7%	-24.1%	3.3%	1.2%	7.3%	-12.9%	-16.6%
Zakhidenergo	ZAEN	140.4	160.0	64.0	1.0%	5.6%	1.6%	55.3%	0.9%	1.2%	12.7%	35.5%
Consumer												
Agroton	AGT	2.08	5.5	1.79	-1.0%	-1.4%	-2.3%	6.7%	-1.1%	-5.8%	8.8%	-13.2%
Astarta	AST	38.0	73.7	34.4	0.0%	2.8%	0.7%	-43.2%	-0.1%	-1.6%	11.8%	-63.0%
Avangardo	AVGR	8.0	13.0	7.99	0.0%	-0.1%	-4.9%	-32.0%	-0.1%	-4.5%	6.3%	-51.8%
Industrial Milk Company	IMC	7.30	15.50	7.13	-0.4%	-6.2%	-13.5%	-39.9%	-0.5%	-10.6%	-2.4%	-59.7%
Kernel	KER	25.2	53.9	23.2	0.0%	0.8%	-8.3%	-33.8%	-0.1%	-3.6%	2.8%	-53.6%
Mriya Agro Holding	MAYA	1.45	6.0	1.44	-3.3%	0.0%	-12.7%	-73.1%	-3.4%	-4.4%	-1.6%	-93.0%
MHPC	MHPC	12.7	18.5	10.91	0.0%	-1.8%	5.2%	-25.6%	-0.1%	-6.2%	16.4%	-45.5%
Milkiland	MLK	3.69	14.2	3.69	-6.1%	-14.0%	-19.6%	-70.5%	-6.2%	-18.4%	-8.5%	-90.3%
Ovostar Union	OVO	69.5	103.0	59.4	0.0%	-0.7%	-2.1%	-30.5%	-0.1%	-5.1%	9.0%	-50.3%
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	11.0	n/a	n/a	12.2%	7.7%	-12.0%	-12.0%	12.1%	3.3%	-0.8%	-31.8%
Banks												
Raiffeisen Bank Aval	BAVL	0.128	0.190	0.086	0.2%	-1.2%	-7.8%	12.7%	0.1%	-5.7%	3.4%	-7.1%
UkrSotsbank	USCB	0.141	0.257	0.090	-2.6%	0.1%	-15.0%	-24.7%	-2.7%	-4.3%	-3.9%	-44.5%

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	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	22	8.8%	2	18	2.5	neg	neg	neg	0.8	0.5	0.0	0.0	0.0	7	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	9	9.0%	1	10	1.1	neg	2.0	0.4	0.4	0.5	0.0	0.0	0.0	0.4	0.4	0.5	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	699	0.3%	2	698	7.4	3.6	4.3	3.0	2.2	2.5	1.1	1.0	1.1				
Pivnichny GOK	SGOK	1,482	0.4%	6	1,476	3.4	2.7	3.2	2.0	1.6	1.8	1.0	0.9	1.0				
Ferrexpo	FXPO	1,123	24.0%	270	1,802	5.2	4.3	4.1	4.5	3.6	3.7	1.3	1.1	1.2				
Coal Mining																		
Komsomolets Donbasa	SHKD	16	5.4%	1	118	2.2	1.0	0.9	0.9	1.3	1.3	0.4	0.5	0.5	29	28	26	\$/tonne
Coal Energy	CLE	43	25.0%	11	153	1.1	neg	neg	2.4	7.2	17.0	0.9	1.2	1.5	2.4	7.2	17.0	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	99	2.0%	2	144	2.9	21.0	24.1	2.8	4.6	5.6	0.3	0.5	0.5	229	380	361	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	21	24.0%	5	58	4.4	1.1	0.9	2.0	1.6	1.5	0.3	0.2	0.2				
Krukiv 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	12	8.0%	1	45	20.9	23.1	26.5	6.2	7.6	8.2	0.1	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	115	5.8%	7	54	3.0	1.6	1.8	1.1	0.6	0.7	0.3	0.3	0.3				
Motor Sich	MSICH	363	24.0%	87	354	1.8	2.1	1.9	1.1	1.3	1.4	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	261	7.2%	19	565	5.8	15.3	9.9	2.7	3.0	3.3	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,376	3.0%	41	1,368	7.8	>30	8.6	3.0	4.8	4.2	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	46	21.6%	10	20	3.9	neg	22.8	1.0	neg	0.8	0.5	0.6	0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	124	50.4%	62	232	neg	19.1	15.9	1.7	3.5	3.4	1.1	1.3	1.2	42	32	31	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	215	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	52	14.2%	7	117	13.7	0.8	1.3	3.7	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	608	61.8%	376	1,314	2.9	5.8	12.9	4.1	4.5	7.5	0.6	0.5	0.5				
Astarta	AST	288	37.0%	107	609	5.0	8.4	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	8.3	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	298	3.5%	10		>30	3.3	neg	0.4	0.3	0.5	0.05	0.06	0.08				
Ukrsotsbank	USCB	201	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

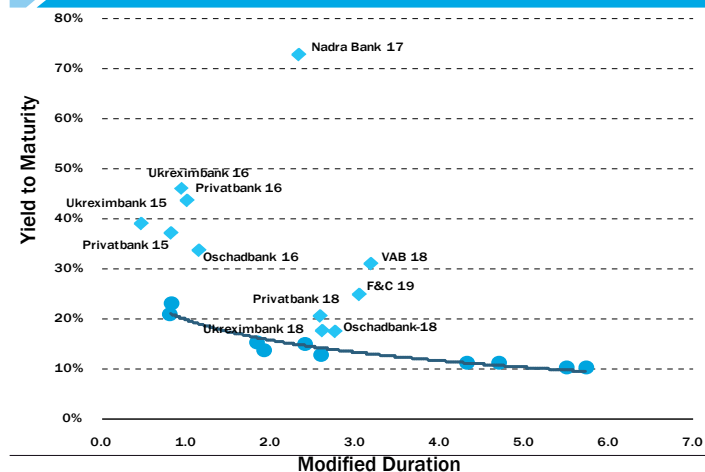
UKRAINIAN EUROBONDS

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	554.7%	236.4%	-0.9%	0.0	9.50%	S/A	30 Sept 2014	1,595	//
Ukraine, 2015 (EUR)	87.7	90.7	23.9%	18.6%	-7.1%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	88.9	90.1	26.7%	24.2%	-8.4%	0.8	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	84.2	86.1	17.0%	15.6%	-9.4%	1.8	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	85.7	87.2	15.1%	14.1%	-8.4%	1.9	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	83.8	85.3	14.1%	13.4%	-8.8%	2.6	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	86.4	87.7	16.7%	16.0%	-12.2%	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	77.9	80.7	18.1%	16.6%	1.0%	2.7	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	85.3	86.8	11.8%	11.3%	-7.6%	4.5	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	85.3	86.8	11.5%	11.2%	-8.1%	4.7	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	84.1	85.7	11.0%	10.6%	-6.8%	5.5	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	82.8	84.1	10.6%	10.4%	-7.8%	5.7	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	30.0	35.1	82.5%	64.2%	-37.6%	1.6	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	96.0	97.0	17.8%	15.8%	-6.8%	0.5	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	84.8	86.4	12.1%	11.7%	-4.2%	4.2	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	87.0	87.0	38.2%	38.2%	-11.2%	0.8	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	68.0	70.0	25.2%	24.1%	-23.5%	2.6	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	25.0	30.0	148.3%	125.4%	-72.6%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	25.0	30.0	77.4%	65.7%	-68.4%	1.6	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	74.5	75.8	70.6%	66.7%	-26.3%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	59.0	61.0	26.5%	25.3%	-36.3%	2.5	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	75.0	77.0	63.6%	58.2%	-25.9%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	68.3	70.5	24.9%	23.4%	-27.0%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.0	92.0	18.6%	16.1%	-7.1%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	75.1	80.0	19.3%	17.1%	-15.5%	2.7	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	47.5%	33.1%	-28.5%	1.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	88.1	89.6	16.4%	15.8%	-19.9%	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	68.5	68.5	202.0%	202.0%	-30.5%	0.2	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	45.0	50.0	97.0%	80.5%	-41.0%	2.3	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	75.0	79.0	43.4%	36.8%	-15.4%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.0	68.0	53.4%	45.3%	-13.2%	1.0	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	75.0	79.5	21.6%	19.4%	-7.8%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	83.0	85.0	45.2%	40.2%	-12.5%	0.5	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	66.0	69.0	40.8%	36.8%	-20.9%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	75.0	76.8	19.3%	18.4%	-14.9%	2.6	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	50.0	55.0	42.7%	37.6%	-38.6%	1.7	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	78.0	79.0	39.6%	37.5%	-15.7%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	76.1	76.9	18.9%	18.2%	-14.1%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	75.0	80.0	65.4%	45.2%	-16.6%	0.7	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.2	79.1	28.0%	24.5%	-16.7%	1.4	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

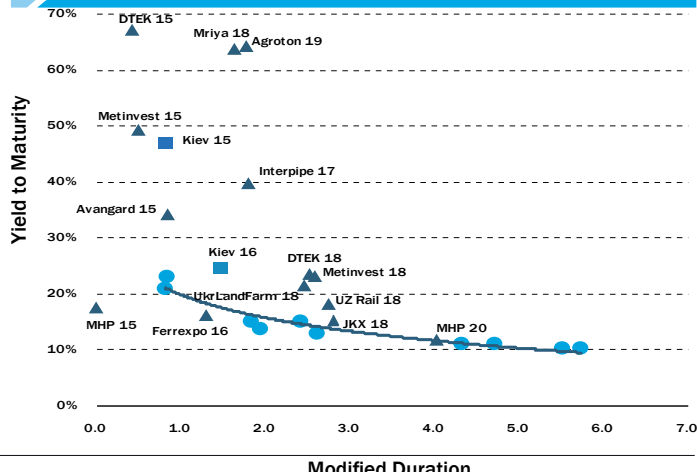
¹ Moody's/S&P/Fitch; * EUR

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			20.0%	16.5%	n/a	5.50%	S/A	21 Aug 2015	n/a
UA4000082622			20.0%	16.5%	n/a	5.50%	S/A	24 Aug 2015	n/a
UA4000083059			20.0%	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