

Market Update

Equity

Kyiv-listed stocks finished firmly higher on Wednesday (Oct 1) amid reports that the output of the country's steelmakers rebounded by 10% MoM in September after August's awful results. The UX index rose by 1.9% to close at 1097 points. All steel-related names rallied, with Azovstal (AZST) jumping 5.3% to 69 kopecks and Alchevsk Steel (ALMK) advancing by 4.8%. The index basket's heaviest-weighted components, Motor Sich (MSICH) and CentrEnergO (CEEN), added 1.2% and 2.5% respectively. Newly-promoted blue chip Krukiv Wagon (KVBZ) underperformed the broad market with a gain of 0.4%. In London, JXO Oil&Gas (JXO) retreated from the GBp 50 resistance level, falling 2.6% to GBp 47.00, and Ferrexpo (FXPO) continued to get hammered, sliding 6.4% to near GBp 105, bringing its loss for the past month to nearly 20%. Warsaw-listed Ukrainian names looked somewhat better, with Kernel (KER) edging down by 0.6% and Astarta (AST) picking up 0.5% .

Fixed Income

Ukrainian sovereigns rose on Wednesday with Ukraine-23s up by 0.3p.p. to 83.7/84.7 (10.4%/10.2%). Corporate names also finished on the positive territory. Avangardco-15s advanced by 3.5p.p. to 85.0/95.0 (45.7%/21.0%) on news about approval of just 50% of the committed amount and DTEK-15s added by 0.3p.p. to 74.5/76.0.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	325.60	1.8%	3.1	90
Motor Sich	MSICH	2232.00	1.2%	1.5	118
CentrenergO	CEEN	7.40	2.5%	1.1	156

Growth Leaders

Sumy Frunze Engineering	SMASH	6.00	19.9%	0.03	19
Stakhanov Wagon	SVGZ	1.08	16.8%	0.01	8
Dniproenergo	DNEN	539.00	14.7%	0.33	49

Loss Leaders

Khartsyzk Pipe	HRTR	0.48	-1.8%	0.124	12
Zakhidenergo	ZAEN	141.10	-1.3%	0.040	8
Kryukiv Wagon	KVBZ	15.64	0.4%	0.490	16

Highlights

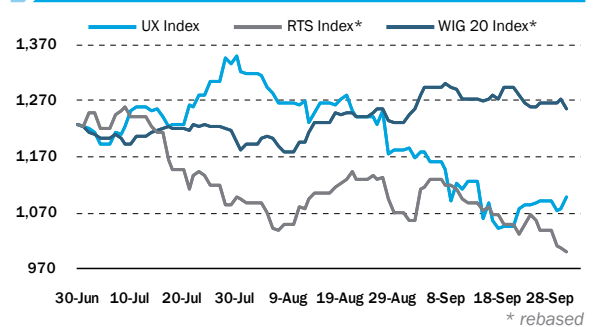
STOCKS IN THE NEWS

- > Avangard to Pay Only 50% of Promised Dividend, Wants to Buy Back Eurobonds

FIXED INCOME

- > ULF's EBITDA in 1H14 Down 4% YoY

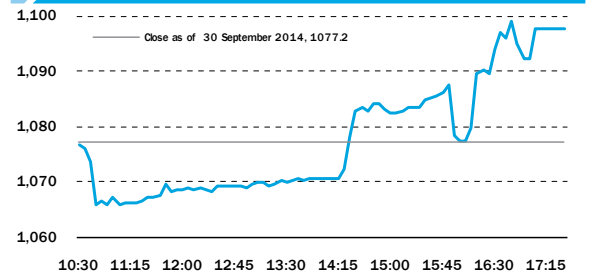
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1097.6	1.9%	-7.1%	20.6%
RTS	1113.4	-0.9%	-6.5%	-22.8%
WIG20	2462.6	-1.5%	1.9%	2.6%
MSCI EM	996.9	-0.8%	-8.4%	-0.5%
S&P 500	1946.2	-1.3%	-2.9%	5.7%

UX INTRADAY OCTOBER 1, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	340.9	2.2%	11.3%	3.1%
CDS 5Y UKR	1291.0	-1.0%	19.9%	57.4%
Ukraine-17	12.3%	-0.2 p.p.	1.1 p.p.	3.3 p.p.
Naftogaz Ukr-14	14.8%	0.0 p.p.	1.7 p.p.	5.9 p.p.
Ukraine-23	10.3%	-0.1 p.p.	0.3 p.p.	2.8 p.p.
Privatbank-16	41.9%	0.2 p.p.	4.9 p.p.	21.5 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	12.95	0.0%	-1.9%	57.2%
EUR	16.35	-0.1%	-5.7%	43.8%
RUB	0.33	-0.2%	-8.3%	29.9%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	203.2	0.0%	-14.3%	-29.3%
Steel, USD/t	537.5	0.0%	-0.9%	0.0%
Oil, USD/bbl	94.2	-0.5%	-9.3%	-12.2%
Gold, USD/oz	1213.9	0.5%	-5.7%	1.5%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Avangard to Pay Only 50% of Promised Dividend, Wants to Buy Back Eurobonds

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

AVANGARDCO (AVGR LI)

Price: USD 7.89 Market Cap: USD 504mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.9	2.1	2.0	12%
2014E	1.0	3.1	2.6	6%

NEWS

Avangard, Ukraine's largest egg producer, approved a total dividend payout of USD 29.5mn from FY13 net income at its annual shareholder meeting on Tuesday (Sept 30), the company said in its release on Wednesday (Oct 1). This represents USD 0.4625 per GDR (1 share = 10 GDRs) and a dividend payout of 12.5% of last year's profit. Details regarding distribution of the dividend were not specified.

In the same announcement, Avangard stated its intention to buy back its Eurobonds from the market. The timing and the size of the buyback will be disclosed later, the release said.

COMMENTARY

The implied dividend payout of 12.5% of the FY13 bottom line is only half of the 25% promised by Avangard's official dividend policy set out last autumn. The dividend yield of the approved payout is, however, still substantial at 5.9%. While failing to meet the 25% commitment does not improve the reliability of the company in eyes of the investment community, Ukraine's current political situation partly serves as an excuse for that. The very interesting question now is the timing of payment of the dividend. In sharp contrast to its London-listed Ukrainian peers (Ferrexpo and MHP), Avangard did not present the ex-rights and payout dates simultaneously with its dividend announcement. In addition, the statement about the intended buyback of the bonds, in our view, is aimed at curbing rising investor fears about a restructuring of Avangard's USD 200mn Eurobonds, which are due in just over a year from now. But with no specific details on the buyback, the company's stated intention looks likely to remain exactly that: an intention, rather than an action.

ULF's EBITDA in 1H14 Down 4% YoY

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

NEWS

UkrLandFarming (ULF), Ukraine's largest agricultural group in terms of land bank, released its 1H14 financial results on Wednesday (Oct 1). Net revenue was down by 7% YoY to USD 923mn as a 28% YoY increase in trading revenue to USD 279mn and a 44% increase in sales of egg products (USD 83mn) failed to compensate for near-zero sales in the sugar segment (vs. USD 129mn in 1H13) and a 20% drop in sales of shell eggs to USD 158mn. The lower revenue and a 21% YoY drop in net gain from revaluation of biological assets to USD 259mn led to a 19% YoY decline in operating profit to USD 572mn in 1H14. EBITDA was down by 4% YoY to USD 549mn in 1H14. ULF's net profit halved YoY to USD 305mn, with the drop largely due to a USD 185mn loss in foreign currency translation.

In the second quarter alone, ULF's net revenue declined by 24% YoY to USD 289mn with the operating and net profits down by 21% YoY and 39% YoY to USD 396mn and USD 283mn, respectively.

The company reported a Total Debt/EBITDA ratio as of 1.95x as of 30 Jun 2014; its Eurobond covenant for this indicator is 3.0x.

COMMENTARY

The undoubtedly good news here is that this is the first time that ULF has distributed its financial statements among the investment community. In the past, the company's financials were available only upon special request. This is an initial step in the right direction - the next step should be publication of (at least) financial results on ULF's website going forward, something which has still not occurred.

While ULF's leverage ratio remaining well below its bond covenant is encouraging news for its creditors, the share of non-cash net gain from revaluation of biological assets in 1H14 amounted to material 47% of the group's EBITDA (57% in 1H13). Importantly, the volatility of that gain for different ULF's business segments is unpredictably high (we note that revaluation is under the near-total discretion of management). In particular, crop segment reported 51% YoY increase in revaluation gain to USD 283mn in 1H14 while the mentioned gain of seed segment plunged from positive USD 146mn in 1H13 to negative USD 37mn in 1H14. As a result, seed segment experienced an immense 92% YoY drop in operating profit from USD 167mn to USD 14mn despite a 2.3x surge in sales of seeds.

UkrlandFarming-18s now trades at 68.0/71.1 (25.2%/23.5%). ULF bonds' current z-spread of 2,323 bps suggests difference to Ukraine-17s z-spread of 1,008 bps vs. average difference of 516 bps over 9M14.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.69	0.56	-19%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	105.1	108.0	3%	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	7.28	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	2.37	U/R	-	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.48	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	0.43	2.9	585%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	15.6	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	2232	5250	135%	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	8.3	U/R	-	U/R	We assume that Regal will be able to produce 5,200 boepd in 2014, generating USD 116mn in sales.
JKX Oil & Gas	JKX	47.0	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	29.3	72.0	146%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.40	15.00	103%	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	12.0	15.65	31%	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	37.5	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	7.9	8.93	13%	HOLD	The company's FY14 results will be hit by the hryvnia devaluation, while next year's likely elimination of the special VAT regime for large agro producers bodes poorly for FY15 earnings.
Ovostar Union	OVO	70.0	58.74	-16%	SELL	Ovostar is one of the hardest-hit Ukrainian public companies from this year's UAH devaluation as some 70% of its production cost is linked to USD while only 7% of revenue earned in hard currency. Capacity expansion project for 2014-16 will likely be delayed, according to the management.
Banks						
Raiffeisen Bank Aval	BAVL	0.129	0.24	87%	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	1097.62	1368.76	821.17	1.9%	1.2%	-7.1%	20.6%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.026	0.06	0.02	5.2%	11.1%	-18.9%	-32.7%	3.3%	9.9%	-11.9%	-53.3%
Azovstal	AZST	0.69	0.95	0.35	5.5%	7.0%	-12.5%	3.0%	3.6%	5.8%	-5.5%	-17.6%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	-30.0%	-86.5%	-1.9%	-1.2%	-22.9%	-107.1%
Enakievo Steel	ENMZ	26.7	65.0	17.0	3.7%	6.8%	-26.6%	-16.5%	1.8%	5.6%	-19.5%	-37.1%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-1.9%	-1.2%	7.1%	227.2%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	0.0%	0.0%	40.0%	40.0%	-1.9%	-1.2%	47.1%	19.4%
Coke												
Avdyivka Coke	AVDK	2.37	4.80	1.46	0.9%	1.0%	-15.2%	-20.0%	-1.0%	-0.2%	-8.1%	-40.6%
Yasnyivsky Coking	YASK	0.48	0.84	0.30	9.1%	4.3%	-15.8%	-9.4%	7.2%	3.2%	-8.7%	-30.0%
Iron Ore Mining												
Centralny GOK	CGOK	7.28	n/a	n/a	1.1%	0.0%	6.3%	12.0%	-0.8%	-1.2%	13.3%	-8.6%
Ferrexpo	FXPO	105.1	199.0	105.1	-6.4%	-17.8%	-20.4%	-45.0%	-8.3%	-19.0%	-13.4%	-65.6%
Pivnichny GOK	SGOK	7.60	9.80	4.50	-5.0%	-7.3%	-6.7%	-5.0%	-6.9%	-8.5%	0.3%	-25.6%
Coal Mining												
Pokrovske Mine	SHCHZ	0.43	0.79	0.10	0.0%	-2.3%	-28.3%	7.5%	-1.9%	-3.5%	-21.3%	-13.1%
Komsomolets Donbasa	SHKD	0.71	n/a	n/a	0.0%	22.4%	-5.3%	14.5%	-1.9%	21.2%	1.7%	-6.1%
Energy Coal	CLE	0.89	2.86	0.55	-5.3%	-9.2%	41.3%	-15.2%	-7.2%	-10.4%	48.3%	-35.9%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	-1.9%	-1.2%	7.1%	-55.4%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.48	1.01	0.30	-11.1%	2.1%	-12.7%	-20.0%	-13.0%	0.9%	-5.7%	-40.6%
Interpipe NMPP	NVTR	0.35	n/a	n/a	0.0%	0.0%	16.7%	66.7%	-1.9%	-1.2%	23.7%	46.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.6	26.0	10.0	0.4%	-1.4%	-0.9%	-9.6%	-1.5%	-2.6%	6.1%	-30.2%
Luhanskeplovoz	LTPL	1.15	1.80	0.85	0.0%	4.5%	13.9%	-23.3%	-1.9%	3.4%	20.9%	-43.9%
Stakhanov Wagon	SVGZ	1.08	n/a	n/a	17.4%	27.1%	52.1%	-16.9%	15.5%	25.9%	59.2%	-37.5%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	4.2%	-8.6%	-10.8%	49.1%	2.3%	-9.8%	-3.8%	28.4%
Motor Sich	MSICH	2,232	2,879	1,303	-0.2%	-1.1%	-3.0%	22.4%	-2.1%	-2.3%	4.0%	1.8%
Summy Frunze Engineering	SMASH	6.00	n/a	n/a	20.0%	-13.0%	100.0%	140.0%	18.1%	-14.2%	107.1%	119.4%
Turboatom	TATM	4.50	n/a	n/a	0.0%	0.0%	0.0%	28.6%	-1.9%	-1.2%	7.1%	8.0%
WESTA ISIC	WES	0.30	0.80	0.21	7.1%	-6.3%	25.0%	-25.0%	5.2%	-7.4%	32.1%	-45.6%
Telecom												
Ukrtelecom	UTLM	0.18	0.20	0.09	0.0%	0.0%	-10.0%	63.6%	-1.9%	-1.2%	-2.9%	43.0%
Oil & Gas												
Regal Petroleum	RPT	8.25	16.00	4.88	0.0%	-10.8%	10.0%	-35.3%	-1.9%	-12.0%	17.1%	-55.9%
JKX Oil	JKX	47.00	75.00	36.00	-2.6%	4.4%	4.2%	-34.5%	-4.5%	3.3%	11.2%	-55.1%
Ukrnafta	UNAF	326	370	54	1.8%	1.0%	1.8%	199.8%	-0.1%	-0.2%	8.8%	179.2%
Power Utilities												
Centrenerg	CEEN	7.40	8.70	2.50	2.5%	-0.5%	-3.9%	55.2%	0.6%	-1.7%	3.2%	34.6%
Donbasenergo	DOEN	29.3	50.2	11.0	3.8%	5.4%	-16.3%	6.2%	1.9%	4.2%	-9.2%	-14.4%
Zakhidenergo	ZAEN	141.1	160.0	64.0	-1.3%	6.2%	8.5%	56.1%	-3.2%	5.0%	15.6%	35.5%
Consumer												
Agroton	AGT	2.09	5.5	1.79	-1.9%	-2.3%	16.8%	7.2%	-3.8%	-3.5%	23.8%	-13.4%
Astarta	AST	37.5	73.7	34.4	0.5%	0.9%	4.2%	-43.9%	-1.4%	-0.3%	11.2%	-64.6%
Avangardo	AVGR	7.9	13.0	7.90	0.0%	-1.2%	-10.3%	-32.8%	-1.9%	-2.4%	-3.2%	-53.4%
Industrial Milk Company	IMC	6.50	15.50	6.50	-3.1%	-8.8%	-22.6%	-46.5%	-5.0%	-10.0%	-15.6%	-67.1%
Kernel	KER	24.8	53.9	23.2	-0.6%	-2.9%	-3.9%	-35.0%	-2.5%	-4.1%	3.2%	-55.6%
Mriya Agro Holding	MAYA	1.43	6.0	1.43	-1.7%	-1.7%	-25.0%	-73.6%	-3.6%	-2.9%	-17.9%	-94.2%
MHPC	MHPC	12.0	18.5	10.91	0.8%	-3.6%	2.9%	-29.5%	-1.1%	-4.8%	10.0%	-50.1%
Milkiland	MLK	3.69	14.2	3.69	-3.7%	-6.6%	-18.0%	-70.5%	-5.6%	-7.8%	-10.9%	-91.1%
Ovostar Union	OVO	70.0	103.0	59.4	0.0%	0.7%	0.3%	-30.0%	-1.9%	-0.5%	7.4%	-50.6%
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	12.0	n/a	n/a	0.0%	22.3%	6.1%	-4.1%	-1.9%	21.2%	13.2%	-24.7%
Banks												
Raiffeisen Bank Aval	BAVL	0.129	0.190	0.086	0.8%	-0.5%	0.9%	13.2%	-1.1%	-1.7%	7.9%	-7.4%
UkrSotsbank	USCB	0.144	0.205	0.090	0.0%	-0.5%	-15.7%	-23.0%	-1.9%	-1.7%	-8.6%	-43.7%

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	52	3.9%	2	1,401	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	362	338	328	\$/tonne
Yenakievo Steel	ENMZ	22	8.8%	2	18	2.5	neg	neg	neg	0.8	0.6	0.0	0.0	0.0	7	6	6	\$/tonne
Azovstal	AZST	224	3.0%	7	208	neg	neg	neg	neg	neg	5.9	0.1	0.1	0.1	45	46	46	\$/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	8	9	\$/tonne
Yasynivsky Coke	YASK	10	9.0%	1	11	1.2	neg	2.2	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	1,352	0.4%	5	1,346	3.1	2.5	2.9	1.8	1.5	1.6	1.0	0.8	0.9				
Ferrexpo	FXPO	997	24.0%	239	1,676	4.6	3.8	3.6	4.2	3.3	3.4	1.2	1.1	1.2				
Coal Mining																		
Komsomolets Donbasa	SHKD	18	5.4%	1	120	2.6	1.1	1.1	1.0	1.3	1.3	0.4	0.5	0.5	29	28	27	\$/tonne
Coal Energy	CLE	40	25.0%	10	150	1.1	neg	neg	2.4	7.1	16.7	0.9	1.2	1.5	2.4	7.1	16.7	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	96	2.0%	2	142	2.9	20.5	23.5	2.7	4.5	5.5	0.3	0.5	0.5	225	374	355	\$/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	139	5.0%	7	129	1.5	3.3	neg	1.0	2.6	9.7	0.1	0.3	0.9				
Stakhanov Wagon	SVGZ	19	8.0%	2	51	>30	>30	>30	7.2	8.8	9.4	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	358	24.0%	86	349	1.8	2.1	1.9	1.1	1.3	1.3	0.4	0.3	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	1,363	3.0%	41	1,355	7.7	>30	8.5	3.0	4.7	4.2	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	43	21.6%	9	18	3.7	neg	21.4	0.8	neg	0.7	0.4	0.5	0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	131	50.4%	66	239	neg	20.1	16.8	1.8	3.6	3.5	1.2	1.3	1.2	44	33	32	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	211	21.7%	46	279	7.3	3.5	10.1	4.1	3.0	6.4	0.2	0.3	0.4	16	20	18	\$/MWh
DonbasEnergO	DOEN	53	14.2%	8	119	14.0	0.8	1.3	3.7	1.6	2.6	0.2	0.2	0.2	15	15	15	\$/MWh
Consumer																		
MHP	MHPC	1,267	34.1%	432	2,395	4.1	7.8	neg	5.1	6.1	5.0	1.7	1.6	1.8				
Kernel	KER	597	61.8%	369	1,303	2.8	5.7	12.7	4.0	4.5	7.4	0.6	0.5	0.5				
Astarta	AST	284	37.0%	105	605	4.9	8.3	3.5	5.5	6.7	4.4	1.3	1.2	1.1				
Avangardco	AVGR	504	22.5%	113	610	2.2	2.1	3.1	2.2	2.0	2.6	1.0	0.9	1.0	138	105	99	\$/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	205	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

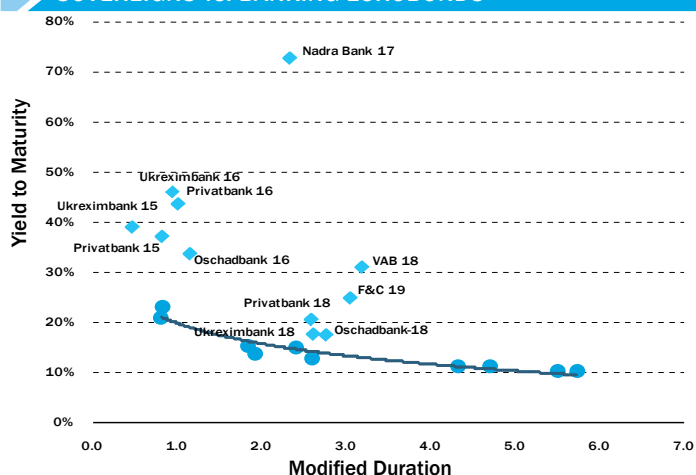
UKRAINIAN EUROBONDS

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											
Ukraine, 2015 (EUR)	87.4	90.1	24.7%	19.8%	-7.6%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	88.9	90.9	26.9%	22.9%	-7.9%	0.8	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	84.6	86.4	16.8%	15.5%	-9.1%	1.8	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	87.0	88.5	14.3%	13.3%	-7.0%	1.9	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	85.1	86.6	13.5%	12.8%	-7.4%	2.6	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	87.9	89.4	15.9%	15.1%	-10.6%	2.4	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	81.5	83.0	19.3%	18.3%	-0.5%	2.4	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	80.5	82.0	16.7%	15.9%	3.5%	2.7	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	85.5	86.5	11.7%	11.4%	-7.6%	4.5	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	85.4	86.9	11.5%	11.1%	-8.0%	4.7	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	85.0	86.7	10.8%	10.4%	-5.7%	5.5	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	83.7	84.7	10.4%	10.2%	-7.0%	5.7	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	30.0	35.1	83.1%	64.5%	-37.6%	1.6	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	96.5	97.5	17.0%	15.0%	-6.3%	0.5	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	84.5	86.4	12.2%	11.7%	-4.4%	4.2	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	85.0	95.0	45.7%	21.0%	-8.2%	0.8	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	68.0	71.1	25.2%	23.5%	-22.9%	2.6	10.88%	S/A	26 Mar 2018	275	/CCC/CCC
Mriya, 2016	25.0	30.0	150.3%	127.1%	-72.6%	na	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	25.0	30.0	77.9%	66.0%	-68.4%	1.6	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	74.5	76.0	72.3%	67.4%	-26.2%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	60.0	62.0	26.0%	24.7%	-35.3%	2.7	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	76.0	78.0	62.1%	56.7%	-24.9%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	67.4	70.0	25.6%	23.8%	-27.7%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.0	92.0	18.6%	16.2%	-7.1%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	74.1	77.0	19.8%	18.5%	-17.6%	2.7	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	47.8%	33.3%	-28.5%	1.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	89.7	91.2	15.8%	15.2%	-18.5%	2.8	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	45.0	55.0	34.8%	27.8%	-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	73.4%	61.1%	-41.0%	2.3	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	76.0	79.0	42.1%	37.2%	-14.8%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.0	67.0	53.9%	47.6%	-13.8%	1.0	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	76.3	79.3	21.0%	19.5%	-7.1%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	83.5	85.0	44.8%	41.0%	-12.3%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	65.0	70.0	42.6%	35.8%	-20.9%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	75.3	77.2	19.2%	18.2%	-14.5%	2.6	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	50.0	55.0	42.8%	37.7%	-38.6%	1.7	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	77.0	79.0	42.3%	37.9%	-16.2%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	76.0	77.7	18.7%	18.0%	-13.7%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	74.0	79.0		49.3%	-17.7%		8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.0	80.1	28.2%	23.8%	-16.6%	1.4	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

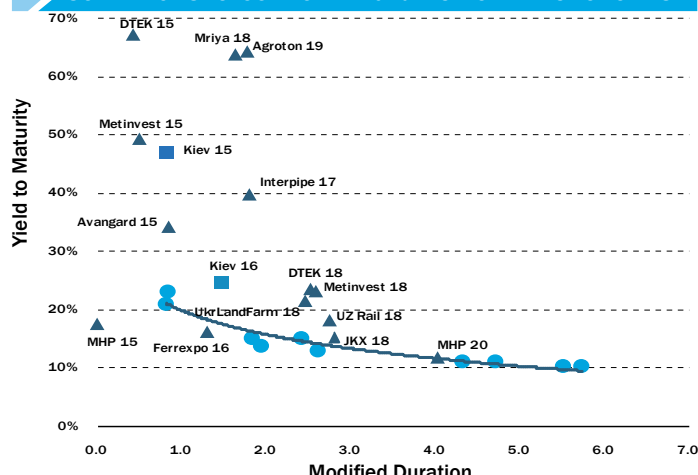
¹ Moody's/S&P/Fitch; * EUR

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			20.5%	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