

Market Update

Equity

Kyiv-listed stocks ended lower on Friday (Oct 3) in a generally inactive trading session. The UX index lost 1.3% to close 1075 points. Motor Sich (MSICH), the heaviest-weighted issue in the index basket, was unchanged at UAH 2228 per share despite printing UAH 13.7mn in turnover. Raiffeisen Aval (BAVL) dropped by 1.5% and Krukiv Wagon (KVBZ) shed 3.2% to UAH 15.23. Alchevsk Steel (ALMK) slipped 0.8%, failing to react to news that steel production at the plant could be resumed in the coming weeks after a nearly 2-month war-related stoppage. In second-tier names, DTEK-controlled ZakhidEnergo (ZAEN) added 4.6%. In London, poultry producer MHP (MHPC) retreated by 2.1% to USD 11.75 while Ferrexpo (FXPO) edged up 0.9% after 9 straight sessions of losses that took its value down by 23%. Warsaw-listed Agroton (AGT) gave up 7.2% to PLN 1.92 on escalating risks that the Lugansk-based company will lose its assets located in pro-Russian separatist controlled territories.

Fixed Income

Ukrainian sovereigns were sluggish on Friday with Ukraine-23s inching down by 0.1p.p. to 82.9/83.9 (10.6%/10.4%). Corporate names finished in the red. UkrlandFarming-18s declined by 0.7p.p. to 67.5/70.4 (25.5%/23.9%) and Metinvest-18s dropped by 0.1p.p. finishing at 67.0/70.0 (26.0%/23.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2228.00	0.1%	13.7	98
Kryukiv Wagon	KVBZ	15.23	-3.2%	0.8	130
Raiffeisen Bank Aval	BAVL	0.13	-1.5%	0.5	40

Growth Leaders

Zakhidenergo	ZAEN	146.50	4.6%	0.09	9
Dniproenergo	DNEN	555.00	0.9%	0.06	7
KRAZ	KRAZ	0.09	0.6%	0.02	18

Loss Leaders

Pivnichny GOK	SGOK	7.60	-4.3%	0.040	21
Yenakievo Steel	ENMZ	25.75	-3.2%	0.010	10
Kryukiv Wagon	KVBZ	15.23	-3.2%	0.840	130

Highlights

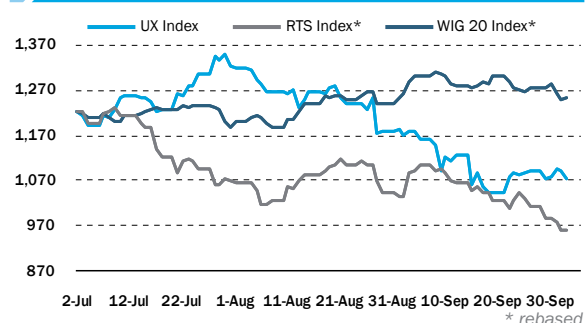
POLITICS AND ECONOMICS

- Ukraine's Steel Output Up 2% MoM but Down 33% YoY in September

STOCKS IN THE NEWS

- Alchevsk Steel Could Resume Its Operations This Week

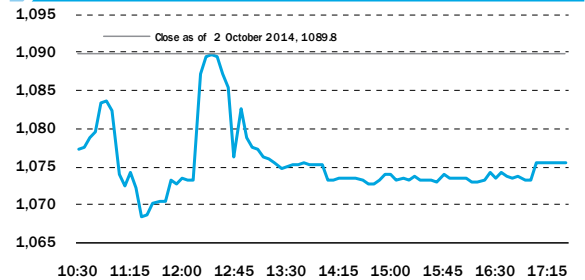
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1075.6	-1.3%	-7.9%	18.2%
RTS	1092.1	-0.3%	-7.3%	-24.3%
WIG20	2444.1	0.4%	-0.8%	1.8%
MSCI EM	997.3	0.5%	-8.2%	-0.5%
S&P 500	1967.9	1.1%	-1.7%	6.9%

UX INTRADAY OCTOBER 3, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	339.7	0.6%	10.6%	2.7%
CDS 5Y UKR	1294.3	0.0%	16.6%	57.8%
Ukraine-17	12.4%	0.0 p.p.	1.1 p.p.	3.4 p.p.
Ferrexpo-16	14.8%	0.0 p.p.	1.6 p.p.	6.0 p.p.
Ukraine-23	10.5%	0.0 p.p.	0.4 p.p.	3.0 p.p.
Privatbank-16	42.1%	0.1 p.p.	5.0 p.p.	21.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	12.95	0.0%	4.0%	57.2%
EUR	16.21	-1.2%	-0.9%	42.5%
RUB	0.32	-1.4%	-4.8%	28.6%

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%	-1.4%	0.0%
Oil, USD/bbl	92.3	-1.2%	-8.6%	-14.0%
Gold, USD/oz	1191.4	-1.9%	-5.9%	-0.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukraine's Steel Output Up 2% MoM but Down 33% YoY in September

by Ivan Dzvinka
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NEWS

Ukraine's crude steel output declined by 13% YoY to 21.50mn tonnes Ytd through September, Interfax reported based on data from industry association MetallurgProm. In September, Ukrainian steel mills smelted 1.81mn tonnes of steel, representing a 2.0% MoM increase and a 33% YoY drop (incorrect data from MetallurgProm for August previously led to a mis-reporting of the September MoM rise at 10% instead of 2%).

UKRAINE'S CRUDE STEEL PRODUCTION, 000T							
Group	Company	Sept'14	YoY	Sept daily	MoM	9M14	YoY
AM	Archelormittal KR	598	11%	19.9	17%	4,722	-1%
Metinvest	MMK Illicha	190	-55%	6.3	-4%	2,957	-23%
Metinvest	Azovstal	219	-42%	7.3	6%	2,740	-20%
Metinvest	Zaporizhstal	343	5%	11.4	10%	2,934	2%
Metinvest	Yenakievo Steel	0	-100%	0.0	-100%	1,758	-19%
IUD	Alchevsk Steel	0	-100%	0.0	-100%	2,503	-22%
IUD	Dzerzhinsky Steel	227	3%	7.6	34%	1,846	-19%
Evrz	Petrovsky Steel	84	9%	2.8	-7%	770	2%
na	Dniprospeztstal	24	5%	0.8	3%	213	-2%
-	Others	122		4.1		1,052	
TOTAL		1,807	-33%	60.2	6%	21,495	-13%

Source: Interfax, Metallurgprom

COMMENTARY

Horrendous results at all of the Donbass steel mills (with declines ranging from 42% YoY to full stoppage) led to a drop in overall sector output by a third in September year-on-year. Still, despite zero output for the month at two plants - Alchevsk and Yenakievo - average daily production vs. August rose by 6%. This occurred thanks to stronger operating results at non-Donbass mills ArcelorMittal KR (+17% MoM), Dzerzhinsky Steel (+34% MoM) and Zaporizhstal (+10% MoM) on the back of some seasonal improvement in export demand, as well as the probable gobbling up of some of the orders of their less fortunate Donbass peers.

Overall, based on the 9M14 results, domestic steel mills can be categorized into two groups: those with close to flat output YoY and those with a drop in output by near 20% YoY. Apart from their location outside the war zone, the better results of the representatives of the first group (including ArcelorMittal KR and Zaporizhstal) can be chalked up to an ability to redirect sales from Russia to other markets. The share of ArcelorMittal KR's Russia sales in exports fell from 21% in 8M13 to 13% in 8M14, and correspondingly for Zaporizhstal, from 20% to 12%.

With three out of Metinvest's four steel plants located in the Donbass (although only one, Yenakievo, is actually in the separatist-occupied territory), the group experienced a 45% YoY decline in production in September and a 16% YoY drop over 9M14.

A strong recovery in steel output is possible only if the damaged infrastructure in the Donbass is repaired, and this is hardly achievable without a permanent ceasefire. While we do not rule out the resumption of operations at Yenakievo and Alchevsk Steel in the coming weeks, we do not attribute a high probability to its sustainable work thereafter, as both entities are located on territory not controlled by Ukraine, thereby exposing them to unmanageably high risks of doing business.

Alchevsk Steel Could Resume Its Operations This Week

by Ivan Dzvinka
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ALCHEVSK STEEL (ALMK UK)

Price: UAH 0.0253 Market Cap: USD 59mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.8	neg	neg	0%
2014E	0.8	neg	neg	0%

NEWS

Alchevsk Steel, Ukraine's fourth largest steel mill in terms of output, could resume its production as soon as this week, Interfax reported citing the representative of Alchevsk Coke. Both plants are subsidiaries of ISD Corporation. As representative of Alchevsk Coke said, coke maker resumed its work on September 29. Before the temporary stop of output due to problems with coking coal supply and damaged infrastructure in early August, coke maker was the core supplier of coke to Alchevsk Steel. Alchevsk Steel terminated its operations in mid August due to shortage of inputs and problems with electricity.

COMMENTARY

The news is moderately positive for the stocks of Alchevsk Steel, which is located on the territory controlled by separatists. While the resumption of work is a good sign, more important aspect is sustainability of operations thereafter. The latter is possible only with ceasefire regime on permanent basis which probability is considered by us as relatively not high, at least in the near term.

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	102.2	108.0	6%	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	2.30	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	0.40	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	15.2	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	2228	5250	136%	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	8.0	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	51.0	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	28.4	72.0	153%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.28	15.00	106%	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	11.8	15.65	33%	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	36.8	90.0	145%	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	69.0	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	0.126	0.24	91%	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	1075.59	1368.76	821.17	-1.3%	-1.4%	-7.9%	18.2%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.025	0.06	0.02	-0.8%	3.3%	-20.7%	-34.8%	0.5%	4.6%	-12.8%	-53.0%
Azovstal	AZST	0.65	0.95	0.35	-2.6%	0.6%	-16.9%	-3.3%	-1.3%	2.0%	-9.0%	-21.5%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	-30.0%	-86.5%	1.3%	1.4%	-22.1%	-104.7%
Enakievo Steel	ENMZ	25.8	65.0	17.0	-2.1%	-2.4%	-24.3%	-19.6%	-0.8%	-1.1%	-16.3%	-37.7%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	1.3%	1.4%	7.9%	229.6%
Mariupol Ilyicha	MMKI	0.14	n/a	n/a	0.0%	-6.7%	40.0%	40.0%	1.3%	-5.3%	47.9%	21.8%
Coke												
Avdyivka Coke	AVDK	2.30	4.80	1.46	-2.0%	-3.6%	-15.5%	-22.3%	-0.7%	-2.2%	-7.6%	-40.5%
Yasynivsky Coking	YASK	0.47	0.84	0.30	0.0%	6.8%	-19.0%	-11.3%	1.3%	8.2%	-11.0%	-29.5%
Iron Ore Mining												
Centralny GOK	CGOK	7.28	n/a	n/a	0.0%	-5.5%	6.3%	12.0%	1.3%	-4.1%	14.2%	-6.2%
Ferrexpo	FXPO	102.2	199.0	101.3	0.9%	-13.6%	-20.2%	-46.5%	2.2%	-12.2%	-12.2%	-64.7%
Pivnichny GOK	SGOK	7.60	9.80	4.50	-4.5%	-8.4%	-6.7%	-5.0%	-3.2%	-7.1%	1.2%	-23.2%
Coal Mining												
Pokrovske Mine	SHCHZ	0.40	0.79	0.10	-7.0%	0.0%	-20.0%	0.0%	-5.7%	1.4%	-12.1%	-18.2%
Komsomolets Donbasa	SHKD	0.74	n/a	n/a	4.2%	19.4%	15.6%	19.4%	5.5%	20.7%	23.6%	1.2%
Energy Coal	CLE	0.90	2.86	0.55	4.7%	-4.3%	42.9%	-14.3%	6.0%	-2.9%	50.8%	-32.5%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	1.3%	1.4%	7.9%	-53.0%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.49	1.01	0.30	-2.0%	0.0%	-10.9%	-18.3%	-0.7%	1.4%	-3.0%	-36.5%
Interpipe NMPP	NVTR	0.36	n/a	n/a	2.9%	2.9%	20.0%	71.4%	4.2%	4.2%	27.9%	53.2%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.2	26.0	10.0	-3.2%	-3.8%	-1.7%	-12.0%	-1.9%	-2.4%	6.2%	-30.2%
Luhanskeplovoz	LTPL	1.15	1.80	0.85	0.0%	-8.0%	12.7%	-23.3%	1.3%	-6.6%	20.7%	-41.5%
Stakhanov Wagon	SVGZ	1.17	n/a	n/a	-1.7%	67.1%	64.8%	-10.0%	-0.4%	68.5%	72.7%	-28.2%
Specialized Machinery												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-1.5%	5.1%	-10.6%	46.8%	-0.2%	6.5%	-2.6%	28.6%
Motor Sich	MSICH	2,228	2,879	1,303	0.1%	-1.0%	-1.8%	22.1%	1.4%	0.3%	6.2%	4.0%
Summy Frunze Engineering	SMASH	7.82	n/a	n/a	0.0%	13.3%	160.7%	212.8%	1.3%	14.7%	168.6%	194.6%
Turboatom	TATM	4.50	n/a	n/a	0.0%	0.0%	-13.5%	28.6%	1.3%	1.4%	-5.5%	10.4%
WESTA ISIC	WES	0.29	0.80	0.21	3.6%	-6.5%	38.1%	-27.5%	4.9%	-5.1%	46.0%	-45.7%
Telecom												
Ukrtelecom	UTLM	0.18	0.20	0.09	0.0%	0.0%	-10.0%	63.6%	1.3%	1.4%	-2.1%	45.4%
Oil & Gas												
Regal Petroleum	RPT	8.00	16.00	4.88	-3.0%	-8.6%	33.3%	-37.3%	-1.7%	-7.2%	41.3%	-55.4%
JXX Oil	JKX	51.00	75.00	36.00	3.0%	14.6%	12.7%	-28.9%	4.3%	16.0%	20.6%	-47.1%
Ukrnafta	UNAF	323	370	54	0.1%	-1.3%	-0.9%	197.4%	1.4%	0.0%	7.0%	179.2%
Power Utilities												
Centrenerg	CEEN	7.28	8.70	2.50	-1.4%	-2.8%	-4.5%	52.7%	-0.1%	-1.4%	3.5%	34.6%
Donbasenergo	DOEN	28.4	50.2	11.0	-2.7%	-0.2%	-16.7%	3.0%	-1.4%	1.1%	-8.8%	-15.2%
Zakhidenergo	ZAEN	146.5	160.0	64.0	4.6%	4.3%	12.7%	62.1%	5.9%	5.7%	20.6%	43.9%
Consumer												
Agroton	AGT	1.92	5.5	1.79	-7.2%	-7.7%	6.1%	-1.5%	-5.9%	-6.3%	14.0%	-19.7%
Astarta	AST	36.8	73.7	34.4	-1.2%	-3.2%	2.2%	-45.0%	0.1%	-1.8%	10.1%	-63.2%
Avangardo	AVGR	7.9	13.0	7.89	-0.1%	-1.3%	-6.1%	-32.9%	1.2%	0.1%	1.9%	-51.0%
Industrial Milk Company	IMC	6.65	15.15	6.50	0.0%	-8.9%	-18.6%	-45.3%	1.3%	-7.5%	-10.7%	-63.5%
Kernel	KER	24.9	53.9	23.2	0.0%	-1.1%	5.4%	-34.5%	1.3%	0.3%	13.3%	-52.7%
Mriya Agro Holding	MAYA	1.43	6.0	1.43	0.0%	-1.7%	-21.3%	-73.6%	1.3%	-0.4%	-13.3%	-91.8%
MHPC	MHPC	11.8	18.5	10.91	-2.1%	-7.1%	5.4%	-30.9%	-0.8%	-5.7%	13.3%	-49.1%
Milkiland	MLK	3.84	14.2	3.69	3.8%	4.1%	-7.7%	-69.3%	5.1%	5.4%	0.2%	-87.5%
Ovostar Union	OVO	69.0	102.0	59.4	2.4%	-0.7%	2.1%	-31.0%	3.7%	0.6%	10.0%	-49.2%
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	9.9	n/a	n/a	-17.4%	-10.0%	-5.3%	-20.8%	-16.1%	-8.6%	2.7%	-39.0%
Banks												
Raiffeisen Bank Aval	BAVL	0.126	0.190	0.086	-1.5%	-1.6%	-1.5%	10.9%	-0.2%	-0.2%	6.4%	-7.3%
UkrSotsbank	USCB	0.144	0.205	0.090	0.0%	2.2%	-15.1%	-23.0%	1.3%	3.6%	-7.1%	-41.2%

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	50	3.9%	2	1,399	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	362	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	210	3.0%	6	195	neg	neg	neg	neg	neg	5.5	0.1	0.1	0.1	42	43	43	\$/tonne
Coke																		
Avdyivka Coke	AVDK	35	6.8%	2	32	neg	neg	neg	neg	0.7	1.1	0.0	0.0	0.0	7	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	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	956	24.0%	229	1,635	4.4	3.6	3.5	4.1	3.2	3.3	1.1	1.0	1.1				
Coal Mining																		
Komsomolets Donbasa	SHKD	19	5.4%	1	121	2.7	1.1	1.1	1.0	1.3	1.3	0.4	0.5	0.5	30	28	27	\$/tonne
Coal Energy	CLE	41	25.0%	10	151	1.1	neg	neg	2.4	7.1	16.8	0.9	1.2	1.5	2.4	7.1	16.8	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	98	2.0%	2	144	2.9	20.9	24.0	2.8	4.6	5.6	0.3	0.5	0.5	229	379	360	\$/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				
Krukiv Wagon	KVBZ	135	5.0%	7	125	1.4	3.2	neg	0.9	2.5	9.4	0.1	0.3	0.9				
Stakhanov Wagon	SVGZ	20	8.0%	2	53	>30	>30	>30	7.4	9.0	9.7	0.2	0.3	0.4				
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	1,353	3.0%	41	1,344	7.7	>30	8.4	3.0	4.7	4.2	0.5	0.5	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	41	21.6%	9	16	3.5	neg	20.5	0.7	neg	0.6	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	140	50.4%	71	248	neg	21.5	17.9	1.8	3.7	3.6	1.2	1.4	1.2	45	34	33	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	208	21.7%	45	276	7.2	3.5	10.0	4.0	2.9	6.3	0.2	0.3	0.4	16	20	17	\$/MWh
DonbasEnergO	DOEN	52	14.2%	7	117	13.6	0.8	1.3	3.7	1.6	2.6	0.2	0.2	0.2	14	15	14	\$/MWh
Consumer																		
MHP	MHPC	1,242	34.1%	423	2,369	4.0	7.7	neg	5.1	6.1	4.9	1.7	1.6	1.8				
Kernel	KER	594	61.8%	367	1,300	2.8	5.7	12.6	4.0	4.5	7.4	0.6	0.5	0.5				
Astarta	AST	275	37.0%	102	596	4.7	8.1	3.4	5.4	6.6	4.3	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	12	26.2%	3	61	1.8	neg	neg	3.0	8.2	17.7	0.7	0.8	0.7	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	292	3.5%	10		>30	3.3	neg	0.4	0.3	0.5	0.05	0.05	0.07				
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

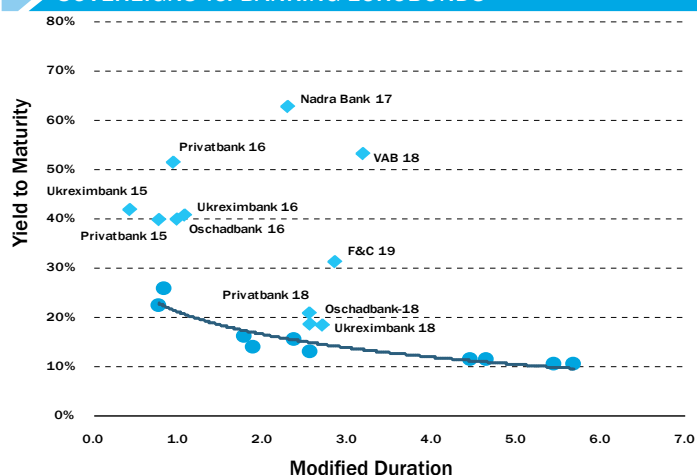
UKRAINIAN EUROBONDS

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	90.2	25.0%	19.9%	-7.5%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	88.7	90.7	27.9%	23.8%	-8.2%	0.8	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	84.6	86.6	16.9%	15.4%	-9.0%	1.8	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	86.7	88.2	14.5%	13.5%	-7.3%	1.9	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	85.1	86.6	13.6%	12.9%	-7.5%	2.6	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	87.6	89.3	16.1%	15.2%	-10.8%	2.4	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	81.5	83.0	19.4%	18.4%	-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	85.1	86.1	11.8%	11.5%	-8.0%	4.5	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	85.0	86.5	11.7%	11.3%	-8.5%	4.6	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	84.2	85.9	10.9%	10.6%	-6.6%	5.4	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	82.9	83.9	10.6%	10.4%	-7.9%	5.7	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	30.0	35.1	84.0%	64.9%	-37.6%	1.6	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	96.0	97.0	18.1%	16.0%	-6.8%	0.5	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	84.0	85.6	12.4%	11.9%	-5.2%	4.2	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	84.3	84.3	50.8%	50.8%	-14.0%	0.8	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	67.5	70.4	25.5%	23.9%	-23.6%	2.6	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016	25.0	30.0	151.1%	127.7%	-72.6%	0.5	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	20.0	30.0	95.5%	66.3%	-71.3%	1.6	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	75.1	76.8	71.0%	65.8%	-25.5%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	59.5	61.5	26.3%	25.1%	-35.8%	2.7	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	76.0	78.0	62.6%	57.2%	-24.9%	0.5	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	67.0	70.0	26.0%	23.9%	-27.9%	2.5	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	89.9	92.0	18.9%	16.3%	-7.2%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	74.5	80.0	19.7%	17.1%	-15.8%	2.7	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	48.2%	33.5%	-28.5%	1.7	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	91.0	92.5	15.3%	14.7%	-17.4%	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	67.9%	57.7%	-41.0%	2.3	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	76.0	79.0	42.3%	37.4%	-14.8%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	64.0	67.0	54.7%	48.2%	-13.8%	1.0	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	76.5	79.0	20.9%	19.6%	-7.1%	2.6	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	84.1	85.5	43.6%	40.1%	-11.7%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	67.0	72.0	39.9%	33.4%	-18.5%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	75.7	77.2	19.0%	18.3%	-14.3%	2.6	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	40.0	45.0	56.9%	49.6%	-50.3%	2.1	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	77.0	79.0	43.2%	38.5%	-16.2%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	75.7	77.0	18.8%	18.0%	-14.2%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	75.2	79.0	55.5%	50.5%	-17.1%	0.6	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.0	80.0	28.3%	23.9%	-16.7%	1.4	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

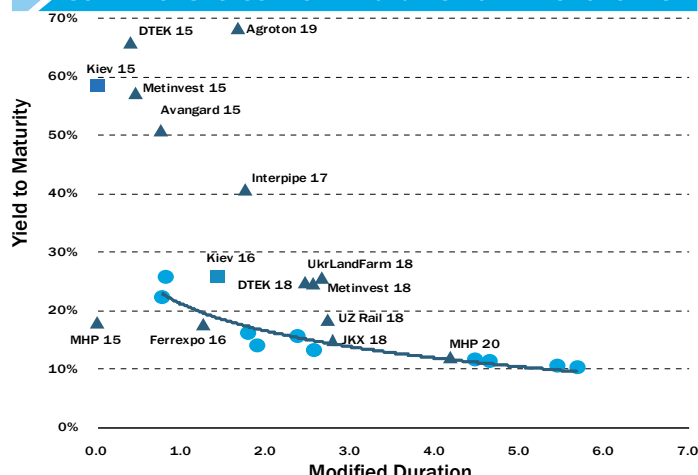
¹ Moody's/S&P/Fitch; * EUR

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			20.5%	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

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