

**Market Update**

**Equity**

Kyiv-listed stocks were lower on Friday (Oct 17) in a session with notably below-average trading turnover. Investors appeared to be waiting for the result of talks between Presidents Poroshenko with Putin in Italy. The UX index lost 1.1% to close at 1109 points. The most actively traded stock for the session, UkrNafta (UNAF), rose by 2.1% on volume of UAH 1.3mn ahead of the ex-rights date for its dividend of UAH 70 per share. In the utility sector, CentrEnergo (CEEN) and DonbasEnergo (DOEN) fell by 0.4% and 2.5% respectively, while the second-tier DniproEnergo (DNEN) dropped by 5.1%. In London, Avangard (AVGR) declined by 2.1% to USD 6.50 while heavily beaten-down Ferrexpo (FXPO) added 1.9% to GBP 86.60. Warsaw-listed Astarta (AST) edged down 0.9% to PLN 34.70, not responding to news that the company has raised EUR 50mn from the European Investment Bank for construction of additional grain elevators.

**Fixed Income**

Ukrainian sovereigns advanced notably on Friday following the Poroshenko-Putin summit meeting in Milan, with Ukraine-23s up by 2.1p.p. to 81.3/82.8 (10.9%/10.6%). The corporate universe was mixed. DTEK-15s rose by 1.1p.p. to 78.9/79.8 (63.8%/60.8%) while UkrlandFarming-18s decreased by 1.0p.p., closing at 60.0/66.0 (30.4%/26.6%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Zaporizhkoks	ZACO	2.01	11.6%	1.8	28
Ukrnafta	UNAF	352.90	2.1%	1.3	130
Motor Sich	MSICH	2314.00	-0.4%	0.8	89

**Growth Leaders**

Mostobud	MTBD	25.40	31.3%	0.24	8
Zaporizhkoks	ZACO	2.01	11.6%	1.84	28
Alchevsk Steel	ALMK	0.03	2.9%	0.16	29

**Loss Leaders**

Dniproenergo	DNEN	800.00	-5.1%	0.432	9
Avdyivka Coke	AVDK	2.54	-3.8%	0.137	35
Donbasenergo	DOEN	30.03	-2.5%	0.125	50

**Highlights**

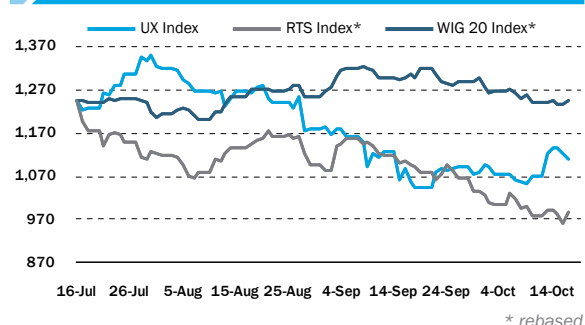
**POLITICS AND ECONOMICS**

- > Kyiv, Donetsk On Collision Course Over Local Elections

**STOCKS IN THE NEWS**

- > Astarta Secures EUR 50mn Credit Line from EIB

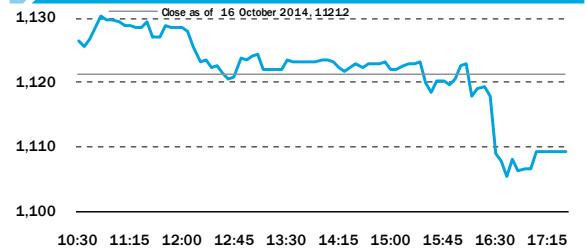
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1109.2	-1.1%	2.1%	21.9%
RTS	1072.9	2.7%	-10.7%	-25.6%
WIG20	2401.1	0.8%	-3.9%	0.0%
MSCI EM	976.8	0.6%	-7.3%	-2.5%
S&P 500	1886.8	1.3%	-5.6%	2.5%

**UX INTRADAY OCTOBER 17, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	357.4	-3.3%	14.1%	8.1%
CDS 5Y UKR	1402.1	0.1%	21.5%	70.9%
Ukraine-17	13.2%	-0.9 p.p.	1.5 p.p.	4.2 p.p.
Ferrexpo-16	13.1%	0.0 p.p.	-0.7 p.p.	4.2 p.p.
Ukraine-23	10.8%	-0.4 p.p.	0.5 p.p.	3.3 p.p.
Privatbank-16	43.1%	0.1 p.p.	6.4 p.p.	22.7 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	12.90	0.0%	0.0%	56.6%
EUR	16.46	-0.4%	-1.5%	44.8%
RUB	0.32	0.5%	-5.9%	26.1%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	210.5	0.0%	-1.8%	-26.8%
Steel, USD/t	527.5	0.0%	-2.3%	-1.9%
Oil, USD/bbl	86.2	0.4%	-13.6%	-19.7%
Gold, USD/oz	1238.3	0.0%	0.2%	3.5%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Kyiv, Donetsk On Collision Course Over Local Elections

by Will Ritter  
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### NEWS

President Poroshenko sharply criticized the Donetsk People's Republic's intention to hold elections on Nov 2 outside the framework of the Ukrainian electoral system, following a meeting with Russian President Putin at a summit in Milan on Friday (Oct 17). In remarks reported internationally, Poroshenko said that "no one will recognize such fake elections" and that this violates the terms of the Sept 5 Minsk ceasefire as well as the recently-approved Ukrainian law granting the separatist-occupied territories in Eastern Ukraine three years of autonomy.

### COMMENTARY

Poroshenko's bitter tone on the Donetsk separatist election appears to us to be a sign of the overall weakness of his position in terms of ability to influence events in the occupied territories, and may have been intended mainly for domestic political consumption. Meanwhile, President Putin has been conspicuously silent on the issue, which is somewhat surprising to us, as we would expect the Kremlin to be eager to see the occupied territories integrated back into the Ukrainian electoral system as a means of restoring some political leverage over Kyiv. In the upcoming Oct 26 Ukrainian parliamentary election, up to 35 constituencies (out of 225 total) in Donetsk, Lugansk, and Crimea will not take part in the voting to send MPs to Kyiv; these constituencies have in the past reliably elected either pro-Russian or Communist MPs. The effect is approximately doubled when the absence of pro-Russian party list voters is taken into account. For all intents and purposes, the situation in the Donbass is evolving into a "frozen conflict" in the mold of those seen in Moldova and Georgia involving nationalist ethnic Russians, but exactly what this means for the Ukrainian-owned industrial assets located on the occupied territory is not clear to us.

## Astarta Secures EUR 50mn Credit Line from EIB

by Ivan Dzvinka  
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### ▶ ASTARTA (AST PW)

Price: PLN 34.7    Market Cap: USD 262mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.2	7.7	6.4	0%
2014E	1.0	3.2	4.2	0%

### NEWS

The European Investment Bank (EIB) has extended a EUR 50mn credit line to Astarta, Ukraine's largest sugar producer, Interfax reported on Friday (Oct 17) citing Viktor Ivanchik, the company's CEO. According to Mr. Ivanchik, this is a long-term facility with a long grace period and fixed interest rate. The credit line will be open over three years. Other terms of the loan were not specified. The raised funds will be used for construction of storage capacities in Poltava, Vinnytsia and Khmelnytsky oblasts.

### COMMENTARY

The news is obviously positive for Astarta, as this represents the first investment of the EIB in a Ukrainian company. In addition, the provision of funds in the current uncertain political and economic environment in Ukraine looks like a vote of confidence in the sustainability of Astarta's business model.

As of the end of 1H14, the company's net debt amounted to EUR 195mn (equivalent), suggesting a Net Debt/12M EBITDA ratio of 2.0x, down from 2.5x as of a year earlier. Out of Astarta's total debt of EUR 195mn at the end of June 2014, EUR 95mn is a short-term loan with part of it to be refinanced and the remaining to be repaid with operating cash flows, according to the company. Astarta rules out the possibility of use of the raised EUR 50mn for repayment of part of its loans because of a specific use of these funds prescribed in the credit conditions.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.68	0.56	-19%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	86.5	108.0	25%	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	8.24	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.
<b>Coke</b>						
Avdyivka Coke	AVDK	2.54	U/R	-	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.43	U/R	-	U/R	Yasynivsky Coke reported net loss of UAH 22mn for FY13 which was the first negative bottom line since 2004.
<b>Coal</b>						
Pokrovske Mine	SHCHZ	0.39	2.9	653%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
<b>Railcar Manufacturing</b>						
Krukiv Wagon	KVBZ	14.4	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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2314	5250	127%	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.
<b>Oil &amp; Gas</b>						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	7.4	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	37.5	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.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	30.0	72.0	140%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.56	15.00	98%	BUY	CentrEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Consumer</b>						
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	34.7	90.0	159%	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	6.5	8.93	37%	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	67.0	58.74	-12%	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.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.124	0.24	93%	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	1109.24	1368.76	821.17	-1.1%	3.6%	2.1%	21.9%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.025	0.05	0.02	2.0%	4.5%	-3.4%	-34.8%	3.1%	1.0%	-5.5%	-56.7%
Azovstal	AZST	0.68	0.95	0.35	-2.0%	5.2%	8.9%	1.9%	-0.9%	1.7%	6.9%	-19.9%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	0.0%	-86.5%	1.1%	-3.6%	-2.1%	-108.4%
Enakievo Steel	ENMZ	28.4	65.0	17.0	-3.7%	11.1%	8.2%	-11.3%	-2.7%	7.5%	6.1%	-33.2%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	1.1%	-3.6%	-2.1%	225.9%
Mariupol Ilyicha	MMKI	0.22	n/a	n/a	-4.3%	-21.4%	57.1%	120.0%	-3.3%	-25.0%	55.1%	98.1%
<b>Coke</b>												
Avdivka Coke	AVDK	2.54	3.70	1.46	-3.8%	10.1%	11.1%	-14.1%	-2.7%	6.6%	9.1%	-36.0%
Yasnyivsky Coking	YASK	0.43	0.84	0.30	2.4%	-4.4%	-12.2%	-18.9%	3.4%	-8.0%	-14.3%	-40.8%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.70	n/a	n/a	0.0%	5.8%	11.0%	18.5%	1.1%	2.2%	8.9%	-3.4%
Ferrexpo	FXPO	86.5	199.0	85.0	1.7%	-1.6%	-32.7%	-54.7%	2.8%	-5.2%	-34.7%	-76.6%
Pivnichny GOK	SGOK	8.24	9.80	4.50	0.0%	1.1%	4.3%	3.0%	1.1%	-2.5%	2.3%	-18.9%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.39	0.79	0.10	-9.3%	-4.9%	-13.3%	-2.5%	-8.2%	-8.5%	-15.4%	-24.4%
Komsomolets Donbasa	SHKD	0.83	n/a	n/a	0.0%	0.0%	50.9%	33.9%	1.1%	-3.6%	48.9%	12.0%
Energy Coal	CLE	0.85	2.69	0.55	-1.2%	-3.4%	-13.3%	-19.0%	-0.1%	-7.0%	-15.3%	-40.9%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	1.1%	-3.6%	-2.1%	-56.7%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.50	1.01	0.30	-9.1%	0.0%	-3.8%	-16.7%	-8.0%	-3.6%	-5.9%	-38.6%
Interpipe NMPP	NVTR	0.36	n/a	n/a	0.0%	0.0%	2.9%	71.4%	1.1%	-3.6%	0.8%	49.5%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.4	25.0	10.0	-1.3%	1.3%	-14.9%	-16.8%	-0.2%	-2.2%	-17.0%	-38.7%
Luhanskeplovoz	LTPL	1.25	1.80	0.85	0.0%	9.6%	10.6%	-16.7%	1.1%	6.1%	8.6%	-38.6%
Stakhanov Wagon	SVGZ	1.29	n/a	n/a	0.0%	0.0%	84.3%	-0.8%	1.1%	-3.6%	82.2%	-22.7%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-1.1%	12.8%	-12.2%	66.0%	-0.1%	9.2%	-14.2%	44.1%
Motor Sich	MSICH	2,314	2,879	1,507	-0.3%	6.1%	3.8%	26.9%	0.8%	2.5%	1.8%	5.0%
Summy Frunze Engineering	SMASH	6.00	n/a	n/a	0.0%	0.0%	87.5%	140.0%	1.1%	-3.6%	85.4%	118.1%
Turboatom	TATM	4.50	n/a	n/a	0.0%	0.0%	0.0%	28.6%	1.1%	-3.6%	-2.1%	6.7%
WESTA ISIC	WES	0.29	0.80	0.21	0.0%	11.5%	3.6%	-27.5%	1.1%	8.0%	1.5%	-49.4%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.19	0.20	0.09	0.0%	0.0%	3.9%	70.0%	1.1%	-3.6%	1.8%	48.1%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	7.38	16.00	4.88	25.5%	5.4%	-15.7%	-42.2%	26.6%	1.8%	-17.8%	-64.0%
JXX Oil	JKX	37.50	75.00	36.00	-1.3%	-20.2%	-14.3%	-47.7%	-0.2%	-23.8%	-16.3%	-69.6%
Ukrnafta	UNAF	353	375	54	2.0%	-1.1%	11.2%	225.0%	3.0%	-4.7%	9.1%	203.1%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.56	8.70	3.00	-0.8%	3.3%	1.6%	58.5%	0.2%	-0.3%	-0.5%	36.6%
Donbasenergo	DOEN	30.0	50.2	11.0	-3.1%	4.3%	10.8%	8.8%	-2.1%	0.7%	8.8%	-13.0%
Zakhidenergo	ZAEN	169.9	199.8	64.0	-0.1%	19.6%	31.7%	87.9%	1.0%	16.0%	29.7%	66.1%
<b>Consumer</b>												
Agroton	AGT	1.92	5.5	1.79	1.6%	3.8%	-10.7%	-1.5%	2.7%	0.2%	-12.7%	-23.4%
Astarta	AST	34.7	73.7	34.4	-0.9%	-1.9%	-7.2%	-48.1%	0.2%	-5.5%	-9.2%	-70.0%
Avangardo	AVGR	6.5	13.0	6.50	-2.1%	-11.0%	-18.8%	-44.7%	-1.0%	-14.5%	-20.8%	-66.6%
Industrial Milk Company	IMC	7.00	14.84	6.50	-1.4%	4.5%	-13.6%	-42.4%	-0.3%	0.9%	-15.6%	-64.3%
Kernel	KER	22.1	53.6	22.0	0.5%	-8.1%	-11.7%	-41.9%	1.5%	-11.7%	-13.8%	-63.8%
Mriya Agro Holding	MAYA	0.59	6.0	0.59	-4.7%	-56.3%	-66.8%	-89.1%	-3.6%	-59.9%	-68.9%	-111.0%
MHPC	MHPC	11.8	18.5	10.91	-0.4%	2.2%	-7.1%	-30.9%	0.6%	-1.4%	-9.2%	-52.8%
Milkiland	MLK	3.50	14.2	3.50	0.0%	0.0%	-22.2%	-72.0%	1.1%	-3.6%	-24.3%	-93.9%
Ovostar Union	OVO	67.0	102.0	59.4	0.0%	-0.2%	-4.3%	-33.0%	1.1%	-3.8%	-6.3%	-54.9%
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
<b>Chemicals</b>												
Stirol	STIR	9.4	n/a	n/a	0.0%	4.4%	-10.5%	-24.8%	1.1%	0.9%	-12.5%	-46.7%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.124	0.190	0.090	-1.8%	1.0%	-5.4%	9.5%	-0.7%	-2.6%	-7.5%	-12.4%
UkrSotsbank	USCB	0.135	0.205	0.090	0.0%	0.0%	-11.9%	-28.0%	1.1%	-3.6%	-14.0%	-49.9%

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
<b>Steel</b>																
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
<b>Coke</b>																
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%
<b>Iron Ore Mining</b>																
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%
<b>Coal Mining</b>																
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
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	480	310	271	52	31	26	10.8%	10.1%	9.5%	34	5	4	7.0%	1.5%	1.5%
<b>Railcar Manufacturing</b>																
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%
<b>Specialized Machinery</b>																
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%
<b>Telecom</b>																
Ukrtelecom	UTLM	838	791	611	206	190	174	24.5%	24.0%	28.5%	45	17	26	5.4%	2.2%	4.3%
<b>Oil &amp; Gas</b>																
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%
<b>Electric Utilities</b>																
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%
<b>Consumer</b>																
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	300	14.9%	10.4%	12.1%	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
<b>Banks</b>																
		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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	51	3.9%	2	1,399	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	362	337	327	\$/tonne
Yenakievo Steel	ENMZ	23	8.8%	2	20	2.7	neg	neg	neg	0.9	0.6	0.0	0.0	0.0	7	7	7	\$/tonne
Azovstal	AZST	223	3.0%	7	212	neg	neg	neg	neg	neg	6.0	0.1	0.1	0.1	46	47	46	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	38	6.8%	3	36	neg	neg	neg	neg	0.8	1.2	0.0	0.0	0.0	8	9	10	\$/tonne
Yasynivsky Coke	YASK	9	9.0%	1	10	1.1	neg	1.9	0.4	0.3	0.5	0.0	0.0	0.0	0.4	0.3	0.5	\$/tonne
<b>Iron Ore Mining</b>																		
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	1,472	0.4%	6	1,465	3.4	2.7	3.2	2.0	1.6	1.8	1.0	0.9	1.0				
Ferrexpo	FXPO	816	24.0%	196	1,495	3.8	3.1	2.9	3.7	3.0	3.0	1.0	0.9	1.0				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	22	5.4%	1	124	3.0	1.3	1.3	1.0	1.3	1.3	0.5	0.6	0.5	30	29	27	\$/tonne
Coal Energy	CLE	39	25.0%	10	149	1.0	neg	neg	2.4	7.0	16.5	0.9	1.2	1.5	2.4	7.0	16.5	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	101	2.0%	2	146	3.0	21.4	24.5	2.8	4.7	5.7	0.3	0.5	0.5	232	385	366	\$/tonne
<b>Railcar Manufacturing</b>																		
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				
Kruiiv Wagon	KVBZ	128	5.0%	6	117	1.3	3.1	neg	0.9	2.3	8.8	0.1	0.3	0.8				
Stakhanov Wagon	SVGZ	23	8.0%	2	55	>30	>30	>30	7.7	9.4	10.1	0.2	0.3	0.4				
<b>Specialized Machinery</b>																		
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	373	24.0%	89	364	1.9	2.2	2.0	1.2	1.3	1.4	0.4	0.4	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	271	7.2%	20	575	6.0	15.9	10.3	2.8	3.0	3.3	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,484	3.0%	45	1,475	8.4	>30	9.2	3.3	5.2	4.6	0.6	0.6	0.6	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	38	21.6%	8	13	3.3	neg	19.1	0.6	neg	0.5	0.3	0.4	0.3	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	104	50.4%	52	212	neg	16.0	13.3	1.6	3.2	3.1	1.0	1.2	1.1	39	29	28	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	216	21.7%	47	285	7.5	3.6	10.4	4.1	3.0	6.5	0.3	0.3	0.4	16	21	18	\$/MWh
DonbasEnergO	DOEN	55	14.2%	8	120	14.4	0.8	1.4	3.8	1.7	2.7	0.2	0.2	0.2	15	15	15	\$/MWh
<b>Consumer</b>																		
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	535	61.8%	330	1,451	2.5	5.1	11.4	4.5	5.0	4.8	0.7	0.5	0.6				
Astarta	AST	263	37.0%	98	585	4.5	7.7	3.2	5.3	6.4	4.2	1.3	1.2	1.0				
Avangardco	AVGR	415	22.5%	93	521	1.8	1.7	2.5	1.9	1.7	2.2	0.8	0.8	0.9	118	90	84	\$/mneggs
Agroton	AGT	13	26.2%	3	62	1.9	neg	neg	3.0	8.2	17.8	0.7	0.8	0.7	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	289	3.5%	10		>30	3.2	neg	0.4	0.3	0.5	0.05	0.05	0.07				
Ukrsotsbank	USCB	193	1.0%	2		>30	>30	21.1	0.2	0.2	0.2	0.07	0.06	0.08				

Source: Eavex Research

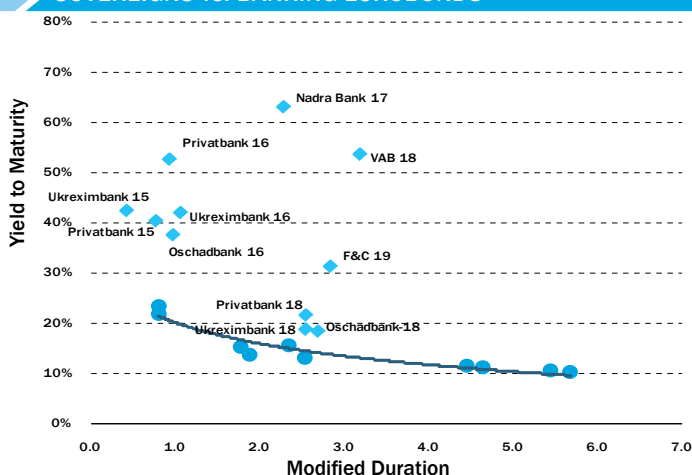
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2015 (EUR)	86.3	89.3	28.9%	22.6%	-8.6%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	88.1	90.6	31.4%	25.4%	-8.5%	0.8	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	84.3	85.8	17.4%	16.2%	-9.5%	1.7	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	85.9	86.9	15.2%	14.5%	-8.4%	1.8	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	83.4	84.9	14.6%	13.8%	-9.2%	2.5	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	86.6	88.1	16.9%	16.1%	-12.0%	2.3	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	81.5	83.0	19.7%	18.7%	-0.5%	2.3	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	80.5	82.0	16.9%	16.1%	3.5%	2.8	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	83.6	84.6	12.3%	12.0%	-9.6%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	83.6	85.1	12.1%	11.7%	-9.9%	4.6	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	81.7	84.2	11.5%	11.0%	-8.9%	5.3	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	81.3	82.8	10.9%	10.6%	-9.3%	5.9	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.0	35.1	87.6%	66.5%	-37.6%	1.5	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	97.0	99.0	16.5%	12.3%	-5.3%	0.5	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	83.8	84.9	12.4%	12.1%	-5.7%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	85.0	90.0	56.5%	34.1%	-10.7%	0.7	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	60.0	66.0	30.4%	26.6%	-30.2%	2.5	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016	20.0	25.0	189.8%	156.8%	-77.6%	0.5	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	20.0	25.0	80.7%	68.2%	-74.2%	1.9	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	78.9	79.8	63.6%	60.8%	-22.2%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	57.0	60.0	28.1%	26.2%	-37.9%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	75.0	78.0	69.6%	60.6%	-25.4%	0.4	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	65.0	66.8	27.8%	26.4%	-30.6%	2.4	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.5	94.0	16.5%	14.7%	-4.8%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	68.0	72.0	23.1%	21.0%	-23.7%	2.6	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	50.0	60.0	62.5%	39.8%	-35.0%	1.5	10.25%	S/A	2 Aug 2017	200	//
JXX Oil&Gas, 2018	85.1	87.2	17.8%	16.9%	-22.4%	2.7	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	45.0	55.0	35.0%	27.9%	-39.8%	2.8	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	68.5	68.5	202.0%	202.0%	-30.5%	0.1	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	45.0	50.0	69.0%	58.5%	-41.0%	2.3	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	75.0	80.0	45.4%	36.8%	-14.8%	0.8	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	63.0	68.0	60.4%	48.5%	-13.8%	0.9	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	75.5	78.9	21.5%	19.8%	-7.8%	2.5	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	85.0	85.5	43.8%	42.5%	-11.2%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	71.0	74.0	35.5%	31.7%	-15.0%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	75.1	76.4	19.4%	18.8%	-15.1%	2.5	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	40.0	45.0	58.1%	50.7%	-50.3%	2.1	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	76.0	79.0	49.9%	41.0%	-16.7%	1.0	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	74.8	76.8	19.3%	18.3%	-14.8%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	75.0	77.5	72.0%	67.0%	-18.0%	0.6	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.0	78.0	28.7%	26.0%	-17.7%	1.4	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

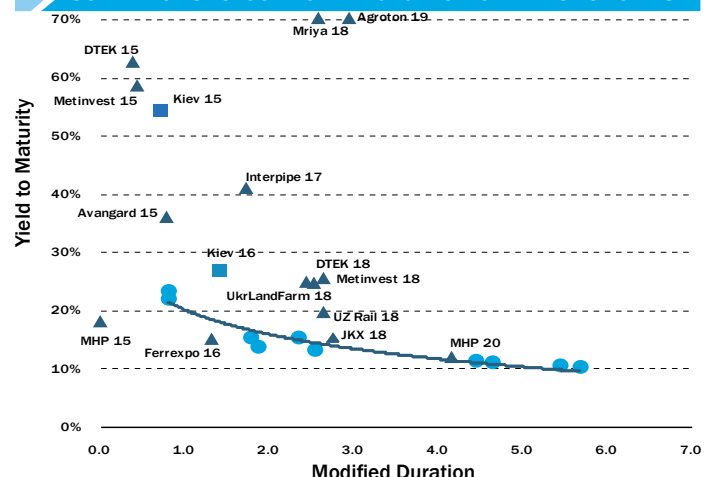
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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
<b>UAH denominated Bonds</b>									
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
<b>USD denominated Bonds</b>									
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
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	12.5%	12.0%	n/a	4.80%	S/A	6 May 2015	n/a
<b>VAT Bonds</b>									
UA4000082531			20.0%	17.5%	n/a	5.50%	S/A	21 Aug 2015	n/a
UA4000082622			20.0%	17.5%	n/a	5.50%	S/A	24 Aug 2015	n/a
UA4000083059			20.0%	17.5%	n/a	5.50%	S/A	25 Aug 2015	n/a
UA4000185151			21.8%	20.3%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			21.8%	20.3%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			21.8%	20.3%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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