

**Special Election Coverage**

- > Poroshenko Bloc, People's Front, Self-Help Win 245 Seats
- > Moscow Says Will Recognize Donbass Separatist Election

**Market Update**

**Equity**

Local Ukrainian stocks ended on a positive note on Tuesday (Oct 28) as Finance Minister Oleksandr Shlapak said that the country's GDP performance rebounded by 4.5% MoM in September after two disastrous months in July and August. The UX index rallied for a second straight session, adding 1.0% to close at 1137 points. Azovstal (AZST) once again contributed the most points to the gauge, surging by 8.0% to 82 kopecks per share. Among other active blue chips, Raiffeisen Aval (BAVL) and CentrEnergO (CEEN) rose 2.6% and 1.0% respectively while Motor Sich (MSICH) lost 1.2%. London-listed Avangard (AVGR) fell by 2.5% to USD 6.30 despite reporting the start of egg products exports to the EU. MHP (MHPC) also finished in the red, declining by 2.0% to USD 10.90. In Warsaw, Kernel (KER) continued its post-election advance, rising by 3.3% to reclaim the PLN 26 level.

**Fixed Income**

Ukrainian benchmark sovereigns were little-changed on Tuesday following Monday's post-election rally. Ukraine-23s inched down by 0.2p.p. to 85.3/86.8 (10.1%/9.8%). Corporate names were moderately higher, with MHP-20s increasing by 0.4p.p. to 86.1/87.8 (11.8%/11.3%) and DTEK-18s up 0.8p.p., finishing at 63.8/64.8 (24.0%/23.4%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	267.90	0.8%	2.0	49
CentrenergO	CEEN	7.81	1.0%	1.5	104
Motor Sich	MSICH	2330.00	-1.2%	1.3	103

**Growth Leaders**

Azovstal	AZST	0.82	8.0%	0.22	83
Raiffeisen Bank Aval	BAVL	0.13	2.6%	0.96	120
CentrenergO	CEEN	7.81	1.0%	1.50	104

**Loss Leaders**

LuhanskteplovOz	LTPL	1.00	-15.0%	0.025	7
Avdyivka Coke	AVDK	2.60	-2.6%	0.003	13
Kryukiv Wagon	KVBZ	13.88	-2.2%	0.189	55

**FIXED INCOME**

- > Avangard Intends to Buy Back USD 30mn of its 2015 Eurobonds
- > UkrLandFarming Expects to Raise Some USD 250mn From Private Placement of 4-6% Stake
- > Bakhmatiuk Demands UAH 4bn from Gov't to Recapitalize VAB

**COMPOSITION OF INCOMING PARLIAMENT (EST.)**

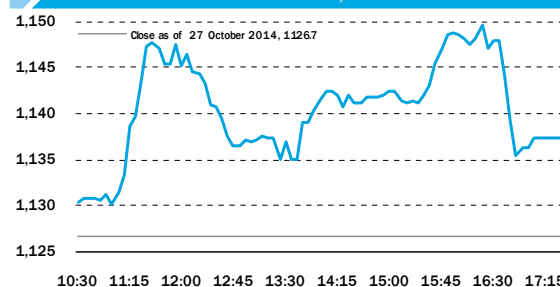


Source: Central Election Commission, Eavex estimates

**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1137.5	1.0%	4.3%	25.0%
RTS	1051.0	1.1%	-9.1%	-27.1%
WIG20	2456.7	0.8%	-1.1%	2.3%
MSCI EM	992.5	1.5%	-3.1%	-0.9%
S&P 500	1985.1	1.2%	0.1%	7.8%

**UX INTRADAY OCTOBER 28, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	341.3	-2.5%	7.4%	3.2%
CDS 5Y UKR	1177.9	-1.1%	-9.6%	43.6%
Ukraine-17	11.5%	0.0 p.p.	-1.4 p.p.	2.5 p.p.
Ferrexpo-16	12.1%	-0.1 p.p.	-2.6 p.p.	3.2 p.p.
Ukraine-23	10.0%	0.0 p.p.	-0.5 p.p.	2.5 p.p.
Privatbank-16	41.6%	0.1 p.p.	0.8 p.p.	21.2 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	12.99	-0.1%	0.7%	57.6%
EUR	16.55	0.3%	1.2%	45.6%
RUB	0.31	-0.6%	-7.1%	21.9%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	226.2	0.0%	11.3%	-21.3%
Steel, USD/t	502.5	0.0%	-7.7%	-6.5%
Oil, USD/bbl	86.0	0.2%	-11.9%	-19.8%
Gold, USD/oz	1228.5	0.2%	0.8%	2.7%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

**Poroshenko Bloc, People's Front, Self-Help Win 245 Seats**

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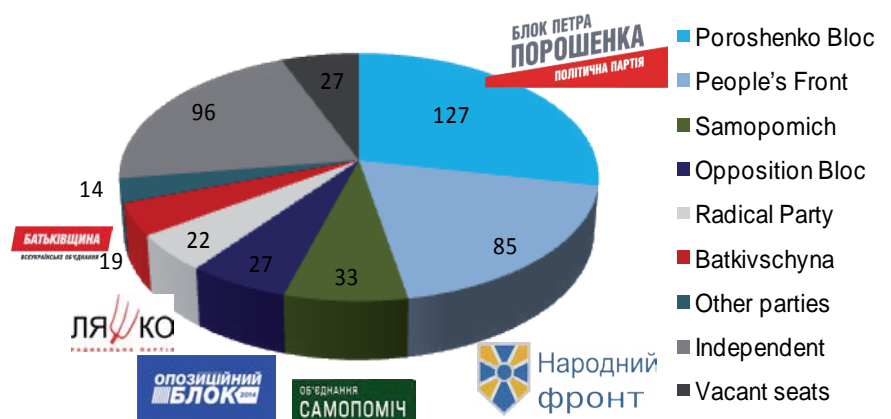
**NEWS**

With near-final numbers now in from Ukraine's parliamentary election held on Sunday, local news outlets are estimating that the Poroshenko Bloc has won the election by taking 127 seats (59 party list and 68 single-mandate), the People's Front of Prime Minister Arseniy Yatseniuk has 85 seats (60 party list and 15 single-mandate), and the new pro-European Samopomich (Self-Help) Union of Lviv mayor Andriy Sadoviy has 33 seats (32 party list and 1 single-mandate), for a total of 245. These three parties are widely expected to form Ukraine's new governing coalition.

**COMMENTARY**

We think that President Poroshenko wants to obtain a two-thirds, reformist majority of 300 MPs without including either the pro-war populist Radical Party (22 seats) or the rump Batkivschyna (19 seats) led by Yulia Tymoshenko, who the main pro-EU parties view with general suspicion. This looks achievable given that we expect two-thirds of the approximately 96 independents elected in single-mandate districts to align with the majority, while the other third will probably align with the pro-Russian Opposition Bloc. Such an assumption leads to an estimate of about 310 MPs for the pro-presidential coalition, but the negotiations on lining up the loyalty of the independents will not be easy and could take up to two weeks, in our view. Importantly, although at least 27 MP seats will remain vacant due to the secession of Crimea and the occupation of the Donbass, the figures for absolute and constitutional majorities remain based on a 450-seat chamber, i.e. 226 and 300 respectively. We note that up to 10 single-mandate races across the country are very close with the winner still undecided.

**COMPOSITION OF INCOMING PARLIAMENT (EST.)**



Source: Central Election Commission, Eavex estimates

## Moscow Says Will Recognize Donbass Separatist Election

by Will Ritter  
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### NEWS

Russian Foreign Minister Sergey Lavrov said on Tuesday (Oct 28) that the country will recognize elections set to be held in the separatist-occupied territories of Donetsk and Lugansk provinces this coming Sunday (Nov 2). President Poroshenko has repeatedly warned against the region holding elections outside of the Ukrainian national framework, saying that they contradict the Sept 5 Minsk ceasefire agreement that led to a sharp reduction in military hostilities between Ukraine, the separatists, and Russia's armed forces. US Secretary of State John Kerry issued a statement calling on Moscow to refrain from recognizing what he called an illegitimate election. Fifteen of the 32 Donbass electoral districts did not participate in Ukraine's national parliamentary voting on Sunday (Oct 26), and in an additional 5 districts which did participate, turnout was below 10%.

### COMMENTARY

The lack of participation of at least 27 districts in the Donbass and Crimea in the national election cements these regions' de facto status of being outside Ukrainian control. We think that statements from Poroshenko, Secretary Kerry, and other Western government officials demanding that Moscow not recognize the upcoming separatist election are basically lip service, and that these elections will go ahead, creating a local ruling elite with which Kyiv will eventually be forced to negotiate. With Moscow having failed in its efforts to secure either of its desired outcomes, i.e. a dominant pro-Russian vote in Ukraine's eastern industrial regions or a strong performance from Ukrainian nationalist extremists, the occupied territories are the Kremlin's only real instrument for destabilizing Ukraine going forward, and we thus cannot rule out efforts by Moscow to provoke Kyiv and revive the military conflict in the coming months.

## Avangard Intends to Buy Back USD 30mn of its 2015 Eurobonds

by Ivan Dzvinka  
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### NEWS

Oleg Bakhmatiuk, the main beneficiary of Avangard, Ukraine's largest egg producer, said on Tuesday (Oct 28) that the company is setting aside some USD 30mn for a buyback of its USD 200mn bonds with maturity in October 2015. Possible terms and timing of the buyback were not discussed by Mr. Bakhmatiuk. Out of an initially planned USD 60mn for a dividend payout based on FY13 net income, Avangard's shareholder meeting (dominated by Mr. Bakhmatiuk, who owns 77% of the company) this September ultimately decided to pay out only USD 30mn. The remaining USD 30mn is now earmarked for the bond buyback.

Mr. Bakhmatiuk also stated that the company recently made a first delivery of its egg products to the EU.

### COMMENTARY

In our view, this news should curb concerns of bondholders about a possible default by Avangard on its bond redemption one year from now. Also, the buyback will improve the company's leverage ratio. Still, we note that the sharp devaluation of the hryvnia (two thirds of Avangard's revenue comes from domestic sales), considerable exposure to the Donbass region (it accounted for 20% of the company's egg output in 2013) and reported operating/financial results over 2014 that appear worse to us than fundamentally implied, all lead us to believe that the company is seriously looking at options to refinance its 2015 bonds. Avangard has been publicly insisting over the last 12 months that it intends to redeem the 2015 bonds fully and on time.

## UkrLandFarming Expects to Raise Some USD 250mn From Private Placement of 4-6% Stake

by Ivan Dzvinka  
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### NEWS

UkrLandFarming, Ukraine's largest agricultural group in terms of operated landbank, expects to raise at least USD 250mn from a private placement of a 4-6% stake, Oleg Bakhmatiuk, the company's dominant shareholder said on Tuesday (Oct 28). He said the placement should be completed within two weeks. Also, Mr. Bakhmatiuk said the company is not going to expand its landbank under operation this year. He said that ULF's 2014 harvest was a strong one, without providing specific details.

### COMMENTARY

If we assume that ULF places 5% (the middle of the proposed range) of its shares and raises precisely USD 250mn, this implies a market capitalization for the group of USD 5.0bn. With the latest available 12-month EBITDA for 2H13-1H14 of USD 821mn and net debt (as of June 30) of USD 1.25bn, the expected placement metrics imply an EV/EBITDA valuation ratio of 7.6x. This is notably higher than the current multiples of ULF's domestic agro peers, MHP and Kernel (EV/EBITDAs of 4.9x and 5.9x, respectively), leading us to question whether potential investors will really be ready to pay the figure which Mr. Bakhmatiuk has cited, especially in light of weak corporate governance of ULF vs. its domestic peers.

## Bakhmatiuk Demands UAH 4bn from Gov't to Recapitalize VAB

by Dmitry Churin  
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### NEWS

VAB Bank, which is affiliated with the business group of UkrLandFarming beneficiary Oleg Bakhmatiuk, is planning to increase its charter capital by UAH 7.0bn to UAH 11.0bn (USD 850mn) by an additional issue of shares, according to an announcement for a special shareholder meeting scheduled on Nov 17. The announcement said Mr. Bakhmatiuk is ready to provide only UAH 3bn from his own sources, and is calling for the remaining UAH 4bn to come from Ukraine's Finance Ministry as form of financial sector support.

### COMMENTARY

The idea that VAB could demand state support is based on the claim that the bank is deemed to be systematically important for Ukraine, as its share in total system-wide retail deposits exceeds 2.0%. Earlier this year, deputy NBU governor Alexander Pysaruk told journalists that the regulator would support VAB Bank liquidity. Although Bakhmatiuk is intensively lobbying the government to rescue his bank, there is a significant probability that the IMF could block the deal, as Kyiv's national budget does not currently have resources sitting around for this kind of charity to bail out poorly-run private institutions. The government already has its own headaches regarding how to recapitalize state-owned behemoths OschadBank, UkrEximBank and UkrGazBank for a total amount of UAH 12.5bn.

Taking into account that VAB has already missed a USD 2mn coupon payment on its freshly restructured 2019 Eurobonds, the situation at the financial institution looks close to default. According to VAB's latest available financial report, the bank had just UAH 790mn provisions for a bad loan portfolio of UAH 2.4bn. The bank's total loan portfolio was UAH 17.2bn as of 30 Jun 2014.

VAB-19s Eurobonds currently have only indicative quotes of 40.0/45.0 (59%/51%).

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.82	0.56	-32%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	86.6	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	8.60	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	7.35	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	2.60	U/R	--	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.46	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	0.47	2.9	528%	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	13.9	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.00	U/R	--	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2330	5250	125%	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	6.3	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	38.8	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	34.5	72.0	109%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.81	15.00	92%	BUY	CenterEnergO'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	10.9	15.65	44%	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	32.2	90.0	179%	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	6.3	8.93	42%	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	71.0	U/R	--	U/R	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 15% 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	0.128	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	1137.45	1368.76	821.17	1.0%	3.8%	4.3%	25.0%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.026	0.05	0.02	0.8%	4.8%	6.9%	-32.5%	-0.2%	1.0%	2.6%	-57.5%
Azovstal	AZST	0.82	0.95	0.35	6.6%	17.6%	27.5%	22.5%	5.7%	13.8%	23.2%	-2.5%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	0.0%	-86.5%	-1.0%	-3.8%	-4.3%	-111.5%
Enakievo Steel	ENMZ	29.1	65.0	17.0	-1.0%	0.7%	10.3%	-9.1%	-1.9%	-3.1%	6.0%	-34.1%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-1.0%	-3.8%	-4.3%	222.8%
Mariupol Ilyicha	MMKI	0.27	n/a	n/a	0.0%	35.0%	80.0%	170.0%	-1.0%	31.2%	75.7%	145.0%
<b>Coke</b>												
Avdivka Coke	AVDK	2.60	3.70	1.46	-2.9%	7.5%	9.1%	-12.1%	-3.8%	3.6%	4.8%	-37.1%
Yasnyivsky Coking	YASK	0.46	0.84	0.30	0.0%	2.2%	4.5%	-13.2%	-1.0%	-1.6%	0.2%	-38.2%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.35	n/a	n/a	0.0%	-4.5%	-4.5%	13.1%	-1.0%	-8.4%	-8.9%	-11.9%
Ferrexpo	FXPO	86.6	199.0	85.0	1.2%	-2.6%	-26.8%	-54.7%	0.3%	-6.5%	-31.1%	-79.7%
Pivnichny GOK	SGOK	8.60	9.80	4.50	0.0%	12.9%	3.6%	7.5%	-1.0%	9.0%	-0.7%	-17.5%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.47	0.79	0.10	0.0%	27.0%	17.5%	17.5%	-1.0%	23.2%	13.2%	-7.5%
Komsomolets Donbasa	SHKD	0.83	n/a	n/a	0.0%	0.0%	33.9%	33.9%	-1.0%	-3.8%	29.6%	8.9%
Energy Coal	CLE	0.85	2.49	0.55	-7.6%	11.8%	-9.6%	-19.0%	-8.6%	8.0%	-13.9%	-44.0%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	-1.0%	-3.8%	-4.3%	-59.8%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.56	1.01	0.32	0.0%	16.7%	14.3%	-6.7%	-1.0%	12.8%	10.0%	-31.7%
Interpipe NMPP	NVTR	0.38	n/a	n/a	0.0%	5.6%	8.6%	81.0%	-1.0%	1.7%	4.3%	56.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	13.9	25.0	10.0	-2.3%	-0.6%	-12.3%	-19.8%	-3.2%	-4.5%	-16.6%	-44.8%
Luhanskeplovoz	LTPL	1.00	1.80	0.85	-23.1%	-20.0%	-20.0%	-33.3%	-24.0%	-23.8%	-24.3%	-58.3%
Stakhanov Wagon	SVGZ	1.22	n/a	n/a	0.0%	2.5%	74.3%	-6.2%	-1.0%	-1.3%	70.0%	-31.1%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	-1.2%	-5.7%	12.2%	56.6%	-2.1%	-9.5%	7.9%	31.6%
Motor Sich	MSICH	2,330	2,879	1,507	-1.3%	-2.7%	3.5%	27.7%	-2.2%	-6.5%	-0.8%	2.8%
Summy Frunze Engineering	SMASH	5.20	n/a	n/a	-10.3%	4.0%	-24.6%	108.0%	-11.3%	0.2%	-28.9%	83.0%
Turboatom	TATM	6.00	n/a	n/a	0.0%	33.3%	33.3%	71.4%	-1.0%	29.5%	29.0%	46.4%
WESTA ISIC	WES	0.31	0.80	0.21	0.0%	6.9%	0.0%	-22.5%	-1.0%	3.1%	-4.3%	-47.5%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.19	0.20	0.09	0.0%	0.0%	3.9%	70.0%	-1.0%	-3.8%	-0.4%	45.0%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	6.25	16.00	4.88	0.0%	-3.8%	-28.6%	-51.0%	-1.0%	-7.7%	-32.9%	-76.0%
JKX Oil	JKX	38.75	75.00	36.00	1.6%	3.3%	-12.9%	-46.0%	0.7%	-0.5%	-17.2%	-71.0%
Ukrnafta	UNAF	268	375	54	0.8%	-4.3%	-18.2%	146.7%	-0.2%	-8.2%	-22.5%	121.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.81	8.70	3.00	0.8%	3.7%	4.2%	63.7%	-0.2%	-0.2%	-0.1%	38.7%
Donbasenergo	DOEN	34.5	50.2	11.0	0.6%	13.1%	21.1%	25.1%	-0.4%	9.3%	16.8%	0.1%
Zakhidenergo	ZAEN	174.9	199.8	68.7	7.8%	8.0%	24.6%	93.5%	6.8%	4.1%	20.3%	68.5%
<b>Consumer</b>												
Agroton	AGT	2.09	5.5	1.79	-3.2%	15.5%	0.5%	7.2%	-4.2%	11.6%	-3.8%	-17.8%
Astarta	AST	32.2	70.5	32.2	-2.3%	-5.1%	-15.2%	-51.8%	-3.3%	-9.0%	-19.5%	-76.8%
Avangardo	AVGR	6.3	13.0	6.30	0.0%	-2.6%	-21.2%	-46.4%	-1.0%	-6.4%	-25.5%	-71.4%
Industrial Milk Company	IMC	7.18	14.10	6.50	2.6%	4.8%	-1.6%	-40.9%	1.6%	1.0%	-5.9%	-65.9%
Kernel	KER	26.0	45.1	22.0	3.3%	13.4%	3.1%	-31.8%	2.3%	9.6%	-1.2%	-56.7%
Mriya Agro Holding	MAYA	0.65	6.0	0.58	12.9%	12.9%	-55.2%	-88.0%	11.9%	9.0%	-59.5%	-113.0%
MHPC	MHPC	10.9	18.5	10.46	-2.0%	-5.2%	-13.8%	-35.9%	-2.9%	-9.0%	-18.1%	-60.9%
Milkiland	MLK	3.49	13.7	3.47	0.0%	-0.3%	-5.4%	-72.1%	-1.0%	-4.1%	-9.7%	-97.1%
Ovostar Union	OVO	71.0	102.0	59.4	3.1%	0.0%	2.2%	-29.0%	2.2%	-3.8%	-2.1%	-54.0%
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%	0.1%	-14.5%	-24.8%	-1.0%	-3.7%	-18.9%	-49.8%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.128	0.190	0.091	2.6%	3.7%	-0.3%	12.3%	1.6%	-0.2%	-4.6%	-12.7%
UkrSotsbank	USCB	0.149	0.205	0.090	0.0%	6.4%	5.5%	-20.5%	-1.0%	2.6%	1.2%	-45.5%

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
<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	1,400	-181	-31	25	neg	neg	1.8%	-333	-308	33	neg	neg	2.4%
<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	2,393	322	291	223	14.9%	10.4%	9.3%	211	105	-107	9.8%	3.8%	neg
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%
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			
<b>Steel</b>																		
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	24	8.8%	2	20	2.8	neg	neg	neg	0.9	0.6	0.0	0.0	0.0	7	7	7	\$/tonne
Azovstal	AZST	266	3.0%	8	255	neg	neg	8.0	neg	neg	10.2	0.1	0.1	0.2	55	56	56	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	39	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	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
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	663	0.3%	2	662	7.0	3.4	4.1	2.9	2.1	2.4	1.1	1.0	1.0				
Pivnichny GOK	SGOK	1,525	0.4%	6	1,519	3.5	2.8	3.3	2.0	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	817	24.0%	196	1,496	3.8	3.1	3.0	3.7	3.0	3.0	1.1	0.9	1.0				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	21	5.4%	1	123	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	112	2.0%	2	158	3.3	23.8	27.3	3.0	5.0	6.1	0.3	0.5	0.6	250	415	394	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	17	24.0%	4	54	3.5	0.9	0.7	1.9	1.5	1.4	0.2	0.2	0.1				
Kriviw Wagon	KVBZ	123	5.0%	6	112	1.3	2.9	neg	0.8	2.2	8.4	0.1	0.2	0.8				
Stakhanov Wagon	SVGZ	21	8.0%	2	54	>30	>30	>30	7.5	9.2	9.9	0.2	0.3	0.4				
<b>Specialized Machinery</b>																		
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	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	270	7.2%	19	573	6.0	15.8	10.2	2.8	3.0	3.3	0.7	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	1,118	3.0%	34	1,110	6.3	>30	7.0	2.4	3.9	3.4	0.4	0.4	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	32	21.6%	7	7	2.8	neg	16.2	0.3	neg	0.3	0.2	0.2	0.2	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	107	50.4%	54	216	neg	16.5	13.7	1.6	3.3	3.2	1.1	1.2	1.1	39	30	29	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	222	21.7%	48	290	7.7	3.7	10.7	4.2	3.1	6.6	0.3	0.3	0.4	16	21	18	\$/MWh
DonbasEnergO	DOEN	63	14.2%	9	123	16.4	1.0	1.6	3.8	1.7	2.7	0.2	0.2	0.2	15	16	15	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,152	34.1%	393	2,280	3.7	7.1	neg	4.9	5.8	4.8	1.6	1.5	1.7				
Kernel	KER	629	61.8%	388	1,313	3.0	6.0	neg	4.1	4.5	5.9	0.6	0.5	0.5				
Astarta	AST	245	37.0%	91	566	4.2	7.2	3.0	5.1	6.2	4.1	1.2	1.2	1.0				
Avangardco	AVGR	402	22.5%	91	508	1.8	1.7	2.5	1.8	1.7	2.2	0.8	0.8	0.9	115	87	82	\$/mneqgs
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	
<b>Banks</b>																		
							P/E			P/Book			P/Assets					
Raiffeisen Bank Aval	BAVL	295	3.5%	10		>30	3.3	neg	0.4	0.3	0.5	0.05	0.06	0.07				
Ukrsotsbank	USCB	211	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

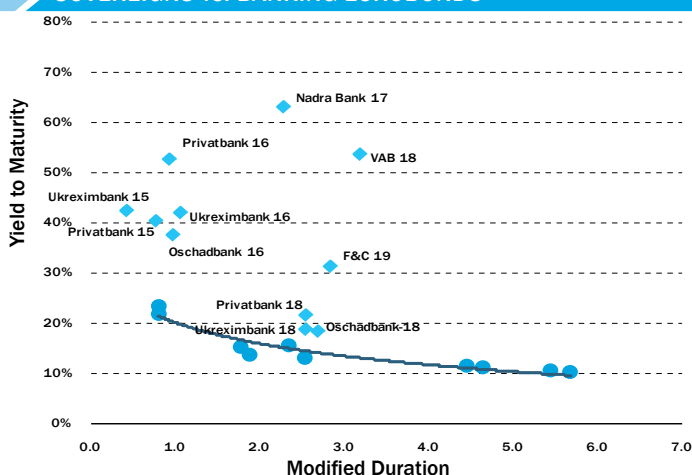
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2015 (EUR)	88.1	90.1	26.0%	21.8%	-7.2%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.3	92.8	24.7%	21.5%	-5.7%	0.8	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	88.3	89.8	14.6%	13.6%	-5.3%	1.8	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	89.9	90.9	12.7%	12.1%	-4.2%	1.9	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	87.4	88.9	12.7%	11.9%	-5.0%	2.5	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	90.7	92.2	14.7%	13.9%	-7.9%	2.3	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	81.5	83.0	19.9%	18.8%	-0.5%	2.3	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	80.5	82.0	17.1%	16.2%	3.5%	2.8	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	88.4	89.9	11.0%	10.6%	-4.2%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	89.0	90.5	10.7%	10.3%	-4.2%	4.6	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	85.4	87.9	10.7%	10.2%	-4.9%	5.4	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.3	86.8	10.1%	9.8%	-4.9%	5.9	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.0	35.1	90.4%	67.7%	-37.6%	1.4	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	98.0	100.0	14.6%	10.2%	-4.3%	0.5	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	86.1	87.8	11.8%	11.3%	-2.7%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	85.0	90.0		36.2%	-10.7%		10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	63.0	65.0	28.6%	27.2%	-29.0%	2.4	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016	20.0	25.0	195.1%	161.0%	-77.6%	0.5	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	20.0	25.0	81.8%	69.0%	-74.2%	1.8	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	85.9	86.6	44.5%	42.3%	-15.4%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	63.8	64.8	24.0%	23.4%	-31.8%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	78.5	81.5	61.7%	52.9%	-22.0%	0.4	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	69.9	71.1	24.5%	23.7%	-25.8%	2.4	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	94.0	95.1	15.1%	13.7%	-3.5%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	72.0	75.0	21.0%	19.6%	-19.8%	2.6	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	50.0	60.0	65.4%	40.5%	-35.0%	1.5	10.25%	S/A	2 Aug 2017	200	//
JXX Oil&Gas, 2018	84.0	85.7	18.4%	17.6%	-23.6%	2.7	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	45.0	55.0	35.1%	28.0%	-39.8%	2.8	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	69.0	69.0	269.4%	269.4%	-29.9%	0.1	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	45.0	50.0	69.8%	59.1%	-41.0%	2.3	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	76.0	80.0	44.6%	37.6%	-14.3%	0.7	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	65.0	69.0	57.3%	47.9%	-11.8%	0.9	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	71.5	74.1	23.7%	22.3%	-13.0%	2.5	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	88.0	90.0	37.2%	31.9%	-7.3%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	74.0	76.0	32.2%	29.7%	-12.1%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	78.8	80.7	17.6%	16.7%	-10.6%	2.5	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	40.0	45.0	59.0%	51.4%	-50.3%	2.1	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	81.2	83.0	37.3%	33.6%	-11.8%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	79.0	80.2	17.3%	16.8%	-10.6%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	77.0	79.0	68.9%	63.9%	-16.1%	0.6	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.0	78.0	29.0%	26.2%	-17.7%	1.4	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

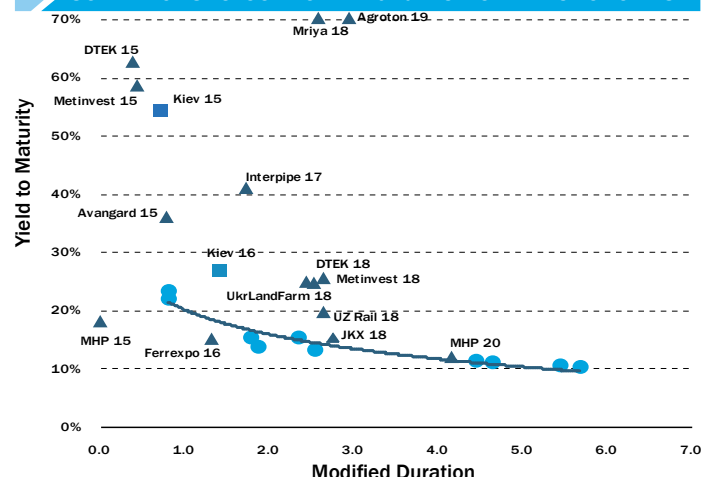
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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			19.0%	15.5%	n/a	14.30%	S/A	20 May 2015	n/a
UA4000142665			21.0%	16.5%	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			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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