

Market Update

Equity

Ukraine's stock market ended essentially unchanged on Thursday (Oct 30), with the UX index inching up by 0.1% to close at 1105 points. Investors digested a number of comments from Kyiv and Moscow officials regarding the latest round of gas talks in Brussels ahead of a temporary deal to get the sides through this winter. Among actively traded stocks, Azovstal (AZST) and Raiffeisen Aval (BAVL) shed 1.6% and 0.6% respectively, while UkrNafta (UNAF) added 1.6% to UAH 270 and Motor Sich (MSICH) climbed 1.1%. In second-division names, DniproEnergo (DNEN) declined further by 4.0% to just below UAH 700 correcting after rallying sharply over the past two months. In London, the main Ukrainian names finished notably lower. MHP (MHPC) fell 6.4% to USD 10.2, Ferrexpo (FXPO) lost 4.2% and JKC Oil&Gas (JKX) edged down by 0.3%. Warsaw-listed Kernel (KER) retreated by 2.9% after five sessions of growth, while Ovostar (OVO) gained 2.1% to close at PLN 73.50 per share.

Fixed Income

Ukrainian benchmark sovereigns were nearly flat again on Thursday, with Ukraine-23s inching down by 0.2p.p. to 85.0/86.5 (10.2%/9.9%). In corporate names, UkrLandFarming-18s improved by 0.6p.p. to 63.0/66.2 (28.6%/26.6%) while DTEK-18s declined by 1.0p.p., closing at 63.0/64.0 (24.5%/23.9%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	267.60	1.6%	2.1	103
Motor Sich	MSICH	2267.00	1.1%	1.3	71
Raiffeisen Bank Aval	BAVL	0.12	-0.6%	0.6	55

Growth Leaders

Ukrnafta	UNAF	267.60	1.6%	2.11	103
Yenakievo Steel	ENMZ	28.23	1.3%	0.00	15
Motor Sich	MSICH	2267.00	1.1%	1.25	71

Loss Leaders

Azovstal	AZST	0.77	-1.5%	0.322	54
Kryukiv Wagon	KVBZ	13.72	-0.9%	0.033	20
Poltavsky GOK	PGOK	16.80	-0.9%	0.034	9

Highlights

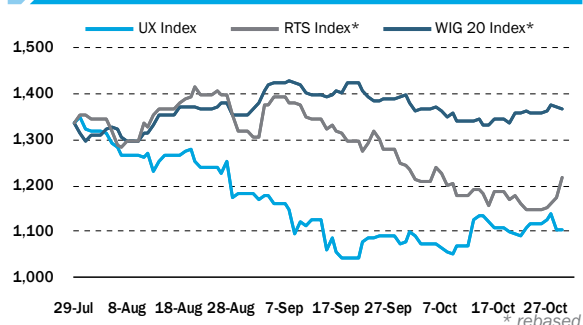
POLITICS AND ECONOMICS

- > Ukraine, Russia Strike Winter Gas Deal at USD 378/tcm
- > UkrStat: GDP Fell by 5.1% YoY in 3Q14

STOCKS IN THE NEWS

- > Avdyivka Coke Ended 9M14 with Net Loss of UAH 687mn

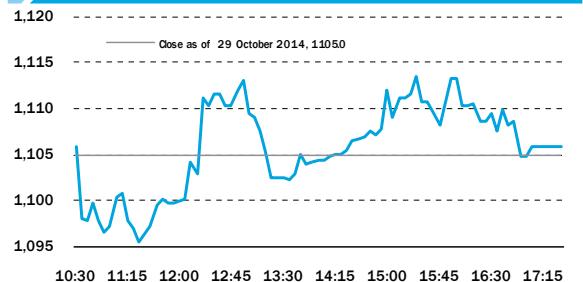
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1106.0	0.1%	3.0%	21.5%
RTS	1098.7	3.7%	-2.4%	-23.8%
WIG20	2441.7	-0.3%	-1.8%	1.7%
MSCI EM	1007.5	0.3%	-0.2%	0.6%
S&P 500	1994.7	0.6%	0.9%	8.3%

UX INTRADAY OCTOBER 30, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	336.1	0.2%	1.7%	1.6%
CDS 5Y UKR	1209.9	3.2%	-7.4%	47.5%
Ukraine-17	11.3%	-0.3 p.p.	-1.2 p.p.	2.3 p.p.
Ferrexpo-16	11.9%	-0.1 p.p.	-2.7 p.p.	3.1 p.p.
Ukraine-23	10.0%	0.0 p.p.	-0.3 p.p.	2.5 p.p.
Privatbank-16	41.9%	0.2 p.p.	0.3 p.p.	21.5 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	13.00	0.0%	0.4%	57.8%
EUR	16.40	-0.2%	-0.2%	44.2%
RUB	0.31	3.9%	-4.7%	24.5%

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%	-6.5%	-6.5%
Oil, USD/bbl	86.2	-1.0%	-11.8%	-19.6%
Gold, USD/oz	1198.8	-1.1%	-1.4%	0.2%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Ukraine, Russia Strike Winter Gas Deal at USD 378/tcm

by Dmitry Churin
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NEWS

Ukraine, Russia, and the European Union signed a deal on Thursday (Oct 30) on the resumption of Russian natural gas supplies to Ukraine for this winter, according to a press release after a meeting in Brussels. The temporary price for the fuel was set at USD 378 per 1,000 cubic meters, which was unofficially confirmed by Gazprom. The EU has said previously that Ukraine would settle its energy debt to Russia with a USD 1.45bn payment by the end of the month and USD 1.65bn more by the end of the year. Ukraine will then start importing gas under an advance payment regime.

Prime Minister Arseniy Yatseniuk said in Kyiv that the EU has agreed to serve as a guarantor in holding Russia to the agreement, notably on the price Ukraine would pay.

COMMENTARY

We are skeptical that this deal actually represents a breakthrough in Ukraine-Russia gas relations, as none of the fundamental disagreements over basic pricing, take-or-pay minimum volumes, or Ukraine's debt for previously supplied gas have been resolved; in addition, no details on financing structure were provided, and we therefore suppose that the international media may be over-estimating the significance of last night's agreement. Ukraine's long-standing demand for a summer per-unit "market" gas price of USD 322 was not addressed. The agreed price of USD 378 for this winter was a modest 2% lower than the long-demanded price by Moscow of USD 385, and will fall to 365 for the Jan-Mar period based on falling oil prices. Although the temporary contract between Gazprom and Naftogaz provides short-term relief to all sides, the questions of where Ukraine is going to get financing, and how the EU will react if it is forced to deliver on its guarantee of payment by Kyiv, loom large. We estimate that the National Bank currently has only about USD 14bn in foreign reserves and that access to any additional sources of foreign currency is quite limited. Assuming that Kyiv can use the proceeds from its IMF loan to secure gas flow this winter is also questionable, as the next IMF tranche under the stand-by program will not arrive earlier than January. Thus we suspect that the Ukrainian government might effectively need to resort to printing money to pay the gas bill, which will definitely put more pressure on the already-beaten-down value of the hryvnia.

UkrStat: GDP Fell by 5.1% YoY in 3Q14

by Dmitry Churin
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NEWS

Ukraine's GDP fell by 5.1% YoY in 3Q14, compared to a drop of GDP by 4.7% YoY in 2Q14 according to preliminary data from the State Statistics Committee (UkrStat) published on Thursday (Apr 30). The data also showed that the country's seasonally adjusted GDP decreased by 2.1% on a quarterly basis in the period.



Source: State Statistics Committee, Eavex Research

COMMENTARY

The GDP figure for 3Q14 of only -5% YoY clearly looks to have been over-reported by the state agency given the huge drop in economic output in war-hit Donetsk and Lugansk oblasts during the period. We also can assume that UkrStat removed Crimea from the 2013 comparison base, since including it would have led to an additional 3% YoY a priori decline in the figure. Another factor that limited the GDP decline was favorable harvest weather in September that boosted results for the agro sector, but 2013's high harvest comparison base from October simply means that a year-on-year agro decline will show up in 4Q14. Officially-reported industrial production in Ukraine rebounded by 4.5% MoM in September due to the cease-fire agreement for the Donbass, although UkrStat clearly has no ability to collect figures for the occupied territories. Our revised forecast for the full-year GDP contraction is -7.5%, compared to the -5.7% forecast we made in July.

Avdyivka Coke Ended 9M14 with Net Loss of UAH 687mn

by Ivan Dzvinka
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AVDYIVKA COKE (AVDK UK)

Price: UAH 2.60 Market Cap: USD 39mn

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

NEWS

Avdyivka Coke, Ukraine's largest coke maker in terms of installed capacity, on Thursday (Oct 31) reported a 9% YoY decline in UAH-denominated net revenue for 9M14 to UAH 5.11bn on the back of a 22% drop in coke output over the period. The company's EBITDA fell heavily into the red to UAH -566mn compared to UAH +286mn in 9M13. On the bottom line, Avdyivka had a net loss of UAH 687mn for 9M14 vs. net profit of UAH 17mn in 9M13. In the third quarter of this year, Avdyivka's sales halved to UAH 971mn due to a 64% YoY drop in coke output of 364,000 tonnes. EBITDA moved from positive UAH 76mn in 3Q13 to negative UAH 384mn in 3Q14. The quarterly net loss was UAH 390mn vs. nearly flat a year earlier.

COMMENTARY

The conditions of all-out war in the Donbass in August to a large extent explains Avdyivka's poor results in 3Q14. Due to several artillery attacks on its main plant, Avdyivka was shut down for more or less the entire period from mid-August through mid-October. Although Avdyivka finally resumed its operations this month, problems with delivery of inputs (mostly coking coal) remains a major issue for the plant due to damaged railway infrastructure throughout the region. Also, Avdyivka has temporarily lost access to its Metinvest intra-group coal source from the Krasnodon Mine in separatist-controlled Lugansk oblast and was thus being forced to purchase coal on the open market to make up the difference. Krasnodon accounted for some 35-40% of Avdyivka's coal supplies in 1H14. According to Metinvest, Avdyivka is now working at capacity use of around 40%, which along with logistics problems and high coal expenditures coal makes the chances for another large EBITDA loss in 4Q14 rather high.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.77	0.56	-28%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	85.9	108.0	26%	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.
Coke						
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.
Coal						
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.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	13.7	U/R	--	U/R	
LuganskTeplovoz	LTPL	1.25	U/R	--	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
Specialized Machinery						
Motor Sich	MSICH	2267	5250	132%	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	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	38.3	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	33.6	72.0	114%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.64	15.00	96%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	10.2	15.65	53%	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	31.5	90.0	186%	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	73.5	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.
Banks						
Raiffeisen Bank Aval	BAVL	0.123	0.24	95%	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	1105.96	1368.76	821.17	0.1%	-0.1%	3.0%	21.5%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.025	0.05	0.02	0.0%	-2.7%	2.9%	-35.6%	-0.1%	-2.6%	-0.2%	-57.1%
Azovstal	AZST	0.77	0.95	0.35	-1.3%	7.0%	20.3%	14.8%	-1.4%	7.1%	17.3%	-6.8%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	0.0%	-86.5%	-0.1%	0.1%	-3.0%	-108.1%
Enakievo Steel	ENMZ	28.2	65.0	17.0	1.3%	-4.9%	10.7%	-11.8%	1.2%	-4.8%	7.7%	-33.3%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-0.1%	0.1%	-3.0%	226.3%
Mariupol Ilyicha	MMKI	0.27	n/a	n/a	0.0%	3.8%	80.0%	170.0%	-0.1%	3.9%	77.0%	148.5%
Coke												
Avdyivka Coke	AVDK	2.60	3.70	1.46	-0.7%	-1.5%	14.7%	-12.2%	-0.8%	-1.4%	11.7%	-33.7%
Yasnyivsky Coking	YASK	0.46	0.84	0.30	0.0%	-2.1%	7.0%	-13.2%	-0.1%	-2.0%	3.9%	-34.7%
Iron Ore Mining												
Centralny GOK	CGOK	7.35	n/a	n/a	0.0%	-4.5%	-4.5%	13.1%	-0.1%	-4.4%	-7.6%	-8.5%
Ferrexpo	FXPO	85.9	199.0	85.0	-4.2%	-3.5%	-25.4%	-55.1%	-4.3%	-3.4%	-28.4%	-76.6%
Pivnichny GOK	SGOK	8.60	9.80	4.50	0.0%	0.0%	3.7%	7.5%	-0.1%	0.1%	0.7%	-14.0%
Coal Mining												
Pokrovske Mine	SHCHZ	0.47	0.79	0.10	0.0%	27.0%	9.3%	17.5%	-0.1%	27.1%	6.3%	-4.0%
Komsomolets Donbasa	SHKD	0.83	n/a	n/a	0.0%	0.0%	18.6%	33.9%	-0.1%	0.1%	15.5%	12.3%
Energy Coal	CLE	0.82	2.49	0.55	-2.4%	5.1%	-13.7%	-21.9%	-2.5%	5.2%	-16.7%	-43.4%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	-0.1%	0.1%	-3.0%	-56.3%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.56	1.01	0.32	0.0%	0.0%	12.0%	-6.7%	-0.1%	0.1%	9.0%	-28.2%
Interpipe NMPP	NVTR	0.30	n/a	n/a	-21.1%	-21.1%	-14.3%	42.9%	-21.1%	-20.9%	-17.3%	21.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	13.7	25.0	10.0	-0.9%	-3.7%	-13.2%	-20.7%	-1.0%	-3.5%	-16.2%	-42.2%
Luhanskeplovoz	LTPL	1.25	1.80	0.85	0.0%	-3.8%	0.0%	-16.7%	-0.1%	-3.7%	-3.0%	-38.2%
Stakhanov Wagon	SVGZ	1.22	n/a	n/a	0.0%	0.0%	37.1%	-6.2%	-0.1%	0.1%	34.0%	-27.7%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	-10.6%	-23.3%	-13.0%	21.5%	-10.6%	-23.2%	-16.0%	0.0%
Motor Sich	MSICH	2,267	2,879	1,507	1.2%	-5.1%	1.8%	24.3%	1.1%	-5.0%	-1.2%	2.8%
Summy Frunze Engineering	SMASH	5.00	n/a	n/a	0.0%	-1.2%	-27.5%	100.0%	-0.1%	-1.1%	-30.6%	78.5%
Turboatom	TATM	6.00	n/a	n/a	0.0%	0.0%	33.3%	71.4%	-0.1%	0.1%	30.3%	49.9%
WESTA ISIC	WES	0.30	0.80	0.21	0.0%	0.0%	3.4%	-25.0%	-0.1%	0.1%	0.4%	-46.5%
Telecom												
Ukrtelecom	UTLM	0.19	0.20	0.09	0.0%	0.0%	3.9%	70.0%	-0.1%	0.1%	0.9%	48.5%
Oil & Gas												
Regal Petroleum	RPT	6.25	16.00	4.88	0.0%	-3.8%	-24.2%	-51.0%	-0.1%	-3.7%	-27.3%	-72.5%
JKX Oil	JKX	38.25	75.00	36.00	-0.3%	2.3%	-19.5%	-46.7%	-0.4%	2.4%	-22.5%	-68.2%
Ukrnafta	UNAF	268	375	54	1.6%	-1.6%	-16.6%	146.4%	1.5%	-1.5%	-19.6%	124.9%
Power Utilities												
Centrenerg	CEEN	7.64	8.70	3.00	0.3%	0.6%	4.9%	60.2%	0.2%	0.7%	1.9%	38.7%
Donbasenergo	DOEN	33.6	50.2	11.0	-0.5%	5.4%	22.2%	21.9%	-0.6%	5.5%	19.2%	0.4%
Zakhidenergo	ZAEN	160.4	199.8	76.0	0.0%	-1.0%	9.2%	77.4%	-0.1%	-0.9%	6.2%	55.9%
Consumer												
Agroton	AGT	2.08	5.5	1.79	0.0%	11.8%	0.0%	6.7%	-0.1%	11.9%	-3.0%	-14.9%
Astarta	AST	31.5	68.0	31.5	0.0%	-5.1%	-18.2%	-52.9%	-0.1%	-5.0%	-21.2%	-74.4%
Avangardo	AVGR	6.5	12.9	6.30	3.2%	0.0%	-18.5%	-44.7%	3.1%	0.1%	-21.5%	-66.2%
Industrial Milk Company	IMC	7.20	14.10	6.50	1.4%	7.3%	4.0%	-40.7%	1.3%	7.4%	1.0%	-62.3%
Kernel	KER	25.7	45.1	22.0	-2.9%	11.2%	3.3%	-32.4%	-3.0%	11.3%	0.2%	-54.0%
Mriya Agro Holding	MAYA	0.68	6.0	0.58	10.0%	18.8%	-52.9%	-87.4%	9.9%	18.9%	-55.9%	-108.9%
MHPC	MHPC	10.2	18.5	10.14	-6.4%	-10.5%	-11.4%	-40.0%	-6.5%	-10.4%	-14.4%	-61.6%
Milkiland	MLK	3.20	13.7	3.20	-8.6%	-8.0%	-16.4%	-74.4%	-8.7%	-7.9%	-19.5%	-95.9%
Ovostar Union	OVO	73.5	102.0	59.4	2.1%	6.5%	5.0%	-26.5%	2.0%	6.6%	2.0%	-48.0%
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
Chemicals												
Stirol	STIR	9.2	n/a	n/a	0.0%	-2.0%	-19.6%	-26.4%	-0.1%	-1.9%	-22.6%	-47.9%
Banks												
Raiffeisen Bank Aval	BAVL	0.123	0.190	0.091	-0.3%	0.8%	-3.3%	8.6%	-0.4%	0.9%	-6.3%	-12.9%
UkrSotsbank	USCB	0.151	0.205	0.090	0.0%	8.6%	4.6%	-19.5%	-0.1%	8.7%	1.6%	-41.0%

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	1,400	-181	-31	25	neg	neg	1.8%	-333	-308	33	neg	neg	2.4%
Coke																
Avdyivka Coke	AVDK	1,090	914	555	-112	46	-42	neg	5.0%	neg	-137	-6	-17	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	765	69	94	47	6.2%	10.3%	6.1%	29	60	22	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	2,393	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
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	1,398	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	361	337	327	\$/tonne
Yenakievo Steel	ENMZ	23	8.8%	2	19	2.7	neg	neg	neg	0.9	0.6	0.0	0.0	0.0	7	7	7	\$/tonne
Azovstal	AZST	249	3.0%	7	238	neg	neg	7.5	neg	neg	9.5	0.1	0.1	0.2	52	53	52	\$/tonne
Coke																		
Avdyivka Coke	AVDK	39	6.8%	3	-9	neg	neg	neg	neg	-0.2	neg	0.0	0.0	0.0	-2	-2	-2	\$/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	663	0.3%	2	661	7.0	3.4	4.1	2.8	2.1	2.4	1.1	1.0	1.0				
Pivnichny GOK	SGOK	1,524	0.4%	6	1,518	3.5	2.8	3.3	2.0	1.7	1.9	1.1	0.9	1.0				
Ferrexpo	FXPO	810	24.0%	194	1,489	3.8	3.1	2.9	3.7	2.9	3.0	1.0	0.9	1.0				
Coal Mining																		
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	37	25.0%	9	147	1.0	neg	neg	2.3	7.0	16.4	0.9	1.2	1.5	2.3	7.0	16.4	\$/tonne
Pipe Manufacturing																		
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
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	21	24.0%	5	58	4.4	1.1	0.9	2.0	1.6	1.5	0.3	0.2	0.2				
Kruiw Wagon	KVBZ	121	5.0%	6	110	1.3	2.9	neg	0.8	2.2	8.3	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				
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	362	24.0%	87	354	1.8	2.1	1.9	1.1	1.3	1.4	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	269	7.2%	19	573	5.9	15.8	10.2	2.8	3.0	3.3	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,116	3.0%	33	1,110	6.3	>30	6.9	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	106	50.4%	53	214	neg	16.3	13.6	1.6	3.2	3.1	1.1	1.2	1.1	39	29	29	\$/boe
Electric Utilities																		
CentrEnergO	CEEN	217	21.7%	47	204	7.5	3.6	9.7	3.0	2.2	4.3	0.2	0.2	0.3	11	15	13	\$/MWh
DonbasEnergO	DOEN	61	14.2%	9	121	16.0	0.9	1.5	3.8	1.7	2.7	0.2	0.2	0.2	15	16	15	\$/MWh
Consumer																		
MHP	MHPC	1,078	34.1%	368	2,227	3.5	6.6	neg	4.8	5.7	4.7	1.6	1.5	1.7				
Kernel	KER	622	61.8%	384	1,306	3.0	5.9	neg	4.1	4.5	5.9	0.6	0.5	0.5				
Astarta	AST	239	37.0%	89	560	4.1	7.0	2.9	5.1	6.2	4.1	1.2	1.1	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	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	285	3.5%	10		>30	3.2	neg	0.4	0.3	0.5	0.05	0.05	0.07				
Ukrsotsbank	USCB	214	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

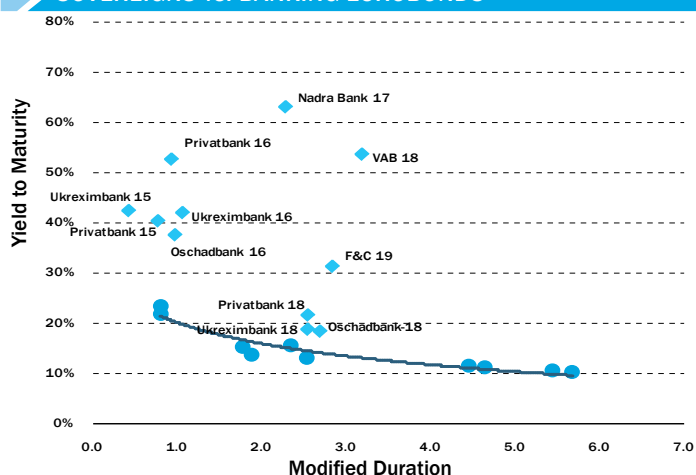
UKRAINIAN EUROBONDS

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)	88.6	90.8	25.2%	20.6%	-6.6%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.2	92.7	25.2%	21.9%	-5.8%	0.8	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	88.2	89.7	14.7%	13.6%	-5.4%	1.7	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	89.6	90.9	12.9%	12.1%	-4.3%	1.8	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	87.9	89.4	12.4%	11.7%	-4.5%	2.5	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	90.6	91.7	14.7%	14.1%	-8.1%	2.3	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	81.5	83.0	19.9%	18.9%	-0.5%	2.3	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	80.5	82.0	17.1%	16.3%	3.5%	2.8	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	87.9	89.4	11.1%	10.7%	-4.7%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	88.1	90.1	10.9%	10.4%	-4.9%	4.6	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	86.8	88.3	10.4%	10.1%	-3.8%	5.4	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.0	86.5	10.2%	9.9%	-5.2%	5.9	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	30.0	35.1	91.1%	67.9%	-37.6%	1.4	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	98.5	100.5	13.5%	9.2%	-3.9%	0.5	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	86.4	88.3	11.7%	11.2%	-2.3%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	85.0	90.0		36.7%	-10.7%		10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	63.0	66.2	28.6%	26.6%	-28.4%	2.4	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016	20.0	25.0	196.9%	162.4%	-77.6%	0.5	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	20.0	25.0	82.1%	69.2%	-74.2%	1.8	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	86.1	87.6	44.3%	40.0%	-14.8%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	63.0	64.0	24.5%	23.9%	-32.6%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	79.0	82.0	61.0%	52.2%	-21.5%	0.4	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	68.9	71.2	25.2%	23.6%	-26.2%	2.4	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	94.1	95.5	15.1%	13.4%	-3.2%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	71.1	74.1	21.5%	20.0%	-20.8%	2.6	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	52.0	60.0	58.9%	40.7%	-32.4%	1.5	10.25%	S/A	2 Aug 2017	200	//
JXX Oil&Gas, 2018	82.7	85.1	19.0%	17.9%	-24.4%	2.7	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
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	70.2%	59.4%	-41.0%	2.2	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	76.0	80.0	44.9%	37.8%	-14.3%	0.7	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	65.0	69.0	57.7%	48.2%	-11.8%	0.9	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	75.6	78.5	21.5%	20.0%	-7.9%	2.5	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	88.0	90.0	37.7%	32.2%	-7.3%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	73.0	75.0	33.6%	31.1%	-13.2%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	79.0	80.4	17.6%	16.9%	-10.7%	2.5	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	40.0	45.0	59.3%	51.7%	-50.3%	2.1	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	81.0	82.6	38.2%	34.8%	-12.1%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	79.1	80.3	17.3%	16.8%	-10.4%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	78.0	81.0	58.1%	53.1%	-14.5%	0.6	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.0	80.0	29.1%	24.5%	-16.6%	1.4	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

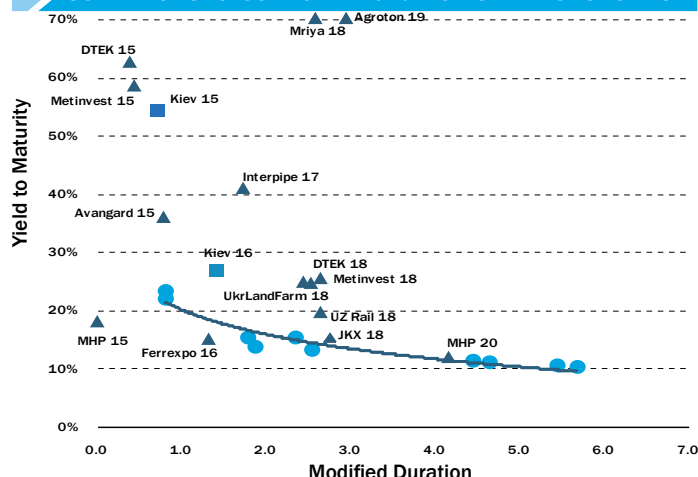
¹ Moody's/S&P/Fitch; * EUR

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			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
USD denominated Bonds									
UA4000142699	n/a	n/a	14.0%	12.0%	n/a	9.45%	S/A	22 Apr 2015	n/a
UA4000141071	n/a	n/a	14.0%	12.0%	n/a	9.45%	S/A	27 May 2015	n/a
UA4000142673	n/a	n/a	14.0%	12.0%	n/a	4.50%	S/A	17 Jun 2015	n/a
EUR denominated Bonds									
UA4000142681	n/a	n/a	12.5%	12.0%	n/a	4.80%	S/A	6 May 2015	n/a
VAT Bonds									
UA4000082531			20.0%	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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