

Market Update

Equity

Kyiv-listed stocks ended mostly in the black on Friday (Oct 31) with the announcement of the latest gas deal between Kyiv and Moscow providing a basis for a rally in beaten-down local equities. However, the local benchmark pared its intraday gain of more than 2%, ending higher by a modest 0.8% at 1114 points. Azovstal (AZST) made the largest contribution to the gauge's growth, advancing by 4.2%, and Motor Sich picked up 0.9% to UAH 2287. Volume leader UkrNafta (UNAF) added 2.1% on turnover of UAH 3.3mn. Meanwhile, Raiffeisen Aval (BAVL) and CentrEnergy (CEEN) edged lower by 0.2% and 0.6% respectively. In second-tier names, UkrTelecom (UTLM) sold off by 9.8% to 18 kopecks. In London, MHP (MHPC) ended a lengthy run of declines by rebounding 3.9% to USD 10.65, while Ferrexpo (FXPO) lost 2.0% to GBp 84.20. Warsaw-listed Ukrainian names were broadly higher, with Kernel (KER) and Ovostar (OVO) gaining 3.0% and 1.9% respectively.

Fixed Income

Ukrainian sovereigns were nearly flat again on Friday with Ukraine-23s inching up by 0.1p.p. to finish at 85.1/86.6 (10.2%/9.9%). Corporate names performed somewhat better. DTEK-18s improved by 1.0p.p. to 64.0/65.0 (23.9%/23.3%) and Metinvest-18s rose 0.5p.p., closing at 71.0/71.0 (23.8%/23.8%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	273.30	2.1%	3.3	72
Centrenerg	CEEN	7.61	-0.7%	1.2	167
Raiffeisen Bank Aval	BAVL	0.12	-0.2%	0.6	30

Growth Leaders

Mariupol Heavy Machine	MZVM	0.18	7.1%	0.60	66
Azovstal	AZST	0.80	4.2%	0.08	50
Ukrnafta	UNAF	273.30	2.1%	3.28	72

Loss Leaders

Alchevsk Steel	ALMK	0.02	-2.0%	0.102	39
Avdyivka Coke	AVDK	2.56	-1.7%	0.015	23
Yenakievo Steel	ENMZ	27.77	-1.6%	0.277	28

Highlights

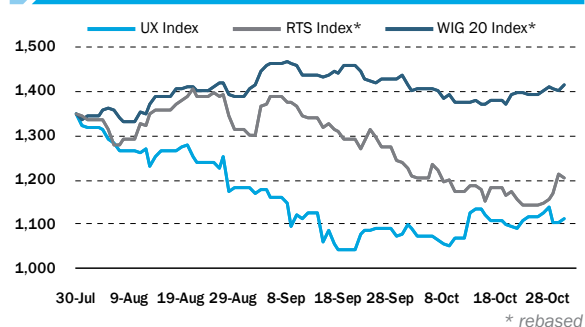
POLITICS AND ECONOMICS

- > Kyiv Providing Free Gas to Donbass Separatist Republics

FIXED INCOME

- > Metinvest's Processed Steel Output Slumped 40% QoQ in 3Q14
- > Moody's Considers Refinancing Offer of Metinvest as Highly Risky

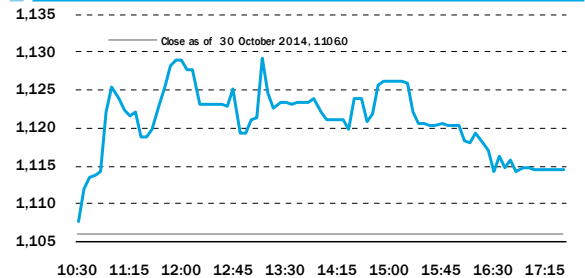
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1114.4	0.8%	3.5%	22.5%
RTS	1091.4	-0.7%	-2.9%	-24.3%
WIG20	2463.7	0.9%	-1.5%	2.6%
MSCI EM	1016.1	0.8%	1.1%	1.4%
S&P 500	2018.1	1.2%	2.3%	9.6%

UX INTRADAY OCTOBER 31, 2014



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	331.6	-1.3%	-0.6%	0.2%
CDS 5Y UKR	1189.5	-1.7%	-8.8%	45.0%
Ukraine-17	11.3%	0.0 p.p.	-1.2 p.p.	2.3 p.p.
Ferrexpo-16	12.3%	0.0 p.p.	-3.1 p.p.	3.4 p.p.
Ukraine-23	10.0%	0.0 p.p.	-0.4 p.p.	2.5 p.p.
Privatbank-16	42.0%	0.1 p.p.	0.3 p.p.	21.6 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	13.00	0.0%	0.4%	57.8%
EUR	16.29	-0.7%	-0.4%	43.2%
RUB	0.30	-5.2%	-9.4%	18.0%

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	85.9	-0.4%	-9.9%	-20.0%
Gold, USD/oz	1173.5	-2.1%	-2.9%	-1.9%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Kyiv Providing Free Gas to Donbass Separatist Republics

by Will Ritter
w.ritter@eavex.com.ua

NEWS

Andriy Kobolev, the CEO of Naftogaz, acknowledged that the state-owned energy monopoly has continued to provide natural gas to the separatist-occupied territories in Donetsk and Lugansk provinces throughout 2014 even though the gas is not being paid for. The CEO's comments came on the widely viewed national talk show "Shuster Live" on Friday (Oct 31). Local media have estimated the value of the free gas provided to Donetsk and Lugansk this year at UAH 7bn (USD 550mn). This money ultimately comes from the national budget via "recapitalization bonds" issued by the state. Kobolev said the Naftogaz distribution system is all-or-nothing, and only the entire oblast grid can be disconnected in a situation that he called "Gas for everyone, or gas for no one". Meanwhile, on Sunday (Nov 2), the occupied territories held elections that saw current separatist leaders Alexander Zaxarchenko (Donetsk) and Igor Plotnitsky (Lugansk) chosen as presidents of their respective regions by overwhelming margins.

COMMENTARY

The situation with the enormous supplies of unpaid gas to the separatist-controlled regions is indicative of the Poroshenko government's ongoing failure to reform Ukraine's energy sector. Kyiv's insistence on maintaining the political charade that the occupied Donbass territories are still part of Ukraine, and thus that it is necessary to provide heating to residents there, is placing an unsustainable financial strain on the rest of the country. While no Western governments will recognize yesterday's Donbass elections, which were held in grossly substandard conditions, it is not the West's recognition that matters here, but Moscow's; Russian support will cement the status of the region as a new "frozen conflict" quasi-state similar to, but larger than, those existing in Georgia and Moldova. We think the Ukrainian authorities have no choice but to leave the occupied Donbass behind and move ahead with the major economic reforms which they have promised the West in return for financial assistance.

Metinvest's Processed Steel Output Slumped 40% QoQ in 3Q14

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

NEWS

Metinvest, Ukraine's largest metals and mining holding, reported on Thursday (Oct 30) that its hot metal output declined by 44% QoQ in the third quarter to 1.65mn tonnes, crude steel production dropped by 42% QoQ to 1.73mn tonnes, and processed steel output was down by 40% QoQ to 1.85mn. Iron ore concentrate production decreased by 8% QoQ to 8.44mn tonnes, while tradable ore output rose by 11% QoQ to 5.88mn tonnes. Coking coal output was down by 15% QoQ to 954,000 tonnes.

In 9M14, hot metal and crude steel output dropped by 14% and 21% YoY to 7.41mn and 7.46mn tonnes, respectively. Iron ore output decreased by 5% YoY to 26.45mn tonnes with tradable ore production up by 1% to 16.49mn tonnes. Coking coal output declined by 24% YoY to 3.32mn tonnes.

COMMENTARY

The steep decline in Metinvest's operational results was expected due to the war in the Donbass, the most severe phase of which was taking place in 3Q14. Active military actions caused significant problems with electricity supplies and also destroyed railway infrastructure in the region, forcing some of Metinvest's major assets to suspend production (Avdyivka Coke, Yenakievo Steel, Makyivka Steel, Khartyzsk Pipe, Donetsk Coke) while other assets had to significantly reduce capacity use (Krasnodon Coal, Azovstal, MMK Illich). Lower steel output resulted in lower in-house use of iron ore, which was only partially offset by increased external iron ore sales (mostly to export customers). While the situation in October improved for the group following the renewal of operations at Yenakievo Steel, Avdyivka Coke and Khartyzsk Pipe, as well as scheduled expansion in capacity use at Azovstal and MMK Illich, the main problem still on the table is transportation logistics, leaving a high risk of further interruption of production in the near term. Thus, while the operating results for the fourth quarter should improve compared to 3Q, they will remain far below the normal levels of last year.

Moody's Considers Refinancing Offer of Metinvest as Highly Risky

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

NEWS

Credit agency Moody's said it considers the refinancing offer from Metinvest on its USD 500mn bonds with maturity in October 2015 as highly risky, Interfax reported, citing the agency's release on Friday (Oct 31). While Moody's stated that the action will not have direct impact on the corporate rating of the group, the agency could treat the offer as a default due to its terminology, and thus it will likely downgrade the group's rating to Limited Default/Probable Default in case the offer is realized.

In mid-October, Metinvest asked its 2015 bondholders to exchange each USD 1000 of its bonds for USD 200 in cash and USD 800 in new bonds with maturity in November 2017 and a coupon of 10.50%. Metinvest said it will go ahead with the exchange if holders of at least USD 450mn of bonds agree to the offer.

COMMENTARY

This is a case when the methodology of credit agencies looks wildly inconsistent, as in a single sentence the agency says two things diametrically opposite in meaning regarding the effect of the restructuring offer on Metinvest's rating. More importantly, we presume that if the bondholders accept Metinvest's offer, this will indeed reduce the risk of the group's default in the short run. In the face of a natural reluctance from the side of bondholders to accept the offer, we do not rule out that Metinvest could reduce the approval threshold from 90% to 80% or even lower (the group is entitled to do so in the bond prospectus).

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.80	0.56	-31%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	84.2	108.0	28%	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	7.90	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	2.56	U/R	--	Susp.	Avdyivka Coke was forced to shut down operations amid military conflict in the region.
Yasynivsky Coke	YASK	0.42	U/R	--	U/R	Yasynivsky Coke reported net loss of UAH 22mn for FY13 which was the first negative bottom line since 2004.
Coal						
Pokrovske Mine	SHCHZ	0.43	2.9	586%	BUY	We expect Pokrovske Mine to double its coking coal extraction to 9.5mn tonnes over 2010-15.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	13.9	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	2287	5250	130%	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	33.9	72.0	112%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.61	15.00	97%	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	10.6	15.65	48%	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	74.9	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	1114.38	1368.76	821.17	0.8%	-0.1%	3.5%	22.5%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.025	0.05	0.02	-1.6%	-6.1%	-0.8%	-36.6%	-2.4%	-6.0%	-4.3%	-59.1%
Azovstal	AZST	0.80	0.95	0.35	4.2%	6.9%	22.5%	19.6%	3.4%	7.1%	19.0%	-2.9%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	0.0%	-86.5%	-0.8%	0.1%	-3.5%	-109.0%
Enakievo Steel	ENMZ	27.8	65.0	17.0	-1.6%	-5.8%	7.7%	-13.2%	-2.4%	-5.6%	4.3%	-35.7%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-0.8%	0.1%	-3.5%	225.4%
Mariupol Ilyicha	MMKI	0.29	n/a	n/a	7.4%	7.4%	107.1%	190.0%	6.6%	7.5%	103.7%	167.5%
Coke												
Avdivka Coke	AVDK	2.56	3.70	1.46	-1.7%	-3.8%	8.9%	-13.6%	-2.4%	-3.7%	5.4%	-36.1%
Yasynivsky Coking	YASK	0.42	0.84	0.30	-8.7%	-10.6%	-4.5%	-20.8%	-9.5%	-10.5%	-8.0%	-43.2%
Iron Ore Mining												
Centralny GOK	CGOK	7.90	n/a	n/a	7.5%	12.2%	9.7%	21.5%	6.7%	12.3%	6.3%	-0.9%
Ferrexpo	FXPO	84.2	199.0	84.2	-2.0%	-3.4%	-25.1%	-55.9%	-2.7%	-3.3%	-28.5%	-78.4%
Pivnichny GOK	SGOK	8.60	9.80	4.50	0.0%	0.0%	7.5%	7.5%	-0.8%	0.1%	4.0%	-15.0%
Coal Mining												
Pokrovske Mine	SHCHZ	0.43	0.79	0.10	-8.5%	-8.5%	0.0%	7.5%	-9.3%	-8.4%	-3.5%	-15.0%
Komsomolets Donbasa	SHKD	0.83	n/a	n/a	0.0%	0.0%	16.9%	33.9%	-0.8%	0.1%	13.4%	11.4%
Energy Coal	CLE	0.83	2.49	0.55	1.2%	3.7%	-11.7%	-21.0%	0.5%	3.9%	-15.2%	-43.4%
Mining Machinery												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	-0.8%	0.1%	-3.5%	-57.2%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.46	1.01	0.32	-17.9%	-17.9%	-14.8%	-23.3%	-18.6%	-17.7%	-18.3%	-45.8%
Interpipe NMPP	NVTR	0.36	n/a	n/a	20.0%	-5.3%	2.9%	71.4%	19.2%	-5.1%	-0.6%	49.0%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	13.9	25.0	10.0	1.0%	-2.4%	-11.0%	-19.9%	0.3%	-2.3%	-14.5%	-42.3%
Luhanskeplovoz	LTPL	1.25	1.80	0.85	0.0%	-3.8%	8.7%	-16.7%	-0.8%	-3.7%	5.2%	-39.1%
Stakhanov Wagon	SVGZ	0.80	n/a	n/a	-34.4%	-34.4%	-13.0%	-38.5%	-35.2%	-34.3%	-16.5%	-60.9%
Specialized Machinery												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	-23.3%	-15.0%	21.5%	-0.8%	-23.2%	-18.5%	-0.9%
Motor Sich	MSICH	2,287	2,879	1,507	0.9%	-3.7%	2.2%	25.4%	0.1%	-3.6%	-1.2%	2.9%
Sumy Frunze Engineering	SMASH	5.40	n/a	n/a	8.0%	8.0%	8.0%	116.0%	7.2%	8.1%	4.5%	93.5%
Turboatom	TATM	6.00	n/a	n/a	0.0%	0.0%	33.3%	71.4%	-0.8%	0.1%	29.9%	49.0%
WESTA ISIC	WES	0.30	0.80	0.21	0.0%	3.4%	7.1%	-25.0%	-0.8%	3.6%	3.7%	-47.5%
Telecom												
Ukrtelecom	UTLM	0.18	0.20	0.09	-3.7%	-3.7%	0.0%	63.6%	-4.5%	-3.6%	-3.5%	41.2%
Oil & Gas												
Regal Petroleum	RPT	6.25	16.00	4.88	0.0%	-3.8%	-24.2%	-51.0%	-0.8%	-3.7%	-27.7%	-73.4%
JXX Oil	JKX	38.25	75.00	36.00	0.0%	0.7%	-20.7%	-46.7%	-0.8%	0.8%	-24.2%	-69.1%
Ukrnafta	UNAF	273	375	54	2.1%	-0.3%	-14.6%	151.7%	1.4%	-0.2%	-18.0%	129.2%
Power Utilities												
Centrenerg	CEEN	7.61	8.70	3.00	-0.4%	0.6%	5.4%	59.6%	-1.2%	0.7%	1.9%	37.2%
Donbasenergo	DOEN	33.9	50.2	11.0	0.8%	2.1%	20.0%	22.9%	0.0%	2.2%	16.6%	0.4%
Zakhidenergo	ZAEN	170.0	199.8	76.0	6.0%	4.9%	18.9%	88.1%	5.2%	5.1%	15.4%	65.6%
Consumer												
Agroton	AGT	2.07	5.5	1.79	-0.5%	7.8%	-2.8%	6.2%	-1.2%	7.9%	-6.3%	-16.3%
Astarta	AST	31.5	68.0	31.5	0.0%	-4.5%	-15.6%	-52.9%	-0.8%	-4.4%	-19.1%	-75.4%
Avangardo	AVGR	6.5	12.9	6.30	0.0%	0.5%	-17.7%	-44.7%	-0.8%	0.7%	-21.1%	-67.1%
Industrial Milk Company	IMC	7.34	14.10	6.50	1.9%	6.4%	9.4%	-39.6%	1.2%	6.5%	5.9%	-62.0%
Kernel	KER	26.5	45.1	22.0	3.0%	12.9%	6.4%	-30.4%	2.3%	13.0%	3.0%	-52.8%
Mriya Agro Holding	MAYA	0.68	6.0	0.58	0.0%	18.8%	-52.9%	-87.4%	-0.8%	18.9%	-56.4%	-109.8%
MHPC	MHPC	10.6	18.5	10.00	3.9%	-4.7%	-10.9%	-37.7%	3.2%	-4.6%	-14.4%	-60.1%
Milkiland	MLK	3.22	13.7	3.20	0.6%	-7.7%	-15.9%	-74.2%	-0.1%	-7.6%	-19.4%	-96.7%
Ovostar Union	OVO	74.9	102.0	59.4	1.9%	9.3%	7.0%	-25.1%	1.1%	9.4%	3.5%	-47.6%
Sintal	SNPS	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MCB Agricole	4GW1	n/a	-	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemicals												
Stirol	STIR	9.2	n/a	n/a	0.0%	-2.0%	-23.3%	-26.4%	-0.8%	-1.9%	-26.7%	-48.9%
Banks												
Raiffeisen Bank Aval	BAVL	0.123	0.190	0.091	-0.2%	0.5%	-3.5%	8.5%	-0.9%	0.6%	-6.9%	-14.0%
UkrSotsbank	USCB	0.152	0.205	0.090	0.6%	1.9%	5.3%	-19.0%	-0.2%	2.1%	1.8%	-41.4%

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	49	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	2.6	neg	neg	neg	0.9	0.6	0.0	0.0	0.0	7	7	6	\$/tonne
Azovstal	AZST	259	3.0%	8	248	neg	neg	7.8	neg	neg	9.9	0.1	0.1	0.2	54	55	54	\$/tonne
Coke																		
Avdyivka Coke	AVDK	38	6.8%	3	-10	neg	neg	neg	neg	-0.2	neg	0.0	0.0	0.0	-2	-3	-3	\$/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
Iron Ore Mining																		
Centralny GOK	CGOK	712	0.3%	2	711	7.5	3.7	4.4	3.1	2.3	2.5	1.2	1.0	1.1				
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	794	24.0%	191	1,473	3.7	3.0	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	38	25.0%	9	148	1.0	neg	neg	2.4	7.0	16.4	0.9	1.2	1.5	2.4	7.0	16.4	\$/tonne
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	92	2.0%	2	138	2.7	19.6	22.4	2.7	4.4	5.3	0.3	0.4	0.5	219	362	344	\$/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				
Kruiiv Wagon	KVBZ	122	5.0%	6	112	1.3	2.9	neg	0.8	2.2	8.4	0.1	0.2	0.8				
Stakhanov Wagon	SVGZ	14	8.0%	1	46	23.7	26.2	>30	6.5	7.9	8.5	0.1	0.3	0.3				
Specialized Machinery																		
Turboatom	TATM	114	5.8%	7	54	3.0	1.6	1.8	1.0	0.6	0.7	0.3	0.3	0.3				
Motor Sich	MSICH	366	24.0%	88	357	1.8	2.2	1.9	1.2	1.3	1.4	0.4	0.4	0.4				
Telecom																		
Ukrtelecom	UTLM	259	7.2%	19	563	5.7	15.2	9.9	2.7	3.0	3.2	0.7	0.7	0.9				
Oil & Gas																		
Ukrnafta	UNAF	1,140	3.0%	34	1,134	6.5	>30	7.1	2.5	4.0	3.5	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	216	21.7%	47	203	7.5	3.6	9.7	2.9	2.1	4.3	0.2	0.2	0.3	11	15	13	\$/MWh
DonbasEnergO	DOEN	62	14.2%	9	122	16.1	0.9	1.5	3.8	1.7	2.7	0.2	0.2	0.2	15	16	15	\$/MWh
Consumer																		
MHP	MHPC	1,120	34.1%	382	2,270	3.6	6.9	neg	4.9	5.8	4.7	1.6	1.5	1.7				
Kernel	KER	641	61.8%	396	1,325	3.0	6.1	neg	4.1	4.6	5.9	0.6	0.5	0.6				
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	18.0	0.7	0.8	0.7	n/a	n/a	n/a	
Banks																		
Raiffeisen Bank Aval	BAVL	284	3.5%	10		>30	3.2	neg	0.4	0.3	0.5	0.05	0.05	0.07				
Ukrsotsbank	USCB	215	1.0%	2		>30	>30	21.1	0.3	0.2	0.3	0.07	0.06	0.08				

Source: Eavex Research

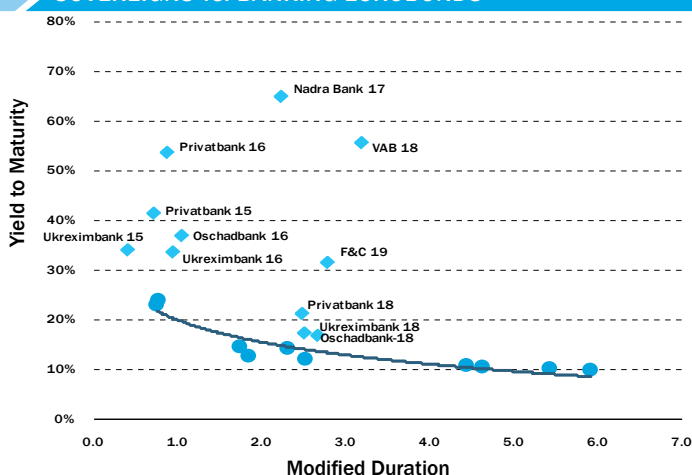
UKRAINIAN EUROBONDS

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	25.5%	20.8%	-6.5%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	91.1	92.6	25.9%	22.5%	-6.0%	0.8	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	87.6	88.6	15.2%	14.5%	-6.3%	1.7	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	89.3	90.5	13.1%	12.3%	-4.7%	1.8	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	87.8	89.3	12.5%	11.8%	-4.5%	2.5	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	90.7	92.0	14.7%	14.0%	-7.9%	2.3	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	82.5	84.5	19.3%	17.9%	1.1%	2.4	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	82.5	83.8	16.0%	15.4%	5.9%	2.8	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	88.0	89.5	11.1%	10.7%	-4.7%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	88.0	90.0	11.0%	10.5%	-5.0%	4.6	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	86.9	88.4	10.4%	10.1%	-3.8%	5.4	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	85.1	86.6	10.2%	9.9%	-5.1%	5.9	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
Corporate Eurobonds											
Agroton, 2019	30.0	35.1	92.1%	68.3%	-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	89.0	89.0	11.0%	11.0%	-0.4%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	88.6	88.6	43.3%	43.3%	-9.6%	0.8	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	64.6	64.6	27.6%	27.6%	-28.4%	2.4	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016	25.0	25.0	149.1%	149.1%	-75.1%	0.5	10.95%	S/A	30 Mar 2016	72	/SD/C
Mriya, 2018	21.8	21.8	76.7%	76.7%	-75.0%	1.7	9.45%	S/A	19 Apr 2018	400	/SD/C
DTEK, 2015	86.3	87.8	44.1%	39.8%	-14.7%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	64.0	65.0	23.9%	23.3%	-31.6%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	79.0	82.0	61.3%	52.5%	-21.5%	0.4	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	71.0	71.0	23.8%	23.8%	-25.3%	2.4	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	94.4	94.4	14.8%	14.6%	-3.6%	1.3	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	69.0	69.0	22.6%	22.6%	-24.8%	2.5	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	51.9%	34.9%	-28.5%	1.6	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	82.7	85.2	19.0%	17.9%	-24.3%	2.7	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	45.0	55.0	35.1%	28.1%	-39.8%	2.8	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	68.0	68.0	313.9%	313.9%	-31.0%	0.1	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	45.0	50.0	70.3%	59.4%	-41.0%	2.2	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	76.0	80.0	45.0%	37.9%	-14.3%	0.7	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	65.0	69.0	58.5%	48.8%	-11.8%	0.9	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	75.9	78.8	21.4%	19.9%	-7.6%	2.5	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	89.4	89.4	34.1%	34.1%	-7.0%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	73.0	75.0	33.7%	31.2%	-13.2%	0.9	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	79.2	79.2	17.5%	17.5%	-11.3%	2.5	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	40.0	45.0	59.4%	51.8%	-50.3%	2.1	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	81.0	82.5	38.8%	35.3%	-12.2%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	79.2	80.4	17.3%	16.7%	-10.4%	2.7	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	79.0	81.0	59.7%	54.7%	-13.9%	0.6	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.0	80.0	29.1%	24.5%	-16.7%	1.4	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

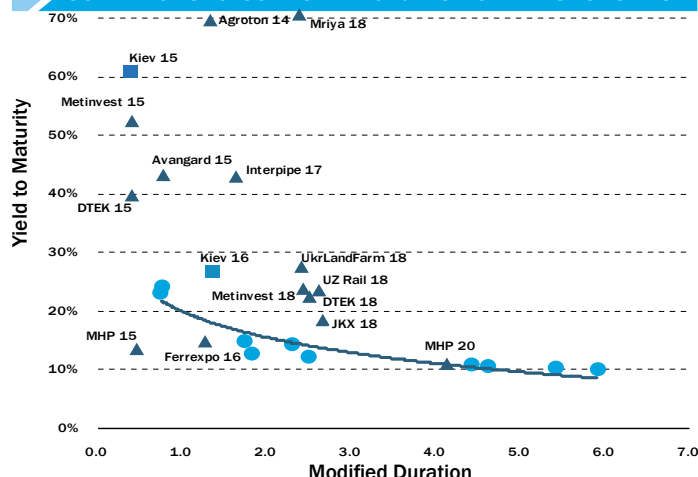
¹ Moody's/S&P/Fitch; * EUR

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			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

Eavex Capital

12, Ezhena Pottier str.
Kiev 03057
Ukraine

Telephone: +38 044 590 5454

Facsimile: +38 044 590 5464

E-mail: office@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

yuriy.yakovenko@eavex.com.ua

SALES & TRADING

Pavel Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitsky@eavex.com.ua

Alexander Klymchuk

Equity and Fixed Income

a.klymchuk@eavex.com.ua

Eugene Klymchuk

Fixed Income Sales and Trading

e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk

Equity Trading

s.shcherbaniuk@eavex.com.ua

Nazar Malinyak

Online Trading

n.malinyak@eavex.com.ua

RESEARCH

Dmitry Churin

Head of Research

d.churin@eavex.com.ua

Ivan Dzvinka

Research Associate

i.dzvinka@eavex.com.ua

Will Ritter

Research editor

w.ritter@eavex.com.ua