

**Market Update**

**Equity**

The Ukrainian local stocks finished on a minor note on Friday (Nov 7) for a second straight session amid the sharp hryvnia devaluation. The official NBU exchange rate was set at a new all-time low of 13.95 UAH/USD on Friday, while offers quoted on the interbank market reached 15.20. The UX index retreated by 0.6% to close at 1090 points. CentrEnergO (CEEN) was the only blue chip ending in the black, inching up 0.3% to UAH 7.56 per share. The most actively traded issues, UkrNafta (UNAF) and Motor Sich (MSICH), declined by 1.1% and 0.4% respectively on combined volume of UAH 2.8mn. Outside the UX basket, ZakhidEnergO (ZAEN) lost 3.1% to UAH 154. London-listed Ukrainian names were mixed, with Avangard (AVGR) dropping 3.1% to USD 6.20 while Ferrexpo (FXPO) picked up 1.7% but still lost 4.4% for the week. In Warsaw, sugar producer Astarta (AST) plummeted 13.5% to PLN 22.70 after reporting a net loss of EUR 25mn for the third quarter.

**Fixed Income**

Ukrainian sovereign Eurobonds managed to halt their recent sharp slide on Friday. Ukraine-23s edged higher by 0.4p.p. to 79.6/81.1 (11.3%/11.0%), with their spread over US Treasuries near 900bps. Corporate names finished mostly in the red. Ferrexpo-16s declined by 1.1p.p. to 92.5/94.0 (17.2%/15.2%) and UkrlandFarming-18s dropped by 1.8p.p., closing at 62.8/62.8 (28.8%/28.8%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	266.50	-1.2%	2.1	68
Motor Sich	MSICH	2299.00	-0.4%	0.8	61
CentrenergO	CEEN	7.56	0.3%	0.4	92

**Growth Leaders**

CentrenergO	CEEN	7.56	0.3%	0.38	92
DonbasenergO	DOEN	32.95	-0.1%	0.00	12
Raiffeisen Bank Aval	BAVL	0.12	-0.2%	0.01	8

**Loss Leaders**

Yasynivsky Coke	YASK	0.43	-5.9%	0.016	24
Kryukiv Wagon	KVBZ	13.35	-2.6%	0.077	30
Avdyivka Coke	AVDK	2.38	-2.2%	0.121	33

**Highlights**

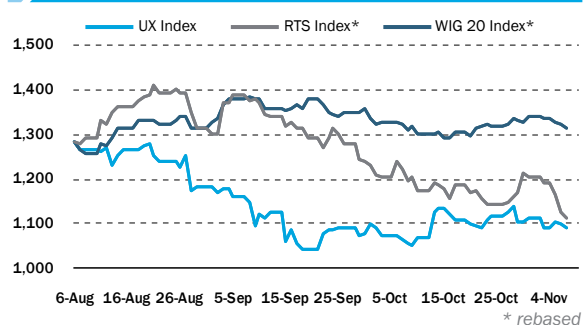
**POLITICS AND ECONOMICS**

- > New Donbass Military Activity Fraying Nerves
- > NBU Reserves Plunge USD 3.8mn to USD 12.6bn in October

**STOCKS IN THE NEWS**

- > Astarta's 9M14 EBITDA Down by 1.4% YoY to EUR 102mn

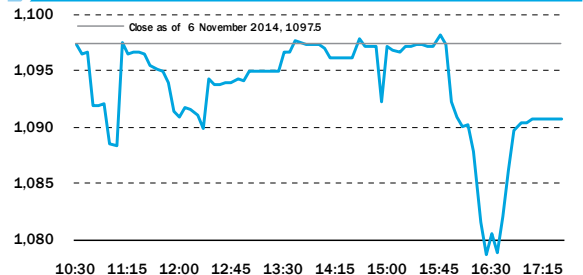
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1090.7	-0.6%	2.6%	19.8%
RTS	1007.7	-0.9%	-9.0%	-30.2%
WIG20	2417.5	-0.7%	-0.8%	0.7%
MSCI EM	987.7	-0.4%	-2.3%	-1.4%
S&P 500	2031.9	0.0%	5.0%	10.4%

**UX INTRADAY NOVEMBER 7, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	351.9	2.6%	1.6%	6.4%
CDS 5Y UKR	1310.2	1.9%	2.0%	59.7%
Ukraine-17	13.7%	-0.1 p.p.	1.8 p.p.	4.7 p.p.
Ferrexpo-16	13.3%	0.9 p.p.	-1.0 p.p.	4.4 p.p.
Ukraine-23	11.2%	-0.1 p.p.	0.9 p.p.	3.7 p.p.
Privatbank-16	42.6%	0.2 p.p.	0.5 p.p.	22.2 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	14.52	3.6%	12.1%	76.2%
EUR	18.08	4.3%	10.2%	59.0%
RUB	0.31	4.9%	-3.3%	25.0%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	222.5	0.0%	5.3%	-22.6%
Steel, USD/t	502.5	0.0%	-4.7%	-6.5%
Oil, USD/bbl	83.4	0.6%	-9.9%	-22.3%
Gold, USD/oz	1178.0	3.2%	-2.6%	-1.5%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## New Donbass Military Activity Fraying Nerves

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### NEWS

Columns of unmarked military vehicles presumably belonging to the Russian army were spotted by journalists and OSCE observers moving westward through the separatist-occupied territories in Donetsk and Lugansk provinces this weekend (Nov 8-9). The New York Times and Reuters reported heavy shelling in Donetsk city on Saturday night into Sunday morning, while the Ukrainian government claimed on Friday that it had killed 200 separatist fighters in a battle near Donetsk Airport.

### COMMENTARY

The uptick in fighting in the Donbass and the resumption of belligerent rhetoric from Kyiv has the West back on edge. However, the question that really matters here is not what happens on the currently occupied territories, but whether the separatists, backed by the Russian military, attempt to capture additional Ukrainian territory further north or east of the de facto border, in Mariupol or elsewhere. We understand clearly that Kyiv has no leverage to overturn the results of the Donbass separatist elections held earlier this month, and that efforts to hold on to front-line sites such as Donetsk Airport and the Debaltsevo railway junction are symbolic rather than strategic for Kyiv. In our view, the sooner President Poroshenko washes his hands of any claim to influence over the occupied territories, the better it will be for the national economy and the rest of Ukraine, but Poroshenko appears to believe that for political reasons, he cannot do so without first making a show of force. The seriousness of the economic situation is underlined by what looks to be a full-on collapse in the value of the hryvnia in recent days, and we don't believe that the currency's fall can be stemmed until a new and more permanent peace deal is reached in regard to the Donbass conflict.

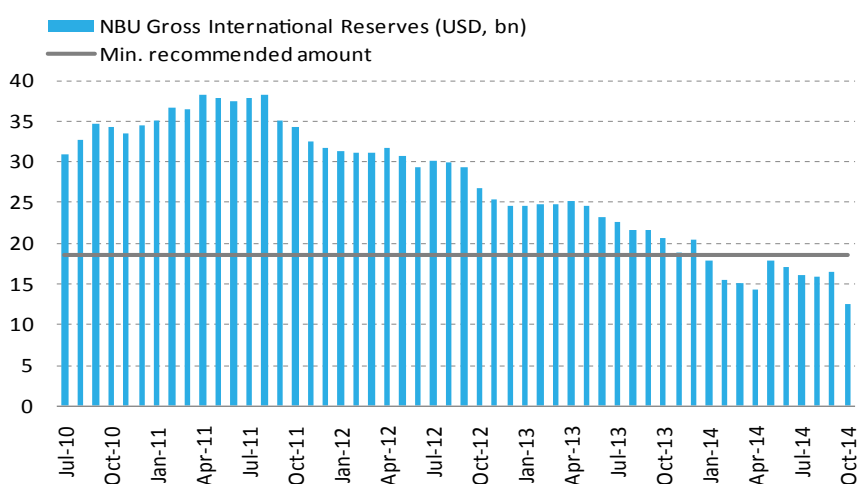
**NBU Reserves Plunge USD 3.8mn to USD 12.6bn in October**

by Dmitry Churin  
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**NEWS**

Ukraine's foreign currency reserves fell by 23.2% (USD 3.8bn) MoM to USD 12.6bn in October, the National Bank of Ukraine (NBU) reported on Friday (Nov 7). The NBU said that its interventions on the interbank market amounted to USD 1.1bn in the period. The reserves were also used to service the government's external debt in the amount of USD 641mn, including a repayment to the IMF of USD 233mn. The largest outflow of reserves was due to the provision of some USD 2bn to state gas monopoly Naftogaz for redemption of the company's USD 1.5bn Eurobonds and for financing natural gas imports from the EU.

**NBU FOREIGN RESERVES, USD bn**



Source: National Bank of Ukraine

**COMMENTARY**

Although a substantial drop in the reserves for October was widely expected, the severity of the actual figure still surprised us. Partially this reflects the outflow from September, when the NBU deliberately postponed Naftogaz's bond redemption until Oct 1 for reporting purposes. The reserves level is now at the equivalent of 2.0x of monthly imports, compared to at least 3.0x recommended by economic theory. We had forecasted the reserves at USD 13.3bn, but we did not include USD 400mn that was used to finance gas imports, and also USD 300mn in government debt servicing needs. For November, we estimate that the overall need in hard currency government external debt servicing is USD 530mn. Taking into account that the country has paid back about USD 1.5bn in debt to Gazprom this month, we forecast that the NBU's foreign reserves will fall sharply again in November, to USD 10.2bn.

## Astarta's Share Price Hammered by Poor 3Q Results

by Ivan Dzvinka  
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### ASTARTA (AST PW)

Price: PLN 22.38 Market Cap: USD 165mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.1	4.8	6.2	0%
2014E	1.0	neg	4.1	0%

### NEWS

Astarta, Ukraine's largest sugar producer, reported its financial results for 9M14 on Friday (Nov 7), ending a week that saw the company's share price plunge by 29%. Revenue rose by 7% YoY to EUR 279mn over Jan-Sept 2014 as the contribution of the soya processing segment of EUR 56mn (zero in 9M13) offset a 3% YoY decline in the sales of the core sugar segment (EUR 139mn) and a 38% drop in revenue from the crop division (to EUR 50mn). EBITDA inched down by 1.4% to EUR 102mn amid a sharp drop in revaluation of biological assets from EUR 69mn in 9M13 to EUR 34mn in 9M14. Astarta ended 9M14 with a net loss of EUR 21mn vs. profit of EUR 82mn in 9M13, mainly due to a currency translation loss following the hryvnia devaluation. Net cash flow from operations improved by 67% YoY to EUR 81mn in 9M14. Astarta's net debt (as of Sept 30) dropped by EUR 26mn to EUR 214mn, translating into a Net Debt/12M EBITDA ratio of 3.2x (3.3x a year ago).

In stand-alone 3Q results, Astarta's revenue declined by 5% YoY to EUR 91mn. EBITDA turned negative at EUR -4mn vs. EUR +39mn in 3Q13 due to the fall in revaluation of biological assets to EUR -17mn compared to EUR +19mn in 3Q13. The currency translation loss of EUR 11.3mn (EUR 700,000 in 3Q13) pushed the bottom line into negative territory at EUR -25mn vs. EUR +30mn in 3Q13.

As of the Sept 30 reporting date, Astarta had processed 2.0mn tonnes of sugar beet and produced over 300,000 tonnes of white sugar (305,000 tonnes in the FY13 processing season).

The company said it is working on energy efficiency with the recent launch in of its biogas project at Globino (Poltava province), and it has also transferred two of its sugar refineries from natural gas to coal-fired heating.

### ASTARTA: FINANCIAL RESULTS

EUR mn	9M14	9M13	YoY	3Q14	3Q13	YoY
Net revenue	279	260	7%	91	96	-5%
EBITDA	102	103	-1%	(4)	39	nm
EBITDA margin	36%	40%	-3%pp	-5%	41%	-46pp
Net profit	(21)	82	nm	(25)	30	nm
Net margin	-8%	32%	-39%pp	-27%	31%	-58pp

Source: Company data, Eavex Research

### COMMENTARY

The elephant in the room in regard to Astarta's worsened financials for 3Q14 is the revaluation of biological assets, which occurred due to depressed crop prices. Also contributing to the quarter's poor earnings numbers was the large forex translation loss. On the positive side, the company is definitely moving in the right direction with its energy-optimizing initiatives through and also is diversifying its business line with the soybean processing. We note that while Astarta's short term debt stood at EUR 119mn as of Sept 30, we presume that the company will be able to partly refinance this despite the current turbulent Ukrainian macro conditions, as thanks to strong corporate governance and a good credit history. The recent EUR 50mn credit line for elevator construction from European Investment Bank supported these words. We think the market overreacted on the company's weak results pushing AST stock down by 29% over the last week likely playing out also still high geopolitical risks. The company's shares now trades at 2014E EV/EBITDA of just 4.1x indicating it's being oversold.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.76	0.56	-27%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	79.9	108.0	35%	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	8.10	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	7.25	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	2.38	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	0.43	2.9	591%	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	13.4	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	2299	5250	128%	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	38.3	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.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	33.0	72.0	119%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.56	15.00	98%	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	11.0	15.65	43%	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	22.4	90.0	302%	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	6.2	8.93	44%	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	72.0	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	0.123	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	1090.66	1368.76	821.17	-0.6%	-2.1%	2.6%	19.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.023	0.05	0.02	-2.6%	-8.5%	-6.6%	-42.0%	-2.0%	-6.4%	-9.3%	-61.9%
Azovstal	AZST	0.76	0.95	0.35	-0.4%	-4.6%	19.0%	14.0%	0.2%	-2.5%	16.4%	-5.8%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	0.0%	-86.5%	0.6%	2.1%	-2.6%	-106.4%
Enakievo Steel	ENMZ	24.8	65.0	17.0	-0.5%	-10.8%	1.6%	-22.6%	0.1%	-8.6%	-1.0%	-42.4%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	0.6%	2.1%	-2.6%	228.0%
Mariupol Ilyicha	MMKI	0.21	n/a	n/a	0.0%	-27.6%	0.0%	110.0%	0.6%	-25.5%	-2.6%	90.2%
<b>Coke</b>												
Avdyivka Coke	AVDK	2.38	3.70	1.46	-2.2%	-7.0%	2.7%	-19.6%	-1.6%	-4.8%	0.1%	-39.5%
Yasnyivsky Coking	YASK	0.43	0.84	0.30	-10.4%	2.4%	2.4%	-18.9%	-9.8%	4.5%	-0.3%	-38.7%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.25	n/a	n/a	0.7%	-8.2%	-0.4%	11.5%	1.3%	-6.1%	-3.0%	-8.3%
Ferrexpo	FXPO	79.85	199.0	78.5	1.7%	-5.1%	-22.3%	-58.2%	2.3%	-3.0%	-25.0%	-78.0%
Pivnichny GOK	SGOK	8.10	9.80	4.50	-1.7%	-5.8%	1.3%	1.3%	-1.1%	-3.7%	-1.4%	-18.6%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.43	0.79	0.10	0.0%	0.0%	16.2%	7.5%	0.6%	2.1%	13.6%	-12.3%
Komsomolets Donbasa	SHKD	0.90	n/a	n/a	-10.0%	8.4%	8.4%	45.2%	-9.4%	10.6%	5.8%	25.3%
Energy Coal	CLE	0.72	2.30	0.55	-4.0%	-13.3%	-20.9%	-31.4%	-3.4%	-11.1%	-23.5%	-51.3%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	0.6%	2.1%	-2.6%	-54.6%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.56	1.01	0.32	0.0%	21.7%	12.0%	-6.7%	0.6%	23.9%	9.4%	-26.5%
Interpipe NMPP	NVTR	0.36	n/a	n/a	0.0%	0.0%	0.0%	71.4%	0.6%	2.1%	-2.6%	51.6%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	13.4	25.0	10.0	-2.6%	-3.7%	-10.1%	-22.8%	-1.9%	-1.6%	-12.7%	-42.7%
Luhanskeplovoz	LTPL	1.25	1.80	0.85	0.0%	0.0%	8.7%	-16.7%	0.6%	2.1%	6.1%	-36.5%
Stakhanov Wagon	SVGZ	1.10	n/a	n/a	0.0%	37.5%	-14.7%	-15.4%	0.6%	39.6%	-17.4%	-35.2%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	19.7%	11.5%	-7.9%	35.5%	20.3%	13.6%	-10.6%	15.6%
Motor Sich	MSICH	2,299	2,879	1,507	-0.6%	0.5%	5.1%	26.0%	0.0%	2.7%	2.4%	6.2%
Summy Frunze Engineering	SMASH	5.40	n/a	n/a	0.0%	0.0%	-16.9%	116.0%	0.6%	2.1%	-19.6%	96.2%
Turboatom	TATM	6.00	n/a	n/a	0.0%	0.0%	33.3%	71.4%	0.6%	2.1%	30.7%	51.6%
WESTA ISIC	WES	0.28	0.80	0.21	0.0%	-6.7%	0.0%	-30.0%	0.6%	-4.5%	-2.6%	-49.8%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.18	0.20	0.09	0.0%	0.0%	-3.7%	63.6%	0.6%	2.1%	-6.4%	43.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	6.25	16.00	4.88	0.0%	0.0%	-13.8%	-51.0%	0.6%	2.1%	-16.4%	-70.8%
JKX Oil	JKX	38.25	75.00	36.00	2.0%	0.0%	-24.6%	-46.7%	2.6%	2.1%	-27.3%	-66.5%
Ukrnafta	UNAF	267	375	54	-1.1%	-2.5%	-16.8%	145.4%	-0.5%	-0.4%	-19.4%	125.5%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.56	8.70	3.00	0.5%	-0.6%	4.4%	58.6%	1.2%	1.5%	1.8%	38.8%
Donbasenergo	DOEN	33.0	50.2	11.0	-0.1%	-2.8%	12.0%	19.4%	0.5%	-0.7%	9.4%	-0.4%
Zakhidenergo	ZAEN	153.8	199.8	76.0	-3.1%	-9.5%	9.9%	70.1%	-2.5%	-7.4%	7.2%	50.3%
<b>Consumer</b>												
Agroton	AGT	1.52	5.5	1.52	-0.7%	-26.6%	-22.8%	-22.1%	0.0%	-24.4%	-25.5%	-41.9%
Astarta	AST	22.38	68.0	22.4	-14.9%	-29.0%	-36.9%	-66.5%	-14.3%	-26.8%	-39.5%	-86.4%
Avangardo	AVGR	6.20	12.9	6.20	-3.1%	-4.6%	-21.4%	-47.2%	-2.5%	-2.5%	-24.1%	-67.1%
Industrial Milk Company	IMC	7.09	14.10	6.50	-0.1%	-3.4%	5.8%	-41.6%	0.5%	-1.3%	3.2%	-61.5%
Kernel	KER	23.71	45.1	22.0	-3.6%	-10.5%	-4.0%	-37.7%	-3.0%	-8.4%	-6.6%	-57.6%
Mriya Agro Holding	MAYA	1.50	6.0	0.58	2.6%	119.6%	0.0%	-72.2%	3.2%	121.7%	-2.6%	-92.1%
MHPC	MHPC	10.95	18.5	10.00	-0.5%	3.3%	-4.8%	-35.6%	0.2%	5.4%	-7.4%	-55.5%
Milkiland	MLK	2.60	13.5	2.60	-1.9%	-19.3%	-29.9%	-79.2%	-1.3%	-17.1%	-32.6%	-99.0%
Ovostar Union	OVO	72.0	100.0	59.4	-1.0%	-3.8%	7.4%	-28.0%	-0.3%	-1.7%	4.8%	-47.9%
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	8.5	n/a	n/a	0.0%	-7.3%	-5.2%	-31.8%	0.6%	-5.2%	-7.9%	-51.6%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.123	0.190	0.091	-0.4%	0.1%	-0.2%	8.5%	0.2%	2.2%	-2.9%	-11.3%
UkrSotsbank	USCB	0.148	0.205	0.090	0.0%	-2.6%	2.5%	-21.1%	0.6%	-0.5%	-0.1%	-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
<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	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%
<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	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%
<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	-13	10.6%	5.8%	neg
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	40	3.9%	2	1,389	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	359	335	325	\$/tonne
Yenakievo Steel	ENMZ	18	8.8%	2	15	2.1	neg	neg	neg	0.7	0.4	0.0	0.0	0.0	5	5	5	\$/tonne
Azovstal	AZST	221	3.0%	7	210	neg	neg	6.6	neg	neg	8.4	0.1	0.1	0.2	46	47	46	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	32	6.8%	2	-16	neg	neg	neg	neg	-0.4	neg	0.0	0.0	0.0	-4	-4	-4	\$/tonne
Yasynivsky Coke	YASK	8	9.0%	1	9	1.0	neg	1.7	0.3	0.3	0.5	0.0	0.0	0.0	0.3	0.3	0.5	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	585	0.3%	1	584	6.1	3.0	3.6	2.5	1.9	2.1	1.0	0.9	0.9				
Pivnichny GOK	SGOK	1,285	0.4%	5	1,279	2.9	2.3	2.8	1.7	1.4	1.6	0.9	0.8	0.8				
Ferrexpo	FXPO	753	24.0%	181	1,432	3.5	2.9	2.7	3.6	2.8	2.9	1.0	0.9	1.0				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	21	5.4%	1	123	2.9	1.2	1.2	1.0	1.3	1.3	0.4	0.6	0.5	30	29	27	\$/tonne
Coal Energy	CLE	33	25.0%	8	143	0.9	neg	neg	2.3	6.7	15.9	0.9	1.1	1.4	2.3	6.7	15.9	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	100	2.0%	2	146	3.0	21.3	24.4	2.8	4.7	5.7	0.3	0.5	0.5	232	384	365	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	19	24.0%	5	56	3.9	1.0	0.8	1.9	1.6	1.5	0.3	0.2	0.2				
Kruiw Wagon	KVBZ	105	5.0%	5	95	1.1	2.5	neg	0.7	1.9	7.1	0.1	0.2	0.7				
Stakhanov Wagon	SVGZ	17	8.0%	1	50	29.1	>30	>30	6.9	8.5	9.1	0.2	0.3	0.3				
<b>Specialized Machinery</b>																		
Turboatom	TATM	102	5.8%	6	42	2.7	1.4	1.6	0.8	0.5	0.6	0.3	0.2	0.2				
Motor Sich	MSICH	329	24.0%	79	320	1.6	1.9	1.8	1.0	1.2	1.2	0.3	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	232	7.2%	17	536	5.1	13.6	8.8	2.6	2.8	3.1	0.6	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	995	3.0%	30	989	5.6	>30	6.2	2.2	3.5	3.1	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
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	192	21.7%	42	179	6.7	3.2	8.6	2.6	1.9	3.8	0.2	0.2	0.2	10	13	11	\$/MWh
DonbasEnergO	DOEN	54	14.2%	8	114	14.0	0.8	1.3	3.6	1.6	2.5	0.2	0.2	0.2	14	15	14	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,157	34.1%	395	2,307	3.7	7.1	neg	4.9	5.9	4.8	1.6	1.5	1.8				
Kernel	KER	574	61.8%	354	1,258	2.7	5.5	neg	3.9	4.3	5.6	0.6	0.4	0.5				
Astarta	AST	170	37.0%	63	565	2.9	5.0	neg	5.1	6.2	4.1	1.2	1.2	1.0				
Avangardco	AVGR	396	22.5%	89	502	1.7	1.7	2.4	1.8	1.7	2.1	0.8	0.8	0.8	114	86	81	\$/mneggs
Agroton	AGT	10	26.2%	3	59	1.5	neg	neg	2.9	7.8	17.0	0.7	0.7	0.7	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	255	3.5%	9		>30	2.8	neg	0.3	0.3	0.4	0.04	0.05	0.06				
Ukrsotsbank	USCB	188	1.0%	2		>30	>30	21.1	0.2	0.2	0.2	0.07	0.06	0.08				

Source: Eavex Research



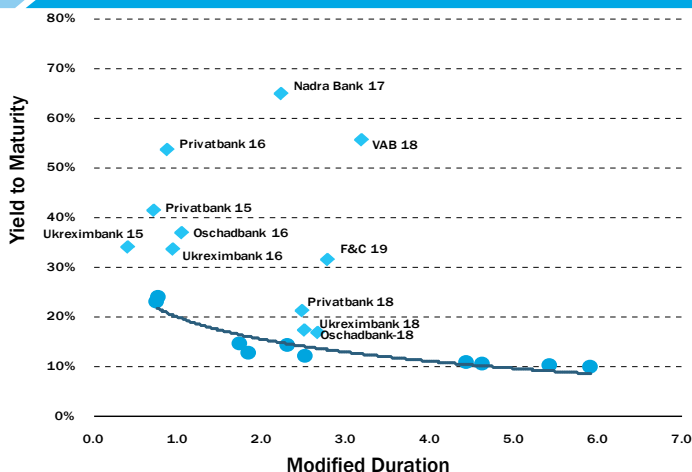
UKRAINIAN EUROBONDS

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)	88.8	91.0	25.9%	21.0%	-6.4%	0.7	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	88.1	89.6	35.4%	30.8%	-9.0%	0.7	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	84.0	85.0	18.1%	17.3%	-10.2%	1.7	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	86.3	87.6	15.3%	14.4%	-7.8%	1.8	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	82.5	84.0	15.3%	14.5%	-10.2%	2.4	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	85.8	87.2	17.7%	16.8%	-12.8%	2.3	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	82.5	84.5	19.4%	18.1%	1.1%	2.4	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	82.5	83.8	16.1%	15.4%	5.9%	2.8	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	83.4	84.9	12.4%	12.0%	-9.6%	4.3	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	83.2	85.2	12.2%	11.7%	-10.2%	4.5	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	81.4	82.9	11.6%	11.3%	-9.7%	5.3	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	79.6	81.1	11.3%	11.0%	-11.3%	5.8	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.0	35.1	94.9%	69.3%	-37.6%	1.3	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	99.0	101.0	12.5%	8.0%	-3.4%	0.4	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	86.3	88.1	11.8%	11.2%	-2.5%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	87.0	90.0		39.9%	-9.7%		10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	62.8	62.8	28.8%	28.8%	-30.4%	2.4	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016						0.5	10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	20.0	25.0	83.2%	70.0%	-74.2%	1.8	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2015	88.9	88.9	37.6%	37.6%	-12.8%	0.4	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	64.0	65.0	24.0%	23.4%	-31.6%	2.6	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	83.0	86.0	51.5%	43.1%	-17.6%	0.4	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	69.0	71.0	25.4%	24.0%	-26.3%	2.4	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	92.5	94.0	17.2%	15.2%	-4.8%	1.2	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	71.0	73.4	21.7%	20.4%	-21.3%	2.6	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	53.0%	35.3%	-28.5%	1.6	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	82.3	83.9	19.2%	18.5%	-25.1%	2.6	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	45.0	55.0	35.2%	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	74.1%	62.3%	-41.0%	2.2	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	76.0	80.0	45.9%	38.6%	-14.3%	0.7	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	65.0	69.0	60.4%	50.1%	-11.8%	0.9	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	75.9	78.6	21.4%	20.0%	-7.7%	2.5	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	87.6	89.0	40.2%	36.2%	-8.0%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	73.0	75.0	34.2%	31.6%	-13.2%	0.9	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	78.2	79.3	18.0%	17.4%	-11.7%	2.5	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	40.0	45.0	60.3%	52.4%	-50.3%	2.1	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	79.1	81.1	46.1%	40.1%	-14.0%	1.0	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	76.0	78.1	18.8%	17.9%	-13.4%	2.6	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	77.8	78.7			-15.8%	0.6	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	75.0	79.1	29.3%	25.5%	-17.2%	1.3	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

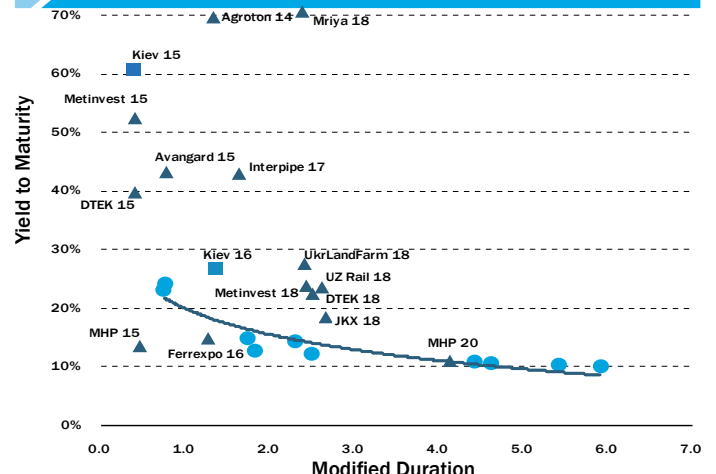
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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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