

**Market Update**

**Equity**

Ukrainian stocks ended firmly in the red on Monday (Nov 17) as more numerical evidence appeared of the deep recession in the country. UkrStat reported that retail sales dropped by 6.8% YoY in 10M14, signaling weak demand for goods amid rising consumer inflation. The UX index lost 2.7% to close at 963 points. The steel sector stocks were the main drag on the index, with Azovstal (AZST) and Yenakievo Steel (ENMZ) tumbling by 6.8% and 8.7% respectively. Motor Sich (MSICH) looked somewhat better than the overall market, declining by 1.4% to UAH 2065. CentrEnergO (CEEN) was the best blue chip performer, finishing unchanged at UAH 7.25. London-listed Ukrainian names were also generally lower with JKX Oil&Gas (JKX) plunging by 7.7% to GBp 34.64 after reporting a 15% YoY drop in production in 3Q14, and iron ore producer Ferrexpo (FXPO) slipped 1.5% to GBp 77.70. In Warsaw trading, Milkiland (MLK) lost 3.2% after posting a EUR 7.6mn net loss in 3Q14, while top issues Astarta (AST) and Kernel (KER) were both little-changed.

**Fixed Income**

Ukrainian sovereigns were nearly flat for a third straight session on Monday, with Ukraine-23s inching up by 0.1p.p. to 76.4/77.9 (12.4%/12.1%). Top corporate names were mixed. UkrLandFarming-18s improved by 1.5p.p. to 60.0/61.9 (30.8%/29.4%) while Ferrexpo-16s declined by 0.7p.p., closing at 90.0/93.0 (16.2%/13.5%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	221.90	-4.0%	2.7	85
Motor Sich	MSICH	2065.00	-1.4%	1.6	175
CentrenergO	CEEN	7.25	0.1%	1.2	152

**Growth Leaders**

CentrenergO	CEEN	7.25	0.1%	1.20	152
Mariupol Heavy Machine	MZVM	0.10	-0.1%	0.47	45
Avdyivka Coke	AVDK	1.92	-0.6%	0.01	20

**Loss Leaders**

Komsomolets Donbasa	SHKD	0.23	-33.5%	0.014	18
KievenergO	KIEN	12.00	-20.0%	0.221	7
Yenakievo Steel	ENMZ	17.33	-8.7%	0.012	35

**Highlights**

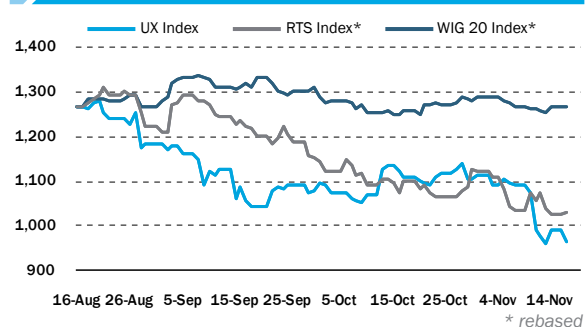
**POLITICS AND ECONOMICS**

- > Putin Returns to "Federalization" Theme, Criticizes Donbass Funding Cutoff

**STOCKS IN THE NEWS**

- > MHP's EBITDA Up 47% YoY in 3Q14, Leverage Drops
- > Milkiland's EBITDA Drops 29% YoY to EUR 18mn in 9M14
- > JKX's Output Declines by 15% YoY in 3Q14

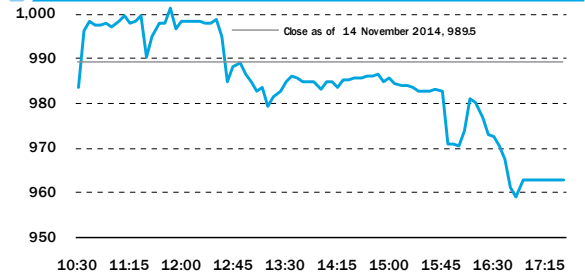
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	963.1	-2.7%	-13.2%	5.8%
RTS	1004.1	0.4%	-6.4%	-30.4%
WIG20	2418.8	0.0%	0.7%	0.7%
MSCI EM	985.9	-0.5%	0.9%	-1.6%
S&P 500	2041.3	0.1%	8.2%	10.9%

**UX INTRADAY NOVEMBER 17, 2014**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	357.5	0.4%	0.0%	8.1%
CDS 5Y UKR	1566.3	4.3%	11.7%	90.9%
Ukraine-17	15.8%	1.3 p.p.	2.6 p.p.	6.7 p.p.
Ferrexpo-16	15.3%	0.5 p.p.	2.2 p.p.	6.4 p.p.
Ukraine-23	12.3%	0.4 p.p.	1.5 p.p.	4.8 p.p.
Privatbank-16	53.0%	5.1 p.p.	9.9 p.p.	32.6 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	15.53	0.0%	20.4%	88.5%
EUR	19.33	-0.6%	17.5%	70.0%
RUB	0.33	0.7%	4.7%	32.0%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	219.4	0.0%	2.1%	-23.7%
Steel, USD/t	482.5	-1.0%	-8.5%	-10.2%
Oil, USD/bbl	79.3	-0.1%	-8.4%	-26.1%
Gold, USD/oz	1186.6	-0.2%	-4.2%	-0.8%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Putin Returns to “Federalization” Theme, Criticizes Donbass Funding Cutoff

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### NEWS

In an interview with German television aired on Sunday (Nov 16), Russian President Putin criticized the Ukrainian government’s decision to cut off the funding of social services to the separatist-occupied territories in Donetsk and Lugansk provinces, calling it a “big mistake”. Putin also made comments that appeared to support Ukrainian territorial integrity, saying that the country should exist as a “single political space”. He renewed the Kremlin’s call for “federalization” of Ukraine in order to facilitate keeping the country together.

### COMMENTARY

Heard widely from the Kremlin in the earlier phase of the Donbass conflict in the spring and early summer, the word “federalization” had largely disappeared from Moscow’s talking points on the Ukraine crisis in recent months. The return of this word, which we view as code for allowing the heavily-populated southeastern provinces to hold a veto over Kyiv’s efforts to move closer to the EU, indicates to us that Putin is worried by the exclusion of the occupied Donbass electorate’s representatives from the incoming Ukrainian Parliament and the resulting loss of pro-Russian political influence. The criticism of President Poroshenko’s decision to reduce funding to the occupied territories (which will nonetheless continue to receive hundreds of million of dollars’ worth of free gas and electricity at the expense of the Ukrainian national budget) demonstrates that far from wishing to annex the occupied Donbass territories, Putin wants to see them as a continued financial burden on the Ukrainian state and a drag on the new authorities’ economic reform efforts.

## MHP's EBITDA Up 47% YoY in 3Q14, Leverage Drops

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### MHP (MHPC LI)

Price: USD 11.0 Market Cap: USD 1,162mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	1.5	7.2	5.9	7%
2014E	1.8	neg	4.8	0%

## NEWS

MHP, Ukraine's largest poultry producer, reported robust operating earnings for 3Q14, according to the group's financial release this morning (Nov 18). The company's EBITDA rose by 47% YoY to USD 181mn on the back of a 49% increase in poultry and related segment earnings to USD 146mn and 83% YoY growth in grain segment EBITDA to USD 42mn. However, revenue declined by 6% YoY to USD 397mn as the hryvnia devaluation held the rise in poultry segment revenue in USD terms to just 2%, which was not enough to offset a 41% drop in revenue from the grain growing division to USD 29mn. MHP finished the quarter with an overall net loss of USD 32mn due to a USD 106mn loss from forex translation as well as a USD 49mn loss on impairment of assets in Donetsk province. Shaktarska Nova, a breeding farm of MHP in the province which supplied some 30% of MHP's annual hatching egg output, suspended its operations in early August due to the Donbass war. In 9M14, MHP's net revenue was down by 4% YoY to USD 1.03bn. EBITDA improved by 43% YoY to USD 453mn while heavy FX translation loss of USD 560mn pushed the bottom line into negative USD 302mn. MHP's harvesting campaign is in its final stage, with corn harvesting 95% completed. The year has been robust in terms of yields achieved in the grain growing segment, which are only slightly lower than those of last year, and substantially higher than Ukraine's average. The current corn and sunflower yields of 9.0 t/ha (-4% YoY) and 3.5 t/ha (-5%) are 58% and 84% above the national average. MHP's net debt as of Sept 30 stood at USD 1.08bn vs. USD 1.13bn as of end-2013. The Net Debt/EBITDA ratio declined to 2.05x as of Sept 30 from 2.89x at end-2013, when MHP was near its bond covenant level of 3.0x. CapEx in 3Q14 dropped to USD 38mn from USD 108mn in 3Q13.

### MHP: FINANCIAL RESULTS

USD mn	9M14	9M13	YoY	3Q14	3Q13	YoY
Net revenue	1,034	1,078	-4%	397	422	-6%
EBITDA	453	317	43%	181	124	47%
EBITDA margin	43.8%	29.4%	14.5pp	45.8%	29.2%	16.5pp
Net profit	(302)	150	nm	(32)	60	nm
Net margin	-29.2%	13.9%	-43.1pp	-8.2%	14.2%	-22.4pp

Source: Company data, Eavex Research

## COMMENTARY

With around half of its poultry and related segment sales tied to the hryvnia, the currency devaluation has taken a heavy toll on the segment's USD-denominated revenue. The growth in poultry EBITDA was due mainly to lower production cost, as the poultry feed grain was procured last autumn at the pre-deval exchange rate. Despite the grain segment's lower revenue due to low grain prices in 3Q14, MHP managed to improve its EBITDA on the back of a revaluation gain of USD 7mn (vs. USD -9mn in 3Q13). Lower production cost also contributed, with the lion's share of grain inputs procured in UAH during the latter part of 2013. We are encouraged by MHP's ability to expand its export market presence and we expect the company to further work in that direction in order to reduce its vulnerability to the weakness of the domestic currency. We reiterate our BUY recommendation for MHP as the representative of the top tier in the Ukrainian agro universe.

## Milkiland's EBITDA Drops 29% YoY to EUR 18mn in 9M14

by Dmitry Churin  
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### MILKILAND (MLK PW)

Price: PLN 2.45 Market Cap: EUR 18mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.3	1.6	3.2	12.1%
2014E	0.3	neg	16.1	0.0%

### NEWS

Milkiland, a cheese&butter producer with assets in Ukraine, Russia and Poland, reported a drop in EBITDA by 29% YoY to EUR 18.1mn in 9M14, according to the company's financials released yesterday (Nov 17). The company's revenue declined by 8.6% YoY to EUR 224mn in the period while on the bottom line, its net loss amounted to EUR 34.8mn compared to net profit of EUR 11.0mn in 9M13.

Milkiland's net debt stood at EUR 94.7mn as of Sept 30, implying a Net Debt/ 12M EBITDA ratio of 3.6x.

### MILKILAND FINANCIALS

EUR mn	9M14	9M13	chg.
Net revenue	224.0	245.2	-8.6%
EBITDA	18.1	25.5	-29.0%
margin	8.1%	10.4%	-2.3 p.p.
Net Income	-34.8	11.0	+/-
net margin	-15.5%	4.5%	-20.0 p.p.

Source: Company data.

### COMMENTARY

Milkiland's loss in the period is mainly attributable to a foreign exchange loss of EUR 41.9mn as a result of the sharp devaluation of the Ukrainian hryvnia and Russian ruble in the period. Another serious problem for Milkiland is the ban on dairy product imports from Ukraine and the EU to Russia. The company was forced to seek new destinations for its cheese and dry milk products, particularly Kazakhstan and other Central Asian countries. On the positive side of the Russian limitations, the company's Moscow-based Ostankino plant benefited from the import ban, as demand for domestically-produced high value-added dairy products has been improving. This led to a near doubling in EBITDA from the Russian segment of Milkiland's business, to EUR 7.0mn. In a product breakdown, cheese & butter contributed 36% to overall revenue, and 35% on the EBITDA level in 9M14 compared to 47% and 52% respectively in 9M13. Whole-milk dairy became the largest segment in terms of revenue and EBITDA, providing for 47% and 41% respectively (41% and 35% in 9M13). For full-year 2014, we are revising our forecast for Milkiland's net loss from EUR 10mn to EUR 42mn. The already-beaten-down MLK stock fell 3.2% in Warsaw trading yesterday, closing at PLN 2.45

## JKX's Output Declines by 15% YoY in 3Q14

by Dmitry Churin  
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### JKX OIL&GAS (JKX LN)

Price: GBp 34.63 Market Cap: USD 93mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2013	0.2	0.5	14.3	1.5	0%
2014E	0.2	0.5	11.9	1.5	0%

## NEWS

Ukraine/Russia-focused hydrocarbons extractor JKX Oil&Gas saw its output drop by 15.8% YoY to some 10,052 boepd in 3Q14, according to an interim management statement released on Monday (Nov 17). The company's average production in Ukraine was 4,936 boepd and in Russia it was 5,116 boepd in the period.

### JKX PRODUCTION UPDATE

	3Q14	3Q13	change YoY
Production (boepd)	10,052	11,943	-15.8%
Gas Production (MMcfd)	54.2	62.7	-13.6%
Oil Production (bopd)	1,025	1,498	-31.6%
Realised gas price (USD per Mcf)	\$6.08	\$6.10	-0.3%
Realised oil price (USD per barrel)	\$104.32	\$91.54	14.0%
Realised LPG price (USD per tonne)	\$849.59	\$883.92	-3.9%

Source: Company data

## COMMENTARY

We view the production report as disappointing, as the company did not manage to increase its production results in Ukraine despite attractive pricing and strong demand for natural gas in the country. The only excuse that JKX could offer is the sharp rise in the production tax in Ukraine for the August-December period. However, in our opinion, there is no excuse for a 31.6% YoY drop in oil production, as oil extraction is a highly profitable business in Ukraine. Moreover, the company projected a further decrease in output to a level of 9,000 boepd for 4Q14. This is a clearly negative outlook, and the JKX stock responded with a plunge of 7.7% to GBp 34.63 in London trading yesterday.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.65	0.56	-15%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	77.7	108.0	39%	HOLD	Exacerbated issue of global ore oversupply together with sluggish growth in demand will likely keep iron ore prices at depressed level at least in the short run boding bad for Ferrexpo's earnings.
Pivnichny GOK	SGOK	8.14	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	7.30	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	1.92	U/R	-	Susp.	Avdyivka Coke experienced several artillery attacks since August 2014 due to its location near the border of occupied territory.
Yasynivsky Coke	YASK	0.35	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	0.28	U/R	-	Susp.	The company's coal production expansion plan were put under high risk of realization due to war in Donbass.
<b>Railcar Manufacturing</b>						
Krukiv Wagon	KVBZ	12.0	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.08	U/R	-	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2065	5250	154%	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	34.6	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	28.8	72.0	150%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.25	15.00	107%	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	11.1	15.65	41%	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	19.6	90.0	359%	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	5.2	8.93	72%	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	80.8	14%	HOLD	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.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.104	0.24	132%	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	963.07	1368.76	821.17	-2.7%	-10.2%	-13.2%	5.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.018	0.05	0.01	-5.8%	-18.7%	-29.6%	-54.1%	-3.1%	-8.5%	-16.5%	-60.0%
Azovstal	AZST	0.65	0.95	0.35	-6.9%	-12.6%	-4.7%	-2.8%	-4.2%	-2.4%	8.5%	-8.7%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	0.0%	-86.5%	2.7%	10.2%	13.2%	-92.4%
Enakievo Steel	ENMZ	17.3	65.0	16.0	-10.9%	-30.1%	-39.0%	-45.9%	-8.2%	-19.9%	-25.8%	-51.7%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	2.7%	10.2%	13.2%	242.0%
Mariupol Ilyicha	MMKI	0.20	n/a	n/a	0.0%	-16.7%	-9.1%	100.0%	2.7%	-6.5%	4.1%	94.2%
<b>Coke</b>												
Avdyivka Coke	AVDK	1.92	3.70	1.46	-0.6%	-17.7%	-24.5%	-35.2%	2.1%	-7.5%	-11.4%	-41.0%
Yasnyivsky Coking	YASK	0.35	0.84	0.30	-2.8%	-12.5%	-18.6%	-34.0%	-0.1%	-2.3%	-5.4%	-39.8%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.30	n/a	n/a	0.0%	0.0%	-5.2%	12.3%	2.7%	10.2%	8.0%	6.5%
Ferrexpo	FXPO	77.70	191.0	77.7	-1.5%	-0.3%	-10.1%	-59.3%	1.2%	9.9%	3.1%	-65.1%
Pivnichny GOK	SGOK	8.14	9.80	4.50	0.0%	0.5%	-1.2%	1.8%	2.7%	10.7%	12.0%	-4.1%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.28	0.79	0.10	-9.7%	-34.9%	-28.2%	-30.0%	-7.0%	-24.7%	-15.0%	-35.8%
Komsomolets Donbasa	SHKD	0.23	n/a	n/a	-34.3%	-74.4%	-72.3%	-62.9%	-31.6%	-64.3%	-59.1%	-68.7%
Energy Coal	CLE	0.75	2.30	0.55	-3.8%	4.2%	-11.8%	-28.6%	-1.2%	14.3%	1.4%	-34.4%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	2.7%	10.2%	13.2%	-40.6%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.44	1.01	0.32	0.0%	-21.4%	-12.0%	-26.7%	2.7%	-11.2%	1.2%	-32.5%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	8.3%	8.3%	85.7%	2.7%	18.5%	21.5%	79.9%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	12.0	25.0	10.0	-1.9%	-9.7%	-16.9%	-30.9%	0.8%	0.4%	-3.7%	-36.7%
Luhanskeplovoz	LTPL	1.08	1.80	0.85	0.0%	-13.6%	-13.6%	-28.0%	2.7%	-3.4%	-0.4%	-33.8%
Stakhanov Wagon	SVGZ	0.57	n/a	n/a	0.0%	-8.1%	-55.8%	-56.2%	2.7%	2.1%	-42.6%	-62.0%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.03	0.08	0.02	0.0%	-16.4%	-31.8%	13.2%	2.7%	-6.3%	-18.6%	7.4%
Motor Sich	MSICH	2,065	2,879	1,507	-1.4%	-8.2%	-10.8%	13.2%	1.2%	2.0%	2.4%	7.4%
Summy Frunze Engineering	SMASH	5.00	n/a	n/a	-9.1%	-7.4%	-16.7%	100.0%	-6.4%	2.8%	-3.5%	94.2%
Turboatom	TATM	6.00	n/a	n/a	0.0%	0.0%	33.3%	71.4%	2.7%	10.2%	46.5%	65.6%
WESTA ISIC	WES	0.26	0.80	0.21	0.0%	-7.1%	-10.3%	-35.0%	2.7%	3.0%	2.8%	-40.8%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.14	0.20	0.09	0.0%	-22.2%	-25.1%	27.3%	2.7%	-12.0%	-12.0%	21.4%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	6.25	15.63	4.88	0.0%	0.0%	-15.3%	-51.0%	2.7%	10.2%	-2.1%	-56.8%
JKX Oil	JKX	34.63	75.00	34.63	-7.7%	-11.2%	-7.7%	-51.7%	-5.0%	-1.0%	5.5%	-57.6%
Ukrnafta	UNAF	222	375	54	-3.9%	-16.0%	-37.1%	104.3%	-1.3%	-5.9%	-23.9%	98.5%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.25	8.70	3.00	0.1%	-3.2%	-4.1%	52.0%	2.7%	7.0%	9.0%	46.1%
Donbasenergo	DOEN	28.8	50.2	11.0	-3.4%	-10.2%	-4.3%	4.2%	-0.8%	0.0%	8.9%	-1.6%
Zakhidenergo	ZAEN	135.0	199.8	80.0	-5.5%	-12.2%	-20.5%	49.3%	-2.9%	-2.0%	-7.4%	43.5%
<b>Consumer</b>												
Agroton	AGT	1.43	5.5	1.43	-1.4%	-5.9%	-25.5%	-26.7%	1.3%	4.3%	-12.3%	-32.5%
Astarta	AST	19.59	68.0	19.4	-0.7%	0.9%	-43.5%	-70.7%	2.0%	11.1%	-30.4%	-76.5%
Avangardo	AVGR	5.20	12.7	4.85	7.2%	-15.4%	-20.0%	-55.7%	9.9%	-5.3%	-6.8%	-61.6%
Industrial Milk Company	IMC	6.75	14.10	6.50	0.1%	-0.6%	-3.6%	-44.4%	2.8%	9.6%	9.6%	-50.3%
Kernel	KER	24.50	45.1	22.0	0.6%	6.0%	10.9%	-35.6%	3.3%	16.2%	24.0%	-41.5%
Mriya Agro Holding	MAYA	1.20	6.0	0.58	-16.0%	-16.0%	104.8%	-77.8%	-13.4%	-5.8%	118.0%	-83.6%
MHPC	MHPC	11.10	18.5	10.00	0.0%	3.7%	-5.5%	-34.7%	2.7%	13.9%	7.6%	-40.6%
Milkiland	MLK	2.40	13.0	2.40	-3.2%	-8.4%	-31.4%	-80.8%	-0.6%	1.8%	-18.3%	-86.6%
Ovostar Union	OVO	71.0	100.0	59.4	-2.1%	-2.1%	6.0%	-29.0%	0.6%	8.1%	19.1%	-34.8%
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	8.0	n/a	n/a	-10.5%	-6.2%	-14.9%	-36.0%	-7.8%	4.0%	-1.7%	-41.8%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.104	0.190	0.091	-5.0%	-14.3%	-16.7%	-8.8%	-2.3%	-4.1%	-3.6%	-14.6%
UkrSotsbank	USCB	0.150	0.205	0.090	0.0%	1.4%	11.1%	-20.0%	2.7%	11.6%	24.3%	-25.8%

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	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	-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	30	3.9%	1	1,378	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	356	332	322	\$/tonne
Yenakievo Steel	ENMZ	12	8.8%	1	8	1.4	neg	neg	neg	0.4	0.3	0.0	0.0	0.0	3	3	3	\$/tonne
Azovstal	AZST	176	3.0%	5	165	neg	neg	5.3	neg	neg	6.6	0.1	0.1	0.1	36	37	36	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	24	6.8%	2	-24	neg	neg	neg	neg	-0.5	neg	0.0	0.0	0.0	-6	-6	-6	\$/tonne
Yasynivsky Coke	YASK	6	9.0%	1	7	0.7	neg	1.3	0.3	0.2	0.4	0.0	0.0	0.0	0.3	0.2	0.4	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	551	0.3%	1	549	5.8	2.8	3.4	2.4	1.8	2.0	0.9	0.8	0.9				
Pivnichny GOK	SGOK	1,208	0.4%	5	1,201	2.8	2.2	2.6	1.6	1.3	1.5	0.8	0.7	0.8				
Ferrexpo	FXPO	733	24.0%	176	1,427	3.4	2.8	2.6	3.6	2.8	2.9	1.0	0.9	1.0				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	5	5.4%	0	107	0.7	0.3	0.3	0.9	1.2	1.1	0.4	0.5	0.5	26	25	24	\$/tonne
Coal Energy	CLE	34	25.0%	9	144	0.9	neg	neg	2.3	6.8	16.0	0.9	1.1	1.4	2.3	6.8	16.0	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	74	2.0%	1	119	2.2	15.7	17.9	2.3	3.8	4.6	0.2	0.4	0.4	189	314	298	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	15	24.0%	4	52	3.2	0.8	0.7	1.8	1.5	1.4	0.2	0.2	0.1				
Kruiw Wagon	KVBZ	88	5.0%	4	78	0.9	2.1	neg	0.6	1.5	5.8	0.1	0.2	0.5				
Stakhanov Wagon	SVGZ	8	8.0%	1	41	14.1	15.6	17.9	5.7	7.0	7.5	0.1	0.2	0.3				
<b>Specialized Machinery</b>																		
Turboatom	TATM	95	5.8%	6	35	2.5	1.3	1.5	0.7	0.4	0.5	0.2	0.2	0.2				
Motor Sich	MSICH	276	24.0%	66	268	1.4	1.6	1.5	0.9	1.0	1.0	0.3	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	169	7.2%	12	472	3.7	9.9	6.4	2.3	2.5	2.7	0.6	0.6	0.8				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	775	3.0%	23	770	4.4	>30	4.8	1.7	2.7	2.4	0.3	0.3	0.3	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	96	50.4%	48	204	neg	14.7	12.3	1.5	3.1	3.0	1.0	1.1	1.0	37	28	27	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	172	21.7%	37	159	6.0	2.9	8.3	2.3	1.7	3.6	0.1	0.2	0.2	9	11	10	\$/MWh
DonbasEnergO	DOEN	44	14.2%	6	88	11.4	0.7	1.1	2.8	1.2	2.0	0.2	0.1	0.2	11	11	11	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,173	34.1%	400	2,323	3.8	7.2	neg	5.0	5.9	4.9	1.7	1.6	1.8				
Kernel	KER	593	61.8%	366	1,277	2.8	5.6	neg	4.0	4.4	5.7	0.6	0.5	0.5				
Astarta	AST	149	37.0%	55	544	2.6	4.4	neg	4.9	6.0	3.9	1.2	1.1	1.0				
Avangardco	AVGR	332	22.5%	75	438	1.5	1.4	2.0	1.6	1.5	1.9	0.7	0.7	0.7	99	75	71	\$/mneggs
Agroton	AGT	9	26.2%	2	58	1.4	neg	neg	2.9	7.8	16.8	0.7	0.7	0.7	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	200	3.5%	7		>30	2.2	neg	0.3	0.2	0.3	0.03	0.04	0.05				
Ukrsotsbank	USCB	178	1.0%	2		>30	>30	21.1	0.2	0.2	0.2	0.07	0.06	0.08				

Source: Eavex Research

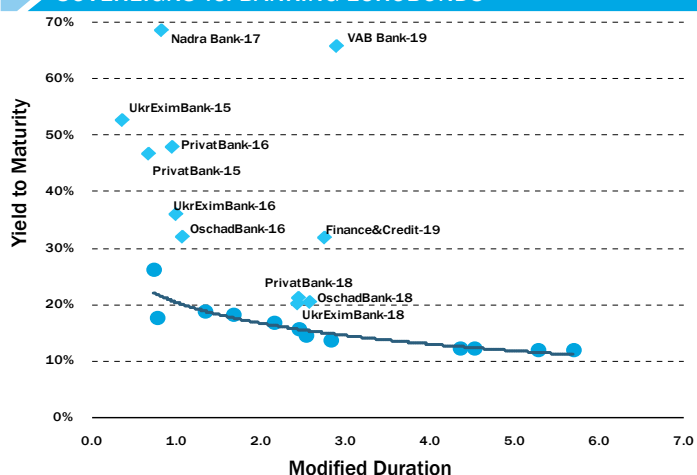
## UKRAINIAN EUROBONDS

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)	88.9	91.2	19.2%	16.1%	-6.2%	0.8	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	85.7	86.9	27.0%	25.1%	-11.7%	0.7	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	80.8	82.1	18.7%	17.7%	-13.5%	1.7	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	82.8	84.0	19.3%	18.4%	-11.4%	1.4	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	81.0	82.5	14.9%	14.1%	-11.9%	2.5	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	83.3	84.6	17.3%	16.5%	-15.4%	2.2	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	82.5	84.5	16.0%	15.0%	1.1%	2.5	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	82.5	83.8	14.0%	13.5%	5.9%	2.8	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	80.7	82.2	12.5%	12.1%	-12.4%	4.4	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	80.4	82.4	12.6%	12.0%	-13.1%	4.5	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	78.3	79.8	12.1%	11.8%	-13.2%	5.3	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	76.3	77.8	12.1%	11.7%	-15.0%	5.7	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.0	33.1	43.0%	39.4%	-39.5%	2.8	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	97.8	99.8	15.5%	10.8%	-4.8%	0.4	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	85.3	86.4	12.0%	11.7%	-4.9%	4.1	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	86.0	90.0	27.7%	22.2%	-10.1%	0.8	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	60.0	62.0	30.8%	29.4%	-30.0%	2.3	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016	22.0	26.0	189.9%	163.5%	-76.1%	0.7	10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	12.1	12.1	120.2%	120.2%	-85.8%	1.2	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	58.0	61.0	27.8%	25.9%	-36.9%	2.5	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	82.0	85.0	55.8%	46.9%	-18.5%	0.4	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	67.8	69.5	23.5%	22.5%	-22.9%	2.4	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.5	92.0	15.7%	14.4%	-6.9%	1.2	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	69.0	72.0	22.8%	21.2%	-21.7%	2.5	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	55.0	65.0	38.3%	30.0%	-22.0%	2.0	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	82.0	83.7	19.4%	18.7%	-26.1%	2.6	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	45.0	55.0	35.3%	28.2%	-39.4%	2.8	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2014	71.0	71.0	350.4%	350.4%	-27.9%	0.1	11.00%	Q	31 Dec 2014	275	Caa3//
Nadra Bank, 2018	45.0	50.0	74.4%	62.6%	-41.0%	0.8	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	74.0	78.0	50.5%	42.8%	-16.5%	0.7	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	62.0	66.0	51.0%	44.6%	-15.8%	1.0	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	75.3	78.0	21.8%	20.4%	-8.3%	2.5	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	83.0	85.0	55.9%	49.3%	-12.9%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	71.0	73.0	37.3%	34.5%	-13.8%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	73.5	75.0	20.5%	19.7%	-16.6%	2.4	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	35.0	40.0	70.6%	60.8%	-56.1%	n/a	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	75.0	77.1	33.1%	30.7%	-18.3%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	72.2	74.0	20.8%	19.9%	-17.5%	2.6	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	77.0	78.0	38.6%	37.0%	-16.3%	0.8	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	74.0	79.1	30.5%	25.7%	-17.7%	1.3	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

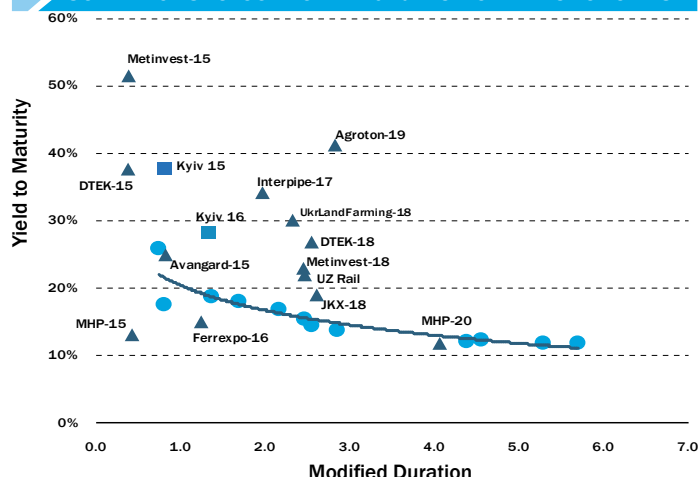
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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			25%	20%	n/a	14.30%	S/A	20 May 2015	n/a
UA4000142665			25%	20%	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			25%	20%	n/a	5.50%	S/A	21 Aug 2015	n/a
UA4000082622			25%	20%	n/a	5.50%	S/A	24 Aug 2015	n/a
UA4000083059			25%	20%	n/a	5.50%	S/A	25 Aug 2015	n/a
UA4000185151			25%	20%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			25%	20%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			25%	20%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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