

## Market Update

### Equity

Local Ukrainian stocks ended higher on Wednesday (Nov 19) but failed to fully break out of the sideways trend that started last week. The UX index climbed by 1.2% to close at 993 points, briefly touching the 1000 level during the session. Metallurgy stocks rose considerably, with Advyivka Coke (AVDK) and Alchevsk Steel (ALMK) surging by 6.0% and 4.3% respectively, and volume leader UkrNafta picked up 3.1% on turnover of UAH 2.9mn. Motor Sich (MSICH) held the UX back from a larger gain with its decline of 0.6% to UAH 2037. In the utility sector, CentrEnergO (CEEN) and DonbasEnergO (DOEN) added 1.1% and 1.8% respectively. In London, JkX Oil&Gas (JKX) crashed through its all-time low, sliding a further 10.8% to GBp 29, while lower-liquidity name Regal Petroleum (RPT) regained part of its Tuesday losses, advancing 4.5% to GBp 5.75. Warsaw-listed Kernel (KER) dropped 3.3%, while Astarta (AST) posted an increase of 0.4% to PLN 19.02.

### Fixed Income

Ukrainian sovereigns were flat on Wednesday with Ukraine-23s at 75.2/76.7 (12.3%/12.0%). Corporate names were variously lower. Avangard-15s fell 2.0p.p. to 80.0/85.0 (37.0%/29.4%) and Metinvest-18s edged down 0.3p.p., closing at 66.6/69.0 (24.2%/22.8%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Ukrnafta	UNAF	231.90	3.3%	2.9	59
Motor Sich	MSICH	2037.00	-0.6%	1.9	213
CentrenergO	CEEN	7.51	1.2%	1.1	115

### Growth Leaders

Avdyivka Coke	AVDK	2.04	6.0%	0.21	14
Alchevsk Steel	ALMK	0.02	4.3%	0.14	27
Ukrnafta	UNAF	231.90	3.3%	2.94	59

### Loss Leaders

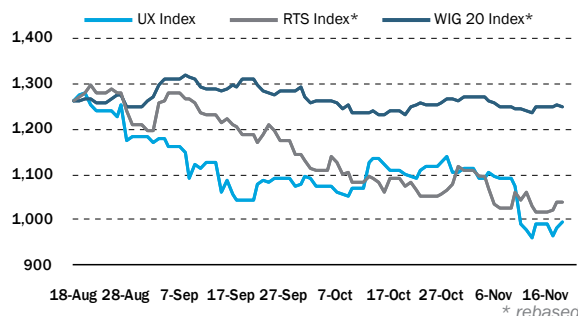
Yasynivsky Coke	YASK	0.33	-9.3%	0.009	9
Motor Sich	MSICH	2,037.00	-0.6%	1.857	213
CentrenergO	CEEN	7.51	1.2%	1.133	115

## Highlights

### FIXED INCOME

- OschadBank to Receive UAH 11bn In Fresh Capital from Gov't
- 76% of Bondholders Agree to Exchange; Metinvest Extends Deadline

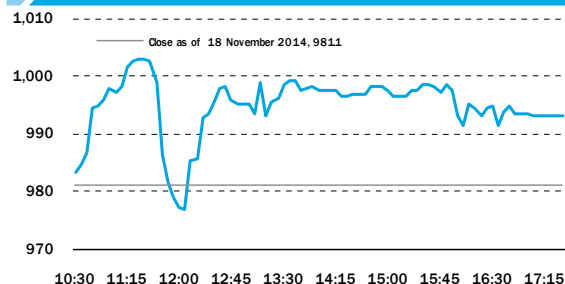
### STOCK MARKET PERFORMANCE



### MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	993.1	1.2%	-10.5%	9.1%
RTS	1021.2	0.0%	-4.8%	-29.2%
WIG20	2421.7	-0.4%	0.9%	0.9%
MSCI EM	989.9	0.1%	1.3%	-1.2%
S&P 500	2048.7	-0.2%	8.6%	11.3%

### UX INTRADAY NOVEMBER 19, 2014



### FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	352.8	-1.6%	-1.3%	6.7%
CDS 5Y UKR	1547.4	-1.5%	10.4%	88.6%
Ukraine-17	15.6%	-0.4 p.p.	1.9 p.p.	6.6 p.p.
Ferrexpo-16	15.1%	-0.6 p.p.	2.0 p.p.	6.3 p.p.
Ukraine-23	12.1%	0.0 p.p.	1.1 p.p.	4.6 p.p.
Privatbank-16	58.6%	3.8 p.p.	15.5 p.p.	38.2 p.p.

### CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	15.20	-2.1%	17.8%	84.5%
EUR	19.08	-2.0%	15.9%	67.8%
RUB	0.32	-2.0%	2.4%	29.2%

### COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	228.2	0.0%	6.2%	-20.6%
Steel, USD/t	482.5	0.0%	-8.5%	-10.2%
Oil, USD/bbl	78.1	-0.5%	-9.8%	-27.2%
Gold, USD/oz	1182.7	-1.2%	-4.5%	-1.2%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## OschadBank to Receive UAH 11bn In Fresh Capital from Gov't

by Dmitry Churin  
d.churin@eavex.com.ua

### NEWS

State-owned savings bank OschadBank will receive UAH 11bn (USD 720mn) in fresh capital from the government, Prime Minister Arseniy Yatsenyuk told journalists on Wednesday (Nov 19). As a result of the announced capital increase, the bank's charter capital will rise by 60% to UAH 29.3bn (USD 1.9bn). There were no details regarding when OschadBank get the money and what the sources for the money will be.

### COMMENTARY

It was expected that the government would provide additional capital to OschadBank, as the IMF-ordered banking system stress test showed a UAH 12.5bn combined need for additional capital for three major state-owned banks, OschadBank, UkrEximBank and UkrGazBank. However, we are quite surprised that OschadBank will receive UAH 11bn while UkrGazBank will get only about UAH 1bn; the figure for UkrEximBank has not been announced yet. We thus assume that the actual fresh capital injection in three major state-owned banks will exceed the initial determined amount of UAH 12.5bn given the hryvnia's sharp decline against major currencies in the past month. Obviously problematic is the source for funding for Oschadbank's capital increase. The usual trick is for the Finance Ministry to issue UAH-denominated bonds for the bank recapitalization, with the bonds then sold to the National Bank (NBU), which is a thinly-disguised scheme of monetary emission.

OschadBank reported a net profit of UAH 551mn in 9M14. On the balance sheet side, Oschad's loan portfolio grew by 25.7% YtD to UAH 64.8bn, while its securities portfolio was little-changed at UAH 35.1bn as of 30 Sept 2014. Total assets rose by 9.8% YtD to UAH 113bn (USD 8.7bn). Oschad's capital adequacy ratio was reported at 23.6% and its current liquidity stood at 73% as of 30 Sept 2014. The NBU-mandated minimum is 10% for capital adequacy and 40% for current liquidity.

OschadBank-18s outstanding Eurobonds are quoted at 72.8/74.1 (20.5%/19.9%) implying a spread to sovereign yield curve of 560 bps.

## 76% of Bondholders Agree to Exchange; Metinvest Extends Deadline

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

### NEWS

Metinvest, Ukraine's largest metals and mining holding, reported that as of Tuesday (Nov 18) holders of 76% of its USD 500mn Eurobond notes with maturity in May 2015 have agreed to the exchange offer proposed by the company. Metinvest decided to extend its deadline for bondholders to approve the exchange until Nov 24, with the potential settlement date set for Nov 28. Metinvest said it has no intention to further extend the expiration/settlement deadline. In addition, Metinvest reiterated that it will go ahead with the exchange only if the holders of at least 90% of the bonds agree to accept the offer.

### COMMENTARY

As expected, Metinvest's improvement of the initial exchange conditions in early November made the 2015 bondholders more amenable to the offer. With its brusque manner of its update on the situation as of Nov 18, the group is looking to push the remaining hold-outs to agree to the offer. As previously, we see a high chance that more bondholders will come on board, if only because of the very shaky situation surrounding the situation with Metinvest's assets in the occupied Donbass territories. Importantly, Metinvest can simply reduce the approval threshold level at its discretion to less than 90% as necessary.

The obvious danger to the hold-outs is that ahead of the May 2015 redemption date, Metinvest could likely propose another restructuring of its short-term debt that would stick the remaining bondholders with considerably worse conditions than what are currently being proposed.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Steel&amp;Pipes</b>						
Azovstal	AZST	0.71	0.56	-22%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	76.3	108.0	42%	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	2.04	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	0.33	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	0.32	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	12.1	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	2037	5250	158%	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	5.8	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	29.0	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	30.4	72.0	137%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.51	15.00	100%	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	17.96	62%	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	19.0	90.0	373%	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	4.9	8.93	82%	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	70.5	80.8	15%	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	0.106	0.24	127%	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	993.12	1368.76	821.17	1.2%	1.7%	-10.5%	9.1%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.019	0.05	0.01	0.5%	14.8%	-23.3%	-50.0%	-0.7%	13.1%	-12.9%	-59.1%
Azovstal	AZST	0.71	0.95	0.35	2.1%	3.9%	4.5%	6.6%	0.9%	2.3%	15.0%	-2.6%
Dniprospezstal	DNSS	175	n/a	n/a	0.0%	0.0%	0.0%	-86.5%	-1.2%	-1.7%	10.5%	-95.7%
Enakievo Steel	ENMZ	18.7	65.0	16.0	2.7%	1.8%	-34.2%	-41.6%	1.5%	0.1%	-23.7%	-50.7%
Arcelor Mittal KR	KSTL	4.00	n/a	n/a	0.0%	0.0%	0.0%	247.8%	-1.2%	-1.7%	10.5%	238.7%
Mariupol Ilyicha	MMKI	0.20	n/a	n/a	0.0%	0.0%	-9.1%	100.0%	-1.2%	-1.7%	1.4%	90.9%
<b>Coke</b>												
Avdyivka Coke	AVDK	2.04	3.70	1.46	6.0%	-0.6%	-19.9%	-31.2%	4.8%	-2.3%	-9.4%	-40.3%
Yasnyivsky Coking	YASK	0.33	0.84	0.30	-10.8%	-2.9%	-23.3%	-37.7%	-12.0%	-4.6%	-12.8%	-46.9%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	7.30	n/a	n/a	0.0%	0.0%	-5.2%	12.3%	-1.2%	-1.7%	5.3%	3.2%
Ferrexpo	FXPO	76.25	191.0	76.3	-1.4%	-4.9%	-11.8%	-60.1%	-2.7%	-6.6%	-1.3%	-69.2%
Pivnichny GOK	SGOK	8.14	9.80	4.50	0.0%	0.5%	-1.2%	1.8%	-1.2%	-1.2%	9.3%	-7.4%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.32	0.79	0.10	-5.9%	-11.1%	-17.9%	-20.0%	-7.1%	-12.8%	-7.5%	-29.1%
Komsomolets Donbasa	SHKD	0.23	n/a	n/a	43.8%	-8.0%	-72.3%	-62.9%	42.5%	-9.7%	-61.8%	-72.0%
Energy Coal	CLE	0.69	2.24	0.55	1.5%	-13.8%	-18.8%	-34.3%	0.2%	-15.4%	-8.4%	-43.4%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.30	n/a	n/a	0.0%	0.0%	0.0%	-34.8%	-1.2%	-1.7%	10.5%	-43.9%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.44	1.01	0.36	0.0%	0.0%	-12.0%	-26.7%	-1.2%	-1.7%	-1.5%	-35.8%
Interpipe NMPP	NVTR	0.39	n/a	n/a	0.0%	8.3%	8.3%	85.7%	-1.2%	6.7%	18.8%	76.6%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	12.1	25.0	10.0	1.6%	3.8%	-15.8%	-30.0%	0.4%	2.1%	-5.4%	-39.1%
Luhanskeplovoz	LTPL	1.08	1.80	0.85	0.0%	20.0%	-13.6%	-28.0%	-1.2%	18.3%	-3.1%	-37.1%
Stakhanov Wagon	SVGZ	0.46	n/a	n/a	-19.3%	-42.5%	-64.3%	-64.6%	-20.5%	-44.2%	-53.9%	-73.7%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.04	0.08	0.02	16.7%	9.7%	-20.5%	32.1%	15.4%	8.0%	-10.0%	22.9%
Motor Sich	MSICH	2,037	2,879	1,507	-0.7%	-4.0%	-12.0%	11.7%	-1.9%	-5.7%	-1.5%	2.5%
Sumy Frunze Engineering	SMASH	5.00	n/a	n/a	0.0%	-9.1%	-16.7%	100.0%	-1.2%	-10.8%	-6.2%	90.9%
Turboatom	TATM	6.00	n/a	n/a	0.0%	0.0%	33.3%	71.4%	-1.2%	-1.7%	43.8%	62.3%
WESTA ISIC	WES	0.26	0.80	0.21	0.0%	-10.3%	-10.3%	-35.0%	-1.2%	-12.0%	0.1%	-44.1%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.17	0.20	0.09	13.1%	33.6%	-9.3%	54.3%	11.9%	31.9%	1.2%	45.1%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	5.75	15.63	4.88	4.5%	-8.0%	-22.0%	-54.9%	3.3%	-9.7%	-11.6%	-64.0%
JKX Oil	JKX	29.00	74.75	29.00	-10.8%	-23.7%	-22.7%	-59.6%	-12.0%	-25.4%	-12.2%	-68.7%
Ukrnafta	UNAF	232	375	54	3.3%	1.6%	-34.3%	113.5%	2.1%	-0.1%	-23.8%	104.4%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.51	8.70	3.00	1.0%	6.4%	-0.6%	57.6%	-0.2%	4.8%	9.9%	48.5%
Donbasenergo	DOEN	30.4	50.2	11.0	1.9%	2.6%	1.2%	10.1%	0.6%	0.9%	11.6%	1.0%
Zakhidenergo	ZAEN	148.0	199.8	80.0	2.1%	6.5%	-12.9%	63.7%	0.8%	4.8%	-2.4%	54.6%
<b>Consumer</b>												
Agroton	AGT	1.43	5.5	1.43	-2.7%	-6.5%	-25.5%	-26.7%	-4.0%	-8.2%	-15.1%	-35.8%
Astarta	AST	19.02	68.0	19.0	0.4%	-3.6%	-45.2%	-71.6%	-0.9%	-5.3%	-34.7%	-80.7%
Avangardo	AVGR	4.90	12.4	4.85	-5.8%	-18.3%	-24.6%	-58.3%	-7.0%	-20.0%	-14.1%	-67.4%
Industrial Milk Company	IMC	6.80	14.10	6.50	-0.6%	0.7%	-2.9%	-44.0%	-1.8%	-0.9%	7.6%	-53.2%
Kernel	KER	24.36	45.1	22.0	-3.3%	5.9%	10.2%	-36.0%	-4.5%	4.2%	20.7%	-45.1%
Mriya Agro Holding	MAYA	1.14	6.0	0.58	0.0%	-20.0%	95.1%	-78.8%	-1.2%	-21.7%	105.5%	-88.0%
MHPC	MHPC	11.10	18.5	10.00	-0.9%	7.8%	-5.5%	-34.7%	-2.1%	6.1%	4.9%	-43.9%
Milkiland	MLK	2.10	13.0	2.10	-4.1%	-15.3%	-40.0%	-83.2%	-5.3%	-17.0%	-29.5%	-92.3%
Ovostar Union	OVO	70.5	100.0	59.4	-0.7%	-2.7%	5.2%	-29.5%	-1.9%	-4.4%	15.7%	-38.6%
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
<b>Chemicals</b>												
Stirol	STIR	8.2	n/a	n/a	0.0%	2.5%	-12.8%	-34.4%	-1.2%	0.8%	-2.3%	-43.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.106	0.190	0.091	1.8%	-1.7%	-15.0%	-7.0%	0.6%	-3.4%	-4.6%	-16.1%
UkrSotsbank	USCB	0.150	0.205	0.090	17.1%	3.4%	11.1%	-20.0%	15.9%	1.8%	21.6%	-29.1%

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	1,524	468	391	537	33.2%	26.1%	35.2%	311	162	-337	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%
Ukrsporsbank	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	33	3.9%	1	1,382	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	357	333	323	\$/tonne
Yenakievo Steel	ENMZ	13	8.8%	1	9	1.5	neg	neg	neg	0.4	0.3	0.0	0.0	0.0	3	3	3	\$/tonne
Azovstal	AZST	197	3.0%	6	186	neg	neg	5.9	neg	neg	7.5	0.1	0.1	0.1	41	41	41	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	26	6.8%	2	-22	neg	neg	neg	neg	-0.5	neg	0.0	0.0	0.0	-5	-6	-6	\$/tonne
Yasynivsky Coke	YASK	6	9.0%	1	7	0.7	neg	1.3	0.2	0.2	0.4	0.0	0.0	0.0	0.2	0.2	0.4	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	563	0.3%	1	561	5.9	2.9	3.5	2.4	1.8	2.0	0.9	0.8	0.9				
Pivnichny GOK	SGOK	1,234	0.4%	5	1,227	2.8	2.3	2.7	1.6	1.3	1.5	0.9	0.8	0.8				
Ferrexpo	FXPO	697	24.0%	167	1,391	3.2	2.6	2.5	3.5	2.7	2.8	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	31	25.0%	8	141	0.8	neg	neg	2.3	6.7	15.7	0.9	1.1	1.4	2.3	6.7	15.7	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	75	2.0%	2	121	2.2	16.0	18.3	2.3	3.9	4.7	0.3	0.4	0.4	192	318	302	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	16	24.0%	4	53	3.2	0.8	0.7	1.8	1.5	1.4	0.2	0.2	0.1				
Kruiw Wagon	KVBZ	91	5.0%	5	81	1.0	2.2	neg	0.6	1.6	6.1	0.1	0.2	0.6				
Stakhanov Wagon	SVGZ	7	8.0%	1	39	11.6	12.9	14.8	5.5	6.7	7.2	0.1	0.2	0.3				
<b>Specialized Machinery</b>																		
Turboatom	TATM	97	5.8%	6	37	2.6	1.4	1.5	0.7	0.4	0.5	0.2	0.2	0.2				
Motor Sich	MSICH	278	24.0%	67	271	1.4	1.6	1.5	0.9	1.0	1.0	0.3	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	209	7.2%	15	513	4.6	12.3	7.9	2.5	2.7	2.9	0.6	0.6	0.8				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	827	3.0%	25	822	4.7	>30	5.1	1.8	2.9	2.5	0.3	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	29	21.6%	6	4	2.5	neg	14.4	0.2	neg	0.1	0.1	0.1	0.1	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	78	50.4%	39	186	neg	12.0	10.0	1.4	2.8	2.7	0.9	1.0	0.9	34	25	25	\$/boe
<b>Electric Utilities</b>																		
CentrEnerg	CEEN	183	21.7%	40	169	6.3	3.1	8.8	2.5	1.8	3.9	0.2	0.2	0.2	10	12	11	\$/MWh
DonbasEnerg	DOEN	47	14.2%	7	92	12.4	0.7	1.2	2.9	1.3	2.0	0.2	0.1	0.2	11	12	11	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,173	34.1%	400	2,253	3.8	7.2	neg	4.8	5.8	4.2	1.6	1.5	1.5				
Kernel	KER	577	61.8%	356	1,261	2.7	5.5	neg	3.9	4.3	5.7	0.6	0.5	0.5				
Astarta	AST	141	37.0%	52	537	2.4	4.1	neg	4.9	5.9	3.9	1.2	1.1	1.0				
Avangardco	AVGR	313	22.5%	70	419	1.4	1.3	1.9	1.5	1.4	1.8	0.7	0.6	0.7	95	72	68	\$/mneggs
Agroton	AGT	9	26.2%	2	58	1.4	neg	neg	2.8	7.7	16.8	0.7	0.7	0.7	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	209	3.5%	7		>30	2.3	neg	0.3	0.2	0.3	0.03	0.04	0.05				
Ukrsotsbank	USCB	182	1.0%	2		>30	>30	21.1	0.2	0.2	0.2	0.07	0.06	0.08				

Source: Eavex Research

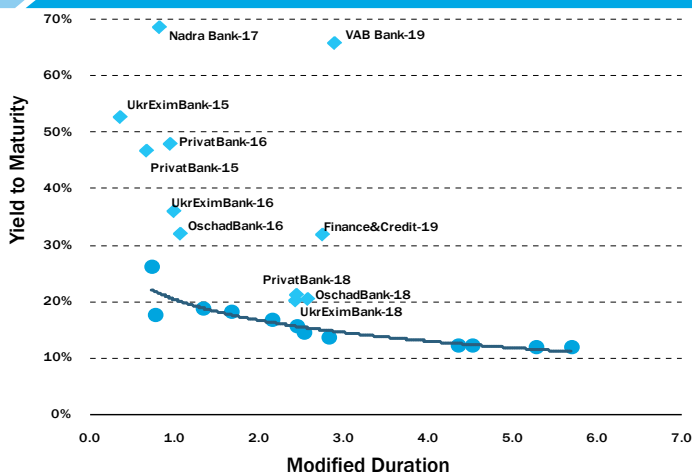
UKRAINIAN EUROBONDS

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)	83.4	86.6	28.1%	22.8%	-11.4%	0.7	4.95%	A	13 Oct 2015	600*	Caa3/CCC/CCC
Ukraine, 2015	85.9	86.9	26.9%	25.3%	-11.6%	0.7	6.875%	S/A	23 Sept 2015	500	Caa3/CCC/CCC
Ukraine, 2016	80.0	81.3	19.1%	18.2%	-14.3%	1.7	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC/CCC
Ukraine, 2016-2	81.9	83.0	20.3%	19.4%	-12.4%	1.3	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC/CCC
Ukraine, 2017	78.7	80.2	16.0%	15.2%	-14.3%	2.5	6.75%	S/A	14 Nov 2017	700	Caa3/CCC/CCC
Ukraine, 2017-2	81.5	82.8	18.3%	17.6%	-17.2%	2.1	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC/CCC
Ukraine, 2017 Infr. projects	82.5	84.5	16.0%	15.1%	1.1%	2.4	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	78.1	79.6	13.2%	12.8%	-15.3%	4.3	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC/CCC
Ukraine, 2021	79.6	81.6	12.8%	12.2%	-13.9%	4.5	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC/CCC
Ukraine, 2022	76.5	78.0	12.5%	12.2%	-15.2%	5.2	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC/CCC
Ukraine, 2023	75.2	76.7	12.3%	12.0%	-16.3%	5.7	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.0	33.1	43.1%	39.5%	-39.5%	2.8	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	96.0	98.0	20.2%	15.1%	-6.5%	0.4	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	84.0	84.9	12.4%	12.2%	-6.4%	4.0	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	80.0	85.0	37.0%	29.4%	-15.8%	0.8	10.00%	S/A	29 Oct 2015	200	/CCC/
UkrLandFarming, 2018	58.0	62.4	32.3%	29.1%	-30.9%	2.3	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016	14.0	18.0	278.7%	228.1%	-84.1%	0.5	10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	12.1	12.1	101.1%	101.1%	-85.8%	1.7	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	57.0	60.0	28.6%	26.6%	-37.9%	2.5	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	82.0	85.0	57.3%	48.1%	-18.5%	0.4	10.25%	S/A	20 May 2015	500	Caa2//CCC
Metinvest, 2018	66.6	69.0	24.2%	22.8%	-23.9%	2.4	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	90.0	92.5	16.2%	14.0%	-6.9%	1.2	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	66.9	66.9	24.0%	24.0%	-25.7%	2.6	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interepipe, 2017	55.0	65.0	38.4%	30.0%	-22.0%	1.9	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	79.3	81.5	20.7%	19.7%	-28.3%	2.6	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	45.0	55.0	35.4%	28.2%	-39.4%	2.7	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	74.8%	62.8%	-41.0%	0.8	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	72.0	74.0	55.2%	51.0%	-19.8%	0.6	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	57.0	59.0	60.5%	56.8%	-23.7%	0.9	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	75.5	78.5	21.7%	20.1%	-7.9%	2.4	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	85.0	85.5	50.3%	48.6%	-11.6%	0.4	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	70.0	72.0	39.0%	36.2%	-15.0%	1.0	8.40%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	73.0	74.5	20.8%	20.0%	-17.1%	2.4	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	20.0	30.0	125.1%	83.8%	-70.8%	n/a	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	74.0	76.0	34.6%	32.2%	-19.4%	1.1	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	72.8	74.1	20.5%	19.9%	-17.2%	2.6	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	76.4	78.4	40.0%	36.7%	-16.5%	0.8	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	73.5	78.1	31.2%	26.7%	-18.5%	1.3	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

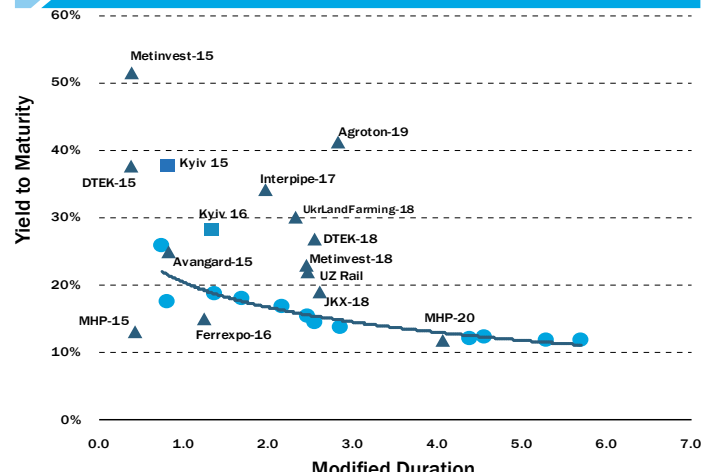
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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

## 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