

## Market Update

### Equity

Ukraine's main domestic equity gauge stayed near the 1000 point mark throughout the last two trading sessions, and closed just a half tick above that level on Thursday (Dec 25), a day that saw all the major bourses in Europe and the US shut for Christmas. Among the top blue chips, UkrNafta (UNAF) lost 1.0% yesterday, while Motor Sich (MSICH) and CentrEnergO (CEEN) gained 1.7% and 0.6% respectively, with the latter finishing at UAH 7.36 per share. In less liquid names, Azovstal (AZST) rose 2.4% and Avdyivka Coke (AVDK) added 2.9% to UAH 1.85. Outside the UX basket, UkrTelecom (UTLM) lost 7.3% to finish at 12.50 kopecks and Donbass-based Yasynivsky Coke (YASK) slumped 13.5% to 22.50 kopecks.

### Fixed Income

Ukraine's Eurobond universe was mostly flat on Thursday as the Western world observed Christmas, with Ukraine-23s finishing unchanged at 64.1/68.1 (15.3%/14.1%). An exception in corporate names was Ferrexpo-16s, which moved down by 1.0p.p. to 75.0/77.0 (33.5%/31.0%) on negative sentiment from falling iron ore prices.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2343.00	1.7%	3.2	80
CentrenergO	CEEN	7.36	0.6%	1.3	128
Ukrnafta	UNAF	208.50	-1.0%	1.2	82

### Growth Leaders

Svitlo Shakhtara	HMBZ	0.16	6.0%	0.04	9
Yenakievo Steel	ENMZ	21.78	3.4%	0.01	9
Avdyivka Coke	AVDK	1.85	2.9%	0.03	13

### Loss Leaders

Yasynivsky Coke	YASK	0.23	-13.5%	0.125	15
Ukrtelecom	UTLM	0.13	-7.3%	0.292	12
Ukrnafta	UNAF	208.50	-1.0%	1.246	82

## Highlights

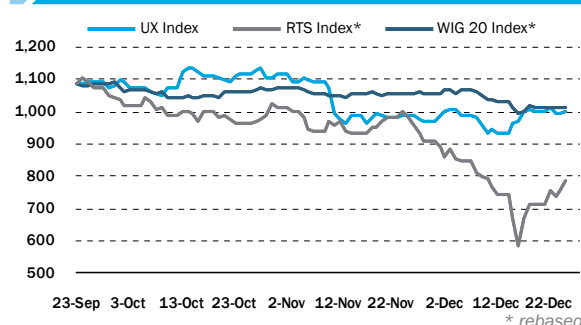
### POLITICS AND ECONOMICS

- > Amendments to Tax Code See No Agro Export VAT Refunds Until 2018
- > MinFin: Ukraine Raised USD 8.9bn In FX Borrowings in 11M14

### STOCKS IN THE NEWS

- > Kernel to Sell Up to 3.75mn Shares in Management Incentive Plan

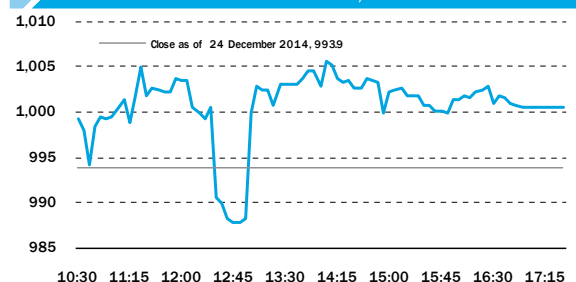
## STOCK MARKET PERFORMANCE



## MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1000.6	0.7%	1.2%	10.0%
RTS	844.1	3.6%	-21.6%	-41.5%
WIG20	2323.0	0.0%	-3.6%	-3.2%
MSCI EM	950.6	-0.1%	-6.0%	-5.1%
S&P 500	2081.9	0.0%	0.6%	13.1%

## UX INTRADAY DECEMBER 25, 2014



## FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	394.9	0.0%	13.2%	19.4%
CDS 5Y UKR	2100.9	0.3%	37.7%	156.1%
Ukraine-17	21.8%	0.0 p.p.	7.4 p.p.	12.8 p.p.
Ferrexpo-16	32.3%	1.2 p.p.	12.1 p.p.	23.4 p.p.
Ukraine-23	14.7%	0.0 p.p.	2.6 p.p.	7.2 p.p.
Privatbank-16	84.1%	0.0 p.p.	20.9 p.p.	63.7 p.p.

## CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	15.82	0.0%	4.8%	92.0%
EUR	19.34	0.2%	2.9%	70.1%
RUB	0.30	2.4%	-11.0%	19.0%

## COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	246.1	0.0%	9.1%	-14.4%
Steel, USD/t	447.5	0.0%	-5.8%	-16.7%
Oil, USD/bbl	60.2	0.0%	-24.8%	-43.8%
Gold, USD/oz	1174.0	-0.1%	-1.9%	-1.9%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Amendments to Tax Code See No Agro Export VAT Refunds Until 2018

by Ivan Dzvinka  
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### NEWS

Agricultural traders in Ukraine will not be eligible for export VAT refunds until 31 Dec 2017, according to draft amendments to the Tax Code released earlier this week by the Cabinet of Minister (Dec 22). The amendments have been already preliminary approved in Verkhovna Rada. The current Tax Code says that the moratorium on such export VAT refunds should end on Dec 31 this year. However, on 1 April 2015, the Cabinet may reconsider the timing of VAT refunds for agro traders, says the draft.

Meanwhile, VAT refunds for farmers/agro producers who directly export their own crops will remain untouched in 2015, as is prescribed in the valid Tax Code. Importantly, the Fixed Agricultural Tax (FAT) regime, which allows Ukrainian agro producers of all sizes to avoid paying corporate profit tax, will be left in place according to the current draft.

### COMMENTARY

Leaving the FAT regime and the VAT refunds in place for producers is definitely encouraging news for domestic crop growers and direct exporters, while postponement of the decision on VAT refunds for agro traders was a rather expected move in the light of the economic difficulties Ukraine currently faces. We presume that the market has previously priced in this scenario, as the stock price of Kernel, the country's largest listed crop trader, was only marginally lower on Dec 22-23 after a 16% run-up over the previous trading week. We see a low probability a positive decision on VAT refunds for traders will be made in April, due to the aforementioned macro difficulties in Ukraine.

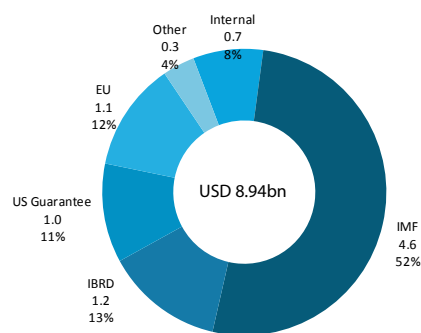
**MinFin: Ukraine Raised USD 8.9bn In FX Borrowings in 11M14**

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**NEWS**

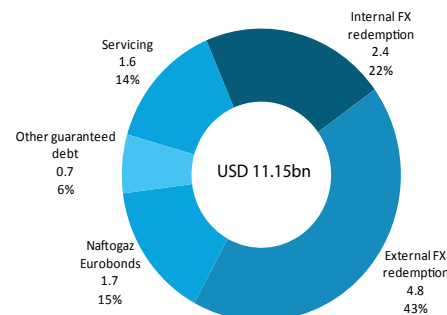
The Ukrainian government and the National Bank raised USD 8.94bn in foreign currency borrowings in the first 11 months of this year, the Finance Ministry (MinFin) said earlier this month. Foreign currency borrowings from the IMF amounted to USD 4.6bn, while the IBRD provided USD 1.2bn and European Union financial assistance was USD 1.1bn in the period. The balance includes a USD 1.0bn Eurobond issuance under US guarantee and issuance of USD-denominated domestic bonds for the amount of USD 713mn in the period. Meanwhile, the total FX servicing and redemption of public and guaranteed debt was USD 11.1bn in 11M14. The main repayments included a USD 1.7bn redemption of quasi-sovereign Naftogaz Eurobonds, redemption of sovereign Eurobonds of USD 1.0bn, and repayment of a USD 1.1bn loan to the IMF.

**PUBLIC FX BORROWINGS 11M14**



Source: MinFin

**PUBLIC DEBT FX SERVICING 11M14**



Source: MinFin

**COMMENTARY**

Taking into account that Ukraine's USD-denominated public and publicly-guaranteed debt was USD 39.8bn out of a total USD 69bn as of 1 Dec 2014, the importance of foreign currency borrowing is crucial for the government. Unfortunately, raising USD-denominated funds on the local market became complicated after the Ukrainian banking system saw a sharp outflow of foreign currency retail deposits this year. The NBU said that foreign currency retail deposits had decreased from an equivalent of USD 22.6bn at the start of 2014 to an equivalent of USD 14.1bn as of Dec 1. Obviously this is a part of a huge problem of capital flight from the country during this period of instability. Nevertheless, we see an opportunity for the government to return confidence to the domestic banking system, and with it, foreign currency deposits. By some estimates, Ukrainian households possess tens of billions of dollars in cash.

## Kernel to Sell Up to 3.75mn Shares in Management Incentive Plan

by Ivan Dzvinka  
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### KERNEL (KER PW)

Price: PLN 29.62 Market Cap: USD 663mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY14	0.6	neg	5.9	3%
FY15E	0.5	3.9	4.1	3%

### NEWS

The board of directors of Kernel, Ukraine's largest sunflower oil producer, approved a management stock option incentive plan earlier this week, the company said in a release on Thursday (Dec 25). The plan envisages giving management an option to purchase a cumulative total of up to 3.75mn of new shares in the group, which is 4.71% of the issued and outstanding stock of Kernel. On 8 December of 2015, 2016, 2017 and 2018, 400,000 shares under option will be exercisable (1.6mn shares in total). A further 875,000 shares under option will be exercisable on 7 June 2017, with the remaining 1.275mn shares exercisable on 8 December 2019. The exercise price per share will be equal to the average per-share market price for 12-month period ending 31 December 2014.

### COMMENTARY

The average KER stock price over full-year 2014 is going to come in very near the PLN 30 mark, which will be the level that the price needs to exceed on future exercising dates in order to be in the money. In case 400,000 shares (assuming maximum management participation and a profitable share price) are released on the market on the dates of exercise, we note that this could adversely affect the stock price on these dates, as 400,000 shares is double the KER stock's 2014 average daily trading volume. We suppose that the December timing for the option exercise was selected to exploit possible seasonal year-end rallying. We expect the incentive plan to further improve the liquidity of Kernel's Warsaw-listed shares.

## 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	-21%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	49.3	108.0	119%	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	8.20	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	8.00	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	1.85	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	0.23	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	0.38	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	1.04	U/R	-	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2343	5250	124%	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	3.4	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	12.5	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	32.0	72.0	125%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.36	15.00	104%	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	9.2	17.96	96%	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	17.6	90.0	412%	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	2.3	2.7	16%	HOLD	Loss of the company's output at war-hit Donbass together with UAH devaluation will lead to lower EBITDA in 2015 after some 55% drop in 2014.
Ovostar Union	OVO	71.9	80.8	12%	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	0.095	0.24	154%	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	1000.63	1368.76	821.17	0.7%	-0.3%	1.2%	10.0%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.015	0.05	0.01	1.4%	-3.2%	-23.5%	-61.3%	0.7%	-3.0%	-24.7%	-71.3%
Azovstal	AZST	0.71	0.95	0.35	1.7%	-1.8%	0.6%	5.7%	1.0%	-1.5%	-0.7%	-4.3%
Dniprospezstal	DNSS	263	n/a	n/a	50.0%	50.0%	50.0%	-79.8%	49.3%	50.3%	48.8%	-89.8%
Enakievo Steel	ENMZ	21.8	65.0	16.0	0.9%	-2.6%	13.4%	-32.0%	0.3%	-2.4%	12.2%	-41.9%
Arcelor Mittal KR	KSTL	3.54	n/a	n/a	0.0%	-11.5%	-11.5%	207.8%	-0.7%	-11.2%	-12.7%	197.9%
Mariupol Ilyicha	MMKI	0.11	n/a	n/a	-8.3%	-15.4%	-42.1%	10.0%	-9.0%	-15.1%	-43.3%	0.0%
<b>Coke</b>												
Avdivka Coke	AVDK	1.85	3.70	1.46	2.6%	2.8%	-3.8%	-37.6%	1.9%	3.0%	-5.0%	-47.6%
Yasnyivsky Coking	YASK	0.23	0.84	0.22	-14.8%	-20.7%	-25.8%	-56.6%	-15.5%	-20.4%	-27.0%	-66.6%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	8.00	n/a	n/a	0.0%	-3.6%	10.3%	23.1%	-0.7%	-3.4%	9.1%	13.1%
Ferrexpo	FXPO	49.25	191.0	47.9	0.0%	2.8%	-30.8%	-74.2%	-0.7%	3.1%	-32.0%	-84.2%
Pivnichny GOK	SGOK	8.20	9.80	4.50	0.0%	6.5%	0.7%	2.5%	-0.7%	6.8%	-0.5%	-7.5%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.38	0.79	0.10	72.7%	0.0%	18.8%	-5.0%	72.1%	0.3%	17.5%	-15.0%
Komsomolets Donbasa	SHKD	0.25	n/a	n/a	8.7%	25.0%	8.7%	-59.7%	8.0%	25.3%	7.5%	-69.6%
Energy Coal	CLE	0.64	2.02	0.55	0.0%	-7.2%	-4.5%	-39.0%	-0.7%	-7.0%	-5.7%	-49.0%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.16	n/a	n/a	6.7%	-46.7%	-46.7%	-65.2%	6.0%	-46.4%	-47.9%	-75.2%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.38	1.01	0.20	0.0%	15.2%	-9.5%	-36.7%	-0.7%	15.4%	-10.8%	-46.6%
Interpipe NMPP	NVTR	0.30	n/a	n/a	0.0%	0.0%	-23.1%	42.9%	-0.7%	0.3%	-24.3%	32.9%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	12.0	25.0	10.0	1.4%	0.5%	1.4%	-30.8%	0.8%	0.8%	0.2%	-40.8%
Luhanskeplovoz	LTPL	1.04	1.80	0.85	0.0%	0.0%	-3.7%	-30.7%	-0.7%	0.3%	-4.9%	-40.6%
Stakhanov Wagon	SVGZ	0.35	n/a	n/a	0.0%	0.0%	-30.0%	-73.1%	-0.7%	0.3%	-31.2%	-83.0%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.02	0.08	0.01	0.0%	-19.7%	-33.6%	-24.5%	-0.7%	-19.4%	-34.8%	-34.5%
Motor Sich	MSICH	2,343	2,879	1,587	1.5%	3.7%	15.3%	28.5%	0.8%	3.9%	14.1%	18.5%
Summy Frunze Engineering	SMASH	4.04	n/a	n/a	-41.4%	-32.7%	-10.2%	61.6%	-42.0%	-32.4%	-11.4%	51.6%
Turboatom	TATM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WESTA ISIC	WES	0.15	0.80	0.15	0.0%	-21.1%	-42.3%	-62.5%	-0.7%	-20.8%	-43.5%	-72.5%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.13	0.20	0.09	-7.3%	-4.1%	-7.3%	13.8%	-7.9%	-3.8%	-8.6%	3.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	3.38	14.13	3.13	0.0%	-25.4%	-40.0%	-73.5%	-0.7%	-25.2%	-41.2%	-83.5%
JXX Oil	JKX	12.50	72.25	11.00	0.0%	-5.7%	-55.4%	-82.6%	-0.7%	-5.4%	-56.6%	-92.5%
Ukrnafta	UNAF	209	375	54	-1.0%	7.0%	-8.3%	92.0%	-1.7%	7.3%	-9.5%	82.0%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.36	8.70	3.00	0.6%	-2.0%	-0.9%	54.4%	-0.1%	-1.7%	-2.2%	44.4%
Donbasenergo	DOEN	32.0	50.2	11.0	-0.1%	-2.5%	-0.6%	15.9%	-0.8%	-2.3%	-1.8%	5.9%
Zakhidenergo	ZAEN	140.0	199.8	80.0	0.0%	-8.3%	-5.4%	54.9%	-0.7%	-8.1%	-6.6%	44.9%
<b>Consumer</b>												
Agroton	AGT	1.19	5.5	1.19	0.0%	-13.1%	-3.3%	-39.0%	-0.7%	-12.9%	-4.5%	-48.9%
Astarta	AST	17.57	68.0	14.5	0.0%	4.0%	3.8%	-73.7%	-0.7%	4.2%	2.6%	-83.7%
Avangardo	AVGR	2.30	11.9	2.30	0.0%	-23.3%	-53.1%	-80.4%	-0.7%	-23.1%	-54.3%	-90.4%
Industrial Milk Company	IMC	5.99	12.77	5.85	0.0%	0.0%	-11.3%	-50.7%	-0.7%	0.3%	-12.5%	-60.7%
Kernel	KER	29.62	42.0	22.0	0.0%	6.9%	21.5%	-22.2%	-0.7%	7.2%	20.3%	-32.2%
Mriya Agro Holding	MAYA	0.70	6.0	0.58	0.0%	-21.0%	-13.1%	-87.1%	-0.7%	-20.8%	-14.4%	-97.1%
MHPC	MHPC	9.15	18.5	9.00	0.0%	-2.7%	-18.7%	-46.2%	-0.7%	-2.4%	-19.9%	-56.2%
Milkiland	MLK	1.60	12.7	1.60	0.0%	-12.6%	-19.6%	-87.2%	-0.7%	-12.3%	-20.8%	-97.2%
Ovostar Union	OVO	71.9	100.0	59.4	0.0%	-0.1%	2.7%	-28.1%	-0.7%	0.1%	1.5%	-38.1%
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	6.6	n/a	n/a	8.6%	0.9%	-20.0%	-47.5%	7.9%	1.2%	-21.2%	-57.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.095	0.190	0.090	-0.2%	-3.5%	-8.3%	-16.7%	-0.9%	-3.2%	-9.6%	-26.7%
UkrSotsbank	USCB	0.128	0.202	0.090	0.0%	-8.4%	-14.5%	-31.6%	-0.7%	-8.1%	-15.7%	-41.5%

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	106	135	50	10	15.2%	10.9%	9.4%	95	42	-3	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	168	20.4%	16.9%	17.7%
<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	536	69	94	33	6.2%	10.3%	6.1%	29	60	16	2.6%	6.5%	2.9%
Donbasenergo	DOEN	574	656	391	32	72	34	5.6%	11.0%	8.8%	4	65	31	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	443	280	301	130	44.5%	45.6%	29.3%	228	238	-11	36.3%	36.0%	neg
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	2,730	957	1,064	518	451	197	222	1	1	-32	0.1%	0.1%	-6.1%

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	24	3.9%	1	1,373	neg	neg	neg	neg	neg	neg	0.8	0.8	0.8	355	331	321	\$/tonne
Yenakievo Steel	ENMZ	15	8.8%	1	11	1.7	neg	neg	neg	0.5	0.3	0.0	0.0	0.0	4	4	4	\$/tonne
Azovstal	AZST	188	3.0%	6	177	neg	neg	5.6	neg	neg	7.1	0.1	0.1	0.1	39	39	39	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	23	6.8%	2	-25	neg	neg	neg	neg	-0.6	neg	0.0	0.0	0.0	-6	-7	-7	\$/tonne
Yasynivsky Coke	YASK	4	9.0%	0	5	0.5	neg	0.8	0.2	0.2	0.3	0.0	0.0	0.0	0.2	0.2	0.3	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	593	0.3%	1	591	6.2	3.0	3.6	2.5	1.9	2.1	1.0	0.9	0.9				
Pivnichny GOK	SGOK	1,194	0.4%	5	1,188	2.7	2.2	2.6	1.6	1.3	1.5	0.8	0.7	0.8				
Ferrexpo	FXPO	450	24.0%	108	1,144	2.1	1.7	1.6	2.8	2.3	2.3	0.8	0.7	0.8				
<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	29	25.0%	7	139	0.8	neg	neg	2.2	6.6	15.5	0.8	1.1	1.4	2.2	6.6	15.5	\$/tonne
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	62	2.0%	1	108	1.9	13.3	15.2	2.1	3.5	4.2	0.2	0.3	0.4	172	285	270	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	14	24.0%	3	52	3.0	0.7	0.6	1.8	1.4	1.4	0.2	0.2	0.1				
Kruiw Wagon	KVBZ	87	5.0%	4	78	0.9	2.1	neg	0.6	1.5	7.8	0.1	0.2	0.7				
Stakhanov Wagon	SVGZ	5	8.0%	0	38	8.5	9.4	10.8	5.2	6.4	6.9	0.1	0.2	0.3				
<b>Specialized Machinery</b>																		
Turboatom	TATM	93	5.8%	5	33	2.5	1.3	1.4	0.6	0.4	0.5	0.2	0.2	0.2				
Motor Sich	MSICH	308	24.0%	74	300	1.5	1.8	1.8	1.0	1.1	1.2	0.3	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	148	7.2%	11	452	3.3	8.7	5.6	2.2	2.4	2.6	0.5	0.6	0.7				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	715	3.0%	21	709	4.1	>30	4.4	1.6	2.5	2.2	0.3	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	17	21.6%	4	-8	1.5	neg	8.5	-0.4	neg	-0.3	-0.2	-0.2	-0.2	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	34	50.4%	17	142	neg	5.2	4.3	1.0	2.1	2.1	0.7	0.8	0.7	26	19	19	\$/boe
<b>Electric Utilities</b>																		
CentrEnerg	CEEN	172	21.7%	37	158	6.0	2.9	11.0	2.3	1.7	4.8	0.1	0.2	0.3	9	11	10	\$/MWh
DonbasEnerg	DOEN	48	14.2%	7	93	12.5	0.7	1.6	2.9	1.3	2.7	0.2	0.1	0.2	11	12	11	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	967	34.1%	330	2,047	3.1	6.0	neg	4.4	5.2	3.8	1.5	1.4	1.3				
Kernel	KER	701	61.8%	433	1,355	3.3	6.7	neg	4.2	4.7	6.1	0.6	0.5	0.6				
Astarta	AST	131	37.0%	48	526	2.2	3.8	neg	4.8	5.8	3.8	1.2	1.1	0.9				
Avangardco	AVGR	147	22.5%	33	334	0.6	0.6	neg	1.2	1.1	2.6	0.5	0.5	0.8	76	57	54	\$/mneggs
Agroton	AGT	8	26.2%	2	57	1.1	neg	neg	2.8	7.5	16.3	0.6	0.7	0.6	n/a	n/a	n/a	
<b>Banks</b>																		
Raiffeisen Bank Aval	BAVL	179	3.5%	6		>30	2.0	neg	0.2	0.2	0.3	0.03	0.03	0.05				
Ukrsotsbank	USCB	149	1.0%	1		>30	>30	neg	0.2	0.1	0.3	0.04	0.04	0.07				

Source: Eavex Research



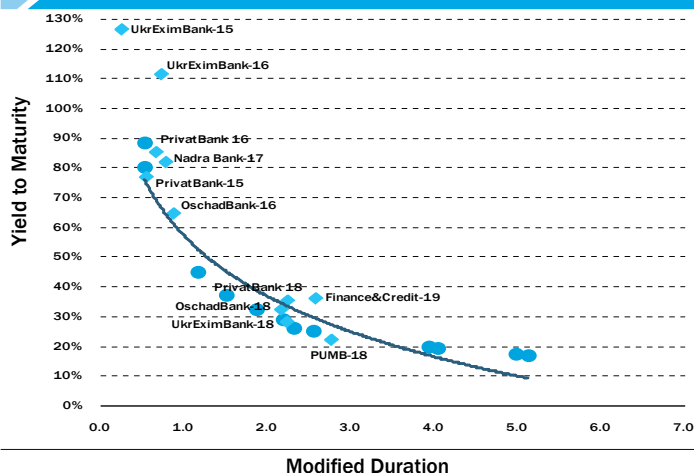
**UKRAINIAN EUROBONDS**

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)	68.3	74.3	65.1%	49.8%	-25.7%	0.6	4.95%	A	13 Oct 2015	600*	Caa3/CCC-/CCC
Ukraine, 2015	70.7	72.1	62.4%	59.1%	-27.0%	0.5	6.875%	S/A	23 Sept 2015	500	Caa3/CCC-/CCC
Ukraine, 2016	65.0	66.5	32.8%	31.3%	-30.1%	1.5	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC-/CCC
Ukraine, 2016-2	64.7	69.7	40.6%	34.2%	-28.6%	1.2	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC-/CCC
Ukraine, 2017	66.4	71.4	23.4%	20.3%	-25.6%	2.3	6.75%	S/A	14 Nov 2017	700	Caa3/CCC-/CCC
Ukraine, 2017-2	66.6	71.6	28.4%	24.8%	-30.3%	1.9	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC-/CCC
Ukraine, 2017 Infr. projects	60.0	63.0	30.3%	28.1%	-25.6%	2.2	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	60.0	63.0	26.2%	24.3%	-21.7%	2.5	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	63.0	67.0	18.5%	17.0%	-30.1%	4.0	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC-/CCC
Ukraine, 2021	64.8	68.8	17.5%	16.1%	-28.7%	4.2	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC-/CCC
Ukraine, 2022	64.8	68.8	15.7%	14.6%	-26.6%	5.2	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC-/CCC
Ukraine, 2023	64.1	68.1	15.3%	14.1%	-27.1%	5.3	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC-/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.1	37.4	44.5%	36.5%	-35.3%	2.8	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	94.0	96.0	29.7%	22.9%	-8.4%	0.3	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	68.0	74.1	17.9%	15.7%	-21.3%	3.8	8.25%	S/A	2 Apr 2020	750	/CCC/CCC
Avangardco, 2015	64.5	64.5	71.5%	71.5%	-34.2%	0.6	10.00%	S/A	29 Oct 2015	200	/CCC-/
UkrLandFarming, 2018	48.3	48.3	41.1%	41.1%	-44.6%	2.0	10.88%	S/A	26 Mar 2018	500	/CCC/CCC
Mriya, 2016	11.0	15.0	318.5%	255.5%	-87.1%	0.5	10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	11.0	11.0	112.0%	112.0%	-87.2%	1.5	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2015						0.3	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	43.0	48.0	41.1%	36.3%	-51.7%	2.3	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	79.0	82.0	80.2%	68.0%	-21.5%	0.3	10.25%	S/A	20 May 2015	114	Caa2//CCC
Metinvest, 2017	61.0	65.0	32.0%	29.1%	-10.0%	1.6	10.50%	S/A	28 Nov 2017	290	//CCC
Metinvest, 2018	53.0	58.0	34.4%	30.5%	-37.6%	2.2	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	75.0	77.0	33.5%	31.0%	-22.4%	1.0	7.875%	S/A	07 Apr 2016	500	/CCC/CCC
UZ Rail, 2018	52.0	54.0	34.5%	33.0%	-41.1%	2.4	9.50%	S/A	21 May 2018	500	/CCC/CCC
Interpipe, 2017	55.0	65.0	39.3%	30.7%	-22.0%	1.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	58.4	60.1	33.6%	32.4%	-47.1%	1.6	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	40.0	50.0	40.5%	32.1%	-45.5%	2.5	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2018						2.7	11.00%	Q	31 Dec 2018	275	Caa3//
Nadra Bank, 2018	15.0	20.0	514.9%	297.0%	-78.3%	0.1	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	63.0	68.0	87.3%	72.7%	-28.0%	0.5	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	47.0	52.0	90.9%	77.7%	-34.9%	0.7	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	58.0	60.0	33.3%	31.8%	-29.4%	2.1	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	75.4	75.4	104.7%	104.7%	-21.8%	0.2	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	37.0	47.0	124.7%	90.9%	-49.7%	0.7	5.79%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	63.0	66.0	27.3%	25.4%	-27.5%	2.2	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	4.0	9.0	514.4%	257.8%	-92.4%	n/a	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	64.1	64.9	52.1%	50.7%	-30.7%	0.9	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	59.8	62.3	28.8%	27.1%	-31.1%	2.3	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	72.4	74.6	52.0%	47.5%	-20.6%	0.7	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	70.0	71.8	36.7%	34.6%	-23.8%	1.2	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

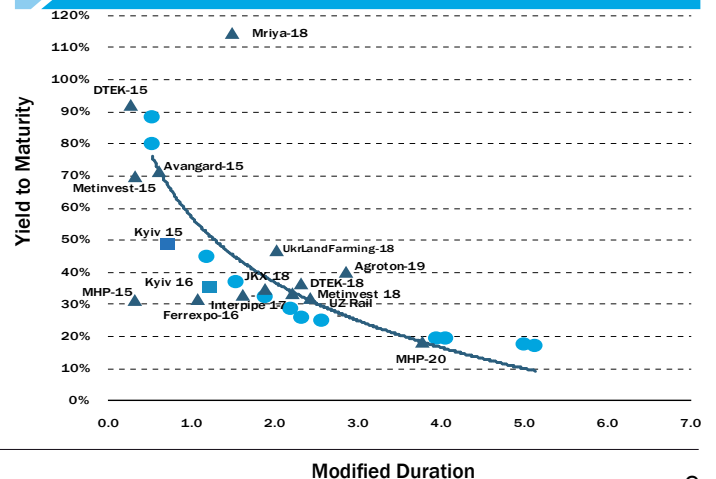
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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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