

**Market Update**

**Equity**

The Ukrainian stock market ended higher on Monday (Jan 12) as traders bet on a positive outcome of the IMF standby program review. The UX index rose by 1.6% to close at 1059 points, although it gave up some 30 additional points from its intraday peak near 1090. UkrNafta (UNAF) advanced by 4.1% to UAH 216 per share despite the deepening downward trend in global oil prices. CentrEnerg (CEEN) and DonbasEnerg (DOEN) added 1.1% and 8.1% respectively with the latter closing at UAH 34.90. Raiffeisen Aval (BAVL) underperformed the broader market inching down by 0.1% as situation in the banking system remains difficult. In London, JKK Oil&Gas (JKX) rose by 2.0% to GBp 12.50 after the company reported successful test results from a well at its Elizavetovske field in Poltava province. In Warsaw trading, Kernel (KER) jumped 7.4% to PLN 31.50 and Astarta (AST) advanced 5.7% to PLN 26.40.

**Fixed Income**

Ukrainian medium-term sovereigns fell sharply on Monday on negative news flow on the Donbass peace process, with Ukraine-17s slumping 5.0p.p. to 59.8/62.8 (28.3%/26.1%). Benchmark Ukraine-23's were little-changed at 58.9/63.9 (16.9%/15.3%) In corporate names, Metinvest-18s declined by 1.5p.p. to 50.0/56.0 (37.4%/32.3%) and MHP-20s edged down 0.4p.p. to 67.4/68.8 (18.2%/17.6%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
CentrEnerg	CEEN	7.71	1.1%	5.2	212
Ukrnafta	UNAF	216.20	4.1%	3.1	202
Motor Sich	MSICH	2554.00	1.1%	1.7	135

**Growth Leaders**

Donbasenergo	DOEN	34.87	8.1%	0.38	58
Kryukiv Wagon	KVBZ	12.81	4.7%	0.13	34
Ukrnafta	UNAF	216.20	4.1%	3.09	202

**Loss Leaders**

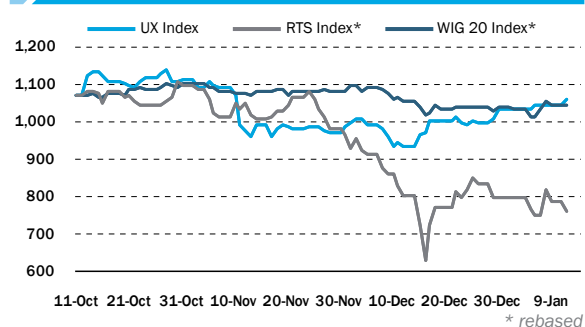
Yenakievo Steel	ENMZ	21.48	-2.2%	0.231	33
Alchevsk Steel	ALMK	0.01	-2.0%	0.005	25
Azovstal	AZST	0.76	-0.1%	0.090	74

**Highlights**

**POLITICS AND ECONOMICS**

- > Germany Rebuffs Poroshenko's Kazakhstan Summit Initiative
- > NBU Reserves Plunged USD 2.4bn to USD 7.5bn Last Month
- > Ukrainian Steel Output Fell 17% YoY in FY14

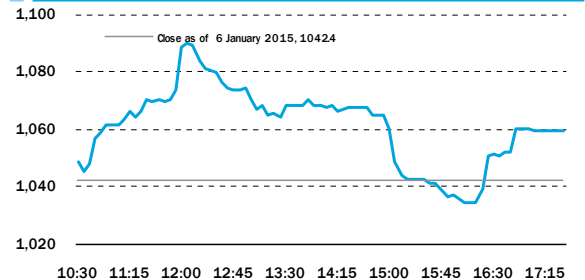
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1059.4	1.6%	13.3%	16.4%
RTS	756.6	-3.3%	-5.3%	-47.6%
WIG20	2330.0	-0.3%	-1.3%	-3.0%
MSCI EM	955.5	-0.6%	1.8%	-4.6%
S&P 500	2028.3	-0.8%	1.3%	10.2%

**UX INTRADAY JANUARY 12, 2015**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	446.6	2.5%	1.5%	35.0%
CDS 5Y UKR	2332.3	6.8%	19.5%	184.3%
Ukraine-17	27.2%	3.4 p.p.	3.9 p.p.	18.2 p.p.
Ferrexpo-16	31.2%	-0.6 p.p.	3.2 p.p.	22.3 p.p.
Ukraine-23	16.1%	0.1 p.p.	1.1 p.p.	8.6 p.p.
Privatbank-16	87.6%	0.2 p.p.	13.6 p.p.	67.2 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	15.81	0.0%	0.3%	91.8%
EUR	18.70	0.0%	-4.8%	64.5%
RUB	0.25	-2.6%	-8.2%	-1.0%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	236.7	0.0%	-1.7%	-17.6%
Steel, USD/t	450.0	0.0%	-4.3%	-16.3%
Oil, USD/bbl	47.4	-5.3%	-23.7%	-55.8%
Gold, USD/oz	1233.3	0.9%	0.9%	3.1%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Germany Rebuffs Poroshenko's Kazakhstan Summit Initiative

by Will Ritter  
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### NEWS

German Foreign Minister Frank-Walter Steinmeier said a closed-door meeting in Berlin on Monday (Jan 12) which he held with his counterparts from Ukraine, Russia and France, did not produce the results necessary for the countries to go ahead with a summit meeting in Kazakhstan that had been proposed for Thursday (Jan 15), the Associated Press reported. The summit had been trumpeted by President Poroshenko as a format for concluding a peace deal to end the Donbass war in Eastern Ukraine. The AP wrote that Berlin's position is that the differences between Ukraine and Russia on the conflict are still too wide for the summit to be productive. The foreign ministers issued a statement after their meeting saying that they will continue to talk and that the Kazakhstan summit might be held at a later date. Meanwhile, the military situation in the Donbass has seen significant escalation in recent days, with pro-Russian separatists and Kyiv government sources blaming each other for the fighting.

### COMMENTARY

The "elephant in the room" that is preventing a resolution of the Donbass war is that there is no consensus whatsoever between the sides on the big question of what will ultimately be the status of the separatist-controlled territories, i.e. whether they will remain part of Ukraine or not. Further, despite a relevant provision in the Minsk Sept 5 ceasefire agreement, no demarcation outlining the border between separatist- and government-controlled territory has ever been drawn up. Indeed, Poroshenko's stated expectation that a Kazakhstan summit meeting could take place to resolve the war as soon as this week without further concessions from Kyiv looked overly optimistic from the start. We think that Moscow is following a strategy of trying to strengthen the position of pro-war Ukrainian hard-liners at Poroshenko's expense, and thereby undermine EU support for Poroshenko at a time when Kyiv critically needs Western financial assistance to avoid an economic meltdown. Ukraine's sovereign Eurobonds due in November 2017 plummeted by 5.0p.p. yesterday to 60/63 cents on the dollar.

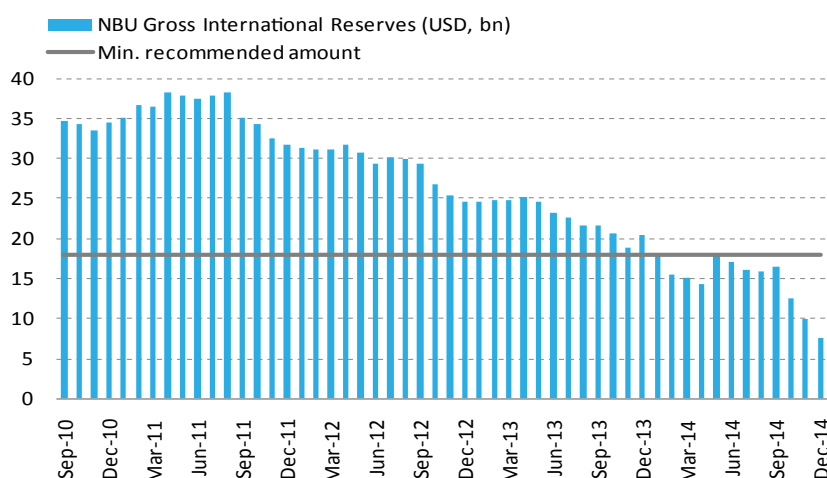
**NBU Reserves Plunged USD 2.4bn to USD 7.5bn Last Month**

by Dmitry Churin  
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**NEWS**

Ukraine's foreign currency reserves declined by 24.4% (USD 2.4bn) MoM to USD 7.53bn in December, the National Bank of Ukraine (NBU) reported on Monday (Jan 12). The NBU said it had sold USD 1.65bn to Naftogaz for a debt repayment to Russia's Gazprom. Intervention on the interbank currency market amounted to USD 831mn in the period, and the reserves were also used to service the government's external debt in amount of USD 738mn. Meanwhile, the government received USD 616mn from the European Commission in December and raised USD 130mn by issuing USD-denominated domestic bonds in the period.

**UKRAINE'S FX RESERVES, USD bn**



Source: National Bank of Ukraine

**COMMENTARY**

Although the decline in Ukraine's reserves has obviously reached a critical point, this is no longer a standalone problem; replenishing the reserves via generous Western support has become a political question linked to implementation of economic reforms and stoppage of the armed conflict in Eastern Ukraine. Whether Ukraine receives cash from the IMF and other sources depends on whether the major Western governments are satisfied with the Poroshenko regime's moves to de-escalate the Donbass war and reform the economy. At the same time, Kyiv could be seen as playing a game of chicken with the West, with the implied threat of default if it does not receive the aid. At the moment, the reserves are below the estimated USD 9.0bn needs to service government debt coming due in 2015. The major redemptions of the government's foreign currency debt are scheduled for 2H15. For the January-June period, the government needs about USD 2.6bn, unless Moscow calls in its option to demand an early redemption of USD 3.0bn loan.

**Ukrainian Steel Output Fell 17% YoY in FY14**

by Ivan Dzvinka  
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**NEWS**

Crude steel production in Ukraine in 2014 declined by 16.9% YoY to 27.16mn tonnes, Interfax reported last week, citing the industry association MetallurgProm. In December alone, domestic mills smelted 1.92mn tonnes of steel, representing a 28% YoY drop. Average daily output in December edged up by 2.0% compared to November.

**COMMENTARY**

National steel output in 2014 was Ukraine's lowest in the last decade, with the result even worse than crisis-year 2009's 29.76mn tonnes. The core reason for this disappointing result was the war in the Donbass region, which hosts about half of Ukrainian steelmaking capacity. The war detrimentally affected production at Donbass steel mills from August onward. Notably, average monthly production over July-December of 1.85mn tonnes was 28% lower vs. average monthly output over 7M14. Lost output due to the war amounted to 3.5mn tonnes, or equivalent of some USD 1.8bn of lost export revenue.

As it looks now, 2015 will be another tough year for domestic steel companies. Apart from the highly uncertain situation in regard to resolution of the war, domestic players are seeing strengthening competition from China on the main export markets (Europe and the Middle East) and a significant plunge in internal Ukrainian steel use. We thus now expect a further 10% YoY drop in steel output in full-year 2015, with material risk of an even worse result.

## 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	57.5	108.0	88%	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	9.93	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	8.10	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	0.28	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	0.35	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	12.8	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.09	U/R	-	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2554	5250	106%	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	4.4	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	13.0	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	34.9	72.0	106%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.71	15.00	95%	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	9.1	17.96	97%	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	27.3	90.0	229%	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	2.2	2.7	24%	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	72.0	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	0.096	0.24	151%	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	1059.42	1368.76	821.17	1.6%	2.5%	13.3%	16.4%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.015	0.05	0.01	-2.0%	0.7%	-2.7%	-62.4%	-3.6%	-1.8%	-16.0%	-78.8%
Azovstal	AZST	0.76	0.95	0.35	-0.1%	1.6%	13.3%	13.0%	-1.8%	-0.9%	0.0%	-3.4%
Dniprospezstal	DNSS	650	n/a	n/a	0.0%	0.0%	271.4%	-50.0%	-1.6%	-2.5%	258.1%	-66.4%
Enakievo Steel	ENMZ	21.5	65.0	16.0	-2.3%	2.5%	13.6%	-32.9%	-3.9%	0.0%	0.3%	-49.3%
Arcelor Mittal KR	KSTL	3.54	n/a	n/a	0.0%	0.0%	-11.5%	207.8%	-1.6%	-2.5%	-24.8%	191.4%
Mariupol Ilyicha	MMKI	0.16	n/a	n/a	0.0%	0.0%	-15.8%	60.0%	-1.6%	-2.5%	-29.1%	43.6%
<b>Coke</b>												
Avdyivka Coke	AVDK	1.85	3.70	1.46	1.6%	6.8%	11.0%	-37.6%	0.0%	4.3%	-2.3%	-54.0%
Yasnyivsky Coking	YASK	0.28	0.84	0.19	47.4%	0.0%	-6.7%	-47.2%	45.7%	-2.5%	-20.0%	-63.6%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	8.10	n/a	n/a	0.0%	4.0%	11.0%	24.6%	-1.6%	1.5%	-2.4%	8.2%
Ferrexpo	FXPO	57.50	181.6	47.9	3.6%	4.5%	3.0%	-69.9%	2.0%	2.0%	-10.3%	-86.3%
Pivnichny GOK	SGOK	9.93	12.30	4.44	0.0%	18.6%	20.8%	24.1%	-1.6%	16.1%	7.5%	7.7%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.35	0.79	0.17	-25.5%	-25.5%	-5.4%	-12.5%	-27.2%	-28.1%	-18.7%	-28.9%
Komsomolets Donbasa	SHKD	0.45	n/a	n/a	0.0%	2.3%	60.7%	-27.4%	-1.6%	-0.3%	47.4%	-43.8%
Energy Coal	CLE	0.75	2.02	0.55	-1.3%	5.6%	5.6%	-28.6%	-3.0%	3.1%	-7.7%	-45.0%
<b>Mining Machinery</b>												
Svitlo Shakhtara	HMBZ	0.16	n/a	n/a	0.0%	0.0%	-46.7%	-65.2%	-1.6%	-2.5%	-60.0%	-81.6%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.35	1.01	0.20	-7.9%	-7.9%	-7.9%	-41.7%	-9.5%	-10.4%	-21.2%	-58.1%
Interpipe NMPP	NVTR	0.35	n/a	n/a	0.0%	0.0%	16.7%	66.7%	-1.6%	-2.5%	3.3%	50.3%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	12.8	25.0	10.0	4.7%	-0.3%	19.7%	-26.0%	3.1%	-2.8%	6.4%	-42.4%
Luhanskeplovoz	LTPL	1.09	1.80	0.85	0.0%	0.9%	4.8%	-27.3%	-1.6%	-1.6%	-8.5%	-43.7%
Stakhanov Wagon	SVGZ	0.34	n/a	n/a	0.0%	13.3%	3.0%	-73.8%	-1.6%	10.8%	-10.3%	-90.3%
<b>Specialized Machinery</b>												
Bogdan Motors	LUAZ	0.02	0.08	0.01	-9.5%	5.0%	-16.0%	-20.8%	-11.1%	2.5%	-29.3%	-37.2%
Motor Sich	MSICH	2,554	2,879	1,587	1.0%	2.9%	18.8%	40.0%	-0.6%	0.3%	5.5%	23.6%
Summy Frunze Engineering	SMASH	5.00	n/a	n/a	0.0%	0.0%	-16.7%	100.0%	-1.6%	-2.5%	-30.0%	83.6%
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	0.18	0.80	0.15	0.0%	-5.3%	-25.0%	-55.0%	-1.6%	-7.8%	-38.3%	-71.4%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.15	0.20	0.09	0.0%	0.0%	16.5%	38.2%	-1.6%	-2.5%	3.2%	21.8%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	4.42	14.13	3.13	0.1%	7.2%	-6.9%	-65.3%	-1.5%	4.6%	-20.3%	-81.7%
JKX Oil	JKX	12.50	72.25	11.00	2.0%	-2.0%	-2.0%	-82.6%	0.4%	-4.5%	-15.3%	-99.0%
Ukrnafta	UNAF	216	375	54	4.1%	6.3%	17.4%	99.1%	2.5%	3.8%	4.0%	82.7%
<b>Power Utilities</b>												
Centrenerg	CEEN	7.71	8.70	3.00	1.1%	2.2%	8.6%	61.7%	-0.5%	-0.3%	-4.7%	45.3%
Donbasenergo	DOEN	34.9	50.2	11.0	5.8%	5.7%	20.4%	26.4%	4.1%	3.1%	7.1%	10.0%
Zakhidenergo	ZAEN	148.1	199.8	80.0	0.0%	0.0%	-3.0%	63.8%	-1.6%	-2.5%	-16.3%	47.4%
<b>Consumer</b>												
Agroton	AGT	1.45	5.5	1.19	2.1%	14.2%	0.0%	-25.6%	0.5%	11.6%	-13.3%	-42.1%
Astarta	AST	26.41	67.5	14.5	5.7%	33.1%	43.9%	-60.5%	4.1%	30.6%	30.6%	-76.9%
Avangardo	AVGR	2.15	11.7	2.01	2.4%	4.9%	-40.4%	-81.7%	0.7%	2.4%	-53.7%	-98.1%
Industrial Milk Company	IMC	6.40	12.77	5.46	6.7%	14.3%	6.7%	-47.3%	5.0%	11.8%	-6.7%	-63.7%
Kernel	KER	31.50	42.0	22.0	7.4%	18.4%	8.6%	-17.3%	5.7%	15.9%	-4.7%	-33.7%
Mriya Agro Holding	MAYA	0.59	6.0	0.56	0.0%	4.8%	-41.4%	-89.1%	-1.6%	2.3%	-54.7%	-105.5%
MHPC	MHPC	9.11	18.2	9.00	0.1%	-8.8%	-9.8%	-46.4%	-1.5%	-11.3%	-23.1%	-62.9%
Milkiland	MLK	1.69	11.6	1.48	-0.6%	-0.6%	-12.9%	-86.5%	-2.2%	-3.1%	-26.2%	-102.9%
Ovostar Union	OVO	72.0	95.0	59.4	-1.4%	0.0%	0.0%	-28.0%	-3.0%	-2.5%	-13.3%	-44.4%
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	6.9	n/a	n/a	0.0%	0.0%	6.6%	-44.6%	-1.6%	-2.5%	-6.7%	-61.0%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.096	0.190	0.090	-0.1%	-0.3%	2.4%	-15.7%	-1.7%	-2.8%	-11.0%	-32.1%
UkrSotsbank	USCB	0.130	0.202	0.090	0.0%	0.0%	-7.0%	-30.6%	-1.6%	-2.5%	-20.3%	-47.0%

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	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%
Ukrspasbank	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	14	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	201	3.0%	6	190	neg	neg	6.0	neg	neg	7.6	0.1	0.1	0.1	41	42	42	\$/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	-6	-7	\$/tonne
Yasynivsky Coke	YASK	5	9.0%	0	6	0.6	neg	1.0	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	601	0.3%	2	599	6.3	3.1	3.7	2.6	1.9	2.1	1.0	0.9	0.9				
Pivnichny GOK	SGOK	1,448	0.4%	6	1,441	3.3	2.6	3.1	1.9	1.6	1.8	1.0	0.9	1.0				
Ferrexpo	FXPO	526	24.0%	126	1,220	2.4	2.0	1.9	3.0	2.4	2.5	0.9	0.8	0.8				
<b>Coal Mining</b>																		
Komsomolets Donbasa	SHKD	10	5.4%	1	112	1.3	0.6	0.6	0.9	1.2	1.2	0.4	0.5	0.5	27	26	25	\$/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	58	2.0%	1	103	1.7	12.2	14.0	2.0	3.3	4.0	0.2	0.3	0.4	164	272	258	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	15	24.0%	4	52	3.1	0.8	0.7	1.8	1.5	1.4	0.2	0.2	0.1				
Kruiiv Wagon	KVBZ	93	5.0%	5	84	1.0	2.2	neg	0.6	1.7	8.4	0.1	0.2	0.8				
Stakhanov Wagon	SVGZ	5	8.0%	0	37	8.3	9.2	10.5	5.2	6.4	6.9	0.1	0.2	0.2				
<b>Specialized Machinery</b>																		
Turboatom	TATM	94	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	336	24.0%	81	328	1.7	2.0	2.0	1.1	1.2	1.3	0.3	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	180	7.2%	13	484	4.0	10.6	6.8	2.4	2.5	2.8	0.6	0.6	0.8				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	742	3.0%	22	736	4.2	>30	4.6	1.6	2.6	2.3	0.3	0.3	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	22	21.6%	5	-3	1.9	neg	11.1	-0.1	neg	-0.1	-0.1	-0.1	-0.1	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>																		
CentrEnergO	CEEN	180	21.7%	39	167	6.3	3.0	11.5	2.4	1.8	5.1	0.1	0.2	0.3	9	12	10	\$/MWh
DonbasEnergO	DOEN	52	14.2%	7	97	13.6	0.8	1.7	3.0	1.3	2.8	0.2	0.1	0.2	12	12	12	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	963	34.1%	328	2,043	3.1	5.9	neg	4.4	5.2	3.8	1.5	1.4	1.3				
Kernel	KER	746	61.8%	461	1,400	3.5	7.1	neg	4.3	4.8	6.3	0.6	0.5	0.6				
Astarta	AST	196	37.0%	73	592	3.4	5.8	neg	5.4	6.5	4.3	1.3	1.2	1.1				
Avangardco	AVGR	137	22.5%	31	325	0.6	0.6	neg	1.2	1.1	2.5	0.5	0.5	0.7	73	56	53	\$/mneqgs
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	182	3.5%	6		>30	2.0	neg	0.2	0.2	0.3	0.03	0.03	0.05				
Ukrsotsbank	USCB	152	1.0%	2		>30	>30	neg	0.2	0.1	0.3	0.04	0.04	0.07				

Source: Eavex Research



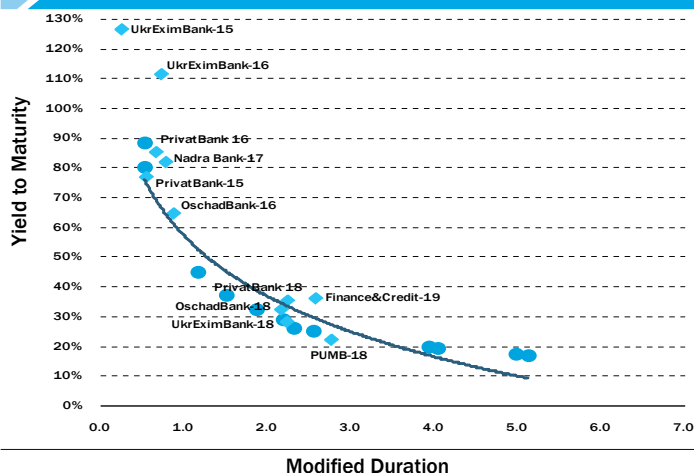
**UKRAINIAN EUROBONDS**

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)	66.2	74.2	74.7%	52.5%	-26.9%	0.5	4.95%	A	13 Oct 2015	600*	Caa3/CCC-/CCC
Ukraine, 2015	71.1	73.5	66.1%	58.7%	-26.1%	0.5	6.875%	S/A	23 Sept 2015	500	Caa3/CCC-/CCC
Ukraine, 2016	60.4	61.7	39.0%	37.8%	-35.1%	1.4	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC-/CCC
Ukraine, 2016-2	61.1	62.9	46.6%	44.1%	-34.1%	1.1	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC-/CCC
Ukraine, 2017	59.8	62.8	28.3%	26.1%	-33.9%	2.2	6.75%	S/A	14 Nov 2017	700	Caa3/CCC-/CCC
Ukraine, 2017-2	59.5	62.5	34.6%	32.0%	-38.6%	1.8	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC-/CCC
Ukraine, 2017 Infr. projects	60.0	63.0	30.6%	28.3%	-25.6%	2.1	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	58.0	62.0	27.7%	25.1%	-23.6%	2.5	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	56.8	61.8	21.1%	19.0%	-36.2%	3.9	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC-/CCC
Ukraine, 2021	56.9	61.9	20.7%	18.6%	-36.6%	4.0	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC-/CCC
Ukraine, 2022	56.9	61.9	18.4%	16.7%	-34.8%	4.9	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC-/CCC
Ukraine, 2023	58.9	63.9	16.9%	15.3%	-32.3%	5.2	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC-/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.1	37.4	41.5%	34.3%	-35.3%	3.1	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	93.0	96.0	36.2%	24.5%	-8.9%	0.3	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	67.4	68.8	18.2%	17.6%	-24.6%	3.7	8.25%	S/A	2 Apr 2020	750	/CCC-/CCC
Avangardco, 2015	70.0	74.0	63.6%	54.4%	-27.6%	0.6	10.00%	S/A	29 Oct 2015	200	/CCC-/
UkrLandFarming, 2018	40.0	47.0	50.4%	42.6%	-50.1%	2.0	10.88%	S/A	26 Mar 2018	500	/CCC-/CCC
Mriya, 2016	11.0	15.0	336.7%	269.2%	-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%	1.4	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2015	75.0	80.0	125.8%	96.8%	-24.0%	0.2	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	43.0	48.0	41.4%	36.6%	-51.7%	2.2	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	77.0	80.0	97.4%	83.2%	-23.4%	0.3	10.25%	S/A	20 May 2015	114	Caa2//CCC
Metinvest, 2017	60.1	64.3	33.0%	29.8%	-11.1%	1.5	10.50%	S/A	28 Nov 2017	290	//CCC
Metinvest, 2018	50.0	56.0	37.4%	32.3%	-40.5%	2.2	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	76.0	79.0	33.1%	29.3%	-20.9%	1.0	7.875%	S/A	07 Apr 2016	500	/CCC-/CCC
UZ Rail, 2018	45.0	50.0	41.1%	36.5%	-47.2%	2.3	9.50%	S/A	21 May 2018	500	/CCC-/CCC
Interpipe, 2017	41.0	45.0	56.6%	51.2%	-44.1%	1.6	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	56.1	58.1	35.8%	34.2%	-49.1%	1.5	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	40.0	50.0	40.8%	32.3%	-45.5%	2.5	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2018	62.0	67.0	26.9%	24.2%	-35.5%	2.7	11.00%	Q	31 Dec 2018	275	Caa3//
Nadra Bank, 2018	10.0	15.0	2762.8%	663.2%	-84.5%	0.0	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	60.0	65.0	103.1%	86.1%	-31.3%	0.5	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	47.0	52.0	94.8%	80.9%	-34.9%	0.7	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	54.5	56.8	36.4%	34.5%	-33.4%	2.1	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	77.0	80.0	112.7%	95.7%	-18.6%	0.2	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	42.0	47.0	111.0%	94.8%	-46.7%	0.7	5.79%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	53.0	56.0	35.2%	32.8%	-38.8%	2.1	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	4.0	9.0	583.6%	278.2%	-92.4%	n/a	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	55.0	60.0	71.6%	61.3%	-38.2%	0.8	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	53.0	55.0	34.2%	32.6%	-39.1%	2.2	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	63.3	66.4	76.5%	68.4%	-30.0%	0.6	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	57.9	63.6	54.0%	45.6%	-34.7%	1.1	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

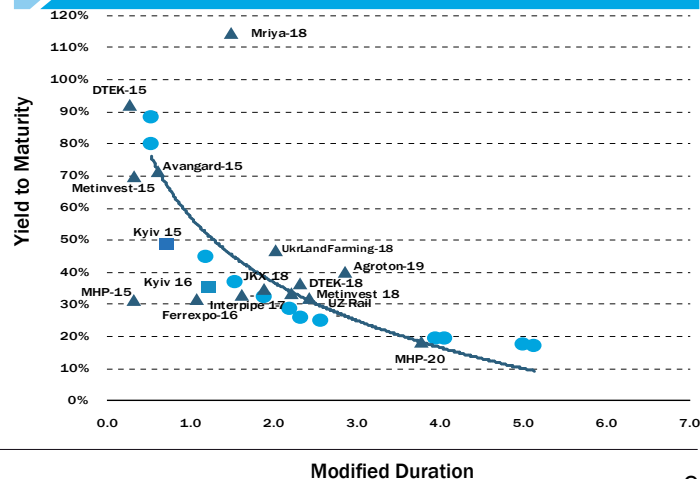
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

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%	22%	n/a	14.30%	S/A	20 May 2015	n/a
UA4000142665			25%	22%	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			27%	23%	n/a	5.50%	S/A	21 Aug 2015	n/a
UA4000082622			27%	23%	n/a	5.50%	S/A	24 Aug 2015	n/a
UA4000083059			27%	23%	n/a	5.50%	S/A	25 Aug 2015	n/a
UA4000185151			27%	23%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			27%	23%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			27%	23%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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