

Market Update

Equity

Ukrainian stocks moved sharply higher on Friday (Feb 6) afternoon on investors' optimism that the leaders of Germany and France might be able to persuade the Kremlin to accept a peace plan for Ukraine during a weekend visit to Moscow. The UX index advanced by 3.7% to close at 1055 points. UkrNafta (UNAF), Raiffeisen Bank Aval (BAVL) and CentrEnerg (CEEN) each jumped by 5%, while beaten-down Avdyivka Coke (AVDK) lost another 3.7% to close at UAH 1.12 per share. Volume leader Motor Sich (MSICH) added 4.2% to UAH 2730 on turnover of UAH 2.4mn. In London, JXX Oil&Gas (JXX) continued its run-up, soaring 25% to GBP 28.75 on rumors of an impending acquisition by Russia's Proxima Capital Group, and Ferrexpo (FXPO) edged up by 1.9% to near GBP 55. Warsaw-listed Astarta (AST) fell 2.2% to PLN 23.85 while Agrotan (AGT) gained 3.2% to PLN 1.30.

Fixed Income

Ukrainian sovereigns advanced on Friday in anticipation of an IMF support program announcement that is likely to occur this week. Ukraine-23s improved by 1.8p.p. and closed at 52.5/54.0 (19.3%/18.8%). Corporate names were mixed. Avangard-15s declined by 4.5p.p. to 45.5/45.5 (163.4%/163.4%) as its restructuring now looks inevitable, while beaten-down UkrlandFarming-18s rebounded by 11.0p.p., finishing at 48.0/48.0 (42.3%/42.3%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2729.00	4.2%	2.4	122
Ukrnafta	UNAF	281.90	5.0%	1.4	195
Centrenerg	CEEN	7.40	4.9%	1.2	194

Growth Leaders

Bogdan Motors	LUAZ	0.02	14.2%	0.00	14
Azovstal	AZST	0.76	5.8%	0.18	107
Raiffeisen Bank Aval	BAVL	0.10	5.2%	0.30	133

Loss Leaders

Avdyivka Coke	AVDK	1.12	-3.7%	0.079	91
Yenakievo Steel	ENMZ	18.38	-1.7%	0.013	40
Alchevsk Steel	ALMK	0.01	-1.5%	0.011	52

Highlights

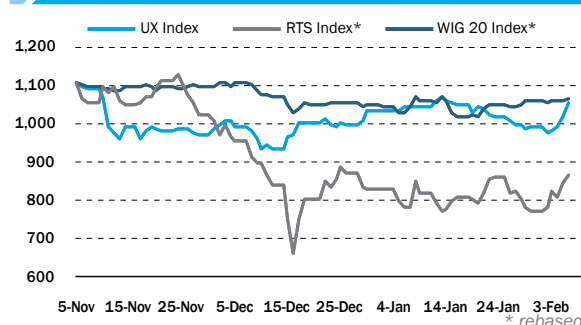
POLITICS AND ECONOMICS

- > Merkel, Obama to Discuss Ukraine at White House; 4-Way Minsk Summit Expected on Feb 11

FIXED INCOME

- > Ferrexpo Improves Bond Exchange Offer to Increase Holder Acceptance
- > Ukraine's 11th-Largest Bank Declared Insolvent
- > War Forces Metinvest to Idle Yenakievo Steel Again

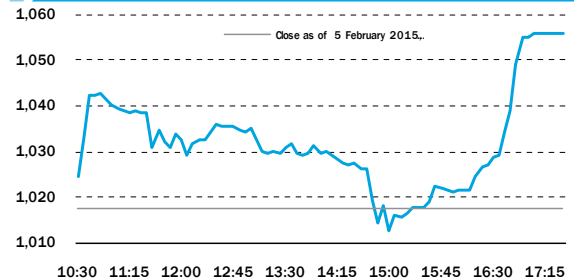
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1D ch	1M ch	YTD
UX	1055.7	3.7%	1.3%	2.2%
RTS	826.4	2.7%	10.7%	4.5%
WIG20	2354.5	0.6%	4.0%	1.7%
MSCI EM	978.6	-0.4%	4.7%	2.3%
S&P 500	2055.5	-0.3%	2.6%	-0.2%

UX INTRADAY FEBRUARY 6, 2015



FIXED INCOME

	Last	1D ch	1M ch	YTD
EMBI+Global	419.6	-2.6%	-6.0%	3.8%
CDS 5Y UKR	2671.8	0.8%	12.5%	19.6%
Ukraine-17	33.8%	0.1 p.p.	4.4 p.p.	8.1 p.p.
Ferrexpo-16	34.0%	-1.3 p.p.	1.9 p.p.	2.7 p.p.
Ukraine-23	19.0%	-0.7 p.p.	0.8 p.p.	11.5 p.p.
Privatbank-16	104.1%	0.3 p.p.	18.0 p.p.	18.7 p.p.

CURRENCY

	Last, UAH	1D ch	1M ch	YTD
USD	25.25	3.7%	59.5%	59.6%
EUR	28.58	2.3%	51.9%	49.4%
RUB	0.38	4.5%	50.9%	37.7%

COMMODITIES

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	221.9	0.0%	-9.8%	-9.8%
Steel, USD/t	422.5	0.0%	-6.1%	-6.1%
Oil, USD/bbl	57.8	2.2%	10.9%	0.8%
Gold, USD/oz	1233.9	-2.4%	1.3%	4.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Merkel, Obama to Discuss Ukraine at White House; 4-Way Minsk Summit Expected on Feb 11

by Will Ritter
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NEWS

A flurry of heavyweight diplomacy related to the Donbass war over the last 4 days will culminate in a summit meeting in Minsk on Wednesday (Feb 11) involving the leaders of France, Germany, Russia and Ukraine, international media outlets reported over the weekend. An impromptu trip by French President Hollande and German Chancellor Merkel to Moscow for a joint meeting with Russian President Putin appeared to yield little more than an agreement to keep talking; Hollande referred to the meeting as a last-minute attempt to avoid “all-out war”. The two EU leaders had reportedly gone to Moscow with a new peace plan for the Donbass, but few details were released in regard to how the plan differed from last September’s Minsk agreement, which unraveled last month as pro-Russian separatists pushed beyond the ceasefire line while accusing Kyiv of shelling residential areas. Meanwhile, Merkel is due to travel to Washington today (Feb 9) for a key meeting with US President Obama, where the two will likely discuss demands from the US Congress and the global pro-Ukraine lobby to give lethal weaponry to the Ukrainian government. Merkel opposes this move on grounds that it would lead to a further escalation of the conflict, and Obama is also believed to be leaning against it. At a security conference in Munich over the weekend, US Vice President Biden offered few clues about the White House’s position, stating only that “Ukraine has a right to defend itself”.

COMMENTARY

Despite the heavy diplomatic activity, our general sense is that nothing has changed in the fundamental positions of Kyiv, Moscow, and the Russian-backed separatists. The central claim of those who favor providing high-tech weapons to Ukraine - that Putin will be deterred from further aggression by rising military casualties and costs - looks dubious to us as Russia is not a democracy where such factors affect government policy. The catch-phrases of the weekend – “more autonomy for the separatists” and “maintaining Ukraine’s territorial integrity” – are concepts that are impossible to apply in practical terms, and sound simply like code for continuation of the war. As we wrote last week, we see Kyiv as clinging to a desperate strategy of trying to strengthen its weak negotiation position by dragging the West into a full-on military confrontation with Russia. Only after the hard-liners in the Ukrainian government are disabused of the notion that the West can be coerced into providing military and financial support for an offensive operation to re-take territory lost to the separatists, can serious peace negotiations based on a realistic position in Kyiv begin. Over the medium term, we believe that the Western sanctions against the Putin regime are going to have an increasingly pronounced effect on the Russian economy, and that the latest diplomatic push by the EU could be a way to buy some time and perhaps obtain a new ceasefire that would at least put a dent in the latest round of intense fighting.

Ferrexpo Improves Bond Exchange Offer to Increase Holder Acceptance

by Ivan Dzvinka
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NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, said bondholders of USD 170.9mn of principal of its outstanding USD 500mn bonds had accepted an exchange offer as of noon on Feb 5, the group reported in its release on Friday (Feb 6). Ferrexpo amended its exchange offer in two areas. First, the cash redemption for those accepting the offer has been raised to USD 250 for every USD 1000 of principal (up from USD 200), along with a corresponding reduction from USD 800 to USD 750 to be received in new 2019 bonds from the exchange. Second, the exchange deadline was extended to Feb 20 from Feb 17. As was the case previously, all the revised conditions of the exchange remain subject to further amendments, Ferrexpo said.

COMMENTARY

The announced bondholder acceptance rate of 34.2% is well below the threshold level initially targeted by Ferrexpo of 60% (although this figure was not set in stone). Thus, it was a natural move for the company to improve the offer. Importantly, we see a rather strong chance that the current conditions will be further amended if necessary, as the restructuring looks like an unavoidable step for Ferrexpo in light of depressed prices for iron ore. At the current trading level of Ferrexpo-16s near 75 cents on the dollar, the potential new 2019 bond with a cash consideration of 25% implies a YTM of 22.8%. This is 1.0p.p. higher than the YTM of 21.8% in case of a 20% cash consideration.

Ukraine's 11th-Largest Bank Declared Insolvent

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NEWS

Nadra Bank, a subsidiary of the DF business group of industrialist Dmitry Firtash, was assigned with "default status" by the National Bank (NBU) on Friday (Feb 6). Nadra is now under the administration of managers appointed by the State Deposit Guarantee Fund (DGF). According to the law, the DGF guarantees up to UAH 200,000 (USD 8,700) in retail deposits per client.

Nadra Bank was the 11th largest Ukrainian bank by total assets. The bank reported a net loss of UAH 1.0bn for FY14 (USD 66mn at the official UAH/USD exchange rate). The bank's total assets stood at UAH 35.9bn (USD 2.3bn) as of 31 Dec 2014.

COMMENTARY

Nadra Bank was close to bankruptcy during the financial crisis in 2009 before being rescued by Firtash's empire. At this time we do not see any potential bailout for Nadra, and we expect the bank to be liquidated. Importantly, the NBU assigned "default status" to Nadra after the banks' shareholders (controlled by Firtash), at a meeting on Feb 3, rejected an increase in the bank's charter capital by UAH 5.5bn to UAH 9.4bn. Mr. Firtash was arrested on an FBI warrant in Vienna in March 2014 and is currently under house arrest in the Austrian capital.

Indicative quotes for Nadra-2018 Eurobonds are at 10.0/15.0, reflecting the near-worthless status of these bonds.

War Forces Metinvest to Idle Yenakievo Steel Again

by Ivan Dzvinka
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NEWS

Metinvest, Ukraine's largest metals and mining group, has suspended operations at its Yenakievo Steel plant and at its steel rolling division at nearby Makyivka, the company reported on Friday (Feb 6). The group said the move is due to major problems with both inbound and outbound deliveries, as well as issues with electricity supply cuts due to the Donbass war. In addition, Yenakievo also experienced shortage of coke due to frequent artillery shelling at Metinvest-owned Avdyivka Coke. The renewal of activity plant will depend on solving the infrastructure problems, the group said. Yenakievo, which is located on DNR separatist-controlled territory, was previously shut down from mid-August to mid-October.

COMMENTARY

The stock of Yenakievo Steel (ENMZ) remains in the UX blue chip basket, but its has lost some 85% of its value (USD-denominated) since the start of Ukraine's political turmoil in late 2013. The recent intensification of the war in the Donbass bodes poorly for Metinvest, whose metallurgical assets are concentrated there. With the stoppage of Yenakievo, heavy artillery damage to Avdyivka, reduced capacity use of its two Mariupol-based steelmaking assets, and persistently low global iron ore prices are all factors that increase the probability of a restructuring the company's 2015 bonds with maturity this May. With a gloomy outlook at the moment for the solving Donbass war in the near term, the operational risk for Metinvest's assets will remain high in the short run.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Steel&Pipes						
Azovstal	AZST	0.76	0.56	-27%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
Iron Ore						
Ferrexpo	FXPO LN	55.0	108.0	96%	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	8.45	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	7.50	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.
Coke						
Avdyivka Coke	AVDK	1.12	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	0.27	U/R	-	U/R	Yasynivsky Coke reported net loss of UAH 22mn for FY13 which was the first negative bottom line since 2004.
Coal						
Pokrovske Mine	SHCHZ	0.29	U/R	-	Susp.	The company's coal production expansion plan were put under high risk of realization due to war in Donbass.
Railcar Manufacturing						
Krukiv Wagon	KVBZ	12.4	U/R	-	U/R	
LuganskTeplovoz	LTPL	1.00	U/R	-	U/R	LuganskTeplovoz was forced to shut down operations amid military conflict in the region.
Specialized Machinery						
Motor Sich	MSICH	2729	5250	92%	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.
Oil & Gas						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	3.8	U/R	-	U/R	The company has been constantly missed production targets since 2012.
JKX Oil & Gas	JKX	28.8	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.
Power Utilities						
DonbasEnergO	DOEN	31.3	72.0	130%	BUY	DonbasEnergO is expected to continue practice of 30% dividend payout in a medium term.
CenterEnergO	CEEN	7.40	15.00	103%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
Consumer						
MHP	MHPC	9.3	17.96	93%	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	23.8	90.0	278%	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	2.1	2.7	27%	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	71.5	80.8	13%	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.
Banks						
Raiffeisen Bank Aval	BAVL	0.095	0.24	152%	BUY	The bank has quite conservative risk policy therefore we assume it would weathered the current financial crisis in Ukraine and will start to generate solid profit starting from FY16.

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	1055.68	1368.76	842.02	3.7%	6.5%	1.3%	2.2%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.013	0.045	0.011	-1.5%	5.7%	-13.4%	-11.0%	-5.3%	-0.7%	-14.7%	-13.2%
Azovstal	AZST	0.76	0.95	0.35	5.7%	8.1%	0.7%	2.4%	2.0%	1.6%	-0.6%	0.3%
Enakievo Steel	ENMZ	18.38	65.00	16.01	-1.7%	-1.9%	-16.4%	-12.3%	-5.4%	-8.4%	-17.7%	-14.4%
Coke												
Avdyivka Coke	AVDK	1.12	3.70	1.10	-4.1%	-6.5%	-38.3%	-35.1%	-7.8%	-13.0%	-39.6%	-37.3%
Yasnyivsky Coking	YASK	0.27	0.84	0.18	0.0%	8.0%	42.1%	-3.6%	-3.7%	1.5%	40.8%	-5.7%
Iron Ore Mining												
Centralny GOK	CGOK	7.50	n/a	n/a	0.0%	7.1%	-7.4%	-3.7%	-3.7%	0.7%	-8.7%	-5.9%
Ferrexpo	FXPO	55.00	171.60	47.91	1.9%	10.0%	-2.2%	3.8%	-1.9%	3.5%	-3.5%	1.6%
Pivnichny GOK	SGOK	8.45	12.30	4.44	0.0%	-10.5%	-14.9%	1.0%	-3.7%	-17.0%	-16.2%	-1.2%
Coal Mining												
Pokrovsk Mine	SHCHZ	0.29	0.79	0.17	0.0%	0.0%	-38.3%	-38.3%	-3.7%	-6.5%	-39.6%	-40.5%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.30	1.01	0.20	-9.1%	0.0%	-21.1%	-21.1%	-12.8%	-6.5%	-22.3%	-23.2%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	12.38	24.99	10.00	0.2%	3.9%	1.2%	-3.7%	-3.6%	-2.5%	0.0%	-5.8%
Luhanskteplovoz	LTPL	1.00	1.80	0.85	0.0%	-8.3%	-8.3%	-7.4%	-3.7%	-14.7%	-9.5%	-9.6%
Specialized Machinery												
Motor Sich	MSICH	2729	2879	1587	4.2%	8.1%	8.0%	9.9%	0.4%	1.6%	6.7%	7.7%
Turboatom	TATM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Telecom												
Ukrtelecom	UTLM	0.16	0.20	0.09	39.1%	39.1%	5.3%	5.3%	35.4%	32.6%	4.0%	3.1%
Oil & Gas												
Regal Petroleum	RPT	3.75	12.50	3.13	-11.8%	-7.7%	-23.1%	20.0%	-15.5%	-14.2%	-24.4%	17.8%
JKX Oil	JKX	28.75	69.75	11.00	25.0%	125.5%	123.3%	139.6%	21.3%	119.0%	122.0%	137.4%
Ukrnafta	UNAF	281.9	375.0	54.0	5.0%	16.6%	35.8%	38.7%	1.3%	10.1%	34.5%	36.5%
Power Utilities												
Centrenergo	CEEN	7.40	8.70	3.00	4.8%	3.2%	-3.1%	-1.9%	1.1%	-3.3%	-4.3%	-4.1%
Donbasenergo	DOEN	31.25	50.16	11.00	1.8%	2.5%	-5.2%	-5.3%	-1.9%	-4.0%	-6.5%	-7.5%
Zakhidenergo	ZAEN	164.2	199.8	91.2	0.0%	0.0%	10.9%	10.9%	-3.7%	-6.5%	9.6%	8.7%
Consumer												
Agroton	AGT	1.30	5.48	1.19	3.2%	-3.0%	2.4%	5.7%	-0.6%	-9.5%	1.1%	3.5%
Astarta	AST	23.84	66.27	14.50	-2.2%	-4.6%	20.2%	19.2%	-5.9%	-11.1%	18.9%	17.0%
Avangardo	AVGR	2.10	11.36	1.83	4.5%	10.5%	2.4%	2.4%	0.8%	4.0%	1.2%	0.3%
Industrial Milk Company	IMC	6.00	10.49	5.46	-1.6%	-4.0%	7.1%	5.8%	-5.4%	-10.5%	5.9%	3.7%
Kernel	KER	29.97	38.25	22.00	1.6%	-4.1%	12.7%	5.3%	-2.1%	-10.6%	11.4%	3.1%
Mriya Agro Holding	MAYA	0.51	6.00	0.51	-2.9%	-11.6%	-10.1%	-10.1%	-6.6%	-18.0%	-11.4%	-12.3%
MHPC	MHPC	9.30	16.00	9.00	0.0%	-2.4%	0.0%	1.1%	-3.7%	-8.9%	-1.3%	-1.1%
Milkiland	MLK	1.99	10.48	1.48	-11.9%	-10.4%	17.1%	34.5%	-15.7%	-16.8%	15.8%	32.3%
Ovostar Union	OVO	71.54	78.45	59.40	1.5%	-2.0%	-0.6%	-0.6%	-2.2%	-8.5%	-1.9%	-2.8%
Chemicals												
Stirol	STIR	8.00	n/a	n/a	0.0%	22.9%	15.4%	15.4%	-3.7%	16.4%	14.2%	13.3%
Banks												
Raiffeisen Bank Aval	BAVL	0.095	0.190	0.086	5.2%	9.6%	-0.6%	-0.8%	1.5%	3.1%	-1.9%	-3.0%
UkrSotsbank	USCB	0.118	0.202	0.090	0.0%	7.3%	-9.4%	-9.4%	-3.7%	0.8%	-10.6%	-11.5%

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		
		2013	2014E	2015E	2013	2014E	2015E	2013	2014E	2015E	2013	2014E	2015E	2013	2014E	2015E
Steel																
Alchevsk Steel	ALMK	1,729	700	346	-62	-83	-124	neg	neg	neg	-214	-158	-235	neg	neg	neg
Enakievo Steel	ENMZ	1,507	1,250	1,063	-7	45	51	neg	3.6%	4.8%	-61	-125	-59	neg	neg	neg
Azovstal	AZST	2,562	1,775	1,509	-81	152	113	neg	8.5%	7.5%	-308	35	23	neg	2.0%	1.5%
Coke																
Avdyivka Coke	AVDK	914	509	382	46	-54	-74	5.0%	neg	neg	-6	-75	-106	neg	neg	neg
Yasynivsky Coking	YASK	367	198	159	29	-4	-7	7.8%	neg	neg	-3	-13	-13	neg	neg	neg
Iron Ore Mining																
Centralny GOK	CGOK	679	611	550	312	223	165	46.0%	36.5%	30.1%	194	115	80	28.6%	18.8%	14.6%
Pivnichny GOK	SGOK	1,630	1,467	1,320	914	649	481	56.1%	44.2%	36.4%	548	324	226	33.7%	22.1%	17.2%
Ferrexpo	FXPO	1,581	1,449	1,437	506	492	349	32.0%	33.9%	24.3%	264	277	147	16.7%	19.1%	10.2%
Pipe Manufacturing																
Khartsyzk Pipe	HRTR	310	193	118	31	18	23	10.1%	9.5%	19.3%	5	3	2	1.5%	1.5%	2.0%
Railcar Manufacturing																
Luhanskteplovoz	LTPL	329	127	n/a	36	-2	n/a	10.8%	neg	n/a	19	-16	n/a	5.9%	neg	n/a
Kryukiv Wagon	KVBZ	462	133	86	50	10	6	10.9%	7.6%	7.5%	42	-3	-5	9.0%	neg	neg
Specialized Machinery																
Turboatom	TATM	214	149	147	90	56	47	42.1%	37.3%	32.0%	72	49	29	33.5%	33.0%	20.0%
Motor Sich	MSICH	1,000	950	950	274	260	260	27.4%	27.4%	27.4%	169	133	100	16.9%	14.0%	10.5%
Telecom																
Ukrtelecom	UTLM	791	368	290	190	105	91	24.0%	28.5%	31.5%	17	16	10	2.2%	4.3%	3.5%
Oil & Gas																
Ukrnafta	UNAF	2,589	1,808	1,059	286	160	132	11.1%	8.8%	12.5%	23	32	12	0.9%	1.8%	1.1%
Regal Petroleum	RPT	37	38	35	-146	16	13	neg	42.1%	37.1%	-127	2	3	neg	5.3%	8.6%
JKX Oil	JKX	181	199	150	66	68	70	36.7%	34.3%	46.7%	7	8	5	3.6%	3.9%	3.3%
Electric Utilities																
Centrenergo	CEEN	915	544	605	94	33	23	10.3%	6.1%	3.7%	60	16	9	6.5%	2.9%	1.5%
Donbasenergo	DOEN	656	391	271	72	34	13	11.0%	8.8%	4.9%	65	31	3	9.9%	7.8%	1.1%
Consumer																
MHP	MHPC	1,496	1,524	1,544	391	537	550	26.1%	35.2%	35.6%	162	-337	97	10.8%	neg	6.3%
Kernel	KER	2,797	2,393	2,900	291	223	325	10.4%	9.3%	11.2%	105	-107	170	3.8%	neg	5.9%
Astarta	AST	470	491	413	114	91	87	20.2%	15.5%	17.6%	5	-28	30	0.8%	neg	6.1%
Avangardco	AVGR	661	443	405	301	130	109	45.6%	29.3%	26.9%	238	-11	32	36.0%	neg	7.9%
Ovostar	OVO	81	75	79	36	32	25	43.7%	43.1%	31.6%	31	30	24	38.0%	40.0%	30.7%
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	5,333	2,869	2,765	888	390	376	723	327	276	90	-87	-41	10.1%	-22.2%	-10.9%
Ukrsotsbank	USCB	5,283	2,730	2,588	1,064	518	447	197	222	197	1	-32	-18	0.1%	-6.1%	-3.9%

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		
				2013	2014E	2015E	2013	2014E	2015E	2013	2014E	2015E	2013	2014E	2015E			
Steel																		
Alchevsk Steel	ALMK	14	3.9%	1	953	neg	neg	neg	neg	neg	neg	0.6	1.4	2.8	246	230	223	\$/tonne
Yenakievo Steel	ENMZ	8	8.8%	1	5	neg	neg	neg	neg	0.1	0.1	0.0	0.0	0.0	2	2	2	\$/tonne
Azovstal	AZST	132	3.0%	4	123	neg	3.7	5.7	neg	0.8	1.1	0.0	0.1	0.1	27	27	27	\$/tonne
Coke																		
Avdiyivka Coke	AVDK	9	6.8%	1	-30	neg	neg	neg	-0.7	neg	neg	0.0	-0.1	-0.1	-7	-8	-8	\$/tonne
Yasynivsky Coke	YASK	3	9.0%	0	4	neg	neg	neg	0.1	neg	neg	0.0	0.0	0.0	0.1	neg	neg	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	361	0.3%	1	360	1.9	3.1	4.5	1.2	1.6	2.2	0.5	0.6	0.7				
Pivnichny GOK	SGOK	800	0.4%	3	793	1.5	2.5	3.5	0.9	1.2	1.6	0.5	0.5	0.6				
Ferrexpo	FXPO	491	24.0%	118	1,185	1.9	1.8	3.3	2.3	2.4	3.4	0.7	0.8	0.8				
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	32	2.0%	1	78	6.8	11.0	13.6	2.5	4.2	3.4	0.3	0.4	0.7	123	205	194	\$/tonne
Railcar Manufacturing																		
LuganskTeplovoz	LTPL	9	24.0%	2	46	0.5	neg	n/a	1.3	neg	n/a	0.1	0.4	n/a				
Krukiv Wagon	KVBZ	58	5.0%	3	50	1.4	neg	neg	1.0	4.9	7.7	0.1	0.4	0.6				
Specialized Machinery																		
Turboatom	TATM	61	5.8%	4	14	0.8	1.2	2.1	0.2	0.3	0.3	0.1	0.1	0.1				
Motor Sich	MSICH	233	24.0%	56	225	1.4	1.7	2.3	0.8	0.9	0.9	0.2	0.2	0.2				
Telecom																		
Ukrtelecom	UTLM	123	7.2%	9	427	7.2	7.8	12.0	2.2	4.1	4.7	0.5	1.2	1.5				
Oil & Gas																		
Ukrnafta	UNAF	628	3.0%	19	623	27.0	19.8	>30	2.2	3.9	4.7	0.2	0.3	0.6	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	18	21.6%	4	-7	neg	9.2	6.1	neg	-0.4	-0.5	-0.2	-0.2	-0.2	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	75	50.4%	38	184	11.6	9.6	15.1	2.8	2.7	2.6	1.0	0.9	1.2	34	25	24	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	112	21.7%	24	99	1.9	7.1	12.7	1.0	3.0	4.4	0.1	0.2	0.2	6	7	6	\$/MWh
DonbasEnerg	DOEN	30	14.2%	4	75	0.5	1.0	10.3	1.0	2.2	5.7	0.1	0.2	0.3	9	10	9	\$/MWh
Consumer																		
MHP	MHPC	983	34.1%	335	2,063	6.1	neg	10.1	5.3	3.8	3.8	1.4	1.4	1.3				
Kernel	KER	650	61.8%	402	1,304	6.2	neg	3.8	4.5	5.9	4.0	0.5	0.5	0.4				
Astarta	AST	162	37.0%	60	558	>30	neg	5.4	4.9	6.1	6.4	1.2	1.1	1.4				
Avangardco	AVGR	134	22.5%	30	322	0.6	neg	4.2	1.1	2.5	2.9	0.5	0.7	0.8	73	55	52	\$/mneqgs
Ovostar	OVO	117	25.0%	29	124	3.8	3.9	4.8	3.5	3.8	5.0	1.5	1.7	1.6	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	117	3.5%	4		1.3	neg	neg	0.1	0.3	0.3	0.02	0.04	0.04				
Ukrsotsbank	USCB	89	1.0%	1		>30	>30	>30	0.1	0.2	0.2	0.04	0.07	0.08				

Source: Eavex Research

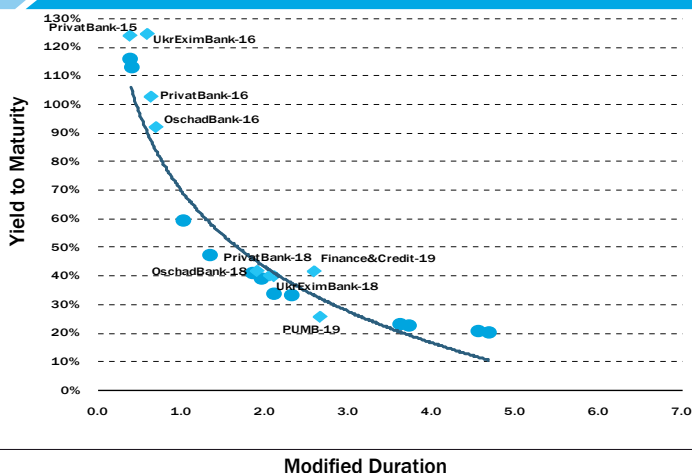
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2015 (EUR)	56.0	59.0	120.6%	107.4%	-15.4%	0.4	4.95%	A	13 Oct 2015	600*	Caa3/CCC-/CCC
Ukraine, 2015	60.7	62.6	110.5%	102.9%	-12.3%	0.4	6.875%	S/A	23 Sept 2015	500	Caa3/CCC-/CCC
Ukraine, 2016	53.7	55.0	48.2%	46.5%	-13.4%	1.3	6.58%	S/A	21 Nov 2016	1,000	Caa3/CCC-/CCC
Ukraine, 2016-2	53.9	55.0	61.0%	58.9%	-15.9%	1.0	6.25%	S/A	17 Jun 2016	1,250	Caa3/CCC-/CCC
Ukraine, 2017	50.7	56.7	36.5%	31.2%	-15.0%	2.1	6.75%	S/A	14 Nov 2017	700	Caa3/CCC-/CCC
Ukraine, 2017-2	49.5	57.5	45.4%	37.1%	-14.1%	1.8	9.25%	S/A	24 Jul 2017	2,000	Caa3/CCC-/CCC
Ukraine, 2017 Infr. projects	50.0	52.0	40.1%	38.1%	-17.1%	1.9	8.375%	S/A	3 Nov 2017	568	Caa3//
Ukraine, 2018 Infr. projects	48.5	51.0	35.6%	33.5%	-17.1%	2.3	7.40%	S/A	20 Apr 2018	690	Caa3//
Ukraine, 2020	51.8	53.8	23.7%	22.7%	-11.5%	3.6	7.75%	S/A	23 Sept 2020	1,500	Caa3/CCC-/CCC
Ukraine, 2021	51.8	53.8	23.2%	22.2%	-11.2%	3.7	7.95%	S/A	23 Feb 2021	1,500	Caa3/CCC-/CCC
Ukraine, 2022	51.0	53.0	20.7%	19.9%	-13.6%	4.6	7.80%	S/A	28 Nov 2022	1,250	Caa3/CCC-/CCC
Ukraine, 2023	52.5	54.0	19.3%	18.8%	-10.3%	4.8	7.50%	S/A	17 Apr 2023	1,250	Caa3/CCC-/CCC
Corporate Eurobonds											
Agroton, 2019	30.1	35.4	42.5%	36.9%	-3.1%	2.9	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2015	90.0	93.0	60.7%	44.4%	-3.7%	0.2	10.25%	S/A	29 Apr 2015	235	Caa2//CCC
MHP, 2020	60.0	63.9	21.5%	19.7%	-10.2%	3.5	8.25%	S/A	2 Apr 2020	750	/CCC-/CCC
Avangardco, 2015	45.5	45.5	163.4%	163.4%	-29.5%	0.4	10.00%	S/A	29 Oct 2015	200	/CCC-/
UkrLandFarming, 2018	48.0	48.0	42.3%	42.3%	3.2%	1.9	10.88%	S/A	26 Mar 2018	500	/CCC-/CCC
Mriya, 2016	11.0	15.0	373.5%	296.6%	0.0%	0.4	10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	12.0	12.0	110.6%	110.6%	9.1%	1.4	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2015	60.0	70.0	313.3%	205.9%	-16.1%	0.1	9.50%	S/A	28 Apr 2015	200	Caa2//CCC
DTEK, 2018	40.0	45.0	45.5%	40.1%	-6.6%	2.1	7.88%	S/A	4 Apr 2018	750	Caa2//CCC
Metinvest, 2015	60.0	70.0	249.9%	165.0%	-19.3%	0.2	10.25%	S/A	20 May 2015	114	Caa2//CCC
Metinvest, 2017	45.0	50.0	48.2%	42.7%	-32.1%	1.3	10.50%	S/A	28 Nov 2017	290	//CCC
Metinvest, 2018	40.0	45.0	48.8%	43.0%	-23.5%	1.9	8.75%	S/A	14 Feb 2018	750	Caa2//CCC
Ferrexpo, 2016	75.0	78.0	36.1%	32.1%	-0.7%	0.9	7.875%	S/A	07 Apr 2016	500	/CCC-/CCC
UZ Rail, 2018	35.0	41.9	53.5%	44.9%	-27.5%	2.1	9.50%	S/A	21 May 2018	500	/CCC-/CCC
Interpipe, 2017	41.0	45.0	57.9%	52.3%	-21.8%	1.7	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	56.7	58.1	35.9%	34.9%	-1.5%	1.4	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	35.0	45.0	46.7%	36.6%	-51.8%	2.6	9.25%	S/A	25 Jan 2019	100	Caa3//
PUMB, 2018	62.0	67.0	27.1%	24.4%	-4.4%	2.6	11.00%	Q	31 Dec 2018	275	Caa3//
Nadra Bank, 2018	10.0	15.0	n/a	n/a	0.0%	0.4	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	50.0	60.0	166.0%	116.1%	-12.0%	0.4	9.38%	S/A	23 Sept 2015	200	Caa3//
PrivatBank, 2016	44.0	49.0	112.9%	96.1%	-6.1%	0.7	8.75%	S/A	9 Feb 2016	150	Caa3//
PrivatBank, 2018	47.5	50.0	43.5%	41.0%	-17.4%	1.9	10.88%	S/A	28 Feb 2018	175	Caa3//CCC
UkrEximBank, 2015	65.8	65.8	230.0%	230.0%	-11.6%	0.1	8.38%	S/A	27 Apr 2015	750	Caa3//CCC
UkrEximBank, 2016	38.0	43.0	137.2%	116.5%	-14.7%	0.6	5.79%	S/A	2 Sept 2016	125	Caa3//CCC
UkrEximBank, 2018	48.5	51.5	40.0%	37.1%	-11.5%	2.1	8.75%	S/A	22 Jan 2018	500	Caa3//CCC
VAB Bank, 2019	4.0	9.0	779.3%	325.7%	0.0%	n/a	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	47.5	50.0	96.2%	89.1%	-16.7%	0.7	8.25%	S/A	10 Mar 2016	700	Caa3//CCC
Oschadbank, 2018	45.0	50.0	42.2%	37.3%	-15.9%	2.1	8.88%	S/A	20 Mar 2018	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	50.1	55.1	132.5%	111.8%	-27.5%	0.5	8.00%	S/A	6 Nov 2015	250	Caa3/CCC/
City of Kyiv, 2016	46.6	49.4	77.6%	71.8%	-32.1%	1.0	9.375%	S/A	30 Jun 2016	300	Caa3/CCC/

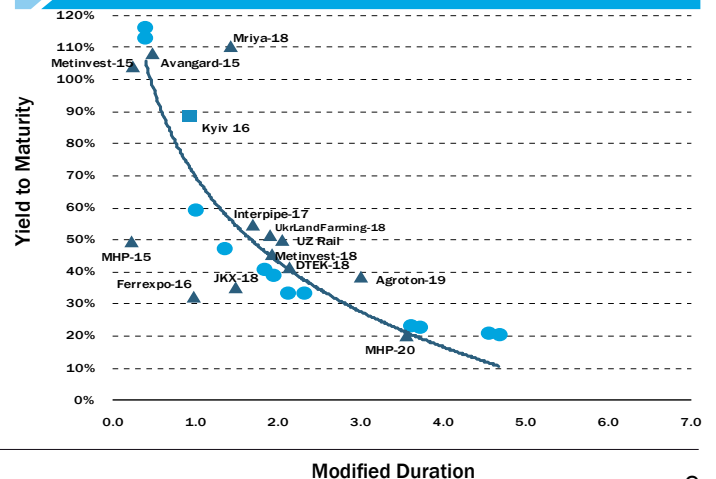
¹ Moody's/S&P/Fitch; * EUR

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
UAH denominated Bonds									
UA4000141592			28%	25%	n/a	14.30%	S/A	20 May 2015	n/a
UA4000142665			28%	25%	n/a	14.30%	S/A	24 May 2017	n/a
USD denominated Bonds									
UA4000142699	n/a	n/a	14.0%	8.0%	n/a	9.45%	S/A	22 Apr 2015	n/a
UA4000141071	n/a	n/a	14.0%	8.0%	n/a	9.45%	S/A	27 May 2015	n/a
UA4000142673	n/a	n/a	14.0%	8.0%	n/a	4.50%	S/A	17 Jun 2015	n/a
EUR denominated Bonds									
UA4000142681	n/a	n/a	12.5%	8.0%	n/a	4.80%	S/A	6 May 2015	n/a
VAT Bonds									
UA4000082531			29%	25%	n/a	5.50%	S/A	21 Aug 2015	n/a
UA4000082622			29%	25%	n/a	5.50%	S/A	24 Aug 2015	n/a
UA4000083059			29%	25%	n/a	5.50%	S/A	25 Aug 2015	n/a
UA4000185151			29%	25%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			29%	25%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			29%	25%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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