

Market Update

Equity

Kyiv-listed stocks finished lower on Tuesday (Mar 10), moving in line with generally negative sentiments on the main global bourses. The UX index lost 1.8% to close 1087 points despite wide expectations that the IMF's executive board will approve a new financial assistance program for Ukraine at a meeting later today (Mar 11) in Washington. Avdyivka Coke (AVDK) was the only blue chip gainer for the session, adding 0.5% to UAH 1.41. The country's largest oil producer UkrNafta (UNAF) lost 2.6% to close at UAH 310, as global crude prices slipped back from their local highs yesterday. Electricity generator CentrErgo (CEEN) marginally outperformed the broad market, declining by 0.9% amid news that the company's Vuglegorsk power plant is bringing three overhauled power units back on line. London-listed Avangard (AVGR) rose by 3.8% to USD 2.75 per share while MHP (MHPC) was unchanged at USD 9.05. In Warsaw trading, Agrotion (AGT) and Kernel (KER) each declined by 2.3%, ending at PLN 1.26 and PLN 31.60 respectively.

Fixed Income

Ukrainian sovereigns were up on Tuesday on expectations of approval by the IMF today of a broad new assistance program. Ukraine-17s and Ukraine-23s each advanced by 2.8p.p., closing at 45.3/46.5 (43.2%/41.8%) and 45.3/46.3 (22.5%/22.0%) respectively. In corporate debt issues, MHP-20s edged up by 0.5p.p. to 65.1/67.0 (19.4%/18.6%) while Metinvest-18s declined by 0.5p.p. to 40.0/43.0 (49.8%/46.2%).

| Volume Leaders | Ticker | Last, UAH | 1D ch | Volume, UAH mn | Number of Trades |
|----------------|--------|-----------|-------|----------------|------------------|
| Motor Sich | MSICH | 2731.00 | -1.3% | 3.2 | 104 |
| Centrenerg | CEEN | 7.94 | -0.9% | 1.4 | 136 |
| Ukrnafta | UNAF | 309.80 | -2.6% | 1.2 | 128 |

Growth Leaders

| | | | | | |
|----------------|------|--------|-------|------|-----|
| Dniproblenergo | DNON | 100.00 | 11.1% | 0.04 | 10 |
| Avdyivka Coke | AVDK | 1.41 | 0.5% | 0.09 | 9 |
| Centrenerg | CEEN | 7.94 | -0.9% | 1.40 | 136 |

Loss Leaders

| | | | | | |
|---------------------|------|-------|-------|-------|----|
| Concern Galnaftogas | GLNG | 0.15 | -6.3% | 0.074 | 7 |
| Kryukiv Wagon | KVBZ | 11.40 | -3.8% | 0.064 | 26 |
| Donbasenergo | DOEN | 29.00 | -3.0% | 0.149 | 36 |

Highlights

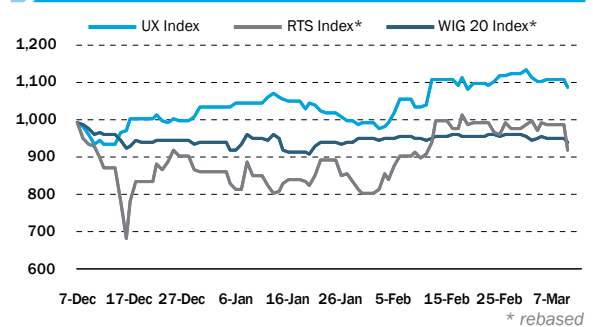
POLITICS AND ECONOMICS

- > UkrStat: Consumer Inflation Accelerated to 5.3% MoM in February

STOCKS IN THE NEWS

- > Ferrexpo Announces Robust 10-Cent Dividend for 2H14

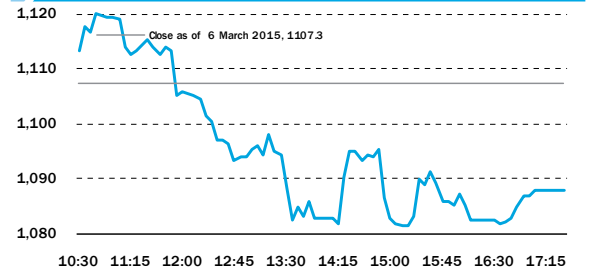
STOCK MARKET PERFORMANCE



MARKET INDEXES

| | Last | 1D ch | 1M ch | YTD |
|---------|--------|-------|-------|-------|
| UX | 1087.9 | -1.8% | 3.0% | 5.3% |
| RTS | 845.4 | -6.4% | 2.3% | 6.9% |
| WIG20 | 2313.0 | -1.4% | -1.8% | -0.1% |
| MSCI EM | 943.7 | -2.8% | -3.6% | -1.3% |
| S&P 500 | 2044.2 | -1.3% | -0.6% | -0.7% |

UX INTRADAY MARCH 10, 2015



FIXED INCOME

| | Last | 1D ch | 1M ch | YTD |
|---------------|--------|-----------|------------|------------|
| EMBI+Global | 414.7 | 5.8% | -1.2% | 2.6% |
| CDS 5Y UKR | 1791.1 | 0.4% | -33.0% | -19.8% |
| Ukraine-17 | 42.5% | -3.2 p.p. | 8.7 p.p. | 16.8 p.p. |
| Ferrexpo-16 | 33.3% | 0.5 p.p. | -0.7 p.p. | 2.0 p.p. |
| Ukraine-23 | 22.2% | -1.3 p.p. | 3.2 p.p. | 14.7 p.p. |
| Privatbank-16 | 343.3% | 2.9 p.p. | 239.1 p.p. | 257.8 p.p. |

CURRENCY

| | Last, UAH | 1D ch | 1M ch | YTD |
|-----|-----------|-------|--------|-------|
| USD | 21.50 | -5.5% | -14.9% | 35.9% |
| EUR | 23.00 | -8.3% | -19.5% | 20.2% |
| RUB | 0.35 | -8.4% | -8.7% | 25.7% |

COMMODITIES

| | Last | 1D ch | 1M ch | YTD |
|---------------|--------|-------|-------|--------|
| Wheat, USD/t* | 206.7 | 0.0% | -4.7% | -16.0% |
| Steel, USD/t | 382.5 | 0.0% | -9.5% | -15.0% |
| Oil, USD/bbl | 56.4 | -5.6% | -3.9% | -4.7% |
| Gold, USD/oz | 1161.9 | -0.5% | -5.8% | -1.9% |

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

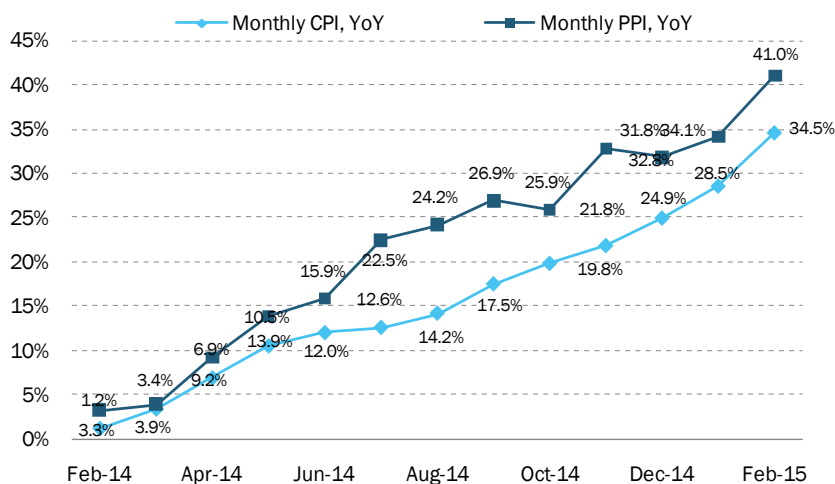
UkrStat: Consumer Inflation Accelerated to 5.3% MoM in February

by Dmitry Churin
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NEWS

Ukraine's State Statistics Committee reported that consumer inflation accelerated from 3.1% MoM in January to 5.3% MoM in February, according to official data released on Friday (Mar 6). The CPI increase in rolling 12-month terms (headline inflation) in February reached 34.5%. UkrStat also reported that producer prices were up 4.8% MoM and 41.0% YoY in February.

UKRAINE'S ROLLING 12-MONTH CPI & PPI INFLATION



Source: State Statistics Committee

COMMENTARY

It appears to us that UkrStat is under-reporting Ukraine's inflation, which some international media has already cited as moving at an annualized pace of more than 100% in the first 2 months of the year. In our view, the key to slowing the inflation is finding a peaceful solution to the Donbass conflict and reducing the government's heavy related military expenditures. The acceleration of inflation creates wide public anger which puts pressure on the government's efforts to implement structural changes. In particular, the National Energy Regulatory Commission has announced a 3.3x increase in the minimum gas/heating price for households to UAH 3,600 per 1,000 cubic meters (cu-m), although in USD terms the price is equivalent to USD 165 and still considerably lower than the current average price of USD 360 per 1,000 cu-m for imported gas. The government said the gas/heating price for households in Ukraine would rise to the level of the imported gas price only in 2017. The price for heating services was up by 45% YoY in February, according to UkrStat, or less than the hryvnia devaluation. Two weeks ago the government unveiled its pessimistic scenario for 2015's key macroeconomic indicators. The document said that the GDP contraction could reach 11.9% YoY in 2015 compared to a basic scenario figure of 5.5% GDP drop. It also said the CPI inflation could reach 42.8% YoY this year, but this figure is clearly an underestimate in a pessimistic scenario of renewal of the war.

Ferrexpo Announces Robust 10-Cent Dividend for 2H14

by Ivan Dzvinka
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FERREXPO (FXPO LN)

Price: GBp 52.75 Market Cap: USD 466mn

| | EV/S | P/E | EV/EBITDA | Div. Yield |
|-------|------|-----|-----------|------------|
| 2014 | 0.84 | 2.5 | 2.3 | 16.6% |
| 2015E | 1.09 | 4.8 | 4.5 | 0% |

NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, released its annual 2014 financial report this morning (Mar 11) and also announced a full-year dividend of USD 0.132 per share (the same dividend paid for FY13). Net revenue decreased by 12% YoY to USD 1.39bn in FY14, as a 4% expansion in iron ore pellet sales to 11.2mn was not enough to offset an 18% drop in the realized FOB price for the pellets. FY14 EBITDA declined by only 2% to USD 496mn, thanks to a 23% decrease in cash cost to USD 45.9/tonne of pellets and a positive [non-cash] forex effect of USD 76mn due to the hryvnia devaluation. Full impairment of Ferrexpo's investment in Brazilian iron ore miner Ferrous Resources in the amount of USD 82mn negatively affected the group's net profit, which dropped by 30% to USD 184mn in FY14. Net operating cash flow increased by 24% to USD 288mn while CapEx was down by 15% to USD 235mn. Net debt as of end-2014 amounted to USD 678mn (vs. USD 712mn in end Sept), suggesting a Net Debt/EBITDA ratio of 1.4x. Ferrexpo's board proposed a 3.3 cent dividend for 2H14, as well as a special dividend of 6.6 cents, as was paid in the previous two years. The payment of 3.3 cents per share will be made on May 29 with the ex-rights date on May 1, while payment of the special 6.6 cent dividend will take place on Mar 27, with the ex-rights date set for next Friday (Mar 20).

Ferrexpo said it finished its expansion program in 2014, focused on improving the quality of its output to produce 100% of 65% Fe pellets, as well as on reaching the 12mn tonnes annual production mark.

Commenting on the situation thus far in 2015, Ferrexpo said it produced 1.0mn tonnes of pellets in January, while in February, 100% of pellet output was in the form of 65% Fe grade.

COMMENTARY

Ferrexpo's full-year 2014 results are in line with our expectations but nonetheless impressive given the challenges faced by the company last year in terms of elevated Ukraine country risk. Net income fell in line with our forecast to USD 185mn, while EBITDA turned out to be marginally higher (by 6%) than we expected. However, the offer of such a hefty dividend is a rather surprising move by the company against the background of the gloomy iron ore market outlook. The extra DPS of USD 0.066 suggests a dividend yield of 8%, with the ordinary half-year dividend adding another 4%. Sluggish iron ore pricing this year will more than offset the positive effect from a drop in production cost due to hryvnia devaluation and higher output, and we therefore reiterate our EBITDA forecast of USD 256mn (-48% YoY).

EAVEX RECOMMENDATIONS

| Name | Ticker | Price, per share | Target price, per share | Upside, % | Rating | Commentary |
|------------------------------|---------|------------------|-------------------------|-----------|--------|---|
| Agriculture | | | | | | |
| Kernel | KER PW | 31.7 | 50.2 | 59% | BUY | Hedging approach to making business, no devaluation risk, limited political risk due to lack of assets in the Donbass, and a U-turn in the farming segment in the 2014-15 season make Kernel's stock our current top investment story. |
| MHP | MHPC LI | 9.1 | 17.96 | 98% | 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 PW | 23.6 | 90.0 | 281% | 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 LI | 2.7 | 2.7 | 0% | 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 PW | 68.0 | 80.8 | 19% | 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. |
| Iron Ore | | | | | | |
| Ferrexpo | FXPO LN | 52.8 | 48.0 | -9% | SELL | 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. |
| Steel | | | | | | |
| Azovstal | AZST | 0.80 | 0.56 | -30% | SELL | Non-transparent reporting practices detrimentally affect Azovstal's reported earnings. |
| Coke | | | | | | |
| Avdyivka Coke | AVDK | 1.41 | U/R | -- | Susp. | Avdyivka Coke experienced several artillery attacks since August 2014 due to its location near the border of occupied territory. |
| Specialized Machinery | | | | | | |
| Motor Sich | MSICH | 2731 | 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 | 4.6 | U/R | -- | U/R | The company has been constantly missed production targets since 2012. |
| JKX Oil & Gas | JKX | 34.8 | 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 | | | | | | |
| DonbasEnerg | DOEN | 29.0 | 72.0 | 148% | BUY | DonbasEnerg is expected to continue practice of 30% dividend payout in a medium term. |
| CenterEnerg | CEEN | 7.94 | 15.00 | 89% | BUY | CenterEnerg's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity. |
| Banks | | | | | | |
| Raiffeisen Bank Aval | BAVL | 0.106 | 0.24 | 127% | 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 | 1087.87 | 1368.76 | 908.88 | -1.8% | -2.4% | 3.0% | 5.3% | 0.0% | 0.0% | 0.0% | 0.0% |
| Steel | | | | | | | | | | | | |
| Alchevsk Steel | ALMK | 0.014 | 0.045 | 0.011 | -2.1% | -2.7% | 10.1% | -2.1% | -0.3% | -0.3% | 7.0% | -7.4% |
| Azovstal | AZST | 0.80 | 0.95 | 0.35 | -1.5% | -3.2% | 4.6% | 7.1% | 0.3% | -0.8% | 1.5% | 1.8% |
| Enakievo Steel | ENMZ | 17.43 | 65.00 | 14.81 | -1.8% | -2.6% | -5.2% | -16.8% | 0.0% | -0.2% | -8.2% | -22.1% |
| Coke | | | | | | | | | | | | |
| Avdyivka Coke | AVDK | 1.41 | 3.62 | 1.10 | 0.5% | -2.1% | 25.6% | -18.6% | 2.3% | 0.3% | 22.5% | -23.8% |
| Yasnyivsky Coking | YASK | 0.35 | 0.84 | 0.18 | 0.0% | 0.0% | 29.6% | 25.0% | 1.8% | 2.4% | 26.6% | 19.7% |
| Iron Ore Mining | | | | | | | | | | | | |
| Centralny GOK | CGOK | 8.50 | n/a | n/a | 1.2% | -1.2% | 13.3% | 9.1% | 2.9% | 1.2% | 10.3% | 3.8% |
| Ferrexpo | FXPO | 52.75 | 162.10 | 47.91 | -4.1% | -17.6% | -4.1% | -0.5% | -2.3% | -15.2% | -7.1% | -5.8% |
| Pivnichny GOK | SGOK | 8.50 | 12.30 | 4.44 | -2.3% | -2.3% | 0.6% | 1.6% | -0.5% | 0.1% | -2.5% | -3.7% |
| Coal Mining | | | | | | | | | | | | |
| Pokrovske Mine | SHCHZ | 0.48 | 0.79 | 0.17 | 0.0% | 0.0% | 65.5% | 2.1% | 1.8% | 2.4% | 62.5% | -3.2% |
| Pipe Manufacturing | | | | | | | | | | | | |
| Khartsyzk Pipe | HRTR | 0.58 | 1.01 | 0.20 | 3.6% | 1.8% | 93.3% | 52.6% | 5.3% | 4.1% | 90.3% | 47.4% |
| Railcar Manufacturing | | | | | | | | | | | | |
| Kryukiv Wagon | KVBZ | 11.40 | 21.60 | 10.00 | -3.8% | -6.5% | -7.9% | -11.3% | -2.0% | -4.1% | -11.0% | -16.6% |
| Luhanskeplovoz | LTPL | 1.50 | 1.80 | 0.85 | 0.0% | -16.7% | 50.0% | 38.9% | 1.8% | -14.3% | 47.0% | 33.6% |
| Specialized Machinery | | | | | | | | | | | | |
| Motor Sich | MSICH | 2731 | 2939 | 1587 | -1.3% | -3.1% | 0.1% | 10.0% | 0.5% | -0.7% | -3.0% | 4.7% |
| 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 | 0.0% | 0.0% | -3.1% | 2.0% | 1.8% | 2.4% | -6.2% | -3.3% |
| Oil & Gas | | | | | | | | | | | | |
| Regal Petroleum | RPT | 4.62 | 11.50 | 3.13 | 0.0% | 0.5% | 23.2% | 47.8% | 1.8% | 2.9% | 20.2% | 42.6% |
| JKX Oil | JKX | 34.75 | 64.00 | 11.00 | 0.7% | -6.1% | 20.9% | 189.6% | 2.5% | -3.7% | 17.8% | 184.3% |
| Ukrnafta | UNAF | 309.8 | 375.0 | 54.0 | -2.5% | -3.3% | 9.9% | 52.4% | -0.8% | -0.9% | 6.8% | 47.1% |
| Power Utilities | | | | | | | | | | | | |
| Centrenergo | CEEN | 7.94 | 8.70 | 3.00 | -1.1% | 0.1% | 7.4% | 5.3% | 0.7% | 2.5% | 4.4% | 0.0% |
| Donbasenergo | DOEN | 29.00 | 50.16 | 11.00 | -3.1% | -3.0% | -7.2% | -12.1% | -1.4% | -0.6% | -10.2% | -17.4% |
| Zakhidenergo | ZAEN | 160.0 | 199.8 | 91.2 | -1.2% | -1.2% | -2.6% | 8.0% | 0.5% | 1.2% | -5.6% | 2.8% |
| Consumer | | | | | | | | | | | | |
| Agroton | AGT | 1.26 | 3.79 | 1.19 | -3.1% | -2.3% | -3.1% | 2.4% | -1.3% | 0.1% | -6.1% | -2.8% |
| Astarta | AST | 23.61 | 48.22 | 14.50 | -3.6% | -5.6% | -1.0% | 18.1% | -1.8% | -3.2% | -4.0% | 12.8% |
| Avangardo | AVGR | 2.65 | 10.27 | 1.83 | 0.0% | -5.4% | 26.2% | 29.3% | 1.8% | -3.0% | 23.1% | 24.0% |
| Industrial Milk Company | IMC | 5.75 | 10.39 | 5.46 | 0.5% | -2.5% | -4.2% | 1.4% | 2.3% | -0.1% | -7.2% | -3.9% |
| Kernel | KER | 31.66 | 34.50 | 22.00 | -1.1% | 0.5% | 5.6% | 11.2% | 0.7% | 2.9% | 2.6% | 6.0% |
| Mriya Agro Holding | MAYA | 0.38 | 5.65 | 0.36 | 0.0% | -15.6% | -24.8% | -32.4% | 1.8% | -13.2% | -27.8% | -37.7% |
| MHPC | MHPC | 9.05 | 15.77 | 8.61 | 1.7% | -1.6% | -2.7% | -1.6% | 3.4% | 0.8% | -5.7% | -6.9% |
| Milkiland | MLK | 3.04 | 8.59 | 1.48 | -5.3% | -10.9% | 52.8% | 105.4% | -3.5% | -8.5% | 49.7% | 100.1% |
| Ovostar Union | OVO | 68.00 | 76.74 | 64.00 | -4.2% | -2.7% | -4.9% | -5.6% | -2.4% | -0.3% | -8.0% | -10.8% |
| Chemicals | | | | | | | | | | | | |
| Stirol | STIR | 8.80 | n/a | n/a | 0.0% | 0.0% | 10.0% | 27.0% | 1.8% | 2.4% | 7.0% | 21.7% |
| Banks | | | | | | | | | | | | |
| Raiffeisen Bank Aval | BAVL | 0.106 | 0.190 | 0.086 | -1.6% | -0.5% | 10.9% | 10.0% | 0.2% | 1.9% | 7.9% | 4.7% |
| UkrSotsbank | USCB | 0.103 | 0.200 | 0.090 | -6.8% | -6.8% | -13.1% | -21.3% | -5.1% | -4.4% | -16.2% | -26.6% |

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 | -57 | 5.0% | neg | neg | -6 | -75 | -82 | 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 | 1,342 | 1,059 | 506 | 464 | 256 | 32.0% | 34.5% | 24.2% | 264 | 185 | 98 | 16.7% | 13.8% | 9.2% |
| Pipe Manufacturing | | | | | | | | | | | | | | | | |
| Khartsyzk Pipe | HRTR | 310 | 193 | 92 | 31 | 43 | 18 | 10.1% | 22.6% | 19.3% | 5 | 23 | 2 | 1.5% | 11.7% | 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 | 67 | 50 | 10 | 5 | 10.9% | 7.6% | 7.5% | 42 | -3 | -4 | 9.0% | neg | neg |
| Specialized Machinery | | | | | | | | | | | | | | | | |
| Turboatom | TATM | 214 | 164 | 114 | 90 | 73 | 36 | 42.1% | 44.6% | 32.0% | 72 | 53 | 23 | 33.5% | 32.4% | 20.0% |
| Motor Sich | MSICH | 1,053 | 879 | 460 | 384 | 342 | 158 | 36.5% | 38.9% | 34.3% | 162 | 129 | 67 | 15.4% | 14.7% | 14.5% |
| Telecom | | | | | | | | | | | | | | | | |
| Ukrtelecom | UTLM | 791 | 368 | 224 | 190 | 105 | 71 | 24.0% | 28.5% | 31.5% | 17 | 16 | 8 | 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 | | | | | | | | | | | | | | | | |
| Centrenerg | 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 | 262 | 271 | 72 | 23 | 13 | 11.0% | 8.8% | 4.9% | 65 | 20 | 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 | 2,250 | 291 | 223 | 325 | 10.4% | 9.3% | 14.4% | 105 | -107 | 125 | 3.8% | neg | 5.6% |
| Astarta | AST | 491 | 465 | 396 | 91 | 154 | 123 | 15.5% | 27.5% | 25.9% | 34 | -54 | 30 | 5.8% | neg | 6.3% |
| 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 | 1,595 | 2,588 | 1,064 | 303 | 447 | 115 | 130 | 115 | 1 | -19 | -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 | 17 | 3.9% | 1 | 956 | neg | neg | neg | neg | neg | neg | 0.6 | 1.4 | 2.8 | 247 | 230 | 224 | \$/tonne |
| Yenakievo Steel | ENMZ | 9 | 8.8% | 1 | 6 | neg | neg | neg | neg | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 2 | 2 | 2 | \$/tonne |
| Azovstal | AZST | 156 | 3.0% | 5 | 151 | neg | 4.4 | 6.8 | neg | 1.0 | 1.3 | 0.1 | 0.1 | 0.1 | 33 | 33 | 33 | \$/tonne |
| Coke | | | | | | | | | | | | | | | | | | |
| Avdyivka Coke | AVDK | 13 | 6.8% | 1 | -26 | neg | neg | neg | -0.6 | neg | neg | 0.0 | -0.1 | -0.1 | -6 | -7 | -7 | \$/tonne |
| Yasynivsky Coke | YASK | 4 | 9.0% | 0 | 5 | neg | neg | neg | 0.2 | neg | neg | 0.0 | 0.0 | 0.0 | 0.2 | neg | neg | \$/tonne |
| Iron Ore Mining | | | | | | | | | | | | | | | | | | |
| Centralny GOK | CGOK | 463 | 0.3% | 1 | 462 | 2.4 | 4.0 | 5.8 | 1.5 | 2.1 | 2.8 | 0.7 | 0.8 | 0.8 | | | | |
| Pivnichny GOK | SGOK | 911 | 0.4% | 4 | 904 | 1.7 | 2.8 | 4.0 | 1.0 | 1.4 | 1.9 | 0.6 | 0.6 | 0.7 | | | | |
| Ferrexpo | FXPO | 466 | 24.0% | 112 | 1,160 | 1.8 | 2.5 | 4.8 | 2.3 | 2.5 | 4.5 | 0.7 | 0.9 | 1.1 | | | | |
| Pipe Manufacturing | | | | | | | | | | | | | | | | | | |
| Khartsyzk Pipe | HRTR | 70 | 2.0% | 1 | 116 | 14.9 | 3.1 | >30 | 3.7 | 2.7 | 6.5 | 0.4 | 0.6 | 1.3 | 184 | 305 | 290 | \$/tonne |
| Railcar Manufacturing | | | | | | | | | | | | | | | | | | |
| LuganskTeplovoz | LTPL | 15 | 24.0% | 4 | 52 | 0.8 | neg | n/a | 1.5 | neg | n/a | 0.2 | 0.4 | n/a | | | | |
| Krukiv Wagon | KVBZ | 61 | 5.0% | 3 | 55 | 1.5 | neg | neg | 1.1 | 5.4 | 11.0 | 0.1 | 0.4 | 0.8 | | | | |
| Specialized Machinery | | | | | | | | | | | | | | | | | | |
| Turboatom | TATM | 69 | 5.8% | 4 | 38 | 1.0 | 1.3 | 3.0 | 0.4 | 0.5 | 1.1 | 0.2 | 0.2 | 0.3 | | | | |
| Motor Sich | MSICH | 264 | 24.0% | 63 | 250 | 1.6 | 2.0 | 4.0 | 0.7 | 0.7 | 1.6 | 0.2 | 0.3 | 0.5 | | | | |
| Telecom | | | | | | | | | | | | | | | | | | |
| Ukrtelecom | UTLM | 135 | 7.2% | 10 | 220 | 7.9 | 8.5 | 17.0 | 1.2 | 2.1 | 3.1 | 0.3 | 0.6 | 1.0 | | | | |
| Oil & Gas | | | | | | | | | | | | | | | | | | |
| Ukrnafta | UNAF | 781 | 3.0% | 23 | 779 | >30 | 24.6 | >30 | 2.7 | 4.9 | 5.9 | 0.3 | 0.4 | 0.7 | n/a | n/a | n/a | \$/boe |
| Regal Petroleum | RPT | 22 | 21.6% | 5 | -3 | neg | 11.2 | 7.5 | neg | -0.2 | -0.2 | -0.1 | -0.1 | -0.1 | n/a | n/a | n/a | \$/boe |
| JKX Oil & Gas | JKX | 90 | 50.4% | 45 | 198 | 13.8 | 11.5 | 18.0 | 3.0 | 2.9 | 2.8 | 1.1 | 1.0 | 1.3 | 36 | 27 | 26 | \$/boe |
| Electric Utilities | | | | | | | | | | | | | | | | | | |
| CentrEnergO | CEEN | 136 | 21.7% | 30 | 123 | 2.3 | 8.6 | 15.5 | 1.3 | 3.7 | 5.4 | 0.1 | 0.2 | 0.2 | 7 | 9 | 8 | \$/MWh |
| DonbasEnergO | DOEN | 32 | 14.2% | 5 | 62 | 0.5 | 1.6 | 10.8 | 0.9 | 2.7 | 4.7 | 0.1 | 0.2 | 0.2 | 8 | 8 | 8 | \$/MWh |
| Consumer | | | | | | | | | | | | | | | | | | |
| MHP | MHPC | 956 | 34.1% | 326 | 2,036 | 5.9 | neg | 9.9 | 5.2 | 3.8 | 3.7 | 1.4 | 1.3 | 1.3 | | | | |
| Kernel | KER | 649 | 61.8% | 401 | 1,384 | 6.2 | neg | 5.2 | 4.8 | 6.2 | 4.3 | 0.5 | 0.6 | 0.6 | | | | |
| Astarta | AST | 152 | 37.0% | 56 | 398 | 4.5 | neg | 5.1 | 4.4 | 2.6 | 3.2 | 0.8 | 0.9 | 1.0 | | | | |
| Avangardco | AVGR | 169 | 22.5% | 38 | 357 | 0.7 | neg | 5.3 | 1.2 | 2.7 | 3.3 | 0.5 | 0.8 | 0.9 | 81 | 61 | 58 | \$/mneqgs |
| Ovostar | OVO | 105 | 25.0% | 26 | 112 | 3.4 | 3.5 | 4.3 | 3.1 | 3.5 | 4.5 | 1.4 | 1.5 | 1.4 | n/a | n/a | n/a | |
| Banks | | | | | | | | | | | | | | | | | | |
| | | | | | | P/E | | | P/Book | | | P/Assets | | | | | | |
| Raiffeisen Bank Aval | BAVL | 147 | 3.5% | 5 | | 1.6 | neg | neg | 0.2 | 0.4 | 0.4 | 0.03 | 0.05 | 0.05 | | | | |
| Ukrsotsbank | USCB | 88 | 1.0% | 1 | | >30 | >30 | >30 | 0.1 | 0.3 | 0.2 | 0.01 | 0.05 | 0.03 | | | | |

Source: Eavex Research

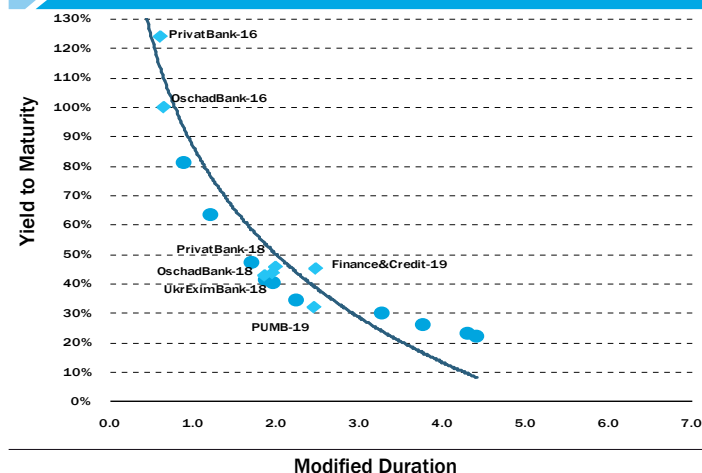
UKRAINIAN EUROBONDS

| 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) | 45.0 | 47.0 | 209.0% | 193.6% | -32.3% | 0.3 | 4.95% | A | 13 Oct 2015 | 600* | Caa3/CCC-/CC |
| Ukraine, 2015 | 52.8 | 54.4 | 181.1% | 171.0% | -23.8% | 0.3 | 6.875% | S/A | 23 Sept 2015 | 500 | Caa3/CCC-/CC |
| Ukraine, 2016 | 44.2 | 45.3 | 66.2% | 63.9% | -28.6% | 1.2 | 6.58% | S/A | 21 Nov 2016 | 1,000 | Caa3/CCC-/CC |
| Ukraine, 2016-2 | 44.5 | 45.6 | 86.6% | 83.8% | -30.4% | 0.8 | 6.25% | S/A | 17 Jun 2016 | 1,250 | Caa3/CCC-/CC |
| Ukraine, 2017 | 45.3 | 46.5 | 43.2% | 41.8% | -27.4% | 1.9 | 6.75% | S/A | 14 Nov 2017 | 700 | Caa3/CCC-/CC |
| Ukraine, 2017-2 | 45.5 | 46.5 | 51.6% | 50.3% | -26.1% | 1.6 | 9.25% | S/A | 24 Jul 2017 | 2,000 | Caa3/CCC-/CC |
| Ukraine, 2017 Infr. projects | 39.0 | 42.0 | 54.4% | 50.3% | -34.1% | 1.7 | 8.375% | S/A | 3 Nov 2017 | 568 | Caa3// |
| Ukraine, 2018 Infr. projects | 38.0 | 41.0 | 47.5% | 43.9% | -34.2% | 2.0 | 7.40% | S/A | 20 Apr 2018 | 690 | Caa3// |
| Ukraine, 2020 | 41.3 | 43.3 | 30.3% | 28.9% | -29.1% | 3.2 | 7.75% | S/A | 23 Sept 2020 | 1,500 | Caa3/CCC-/CC |
| Ukraine, 2021 | 44.5 | 45.5 | 27.3% | 26.7% | -24.2% | 3.7 | 7.95% | S/A | 23 Feb 2021 | 1,500 | Caa3/CCC-/CC |
| Ukraine, 2022 | 44.5 | 45.5 | 23.8% | 23.3% | -25.2% | 4.2 | 7.80% | S/A | 28 Nov 2022 | 1,250 | Caa3/CCC-/CC |
| Ukraine, 2023 | 45.3 | 46.3 | 22.5% | 22.0% | -22.9% | 4.4 | 7.50% | S/A | 17 Apr 2023 | 1,250 | Caa3/CCC-/CC |
| Corporate Eurobonds | | | | | | | | | | | |
| Agroton, 2019 | 30.1 | 35.3 | 43.7% | 38.1% | -3.3% | 2.8 | 8.00% | S/A | 14 Jul 2019 | 50 | //RD |
| MHP, 2015 | 92.0 | 94.0 | 76.0% | 58.5% | -2.1% | 0.1 | 10.25% | S/A | 29 Apr 2015 | 235 | Caa2//CC |
| MHP, 2020 | 65.1 | 67.0 | 19.4% | 18.6% | -4.3% | 3.5 | 8.25% | S/A | 2 Apr 2020 | 750 | /CCC-/CC |
| Avangardco, 2015 | 44.5 | 44.5 | 188.3% | 188.3% | -31.1% | 0.3 | 10.00% | S/A | 29 Oct 2015 | 200 | /CCC-/ |
| UkrLandFarming, 2018 | 38.0 | 38.0 | 55.1% | 55.1% | -18.3% | 1.7 | 10.88% | S/A | 26 Mar 2018 | 500 | /CCC-/CC |
| Mriya, 2016 | 11.0 | 14.0 | 430.8% | 358.0% | -3.8% | 0.4 | 10.95% | S/A | 30 Mar 2016 | 72 | /SD/RD |
| Mriya, 2018 | 10.0 | 14.0 | 135.7% | 109.3% | 9.1% | 1.4 | 9.45% | S/A | 19 Apr 2018 | 400 | /SD/RD |
| DTEK, 2015 | 60.0 | 65.0 | 518.4% | 422.2% | -19.4% | 0.1 | 9.50% | S/A | 28 Apr 2015 | 200 | Caa2//CC |
| DTEK, 2018 | 33.0 | 36.0 | 56.0% | 51.6% | -24.2% | 1.8 | 7.88% | S/A | 4 Apr 2018 | 750 | Caa2//CC |
| Metinvest, 2015 | 63.0 | 68.0 | 315.7% | 255.8% | -18.6% | 0.1 | 10.25% | S/A | 20 May 2015 | 114 | Caa2//CC |
| Metinvest, 2017 | 48.0 | 53.0 | 45.8% | 40.6% | -27.9% | 1.3 | 10.50% | S/A | 28 Nov 2017 | 290 | //CC |
| Metinvest, 2018 | 40.0 | 43.0 | 49.8% | 46.1% | -25.2% | 2.0 | 8.75% | S/A | 14 Feb 2018 | 750 | Caa2//CC |
| Ferrexpo, 2016 | 77.0 | 80.0 | 35.5% | 31.2% | 1.9% | 0.9 | 7.875% | S/A | 07 Apr 2016 | 500 | /CCC-/CC |
| UZ Rail, 2018 | 39.0 | 42.0 | 49.2% | 45.6% | -23.6% | 2.0 | 9.50% | S/A | 21 May 2018 | 500 | /CCC-/CC |
| Interpipe, 2017 | 15.0 | 25.0 | 136.4% | 93.6% | -63.6% | 1.3 | 10.25% | S/A | 2 Aug 2017 | 200 | // |
| JKX Oil&Gas, 2018 | 71.4 | 75.0 | 26.5% | 24.4% | 25.7% | 1.6 | 8.00% | S/A | 19 Feb 2018 | 40 | |
| Bank Eurobonds | | | | | | | | | | | |
| Fin&Credit Bank, 2019 | 10.0 | 15.0 | 119.5% | 90.7% | -84.9% | 1.5 | 9.25% | S/A | 25 Jan 2019 | 100 | Caa3// |
| PUMB, 2018 | 43.0 | 48.0 | 41.4% | 37.0% | -32.6% | 2.2 | 11.00% | Q | 31 Dec 2018 | 275 | Caa3// |
| Nadra Bank, 2018 | 8.0 | 13.0 | n/a | n/a | -16.0% | 0.3 | 6.25% | A | 31 Jul 2018 | 60 | // |
| PrivatBank, 2015 | 42.0 | 45.0 | 273.5% | 243.8% | -30.4% | 0.2 | 9.38% | S/A | 23 Sept 2015 | 200 | Caa3// |
| PrivatBank, 2016 | 15.0 | 20.0 | 391.9% | 304.4% | -64.6% | 0.3 | 8.75% | S/A | 9 Feb 2016 | 150 | Caa3// |
| PrivatBank, 2018 | 40.0 | 43.6 | 53.3% | 48.7% | -29.1% | 1.9 | 10.88% | S/A | 28 Feb 2018 | 175 | Caa3//CC |
| UkrEximBank, 2015 | 62.0 | 62.0 | 450.9% | 450.9% | -20.0% | 0.1 | 8.38% | S/A | 27 Apr 2015 | 750 | Caa3//CC |
| UkrEximBank, 2016 | 30.0 | 40.0 | 202.4% | 142.8% | -26.3% | 0.5 | 5.79% | S/A | 2 Sept 2016 | 125 | Caa3//CC |
| UkrEximBank, 2018 | 44.0 | 46.0 | 45.7% | 43.4% | -20.4% | 2.0 | 8.75% | S/A | 22 Jan 2018 | 500 | Caa3//CC |
| VAB Bank, 2019 | 3.0 | 7.0 | n/a | n/a | -23.1% | n/a | 9.00% | Q | 14 Jun 2019 | 88 | //WD |
| Oschadbank, 2016 | 41.4 | 43.0 | 128.1% | 121.7% | -27.9% | 0.6 | 8.25% | S/A | 10 Mar 2016 | 700 | Caa3//CC |
| Oschadbank, 2018 | 42.0 | 44.0 | 46.4% | 44.2% | -23.9% | 1.9 | 8.88% | S/A | 20 Mar 2018 | 500 | Caa3//CC |
| Municipal Eurobonds | | | | | | | | | | | |
| City of Kyiv, 2015 | 43.0 | 45.0 | 197.8% | 184.2% | -39.4% | 0.3 | 8.00% | S/A | 6 Nov 2015 | 250 | Caa3/CCC/ |
| City of Kyiv, 2016 | 37.0 | 43.5 | 109.3% | 90.1% | -43.1% | 0.8 | 9.375% | S/A | 30 Jun 2016 | 300 | Caa3/CCC/ |

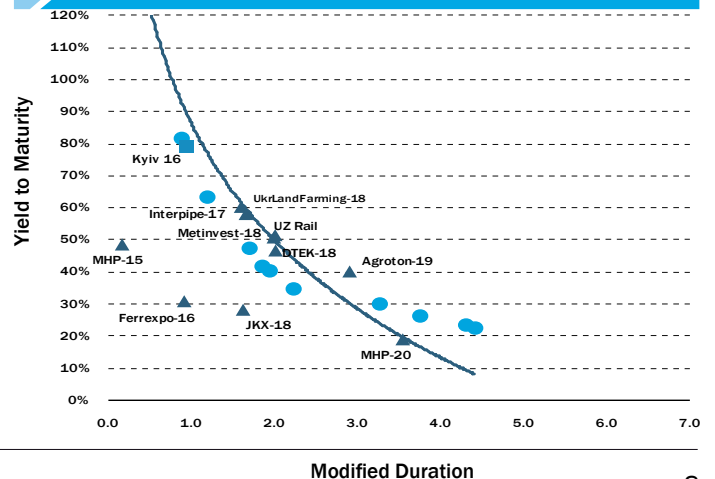
¹ Moody's/S&P/Fitch; * EUR

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% | 24% | n/a | 14.30% | S/A | 20 May 2015 | n/a |
| UA4000142665 | | | 28% | 24% | 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 | | | 27% | 25% | n/a | 5.50% | S/A | 21 Aug 2015 | n/a |
| UA4000082622 | | | 27% | 25% | n/a | 5.50% | S/A | 24 Aug 2015 | n/a |
| UA4000083059 | | | 27% | 25% | n/a | 5.50% | S/A | 25 Aug 2015 | n/a |
| UA4000185151 | | | 27% | 25% | 1.9 | 9.50% | S/A | 8 Jul 2019 | 3,577 |
| UA4000185557 | | | 27% | 25% | 1.9 | 9.50% | S/A | 22 Jul 2019 | 2,171 |
| UA4000186159 | | | 27% | 25% | 1.9 | 9.50% | S/A | 20 Aug 2019 | 955 |

Source: Bloomberg, Cbonds, Eavex Research

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