



EMPIRE STATE
CAPITAL PARTNERS

UKRAINE MARKETS DAILY

May 27, 2015



UX
-2.3%

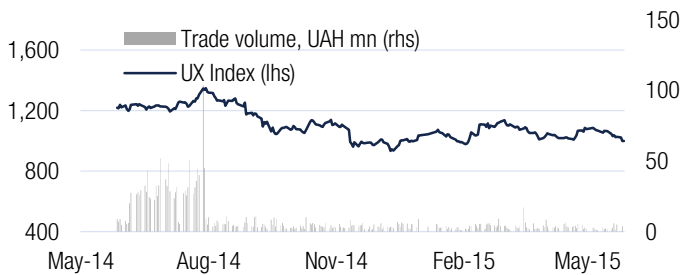


USD/UAH
3.9%



Ukraine CDS
0.2%

Ukrainian market performance (UX)



Source – Bloomberg

Currencies	Last	1d	1m	YTD *
USD/UAH	21.55	3.9%	-6.1%	32.4%
EUR/UAH	23.44	2.9%	-6.1%	18.0%
RUB/UAH	0.43	3.1%	-5.0%	50.0%
Indices	Last	1d	1m	YTD
UX	998	-2.3%	-6.6%	-3.5%
PFTS	350	-1.6%	-4.5%	-9.6%
WIG UKR	305	1.3%	4.4%	25.0%
MICEX	1,652	-0.2%	-1.5%	18.3%
MSCI EM	1,026	-0.9%	-3.7%	7.3%
S&P500	2,104	-1.0%	-0.2%	2.2%
DAX	11,625	-1.6%	-3.4%	18.6%
Dow Jones	18,042	-1.0%	0.0%	1.2%
Nikkei	20,437	0.1%	2.3%	17.1%
Shanghai Comp	4,911	2.0%	8.5%	51.8%
WIG	55,554	-0.7%	-2.6%	8.0%

Commodities	Last	1d	1m	YTD
Oil (Brent)	64	-2.7%	-1.7%	11.1%
Gold	1,187	-1.4%	-1.4%	0.2%
Iron ore	60	0.7%	18.7%	-13.0%
Steel	450	0.0%	-0.4%	-25.6%
Wheat	191	0.0%	-3.5%	-22.4%
Corn	153	-0.2%	-5.0%	-6.0%

Source – Bloomberg, Minfin.com.ua (*)

Futures - UX	Last	1d	Vol, UAH mn	Open acc, ths
DX-6.15 (USD)	22.30	-0.0%	0.2	0.5
UX-6.15	1,035	-1.0%	2.1	15.5
UX-9.15	1,115	1.0%	0.2	2.1

Source - UX

Market comment

The UX Index was down by 2.3% on Tuesday, and down by 5.9% in the US dollar terms, while the PFTS index was down by 1.6% in UAH terms. All ten companies in the UX index were down in UAH terms, with the largest decrease in prices observed for Kryukiv carriage (-11.2%), Enakievo MP (-3.6%) and Avdiivka coke (-2.5%).

On the interbank exchange market, the USD/UAH spot rate was up by 3.9% to 21.55 (mid price) on Tuesday according to Bloomberg. The official exchange rate reported by the NBU was 21.42.

Ukraine 5-year CDS were flat on Tuesday.

Market news

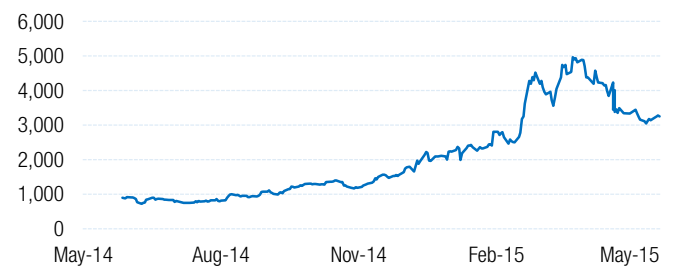
- Ukraine will place USD 1 bn in 5-year Eurobonds under the US guarantees
- Ukreximbank secured the preliminary agreement of its note holders on its debt restructuring terms
- MHP's revenue down 22% y/y, EBITDA up 16% y/y in 1Q2015

Best performers	Ticker	Price, \$	1d	YTD
Hawkey Oil&Gas	HOG AU	0.004	23.6%	18.2%
Avangard	AVGR LI	2.700	8.0%	31.7%
Astarta-Kyiv	AST PW	6.788	4.0%	20.1%

Worst performers	Ticker	Price, \$	1d	YTD
Kryukiv carriage	KVBZ UK	0.445	-14.5%	-43.6%
Misen Energy	MISE SS	0.744	-7.4%	-14.7%
Enakievo MP	ENMZ UK	0.742	-7.2%	-42.3%

Source – UX, Bloomberg

Ukraine 5Y CDS spreads



Ukraine will place USD 1 bn in 5-year Eurobonds under the US guarantees

According to the recently published decree #320 of the Cabinet of Ministers of Ukraine, the government will issue USD 1 bn Eurobonds with maturity date on May 29, 2020 and the coupon rate not higher than 2.5% paid semiannually on November 29th and May 29th of each year (starting from November 29, 2015).

All payments under the new issue will be guaranteed by the United States, which acts on behalf of the US Agency for International Development, under the Treaty of Guarantee of Borrowing between Ukraine and the United States signed on May 18, 2015.

It is worth noting that the Ukrainian government was able to place USD 1 bn in Eurobonds last year, also under the US guarantees, with a yield of 1.844%.

Our view:

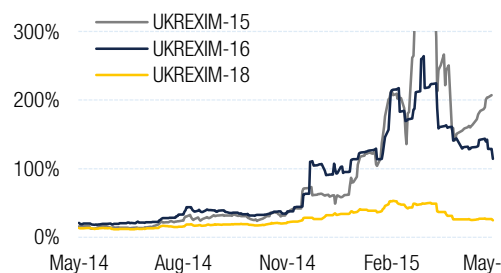
We expect that Ukraine will be able to place the new Eurobonds with a yield below 2%, which should provide additional funds to the Ukrainian government at an extremely low interest rate. Moreover, we believe that there are high chances of another USD 1 bn issue being placed by the end of 2015.

epetrusha@empirestatecap.com

UKREXIM-15,16,18

Ticker	UKREXIM -15	UKREXIM -16	UKREXIM -18
Volume (\$ mn)	750	125	600
Coupon	8.38	5.79	8.75
Mid price	75.5	55.5	70.5
Mid YTM	flat	114.1	24.5
Rating			
Fitch	C	C	C
Moody's	WR	C	Ca

YTM history



Annual financials, IFRS, USD mn

Income statement	2013	2014	Δ
Net interest income	484	224	-54%
Net income	25	-941	-
Balance sheet	2013	2014	Δ
Total assets	11,320	7,833	-31%
Loans portfolio	5,052	3,169	-37%
Total equity	2,137	734	-66%
Total liabilities	9,183	7,099	-23%
Customer accounts	5,031	3,931	-22%
Ratios	2013	2014	Δ
LLR/Gross Loans	17.4%	31.7%	+14pp
CAR	28.9%	18.5%	-10pp
NIM	5.20%	7.06%	+2pp
ROA	0.20%	neg.	-
ROE	1.10%	neg.	-

Ukreximbank secured the preliminary agreement of its note holders on its debt restructuring terms

The Joint Stock Company "State Export-Import Bank of Ukraine" (Ukreximbank) announced that a group of its creditors, which owns 30% of the bank's Eurobonds, accepted the debt reprofiling solicitation of the bank. The agreement covers the bank's USD 750 mn 8.375% issue maturing in 2015, the USD 125 mn 8.4% issue maturing in 2016, and the USD 600 mn 8.75% issue maturing in 2018.

According to the bank's initial solicitation from April 20, 2015, the 2015 Notes will be amended on the following terms: maturity extension of 7 years to April 27, 2022; 50% of the principal amount to be redeemed on April 27, 2019, and the remaining principal amount to be redeemed in 6 equal semi-annual installments starting on October 27, 2019, with final repayment on April 27, 2022. The coupon rate is to be increased from 8.375% to 9.625% per annum, effective from April 27, 2015. The bank will also secure a government letter, expressing government commitment in assisting the bank to operate efficiently and ensuring the fulfillment by the Bank of its obligations under the bond and its other international obligations.

The 2016 Notes will be amended to provide for a maturity extension by seven years to February 9, 2023, a coupon increase from the current 5.79% to 6-month Libor plus 7%. 50% of the principal amount of the 2016 Notes shall be redeemed on February 9, 2020, and the remaining principal amount redeemed in six equal semi-annual installments starting on August 9, 2020, with the final repayment being due on February 9, 2023.

The 2018 Notes will be amended to provide for a maturity extension by seven years to January 22, 2025, a coupon increase from 8.88% to 9.75%. 50% of the principal amount of the 2018 Notes will be redeemed on January 22, 2021 and the remaining principal amount be redeemed in equal eight semi-annual installments starting on July 22, 2021, with the final repayment being due on January 22, 2025.

Along with the next step in finalizing the restructuring deal, the bank will launch a consent solicitation pursuant to which the Notes will be exchanged for new notes on the terms summarized above so as to allow the bank to make the payments under the Notes as contemplated under the new terms on April 27, 2015, August 9, 2015 and July 22, 2015 for the 2015 Notes, the 2016 Notes and the 2018 Notes respectively.

The "reprofiling" of the Ukreximbank bonds would result in savings to Ukraine's balance of payments of up to USD 1.5 bn for the 2015-2018 period and would contribute to a target of a four-year IMF-supported programme for USD 15.3 bn to be generated in savings in public sector financing, the Finance Ministry said.

Our view:

The news was met positively by the market. The quotations of the Ukreximbank 2018 Eurobonds gained 3.3% on average following the announcement, according to Bloomberg. We expect the prices of other quasi-sovereigns to follow suit. The news is also seen to boost the negotiations with note holders on sovereign bonds, as well as on the Eurobond issues of Oschadbank and Ukrzaliznytsa. However, we estimate that Oschadbank and Ukrzaliznytsa will propose slightly less attractive terms compared to the Ukreximbank offer.

tratovohery@empirestatecap.com

MHP

MHP's revenue down 22% y/y, EBITDA up 16% y/y in 1Q2015

Yesterday MHP [MHPC LI], the largest Ukrainian producer and exporter of chicken meat, published its financial results for 1Q2015. The company's revenue was down by 22% to USD 242 mn in 1Q2015, mostly due to the devaluation of UAH. At the same time, MHP's gross profit increased by 5% y/y to USD 108 mn, while the company's EBITDA grew by 16% y/y to USD 123 mn as a result of higher chicken meat prices and the positive effect of UAH devaluation on costs. MHP reported a net loss of USD 292 mn, which included USD 394 mn of non-cash FX losses (adjusted net income: USD 103 mn).

MHP's operating cash flow before WC charges increased by 4% y/y to USD 100 mn, however net operating cash flow declined by 36% y/y to USD 57 mn as a result of higher purchases of raw materials due to favorable prices, additional purchases of hatching eggs in 1Q2015, and an increase in taxes recoverable and prepaid. The company's capital expenditures amounted to USD 46 mn (+71% y/y), which was mainly related to the construction of Peremoga Nova breeding farm and soya oil crushing facilities.

The company's net cash flow from financing activities was positive at USD 111 mn as a result of additional funds disbursed to the company by the IFC and ING Bank (to finance the repayment of the company's Eurobonds due in April 2015). MHP's cash balance as of end-March 2015 was reported at USD 214 mn, however the company's management commented during the conference call that the current cash balance is around USD 100 mn due to the repayment of Eurobonds. As of end-March 2015, MHP's net debt amounted to USD 1,100 mn, which implied a leverage ratio of 1.92x, well below the 3.0x covenant.

During the conference call, MHP's management commented that the company intends to increase its export volumes of chicken meat in 2015 to around 170 ths tonnes (2014: 140 ths tonnes). The company also plans to increase MHP's land bank to 500 kha in 2-3 years (current land bank is around 320 kha). Additionally, the management noted that the cost of production should increase by around 45% in 2015 compared to 2014 (in UAH terms), although the company should benefit from increased purchases of raw materials in 4Q2014 and 1Q2015 at lower prices.

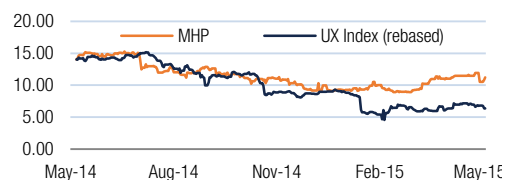
Our view:

The news is moderately POSITIVE for the company. Despite a substantial devaluation, MHP showed an increase in EBITDA margin (to 51% from 34%) and posted stable OCF figure of USD 100 mn for the quarter, supported by high inflation of domestic chicken meat prices. However, we should also note that the company's export volumes were down by 14% y/y to USD 102 mn, which was caused by the decline in sales to the CIS region and Middle East. Nevertheless, we expect that MHP will be able to successfully diversify its exports in 2015 and increase sales volumes abroad.

epetrusha@empirestatecap.com

UKRAINE	AGRICULTURE
Bloomberg ticker	MHPC LI
Current price, \$	10.85
Market cap, \$ mn	1,146
EV, \$ mn	2,119

Price performance



Performance	1d	1m	YTD
Stock (USD)	3.3%	-3.1%	17.9%
Index (USD)	-5.9%	-0.5%	-27.1%

Financials, \$ mn	2013	2014	2015f
Revenues	1,496	1,379	1,300
EBITDA	391	555	503
E. margin	26%	40%	39%
Net income	155.9	-412	201.3
EPS (GDR), \$	1.5	-	2.0
Div/GDR, \$	1.1	0.8	0.6

Valuation, gearing and yield			
EV/EBITDA	5.42	3.82	4.21
P/E	7.35	-2.78	5.69

Source: Bloomberg

Local equity – UX Index

Company	Ticker	Mcap, \$ mn	Last price, \$	Bid, \$	Ask, \$	Chg, d/d	Chg, m/m	Chg, YTD	1M ADT Vol, \$000	52w Low	52w High
Alchevsky MP	ALMK UK	16.7	0.001	0.001	0.001	-5.7%	-3.8%	-27.1%	1.0	0.001	0.004
Avdeevsky Coke	AVDK UK	10.7	0.055	0.054	0.055	-6.9%	-12.7%	-48.5%	1.1	0.066	0.309
Azovstal	AZST UK	156.1	0.037	0.037	0.037	-4.9%	1.8%	-18.9%	4.7	0.030	0.074
Bank Aval	BAVL UK	127.3	0.004	0.004	0.004	-5.2%	-0.7%	-27.4%	11.4	0.005	0.014
CentrEnerg	CEEN UK	133.8	0.362	0.362	0.364	-5.1%	1.1%	-21.8%	17.7	0.253	0.746
DonbassEnerg	DOEN UK	24.5	1.035	1.035	1.058	-4.2%	1.8%	-48.9%	6.6	0.940	4.032
Enakievo MP	ENMZ UK	7.8	0.742	0.724	0.761	-7.2%	-5.2%	-42.3%	2.7	0.578	5.365
Motor Sich	MSICH UK	244.5	117.87	118.00	118.28	-6.2%	-2.5%	-22.7%	43.5	131.16	110.1
Ukrnafta	UNAF UK	681.2	12.561	12.497	12.566	-4.7%	7.6%	0.6%	29.4	4.563	29.07
Kryukiv carriage	KVBZ UK	52.8	0.445	0.448	0.463	-14.5%	-11.1%	-43.6%	1.2	0.441	1.814

Source: Bloomberg, UX. Price calculated using the interbank exchange rate according to Bloomberg.

Other local equity

Company	Ticker	Mcap, \$ mn	Last price, \$	Bid, \$	Ask, \$	Chg, d/d	Chg, m/m	Chg, YTD	1M ADT Vol, \$000	52w Low	52w High
Central GZK	CGOK UK	429.6	0.367	0.232	0.366	-10.5%	-	-	-	-	-
Donetsk Coke	DKOK UK	3.7	0.015	-	0.022	-3.7%	-	-	-	-	-
DniproEnerg	DNON UK	20.9	3.480	3.063	4.686	-3.7%	-	-	-	-	-
DonetskOblEner	DOON UK	8.2	0.125	0.065	0.188	-3.7%	-	-	-	-	-
Farmak	FARM UK	50.6	6.961	6.961	10.441	-3.7%	-	-	-	-	-
Forum Bank	FORM UK	-	-	-	-	-	-	-	-	-	-
KhmelnytskOblEner	HMON UK	14.0	0.104	0.052	0.156	-3.7%	-	-	-	-	-
Hartsyzk pipes	HRTR UK	31.9	0.012	0.012	0.013	-7.3%	-27.1%	-48.8%	0.1	0.013	0.086
KievEnerg	KIEN UK	64.9	0.599	0.527	0.696	-3.7%	-	-	-	-	-
KirovogradOblEner	KION UK	12.5	0.104	0.052	0.156	-3.7%	-	-	-	-	-
AvtoKRAZ	KRAZ UK	12.5	0.006	0.005	0.006	-3.7%	-	-	-	-	-
DTEK KrymEnerg	KREN UK	4.3	0.025	0.013	0.035	-3.7%	2.8%	-79.7%	0.2	0.031	0.214
Kryukiv carriage	KVBZ UK	52.8	0.445	0.448	0.463	-14.5%	-11.1%	-43.6%	1.2	0.441	1.814
Lugansk Locomotive	LTPL UK	10.7	0.049	0.040	0.049	-3.7%	-6.7%	-26.6%	0.1	0.072	0.066
Bogdan Motors	LUAZ UK	5.2	0.001	0.001	0.001	-3.7%	-2.5%	-1.4%	0.1	0.001	0.007
Ilyich iron and steel	MMKI UK	143.5	0.012	0.007	0.013	-3.7%	-	-	-	-	-
Mariupol machinery	MZVM UK	0.5	0.001	0.002	0.002	-51.9%	-60.1%	-81.6%	0.1	0.001	0.017
MHP	MHPC UK	1,274.9	12.065	11.834	12.292	-3.7%	-	-	-	-	-
Nord	NORD UK	5.0	1.856	0.937	3.248	-3.7%	-	-	-	-	-
Poltavkhimmash	PHMSH UK	1.7	0.720	0.673	1.021	-3.7%	-	-	-	-	-
South GZK	SGOK UK	812.6	0.353	0.255	0.353	-6.2%	-0.7%	-31.4%	0.6	0.280	0.777
Pokrovske mine	SHCHZ UK	13.0	0.015	0.009	0.019	-3.7%	6.5%	-47.2%	-	0.011	0.068
Universalna insur.	SKUN UK	2.3	-	-	-	-	-	-	-	0.025	0.025
Slavutich	SLAV UK	308.4	0.302	0.302	0.418	-3.7%	-	-	-	-	-
Stakhanov railway	SVGZ UK	2.6	0.012	0.010	0.014	-3.7%	-	-	-	-	-
Ukrtelecom	UTLM UK	156.4	0.008	0.007	0.009	-3.7%	-4.1%	-10.5%	11.1	0.008	0.010
Yasynivsky Coke	YASK UK	3.3	0.012	0.011	0.012	-3.7%	-7.7%	-29.9%	0.0	0.012	0.072
Zakhidenergo	ZAEN UK	98.5	7.703	6.501	7.610	-3.7%	17.9%	-15.3%	0.1	7.693	15.488
ZakarpattyaOblEner	ZOEN UK	6.4	-	-	-	-	-	-	-	0.060	0.145

Source: Bloomberg, UX. Price calculated using the interbank exchange rate according to Bloomberg.

Ukrainian equities listed abroad

Company	Ticker	Mcap, \$ mn	Last price, \$	Bid, \$	Ask, \$	Chg, d/d	Chg, m/m	Chg, YTD	1M ADT Vol, \$000	52w Low	52w High
Active Energy	AEG LN	52.1	0.09	0.09	0.09	-0.2%	7.6%	97.5%	101.8	0.03	0.18
Agrogeneration	ALAGR FP	48.3	0.52	0.50	0.50	1.3%	2.3%	0.4%	12.6	0.32	1.25
Agroton	AGT PW	5.6	0.26	0.26	0.26	-4.9%	-14.7%	-25.3%	10.2	0.24	0.84
Astarta-Kyiv	AST PW	169.7	6.79	6.65	6.65	4.0%	4.9%	20.1%	229.5	3.75	12.59
Avangard	AVGR LI	172.5	2.70	2.60	2.60	8.0%	28.6%	31.7%	81.1	1.81	10.35
Black Iron	BKI CN	3.9	0.02	0.02	0.02	-0.9%	-2.0%	-44.0%	60.7	0.02	0.14
Cadogan Oil	CAD LN	32.9	0.14	0.14	0.14	-0.6%	8.7%	-8.6%	8.4	0.13	0.19
Cereal Planet	CRP PW	6.0	3.37	3.33	3.33	-0.9%	2.5%	1.2%	0.0	2.87	3.37
Coal Energy	CLE PW	6.7	0.15	0.15	0.15	-2.0%	-11.9%	-14.6%	1.2	0.13	0.38
Cub Energy	CUB CN	5.0	0.02	0.02	0.02	-20.8%	30.7%	-46.6%	0.8	0.01	0.14
Ferrexpo	FXPO LN	638.9	1.09	1.09	1.09	-5.9%	-4.1%	42.4%	956.9	0.68	2.05
Hawkey Oil&Gas	HOG AU	1.1	0.00	0.00	0.00	23.6%	-17.6%	18.2%	-	0.00	0.01
IMC	IMC PW	36.9	1.18	1.15	1.15	-2.0%	-23.2%	-26.3%	2.2	1.18	2.75
JKX Oil&Gas	JKX LN	81.5	0.47	0.46	0.46	-0.6%	5.7%	153.1%	554.9	0.17	0.97
KDM Shipping	KDM PW	7.5	0.81	0.01	0.01	0.0%	-28.4%	-29.5%	0.8	0.79	2.62
Kernel	KER PW	768.0	9.64	9.55	9.55	-2.9%	-0.3%	19.9%	1,782.7	5.50	10.46
MHP	MHPC LI	1,146.5	10.85	10.50	10.50	3.3%	-3.1%	17.9%	694.4	8.24	15.60
Milkiland	MLK PW	18.4	0.59	0.59	0.59	-0.6%	-18.0%	40.5%	12.9	0.37	1.99
Misen Energy	MISE SS	107.9	0.74	0.76	0.76	-7.4%	-7.7%	-14.7%	-	0.67	3.14
Mriya	MAYA GF	12.8	0.12	0.17	0.17	-0.4%	-41.5%	-82.2%	0.7	0.05	5.99
Ovostar	OVO PW	133.1	22.18	20.85	20.85	0.0%	9.0%	9.0%	101.9	16.38	21.75
Regal Petroleum	RPT LN	21.6	0.07	0.06	0.06	2.3%	-6.5%	38.3%	7.3	0.04	0.15
Serinus Energy	SEN PW	63.7	0.81	0.81	0.81	-2.0%	-4.8%	-28.5%	256.0	0.74	2.28
Westa ISIC	WES PW	1.0	0.02	0.02	0.02	0.0%	17.5%	-53.9%	0.1	0.02	0.13

Source: Bloomberg.

Market multiples

Industry	Ticker	Last price,	Target price,	Mcap \$ mn	EV, \$ mn	Free float	P/E			EV/EBITDA			EV/Sales			P/B
		\$	\$				2013	2014E	2015F	2013	2014E	2015F	2013	2014E	2015F	
OIL&GAS, ENERGY																
Ukrnafta	UNAF UK	12.56	-	681	949	8%	29.3	6.4	21.2	3.3	2.5	6.1	0.4	0.5	0.7	0.3
JKX Oil & Gas	JKX LN	0.47	-	81	93	48%	12.5	neg.	neg.	1.4	2.0	1.8	0.5	0.6	0.6	0.2
Misen Energy	MISE SS	0.74	-	108	125	1%	3.4	-	-	2.7	-	-	1.3	-	-	1.3
Serinus Energy	SER PW	0.81	-	64	90	39%	neg.	neg.	neg.	1.2	1.2	2.4	0.6	0.5	0.8	0.4
Cub Energy	KUB CN	0.02	0.03	5	4	26%	neg.	neg.	neg.	neg.	neg.	neg.	1.4	0.5	0.5	0.1
Active Energy	AEG LN	0.09	0.26	52	54	40%	neg.	neg.	0.9	neg.	107.9	0.9	6.6	2.1	0.5	8.9
METALS & MINING																
Ferrexpo	FXPO LN	1.09	-	639	1,228	26%	2.4	3.5	8.4	2.4	2.5	6.2	0.8	0.9	1.1	0.4
Central GZK	CGOK UK	0.37	-	430	415	0%	2.2	2.6	-	1.3	1.5	-	0.6	0.7	-	0.5
South GZK	SGOK UK	0.35	-	813	1,121	1%	1.5	1.8	-	1.2	1.4	-	0.7	0.7	-	0.4
Pokrovske coal	SHCHZ UK	0.02	-	13	85	2%	neg.	-	-	0.8	-	-	0.2	-	-	0.1
Azovsteel	AZST UK	0.04	-	156	156	4%	neg.	2.0	3.1	neg.	1.0	1.5	0.1	0.1	0.1	0.1
Enakievo MP	ENMZ UK	0.74	-	8	0	14%	neg.	neg.	neg.	neg.	0.0	0.0	0.0	0.0	0.0	0.3
AGRI/FOOD																
Kernel	KER PW	9.64	-	768	1,503	55%	6.9	neg.	5.5	5.1	6.7	4.5	0.5	0.6	0.6	0.6
MHP	MHPC LI	10.85	-	1,146	2,119	29%	7.4	neg.	5.7	5.4	3.8	4.2	1.4	1.5	1.6	0.9
Astarta	AST PW	6.79	-	170	433	32%	5.7	neg.	neg.	5.1	2.7	4.2	1.0	0.9	1.1	0.3
Agrogeneration	ALAGR FP	0.52	-	48	140	18%	neg.	neg.	-	neg.	5.2	-	1.4	1.6	-	0.7
Avangard	AVGR LI	2.70	4.52	172	342	23%	0.7	neg.	4.9	1.1	2.6	3.1	0.5	0.8	1.0	0.1
Ovostar	OVO PW	22.18	-	130	139	26%	4.2	4.7	5.6	3.8	4.8	5.3	1.6	1.9	1.8	0.9
Mriya	MAYA GF	0.12	-	13	801	20%	0.1	-	-	4.9	-	-	1.6	-	-	0.0
IMC	IMC PW	1.18	-	37	161	27%	1.4	neg.	4.6	3.3	2.8	3.2	1.4	1.2	1.0	0.2
Milkiland	MLK PW	0.59	-	18	130	22%	1.3	neg.	neg.	2.9	5.6	4.3	0.3	0.3	0.5	0.1
UTILITIES																
CentrEnerg	CEEN UK	0.36	-	134	145	22%	2.2	22.3	neg.	1.5	5.6	neg.	0.2	0.2	0.3	0.4
DonbassEnerg	DOEN UK	1.03	-	24	121	14%	0.4	1.0	neg.	1.1	2.5	37.5	0.2	0.3	0.7	0.2
KievEnerg	KIEN UK	0.60	-	65	5	3%	0.5	-	-	0.0	-	-	0.0	-	-	0.1
Zakhidenergo	ZAEN UK	7.70	-	99	129	3%	1.4	-	-	0.8	-	-	0.1	-	-	0.5
INDUSTRIALS																
Hartsyzk pipes	HRTR UK	0.01	-	31	31	2%	6.7	6.3	-	1.2	1.0	-	0.2	0.1	-	0.2
AutoKRAZ	KRAZ UK	0.006	0.017	12	147	13%	5.2	neg.	0.6	11.3	3.4	3.3	1.6	1.0	1.0	-
Kryukiv carriage	KVBZ UK	0.45	-	51	55	32%	1.2	neg.	neg.	1.1	neg.	11.0	0.1	0.4	0.8	0.2
Motor Sich	MSICH UK	117.87	-	245	181	19%	1.5	1.9	1.7	0.6	0.5	0.7	0.2	0.2	0.3	0.2
Bogdan Motors	LUAZ UK	0.001	-	5	181	42%	neg.	-	-	neg.	-	-	1.4	-	-	0.1
BANKING																
UkrSotsbank	USCB UK	0.005	-	114	856	2%	neg.	6.0	neg.	-	-	-	1.4	-	-	0.1
Bank Aval	BAVL UK	0.004	-	128	541	4%	1.0	neg.	neg.	-	-	-	0.6	1.1	2.2	0.1
TELECOMS																
Ukrtelecom	UTLM UK	0.008	-	156	285	7%	neg.	6.5	19.5	2.0	2.5	4.0	0.4	0.5	1.3	0.3
PHARMA																
Farmak	FARM UK	6.96	-	51	83	22%	1.4	-	-	1.2	-	-	0.3	-	-	0.3

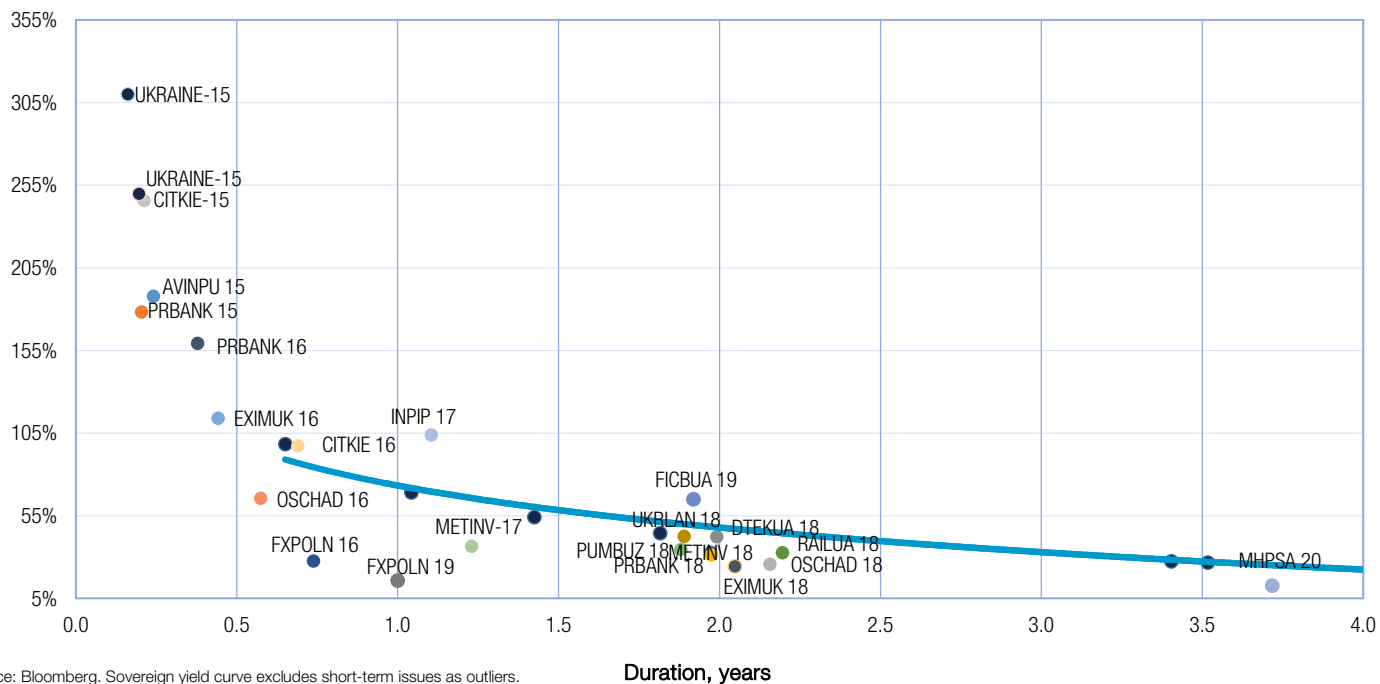
Source: Bloomberg, ESCP estimates. Market value of debt is used where applicable.

Eurobonds

Issue	Ticker	Cpn	Maturity	Amt, \$ mn	Last	Bid	Ask	YTM (mid)	Mod. Dur.	Spread to sov., bps	Rating
Sovereigns											
Ukraine-15	UKRAIN	6.88	23.09.2015	500	50.73	50.08	51.38	310.1	0.16	16,995	CC/Ca/CCC-
Ukraine-15	UKRAIN	4.95	13.10.2015	600	50.90	50.00	51.79	249.8	0.20	11,684	CC/Ca/CCC-
Ukraine-15 (RU)	UKRAIN	5.00	20.12.2015	3,000	52.50	50.00	55.00	163.8	0.31	4,723	CCC/Caa3/CCC
Ukraine-16	UKRAIN	6.25	17.06.2016	1,250	46.63	46.25	47.00	98.4	0.65	931	CC/Ca/CCC-
Ukraine-16	UKRAIN	6.58	21.11.2016	1,000	47.13	46.75	47.50	69.0	1.04	-276	CC/Ca/CCC-
Ukraine-17	UKRAIN	9.25	24.07.2017	2,600	46.46	45.93	46.98	54.2	1.42	-614	CC/Ca/CCC-
Ukraine-17	UKRAIN	6.75	14.11.2017	700	46.75	46.00	47.50	44.4	1.82	-696	CC/Ca/CCC-
Ukraine-20	UKRAIN	7.75	23.09.2020	1,500	46.58	45.78	47.38	27.4	3.40	-97	CC/Ca/CCC-
Ukraine-21	UKRAIN	7.95	23.02.2021	1,500	46.45	45.88	47.03	26.7	3.52	-48	CC/Ca/CCC-
Ukraine-22	UKRAIN	7.8	28.11.2022	2,250	46.28	45.83	46.73	23.3	4.38	419	CC/Ca/CCC-
Ukraine-23	UKRAIN	7.5	17.04.2023	1,250	48.30	47.65	48.95	21.3	4.63	421	CC/Ca/CCC-
Fin. of infr. pr.-17	UKRINF	8.38	03.11.2017	568	45.00	44.00	46.00	49.8	1.71	-390	-/Ca/-
Fin. of infr. pr.-17	UKRINF	9	07.12.2017	550	45.25	44.50	46.00	49.1	1.62	-656	-(P)Ca/-
Fin. of infr. pr.-18	UKRINF	7.4	20.04.2018	690	45.00	44.00	46.00	41.9	2.06	-489	-/Ca/-
Municipals											
City of Kiev-15	CITKIE	8	06.11.2015	250	49.58	48.42	50.75	245.6	0.21	11,542	CC/Ca/CC
City of Kiev-16	CITKIE	9.38	11.07.2016	300	46.63	44.50	48.75	97.4	0.69	1,050	CC/Ca/CC
Corporates											
Mriya-16	MRIYA	10.95	30.03.2016	250	14.21	12.26	16.16	flat	0.27	-	WD/-/NR
Mriya-18	MRIYA	9.45	19.04.2018	400	N/A	N/A	N/A	flat	1.78	-	WD/-/NR
Ukrlandfarming-18	UKRLAN	10.88	26.03.2018	500	50.38	49.26	51.49	42.6	1.89	-731	WD/-/CC
Ferrexpo-16	FXPOLN	7.88	07.04.2016	500	85.67	85.00	86.33	27.7	0.74	-5,674	CCC/Caa3/CCC+
Ferrexpo-19	FXPOLN	10.38	07.04.2019	161	84.83	84.00	85.67	15.8	2.60	-2,241	CCC/Caa3/CCC+
MHP-20	MHPSA	8.25	02.04.2020	750	84.27	83.45	85.10	12.7	3.72	-1,243	CCC/-/CCC-
DTEK-18	DTEKUA	7.88	04.04.2018	750	45.83	44.83	46.83	42.3	1.99	-572	C/Ca/-
Metinvest-15	METINV	10.25	20.05.2049	500	69.75	68.00	71.50	flat	-	-	NR/WR/-
Metinvest-17	METINV	10.5	28.11.2017	290	59.50	58.00	61.00	36.6	1.23	-2,915	C/-/-
Metinvest-18	METINV	8.75	14.02.2018	750	58.58	58.00	59.15	33.0	1.97	-1,540	C/Caa3/-
Ukraine Railways-18	RAILUA	9.5	21.05.2018	500	57.83	56.67	59.00	32.7	2.20	-1,176	C/-/CC
Avangard-15	AVINPU	10	29.10.2015	200	57.92	55.51	60.33	187.9	0.24	6,241	WD/ /-
Interpipe-17	INPIP	10.25	02.08.2017	200	27.50	25.00	30.00	103.9	1.10	3,422	C/-/NR
Banks											
PrivatBank-15	PRBANK	9.38	23.09.2015	200	65.00	64.00	66.00	178.3	0.20	-13,172	CC/Cau/CCC-
PrivatBank-16 (sub.)	PRBANK	5.80	09.02.2016	150	46.00	45.00	47.00	159.3	0.38	5,035	-/Cu/-
Privatbank-18	PRBANK	10.88	28.02.2018	175	64.00	63.00	65.00	31.3	1.97	-1,705	CC/Cau/CCC-
Ukreximbank-15	EXIMUK	8.38	27.07.2015	750	75.50	73.00	78.00	flat	0.12	-	RD/Ca/-
Ukreximbank-16 (sub.)	EXIMUK	5.79	09.02.2016	125	55.50	53.00	58.00	114.1	0.44	1,086	C/C/-
Ukreximbank-18	EXIMUK	8.75	22.01.2018	600	70.50	68.00	73.00	24.5	2.05	-2,249	C/Ca/-
Oschadbank-16	OSCHAD	8.25	10.03.2016	700	68.50	67.50	69.50	65.6	0.57	-2,810	CC/Ca/-
Oschadbank-18	OSCHAD	8.88	20.03.2018	500	67.50	66.50	68.50	25.8	2.16	-1,929	CC/Ca/-
Nadra-17 (restr.)	NADRA	9.38	05.12.2017	N/A	N/A	N/A	N/A	N/A	N/A	-	-/-/-
VAB Bank-19 (restr.)	VABANK	9.00	14.06.2019	125	4.00	2.00	6.00	flat	1.50	-	WD/WR/-
Fin&Credit-19 (restr.)	FICBUA	9.25	25.01.2019	100	25.00	20.00	30.00	65.1	1.92	1,569	-/-/-
PUMB-18	PUMBUZ	11.00	31.12.2018	275	52.50	51.00	54.00	34.6	1.88	-1,553	NR/WR/-

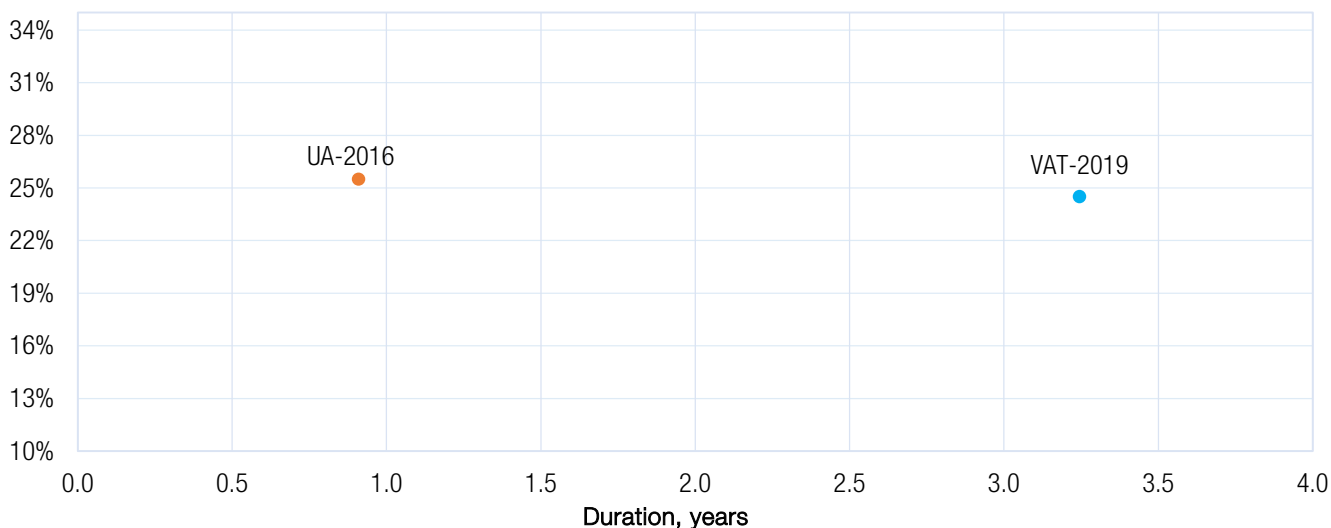
Source: Bloomberg, ESCP

Eurobonds yield curve



Source: Bloomberg. Sovereign yield curve excludes short-term issues as outliers.

OVDP yield curve



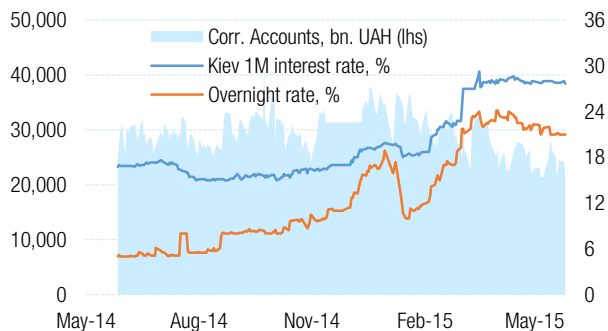
Source: TRDATA

OVDP auction results

Date	ISIN	Maturity	Coupon	Avg. YTM	Auction Bids, UAH mn	Amnt placed, UAH mn	Num. of bids accepted
24.02.2015	UA4000189021	01.02.2017	16.70%	16.70%	19	19	1
18.02.2015	UA4000189294	17.03.2015	8.75%	8.75%	USD 40 mn	USD 40 mn	1
17.02.2015	UA4000189294	17.03.2015	8.75%	8.75%	USD 100 mn	USD 100 mn	1
05.02.2015	UA4000189013	24.03.2015	8.75%	8.75%	USD 100 mn	USD 100 mn	1
03.02.2015	UA4000189021	01.02.2017	16.70%	16.70%	24	24	1
03.02.2015	UA4000189013	24.03.2015	8.75%	8.75%	USD 61 mn	USD 61mn	1
27.01.2015	UA4000188940	24.04.2015	17.00%	17.00%	3,073	3,073	3
26.01.2015	UA4000188940	24.04.2015	17.00%	17.00%	1,500	1,500	2
16.01.2015	UA4000188791	01.04.2015	17.00%	17.00%	2,509	2,509	3
15.01.2015	UA4000188791	01.04.2015	17.00%	17.00%	3,227	3,227	4
26.12.2014	UA4000188536	11.12.2019	14.25%	14.25%	903	903	1
19.12.2014	UA4000188429	04.12.2019	14.25%	14.25%	500	500	1
16.12.2014	UA4000188429	04.12.2019	14.25%	14.25%	1,000	1,000	1
15.12.2014	UA4000188379	23.11.2016	17.60%	17.60%	1,000	1,000	1

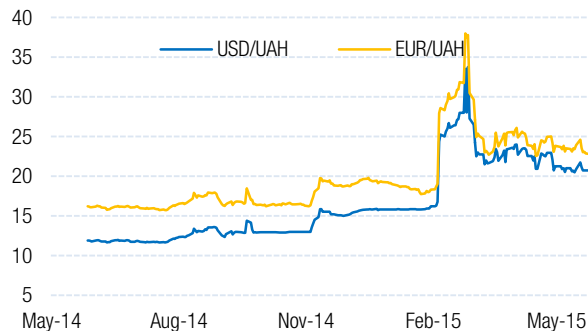
Source: Ministry of Finance of Ukraine

Liquidity indicators



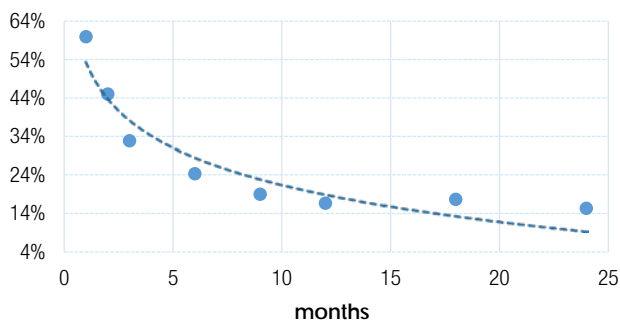
Source: NBU, Bloomberg

Exchange rate dynamics



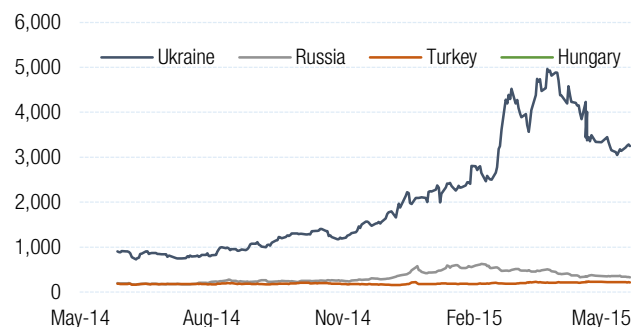
Source: Bloomberg

UAH/USD NDF implied yield curve



Source: Bloomberg, ESCP estimates

CDS USD 5Y: Ukraine and comparables



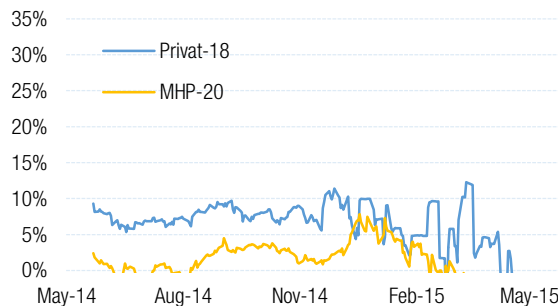
Source: Bloomberg

Spread of 10-y sov. issue to U.S. Treasuries



Source: Bloomberg

Spread of corp. issues to Ukraine gov. bonds



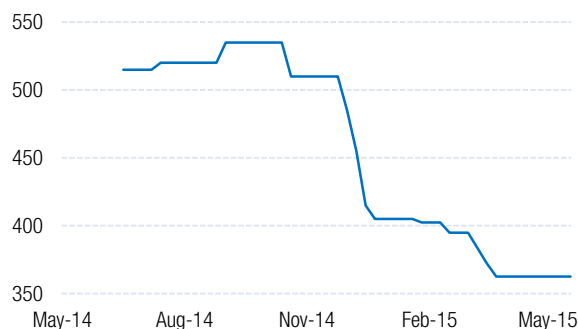
Source: Bloomberg

S&P GSCI Agriculture index



Source: Bloomberg

Ukraine hot-rolled coil, FOB \$/t



Source: Bloomberg

Important disclosure

20a Kozhumiatska Street

Kyiv, Ukraine, 04071

For direct sales inquiries call: + 38 (044) 237-7727, NY: +1 (917) 475-0447

Fax: + 38 (044) 237-7727

Email: research@empirestatecap.com

Our website: www.empirestatecap.com

About us

Empire State Capital Partners is a full service investment company with Western roots headquartered in Ukraine. We offer services in capital markets advisory, mergers and acquisitions, debt and equity underwriting, corporate finance, brokerage, asset management, and structured products. Our team is comprised of experienced professionals from the United States, Europe, Australia and Ukraine, who have been involved in coordination of a wide variety of investment projects in the countries of the former Soviet Union and abroad.

Disclaimer

Although the information in this report has been obtained from sources which Empire State Capital Partners believes to be reliable and was collected in good faith, we do not represent or warrant its accuracy, except with respect to information concerning Empire State Capital Partners, its subsidiaries and affiliates, either expressly or implied, and such information may be incomplete or condensed. Nor has the information and/or data been independently verified, and so is provided without further caveat regarding its reliability, suitability for commerce or specific purpose.

This report does not constitute a prospectus and is not intended to provide the sole basis for an evaluation of the securities discussed herein. All estimates and opinions included in this report constitute our judgment as of the date of the report and may be subject to change without notice. Empire State Capital Partners or its affiliates may, from time to time, have a position or make a market in the securities mentioned in this report, or in derivative instruments based thereon, may solicit, perform or have performed investment banking, or other services (including acting as advisor, manager) for any company referred to in this report and may, to the extent permitted by law, have used the information herein contained, or the research or analysis upon which it is based, before its publication. Empire State Capital Partners will not be responsible for the consequences of reliance upon any opinion or statement contained herein or for any omission. This report is confidential and is being submitted to select recipients only. It may not be reproduced (in whole or in part) without the prior written permission of Empire State Capital Partners.

Any recommendations, opinions, forecasts, estimates or views herein constitute a judgment as at the date of this report. This document has been produced independently of Empire State Capital Partners and the recommendations, forecasts, opinions, estimates, expectations, and views contained herein are entirely those of the research analyst(s). While all reasonable care has been taken to ensure that the facts presented herein are accurate and that the respective recommendations, forecasts, opinions, estimates, expectations, and views are fair and well considered, none of the research analyst(s), Empire State Capital Partners or any of its directors, managers or employees has verified the contents of this document and, accordingly, no research analyst, Empire State Capital Partners or any of its respective directors, managers or employees shall be in any way responsible for its contents.

© Empire State Capital Partners, 2015