

**Market Update**

**Equity**

Kyiv-listed equities regained some ground on Thursday (May 28) after reports that the NBU's key interest rate, which currently stands at a 15-year high of 30%, could be cut next month. Cutting the rate should result in improved access of businesses to credit resources. The UX index rose by 1.1% to close at 1007 points. Motor Sich (MSICH) led the growth, adding 2.3% to UAH 2630 per share. Azovstal (AZST) and DonbasEnerg (DOEN) climbed by 2.1% and 3.5% respectively after significant losses earlier this week. On the downside, UkrNafta (UNAF) edged down 0.4% ahead of the company's supervisory board meeting scheduled for today, with the intention to call a general shareholders' meeting under new legislation that allows the government to replace the company's management. In London, Ferrexpo (FXPO) was unchanged near GBp 72 while MHP (MHPC) added 1.8%, recovering some more ground after its sharp slide early in the week ahead of its 1Q15 financial release. Warsaw-listed Ukrainian stocks rallied, with Astarta (AST) surging 8.5% to PLN 28.10 and Kernel (KER) advancing 3.0% to PLN 38.40 after posting solid EBITDA for 1Q15.

**Fixed Income**

Ukrainian sovereigns rose moderately on Thursday, with long-term benchmark Ukraine-23s edging up 0.3p.p. to close at 51.0/52.0 (21.4%/20.9%). Corporate names were mixed. Avangard-15s dropped by 1.0p.p. to 56.8/56.8 (199.9%/199.9%) while Ferrexpo-16s jumped 4.2p.p. to 88.5/91.5 (23.5%/19.2%) after the company announced another exchange offer.

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Motor Sich	MSICH	2630.00	2.3%	2.8	21
Ukrnafta	UNAF	270.30	-0.4%	0.5	15
Centrenerg	CEEN	7.87	0.6%	0.4	36

**Growth Leaders**

Sumy Frunze Engineering	SMASH	3.90	2.6%	0.01	13
Motor Sich	MSICH	2630.00	2.3%	2.84	21
Azovstal	AZST	0.80	2.1%	0.08	16

**Loss Leaders**

Mariupol Heavy Machine	MZVM	0.03	-33.3%	0.003	10
Khartsyzk Pipe	HRTR	0.23	-7.2%	0.005	10
Yenakievo Steel	ENMZ	15.30	-1.9%	0.002	7

**Highlights**

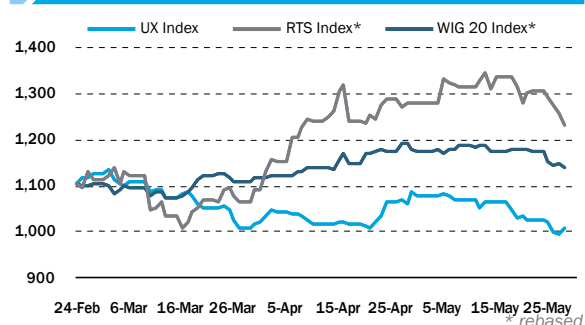
**STOCKS IN THE NEWS**

- > Kernel's Jan-Mar EBITDA Up 54%; Net Debt/EBITDA Stays at Just 1.0x
- > Ferrexpo's EBITDA Down 41% in 1Q15

**FIXED INCOME**

- > Ferrexpo Making New Attempt to Restructure Remaining 2016 Bonds

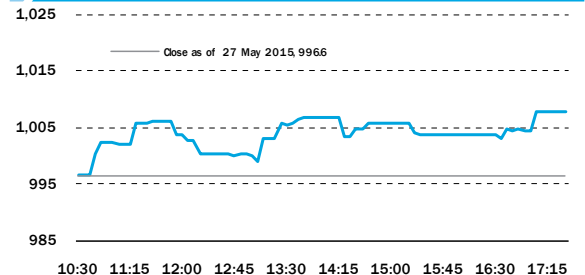
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	1007.8	1.1%	-5.7%	-2.5%
RTS	990.9	-2.1%	-3.1%	25.3%
WIG20	2441.2	-0.8%	-4.2%	5.4%
MSCI EM	1009.5	-0.9%	-5.3%	5.6%
S&P 500	2120.8	-0.1%	0.6%	3.0%

**UX INTRADAY MAY 28, 2015**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	381.1	0.9%	0.8%	-5.7%
CDS 5Y UKR	3000.0	0.0%	-3.2%	36.4%
Ukraine-17	43.1%	-1.4 p.p.	0.1 p.p.	17.4 p.p.
Ferrexpo-16	21.3%	-6.3 p.p.	-7.1 p.p.	-10.0 p.p.
Ukraine-23	20.0%	-0.1 p.p.	-1.3 p.p.	12.5 p.p.
Privatbank-16	153.4%	1.5 p.p.	-4.1 p.p.	68.0 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	21.00	-0.5%	-8.5%	32.7%
EUR	22.99	-0.1%	-8.1%	20.1%
RUB	0.40	-0.8%	-10.0%	45.1%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	201.4	0.0%	2.2%	-18.2%
Steel, USD/t	365.0	0.0%	-0.7%	-18.9%
Oil, USD/bbl	62.6	0.8%	-4.6%	5.7%
Gold, USD/oz	1188.4	0.0%	-1.1%	0.3%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

**Kernel's Jan-Mar EBITDA Up 54%;  
Net Debt/EBITDA Stays at Just 1.0x**

by Ivan Dzvinka  
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**KERNEL (KER PW)**

Price: PLN 38.50 Market Cap: USD 807mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY14	0.5	neg	5.8	2%
FY15E	0.6	6.5	3.9	2%

**NEWS**

Kernel, Ukraine's largest sunflower oil producer, reported a 54% YoY increase in its EBITDA for Jan-Mar 2015 (3Q of its 2015 financial year) to USD 115mn, in its release on Thursday (May 28). The EBITDA of the group's bulk sunflower oil and farming segments rose to USD 69mn (+38% YoY) and USD 12mn (vs. negative USD 22mn YoY), respectively. That more than offset a 31% YoY drop in the EBITDA of the grain segment to USD 23mn, lower bottled oil EBITDA of USD 4.3mn (vs. USD 6.6mn YoY), and a 93% plunge in silo services earnings to USD 600,000 due to low demand for grain drying services in light of dryer weather last autumn. After a forex translation loss of USD 83mn, net income of Kernel stood at USD 7.0mn in the quarter (vs. a net loss of USD 29mn in Jan-Mar 2014). Net revenue was down by 10% YoY to USD 607mn amid lower agricultural commodity prices.

For the 9 months ending on Mar 31, Kernel earned USD 338mn in EBITDA (+2.5x YoY), with the main drivers being the farming segment and bulk sunflower oil sales. The former ended the period with positive USD 67mn EBITDA (vs. negative USD 70mn a year earlier) while the latter improved its result by 68% to USD 167mn.

Net operating cash flow jumped by 88% to USD 253mn on higher operating earnings and a seasonal decrease in working capital. The Net Debt/EBITDA multiple halved YoY to 1.1x, fueled by higher EBITDA and lower needs for working capital borrowing on the back of lower crop prices.

**COMMENTARY**

Kernel achieved outstanding results in the Jan-Mar quarter thanks to exceptionally strong numbers in its two core business segments. The company's bulk oil segment achieved per-sunflower-crushing EBITDA (USD 278 per tonne), EBITDA margin (25%) and segment EBITDA (USD 69mn) that were its highest over the last 4-year period. This was due to the locking in of a higher crushing margin on the back of weaker competition for sunflower seeds in the peak of the procurement cycle (Dec-Jan 2015). The lessening of competition for seeds is explained by liquidity problems faced by Kernel's competitors. The stronger results of the farming segment were due to improved technology as well as a devaluation-led decline in production cost per hectare in USD terms. Another important achievement was a 15-quarter low leverage ratio of just 1.1x (vs. a quarterly average of 3.2x over the last two years).

With our raised EBITDA projection for FY15 to USD 415mn, the KER stock now trades at what we see as an unjustifiably low EV/EBITDA ratio of 3.1x, which implies a 50% discount to the historical 2010-5M15 average of 6.2x. For more details, see our note later today.

## Ferrexpo's EBITDA Down 41% in 1Q15

by Ivan Dzvinka  
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### FERREXPO (FXPO LN)

Price: GBP 0.72    Market Cap: USD 646mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2014	1.0	3.5	2.7	12%
2015E	1.3	6.6	5.2	12%

### NEWS

London-listed iron ore exporter Ferrexpo said in its 1Q15 financial release on Thursday (May 28) that it ended the quarter with net revenue of USD 258mn, a 38% YoY drop, on the back of a 2% decline in pellet sales volume to 2.79mn tonnes and a 36% decline in the average FOB price (estimated by us at USD 80.5/tonne). The company's EBITDA was down by 41% to USD 112mn, as the weakening in the achieved pellet price was somewhat mitigated by lower C1 production cash cost from in-house ore, by 34% to USD 33.2/t. Notably, the drop in EBITDA would have been steeper if not for a non-cash forex translation gain of USD 23mn. Ferrexpo's net profit plunged by 53% YoY to USD 58mn in the quarter. Net cash from operations was down by 44% to USD 46mn on the back of worse operating results. The company's net debt amounted to USD 695mn as of end 1Q15, with the Net Debt/EBITDA ratio standing at 1.66x on Mar 31 (vs. 0.94x as of end-2014). CapEx plummeted to USD 12mn in 1Q15 from USD 78mn in 1Q14.

### COMMENTARY

Depressed iron ore prices played havoc with Ferrexpo's financials in 1Q. With little hope for a recovery in the benchmark ore fines prices in China in the coming 6-12 months due to persistent global oversupply, weak pricing will continue to adversely affect Ferrexpo's earnings in at least the short run. After flat pellets-to-fines premium in 1Q15 vs. 4Q14, the company's ability to maintain the premium going forward is now in question; Ferrexpo is able to fix its premium for 12-month period only in some (less than 50%) of its markets, as far as we are aware. Following a massive 66% YoY drop in C1 production cost from in-house ore in 1Q15, we now see a likelihood that this cost will start to correct back higher. With a stabilized hryvnia in the range of 20.5-22.0, any more positive effect from devaluation of the hryvnia is limited in the near term, while industrial inflation, which usually runs with some time lag to devaluation, should push the production cost up in the following quarters. Also, after the forex translation gain of USD +23mn in 1Q15, this figure could turn negative in the current quarter if the UAH/USD exchange rate stays at the current level of near 21, down from 23.40 at the end of 1Q15. We stick to our negative outlook for the company's stock.

## Ferrexpo Making New Attempt to Restructure Remaining 2016 Bonds

by Ivan Dzvinka  
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### NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, said on Thursday (May 28) that is making an exchange offer and consent solicitation for its remaining USD 285.7mn bonds with maturity in April 2016. Ferrexpo is proposing to pay its 2016 bondholders an up-front payment of USD 350 for each USD 1000 of par of the current bonds, with another USD 650 to be replaced with new amortized bond with 50%/50% redemption on 7 April 2018/2019. The coupon will be increased by 2.5p.p. to 10.375%. Bondholders who accept offer by Jun 15 (the early exchange and consent deadline) will receive a bonus of USD 20 for each USD 1000 of par. Those who accept the offer by Jun 30 will get a USD 5 bonus. In addition to the offer, Ferrexpo is seeking an approval by bondholders of additional amendments to the existing bonds under the consent solicitation.

### COMMENTARY

We see Ferrexpo's new attempt to lure previous holdouts to restructure the 2016 bonds (after the first restructuring in February this year, which was approved by some 43% of the original principal holders) as necessary step for the group given an expected worsening of earnings and cash-flow generating ability in the coming quarters; iron ore pricing is likely to remain weak, and no further reduction in the group's costs can be counted on from hryvnia devaluation.

We see good chances for Ferrexpo to pass the restructuring given the more attractive conditions (the increased up-front payment to 35% from 25% of par, plus the consent bonus) and bondholders' understanding that chances of an on-time redemption of the bonds next April are dwindling in light of the gloomy fundamental outlook. That said, at least some 10-20% of the remaining 2016 bondholders will, in our estimation, refuse to accept this offer in the hope that an even sweeter one will eventually be made.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Agriculture</b>						
Kernel	KER PW	38.5	50.2	30%	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	11.3	15.32	36%	BUY	MHP plans to increase its poultry output by 10% YoY to 600,000 tonnes in 2015 operating at full capacity use of its brand-new Vinnytsia complex. The group intends to expand its landbank in Ukraine to 500,000 ha in the medium term from the current 290,000 ha.
Astarta	AST PW	28.0	36.1	29%	BUY	Astarta makes decisive moves toward business diversification (launch of soybean processing plant in early 2014) and cost optimization (launch of bioenergy complex in 2014). With no assets in the Donbass, material exposure of Astarta to UAH (50% of sales) is mostly offset with 60% of cost tied to UAH.
AvangardCo	AVGR LI	2.6	1.4	-47%	SELL	Loss of the company's output at war-hit Donbass together with UAH devaluation will lead to lower EBITDA in 2015 after a 57% plunge in 2014.
Ovostar Union	OVO PW	80.5	80.8	0%	HOLD	Ovostar is one of the hardest-hit Ukrainian public companies from this year's UAH devaluation as some 70% of its production cost is linked to USD while only 15% of revenue earned in hard currency.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	73.5	48.0	-35%	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.
<b>Steel</b>						
Azovstal	AZST	0.80	0.56	-30%	SELL	Non-transparent reporting practices detrimentally affect Azovstal's reported earnings.
<b>Coke</b>						
Avdyivka Coke	AVDK	1.17	U/R	--	Susp.	Avdyivka Coke experienced several artillery attacks since August 2014 due to its location near the border of occupied territory.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2630	5250	100%	BUY	Motor Sich should see its sales grow with a 2012-2016E CAGR of 9%, reaching USD 1.2bn. For 2012-2016, we forecast an average EBITDA margin of 35% and a net margin of 28%.
Turboatom	TATM	5.00	8.9	78%	BUY	We model Turboatom's revenue as increasing at 18% CAGR over 2012-2015. Deliveries of hydro and steam turbines to export markets will remain the company's key revenue drivers.
<b>Oil &amp; Gas</b>						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	4.5	U/R	--	U/R	The company has been constantly missed production targets since 2012.
JKX Oil & Gas	JKX	30.5	U/R	--	U/R	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	22.8	U/R	--	U/R	DNR Intends to Nationalize DonbasEnergO-Owned Power Plant. The Starobeshevo plant accounts for about 70% of DonbasEnergO's installed power-generating capacity.
CenterEnergO	CEEN	7.87	15.00	91%	BUY	CenterEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.091	0.24	164%	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	1007.84	1368.76	908.88	1.1%	-1.6%	-5.7%	-2.5%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.015	0.045	0.011	0.0%	0.0%	-6.5%	0.0%	-1.1%	1.6%	-0.8%	2.5%
Azovstal	AZST	0.80	0.95	0.35	2.4%	-1.0%	-4.5%	7.2%	1.3%	0.6%	1.1%	9.7%
Enakievo Steel	ENMZ	15.30	65.00	14.51	-1.9%	-10.0%	-14.9%	-27.0%	-3.1%	-8.4%	-9.2%	-24.5%
<b>Coke</b>												
Avdyivka Coke	AVDK	1.17	3.62	0.86	0.0%	-7.0%	-18.8%	-32.4%	-1.1%	-5.4%	-13.1%	-29.9%
Yasynivsky Coking	YASK	0.26	0.84	0.18	0.0%	0.0%	-13.3%	-7.1%	-1.1%	1.6%	-7.7%	-4.7%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	6.40	n/a	n/a	1.6%	-24.7%	-23.8%	-17.8%	0.5%	-23.1%	-18.2%	-15.4%
Ferrexpo	FXPO	73.50	143.00	47.91	2.1%	1.4%	-1.3%	38.7%	1.0%	3.0%	4.3%	41.1%
Pivnichny GOK	SGOK	7.60	12.30	4.44	0.0%	-2.6%	-6.7%	-9.2%	-1.1%	-1.0%	-1.1%	-6.7%
<b>Coal Mining</b>												
Pokrovsk Mine	SHCHZ	0.33	0.79	0.17	0.0%	0.0%	0.0%	-29.8%	-1.1%	1.6%	5.7%	-27.3%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.23	1.01	0.20	-4.2%	-17.9%	-39.5%	-39.5%	-5.3%	-16.2%	-33.8%	-37.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	10.05	21.60	9.50	2.6%	-7.6%	-12.6%	-21.8%	1.4%	-6.0%	-7.0%	-19.3%
Luhanskeplovoz	LTPL	1.05	1.80	0.85	0.0%	0.0%	-12.5%	-2.8%	-1.1%	1.6%	-6.8%	-0.3%
<b>Specialized Machinery</b>												
Motor Sich	MSICH	2630	2939	1970	2.3%	1.0%	-5.2%	5.9%	1.2%	2.6%	0.4%	8.4%
Turboatom	TATM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Telecom</b>												
Ukrtelecom	UTLM	0.18	0.21	0.10	0.0%	0.0%	-10.0%	18.4%	-1.1%	1.6%	-4.3%	20.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	4.50	9.38	3.13	-2.7%	-2.7%	-5.2%	44.0%	-3.8%	-1.1%	0.5%	46.5%
JKX Oil	JKX	30.75	62.00	11.00	0.0%	7.9%	4.2%	156.3%	-1.1%	9.5%	9.9%	158.7%
Ukrnafta	UNAF	270.3	375.0	54.0	-0.4%	0.4%	0.9%	33.0%	-1.6%	2.1%	6.5%	35.4%
<b>Power Utilities</b>												
Centrenergo	CEEN	7.87	8.70	3.00	0.5%	-1.2%	-4.3%	4.3%	-0.6%	0.5%	1.4%	6.8%
Donbasenergo	DOEN	22.80	46.53	11.00	3.5%	-2.1%	-2.3%	-30.9%	2.4%	-0.5%	3.4%	-28.4%
Zakhidenergo	ZAEN	166.0	199.8	91.2	0.0%	0.0%	10.7%	12.1%	-1.1%	1.6%	16.3%	14.6%
<b>Consumer</b>												
Agroton	AGT	1.01	3.19	0.95	-1.9%	1.0%	-10.6%	-17.9%	-3.1%	2.6%	-5.0%	-15.4%
Astarta	AST	28.00	47.95	14.50	8.1%	14.8%	16.7%	40.0%	7.0%	16.4%	22.3%	42.5%
Avangardo	AVGR	2.60	10.27	1.83	-3.7%	2.0%	23.8%	26.8%	-4.8%	3.6%	29.5%	29.3%
Industrial Milk Company	IMC	4.40	10.39	4.38	n/a	-2.2%	-22.8%	-22.4%	n/a	-0.6%	-17.2%	-19.9%
Kernel	KER	38.51	39.25	22.00	3.1%	4.1%	7.4%	35.3%	2.0%	5.7%	13.0%	37.8%
Mriya Agro Holding	MAYA	0.16	5.00	0.05	0.0%	60.0%	-15.8%	-71.5%	-1.1%	61.6%	-10.1%	-69.1%
MHPC	MHPC	11.25	15.60	8.24	1.8%	-5.9%	0.4%	22.3%	0.7%	-4.2%	6.1%	24.7%
Milkiland	MLK	2.15	7.57	1.48	n/a	-9.3%	-19.2%	45.3%	n/a	-7.7%	-13.5%	47.7%
Ovostar Union	OVO	80.50	83.00	66.00	0.0%	1.9%	6.6%	11.8%	-1.1%	3.5%	12.3%	14.3%
<b>Chemicals</b>												
Stirol	STIR	5.15	n/a	n/a	0.0%	28.1%	-14.2%	-25.7%	-1.1%	29.7%	-8.5%	-23.2%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.091	0.170	0.086	-1.5%	-1.9%	-8.1%	-5.2%	-2.6%	-0.3%	-2.4%	-2.7%
UkrSotsbank	USCB	0.100	0.200	0.085	0.0%	-2.1%	-11.6%	-23.3%	-1.1%	-0.4%	-5.9%	-20.8%

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
<b>Steel</b>																
Alchevsk Steel	ALMK	1,729	700	280	-62	-83	-100	neg	neg	neg	-214	-1,683	-190	neg	neg	neg
Enakievo Steel	ENMZ	1,507	906	539	-7	6	31	neg	0.6%	5.7%	-61	-33	24	neg	neg	4.4%
Azovstal	AZST	2,562	1,885	1,602	-81	183	126	neg	9.7%	7.8%	-308	77	66	neg	4.1%	4.1%
<b>Coke</b>																
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	-5	7.8%	neg	neg	-3	-13	-10	neg	neg	neg
<b>Iron Ore Mining</b>																
Centralny GOK	CGOK	679	611	550	312	223	159	46.0%	36.5%	28.8%	194	115	80	28.6%	18.8%	14.6%
Pivnichny GOK	SGOK	1,630	1,467	1,320	914	649	463	56.1%	44.2%	35.1%	548	324	226	33.7%	22.1%	17.2%
Ferrexpo	FXPO	1,581	1,388	1,059	506	496	256	32.0%	35.8%	24.2%	264	184	98	16.7%	13.2%	9.2%
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	310	193	92	31	43	18	10.1%	22.6%	19.3%	5	23	2	1.5%	11.7%	2.0%
<b>Railcar Manufacturing</b>																
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	-6	5	10.9%	neg	7.5%	42	-23	-4	9.0%	neg	neg
<b>Specialized Machinery</b>																
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	636	384	342	218	36.5%	38.9%	34.3%	162	129	92	15.4%	14.7%	14.5%
<b>Telecom</b>																
Ukrtelecom	UTLM	796	412	251	-199	85	72	neg	20.6%	28.5%	-279	18	9	neg	4.4%	3.6%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	2,589	2,324	1,336	286	380	359	11.1%	16.4%	26.9%	23	105	171	0.9%	4.5%	12.8%
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	146	150	66	69	70	36.7%	46.9%	46.7%	7	-80	5	3.6%	neg	3.3%
<b>Electric Utilities</b>																
Centrenergo	CEEN	915	630	323	94	26	-12	10.3%	4.1%	neg	60	6	-28	6.5%	0.9%	neg
Donbasenergo	DOEN	656	458	196	72	20	-19	11.0%	4.4%	neg	65	8	-17	9.9%	1.8%	neg
<b>Consumer</b>																
MHP	MHPC	1,496	1,379	1,134	391	555	520	26.1%	40.2%	45.9%	162	-412	31	10.8%	neg	2.7%
Kernel	KER	2,797	2,393	2,250	291	223	415	10.4%	9.3%	18.4%	105	-107	125	3.8%	neg	5.6%
Astarta	AST	491	422	347	91	143	98	15.5%	28.3%	23.5%	34	-82	-12	5.8%	neg	neg
Avangardco	AVGR	661	420	361	301	129	94	45.6%	30.9%	26.1%	238	-27	-13	36.0%	neg	neg
Ovostar	OVO	81	75	79	36	29	25	43.7%	38.9%	31.6%	31	26	24	38.0%	34.5%	30.7%
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	5,333	2,869	2,166	888	390	295	723	327	217	90	-87	-115	10.1%	-22.2%	-39.1%
Ukrsotsbank	USCB	5,283	2,730	2,095	1,064	518	362	132	149	132	1	-42	-14	0.1%	-8.0%	-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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	18	3.9%	1	2,631	neg	neg	neg	neg	neg	neg	1.5	3.8	9.4	680	634	616	\$/tonne
Yenakievo Steel	ENMZ	8	8.8%	1	6	neg	neg	0.3	neg	1.0	0.2	0.0	0.0	0.0	2	2	2	\$/tonne
Azovstal	AZST	160	3.0%	5	154	neg	2.1	2.4	neg	0.8	1.2	0.1	0.1	0.1	33	34	34	\$/tonne
<b>Coke</b>																		
Avdiyivka Coke	AVDK	11	6.8%	1	-28	neg	neg	neg	-0.6	neg	neg	0.0	-0.1	-0.1	-7	-7	-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
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	357	0.3%	1	356	1.8	3.1	4.4	1.1	1.6	2.2	0.5	0.6	0.6				
Pivnichny GOK	SGOK	834	0.4%	3	827	1.5	2.6	3.7	0.9	1.3	1.8	0.5	0.6	0.6				
Ferrexpo	FXPO	659	24.0%	158	1,354	2.5	3.6	6.7	2.7	2.7	5.3	0.9	1.0	1.3				
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	28	2.0%	1	74	6.1	1.3	15.4	2.4	1.7	4.2	0.2	0.4	0.8	118	195	185	\$/tonne
<b>Railcar Manufacturing</b>																		
LuganskTeplovoz	LTPL	11	24.0%	3	48	0.6	neg	n/a	1.4	neg	n/a	0.1	0.4	n/a				
Krukiv Wagon	KVBZ	55	5.0%	3	49	1.3	neg	neg	1.0	neg	9.8	0.1	0.4	0.7				
<b>Specialized Machinery</b>																		
Turboatom	TATM	70	5.8%	4	40	1.0	1.3	3.1	0.4	0.5	1.1	0.2	0.2	0.4				
Motor Sich	MSICH	260	24.0%	62	235	1.6	2.0	2.8	0.6	0.7	1.1	0.2	0.3	0.4				
<b>Telecom</b>																		
Ukrtelecom	UTLM	161	7.2%	12	251	neg	8.8	17.6	neg	3.0	3.5	0.3	0.6	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	698	3.0%	21	706	30.0	6.6	4.1	2.5	1.9	2.0	0.3	0.3	0.5	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	22	21.6%	5	-3	neg	11.1	7.4	neg	-0.2	-0.2	-0.1	-0.1	-0.1	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	81	50.4%	41	189	12.4	neg	16.2	2.9	2.8	2.7	1.0	1.3	1.3	35	26	25	\$/boe
<b>Electric Utilities</b>																		
CentrEnerg	CEEN	138	21.7%	30	152	2.3	23.5	neg	1.6	5.9	neg	0.2	0.2	0.5	9	11	10	\$/MWh
DonbasEnerg	DOEN	26	14.2%	4	56	0.4	3.1	neg	0.8	2.8	neg	0.1	0.1	0.3	7	7	7	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	1,189	34.1%	405	2,326	7.3	neg	>30	6.0	4.2	4.5	1.6	1.7	2.1				
Kernel	KER	813	61.8%	502	1,288	7.7	neg	6.5	4.4	5.8	3.1	0.5	0.5	0.6				
Astarta	AST	185	37.0%	69	396	5.4	neg	neg	4.4	2.8	4.0	0.8	0.9	1.1				
Avangardco	AVGR	166	22.5%	37	392	0.7	neg	neg	1.3	3.0	4.2	0.6	0.9	1.1	89	67	64	\$/mneqgs
Ovostar	OVO	128	25.0%	32	136	4.1	5.0	5.3	3.8	4.7	5.5	1.7	1.8	1.7	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	130	3.5%	5		1.5	neg	neg	0.1	0.3	0.4	0.02	0.05	0.06				
Ukrsotsbank	USCB	88	1.0%	1		>30	>30	>30	0.1	0.2	0.2	0.02	0.03	0.04				

Source: Eavex Research



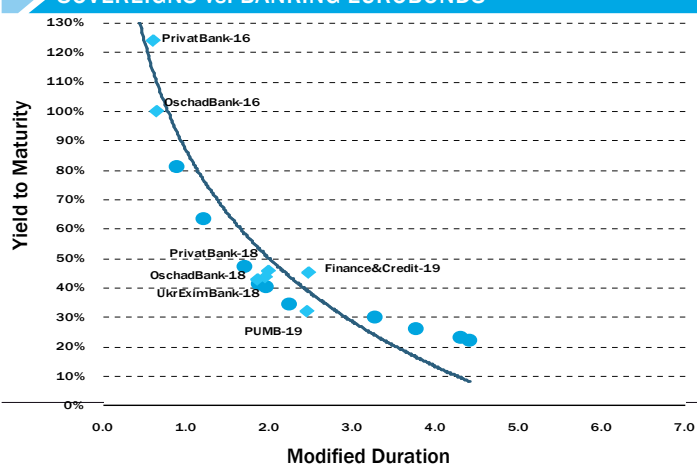
### UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2015 (EUR)	45.0	47.0	321.5%	297.8%	-32.3%	0.2	4.95%	A	13 Oct 2015	600*	Ca/CC/CC
Ukraine, 2015	50.5	51.8	328.5%	312.8%	-27.3%	0.2	6.875%	S/A	23 Sept 2015	500	Ca/CC/CC
Ukraine, 2016	46.8	47.9	70.5%	68.2%	-24.5%	1.0	6.58%	S/A	21 Nov 2016	1,000	Ca/CC/CC
Ukraine, 2016-2	46.5	47.7	100.0%	96.2%	-27.3%	0.6	6.25%	S/A	17 Jun 2016	1,250	Ca/CC/CC
Ukraine, 2017	47.3	48.8	44.0%	42.3%	-24.1%	1.8	6.75%	S/A	14 Nov 2017	700	Ca/CC/CC
Ukraine, 2017-2	46.6	47.4	54.1%	53.1%	-24.5%	1.4	9.25%	S/A	24 Jul 2017	2,000	Ca/CC/CC
Ukraine, 2017 Infr. projects	45.0	46.5	49.9%	48.0%	-25.6%	1.7	8.375%	S/A	3 Nov 2017	568	Ca//
Ukraine, 2018 Infr. projects	44.8	46.3	42.2%	40.7%	-24.2%	2.1	7.40%	S/A	20 Apr 2018	690	Ca//
Ukraine, 2020	45.8	47.0	27.9%	27.1%	-22.2%	3.4	7.75%	S/A	23 Sept 2020	1,500	Ca/CC/CC
Ukraine, 2021	46.8	47.5	26.5%	26.1%	-20.6%	3.5	7.95%	S/A	23 Feb 2021	1,500	Ca/CC/CC
Ukraine, 2022	46.5	47.4	23.2%	22.7%	-22.0%	4.4	7.80%	S/A	28 Nov 2022	1,250	Ca/CC/CC
Ukraine, 2023	51.0	52.0	21.4%	20.9%	-13.2%	4.6	7.50%	S/A	17 Apr 2023	1,250	Ca/CC/CC
<b>Corporate Eurobonds</b>											
Agroton, 2019	30.1	39.3	47.3%	36.9%	2.6%	2.7	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2020	83.8	85.4	12.8%	12.3%	22.6%	3.7	8.25%	S/A	2 Apr 2020	750	/CCC/CC
Avangardco, 2015	56.8	56.8	199.9%	199.9%	-12.0%	0.2	10.00%	S/A	29 Oct 2015	200	/CCC-
UkrLandFarming, 2018	49.0	51.0	44.1%	42.1%	7.5%	1.9	10.88%	S/A	26 Mar 2018	500	/CC/
Mriya, 2016	14.0	17.0	474.5%	400.1%	19.2%	0.3	10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	14.0	17.0	107.3%	94.9%	19.2%	1.6	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2018	47.0	50.0	45.6%	42.4%	n/a	1.9	10.375%	S/A	28 Mar 2018	160	//C
DTEK, 2018	46.0	49.0	42.2%	39.1%	4.4%	2.0	7.88%	S/A	4 Apr 2018	750	Caa3//C
Metinvest, 2015	67.1	70.1	n/a	n/a	-14.8%	n/a	10.25%	S/A	20 May 2015	114	Caa3//RD
Metinvest, 2017	61.0	64.0	35.3%	32.7%	-10.7%	1.3	10.50%	S/A	28 Nov 2017	290	//RD
Metinvest, 2018	58.0	59.0	33.5%	32.7%	5.4%	2.0	8.75%	S/A	14 Feb 2018	750	Caa3//RD
Ferrexpo, 2016	88.5	91.5	23.5%	19.2%	16.9%	0.8	7.88%	S/A	07 Apr 2016	286	Caa3/CCC/CC
Ferrexpo, 2019	84.4	87.2	15.9%	14.8%	n/a	2.6	10.38%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2018	60.0	62.0	31.1%	29.6%	15.0%	2.2	9.50%	S/A	21 May 2018	500	/CCC/CC
Interpipe, 2017	25.0	35.0	113.9%	82.9%	-45.5%	1.2	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	71.2	74.8	28.1%	25.8%	25.4%	1.4	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	20.0	30.0	77.0%	56.3%	-69.9%	1.9	9.25%	S/A	25 Jan 2019	100	Ca//
PUMB, 2018	53.0	56.0	34.3%	32.1%	-19.3%	1.9	11.00%	Q	31 Dec 2018	275	Ca//
Nadra Bank, 2018	7.0	12.0	n/a	n/a	-24.0%	0.1	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2015	64.0	66.0	190.2%	175.1%	4.0%	0.2	9.38%	S/A	23 Sept 2015	200	Ca//
PrivatBank, 2016	46.5	48.5	158.9%	148.1%	-4.0%	0.4	8.75%	S/A	9 Feb 2016	150	Ca//
PrivatBank, 2018	65.5	68.1	30.2%	28.3%	13.2%	2.0	10.88%	S/A	28 Feb 2018	175	Ca//CC
UkrEximBank, 2015	75.0	78.0	n/a	n/a	-1.3%	0.1	8.38%	S/A	27 Jul 2015	750	Ca//CC
UkrEximBank, 2016	55.0	60.0	117.8%	98.3%	21.1%	0.4	5.79%	S/A	2 Sept 2016	125	Ca//CC
UkrEximBank, 2018	71.5	74.5	23.9%	22.0%	29.2%	2.1	8.75%	S/A	22 Jan 2018	600	Ca//CC
VAB Bank, 2019	2.0	6.0	n/a	n/a	-38.5%	n/a	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2016	71.5	73.5	58.9%	54.3%	23.9%	0.6	8.25%	S/A	10 Mar 2016	700	Ca//CC
Oschadbank, 2018	71.6	73.5	23.2%	22.0%	28.4%	2.2	8.88%	S/A	20 Mar 2018	500	Ca//CC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	48.5	50.4	260.4%	242.2%	-31.9%	0.2	8.00%	S/A	6 Nov 2015	250	Ca/CC/
City of Kyiv, 2016	44.0	49.5	106.3%	90.0%	-33.9%	0.7	9.375%	S/A	30 Jun 2016	300	Ca/CC/

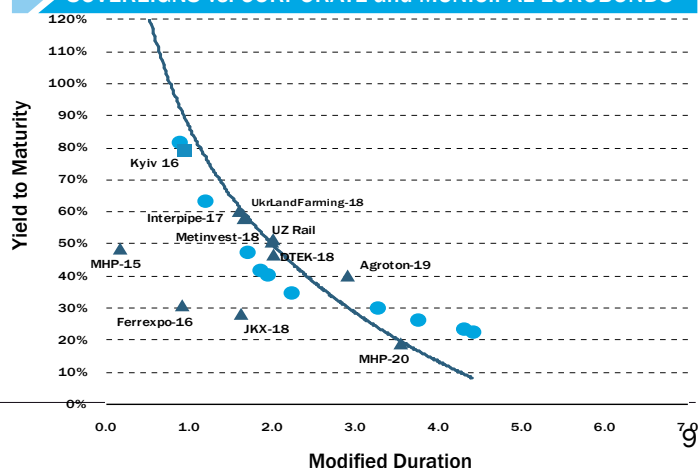
<sup>1</sup> Moody's/S&P/Fitch; \* EUR

Source: Bloomberg, Cbonds, Eavex Research

### SOVEREIGNS vs. BANKING EUROBONDS



### SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



UKRAINIAN DOMESTIC BONDS									
Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume mn UAH
<b>UAH denominated Bonds</b>									
UA4000141592					n/a	14.30%	S/A	20 May 2015	n/a
UA4000142665			27%	24%	n/a	14.30%	S/A	24 May 2017	n/a
<b>USD denominated Bonds</b>									
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
<b>EUR denominated Bonds</b>									
UA4000142681	n/a	n/a	12.5%	8.0%	n/a	4.80%	S/A	6 May 2015	n/a
<b>VAT Bonds</b>									
UA4000082531			27%	24%	n/a	5.50%	S/A	21 Aug 2015	n/a
UA4000082622			27%	24%	n/a	5.50%	S/A	24 Aug 2015	n/a
UA4000083059			27%	24%	n/a	5.50%	S/A	25 Aug 2015	n/a
UA4000185151			27%	24%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			27%	24%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			27%	24%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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