

**Market Update**

**Equity**

On Monday (Jan 11), Kyiv-listed stocks relinquished their gains from the low-activity first week of 2016, with the UX index falling 2.4% to 662 points, as the market seemed to be affected by the general selloff on Western bourses to start the year. There was no blue chip with a gain for the day. Selling accelerated in the second half of the session and ran in low deal volumes. UkrNafta (UNAF) gave back its recent rise, retreating 4.0% to its technical support level of UAH 170 per share. Heavyweight CentrEnerg (CEEN) dropped by 4.4% to UAH 4.32 and Motor Sich (MSICH) slipped 0.4% to UAH 1954. On the currency front, the hryvnia weakened by 0.4% to close at bid/ask of 23.40/23.50 UAH/USD. In London, Ferrexpo (FXPO) advanced by 1.2% to GBP 21.00, while JKC Oil&Gas (JKX) fell 2.8% to GBP 25.75 amid minority shareholders' latest attempt to change the company's management. Warsaw-listed Kernel (KER) continued to trade near its local maximum, adding 1.1% to PLN 46.79. On the downside, Agrotom (AGT) shed 3.2% to PLN 0.91 and Astarta (AST) decreased by 1.1% to PLN 34.30.

**Fixed Income**

Ukrainian sovereign bonds rose on Monday with Ukraine-19s and Ukraine-27s up by 2.0p.p. and 2.3p.p. to 95.0/95.8 (9.4%/9.1%) and 90.8/91.5 (9.0%/8.9%), respectively. In the corporate universe, UkrLandFarming-18s grew by 1.0p.p. to 49.0/52.0 (52.4%/48.6%) while DTEK-18s declined by 4.5p.p. closing at 38.5/41.5 (62.6%/57.7%).

Volume Leaders	Ticker	Last, UAH	1D ch	Volume, UAH mn	Number of Trades
Centrenerg	CEEN	4.33	-4.4%	0.58	45
Avdyivka Coke	AVDK	1.02	-5.8%	0.37	12
Donbasenerg	DOEN	15.37	-2.4%	0.29	22

**Growth Leaders**

Motor Sich	MSICH	1954.00	-0.4%	0.122	9
Centralny GOK	CGOK	4.50	-0.4%	0.123	8
Raiffeisen Bank Aval	BAVL	0.07	-1.2%	0.073	12

**Loss Leaders**

Avdyivka Coke	AVDK	1.02	-5.8%	0.373	12
Centrenerg	CEEN	4.33	-4.4%	0.583	45
Ukrnafta	UNAF	170.00	-4.0%	0.223	23

**Highlights**

**POLITICS AND ECONOMICS**

- > Poroshenko Calls for New "Concrete" Minsk Timeline
- > Full-Year 2015 Inflation Reported at 43%; December CPI Edges Up 0.7%

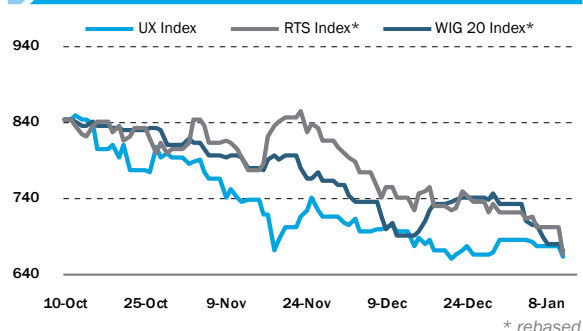
**STOCKS IN THE NEWS**

- > Ferrexpo Reports Full-Year Output Rise of 6% to 11.7mn Tonnes

[www.eavex.com.ua](http://www.eavex.com.ua)

Kyiv, Ukraine.  
(+380 44) 590-54-54, (+380 44) 590-54-64  
office@eavex.com.ua

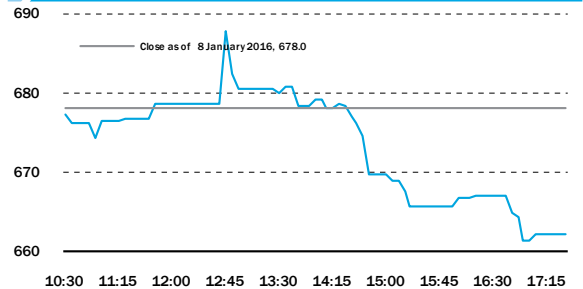
**STOCK MARKET PERFORMANCE**



**MARKET INDEXES**

	Last	1D ch	1M ch	YTD
UX	662.1	-2.3%	-4.7%	-3.5%
RTS	699.1	-5.1%	-10.0%	-7.6%
WIG20	1703.8	-1.2%	-3.0%	-8.4%
MSCI EM	723.4	-2.3%	-6.5%	-8.9%
S&P 500	1923.7	0.1%	-4.4%	-5.9%

**UX INTRADAY JANUARY 11, 2016**



**FIXED INCOME**

	Last	1D ch	1M ch	YTD
EMBI+Global	469.6	0.4%	2.8%	5.4%
CDS 5Y UKR	1050.0	0.0%	0.0%	0.0%
Ukraine-19	9.3%	-0.3 p.p.	n/a	n/a
Ukraine-27	9.0%	-0.3 p.p.	n/a	n/a
MHP-20	12.5%	0.0 p.p.	1.1 p.p.	0.4 p.p.
RAILUA-18	16.9%	-0.1 p.p.	1.4 p.p.	0.3 p.p.

**CURRENCY**

	Last, UAH	1D ch	1M ch	YTD
USD	23.40	0.2%	-1.7%	-2.6%
EUR	25.41	-1.9%	-2.8%	-2.6%
RUB	0.31	-1.7%	-9.1%	-6.6%

**COMMODITIES**

	Last	1D ch	1M ch	YTD
Wheat, USD/t*	180.5	0.0%	-3.7%	-1.1%
Steel, USD/t	255.0	1.0%	-3.8%	1.0%
Oil, USD/bbl	31.6	-6.0%	-17.7%	-15.4%
Gold, USD/oz	1094.2	-0.9%	1.8%	3.1%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Poroshenko Calls for New “Concrete” Minsk Timeline

by Will Ritter  
w.ritter@eavex.com.ua

### NEWS

President Poroshenko called for the steps outlined in the Minsk peace agreement to be “tied to concrete dates” while speaking in Ternopil on Monday (Jan 11), Interfax reported. The Minsk agreement, which was signed last February, was supposed to be implemented in full by the end of 2015, but the deadline was extended indefinitely following a summit meeting of the leaders of Ukraine, Russia, Germany and France in October. The military situation in the Donbass remained relatively calm over the holiday period, although at least two fatalities of Ukrainian soldiers were reported northeast of Donetsk near the separation line.

### COMMENTARY

The Minsk agreement continues to fulfill its main purpose of dampening the fighting in Eastern Ukraine; for the US and EU, the document’s political elements hold only a distant secondary importance. However, these elements matter more in Ukraine, where nationalist political parties are still keeping up the pretense that the occupied parts of Donbass will be fully re-integrated into the Ukrainian state. We suppose that Poroshenko wants a new deadline so that Ukraine will be able to blame Moscow for the ongoing non-fulfillment of the key conditions of full military withdrawal from the Donbass and returning control to Kyiv of the pre-2014 Ukraine-Russia border. If Ukraine is unable to convincingly show that Moscow is solely responsible for the non-fulfillment of Minsk, we think there is a good chance that the EU sanctions regime against Russia will be either lightened or lifted altogether by mid-summer of this year. From Poroshenko’s side, he needs to deliver on a constitutional amendment relating to decentralization of local government, which requires 300 votes (i.e. 72% of the 425 MPs sitting in Parliament) and is expected to take place by the end of this month. If the decentralization passes, a bill relating specifically to the occupied territories would need to be passed later in the year (this time needing only 226 votes) to keep Kyiv in compliance with its Minsk commitments.

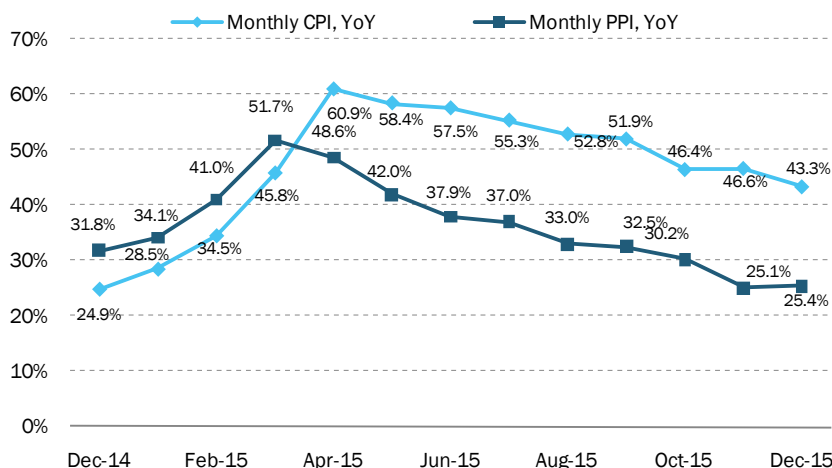
**Full-Year 2015 Inflation Reported at 43%; December CPI Edges Up 0.7%**

by Dmitry Churin  
d.churin@eavex.com.ua

**NEWS**

Ukraine's State Statistics Committee reported that its consumer price index rose by 0.7% MoM in December, after a jump of 2.0% MoM registered in November. Headline 12-month inflation for 2015 was 43.3% compared to 24.9% for 2014, according to official data released earlier this month. UkrStat also reported that producer prices inched up 0.3% MoM in December, with 12M growth at 25.4% YoY.

**UKRAINE'S ROLLING 12-MONTH CPI & PPI INFLATION**



Source: State Statistics Committee

**COMMENTARY**

The full-year 2015 headline inflation figure of 43% came in slightly better than expected and looks like quite a positive achievement considering that consumer prices had shot up by some 25% in the first two months of 2015 alone. The CPI graph for 2015 saw a peak of 61% headline 12-month inflation in April, after which headline inflation started to decline. The inflation spike was mostly related to the hryvnia devaluation against the dollar seen early in the year; the IMF program and financial aid from the EU and US helped to stabilize the economy in 2H15. If political stability can be maintained, we expect a further downward move in headline 12-month inflation this year. Currently our full-year 2016 inflation forecast in the range of 12-15%. Among key factors impacting consumer prices in Ukraine will be global grain and energy prices. One factor that will fuel CPI growth in Ukraine this year is the suspension of the free-trade agreement with Russia's starting from Jan 1. Ukraine has introduced responsive measures against Russia over the suspension of the free trade zone and the introduction of a food embargo. On Dec 30, the Ukrainian government approved the introduction of customs duties for goods imported from Russia starting Jan 2, as well as the introduction of an embargo on a number of goods from Russia starting Jan 10. The food products targeted by Ukraine's embargo include vodka, beer, chocolate, meat, fish, cigarettes, as well as baby food, dog and cat food and a number of other products. The latest data from the State Statistics Committee said that Ukraine's exports to Russia had fallen 54.3% YoY to USD 4.0bn in 10M15 and imports from Russia were down by 43% YoY to USD 6.4bn in the same period.

**Ferrexpo Reports Full-Year Output Rise of 6% to 11.7mn Tonnes**

by Ivan Dzvinka  
i.dzvinka@eavex.com.ua

**FERREXPO (FXPO LN)**

Price: GBp 21.00 Market Cap: USD 179mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015E	1.25	1.5	4.9	11%
2016E	1.64	neg	18.5	0%

**NEWS**

Ferrexpo, Ukraine's largest iron ore pellet exporter, expanded its pellet production by 5.8% YoY to 11.66mn tonnes in full-year 2015, the company reported in its press release last week (Jan 7). Production of pellets from in-house iron ore was up by 5.5% YoY to 11.26mn tonnes while production from third-party inputs rose by 14.9% YoY to 403,000 tonnes. Production of 65-percent Fe pellets – the group's highest value-added product - amounted to 10.37mn tonnes, or 89% of total production (65-percent Fe + 62-percent Fe pellets), up from 52% in 2014.

In 4Q15, Ferrexpo produced 2.98mn tonnes of pellets, representing a 4.3% QoQ and 8.0% YoY increase. Some 95% of this output was 65-percent Fe pellets.

**COMMENTARY**

Ferrexpo was able to reach its historical record high quarterly output in 4Q15, operating at close to full pellet capacity of 3.0mn tonnes per quarter. This is encouraging news for the company, as it allows for the optimization of fixed costs. The most important question on the table, however, is the geographical structure of Ferrexpo's pellet sales, and specifically whether or not Ferrexpo managed to redirect part of its Chinese sales to other markets (preferably Europe). As we wrote in our news back on Dec 24, deliveries to China (the consumer of 24% of Ferrexpo's pellets in 1H15 in tonnage) are now occurring at the breakeven level in the best case, we estimate. While the current price for benchmark ore (62-percent fines) has not changed much since Dec 24, the pellet-to-fines premium has slipped by around one dollar, from USD 11/t to near USD 10/t. Due to the poor pricing outlook, we reiterate our pessimistic view on Ferrexpo and confirm our sell recommendation for both the company's equity and its Eurobonds.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Agriculture</b>						
Kernel	KER PW	46.8	57.20	22%	BUY	The group's stock looks undervalued currently even after taking into account an expected decrease in earnings in FY16 due to lowering in seed-crushing margin from an exceptionally high level of FY15.
MHP	MHPC LI	8.5	12.03	42%	BUY	MHP's new soybean processing plant and expected launch of new breeding facilities in early 2016 bodes well for optimization of its poultry production cost. The group's long-term targets are a 50% expansion in poultry output to 900,000 tonnes by 2019 and a 40% land bank increase to 550,000ha.
Astarta	AST PW	34.3	36.1	5%	BUY	Astarta has made decisive moves toward diversification (it opened a soybean processing plant in early 2014) and cost optimization (a bioenergy complex was launched in 2014). Astarta's exposure to UAH devaluation is largely offset by its UAH cost base, and it has no assets in the Donbass.
IMC	IMC PW	5.7	9.4	65%	BUY	IMC's quality agribusiness model suggests to us that the company's stock is undervalued. IMC's work on debt reduction, its ongoing land bank expansion program, and high standards of corporate governance are all positive factors offsetting the stock's low trading volume.
AvangardCo	AVGR LI	1.3	U/R	--	U/R	A massive loss on the EBITDA level of almost USD 100mn for 1H15 has damaged Avangard's financial reporting credibility.
Ovostar Union	OVO PW	87.0	80.8	-7%	U/R	Ovostar managed to increase its EBITDA by 15% YoY to USD 24mn in 9M15, as a drop in devaluation-driven egg pricing in USD terms was offset by strong growth in output, rising export sales, and high hryvnia egg inflation (+60% YoY in 9M15).
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	21.0	11.0	-48%	SELL	The long slide in benchmark iron ore prices, exacerbated by a reduction in the pellet-to-fines premium, has hammered Ferrexpo's earnings in 2015. Gloomy outlook for 2016 suggests even more depressed results in the next year.
<b>Steel</b>						
Azovstal	AZST	0.38	0.56	48%	SELL	Non-transparent accounting practices overseen by majority owner Metinvest detrimentally affect Azovstal's reported earnings.
<b>Coke</b>						
Avdyivka Coke	AVDK	1.02	U/R	--	Susp.	Avdyivka Coke's facilities are located on the front line of the Donbass separatist-occupied territory, and the plant has been experiencing periodic artillery shelling since August 2014. However, the company continues to operate, albeit at reduced capacity.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	1954	5250	169%	BUY	Motor Sich should see its revenue 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%.
<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	3.3	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	25.8	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.
<b>Power Utilities</b>						
DonbasEnerg	DOEN	15.4	U/R	--	U/R	The Donetsk separatist government has nationalized DonbasEnerg's Starobeshevo power plant, which previously accounted for about 70% of the company's installed power-generating capacity.
CenterEnerg	CEEN	4.33	15.00	247%	BUY	CenterEnerg'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	0.072	0.24	236%	BUY	Raiffeisen Aval has a conservative risk policy, and we therefore assume it will manage to weather the current banking crisis in Ukraine and start to generate profits starting from 2016. The EBRD is expected to purchase a stake in the institution.

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	662.13	1158.71	647.34	-2.3%	-3.5%	-4.7%	-3.5%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.011	0.018	0.010	-3.6%	-2.7%	-12.9%	-2.7%	-1.2%	0.8%	-8.2%	0.8%
Azovstal	AZST	0.38	0.89	0.34	-3.3%	-5.8%	-4.6%	-5.8%	-1.0%	-2.3%	0.2%	-2.3%
Enakievo Steel	ENMZ	14.00	24.00	8.60	0.0%	0.0%	-14.7%	0.0%	2.3%	3.5%	-10.0%	3.5%
<b>Coke</b>												
Avdyivka Coke	AVDK	1.02	1.89	0.86	-5.8%	-7.2%	-5.0%	-7.2%	-3.5%	-3.7%	-0.3%	-3.7%
Yasnyivsky Coking	YASK	0.23	0.43	0.06	0.0%	0.0%	-30.3%	0.0%	2.3%	3.5%	-25.6%	3.5%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	4.50	n/a	n/a	5.6%	5.6%	-37.9%	5.6%	8.0%	9.1%	-33.2%	9.1%
Ferrexpo	FXPO	21.00	80.00	14.00	1.2%	2.4%	-6.7%	-2.3%	3.5%	5.9%	-2.0%	1.1%
Pivnichny GOK	SGOK	5.30	9.93	2.20	0.0%	0.0%	32.8%	0.0%	2.3%	3.5%	37.5%	3.5%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.23	n/a	n/a	0.0%	0.0%	-23.3%	0.0%	2.3%	3.5%	-18.6%	3.5%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.19	0.59	0.12	0.0%	5.6%	18.8%	5.6%	2.3%	9.0%	23.5%	9.0%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	7.93	13.90	7.00	0.0%	0.3%	-7.1%	0.3%	2.3%	3.7%	-2.4%	3.7%
Luhanskteplovoz	LTPL	0.45	n/a	n/a	0.0%	0.0%	-40.0%	0.0%	2.3%	3.5%	-35.3%	3.5%
<b>Specialized Machinery</b>												
Motor Sich	MSICH	1954	2939	1889	-0.4%	-1.3%	-1.5%	-1.3%	2.0%	2.2%	3.2%	2.2%
Turboatom	TATM	4.50	n/a	n/a	0.0%	0.0%	9.8%	0.0%	2.3%	3.5%	14.5%	3.5%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.12	0.21	0.09	0.0%	0.0%	20.0%	0.0%	2.3%	3.5%	24.7%	3.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	3.31	6.50	3.00	-11.9%	-11.9%	-12.5%	-11.9%	-9.5%	-8.4%	-7.7%	-8.4%
JKX Oil	JKX	25.75	37.38	12.00	-2.8%	-5.5%	-6.4%	-5.5%	-0.5%	-2.0%	-1.6%	-2.0%
Ukrnafta	UNAF	170.0	337.6	155.0	-4.0%	-4.0%	-4.2%	-4.0%	-1.7%	-0.5%	0.5%	-0.5%
<b>Power Utilities</b>												
Centrenergo	CEEN	4.33	8.50	4.20	-4.4%	-5.2%	-4.7%	-5.2%	-2.1%	-1.7%	0.0%	-1.7%
Donbasenergo	DOEN	15.37	35.28	14.40	-1.9%	-2.5%	-7.8%	-2.5%	0.5%	1.0%	-3.1%	1.0%
Zakhidenergo	ZAEN	84.0	193.9	52.0	0.0%	0.0%	-6.7%	0.0%	2.3%	3.5%	-2.0%	3.5%
<b>Consumer</b>												
Agroton	AGT	0.91	1.52	0.91	-3.2%	-8.1%	-10.8%	-9.9%	-0.8%	-4.6%	-6.1%	-6.4%
Astarta	AST	34.30	38.50	21.19	-1.1%	0.9%	5.5%	-0.6%	1.2%	4.3%	10.3%	2.9%
Avangardo	AVGR	1.30	3.80	0.23	-5.8%	-11.9%	-18.2%	4.0%	-3.5%	-8.4%	-13.5%	7.5%
Industrial Milk Company	IMC	5.70	7.24	4.38	-3.4%	-13.0%	-8.5%	-4.5%	-1.0%	-9.5%	-3.8%	-1.1%
Kernel	KER	46.79	55.20	29.34	1.1%	-2.7%	8.8%	-2.7%	3.4%	0.7%	13.5%	0.7%
Mriya Agro Holding	MAYA	n/a	0.60	0.05	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MHPC	MHPC	8.50	12.05	8.24	0.0%	-2.3%	-8.2%	-8.6%	2.3%	1.2%	-3.5%	-5.1%
Milkiland	MLK	1.54	3.50	0.89	6.9%	6.9%	2.7%	8.5%	9.3%	10.4%	7.4%	11.9%
Ovostar Union	OVO	87.01	93.00	68.00	0.0%	-3.3%	-2.2%	-3.9%	2.3%	0.1%	2.5%	-0.4%
<b>Chemicals</b>												
Stirol	STIR	5.95	n/a	n/a	0.0%	0.0%	0.8%	0.0%	2.3%	3.5%	5.6%	3.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.072	0.114	0.069	-1.2%	-5.0%	-2.1%	-5.0%	1.1%	-1.6%	2.7%	-1.6%
UkrSotsbank	USCB	0.096	0.135	0.064	-2.5%	-2.5%	7.0%	-2.5%	-0.2%	0.9%	11.7%	0.9%

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		
		2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E
<b>Steel</b>																
Alchevsk Steel	ALMK	1,254	527	517	248	-50	-54	19.7%	-9.6%	-10.5%	na	-115	-110	na	-21.8%	-21.4%
Enakievo Steel	ENMZ	916	642	482	6	18	13	0.6%	2.8%	2.6%	-33	-37	-42	-3.6%	-5.7%	-8.7%
Azovstal	AZST	1,885	1,157	868	183	70	45	9.7%	6.0%	5.1%	77	-38	-40	4.1%	-3.3%	-4.6%
<b>Coke</b>																
Avdyivka Coke	AVDK	533	294	258	-60	31	27	na	10.7%	10.5%	-67	4	1	-12.5%	1.3%	0.5%
Yasynivsky Coking	YASK	162	83	66	-12	-9	-10	-7.3%	na	-15.8%	-19	-11	-11	-11.5%	-13.9%	-17.0%
<b>Iron Ore Mining</b>																
Centralny GOK	CGOK	523	307	223	261	164	118	49.9%	53.5%	53.0%	64	-1	-7	12.3%	-0.4%	-3.3%
Pivnichny GOK	SGOK	1,048	615	447	571	251	140	54.5%	40.8%	31.3%	129	-2	-15	12.3%	-0.4%	-3.3%
Ferrexpo	FXPO	1,388	953	727	496	243	65	35.8%	25.5%	8.9%	184	116	-29	13.2%	12.1%	-3.9%
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	193	92	75	43	18	12	22.6%	19.3%	15.8%	23	2	1	11.7%	2.0%	1.1%
<b>Railcar Manufacturing</b>																
Kryukiv Wagon	KVBZ	179	41	46	-17	-4	-4	-9.3%	-9.3%	-7.7%	-22	-9	-4	-12.3%	-22.2%	-9.1%
<b>Specialized Machinery</b>																
Turboatom	TATM	164	115	83	73	39	29	44.6%	34.0%	35.0%	53	23	17	32.4%	20.0%	20.0%
Motor Sich	MSICH	879	636	630	342	218	214	38.9%	34.3%	34.0%	129	92	91	14.7%	14.5%	14.5%
<b>Telecom</b>																
Ukrtelecom	UTLM	412	254	207	85	72	58	20.6%	28.5%	28.0%	18	9	4	4.4%	3.6%	2.0%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	2,324	1,336	963	380	521	373	16.4%	39.0%	38.8%	105	253	166	4.5%	19.0%	17.2%
Regal Petroleum	RPT	37	35	22	-146	15	10	na	44.5%	45.5%	-127	6	-1	na	16.6%	-4.5%
JKX Oil	JKX	146	150	120	69	70	55	46.9%	46.7%	45.8%	-80	5	2	-54.4%	3.3%	1.7%
<b>Electric Utilities</b>																
Centrenergo	CEEN	630	323	353	26	13	12	4.1%	4.1%	3.5%	6	5	10	0.9%	1.4%	2.9%
Donbasenergo	DOEN	458	190	178	20	-12	6	4.4%	-6.5%	3.5%	8	-16	2	1.8%	-8.5%	1.2%
<b>Consumer</b>																
MHP	MHPC	1,379	1,131	1,290	510	455	450	37.0%	40.2%	34.9%	-412	-81	211	-29.9%	-7.2%	16.4%
Kernel	KER	2,393	2,330	2,382	223	397	345	9.3%	17.0%	14.5%	-107	101	182	-4.5%	4.3%	7.6%
Astarta	AST	468	360	385	159	102	114	34.0%	28.2%	29.6%	-90	-12	19	-19.3%	-3.4%	4.9%
Avangardco	AVGR	420	na	na	129	na	na	30.9%	na	na	-27	na	na	-6.4%	na	na
Ovostar	OVO	75	na	na	29	na	na	38.9%	na	na	26	na	na	34.5%	na	na
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	2,869	1,992	2,302	390	296	318	327	217	216	-87	-115	33	-22.2%	-38.9%	10.4%
Ukrsotsbank	USCB	2,730	1,833	1,976	518	333	278	146	84	75	-42	-415	-50	-8.0%	-124.4%	-17.9%

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		
				2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E			
<b>Steel</b>																		
Alchevsk Steel	ALMK	12	3.9%	0	2,627	n/a	neg	neg	10.6	neg	neg	2.1	5.0	5.1	679	633	615	\$/tonne
Yenakievo Steel	ENMZ	6	8.8%	1	220	neg	neg	neg	>30	12.5	17.6	0.2	0.3	0.5	81	76	75	\$/tonne
Azovstal	AZST	68	3.0%	2	31	0.9	neg	neg	0.2	0.4	0.7	0.0	0.0	0.0	7	7	7	\$/tonne
<b>Coke</b>																		
Avdivivka Coke	AVDK	9	6.8%	1	7	neg	2.2	6.8	neg	0.2	0.3	0.0	0.0	0.0	2	2	2	\$/tonne
Yasynivsky Coke	YASK	3	9.0%	0	3	neg	neg	neg	neg	neg	neg	0.0	0.0	0.0	n/a	n/a	n/a	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	225	0.3%	1	224	3.5	neg	neg	0.9	1.4	1.9	0.4	0.7	1.0				
Pivnichny GOK	SGOK	522	0.4%	2	515	4.1	neg	neg	0.9	2.1	3.7	0.5	0.8	1.2				
Ferrexpo	FXPO	179	24.0%	43	1,196	1.0	1.5	neg	2.4	4.9	18.5	0.9	1.3	1.6				
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	21	2.0%	0	67	0.9	11.4	25.4	1.5	3.8	5.7	0.3	0.7	0.9	167	223	267	\$/tonne
<b>Railcar Manufacturing</b>																		
Krukiv Wagon	KVBZ	39	5.0%	2	33	neg	neg	neg	neg	neg	neg	0.2	0.8	0.7				
<b>Specialized Machinery</b>																		
Turboatom	TATM	63	5.8%	4	33	1.2	2.7	3.8	0.4	0.8	1.1	0.2	0.3	0.4				
Motor Sich	MSICH	174	24.0%	42	178	1.3	1.9	1.9	0.5	0.8	0.8	0.2	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	96	7.2%	7	187	5.3	10.4	23.1	2.2	2.6	3.2	0.5	0.7	0.9				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	394	3.0%	12	387	3.7	1.6	2.4	1.0	0.7	1.0	0.2	0.3	0.4	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	15	21.6%	3	-10	neg	2.7	neg	neg	-0.6	-1.0	-0.3	-0.3	-0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	64	50.4%	32	173	neg	12.8	>30	2.5	2.5	3.1	1.2	1.2	1.4	32	24	23	\$/boe
<b>Electric Utilities</b>																		
CentrEnerg	CEEN	68	21.7%	15	51	11.6	14.8	6.6	2.0	3.9	4.1	0.1	0.2	0.1	3	3	4	\$/MWh
DonbasEnerg	DOEN	16	14.2%	2	31	1.8	neg	7.5	1.6	neg	5.1	0.1	0.2	0.2	4	4	4	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	898	34.1%	306	2,004	neg	neg	4.3	3.9	4.4	4.5	1.5	1.8	1.6				
Kernel	KER	932	61.8%	575	1,313	neg	9.2	5.1	5.9	3.3	3.8	0.5	0.6	0.6				
Astarta	AST	214	37.0%	79	417	neg	neg	11.5	2.6	4.1	3.7	0.9	1.2	1.1				
Avangardco	AVGR	83	22.5%	19	381	neg	n/a	n/a	2.9	n/a	n/a	0.9	n/a	n/a	86	65	62	\$/mneggs
Ovostar	OVO	130	25.0%	33	138	5.1	n/a	n/a	4.7	n/a	n/a	1.8	n/a	n/a	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	188	1.8%	3		neg	neg	5.7	0.5	0.6	0.6	0.07	0.09	0.08				
Ukrsotsbank	USCB	319	0.2%	1		>30	>30	>30	0.8	1.0	1.1	0.12	0.18	0.16				

Source: Eavex Research



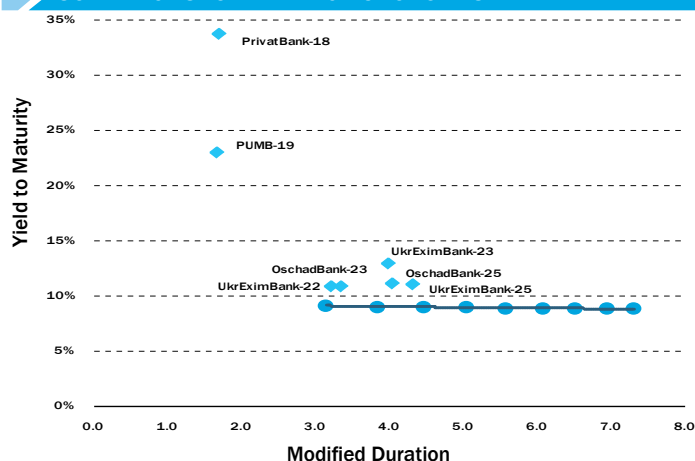
UKRAINIAN EUROBONDS

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, 2019	95.0	95.8	9.4%	9.1%	1.6%	3.0	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	94.1	95.1	9.3%	9.1%	n/a	3.7	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	93.5	94.3	9.3%	9.1%	n/a	4.3	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	92.8	93.5	9.2%	9.1%	n/a	4.9	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	92.5	93.3	9.1%	9.0%	n/a	5.4	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	91.5	92.3	9.2%	9.1%	n/a	5.9	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	91.3	92.0	9.1%	9.0%	n/a	6.3	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	91.0	91.8	9.1%	9.0%	n/a	6.8	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	90.8	91.5	9.0%	8.9%	4.3%	7.1	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	41.4	42.4	n/a	n/a	0.0%	n/a	0.00%	S/A	31 May 2040	2,916	Caa3/B-/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	10.0	13.3	135.0%	107.2%	1.1%	1.7	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2020	85.8	86.8	12.7%	12.4%	-1.1%	3.3	8.25%	S/A	2 Apr 2020	750	/CCC-/CCC
Avangardco, 2018	48.4	50.8	41.4%	39.3%	-2.9%	2.2	10.00%	S/A	29 Oct 2018	206	//WD
UkrLandFarming, 2018	49.0	52.0	52.4%	48.6%	0.5%	1.5	10.88%	S/A	26 Mar 2018	500	/CC/WD
Mriya, 2016	11.0	14.0	n/a	n/a	0.0%	0.0	10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	n/a	n/a	n/a	n/a	0.0%	1.1	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2018	40.0	43.0	65.1%	60.2%	0.0%	n/a	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	38.5	41.5	62.6%	57.7%	-10.1%	1.5	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	52.5	55.2	n/a	n/a	-5.0%	0.0	10.25%	S/A	31 Jan 2016	85	Caa3//C
Metinvest, 2017	44.0	46.2	67.1%	63.3%	-0.6%	0.5	10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	43.0	45.0	60.1%	57.0%	-2.3%	1.4	8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	53.1	56.5	36.0%	33.3%	0.2%	2.5	10.375%	S/A	07 Apr 2019	186	Caa3//C
Ferrexpo, 2019	43.0	45.0	60.1%	57.0%	-1.4%	1.4	10.375%	S/A	07 Apr 2019	161	Caa3//C
RailUA, 2018	85.0	87.0	17.5%	16.3%	-0.4%	2.0	9.50%	S/A	21 May 2018	500	/CC/C
Interepipe, 2017	30.0	35.0	138.1%	117.2%	8.3%	0.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	66.1	69.2	38.5%	35.8%	-5.8%	0.8	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	8.0	10.6	162.9%	135.6%	n/a	1.1	9.25%	S/A	25 Jan 2019	100	//
PUMB, 2018	72.7	75.4	24.2%	22.6%	-0.2%	1.7	11.00%	Q	31 Dec 2018	275	WR//NR
Nadra Bank, 2018	4.0	10.2	n/a	n/a	-2.1%	0.0	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2018-2	73.0	75.0	28.7%	27.0%	-2.6%	n/a	10.25%	S/A	23 Jan 2018	200	//
PrivatBank, 2021	63.0	65.4	24.0%	22.9%	1.8%	3.3	11.00%	S/A	09 Feb 2021	220	//
PrivatBank, 2018	70.0	72.0	31.1%	29.5%	4.4%	1.6	10.88%	S/A	28 Feb 2018	175	//
UkrEximBank, 2022	89.1	90.3	12.1%	11.9%	0.1%	n/a	9.625%	S/A	27 Apr 2022	750	WR//C
UkrEximBank, 2023	72.6	75.4	14.1%	13.3%	0.0%	n/a	7.51%	S/A	9 Feb 2023	125	Ca//C
UkrEximBank, 2025	87.1	88.2	12.1%	11.9%	n/a	4.1	9.75%	S/A	22 Jan 2025	600	Ca//C
VAB Bank, 2019	n/a	n/a	n/a	n/a	n/a	n/a	9.00%	Q	14 Jun 2019	88	//WD
Oschadbank, 2023	88.8	89.9	11.7%	11.5%	0.4%	3.0	8.25%	S/A	10 Mar 2023	700	Ca//CC
Oschadbank, 2025	86.9	88.0	12.0%	11.8%	-0.2%	3.8	8.88%	S/A	20 Mar 2025	500	Ca//CC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	82.8	85.1	n/a	n/a	0.4%	n/a	8.00%	S/A	6 Nov 2015	101	//

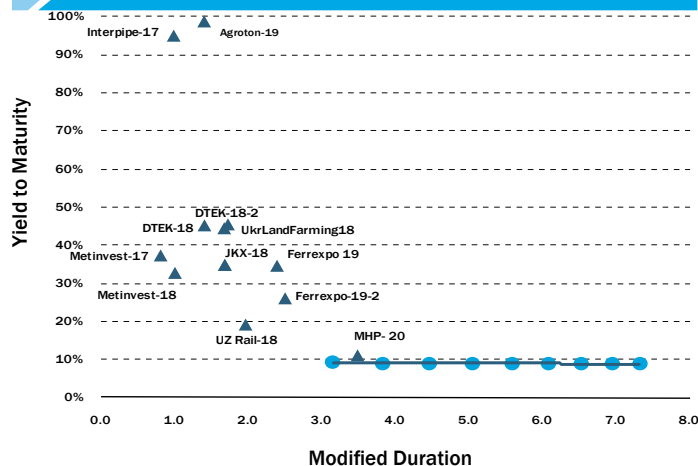
<sup>1</sup> Moody's/S&P/Fitch

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>									
UA4000142665			20%	19%	n/a	14.30%	S/A	24 May 2017	n/a
<b>VAT Bonds</b>									
UA4000185151			20%	19%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			20%	19%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			20%	19%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

## Eavex Capital

7 Klovisky uzviz, 16th Floor  
Carnegie Center  
Kyiv, 01021, Ukraine

Telephone: +38 044 590 5454  
Facsimile: +38 044 590 5464  
E-mail: office@eavex.com.ua  
Web-page: www.eavex.com.ua

Yuriy Yakovenko  
**Chairman of the Board**  
yuriy.yakovenko@eavex.com.ua

### SALES & TRADING

Pavel Korovitskiy  
**Managing Director**  
**Equity and Fixed Income**  
p.korovitsky@eavex.com.ua

Alexander Klymchuk  
**Equity and Fixed Income**  
a.klymchuk@eavex.com.ua

Eugene Klymchuk  
**Fixed Income Sales and Trading**  
e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk  
**Equity Trading**  
s.shcherbaniuk@eavex.com.ua

### RESEARCH

Dmitry Churin  
**Head of Research**  
d.churin@eavex.com.ua

Ivan Dzvinka  
**Research Associate**  
i.dzvinka@eavex.com.ua

Will Ritter  
**Research editor**  
w.ritter@eavex.com.ua