

Stock Market Update

Equity

Kyiv-listed stocks showed their first signs of life in many months last week, with the UX index jumping 10.9% to close at 674 points amid indications that the political deadlock in the country is closer to being resolved without a risky snap parliamentary election. The benchmark was driven up by heavyweight blue chip CentrEnergy (CEEN), which surged 30.8% to a 6-month high of UAH 6.21. We assume that investors have finally started to have some confidence in the government's intent to privatize the huge electricity generator later this year, after control of the state-owned stake of 78% in the company was transferred from the Energy Ministry to the State Property Fund.

A separate boost for the market came from the local currency's appreciation so far this month. The hryvnia gained another 3.0% to close at 25.55 UAH/USD in interbank trading last week; the currency had been weak throughout the month of February amid heavy political uncertainty.

Among other UX index components, Motor Sich (MSICH) added a solid 5.5% to end just below the UAH 1900 level while UkrNafta (UNAF) shed 0.4% to near 142 per share. Low-liquidity Avdyivka Coke (AVDK) and Yenakievo Steel (ENMZ) rebounded by 2.9% and 7.9% respectively.

In London trading, Ferrexpo (FXPO) corrected by 12.7% to GBP 34.50 after its massive leap of 56% in the preceding week thanks to the rally in global iron ore prices.

Warsaw-listed Kernel (KER) gained 5.2% to PLN 55.43, putting it within striking range of its 30-month high reached back in October. Less actively traded Astarta (AST) was also on the rise, advancing by 7.2% to PLN 34.51 per share.

In economic developments, a support tranche of USD 1.7bn from the IMF is still not expected earlier than the second half of April, even if the current government remains intact and submits a memorandum in the near term. The IMF tranche arrival remains the most important indicator about whether Ukraine is still on track to transform its economy closer to European standards.

Highlights

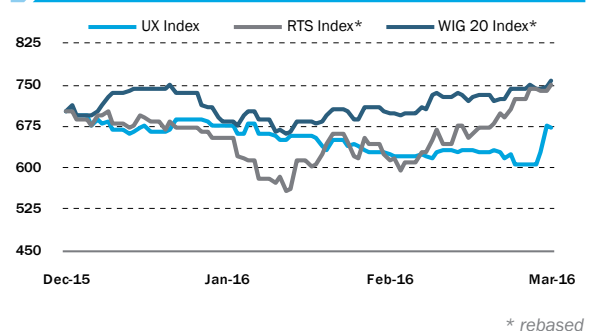
POLITICS AND ECONOMICS

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- > Ferrexpo's FY15 EBITDA Down 37% YoY But Beats Consensus

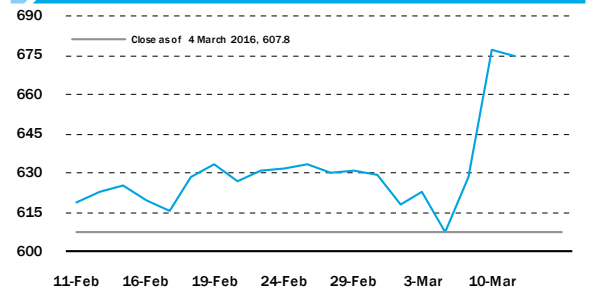
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	674.4	10.9%	7.8%	-1.7%
RTS	845.6	3.3%	22.5%	11.7%
WIG20	1910.9	2.0%	8.1%	2.8%
MSCI EM	800.9	1.3%	9.7%	1.2%
S&P 500	2022.2	1.1%	9.2%	-2.0%

UX 1M PERFORMANCE



FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	437.4	-3.3%	-16.5%	-1.0%
CDS 5Y UKR	1050.0	0.0%	0.0%	0.0%
Ukraine-19	9.8%	0.3 p.p.	-1.0 p.p.	0.0 p.p.
Ukraine-27	9.6%	0.1 p.p.	-1.0 p.p.	0.0 p.p.
MHP-20	12.8%	-0.6 p.p.	-0.1 p.p.	0.7 p.p.
RAILUA-18	17.6%	-1.2 p.p.	-1.4 p.p.	0.9 p.p.

CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	25.50	-2.9%	-1.6%	6.1%
EUR	28.44	-1.5%	-2.9%	8.3%
RUB	0.36	-0.2%	12.0%	11.5%

COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	161.0	-5.0%	-5.8%	-11.8%
Steel, USD/t	282.5	5.6%	8.7%	11.9%
Oil, USD/bbl	40.4	4.3%	30.4%	9.5%
Gold, USD/oz	1250.7	-0.7%	5.2%	17.8%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Jaresko Urges End to Speculation as Yatseniuk Defends His Record

by Will Ritter
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NEWS

Finance Minister Natalia Jaresko said at an investor conference on Thursday (Mar 10) that the Cabinet led by Prime Minister Arseniy Yatseniuk continues to function on a daily basis and is not in crisis despite two weeks of rampant rumors that Yatseniuk will be pushed out of the top post. Jaresko said that speculation about Yatseniuk's resignation or firing is negatively contributing to the situation in Ukraine and adding to uncertainty about when the country's IMF loan will be resumed. The next USD 1.7bn tranche was originally scheduled to arrive in October, but has been repeatedly delayed. Meanwhile, in an interview with the Financial Times also published on Mar 10, Yatseniuk continued to strike back at President Poroshenko for what he described as a lack of support in their pro-Western reform alliance. He said the country faces a choice between 3 scenarios: a reshuffled Cabinet still headed by himself, a new Cabinet with a new Prime Minister, or a snap parliamentary election. He warned that the latter scenario would not lead to a more pro-Western parliament than the current one, stating that "after any snap parliamentary elections, trust me, they will never be able to form any pro-reformist and pro-western government." He told the FT interviewer that, following 2 years of his premiership, "this country is entirely different than it was two years ago... new police, new army, new fiscal policy, new energy policy, new social policy, new folks sitting in the government... very strong society... I have done everything I can, in these current circumstances. I can do more, but we need to press down on the accelerator."

COMMENTARY

The restrained and workmanlike tone of Jaresko's comments combined with Yatseniuk's vigorous defense of his own record imply to us that some type of agreement has been reached between the two that would see each remain in their respective posts for the near term. Although Jaresko has been repeatedly floated as the most likely candidate to replace Yatseniuk, there are persistent doubts that Jaresko has the political clout to push unpopular reform measures through Parliament or to control a Cabinet that would likely be dominated by powerful allies of Poroshenko. We think that what matters to the IMF is not Jaresko becoming Prime Minister, but her continued control over the Finance Ministry. Meanwhile, current Parliament Speaker Volodymir Groysman, who spoke at the same investor conference as Jaresko, challenged Yatseniuk to "decide" what the next government move will be; although Groysman has also been touted as a potential PM, we believe that his close alliance to the President's clan is likely to make the IMF and Western governments even more nervous about corruption in the presidential circle than they are already. Although Yatseniuk's prediction regarding the outcome of a snap parliamentary election is rather dire, we cannot say definitively that he is wrong. We repeat our previously-stated view that an arrangement that allows Yatseniuk to remain PM for at least the next several months will allow Ukraine to create a near-term window of stability that would bring the much-needed IMF program back on line. Importantly, we view Ukraine as being closer to reaching such an arrangement than it was a week or two weeks earlier.

MHP Dividend Set at 75 Cents; FY15 EBITDA Down by 17% YoY

by Ivan Dzvinka
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MHP (MHPC LI)

Price: USD 8.50 Market Cap: USD 898mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015	1.8	neg	4.6	9%
2016E	1.6	4.3	4.7	4%

NEWS

MHP, Ukraine's largest poultry producer, reported EBITDA of USD 459mn (-17% YoY) for 2015 and will distribute some USD 80mn to its shareholders in dividends, the company announced in its full-year 2015 results release on Thursday morning (Mar 10). The group's net revenue was down by 14% YoY to USD 1.18bn amid a 22% drop in poultry revenue to USD 724mn. A 2.3% increase in poultry volume sales to 537,000 tonnes in FY15 was outweighed by a 24% drop in the average achieved poultry price to USD 1.27/kg. The drop in MHP's EBITDA was a result of a 29% YoY decline in the EBITDA-per-kg of poultry sold, to USD 0.62, due to higher costs. Also, crop segment EBITDA edged down by 3% to USD 94mn. On the upside, MHP's non-core meat-processing segment saw a price-driven 4.8x surge in EBITDA to USD 24mn. Excluding a net forex translation loss of USD 126mn, MHP's FY15 bottom line was down by 20% YoY to USD 293mn. Net debt stood at USD 1.22bn as of end-2015, implying a Net Debt/EBITDA ratio of 2.66x vs. 2.01x as of end-2014.

In 4Q15 alone, MHP generated EBITDA of USD 73mn (-28% YoY) as higher production costs pushed poultry segment result lower by 36% YoY to USD 68mn, while grain growing division EBITDA was zero vs. USD +12mn in 4Q14.

The proposed dividend corresponds to a per share payout of USD 0.753, to be paid as "an interim dividend for 2016 that is contingent upon completion of the due diligence required by Luxembourg law, with a decision expected not later than 16 March 2016", the company said.

In terms of operational guidance, MHP intends to raise its overall poultry output by 40,000 tonnes in FY16 from the 566,000 tonnes reported in FY15, and increase its landbank by at least 50,000ha from the 390,000 ha (incl. land in Crimea) as of late 2015.

COMMENTARY

MHP's declared dividend of USD 80mn is at the top end of the company's previously announce range of USD 50-80mn, while the reported EBITDA is in line with our projection of USD 455mn. The proposed dividend suggests a substantial dividend yield of 8.9% at the last closing price of USD 8.50 per share. Given that MHP recently committed (via its changed Eurobond terms) to limit the amount of "restricted payments" to USD 80mn in 2016, it suggests that no investments in any joint venture subsidiaries will occur this year. "Restricted payments" include dividends, investments in joint ventures, and share buybacks. MHP has been planning to purchase a poultry processing asset located in the EU in a JV format in 2016. However, we suppose that the group could still make the purchase this year by acquiring an outright majority stake in the asset, or could postpone the JV option until next year. In the 4Q financials, we note that some USD 27mn out of USD 73mn on the EBITDA level was contributed by income from the agricultural VAT subsidy; the changes in VAT legislation for agricultural companies effective from Jan 2016 will adversely affect MHP. Given that MHP's income from the VAT subsidy in FY15 amounted to USD 75mn (16% of EBITDA), the company will be one of the hardest-hit among public Ukrainian agro names with the changed VAT tax legislation, we calculate.

MHP Expects FY16 EBITDA at USD 400-420mn

by Ivan Dzvinka
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MHP (MHPC LI)

Price: USD 8.50 Market Cap: USD 898mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015	1.8	neg	4.6	9%
2016E	1.6	4.3	4.7	4%

NEWS

MHP, Ukraine's largest poultry producer, held a conference call on Thursday (Mar 10) following the publication of its FY15 results earlier that day. The key takeaways from the call are as follows:

- Management expects FY16 EBITDA in the range of USD 400-420mn, compared to USD 459mn in 2015;
- EBITDA in the grain growing segment is projected at USD 270 per hectare (vs. USD 276/ha in 2015);
- MHP is working on acquiring poultry processing assets in an unspecified EU country in a joint venture format, as well as obtaining operating/distribution presence in the United Arab Emirates or some other Middle Eastern country, with more details to be provided later this year;
- The group projects its poultry meat exports in 2016 at 160,000-170,000 tonnes, or 25-30% higher than the 132,000 tonnes in 2015;
- CapEx in 2016 is projected at USD 100-110mn (USD 170mn in 2015);
- The company intends to maintain its future dividend payouts at this year's level of USD 80mn;
- Management does not rule out the restructuring of its USD 750mn Eurobond coming due in 2020, with the move possibly occurring sometime in 2017-18.

COMMENTARY

MHP clarified to us that the limit on the amount of its Eurobond covenant "restricted payment" line for 2016 of USD 80mn in the recently revised bond terms was related exclusively to dividends, and not to joint ventures and/or share buybacks. This situation provides the company with the freedom to realize its project to invest in a joint venture in the EU in 2016, as was previously planned by the company, instead of delaying it to a future year. The JV would process MHP's Ukraine-produced poultry inside EU borders, thus expediting lucrative sales in the Eurozone. In the medium term, MHP plans to reach exports of some 70,000 tonnes of poultry meat to the EU (27,000 tonnes in 2015). In addition, the company's intention to distribute dividends of USD 80mn per annum going forward looks ambitious and could make the group's stock an attractive dividend play, in our view.

Ferrexpo's FY15 EBITDA Down 37% YoY But Beats Consensus

by Ivan Dzvinka
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FERREXPO (FXPO LN)

Price: GBP 34.50 Market Cap: USD 290mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015	1.4	9.2	4.2	7%
2016E	1.8	neg	20.2	0%

NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, reported a 31% drop in its net revenue to USD 961mn for FY15 on a similar 31% reduction in achieved ore prices, the company reported on Mar 10 in its FY15 results. While Ferrexpo did not explicitly disclose its average achieved price, we estimate it at USD 72/tonne (FOB). The reported 31% drop comes against the background of a 42% drop in the average FY15 benchmark ore fines price, to USD 56 per tonne. Ferrexpo's average production cash pellet cost from in-house ore (C1 cost) was down by 30% YoY to USD 31.9/t in 2015. In 2016, there has been further drop to USD 24.3/t (for February) amid continuing hryvnia devaluation and improved operational efficiency. The group's full-year 2015 EBITDA fell 37% YoY to USD 313mn, while net profit slumped by 83% to USD 32mn, largely due to a USD 175mn loss in cash held in the bankrupted F&C Bank (a related party also owned by Constantine Zhevago).

Ferrexpo's net debt as of end-2015 increased by 28% YoY to USD 868mn amid a 94% reduction in the cash position to USD 35mn. As a result, the Net Debt/EBITDA ratio doubled YoY to 2.78x as of end-2015. Net operating cash flow declined from USD 288mn in 2014 to USD 128mn in 2015, and full-year CapEx was reduced by 72% to USD 65mn.

Ferrexpo unsurprisingly decided not to pay a dividend for 2H16 (after USD 0.033 per share paid for 1H16). The group announced that, starting from December 2015, it is no longer required to prepay corporate profit tax in return for VAT refunds, and that all overdue VAT from the government was refunded in January of this year.

COMMENTARY

Ferrexpo shed little light on the state on its pre-export facility (PXF) debt restructuring progress, stating only in its FY15 result presentation that after the restructuring of its Eurobonds a year ago, its debt redemption amounts for 2016 (USD 196mn) and 2017 (USD 201mn) are at manageable levels, and that "the process to further refinance both short and long term debt is ongoing". With cash of only USD 36mn as of end Feb 16, the group's liquidity position is rather thin and thus risky at this stage, in our view. If the recent surge of iron ore prices back up into the 60s turns out to be short-lived, the ability of Ferrexpo to continue servicing its debt in 2H16 will be in question, we think, given that refinancing opportunities appear to be scarce at this stage. Notably, Ferrexpo substantially outperformed the consensus forecast for its FY15 EBITDA (USD 313mn vs. USD 264mn), which we attribute to an impressive decline in production cost along with a better-than-expected achieved pellet premium for the group's longer term contracts (vs. the spot premium). However, this phenomenon appears to be unsustainable to us. On the cost side, the reported 15% YoY reduction in use of natural gas and electricity per tonne of pellets produced and a 36% reduction in the use of diesel fuel, thanks to an energy modernization program completed in 2014.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Agriculture						
Kernel	KER PW	55.4	57.20	3%	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	34.5	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	6.4	9.4	47%	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	1.0	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	91.5	80.8	-12%	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).
Iron Ore						
Ferrexpo	FXPO LN	34.5	11.0	-68%	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.
Steel						
Azovstal	AZST	0.28	0.56	99%	SELL	Non-transparent accounting practices overseen by majority owner Metinvest detrimentally affect Azovstal's reported earnings.
Coke						
Avdyivka Coke	AVDK	1.14	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.
Specialized Machinery						
Motor Sich	MSICH	1899	5250	176%	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%.
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	2.6	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	26.5	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.
Power Utilities						
DonbasEnerg	DOEN	13.8	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	6.21	15.00	142%	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	0.070	0.24	241%	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	Last, UAH*	52 high, UAH*	52 low, UAH*	Absolute performance				Performance relative to the UX index			
					1W	1M	3M	YtD	1W	1M	3M	YtD
UX Index	UX	674.35	1111.05	602.94	10.9%	7.8%	-3.0%	-1.7%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.010	0.017	0.009	-2.9%	-25.5%	-17.7%	-8.1%	-13.8%	-33.4%	-14.8%	-6.4%
Azovstal	AZST	0.280	0.892	0.254	1.4%	-5.7%	-29.1%	-30.0%	-9.5%	-13.5%	-26.2%	-28.3%
Enakievo Steel	ENMZ	9.98	18.80	8.01	7.9%	-25.6%	-39.2%	-28.7%	-3.1%	-33.4%	-36.3%	-27.0%
Coke												
Avdyivka Coke	AVDK	1.14	1.60	0.86	2.9%	3.7%	5.7%	3.3%	-8.1%	-4.1%	8.6%	4.9%
Yasnyivsky Coking	YASK	0.210	0.377	0.064	31.3%	-16.0%	-36.4%	-8.7%	20.3%	-23.8%	-33.4%	-7.0%
Iron Ore Mining												
Centralny GOK	CGOK	4.00	n/a	n/a	0.0%	0.0%	-44.8%	-6.1%	-10.9%	-7.8%	-41.9%	-4.4%
Ferrexpo	FXPO	34.50	80.00	14.00	-12.7%	70.4%	53.3%	60.5%	4.9%	-23.6%	62.5%	62.1%
Pivnichny GOK	SGOK	3.34	8.50	2.20	-3.5%	-1.8%	-16.3%	-37.0%	-14.4%	-9.6%	-13.3%	-35.3%
Coal Mining												
Pokrovske Mine	SHCHZ	0.200	n/a	n/a	0.0%	0.0%	-33.3%	-13.0%	-10.9%	-7.8%	-30.4%	-11.4%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.080	0.549	0.051	14.3%	-33.3%	-50.0%	-55.6%	3.3%	-41.2%	-47.0%	-53.9%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	7.35	11.97	6.55	5.0%	-15.3%	-13.9%	-7.1%	-5.9%	-23.1%	-11.0%	-5.4%
Luhanskteplovoz	LTPL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Specialized Machinery												
Motor Sich	MSICH	1899	2849	1663	5.5%	10.5%	-4.3%	-4.0%	-5.4%	2.7%	-1.3%	-2.4%
Turboatom	TATM	6.10	n/a	n/a	4.3%	-1.6%	48.8%	35.6%	-6.7%	-9.4%	51.7%	37.2%
Telecom												
Ukrtelecom	UTLM	0.145	0.210	0.091	20.8%	11.6%	45.0%	20.8%	9.9%	3.8%	48.0%	22.5%
Oil & Gas												
Regal Petroleum	RPT	2.58	6.50	2.58	-1.9%	-2.8%	-31.8%	-31.3%	-6.0%	-12.9%	-10.7%	-29.7%
JKX Oil	JKX	26.50	35.75	15.50	9.3%	6.0%	-3.6%	-2.8%	2.3%	-1.7%	-1.8%	-1.1%
Ukrnafta	UNAF	142.2	315.0	140.0	-0.4%	-6.1%	-19.8%	-19.7%	-11.3%	-14.0%	-16.9%	-18.0%
Power Utilities												
Centrenergo	CEEN	6.21	8.50	4.12	30.8%	41.9%	36.8%	36.2%	19.9%	34.1%	39.7%	37.8%
Donbasenergo	DOEN	13.83	27.92	12.00	10.6%	-6.4%	-17.0%	-12.2%	-0.3%	-14.2%	-14.1%	-10.6%
Zakhidenergo	ZAEN	84.00	193.90	52.00	0.0%	12.0%	-6.7%	0.0%	-10.9%	4.2%	-3.7%	1.7%
Consumer												
Agroton	AGT	1.02	1.40	0.80	4.1%	18.6%	0.0%	1.0%	5.5%	-6.9%	10.8%	2.7%
Astarta	AST	34.51	38.50	21.19	7.2%	23.2%	6.2%	0.0%	-4.3%	-3.8%	15.3%	1.7%
Avangardo	AVGR	1.00	3.30	0.23	53.8%	25.0%	-37.1%	-20.0%	18.0%	42.9%	17.2%	-18.3%
Industrial Milk Company	IMC	6.39	6.90	4.38	-0.2%	4.1%	2.6%	7.0%	-0.9%	-11.1%	-3.8%	8.7%
Kernel	KER	55.43	55.65	31.45	5.2%	25.5%	28.9%	15.2%	1.2%	-5.8%	17.7%	16.9%
Mriya Agro Holding	MAYA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MHPC	MHPC	8.50	12.05	7.10	9.0%	17.2%	-8.2%	-8.6%	0.1%	-2.0%	9.4%	-6.9%
Milkiland	MLK	1.27	2.92	0.89	-7.3%	8.5%	-15.3%	-10.6%	-3.4%	-18.2%	0.7%	-8.9%
Ovostar Union	OVO	91.50	94.00	69.00	-0.5%	0.0%	2.8%	1.1%	-0.2%	-11.5%	-7.8%	2.8%
Chemicals												
Stirol	STIR	3.20	n/a	n/a	0.0%	-8.6%	-45.8%	-46.2%	-10.9%	-16.4%	-42.8%	-44.5%
Banks												
Raiffeisen Bank Aval	BAVL	0.070	0.106	0.063	3.8%	-1.5%	-3.6%	-6.5%	-7.1%	-9.4%	-0.6%	-4.8%
UkrSotsbank	USCB	0.070	0.145	0.060	0.0%	-36.2%	-22.2%	-29.1%	-10.9%	-44.0%	-19.3%	-27.5%

Source: Bloomberg

* companies listed abroad are in traded currency

MAIN FINANCIAL FORECASTS, USD mn

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E
Steel																
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%
Coke																
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%
Iron Ore Mining																
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	961	727	496	313	65	35.8%	32.6%	8.9%	184	31	-29	13.2%	3.3%	-3.9%
Pipe Manufacturing																
Khartsyzk Pipe	HRTR	193	92	75	43	18	12	22.6%	19.3%	15.8%	23	2	1	11.7%	2.0%	1.1%
Railcar Manufacturing																
Kryukiv Wagon	KVBZ	179	41	46	-17	-4	-4	-9.3%	-9.3%	-7.7%	-22	-9	-4	-12.3%	-22.2%	-9.1%
Specialized Machinery																
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	700	693	342	238	191	38.9%	33.9%	27.5%	129	169	75	14.7%	24.2%	10.8%
Telecom																
Ukrtelecom	UTLM	412	254	207	85	72	58	20.6%	28.5%	28.0%	18	9	4	4.4%	3.6%	2.0%
Oil & Gas																
Ukrnafta	UNAF	2,324	1,336	963	380	219	120	16.4%	16.4%	12.5%	105	-23	33	4.5%	-1.7%	3.4%
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%
Electric Utilities																
Centrenerg	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%
Consumer																
MHP	MHPC	1,379	1,183	1,290	510	459	450	37.0%	38.8%	34.9%	-412	-126	211	-29.9%	-10.6%	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	347	385	159	137	114	34.0%	39.5%	29.6%	-90	88	19	-19.3%	25.2%	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
Banks																
		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	150	86	77	-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			
Steel																		
Alchevsk Steel	ALMK	10	3.9%	0	2,625	n/a	neg	neg	10.6	neg	neg	2.1	5.0	5.1	679	633	614	\$/tonne
Yenakievo Steel	ENMZ	4	8.8%	0	218	neg	neg	neg	>30	12.3	17.4	0.2	0.3	0.5	80	76	74	\$/tonne
Azovstal	AZST	45	3.0%	1	8	0.6	neg	neg	0.0	0.1	0.2	0.0	0.0	0.0	2	2	2	\$/tonne
Coke																		
Avdyivka Coke	AVDK	8	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	2	9.0%	0	2	neg	neg	neg	neg	neg	neg	0.0	0.0	0.0	n/a	n/a	n/a	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	179	0.3%	0	177	2.8	neg	neg	0.7	1.1	1.5	0.3	0.6	0.8				
Pivnichny GOK	SGOK	293	0.4%	1	287	2.3	neg	neg	0.5	1.1	2.0	0.3	0.5	0.6				
Ferrexpo	FXPO	290	24.0%	70	1,307	1.6	9.2	neg	2.6	4.2	20.2	0.9	1.4	1.8				
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	8	2.0%	0	54	0.4	4.3	9.5	1.2	3.0	4.5	0.3	0.6	0.7	134	179	215	\$/tonne
Railcar Manufacturing																		
Krukiv Wagon	KVBZ	32	5.0%	2	26	neg	neg	neg	neg	neg	neg	0.1	0.6	0.6				
Specialized Machinery																		
Turboatom	TATM	56	5.8%	3	26	1.1	2.4	3.4	0.4	0.7	0.9	0.2	0.2	0.3				
Motor Sich	MSICH	150	24.0%	36	174	1.2	0.9	2.0	0.5	0.7	0.9	0.2	0.2	0.3				
Telecom																		
Ukrtelecom	UTLM	103	7.2%	7	194	5.7	11.2	24.9	2.3	2.7	3.3	0.5	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	294	3.0%	9	288	2.8	neg	8.8	0.8	1.3	2.4	0.1	0.2	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	12	21.6%	3	-13	neg	2.1	neg	neg	-0.9	-1.3	-0.4	-0.4	-0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	65	50.4%	33	174	neg	13.1	>30	2.5	2.5	3.2	1.2	1.2	1.4	32	24	23	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	87	21.7%	19	70	14.9	19.0	8.4	2.7	5.3	5.6	0.1	0.2	0.2	4	5	5	\$/MWh
DonbasEnerg	DOEN	12	14.2%	2	26	1.5	neg	6.0	1.3	neg	4.2	0.1	0.1	0.1	3	3	3	\$/MWh
Consumer																		
MHP	MHPC	898	34.1%	306	2,118	neg	neg	4.3	4.2	4.6	4.7	1.5	1.8	1.6				
Kernel	KER	1,145	61.8%	708	1,527	neg	11.4	6.3	6.8	3.8	4.4	0.6	0.7	0.6				
Astarta	AST	224	37.0%	83	427	neg	2.6	12.0	2.7	3.1	3.7	0.9	1.2	1.1				
Avangardco	AVGR	64	22.5%	14	362	neg	n/a	n/a	2.8	n/a	n/a	0.9	n/a	n/a	82	62	59	\$/mneggs
Ovostar	OVO	142	25.0%	36	150	5.5	n/a	n/a	5.1	n/a	n/a	2.0	n/a	n/a	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	165	1.8%	3		neg	neg	5.0	0.4	0.6	0.5	0.06	0.08	0.07				
Ukrsotsbank	USCB	206	0.2%	0		>30	>30	>30	0.5	0.6	0.7	0.12	0.17	0.16				

Source: Eavex Research

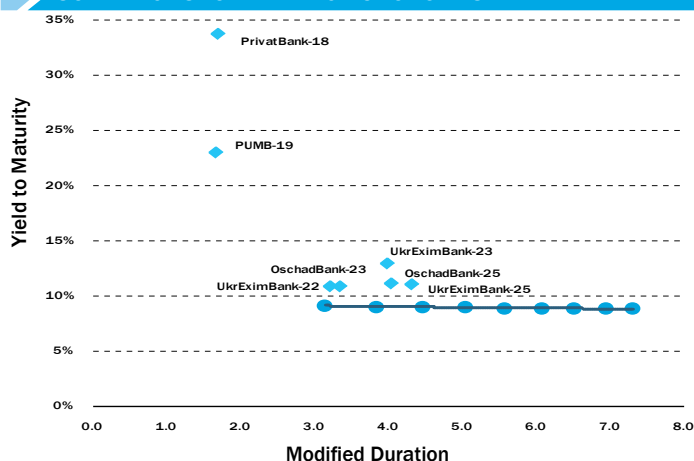
UKRAINIAN EUROBONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings ¹
Sovereign Eurobonds											
Ukraine, 2019	93.5	94.5	10.0%	9.7%	0.4%	2.9	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	93.0	93.9	9.7%	9.4%	1.1%	3.6	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	91.8	92.8	9.7%	9.5%	0.7%	4.3	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	90.5	91.5	9.8%	9.5%	0.4%	4.9	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	89.8	90.8	9.7%	9.5%	0.7%	5.4	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	88.8	89.8	9.7%	9.5%	0.4%	5.9	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	88.0	89.0	9.7%	9.5%	0.1%	6.4	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	87.5	88.5	9.7%	9.5%	0.4%	6.8	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	87.0	88.0	9.6%	9.5%	0.4%	7.2	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	33.5	35.0	n/a	n/a	-16.0%	n/a	0.00%	S/A	31 May 2040	2,916	Caa3/B-/CCC
Corporate Eurobonds											
Agroton, 2019	10.0	13.0	120.1%	101.0%	0.0%	1.5	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2020	85.2	86.7	13.1%	12.5%	-1.6%	3.1	8.25%	S/A	2 Apr 2020	750	/CCC-/CCC
Avangardco, 2018	38.0	41.0	56.6%	52.6%	-22.6%	1.9	10.00%	S/A	29 Oct 2018	206	//WD
UkrLandFarming, 2018	30.0	43.0	94.0%	65.4%	-27.0%	1.2	10.88%	S/A	26 Mar 2018	500	/CC/WD
Mriya, 2016	9.0	12.0	n/a	n/a	-16.0%	0.0	10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	n/a	n/a	n/a	n/a		0.8	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2018	39.0	43.0	71.7%	64.4%	-1.2%	n/a	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	40.5	43.5	63.7%	58.7%	-5.6%	1.3	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	42.2	44.5	n/a	n/a	-23.6%	n/a	10.25%	S/A	31 Jan 2016	85	Caa3//C
Metinvest, 2017	42.1	44.2			-4.8%		10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	42.3	44.0			-3.0%		8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	57.0	60.6	34.0%	31.2%	7.5%	2.5	10.375%	S/A	07 Apr 2019	186	Caa3//C
Ferrexpo, 2019	42.3	44.0			-1.0%		10.375%	S/A	07 Apr 2019	161	Caa3//C
RailUA, 2018	85.0	86.6	18.1%	17.1%	-0.6%	1.8	9.50%	S/A	21 May 2018	500	/CC/C
Interepipe, 2017	23.0	33.0	157.4%	112.5%	-6.7%	0.9	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	68.1	71.1	39.3%	36.5%	-3.3%	0.7	8.00%	S/A	19 Feb 2018	40	
Bank Eurobonds											
Fin&Credit Bank, 2019	5.5	10.1	182.4%	130.9%	-15.0%	1.3	9.25%	S/A	25 Jan 2019	100	//
PUMB, 2018	75.0	80.0	23.4%	20.6%	4.5%	1.5	11.00%	Q	31 Dec 2018	275	WR//NR
Nadra Bank, 2018	3.5	10.2	n/a	n/a	-5.7%	0.1	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2018-2	74.0	76.0	29.4%	27.7%	-1.3%	n/a	10.25%	S/A	23 Jan 2018	200	//
PrivatBank, 2021	62.0	64.0	24.8%	23.8%	-6.0%	3.2	11.00%	S/A	09 Feb 2021	220	//
PrivatBank, 2018	69.0	70.0	33.8%	32.9%	2.2%	1.5	10.88%	S/A	28 Feb 2018	175	//
UkrEximBank, 2022	87.6	88.7	12.6%	12.3%	-1.6%	n/a	9.625%	S/A	27 Apr 2022	750	WR//C
UkrEximBank, 2023	71.5	75.0	14.6%	13.6%	-1.1%	n/a	7.51%	S/A	9 Feb 2023	125	Ca//C
UkrEximBank, 2025	84.7	85.8	12.7%	12.4%	-2.4%	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	85.7	86.9	12.5%	12.2%	-3.0%	3.0	8.25%	S/A	10 Mar 2023	700	Ca//CC
Oschadbank, 2025	84.3	85.4	12.6%	12.3%	-3.3%	3.6	8.88%	S/A	20 Mar 2025	500	Ca//CC
Municipal Eurobonds											
City of Kyiv, 2015	77.0	80.5	n/a	n/a	-5.7%	n/a	8.00%	S/A	6 Nov 2015	101	//

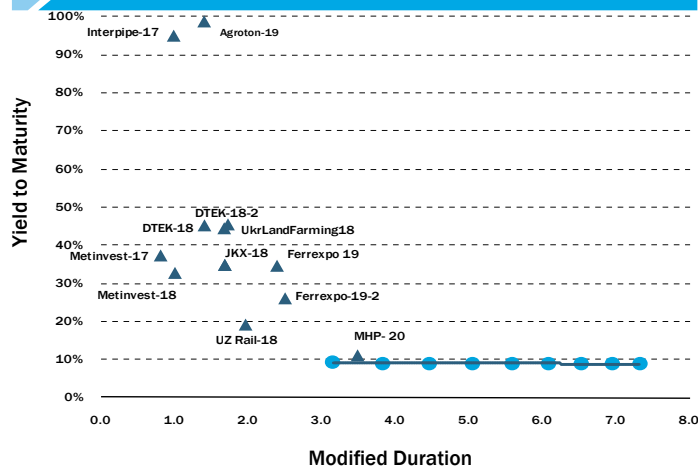
¹ Moody's/S&P/Fitch

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
UAH denominated Bonds									
UA4000142665			20%	19%	n/a	14.30%	S/A	24 May 2017	n/a
VAT Bonds									
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

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