

## Stock Market Update

### Equity

Local Ukrainian stocks got pummeled last week, with the UX index crashing through the 600-point support floor after news that the Metinvest metals & mining group intends to de-list all of its main holdings from the exchange, including longtime blue chip issues Azovstal (AZST) and Avdyivka Coke (AVDK). The index slumped 13.6% to close at 547 points, a new all time low taking into account the UAH devaluation factor. Quotes for Azovstal plummeted 20.9% to 20 kopecks and Avdyivka Coke fell 11.8% to UAH 1.01. Shares of national flagship oil company UkrNafta (UNAF) were hit even harder, plunging 33% to near UAH 86 amid rumors of a scenario in which the company could go bankrupt and curtail operations as a result of its unresolved tax debts. Meanwhile, Motor Sich (MSICH) managed to finish almost unchanged at UAH 1860 for the week. In second tier stocks, Krukiv Wagon (KVBZ) slumped 16.4% to UAH 5.00 after the company reported that it had a UAH 417mn net loss for FY15.

In contrast to the equity market, the hryvnia had a rather good week, gaining 2.0% against the dollar in interbank trading and closing at 26.00 UAH/USD. The NBU said it was buying foreign currency from banks to reduce volatility.

In macroeconomic statistics, UkrStat reported an increase in industrial production by 2.9% YoY in February. The result is mostly related to the additional calendar day of this February. However, the data for particular sectors was encouraging, giving reasonable expectations for output growth in March.

On the domestic political front, Parliament Speaker Volodymyr Groysman emerged as a serious candidate to replace Prime Minister Arseniy Yatseniuk, while chances for Finance Minister Natalia Jaresko to obtain the post appeared to fade. Yatseniuk reportedly agreed to resign on the condition that his controversial People's Front party ally Arseniy Avakov is allowed to retain the powerful Interior Ministry portfolio, according to news outlet Apostrof.

## Highlights

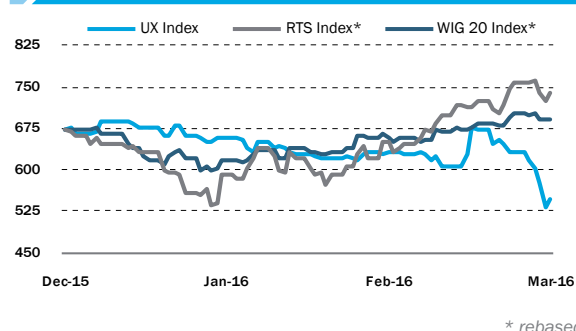
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- > Azovstal Reports Net Loss of USD 84mn for FY15

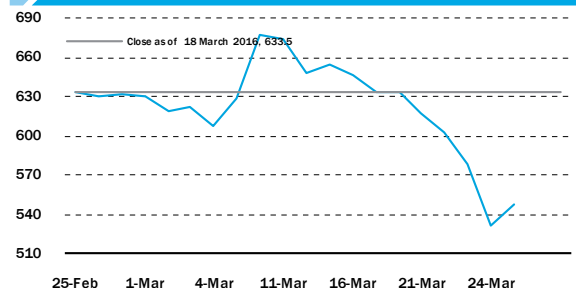
## STOCK MARKET PERFORMANCE



## MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	547.1	-13.6%	-13.3%	-20.2%
RTS	862.2	-2.6%	13.2%	13.9%
WIG20	1936.2	-1.3%	4.9%	4.1%
MSCI EM	812.3	-1.7%	9.1%	2.6%
S&P 500	2035.9	-0.7%	6.0%	-1.3%

## UX 3M PERFORMANCE



## FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	437.2	2.1%	-12.1%	-1.1%
CDS 5Y UKR	1050.0	0.0%	0.0%	0.0%
Ukraine-19	9.8%	0.4 p.p.	-0.5 p.p.	-0.1 p.p.
Ukraine-27	9.5%	0.0 p.p.	-0.6 p.p.	-0.1 p.p.
MHP-20	12.2%	-0.1 p.p.	-1.4 p.p.	0.1 p.p.
RAILUA-18	17.2%	-0.3 p.p.	-1.8 p.p.	0.5 p.p.

## CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	25.95	-2.4%	-4.8%	8.0%
EUR	29.01	-3.2%	-3.4%	10.4%
RUB	0.38	-3.2%	5.5%	15.3%

## COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	162.5	0.9%	-4.1%	-11.0%
Steel, USD/t	367.5	17.6%	37.4%	45.5%
Oil, USD/bbl	40.4	-1.8%	19.0%	9.7%
Gold, USD/oz	1216.5	-3.1%	-0.7%	14.6%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## Groysman Edges Closer to PM Appointment

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

### NEWS

The largest faction in Parliament, the Poroshenko Bloc (BPP), has endorsed current Parliament Speaker Volodymir Groysman as a candidate for Prime Minister, domestic media reported on Friday (Mar 25). The announcement was a reversal from a statement days earlier, when faction head Yuriy Lutsenko had said the faction would back current Finance Minister Natalia Jaresko for the job. Meanwhile, current PM Arseniy Yatseniuk said he will “accept any decision”, and a report appeared in the domestic media saying Yatseniuk will voluntarily resign in exchange for keeping his controversial ally Arseniy Avakov in the powerful Interior Minister’s post in the new Cabinet. Parliament is set for a session on Tuesday (Mar 29) that could see Groysman voted in as PM. Bloomberg News reported that the Batkivschyna party has promised to back the confirmation, giving it enough votes to pass if it has full support from the BPP and Yatseniuk’s People’s Front party. President Poroshenko is scheduled to visit the United States on Wednesday (Mar 30); however, he has no meeting scheduled with US President Obama.

### COMMENTARY

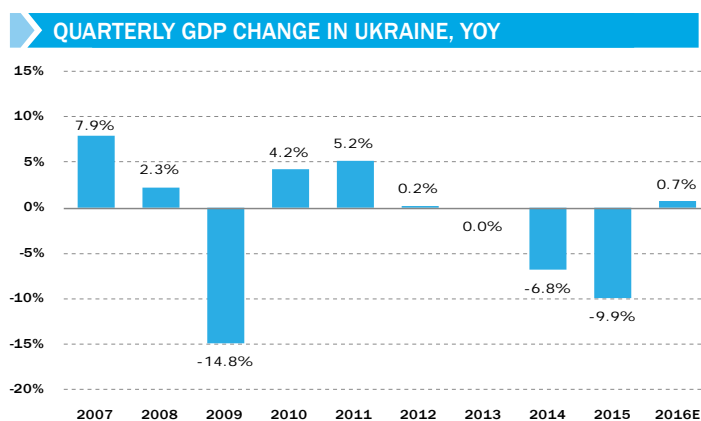
We tend to disagree with the widespread “doom-and-gloom” over the likely appointment of the 38-year-old Groysman to head the Cabinet on grounds that he is too close to Poroshenko, as Groysman has solid pro-Western and reform credentials from his days as mayor of Vinnytsa and is likely to bring Ukraine’s IMF program back on track in the near term (although how long he can keep it on track is another matter). We think many Western observers overlooked the serious problems with appointing Jaresko, who has no domestic political support base, as Prime Minister. A Jaresko-led government could have been hamstrung from the start and may not have lasted more than a couple of months in office, forcing a snap parliamentary election as early as this summer. Of course, the question now is whether a Groysman Cabinet will really be any better at delivering on Ukraine’s reform agenda than Yatseniuk’s has been. Bloomberg mentioned former Slovak Finance Minister Ivan Miklos as a possible replacement at the Finance Ministry for Jaresko, who reportedly said she would refuse to serve under Groysman as PM. The concession of leaving Avakov in place at the Interior Ministry would certainly be a painful one for Poroshenko, who has long been looking to sideline the controversial and powerful “ciloviki” boss, but a new pro-Western PM cannot gain approval in Parliament without Yatseniuk’s backing. In terms of the President’s Washington visit, the lack of a meeting with Obama underlines the current poor condition of relations between Poroshenko and the US administration, which is fed up with the former’s stalling and posturing on key reform issues. If things are not patched up soon, and Obama does not add a visit to Kyiv onto his July 8-9 trip to Poland for the biennial NATO summit, we can safely assume that Washington is actively considering alternative scenarios to Poroshenko’s continued leadership of the country.

**UkrStat: Full-year GDP Contraction Was 9.9% YoY in 2015**

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

**NEWS**

The Ukrainian economy contracted by 9.9% YoY in 2015, the State Statistics Committee said last Tuesday (Mar 22). Nominal GDP for 2015 was reported at UAH 1.980tn (USD 91bn at the average UAH/USD exchange rate for the period), which implies USD 2150 per capita. In the GDP contribution components, the largest drop was seen in the financial sector (-27.7% YoY). For the construction sector, the drop was 12.4% YoY in FY15 after a 19.9% YoY plunge in FY14. In agriculture, there was a decline of 4.7% YoY after growth of 2.9% YoY in FY14. In 4Q15 alone, Ukraine's GDP declined by 1.4% YoY but showed a seasonally adjusted increase of 1.1% QoQ.



Source: State Statistics Committee, Eavex Research

**COMMENTARY**

The reported full-year GDP drop was slightly better than the 11% decline forecast made by the IMF in October 2015. In our view, both UkrStat and the IMF are unable to measure Ukraine's economic activity in a fully accurate way, especially given the loss of output from areas that are now occupied by pro-Russian separatists but which were counted in GDP during 1H14, thus inflating the comparison base for 2015. We therefore suspect that the officially-reported decline gives a worse picture of the economy than the true situation. Also, the official GDP figure is not completely representative, as the country's shadow economy accounts for some 40% of GDP, according to estimates from the Economics Ministry. Nonetheless, it is undeniable that the Ukrainian economy was hit hard by the global slump in iron ore and steel prices and by lingering effects from the Donbass war. We forecast that Ukraine's economy will grow by 0.7% YoY in 2016 as the low comparison base of 2015 will allow growth to appear even with only a slight improvement in the real sectors. It worth noting that Ukraine currently has very high interest rates, which constrains investment. The key NBU's interest rate has been kept at 22% since September 2015.

## Blow to Equity Market as Metinvest Moves to De-List its Subsidiaries

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

### NEWS

The announcements of the annual shareholder meetings (AGMs) of the several companies controlled by metallurgy group Metinvest have all included an item to change in the legal form of these entities. These companies include steelmakers Azovstal (AZST), Yenakievo Steel (ENMZ), and Mariupol Illich (MMKI); iron ore producers Centralny GOK (CGOK) and Inguletsky GOK (IGOK); coke maker Avdyivka Coke (AVDK); and tubing producer Khartsyzk Pipe (HRTR). Azovstal and Avdyivka Coke are blue chip issues and permanent components in the Ukrainian Exchange (UX) index basket.

### COMMENTARY

The fact that Metinvest's subsidiaries have a small publicly-traded free float is a historical accident stemming from Ukraine's post-Soviet voucher privatization system of the 1990s, and the group has long been seeking to eliminate the public status of the companies, from which it sees no tangible benefits. A change to Ukraine's law "On Joint Stock Companies" dated April 2015 envisages that effective from 1 May 2016, the shareholders of public joint stock companies have the right to transform their company from a public entity to a private entity. The changed legislation effectively deletes the point in the law that the right to become a private company only applies to public companies with less than 100 total shareholders. Minority shareholders who participate in the AGMs and vote against the changes will receive the option to be automatically bought out by Metinvest. We suspend coverage of Azovstal and Avdyivka Coke.

## Avdyivka Coke Reports UAH 312mn Net Profit for FY15

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

### NEWS

Avdyivka Coke, Ukraine's largest coke maker in terms of nominal capacity, ended 2015 with a net profit of UAH 312mn (USD 14.3mn), the company reported in its annual shareholder meeting announcement on Tuesday (Mar 22). The coke maker, which is controlled by the Metinvest group, had finished FY14 with a net loss of UAH 792mn. Other P&L lines for FY15 were not provided in the report.

### COMMENTARY

The bottom line figure provided for 2015 suggests that Avdyivka earned UAH 257mn in 4Q15 after the reported net profits of UAH 240mn and UAH 145mn for 2Q15 and 3Q15 respectively, which had followed a net loss of UAH 329mn in 1Q15. In terms of accounting, a positive point for the company is its negligible debt (just USD 1.0mn as of 30 Sept 2015), allowing it to avoid a large forex translation loss. The company was also positively impacted by the hryvnia devaluation last year, in our view. The AVDK stock is sporadically-traded but remains in the UX index basket, as the company is located on the Ukrainian side of the Donbass ceasefire line. Two other companies based on separatist-held territory, Yenakievo Steel (also controlled by Metinvest) and Alchevsk Steel (controlled by unspecified Russian owners), had their stocks removed from the UX basket earlier this month. The company's stock is under risk of being delisted in the short term if shareholders' meeting scheduled on April 28 approve the change in the legal form from "public" entity to "private" company entity.

## Alchevsk Steel Posts FY15 Loss of USD 1.1bn; ISD Renews Restructuring Talks

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

### NEWS

Alchevsk Steel, which is located on separatist-controlled territory in Lugansk province, finished 2015 with a net loss of UAH 23.45bn (USD 1.07bn), the company reported in its annual shareholder meeting announcement on Tuesday (Mar 22). This represents the company's second consecutive billion-dollar annual loss. Other P&L lines were not disclosed.

In a separate news, the Industrial Donbass Union Corporation (ISD), the parent group of Alchevsk Steel, said it had a meeting with all of its creditors on Mar 18 in Vienna, after a 2 year-breakup of talks due to the war in the Donbass. This news was reported by Sergiy Tkachenko, the head of ISD's legal department. Initiated by ISD, the meeting was aimed at presenting the group's results over the difficult 2014-15 period, the current conditions, and plans for future. Tkachenko stated that ISD is working on "a mutually-beneficial model of debt restructuring". Further details were not provided. The group has been in arrears since 2008.

### COMMENTARY

The effective renewal of restructuring talks with creditors is quite encouraging news for ISD amid ongoing tough metallurgical market conditions. Given that the restructuring negotiations began all the way back in the period of the 2008-09 downturn, the progress achieved from then until 2013 was not significant, to our best knowledge. We thus see little chances at this stage that the resumed talks could lead to tangible results in the near term.

Regarding the results of Alchevsk Steel, the main contributor to the heavy net loss for 2015 was a forex translation loss amid the hryvnia's devaluation, related to the high USD-denominated debt burden on the company's books. As of December 2014, the total debt of Alchevsk stood at UAH 41.1bn (USD 2.6bn at exchange rate of late 2014). The hryvnia devalued from UAH/USD 15.80 at end-2014 to 24.00 at end-2015. The Kyiv-listed ALMK stock was removed from the UX index basket earlier this month.

## Azovstal Reports Net Loss of USD 84mn for FY15

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

### NEWS

Azovstal, Ukraine's 3rd-largest steel maker, reported a net loss of UAH 1.84bn (USD 84mn) for full-year 2015, the company said in its annual shareholder meeting announcement. The company ended FY14 with net profit of UAH 916mn. Other P&L lines for 2015 were not disclosed. The shareholder meeting will take place on Apr 26.

### COMMENTARY

The reported figure suggests Azovstal generated a net loss of UAH 1.21bn in 4Q15 compared to net income of UAH 597mn in 4Q14. The company started 2015 with net profit in 1Q15 of UAH 953mn following net losses of UAH 601mn and UAH 971mn in 2Q15 and 3Q15, respectively. The company's stock is exposed to the high risk of being de-listed later this year given that its AGM agenda includes the item to change its legal structure to "private" (see our additional news on the topic this week). We have thus decided to suspend our coverage of the AZST stock

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Agriculture</b>						
Kernel	KER PW	56.5	68.29	21%	BUY	With some 95% of revenue linked to the hard currency, devaluation bodes well for the group. The recent changes in the tax regime will also benefit the group. With an access to debt market, Kernel is well placed to be a consolidator of the oilseed crushing industry in the medium term.
MHP	MHPC LI	7.9	8.73	11%	HOLD	MHP is adversely affected with both devaluation and changes in VAT regime effective from Jan 2016. The group is actively working on penetrating into lucrative EU market as well as expanding its presence in other markets. MHP is the generous dividend play with DPS for FY15 approved at 0.75.
Astarta	AST PW	37.9	44.98	19%	BUY	The new VAT regime for agro producers will be largely neutral for Astarta, in our view. While hryvnia devaluation is negative for the company, it works on business diversification and cost optimization via improving its energy and operational efficiency.
IMC	IMC PW	7.0	13.02	86%	BUY	The changes in the tax legislation and devaluation are positive for IMC with its focus on grain growing and respective near 95% of revenue tied to the dollar. Those together with an ongoing land bank expansion program, and high standards of corporate governance are all positive factors offsetting the stock's low liquidity.
AvangardCo	AVGR LI	1.4	nm	nm	SELL	Hryvnia devaluation and new VAT regime for agriculture are negative for Avangard. Highly volatile financial results made the proper forecasting a very hard task. Currently large room for cost optimization provides for theoretical material improvement in the earnings.
Ovostar Union	OVO PW	93.0	140.65	51%	BUY	Focus on branded eggs sales domestically and expansion of export sales amid strong domestic demand for eggs allows Ovostar to show outstanding financial results. An ongoing investment program is set to triple the company's egg output over 2012-18E.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	28.0	11.0	-61%	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	0.20	U/R	--	Susp.	Non-transparent accounting practices overseen by majority owner Metinvest detrimentally affect Azovstal's reported earnings.
<b>Coke</b>						
Avdyivka Coke	AVDK	1.01	U/R	--	Susp.	Avdyivka Coke's facilities are located on the front line of the Donbas 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	1860	5250	182%	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	2.6	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	24.5	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>						
DonbasEnerg	DOEN	13.6	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	4.72	15.00	218%	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	0.065	0.24	270%	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			
					1W	1M	3M	YtD	1W	1M	3M	YtD
UX Index	UX	547.07	1096.91	525.66	-13.6%	-13.3%	-17.8%	-20.2%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.007	0.017	0.006	-6.7%	-44.0%	-34.0%	-36.9%	7.0%	-30.7%	-16.1%	-16.7%
Azovstal	AZST	0.200	0.892	0.185	-20.9%	-32.0%	-46.8%	-50.0%	-7.3%	-18.7%	-29.0%	-29.8%
Enakievo Steel	ENMZ	6.90	18.73	6.50	-13.8%	-44.8%	-48.2%	-50.7%	-0.1%	-31.5%	-30.4%	-30.5%
<b>Coke</b>												
Avdyivka Coke	AVDK	1.01	1.60	0.86	-11.8%	-10.9%	-3.8%	-8.3%	1.9%	2.4%	14.0%	12.0%
Yasnyivsky Coking	YASK	0.200	0.377	0.064	-4.8%	-4.8%	-39.4%	-13.0%	8.9%	8.5%	-21.6%	7.2%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	3.00	n/a	n/a	0.0%	-25.0%	-58.6%	-29.6%	13.6%	-11.7%	-40.8%	-9.3%
Ferrexpo	FXPO	28.00	80.00	14.00	-15.8%	5.7%	40.0%	30.2%	-2.8%	-2.1%	19.0%	50.5%
Pivnichny GOK	SGOK	3.02	8.33	2.20	-10.7%	-13.7%	0.7%	-43.0%	3.0%	-0.4%	18.5%	-22.8%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.200	n/a	n/a	0.0%	0.0%	-13.0%	-13.0%	13.6%	13.3%	4.8%	7.2%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.070	0.540	0.051	-12.5%	-30.0%	-58.8%	-61.1%	1.1%	-16.7%	-41.0%	-40.9%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	5.00	11.95	4.50	-16.4%	-41.0%	-30.6%	-36.8%	-2.7%	-27.7%	-12.7%	-16.6%
Luhanskteplovoz	LTPL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Specialized Machinery</b>												
Motor Sich	MSICH	1860	2817	1663	-1.7%	2.2%	-5.3%	-6.0%	12.0%	15.5%	12.5%	14.2%
Turboatom	TATM	6.50	n/a	n/a	7.4%	10.2%	44.4%	44.4%	21.1%	23.5%	62.3%	64.7%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.110	0.210	0.091	-21.4%	-12.0%	-8.3%	-8.3%	-7.8%	1.3%	9.5%	11.9%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	2.58	6.50	2.58	0.0%	-14.2%	-37.2%	-31.3%	-2.8%	13.6%	-0.9%	-11.1%
JKX Oil	JKX	24.50	32.25	15.50	-6.7%	-2.0%	-10.1%	-10.1%	-2.8%	7.0%	11.3%	10.1%
Ukrnafta	UNAF	86.2	311.9	81.0	-33.0%	-40.6%	-49.9%	-51.3%	-19.3%	-27.3%	-32.0%	-31.1%
<b>Power Utilities</b>												
Centrenergo	CEEN	4.72	8.50	4.12	-16.5%	5.6%	2.7%	3.5%	-2.8%	18.9%	20.5%	23.7%
Donbasenergo	DOEN	13.62	24.99	12.00	-2.0%	-4.0%	-7.4%	-13.6%	11.6%	9.3%	10.4%	6.7%
Zakhidenergo	ZAEN	63.00	177.70	52.00	-10.0%	-25.0%	-29.2%	-25.0%	3.6%	-11.7%	-11.4%	-4.8%
<b>Consumer</b>												
Agroton	AGT	1.12	1.40	0.80	8.7%	14.3%	16.7%	10.9%	-2.8%	22.4%	27.6%	31.1%
Astarta	AST	37.94	38.50	21.19	1.8%	22.2%	15.3%	10.0%	-2.8%	15.4%	35.5%	30.2%
Avangardo	AVGR	1.35	3.30	0.23	0.0%	125.0%	8.0%	8.0%	-2.8%	13.6%	138.3%	28.2%
Industrial Milk Company	IMC	7.00	7.00	4.38	7.7%	13.1%	20.1%	17.3%	-2.8%	21.3%	26.4%	37.5%
Kernel	KER	56.49	57.48	34.85	-1.7%	15.8%	22.5%	17.4%	-2.8%	11.9%	29.1%	37.7%
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	7.90	12.05	7.10	-7.1%	3.9%	-9.2%	-15.1%	-2.8%	6.6%	17.2%	5.2%
Milkiland	MLK	1.58	2.92	0.89	21.5%	16.2%	7.5%	11.3%	-2.8%	35.2%	29.5%	31.5%
Ovostar Union	OVO	93.00	94.00	69.00	1.9%	-1.1%	6.3%	2.8%	-2.8%	15.6%	12.2%	23.0%
<b>Chemicals</b>												
Stirol	STIR	3.00	n/a	n/a	-25.0%	-25.0%	-44.4%	-49.6%	-11.4%	-11.7%	-26.6%	-29.3%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.065	0.103	0.062	-7.5%	-7.3%	-11.9%	-13.8%	6.1%	6.0%	5.9%	6.4%
UkrSotsbank	USCB	0.065	0.145	0.060	-6.7%	-27.7%	-38.1%	-34.2%	6.9%	-14.4%	-20.3%	-14.0%

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	477	248	-50	-50	19.7%	-9.6%	-10.5%	na	-1,076	-388	na	-204.2%	-81.4%
Enakievo Steel	ENMZ	916	642	482	6	18	12	0.6%	2.8%	2.4%	-33	-37	-38	-3.6%	-5.7%	-8.0%
Azovstal	AZST	1,885	1,157	868	183	70	41	9.7%	6.0%	4.7%	77	-84	-37	4.1%	-7.3%	-4.3%
<b>Coke</b>																
Avdyivka Coke	AVDK	533	294	238	-60	49	28	na	16.8%	11.8%	-67	14	6	-12.5%	4.9%	2.3%
Yasynivsky Coking	YASK	162	83	66	-12	-9	-10	-7.3%	na	-14.6%	-19	-11	-10	-11.5%	-13.9%	-15.7%
<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	961	727	496	313	65	35.8%	32.6%	8.9%	184	31	-29	13.2%	3.3%	-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	700	693	342	238	191	38.9%	33.9%	27.5%	129	169	75	14.7%	24.2%	10.8%
<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	1,327	963	380	7	120	16.4%	0.5%	12.5%	105	-225	33	4.5%	-17.0%	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%
<b>Electric Utilities</b>																
Centrenergo	CEEN	630	315	353	26	13	12	4.1%	4.2%	3.5%	6	3	10	0.9%	1.0%	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	1,183	1,305	510	459	404	37.0%	38.8%	30.9%	-412	-126	48	-29.9%	-10.6%	3.6%
Kernel	KER	2,393	2,330	2,215	223	397	401	9.3%	17.0%	18.1%	-107	101	208	-4.5%	4.3%	9.4%
Astarta	AST	468	344	327	159	140	108	34.0%	40.7%	32.9%	-90	51	74	-19.3%	14.9%	22.7%
Avangardco	AVGR	420	240	274	129	-63	49	30.9%	-148	6	-27	-148	6	-6.4%	-148	6
Ovostar	OVO	75	76	96	29	37	49	38.9%	35	44	26	35	44	34.5%	35	44
<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	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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	7	3.9%	0	2,622	n/a	neg	neg	10.6	neg	neg	2.1	5.0	5.5	678	632	613	\$/tonne
Yenakievo Steel	ENMZ	3	8.8%	0	217	neg	neg	neg	>30	12.3	18.8	0.2	0.3	0.4	79	75	74	\$/tonne
Azovstal	AZST	32	3.0%	1	-5	0.4	neg	neg	0.0	-0.1	-0.1	0.0	0.0	0.0	-1	-1	-1	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	7	6.8%	1	6	neg	0.5	1.3	neg	0.1	0.2	0.0	0.0	0.0	1	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
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	132	0.3%	0	131	2.1	neg	neg	0.5	0.8	1.1	0.3	0.4	0.6				
Pivnichny GOK	SGOK	262	0.4%	1	255	2.0	neg	neg	0.4	1.0	1.8	0.2	0.4	0.6				
Ferrexpo	FXPO	232	24.0%	56	1,249	1.3	7.4	neg	2.5	4.0	19.3	0.9	1.3	1.7				
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	7	2.0%	0	53	0.3	3.7	8.2	1.2	3.0	4.4	0.3	0.6	0.7	131	175	210	\$/tonne
<b>Railcar Manufacturing</b>																		
Krukiv Wagon	KVBZ	22	5.0%	1	16	neg	neg	neg	neg	neg	neg	0.1	0.4	0.3				
<b>Specialized Machinery</b>																		
Turboatom	TATM	56	5.8%	3	25	1.0	2.4	3.3	0.3	0.6	0.9	0.2	0.2	0.3				
Motor Sich	MSICH	145	24.0%	35	169	1.1	0.9	1.9	0.5	0.7	0.9	0.2	0.2	0.2				
<b>Telecom</b>																		
Ukrtelecom	UTLM	77	7.2%	6	168	4.3	8.4	18.7	2.0	2.3	2.9	0.4	0.7	0.8				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	176	3.0%	5	170	1.7	neg	5.3	0.4	23.4	1.4	0.1	0.1	0.2	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	12	21.6%	3	-13	neg	2.0	neg	neg	-0.9	-1.3	-0.4	-0.4	-0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	59	50.4%	30	168	neg	11.9	29.7	2.4	2.4	3.1	1.1	1.1	1.4	31	23	22	\$/boe
<b>Electric Utilities</b>																		
CentrEnergO	CEEN	66	21.7%	14	48	11.1	20.4	6.3	1.9	3.7	3.9	0.1	0.2	0.1	3	3	3	\$/MWh
DonbasEnergO	DOEN	12	14.2%	2	26	1.4	neg	5.8	1.3	neg	4.1	0.1	0.1	0.1	3	3	3	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	835	34.1%	285	2,055	neg	neg	17.5	4.0	4.5	5.1	1.5	1.7	1.6				
Kernel	KER	1,179	61.8%	728	1,640	neg	11.7	5.7	7.4	4.1	4.1	0.7	0.7	0.7				
Astarta	AST	249	37.0%	92	423	neg	4.8	3.4	2.7	3.0	3.9	0.9	1.2	1.3				
Avangardco	AVGR	86	22.5%	19	384	neg	neg	13.8	3.0	neg	7.8	0.9	1.6	1.4	87	66	62	\$/mneggs
Ovostar	OVO	146	25.0%	37	153	5.7	4.2	3.3	5.3	4.1	3.1	2.1	2.0	1.6	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	150	1.8%	3		neg	neg	4.5	0.4	0.5	0.5	0.05	0.08	0.07				
Ukrsotsbank	USCB	189	0.2%	0		>30	>30	>30	0.5	0.6	0.7	0.12	0.17	0.16				

Source: Eavex Research

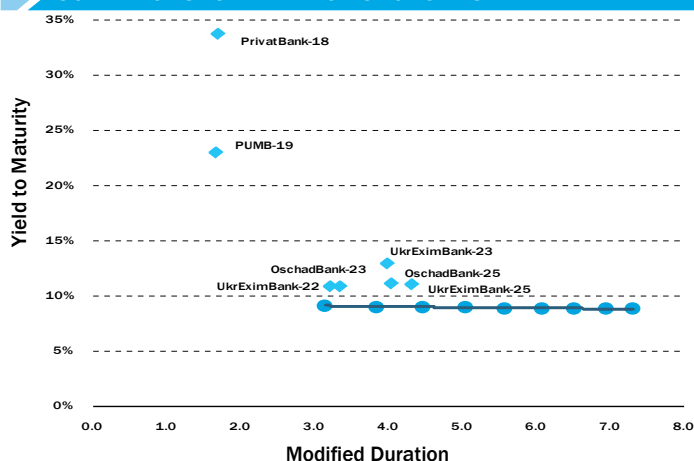
**UKRAINIAN EUROBONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2019	93.8	94.8	9.9%	9.6%	0.7%	2.9	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	93.2	94.0	9.7%	9.4%	1.2%	3.6	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	92.0	93.0	9.7%	9.4%	1.0%	4.3	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	91.3	92.3	9.6%	9.4%	1.2%	4.9	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	90.5	91.5	9.6%	9.4%	1.5%	5.4	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	89.5	90.5	9.6%	9.4%	1.3%	5.9	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	88.8	89.8	9.6%	9.4%	1.0%	6.3	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	88.0	89.0	9.6%	9.4%	1.0%	6.8	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	87.5	88.5	9.6%	9.4%	1.0%	7.1	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	32.0	33.5	n/a	n/a	-19.6%	n/a	0.00%	S/A	31 May 2040	2,916	Caa3/B-/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	10.0	13.0	123.1%	103.2%	0.0%	1.4	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2020	87.2	88.3	12.4%	12.0%	0.4%	3.1	8.25%	S/A	2 Apr 2020	750	/CCC-/CCC
Avangardco, 2018	36.8	41.0	59.3%	53.5%	-23.8%	1.8	10.00%	S/A	29 Oct 2018	206	//WD
UkrLandFarming, 2018	30.0	40.0	95.7%	72.1%	-30.0%	1.3	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	n/a	0.6	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2018	38.0	40.0	75.0%	71.1%	-6.0%	n/a	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	39.0	42.0	67.6%	62.3%	-9.0%	1.3	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	43.7	46.2	n/a	n/a	-20.7%	n/a	10.25%	S/A	31 Jan 2016	85	Caa3//C
Metinvest, 2017	43.8	46.5			-0.4%		10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	43.8	46.2			1.1%		8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	66.2	68.2	27.6%	26.3%	22.8%	2.5	10.375%	S/A	07 Apr 2019	186	Caa3//C
Ferrexpo, 2019	43.8	46.2			15.9%		10.375%	S/A	07 Apr 2019	161	Caa3//C
RailUA, 2018	86.4	86.9	17.4%	17.0%	0.4%	1.8	9.50%	S/A	21 May 2018	500	/CC/C
Interepipe, 2017	30.0	35.0	126.4%	107.9%	8.3%	0.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	67.4	71.3	40.7%	37.0%	-3.8%	0.7	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	1.0	6.6	461.8%	169.6%	-58.3%	1.1	9.25%	S/A	25 Jan 2019	100	//
PUMB, 2018	76.1	78.2	22.9%	21.8%	4.0%	1.5	11.00%	Q	31 Dec 2018	275	WR//NR
Nadra Bank, 2018	0.7	10.7	n/a	n/a	-21.5%	0.1	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2018-2	74.0	76.0	29.8%	28.0%	-1.3%	n/a	10.25%	S/A	23 Jan 2018	200	//
PrivatBank, 2021	63.0	65.0	24.4%	23.4%	-4.5%	3.2	11.00%	S/A	09 Feb 2021	220	//
PrivatBank, 2018	70.0	73.0	33.3%	30.5%	5.1%	1.5	10.88%	S/A	28 Feb 2018	175	//
UkrEximBank, 2022	87.9	88.9	12.5%	12.3%	-1.4%	n/a	9.625%	S/A	27 Apr 2022	750	WR//C
UkrEximBank, 2023	72.3	75.3	14.4%	13.6%	-0.4%	n/a	7.51%	S/A	9 Feb 2023	125	Ca//C
UkrEximBank, 2025	85.2	86.4	12.6%	12.3%	-1.8%	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	86.4	87.4	12.4%	12.1%	-2.4%	3.0	8.25%	S/A	10 Mar 2023	700	Ca//CC
Oschadbank, 2025	84.8	86.1	12.5%	12.2%	-2.6%	3.8	8.88%	S/A	20 Mar 2025	500	Ca//CC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	77.6	81.1	n/a	n/a	-5.0%	n/a	8.00%	S/A	6 Nov 2015	101	//

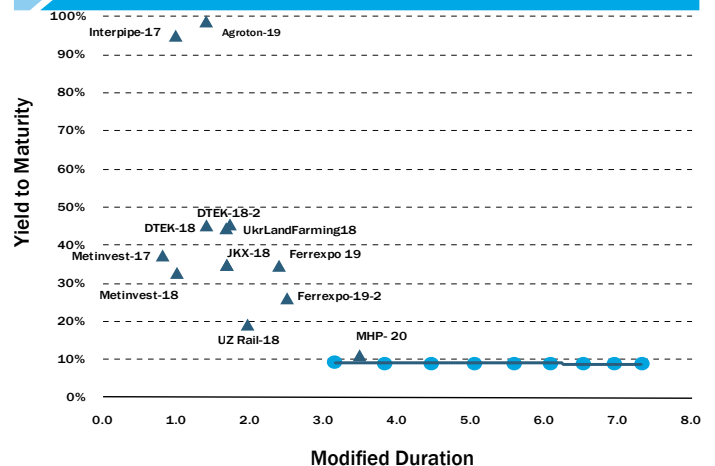
<sup>1</sup> Moody's/S&P/Fitch

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			21%	20%	n/a	14.30%	S/A	24 May 2017	n/a
<b>VAT Bonds</b>									
UA4000185151			21%	20%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			21%	20%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			21%	20%	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