

## Stock Market Update

### Equity

Kyiv-listed stocks finished mixed last week after their sharp slide from a week earlier. General sentiments on the local market remained negative as the announced likely de-listing of two blue chip stocks gave grounds to assume the risk of similar moves regarding other UX index components. The UX index added 1.7%, closing at 557 points on Friday (Apr 1). On the upside, Motor Sich (MSICH) rose 4.8% to UAH 1950 after the company approved a dividend of UAH 30 per share from FY15 profit. CentrEnergO (CEEN) was the top gainer, rebounding 15.3% to UAH 5.44 as expected privatization of the company in 2H16 remains a strong driver for the stock. The stocks which are on track to be de-listed were mixed. Azovstal (AZST) regained 14% to 22.80 kopecks while Avdyivka Coke (AVDK) slid a further 14% to 87 kopecks. UkrNafta (UNAF) failed to find a bottom, falling another 14% to UAH 74, as weak oil prices and the company's unresolved situation with its tax debt continue to cast a long shadow over operations.

London-listed Ukrainian poultry producer MHP (MHPC) was on the rise last week, returning to the USD 8.50 level. In Warsaw trading, Astarta (AST) slipped 3.2% to PLN 36.73 after the company reported its financial results for FY15, which were in line with expectations.

On the interbank currency market, the hryvnia ended the week little-changed against the dollar at 26.10 UAH/USD after the NBU reported a considerable improvement in Ukraine's balance of payments this year. The deficit of consolidated balance of payments in February 2016 totaled just USD 74mn, compared to a BoP deficit of USD 743mn for the same month a year ago.

## Highlights

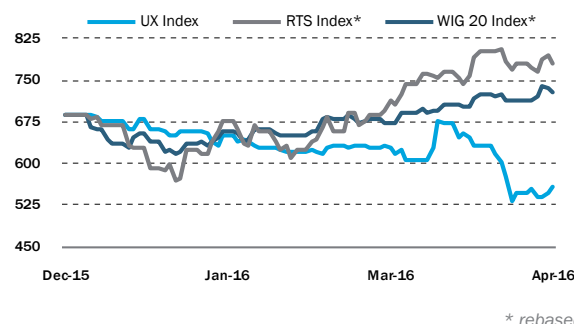
### POLITICS AND ECONOMICS

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### STOCKS IN THE NEWS

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- > Avangard Reports Expectedly Weak FY15 EBITDA, Poor Outlook for 2016
- > Avangard Expects Its EBITDA at USD 50mn for FY16

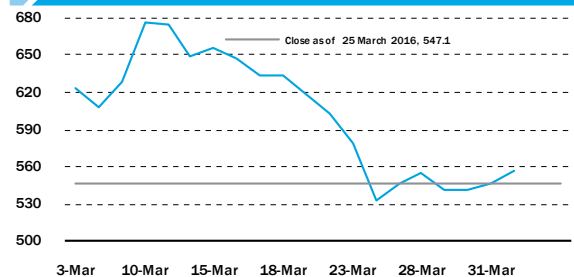
## STOCK MARKET PERFORMANCE



## 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

## Coalition Drive Slows after Tymoshenko Makes Unacceptable Demands; Dutch Referendum on Ukraine Looms

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### NEWS

An effort led by the Poroshenko Bloc (BPP) faction to build a new ruling coalition that would back current Parliament Speaker Volodymir Groysman for Prime Minister failed to reach completion last week after the Batkivschyna party led by former PM Yulia Tymoshenko demanded a roll-back of household energy tariffs as a condition for her participation. This and other populist demands were publicly criticized by Western diplomats, including US Ambassador Geoffrey Pyatt, and tamped down expectations of a new 3-party coalition between the BPP, Batkivschyna, and the People's Front party of Prime Minister Arseniy Yatseniuk. Instead, the BPP has begun to pick off non-aligned members of Parliament in order to add to its 136 MP total; with 217 MPs together, the BPP and People's Front only need 9 additional members to form a coalition without any of the 3 former junior coalition partners (Batkivschyna, Samopomich, and the Radicals), all of which are nominally pro-Western but do not support the key platforms of Ukraine's IMF program. President Poroshenko was himself in Washington last week for the US-sponsored Nuclear Security Summit, where he had a brief "sideline" meeting with President Obama and a full bilateral meeting with Vice President Joseph Biden. The US side repeated its position that US financial and security aid to Ukraine will be released after a new coalition is in place.

In other political news, a referendum will be held in the Netherlands this week (Apr 6) on ratifying the Ukraine-EU Association Agreement. Most polls indicate that Ukraine is likely to lose this referendum, although it is not binding for the Dutch government, which has taken the position of supporting the deal.

### COMMENTARY

Tymoshenko's demand to roll back key energy sector reforms was an obvious deal-breaker for any new coalition, and should be viewed as a deliberate feint on the part of the former PM, whose goal is to force an early parliamentary election that would allow her to increase her MP count. After 5 weeks of negotiations, the process of coalition building has clearly bogged down, but the status quo of Yatseniuk's continuing lame duck premiership seems to have become acceptable to all the major political and oligarchical players. We suppose that the BPP and People's Front will not have much difficulty in adding the needed MPs to their total to reach 226, and that situational majorities can also be created with the assistance of ostensibly pro-Russian MPs in the Opposition Bloc, even though this will break a political taboo that will further enrage the 3 small populist-nationalist parties. Therefore, the question of the new coalition, and Groysman's probable appointment to head the Cabinet, has become an issue of timing. In terms of the Dutch referendum, we do not believe that a loss will take Ukraine's EU integration off track, despite the short-term embarrassment this would cause; the issue has been turned into a general referendum on EU policies related to overall dissatisfaction with Brussels, and Kyiv is unlikely to be blamed by anyone in Western diplomatic circles for its failure to pass.

## CentrEnergO to Consider Dividend of 11 Kopecks at Apr 28 AGM

by Dmitry Churin  
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### CENTRENERGO (CEEN UK)

Price: UAH 5.44 Market Cap: USD 77mn

	P/B	EV/S	P/E*	EV/EBITDA	Div. Yield
2015E	0.3	0.2	24.0	4.6	1.3%
2016E	0.3	0.2	7.4	4.8	4.0%

\*actual

### NEWS

CentrEnergO, Ukraine's second-largest thermal electricity generation company, has placed the approval of a dividend of 11.40 kopecks per share from its FY14-FY15 profit on the agenda of its annual meeting scheduled for Apr 28, it was announced last week (Mar 28). The company unexpectedly posted a positive bottom line for FY15 of UAH 69.9mn (USD 3.2mn at the average UAH/USD exchange rate for 2015, -1% YoY). As a majority state-owned entity, the company is obligated to pay out at least 30% of its annual net profit; however, the dividend was not paid for FY14, as the company failed to conduct its annual shareholders meeting in 2015. The agenda for the meeting scheduled on Apr 28 includes profit distribution from the FY14 financial results. CentrEnergO did not release its full P&L items in the statement.

### CENTRENERGO FINANCIAL RESULTS

UAH mn	4Q15	4Q14	3Q15	QoQ	YoY	2015	2014	YOY
Net revenue	2,192	2,003	1,816	20.7%	9.4%	6,864	7,558	-9.2%
Net Income	152	-148	187	-18.6%	+/-	70	71	-0.9%
Net margin	6.9%	-7.4%	10.3%	-3.3%	14.3%	1.0%	0.9%	0.1%

Source: Company data,

### COMMENTARY

CentrEnergO's positive FY15 bottom line comes as a surprise, as the company managed to earn UAH 152mn in the fourth quarter, a period that is historically loss-making for the thermal power generation sector. For comparison, the company had net loss of UAH 148mn in 4Q14. The potential dividend amount of 11.40 kopecks per share implies a 2.4% dividend yield.

CentrEnergO's output figures have been declining amid the loss of some capacity based in the war-hit Donbass region and the overall electricity consumption decrease in the country as a result of economic contraction. The company produced some 8.0 TWh of electricity in FY15, twice less than the level seen in 2012. Output is forecasted by management to jump 25% YoY to 10.0 TWh this year, but in our view such a goal could be reached only if CentrEnergO takes some market share away from DTEK, which is the country's largest thermal generation group.

The CEEN stock jumped above the UAH 6 level in March after news that the Energy Ministry has transferred the government stake of 78.2% share in CentrEnergO to State Property Fund for privatization. However, bad market conditions cooled off traders' enthusiasm, and the issue has fallen back to UAH 5.44 per share.

## Astarta Reports Strong EBITDA Margin of 42% for FY15

by Ivan Dzvinka  
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### NEWS

Astarta, Ukraine's largest sugar producer, increased its EBITDA by 9% YoY to EUR 131mn in full-year 2015, the company said in its annual report on Wednesday (Mar 30). The company's EBITDA margin improved by 8p.p. YoY to 42%. Revenue was down by 11% YoY to EUR 314mn while the bottom line was positive EUR 16mn, compared to a net loss of EUR 68mn in FY14. The decline in net revenue was mainly due to a 32% reduction in the sales of the soybean segment, to EUR 51mn, as the company relied on tolling agreements related to third-party soybean for some 37% of the total volume processed. A decline in the achieved sugar price by 13%, to EUR 395 per tonne, was largely offset by an 11% increase in sugar sales volume to 363,000 tonnes for the full year. Astarta's sales of crops rose by 14% YoY to EUR 82mn in. Overall, the EBITDA improvement stemmed from a 46% growth in the earnings of the sugar division to EUR 57mn and a 19% increase in the result of crop segment, which compensated for a 47% reduction in the EBITDA of the soybean segment to EUR 10mn and a 82% fall in the dairy division profit to EUR 2mn over the reported period. A 2.2x YoY drop in the forex translation loss to EUR 63mn contributed to the positive bottom line for the full year.

Astarta's net debt at end-2015 was down by 20% YoY to EUR 173mn, with the Net Debt/EBITDA ratio falling to 1.32x vs. 1.81x a year earlier. The company reported net operating cash flow of EUR 88mn (-6% YoY) and CapEx of EUR 9.7mn (-64%) for FY15.

As of end-2015, Astarta was in breach of several borrowing covenants and admitted that this will remain the case during 2016, but the company says it has received default waivers from all its creditors as of early February 2016. The waivers are related to breached covenants as of end-2015.

### COMMENTARY

Astarta generated robust set of earnings for FY15 that turned out to be even slightly better than the preliminary strong figures reported in the middle of February. The audited EBITDA is 5% higher than the unaudited figure of EUR 125mn. Despite sluggish agro commodity prices during 2015, the company benefited from the hryvnia's devaluation, which pushed its production cost for sugar and crops lower compared to 2014. Given Astarta's outstanding credit history, we think the sugar maker will face no problems in prolonging default waivers from its creditors over the course of 2016 – early 2017. Even with an expected lowering in earnings for FY16 on the back of predicted cost inflation, Astarta's share price looks undervalued to us. We confirm our BUY recommendation for the AST stock with a target price of PLN 45 per share (for more details, see our AGRO report dated Mar 18).

## Avangard Reports Expectedly Weak FY15 EBITDA, Poor Outlook for 2016

by Ivan Dzvinka  
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### NEWS

Avangard, Ukraine's largest egg producer, reduced its laying hens flock by 42% YoY to 10.7mn heads as of end-2015, according to the company's FY15 and 4Q15 operational and financial results disclosed last week (Mar 30). After the near-total shutdown of the company's laying hen assets in the Donbass/Crimea in 2014, the negative trend in 2015 stemmed from lowered capacity utilization of operating assets not related to Donbass/Crimea. The company's egg output dropped by 46% to 3.43bn pieces in FY15 and egg sales were down by 35% to 2.80bn pcs. Domestic egg sales fell by 36% YoY to 2.38bn pcs, while exports declined by 26% to 421mn pcs. The average achieved egg selling price was up by 58% to UAH 1.22/egg but down by 14% in USD terms to USD 0.056/pc. Avangard decreased its egg products (EP) output by 58% to 9,100 tonnes in FY15, selling 11,400 tonnes of EP (-38%) at an average price of USD 5.66/kg (-10%).

In its outlook for 2016, management plans to keep its laying hens flock near 11.0mn heads over 2016 in order to "prevent a surplus on the domestic shell egg market and to keep the average sales price high". The company intends to expand export sales to the EU and Far East in 2016 amid the volatile situation in the Middle East.

In terms of financials, Avangard's net revenue was down by 45% YoY to USD 230mn in FY15 on a lowering in egg sales volume and selling price. The egg maker reported EBITDA of negative USD 1.4mn vs. positive USD 130mn earned in FY14. On the bottom line, the full-year net loss jumped 5.9x YoY to USD 158mn on poor operating results and "other operating costs" of USD 116mn. The main contributors to the latter cost element were a write-down of inventories/finished goods (USD 39.9mn), impaired cash in a related-party bank due to its insolvency (USD 28.2mn), and provisions for doubtful debts (USD 40.2mn).

Avangard's total debt edged down by 2% YoY to USD 336mn as of end-2015, while its net debt was up by 35% to USD 305mn due to a 3.8x plunge in the cash position to USD 31mn. Net operating cash flow amounted to USD 1.2mn for FY15, compared to USD 41mn in FY14, while CapEx was reduced by 2x YoY to USD 37mn in FY15.

### COMMENTARY

On a positive side, Avangard managed to increase its egg products sales to lucrative EU market from 1% share in EP export sales in 2014 to 40% in 2015. Also, the company partly excluded one-off items (frozen cash and impaired inventories/goods) from EBITDA calculation in sharp contrast to reported 9M15 EBITDA figure. On a flip side, reported EBITDA was not adjusted for provision for doubtful debt of USD 40mn and some minor one-offs. Net of all one-offs, adjusted FY15 EBITDA is estimated by us at USD 47mn. This is close to our projection of adjusted EBITDA of USD 49mn for FY15. The most disappointing aspect in the report, however, is reported 5-year low laying hens flock amount as of end 2015 and projected similar level over 2016. This means that the company's brand new Avis & Chornobaivske are set to operate at just 80-85% capacity use in 2016 while other operating assets will work at less than 10% capacity utilization ratio. A large room for Avangard's egg cost optimization and low capacity use in 2016E supports our SELL recommendation for the AVGR stock and bond (see our recent AGRO sector report dated March 18 for more details).

## Avangard Expects Its EBITDA at USD 50mn for FY16

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### NEWS

Avangard, Ukraine's largest egg manufacturer, forecasts that it will generate EBITDA of USD 50mn in FY16 vs. negative USD 1.4mn in FY15, the company's management said during a conference call last week (Mar 30). Other takeaways from the call are as follows:

- egg production is expected at 2.5bn pieces, a 27% drop vs. 3.4bn pcs in 2015;
- the average egg selling price in 2016 is expected in the range of UAH 1.3-1.6 per piece (UAH 1.22 in 2015). Weakness in pricing in Feb-Mar should be compensated by a recovery in the remaining 3 quarters;
- egg production cost is projected at USD 0.05/pc, or in line with the average of USD 0.051/egg recorded for FY15;
- eggs and egg products exports in 2016 are projected by management to stay flat or rise slightly YoY in volume terms in 2016;
- the resumption of Avangard's suspended shell egg exports to Iraq is unlikely in the near term, management said, although a renewal of exports to Israel is foreseen by the company in 2Q16. Iraq and Israel accounted for 51% and 29% of Avangard's egg exports in 4Q15. To partly offset the loss of the Iraq market, Avangard intends to expand its sales to Israel, Qatar, and mainland African countries;
- CapEx is expected at USD 29mn in 2016 vs. USD 37mn in 2015;
- the unpaid coupon by Avangard's parent group UkrLandFarming on its Eurobond is set to trigger a cross default for Avangard, but the egg maker's management expects that ULF will successfully restructure its bond, making the cross default only a technical issue for Avangard.

### COMMENTARY

We basically share management's view about the recovery in the egg pricing later this year amid egg production cost inflation. However, we are less optimistic about the company's ability to keep its shell egg exports flat in 2016 following the loss of the Iraq market early this year due to transportation problems through territory controlled by Islamic militants; Iraq accounted for a massive 78% share of Avangard's egg exports for FY15. The company's EBITDA projection for FY16 is in line with our expectation of USD 49mn. We stick to our view that the company's production cost has large room for optimization, which could materially improve its earnings. But given Avangard's history of highly volatile financial reporting, we are unable to confidently predict whether this improvement will be seen in 2016 or not.



## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Agriculture</b>						
Kernel	KER PW	52.8	68.29	29%	BUY	With some 95% of its revenue linked to major foreign currencies, hryvnia devaluation is positive for Kernel, and recent changes in Ukraine's tax regime should also benefit the group. With on-demand borrowing access, Kernel is well placed to further consolidate its position in the oilseed crushing industry.
MHP	MHPC LI	8.7	8.73	1%	HOLD	MHP is adversely affected by both hryvnia devaluation and the 2016 changes in Ukraine's VAT regime. The group's strategy is focused on penetrating into the lucrative EU market and expanding sales in other foreign markets. MHP is a generous dividend play, with a DPS for FY15 approved at 75 cents.
Astarta	AST PW	36.7	44.98	22%	BUY	The new VAT regime for agro producers will be largely neutral for Astarta, in our view, while recovery of sugar prices bode well for the company's earnings. Astarta is focused on business diversification and cost optimization via improving its energy and operational efficiency.
IMC	IMC PW	7.0	13.02	86%	BUY	The recent changes in Ukraine's tax legislation are positive for IMC, which is focused growing exportable crops; some 95% of the company's revenue is tied to the dollar. Land bank is targeted to expand by 50% over 2015-20. A high standard of corporate governance makes the stock an attractive play in spite of its low liquidity.
AvangardCo	AVGR LI	0.9	nm	nm	SELL	Ukraine's new VAT regime for agro producers is negative for Avangard, as its subsidy reimbursements will be reduced. Large room for cost optimization provides a theoretical upside to earnings, but the company's highly volatile financial results have rendered forecasting unreliable.
Ovostar Union	OVO PW	95.0	140.65	48%	BUY	The company has a strong focus on domestic branded egg sales and successfully expands its export sales to mitigate negative effect from devaluation. Ovostar is in the midst of a long-term expansion that will ultimately see egg output triple over 2012-18E.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	26.5	11.0	-58%	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	0.23	U/R	--	Susp.	Non-transparent accounting practices overseen by majority owner Metinvest detrimentally affect Azovstal's reported earnings.
<b>Coke</b>						
Avdyivka Coke	AVDK	0.87	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	1950	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	2.5	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	24.0	U/R	--	U/R	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	13.1	U/R	--	U/R	The Donetsk separatist government has nationalized DonbasEnergO's Starobeshevo power plant, which previously accounted for about 70% of the company's installed power-generating capacity.
CenterEnergO	CEEN	5.44	15.00	176%	BUY	CentrEnergO'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	0.060	0.24	298%	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	556.59	1096.91	525.66	1.7%	-11.6%	-18.8%	-18.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.007	0.017	0.005	-7.1%	-46.7%	-41.4%	-41.4%	-8.9%	-35.1%	-22.6%	-22.6%
Azovstal	AZST	0.228	0.892	0.185	14.0%	-22.7%	-43.0%	-43.0%	12.3%	-11.1%	-24.2%	-24.2%
Enakievo Steel	ENMZ	7.47	18.73	6.10	8.3%	-25.8%	-46.6%	-46.6%	6.5%	-14.2%	-27.8%	-27.8%
<b>Coke</b>												
Avdyivka Coke	AVDK	0.87	1.60	0.65	-14.0%	-22.4%	-21.1%	-21.1%	-15.7%	-10.8%	-2.2%	-2.2%
Yasnyivsky Coking	YASK	0.200	0.360	0.064	0.0%	-13.0%	-13.0%	-13.0%	-1.7%	-1.5%	5.8%	5.8%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	3.00	n/a	n/a	0.0%	-25.0%	-29.6%	-29.6%	-1.7%	-13.4%	-10.7%	-10.7%
Ferrexpo	FXPO	26.50	80.00	14.00	-5.4%	2.9%	23.3%	23.3%	-6.3%	-7.1%	14.5%	42.1%
Pivnichny GOK	SGOK	3.00	8.33	2.20	-0.7%	-8.0%	-43.4%	-43.4%	-2.4%	3.6%	-24.5%	-24.5%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.200	n/a	n/a	0.0%	0.0%	-13.0%	-13.0%	-1.7%	11.6%	5.8%	5.8%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.050	0.540	0.045	-28.6%	-28.6%	-72.2%	-72.2%	-30.3%	-17.0%	-53.4%	-53.4%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	4.90	11.95	4.50	-2.0%	-44.1%	-38.1%	-38.1%	-3.7%	-32.6%	-19.2%	-19.2%
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	1950	2817	1663	4.8%	8.8%	-1.5%	-1.5%	3.1%	20.4%	17.4%	17.4%
Turboatom	TATM	6.05	n/a	n/a	-6.9%	2.5%	34.4%	34.4%	-8.7%	14.1%	53.3%	53.3%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.110	0.210	0.091	0.0%	-12.0%	-8.3%	-8.3%	-1.7%	-0.4%	10.5%	10.5%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	2.45	6.50	2.45	-4.9%	-6.7%	-34.7%	-34.7%	-1.8%	-6.6%	4.9%	-15.8%
JKX Oil	JKX	24.00	31.00	15.50	-2.0%	-2.0%	-11.9%	-11.9%	-1.8%	-3.8%	9.5%	6.9%
Ukrnafta	UNAF	74.0	310.3	70.5	-14.2%	-48.1%	-58.2%	-58.2%	-15.9%	-36.5%	-39.3%	-39.3%
<b>Power Utilities</b>												
Centrenergo	CEEN	5.44	8.50	4.12	15.3%	18.3%	19.3%	19.3%	13.5%	29.9%	38.1%	38.1%
Donbasenergo	DOEN	13.10	24.99	12.00	-3.8%	-5.4%	-16.9%	-16.9%	-5.6%	6.2%	2.0%	2.0%
Zakhidenergo	ZAEN	58.00	177.70	51.20	-7.9%	-31.0%	-31.0%	-31.0%	-9.7%	-19.4%	-12.1%	-12.1%
<b>Consumer</b>												
Agroton	AGT	1.21	1.40	0.80	8.0%	26.0%	19.8%	19.8%	4.3%	6.3%	37.6%	38.6%
Astarta	AST	36.73	38.50	21.65	-3.2%	13.0%	6.5%	6.5%	-4.5%	-4.9%	24.6%	25.3%
Avangardo	AVGR	0.90	3.00	0.23	-33.3%	50.0%	-28.0%	-28.0%	-11.8%	-35.1%	61.6%	-9.2%
Industrial Milk Company	IMC	7.00	7.04	4.38	0.0%	12.9%	17.3%	17.3%	-2.4%	-1.7%	24.5%	36.1%
Kernel	KER	52.76	57.48	34.85	-6.6%	6.8%	9.7%	9.7%	-2.8%	-8.3%	18.4%	28.5%
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	8.65	12.05	7.10	9.5%	8.1%	-7.0%	-7.0%	0.0%	7.8%	19.7%	11.9%
Milkiland	MLK	1.73	2.92	0.89	9.5%	36.2%	21.8%	21.8%	-4.1%	7.8%	47.8%	40.7%
Ovostar Union	OVO	95.00	95.00	69.00	2.2%	3.3%	5.0%	5.0%	0.3%	0.4%	14.8%	23.8%
<b>Chemicals</b>												
Stirol	STIR	2.00	n/a	n/a	-33.3%	-37.5%	-66.4%	-66.4%	-35.1%	-25.9%	-47.5%	-47.5%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.060	0.103	0.059	-7.1%	-14.1%	-19.9%	-19.9%	-8.8%	-2.5%	-1.1%	-1.1%
UkrSotsbank	USCB	0.068	0.145	0.060	4.6%	-23.6%	-31.2%	-31.2%	2.9%	-12.0%	-12.3%	-12.3%

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	1,958	2,128	390	261	267	327	216	208	-87	-66	32	-22.2%	-25.3%	12.0%
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	6	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	0.5	79	75	74	\$/tonne
Azovstal	AZST	36	3.0%	1	0	0.5	neg	neg	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	\$/tonne
<b>Coke</b>																		
Avdyivka Coke	AVDK	6	6.8%	0	5	neg	0.4	1.1	neg	0.1	0.2	0.0	0.0	0.0	1	1	1	\$/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	260	0.4%	1	253	2.0	neg	neg	0.4	1.0	1.8	0.2	0.4	0.6				
Ferrexpo	FXPO	220	24.0%	53	1,237	1.2	7.0	neg	2.5	4.0	19.1	0.9	1.3	1.7				
<b>Pipe Manufacturing</b>																		
Khartsyzk Pipe	HRTR	5	2.0%	0	51	0.2	2.6	5.9	1.2	2.9	4.3	0.3	0.5	0.7	127	169	202	\$/tonne
<b>Railcar Manufacturing</b>																		
Krukiv Wagon	KVBZ	21	5.0%	1	15	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	152	24.0%	37	176	1.2	0.9	2.0	0.5	0.7	0.9	0.2	0.3	0.3				
<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	151	3.0%	5	145	1.4	neg	4.5	0.4	19.9	1.2	0.1	0.1	0.2	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	11	21.6%	2	-14	neg	1.9	neg	neg	-0.9	-1.4	-0.4	-0.4	-0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	59	50.4%	29	167	neg	11.7	29.3	2.4	2.4	3.0	1.1	1.1	1.4	30	23	22	\$/boe
<b>Electric Utilities</b>																		
CentrEnerg	CEEN	76	21.7%	16	58	12.8	23.5	7.3	2.2	4.5	4.7	0.1	0.2	0.2	4	4	4	\$/MWh
DonbasEnerg	DOEN	12	14.2%	2	25	1.4	neg	5.6	1.3	neg	4.0	0.1	0.1	0.1	3	3	3	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	914	34.1%	312	2,134	neg	neg	19.2	4.2	4.7	5.3	1.5	1.8	1.6				
Kernel	KER	1,127	61.8%	696	1,587	neg	11.2	5.4	7.1	4.0	4.0	0.7	0.7	0.7				
Astarta	AST	246	37.0%	91	420	neg	4.8	3.3	2.6	3.0	3.9	0.9	1.2	1.3				
Avangardco	AVGR	57	22.5%	13	355	neg	neg	9.2	2.7	neg	7.2	0.8	1.5	1.3	80	61	58	\$/mneggs
Ovostar	OVO	153	25.0%	38	160	5.9	4.4	3.5	5.5	4.3	3.3	2.1	2.1	1.7	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	139	1.8%	3		neg	neg	4.4	0.4	0.5	0.5	0.05	0.07	0.07				
Ukrsotsbank	USCB	198	0.2%	0		>30	>30	>30	0.5	0.6	0.7	0.12	0.17	0.16				

Source: Eavex Research

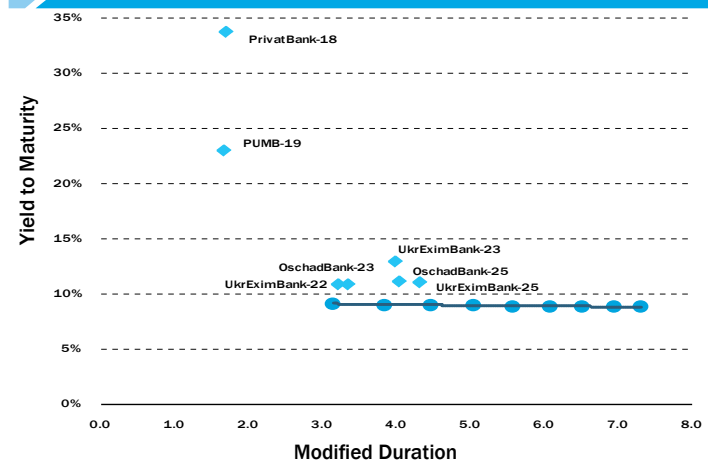
**UKRAINIAN EUROBONDS**

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	94.5	95.5	9.7%	9.3%	1.5%	2.9	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	93.7	94.6	9.5%	9.3%	1.8%	3.6	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	93.0	94.0	9.4%	9.2%	2.0%	4.3	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	92.0	93.0	9.4%	9.2%	2.1%	4.9	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	91.0	92.0	9.5%	9.3%	2.1%	5.4	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	90.0	91.0	9.5%	9.3%	1.8%	5.9	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	89.3	90.3	9.5%	9.3%	1.6%	6.3	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	88.8	89.8	9.5%	9.3%	1.9%	6.8	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	88.3	89.3	9.5%	9.3%	1.9%	7.1	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	32.5	34.0	n/a	n/a	-18.4%	n/a	0.00%	S/A	31 May 2040	2,916	Caa3/B-/CCC
<b>Corporate Eurobonds</b>											
Agroton, 2019	10.0	13.0	124.4%	104.2%	0.0%	1.4	8.00%	S/A	14 Jul 2019	50	//RD
MHP, 2020	87.3	88.5	12.4%	11.9%	0.6%	3.2	8.25%	S/A	2 Apr 2020	750	/ccc-/ccc
Avangardco, 2018	37.1	40.5	59.1%	54.5%	-24.0%	1.8	10.00%	S/A	29 Oct 2018	206	//WD
UkrLandFarming, 2018	30.0	35.0	97.1%	83.9%	-35.0%	1.2	10.88%	S/A	26 Mar 2018	500	/cc/WD
Mriya, 2016	9.0	12.0	n/a	n/a	-16.0%		10.95%	S/A	30 Mar 2016	72	/SD/RD
Mriya, 2018	n/a	n/a	n/a	n/a		0.6	9.45%	S/A	19 Apr 2018	400	/SD/RD
DTEK, 2018	35.0	42.0	82.1%	67.7%	-7.2%	n/a	10.375%	S/A	28 Mar 2018	160	
DTEK, 2018	39.0	42.0	68.2%	62.7%	-9.0%	1.4	7.88%	S/A	4 Apr 2018	750	
Metinvest, 2016	46.1	51.2	n/a	n/a	-14.2%	n/a	10.25%	S/A	31 Jan 2016	85	
Metinvest, 2017	46.6	51.6			8.2%		10.50%	S/A	28 Nov 2017	290	
Metinvest, 2018	45.4	51.8			9.3%		8.75%	S/A	14 Feb 2018	750	
Ferrexpo, 2019	65.6	68.3	28.1%	26.3%	22.3%	2.5	10.375%	S/A	07 Apr 2019	186	
Ferrexpo, 2019	45.4	51.8			15.5%		10.375%	S/A	07 Apr 2019	161	
RailUA, 2018	85.5	87.0	18.0%	17.0%	-0.1%	1.7	9.50%	S/A	21 May 2018	500	/cc/C
Interepipe, 2017	30.0	35.0	128.8%	109.9%	8.3%	0.8	10.25%	S/A	2 Aug 2017	200	//
JKX Oil&Gas, 2018	67.8	70.8	40.6%	37.6%	-3.8%	0.7	8.00%	S/A	19 Feb 2018	40	
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	1.0	7.3	497.1%	163.2%	-55.3%	1.1	9.25%	S/A	25 Jan 2019	100	//
PUMB, 2018	76.5	78.2	22.8%	21.8%	4.3%	1.5	11.00%	Q	31 Dec 2018	275	WR//NR
Nadra Bank, 2018	0.7	10.3	n/a	n/a	-24.6%	0.1	6.25%	A	31 Jul 2018	60	//
PrivatBank, 2018-2	74.0	76.0	30.0%	28.2%	-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	33.4%	30.6%	5.2%	1.5	10.88%	S/A	28 Feb 2018	175	//
UkrEximBank, 2022	88.1	89.3	12.5%	12.2%	-1.0%	n/a	9.625%	S/A	27 Apr 2022	750	WR//C
UkrEximBank, 2023	72.1	74.8	14.4%	13.7%	-0.9%	n/a	7.51%	S/A	9 Feb 2023	125	Ca//C
UkrEximBank, 2025	85.4	86.7	12.5%	12.3%	-1.5%	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	86.7	87.8	12.3%	12.0%	-2.0%	2.9	8.25%	S/A	10 Mar 2023	700	Ca//CC
Oschadbank, 2025	85.1	86.5	12.4%	12.1%	-2.2%	3.8	8.88%	S/A	20 Mar 2025	500	Ca//CC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	80.1	81.5	n/a	n/a	-3.3%	n/a	8.00%	S/A	6 Nov 2015	101	//

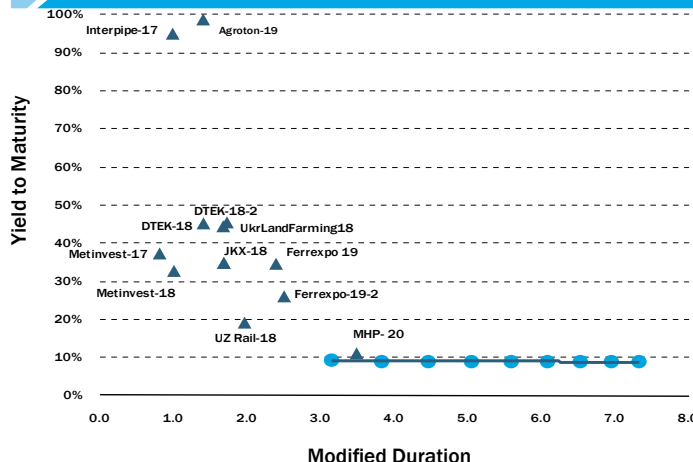
<sup>1</sup> Moody's/S&P/Fitch

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

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