

Stock Market Update

Equity

Ukrainian stocks were mostly higher last week as the recent strengthening of the hryvnia is having a doubly positive effect on the market, both by increasing confidence in the economy and in pure valuation terms of the UAH-denominated equities. The hryvnia edged up half a percent for the week to close at 25.37 UAH/USD on the interbank market. The NBU released a rather optimistic forecast that the country's foreign reserves could increase by USD 5.4bn by year-end to reach USD 18.7bn.

In macroeconomic news, the NBU lowered its benchmark interest rate from 22% to 19%, saying this was made possible by an alleviation of risks to price stability. The interest rate cut 1 percentage point larger than we had expected.

The UX index added 1.1% to close at 612 points, but the gain would have been larger without lame duck issues Azovstal (AZST) and Avdyivka Coke (AVDK), which weighed down the gauge; both stocks are expected to be de-listed and removed from the index basket in early May. Among the most actively traded stocks, CentrEnerg (CEEN) advanced 2.7% to UAH 6.16 and UkrNafta (UNAF) gained 3.1%, getting back above the UAH 100 level. Outside the UX basket, sporadically-traded TurboAtom (TATM) enjoyed a rise of 17.0% to UAH 8.25, as the stock remains a low-liquidity dividend play for long-term investors.

In London, MHP (MHPC) picked up 6.1% to USD 9.10 and Ferrexpo (FXPO) surged another 15% to reach GBP 36.25. Warsaw-listed Astarta (AST) also remained in its recent upward trend, adding 5.7% to close at PLN 46.50. Top liquid issue Kernel (KER) missed the party, inching down 0.1% to PLN 52.00.

Highlights

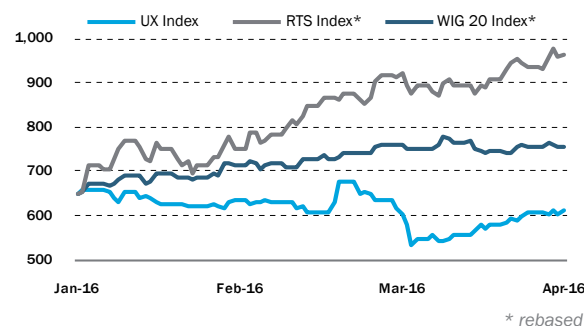
POLITICS AND ECONOMICS

- Obama, Merkel: No Sanctions Relief for Moscow Until Minsk Deal Implemented
- March Industrial Output Up 4.8% YoY Behind Stronger Steel Market

STOCKS IN THE NEWS

- Inventory Clearing Pushes Kernel's Oil Sales Up 28% YoY in Jan-Mar
- MHP's UAH-Denominated Poultry Price Flat QoQ; 1Q Output Up 11% YoY
- Ovostar's Egg Output Up 14% YoY in 1Q

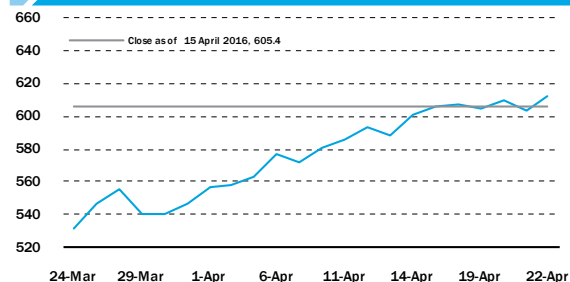
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	612.2	1.1%	1.7%	-10.7%
RTS	931.5	2.9%	4.8%	23.0%
WIG20	1943.0	0.2%	-1.0%	4.5%
MSCI EM	845.2	-0.2%	1.8%	6.8%
S&P 500	2091.6	0.5%	2.0%	1.4%

UX 3M PERFORMANCE



FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	405.4	-3.4%	-4.2%	-8.3%
CDS 5Y UKR	1050.0	0.0%	0.0%	0.0%
Ukraine-19	8.8%	-0.6 p.p.	-0.7 p.p.	-1.0 p.p.
Ukraine-27	9.0%	-0.3 p.p.	-0.6 p.p.	-0.6 p.p.
MHP-20	11.6%	-0.5 p.p.	-0.7 p.p.	-0.6 p.p.
UZ Rail-21	13.7%	-0.3 p.p.	-1.0 p.p.	

CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	25.34	-0.4%	-3.3%	5.5%
EUR	28.44	-1.0%	-3.1%	8.2%
RUB	0.38	-0.5%	-2.0%	16.5%

COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	166.5	0.0%	2.5%	-8.8%
Steel, USD/t	425.0	2.4%	15.6%	68.3%
Oil, USD/bbl	45.1	4.7%	6.1%	22.3%
Gold, USD/oz	1232.5	-0.1%	-1.3%	16.1%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Obama, Merkel: No Sanctions Relief for Moscow Until Minsk Deal Implemented

by Will Ritter
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NEWS

US President Obama on Sunday (Apr 24) repeated the long-held position of Washington that economic sanctions against Russia must not be lifted until Moscow implements all the terms of last year's Minsk peace agreement, the US-funded RFE/RL news site reported. The position was also supported by German Chancellor Merkel, with whom Obama was holding a joint press conference in the city of Hanover amid his official visit to Germany. Moscow's unfulfilled obligations under the agreement include imposing a full ceasefire on pro-Russian separatists in Donetsk and Lugansk provinces, and returning control of the pre-2014 Russian-Ukrainian border to the Ukrainian government. Meanwhile, as part of the same deal, Kyiv is expected to deliver constitutional decentralization and "special-status" autonomy to the occupied territories that would then allow those territories to hold recognized regional elections.

COMMENTARY

Since we doubt that Moscow is going to meet the full terms of Minsk in the coming months, we therefore take the statement from Merkel as a confirmation that Germany will indeed push for another 6-month renewal of the EU's Russia sanctions ahead of their Jul 31 expiration; this is line with the position of the US, whose sanctions are nearly certain to continue at least until the end of the year. However, despite the backing of Germany and (likely) France, the EU sanctions renewal cannot yet be viewed as a sure thing due to possible opposition from several countries, most notably Hungary and Italy. Overall, it appears to us that the major Western powers are continuing to try to run the clock and slowly defuse the potential for further armed conflict in Eastern Ukraine despite the fact that the Minsk agreement is not being fully implemented by either side. In our view, the importance of the Donbass is gradually declining in Ukrainian domestic politics, as the electorate and the media increasingly focus on the economic situation and the pace of various reforms, most notably those related to rule-of-law and the prosecutorial/judicial system. Nonetheless, it would still be disadvantageous for the new government to stir up the hornet's nest of the "special status" law, and we suppose that Moscow's ongoing non-compliance with Minsk actually suits the interests of President Poroshenko and new Prime Minister Volodymyr Groysman in terms of giving them an excuse to delay consideration of the issue. On a separate note, with Obama paying his farewell visits to the United Kingdom and Germany last week, there is some intrigue about whether the US leader will visit Ukraine as an add-on to his scheduled trip to Poland in early July; we suppose this will depend on whether Groysman and his Cabinet are able to quickly restore cooperation with the IMF and are seen as making a good-faith effort on the reform agenda.

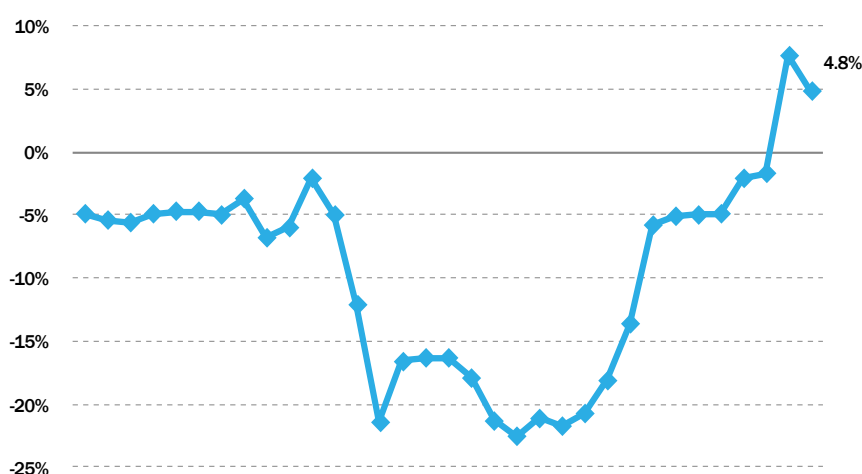
March Industrial Output Up 4.8% YoY Behind Stronger Steel Market

by Dmitry Churin
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NEWS

Ukraine's industrial production rose by 4.8% YoY in March amid signs of improvement in the overall economic situation, according to data from the State Statistics Committee released last week (Apr 21). On a month-on-month basis, the IP index increased by 6.8% MoM in March, which is in proportion with the month's two additional days compared to February. For the first quarter, industrial production rose by 3.7% YoY as the economy finally began to rebound from last year's bottom. In the extraction sector, the output increase was 4.2% YoY in 1Q16, in the manufacturing sector it was 4.4% YoY, and in the utility sector it was 0.6% YoY.

UKRAINE'S MONTHLY INDUSTRIAL PRODUCTION INDEX, YOY



Source: State Statistics Committee

COMMENTARY

Thanks largely to a notable uptick in the global steel market seen in the past 3 months, the industrial production figures for March exceeded our expectations, giving additional grounds to assume faster growth in the real sector compared to other economic indicators. For the moment, we are leaving unchanged our forecast of 2.5% YoY growth in industrial production for full-year 2016.

According to the UkrStat data, the industrial production recovery in Ukraine was indeed led by the steel sector, with a 19.1% YoY jump in output in March; global prices for steel have risen 65% to USD 415 per tonne since the start of the year. It should be noted, however, that Ukrainian steel output figures still include data from Yenakievo Steel and Alchevsk Steel, both of which are located on separatist-controlled Donbass territory. Ukrainian machinery production also demonstrated firm growth of 8.7% YoY in March. We attribute this growth to a general recovery in the real sector rather than to a visible increase in orders for machinery products. There was a mixed performance in the extraction industry. Coal and iron ore extraction rose by 24% YoY and 2.6% YoY respectively in March, while oil production fell by 13.9% YoY; we blame the latter drop on mismanagement of the country's largest oil company UkrNafta, as well as on the poor global market for oil.

Inventory Clearing Pushes Kernel's Oil Sales Up 28% YoY in Jan-Mar

by Ivan Dzvinka
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KERNEL (KER PW)

Price: PLN 52.0 Market Cap: USD 1,067mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY15	0.7	10.6	3.9	2%
FY16E	0.7	5.1	3.8	2%

NEWS

Kernel, Ukraine's largest sunflower oil producer, increased its bulk sunflower oil sales by 28% YoY to 320,000 tonnes in the Jan-Mar quarter (3Q16 in the company's financial year), the company reported in its operating update last week (Apr 20). Given the flat year-on-year quantity of oilseeds crushed at 704,000 tonnes in 3Q, the higher sales were a result of strong production in the preceding Oct-Dec quarter. Kernel expanded its grain sales by 6% YoY to 1.41mn tonnes in Jan-Mar, which it said was due to improved grain shipment efficiency in Ukraine; both in-house and external grain sales were higher. Export terminals throughput was up by 20% to 1.47mn tonnes over the period, also due to better shipment efficiency. Kernel is scheduled to release its 3Q financial results on May 30.

COMMENTARY

Kernel has unveiled a strong set of operational results. We attribute the expansion in grain sales to Ukraine's renewal this year of VAT refunds on grain exports, which increased prices received by farmers and made them less reluctant to sell their grain inventories. Overall, the reinstatement of VAT for grain exporters bodes well for Kernel's results in the 2nd half of its 2016 financial year and beyond. On the other hand, the company's sunflower oil crushing margin is likely to be notably lower for the Jan-Mar period amid strengthening competition for seeds on the domestic market and a lowering of sunflower oil prices in the international arena.

MHP's UAH-Denominated Poultry Price Flat QoQ; 1Q Output Up 11% YoY

by Ivan Dzvinka
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MHP (MHPC LI)

Price: USD 9.10 Market Cap: USD 962mn

	EV/S	P/E	EV/EBITDA	Div. Yield
FY15	1.8	neg.	4.8	8%
FY16E	1.7	20.2	5.2	4%

NEWS

MHP, Ukraine's largest poultry producer, increased its poultry output by 11% YoY to 155,600 tonnes in 1Q16, the company reported last week in its operating update, with sales volume up by 4% to 117,700 tonnes. Domestic sales were down 2% YoY while export volume rose 23% YoY to 32,000 tonnes. Lower sales to CIS countries were balanced by higher volume to the Middle East, Africa and the EU. MHP's exports to the EU were 8,300 tonnes in 1Q16, up from some 6,000 tonnes in 1Q15. The company's average achieved UAH-denominated price was UAH 29.6/kg (+17% YoY and flat QoQ). In dollar terms, the pricing fell by 4% YoY and 12% QoQ. The group sold 82,700 tonnes of sunflower oil in 1Q16, with the achieved price not specified. MHP reported sowing winter crops on 97,000 ha of land (27% of its land bank), while the spring planting campaign is ongoing.

COMMENTARY

MHP's reported poultry output for 1Q suggests annualized volume of 622,000, almost 10% higher than the 567,000 tonnes produced in full-year 2015. This increase became possible due to capacity upgrades of the group's older facilities at Myronivka and Oril. At the same time, the reported poultry export volume implies only 128,000 tonnes for the year, which is not much of an improvement over the FY15 result of 132,000 tonnes, in contrast to management's FY16 guidance of 180,000 tonnes. In addition, the achieved poultry price in 1Q16 was flat QoQ, which likely reflects limitations on MHP's ability to quickly pass on production cost increases to its retail poultry customers. We have a HOLD recommendation for the MHPC stock with the target price of USD 8.73 per share.

Ovostar's Egg Output Up 14% YoY in 1Q

by Ivan Dzvinka
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OVOSTAR UNION (OVO PW)

Price: PLN 94.1 Market Cap: USD 145mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015	2.0	4.6	4.4	0%
2016E	1.6	3.3	3.1	0%

NEWS

Kyiv-based, Warsaw-listed Ovostar Union, Ukraine's 3rd-largest egg producer, expanded its laying hen flock by 26% YoY to 5.6mn heads, the company reported in its operating update last week. Shell egg output in the quarter rose by 14% YoY to 317mn pcs while egg sales were down by 3% YoY to 201mn pcs, as inventories rose. Export sales grew by an impressive 57% YoY to 69mn pcs, while domestic egg sales dropped by 20% to 132mn pcs. Achieved pricing was UAH 1.52/pc (ex-VAT), representing increases of 28% YoY and 4% YoY in UAH and USD terms, respectively. Ovostar raised its amount of eggs processed into higher value-added products by 19% YoY to 94mn pcs. Liquid egg products (EP) sales surged by 65% YoY to 2,260 tonnes in 1Q16, while dry EP production declined by 12% to 406 tonnes. The company's achieved average dry and liquid EP prices were reported at USD 5.15/kg (+11% YoY) and USD 1.20/kg (+6%), respectively.

COMMENTARY

Ovostar's ongoing capacity expansion program is bringing it closer to its target laying hen capacity of 10mn heads somewhere in 2018-19. The most obviously positive development for the company in 1Q16 was its sharp increase in egg export sales (by 57% YoY). As a result, export sales accounted for 34% in the total egg sales mix of the company in 1Q16, vs. 21% in 1Q15. Meanwhile, the reduction in sales in Ukraine (by 20% YoY) as well as an increase in egg inventories is a prudent step in the current environment of weak domestic egg pricing over the last couple of months, in our view. Out of 317mn shell eggs produced in 1Q16, 295mn pieces were sold and/or processed, while 22mn pcs went to inventories. We reiterate our view that egg production cost inflation will lead to a recovery in egg prices later this year.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Agriculture						
Kernel	KER PW	52.0	68.29	31%	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	9.1	8.73	-4%	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	46.5	44.98	-3%	HOLD	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	85%	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	1.0	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	94.1	140.65	49%	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.
Iron Ore						
Ferrexpo	FXPO LN	36.3	26.0	-28%	SELL	An impressive reduction in the production and other operating cost were not enough to offset the slide in iron ore prices over 2015 which pushed the group's EBITDA down by 37% YoY to USD 313mn for the year. Gloomy outlook for 2016 suggests even more depressed earnings in 2016.
Steel						
Azovstal	AZST	0.20	U/R	–	Susp.	Non-transparent accounting practices overseen by majority owner Metinvest detrimentally affect Azovstal's reported earnings.
Coke						
Avdyivka Coke	AVDK	0.72	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	2094	5250	151%	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	2.5	U/R	–	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	21.0	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.
Power Utilities						
DonbasEnerg	DOEN	12.0	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	6.16	15.00	144%	BUY	CentrEnerg'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	0.071	0.24	237%	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*	1W	Absolute performance			Performance relative to the UX index			
						1M	3M	YtD	1W	1M	3M	YtD
UX Index	UX	612.24	1096.91	525.66	1.1%	1.7%	-7.2%	-10.7%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.006	0.017	0.004	1.8%	-33.7%	-52.9%	-48.6%	0.7%	-35.4%	-45.7%	-37.9%
Azovstal	AZST	0.201	0.887	0.185	-9.0%	-14.5%	-46.8%	-49.8%	-10.2%	-16.1%	-39.7%	-39.0%
Enakievo Steel	ENMZ	6.33	18.70	5.00	9.1%	-10.8%	-57.7%	-54.8%	8.0%	-12.5%	-50.5%	-44.1%
Coke												
Avdyivka Coke	AVDK	0.72	1.60	0.60	-11.5%	-33.0%	-36.4%	-34.2%	-12.6%	-34.6%	-29.3%	-23.5%
Yasynivsky Coking	YASK	0.140	0.360	0.064	0.0%	-12.5%	-41.7%	-39.1%	-1.1%	-14.2%	-34.5%	-28.4%
Iron Ore Mining												
Centralny GOK	CGOK	3.70	n/a	n/a	48.0%	23.3%	-17.8%	-13.1%	46.9%	21.7%	-10.6%	-2.4%
Ferrexpo	FXPO	36.25	80.00	14.00	14.2%	17.9%	116.4%	68.6%	-6.7%	13.0%	16.2%	79.3%
Pivnichny GOK	SGOK	2.96	8.20	2.20	-1.3%	-23.1%	-24.1%	-44.1%	-2.5%	-24.8%	-16.9%	-33.4%
Coal Mining												
Pokrovske Mine	SHCHZ	0.170	n/a	n/a	-51.4%	-15.0%	-26.1%	-26.1%	-52.6%	-16.7%	-18.9%	-15.4%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.060	0.410	0.031	50.0%	-25.0%	-68.4%	-66.7%	48.9%	-26.7%	-61.3%	-55.9%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	5.29	11.95	3.75	32.3%	5.8%	-34.0%	-33.1%	31.1%	4.1%	-26.8%	-22.4%
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	2094	2817	1663	1.0%	14.1%	15.1%	5.8%	-0.2%	12.4%	22.2%	16.5%
Turboatom	TATM	8.25	n/a	n/a	17.0%	36.4%	26.9%	83.3%	15.9%	34.7%	34.1%	94.1%
Telecom												
Ukrtelecom	UTLM	0.151	0.210	0.091	1.3%	37.3%	-5.3%	25.8%	0.2%	35.6%	1.8%	36.6%
Oil & Gas												
Regal Petroleum	RPT	2.45	6.50	2.06	0.0%	-4.9%	-21.7%	-34.7%	17.4%	-1.1%	-6.5%	-23.9%
JKX Oil	JKX	21.00	30.75	15.50	-1.2%	-14.3%	-20.8%	-22.9%	-1.5%	-2.3%	-15.9%	-12.2%
Ukrnafta	UNAF	100.0	299.7	70.5	3.1%	-13.7%	-40.5%	-43.5%	2.0%	-15.4%	-33.3%	-32.8%
Power Utilities												
Centrenerg	CEEN	6.16	8.45	4.12	2.7%	14.0%	38.1%	34.9%	1.5%	12.3%	45.2%	45.7%
Donbasenerg	DOEN	12.04	24.99	9.04	0.1%	-11.8%	-19.7%	-23.6%	-1.1%	-13.5%	-12.6%	-12.9%
Zakhidenerg	ZAEN	48.00	170.00	31.00	14.0%	-31.4%	-31.5%	-42.9%	12.9%	-33.1%	-24.4%	-32.1%
Consumer												
Agroton	AGT	1.24	1.40	0.80	3.3%	18.1%	49.4%	22.8%	-3.9%	2.2%	16.4%	33.5%
Astarta	AST	46.50	46.90	23.91	5.7%	25.0%	58.6%	34.8%	-2.3%	4.6%	23.4%	45.5%
Avangardo	AVGR	1.00	3.00	0.23	25.0%	-25.9%	0.0%	-20.0%	-1.5%	23.9%	-27.6%	-9.3%
Industrial Milk Company	IMC	7.03	7.16	4.38	-1.8%	4.9%	20.4%	17.8%	-0.6%	-2.9%	3.3%	28.5%
Kernel	KER	52.01	57.48	34.85	-0.1%	-6.3%	24.5%	8.1%	-0.8%	-1.2%	-7.9%	18.9%
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	9.10	12.05	7.10	6.1%	6.2%	18.8%	-2.2%	-0.4%	4.9%	4.5%	8.6%
Milkiland	MLK	1.87	2.83	0.89	-1.1%	38.5%	65.5%	31.7%	-5.1%	-2.2%	36.9%	42.4%
Ovostar Union	OVO	94.10	95.50	74.50	-0.8%	1.2%	5.7%	4.0%	-1.4%	-2.0%	-0.5%	14.7%
Chemicals												
Stirol	STIR	2.00	n/a	n/a	0.0%	-50.0%	-66.4%	-66.4%	-1.1%	-51.7%	-59.2%	-55.7%
Banks												
Raiffeisen Bank Aval	BAVL	0.071	0.103	0.059	3.2%	7.5%	-0.3%	-5.3%	2.1%	5.9%	6.9%	5.4%
UkrSotsbank	USCB	0.074	0.145	0.060	-0.7%	6.2%	-23.2%	-25.1%	-1.8%	4.5%	-16.0%	-14.4%

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	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%
Coke																
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%
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	806	496	313	234	35.8%	32.6%	29.0%	184	31	151	13.2%	3.3%	18.7%
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	68	-17	-15	-3	-9.3%	-37.1%	-5.0%	-22	-19	-4	-12.3%	-46.3%	-5.9%
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	1,327	928	380	7	116	16.4%	0.5%	12.5%	105	-225	32	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	89	80	46	17	29	31.5%	19.1%	36.3%	-80	-82	-20	-54.4%	-92.1%	-25.0%
Electric Utilities																
Centrenerg	CEEN	630	315	353	26	13	31	4.1%	4.2%	8.8%	6	3	21	0.9%	1.0%	5.9%
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	1,305	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	35	49	38.9%	32	44	26	32	44	34.5%	32	44
Banks		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		
Steel																		
Alchevsk Steel	ALMK	6	3.9%	0	2,621	n/a	neg	neg	10.6	neg	neg	2.1	5.0	5.5	677	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	33	3.0%	1	-3	0.4	neg	neg	0.0	0.0	-0.1	0.0	0.0	0.0	-1	-1	-1	\$/tonne
Coke																		
Avdyivka Coke	AVDK	6	6.8%	0	4	neg	0.4	1.0	neg	0.1	0.1	0.0	0.0	0.0	1	1	1	\$/tonne
Yasynivsky Coke	YASK	2	9.0%	0	1	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	170	0.3%	0	169	2.7	neg	neg	0.6	1.0	1.4	0.3	0.5	0.8				
Pivnichny GOK	SGOK	268	0.4%	1	261	2.1	neg	neg	0.5	1.0	1.9	0.2	0.4	0.6				
Ferrexpo	FXPO	306	24.0%	74	1,175	1.7	9.7	2.0	2.4	3.8	5.0	0.8	1.2	1.5				
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	6	2.0%	0	52	0.3	3.3	7.4	1.2	2.9	4.4	0.3	0.6	0.7	130	173	207	\$/tonne
Railcar Manufacturing																		
Krukiv Wagon	KVBZ	24	5.0%	1	18	neg	neg	neg	neg	neg	neg	0.1	0.4	0.3				
Specialized Machinery																		
Turboatom	TATM	58	5.8%	3	28	1.1	2.5	3.5	0.4	0.7	1.0	0.2	0.2	0.3				
Motor Sich	MSICH	171	24.0%	41	194	1.3	1.0	2.3	0.6	0.8	1.0	0.2	0.3	0.3				
Telecom																		
Ukrtelecom	UTLM	111	7.2%	8	202	6.1	12.0	26.8	2.4	2.8	3.5	0.5	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	213	3.0%	6	207	2.0	neg	6.7	0.5	28.5	1.8	0.1	0.2	0.2	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	11	21.6%	2	-14	neg	2.0	neg	neg	-0.9	-1.4	-0.4	-0.4	-0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	52	50.4%	26	160	neg	neg	neg	3.5	9.5	5.5	1.1	1.8	2.0	29	22	21	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	89	21.7%	19	72	15.2	27.8	4.3	2.8	5.5	2.3	0.1	0.2	0.2	5	5	5	\$/MWh
DonbasEnerg	DOEN	11	14.2%	2	25	1.3	neg	5.4	1.2	neg	4.0	0.1	0.1	0.1	3	3	3	\$/MWh
Consumer																		
MHP	MHPC	962	34.1%	328	2,182	neg	neg	20.2	4.3	4.8	5.4	1.6	1.8	1.7				
Kernel	KER	1,068	61.8%	660	1,529	neg	10.6	5.1	6.9	3.9	3.8	0.6	0.7	0.7				
Astarta	AST	300	37.0%	111	474	neg	5.8	4.0	3.0	3.4	4.4	1.0	1.4	1.4				
Avangardco	AVGR	64	22.5%	14	362	neg	neg	10.2	2.8	neg	7.3	0.9	1.5	1.3	82	62	59	\$/mneggs
Ovostar	OVO	145	25.0%	36	152	5.6	4.6	3.3	5.2	4.4	3.1	2.0	2.0	1.6	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	172	1.8%	3		neg	neg	5.4	0.4	0.7	0.6	0.06	0.09	0.08				
Ukrsotsbank	USCB	225	0.2%	0		>30	>30	>30	0.6	0.7	0.8	0.12	0.17	0.16				

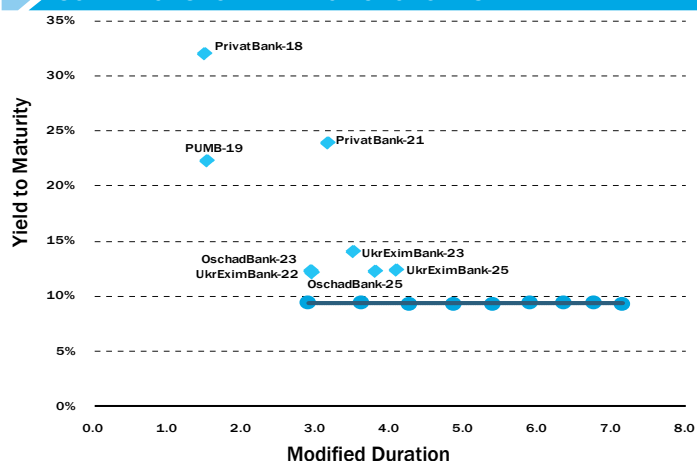
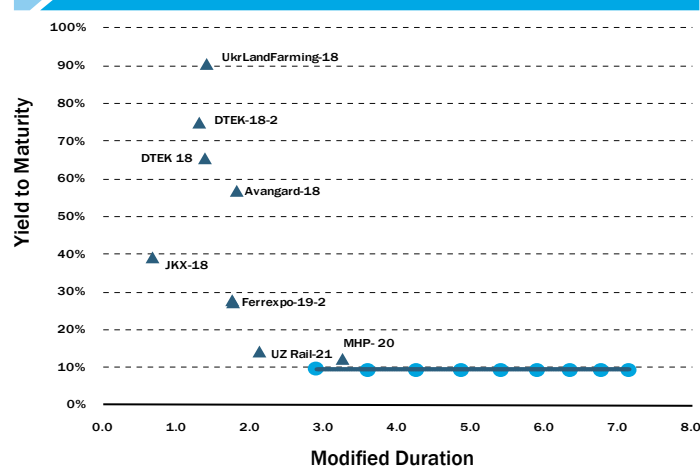
Source: Eavex Research

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	96.5	97.3	9.0%	8.7%	3.5%	2.8	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	95.8	96.6	8.9%	8.7%	4.0%	3.6	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	95.3	96.0	8.9%	8.7%	4.4%	4.2	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	94.3	95.0	9.0%	8.8%	4.4%	4.8	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	93.3	94.0	9.0%	8.9%	4.5%	5.4	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	92.3	93.0	9.1%	9.0%	4.2%	5.9	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	91.5	92.3	9.1%	9.0%	4.0%	6.3	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	91.3	92.0	9.1%	8.9%	4.6%	6.8	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	90.8	91.5	9.1%	9.0%	4.6%	7.2	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	32.0	33.0	n/a	n/a	-20.2%	n/a	0.00%	S/A	31 May 2040	2,916	/B-/
Corporate Eurobonds											
Agroton, 2019	7.3	9.3	162.9%	136.7%	-28.3%	1.0	8.00%	S/A	14 Jul 2019	50	//
MHP, 2020	89.1	90.3	11.8%	11.4%	2.7%	3.2	8.25%	S/A	2 Apr 2020	750	/B-/CCC
Avangardco, 2018	30.1	32.8	72.6%	67.8%	-38.4%	1.7	10.00%	S/A	29 Oct 2018	206	//
UkrLandFarming, 2018	30.0	35.0	101.5%	87.5%	-35.0%	1.1	10.88%	S/A	26 Mar 2018	500	/CC/
Mriya, 2016	9.0	12.0	n/a	n/a	-16.0%	n/a	10.95%	S/A	30 Mar 2016	72	IN DEFAULT
Mriya, 2018	n/a	n/a	n/a	n/a	-53.2%	n/a	9.45%	S/A	19 Apr 2018	400	IN DEFAULT
DTEK, 2018	40.0	42.0	74.8%	70.8%	-1.1%	1.2	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	40.5	42.5	67.0%	63.4%	-6.7%	1.3	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	57.3	58.5	n/a	n/a	2.0%	n/a	10.25%	S/A	31 Jan 2016	85	Ca//C
Metinvest, 2017	57.3	60.5	n/a	n/a	29.9%	n/a	10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	57.3	58.8	n/a	n/a	30.4%	n/a	8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	73.6	76.6	23.2%	21.5%	37.3%	1.9	10.375%	S/A	07 Apr 2019	186	Caa3/CCC/CC
Ferrexpo, 2019	57.3	58.8	23.0%	21.2%	32.1%	1.9	10.375%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2021	88.5	90.0	12.9%	12.5%	3.8%	2.9	9.88%	S/A	15 Sept 2021	500	/CCC+/CCC
Interepipe, 2017	25.0	35.0	156.2%	112.3%	0.0%	n/a	10.25%	S/A	2 Aug 2017	200	IN DEFAULT
JKX Oil&Gas, 2018	66.6	68.6	42.9%	40.8%	-6.1%	0.6	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2019	0.5	3.0	831.0%	277.6%	-81.1%	n/a	9.25%	S/A	25 Jan 2019	100	IN DEFAULT
PUMB, 2018	76.4	78.6	23.0%	21.8%	4.5%	1.5	11.00%	Q	31 Dec 2018	275	//
Nadra Bank, 2018	0.5	10.8	n/a	n/a	-22.5%	n/a	6.25%	A	31 Jul 2018	60	IN DEFAULT
PrivatBank, 2018-2	78.0	80.0	26.9%	25.1%	3.9%	1.5	10.25%	S/A	23 Jan 2018	200	Cau//CC
PrivatBank, 2021	64.0	66.0	24.0%	23.1%	-3.0%	3.1	11.00%	S/A	09 Feb 2021	220	Cau//CC
PrivatBank, 2018	72.0	77.0	32.2%	27.6%	9.6%	1.5	10.88%	S/A	28 Feb 2018	175	Cau//CC
UkrEximBank, 2022	91.0	92.1	11.8%	11.5%	2.1%	3.1	9.625%	S/A	27 Apr 2022	750	Caa3//CCC
UkrEximBank, 2023	73.0	76.0	14.2%	13.4%	0.6%	3.5	7.51%	S/A	9 Feb 2023	125	Caa3//CCC
UkrEximBank, 2025	89.1	90.3	11.8%	11.5%	2.7%	4.1	9.75%	S/A	22 Jan 2025	600	Caa3//CCC
VAB Bank, 2019	n/a	n/a	n/a	n/a	n/a	n/a	9.00%	Q	14 Jun 2019	88	IN DEFAULT
Oschadbank, 2023	89.6	90.9	11.6%	11.3%	1.3%	2.9	8.25%	S/A	10 Mar 2023	700	Caa3//CCC
Oschadbank, 2025	88.7	89.9	11.7%	11.5%	1.8%	3.8	8.88%	S/A	20 Mar 2025	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	78.6	81.0	n/a	n/a	-4.4%	n/a	8.00%	S/A	6 Nov 2015	101	IN DEFAULT

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			21%	20%	n/a	14.30%	S/A	24 May 2017	n/a
VAT Bonds									
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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