

Stock Market Update

Equity

The UX index ended 1.1% higher last week to close at 665 points on Friday (Jun 17), after the UX component basket was reduced from 7 stocks to 5 stocks with the removal of long-time blue chips Avdyvka Coke and Azovstal. The stocks were formally taken out of the basket after the expiration of the Jun 15 futures contracts at 667.5 points. In major economic news, market research agency GfK said that Ukraine's consumer confidence improved in May, with households' expectations regarding hryvnia stability in the coming three months helping to spur retail sales. Meanwhile, the IMF and the World Bank once again said they are ready to allocate additional funding to the country in the near future. Last week, Finance Minister Oleksandr Danyliuk met with representatives of the IMF to discuss issues that need to be addressed before the disbursement of a new loan tranche. In individual blue chips, Motor Sich (MSICH) added 0.6% to climb back above the UAH 2000 watermark. Raiffeisen Aval (BAVL), which has 20% weight in the index, advanced 7.3% to 8.58 kopecks as declining interest rates for retail deposits in the country should boost financial institutions' profitability. CentrEnerg (CEEN) was flat at UAH 7.20 despite alarming information that the government might split up the company ahead of its privatization. In second tier stocks, freight railcar producer Krukiv Wagon (KVBZ) jumped 4.5% to UAH 7.00. In London, MHP (MHPC) shed 0.4% to USD 9.26 and Ferrexpo (FXPO) slid 6.8% to GBp 30.75. Warsaw-listed Astarta (AST) declined by 1.1% after the company's management said that EBITDA in FY16 would be similar to the level of FY15.

On the currency front, the hryvnia edged up 0.3% against the US dollar to close at 24.92 UAH/USD.

Highlights

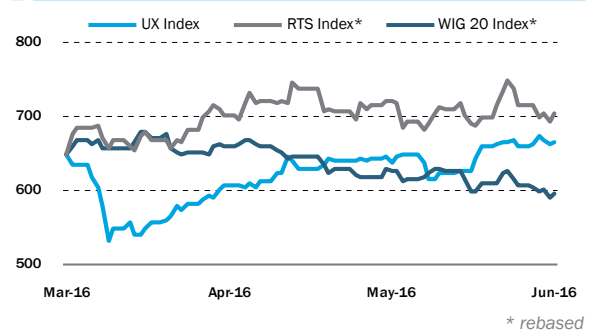
POLITICS AND ECONOMICS

- PGO, Anti-Corruption Bureau Moves Against Naftogaz
- MinAgro: 2015/16 Grain Exports at Record 37.3mn Tonnes

STOCKS IN THE NEWS

- SPF Floats Idea of Selling CentrEnerg TPPs Separately
- Astarta CEO Expects Flat EBITDA Near EUR 130mn for FY16
- CEO: KSG Agro Expects Profit for FY16 If Hryvnia Stable

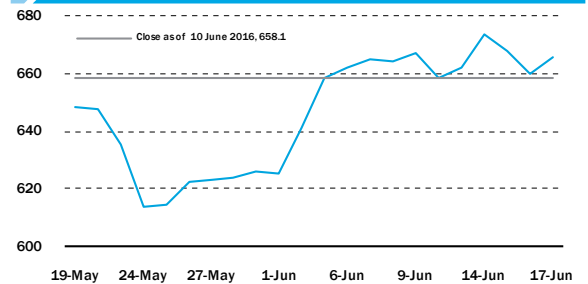
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	665.5	1.1%	4.7%	-3.0%
RTS	910.3	-1.6%	-2.3%	20.2%
WIG20	1754.5	-1.5%	-5.0%	-5.6%
MSCI EM	806.2	-2.1%	0.6%	1.9%
S&P 500	2071.2	-1.2%	1.2%	0.4%

UX 1M PERFORMANCE



FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	428.9	2.6%	4.0%	-2.9%
CDS 5Y UKR	750.0	0.0%	-28.6%	-28.6%
Ukraine-19	8.7%	-0.1 p.p.	-0.4 p.p.	-1.2 p.p.
Ukraine-27	8.8%	0.0 p.p.	-0.1 p.p.	-0.8 p.p.
MHP-20	10.4%	0.2 p.p.	-0.3 p.p.	-1.8 p.p.
UZ Rail-21	12.3%	0.2 p.p.	-0.7 p.p.	

CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	24.90	-0.4%	-1.5%	3.6%
EUR	28.08	-0.2%	-1.8%	6.9%
RUB	0.38	0.3%	-1.6%	17.6%

COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	174.0	1.2%	0.0%	-4.7%
Steel, USD/t	385.0	-4.3%	-19.4%	52.5%
Oil, USD/bbl	49.2	-2.7%	-1.1%	33.4%
Gold, USD/oz	1299.0	2.0%	1.6%	22.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

PGO, Anti-Corruption Bureau Moves Against Naftogaz

by Will Ritter
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NEWS

In the highest-profile move since its inception last year, Ukraine's new National Anti-Corruption Bureau announced the arrest of 10 people allegedly engaged in the illegal sale of state-owned natural gas to shadow companies, the Kyiv Post reported on Sunday (Jun 19). The scheme involved companies that purchased gas extracted by the state's main gas producer, UkrGazVydobuvannya (sometimes also known by its name in Russian, UkrGazDobycha) at low state-regulated prices, with the gas then re-sold at industrial market rates. The amount of the theft was placed at UAH 3bn (USD 120mn). Top anti-corruption prosecutor Nazar Kolodnitsky said the main beneficiary of the scheme is MP Oleksander Onyschenko, a member of the Volya Narodu faction, which is one of the successor groups of ex-President Yanukovich's Party of Regions. The KP reported that Onyschenko has fled to France, although he still has parliamentary immunity from criminal prosecution. In a related development, the Prosecutor General's office (PGO) last week arrested former Naftogaz top manager Oleksander Katsuba, who is the son of longtime MP Volodymir Katsuba. The younger Katsuba was ordered held for 60 days for creating a criminal group aimed at misappropriating state funds, with bail set at UAH 450mn.

COMMENTARY

This move represents the first major anti-corruption step against Ukraine's much-maligned state energy sector since the EuroMaidan revolution more than 2 years ago. It is especially significant given that it involves Naftogaz's extraction subsidiary UkrGazVydobuvannya, which is a near-monopoly gas producer in the country, extracting some 15 billion cubic meters of the fuel per year on behalf of the state. However, it remains to be seen whether this is just a public show designed to placate repeated Western calls for a crackdown on Ukrainian corruption, or whether some or all of the highly-placed suspects are proven guilty in court and imprisoned. If the latter turns out to be the case, it would be the first jailings in the country's history for large-scale energy-related state fraud.

MinAgro: 2015/16 Grain Exports at Record 37.3mn Tonnes

by Ivan Dzvinka
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NEWS

Ukraine's Agriculture Ministry announced that the country's total area planted under crops this year is 26.5mn hectares, which is flat YoY. This includes 14.4mn ha under grains. Winter grains are in satisfactory condition on 6.9mn ha (out of 7.1mn ha planted). Spring grains are sowed on 7.2mn ha (vs. 6.9mn ha in 2015). Corn is sowed on 4.4mn ha. In terms of oilseeds, sunflower is planted on 5.5mn ha (+15% YoY). Soybean is sowed on 1.86mn ha (flat YoY). MinAgro stated that as of Jun 10, Ukraine had exported some 37.3mn tonnes of grains in the 2015/16 marketing year; the marketing year ends on Jun 30.

COMMENTARY

The latest set of news from MinAgro has several positive implications for the sector, in our view. Despite adverse weather conditions in late autumn last year, the percentage of destroyed winter grains was only 3%. This area will be resowed with spring crops - most likely highly profitable sunflower, along with corn. Also, the expanded area under sunflower is an encouraging development for the domestic sunseed crushing sector, given the current shortage of seeds and oversupply of crushing capacities. Finally, the grain export volume as of Jun 10 is already the highest in Ukrainian history, and exceeds the export volumes of 2014/15 and 2013/14 marketing years by 7% and 15%, respectively.

**SPF Floats Idea of Selling
CentrEnergo TPPs Separately**

by Dmitry Churin
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CENTRENERGO (CEEN UK)

Price: UAH 7.20 Market Cap: USD 107mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015	0.4	33.3	9.1	0.9%
2016E	0.3	5.1	3.8	5.8%

NEWS

Ukraine's State Property Fund (SPF) is considering a split of state-owned power plant operator CentrEnergo, which combines three thermal power stations (TPP), in order to privatize each TPP separately, SPF head Igor Bilous told the press on Jun 13. CentrEnergo's Tripilska plant is located near capital Kyiv, while its Zmyivska plant is located in Kharkiv province. The third plant at Vuglegorsk is situated in Donetsk province very near the front line with pro-Russia separatist-occupied territory and suffered damage from the fighting there in 2014. Bilous said there has been no ultimate decision about whether to split the company. The mechanism of the privatization will be discussed with investors at an upcoming international energy conference on Jun 30.

CentrEnergo is 78% state-owned and its privatization has been repeatedly delayed since 2012. The SPF has a target to raise UAH 17bn (USD 680mn) this year through privatization of state assets. The receipts from privatization amounted to a paltry UAH 150mn last year, which was a third of the figure in 2014.

COMMENTARY

In our view, splitting up CentrEnergo is just a hidden way to discourage foreign energy companies from bidding to acquire the company, as this would dilute the scale of operations and the attractiveness of the investment. We also believe that CentrEnergo is running non-transparent schemes of purchasing anthracite coal from the occupied Donbass territories, and that this business is likely being "covered" by high-ranking government officials. All three of CentrEnergo's TPPs have almost the same electricity output despite different installed capacities. All the plants were built in the Soviet period about 40 years ago, and need major upgrades to operate at Western standards. The best-case scenario is that the SPF will find a strategic foreign buyer for the government stake in CentrEnergo, as we have doubts that any domestic bidder will be able to efficiently run the plants. Based on installed capacity, we see the value of CentrEnergo at around half a billion dollars, although the proximity of the Vuglegorsk plant to the Donbass front line clearly implies a large political risk discount for that asset. If the government does not see the possibility of attracting a major foreign investor to the privatization, we suppose that the sale of the company will continue to be postponed, as this would be a preferable option to letting the assets go at fire-sale auction prices that could end up being less than USD 100mn each for Tripilska and Zmyivka, and much less for Vuglegorsk.

Astarta CEO Expects Flat EBITDA Near EUR 130mn for FY16

by Ivan Dzvinka
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▶ ASTARTA (AST PW)

Price: PLN 46.00 Market Cap: USD 296mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015	1.3	16.7	3.1	0%
2016E	1.4	4.0	4.2	0%

NEWS

Astarta, Ukraine's largest sugar producer, should generate EBITDA in 2016 similar to the level of 2015, CEO Viktor Ivanchik told to Polish press (Parkiet magazine) earlier this month. In 2015, the group's EBITDA amounted to EUR 131mn. Mr. Ivanchik predicted the company's sugar output at 450,000 tonnes in full-year 2016, suggesting a 27% YoY increase. Management plans to spend some EUR 34mn on CapEx this year, which will be mainly used for expanding the land bank and storage capacities. Ukraine's domestic FY16 sugar price was predicted by the CEO at EUR 450/t, compared to Astarta's achieved price of some EUR 395/t in 2015. In the longer term, the company intends to increase its land bank by 30-40% by 2020 from the 245,000 ha it had as of end-2015. Grain production should increase by 50-60% by 2020 (to 1.2mn tonnes vs. 790,000 tonnes in FY15). Astarta's CEO sees little chance for Ukrainian land to become tradable starting from 2017, despite the current legislation envisaging opening the market for land next January. Purchase/sale of land in Ukraine has been repeatedly postponed for the last 5 years.

COMMENTARY

The CEO's long-term projections suggest Astarta has scaled back its targets presented a year ago in April 2015. At that time, the sugar maker intended to increase its land bank to 400,000+ ha (vs. Ivanchik's figure of 340,000 ha), while grain production was previously planned to reach 1.5mn tonnes in 2020 vs. 1.2mn tonnes now. We think that such curbing of the ambitious plans and a focus more on de-leveraging and improving operating efficiency is surely a prudent move in light of sluggish agro commodities pricing and Ukraine's devaluation risks. Following a reduction in its net debt by EUR 44mn to EUR 173mn last year, Astarta further decreased its net debt by EUR 33mn in 1Q16 to EUR 139mn as of Mar 31. While we consider the CEO's EBITDA estimate for FY16 as rather optimistic, reaching this level would be a positive trigger for the Warsaw-listed AST stock, in our view.

CEO: KSG Agro Expects Profit for FY16 If Hryvnia Stable

by Ivan Dzvinka
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NEWS

Dnipropetrovsk-based pig breeder and grain grower KSG Agro could finish 2016 with a positive bottom line under the assumption of a stable exchange rate at the current level (25 UAH/USD) through the end of the year, Interfax reported on Wednesday (Jun 15) citing Sergiy Mazin, the company's CEO. Mazin said the company's debt should be lowered to USD 42mn as of end-2016 compared to USD 46.1mn and USD 65.3mn in late 2015 and 2014, respectively. He also highlighted that KSG signed a letter of intent with creditors (providers) of some USD 18mn debt on restructuring of this amount over 10 years. Other conditions of the potential deal were not disclosed.

COMMENTARY

The sensitivity of Mr. Mazin's profit projection for FY16 to the exchange rate is explained by a rather high share of KSG's production cost and a relatively low share of its revenue being tied to foreign currency. We also note that the company's audited results for FY14 turned out to be much worse than unaudited ones (for FY15, only preliminary unaudited financials are available as of now; the reported bottom line was a net loss of USD 2.2mn). Thus, we see a risk that KSG's audited earnings for the current year of FY16 might be lower than the management's reported financial results even though the latter could suggest a net profit.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Agriculture						
Kernel	KER PW	51.7	61.80	20%	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	9.7	8.73	-10%	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	46.0	44.98	-2%	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	7.1	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	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	97.0	117.65	21%	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	31.3	26.0	-17%	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	0.27	U/R	--	Susp.	Non-transparent accounting practices overseen by majority owner Metinvest detrimentally affect Azovstal's reported earnings.
Coke						
Avdyivka Coke	AVDK	0.83	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	2010	5250	161%	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	3.6	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	18.5	U/R	--	U/R	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
Power Utilities						
DonbasEnergO	DOEN	13.8	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	7.20	15.00	108%	BUY	CentrEnergO'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	0.086	0.24	180%	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	665.46	1032.99	525.66	1.1%	4.7%	5.0%	-3.0%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.006	0.017	0.004	3.3%	1.6%	-17.3%	-44.1%	2.2%	-3.1%	-22.4%	-41.2%
Azovstal	AZST	0.270	0.810	0.185	-3.6%	5.1%	6.7%	-32.5%	-4.7%	0.3%	1.7%	-29.5%
Enakievo Steel	ENMZ	10.55	17.95	5.00	3.4%	30.1%	31.9%	-24.6%	2.3%	25.4%	26.8%	-21.7%
Coke												
Avdyivka Coke	AVDK	0.83	1.60	0.60	-10.8%	-5.5%	-27.5%	-24.6%	-11.9%	-10.2%	-32.6%	-21.6%
Yasnyivsky Coking	YASK	0.150	0.360	0.064	0.0%	15.4%	-28.6%	-34.8%	-1.1%	10.7%	-33.6%	-31.8%
Iron Ore Mining												
Centralny GOK	CGOK	5.00	n/a	n/a	-9.1%	33.3%	66.7%	17.4%	-10.2%	28.6%	61.6%	20.3%
Ferrexpo	FXPO	30.75	70.25	14.00	-6.8%	-5.4%	-7.5%	43.0%	0.0%	-7.9%	-10.1%	46.0%
Pivnichny GOK	SGOK	3.50	8.09	2.20	0.0%	0.0%	3.6%	-33.9%	-1.1%	-4.7%	-1.5%	-31.0%
Coal Mining												
Pokrovske Mine	SHCHZ	0.130	n/a	n/a	0.0%	8.3%	-35.0%	-43.5%	-1.1%	3.6%	-40.0%	-40.5%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.100	0.230	0.029	0.0%	100.0%	25.0%	-44.4%	-1.1%	95.3%	20.0%	-41.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	7.00	11.08	3.75	4.5%	29.4%	17.1%	-11.5%	3.4%	24.7%	12.0%	-8.5%
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	2010	2817	1663	0.6%	1.2%	6.2%	1.6%	-0.5%	-3.6%	1.2%	4.5%
Turboatom	TATM	8.10	n/a	n/a	-7.4%	-4.1%	33.9%	80.0%	-8.6%	-8.9%	28.8%	83.0%
Telecom												
Ukrtelecom	UTLM	0.145	0.180	0.091	0.0%	9.8%	3.6%	20.8%	-1.1%	5.1%	-1.5%	23.8%
Oil & Gas												
Regal Petroleum	RPT	3.76	6.50	1.75	0.8%	61.5%	45.8%	0.1%	8.0%	-0.3%	56.8%	3.1%
JKX Oil	JKX	18.50	29.00	15.50	-5.1%	-12.9%	-29.5%	-32.1%	-0.8%	-6.3%	-17.7%	-29.1%
Ukrnafta	UNAF	97.0	299.7	70.5	0.1%	2.2%	-24.6%	-45.2%	-1.0%	-2.5%	-29.6%	-42.2%
Power Utilities												
Centrenergo	CEEN	7.20	7.86	4.12	0.0%	7.6%	27.4%	57.9%	-1.1%	2.9%	22.4%	60.8%
Donbasenergo	DOEN	13.76	22.48	9.04	-1.0%	0.4%	-1.0%	-12.7%	-2.1%	-4.3%	-6.0%	-9.7%
Zakhidenergo	ZAEN	50.00	170.00	31.00	-3.8%	4.2%	-28.6%	-40.5%	-5.0%	-0.6%	-33.6%	-37.5%
Consumer												
Agroton	AGT	1.13	1.40	0.80	-7.4%	-2.6%	9.7%	11.9%	3.8%	-8.5%	-7.3%	14.9%
Astarta	AST	46.00	49.00	26.20	-1.1%	2.2%	23.4%	33.3%	0.3%	-2.2%	-2.5%	36.3%
Avangardo	AVGR	0.91	1.65	0.23	-1.1%	7.1%	-32.6%	-27.2%	-0.8%	-2.2%	2.3%	-24.2%
Industrial Milk Company	IMC	7.00	7.26	4.50	0.0%	2.0%	7.7%	17.3%	0.1%	-1.1%	-2.7%	20.2%
Kernel	KER	50.55	57.48	37.41	-3.3%	-1.9%	-12.1%	5.1%	1.2%	-4.5%	-6.6%	8.1%
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	9.26	11.25	7.10	-0.4%	0.2%	8.9%	-0.4%	-0.1%	-1.6%	-4.5%	2.5%
Milkiland	MLK	1.60	2.22	0.89	-4.8%	-10.6%	23.1%	12.7%	1.8%	-5.9%	-15.3%	15.7%
Ovostar Union	OVO	95.02	98.50	75.00	-1.0%	-1.2%	4.1%	5.0%	-0.8%	-2.1%	-6.0%	8.0%
Chemicals												
Stirol	STIR	1.15	n/a	n/a	0.0%	-37.2%	-71.3%	-80.7%	-1.1%	-41.9%	-76.3%	-77.7%
Banks												
Raiffeisen Bank Aval	BAVL	0.086	0.094	0.059	7.3%	12.2%	22.2%	13.9%	6.1%	7.4%	17.2%	16.9%
UkrSotsbank	USCB	0.060	0.145	0.058	-7.7%	-14.3%	-13.9%	-39.3%	-8.8%	-19.0%	-19.0%	-36.3%

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
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	128	104	73	87	35	44.6%	67.9%	34.0%	53	75	29	32.4%	58.3%	28.0%
Motor Sich	MSICH	879	697	693	342	237	191	38.9%	33.9%	27.5%	129	168	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	1,319	928	380	-101	116	16.4%	-7.7%	12.5%	105	250	32	4.5%	18.9%	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																
Centrenergo	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	2,139	223	397	351	9.3%	17.0%	16.4%	-107	101	252	-4.5%	4.3%	11.8%
Astarta	AST	468	349	327	159	144	108	34.0%	41.4%	32.9%	-90	18	74	-19.3%	5.1%	22.7%
Avangardco	AVGR	420	230	274	129	-69	49	30.9%	-158	6	-27	-158	6	-6.4%	-158	6
Ovostar	OVO	75	76	84	29	35	40	38.9%	32	35	26	32	35	34.5%	32	35
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	2,869	1,958	1,984	390	261	282	327	216	208	-87	-66	48	-22.2%	-25.3%	17.0%
Ukrsotsbank	USCB	2,730	1,833	2,124	518	333	565	150	86	77	-42	-415	-50	-8.0%	-124.4%	-8.8%

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	8	3.9%	0	2,623	n/a	neg	neg	10.6	neg	neg	2.1	5.0	5.5	678	632	614	\$/tonne
Yenakievo Steel	ENMZ	3	8.8%	0	217	neg	neg	neg	>30	12.3	18.8	0.2	0.3	0.5	80	75	74	\$/tonne
Azovstal	AZST	43	3.0%	1	6	0.6	neg	neg	0.0	0.1	0.2	0.0	0.0	0.0	1	1	1	\$/tonne
Coke																		
Avdyivka Coke	AVDK	9	6.8%	1	8	neg	0.6	1.6	neg	0.2	0.3	0.0	0.0	0.0	2	2	2	\$/tonne
Yasynivsky Coke	YASK	2	9.0%	0	2	neg	neg	neg	neg	neg	neg	0.0	0.0	0.0	n/a	n/a	n/a	\$/tonne
Iron Ore Mining																		
Centralny GOK	CGOK	141	0.3%	0	140	2.2	neg	neg	0.5	0.8	1.2	0.3	0.5	0.6				
Pivnichny GOK	SGOK	313	0.4%	1	306	2.4	neg	neg	0.5	1.2	2.2	0.3	0.5	0.7				
Ferrexpo	FXPO	286	24.0%	69	1,154	1.6	9.1	1.9	2.3	3.7	4.9	0.8	1.2	1.4				
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	8	2.0%	0	54	0.4	4.5	10.1	1.2	3.0	4.6	0.3	0.6	0.7	135	180	216	\$/tonne
Railcar Manufacturing																		
Krukiv Wagon	KVBZ	28	5.0%	1	22	neg	neg	neg	neg	neg	neg	0.1	0.5	0.3				
Specialized Machinery																		
Turboatom	TATM	59	5.8%	3	-27	1.1	0.8	2.0	-0.4	-0.3	-0.8	-0.2	-0.2	-0.3				
Motor Sich	MSICH	158	24.0%	38	170	1.2	0.9	2.1	0.5	0.7	0.9	0.2	0.2	0.2				
Telecom																		
Ukrtelecom	UTLM	105	7.2%	8	196	5.8	11.4	25.4	2.3	2.7	3.4	0.5	0.8	0.9				
Oil & Gas																		
Ukrnafta	UNAF	280	3.0%	8	269	2.7	1.1	8.8	0.7	neg	2.3	0.1	0.2	0.3	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	12	21.6%	3	-13	neg	2.1	neg	neg	-0.8	-1.3	-0.4	-0.4	-0.6	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	66	50.4%	33	175	neg	neg	neg	3.8	10.3	6.0	1.2	2.0	2.2	32	24	23	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	84	21.7%	18	96	14.3	26.1	4.0	3.7	7.3	3.1	0.2	0.3	0.3	6	6	7	\$/MWh
DonbasEnerg	DOEN	13	14.2%	2	27	1.6	neg	6.4	1.3	neg	4.3	0.1	0.1	0.1	3	3	3	\$/MWh
Consumer																		
MHP	MHPC	898	34.1%	306	2,123	neg	neg	18.9	4.2	4.6	5.3	1.5	1.8	1.6				
Kernel	KER	1,182	61.8%	730	1,485	neg	11.7	4.7	6.7	3.7	4.2	0.6	0.6	0.7				
Astarta	AST	241	37.0%	89	380	neg	13.6	3.2	2.4	2.6	3.5	0.8	1.1	1.2				
Avangardco	AVGR	86	22.5%	19	384	neg	neg	13.8	3.0	neg	7.8	0.9	1.7	1.4	87	66	62	\$/mneggs
Ovostar	OVO	141	25.0%	35	146	5.5	4.4	4.0	5.0	4.2	3.6	2.0	1.9	1.7	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	173	1.8%	3		neg	neg	3.6	0.4	0.7	0.6	0.06	0.09	0.09				
Ukrsotsbank	USCB	217	0.2%	0		>30	>30	>30	0.6	0.7	0.4	0.12	0.17	0.15				

Source: Eavex Research

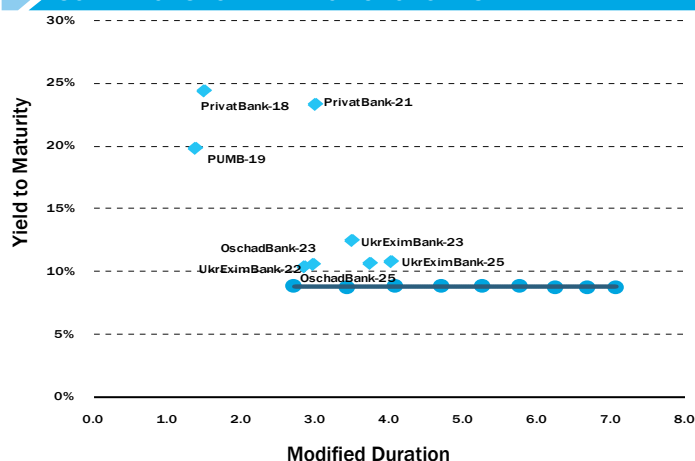
UKRAINIAN EUROBONDS

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	97.0	97.8	8.5%	8.2%	4.0%	2.7	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	95.8	96.5	9.0%	8.8%	3.9%	3.4	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	95.8	96.5	8.8%	8.6%	4.9%	4.1	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	95.0	95.8	8.8%	8.6%	5.2%	4.7	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	94.5	95.3	8.8%	8.6%	5.9%	5.3	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	93.8	94.5	8.8%	8.7%	5.9%	5.8	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	93.3	94.0	8.8%	8.7%	5.9%	6.2	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	93.0	93.8	8.8%	8.7%	6.6%	6.7	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	92.5	93.3	8.7%	8.6%	6.6%	7.1	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	31.8	32.8	n/a	n/a	-20.9%	n/a	0.00%	S/A	31 May 2040	2,916	/B-/
Corporate Eurobonds											
Agroton, 2019	6.9	10.8	200.1%	137.6%	-23.4%	1.0	8.00%	S/A	14 Jul 2019	50	//
MHP, 2020	93.0	93.9	10.5%	10.2%	7.0%	3.1	8.25%	S/A	2 Apr 2020	750	/B-/CCC
Avangardco, 2018	24.6	29.8	88.6%	76.3%	-46.7%	1.6	10.00%	S/A	29 Oct 2018	206	//
UkrLandFarming, 2018	29.1	33.8	108.9%	94.8%	-37.1%	1.0	10.88%	S/A	26 Mar 2018	500	/CC/
Mriya, 2016			n/a	n/a		n/a	10.95%	S/A	30 Mar 2016	72	IN DEFAULT
Mriya, 2018	n/a	n/a	n/a	n/a		n/a	9.45%	S/A	19 Apr 2018	400	IN DEFAULT
DTEK, 2018	57.5	61.5	52.1%	46.8%	43.4%	1.3	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	59.0	60.5	45.1%	43.3%	34.3%	1.3	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	66.6	68.5	n/a	n/a	19.1%	n/a	10.25%	S/A	31 Jan 2016	85	Ca//C
Metinvest, 2017	67.2	69.3	n/a	n/a	50.5%	n/a	10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	67.7	68.6	n/a	n/a	53.1%	n/a	8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	82.4	84.7	18.7%	17.5%	52.7%	1.8	10.375%	S/A	07 Apr 2019	186	Caa3/CCC/CC
Ferrexpo, 2019	67.7	68.6	19.0%	17.5%	45.5%	1.8	10.375%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2021	92.5	94.0	11.8%	11.4%	8.4%	2.8	9.88%	S/A	15 Sept 2021	500	/CCC+/CCC
Interepipe, 2017	22.0	30.0	221.7%	164.8%	-13.3%	0.6	10.25%	S/A	2 Aug 2017	200	IN DEFAULT
JKX Oil&Gas, 2018	68.0	70.0	44.7%	42.4%	-4.2%	0.5	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2019	0.3	2.4	n/a	n/a	-85.1%	n/a	9.25%	S/A	25 Jan 2019	100	IN DEFAULT
PUMB, 2018	80.7	86.1	21.1%	18.0%	12.4%	1.4	11.00%	Q	31 Dec 2018	275	//
Nadra Bank, 2018	2.2	11.3	n/a	n/a	-7.6%	n/a	6.25%	A	31 Jul 2018	60	IN DEFAULT
PrivatBank, 2018-2	82.0	84.0	24.6%	22.8%	9.2%	1.5	10.25%	S/A	23 Jan 2018	200	Cau//CC
PrivatBank, 2021	65.0	67.0	23.9%	22.9%	-1.5%	3.0	11.00%	S/A	09 Feb 2021	220	Cau//CC
PrivatBank, 2018	76.9	80.4	29.1%	25.9%	15.6%	1.3	10.88%	S/A	28 Feb 2018	175	Cau//CC
UkrEximBank, 2022	95.0	96.2	10.8%	10.5%	6.7%	3.0	9.625%	S/A	27 Apr 2022	750	Caa3//CCC
UkrEximBank, 2023	78.6	81.1	12.8%	12.2%	7.8%	3.5	7.51%	S/A	9 Feb 2023	125	Caa3//CCC
UkrEximBank, 2025	93.4	94.5	10.9%	10.7%	7.6%	4.0	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	94.0	95.3	10.6%	10.3%	6.3%	2.8	8.25%	S/A	10 Mar 2023	700	Caa3//CCC
Oschadbank, 2025	93.1	94.2	10.7%	10.5%	6.8%	3.7	8.88%	S/A	20 Mar 2025	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	78.6	81.3	n/a	n/a	-4.3%	n/a	8.00%	S/A	6 Nov 2015	101	IN DEFAULT

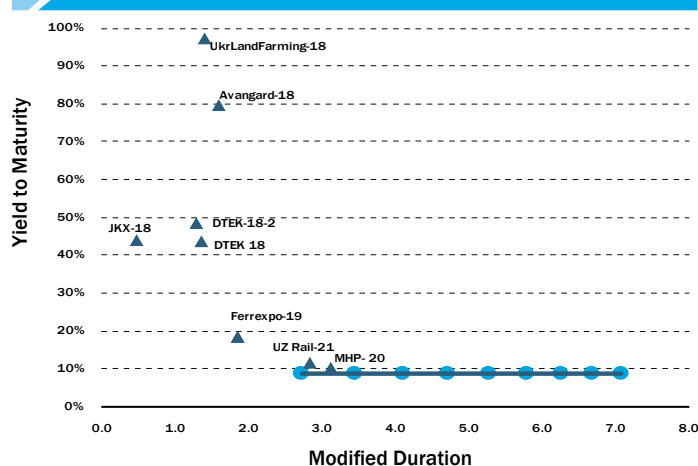
¹ Moody's/S&P/Fitch

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			18.00%	17.00%	n/a	14.30%	S/A	24 May 2017	n/a
VAT Bonds									
UA4000185151			18.00%	17.00%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			18.00%	17.00%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			18.00%	17.00%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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