

Stock Market Update

Equity

Kyiv-listed Ukrainian stocks saw only moderate effects from last week's global financial market turmoil caused by the surprising decision by British voters to support an exit of their country from the European Union. The UX index ended the week 1.0% lower to close at 658 points on Friday (Jun 24). The local market was quite inactive ahead of a long four-day weekend related to the country's Constitution Day holiday. Among major domestic economic news, the NBU continued to cut its key refinancing rate which was slashed by a further 150 bps to 16.50% on Jun 23. Slowing inflation and a rise in UAH liquidity were the primary reasons behind the NBU's rate decision. On the statistics front, UkrStat's industrial output figures for May were not impressive, as the IP index inched up just 0.2% YoY in the period. However, the data was considerably distorted by the Easter holiday falling in May this year (June also contains an extra holiday), implying that July could see better growth.

The UX index components finished mixed. UkrNafta (UNAF) was the loss leader, sliding 7.1% to UAH 90.10 per share after news that the company's supervisory board failed to approve a tax restructuring plan needed to ease the ongoing gridlock with the government. Motor Sich (MSICH) was unable to defend the UAH 2000 level, dropping 1.1% to UAH 1987. On the upside, CentrErgo (CEEN) added 2.1% to UAH 7.35 after head of the State Property Fund assured investors that the company's privatization will finally occur in 1Q17. In second-tier stocks, Krukiw Wagon (KVBZ) rose 6.4% to UAH 7.45.

London-listed MHP (MHPC) gained 4.5% to USD 9.68 but remained inside its long-term narrow price corridor, while Ferrexpo (FXPO) dropped 4.1% to GBp 29.50. Warsaw-listed Ukrainian stocks were notably lower, following the Brexit-related trend on the major European bourses. Astarta (AST) shed 3.3% to PLN 44.50.

On the interbank currency market, the hryvnia was flat against the US dollar at 24.90 UAH/USD.

Highlights

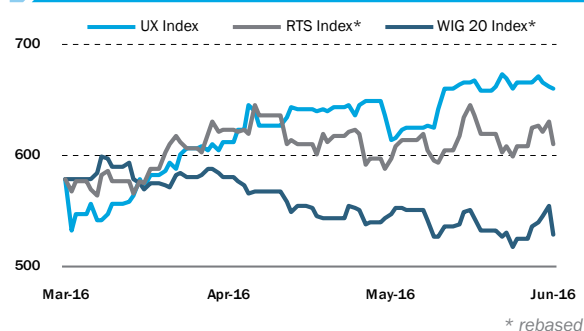
POLITICS AND ECONOMICS

- > Merkel Backs Ukraine on Delay of Donbass Elections
- > NBU Lowers Refi Rate by 150 bps to 16.50%
- > Industrial Output Rises 0.2% YoY in May

STOCKS IN THE NEWS

- > UkrNafta's Board Fails to Approve Tax Restruc Plan

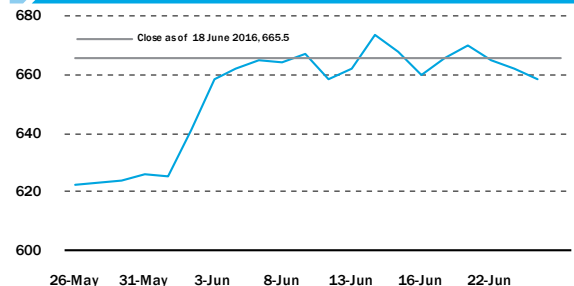
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	658.7	-1.0%	7.3%	-4.0%
RTS	912.5	0.2%	2.4%	20.5%
WIG20	1769.7	0.9%	-3.4%	-4.8%
MSCI EM	805.9	0.0%	2.3%	1.8%
S&P 500	2037.4	-1.6%	-1.9%	-1.3%

UX 1M PERFORMANCE



FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	420.8	-1.9%	0.3%	-4.8%
CDS 5Y UKR	750.0	0.0%	-28.6%	-28.6%
Ukraine-19	8.4%	-0.3 p.p.	-0.6 p.p.	-1.5 p.p.
Ukraine-27	8.6%	-0.2 p.p.	-0.4 p.p.	-1.0 p.p.
MHP-20	10.2%	-0.2 p.p.	-0.5 p.p.	-2.0 p.p.
UZ Rail-21	12.5%	0.2 p.p.	-0.4 p.p.	

CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	24.89	0.0%	-1.0%	3.6%
EUR	27.67	-1.4%	-1.2%	5.3%
RUB	0.38	-0.6%	0.5%	16.9%

COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	174.0	0.0%	-0.6%	-4.7%
Steel, USD/t	382.5	-0.6%	-15.9%	51.5%
Oil, USD/bbl	48.4	-1.5%	-1.6%	31.3%
Gold, USD/oz	1315.5	1.3%	7.2%	23.9%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Merkel Backs Ukraine on Delay of Donbass Elections

by Will Ritter
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NEWS

German Chancellor Angela Merkel supported a key position of the Ukrainian government on Monday (Jun 27) when she said that the security situation in the separatist-occupied Donbass territories currently precludes the holding of elections there. At a briefing in Berlin following talks with Prime Minister Volodymir Groysman, Merkel said “There are objective reasons that the elections cannot happen at the current time - it’s not safe in the Donbass. We need to take coordinated steps concerning the ceasefire and peace deal.” At the same time, Merkel stressed that conditions need to be created that will allow the Donbass elections to take place. For his part, Groysman repeated Kyiv’s long-held position that elections in the Donbass can only take place after Russia fulfills all of its obligations under last year’s Minsk peace deal, the most important of which is returning control of the pre-2014 Russian-Ukrainian border to Kyiv.

COMMENTARY

Russian and Ukrainian media tried to spin Merkel’s comments in opposite directions, with Russia’s TASS agency stating that the Chancellor’s support for Donbass elections is a rebuke to Kyiv, while the Igor Kolomoyskiy-controlled Ukraine Today outlet focused on Merkel’s agreement with Ukraine on the security situation. Clearly, while Merkel’s comments contained something for both sides, the German position that the Donbass elections need to take place eventually is a bitter pill for Ukraine, as such elections are likely to legitimize the separatist authorities in Donetsk and Lugansk. This, along with a probable end to European Union sanctions against Russia next year, will provide fresh fodder for internal Ukrainian political conflicts, as nationalists and populists exploit the de-facto loss of Ukrainian territory as a way to attack the patriotism of the current pro-European government in Kyiv. It is therefore strongly in the interest of Groysman and President Poroshenko to maintain the status quo “frozen conflict” in the Donbass for as long as possible.

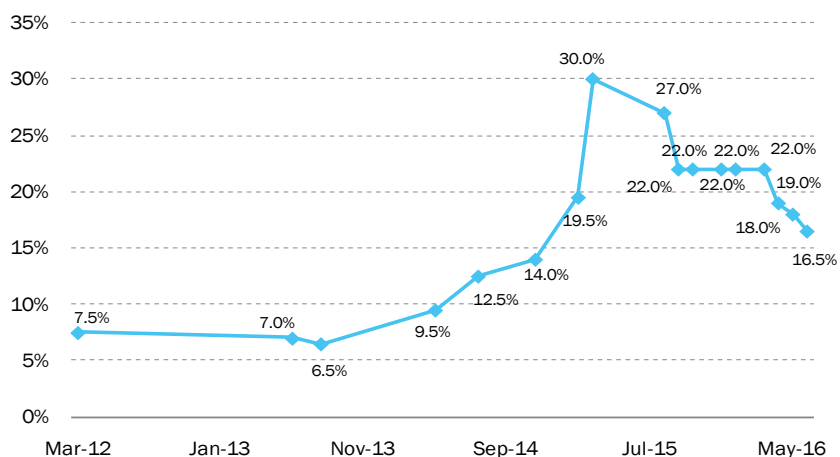
NBU Lowers Refi Rate by 150 bps to 16.50%

by Dmitry Churin
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NEWS

The National Bank of Ukraine (NBU) lowered its benchmark minimum refinancing rate for banks by 150 bps to 16.50%, according to an official statement released on Jun 23. This was the third interest rate cut this year. The key refinancing rate started the year at 22.00% and was decreased to 19.00% in April and to 18.00% in May. Commenting its decision, the NBU said that its monetary policy continues to match the inflation targets for 2016 and 2017. The rate decrease was a reflection of an improvement of inflation expectations and the stable situation on the currency market.

NBU KEY REFINANCING RATE



Source: National Bank of Ukraine

COMMENTARY

The NBU's decision to lower the rate was expected by the market, as the government has started to successfully place UAH-denominated domestic bonds with yields ranging from 16.20% to 16.85%. At the most recent primary auction held on Jun 21, the Finance Ministry managed to raise UAH 1.5bn by placing 5-year UAH-bonds at yield of 16.75%. MinFin also reported that it sold USD 50mn of 2-year USD-denominated domestic bonds at a yield of 7.39%. We think that the level of yields on the Ukrainian financial market will continue to decline in 2H16, as 12-month headline inflation fell to 7.5% YoY in May and the government's target for this year's consumer inflation of 12% now looks quite achievable. However, interest rates for the real sector remain suffocatingly high, as long-term corporate loans are now priced at 22-25% in UAH, and retail consumer loans rates are at 35% and higher.

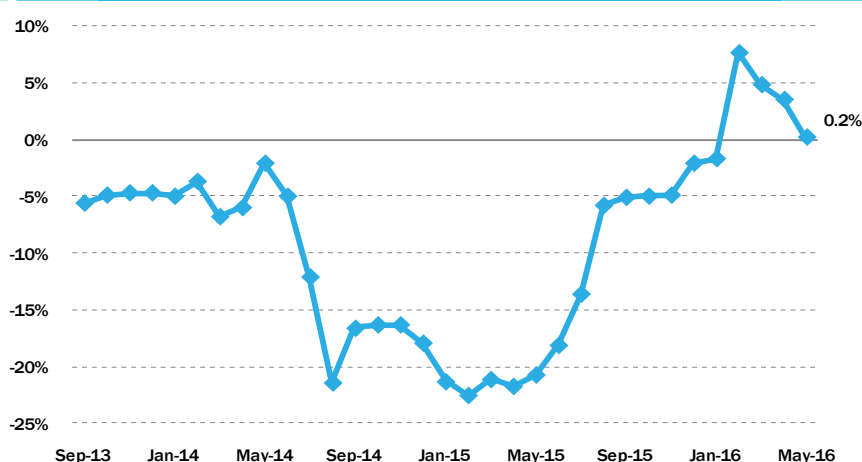
Industrial Output Rises 0.2% YoY in May

by Dmitry Churin
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NEWS

Ukraine's industrial output inched up 0.2% YoY in May, according to data from the State Statistics Committee released on Jun 22. The data excludes Crimea and the separatist-occupied part of the Donbass. In the extraction sector, output increased by 0.5% YoY in May and in the manufacturing sector the rise was 2.5% YoY. In the utility sector, production fell by 1.8% YoY in the period. Through the end of May, 2016 overall production as measured by the index was up 3.1% YoY. In the same period of 2015, a contraction of 20.5% YoY was registered compared to 2014, which had still included the Donbass output. In May compared to April this year, output adjusted to the number of calendar days was down 3.7% due to the holiday season.

UKRAINE'S MONTHLY INDUSTRIAL PRODUCTION INDEX, YOY



Source: State Statistics Committee

COMMENTARY

We had expected that the industrial data for May would not be particularly impressive, as a correction in steel prices at the end of the month took some air out of the rebound in the metallurgical sector. UkrStat registered 7.4% YoY output growth in the metallurgical sector for May compared to April's 15.5% YoY jump. Notably, UkrStat reported an 83% YoY increase in the IP index in Lugansk province, which is located on the front line with the occupied territories. We have doubts that the data for Lugansk is correct, and UkrStat noted in its published document that the data for the province could be revised. Most of the major industrial centers in the province are held by the separatists. In the extraction sector, coal production dropped by 11.2% YoY to 2.1mn tonnes in May. In previous months the average coal output was 2.5mn tonnes. It is too early to make a conclusion that coal extraction will decrease further, but if it were to fall below 2.0mn tonnes per month, this would be a worrying sign for the energy sector.

UkrNafta's Board Fails to Approve Tax Restruc Plan

by Dmitry Churin
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UKRNAFTA (UNAF UK)

Price: UAH 90.10 Market Cap: USD 196mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2015	0.5	0.1	neg	neg	0.0%
2016E	0.5	0.2	6.1	1.6	n/a

NEWS

UkrNafta's supervisory board had a lack of quorum to approve the terms for a restructuring of its massive tax debt, according to a statement published on the company's official website on Jun 23. As we reported earlier this month, the board had previously given a green light for the tax restructuring preparation, with a shareholder meeting planned for Jul 7 on the issue. The company's statement said that the lack of quorum was caused by the absence of five board members representing Privat Group (which holds an estimated 48% stake in UkrNafta) as well as the absence of one board member who represents state-owned NaftoGaz (which holds a 50%+1 stake in UkrNafta). The board consists of 11 members and is headed by NaftoGaz CEO Andriy Kobolev. UkrNafta's management said that the tax restructuring plan was developed for a 3-year period and included a request to NaftoGaz to pay in cash for part of a disputed 11bn cubic meters of natural gas that the state-run company took from UkrNafta over 2006-2012. UkrNafta's debt for unpaid oil&gas production tax amounts to some UAH 10bn.

COMMENTARY

The failure to approve tax restructuring plan by the supervisory board means that there is still no consensus between the government and UkrNafta's dominant minority shareholder Privat Group regarding sources for tax payments. Privat, which has a strong influence on UkrNafta's management, is pushing the idea that the Ukrainian government (via NaftoGaz) should pay the current market price for the disputed gas, which was confiscated by the government according to legislation on use of domestic gas output for subsidized household heating. For the government, such a scenario is absolutely unacceptable, as it would cost the national budget up to USD 2bn. Privat has launched a court case in the Stockholm Arbitrage against NaftoGaz regarding the disputed gas and has received a favorable ruling from a Ukrainian court regarding about 20% of the disputed volume. UkrNafta is trying to use this gas as collateral for future tax repayments, but the State Fiscal Service has thus far refused to accept it. The situation looks increasingly absurd, as open confrontation between Privat and the government is damaging UkrNafta's core oil business, which has been going without proper CapEx since 2006. The company's output continues to decline by 8-10% per year, squeezing its business scale and profitability. The ultimate solution to UkrNafta's corporate conflict remains unclear, and in our opinion, the situation can only be resolved if one of the two parties acquires a larger stake by buying out the other. We assume that the UkrNafta's general shareholders meeting called for Jul 7 will be cancelled, as without approval of the tax restructuring plan from the supervisory board, this meeting has no sense.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Agriculture						
Kernel	KER PW	53.0	61.80	17%	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	9.3	8.73	-6%	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	45.1	44.98	0%	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	7.3	13.02	77%	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	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	30.3	26.0	-14%	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	0.22	U/R	--	Susp.	Non-transparent accounting practices overseen by majority owner Metinvest detrimentally affect Azovstal's reported earnings.
Coke						
Avdyivka Coke	AVDK	0.82	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	1987	5250	164%	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	3.5	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	16.5	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	13.0	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	7.35	15.00	104%	BUY	CenterEnergO'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	0.087	0.24	176%	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	658.66	1028.60	525.66	-1.0%	7.3%	20.4%	-4.0%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.006	0.017	0.004	-3.2%	-14.3%	-14.3%	-45.9%	-2.2%	-21.6%	-34.7%	-42.0%
Azovstal	AZST	0.221	0.810	0.185	-18.1%	-14.7%	10.5%	-44.8%	-17.1%	-22.0%	-9.9%	-40.8%
Enakievo Steel	ENMZ	10.50	17.95	5.00	-0.5%	5.0%	52.2%	-25.0%	0.5%	-2.3%	31.8%	-21.0%
Coke												
Avdyivka Coke	AVDK	0.82	1.60	0.60	-1.2%	-9.3%	-18.8%	-25.5%	-0.2%	-16.6%	-39.2%	-21.6%
Yasnyivsky Coking	YASK	0.130	0.360	0.064	-13.3%	0.0%	-35.0%	-43.5%	-12.3%	-7.3%	-55.4%	-39.5%
Iron Ore Mining												
Centralny GOK	CGOK	5.00	n/a	n/a	0.0%	33.3%	66.7%	17.4%	1.0%	26.0%	46.3%	21.3%
Ferrexpo	FXPO	29.50	70.00	14.00	-4.1%	-4.1%	5.4%	37.2%	-5.9%	-3.0%	-11.4%	41.2%
Pivnichny GOK	SGOK	3.50	8.09	2.20	0.0%	17.4%	15.9%	-33.9%	1.0%	10.1%	-4.5%	-30.0%
Coal Mining												
Pokrovske Mine	SHCHZ	0.130	n/a	n/a	0.0%	8.3%	-35.0%	-43.5%	1.0%	1.0%	-55.4%	-39.5%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.100	0.230	0.029	0.0%	11.1%	42.9%	-44.4%	1.0%	3.8%	22.5%	-40.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	7.45	11.08	3.75	6.4%	28.7%	49.0%	-5.8%	7.5%	21.3%	28.6%	-1.8%
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	1987	2817	1663	-1.1%	0.5%	6.8%	0.4%	-0.1%	-6.9%	-13.6%	4.4%
Turboatom	TATM	9.00	n/a	n/a	11.1%	20.0%	38.5%	100.0%	12.1%	12.7%	18.1%	104.0%
Telecom												
Ukrtelecom	UTLM	0.145	0.180	0.091	0.0%	18.9%	31.8%	20.8%	1.0%	11.5%	11.4%	24.8%
Oil & Gas												
Regal Petroleum	RPT	3.52	6.50	1.75	-6.3%	40.8%	36.7%	-6.1%	-6.9%	-5.2%	33.5%	-2.2%
JKX Oil	JKX	17.00	29.00	15.50	-8.1%	-23.6%	-30.6%	-37.6%	-2.4%	-7.1%	-30.9%	-33.6%
Ukrnafta	UNAF	90.1	299.7	70.5	-7.1%	-0.3%	4.5%	-49.1%	-6.1%	-7.7%	-15.9%	-45.1%
Power Utilities												
Centrenergo	CEEN	7.35	7.83	4.12	2.1%	19.6%	55.7%	61.1%	3.1%	12.2%	35.3%	65.1%
Donbasenergo	DOEN	13.00	22.18	9.04	-5.5%	-5.5%	-4.6%	-17.5%	-4.5%	-12.8%	-24.9%	-13.5%
Zakhidenergo	ZAEN	50.00	170.00	31.00	0.0%	4.2%	-20.6%	-40.5%	1.0%	-3.2%	-41.0%	-36.5%
Consumer												
Agroton	AGT	1.12	1.40	0.80	-0.9%	-0.9%	0.0%	10.9%	-3.0%	0.1%	-8.2%	14.9%
Astarta	AST	44.49	49.00	26.20	-3.3%	11.2%	17.3%	29.0%	-2.8%	-2.3%	3.9%	32.9%
Avangardo	AVGR	0.90	1.65	0.23	-1.1%	-3.2%	-33.3%	-28.0%	-0.6%	-0.1%	-10.6%	-24.0%
Industrial Milk Company	IMC	7.00	7.26	4.50	0.0%	-3.3%	0.0%	17.3%	-0.5%	1.0%	-10.6%	21.2%
Kernel	KER	51.51	57.48	37.41	1.9%	-2.3%	-8.8%	7.1%	-1.4%	2.9%	-9.6%	11.1%
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	9.68	11.00	7.10	4.5%	4.6%	22.5%	4.1%	0.8%	5.6%	-2.7%	8.1%
Milkiland	MLK	1.60	2.22	0.89	0.0%	-1.8%	1.3%	12.7%	-5.4%	1.0%	-9.2%	16.6%
Ovostar Union	OVO	96.95	98.50	75.00	2.0%	-1.1%	4.2%	7.1%	0.4%	3.1%	-8.4%	11.1%
Chemicals												
Stirol	STIR	1.15	n/a	n/a	0.0%	-37.2%	-61.7%	-80.7%	1.0%	-44.5%	-82.1%	-76.7%
Banks												
Raiffeisen Bank Aval	BAVL	0.087	0.094	0.059	1.5%	16.1%	34.2%	15.7%	2.5%	8.8%	13.8%	19.6%
UkrSotsbank	USCB	0.064	0.145	0.056	6.7%	-4.5%	-1.5%	-35.2%	7.7%	-11.8%	-21.9%	-31.3%

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	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	4	8.8%	0	218	neg	neg	neg	>30	12.4	18.9	0.2	0.3	0.5	80	76	74	\$/tonne
Azovstal	AZST	37	3.0%	1	1	0.5	neg	neg	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	\$/tonne
Coke																		
Avdyivka Coke	AVDK	6	6.8%	0	5	neg	0.4	1.2	neg	0.1	0.2	0.0	0.0	0.0	1	1	1	\$/tonne
Yasynivsky Coke	YASK	1	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	235	0.3%	1	234	3.7	neg	neg	0.9	1.4	2.0	0.4	0.8	1.0				
Pivnichny GOK	SGOK	324	0.4%	1	317	2.5	neg	neg	0.6	1.3	2.3	0.3	0.5	0.7				
Ferrexpo	FXPO	231	24.0%	55	1,099	1.3	7.3	1.5	2.2	3.5	4.7	0.8	1.1	1.4				
Pipe Manufacturing																		
Khartsyzk Pipe	HRTR	10	2.0%	0	56	0.5	5.7	12.6	1.3	3.2	4.7	0.3	0.6	0.8	140	187	225	\$/tonne
Railcar Manufacturing																		
Krukiv Wagon	KVBZ	34	5.0%	2	29	neg	neg	neg	neg	neg	neg	0.2	0.7	0.4				
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	166	24.0%	40	178	1.3	1.0	2.2	0.5	0.8	0.9	0.2	0.3	0.3				
Telecom																		
Ukrtelecom	UTLM	109	7.2%	8	200	6.0	11.8	26.3	2.4	2.8	3.4	0.5	0.8	1.0				
Oil & Gas																		
Ukrnafta	UNAF	196	3.0%	6	185	1.9	0.8	6.1	0.5	neg	1.6	0.1	0.1	0.2	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	15	21.6%	3	-10	neg	2.6	neg	neg	-0.7	-1.0	-0.3	-0.3	-0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	39	50.4%	20	147	neg	neg	neg	3.2	8.7	5.1	1.0	1.7	1.8	27	20	20	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	109	21.7%	24	121	18.5	>30	5.3	4.7	9.2	3.9	0.2	0.4	0.3	8	8	8	\$/MWh
DonbasEnerg	DOEN	12	14.2%	2	26	1.5	neg	6.0	1.3	neg	4.2	0.1	0.1	0.1	3	3	3	\$/MWh
Consumer																		
MHP	MHPC	1,023	34.1%	349	2,248	neg	neg	21.5	4.4	4.9	5.6	1.6	1.9	1.7				
Kernel	KER	1,026	61.8%	634	1,330	neg	10.2	4.1	6.0	3.4	3.8	0.6	0.6	0.6				
Astarta	AST	278	37.0%	103	417	neg	15.7	3.8	2.6	2.9	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	145	25.0%	36	150	5.6	4.6	4.1	5.2	4.3	3.7	2.0	2.0	1.8	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	215	1.8%	4		neg	neg	4.5	0.6	0.8	0.8	0.07	0.11	0.11				
Ukrsotsbank	USCB	199	0.2%	0		>30	>30	>30	0.5	0.6	0.4	0.12	0.17	0.15				

Source: Eavex Research

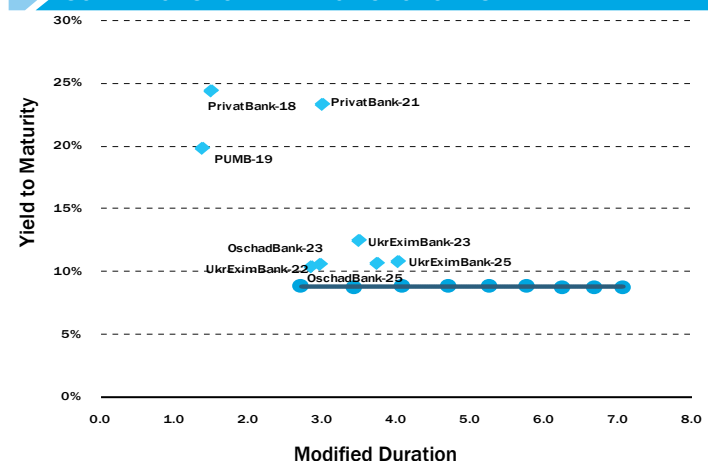
UKRAINIAN EUROBONDS

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	97.8	98.8	8.7%	8.3%	4.9%	2.7	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	97.9	98.7	8.4%	8.1%	6.3%	3.4	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	96.5	97.3	8.6%	8.4%	5.7%	4.1	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	96.0	96.8	8.6%	8.4%	6.3%	4.7	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	95.8	96.5	8.6%	8.4%	7.3%	5.2	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	95.3	96.0	8.6%	8.4%	7.6%	5.7	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	94.8	95.5	8.6%	8.5%	7.6%	6.2	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	94.3	95.0	8.6%	8.5%	8.0%	6.7	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	93.8	94.5	8.7%	8.6%	8.0%	7.0	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	11.3	195.2%	134.9%	-19.6%	0.9	8.00%	S/A	14 Jul 2019	50	//
MHP, 2020	93.8	94.4	10.3%	10.1%	7.7%	3.1	8.25%	S/A	2 Apr 2020	750	/B-/CCC
Avangardco, 2018	25.0	30.0	88.4%	76.5%	-46.1%	1.5	10.00%	S/A	29 Oct 2018	206	//
UkrLandFarming, 2018	29.1	36.1	105.8%	86.8%	-34.7%	1.1	10.88%	S/A	26 Mar 2018	500	/CC/
Mriya, 2016	n/a	n/a	n/a	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	n/a	9.45%	S/A	19 Apr 2018	400	IN DEFAULT
DTEK, 2018	58.0	59.6	52.2%	49.9%	41.7%	1.2	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	59.0	60.5	45.7%	43.8%	34.3%	1.3	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	64.3	67.0	n/a	n/a	15.7%	n/a	10.25%	S/A	31 Jan 2016	85	Ca//C
Metinvest, 2017	65.8	68.0	n/a	n/a	47.6%	n/a	10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	63.4	65.8	n/a	n/a	45.1%	n/a	8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	82.7	84.6	18.6%	17.6%	52.9%	1.8	10.375%	S/A	07 Apr 2019	186	Caa3/CCC/CC
Ferrexpo, 2019	63.4	65.8	18.7%	17.6%	45.9%	1.8	10.375%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2021	92.0	93.3	12.0%	11.6%	7.7%	2.8	9.88%	S/A	15 Sept 2021	500	/CCC+/CCC
Interepipe, 2017	22.0	30.0	227.6%	168.9%	-13.3%	0.6	10.25%	S/A	2 Aug 2017	200	IN DEFAULT
JKX Oil&Gas, 2018	67.7	77.7	45.4%	34.9%	1.0%	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	85.9	87.4	18.1%	17.3%	16.8%	1.4	11.00%	Q	31 Dec 2018	275	//
Nadra Bank, 2018	1.7	11.3	n/a	n/a	-10.9%	n/a	6.25%	A	31 Jul 2018	60	IN DEFAULT
PrivatBank, 2018-2	82.0	84.0	24.8%	22.9%	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	75.0	78.1	31.1%	28.2%	12.6%	1.3	10.88%	S/A	28 Feb 2018	175	Cau//CC
UkrEximBank, 2022	96.2	97.2	10.5%	10.3%	7.9%	2.9	9.625%	S/A	27 Apr 2022	750	Caa3//CCC
UkrEximBank, 2023	78.5	82.3	12.8%	11.8%	8.6%	3.5	7.51%	S/A	9 Feb 2023	125	Caa3//CCC
UkrEximBank, 2025	93.9	95.5	10.9%	10.6%	8.4%	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	95.6	97.3	10.3%	9.9%	8.3%	2.8	8.25%	S/A	10 Mar 2023	700	Caa3//CCC
Oschadbank, 2025	94.1	95.9	10.7%	10.4%	8.3%	3.7	8.88%	S/A	20 Mar 2025	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	77.8	82.6	n/a	n/a	-4.0%	n/a	8.00%	S/A	6 Nov 2015	101	IN DEFAULT

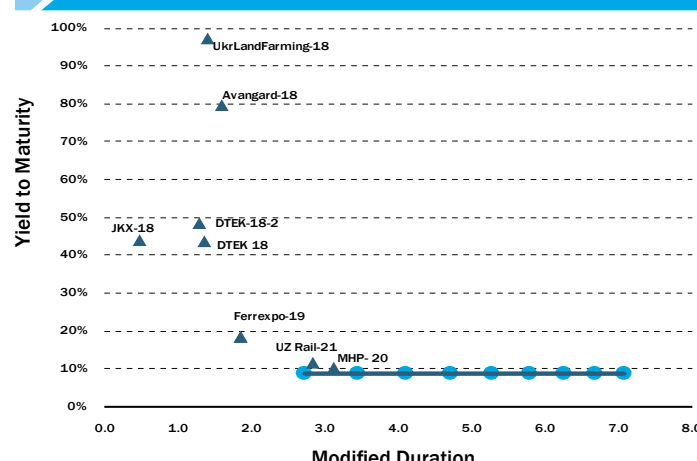
¹ Moody's/S&P/Fitch

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 UAH mn
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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