

## Stock Market Update

### Equity

Kyiv-listed stocks ended their month-long run of gains last week after the government failed to find an investor for the widely announced privatization of the Odessa Chemical Plant (OPP). Market players took the news as evidence of a lack of political will in the country to seek the path for a better investment climate. The OPP is a large fertilizer producer which was prepared for auction with a starting price of USD 530mn for a 99.6% stake. Although the government has been talking about open and transparent sale of the company since 2014, the auction received no bids from investors. This may have been due to the rather high price and also to OPP's debt of USD 193mn to Ukrainian industrialist Dmytro Firtash's Ostchem company.

The UX index lost 0.9% to close at 711 points on Friday (Jul 22). CentrEneo (CEEN) fell 0.9% to UAH 7.74 per share, as the case of OPP highlighted all the difficulties in the process of privatizing large state enterprises in Ukraine. CentrEneo's privatization has been repeatedly delayed since 2012, and is now scheduled for 1Q17, but with no confidence that the State Property Fund will actually manage to conduct the sale of the government's 78.8% stake. Meanwhile, CentrEneo has promised to pay a UAH 0.10 per share dividend for FY15 and FY14. The ex-rights date for the dividends has not been determined yet. Among other blue chips, DonbasEnergy (DOEN) dropped by 1.1% to UAH 13.70 while UkrNafta (UNAF) and Motor Sich (MSICH) had losses less than 1% for the week.

In London trading, MHP (MHPC) dropped by 3.9% to USD 8.65 per share despite reporting an increase in poultry sales volumes in 2Q16. Ferrexpo (FXPO) retreated from its recent local maximum, sliding 2.5% to GBP 39.00. Warsaw-listed Kernel (KER) rose 7.3% to a new three-year high of PLN 61.48, riding on European coattails and ignoring the company's unimpressive operational update for April-June.

On the currency front, the hryvnia was steady against the dollar for a third consecutive week at 24.82 UAH/USD.

## Highlights

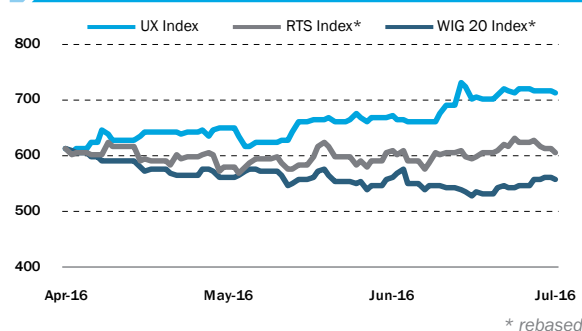
### POLITICS AND ECONOMICS

- > IMF Snubs Kyiv as Loan Resumption Delayed Again
- > Lutsenko Says Looking Into Interior Ministry Surveillance of Sheremet
- > Industrial Output Down 3.4% YoY On Weak Coal Production

### STOCKS IN THE NEWS

- > Kernel's Bulk Sunflower Oil Sales Down 30% YoY in Apr-Jun Quarter
- > MHP's 2Q16 Poultry Sales Up 4% YoY to 149,000 Tonnes

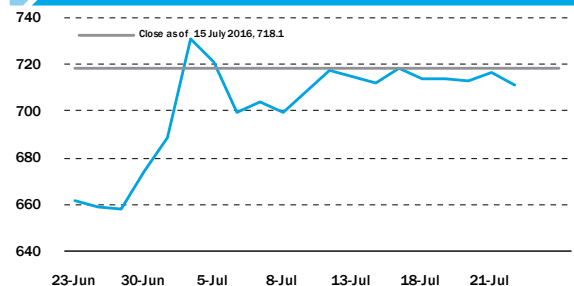
## STOCK MARKET PERFORMANCE



## MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	711.6	-0.9%	6.2%	3.8%
RTS	936.0	-2.9%	-0.1%	23.6%
WIG20	1793.0	1.9%	-0.5%	-3.6%
MSCI EM	869.3	0.2%	5.3%	9.8%
S&P 500	2175.0	0.6%	4.1%	5.4%

## UX 1M PERFORMANCE



## FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	377.2	1.1%	-8.9%	-14.6%
CDS 5Y UKR	750.0	0.0%	0.0%	-28.6%
Ukraine-19	7.5%	-0.3 p.p.	-1.1 p.p.	-2.3 p.p.
Ukraine-27	8.0%	0.0 p.p.	-0.6 p.p.	-1.6 p.p.
MHP-20	9.7%	0.5 p.p.	-0.6 p.p.	-2.4 p.p.
UZ Rail-21	11.2%	-0.1 p.p.	-1.0 p.p.	

## CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	24.77	-0.3%	-0.5%	3.1%
EUR	27.19	-0.8%	-4.4%	3.5%
RUB	0.38	-1.2%	-1.6%	17.1%

## COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	156.0	-1.0%	-10.3%	-14.5%
Steel, USD/t	375.0	5.6%	-2.0%	48.5%
Oil, USD/bbl	45.7	-4.0%	-10.9%	23.9%
Gold, USD/oz	1322.5	-1.1%	4.3%	24.6%

\*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

## IMF Snubs Kyiv as Loan Resumption Delayed Again

by Will Ritter  
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### NEWS

The International Monetary Fund, Ukraine's largest creditor, will not examine the issue of a new loan tranche disbursement to Ukraine at its upcoming executive board meeting in Washington on Jul 29, it was revealed last week. IMF spokesman Gerry Rice stated that the meetings of the IMF's executive directors will resume only in late August, following the institution's traditional three-week vacation. The reason for the new delay is reportedly Parliament's refusal to pass several measures outlined in the cooperation program approved in March 2015. Prime Minister Volodymyr Groysman had unsuccessfully tried to argue that the country has fulfilled all the key requirements of the reform program, concerning both the government and Parliament. The IMF loan has been off track since October 2015 due to Kyiv's inability to get final approval from the program review.

### COMMENTARY

It had been widely expected that the IMF program would finally resume in early August after 10 months off track, and this development therefore comes as a major negative surprise. However, we have to say that we are perhaps less surprised than other analysts by this, as the current "pro-Western" makeup of Ukraine's Parliament has repeatedly demonstrated, at best, lukewarm support for pro-Western market reforms. We do not blame Groysman (whose initial 3 months in office have been rather well-received) for this, and we view the situation as him simply lacking the needed political capital to push unpopular measures through the legislature. We continue to view the resumption of IMF lending as absolutely necessary for medium-term confidence in the country, and we emphasize that the recent improving macroeconomic situation and hryvnia stability have been largely due to positive expectations regarding the IMF loan. Unless moves are quickly made to secure a tranche disbursement in September, we are concerned that the recent macro stability gains could start to unravel this autumn.

## Lutsenko Says Looking Into Interior Ministry Surveillance of Sheremet

by Will Ritter  
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### NEWS

General Prosecutor Yuriy Lutsenko said in a Saturday (Jul 23) television interview that his office is looking into allegations that a top Interior Ministry official, Vadim Troyan, was involved in surveillance of journalist Pavel Sheremet. Sheremet, a native of Belarus who worked in that country and in Russia before coming to Ukraine 3 years ago, was killed in a car bomb attack on Khmelnytsky Street in central Kyiv on Wednesday (Jul 20) as he drove to host his morning radio show. The Interior Ministry posted a statement denying the charge late last week. Troyan is deputy chief of the National Police. Sheremet was a top editor of Ukraine's leading online news portal, Ukrayinska Pravda. President Poroshenko said that, at his request, US federal law enforcement will be involved in the investigation into the killing. Lutsenko reported that cameras have already shown multiple individuals planting the explosive under Sheremet's vehicle.

### COMMENTARY

With his fearless investigations, Sheremet had made enemies of powerful people in both Belarus and Russia, but we tend to agree with most speculation that it was his recent work in Ukraine at Ukrayinska Pravda that led to his murder. Head of the National Police Khatiya Dekanoidze called finding the killers "a matter of honor", and we believe that unlike past high-profile murders in Ukraine, there is a real chance that justice may be served this time, especially if the FBI actively participates in the process. Troyan, a close ally of Interior Minister Arseniy Avakov, is viewed as a counter-weight to the Poroshenko-backed police reformer Dekanoidze; Troyan was previously associated with a "volunteer" paramilitary battalion fighting against separatists in Eastern Ukraine. Among his recent strains of activity, Sheremet had been reporting on criminal activity by pro-Ukrainian paramilitaries. Of course, the alleged link to Troyan could simply be a black PR frame job, and Russian security service involvement in the murder cannot be ruled out given the desire of the Kremlin to undermine stability in Ukraine; we hope that hard evidence will be uncovered that can lead to a quick solving of this case, which can only be viewed as a brazen attack on Ukrainian democracy and freedom of speech.

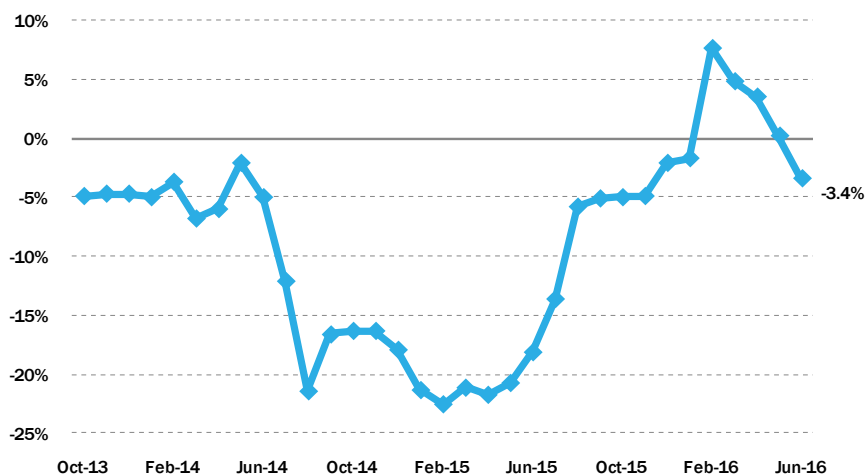
**Industrial Output Down 3.4% YoY On Weak Coal Production**

by Dmitry Churin  
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**NEWS**

Ukraine's industrial production decreased by 3.4% YoY in June on a sharp 17.7% YoY drop in coal output in the period, according to data from the State Statistics Committee released last week (Jul 21). On a month-on-month basis, the IP index declined by 2.1% MoM in June (coal extraction: -14.5% MoM). For January-June 2016, industrial production rose by 2.0% YoY amid overall recovery in the country's economy. In the extraction sector, the output increase was 0.4% YoY in 1H16, in the manufacturing sector it was +3.4% YoY, and in the utility sector it was a decline by 0.4% YoY.

**UKRAINE'S MONTHLY INDUSTRIAL PRODUCTION INDEX, YOY**



Source: State Statistics Committee

**COMMENTARY**

June's small month-on-month decline in industrial output (which actually represents an average daily increase in output given the shorter month) implies that the year-on-year decline is partly due to a high comparison base from June 2015, although the situation with coal clearly contributed as well. We have been focusing on coal output since the military conflict started in the Donbass in 2014, and in our view, the problem with coal extraction could be a temporary, artificial phenomenon caused by current negotiations on the government's pricing formula for Ukrainian coal. We suspect that private coal mines are trying to push the government to increase the regulated price for domestic coal that currently stands at about USD 48 per tonne; these mines, led by Rinat Akmetov's DTEK group, want at least USD 60 per tonne. UkrStat reported that total coal output was 1.8mn tonnes in June compared to a monthly average of 2.4mn tonnes in 5M16. In other key sectors for Ukraine's economy, UkrStat said that steel production edged up 0.4% YoY in June and jumped by 8.9% YoY in 1H16. The reported results give grounds to expect an increase in Ukraine's foreign currency inflows due the export orientation of the steel sector. We forecast that industrial production data for July will show an improvement as it was rather expected that the data for May-June would be distorted by a large number of national holidays.

## Kernel's Bulk Sunflower Oil Sales Down 30% YoY in Apr-Jun Quarter

by Dmitry Churin  
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### KERNEL (KER PW)

Price: PLN 61.50 Market Cap: USD 1,231mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
FY15	1.4	0.7	12.2	3.9	2%
FY16E	1.2	0.7	4.9	4.4	2%

## NEWS

Kernel Holding, Ukraine's largest sunflower oil producer, reported a drop in bulk sunflower oil sales volume by 30% YoY to 209,000 tonnes in the Apr-Jun quarter, according to an operational update published on Jul 20. The company's bulk oil sales in full-year 2016 (the financial year ended in June) were down 4% YoY to 4.0mn tonnes. In other key business segments, Kernel also showed a contraction in its 4Q16 (Apr-Jun 2016) results. Grain sales declined by 6% YoY to 744,000 tonnes and bottled oil sales decreased by 11% YOY to 18.1mn liters in the period. Meanwhile, the company said its sea port terminals increased exports by 6% YoY to 1.0mn tonnes in the quarter. Kernel announced that it will report its full-year financial results in late October.

### KERNEL OPERATIONAL UPDATE

Volume	4Q16	4Q15	Change	FY16	FY15	Change
Grain sales, tonnes	744,265	788,328	-6%	4,409,465	4,743,837	-7%
Sunflower oil sales in bulk, tonnes	208,804	300,292	-30%	983,904	4,030,209	-4%
Bottled oil sales, '000 liters	16,111	18,134	-11%	93,382	98,914	-6%
Oilseed crush, tonnes	647,333	611,893	+6%	2,684,756	2,522,769	+6%
Export terminals throughput, tonnes	1,008,355	949,600	+6%	5,343,255	4,821,738	+11%

Source: Companies' data

## COMMENTARY

We view Kernel's latest quarterly operational results as quite disappointing. The company said that the bulk oil sales were lower partly due to an increase in oil inventories ahead of stronger demand expected in the current Jul-Sept quarter. However, the drop in bottled oil sales is hard to explain beyond the hard realities of toughening competition on the Ukrainian retail market and the overall deterioration in household spending power. Among other news in Kernel's update, the company said it has renewed a grain pre-export credit facility with a limit of USD 215mn from a syndicate of European banks. The quite poor quarterly release did not spoil the rally in Kernel's share price on the Warsaw Stock Exchange. The stock advanced by 7.3% for the week to close at a new three-year high of PLN 61.50 on Friday (Jul 22).

**MHP's 2Q16 Poultry Sales Up 4% YoY to 149,000 Tonnes**

by Dmitry Churin  
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**MHP (MHPC LI)**

Price: USD 8.65 Market Cap: USD 914mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2015	1.4	1.8	neg	4.7	8.8%
2016E	1.3	1.6	19.2	5.3	4.4%

**NEWS**

London-listed MHP, Ukraine's largest poultry producer, increased its poultry sales volume by 4% YoY to 148,870 tonnes in 2Q16, according to an operational update published on Jul 19. UAH-denominated pricing for the poultry was higher by 5% YoY in the period. The company said that its production facilities continued to operate at full capacity in 2Q16, with poultry production volumes rising by 10% YoY to 305,540 tonnes in 1H16. The company's sunflower oil segment demonstrated a 7% YoY increase in sales to 164,430 tonnes in 1H16; all of the sales were exports. The grain segment also brought positive results, with the current yield for rapeseed reaching 3.7 tonnes per hectare and the yield for wheat reaching 6.7 tonnes per hectare. MHP operates a land bank of 335,000 hectares in Ukraine.

**MHP OPERATIONAL UPDATE**

Poultry	2Q16	2Q15	Change	1H16	1H15	Change
Sales volume, tonnes	148,870	143,780	+4%	266,585	257,420	+4%
Price per 1 kg net VAT	29.20	27.73	+5%	29.43	26.65	+11%

Source: Companies' data

**COMMENTARY**

Export sales were the main contributor to MHP's poultry sales growth in 2Q16. The company exported 54,400 tonnes of meat in the period, which was a 36% increase compared to 2Q15. Major export destinations included countries located in the Middle East, the EU, Asia and Africa. On the pricing side, the average chicken meat price was reported at UAH 29.43 per kg excl. VAT (+11% YoY) in 1H16. This implies that the price increase kept pace with the hryvnia devaluation over the period.

The company said that it will release its 2Q16 financial results on Aug 17. Taking into account the production data for 2Q16, we do not expect any negative surprises from the upcoming P&L.

MHP's stock has been trading in a range USD 8.50 - USD 9.80 since March 2016 with a reported daily average turnover of 35,500 shares, although we believe that the true liquidity of the stock is substantially lower given its choppy line charts indicative of a small number of trades. Currently we have a HOLD recommendation for MHPC with a target price of USD 9.00.

## EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
<b>Agriculture</b>						
Kernel	KER PW	61.5	61.80	1%	BUY	With some 95% of its revenue linked to major foreign currencies, hryvnia devaluation is positive for Kernel, and recent changes in Ukraine's tax regime should also benefit the group. With on-demand borrowing access, Kernel is well placed to further consolidate its position in the oilseed crushing industry.
MHP	MHPC LI	8.7	8.73	1%	HOLD	MHP is adversely affected by both hryvnia devaluation and the 2016 changes in Ukraine's VAT regime. The group's strategy is focused on penetrating into the lucrative EU market and expanding sales in other foreign markets. MHP is a generous dividend play, with a DPS for FY15 approved at 75 cents.
Astarta	AST PW	47.5	44.98	-5%	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	6.8	13.02	92%	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	0.8	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	94.0	117.65	25%	BUY	The company has a strong focus on domestic branded egg sales and successfully expands its export sales to mitigate negative effect from devaluation. Ovostar is in the midst of a long-term expansion that will ultimately see egg output triple over 2012-18E.
<b>Iron Ore</b>						
Ferrexpo	FXPO LN	39.0	26.0	-33%	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.
<b>Specialized Machinery</b>						
Motor Sich	MSICH	2036	5250	158%	BUY	Motor Sich should see its revenue grow with a 2012-2016E CAGR of 9%, reaching USD 1.2bn. For 2012-2016, we forecast an average EBITDA margin of 35% and a net margin of 28%.
<b>Oil &amp; Gas</b>						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	3.8	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	17.5	U/R	--	U/R	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
<b>Power Utilities</b>						
DonbasEnergO	DOEN	13.7	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	7.74	15.00	94%	BUY	CentrEnergO's privatization has been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity.
<b>Banks</b>						
Raiffeisen Bank Aval	BAVL	0.104	0.24	132%	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	711.60	997.24	525.66	-0.9%	6.2%	16.2%	3.8%	0.0%	0.0%	0.0%	0.0%
<b>Steel</b>												
Alchevsk Steel	ALMK	0.007	0.017	0.004	6.6%	8.3%	14.0%	-41.4%	7.5%	2.1%	-2.2%	-45.2%
Azovstal	AZST	0.250	0.810	0.185	0.0%	-7.4%	24.4%	-37.5%	0.9%	-13.6%	8.1%	-41.3%
Enakievo Steel	ENMZ	5.03	17.69	5.00	0.0%	-50.8%	-20.5%	-64.1%	0.9%	-57.0%	-36.8%	-67.8%
<b>Coke</b>												
Avdyivka Coke	AVDK	0.81	1.60	0.51	0.0%	-1.3%	11.9%	-26.4%	0.9%	-7.5%	-4.4%	-30.2%
Yasnyivsky Coking	YASK	0.140	0.360	0.064	0.0%	7.7%	0.0%	-39.1%	0.9%	1.5%	-16.2%	-42.9%
<b>Iron Ore Mining</b>												
Centralny GOK	CGOK	2.55	n/a	n/a	0.0%	-49.0%	-31.1%	-40.1%	0.9%	-55.2%	-47.3%	-43.9%
Ferrexpo	FXPO	39.00	70.00	14.00	-2.5%	26.8%	7.6%	81.4%	-0.6%	-1.6%	20.6%	77.6%
Pivnichny GOK	SGOK	3.50	6.65	2.20	0.0%	0.0%	18.2%	-33.9%	0.9%	-6.2%	2.0%	-37.7%
<b>Coal Mining</b>												
Pokrovske Mine	SHCHZ	0.070	n/a	n/a	0.0%	-46.2%	-58.8%	-69.6%	0.9%	-52.4%	-75.1%	-73.3%
<b>Pipe Manufacturing</b>												
Khartsyzk Pipe	HRTR	0.080	0.230	0.029	0.0%	-20.0%	33.3%	-55.6%	0.9%	-26.2%	17.1%	-59.3%
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	7.25	11.08	3.75	-3.2%	-4.0%	37.1%	-8.3%	-2.3%	-10.2%	20.8%	-12.1%
Luhanskteplovoz	LTPL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Specialized Machinery</b>												
Motor Sich	MSICH	2036	2748	1663	-0.9%	0.9%	-2.8%	2.9%	0.0%	-5.3%	-19.0%	-0.9%
Turboatom	TATM	9.95	n/a	n/a	2.6%	19.2%	20.6%	121.1%	3.5%	13.0%	4.4%	117.4%
<b>Telecom</b>												
Ukrtelecom	UTLM	0.150	0.180	0.091	0.0%	3.4%	-0.7%	25.0%	0.9%	-2.7%	-16.9%	21.2%
<b>Oil &amp; Gas</b>												
Regal Petroleum	RPT	3.78	6.50	1.75	-2.6%	3.4%	54.1%	0.7%	-1.8%	-1.7%	-2.8%	-3.1%
JKX Oil	JKX	19.00	29.00	15.50	0.0%	2.7%	-9.5%	-30.3%	0.6%	0.9%	-3.5%	-34.0%
Ukrnafta	UNAF	98.1	292.0	70.5	-0.3%	-0.5%	-1.9%	-44.6%	0.6%	-6.7%	-18.1%	-48.3%
<b>Power Utilities</b>												
Centrenergo	CEEN	7.74	8.25	4.12	-0.9%	4.6%	25.7%	69.7%	0.0%	-1.6%	9.5%	65.9%
Donbasenergo	DOEN	13.70	20.53	9.04	-1.1%	0.4%	13.8%	-13.1%	-0.2%	-5.8%	-2.4%	-16.8%
Zakhidenergo	ZAEN	62.50	170.00	31.00	17.9%	25.0%	30.2%	-25.6%	18.8%	18.8%	14.0%	-29.3%
<b>Consumer</b>												
Agroton	AGT	1.42	1.45	0.80	12.7%	24.6%	14.5%	40.6%	-1.4%	13.6%	18.4%	36.8%
Astarta	AST	47.50	49.00	26.20	0.4%	3.3%	2.2%	37.7%	2.2%	1.3%	-2.9%	33.9%
Avangardo	AVGR	0.80	1.65	0.23	-8.0%	-12.1%	-20.0%	-36.0%	0.6%	-7.1%	-18.3%	-39.8%
Industrial Milk Company	IMC	6.79	7.34	4.79	-1.6%	-3.0%	-3.4%	13.7%	1.2%	-0.7%	-9.2%	10.0%
Kernel	KER	61.48	61.48	37.41	7.3%	17.1%	18.2%	27.8%	1.4%	8.2%	10.9%	24.1%
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	8.65	11.00	7.10	-3.9%	-10.4%	-4.9%	-7.0%	-3.2%	-3.0%	-16.6%	-10.7%
Milkiland	MLK	1.80	2.22	0.89	-2.2%	5.9%	-3.7%	26.8%	1.2%	-1.3%	-0.3%	23.0%
Ovostar Union	OVO	94.00	98.50	75.00	-1.0%	-3.1%	-0.1%	3.9%	1.7%	-0.1%	-9.3%	0.1%
<b>Chemicals</b>												
Stirol	STIR	0.95	n/a	n/a	-5.9%	-17.4%	-52.5%	-84.0%	-5.0%	-23.6%	-68.7%	-87.8%
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.104	0.112	0.059	-1.3%	23.0%	45.3%	37.6%	-0.4%	16.8%	29.1%	33.8%
UkrSotsbank	USCB	0.062	n/a	n/a	3.0%	6.4%	-16.5%	-37.4%	3.9%	0.2%	-32.7%	-41.2%

Source: Bloomberg

\* companies listed abroad are in traded currency



**MAIN FINANCIAL FORECASTS, USD mn**

Name	Ticker	Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E	2014	2015E	2016E
<b>Steel</b>																
Alchevsk Steel	ALMK	1,254	527	477	248	-50	-50	19.7%	-9.6%	-10.5%	na	-1,076	-388	na	-204.2%	-81.4%
Enakievo Steel	ENMZ	916	642	482	6	18	12	0.6%	2.8%	2.4%	-33	-37	-38	-3.6%	-5.7%	-8.0%
Azovstal	AZST	1,885	1,157	868	183	70	41	9.7%	6.0%	4.7%	77	-84	-37	4.1%	-7.3%	-4.3%
<b>Coke</b>																
Avdyivka Coke	AVDK	533	294	238	-60	49	28	na	16.8%	11.8%	-67	14	6	-12.5%	4.9%	2.3%
Yasynivsky Coking	YASK	162	83	66	-12	-9	-10	-7.3%	na	-14.6%	-19	-11	-10	-11.5%	-13.9%	-15.7%
<b>Iron Ore Mining</b>																
Centralny GOK	CGOK	523	307	223	261	164	118	49.9%	53.5%	53.0%	64	-1	-7	12.3%	-0.4%	-3.3%
Pivnichny GOK	SGOK	1,048	615	447	571	251	140	54.5%	40.8%	31.3%	129	-2	-15	12.3%	-0.4%	-3.3%
Ferrexpo	FXPO	1,388	961	806	496	313	234	35.8%	32.6%	29.0%	184	31	151	13.2%	3.3%	18.7%
<b>Pipe Manufacturing</b>																
Khartsyzk Pipe	HRTR	193	92	75	43	18	12	22.6%	19.3%	15.8%	23	2	1	11.7%	2.0%	1.1%
<b>Railcar Manufacturing</b>																
Kryukiv Wagon	KVBZ	179	41	68	-17	-15	-3	-9.3%	-37.1%	-5.0%	-22	-19	-4	-12.3%	-46.3%	-5.9%
<b>Specialized Machinery</b>																
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%
<b>Telecom</b>																
Ukrtelecom	UTLM	412	254	207	85	72	58	20.6%	28.5%	28.0%	18	9	4	4.4%	3.6%	2.0%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	2,324	1,319	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%
<b>Electric Utilities</b>																
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	-9	2	1.8%	-4.6%	1.2%
<b>Consumer</b>																
MHP	MHPC	1,379	1,183	1,305	510	459	404	37.0%	38.8%	30.9%	-412	-126	48	-29.9%	-10.6%	3.6%
Kernel	KER	2,393	2,330	2,139	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
<b>Banks</b>																
		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			
<b>Steel</b>																		
Alchevsk Steel	ALMK	7	3.9%	0	2,622	n/a	neg	neg	10.6	neg	neg	2.1	5.0	5.5	678	632	613	\$/tonne
Yenakievo Steel	ENMZ	2	8.8%	0	216	neg	neg	neg	>30	12.2	18.7	0.2	0.3	0.4	79	75	73	\$/tonne
Azovstal	AZST	42	3.0%	1	6	0.5	neg	neg	0.0	0.1	0.1	0.0	0.0	0.0	1	1	1	\$/tonne
<b>Coke</b>																		
Avdivka Coke	AVDK	6	6.8%	0	5	neg	0.4	1.1	neg	0.1	0.2	0.0	0.0	0.0	1	1	1	\$/tonne
Yasynivsky Coke	YASK	2	9.0%	0	2	neg	neg	neg	neg	neg	neg	0.0	0.0	0.0	n/a	n/a	n/a	\$/tonne
<b>Iron Ore Mining</b>																		
Centralny GOK	CGOK	120	0.3%	0	119	1.9	neg	neg	0.5	0.7	1.0	0.2	0.4	0.5				
Pivnichny GOK	SGOK	325	0.4%	1	318	2.5	neg	neg	0.6	1.3	2.3	0.3	0.5	0.7				
Ferrexpo	FXPO	299	24.0%	72	1,168	1.6	9.5	2.0	2.4	3.7	5.0	0.8	1.2	1.4				
<b>Pipe Manufacturing</b>																		
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
<b>Railcar Manufacturing</b>																		
Krukiv Wagon	KVBZ	33	5.0%	2	28	neg	neg	neg	neg	neg	neg	0.2	0.7	0.4				
<b>Specialized Machinery</b>																		
Turboatom	TATM	60	5.8%	3	-26	1.1	0.8	2.0	-0.4	-0.3	-0.7	-0.2	-0.2	-0.3				
Motor Sich	MSICH	170	24.0%	41	183	1.3	1.0	2.3	0.5	0.8	1.0	0.2	0.3	0.3				
<b>Telecom</b>																		
Ukrtelecom	UTLM	113	7.2%	8	204	6.2	12.3	27.3	2.4	2.8	3.5	0.5	0.8	1.0				
<b>Oil &amp; Gas</b>																		
Ukrnafta	UNAF	214	3.0%	6	203	2.0	neg	6.7	0.5	neg	1.7	0.1	0.2	0.2	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	16	21.6%	3	-9	neg	2.8	neg	neg	-0.6	-0.9	-0.3	-0.3	-0.4	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	43	50.4%	22	151	neg	neg	neg	3.3	8.9	5.2	1.0	1.7	1.9	28	21	20	\$/boe
<b>Electric Utilities</b>																		
CentrEnerg	CEEN	115	21.7%	25	127	19.6	>30	5.5	4.9	9.7	4.1	0.2	0.4	0.4	8	8	9	\$/MWh
DonbasEnerg	DOEN	13	14.2%	2	27	1.6	neg	6.3	1.3	neg	4.3	0.1	0.1	0.1	3	3	3	\$/MWh
<b>Consumer</b>																		
MHP	MHPC	914	34.1%	312	2,139	neg	neg	19.2	4.2	4.7	5.3	1.6	1.8	1.6				
Kernel	KER	1,231	61.8%	761	1,535	neg	12.2	4.9	6.9	3.9	4.4	0.6	0.7	0.7				
Astarta	AST	298	37.0%	111	438	neg	16.9	4.0	2.8	3.0	4.1	0.9	1.3	1.3				
Avangardco	AVGR	51	22.5%	12	349	neg	neg	8.2	2.7	neg	7.1	0.8	1.5	1.3	79	60	56	\$/mneggs
Ovostar	OVO	142	25.0%	35	147	5.5	4.4	4.0	5.0	4.2	3.7	2.0	1.9	1.7	n/a	n/a	n/a	
<b>Banks</b>																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	257	1.8%	5		neg	neg	5.3	0.7	1.0	0.9	0.09	0.13	0.13				
Ukrsotsbank	USCB	193	0.2%	0		>30	>30	>30	0.5	0.6	0.3	0.12	0.17	0.15				

Source: Eavex Research

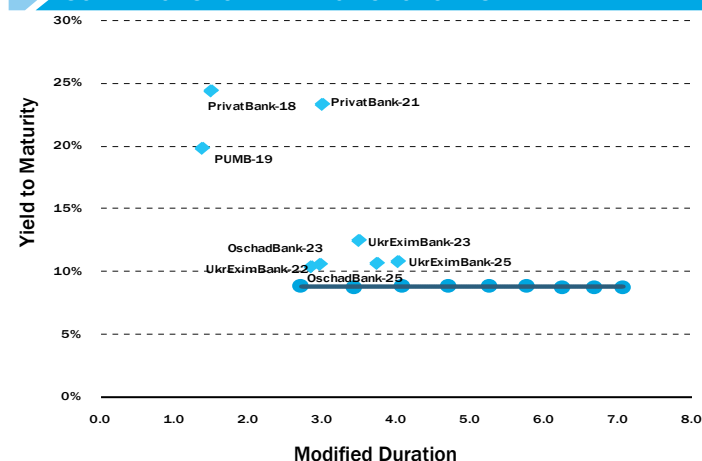
**UKRAINIAN EUROBONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Price chg. (YTD)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume USD mn	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>											
Ukraine, 2019	100.4	100.9	7.6%	7.4%	7.5%	2.6	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	99.4	100.2	7.9%	7.7%	7.9%	3.3	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	99.6	100.1	7.8%	7.7%	9.0%	4.0	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	99.3	100.0	7.9%	7.7%	9.9%	4.6	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	98.8	99.5	8.0%	7.8%	10.6%	5.2	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	98.4	99.1	8.0%	7.9%	11.1%	5.7	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	98.0	98.8	8.1%	7.9%	11.3%	6.2	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	97.8	98.5	8.1%	8.0%	12.0%	6.7	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	97.5	98.3	8.1%	8.0%	12.3%	7.1	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	35.0	36.0	n/a	n/a	-12.9%	n/a	0.00%	S/A	31 May 2040	2,916	/B-/
<b>Corporate Eurobonds</b>											
Agroton, 2019	10.0	13.6	127.3%	104.8%	2.7%	1.5	8.00%	S/A	14 Jul 2019	50	//
MHP, 2020	95.5	95.5	9.7%	9.7%	9.3%	3.0	8.25%	S/A	2 Apr 2020	750	/B-/CCC
Avangardco, 2018	21.0	25.8	104.4%	89.8%	-54.2%	1.4	10.00%	S/A	29 Oct 2018	206	//
UkrLandFarming, 2018	29.0	29.0	111.9%	111.9%	-42.0%	1.0	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	65.8	65.8	44.5%	44.5%	58.4%	1.0	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	68.0	69.5	37.1%	35.4%	54.5%	1.3	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	68.3	69.8	n/a	n/a	21.7%	n/a	10.25%	S/A	31 Jan 2016	85	Ca//C
Metinvest, 2017	68.0	69.7	n/a	n/a	51.8%	n/a	10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	68.8	68.8	n/a	n/a	54.5%	n/a	8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	85.1	87.2	17.5%	16.4%	57.4%	1.8	10.375%	S/A	07 Apr 2019	186	Caa3/CCC/CC
Ferrexpo, 2019	68.8	68.8				1.7	10.375%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2021	95.8	97.0	11.0%	10.6%	12.1%	2.7	9.88%	S/A	15 Sept 2021	500	/CCC+/CCC
Interepipe, 2017	22.0	30.0	254.5%	187.4%	-13.3%	0.5	10.25%	S/A	2 Aug 2017	200	IN DEFAULT
JKX Oil&Gas, 2018	68.1	71.5	47.0%	42.9%	-3.1%	0.4	8.00%	S/A	19 Feb 2018	40	//
<b>Bank Eurobonds</b>											
Fin&Credit Bank, 2019	0.7	3.3	n/a	n/a	-77.8%	n/a	9.25%	S/A	25 Jan 2019	100	IN DEFAULT
PUMB, 2018	86.1	91.2	18.2%	15.4%	19.5%	1.4	11.00%	Q	31 Dec 2018	275	//
Nadra Bank, 2018	1.2	11.3	n/a	n/a	-14.8%	n/a	6.25%	A	31 Jul 2018	60	IN DEFAULT
PrivatBank, 2018-2	82.0	84.0	25.5%	23.6%	9.2%	1.5	10.25%	S/A	23 Jan 2018	200	Cau//CC
PrivatBank, 2021	65.0	67.0	24.1%	23.1%	-1.5%	2.9	11.00%	S/A	09 Feb 2021	220	Cau//CC
PrivatBank, 2018	82.0	82.0	24.9%	24.9%	20.6%	1.3	10.88%	S/A	28 Feb 2018	175	Cau//CC
UkrEximBank, 2022	100.2	100.2	9.6%	9.6%	11.8%	2.9	9.625%	S/A	27 Apr 2022	750	Caa3//CCC
UkrEximBank, 2023	84.2	86.7	11.6%	11.0%	15.3%	3.5	7.51%	S/A	9 Feb 2023	125	Caa3//CCC
UkrEximBank, 2025	99.5	99.5	9.8%	9.8%	13.9%	4.2	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	99.0	100.2	9.6%	9.3%	11.9%	2.8	8.25%	S/A	10 Mar 2023	700	Caa3//CCC
Oschadbank, 2025	97.3	98.5	10.1%	9.9%	11.6%	3.7	8.88%	S/A	20 Mar 2025	500	Caa3//CCC
<b>Municipal Eurobonds</b>											
City of Kyiv, 2015	78.5	81.6	n/a	n/a	-4.1%	n/a	8.00%	S/A	6 Nov 2015	101	IN DEFAULT

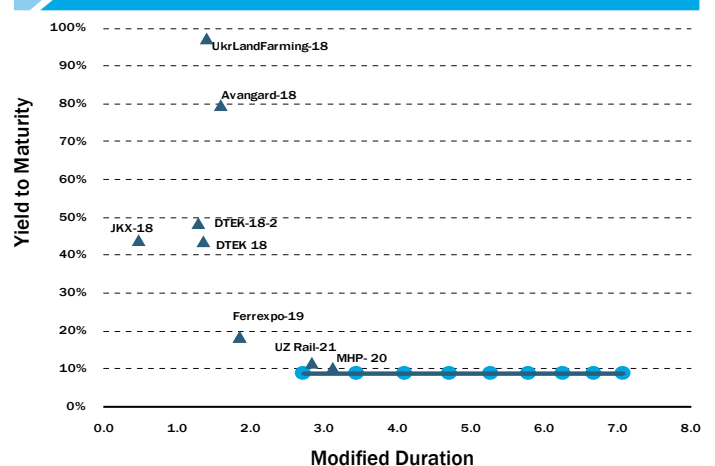
<sup>1</sup> Moody's/S&P/Fitch

Source: Bloomberg, Cbonds, Eavex Research

**SOVEREIGNS vs. BANKING EUROBONDS**



**SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS**



**UKRAINIAN DOMESTIC BONDS**

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume UAH mn
<b>UAH denominated Bonds</b>									
UA4000142665			17.20%	16.25%	n/a	14.30%	S/A	24 May 2017	n/a
<b>VAT Bonds</b>									
UA4000185151			17.20%	16.25%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			17.20%	16.25%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			17.20%	16.25%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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