

Stock Market Update

Equity

Ukrainian equities showed increased volatility last week amid a batch of 2Q16 financial result releases. Uncertainty regarding continuation of the country's IMF program remained a restraining factor on purchases of Kyiv-listed stocks. IMF spokesman William Murray said the IMF has no precise date of the board review for Ukraine. Officially, Kyiv says it still expects to receive two tranches in the total amount of USD 2.7bn by the end of the year.

The UX index finished at 717 points on Friday (Jul 29), a rise of 0.8% for the week. Raiffeisen Aval (BAVL) added the most points to the gauge, gaining 2.6% to 10.63 kopecks after reporting a second-quarter net profit of UAH 773mn. CentrEnerg (CEEN) also had solid financial results in the period but declined 0.5% to UAH 7.70. Motor Sich (MSICH) failed to follow the growth trend, edging down 1.2% to UAH 2011 as the company's profit of UAH 1.28bn for 1H16 did not impress investors.

In economic news, the NBU lowered its main interest rate by 100 bps to 15.50% at its monetary policy meeting on Jul 28. Yields for the government's UAH-denominated VAT-19s (a benchmark for domestic interest rates) have not reacted to the event yet, standing at bid/ask of 17.20%/16.25%.

In London trading, MHP (MHPC) recovered from a mid-week decline, returning to USD 9.20 per share. Ferrexpo (FXPO) demonstrated a solid advance of 18% to GBp 46, which we view as a speculative boost ahead of the company's financial report for 1H16 due for release on Aug 3. Warsaw-listed Kernel (KER) and Astarta (AST) were both on the rise, adding 0.5% and 3.1% respectively, with the latter reaching the PLN 50 mark.

The hryvnia was unchanged again at 24.80 UAH/USD, as the NBU took advantage of its capital control measures to purchase excess supplies of foreign currency on the interbank market, thereby preventing any speculative strengthening of the national currency.

Highlights

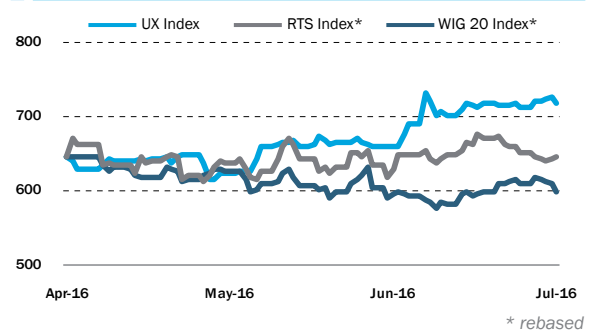
POLITICS AND ECONOMICS

- > Trump Backs Moscow on Crimea, Denies Softening RNC Platform on Ukraine
- > Gov't Projects Strong Grain Harvest Above 60mn Tonnes

STOCKS IN THE NEWS

- > UkrNafta's Net Profit Drops 75%YoY to UAH 500mn in 2Q16
- > Motor Sich Manages to Raise Net Profit by 76% YoY to UAH 979mn in 2Q16
- > CentrEnerg Posts Solid Net Profit of UAH 417mn in 2Q16

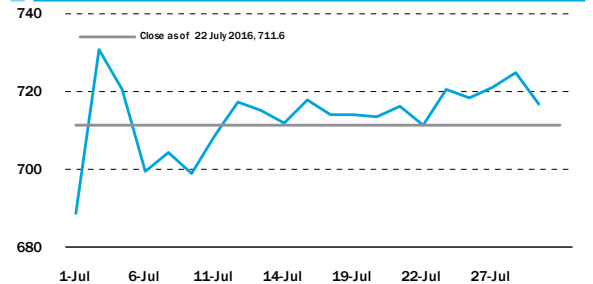
STOCK MARKET PERFORMANCE



MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	717.0	0.8%	8.9%	4.5%
RTS	927.6	-0.9%	2.5%	22.5%
WIG20	1759.7	-1.9%	0.5%	-5.3%
MSCI EM	873.5	0.5%	8.5%	10.4%
S&P 500	2173.6	-0.1%	6.8%	5.3%

UX 1M PERFORMANCE



FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	392.1	4.0%	-7.6%	-11.3%
CDS 5Y UKR	750.0	0.0%	0.0%	-28.6%
Ukraine-19	7.8%	-0.1 p.p.	-0.7 p.p.	-2.0 p.p.
Ukraine-27	8.2%	0.2 p.p.	-0.4 p.p.	-1.4 p.p.
MHP-20	9.8%	0.1 p.p.	-0.3 p.p.	-2.3 p.p.
UZ Rail-21	11.2%	0.0 p.p.	-1.3 p.p.	

CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	24.81	0.2%	-0.3%	3.3%
EUR	27.72	2.0%	0.7%	5.5%
RUB	0.38	-1.5%	-2.9%	15.3%

COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	153.0	-1.9%	-10.8%	-16.2%
Steel, USD/t	367.5	-2.0%	2.8%	45.5%
Oil, USD/bbl	43.5	-5.6%	-12.5%	18.1%
Gold, USD/oz	1351.0	2.2%	3.0%	27.3%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Trump Backs Moscow on Crimea, Denies Softening RNC Platform on Ukraine

by Will Ritter
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NEWS

US presidential candidate Donald Trump made his first extensive public remarks on Ukraine since becoming the Republican Party's nominee earlier in July, in an interview with media outlet ABC News that aired on Sunday (Jul 31). When asked about a previous statement that he might be willing to recognize Crimea (forcibly seized by the Russian army in 2014) as Russian territory and lift the related US sanction penalties, Trump said, "I'm going to take a look at it. But, you know, the people of Crimea, from what I've heard, would rather be with Russia than where they were [in Ukraine]." Also in the interview, Trump repeatedly denied that he was responsible for removing language in the party platform that had called for the US to provide weapons to Ukraine in the face of Russian aggression. The language was softened from "lethal weapons" to "appropriate assistance". Trump, a real estate entrepreneur with no political experience, and former senator Hillary Clinton were crowned as the respective nominees of the two major US parties in July, and are due to face off in the general election on Nov 8.

COMMENTARY

Although Trump's comments on Crimea are, in his usual style, politically incorrect, they largely reflect the de-facto policy of the US when it comes to the annexed territory, i.e. no one in Washington denies (off the record) that many of Crimea's citizens have pro-Russian sympathies, and no one has any serious plan to return Crimea to Ukrainian control. However, recognizing that Moscow must pay some price for the blatantly illegal nature of the seizure is apparently absent from the Trump calculus. Trump's statement that "He [Putin] isn't going into Ukraine" during a Trump presidency was another politically incorrect faux pas, with the candidate clearly meaning that Putin would not go further into Ukraine than he already has with Russia's Donbass incursion, thus implying that the Donbass is not, in fact, part of Ukraine. Trump's denials in regard to having watered down the language on Ukraine and Russian in the RNC platform do not sound credible to us, as this is one of the most important points in Republican foreign policy and an issue that would have received considerable attention during the drafting. More bad news for Trump is that a Russian leak of hacked DNC emails, which initially embarrassed the Democrats, ended up backfiring after Trump publicly called on the Kremlin to hack Clinton's emails, drawing a tidal wave of negative media headlines and even accusations of treason. We repeat our previous prediction (made in early May at the close of the primaries) that Trump, even if he manages to receive full support from the Republican party, still has a very difficult path to the presidency given the Democrats' natural advantage in the US state-by-state voting system. This is the case despite recent polls showing Trump running more or less even with Clinton on a nationwide basis. We have not observed any major shifts in the campaign since May, and we thus reiterate that the election of Hillary Clinton to the US presidency in November is our base-case scenario, with a continuation of the Obama administration's policy in regard to Ukraine, including the Russia sanctions policy.

Gov't Projects Strong Grain Harvest Above 60mn Tonnes

by Dmitry Churin
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NEWS

Ukraine's nationwide grain harvest will exceed 60mn tonnes for the fourth year in a row in 2016, according to an Agriculture Ministry forecast unveiled on Jul 20. Ukrainian farmers have already harvested 18mn tonnes of grain this year. The U.S. Department of Agriculture (USDA) forecasts that Ukraine will harvest 61.2 mn tonnes of grain in the current agricultural year (Jul 2016 - Jun 2017), and that the country's exports will amount to 33.6mn tonnes.

COMMENTARY

Ukraine had a record-high harvest of 63.8mn tonnes of grain in the 2014 season, with this year's harvest amid thus-far favorable weather projected at around 4% below that mark. The forecast breakdown is 25.2mn tonnes for wheat, 25.7mn tonnes for corn, and 9.0mn tonnes for barley. MinAgro reports that grain and oilseed exports amounted to USD 3.9bn in 5M16, accounting for 29% of Ukraine's total merchandise exports of USD 13.7bn in the period. On the downside, global prices for soft commodities are not in a favorable trend for producers, with wheat prices having fallen by 14% YtD to USD 157 per tonne.

Ukraine's grain harvest accounts for some 3% of the global grain supply. The agro sector has become the single most important driver for Ukraine, after the steel sector gave up its #1 position as a result of oversupply on the international market. We believe that the agro sector will continue to anchor the country's economic rebound in the medium term.

UkrNafta's Net Profit Drops 75% YoY to UAH 500mn in 2Q16

by Dmitry Churin
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UKRNAFTA (UNAF UK)

Price: UAH 100.7 Market Cap: USD 220mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2015	0.5	0.2	neg	neg	0.0%
2016E	0.6	0.2	6.9	1.8	n/a

NEWS

UkrNafta, Ukraine's largest oil producer, reported a drop in net profit by 75% YoY to UAH 500mn (USD 20mn) in 2Q16, according to the company's financials released last week. UkrNafta's revenue was down by 24% YoY to UAH 5.77bn and EBITDA fell 77% to UAH 518mn in the period. For 1H16, the company posted a net loss of UAH 10mn compared to net profit of UAH 3.9bn in 1H15. On the balance sheet side, UkrNafta reported no interest-bearing debt as of 30 Jun 2016, while cash and cash equivalents stood at UAH 270mn. The report acknowledged tax arrears to the Ukrainian government of UAH 11.1bn as of the reporting date.

UKRNAFTA FINANCIAL RESULTS

UAH mn	2Q16	2Q15	1Q16	QoQ	YoY	1H16	1H15	YOY
Net revenue	5,772	7,560	3,122	84.9%	-23.7%	8,894	15,543	-42.8%
EBITDA	518	2,269	-448	+/-	-77.2%	70	5,251	-98.7%
EBITDA margin	9.0%	30.0%	-14.4%	+23.3p.p.	-21.0 p.p.	0.8%	33.8%	-33.0p.p.
Net Income	500	1,960	-510	+/-	-74.5%	-10	3,910	+/-
Net margin	8.7%	25.9%	-16.3%	+25.0p.p.	-17.3 p.p.	-0.1%	25.2%	-25.3p.p.

Source: Company data.

COMMENTARY

Low oil prices hammered UkrNafta in the first quarter, when the company held back some of its oil in inventory and posted a net loss of UAH 510mn. Although prices recovered somewhat in 2Q, this was only enough to put UkrNafta at breakeven for the first half. Oil sales contributed a 54% share in the company's total revenue in the half, with the average achieved price reported at near USD 37 per barrel. UkrNafta also sold ammonia nitrate, which brought in 16% of its total revenue, and refined petroleum products, which brought in 25% of revenue. However, UkrNafta's financial results in 1H16 were distorted by large unspecified other operating expenses of UAH 4.6bn.

The UNAF stock continues to trade around the UAH 100 level, climbing 2.7% last week to close at UAH 100.7 per share on Friday (Jul 29).

Motor Sich Manages to Raise Net Profit by 76% YoY to UAH 979mn in 2Q16

by Dmitry Churin
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MOTOR SICH (MSICH UK)

Price: UAH 2,011 Market Cap: USD 168mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2015	0.3	0.2	1.0	0.5	1.5%
2016E	0.2	0.2	2.3	0.6	1.5%

NEWS

Motor Sich, monopoly aircraft and helicopter engine producer in Ukraine, raised net profit by 76% YoY to UAH 979mn (USD 39mn) in 2Q16, according to the company's financials released on Jul 25. The company's revenue decreased by 41% YoY to UAH 2.96bn in the period while EBITDA jumped by 95% YoY to UAH 1.02bn. For 1H16 the company's net profit amounted to UAH 1.28bn, a 19% YoY lower compared to UAH 1.59bn net profit in 1H15. On the balance sheet side, Motor Sich reported total debt of UAH 1.15bn and available cash of UAH 2.61bn as of 30 Jun 2016.

MOTOR SICH FINANCIAL RESULTS

UAH mn	2Q16	2Q15	1Q16	QoQ	YoY	1H16	1H15	YoY
Net revenue	2,963	3,889	2,100	41.1%	-23.8%	5,063	6,918	-26.8%
EBITDA	1023	1721	524	95.1%	-40.6%	1726	3194	-46.0%
EBITDA margin	34.5%	44.3%	25.0%	+9.6 p.p.	+9.7 p.p.	34.1%	46.2%	-12.1 p.p.
Net Income	979	557	305	221.3%	75.8%	1,284	1,590	-19.3%
Net margin	33.0%	14.3%	14.5%	+18.5 p.p.	+18.7 p.p.	25.4%	23.0%	+2.4 p.p.

Source: Company data,

COMMENTARY

In fact we can say that Motor Sich had a mixed results for 2Q16 despite a firm rise in net profit. The company's sales continue to stagnate due to problems with Russian market. On the other hand, there was improvement in profitability thanks to cost cutting measures and lower energy prices in the period. Motor Sich's labour force was reduced by 500 employees to 25,500 employees in FY15. The net profit margin was 33.0% in 2Q16 compared to the margin of 14.3% in 2Q15.

The issue for Motor Sich is that its plant in Zaporozhia, 230km west of Donetsk, makes the engines for most Russian military helicopters, including the Mi-24, which has been used to patrol the border with Ukraine. The current Kyiv - Moscow relationship put pressure on Motor Sich, limiting deliveries of helicopter engines to Russia. Moreover, the Russian air force's dependence on the Motor Sich plant is causing concern for Kremlin military strategists. Officially Ukraine has suspended all military deliveries to Russia but we assume that Motor Sich found a way to supply engines for Russian civil aviation. There is no concrete information regarding Motor Sich's sales to Russia. However, Russian newspaper Vedomosti said Motor Sich president Vyacheslav Boguslaev unofficially was presented at International Aviation and Space Salon MAKS in Moscow last year and there were rumors Motor Sich got at least USD 100mn contract to supply engines to Russian Helicopters in FY16. UkrStat reported that the overall Ukrainian exports to Russia amounted to USD 1.2bn in 5M16, falling 37.2% YoY.

The company tries to expand its presence on Indian market and had talks with Indian conglomerate Reliance Industries regarding possible cooperation. Motor Sich has already had representative office in New Dehli. In case Motor Sich gets large long term order from India its stock will skyrocket from the current depressed level. The stock trades at UAH 2,011 per share implying FY16 P/E of 2.3x.

CentrEnergO Posts Solid Net Profit of UAH 417mn in 2Q16

by Dmitry Churin
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CENTRENERGO (CEEN UK)

Price: UAH 7.70 Market Cap: USD 115mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2015	0.4	0.3	35.7	6.3	0.8%
2016E	0.4	0.2	5.5	2.1	5.4%

NEWS

CentrEnergO, Ukraine's second largest thermal generation company by installed capacity, posted a net profit of UAH 417mn (USD 17mn) in 2Q16, compared to net loss of UAH 38mn in 2Q15, according to the company's report published on Jul 25. On the top line the company's net revenue rose by 63% YoY to UAH 2.61bn while EBITDA jumped from tiny UAH 2.0mn in 2Q15 to UAH 546mn in 2Q16. For the 1H16 period, CentrEnergO's net revenue grew by 80% YoY to UAH 5.13bn, EBITDA turned positive amounting to UAH 915mn and net profit was UAH 686mn compared to net loss of UAH 268mn a year ago. The company's electricity output increased by 44% to 4.9 TWh in 1H16.

CENTRENERGO'S FINANCIAL RESULTS

UAH mn	2Q16	2Q15	1Q16	QoQ	YoY	1H16	1H15	YoY
Net revenue	2,614	1,608	2,512	4.1%	62.6%	5,126	2,855	79.5%
EBITDA	546	2	321	70.3%	nm	915	-192	+/-
EBITDA margin	20.9%	0.1%	12.8%	+8.1 p.p.	+20.7 p.p.	17.8%	-6.7%	+24.6 p.p.
Net Income	417	-38	270	54.3%	+/-	686	-268	+/-
Net margin	15.9%	-2.4%	10.7%	+5.2 p.p.	+18.3 p.p.	13.4%	-9.4%	+22.8 p.p.

Source: Company data,

COMMENTARY

The company's solid performance in 2Q16 could be attributed both to an increase in electricity output by 19% YoY to 2.4 TWh in the period and to higher thermal electricity tariffs in the system. Nevertheless, CentrEnergO's top management warned that the company has low coal inventories which could lead to substantial decrease in output in 2H16. The company's balance sheet said that the inventoried had declined by 30% YtD in a value terms to UAH 879mn (USD 35.4mn). A separate problem for CentrEnergO is an increase in account receivables by 57% YtD to UAH 1.57bn. As far as we know, the increase in receivables was related to non-payment from the state-run operator of the wholesale electricity market, EnergoRynok. Therefore, it is hard to expect that CentrEnergO would reach its target to earn UAH 1.0bn (USD 40mn) in FY16. We stick to our forecast that the company will earn UAH 500mn in FY16. CentrEnergO has a net cash position of UAH 505mn as of 30 Jun 2016.

CEEN stock declined 0.5% last week to close at UAH 7.70 per share. The company trades at EV/EBITDA multiple of 2.1x giving a fundamental ground for further upside.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Agriculture						
Kernel	KER PW	61.8	61.80	0%	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	9.2	8.73	-5%	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	49.0	44.98	-8%	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	7.6	13.02	70%	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	91.0	117.65	29%	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	46.0	26.0	-43%	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.
Specialized Machinery						
Motor Sich	MSICH	2011	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	3.4	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.
Power Utilities						
DonbasEnergO	DOEN	13.3	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	7.70	15.00	95%	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	0.106	0.24	126%	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	716.96	997.24	525.66	0.8%	8.9%	14.3%	4.5%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.006	0.017	0.004	-4.6%	3.3%	17.0%	-44.1%	-5.4%	-5.5%	2.6%	-48.7%
Azovstal	AZST	0.250	n/a	n/a	0.0%	13.1%	0.0%	-37.5%	-0.8%	4.3%	-14.3%	-42.0%
Enakievo Steel	ENMZ	5.03	n/a	n/a	0.0%	-52.1%	-43.5%	-64.1%	-0.8%	-60.9%	-57.8%	-68.6%
Coke												
Avdyivka Coke	AVDK	0.81	n/a	n/a	0.0%	-1.2%	-6.9%	-26.4%	-0.8%	-10.1%	-21.2%	-31.0%
Yasynivsky Coking	YASK	0.200	0.360	0.064	42.9%	53.8%	33.3%	-13.0%	42.1%	45.0%	19.0%	-17.6%
Iron Ore Mining												
Centralny GOK	CGOK	2.55	n/a	n/a	0.0%	-49.0%	-32.0%	-40.1%	-0.8%	-57.9%	-46.3%	-44.7%
Ferrexpo	FXPO	46.00	70.00	14.00	17.9%	52.1%	22.7%	114.0%	10.6%	17.2%	43.2%	109.4%
Pivnichny GOK	SGOK	3.50	n/a	n/a	0.0%	0.0%	4.2%	-33.9%	-0.8%	-8.9%	-10.2%	-38.5%
Coal Mining												
Pokrovske Mine	SHCHZ	0.190	n/a	n/a	171.4%	46.2%	58.3%	-17.4%	170.7%	37.3%	44.0%	-21.9%
Pipe Manufacturing												
Khartsyzk Pipe	HRTR	0.080	n/a	n/a	0.0%	-20.0%	100.0%	-55.6%	-0.8%	-28.9%	85.7%	-60.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	7.20	11.08	3.75	-0.7%	-3.4%	60.0%	-9.0%	-1.4%	-12.2%	45.7%	-13.5%
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	2011	2748	1663	-1.2%	1.2%	2.2%	1.6%	-2.0%	-7.6%	-12.1%	-2.9%
Turboatom	TATM	9.40	n/a	n/a	-5.5%	4.4%	16.0%	108.9%	-6.3%	-4.4%	1.7%	104.4%
Telecom												
Ukrtelecom	UTLM	0.140	0.180	0.091	-6.7%	-3.4%	-11.8%	16.7%	-7.4%	-12.3%	-26.2%	12.1%
Oil & Gas												
Regal Petroleum	RPT	3.43	6.50	1.75	-9.3%	-2.1%	41.2%	-8.7%	-10.3%	-10.0%	-11.0%	-13.2%
JKX Oil	JKX	19.50	29.00	15.50	2.6%	18.2%	-7.1%	-28.4%	-1.4%	1.9%	9.3%	-33.0%
Ukrnafta	UNAF	100.7	288.9	70.5	2.7%	11.8%	-4.1%	-43.1%	1.9%	2.9%	-18.4%	-47.6%
Power Utilities												
Centrenergo	CEEN	7.70	8.25	4.12	-0.5%	4.8%	20.7%	68.9%	-1.2%	-4.1%	6.4%	64.3%
Donbasenergo	DOEN	13.25	20.20	9.04	-3.3%	1.9%	6.6%	-15.9%	-4.0%	-6.9%	-7.8%	-20.5%
Zakhidenergo	ZAEN	64.00	170.00	31.00	2.4%	28.0%	28.0%	-23.8%	1.6%	19.1%	13.7%	-28.3%
Consumer												
Agroton	AGT	2.04	2.04	0.80	43.7%	82.1%	75.9%	102.0%	1.1%	42.9%	73.3%	97.4%
Astarta	AST	48.99	49.00	26.20	3.1%	8.6%	4.2%	42.0%	1.1%	2.4%	-0.2%	37.5%
Avangardo	AVGR	0.80	1.65	0.23	0.0%	-15.8%	-20.0%	-36.0%	1.1%	-0.8%	-24.6%	-40.5%
Industrial Milk Company	IMC	7.64	7.64	4.79	12.5%	4.1%	5.2%	28.0%	3.5%	11.8%	-4.8%	23.4%
Kernel	KER	61.80	62.00	37.41	0.5%	16.6%	20.1%	28.5%	0.8%	-0.2%	7.8%	23.9%
Mriya Agro Holding	MAYA	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MHPC	MHPC	9.20	11.00	7.10	6.4%	-1.1%	0.0%	-1.1%	3.3%	5.6%	-9.9%	-5.6%
Milkiland	MLK	2.07	2.25	0.89	15.0%	30.2%	17.6%	45.8%	-4.4%	14.2%	21.3%	41.2%
Ovostar Union	OVO	91.00	98.50	75.00	-3.2%	-6.1%	-4.5%	0.6%	1.1%	-3.9%	-15.0%	-4.0%
Chemicals												
Stirol	STIR	0.95	n/a	n/a	0.0%	-17.4%	-52.5%	-84.0%	-0.8%	-26.2%	-66.8%	-88.6%
Banks												
Raiffeisen Bank Aval	BAVL	0.106	0.112	0.059	2.6%	22.0%	41.0%	41.2%	1.9%	13.2%	26.6%	36.6%
UkrSotsbank	USCB	0.064	n/a	n/a	3.2%	-0.3%	-12.6%	-35.4%	2.5%	-9.2%	-27.0%	-40.0%

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	39	4.1%	4.2%	11.0%	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%
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	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
Coke																		
Avdyivka Coke	AVDK	6	6.8%	0	5	neg	0.4	1.1	neg	0.1	0.2	0.0	0.0	0.0	1	1	1	\$/tonne
Yasynivsky Coke	YASK	2	9.0%	0	2	neg	neg	neg	neg	neg	neg	0.0	0.0	0.0	n/a	n/a	n/a	\$/tonne
Iron Ore Mining																		
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	357	24.0%	86	1,225	1.9	11.3	2.4	2.5	3.9	5.2	0.9	1.3	1.5				
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	33	5.0%	2	28	neg	neg	neg	neg	neg	neg	0.2	0.7	0.4				
Specialized Machinery																		
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	168	24.0%	40	109	1.3	1.0	2.3	0.3	0.5	0.6	0.1	0.2	0.2				
Telecom																		
Ukrtelecom	UTLM	106	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	220	3.0%	7	209	2.1	neg	6.9	0.5	neg	1.8	0.1	0.2	0.2	n/a	n/a	n/a	\$/boe
Regal Petroleum	RPT	15	21.6%	3	-11	neg	2.5	neg	neg	-0.7	-1.1	-0.3	-0.3	-0.5	n/a	n/a	n/a	\$/boe
JKX Oil & Gas	JKX	44	50.4%	22	153	neg	neg	neg	3.3	9.0	5.3	1.0	1.7	1.9	28	21	20	\$/boe
Electric Utilities																		
CentrEnerg	CEEN	115	21.7%	25	83	19.5	>30	5.5	3.2	6.3	2.1	0.1	0.3	0.2	5	6	6	\$/MWh
DonbasEnerg	DOEN	13	14.2%	2	26	1.5	neg	6.1	1.3	neg	4.2	0.1	0.1	0.1	3	3	3	\$/MWh
Consumer																		
MHP	MHPC	972	34.1%	331	2,197	neg	neg	20.4	4.3	4.8	5.4	1.6	1.9	1.7				
Kernel	KER	1,262	61.8%	780	1,565	neg	12.5	5.0	7.0	3.9	4.5	0.7	0.7	0.7				
Astarta	AST	314	37.0%	116	453	neg	17.7	4.2	2.9	3.1	4.2	1.0	1.3	1.4				
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	140	25.0%	35	145	5.4	4.4	4.0	5.0	4.2	3.6	1.9	1.9	1.7	n/a	n/a	n/a	
Banks																		
						P/E			P/Book			P/Assets						
Raiffeisen Bank Aval	BAVL	263	1.8%	5		neg	neg	5.5	0.7	1.0	0.9	0.09	0.13	0.13				
Ukrsotsbank	USCB	199	0.2%	0		>30	>30	>30	0.5	0.6	0.4	0.12	0.17	0.15				

Source: Eavex Research

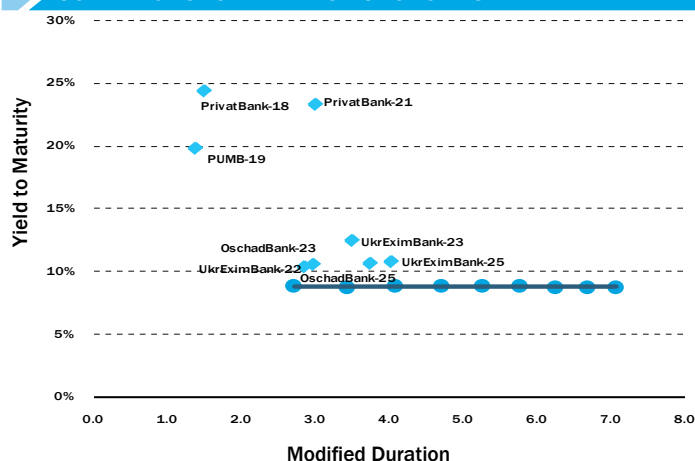
UKRAINIAN EUROBONDS

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	99.5	100.0	7.9%	7.7%	6.5%	2.6	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	98.9	99.6	8.1%	7.9%	7.3%	3.3	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	98.4	99.1	8.1%	8.0%	7.8%	4.0	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	98.3	99.0	8.1%	8.0%	8.8%	4.6	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	98.0	98.8	8.1%	8.0%	9.8%	5.2	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	97.3	98.0	8.2%	8.1%	9.8%	5.7	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	96.5	97.3	8.3%	8.2%	9.6%	6.2	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	96.5	97.3	8.3%	8.2%	10.6%	6.6	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	96.3	97.0	8.3%	8.2%	10.9%	7.0	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	33.5	34.5	n/a	n/a	-16.6%	n/a	0.00%	S/A	31 May 2040	2,916	/B-/
Corporate Eurobonds											
Agroton, 2019	10.0	13.5	128.6%	106.4%	2.2%	1.4	8.00%	S/A	14 Jul 2019	50	//
MHP, 2020	94.6	95.7	10.0%	9.7%	8.9%	3.0	8.25%	S/A	2 Apr 2020	750	/B-/CCC
Avangardco, 2018	21.6	26.0	103.2%	89.9%	-53.3%	1.4	10.00%	S/A	29 Oct 2018	206	//
UkrLandFarming, 2018	29.0	29.0	116.4%	116.4%	-42.0%	0.9	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	65.9	68.1	45.0%	42.2%	61.5%	1.0	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	67.0	68.5	38.7%	37.0%	52.2%	1.3	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	68.2	69.8	n/a	n/a	21.7%	n/a	10.25%	S/A	31 Jan 2016	85	Ca//C
Metinvest, 2017	68.1	70.1	n/a	n/a	52.4%	n/a	10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	68.2	70.1	n/a	n/a	55.3%	n/a	8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	87.0	88.7	16.6%	15.7%	60.6%	1.8	10.375%	S/A	07 Apr 2019	186	Caa3/CCC/CC
Ferrexpo, 2019	68.2	70.1				1.8	10.375%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2021	95.6	97.0	11.0%	10.7%	12.0%	2.7	9.88%	S/A	15 Sept 2021	500	/CCC+/CCC
Interepipe, 2017	22.0	30.0	261.1%	191.9%	-13.3%	0.5	10.25%	S/A	2 Aug 2017	200	IN DEFAULT
JKX Oil&Gas, 2018	69.0	71.0	46.3%	43.9%	-2.8%	0.4	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2019	0.7	3.3	n/a	n/a	-78.1%	n/a	9.25%	S/A	25 Jan 2019	100	IN DEFAULT
PUMB, 2018	87.7	91.6	17.3%	15.2%	20.9%	1.3	11.00%	Q	31 Dec 2018	275	//
Nadra Bank, 2018	1.0	11.1	n/a	n/a	-16.7%	n/a	6.25%	A	31 Jul 2018	60	IN DEFAULT
PrivatBank, 2018-2	82.0	84.0	25.7%	23.7%	9.2%	1.5	10.25%	S/A	23 Jan 2018	200	Cau//CC
PrivatBank, 2021	65.0	67.0	24.1%	23.2%	-1.5%	2.9	11.00%	S/A	09 Feb 2021	220	Cau//CC
PrivatBank, 2018	82.0	82.0	25.4%	25.4%	20.6%	1.2	10.88%	S/A	28 Feb 2018	175	Cau//CC
UkrEximBank, 2022	99.7	100.5	9.7%	9.5%	11.7%	2.9	9.625%	S/A	27 Apr 2022	750	Caa3//CCC
UkrEximBank, 2023	83.2	86.3	11.9%	11.1%	14.4%	3.5	7.51%	S/A	9 Feb 2023	125	Caa3//CCC
UkrEximBank, 2025	97.2	98.6	10.2%	10.0%	12.1%	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	98.2	99.4	9.7%	9.5%	11.0%	2.8	8.25%	S/A	10 Mar 2023	700	Caa3//CCC
Oschadbank, 2025	96.4	97.7	10.3%	10.0%	10.7%	3.7	8.88%	S/A	20 Mar 2025	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	78.5	81.8	n/a	n/a	-4.1%	n/a	8.00%	S/A	6 Nov 2015	101	IN DEFAULT

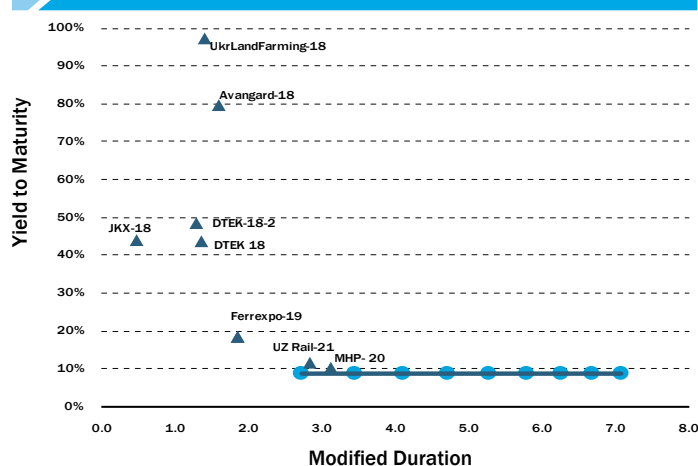
¹ Moody's/S&P/Fitch

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			17.20%	16.25%	n/a	14.30%	S/A	24 May 2017	n/a
VAT Bonds									
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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