

Stock Market Update

Equity

Kyiv-listed stocks gained across the board last week thanks to both technical and fundamental drivers. First of all, a new ceasefire took effect in Eastern Ukraine on Sept 1, which represents the third consecutive September ceasefire since the Donbass conflict broke out in 2014. Second, the IMF said that a meeting of its Executive Board on the program with Ukraine has been scheduled for this month. The IMF statement came out after Ukraine's government finally launched electronic declaration for officials' income and assets, which is viewed as one of the key elements in fighting corruption in the country. Meanwhile, among technical factors, we can mention a stock price adjustment to the hryvnia's recent 7% decline against the major currencies.

The UX index rose 4.2% to close at 724 points. The gauge's local maximum is 730 points reached in early July. CentrErgo (CEEN) continued to be the best-performing blue chip, surging 9.0% last week to USD 9.05 as news that South African coal has started to fill the group's inventories helped to ease fears that the power generator might face fuel shortages in the winter season. Motor Sich (MSICH) added 5.5% to UAH 1836, which we view as a rebound from the strong support level of UAH 1700 which the stock tested in last days of August. Top financial name Raiffeisen Aval (BAVL) advanced 1.8% to 10.64 kopecks per share.

London-listed Ferrexpo (FXPO) fell 3.3% to GBp 66.25 after several global investment banks tipped iron ore prices to retreat from recent elevated levels over the rest of 2016 and 2017, as supply outpaces demand. MHP (MHPC) edged down 1.1% to USD 9.40. In Warsaw trading, it was a bright week for Donbass-based Agroton (AGT). The stock leapt by 40% to PLN 3.41 as the company returned to profit in 1H16.

On the interbank market, hryvnia showed additional seasonal weakness despite the positive IMF announcement, falling 4.5% against the dollar to close at 26.60 UAH/USD on Friday (Aug 26). The NBU intervened on the market, selling USD 80mn from its reserves to support the domestic currency. On the cash market, the dollar sell rate ended the week at 26.50 UAH/USD.

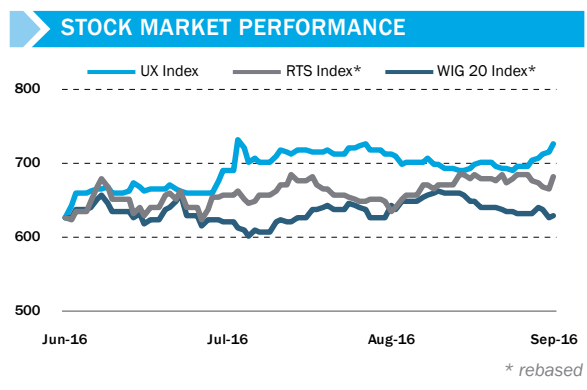
Highlights

POLITICS AND ECONOMICS

- > Another September, Another Donbass Ceasefire

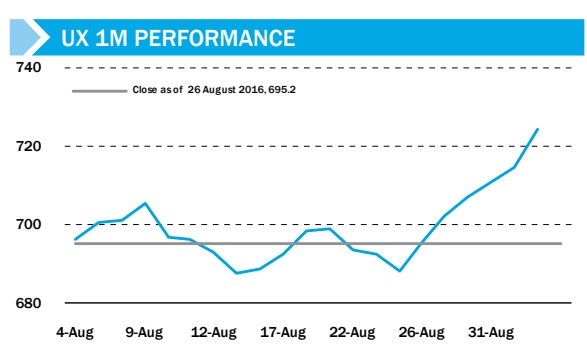
STOCKS IN THE NEWS

- > CentrErgo Receives 72,000 tonnes of Coal from South Africa
- > Agroton Doubles EBITDA to USD 9.2mn in 1H16
- > Avangard's Revenue Slumps 47% YoY to USD 65mn in 1H16



MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	724.6	4.2%	2.0%	5.6%
RTS	969.9	-0.4%	7.4%	28.1%
WIG20	1767.6	-0.5%	-2.0%	-4.9%
MSCI EM	899.6	-0.2%	2.6%	13.7%
S&P 500	2180.0	0.5%	1.1%	5.7%



FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	360.3	1.7%	-6.9%	-18.5%
CDS 5Y UKR	750.0	0.0%	0.0%	-28.6%
Ukraine-19	7.5%	-0.8 p.p.	-0.5 p.p.	-2.4 p.p.
Ukraine-27	8.1%	-0.3 p.p.	-0.1 p.p.	-1.5 p.p.
MHP-20	9.6%	-0.1 p.p.	-0.3 p.p.	-2.6 p.p.
UZ Rail-21	11.5%	-0.1 p.p.	0.3 p.p.	

CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	26.68	4.7%	7.6%	11.0%
EUR	29.71	4.2%	6.7%	13.1%
RUB	0.41	4.3%	10.9%	26.1%

COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	163.5	0.3%	4.8%	-10.4%
Steel, USD/t	375.0	2.0%	2.7%	48.5%
Oil, USD/bbl	46.8	-6.6%	10.9%	27.0%
Gold, USD/oz	1325.1	0.3%	-2.8%	24.8%

*Ukraine FOB Source: Bloomberg, Ukrainian Exchange

Another September, Another Donbass Ceasefire

by Will Ritter
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NEWS

There has been a sharp drop in cross-frontier shelling incidents in the Donbass since Sept 1 in line with a new ceasefire agreement between the Ukrainian government and pro-Russian separatists, OSCE monitors have reported. Defense Minister Stepan Poltorak said that on Thursday (Sept 1) in the overnight hours, there was almost no shelling from the separatist side, while separatist military spokesman Eduard Basurin stated there had been no violations from the government, the separatist-affiliated DAN news service reported. Although some shelling incidents were registered over the weekend, including 20 attacks on Sunday (Sept 4) on government positions claimed by the Ukrainian Army, these still represented a notable decline from July and August, when an elevated level of hostilities was reported on a near-daily basis. In other important political news last week, the IMF announced that its Executive Board will consider renewing lending to Ukraine at a meeting later this month, finally bringing the prospect of a USD 1.0bn tranche disbursement back into play after a year-long delay. Also, President Poroshenko's longtime chief of administration Boris Lozhkin resigned from his post last Monday (Aug 29), although he is expected to continue working in the government as head of an investment advisory council. Lozhkin was replaced by his deputy and fellow Kharkiv native Igor Raynin, 43, who is viewed as a Lozhkin protégé.

COMMENTARY

Both 2014 and 2015 in the Donbass were also marked by early-September ceasefires after high-intensity (in the case of 2014, full-scale war) fighting in August of those years, so we can say that conflict has begun to take on something of a seasonal character. However, it is not a sure thing that the multi-month success of last year's September ceasefire will be repeated, as none of the fundamental questions surrounding the occupied territories are any closer to resolution than they were one year ago. It looks clear that the new ceasefire was brokered behind the scenes by the EU, US, and Russia, rather than being a direct initiative between Kyiv and the DNR/LNR. Although there are rumors that a comprehensive deal revising the February 2015 "Minsk 2" agreement to end the conflict is being worked out at the current G20 summit in China, we are rather skeptical about such claims. Instead, we view a scenario in which both Kyiv and Moscow continue to flout their main Minsk obligations (in Kyiv's case, allowing elections on the occupied territories, and in Moscow's case, returning control to Ukraine of the pre-2014 border and ending military support to the separatists) as the most likely future course of the conflict. This path, while leaving the conflict in a "frozen" state with occasional flare-ups, offers considerable upside to Kyiv, in our view, as it means the politically volatile issue of granting special sovereignty to Donetsk and Lugansk can be further postponed, and it also keeps Donetsk and Lugansk out of any role in Ukraine's national government. This scenario also offers something to Moscow, which can hope for a reduction in EU (if not US) sanctions in the absence of major Ukraine hostilities. The positive news here is that Ukraine appears to have made it through the rather tricky summer fighting season without a major escalation, and is also likely to see IMF and other Western aid resumed, even if only temporarily. This could result in a period of relative autumn political calm until the population receives its first winter utility bills in mid-December, which will contain the IMF-mandated heating price hikes.

CentrEnergO Receives 72,000 tonnes of Coal from South Africa

by Dmitry Churin
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CENTRENERGO (CEEN UK)

Price: UAH 9.05 Market Cap: USD 126mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2015	0.4	0.3	39.2	7.2	0.8%
2016E	0.4	0.3	6.1	2.4	5.0%

NEWS

Majority state-owned CentrEnergO, Ukraine's second largest thermal electricity generation group, said it has taken delivery of 71,700 tonnes of anthracite coal sourced from South Africa, according to a company statement published on Aug 31. The coal was delivered through the Yuzhnyi Port in Odessa. All of the fuel was ordered for CentrEnergO's Tripilska power plant located in Kyiv province. The company also said that the coal was purchased via Swiss trader Alchar Services SA and that quality control was conducted by international independent contractor Incolab Services B.V. Improving coal inventories is a crucial issue for the company to prepare for the winter season, when capacity load at thermal power plants increases significantly. Thermal generation provides around 35% of total electricity produced in Ukraine, putting it second behind nuclear power.

COMMENTARY

CentrEnergO has estimated that it needs to import 300,000 tonnes of anthracite coal by the end of this year for the winter season. Transparency of the imported coal supplies is very important for the company and its government overseers, as they have been accused of buying coal through intermediaries which substantially inflated the price. The need for imported coal is a sign that relations with Ukraine's separatist-occupied east are still on the rocks, as the former domestic coal business has not resumed on the needed scale; Ukrainian anthracite coal mines are mostly located on the occupied territories and not considered as reliable suppliers. On the other hand, the imported coal is indeed more expensive, with CentrEnergO saying it paid USD 72 per tonne compared to the price for domestic coal of about UAH 1400 (USD 55) per tonne. CentrEnergO's acting CEO Oleg Kozemko has already admitted that the higher price for imported coal could negatively affect the company's profitability in 2H16. Management has a target of UAH 1.0bn in net profit for FY16. However, we have a more conservative forecast of UAH 500mn that assumes a net loss in the second half (CentrEnergO posted net profit of UAH 686mn in 1H16).

CentrEnergO's share price has been in a sharp upward trend since late March, when it bottomed at UAH 4.50. The stock's quotes currently stand at UAH 9.05. From the chart perspective, the CEEN stock has a support level at UAH 7.50 and a resistance level at UAH 9.50.

Agroton Doubles EBITDA to USD 9.2mn in 1H16

by Dmitry Churin
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AGROTON (AGT PW)

Price: PLN 3.41 Market Cap: USD 19mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015	0.7	neg	0.9	0%
2016E	0.8	2.4	1.9	0%

NEWS

Eastern Ukrainian-based crop grower Agroton doubled its EBITDA to USD 9.2mn in 1H16, according to the company's financial report released last week. Agroton's net revenue was down 3.2% YoY to USD 17.3mn while its bottom line turned a profit of USD 5.2mn after a net loss of USD 18.2mn in 1H15. On the other hand, the company's net cash from operating activities decreased by 22% YoY to USD 7.2mn in the period.

AGROTON FINANCIALS			
USD mn	1H16	1H15	chg.
Net revenue	17.3	17.9	-3.2%
EBITDA	9.2	4.3	+113.7 p.p.
margin	53.2%	24.1%	-29.1%
Net Income	5.2	-18.2	+/-
net margin	30.0%	-102.0%	-132.0 p.p.

Source: Company data.

On the balance sheet side, Agroton's total debt amounted to USD 23.4mn as of 30 Jun 2016, and total assets were USD 80.3mn.

COMMENTARY

This report was a positive surprise for investors, with the Warsaw-listed AGT stock jumping 40% last week to PLN 3.41. However, we cannot help but note that Agroton did not show any increase in its revenue, with the entire provement in the bottom line likely attributed to gains in fair value of biological assets and a drop in foreign exchange losses.

The company has USD 18mn Eurobonds with maturity in 2019. These bonds have indicative quotes of 10.0/13.5 cents on the dollar, reflecting the numerous problems which Agroton has suffered since the 2014 outbreak of the Donbass conflict (all of the company's operations are based in Lugansk province). In July the company announced its intention to buy back its remaining bonds, with no pricing offer stated; in late 2015, Agroton had bought back USD 10.4mn in aggregate principal of the bonds at 30 cents on the dollar. The company reported cash and cash equivalents of USD 17.8mn for 1H16, which technically means that Agroton's Debt/12M EBITDA ratio was less than 1.0x as of Jun 30. Nevertheless, with Agroton's business location still exposed to considerable military risks, there is no certainty about whether the company will be able to return to a growth strategy next year.

Avangard's Revenue Slumps 47% YoY to USD 65mn in 1H16

by Dmitry Churin
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AVANGARDCO (AVGR LI)

Price: USD 0.50 Market Cap: USD 32mn

	EV/S	P/E	EV/EBITDA	Div. Yield
2015	1.6	neg	neg	0%
2016E	2.8	neg	neg	0%

NEWS

Avangard, Ukraine's largest egg product maker and exporter, reported that its revenue was down by 47% YoY to USD 64.8mn in 1H16, according to a financial statement published on Aug 31. The company also said that it had negative EBITDA of USD -12.6mn in the period compared to negative EBITDA of USD -98.2mn in 1H15. The net loss for 1H16 was USD 32.6mn compared to a net loss of USD 152.4mn a year ago.

The company's export sales amounted USD 31.7mn in 1H16, accounting for 49% of total revenue. In an absolute dollar figure, however, export revenue dropped by 28% YoY.

AVANGARDCO FINANCIALS

USD mn	1H16	1H15	chg.
Net revenue	64.8	121.4	-46.6%
EBITDA	-12.6	-98.2	nm
margin	-19.4%	-80.9%	-61.4 p.p.
Net Income	-32.6	-152.4	nm
net margin	-50.3%	-125.5%	-75.2 p.p.

Source: Company data.

On the balance sheet side, the company's net debt amounted to USD 326mn as of 30 Jun 2016, and total assets were USD 576mn.

COMMENTARY

We view Avangard's 1H16 financial results as NEGATIVE both for the stock and for the company's outstanding USD 210mn Eurobonds due in 2018. Avangard had already reported poor operational results for 1H16, with its total shell egg production decreasing by 34% YoY to 1.25bn units and shell eggs sales falling 56% YoY to 751mn units. One piece of good news was that the company's egg price (UAH-denominated) rose 24% YoY to UAH 1.34 per unit. What is surprising is that the company's number of laying hens declined by only 11% YoY to 10.8mn hens in 1H16, which implies that the company had shortage of working capital in the period rather than worse laying hen productivity. Avangard's management blamed weaker domestic demand as the primary reason for sales drop, an explanation which we view as incomplete given the large decline.

Avangard's London-listed stock slid 17% to USD 0.50 on Aug 31 as a response to the disappointing financial report for 1H16. The AVGR stock had an IPO price of USD 16 in early 2010. The company's Eurobonds are quoted at a distressed level of less than 20 cents on the dollar.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Agriculture						
Kernel	KER PW	59.1	61.80	5%	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	9.4	8.73	-7%	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	53.2	44.98	-15%	HOLD	The new VAT regime for agro producers will be largely neutral for Astarta, in our view, while recovery of sugar prices bode well for the company's earnings. Astarta is focused on business diversification and cost optimization via improving its energy and operational efficiency.
IMC	IMC PW	7.0	13.02	86%	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	0.5	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	92.0	117.65	28%	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	66.3	26.0	-61%	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	1836	5250	186%	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	3.3	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	18.5	U/R	--	U/R	The launch of extraction at JKX's Russian gas field has lifted output, but the company's higher-margin Ukrainian operations continue to lag behind expectations.
Power Utilities						
DonbasEnergO	DOEN	12.7	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	9.05	15.00	66%	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	724.58	997.24	525.66	4.2%	2.0%	10.0%	5.6%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.006	0.017	0.004	5.0%	5.0%	-10.0%	-43.2%	0.8%	3.0%	-20.0%	-48.9%
Coke												
Yasynivsky Coking	YASK	0.200	0.330	0.064	0.0%	0.0%	53.8%	-13.0%	-4.2%	-2.0%	43.8%	-18.7%
Iron Ore Mining												
Ferrexpo	FXPO	66.25	82.75	14.00	-3.3%	27.4%	113.7%	208.1%	-0.6%	-7.5%	25.4%	202.5%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	5.85	11.08	3.75	9.8%	-13.3%	-3.3%	-26.0%	5.5%	-15.3%	-13.3%	-31.7%
Specialized Machinery												
Motor Sich	MSICH	1836	2743	1663	5.5%	-7.8%	-7.2%	-7.2%	1.3%	-9.8%	-17.2%	-12.9%
Turboatom	TATM	9.30	n/a	n/a	3.3%	-2.1%	16.3%	106.7%	-0.9%	-4.1%	6.2%	101.0%
Telecom												
Ukrtelecom	UTLM	0.145	0.168	0.091	10.5%	3.4%	11.3%	20.6%	6.2%	1.4%	1.3%	14.9%
Oil & Gas												
Regal Petroleum	RPT	3.25	4.50	1.75	8.3%	0.0%	12.1%	-13.3%	2.6%	4.1%	-2.0%	-19.0%
JKX Oil	JKX	19.25	29.00	15.50	-1.3%	-1.3%	-10.5%	-29.4%	-1.4%	-5.5%	-3.3%	-35.0%
Ukrnafta	UNAF	95.1	275.4	70.5	0.3%	-3.3%	-2.3%	-46.3%	-3.9%	-5.2%	-12.3%	-51.9%
Power Utilities												
Centrenergy	CEEN	9.05	9.19	4.12	9.0%	18.8%	22.5%	98.4%	4.8%	16.8%	12.5%	92.8%
Donbasenergy	DOEN	12.70	20.20	9.04	-0.5%	-3.1%	-8.8%	-19.4%	-4.7%	-5.0%	-18.8%	-25.1%
Zakhidenergy	ZAEN	59.70	130.00	31.00	5.3%	-3.7%	19.9%	-28.9%	1.1%	-5.7%	9.9%	-34.6%
Consumer												
Agroton	AGT	3.41	3.41	0.80	39.2%	22.2%	181.8%	237.6%	3.9%	35.0%	20.2%	232.0%
Astarta	AST	53.23	54.40	26.20	1.8%	3.4%	21.0%	54.3%	1.6%	-2.4%	1.4%	48.6%
Avangardo	AVGR	0.50	1.65	0.23	-16.7%	-37.5%	-48.2%	-60.0%	-1.4%	-20.9%	-39.5%	-65.6%
Industrial Milk Company	IMC	7.00	7.90	4.96	-2.8%	-7.3%	-0.1%	17.3%	-2.6%	-7.0%	-9.3%	11.6%
Kernel	KER	59.09	62.09	41.00	0.8%	-4.6%	9.4%	22.8%	0.2%	-3.4%	-6.6%	17.2%
MHPC	MHPC	9.40	11.00	7.10	-1.1%	2.2%	3.9%	1.1%	-1.4%	-5.3%	0.2%	-4.6%
Milkiland	MLK	1.89	2.55	0.96	-3.1%	-20.3%	8.0%	33.1%	-2.4%	-7.3%	-22.2%	27.5%
Ovostar Union	OVO	92.00	98.50	82.00	-1.1%	1.1%	-4.4%	1.7%	-1.4%	-5.3%	-0.9%	-4.0%
Banks												
Raiffeisen Bank Aval	BAVL	0.106	0.112	0.059	1.8%	-1.4%	36.6%	41.2%	-2.4%	-3.4%	26.6%	35.5%

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%
Coke																
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																
Ferrexpo	FXPO	1,388	961	806	496	313	234	35.8%	32.6%	29.0%	184	31	151	13.2%	3.3%	18.7%
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%

Source: Eavex Research

MAIN TRADING MULTIPLES

Name	Ticker	MCap USD mn	Free Float % USD mn	EV USD mn	P/E			EV/EBITDA			EV/Sales			
					2014	2015	2016E	2014	2015	2016E	2014	2015	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	
Coke														
Yasynivsky Coke	YASK	2	9.0% 0	2	neg	neg	neg	neg	neg	neg	0.0	0.0	0.0	
Iron Ore Mining														
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	
Railcar Manufacturing														
Kruiw 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	2.1	-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	25.5	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	0.6	neg	1.8	0.1	0.2	0.2	
Regal Petroleum	RPT	15	21.6% 3	-11	neg	2.5	neg	neg	-0.7	-1.1	-0.3	-0.3	-0.5	
JKX Oil & Gas	JKX	44	50.4% 22	153	neg	neg	neg	3.3	9.0	5.3	1.0	1.7	1.9	
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	
DonbasEnerg	DOEN	13	14.2% 2	26	1.5	neg	6.1	1.3	neg	4.2	0.1	0.1	0.1	
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	
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	
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	

Source: Eavex Research

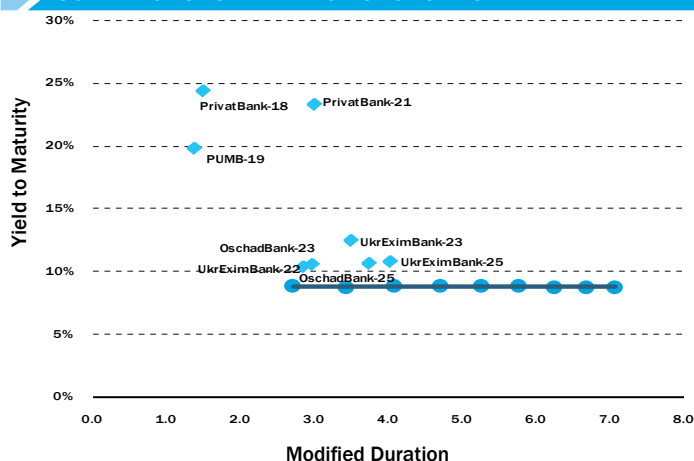
UKRAINIAN EUROBONDS

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	100.1	101.1	7.7%	7.3%	7.5%	2.6	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	99.1	99.9	8.0%	7.8%	7.6%	3.4	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	98.8	99.5	8.1%	7.9%	8.2%	4.1	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	98.1	98.9	8.2%	8.0%	8.7%	4.7	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	97.8	98.5	8.2%	8.0%	9.5%	5.3	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	97.5	98.3	8.2%	8.1%	10.1%	5.8	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	97.4	98.1	8.2%	8.0%	10.6%	6.3	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	97.1	97.9	8.2%	8.1%	11.3%	6.8	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	97.0	97.8	8.2%	8.1%	11.8%	7.2	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	32.5	33.5	n/a	n/a	-19.0%	n/a	0.00%	S/A	31 May 2040	2,916	/B-/
Corporate Eurobonds											
Agroton, 2019	10.0	13.5	136.8%	112.5%	2.2%	1.3	6.00%	S/A	14 Jul 2019	18	//
MHP, 2020	95.5	96.6	9.8%	9.4%	9.9%	2.9	8.25%	S/A	2 Apr 2020	750	/B-/CCC
Avangardco, 2018	14.3	18.6	144.0%	120.9%	-67.8%	1.2	10.00%	S/A	29 Oct 2018	206	//
UkrLandFarming, 2018	30.0	30.0	122.3%	122.3%	-40.0%	0.8	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	63.7	65.2	n/a	n/a	55.3%	n/a	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	64.0	65.5	n/a	n/a	45.5%	n/a	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	74.6	76.0	n/a	n/a	32.8%	n/a	10.25%	S/A	31 Jan 2016	85	Ca//C
Metinvest, 2017	74.3	75.9	n/a	n/a	65.7%	n/a	10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	74.6	75.6	n/a	n/a	68.8%	n/a	8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	95.4	97.0	12.5%	11.7%	75.9%	1.7	10.375%	S/A	07 Apr 2019	186	Caa3/CCC/CC
Ferrexpo, 2019	74.6	75.6	12.5%	11.7%	68.2%	1.7	10.375%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2021	95.1	96.2	11.2%	10.9%	11.3%	2.6	9.88%	S/A	15 Sept 2021	500	/CCC+/CCC
Interepipe, 2017	22.0	27.0	275.6%	224.6%	-18.3%	0.4	10.25%	S/A	2 Aug 2017	200	IN DEFAULT
JKX Oil&Gas, 2018	73.6	75.6	43.3%	41.0%	3.6%	0.3	8.00%	S/A	19 Feb 2018	40	//
Bank Eurobonds											
Fin&Credit Bank, 2019	0.7	3.3	n/a	n/a	-78.2%	n/a	9.25%	S/A	25 Jan 2019	100	IN DEFAULT
PUMB, 2018	88.5	92.3	17.1%	15.0%	21.9%	1.2	11.00%	Q	31 Dec 2018	275	//
Nadra Bank, 2018	1.3	11.3	n/a	n/a	-13.9%	n/a	6.25%	A	31 Jul 2018	60	IN DEFAULT
PrivatBank, 2018-2	85.0	87.0	23.7%	21.7%	13.2%	1.5	10.25%	S/A	23 Jan 2018	200	Cau//CC
PrivatBank, 2021	65.0	67.0	24.3%	23.3%	-1.5%	3.0	11.00%	S/A	09 Feb 2021	220	Cau//CC
PrivatBank, 2018	79.4	79.4	28.6%	28.6%	16.8%	1.2	10.88%	S/A	28 Feb 2018	175	Cau//CC
UkrEximBank, 2022	99.1	100.1	9.8%	9.6%	11.1%	2.8	9.625%	S/A	27 Apr 2022	750	Caa3//CCC
UkrEximBank, 2023	82.8	85.2	12.2%	11.6%	13.4%	3.5	7.51%	S/A	9 Feb 2023	125	Caa3//CCC
UkrEximBank, 2025	96.7	97.8	10.3%	10.1%	11.3%	4.1	9.75%	S/A	22 Jan 2025	600	Caa3//CCC
VAB Bank, 2019	n/a	n/a	n/a	n/a	n/a	n/a	9.00%	Q	14 Jun 2019	88	IN DEFAULT
Oschadbank, 2023	97.4	98.4	9.9%	9.7%	10.0%	2.7	8.25%	S/A	10 Mar 2023	700	Caa3//CCC
Oschadbank, 2025	96.1	97.2	10.3%	10.1%	10.1%	3.6	8.88%	S/A	20 Mar 2025	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	75.9	82.3	n/a	n/a	-5.3%	n/a	8.00%	S/A	6 Nov 2015	101	IN DEFAULT

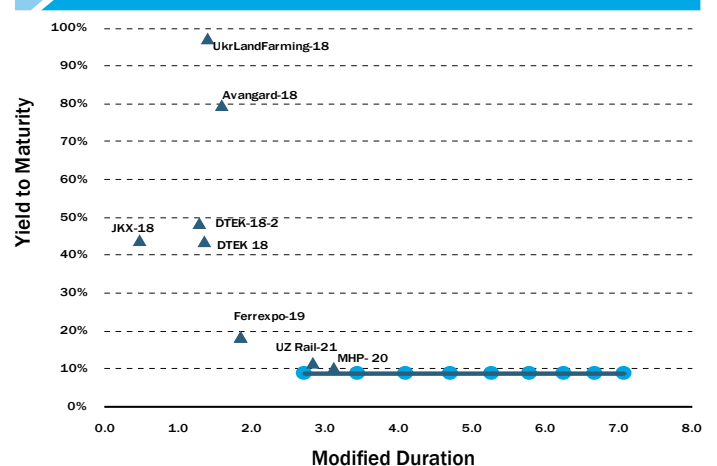
¹ Moody's/S&P/Fitch

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



SOVEREIGNS vs. CORPORATE and MUNICIPAL EUROBONDS



UKRAINIAN DOMESTIC BONDS

Issue	Price (Bid)	Price (Ask)	YTM (Bid)	YTM (Ask)	Modified Duration	Coupon	Coupon Period	Maturity Date	Volume UAH mn
UAH denominated Bonds									
UA4000142665			17.25%	16.05%	n/a	19.50%	S/A	19 Jul 2017	n/a
VAT Bonds									
UA4000185151			17.40%	16.60%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			17.40%	16.60%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			17.40%	16.60%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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