

Stock Market Update

Equity

Quotes for Ukrainian stocks resumed their autumn rally last week after a brief pause in the last week of September. Traders still prefer speculative strategies as no substantial corporate news has appeared recently. Geopolitical headlines, however, have been largely positive, with US Secretary of State John Kerry reiterating in a Brussels speech that the US is firmly committing to backing Ukraine amid signs that the Obama administration will be taking a tougher line against Russia during its final months in power. The improving prospects that Hillary Clinton, and not Russia-friendly Donald Trump, will succeed Obama in the White House in January are also encouraging for the outlook of Ukrainian equities, although the situation in the occupied Donbass and the risk of escalation are still present.

The UX index added a solid 3.6% over the week to close at 839 points. The index components showed across-the-board gains, with UkrNafta (UNAF) gaining 4.5% thanks to rising global oil prices. Motor Sich (MSICH) managed to stay above the UAH 1900 level, picking up 1.6% to UAH 1929 per share. Raiffeisen Bank Aval (BAVL) finally passed its resistance barrier of 12 kopecks, advancing by 2.9% for the week.

In London trading, Avangard (AVGR) slumped back to USD 0.45, losing 40% of its value after what had been a recent rebound, while iron ore major Ferrexpo (FXPO) rallied by 9.1% to GBP 81.0. In Warsaw, Kernel (KER) and Astarta (AST) both moved up by 1.0%, with the latter closing at PLN 53.00.

On the currency front, the hryvnia strengthened by a moderate 0.3% to 25.90 UAH/USD amid news that the country's foreign currency reserves rose back above USD 15bn.

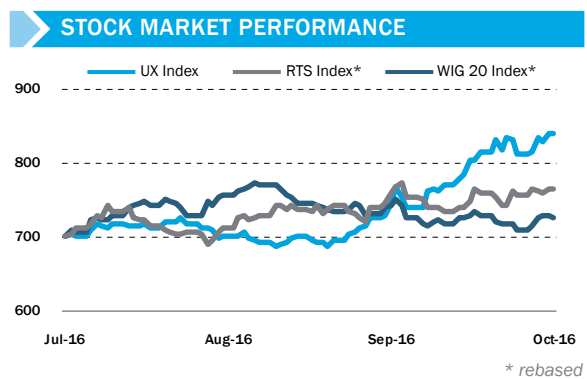
Highlights

POLITICS AND ECONOMICS

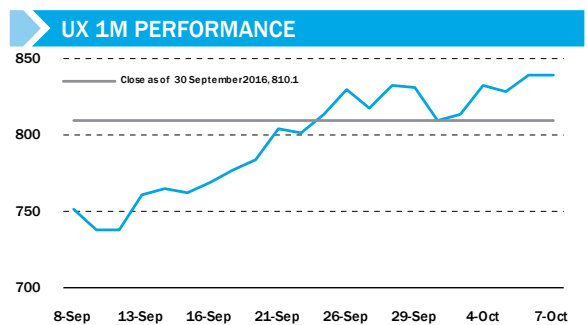
- > Obama Toughens Line on Russia, Accuses Putin Regime of Election Interference
- > IMF Expects to Provide Add'l USD 1.3bn to Ukraine by Year-End
- > NBU Reserves Jump 10% to USD 15.6bn in September

STOCKS IN THE NEWS

- > MPs Claim UkrNafta Asset Stripping; Tax Debt Reaches USD 460mn
- > Ferrexpo's Output Down 8% QoQ in 3Q and 4% YoY in 9M16



MARKET INDEXES				
	Last	1W ch	1M ch	YTD
UX	839.6	3.6%	12.7%	22.4%
RTS	1002.1	1.1%	0.7%	32.4%
WIG20	1751.7	2.5%	-2.2%	-5.8%
MSCI EM	914.8	1.3%	-0.9%	15.6%
S&P 500	2153.7	-0.7%	-1.5%	4.4%



FIXED INCOME				
	Last	1W ch	1M ch	YTD
EMBI+Global	353.4	-1.8%	-1.9%	-20.0%
CDS 5Y UKR				
Ukraine-19	8.0%	-0.4 p.p.	0.1 p.p.	-1.8 p.p.
Ukraine-27	8.5%	0.0 p.p.	0.5 p.p.	-1.1 p.p.
MHP-20	9.4%	0.0 p.p.	-0.1 p.p.	-2.7 p.p.
UZ Rail-21	11.3%	0.1 p.p.	-0.1 p.p.	

CURRENCY				
	Last, UAH	1W ch	1M ch	YTD
USD	25.81	-0.5%	-3.9%	7.4%
EUR	28.93	-0.7%	-4.3%	10.1%
RUB	0.42	0.6%	-0.2%	27.1%

COMMODITIES				
	Last	1W ch	1M ch	YTD
Wheat, USD/t*	158.5	2.6%	-0.3%	-13.2%
Steel, USD/t	390.0	0.0%	3.3%	54.5%
Oil, USD/bbl	51.9	3.5%	9.0%	40.8%
Gold, USD/oz	1256.9	-4.5%	-6.9%	18.4%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Obama Toughens Line on Russia, Accuses Putin Regime of Election Interference

by Will Ritter
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NEWS

The top security officials in the administration of US President Obama on Friday (Oct 7) issued a statement directly accusing the Russian government of being responsible for the theft of emails from servers associated with the election campaign of Democratic nominee Hillary Clinton. The statement, attributed to Homeland Security Secretary Jeh Johnson and National Intelligence Director James Clapper, said “We believe, based on the scope and sensitivity of these efforts, that only Russia’s senior-most officials could have authorized these activities”. Later on Friday after the US statement, the international hacking group Wikileaks released a new installment of emails which it said came from Clinton campaign chairman John Podesta. Moscow had been informally fingered by various US intelligence sources for the hacking and leaks of embarrassing emails for several months, but the official accusation by Washington represents a notable change in policy.

COMMENTARY

We see the US administration’s announcement as part of a pivot in the final months of Obama’s presidency toward a tougher line to push back against Russian President Putin’s recent aggressive moves in the Syrian conflict and attempts to assist Republican candidate Donald Trump, who has taken an accommodative line on Moscow and on Putin personally during the campaign. Most indications suggest that the Kremlin is failing in its effort to help Trump win, with the Republican nominee’s standing in the contested “swing states” (including the single most important state, Pennsylvania) having fallen notably over the last 2 weeks amid a series of negative media events. We believe that Putin sees a Clinton presidency and the attendant continuation of Obama’s economic sanctions program as an existential threat to his regime; along with low oil prices, the Western sanctions imposed in 2014 have demolished the “sovereign democracy, state capitalism” model of governance that made Putin so successful during his initial 12 years in power. With the Trump hopes fading, our impression is that Putin may now be scrambling and improvising behind the scenes in order to avoid being ousted by members of Russia’s powerful elite who are suffering from the sanctions. Of course, this scenario suggests a rather dangerous near-term situation with the possibility for rising conflict and tension. However, overall, we see a harder line from the US on Russia and a likely Clinton victory as positive for Ukraine’s interest and support from the West, which is the single most crucial factor in maintaining the country’s ongoing economic recovery.

**IMF Expects to Provide Add'l
USD 1.3bn to Ukraine by Year-End**

by Dmitry Churin
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NEWS

The International Monetary Fund expects to disburse an additional USD 1.3bn to Ukraine by the year-end after completion of the support program review, according to a report which the IMF released last week. The program financing plan also envisages a USD 5.4bn disbursement in 2017 and USD 2.9bn in 2018. The IMF noted that Ukraine's economy is on a firm track of recovery but that risk remains from political instability, including possible early elections, policy reversals, and slow program implementation. The IMF warned that impatience with the speed at which living standards improve and corruption is addressed could cause the public to lose confidence in the authorities' reform program. On fiscal policy, the IMF believes that the Ukrainian government could ultimately keep the national budget deficit at 3.75% of GDP for full-year 2016, which would be in line with the adjustment path agreed under the program. The IMF forecasts that Ukraine's economy will accelerate its growth to 2.5% in 2017 and post growth of 4% per annum in 2020-2021. Consumer inflation was projected at 11% for 2017 with a decline to 6% for 2020-2021.

COMMENTARY

There were a number of recommendations for the Ukrainian authorities in the IMF report, among which we can emphasize the need for land reform, which Western economists believe can release significant growth potential. Private landowners are currently barred from selling arable land and using it as loan collateral. The IMF is directly calling for new legislation governing agricultural land sales, which is said to generate significant economic gains, including higher incomes and greater tax revenues. On the other hand, led by populist parties, Parliament continues to delay the land liberalization, and last week once again postponed the legalization of arable land trading, which had been due to occur on 1 January 2017; this postponement has occurred for 15 straight years, usually citing "technical reasons" associated with an absence of appropriate land inventory registers. We see land liberalization as badly needed and inevitable; we cannot predict with confidence that Ukraine will manage to implement the land reform in 2017, but the IMF requirements on this issue are definitely a boost for progress. The Ukrainian government's steps to bring households heating tariffs to cost-recovery levels has proved that the Groyzman government is not afraid to implement unpopular reforms. All in all, a strict link of the IMF disbursements to performance criteria is giving the government strong motivation to implement the IMF's recommendations. One of the most important of these is strengthening the investigative power of Ukraine's Anticorruption Bureau (NABU), which is tasked with finally reducing the incidence of high-level corruption in the country.

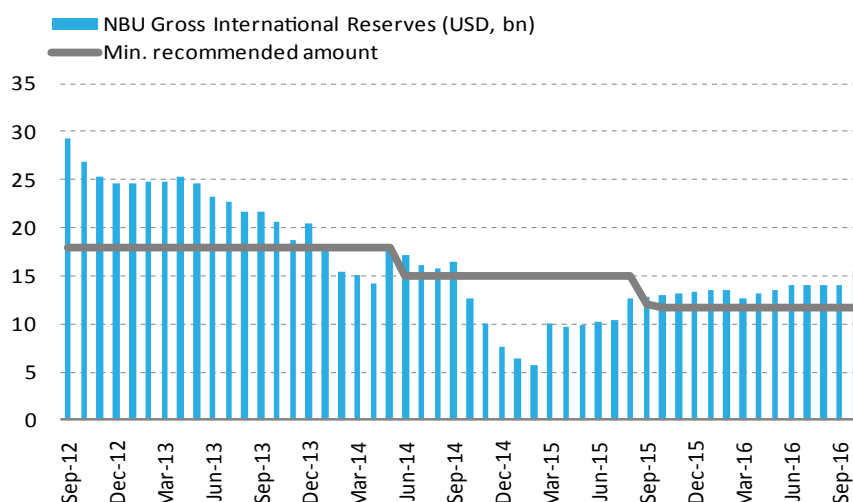
NBU Reserves Jump 10% to USD 15.6bn in September

by Dmitry Churin
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NEWS

Ukraine's foreign currency reserves rose by some USD 1.5bn (10%) MoM to USD 15.6bn in September thanks to arrival of financial assistance from Western backers, the National Bank of Ukraine (NBU) reported on Oct 5. The NBU said its reserves saw an inflow of USD 2.0bn due to arrival of the IMF disbursement and the placement of sovereign bonds under US guarantees, as well as from USD 100mn received due to placement of domestic USD-denominated bonds. Among outflows, the central bank said it spent USD 130mn on interventions used to support the hryvnia on the interbank currency market in September, while foreign debt servicing costs were USD 580mn during the month. The NBU estimated that the reserves now cover an equivalent of 3.9 months of the country's imports.

UKRAINE'S FX RESERVES, USD bn



Source: National Bank of Ukraine

COMMENTARY

The increase in Ukraine's forex reserves amid the renewal of Western lending has been the main reason for the recent stabilization of the local currency. The hryvnia suffered a notable devaluation in August and the first half of September when the exchange rate bottomed near 27 UAH/USD. Currently the hryvnia has firmed back up to 25.85 UAH/USD, regaining around 4% from its local minimum. The latest IMF forecast foresees Ukraine's foreign reserves growing to USD 16.8bn by the end of the year, with an optimistic projection of USD 23.7bn for end-2017. The IMF did not provide any projections for the hryvnia exchange rate, as the local currency is still vulnerable to unpredictable speculations of the market. Despite declarations of a flexible exchange rate, the NBU has been holding the hryvnia in a tight corridor over the last 18 months. Now, with conditions in the foreign exchange market improving, the IMF will likely ask the NBU to gradually liberalize the currency market and further remove the capital controls imposed back in 2014. The central bank has already eased restrictions on certain external trade and financial transactions, including allowing the gradual repatriation of dividends, reducing the surrender requirement, and increasing limits on deposit withdrawals and foreign-currency cash purchases by individuals.

MPs Claim UkrNafta Asset Stripping; Tax Debt Reaches USD 460mn

by Dmitry Churin
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UKRNAFTA (UNAF UK)

Price: UAH 127 Market Cap: USD 266mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2015E	0.7	0.2	neg	neg	0.0%
2016E	0.7	0.3	8.3	2.2	n/a

NEWS

The tax arrears of UkrNafta, Ukraine's largest oil producer, have reached UAH 11.9bn (USD 460mn) as of Sept 1, the company's government shareholder Naftogaz said in a press release last week. The debt includes UAH 10.1bn of unpaid oil&gas production tax and UAH 1.2bn of unpaid corporate income tax, Naftogaz said, adding that UkrNafta paid UAH 4.7bn in production and income taxes in January-August of this year out of tax accruals of UAH 7.0bn in the period.

COMMENTARY

The tax problem has become a real threat to UkrNafta's existence in its current corporate form. Although there is no information about possible bankruptcy of the company, the unpaid taxes exaggerate the corporate conflict between the state and the private shareholders led by industrialist Igor Kolomoyskiy. The situation at UkrNafta has attracted the serious attention of several lawmakers in Parliament, who are calling for a criminal investigation against the controversial chief of the State Fiscal Service, Roman Nasirov, for poor collection of tax from UkrNafta. Importantly, the group of lawmakers is also claiming that the Kolomoyskiy-led shareholders siphoned off UAH 11.6bn in assets from the company in 2015. Looking at UkrNafta's financial statements, we are unable to refute or confirm such claims. However, we can certainly attest that the company had large nontransparent transactions with Kolomoisky's Privat Group.

Kolomoyskiy, who owns a stake of at least 42% in UkrNafta, is fighting back against the government by pursuing a ruling in the Stockholm Arbitrage claiming that NaftoGaz did not properly pay for 10bn cubic meters of natural gas extracted by UkrNafta over 10 years, and demanding some USD 5bn compensation from Ukraine. While this huge figure looks totally unrealistic, we still see Kolomoyskiy as likely having a legal case to offset at least some of the tax debt. Although Kolomoyskiy is technically a minority shareholder, there have been reports that he has been able to buy off one or more of the government's board members on key issues, allowing him to maintain de-facto control over the company.

The UNAF stock has risen by about 30% in last several weeks, climbing to a strong resistance level of UAH 130 per share. The recent increase in global oil prices has acted as a support factor for the UNAF stock price.

Ferrexpo's Output Down 8% QoQ in 3Q and 4% YoY in 9M16

by Dmitry Churin
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NEWS

Ferrexpo, Ukraine's largest iron ore pellet exporter, saw its pellet output decline by 4.0% YoY to 8.33mn tonnes in 9M16, according to the company's operational update dated Oct 5. All of the reduction came from lower-value-added 62 percent Fe pellets, while the output of top-value-added 65 percent Fe pellets rose 3.7% in the period to 7.82mn tonnes, accounting for 94% of total production in 9M16, compared to a share of 87% of the volume in 9M15. In a quarter-on-quarter basis, the company reported an 8.2% decline in output to 2.60mn tonnes in 3Q16.

FERREXPO PRODUCTION FIGURES						
000' tonnes	3Q16	2Q16	Change QoQ	9M16	9M15	Change YoY
Total Pellets Produces	2604.21	2,836.60	-8.2%	8,327.50	8,677.60	-4.0%
- 62% Fe pellets	148.20	240.10	-38.3%	512.10	1,137.80	-55.0%
- 65% Fe pellets	2,456.01	2,596.50	-5.4%	7,815.40	7,539.80	3.7%

Source: Companies' data

COMMENTARY

Despite the notable quarter-on-quarter decline in output, Ferrexpo continues to operate at an impressively high capacity rate utilization. The global benchmark for iron ore prices indicates that spot prices remain above USD 55 per tonne. Our analysis shows that prices for most construction and steel-making raw materials continued to grow in the last three months - despite expectations of decline - because of unexpectedly resilient demand from China's construction sector and unforeseen supply disruptions. We assume that the firm outlook for iron ore prices should give Ferrexpo more confidence to invest in further expansion. The company had a 35% EBITDA margin in 1H16 and revenue of USD 458mn in the period. If prices for iron ore do not go down, Ferrexpo has a chance to post strong EBITDA in 2H16, and we project that at the year-end Ferrexpo will have a rather comfortable Net Debt/EBITDA ratio of 2.3x. The company's net debt amounted to USD 753mn as of 30 Jun 2016.

Ferrexpo-2019 Eurobonds are currently quoted at 98.8/100.1 (11.0%/10.4%), handsomely rewarding investors who purchased them early this year in the 60s, when the company had looked to be on shaky ground with its debt situation.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Agriculture						
Kernel	KER PW	59.7	61.80	4%	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	9.1	17.96	97%	BUY	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	53.0	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	6.7	13.02	93%	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	81.0	26.0	-68%	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	1929	5250	172%	BUY	Motor Sich should see its revenue grow with a 2012-2016E CAGR of 9%, reaching USD 1.2bn. For 2012-2016, we forecast an average EBITDA margin of 35% and a net margin of 28%.
Oil & Gas						
Concern Galnaftogaz	GLNG	0.15	0.24	60%	BUY	Galnaftogaz is pursuing a plan to aggressively expand its filling station network.
Regal Petroleum	RPT	3.5	U/R	--	U/R	Regal has repeatedly missed its production targets since 2012.
JKX Oil & Gas	JKX	18.0	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	13.6	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	10.66	15.00	41%	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	0.121	0.24	98%	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	839.55	852.38	525.66	3.6%	12.7%	20.1%	22.4%	0.0%	0.0%	0.0%	0.0%
Steel												
Alchevsk Steel	ALMK	0.009	0.017	0.004	2.3%	39.1%	43.5%	-19.8%	-1.3%	26.3%	23.5%	-42.2%
Coke												
Yasynivsky Coking	YASK	0.200	0.330	0.064	-23.1%	0.0%	42.9%	-13.0%	-26.7%	-12.7%	22.8%	-35.5%
Iron Ore Mining												
Ferrexpo	FXPO	81.00	82.75	14.00	9.1%	22.7%	140.0%	276.7%	1.3%	5.5%	10.0%	254.3%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	8.70	n/a	n/a	21.7%	47.7%	24.1%	10.0%	18.0%	35.0%	4.0%	-12.4%
Specialized Machinery												
Motor Sich	MSICH	1929	2161	1663	1.6%	3.4%	-2.7%	-2.5%	-2.0%	-9.3%	-22.8%	-24.9%
Turboatom	TATM	10.90	n/a	n/a	1.9%	28.2%	25.3%	142.2%	-1.8%	15.5%	5.2%	119.8%
Telecom												
Ukrtelecom	UTLM	0.142	0.168	0.091	0.1%	0.4%	-0.7%	18.3%	-3.5%	-12.4%	-20.8%	-4.1%
Oil & Gas												
Regal Petroleum	RPT	3.50	4.50	1.75	-1.0%	16.7%	-9.7%	-6.7%	0.0%	-4.6%	3.9%	-29.1%
JKX Oil	JKX	18.25	29.00	16.00	2.8%	-5.2%	1.4%	-33.0%	0.0%	-0.8%	-17.9%	-55.4%
Ukrnafta	UNAF	127.1	235.9	70.5	4.5%	32.4%	33.2%	-28.2%	0.9%	19.7%	13.2%	-50.6%
Power Utilities												
Centrenergy	CEEN	10.66	10.90	4.12	5.5%	14.6%	39.4%	133.7%	1.9%	1.9%	19.3%	111.3%
Donbasenergy	DOEN	13.59	19.00	9.04	3.7%	7.9%	-1.5%	-13.8%	0.0%	-4.9%	-21.6%	-36.2%
Zakhidenergy	ZAEN	62.00	n/a	n/a	0.8%	-3.6%	24.0%	-26.2%	-2.8%	-16.3%	3.9%	-48.6%
Consumer												
Agroton	AGT	3.14	3.69	0.80	-0.6%	-11.5%	173.0%	210.9%	3.0%	-4.3%	-24.3%	188.5%
Astarta	AST	53.01	54.40	28.02	1.0%	-1.7%	17.8%	53.7%	0.0%	-2.7%	-14.4%	31.2%
Avangardo	AVGR	0.45	1.65	0.26	-39.9%	12.8%	-48.2%	-63.9%	0.0%	-43.5%	0.0%	-86.3%
Industrial Milk Company	IMC	6.73	7.90	5.70	3.5%	-3.7%	-2.5%	12.7%	-1.5%	-0.1%	-16.5%	-9.7%
Kernel	KER	59.70	62.96	41.00	1.0%	-1.1%	12.3%	24.1%	0.7%	-2.7%	-13.8%	1.7%
MHPC	MHPC	9.10	10.45	7.10	-3.2%	-3.2%	1.1%	-2.2%	0.0%	-6.8%	-15.9%	-24.6%
Milkiland	MLK	1.90	2.55	1.13	3.3%	-1.0%	15.2%	33.8%	2.2%	-0.4%	-13.8%	11.4%
Ovostar Union	OVO	92.00	98.50	85.38	-0.8%	0.0%	-4.2%	1.7%	0.0%	-4.4%	-12.7%	-20.8%
Banks												
Raiffeisen Bank Aval	BAVL	0.121	0.135	0.059	2.9%	6.0%	19.7%	61.2%	-0.8%	-6.7%	-0.4%	38.8%

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

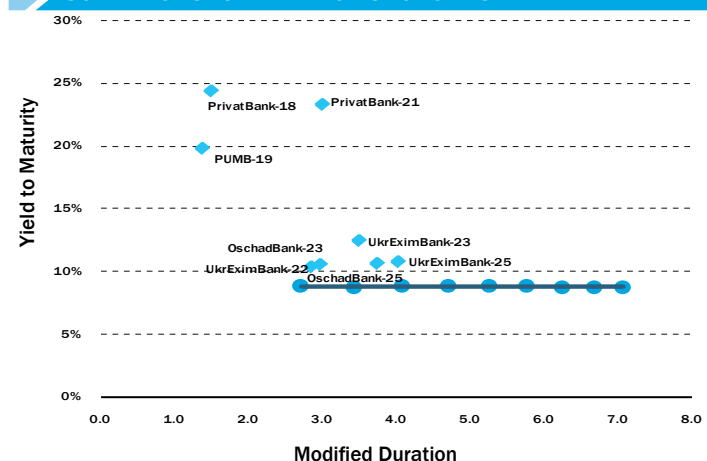
UKRAINIAN EUROBONDS

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	99.0	99.5	8.1%	7.9%	6.0%	2.5	7.75%	S/A	1 Sept 2019	1,155	Caa3/B-/CCC
Ukraine, 2020	97.7	98.5	8.5%	8.2%	6.0%	3.3	7.75%	S/A	1 Sept 2020	1,531	Caa3/B-/CCC
Ukraine, 2021	97.0	97.8	8.5%	8.3%	6.3%	4.0	7.75%	S/A	1 Sept 2021	1,378	Caa3/B-/CCC
Ukraine, 2022	96.5	97.3	8.5%	8.3%	6.9%	4.6	7.75%	S/A	1 Sept 2022	1,355	Caa3/B-/CCC
Ukraine, 2023	95.5	96.3	8.6%	8.5%	7.0%	5.2	7.75%	S/A	1 Sept 2023	1,330	Caa3/B-/CCC
Ukraine, 2024	95.1	95.9	8.6%	8.5%	7.5%	5.7	7.75%	S/A	1 Sept 2024	1,315	Caa3/B-/CCC
Ukraine, 2025	94.9	95.6	8.6%	8.5%	7.8%	6.2	7.75%	S/A	1 Sept 2025	1,306	Caa3/B-/CCC
Ukraine, 2026	94.6	95.4	8.6%	8.4%	8.4%	6.7	7.75%	S/A	1 Sept 2026	1,295	Caa3/B-/CCC
Ukraine, 2027	94.4	95.1	8.6%	8.4%	8.8%	7.1	7.75%	S/A	1 Sept 2027	1,286	Caa3/B-/CCC
Ukraine, GDP-linked (VRI)	31.4	32.4	n/a	n/a	-21.8%	n/a	0.00%	S/A	31 May 2040	2,916	/B-/
Corporate Eurobonds											
Agroton, 2019	7.8	11.8	174.0%	131.4%	-15.2%	1.1	6.00%	S/A	14 Jul 2019	18	//
MHP, 2020	96.3	97.0	9.5%	9.3%	10.6%	2.9	8.25%	S/A	2 Apr 2020	750	/B-/CCC
Avangardco, 2018	15.0	19.0	148.2%	126.5%	-66.7%	1.1	10.00%	S/A	29 Oct 2018	206	//
UkrLandFarming, 2018	29.0	32.0	132.5%	120.4%	-39.0%	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	67.5	69.7	n/a	n/a	65.2%	n/a	10.375%	S/A	28 Mar 2018	160	Ca//C
DTEK, 2018	68.5	69.5	n/a	n/a	55.1%	n/a	7.88%	S/A	4 Apr 2018	750	Ca//C
Metinvest, 2016	78.7	80.5	n/a	n/a	40.3%	n/a	10.25%	S/A	31 Jan 2016	85	Ca//C
Metinvest, 2017	79.3	80.9	n/a	n/a	76.7%	n/a	10.50%	S/A	28 Nov 2017	290	Caa3//C
Metinvest, 2018	79.3	80.8	n/a	n/a	79.9%	n/a	8.75%	S/A	14 Feb 2018	750	Caa3//C
Ferrexpo, 2019	98.8	100.4	11.0%	10.2%	82.0%	1.7	10.375%	S/A	07 Apr 2019	186	Caa3/CCC/CC
Ferrexpo, 2019	79.3	80.8	10.8%	10.2%	74.4%	1.7	10.375%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2021	95.7	96.7	11.0%	10.8%	11.8%	2.7	9.88%	S/A	15 Sept 2021	500	/CC+/CCC
Interepipe, 2017	22.0	24.0	328.0%	300.3%	-23.3%	0.3	10.25%	S/A	2 Aug 2017	200	IN DEFAULT
JKX Oil&Gas, 2018	81.0	88.1	37.1%	29.7%	17.4%	0.3	8.00%	S/A	19 Feb 2018	22	//
Bank Eurobonds											
Fin&Credit Bank, 2019	0.4	2.7	n/a	n/a	-82.8%	n/a	9.25%	S/A	25 Jan 2019	100	IN DEFAULT
PUMB, 2018	96.8	99.3	12.7%	11.4%	32.2%	1.4	11.00%	Q	31 Dec 2018	275	//
Nadra Bank, 2018	1.3	11.0	n/a	n/a	-15.6%	n/a	6.25%	A	31 Jul 2018	60	IN DEFAULT
PrivatBank, 2018-2	86.5	88.0	23.0%	21.5%	14.8%	1.5	10.25%	S/A	23 Jan 2018	200	Cau//CC
PrivatBank, 2021	65.0	67.0	24.6%	23.5%	-1.5%	2.9	11.00%	S/A	09 Feb 2021	220	Cau//CC
PrivatBank, 2018	86.3	86.3	22.7%	22.7%	26.8%	1.2	10.88%	S/A	28 Feb 2018	175	Cau//CC
UkrEximBank, 2022	97.8	98.6	10.2%	10.0%	9.5%	2.7	9.625%	S/A	27 Apr 2022	750	Caa3//CCC
UkrEximBank, 2023	82.9	84.2	12.2%	11.9%	12.8%	3.5	7.51%	S/A	9 Feb 2023	125	Caa3//CCC
UkrEximBank, 2025	95.2	96.1	10.6%	10.5%	9.5%	3.9	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	96.4	97.3	10.2%	10.0%	8.7%	2.7	8.25%	S/A	10 Mar 2023	700	Caa3//CCC
Oschadbank, 2025	95.1	96.2	10.5%	10.3%	9.0%	2.7	8.88%	S/A	20 Mar 2025	500	Caa3//CCC
Municipal Eurobonds											
City of Kyiv, 2015	75.5	81.9	n/a	n/a	-5.8%	n/a	8.00%	S/A	6 Nov 2015	101	IN DEFAULT

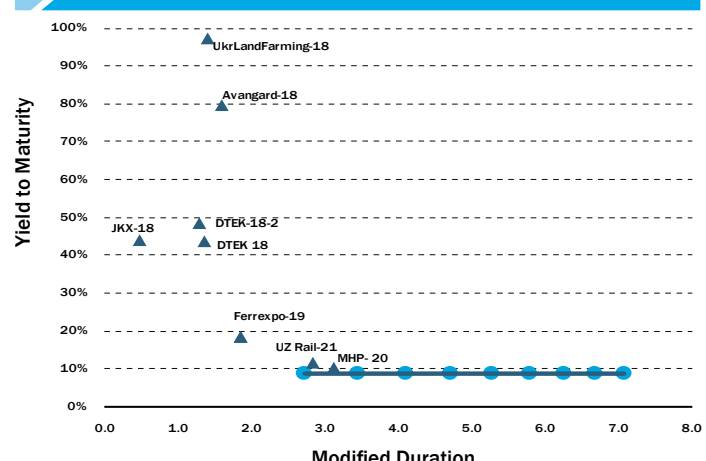
¹ Moody's/S&P/Fitch

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			16.60%	15.50%	n/a	19.50%	S/A	19 Jul 2017	n/a
VAT Bonds									
UA4000185151			16.60%	16.20%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			16.60%	16.20%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			16.60%	16.20%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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