

Stock Market Update

Equity

Kyiv-listed Ukrainian equities were soft amid a second consecutive week of very limited holiday trading, as Ukraine has now established an additional day off to the previously-existing May 9 Victory Day holiday, in order to observe the European date of the end of World War 2. On the other hand, there were also some actual negative drivers for local stocks. In particular, the National Bank re-calibrated the level of nonperforming loans (NPL) in the country's banking system under a new methodology, saying that NPLs accounted for 55% of total loans as of the end of 1Q17. Loans are now considered as NPLs if the debtor has not made his scheduled payments for at least 90 days. The NBU's previous estimate for the NPL level was substantially lower at 38%. The main takeaway from the report is that Ukrainian banks are in no condition to restore normal business loans any time soon, implying that the domestic economy will continue to experience a lack of available capital for investment.

The UX index slipped 1.1% over the week's 3 days of trading to close at 1008 points. Four out of five index components ended in the red. UkrNafta (UNAF) was the worst performing blue chip, sliding 5.5% to UAH 99 per share after the company reported a meager UAH 71mn (USD 2.6mn) net profit for the first quarter. The only positive thing that could be said about the results was that the company did not post another USD 350mn toxic asset write-off as it did in the 4Q16 results. CentrErgo (CEEN) shed 1.4% to UAH 10.35 after setting an ex-rights date of May 22 for its 52-kopec per share dividend. Meanwhile, Raiffeisen Bank Aval (BAVL) set the ex-rights date for its own dividend of 5.9 kopecks as today (May 15), and the stock picked up 0.8% for the week to end at 25.90 kopecks.

In London, Ferrexpo (FXPO) showed some fresh volatility after a few rather quiet weeks, advancing by 5.5% to GBp 158 per share amid rising global commodity prices. In Warsaw, Astarta (AST) corrected by 4.6% to PLN 68.70 as investors appeared to be unimpressed by 1Q financial results showing that the sugar group's net profit rose by 64% to EUR 31mn (the EBITDA rise was only 2%). Indeed, the AST share price invites a high standard of justification after jumping by 27% YtD. The hryvnia inched up 0.1% against the dollar last week to close at 26.47 UAH/USD.

Highlights

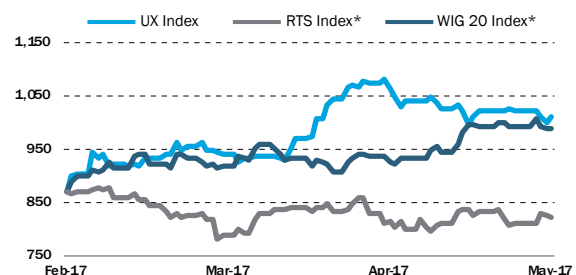
POLITICS AND ECONOMICS

- Poroshenko: "Too Early" To Talk About 2nd Term Candidacy
- 12M Inflation Slows to 12% in April Despite 0.9% MoM CPI Rise

STOCKS IN THE NEWS

- UkrNafta Reports Weak EPS of UAH 1.31 for 1Q17
- Astarta Boosts 1Q Net Profit by 64% YoY to EUR 31mn

STOCK MARKET PERFORMANCE

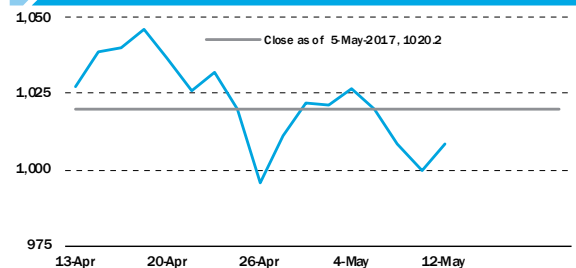


*rebased

MARKET INDEXES

| | Last | 1W ch | 1M ch | YTD |
|---------|--------|-------|-------|-------|
| UX | 1008.5 | -1.1% | -5.1% | 26.7% |
| RTS | 1099.8 | 1.3% | 0.8% | -4.6% |
| WIG20 | 2368.5 | -0.6% | 6.6% | 21.6% |
| MSCI EM | 1002.4 | 2.5% | 5.0% | 16.2% |
| S&P 500 | 2390.9 | -0.3% | 1.6% | 6.8% |

UX 1M PERFORMANCE



FIXED INCOME

| | Last | 1W ch | 1M ch | YTD |
|--------------|-------|-----------|-----------|-----------|
| EMBI+Global | 319 | -0.8% | -4.9% | -12.8% |
| NBU Key Rate | 13.0% | 0.0 p.p. | -1.0 p.p. | -1.0 p.p. |
| Ukraine-19 | 6.1% | -2.1 p.p. | -2.8 p.p. | -1.3 p.p. |
| Ukraine-27 | 8.3% | -0.2 p.p. | -0.6 p.p. | -0.4 p.p. |
| MHP-20 | 6.3% | -0.2 p.p. | -1.3 p.p. | -3.2 p.p. |
| UZ Rail-21 | 9.2% | -0.3 p.p. | -1.4 p.p. | -2.5 p.p. |

CURRENCY

| | Last, UAH | 1W ch | 1M ch | YTD |
|-----|-----------|-------|-------|-------|
| USD | 26.47 | -0.1% | -1.6% | -3.0% |
| EUR | 28.94 | -0.7% | 1.4% | 2.3% |
| RUB | 0.46 | 1.5% | -1.8% | 5.4% |

COMMODITIES

| | Last | 1W ch | 1M ch | YTD |
|---------------|--------|-------|--------|--------|
| Wheat, USD/t* | 176.0 | 0.0% | -2.2% | 1.7% |
| Steel, USD/t | 435.0 | -2.2% | -3.3% | -12.1% |
| Oil, USD/bbl | 50.8 | 3.5% | -10.2% | -10.5% |
| Gold, USD/oz | 1228.1 | 0.5% | -3.6% | 6.6% |

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Poroshenko: “Too Early” To Talk About 2nd Term Candidacy

by Will Ritter
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NEWS

President Poroshenko gave his first open press conference in nearly a year on Sunday (May 14) at the presidential administration in Kyiv. The president addressed a wide array of topics, the most resonant of which was the still-unsolved killing via a car bomb of popular journalist Pavel Sheremet in central Kyiv last July. Poroshenko expressed his frustration with the lack of results in the case but defended his handling of the situation, stating that any attempt by his administration to establish a special investigative body outside the National Police to fast-track the investigation would be illegal and unconstitutional. The Sheremet killing received fresh impetus this week when investigative journalists discovered that a Ukrainian Security Service (SBU) officer spent several hours within sight of Sheremet’s vehicle on the night when two unknown individuals were recorded on camera planting the bomb. In terms of his relations with the new US administration, Poroshenko struck an upbeat tone, saying he has spoken several times with President Trump by phone and has had “very detailed” discussions with top diplomat Rex Tillerson. He said that Washington is “involved and will continue to be involved” in the “Normandy format” peace negotiations over separatist-occupied Eastern Ukraine. Poroshenko also commented on the possibility that he will seek a second 5-year presidential term (the election is due in June 2019), stating that “at this time it is too early to talk about the composition of candidates for president... a lot has been achieved, but am I satisfied? No. There have been some personnel miscalculations, some lagging in the position of reforms.”

COMMENTARY

Although Ukraine does not have the luxury of being able to look two years ahead given its plethora of immediate problems at hand, we will set this reality aside for a moment. Overall, it has been a good 12 months for Poroshenko in political terms, and he sounds like a man who is planning to run again. In May 2016, we would have set the odds of Poroshenko being re-elected at rather poor, given the seemingly chaotic situation surrounding corruption among his associates, the fragility of the ruling coalition in Parliament, and the breakdown in cooperation with the IMF. However, the President has managed to bring the IMF program back on track, to return the country to positive economic growth, to isolate the conflict in the Donbass more or less at a stalemate, and maintain firm relations with the changing EU and US administrations, all the while allowing the nationalist-populist opposition led by Yulia Tymoshenko and a various cast of flame-throwers to discredit itself with their increasingly anti-Western rhetoric. In Western presidential republics, the active behind-the-scenes maneuvering for presidential elections begins at least two years before the actual event, and these factors indicate to us that at least for now, Poroshenko has to be viewed as heading into the race holding the upper hand against any potential opponent from the nationalist-populist wing of Ukrainian politics.

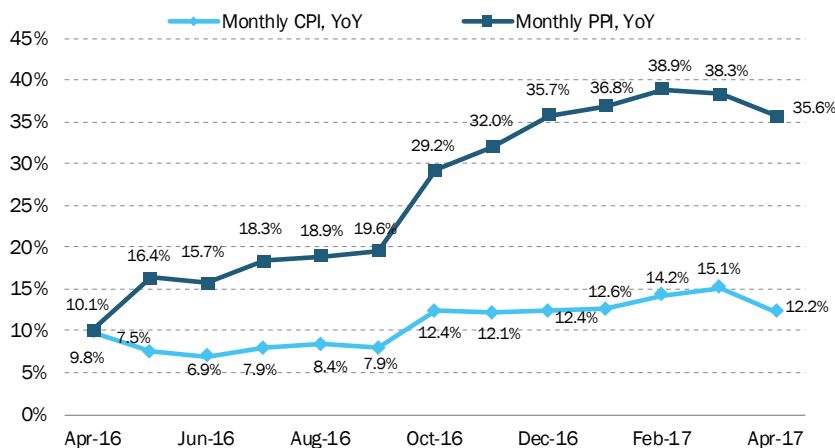
12M Inflation Slows to 12% in April Despite 0.9% MoM CPI Rise

by Dmitry Churin
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NEWS

Ukraine's State Statistics Committee reported that rolling 12-month consumer inflation slowed from 15.1% YoY in March to 12.2% YoY in April. However, on a month-on-month basis the CPI index increased by 0.9% in April, meaning that headline inflation slowed due to a comparison base change rather than an actual decline in consumer prices. UkrStat also reported that producer prices were up by 3.5% MoM and 35.6% YoY in April.

UKRAINE'S ROLLING 12-MONTH CPI & PPI INFLATION



Source: State Statistics Committee

COMMENTARY

The inflation of 0.9% MoM in April indicated that prices in Ukraine remain in a moderate upward trend, although the roll-off of the April 2016 data led to a notable improvement (a 290 bps drop) in the 12-month figure. Food category prices rose 1.2% MoM in April while utility prices edged up 0.5% MoM. However, sharper increases in electricity prices are likely in the coming months, as this is an area where the IMF is keeping a close watch on Ukraine. This will lead to upward price adjustments all across the key economic sectors. Separately, we once again take note of UkrStat's reported shell egg prices, which are crucial for the business of Avangard and Ovostar, whose stocks are listed in London and Warsaw respectively. The benchmark egg price fell further by 18.3% MoM in April (in line with seasonal trends) after a 7.3% MoM drop in March, putting the overall drop since the start of the year at 38.4%. We can now find shell eggs on a supermarket shelf at just UAH 1.50 per piece (6 US cents).

In the producer price basket, UkrStat registered a 75.7% YoY jump in prices for the extraction sector. In particular, prices for coal in Ukraine have advanced by 19.8% since the start of the year, and the domestic price for iron ore has jumped 26.7% YtD, although it corrected by 1.8% MoM in April.

UkrNafta Reports Weak EPS of UAH 1.31 for 1Q17

by Dmitry Churin
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UKRNAFTA (UNAF UK)

Price: UAH 99.0 Market Cap: USD 203mn

| | P/B | EV/S | P/E | EV/EBITDA | Div. Yield |
|-------|-----|------|-----|-----------|------------|
| 2016 | 6.0 | 0.2 | neg | 1.7 | n/a |
| 2017E | 6.5 | 0.2 | 2.8 | 1.3 | n/a |

NEWS

UkrNafta, Ukraine's largest oil producer, reported a net profit of UAH 71mn for 1Q17 (earnings per share of UAH 1.31) compared to a net loss of UAH 510mn in 1Q16, according to the company's financials released earlier this month. Revenue doubled YoY to UAH 7.46bn in the period and EBITDA was UAH 674mn compared to negative EBITDA of UAH -448mn a year ago. On the balance sheet side, UkrNafta reported that its total assets were at UAH 34.7bn as of 31 March 2017. The company has no outstanding bank loans, but admitted that its unpaid taxes amounted to UAH 13.5bn at the end of the quarter.

| UKRNAFTA FINANCIAL RESULTS | | | |
|----------------------------|-------|--------|------------|
| UAH mn | 1Q17 | 1Q16 | YoY |
| Net revenue | 7,462 | 3,122 | +139.0% |
| EBITDA | 674 | -448 | +/- |
| EBITDA margin | 9.0% | -14.4% | +23.4 p.p. |
| Net profit | 71 | -510 | +/- |
| net margin | 1.0% | -16.3% | +17.3 p.p. |

Source: Company data.

COMMENTARY

UkrNafta improved its bottom line considerably on both the annual and quarterly comparisons, as those respective comparison base quarters both contained strange anomalies: in 1Q16 the company held back much of its extracted oil from the market, and in 4Q16, management posted a gigantic write-off of toxic account receivables from related parties. Indeed, the reported positive net margin of just 1% for 1Q17 remained far below the historical average net margin of 15% for UkrNafta's business. In a segment breakdown, UkrNafta's oil sales and gasoline retailing businesses each accounted for 40% of total revenues, ammonia nitrate fertilizer sales represented 10%, and the remaining 10% was unspecified other sales. On the operating side, UkrNafta's output drop for 1Q17 was 3.6% to 349,300 tonne (2.5mn barrels); although disappointing, this decline looks somewhat better than the company's usual year-on-year operating performance of minus 6-7 percent.

The UNAF stock listed on the Ukrainian Exchange dipped below the psychological level of UAH 100 after the results did not impress the local market. More clarity regarding the company's short-term prospects should emerge this Thursday (May 18), when CEO Mark Rollins is due to deliver a report at the annual shareholders meeting in Kyiv.

Astarta Boosts 1Q Net Profit by 64% YoY to EUR 31mn

by Dmitry Churin
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ASTARTA (AST PW)

Price: PLN 68.70 Market Cap: USD 435mn

| | EV/S | P/E | EV/EBITDA | Div. Yield |
|-------|------|-----|-----------|------------|
| 2016 | 1.5 | 4.8 | 3.6 | 0% |
| 2017E | 1.3 | 3.9 | 3.5 | 0% |

NEWS

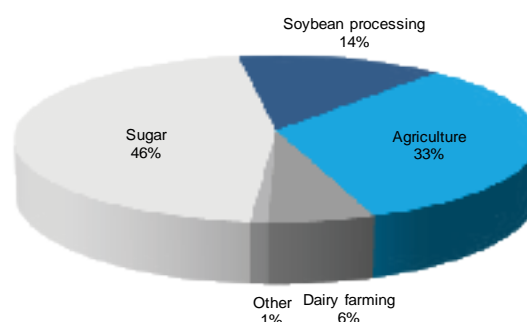
Kyiv-based Astarta Holding, Ukraine's largest sugar producer and a major crop grower, boosted its net profit by 64% YoY to EUR 31mn in 1Q17 amid a doubling of revenue YoY to EUR 148mn, according to the company's financials published on May 11. However, EBITDA was up by only 2% YoY to EUR 44mn. The company said its net debt fell to the lowest level in 9 years, to EUR 73mn.

Sales volumes of key products were high on the back of strong operational results in 2016. The company sold 115% more sugar and 141% more grains and oilseeds in comparison to the same period a year ago, when unfavorable pricing led management to hold some product in storage. Sugar export sales contributed a record 72% to the segment revenues, and 90% of harvested grain was exported.

ASTARTA FINANCIALS

| EUR mn | 1Q17 | 1Q16 | chg. |
|-------------|-------|-------|------------|
| Net revenue | 148 | 70 | +111.4% |
| EBITDA | 44 | 43 | +2.1% |
| margin | 29.8% | 61.7% | -31.9 p.p. |
| Net Income | 30.7 | 18.8 | +63.5% |
| net margin | 20.8% | 31.9% | -11.1 p.p. |

REVENUE BREAKDOWN



Source: Company data.

COMMENTARY

Astarta's bottom line benefited from a stable hryvnia exchange rate. A year ago the company had an EUR 11.8mn foreign currency translation loss while in 1Q17 the company recognized an EUR 300,000 foreign currency translation gain. Most importantly, however, Astarta enjoyed considerable benefit from rising global prices for sugar, and ramped up its exports of the commodity at the expense of domestic sales. Management said achieved pricing rose 9% YoY in EUR terms over the year to EUR 466 per tonne.

Astarta's share price is up by 27% since the start of the year, and the company is on track to meet our forecast of net profit of EUR 107mn in FY17. The stock now trades at a P/E ratio of 3.5x. This indicates that the stock has room for further short term appreciation. However, as Ukraine's overall 2017 grain harvest is expected to be substantially off from last year's record high, we assume that Astarta's crop-growing segment will not be able to match its results from 2016.

EAVEX RECOMMENDATIONS

| Name | Ticker | Price, per share | Target price, per share | Upside, % | Rating | Commentary |
|------------------------------|---------|------------------|-------------------------|-----------|--------|--|
| Agriculture | | | | | | |
| Kernel | KER PW | 68.0 | 80.0 | 18% | HOLD | 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 | 10.1 | 14.0 | 39% | BUY | MHP could start process of deleveraging which in turn would boost the company's MCap. Also the company has a declared strategy to expand its presence on the MENA and EU markets. MHP continued to increase its export sales, which accounted for 51% of total revenue in 9M16 compared to 45% a year ago. |
| Astarta | AST PW | 68.1 | 70.0 | 3% | 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. |
| Agroton | AGT PW | 7.40 | 12.0 | 62% | BUY | Agroton unveiled a strategy to increase its land bank from 122,000 ha to 200,000 ha by mid-2019 securing additional lease rights and by acquiring companies that control land plots in Luhansk and Kharkiv region. |
| IMC | IMC PW | 10.6 | 13.0 | 23% | BUY | The recent changes in Ukraine's tax legislation are positive for IMC, which is focused growing exportable crops; some 95% of the company's revenue is tied to the dollar. Land bank is targeted to expand by 50% over 2015-20. A high standard of corporate governance makes the stock an attractive play in spite of its low liquidity. |
| AvangardCo | AVGR LI | 1.0 | 0.3 | -70% | 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 | 110.0 | 20% | 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 | 155.8 | 150.0 | -4% | HOLD | An impressive reduction in the production and other operating cost led to higher profitability. A separate positive factor was an upward price trend for iron ore and steel on global markets. |
| Specialized Machinery | | | | | | |
| Motor Sich | MSICH | 2105 | 5250 | 149% | BUY | The reported profit for FY16 represents UAH 1052 per share, which means the stock is still valued at P/E of barely more than 2.0x. Our base case scenario forecast for Motor Sich's net profit for FY17 is UAH 2.0bn, implying EPS of UAH 960. |
| Oil & Gas | | | | | | |
| UkrNafta | UNAF | 99 | 270 | 174% | BUY | UNAF stock has been in a local upward trend since December after Parliament cut the production tax for oil for 2017. |
| Concern Galnaftogaz | GLNG | 0.15 | 0.24 | 60% | BUY | Galnaftogaz is pursuing a plan to aggressively expand its filling station network. |
| Regal Petroleum | RPT LN | 3.3 | 15.0 | 357% | BUY | Taking into account that Regal acquired PEP's assets for an estimated value of USD 6.8/boe of 2P reserves, we assume that Regal's potential enterprise value could be as much as USD 92mn. |
| JKX Oil & Gas | JKX LN | 18.1 | 37.0 | 104% | HOLD | The company's balance sheet looks healthy after it successfully restructured its Eurobonds. An overall demand for natural gas in Ukraine remains strong. |
| Power Utilities | | | | | | |
| DonbasEnergO | DOEN | 11.5 | 9.0 | -22% | SELL | 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 | 10.35 | 15.00 | 45% | 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 | 0.259 | U/R | - | U/R | 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 has purchased a 30% 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 | 1008.53 | 1087.67 | 608.11 | -1.1% | -5.1% | 11.8% | 26.7% | 0.0% | 0.0% | 0.0% | 0.0% |
| Steel | | | | | | | | | | | | |
| Alchevsk Steel | ALMK | 0.009 | n/a | n/a | 2.4% | 8.7% | -1.1% | 6.1% | 3.5% | 13.8% | -12.9% | -20.6% |
| Coke | | | | | | | | | | | | |
| Yasynivsky Coking | YASK | 0.130 | 0.270 | 0.100 | -13.3% | -31.6% | 0.0% | -51.9% | -12.2% | -26.5% | -11.8% | -78.6% |
| Iron Ore Mining | | | | | | | | | | | | |
| Ferrexpo | FXPO | 158.60 | 175.60 | 29.50 | 5.5% | -5.4% | -3.3% | 17.9% | -4.6% | 6.7% | -0.4% | -8.8% |
| Railcar Manufacturing | | | | | | | | | | | | |
| Kryukiv Wagon | KVBZ | 9.38 | n/a | n/a | -1.3% | -0.7% | -14.7% | 6.6% | -0.1% | 4.3% | -26.5% | -20.1% |
| Specialized Machinery | | | | | | | | | | | | |
| Motor Sich | MSICH | 2105 | 2263 | 934 | -1.1% | -4.3% | 2.4% | 13.3% | 0.0% | 0.7% | -9.4% | -13.4% |
| Turboatom | TATM | 12.00 | n/a | n/a | -2.8% | -0.4% | 15.4% | 28.3% | -1.7% | 4.7% | 3.6% | 1.6% |
| Telecom | | | | | | | | | | | | |
| Ukrtelecom | UTLM | 0.130 | n/a | n/a | 0.0% | 0.0% | -7.1% | -21.2% | 1.1% | 5.1% | -18.9% | -47.9% |
| Oil & Gas | | | | | | | | | | | | |
| Regal Petroleum | RPT | 3.29 | 5.50 | 1.75 | -7.7% | -22.7% | -27.4% | -12.0% | -4.3% | -6.6% | -17.6% | -38.8% |
| JKX Oil | JKX | 18.13 | 33.50 | 16.00 | -7.1% | -6.5% | -38.0% | -40.1% | 3.4% | -5.9% | -1.4% | -66.8% |
| Ukrnafta | UNAF | 98.6 | n/a | n/a | -5.5% | -26.4% | -17.1% | -4.5% | -4.3% | -21.4% | -28.9% | -31.2% |
| Power Utilities | | | | | | | | | | | | |
| Centrenergy | CEEN | 10.35 | 11.58 | 5.95 | -1.4% | 0.1% | -8.3% | 0.0% | -0.2% | 5.2% | -20.1% | -26.7% |
| Donbasenergy | DOEN | 11.53 | 14.89 | 9.50 | -1.9% | -3.8% | -15.8% | 9.7% | -0.7% | 1.3% | -27.5% | -17.0% |
| Zakhidenergy | ZAEN | 104.90 | 110.00 | 48.00 | -0.1% | 52.0% | 74.8% | 67.8% | 1.0% | 57.1% | 63.1% | 41.1% |
| Consumer | | | | | | | | | | | | |
| Agroton | AGT | 7.29 | 7.70 | 1.08 | -0.1% | 11.5% | 2.0% | 80.0% | 3.6% | 1.0% | 16.5% | 53.3% |
| Astarta | AST | 68.69 | 72.00 | 40.00 | -4.6% | 1.0% | 11.5% | 27.1% | -2.8% | -3.5% | 6.1% | 0.4% |
| Avangardo | AVGR | 1.00 | 1.00 | 0.26 | 0.0% | 17.6% | 112.8% | 185.7% | -0.9% | 1.1% | 22.7% | 159.0% |
| Industrial Milk Company | IMC | 10.50 | 10.85 | 6.50 | 1.0% | 5.1% | 17.3% | 30.4% | -3.7% | 2.1% | 10.2% | 3.7% |
| Kernel | KER | 68.00 | 80.00 | 48.20 | -1.0% | -1.4% | -13.9% | 6.5% | -0.8% | 0.2% | 3.6% | -20.2% |
| MHPC | MHPC | 10.10 | 10.50 | 8.52 | -0.5% | -0.5% | 13.5% | 14.9% | -0.4% | 0.6% | 4.6% | -11.8% |
| Milkiland | MLK | 2.25 | 2.80 | 1.56 | 0.0% | 4.2% | -13.5% | 12.5% | -0.9% | 1.1% | 9.2% | -14.2% |
| Ovostar Union | OVO | 92.00 | 98.50 | 84.00 | -0.5% | -3.0% | 0.5% | 6.4% | 1.3% | 0.6% | 2.1% | -20.4% |
| Banks | | | | | | | | | | | | |
| Raiffeisen Bank Aval | BAVL | 0.259 | n/a | n/a | 0.8% | 2.2% | 69.4% | 96.4% | 1.9% | 7.3% | 57.6% | 69.6% |

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 | | |
|------------------------------|--------|--------------|-------|-------|--------------|------|-------|---------------|-------|-------|------------|------|-------|-------------------|--------|-------|
| | | 2015 | 2016 | 2017E | 2015 | 2016 | 2017E | 2015 | 2016 | 2017E | 2015 | 2016 | 2017E | 2015 | 2016 | 2017E |
| Iron Ore Mining | | | | | | | | | | | | | | | | |
| Ferrexpo | FXPO | 961 | 986 | 1,282 | 313 | 375 | 495 | 32.6% | 38.0% | 38.6% | 31 | 189 | 255 | 3.3% | 19.2% | 19.9% |
| Railcar Manufacturing | | | | | | | | | | | | | | | | |
| Kryukiv Wagon | KVBZ | 41 | 67 | 55 | -15 | 1 | 6 | -37.1% | 0.9% | 11.0% | -19 | -4 | 2 | -46.3% | -5.9% | 3.3% |
| Specialized Machinery | | | | | | | | | | | | | | | | |
| Turboatom | TATM | 128 | 98 | 99 | 87 | 33 | 35 | 67.9% | 34.0% | 35.2% | 75 | 27 | 28 | 58.3% | 28.0% | 27.8% |
| Motor Sich | MSICH | 697 | 655 | 676 | 237 | 180 | 151 | 33.9% | 27.5% | 22.3% | 158 | 86 | 74 | 22.6% | 13.1% | 10.9% |
| Oil & Gas | | | | | | | | | | | | | | | | |
| Ukrnafta | UNAF | 1,319 | 885 | 1,162 | -101 | 116 | 151 | -7.7% | 13.1% | 13.0% | -250 | -343 | 74 | -18.9% | -38.7% | 6.3% |
| Regal Petroleum | RPT | 22 | 25 | 27 | 10 | 10 | 15 | 45.5% | 40.4% | 55.6% | -1 | 0 | 1 | na | 0.0% | 3.7% |
| JKX Oil | JKX | 89 | 80 | 95 | 17 | 29 | 34 | 19.1% | 36.3% | 35.8% | -82 | -20 | 3 | -92.1% | -25.0% | 3.2% |
| Electric Utilities | | | | | | | | | | | | | | | | |
| Centrenergy | CEEN | 315 | 419 | 492 | 12 | 46 | 40 | 3.7% | 11.1% | 8.1% | 3 | 15 | 26 | 1.0% | 3.6% | 5.2% |
| Donbasenergo | DOEN | 190 | 157 | 147 | 8 | 7 | 5 | 4.3% | 4.4% | 3.3% | -9 | -2 | 1 | -4.6% | -1.1% | 1.0% |
| Consumer | | | | | | | | | | | | | | | | |
| MHP | MHPC | 1,183 | 1,135 | 1,400 | 459 | 415 | 490 | 38.8% | 36.6% | 35.0% | -126 | 59 | 170 | -10.6% | 5.2% | 12.1% |
| Kernel | KER | 2,330 | 1,989 | 2,128 | 397 | 346 | 381 | 17.0% | 17.4% | 17.9% | 101 | 225 | 282 | 4.3% | 11.3% | 13.2% |
| Astarta | AST | 349 | 402 | 445 | 144 | 167 | 170 | 41.4% | 41.6% | 38.1% | 18 | 90 | 113 | 5.1% | 22.4% | 25.3% |
| Avangardco | AVGR | 230 | 191 | 180 | -69 | 1 | 22 | -30.2% | 0.4% | 12.2% | -158 | -57 | 2 | -68.9% | -29.6% | 1.1% |
| Ovostar | OVO | 76 | 84 | 90 | 35 | 40 | 43 | 46.0% | 47.7% | 48.2% | 32 | 35 | 37 | 42.3% | 41.8% | 41.1% |
| Banks | | | | | | | | | | | | | | | | |
| | | Total Assets | | | Total Equity | | | Total Income | | | Net Profit | | | Return on Equity | | |
| Raiffeisen Bank Aval | BAVL | 1,958 | 2,113 | 2,080 | 261 | 381 | 347 | 216 | 204 | 228 | -66 | 150 | 228 | -25.3% | 39.4% | 65.7% |

Source: Eavex Research

MAIN TRADING MULTIPLES

| Name | Ticker | MCap USD mn | Free Float % USD mn | EV USD mn | P/E | | | EV/EBITDA | | | EV/Sales | | | |
|------------------------------|--------|----------------|------------------------|--------------|-------|-------|-------|-----------|-------|--------|----------|-------|----------|------|
| | | | | | 2015 | 2016E | 2017E | 2015 | 2016E | 2017E | 2015 | 2016E | 2017E | |
| Iron Ore Mining | | | | | | | | | | | | | | |
| Ferrexpo | FXPO | 1,207 | 24.0% | 290 | 1,957 | >30 | 6.4 | 4.7 | 6.3 | 5.2 | 4.0 | 2.0 | 2.0 | 1.5 |
| Railcar Manufacturing | | | | | | | | | | | | | | |
| Krukiv Wagon | KVBZ | 41 | 5.0% | 2 | 35 | neg | neg | 22.1 | neg | >30 | 5.8 | 0.9 | 0.5 | 0.6 |
| Specialized Machinery | | | | | | | | | | | | | | |
| Turboatom | TATM | 56 | 5.8% | 3 | -30 | 0.7 | 2.0 | 2.0 | -0.3 | -0.9 | -0.9 | -0.2 | -0.3 | -0.3 |
| Motor Sich | MSICH | 165 | 24.0% | 40 | 119 | 1.0 | 1.9 | 2.2 | 0.5 | 0.7 | 0.8 | 0.2 | 0.2 | 0.2 |
| Oil & Gas | | | | | | | | | | | | | | |
| Ukrnafta | UNAF | 202 | 3.0% | 6 | 196 | neg | neg | 2.7 | neg | 1.7 | 1.3 | 0.1 | 0.2 | 0.2 |
| Regal Petroleum | RPT | 14 | 21.6% | 3 | -6 | neg | n/a | 13.6 | n/a | n/a | n/a | n/a | n/a | n/a |
| JKX Oil & Gas | JKX | 40 | 50.4% | 20 | 149 | neg | neg | 13.4 | 8.8 | 5.1 | 4.4 | 1.7 | 1.9 | 1.6 |
| Electric Utilities | | | | | | | | | | | | | | |
| CentrEnergO | CEEN | 145 | 21.7% | 31 | 66 | >30 | 9.5 | 5.6 | 5.6 | 1.4 | 1.7 | 0.2 | 0.2 | 0.1 |
| DonbasEnergO | DOEN | 10 | 14.2% | 1 | 24 | neg | neg | 7.0 | 2.9 | 3.4 | 5.0 | 0.1 | 0.2 | 0.2 |
| Consumer | | | | | | | | | | | | | | |
| MHP | MHPC | 1,067 | 34.1% | 364 | 2,227 | neg | 18.0 | 6.3 | 4.9 | 5.4 | 4.5 | 1.9 | 2.0 | 1.6 |
| Kernel | KER | 1,408 | 61.8% | 870 | 1,734 | 14.0 | 6.3 | 5.0 | 4.4 | 5.0 | 4.6 | 0.7 | 0.9 | 0.8 |
| Astarta | AST | 446 | 37.0% | 165 | 593 | 25.2 | 5.0 | 4.0 | 4.1 | 3.6 | 3.5 | 1.7 | 1.5 | 1.3 |
| Avangardco | AVGR | 64 | 22.5% | 14 | 395 | neg | neg | >30 | neg | >30 | 18.0 | 1.7 | 2.1 | 2.2 |
| Ovostar | OVO | 143 | 25.0% | 36 | 148 | 4.5 | 4.1 | 3.9 | 4.3 | 3.7 | 3.4 | 2.0 | 1.8 | 1.6 |
| Banks | | | | | | | | | | | | | | |
| | | | | | | | P/E | | | P/Book | | | P/Assets | |
| Raiffeisen Bank Aval | BAVL | 602 | 1.8% | 11 | | neg | 4.0 | 4.7 | 2.3 | 1.6 | 1.7 | 0.31 | 0.29 | 0.29 |

Source: Eavex Research

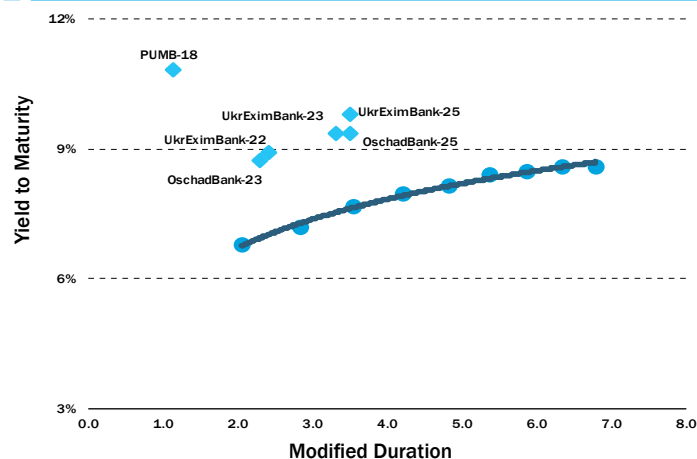
UKRAINIAN EUROBONDS

| 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 | 103.4 | 103.8 | 6.1% | 6.0% | 2.5% | 2.1 | 7.75% | S/A | 1 Sept 2019 | 1,744 | Caa3/B-/B- |
| Ukraine, 2020 | 102.8 | 103.2 | 6.8% | 6.7% | 3.8% | 2.8 | 7.75% | S/A | 1 Sept 2020 | 1,780 | Caa3/B-/B- |
| Ukraine, 2021 | 101.6 | 102.1 | 7.3% | 7.2% | 4.0% | 3.6 | 7.75% | S/A | 1 Sept 2021 | 1,409 | Caa3/B-/B- |
| Ukraine, 2022 | 100.0 | 100.6 | 7.7% | 7.6% | 3.4% | 4.2 | 7.75% | S/A | 1 Sept 2022 | 1,384 | Caa3/B-/B- |
| Ukraine, 2023 | 99.0 | 99.6 | 8.0% | 7.8% | 3.6% | 4.8 | 7.75% | S/A | 1 Sept 2023 | 1,355 | Caa3/B-/B- |
| Ukraine, 2024 | 97.6 | 98.3 | 8.2% | 8.1% | 3.1% | 5.4 | 7.75% | S/A | 1 Sept 2024 | 1,339 | Caa3/B-/B- |
| Ukraine, 2025 | 96.5 | 97.1 | 8.3% | 8.2% | 3.0% | 5.9 | 7.75% | S/A | 1 Sept 2025 | 1,329 | Caa3/B-/B- |
| Ukraine, 2026 | 96.1 | 96.8 | 8.4% | 8.3% | 2.9% | 6.4 | 7.75% | S/A | 1 Sept 2026 | 1,318 | Caa3/B-/B- |
| Ukraine, 2027 | 95.8 | 96.4 | 8.4% | 8.3% | 2.7% | 6.8 | 7.75% | S/A | 1 Sept 2027 | 1,307 | Caa3/B-/B- |
| Ukraine, GDP-linked (VRI) | 35.8 | 36.3 | n/a | n/a | 18.0% | n/a | 0.00% | S/A | 31 May 2040 | 3,214 | /B-/ |
| Corporate Eurobonds | | | | | | | | | | | |
| Agroton, 2019 | 14.1 | 25.9 | 152% | 94% | 0.0% | 1.2 | 6.00% | S/A | 14 Jul 2019 | 18 | // |
| Kernel, 2022 | 106.8 | 107.6 | 7.0% | 6.8% | 7.2% | 3.8 | 8.75% | S/A | 31 Jan 2022 | 500 | /B/B+ |
| MHP, 2020 | 104.5 | 105.4 | 6.5% | 6.2% | 8.7% | 2.5 | 8.25% | S/A | 2 Apr 2020 | 750 | /B-/B- |
| MHP, 2024 | 101.1 | 101.6 | 7.5% | 7.4% | 1.4% | 5.3 | 7.75% | S/A | 10 May 2024 | 500 | // |
| Avangardco, 2018 | 23.0 | 27.0 | 156% | 136% | -15.5% | 0.8 | 10.00% | S/A | 29 Oct 2018 | 206 | // |
| UkrLandFarming, 2018 | 23.0 | 27.2 | 321% | 269% | -18.1% | 0.3 | 10.88% | S/A | 26 Mar 2018 | 500 | /CC/ |
| Mriya, 2016 | 6.5 | 8.5 | n/a | n/a | n/a | n/a | 10.95% | S/A | 30 Mar 2016 | 72 | IN DEFAULT |
| Mriya, 2018 | 6.5 | 8.5 | n/a | n/a | n/a | n/a | 9.45% | S/A | 19 Apr 2018 | 400 | IN DEFAULT |
| DTEK, 2024 | 90.0 | 90.6 | 13.0% | 12.8% | 1.1% | 5.4 | 10.75% | S/A | 31 Dec 2024 | 1,275 | // |
| Metinvest, 2021 | 91.0 | 94.0 | 12.9% | 12.1% | -0.5% | 3.8 | 9.37% | S/A | 31 Dec 2021 | 1,197 | //B |
| Ferrexpo, 2019 | 104.8 | 105.7 | 7.6% | 7.1% | 4.4% | 1.3 | 10.375% | S/A | 07 Apr 2019 | 186 | Caa3/CCC/CC |
| Ferrexpo, 2019 | 104.6 | 105.6 | 7.7% | 7.2% | 3.9% | 1.3 | 10.375% | S/A | 07 Apr 2019 | 161 | Caa3/CCC/CC |
| UZ Rail, 2021 | 101.0 | 102.0 | 9.6% | 9.3% | 6.4% | 2.3 | 9.88% | S/A | 15 Sept 2021 | 500 | /CCC+/CCC |
| Interepipe, 2017 | 23.0 | 28.0 | n/a | n/a | -7.3% | 0.1 | 10.25% | S/A | 2 Aug 2017 | 200 | IN DEFAULT |
| JKX Oil&Gas, 2018 | 84.8 | 86.8 | 21.6% | 20.5% | 0.6% | 2.1 | 8.00% | S/A | 19 Feb 2018 | 16 | // |
| Bank Eurobonds | | | | | | | | | | | |
| Fin&Credit Bank, 2019 | 0.6 | 1.9 | n/a | n/a | 22.0% | n/a | 9.25% | S/A | 25 Jan 2019 | 100 | IN DEFAULT |
| PUMB, 2018 | 99.3 | 101.3 | 11.5% | 10.1% | -1.2% | 1.1 | 11.00% | Q | 31 Dec 2018 | 275 | // |
| Nadra Bank, 2018 | 0.3 | 1.5 | n/a | n/a | -0.6% | n/a | 6.25% | A | 31 Jul 2018 | 60 | IN DEFAULT |
| PrivatBank, 2018-2 | 15.0 | 19.0 | n/a | n/a | 0.0% | 1.5 | 10.25% | S/A | 23 Jan 2018 | 200 | IN DEFAULT |
| PrivatBank, 2021 | 2.0 | 10.0 | n/a | n/a | -53.8% | 1.3 | 11.00% | S/A | 09 Feb 2021 | 220 | IN DEFAULT |
| PrivatBank, 2018 | 21.8 | 24.0 | n/a | n/a | 71.8% | 0.3 | 10.88% | S/A | 28 Feb 2018 | 175 | IN DEFAULT |
| UkrEximBank, 2022 | 103.4 | 104.2 | 8.8% | 8.6% | 5.9% | 2.4 | 9.625% | S/A | 27 Apr 2022 | 750 | Caa3//B- |
| UkrEximBank, 2023 | 93.7 | 96.3 | 9.9% | 9.3% | 15.1% | 3.5 | 7.51% | S/A | 9 Feb 2023 | 125 | Caa3//CCC |
| UkrEximBank, 2025 | 102.2 | 103.1 | 9.2% | 9.1% | 8.1% | 3.5 | 9.75% | S/A | 22 Jan 2025 | 600 | Caa3//B- |
| 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 | 103.2 | 104.0 | 8.7% | 8.5% | 6.2% | 2.3 | 8.25% | S/A | 10 Mar 2023 | 700 | Caa3//B- |
| Oschadbank, 2025 | 102.1 | 103.0 | 9.2% | 9.1% | 8.5% | 3.3 | 8.88% | S/A | 20 Mar 2025 | 500 | Caa3//B- |
| Municipal Eurobonds | | | | | | | | | | | |
| City of Kyiv, 2015 | 64.9 | 73.8 | n/a | n/a | -9.7% | n/a | 8.00% | S/A | 6 Nov 2015 | 101 | IN DEFAULT |

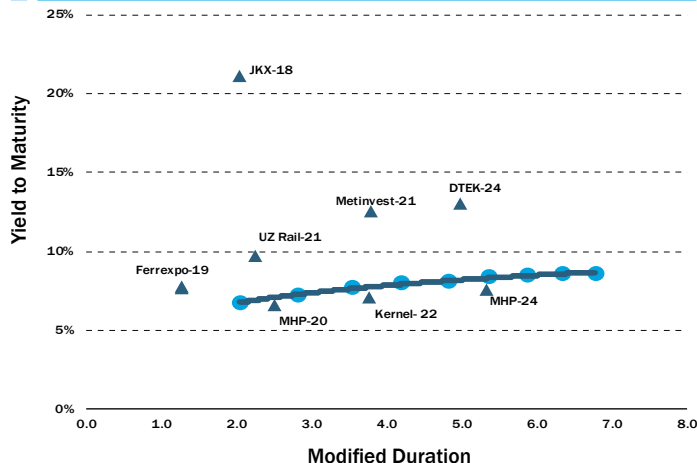
¹ Moody's/S&P/Fitch

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 | | | | | | | | | |
| UA4000160758 | | | 15.25% | 14.50% | n/a | 14.30% | S/A | 14 Mar 2018 | 1,000 |
| VAT Bonds | | | | | | | | | |
| UA4000185151 | | | 15.30% | 14.90% | 1.9 | 9.50% | S/A | 8 Jul 2019 | 3,577 |
| UA4000185557 | | | 15.30% | 14.90% | 1.9 | 9.50% | S/A | 22 Jul 2019 | 2,171 |
| UA4000186159 | | | 15.30% | 14.90% | 1.9 | 9.50% | S/A | 20 Aug 2019 | 955 |

Source: Bloomberg, Cbonds, Eavex Research

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