

Stock Market Update

Equity

Kyiv-listed stocks retreated last week amid broad profit taking after the local benchmark index surged by 11% in a 4-session run earlier this month. We assume that a somewhat controversial report that Ukraine had the world's best performing equity index in 2017 (+80% YoY) contributed to the selloff. Unfortunately, the low liquidity of the Ukrainian market makes it too soft to tolerate sharp movement in both directions. Some kind of this softness was seen last week when preceding week gains were almost diminished.

The UX index lost 5.7% over the week to close at 1427 points. Among negative news prompting traders to open short positions was information that the country's Western backers, including the IMF, heavily criticized the draft bill on creating a formal anti-corruption court. The country's inability to tackle the continuing high level corruption in most facets of business and society remains one of the reasons for slow economic growth.

UkrNafta (UNAF) took the biggest hit, tumbling 20% to UAH 121 per share. The company reported that its oil output fell 9.2% YoY to 1.38mn tonnes (10.0mn barrels) in full-year 2017. Although these results were more or less known in advance, the official release caused negative sentiments among retail investors. CentrEnergO (CEEN) and DonbasEnergO (DOEN) dropped by 3.1% and 5.4% respectively, with the former ending at UAH 14.44 per share.

Motor Sich (MSICH) showed notable resistance to the market correction, finishing essentially unchanged at UAH 4200 per share, while Raiffeisen Bank Aval (BAVL) lost 5.9% to 29.90 kopecks.

London-listed MHP (MHPC) expended its winning streak, adding 2.8% to another local maximum of USD 12.80. In Warsaw trading, Kernel (KER) edged up by 0.3% to PLN 49.20 despite a brief correction after the company unveiled disappointing sales volumes for the Oct-Dec 2017 quarter.

The hryvnia has still not found a new support level following the state budget's telegraphing of a 10-15% devaluation in December; last week the currency lost another 1.0% to 28.80 UAH/USD. The National Bank admitted, without specifying a figure, that it was forced to sell hard currency to keep the interbank market balanced during the week.

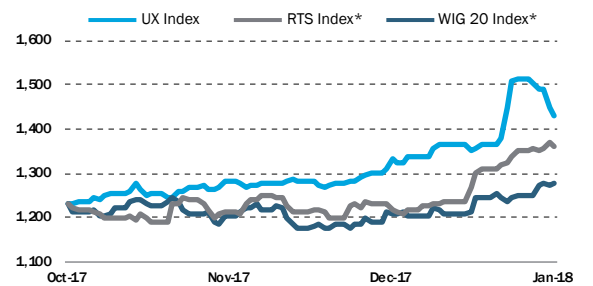
POLITICS AND ECONOMICS

- > New Donbass "Re-Integration" Bill Sidelines Minsk Accords
- > IMF Unsatisfied with Ukraine's Draft Bill on Anti-Corruption Court
- > Ukraine's FY17 Steel Output of 21mn Tonnes Ranks 12th Among Steel-Producing Countries

STOCKS IN THE NEWS

- > Kernel Has Lower Sales Volume in Oct-Dec 2017. Stockpiles Increased

STOCK MARKET PERFORMANCE

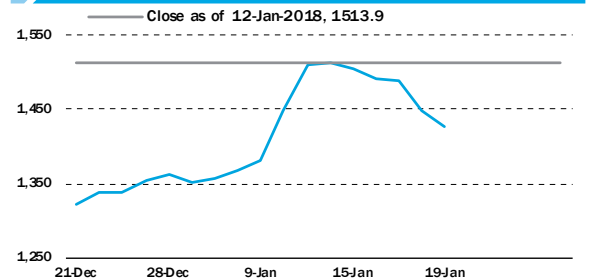


* rebased

MARKET INDEXES

	Last	1W ch	1M ch	YTD
UX	1427.7	-5.7%	7.1%	4.7%
RTS	1270.9	0.8%	12.0%	10.1%
WIG20	2601.8	2.5%	5.9%	5.7%
MSCI EM	1232.6	2.0%	8.9%	6.4%
S&P 500	2810.3	0.9%	4.8%	5.1%

UX 1M PERFORMANCE



FIXED INCOME

	Last	1W ch	1M ch	YTD
EMBI+Global	297	-0.8%	-3.0%	-4.4%
NBU Key Rate	14.5%	0.0 p.p.	0.0 p.p.	0.0 p.p.
Ukraine-19	3.9%	-2.0 p.p.	-2.4 p.p.	-0.5 p.p.
Ukraine-27	6.8%	0.0 p.p.	-0.4 p.p.	-0.4 p.p.
MHP-20	4.0%	0.0 p.p.	-0.1 p.p.	-0.1 p.p.
UZ Rail-21	5.9%	-0.2 p.p.	-0.5 p.p.	-0.5 p.p.

CURRENCY

	Last, UAH	1W ch	1M ch	YTD
USD	28.76	0.7%	3.2%	2.3%
EUR	35.27	1.2%	6.8%	4.7%
RUB	0.51	0.9%	7.3%	4.6%

COMMODITIES

	Last	1W ch	1M ch	YTD
Wheat, USD/t*	184.0	0.0%	2.5%	2.5%
Steel, USD/t	520.0	0.0%	1.0%	0.0%
Oil, USD/bbl	68.6	-1.8%	8.2%	2.6%
Gold, USD/oz	1331.9	-0.5%	5.6%	2.2%

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

New Donbass “Re-Integration” Bill Sidelines Minsk Accords

by Will Ritter
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NEWS

Ukraine’s Parliament on Thursday (Jan 18) passed the second (finalized) reading of a wide-ranging law that lays out a framework for dealing with the territories in Donetsk and Lugansk provinces that have been under the control of pro-Russian separatists since 2014, with the goal of re-integrating them into Ukraine. The law formalizes the ban on trading with the occupied territories that has been in place since last March. Although the entire text of the law has not been made publicly available, one controversial point is that it allows Ukraine’s president to authorize the deployment of the armed forces without the consent of Parliament, according to leading pro-Western reformist MP Mustafa Nayem. The legislation vests “unprecedented and vaguely detailed powers in all individuals responsible for measures to ensure national security and defense,” Interfax quoted Nayem, a Poroshenko Bloc MP who nonetheless often opposes the President, as saying. The text of the law reportedly does not make any reference to the 3-year old Minsk peace accords, the agreement that was used to halt the 2014-15 active phase of the Donbass war. The EU and US did not react to the Donbass law’s passage, but have repeatedly stated that the Minsk process is the only path to resolving the conflict. “We can’t embed diplomatic and political agreements that are prone to change into Ukrainian legislation,” the Associated Press quoted Ivan Vinnyk, another Poroshenko Bloc MP, as saying.

COMMENTARY

The words “Minsk peace accords” have become anathema to hard-line nationalists and populists in Ukraine due, among other things, to the stipulation that the Donbass provinces should receive special autonomous rights not granted to other Ukrainian provinces. Therefore, it appears that Poroshenko is seeking to continue the current stalemate on the ground in the Donbass without using the politically toxic terminology of Minsk. By paying lip service to the possibility of returning the occupied territories by force, Poroshenko was able to secure the votes of some of Parliament’s hard-liners and thereby pass this Donbass bill by a comfortable margin of 280 votes in favor. We suppose that Poroshenko has telegraphed to Berlin, Paris and Washington that this sidelining of the Minsk process in the new bill merely represents a change in nomenclature and not in actual policy, and that he has no intention of restarting hostilities in Eastern Ukraine to forcibly return territory. We continue to believe, just as we have since 2014, that the occupied territories will remain outside of Kyiv’s control for the foreseeable future; bringing Donetsk and Lugansk back into Ukraine would cost tens of billions of dollars which Ukraine does not have, which the West is unwilling to provide, and which Russia cannot be forced to pay in reparations. We expect the next national parliamentary election (due in the autumn of 2019) to lead to a “temporary” formalization of Ukraine’s loss of Crimea and the eastern Donbass, as 27 seats in the 450-seat chamber are still sitting vacant, and these seats should be redistributed so that the legislature can be filled.

IMF Unsatisfied with Ukraine's Draft Bill on Anti-Corruption Court

by Dmitry Churin
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NEWS

The International Monetary Fund (IMF) has criticized Ukraine's draft law on creating a High Anti-Corruption Court (HACC), according to reports from the domestic UNIAN news agency last week. The IMF said the current version of the bill would violate Ukraine's obligations under the country's existing USD 17bn loan program. The setting up of an effective HACC remains one of the key conditions for continued cooperation with the IMF. Also, the IMF's sister institution the World Bank insisted that Kyiv should reconsider the draft law on HACC in order to secure World Bank loan guarantees in the amount of USD 800mn. The law should align the jurisdiction of the HACC with the investigative jurisdictions the National Anti-corruption Bureau (NABU) and the Special Anti-Corruption Prosecutor's Office (SAP), which was one of the key recommendations of the Venice Commission, an influential European civic advisory body. Among other points, the World Bank mentioned that the role of the Public Council of International Experts (PCIE) in the selection of the HACC judges should be decisive, and not just advisory, with refusal of a candidate by the PCIE taken as binding. In general, the IMF and World Bank both see the establishment and operation of the HACC as a key pillar of Ukraine's anti-corruption agenda.

COMMENTARY

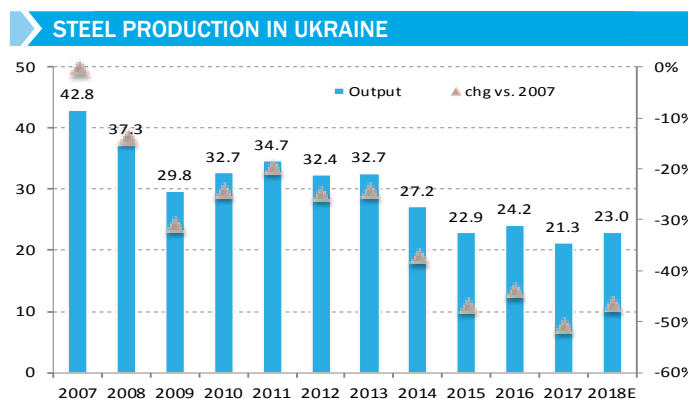
The formal establishment of an anti-corruption court in Ukraine has been a hot issue since 2015, as the country's Western donors and civil society have demanded more results in tackling massive corruption. President Poroshenko and his allies in the BPP legislative faction had previously opposed the HACC's creation in order to retain informal control over what is, frankly speaking, a non-functional judiciary system in which cases are decided on patronage rather than on legal merits. Ideally, the HACC would become a truly independent court that is capable of bringing justice to some of the most prominent corruption cases that are currently stuck in the courts of general jurisdiction. Poroshenko's official position is that the existing bill on the HACC was prepared according to the Ukrainian Constitution and has been submitted to Parliament for discussions in the legal framework. Unfortunately, we see a situation where Poroshenko and other major players are trying to establish the HACC in name only, without following the main idea of total judicial independence. However, a source of optimism in this story is that Ukraine still needs financing from international donors, which means that a compromise in the HACC bill should be found in order to securing further loan disbursements from the IMF and other Western lenders.

Ukraine's FY17 Steel Output of 21mn Tonnes Ranks 12th Among Steel-Producing Countries

by Dmitry Churin
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NEWS

Ukraine's nationwide crude steel production volume declined by 12% YoY to 21.3mn tonnes in 2017 after an output increase by 5.5% in full-year 2016, according to the country's steel industry association UkrMetallurgProm. Data from the producers' union showed that pig iron output fell 15% YoY to 20.0mn tonnes in 2017, while rolled steel production was down 14% to 18.4mn tonnes. For December 2017 alone, the union said Ukraine's steel output was 1.88mn tonnes.



Source: UkrMetallurgProm

COMMENTARY

We see Ukraine's unpleasant-looking double-digit steel output drop for full-year 2017 as being statistically exaggerated. This is because the 2016 comparison base included volumes produced by plants located on the separatist-occupied Donbass territories. In 2017, however, these plants' output was only counted during January-February when they were still controlled (de-jure if not de-facto) by Ukrainian business groups. If we look only at output from steel plants located on government-controlled territory, the FY17 output was 20.9mn tonnes (-0.2% YoY, i.e. nearly unchanged). This means that the reported 12% YoY decline in the overall steel production in 2017 was solely due to the loss of output statistics from steel plants on the occupied territories (the largest occupied plants are Yenakievo Steel which previously belonged to Metinvest, and Alchevsk Steel which belonged to the Donbass Industrial Union, ISD). In fact, we suspect that the Ukrainian business groups lost their de-facto control over these plants much earlier than March 2017, when the situation was formalized.

The strong upturn in international steel prices since late 2016 suggests a bright outlook for the Ukrainian steel industry for 2018. We forecast that the country will produce 23mn tonnes of steel in the full year (+8% YoY).

The latest report released by the World Steel Association shows that Ukraine is now ranked 12th among steel-producing countries, having lost its former place in the Top 10. The steel-producing countries ahead of Ukraine are the following: China, Japan, India, the United States, Russia, South Korea, Germany, Turkey, Brazil, Italy and Taiwan.

Ukraine's steel output had peaked at a whopping 42.8mn tonnes in 2007 during the global economic boom of the mid-00s, but has since been hard hit by the global recession of 2008-2010 and then by the military conflict in the Donbass region since 2014.

Kernel Has Lower Sales Volume in Oct-Dec 2017. Stockpiles Increased

by Dmitry Churin
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KERNEL (KER PW)

Price: PLN 49.00 Market Cap: USD 1,148mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
FY17	1.1	0.8	6.5	5.2	1.7%
FY18E	0.9	0.6	4.8	4.7	1.7%

NEWS

Warsaw-listed Kernel Holding, Ukraine's largest sunflower oil producer and exporter, reported a 22.3% YoY drop in bulk sunflower oil sales to some 265,000 tonnes in the Oct-Dec quarter (2Q18 in the company's July-to-June reporting calendar), according to an operational update published on Jan 19. In other key business segments, Kernel also demonstrated a retreat in sales volumes during the quarter, with grain sales falling 22.9% YoY to 1.18mn tonnes and bottled oil sales decreasing by 25.5% to 27,000 tonnes in the period. The bright segment was the company's relatively minor export terminal business, which showed 11% YoY growth to 1.68mn tonnes (throughput) in the quarter. Meanwhile, the half year operational results were higher due to Kernel's substantial acquisitions activity in the autumn of 2016. The company reported that its sunflower oil sales in bulk rose by 29.4% YoY to some 658,000 tonnes in July-December 2017.

KERNEL OPERATIONAL UPDATE

Volume	2Q FY18	2Q FY17	Change	1H FY18	1H FY17	Change
Grain sales, tonnes	1,180,452	1,531,887	-22.9%	1,985,131	2,712,824	-26.8%
Sunflower oil sales in bulk, tonnes	265,128	341,122	-22.3%	657,944	508,389	+29.4%
Bottled oil sales, '000 liters	27,000	36,227	-25.5%	59,640	57,555	+3.6%
Oilseed crush, tonnes	910,517	908,541	+0.2%	1,452,871	1,188,492	+22.2%
Export terminals throughput, tonnes	1,678,899	1,513,067	+11.0%	3,070,878	2,931,703	+4.7%

Source: Companies' data

COMMENTARY

Kernel came face-to-face with its own high post-acquisitions comparison base from a year earlier in this update. The company said that the main reason for the grain sales decline was a planned reduction of its exports via Russia, where Kernel had assigned a sizable portion of its FY18 transshipment quota at the Taman terminal to a third party. The sunflower oil sales decrease in the quarter could be a strategic move related to commodity prices, as the company's total oilseed crushing volume was still at a high level of 910,000 tonnes in the period (+0.2% YoY). This means that Kernel likely has accumulated sunflower oil volumes in storage with the intent to sell them later this year.

The company announced that it will report its 2Q18 financial results (ended in December) on Feb 28 before the market opening.

EAVEX RECOMMENDATIONS

Name	Ticker	Price, per share	Target price, per share	Upside, %	Rating	Commentary
Agriculture						
Kernel	KER PW	49.0	82.0	67%	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	12.8	14.0	9%	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	55.0	70.0	27%	BUY	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	4.89	12.0	145%	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	12.7	13.0	2%	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	0.4	0.3	-14%	SELL	Ukraine's new VAT regime for agro producers is negative for Avangard, as its subsidy reimbursements will be reduced. Large room for cost optimization provides a theoretical upside to earnings, but the company's highly volatile financial results have rendered forecasting unreliable.
Ovostar Union	OVO PW	94.0	110.0	17%	HOLD	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	311.9	--	--	BUY	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	4200	5250	25%	BUY	The reported profit for 1H17 represents UAH 1101 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 3.0bn, implying EPS of UAH 1440.
Oil & Gas						
UkrNafta	UNAF	121	270	123%	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	14.5	15.0	3%	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	18.5	--	--	U/R	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						
DonbasEnerg	DOEN	18.2	9.0	-50%	SELL	The Donetsk separatist government has nationalized DonbasEnerg's Starobeshevo power plant, which previously accounted for about 70% of the company's installed power-generating capacity.
CenterEnerg	CEEN	14.44	15.00	4%	HOLD	CEEN stock reached out target price of UAH 15.00 on Jan 12. CentrEnerg'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	0.291	0.27	-7%	HOLD	Raiffeisen Aval's 1H17 net profit was at a record high UAH 2.7bn (USD 100mn), implying earnings per share of 4.45 kopecks. We forecast that the bank will post a net profit of UAH 4.50bn in FY17 and will pay a 7.30 kopeck dividend next year.

Source: Eavex Research

PRICES AND QUOTES												
Name	Ticker	Today, UAH*	52 high, UAH*	52 low, UAH*	1W	Absolute performance			Performance relative to the UX index			
						1M	3M	YtD	1W	1M	3M	YtD
UX Index	UX	1427.65	1556.86	842.80	-5.7%	7.1%	15.6%	4.7%	0.0%	0.0%	0.0%	0.0%
Iron Ore Mining												
Ferrexpo	FXPO	310.20	323.20	130.10	1.0%	10.2%	13.7%	5.8%	3.7%	6.7%	3.1%	1.1%
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	12.50	n/a	n/a	14.9%	20.2%	28.9%	19.2%	20.6%	13.1%	13.3%	14.4%
Specialized Machinery												
Motor Sich	MSICH	4200	4494	1903	-0.1%	17.9%	42.7%	13.5%	5.6%	10.8%	27.1%	8.8%
Turboatom	TATM	12.88	13.21	10.00	-0.5%	-2.0%	8.9%	-2.1%	5.2%	-9.1%	-6.7%	-6.9%
Telecom												
Ukrtelecom	UTLM	0.150	n/a	n/a	0.0%	4.1%	15.2%	0.7%	5.7%	-3.0%	-0.4%	-4.1%
Oil & Gas												
Regal Petroleum	RPT	14.50	14.50	2.75	13.7%	93.3%	148.9%	107.0%	8.1%	19.4%	86.2%	102.3%
JKX Oil	JKX	18.50	33.50	11.00	25.9%	54.2%	45.1%	68.2%	1.5%	31.5%	47.0%	63.4%
Ukrnafta	UNAF	121.2	n/a	n/a	-19.5%	-12.1%	-15.5%	-14.0%	-13.8%	-19.2%	-31.1%	-18.8%
Power Utilities												
Centrenergo	CEEN	14.44	15.95	9.91	-3.1%	18.4%	29.4%	14.0%	2.6%	11.3%	13.8%	9.2%
Donbasenergo	DOEN	18.18	n/a	n/a	-5.4%	-0.6%	3.8%	-0.4%	0.3%	-7.7%	-11.8%	-5.1%
Consumer												
Agroton	AGT	4.85	7.70	3.74	1.7%	16.9%	19.8%	5.9%	3.2%	7.4%	9.7%	1.2%
Astarta	AST	54.80	72.00	49.06	0.7%	4.2%	6.3%	6.4%	1.2%	6.4%	-2.9%	1.7%
Avangardo	AVGR	0.35	1.00	0.35	0.0%	-14.6%	-22.2%	-2.8%	1.5%	5.7%	-21.8%	-7.5%
Industrial Milk Company	IMC	12.70	12.75	8.80	2.4%	2.9%	12.6%	1.8%	1.5%	8.1%	-4.2%	-3.0%
Kernel	KER	48.65	80.00	45.51	-0.7%	-0.9%	0.7%	2.4%	-0.2%	5.0%	-8.0%	-2.4%
MHPC	MHPC	12.80	12.85	8.76	2.8%	13.3%	13.3%	11.3%	3.5%	8.5%	6.2%	6.6%
Milkiland	MLK	1.58	2.80	1.43	-2.5%	4.6%	3.9%	2.6%	0.9%	3.2%	-2.5%	-2.1%
Ovostar Union	OVO	94.00	128.05	86.80	1.6%	-1.1%	-9.7%	6.8%	1.5%	7.3%	-8.2%	2.1%
Banks												
Raiffeisen Bank Aval	BAVL	0.291	n/a	n/a	-5.9%	-1.5%	2.3%	-0.9%	-0.2%	-8.6%	-13.3%	-5.6%

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		
		2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E
Iron Ore Mining																
Ferrexpo	FXPO	986	1,282	1,346	375	495	520	38.0%	38.6%	38.6%	189	255	268	19.2%	19.9%	19.9%
Railcar Manufacturing																
Kryukiv Wagon	KVBZ	67	55	60	1	6	7	0.9%	11.0%	12.4%	-4	2	3	-5.9%	3.3%	4.2%
Specialized Machinery																
Turboatom	TATM	98	99	102	33	35	35	34.0%	35.2%	34.6%	27	28	28	28.0%	27.8%	27.5%
Motor Sich	MSICH	414	426	464	166	153	138	40.1%	35.8%	29.8%	77	110	93	18.6%	25.9%	20.0%
Oil & Gas																
Ukrnafta	UNAF	885	1,079	1,121	116	151	163	13.1%	14.0%	14.5%	-343	74	81	-38.7%	6.8%	7.3%
Regal Petroleum	RPT	25	27	32	10	15	19	40.4%	55.6%	59.4%	0	3	5	na	11.1%	15.6%
JKX Oil	JKX	80	82	88	29	18	29	36.3%	22.0%	33.0%	-20	-12	1	-25.0%	-14.6%	1.1%
Electric Utilities																
Centrenergo	CEEN	419	505	569	46	71	80	11.1%	14.1%	14.1%	15	53	58	3.6%	10.5%	10.2%
Donbasenergo	DOEN	157	147	116	7	8	8	4.4%	5.8%	6.5%	-2	1	1	-1.1%	1.0%	0.6%
Consumer																
MHP	MHPC	1,135	1,300	1,456	415	490	550	36.6%	37.7%	37.8%	59	300	327	5.2%	23.1%	22.5%
Kernel	KER	1,989	2,169	2,711	346	319	346	17.4%	14.7%	12.8%	225	176	238	11.3%	8.1%	8.8%
Astarta	AST	402	475	517	167	176	197	41.6%	37.0%	38.2%	90	104	112	22.4%	21.9%	21.7%
Avangardco	AVGR	191	115	127	1	5	15	0.4%	4.3%	11.8%	-57	-10	-5	-29.6%	-8.3%	-3.9%
Ovostar	OVO	84	80	87	40	15	20	47.7%	19.2%	23.4%	35	10	14	41.8%	12.5%	16.1%
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	2,113	2,080	2,050	381	347	342	192	228	236	150	188	236	39.4%	54.1%	69.2%

Source: Eavex Research

MAIN TRADING MULTIPLES

Name	Ticker	MCap USD mn	Free Float % USD mn	EV USD mn	P/E			EV/EBITDA			EV/Sales				
					2016	2017E	2018E	2016	2017E	2018E	2016	2017E	2018E		
Iron Ore Mining															
Ferrexpo	FXPO	2,537	24.0%	609	3,287	13.4	9.9	9.5	8.8	6.6	6.3	3.3	2.6	2.4	
Railcar Manufacturing															
Krukiv Wagon	KVBZ	51	5.0%	3	46	neg	27.7	20.0	>30	7.5	6.1	0.7	0.8	0.8	
Specialized Machinery															
Turboatom	TATM	193	5.8%	11	107	7.0	7.0	6.9	3.2	3.1	3.0	1.1	1.1	1.1	
Motor Sich	MSICH	309	24.0%	74	272	4.0	2.8	3.3	1.6	1.8	2.0	0.7	0.6	0.6	
Oil & Gas															
Ukrnafta	UNAF	233	3.0%	7	219	neg	3.2	2.9	1.9	1.5	1.3	0.2	0.2	0.2	
Regal Petroleum	RPT	65	21.6%	14	45	n/a	21.5	12.9	4.5	3.0	2.4	1.8	1.7	1.4	
JKX Oil & Gas	JKX	44	50.4%	22	153	neg	neg	>30	5.3	8.5	5.3	1.9	1.9	1.7	
Electric Utilities															
CentrEnergO	CEEN	189	21.7%	41	108	12.5	3.6	3.3	2.3	1.5	1.4	0.3	0.2	0.2	
DonbasEnergO	DOEN	15	14.2%	2	29	neg	10.4	21.0	4.2	3.5	3.9	0.2	0.2	0.3	
Consumer															
MHP	MHPC	1,353	34.1%	461	2,357	22.8	4.5	4.1	5.7	4.8	4.3	2.1	1.8	1.6	
Kernel	KER	1,138	61.8%	703	1,634	5.1	6.5	4.8	4.7	5.1	4.7	0.8	0.8	0.6	
Astarta	AST	402	37.0%	149	512	4.5	3.9	3.6	3.1	2.9	2.6	1.3	1.1	1.0	
Avangardco	AVGR	22	22.5%	5	354	neg	neg	neg	>30	>30	23.6	1.8	3.1	2.8	
Ovostar	OVO	166	25.0%	41	168	4.7	16.6	11.8	4.2	10.9	8.2	2.0	2.1	1.9	
Banks															
							P/E			P/Book			P/Assets		
Raiffeisen Bank Aval	BAVL	634	1.8%	11		4.2	3.4	3.6	1.7	1.8	1.9	0.30	0.30	0.31	

Source: Eavex Research

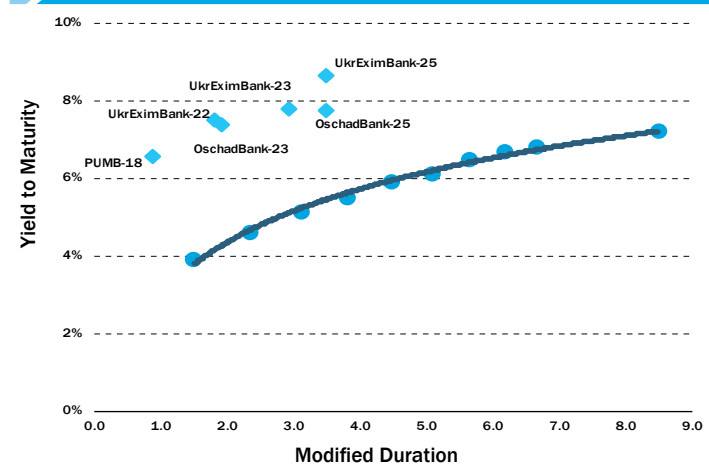
UKRAINIAN EURO BONDS

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	105.6	106.1	4.1%	3.8%	0.6%	1.5	7.75%	S/A	1 Sept 2019	1,744	Caa2/B-/B-
Ukraine, 2020	107.4	107.8	4.7%	4.5%	1.3%	2.3	7.75%	S/A	1 Sept 2020	1,780	Caa2/B-/B-
Ukraine, 2021	108.8	109.3	5.0%	4.9%	2.2%	3.1	7.75%	S/A	1 Sept 2021	1,409	Caa2/B-/B-
Ukraine, 2022	108.7	109.2	5.6%	5.5%	2.2%	3.8	7.75%	S/A	1 Sept 2022	1,384	Caa2/B-/B-
Ukraine, 2023	107.9	108.6	6.1%	5.9%	1.6%	4.4	7.75%	S/A	1 Sept 2023	1,355	Caa2/B-/B-
Ukraine, 2024	107.6	108.3	6.3%	6.2%	2.4%	5.0	7.75%	S/A	1 Sept 2024	1,339	Caa2/B-/B-
Ukraine, 2025	106.7	107.4	6.6%	6.5%	2.5%	5.6	7.75%	S/A	1 Sept 2025	1,329	Caa2/B-/B-
Ukraine, 2026	106.1	106.8	6.8%	6.7%	2.9%	6.1	7.75%	S/A	1 Sept 2026	1,318	Caa2/B-/B-
Ukraine, 2027	106.0	106.8	6.9%	6.8%	2.8%	6.6	7.75%	S/A	1 Sept 2027	1,307	Caa2/B-/B-
Ukraine, 2032	101.0	101.8	7.3%	7.2%	3.0%	8.5	7.375%	S/A	25 Sept 2032	3,000	//B-
Ukraine, GDP-linked (VRI)	66.5	67.5	n/a	n/a	21.5%	n/a	0.00%	S/A	31 May 2040	3,214	/B-/
Corporate Eurobonds											
Agrotan, 2019	17.9	22.6	181%	149%	-3.6%	0.8	6.00%	S/A	14 Jul 2019	18	//
Kernel, 2022	110.3	111.0	5.8%	5.7%	-0.3%	3.3	8.75%	S/A	31 Jan 2022	500	/B/B+
MHP, 2020	108.6	109.3	4.1%	3.8%	0.0%	2.0	8.25%	S/A	2 Apr 2020	750	/B-/B-
MHP, 2024	109.3	110.0	6.0%	5.8%	1.5%	4.9	7.75%	S/A	10 May 2024	500	//
Avangardco, 2018	20.2	23.1	n/a	n/a	-10.4%	0.3	10.00%	S/A	29 Oct 2018	206	//
UkrLandFarming, 2018	20.4	22.3	n/a	n/a	2.4%	0.0	10.88%	S/A	26 Mar 2018	500	/CC/
Mriya, 2016	6.0	8.0	n/a	n/a	n/a	n/a	10.95%	S/A	30 Mar 2016	72	IN DEFAULT
Mriya, 2018	6.0	8.0	n/a	n/a	n/a	n/a	9.45%	S/A	19 Apr 2018	400	IN DEFAULT
DTEK, 2024	107.0	107.8	9.3%	9.1%	0.0%	4.7	10.75%	S/A	31 Dec 2024	1,275	//
Metinvest, 2021	103.8	104.5	n/a	n/a	12.0%	n/a	9.37%	S/A	31 Dec 2021	1,197	//B
Ferrexpo, 2019	104.1	104.8	6.8%	6.1%	-0.4%	0.7	10.375%	S/A	07 Apr 2019	186	Caa3/CCC/CC
Ferrexpo, 2019	104.1	104.8	6.8%	6.2%	-0.6%	0.7	10.375%	S/A	07 Apr 2019	161	Caa3/CCC/CC
UZ Rail, 2021	106.9	107.8	7.7%	7.4%	0.7%	1.8	9.88%	S/A	15 Sept 2021	500	/CCC+/CCC
Interepipe, 2017	26.0	30.6	n/a	n/a	3.0%	n/a	10.25%	S/A	2 Aug 2017	200	IN DEFAULT
JXX Oil&Gas, 2018	85.0	95.0	23.7%	17.1%	5.9%	1.6	8.00%	S/A	19 Feb 2018	16	//
Bank Eurobonds											
Fin&Credit Bank, 2019	0.7	1.6	n/a	n/a	-0.2%	n/a	9.25%	S/A	25 Jan 2019	100	IN DEFAULT
PUMB, 2018	103.3	105.0	7.3%	5.5%	-0.1%	0.8	11.00%	Q	31 Dec 2018	275	//
Nadra Bank, 2018	0.8	1.4	n/a	n/a	1.7%	n/a	6.25%	A	31 Jul 2018	60	IN DEFAULT
PrivatBank, 2018-2	31.0	34.0	n/a	n/a	-3.0%	1.5	10.25%	S/A	23 Jan 2018	200	IN DEFAULT
PrivatBank, 2021	13.0	18.0	n/a	n/a	0.0%	1.4	11.00%	S/A	09 Feb 2021	220	IN DEFAULT
PrivatBank, 2018	35.0	38.7	n/a	n/a	-8.6%	0.0	10.88%	S/A	28 Feb 2018	175	IN DEFAULT
UkrEximBank, 2022	108.4	109.1	7.3%	7.1%	1.5%	1.9	9.625%	S/A	27 Apr 2022	750	Caa3//B-
UkrEximBank, 2023	100.3	102.3	8.9%	8.4%	0.9%	3.5	7.51%	S/A	9 Feb 2023	125	Caa3//CCC
UkrEximBank, 2025	110.4	111.3	7.8%	7.6%	2.2%	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	107.7	108.5	7.5%	7.4%	0.9%	1.8	8.25%	S/A	10 Mar 2023	700	Caa3//B-
Oschadbank, 2025	110.0	110.9	7.8%	7.6%	2.4%	2.9	8.88%	S/A	20 Mar 2025	500	Caa3//B-
Municipal Eurobonds											
City of Kyiv, 2015	82.8	87.0	n/a	n/a	2.5%	n/a	8.00%	S/A	6 Nov 2015	101	IN DEFAULT

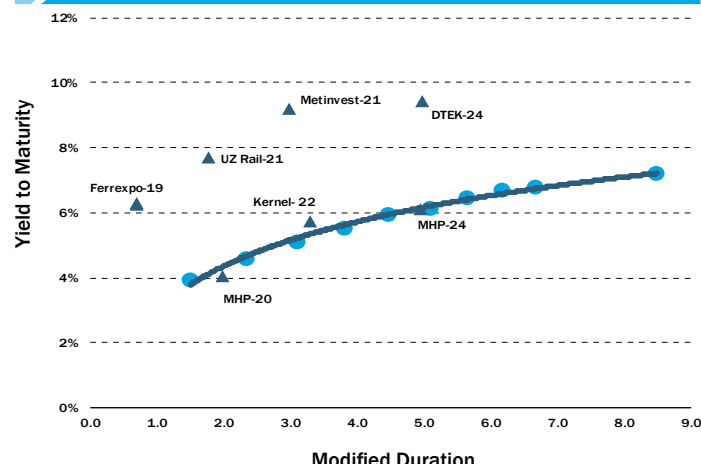
¹ Moody's/S&P/Fitch

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EURO BONDS



SOVEREIGNS vs. CORPORATE and MUNICIPAL EURO BONDS



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									
UA4000194591			15.90%	15.15%	n/a	16.62%	S/A	11 Jul .2018	1,454
VAT Bonds									
UA4000185151			16.75%	15.30%	1.9	9.50%	S/A	8 Jul 2019	3,577
UA4000185557			16.75%	15.30%	1.9	9.50%	S/A	22 Jul 2019	2,171
UA4000186159			16.75%	15.30%	1.9	9.50%	S/A	20 Aug 2019	955

Source: Bloomberg, Cbonds, Eavex Research

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