

Stock Market Update

Equity

Kyiv-listed stocks finished mixed last week amid disappointing industrial production data for December. The State Statistics Committee reported that Ukraine's overall industrial output declined by 3.5% YoY last month, which dragged the already-unimpressive full-year 2018 industrial rise down by nearly half a percentage point to 1.1% YoY. Electricity equipment production was the worst performing sub-sector last year, contracting by 17.8% YoY. In contrast, the country's chemical industry demonstrated a firm recovery of 16.5% YoY in 2018.

Trading in locally-listed Ukrainian stocks saw some additional activity after the Ukrainian Exchange announced the testing of new software, which will take around two weeks, providing some grounds for optimism that the platform might re-open soon after more than half a year of suspended activity.

Among blue chips, UkrNafta (UNAF) added 3.1% to UAH 133 per share after the company reported that its oil output increased by 5% YoY to 10.5mn barrels in 2018. In 4Q18 alone, the company's oil production rose 10.1% YoY to 2.7mn barrels. Raiffeisen Bank Aval (BAVL) had no reaction to unverified reports that the bank's FY18 net profit was UAH 5.1bn which translates into 8.30 kopecks per share. The BAVL stock was unchanged for the week at 34.40 kopecks. CentrErgo (CEEN) slipped 1.7% to close at UAH 14.25 while TurboAtom (TATM) lost another 8% to UAH 11.00.

In London trading, Ferrexpo (FXPO) was rather inactive near GBp 200 per share, while MHP (MHPC) edged up 1.0% to USD 10.50 after the company published its operational update for 4Q18, which was in line with expectations. In Warsaw, Kernel (KER) picked up 3.0% to PLN 51.00 after reporting impressive operational results in grain trading in the Oct-Dec period.

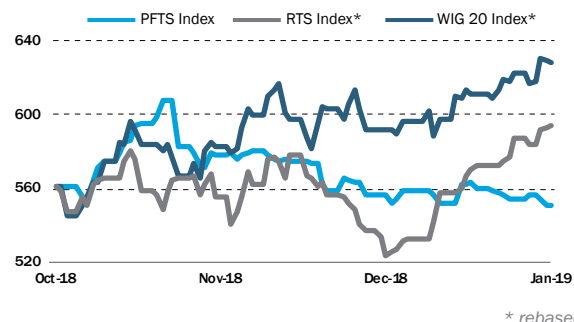
On the currency front, the hryvnia gained 0.6% against the dollar to end the week at 27.78 UAH/USD.

Highlights

POLITICS AND ECONOMICS

- > Tymoshenko, Vilkul Formally Enter Presidential Race
- > Kernel Reports 2.4x YoY Surge in Grain Volume Sales in Oct-Dec

STOCK MARKET PERFORMANCE

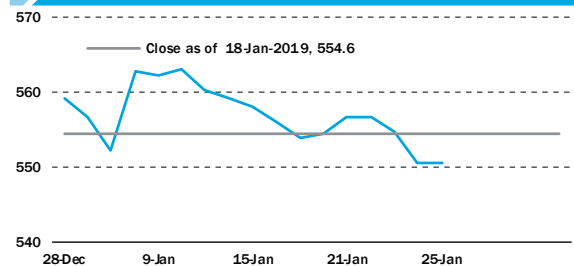


* rebased

MARKET INDEXES

| | Last | 1W ch | 1M ch | YTD |
|---------|--------|-------|-------|-------|
| PFTS | 550.6 | -0.7% | -1.0% | -1.6% |
| RTS | 1192.0 | 1.3% | 13.7% | 11.8% |
| WIG20 | 2398.7 | 0.9% | 6.1% | 5.4% |
| MSCI EM | 1032.3 | 1.4% | 8.6% | 7.2% |
| S&P 500 | 2664.8 | -0.2% | 13.3% | 7.2% |

PFTS 1M PERFORMANCE



FIXED INCOME

| | Last | 1W ch | 1M ch | YTD |
|--------------|-------|-----------|-----------|-----------|
| EMBI+Global | 377 | -3.0% | -12.5% | -12.7% |
| NBU Key Rate | 18.0% | 0.0 p.p. | 0.0 p.p. | 0.0 p.p. |
| Ukraine-19 | 7.0% | -2.0 p.p. | -3.5 p.p. | -1.8 p.p. |
| Ukraine-27 | 9.4% | 0.0 p.p. | -1.1 p.p. | -1.0 p.p. |
| DTEK-24 | 11.6% | 0.0 p.p. | 0.0 p.p. | 0.0 p.p. |
| UZ Rail-21 | 11.9% | 0.0 p.p. | 0.0 p.p. | -0.1 p.p. |

CURRENCY

| | Last, UAH | 1W ch | 1M ch | YTD |
|-----|-----------|-------|-------|-------|
| USD | 27.78 | -0.6% | 1.5% | 0.2% |
| EUR | 31.69 | -0.2% | 1.6% | -0.1% |
| RUB | 0.42 | 0.0% | 5.6% | 6.1% |

COMMODITIES

| | Last | 1W ch | 1M ch | YTD |
|---------------|--------|-------|-------|-------|
| Wheat, USD/t* | 225.0 | 0.0% | 1.8% | 1.8% |
| Steel, USD/t | 410.0 | 2.5% | -1.2% | 0.0% |
| Oil, USD/bbl | 61.6 | -1.7% | 21.4% | 15.8% |
| Gold, USD/oz | 1303.2 | 1.7% | 2.7% | 1.7% |

*Ukraine FOB

Source: Bloomberg, Ukrainian Exchange

Tymoshenko, Vilkul Formally Enter Presidential Race

by Will Ritter
w.ritter@eavex.com.ua

NEWS

Two opposition party leaders, Yulia Tymoshenko of Batkivschyna and Alexander Vilkul of the Opposition Bloc, formally declared their candidacies for Ukraine's presidency last week. Both are currently MPs in Parliament. Vilkul is closely associated with Eastern Ukrainian industrialist Rinat Akmetov, in whose SCM business group he worked as a top executive. Tymoshenko has been in Ukrainian politics for 20 years, first as a deputy prime minister during the presidency of Leonid Kuchma and later as prime minister (two separate stints) during the Yuschenko administration. Tymoshenko is running for president for the fourth time, having also competed in Ukraine's three most recent presidential elections in 2004, 2010, and 2014. Tymoshenko currently leads all candidates in presidential polling, albeit with relatively weak support that struggles to reach the 20 percent level.

COMMENTARY

We remain highly skeptical that Tymoshenko is capable of winning a one-on-one runoff against President Poroshenko, who is expected to formally announce his own candidacy later this week. It appears many analysts have forgotten that Poroshenko crushed Tymoshenko by an overwhelming 54% to 14% margin in the May 2014 presidential election, and that Tymoshenko's party barely cleared the 5 percent minimum threshold for entry into Parliament in the legislative election in October of that year. These results were directly related to a widespread absence of voter trust in Tymoshenko's character. Obviously, the political situation in Ukraine has changed since 2014, but we don't believe that it has changed enough to reverse numbers like those. Tymoshenko lacks a solid geographic or ideological voter base and has built a populist-leftist election program that relies purely on voters dissatisfied with the status quo. Tymoshenko has also failed to address her long association with corrupt former Prime Minister Pavel Lazarenko, who served 9 years in prison in the United States for money laundering. Therefore, we think Tymoshenko's best opportunity to win the presidency is to exploit a fragmented field in which Poroshenko fails to reach the runoff, and she faces a different opponent. Poroshenko is himself saddled with responsibility for all of Ukraine's reform shortcomings over the past 5 years, but the good news for him is that he does not appear to be facing a strong competitor from the center-right who could keep him out of the runoff. For his part, Vilkul isn't going to become Ukraine's next president, but it will be interesting to see whether his relatively youthful style of politics will allow him to beat out his more seasoned (but much less charismatic) rival for the pro-Russian electorate, former Energy Minister Yuriy Boyko. A solid showing of 10 percent or better would raise Vilkul's national profile and increase the leverage of Akmetov over Poroshenko, who will need some of Vilkul's voters in order to prevail in the runoff round.

Kernel Reports 2.4x YoY Surge in Grain Volume Sales in Oct-Dec

by Dmitry Churin
d.churin@eavex.com.ua

KERNEL (KER PW)

Price: PLN 51.00 Market Cap: USD 1,078mn

| | P/B | EV/S | P/E | EV/EBITDA | Div. Yield |
|-------|-----|------|------|-----------|------------|
| FY18 | 0.9 | 0.7 | 20.7 | 7.6 | 1.8% |
| FY19E | 0.8 | 0.5 | 5.1 | 5.5 | 1.8% |

NEWS

Warsaw-listed Kernel Holding, Ukraine's largest sunflower oil producer and exporter, reported a 2.4x YoY surge in its grain sales volume to 2.86mn tonnes in the Oct-Dec quarter (2Q19 in the company's July-to-June reporting calendar), according to an operational update published on Jan 21. In other key business segments, Kernel also demonstrated positive operational results, with sunflower oil sales volume increasing by 26% YoY to 371,600 tonnes in the Oct-Dec quarter and export terminals throughput rising 4.3% YoY to 1.72mn tonnes in the period. The half year operational results were also higher, with the company's sunflower oil sales advancing by 8.2% YoY to some 776,000 tonnes in July-December 2018 while grain sales volume jumped almost three-fold to 5.86mn tonnes due to the record high grain harvest in Ukraine last year.

KERNEL OPERATIONAL UPDATE

| Volume | 2Q FY19 | 2Q FY18 | Change | 1H FY19 | 1H FY18 | Change |
|-------------------------------------|-----------|-----------|--------|-----------|-----------|--------|
| Grain sales, tonnes | 2,857,671 | 1,181,186 | +142% | 5,855,971 | 1,985,865 | +195% |
| Sunflower oil sales, tonnes | 371,611 | 294,463 | +26% | 776,545 | 718,018 | +8.2% |
| Oilseed crush, tonnes | 940,556 | 910,517 | +3.3% | 1,359,138 | 1,452,871 | -6.5% |
| Export terminals throughput, tonnes | 1,718,186 | 1,648,027 | +4.3% | 3,306,888 | 3,070,878 | +25% |

Source: Companies' data

COMMENTARY

Kernel has delivered fairly impressive operational results for both the Oct-Dec and Jul-Dec periods, which should translate into a solid earnings when the company reports its financials on Feb 28. However, Kernel continues to experience a rather low seed-crushing margin for its sunflower oil business, leading to a skeptical attitude toward the Kernel stock. Nevertheless, we continue to believe that Kernel's vertically integrated business model and vast infrastructure capabilities should help the company to squeeze the maximum financial results from its rising sales volumes. Kernel processed 941,000 tonnes (+3% YoY) of sunflower seeds in the Oct-Dec quarter, setting a new production record and utilizing its sun oil extraction plants at full capacity in the period.

Separately, Kernel said that it has attracted USD 250mn project financing from the European Investment Bank for modernizing the company's existing oilseed processing plants and construction a new one in Western Ukraine. Kernel's CapEx plan also foresees the construction of inland grain storage facilities and a grain handling terminal in the Odessa-area port of Chornomorsk.

Kernel's share price on the Warsaw Stock Exchange rose 1.8% to PLN 50.40 per share immediately after the operational update was published, and closed at PLN 51.00 on Friday (Jan 25). The KER share price has remained very close to the PLN 50 line for the last several months.

EAVEX RECOMMENDATIONS

| Name | Ticker | Price, per share | Target price, per share | Upside, % | Rating | Commentary |
|------------------------------|---------|------------------|-------------------------|-----------|--------|--|
| Agriculture | | | | | | |
| Kernel | KER PW | 50.9 | 82.0 | 61% | BUY | With on-demand borrowing access, Kernel is well placed to further consolidate its position in the oilseed crushing industry. The company reported that its sunflower oil sales in bulk rose by 29.4% YoY to some 508,000 tonnes in July-December 2017. The company aims to achieve EBITDA of USD 500mn by 2021. |
| MHP | MHPC LI | 10.5 | 16.5 | 58% | 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. MHP also reported that its poultry exports rose 16% YoY to near 221,000 tonnes in 2017, accounting for 41% of total sales volume, up from a share of 36% a year before. |
| Astarta | AST PW | 24.4 | 70.0 | 187% | BUY | Astarta is focused on business diversification and cost optimization via improving its energy and operational efficiency. We expect the company to increase sales by 12% in FY18. |
| Agroton | AGT PW | 3.87 | 12.0 | 210% | 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 | 14.5 | 13.0 | -10% | HOLD | IMC's 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 | 0.3 | 0.3 | 7% | SELL | AvangardCo's revenue fell by 33% YoY in FY17 despite an increase in egg sales volume by 23% YoY. We attribute this negative development to weak results in the value-added egg powder segment. AvangardCo said that its egg product sales volume had plunged by 64% YoY to some 3300 tonnes, with the average pricing dropping by 23% YoY to USD 4.30/kg. |
| Ovostar Union | OVO PW | 111.0 | 110.0 | -1% | 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 | 211 | 230 | 9% | BUY | Iron ore market has seen a major shift over the past two years as China's anti-pollution drive spurs demand for cleaner ore, exploding the spreads between top-quality material and lower-grade cargoes, which benefits Ferrexpo as top-quality pellets producer. |
| Specialized Machinery | | | | | | |
| Motor Sich | MSICH | 5390 | 6750 | 25% | BUY | Motor Sich is closing in on a solid contract with Chinese company Avicopter (AVIC) to supply helicopter engines for a Russian-Chinese project. Our base case scenario forecast for Motor Sich's net profit for FY18 is UAH 2.6bn, implying EPS of UAH 1,270. |
| Oil & Gas | | | | | | |
| UkrNafta | UNAF | 133 | 270 | 103% | BUY | UkrNafta's fundamental value should see an immediate jump after the company reaches a deal with the government on restructuring its huge UAH 12bn tax debt. We believe that with the state owning a 50% stake in UkrNafta, the resolution of the tax debt issue is only a matter of time. |
| Concern Galnaftogaz | GLNG | 0.27 | 0.33 | 22% | BUY | Galnaftogaz is pursuing a plan to aggressively expand its filling station network. |
| Regal Petroleum | RPT LN | 44.3 | 30.0 | -32% | BUY | The RPT stock has been enjoying aggressive buying from an unidentified investor since the start of the year. From the chart point of view, the stock hit a local maximum of GBP 31, and we believe that this peak is likely to be repeated sometime before the end of 2018. |
| JKX Oil & Gas | JKX LN | 33.6 | 33.0 | -2% | 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 | 33.1 | 9.0 | -73% | 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 | 14.35 | 25.60 | 78% | BUY | CentrEnergO posted net profit of UAH 5.12 per share in FY17, and the company decided to distribute 75% of this profit in shareholder dividends. CentrEnergO's privatization has repeatedly been postponed, but the company retains a strong fundamental value due to its large installed electricity generation capacity. |
| Banks | | | | | | |
| Raiffeisen Bank Aval | BAVL | 0.344 | 0.47 | 37% | BUY | We forecast that Raiffeisen Aval will raise its net profit by 7.3% YoY to UAH 4.80bn in FY18, implying EPS of 7.81 kopecks. We also believe the bank will continue its practice of large dividend payouts, with the FY18 dividend possibly around 7.50 kopecks per share. Raiffeisen Aval, about 70% of which is held by Raiffeisen International, has been the most dividend-rich stock in the Ukrainian equity universe since 2016. The stock's dividend yield last year was 20% and this year it was around 22%. Raiffeisen Aval posted a net profit of UAH 4.47bn for full-year 2017 (USD 170mn at the average UAH/USD rate for the period), compared to UAH 3.82bn for full-year 2016 and a net loss of UAH 1.44bn in FY15. |

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 |
| PFTS Index | UX | 550.62 | 608.78 | 332.71 | -0.7% | -1.0% | -1.9% | -1.6% | -- | -- | -- | -- |
| Iron Ore Mining | | | | | | | | | | | | |
| Ferrexpo | FXPO | 200.50 | 316.10 | 143.50 | -1.5% | 1.5% | -5.0% | 3.0% | -0.8% | 2.5% | -3.1% | 4.6% |
| Railcar Manufacturing | | | | | | | | | | | | |
| Kryukiv Wagon | KVBZ | n/a | 12.20 | 10.00 | | | | | | | | |
| Specialized Machinery | | | | | | | | | | | | |
| Motor Sich | MSICH | 5390 | n/a | n/a | | | | | | | | |
| Turboatom | TATM | 11.00 | 14.15 | 11.00 | -8.3% | -19.7% | -18.5% | -19.7% | -7.6% | -18.7% | -16.7% | -18.1% |
| Telecom | | | | | | | | | | | | |
| Ukrtelecom | UTLM | 0.14 | 0.143 | 0.127 | 0.0% | 10.2% | 3.7% | 10.2% | 0.7% | 11.3% | 5.6% | 11.8% |
| Oil & Gas | | | | | | | | | | | | |
| Regal Petroleum | RPT | 44.30 | 63.00 | 15.45 | -14.8% | -14.4% | -16.0% | -29.7% | -14.1% | -13.4% | -14.2% | -28.1% |
| JKX Oil | JKX | 33.60 | 47.00 | 17.50 | -0.9% | -4.0% | -20.0% | -14.9% | -0.2% | -3.0% | -18.1% | -13.4% |
| Ukrnafta | UNAF | 133.0 | 140.00 | 98.00 | 3.1% | 4.7% | 20.4% | -5.0% | 3.8% | 5.8% | 22.2% | -3.4% |
| Power Utilities | | | | | | | | | | | | |
| Centrenergo | CEEN | 14.35 | 23.70 | 12.04 | 0.0% | -4.3% | -18.5% | 0.3% | 0.7% | -3.3% | -16.6% | 1.9% |
| Donbasenergo | DOEN | 33.05 | 38.00 | 21.10 | -8.2% | 6.6% | 29.6% | 3.6% | -7.5% | 7.6% | 31.5% | 5.2% |
| Consumer | | | | | | | | | | | | |
| Agroton | AGT | 3.87 | 6.06 | 2.83 | -0.5% | 15.5% | 22.5% | 11.2% | 0.2% | 16.6% | 24.3% | 12.8% |
| Astarta | AST | 24.40 | 57.60 | 23.00 | -2.0% | 3.8% | -18.7% | 6.1% | -1.3% | 4.9% | -16.8% | 7.6% |
| Avangardo | AVGR | 0.28 | 0.39 | 0.27 | 0.0% | 0.0% | 0.0% | 0.0% | 0.7% | 1.0% | 1.9% | 1.6% |
| Industrial Milk Company | IMC | 13.90 | 14.80 | 11.05 | 1.8% | 6.9% | 9.4% | 5.7% | 2.5% | 8.0% | 11.3% | 7.3% |
| Kernel | KER | 51.00 | 55.50 | 45.60 | 3.0% | 5.8% | 2.2% | 4.2% | 3.7% | 6.8% | 4.1% | 5.8% |
| MHPC | MHPC | 10.35 | 14.80 | 9.80 | 2.5% | -1.4% | -13.4% | 0.0% | 3.2% | -0.4% | -11.5% | 1.6% |
| Milkiland | MLK | 0.30 | 1.59 | 0.21 | 11.1% | 36.4% | -33.3% | 42.9% | 11.8% | 37.4% | -31.5% | 44.4% |
| Ovostar Union | OVO | 111.00 | 114.00 | 93.00 | 2.8% | 0.9% | 1.8% | -1.8% | 3.5% | 1.9% | 3.7% | -0.2% |
| Banks | | | | | | | | | | | | |
| Raiffeisen Bank Aval | BAVL | 0.344 | 0.39 | 0.26 | -1.7% | -0.2% | 2.3% | -1.7% | -1.0% | 0.8% | 4.1% | -0.1% |

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 | 2017 | 2018E | 2016 | 2017 | 2018E | 2016 | 2017 | 2018E | 2016 | 2017 | 2018E | 2016 | 2017 | 2018E |
| Iron Ore Mining | | | | | | | | | | | | | | | | |
| Ferrexpo | FXPO | 986 | 1,197 | 1,257 | 375 | 551 | 579 | 38.0% | 46.0% | 46.0% | 189 | 394 | 414 | 19.2% | 32.9% | 32.9% |
| Railcar Manufacturing | | | | | | | | | | | | | | | | |
| Kryukiv Wagon | KVBZ | 84 | 141 | 80 | -1 | 14 | 9 | -1.0% | 9.9% | 10.7% | -4 | 12 | 4 | -5.2% | 8.6% | 5.0% |
| Specialized Machinery | | | | | | | | | | | | | | | | |
| Turboatom | TATM | 85 | 87 | 93 | 49 | 37 | 40 | 57.1% | 42.6% | 43.1% | 42 | 26 | 28 | 49.2% | 29.9% | 29.9% |
| Motor Sich | MSICH | 414 | 436 | 388 | 166 | 156 | 88 | 40.1% | 35.8% | 22.7% | 77 | 117 | 51 | 18.6% | 26.7% | 13.3% |
| Oil & Gas | | | | | | | | | | | | | | | | |
| Ukrnafta | UNAF | 885 | 1,011 | 1,326 | 116 | 65 | 333 | 13.1% | 6.5% | 25.1% | -343 | 17 | 191 | -38.7% | 1.7% | 14.4% |
| Regal Petroleum | RPT | 26 | 35 | 60 | 12 | 17 | 59 | 44.9% | 49.8% | 98.3% | 0 | 2 | 42 | na | 6.5% | 70.0% |
| 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 | | | | | | | | | | | | | | | | |
| Centrenergy | CEEN | 419 | 412 | 532 | 46 | 104 | 40 | 11.1% | 25.2% | 7.6% | 15 | 71 | 27 | 3.6% | 17.3% | 5.0% |
| Donbasenergo | DOEN | 157 | 147 | 222 | 7 | 8 | 23 | 4.4% | 5.8% | 10.2% | -2 | 2 | 18 | -1.1% | 1.4% | 8.2% |
| Consumer | | | | | | | | | | | | | | | | |
| MHP | MHPC | 1,135 | 1,289 | 1,521 | 415 | 549 | 520 | 36.6% | 42.6% | 34.2% | 59 | 230 | 190 | 5.2% | 17.8% | 12.5% |
| Kernel | KER | 1,989 | 2,169 | 2,403 | 346 | 319 | 223 | 17.4% | 14.7% | 9.3% | 225 | 176 | 52 | 11.3% | 8.1% | 2.2% |
| Astarta | AST | 402 | 514 | 452 | 167 | 134 | 162 | 41.6% | 26.1% | 35.9% | 90 | 69 | 75 | 22.4% | 13.5% | 16.7% |
| Avangardco | AVGR | 191 | 130 | 127 | 1 | 12 | 15 | 0.4% | 9.1% | 11.8% | -57 | -8 | -5 | -29.6% | -5.8% | -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 | 2,455 | 2,482 | 381 | 404 | 418 | 192 | 234 | 236 | 150 | 169 | 236 | 39.4% | 41.8% | 56.6% |

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 | 2017 | 2018E | 2016 | 2017 | 2018E | 2016 | 2017 | 2018E | |
| Iron Ore Mining | | | | | | | | | | | | | | |
| Ferrexpo | FXPO | 1,554 | 24.0% | 373 | 1,957 | 8.2 | 3.9 | 3.8 | 5.2 | 3.6 | 3.4 | 2.0 | 1.6 | 1.6 |
| Railcar Manufacturing | | | | | | | | | | | | | | |
| Krukiv Wagon | KVBZ | | 5.0% | | | neg | 0.0 | 0.0 | neg | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Specialized Machinery | | | | | | | | | | | | | | |
| Turboatom | TATM | 166 | 3.8% | 6 | 158 | 4.0 | 6.4 | 6.0 | 3.3 | 4.2 | 3.9 | 1.9 | 1.8 | 1.7 |
| Motor Sich | MSICH | 401 | 24.0% | 96 | 378 | 5.2 | 3.4 | 7.8 | 2.3 | 2.4 | 4.3 | 0.9 | 0.9 | 1.0 |
| Oil & Gas | | | | | | | | | | | | | | |
| Ukrnafta | UNAF | 258 | 3.0% | 8 | 251 | neg | 15.5 | 1.4 | 2.2 | 3.8 | 0.8 | 0.3 | 0.2 | 0.2 |
| Regal Petroleum | RPT | 187 | 21.6% | 40 | 147 | n/a | >30 | 4.5 | 12.8 | 8.4 | 2.5 | 5.7 | 4.2 | 2.4 |
| JKX Oil & Gas | JKX | 76 | 50.4% | 38 | 184 | neg | neg | >30 | 6.4 | 10.2 | 6.4 | 2.3 | 2.2 | 2.1 |
| Electric Utilities | | | | | | | | | | | | | | |
| CentrEnergO | CEEN | 190 | 21.7% | 41 | 159 | 12.5 | 2.7 | 7.1 | 3.4 | 1.5 | 3.9 | 0.4 | 0.4 | 0.3 |
| DonbasEnergO | DOEN | 28 | 14.2% | 4 | 33 | neg | 13.3 | 1.5 | 4.8 | 4.0 | 1.5 | 0.2 | 0.2 | 0.2 |
| Consumer | | | | | | | | | | | | | | |
| MHP | MHPC | 1,094 | 34.1% | 373 | 2,260 | 18.5 | 4.8 | 5.8 | 5.4 | 4.1 | 4.3 | 2.0 | 1.8 | 1.5 |
| Kernel | KER | 1,079 | 61.8% | 666 | 1,079 | 4.8 | 6.1 | 20.7 | 3.1 | 3.4 | 4.8 | 0.5 | 0.5 | 0.4 |
| Astarta | AST | 162 | 37.0% | 60 | 388 | 1.8 | 2.3 | 2.1 | 2.3 | 2.9 | 2.4 | 1.0 | 0.8 | 0.9 |
| Avangardco | AVGR | 18 | 22.5% | 4 | 349 | neg | neg | neg | >30 | 29.6 | 23.3 | 1.8 | 2.7 | 2.8 |
| Ovostar | OVO | 177 | 25.0% | 44 | 179 | 5.0 | 17.7 | 12.6 | 4.5 | 11.6 | 8.8 | 2.1 | 2.2 | 2.1 |
| Banks | | | | | | | | | | | | | | |
| | | | | | | P/E | | | P/Book | | | P/Assets | | |
| Raiffeisen Bank Aval | BAVL | 757 | 1.8% | 14 | | 5.1 | 4.5 | 4.1 | 2.0 | 1.9 | 1.8 | 0.36 | 0.31 | 0.31 |

Source: Eavex Research

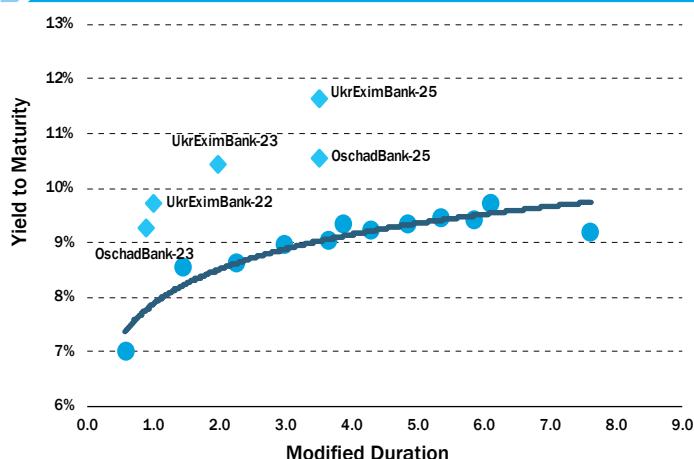
UKRAINIAN EUROBONDS

| 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 | 99.9 | 100.9 | 7.8% | 6.1% | 1.1% | 0.6 | 7.75% | S/A | 1 Sept 2019 | 661 | Caa1/B-/B- |
| Ukraine, 2020 | 98.8 | 99.3 | 8.6% | 8.2% | 2.2% | 1.4 | 7.75% | S/A | 1 Sept 2020 | 1,365 | Caa1/B-/B- |
| Ukraine, 2021 | 98.1 | 99.1 | 8.6% | 8.1% | 4.5% | 2.2 | 7.75% | S/A | 1 Sept 2021 | 1,409 | Caa1/B-/B- |
| Ukraine, 2022 | 96.4 | 97.4 | 9.0% | 8.6% | 5.1% | 3.0 | 7.75% | S/A | 1 Sept 2022 | 1,384 | Caa1/B-/B- |
| Ukraine, 2023 | 95.0 | 96.0 | 9.1% | 8.8% | 5.6% | 3.6 | 7.75% | S/A | 1 Sept 2023 | 1,355 | Caa1/B-/B- |
| Ukraine, 2024 | 93.2 | 94.2 | 9.3% | 9.1% | 5.7% | 4.3 | 7.75% | S/A | 1 Sept 2024 | 1,339 | Caa1/B-/B- |
| Ukraine, 2024-2 | 98.3 | 99.3 | 9.4% | 9.2% | 5.6% | 3.9 | 8.99% | S/A | 1 Feb 2024 | 750 | /B-/B- |
| Ukraine, 2025 | 91.8 | 92.8 | 9.5% | 9.2% | 5.4% | 4.8 | 7.75% | S/A | 1 Sept 2025 | 1,329 | Caa1/B-/B- |
| Ukraine, 2026 | 90.7 | 91.7 | 9.5% | 9.3% | 6.5% | 5.3 | 7.75% | S/A | 1 Sept 2026 | 1,318 | Caa1/B-/B- |
| Ukraine, 2027 | 90.0 | 91.0 | 9.5% | 9.3% | 6.4% | 5.8 | 7.75% | S/A | 1 Sept 2027 | 1,307 | Caa1/B-/B- |
| Ukraine, 2028 | 99.3 | 99.8 | 9.9% | 9.8% | 6.4% | 6.1 | 9.75% | S/A | 1 Nov 2018 | 1,250 | Caa1/B-/B- |
| Ukraine, 2032 | 85.2 | 86.2 | 9.3% | 9.2% | 6.8% | 7.6 | 7.375% | S/A | 25 Sept 2032 | 3,000 | Caa1//B- |
| Ukraine, GDP-linked (VRI) | 59.8 | 60.8 | n/a | n/a | 3.5% | n/a | 0.00% | S/A | 31 May 2040 | 3,214 | /B-/ |
| Corporate Eurobonds | | | | | | | | | | | |
| Agroton, 2019 | 16.0 | 20.6 | 1186% | 871% | 0.0% | 0.1 | 6.00% | S/A | 14 Jul 2019 | 8 | // |
| Kernel, 2022 | 98.4 | 98.6 | 9.4% | 9.3% | 2.4% | 2.5 | 8.75% | S/A | 31 Jan 2022 | 500 | /B/B+ |
| MHP, 2020 | 102.2 | 102.3 | 6.3% | 6.2% | -0.3% | 1.1 | 8.25% | S/A | 2 Apr 2020 | 79 | B3/B/B |
| MHP, 2024 | 94.8 | 95.3 | 9.0% | 8.9% | 0.0% | 4.1 | 7.75% | S/A | 10 May 2024 | 500 | B3/B/B |
| MHP, 2026 | 89.1 | 89.3 | 9.1% | 9.0% | 3.7% | 5.3 | 6.95% | S/A | 4 Apr 2026 | 550 | B3/B/B |
| Avangardco, 2018 | 20.4 | 21.6 | n/a | n/a | n/a | n/a | 10.00% | S/A | 29 Oct 2018 | 214 | // |
| UkrLandFarming, 2018 | 13.4 | 14.0 | n/a | n/a | n/a | n/a | 10.88% | S/A | 26 Mar 2018 | 543 | // |
| Mriya, 2016 | 8.0 | 12.0 | n/a | n/a | n/a | n/a | 10.95% | S/A | 30 Mar 2016 | 72 | IN DEFAULT |
| Mriya, 2018 | 8.0 | 12.0 | n/a | n/a | n/a | n/a | 9.45% | S/A | 19 Apr 2018 | 400 | IN DEFAULT |
| DTEK, 2024 | 96.2 | 97.2 | 11.7% | 11.4% | -10.1% | 4.2 | 10.75% | S/A | 31 Dec 2024 | 1,344 | // |
| Metinvest, 2021 | 100.0 | 102.0 | 7.4% | 6.7% | 0.0% | n/a | 9.37% | S/A | 31 Dec 2021 | 117 | B3//B |
| Metinvest, 2023 | 95.1 | 95.7 | 9.2% | 9.0% | 5.2% | 3.4 | 7.75% | S/A | 23 Apr 2023 | 945 | B3//B |
| Metinvest, 2026 | 94.0 | 94.5 | 9.7% | 9.6% | 4.5% | 5.1 | 8.50% | S/A | 23 Apr 2026 | 648 | B3//B |
| Ferrexpo, 2019 | 100.3 | 100.6 | 8.6% | 7.1% | -0.3% | 0.2 | 10.375% | S/A | 07 Apr 2019 | 93 | B3/CCC/CC |
| Ferrexpo, 2019 | 100.4 | 100.7 | 7.8% | 6.3% | -0.1% | 0.2 | 10.375% | S/A | 07 Apr 2019 | 80 | B3/CCC/CC |
| UZ Rail, 2021 | 98.2 | 98.3 | 10.7% | 10.6% | 0.3% | 0.8 | 9.88% | S/A | 15 Sept 2021 | 500 | /CCC//CCC |
| Interepipe, 2017 | 29.7 | 33.2 | n/a | n/a | 0.8% | n/a | 10.25% | S/A | 2 Aug 2017 | 200 | IN DEFAULT |
| JKX Oil&Gas, 2018 | 78.0 | 85.0 | 41.8% | 31.8% | 4.5% | 0.8 | 8.00% | S/A | 19 Feb 2018 | 16 | // |
| Bank Eurobonds | | | | | | | | | | | |
| PrivatBank, 2018-2 | 20.0 | 30.0 | n/a | n/a | 0.0% | 1.5 | 10.25% | S/A | 23 Jan 2018 | 160 | IN DEFAULT |
| PrivatBank, 2021 | 8.6 | 13.6 | n/a | n/a | 0.0% | 0.8 | 11.00% | S/A | 09 Feb 2021 | 220 | IN DEFAULT |
| PrivatBank, 2018 | 21.0 | 23.8 | n/a | n/a | 2.6% | n/a | 10.88% | S/A | 28 Feb 2018 | 175 | IN DEFAULT |
| UkrEximBank, 2022 | 100.2 | 100.2 | 9.5% | 9.5% | 2.2% | 1.0 | 9.625% | S/A | 27 Apr 2022 | 750 | Caa3//B- |
| UkrEximBank, 2023 | 92.9 | 96.1 | 12.1% | 11.1% | 0.7% | 3.5 | 7.51% | S/A | 9 Feb 2023 | 125 | Caa3//CCC |
| UkrEximBank, 2025 | 96.9 | 97.8 | 10.4% | 10.2% | 3.5% | 3.5 | 9.75% | S/A | 22 Jan 2025 | 600 | Caa3//B- |
| Oschadbank, 2023 | 100.4 | 100.7 | 9.2% | 9.2% | 1.8% | 0.9 | 8.25% | S/A | 10 Mar 2023 | 700 | Caa3//B- |
| Oschadbank, 2025 | 97.0 | 97.2 | 10.3% | 10.2% | 2.1% | 2.0 | 8.88% | S/A | 20 Mar 2025 | 500 | Caa3//B- |
| Municipal Eurobonds | | | | | | | | | | | |
| City of Kyiv, 2022 | 95.3 | 95.9 | 9.0% | 8.8% | 5.9% | 2.7 | 7.50% | S/A | 15 Dec 2022 | 115 | Caa2//B- |

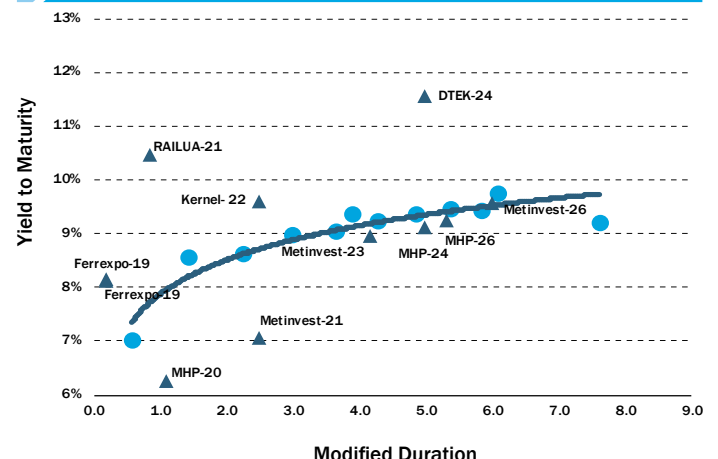
¹ Moody's/S&P/Fitch

Source: Bloomberg, Cbonds, Eavex Research

SOVEREIGNS vs. BANKING EUROBONDS



SOVEREIGNS vs. CORPORATE 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 | | | | | | | | | |
| UA4000195580 | | | 20.00% | 18.25% | n/a | n/a | S/A | 04 Sept 2019 | n/a |
| UA4000196620 | | | 20.00% | 18.50% | n/a | n/a | S/A | 15 Jan 2020 | n/a |
| UA4000200174 | | | 19.75% | 18.00% | n/a | n/a | S/A | 20 Jan 2021 | n/a |
| VAT Bonds | | | | | | | | | |
| UA4000185151 | | | 20.00% | 18.50% | n/a | 9.50% | S/A | 8 Jul 2019 | 3,577 |
| UA4000185557 | | | 20.00% | 18.50% | n/a | 9.50% | S/A | 22 Jul 2019 | 2,171 |
| UA4000186159 | | | 20.00% | 18.50% | n/a | 9.50% | S/A | 20 Aug 2019 | 955 |

Source: Bloomberg, Cbonds, Eavex Research

Eavex Capital

7 Klovisky uzviz, 16th Floor
Carnegie Center
Kyiv, 01021, Ukraine

Telephone: +38 044 590 5454
Facsimile: +38 044 590 5464
E-mail: office@eavex.com.ua
Web-page: www.eavex.com.ua

Yuriy Yakovenko
Chairman of the Board
yuriy.yakovenko@eavex.com.ua

SALES & TRADING
Pavel Korovitskiy
Managing Director
Equity and Fixed Income
p.korovitsky@eavex.com.ua

Alexander Klymchuk
Equity and Fixed Income
a.klymchuk@eavex.com.ua

Eugene Klymchuk
Fixed Income Sales and Trading
e.klymchuk@eavex.com.ua

Serhiy Scherbaniuk
Equity Trading
s.shcherbaniuk@eavex.com.ua

RESEARCH
Dmitry Churin
Head of Research
d.churin@eavex.com.ua

Will Ritter
Research editor
w.ritter@eavex.com.ua