

**Trends**

Quotes for Ukrainian sovereign Eurobonds saw decreased volatility last week while demonstrating a mixed performance ahead of the weekend's initial round of presidential voting. The country's longest outstanding issue, Ukraine-32s, edged up 0.3% to close at 88.7/89.7 (8.8%/8.7%) while medium-term Ukraine-24s declined by 0.3% to 95.9/96.9 (8.7%/8.5%). In major economic news, the National Bank of Ukraine once again emphasized that it would continue a tight monetary policy which could restrain economic growth but would help to reduce consumer inflation. The central bank forecasts that Ukraine's GDP will rise by 2.5% YoY this year after growth of 3.3% YoY seen in 2018.

In corporate Ukrainian Eurobonds, MHP-26s shed 0.9% to 94.2/94.7 (8.0%/7.9%) and Kernel-22s were unchanged at 102.2/103.2 (7.9%/7.5%). Metinvest-26s declined by 1.2% to 98.3/99.3 (8.8%/8.7%). The Eurobonds of Ukrainian Railways with maturity in 2021 (RAILUA-21s) gained 0.3% to 100.5/101.1 (9.6%/9.4%) after the company got approval from the government to increase freight transportation tariffs by 14%, effective immediately.

In quasi-sovereign banking issues, OschadBank-23s inched down by 0.3% to 101.3/101.7 (9.0%/8.8%) and UkrEximBank-25s declined by 0.2% to 101.2/101.4 (9.5%/9.4%). Quotes for the government's 1-year UAH-denominated treasuries were unchanged at bid/ask of 19.75%/18.25%. The Finance Ministry placed a small amount of 2-year UAH-denominated bonds at 18.00% and 2-year USD-denominated bonds at 7.75%.

The hryvnia slipped 1.5% against the dollar in pre-election selling over the week to close at 27.30 UAH/USD.

You can receive additional details about developments in Ukrainian fixed income from the Eavex Sales Team at sales@eavex.com.ua.

**Highlights**

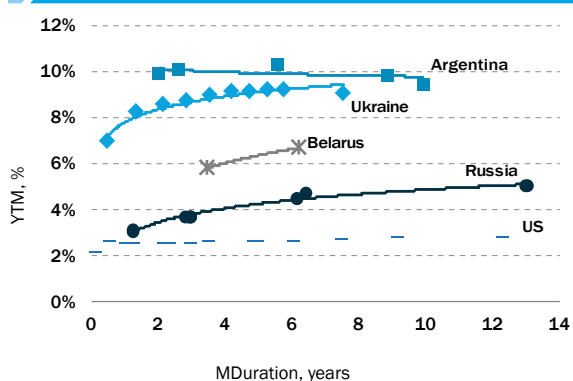
- > Poroshenko Beats Tymoshenko, Faces Uphill Battle Against Zelenskiy on Apr 21
- > Industrial Output Falls 1.8% YoY in February with Chemical Sector Leads Decline

**UKRAINE 10-YEAR BOND YIELD**



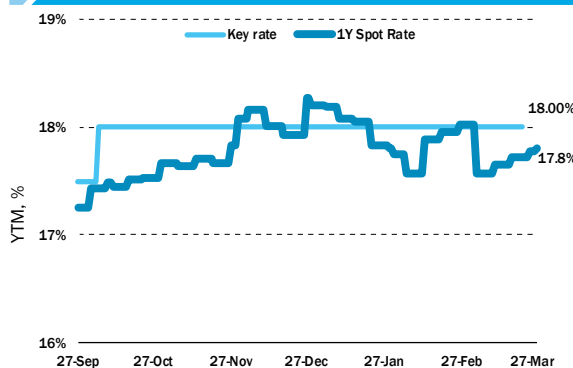
Source: Bloomberg, Eavex Capital

**SOVEREIGN BOND YIELD CURVES**



Source: Bloomberg, Eavex Capital

**KEY INTEREST RATE vs SPOT RATE**



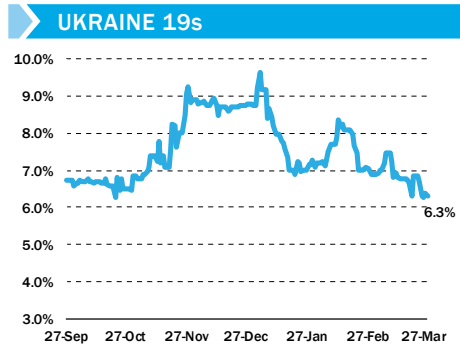
Source: Bloomberg, Eavex Capital

**CURRENCY**

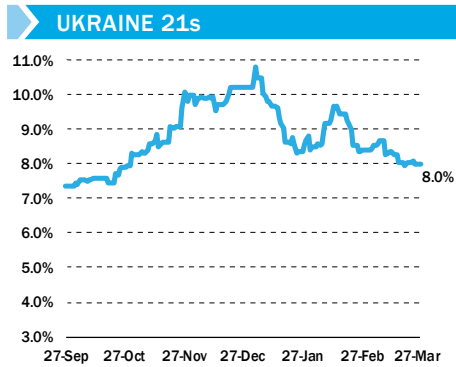
|         | Last, UAH | 1W chg. | 1M chg. | YTD   |
|---------|-----------|---------|---------|-------|
| USD/UAH | 27.31     | 1.5%    | 1.6%    | -1.5% |
| EUR/UAH | 30.62     | 0.8%    | 0.2%    | -3.4% |
| EUR/USD | 1.12      | -0.7%   | -1.3%   | -2.0% |

Source: Bloomberg, Eavex Capital

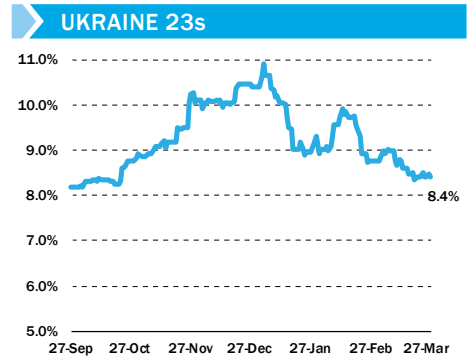
Selected Sovereign Issues



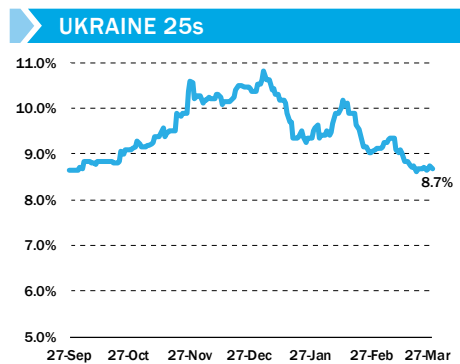
Source: Bloomberg, Eavex Research



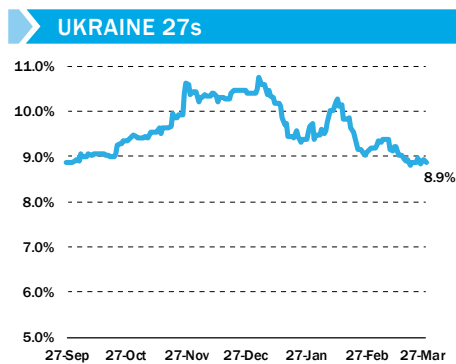
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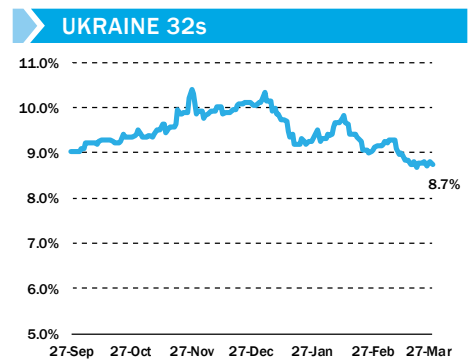
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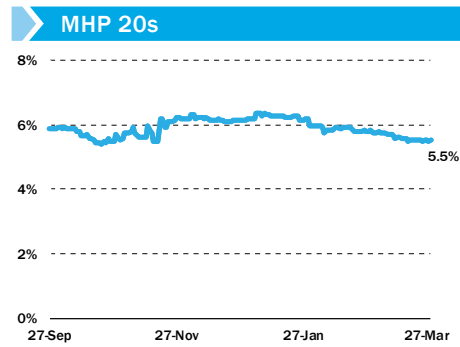


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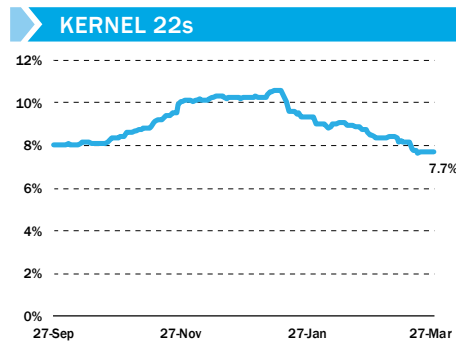


Source: Bloomberg, Eavex Research

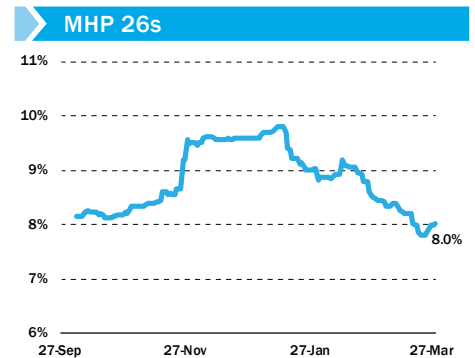
Selected Corporate Issues



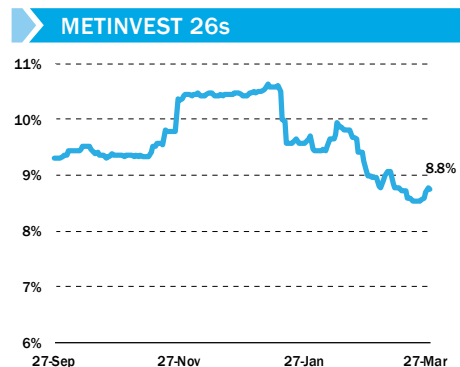
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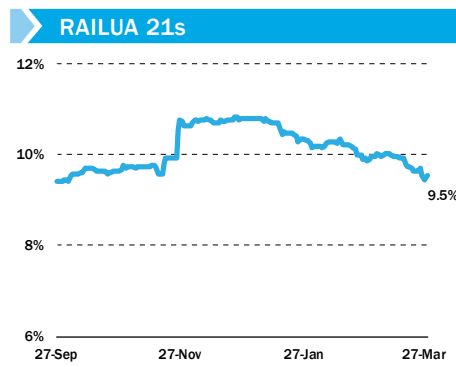
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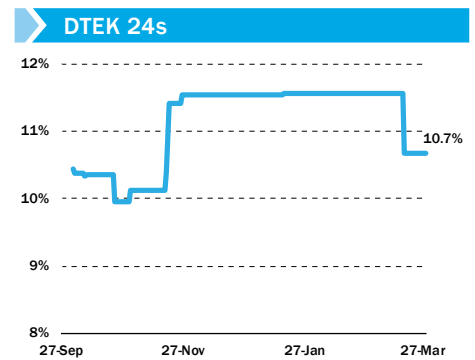
Source: Bloomberg, Eavex Research



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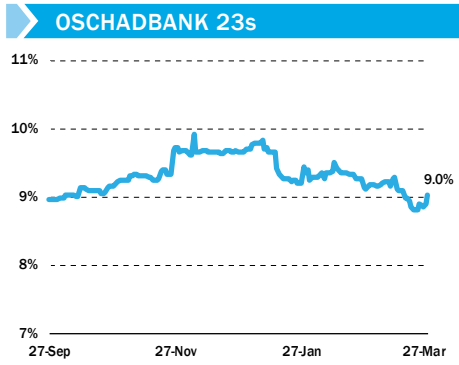


Source: Bloomberg, Eavex Research

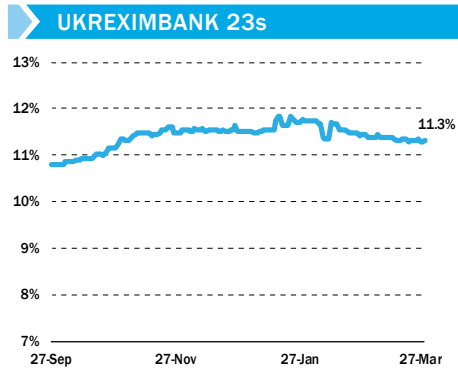


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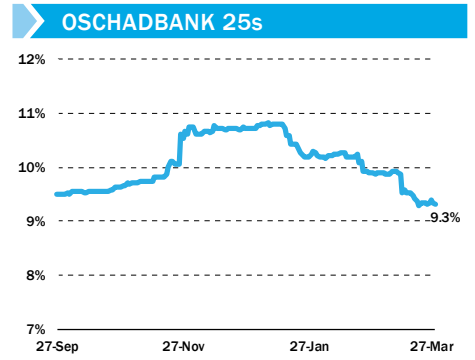
Selected Banking Issues



Source: Bloomberg, Eavex Research

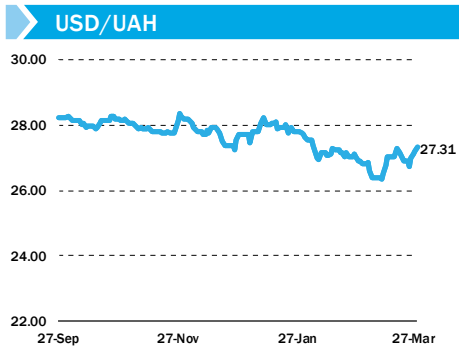


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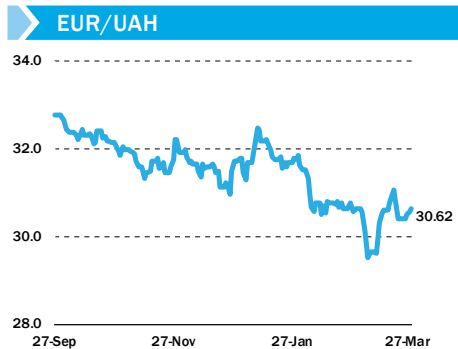


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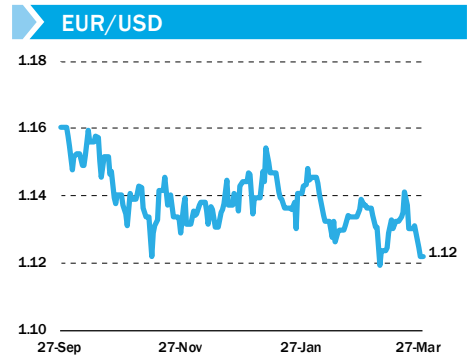
Currency



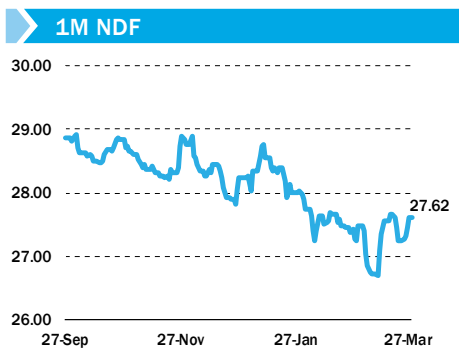
Source: Bloomberg, Eavex Research



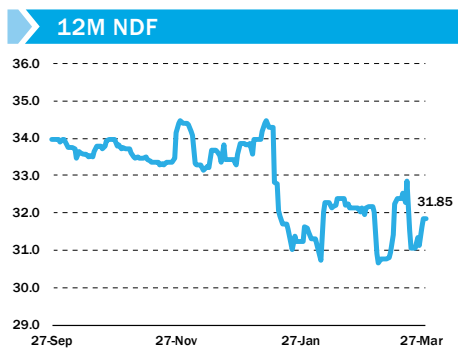
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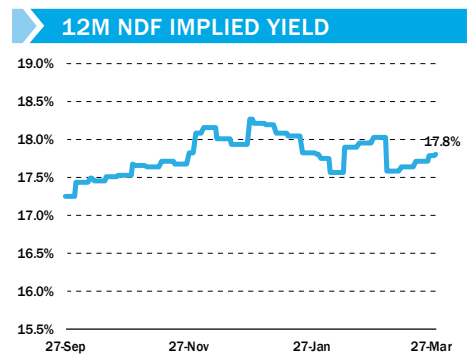
Source: Bloomberg, Eavex Research



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Source: Bloomberg, Eavex Research



Source: Bloomberg, Eavex Research

## Poroshenko Beats Tymoshenko, Faces Uphill Battle Against Zelenskiy on Apr 21

by Will Ritter  
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### NEWS

Incumbent President Petro Poroshenko defeated his main rival, leftist opposition leader Yulia Tymoshenko, in the first round of Ukraine's presidential election on Sunday (Mar 31), according to 5 different exit polls as well as actual election returns that have counted just over half of the nationwide vote as of this morning (Apr 1). Poroshenko will thus advance to a runoff against the first-place finisher, Eastern Ukrainian actor and entertainment mogul Volodymir Zelenskiy. Results from the Central Election Commission, with 53% of the ballots counted, are as follows: Zelenskiy - 30.2%; Poroshenko - 16.7%; Tymoshenko - 13.1%; Yuriy Boyko (pro-Russian For Life party) - 11.5%; Anatoliy Grytsenko (pro-Western Civil Position party) - 7.1%; Igor Smeshko (pro-Western former director of the Ukrainian Security Service) - 5.9%; Oleg Lyashko (populist Radical party) - 5.1%; Alexander Vilkul (pro-Russian Opposition Bloc) - 4.2%. All other candidates received less than 2%. The CEC reported the nationwide participation turnout figure at 64%.

### COMMENTARY

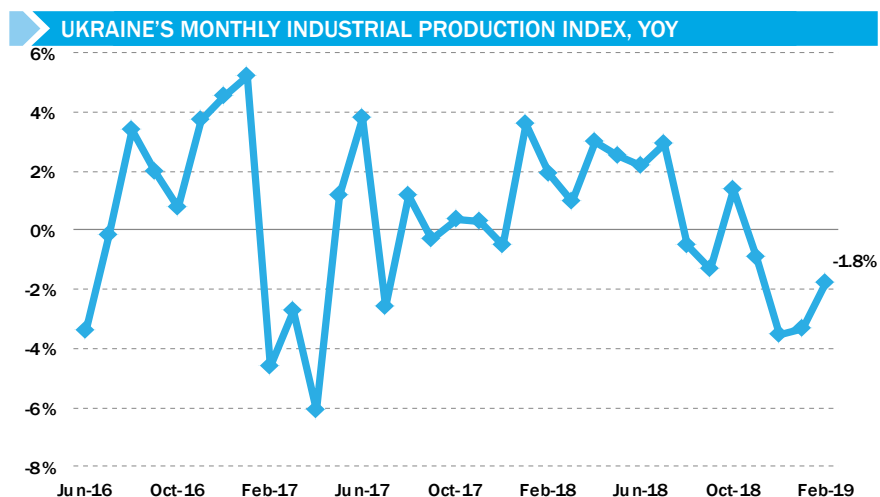
Although Sunday's result looks very good for Zelenskiy, it is important to note that the popular actor now finds himself in a position which has never been in before; after spending his entire career using his television show to attack Ukrainian politicians, he has become a leading politician in his own right who will be the prime target of attacks himself. Zelenskiy's ability, or lack thereof, to hold his nerve amid such attacks over the coming 20 days will determine whether or not he becomes Ukraine's next president. Early reports indicate that there will be a one-on-one Poroshenko-Zelenskiy debate before the runoff, which should make for riveting television. Although Zelenskiy was strongest among Russian-speaking voters in southeastern Ukraine, he also polled fairly well in Central Ukraine, finishing ahead of Poroshenko in all 9 of the region's provinces according to the latest available results. The beaten Tymoshenko made an effort on Sunday evening to align herself with Zelenskiy, offering her support to him against Poroshenko in exchange for a deal that would presumably allow her to become Prime Minister later this year; however, we believe that Zelenskiy would be unwise to accept such an arrangement, since Tymoshenko is widely despised by many of Zelenskiy's voters. For his part, Poroshenko will need to drastically improve his performance in Central Ukraine three weeks from now in order to have any hope of winning re-election, as dominating the Western provinces will simply not be enough to get him over the finish line. In our view, it is definitely positive for Ukraine that the first round of the election came off without major conflicts, and that voters now have a clear choice between two candidates who are presenting contrasting visions for the country's future. Even if Poroshenko is unable to make up the gap against Zelenskiy, the mere fact that he will be on the ballot in the runoff represents a significant defeat for the Putin regime in its efforts to undermine the Ukrainian electoral process.

**Industrial Output Falls 1.8% YoY in February with Chemical Sector Leads Decline**

by Dmitry Churin  
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**NEWS**

Ukraine's aggregate industrial output fell by 1.8% YoY in February following a 3.3% YoY output drop registered in January, the State Statistics Committee (UkrStat) reported in late March. The month-on-month change (unadjusted for the different number of days) was a decline of 1.9%. In the manufacturing sectors the aggregate production decline was 2.5% and in the utility sector contraction was 4.9% YoY thanks partly to a warmer than average weather during the month. Meanwhile in the extraction industry the output growth was 1.7% YoY due to 9.0% YoY increase in coal production. For 2M19, the IP index is down by 2.5% YoY.



Source: State Statistics Committee

**COMMENTARY**

The chemical sector remained a highly volatile story as major fertilizers production facilities have been working in a disruptive mode amid tight competition from imported products. Therefore we assume that the chemical sector will continue to have a negative influence on overall Ukrainian industrial statistics. On the other hand, a more concerning situation was observed in the machinery sector with the aggregate output measured by the index declined by 4.3% YoY in February. We will pay close attention to the machinery sector for determining the nature of such contraction whether this could be a temporary situation or this was a signal of a broader slowdown in the countries manufacturing industry.

In other macroeconomic statistics, UkrStat said that retail sales kept up their steady pace, rising 7.2% in February and the construction sector's index increased by impressive 19.5% YoY in the period on the back of commission of several large infrastructure projects. The index measuring agricultural production grew by 3.2% YoY in 2M18.

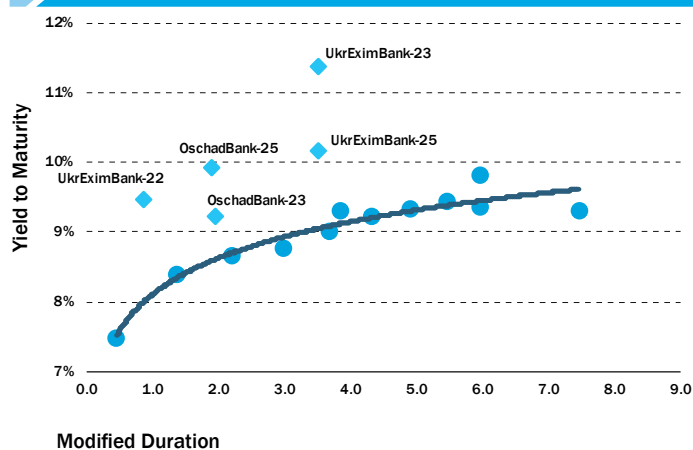
**UKRAINIAN EUROBONDS**

| Issue                      | Price Bid | Price Ask | Price ch., W/W, % | YTM Bid, % | YTM Ask, % | YTM ch., W/W, bps | MDuration, years | Coupon | Maturity Date | Volume USD mn | Currency | Rating <sup>1</sup> |
|----------------------------|-----------|-----------|-------------------|------------|------------|-------------------|------------------|--------|---------------|---------------|----------|---------------------|
| <b>Sovereign Eurobonds</b> |           |           |                   |            |            |                   |                  |        |               |               |          |                     |
| Ukraine, 2019              | 100.2     | 100.9     | 0.2%              | 7.2%       | 5.4%       | -57.4             | 0.4              | 7.75%  | 1 Sept 2019   | 1,744         | USD      | Caa1/B-/B-          |
| Ukraine, 2020              | 99.6      | 100.1     | 0.2%              | 8.0%       | 7.7%       | -15.5             | 1.3              | 7.75%  | 1 Sept 2020   | 1,780         | USD      | Caa1/B-/B-          |
| Ukraine, 2021              | 99.1      | 99.9      | 0.2%              | 8.1%       | 7.8%       | -7.3              | 2.1              | 7.75%  | 1 Sept 2021   | 1,409         | USD      | Caa1/B-/B-          |
| Ukraine, 2022              | 98.5      | 99.3      | 0.1%              | 8.3%       | 8.0%       | -2.9              | 2.9              | 7.75%  | 1 Sept 2022   | 1,384         | USD      | Caa1/B-/B-          |
| Ukraine, 2023              | 97.1      | 98.1      | 0.1%              | 8.5%       | 8.3%       | -1.5              | 3.6              | 7.75%  | 1 Sept 2023   | 1,355         | USD      | Caa1/B-/B-          |
| Ukraine, 2024              | 96.1      | 97.1      | -0.1%             | 8.7%       | 8.4%       | 2.4               | 4.3              | 7.75%  | 1 Sept 2024   | 1,339         | USD      | Caa1/B-/B-          |
| Ukraine, 2024-2            | 100.4     | 101.1     | -0.3%             | 8.9%       | 8.7%       | 8.2               | 3.8              | 8.99%  | 1 Feb 2024    | 750           | USD      | /B-/B-              |
| Ukraine, 2025              | 95.0      | 96.0      | -0.1%             | 8.8%       | 8.6%       | 1.3               | 4.9              | 7.75%  | 1 Sept 2025   | 1,329         | USD      | Caa1/B-/B-          |
| Ukraine, 2026              | 93.7      | 94.7      | 0.2%              | 8.9%       | 8.7%       | -4.3              | 5.4              | 7.75%  | 1 Sept 2026   | 1,318         | USD      | Caa1/B-/B-          |
| Ukraine, 2027              | 93.0      | 94.0      | 0.1%              | 9.0%       | 8.8%       | -1.8              | 6.0              | 7.75%  | 1 Sept 2027   | 1,307         | USD      | Caa1/B-/B-          |
| Ukraine, 2028              | 103.1     | 103.6     | 0.6%              | 9.3%       | 9.2%       | -9.3              | 6.0              | 9.75%  | 1 Nov 2018    | 1,250         | USD      | Caa1/B-/B-          |
| Ukraine, 2032              | 88.8      | 89.8      | 0.3%              | 8.8%       | 8.7%       | -4.0              | 7.9              | 7.38%  | 25 Sept 2032  | 3,000         | USD      | Caa1//B-            |
| Ukraine, GDP-linked        | 63.7      | 64.7      | -0.6%             | n/a        | n/a        | n/a               | na               | 0.00%  | 31 May 2040   | 3,214         | USD      | /B-/                |
| <b>Corporate Eurobonds</b> |           |           |                   |            |            |                   |                  |        |               |               |          |                     |
| Agroton, 2019              | 16.0      | 20.6      | 0.0%              | 0%         | 0%         | 0                 | 0.1              | 6.00%  | 14 Jul 2019   | 18            | USD      | //                  |
| Kernel, 2022               |           |           |                   |            |            |                   | 2.4              | 8.75%  | 31 Jan 2022   | 500           | USD      | /B/B+               |
| MHP, 2020                  | 102.3     | 102.9     | 0.0%              | 5.9%       | 5.2%       | 0.0               | 1.0              | 8.25%  | 2 Apr 2020    | 750           | USD      | B3/B-/B-            |
| MHP, 2024                  | 100.8     | 101.3     | 0.0%              | 7.5%       | 7.4%       | 0.0               | 4.0              | 7.75%  | 10 May 2024   | 500           | USD      | B3//                |
| MHP, 2026                  | 94.1      | 94.6      | -1.1%             | 8.1%       | 8.0%       | 20.1              | 5.4              | 6.95%  | 4 Apr 2026    | 550           | USD      | B3/B/B              |
| Avangardco, 2018           | 17.9      | 19.6      | -0.5%             | n/a        | n/a        | n/a               | n/a              | 10.00% | 29 Oct 2018   | 206           | USD      | //                  |
| UkrLandFarming, 2018       | 14.0      | 15.0      |                   | n/a        | n/a        | n/a               | n/a              | 10.88% | 26 Mar 2018   | 275           | USD      | /CC/                |
| Mriya, 2016                | 8.0       | 12.0      | n/a               | n/a        | n/a        | n/a               | n/a              | 10.95% | 30 Mar 2016   | 72            | USD      | IN DEFAULT          |
| Mriya, 2018                | 8.0       | 12.0      | n/a               | n/a        | n/a        | n/a               | n/a              | 9.45%  | 19 Apr 2018   | 400           | USD      | IN DEFAULT          |
| DTEK, 2024                 | 99.8      | 100.8     | 0.0%              | 10.8%      | 10.6%      | 0.0               | 4.1              | 10.75% | 12 Dec 2024   | 1,275         | USD      | //                  |
| Metinvest, 2021            | 100.0     | 102.0     | 0.0%              | 7.4%       | 6.6%       | -0.2              | n/a              | 7.50%  | 31 Dec 2021   | 1,197         | USD      | B3//B               |
| Metinvest, 2023            | 97.9      | 98.1      | -1.2%             | 8.4%       | 8.3%       | 34.3              | 3.4              | 7.75%  | 23 Apr 2023   | 945           | USD      | B3//B               |
| Metinvest, 2026            | 98.4      | 99.0      | -1.1%             | 8.8%       | 8.7%       | 21.6              | 5.0              | 8.50%  | 23 Apr 2026   | 648           | USD      | B3//B               |
| Ferrexpo, 2019             | 100.0     | 100.7     | 0.0%              | 8.2%       | -40.2%     | -1480.5           | 0.0              | 10.38% | 07 Apr 2019   | 186           | USD      | B3/CCC/CC           |
| Ferrexpo, 2019             | 100.0     | 100.1     | 0.0%              | 9.6%       | 4.8%       | -33.8             | 0.0              | 10.38% | 07 Apr 2019   | 161           | USD      | B3/CCC/CC           |
| UZ Rail, 2021              | 100.3     | 101.1     | 0.2%              | 9.7%       | 9.3%       | -11.5             | 1.1              | 9.88%  | 15 Sept 2021  | 350           | USD      | /CCC+/CCC           |
| Intepipe, 2017             | 29.3      | 33.3      | 0.0%              | n/a        | n/a        | -65.1             | n/a              | 10.25% | 2 Aug 2017    | 200           | USD      | IN DEFAULT          |
| JKX Oil&Gas, 2020          | 90.0      | 95.0      | 0.0%              | 27.4%      | 20.4%      | 16.6              | 0.8              | 14.00% | 19 Feb 2020   | 16            | USD      | //                  |
| <b>Bank Eurobonds</b>      |           |           |                   |            |            |                   |                  |        |               |               |          |                     |
| PrivatBank, 2018-2         | 20.0      | 30.0      | 0.0%              | n/a        | n/a        | n/a               | n/a              | 10.25% | 23 Jan 2018   | 200           | USD      | IN DEFAULT          |
| PrivatBank, 2021           | 6.6       | 9.5       | -0.2%             | n/a        | n/a        | n/a               | 0.8              | 11.00% | 09 Feb 2021   | 220           | USD      | IN DEFAULT          |
| PrivatBank, 2018           | 20.0      | 21.0      | 0.0%              | n/a        | n/a        | n/a               | n/a              | 10.88% | 28 Feb 2018   | 175           | USD      | IN DEFAULT          |
| UkrEximBank, 2022          | 100.9     | 101.5     | 0.0%              | 9.3%       | 9.1%       | -0.7              | n/a              | 9.63%  | 27 Apr 2022   | 750           | USD      | Caa3//CCC           |
| UkrEximBank, 2023          | 94.2      | 95.8      | 0.0%              | 11.6%      | 11.0%      | -1.5              | 4.0              | 9.00%  | 9 Feb 2023    | 125           | USD      | Caa3//CCC           |
| UkrEximBank, 2025          | 101.1     | 101.5     | -0.2%             | 9.5%       | 9.4%       | 5.1               | 2.4              | 9.75%  | 22 Jan 2025   | 500           | USD      | Caa3//CCC           |
| Oschadbank, 2023           | 100.8     | 101.3     | -0.7%             | 9.1%       | 9.0%       | 21.9              | 1.9              | 9.38%  | 10 Mar 2023   | 700           | USD      | Caa3//CCC           |
| Oschadbank, 2025           | 101.1     | 101.6     | 0.0%              | 9.4%       | 9.3%       | -0.9              | 2.0              | 9.63%  | 20 Mar 2025   | 500           | USD      | Caa3//CCC           |
| <b>Municipal Eurobonds</b> |           |           |                   |            |            |                   |                  |        |               |               |          |                     |
| City of Kyiv, 2022         | 97.3      | 97.9      | -0.1%             | 8.4%       | 8.2%       | n/a               | n/a              | 7.50%  | 15 Dec 2022   | 115           | USD      | Caa2/B-/B-          |

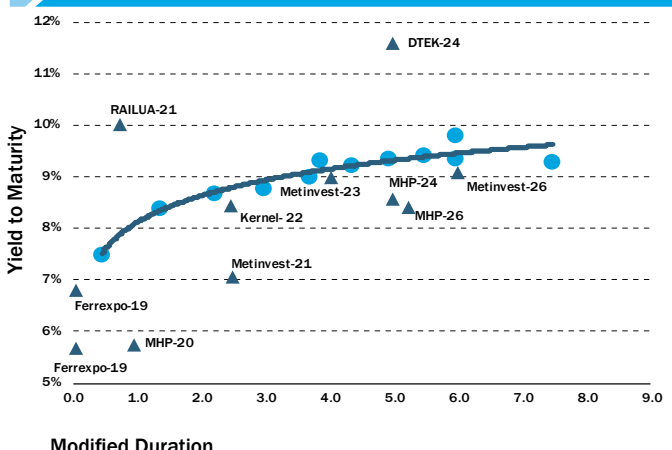
<sup>1</sup> Moody's/S&P/Fitch

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 |
|------------------------------|-------------|-------------|-----------|-----------|-------------------|--------|---------------|---------------|---------------|
| <b>UAH denominated Bonds</b> |             |             |           |           |                   |        |               |               |               |
| UA4000195580                 |             |             | 19.75%    | 18.25%    | n/a               | n/a    | S/A           | 04 Sept 2019  | n/a           |
| UA4000196620                 |             |             | 19.75%    | 18.25%    | 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           |
| <b>VAT Bonds</b>             |             |             |           |           |                   |        |               |               |               |
| UA4000185151                 |             |             | 19.75%    | 18.25%    | 1.9               | 9.50%  | S/A           | 8 Jul 2019    | 3,577         |
| UA4000185557                 |             |             | 19.75%    | 18.25%    | 1.9               | 9.50%  | S/A           | 22 Jul 2019   | 2,171         |
| UA4000186159                 |             |             | 19.75%    | 18.25%    | 1.9               | 9.50%  | S/A           | 20 Aug 2019   | 955           |

Source: Bloomberg, Cbonds, Eavex Research

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