

Investable Ukraine, Q1 2014

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Ukraine – 1Q 2014 Investment Highlights

Key events to watch in 1Q 2014

Domestic political conflict	Political conflict escalated recently and violence in the streets became a new aspect of the long-lasting political crisis. Adoption of the laws (in a way deemed unconstitutional by the opposition) that restrict severely the freedom of speech and the right to protest reinforced manifestations in Kyiv. We don't rule out EuroMaidan will remain in place, somewhat reformatted though, until the Presidential election scheduled for March 2015. Authorities will seek to secure re-election of the incumbent President in 1Q15 by all means, even by reshaping election rules. Recently the Central Election Commission filed a request to the Constitutional Court to clarify requirements to potential presidential candidates. Many believe this simply paves the way for ousting Vitaliy Klytschko (an opposition leader with the highest approval rating) from the election process on the ground of him not being resident of Ukraine for the past ten years. Political situation will remain tense all through end-1Q15, negatively affecting investor sentiment towards Ukraine.
Disbursement of Russia's loan	Disbursement of the Russia's loan will be a crucial determinant of Ukraine's economic policy in 2014-15. In December 2013 Russia's National Wealth Fund bought Ukraine's USD 3.0 bln Eurobond while the remaining amount of USD 12 bln is scheduled to be disbursed over 2014. Should Ukraine receive the loan in full, this will enable NBU to prevent a sizable hryvnia depreciation stable until the Presidential election and provide government with enough funds to cover the state budget deficit that we expect will exceed 4.5% of GDP.
Soft commodity price developments	Bumper grain and oilseed harvest in Ukraine and globally pushed prices down, squeezing margins of agro companies. Prices started to recover with wheat gaining 10-15% and corn raising 5-7% since September 2013 but the trend has weakened recently. Oil crop producers are unlikely to enjoy any material recovery in prices in the coming months while grain growers might see some further price increases, in our view.
Launch of dual listing for UkrProduct	UkrProduct shares (currently listed on AIM) are about to be admitted to trading on Ukrainian Exchange (UX). The remaining formalities should be resolved in a matter of a few weeks. Successful launch of the dual listing of UkrProduct shares will pave the way for admission of other foreign-listed Ukrainian companies to trading on local platforms – encouraging news for the local anemic stock market.

Our Top Picks for 1Q 2014

Equities

MHP (MHPC LI)	Company's EBITDA margin contracted 7 pps tot in 9M13 on lower chicken price and higher input costs. The company, though, expects margins to improve in 2014 on favorable grain harvest and related weakness in fodder prices. The company continues to move forward with an ambitious expansion project to boost poultry production capacity to 800,000 tons by 2018 from the current 480,000 t. The key thing to watch is MHP's ability to expand into external markets (export accounted for 26% of chicken meat sales in 9M13) as the local market's ability to absorb additional chicken meat volumes may be limited.
Ovostar (OVO PW)	Ovostar is on track to deliver on all of its pre-IPO promises, albeit with minor delays, despite Ukraine's worsening economic conditions. The company announced a new USD 90 mln investment program for 2014-16 which envisages increase in shell egg production to 2.1 bln/year (up from 0.9 bln in 2013E) and liquid egg product output to 14 Kt/year (up from 6.4 Kt). Another positive: Ovostar's leverage is very low with end-9M13 net debt at just USD 9 mln.

Eurobonds

Oschadbank-16 (OSCHAD)	Oschadbank trades 400-500 bps above the sovereign curve, an attractive premium for a quasi-sovereign issuer, in our view. Although the bank is increasingly turning into a government financing vehicle, it remains perfectly liquid and will have no issues servicing its debt smoothly, in our view.
MPH-20 (MHPSA)	MHP's Eurobond is the longest dated private paper in the Ukrainian universe. The Eurobond matures in 2020, after the company completes its ambitious investment program and starts deleveraging.

Ukraine: The Big Picture

GDP growth will remain negative in 1Q14 before gradual recovery

The economy is unlikely to visibly recover in 2014 – we project a decline of 0.4% in 2013E, followed by moderate 1.2% growth in 2014. GDP growth is likely to be negative at least in 1Q14 before a gradual recovery thereafter. **Private household consumption** was the only component with a positive contribution to GDP growth in 2013 and it will remain in the green in 2014. It is, however, losing steam with growth expected to slow to 4.5% in 2014 from 6.1% in 2013E. **Fixed capital investment** will remain flat this year following a drastic 8.5% fall in 2013E: the private sector is likely to abstain from large-scale investing due to the deterioration in the investment climate and the expensiveness of bank credit. **Exports** should start recovering in 2014 following two consecutive years of decline (in real terms). While demand for steel, Ukraine’s key export commodity, remains subdued, production of machinery should increase as Russia has promised to lift non-tariff barriers.

C/A deficit to stay high, Russia’s loan will help cover the gap fully

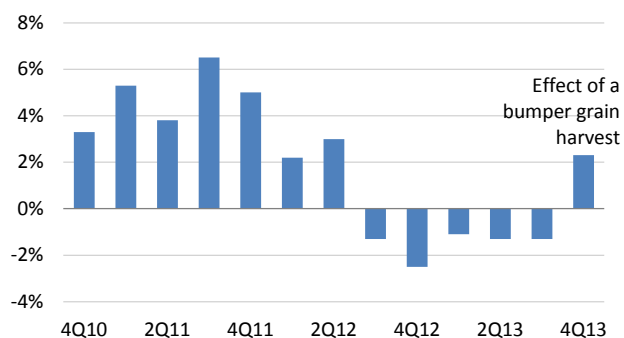
The much-needed FX injection from Russia will enable the NBU and the government to keep the hryvnia relatively stable through-1Q15. We believe government and NBU will do their best to keep exchange rate at UAH 8.4-8.5/USD but possible decline in capital inflows to the private sector is the key risk to this projection. We argue, however, that hryvnia stability will undermine Ukraine’s external position and the economy will see an extremely challenging period (with all related liquidity and depreciation risks attached) when Russia’s credit comes due. On the back of a stable exchange rate Ukraine’s current account deficit will stay close to 8% of GDP in 2014 for the third year in a row. A decrease in gas

payments is likely to be fully offset with an increase in imports of consumer goods supported by the continued growth (even though decelerating) in household incomes. We don’t expect a meaningful increase in NBU reserves in 2014. The government and NBU will face about USD 8.0 bln in FX debt redemptions this year and USD 1.2-1.4 bln in interest payments. Additionally, the NBU will have to spend a substantial amount on FX market interventions. We see NBU reserves growing by a moderate 10% to USD 22.4 bln in 2014.

No fiscal consolidation on the 2014 agenda

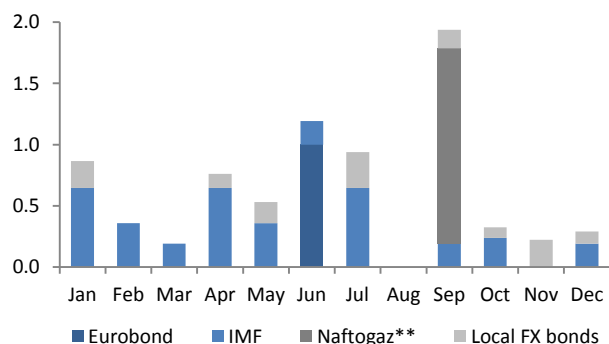
There will be no room for a prudent fiscal policy in 2014. Given the approaching presidential election, the government has set an ambitious goal of raising minimum wages and social payments by an avg. 8% yoy. Against the backdrop of weak economic growth and moderate inflation, budget expenditures will lag considerably budget revenues. We project the central budget deficit will reach 4.6% (vs. 4.4% in 2013E). As always, the central budget balance is but a part of the story. Nearly all of the USD 8.8 bln in state budget deficit has to be financed with debt. While the government projects privatization will bring in USD 2.1 bln in cash, we discard this projection as completely unrealistic and think USD 0.5 bln is the absolute maximum the government can expect. Raising USD 8.8 bln domestically and externally would be a huge challenge if not for the Russian loan – it gives a cushion in the event other sources of borrowings dry up. On the back of this loan Ukraine’s public debt is set to surge 12% yoy in 2014 to a historic high at 43% of GDP.

Quarterly GDP, chg. yoy, real terms



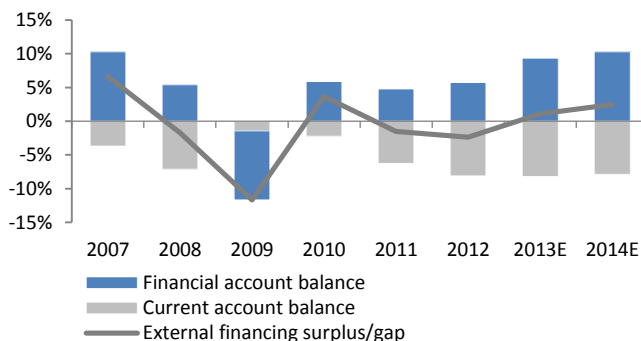
Sources: UkrStat, SP Advisors

Sovereign FX debt redemption, USD bln*



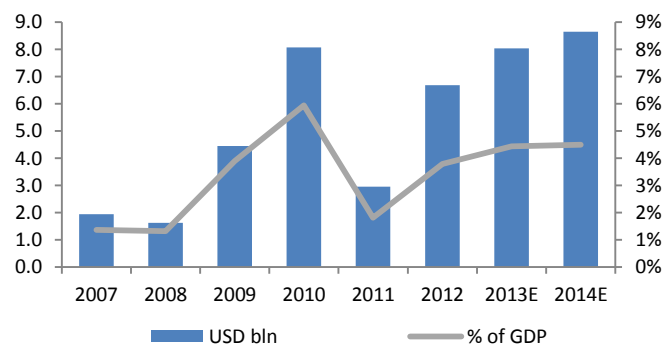
* excludes interest payments on FX debt (USD 1.2-1.4 bln), ** state-guaranteed Naftogaz Eurobond. Sources: Finance Ministry, IMF, SP Advisors

External financing gap, % of GDP



Sources: NBU, SP Advisors

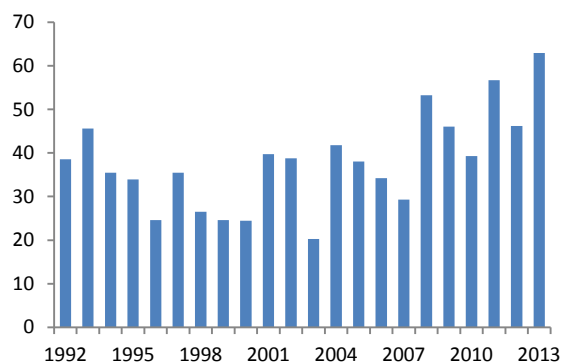
State budget deficit



Sources: Finance Ministry, SP Advisors

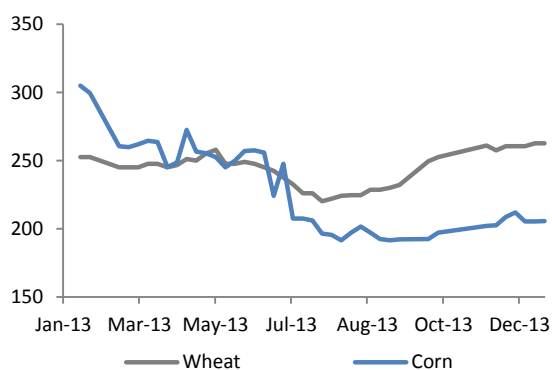
Sector Snapshots

Ukraine's grain harvest, mln t.



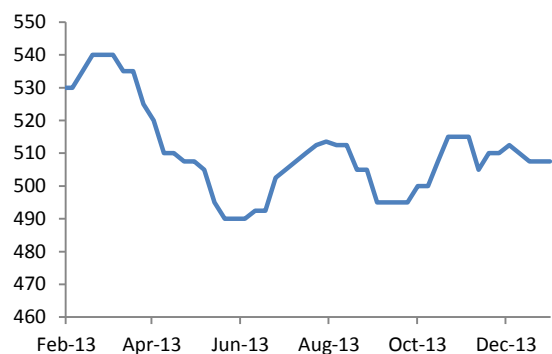
Source: UkrStat

Wheat and corn prices, Black Sea FOB, USD/t.



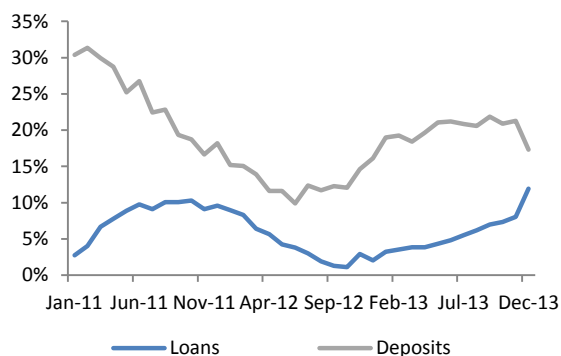
Source: Bloomberg

Steel billet price, Black Sea FOB, USD/t.



Source: Bloomberg

Bank loans and deposits, chg. yoy



Source: NBU, SP Advisors

Agriculture

In 2013, Ukraine harvested a record-high crop of grains (63 mln t, +36% yoy), sunflower seed (11 mln t, +32% yoy), soybeans (2.8 mln t, +15% yoy) and rapeseed (2.4 mln t, +95% yoy). This came largely on favorable weather conditions: the average yield was up 21% yoy for wheat, 34% yoy for corn and 32% for sunflower seeds. Ukraine expects to export 30 mln t of grain and 4 mln t of sunflower oil this marketing year, both record highs. Last year's bumper harvest is a double-edged sword – current corn prices are 17% below the end-2012 level and wheat prices only recovered to end-2012 levels in November.

Food Processing

Ukraine's **oil crushing** capacity now stands at 13 mln t/year, according to the Association of Vegetable Oil Producers, while the oilseed harvest totaled 16.2 mln t. Exports of 4.0-4.3 mln t of soybeans and rapeseed will leave local supply and demand in oil crops largely balanced. Nearly all sunflower seed processors felt the effect of a sharp drop in oilseed prices last year: most sunflower seeds had been purchased from producers before the sudden price downturn in mid-summer. Margins for sunflower oil producers are expected to recover starting in 1Q14 as they fully deploy last season's expensive inventories and start using cheaper fresh crops.

The **sugar** beet harvest declined 42% yoy to 10.7 mln t in 2013 as sown areas shrank 33% after last season turned unprofitable for sugar growers. Output is expected to fall to c. 1.5 mln t from 2.2 mln t in 2013/14. Existing stock of about 0.7 mln t will also be used to meet domestic demand in 2013/14 (expected at 1.8-2.0 mln t). Sugar producers expect prices to recover in 2014.

Russia lifted import bans for most Ukrainian **dairy** producers, which should help them boost revenues in 2014. Continued growth in raw milk prices is the key challenge as it undermined producers' margins severely in 2013. We don't expect a material recovery in margins this year as the supply of high-quality raw milk remains limited.

The key challenge for **poultry and egg** producers (traditionally focused on the domestic market) will be soft domestic consumption as real household income growth decelerates. On the other hand, margins shouldn't suffer as the bumper grain harvest has helped lower costs.

Metallurgy

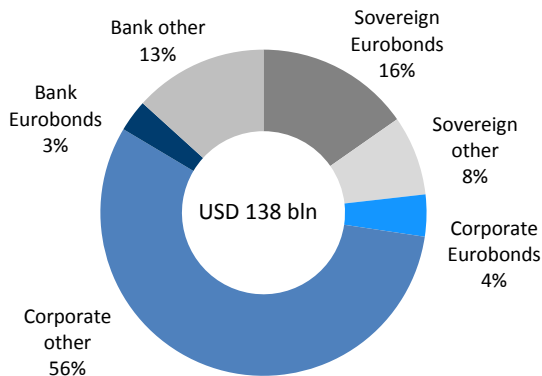
In December, steel output fell a mere 1% yoy, bringing the full-year decline to 5.8% in 2013. The improvement in December was caused by expectations of pickup in exports in January, which did not materialize. We expect output will continue to decline over the next couple of months. The Black Sea FOB billet price is virtually flat yoy – a sign that demand remains depressed.

Banking Sector

The banking sector is gradually shifting from recovery mode into growth. The deposit base strengthened 17% yoy in 2013, driven primarily by retail facilities. Lending lagged substantially (the loan portfolio grew 12%), which pushed the loan-to-deposit ratio to 136% (down 7 pts from end-2012 and down 83 pts from end-2009). Lenders have continued to deploy liquidity into domestic T-bills. Profitability remains weak, with the sector's ROE estimated at 3-4%. The current year should bring stronger bottom lines for banks, primarily on a reduction in loan impairment charges and, to a lower extent, on a top-line improvement. Core earnings are unlikely to improve materially in 2014, in our view.

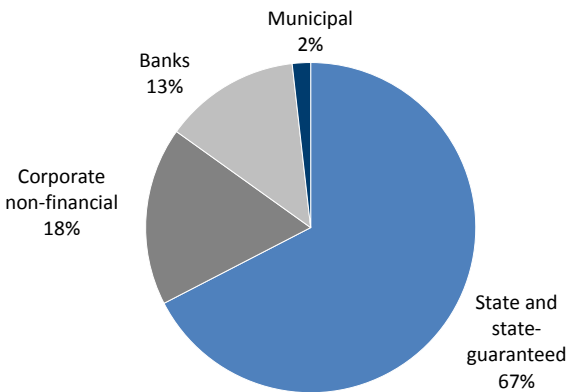
The Hitchhiker's Guide to the Debt Galaxy

Ukraine's gross external debt composition, end-9M13



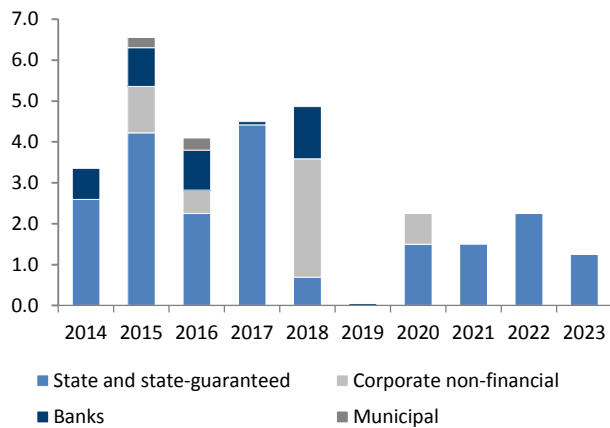
Sources: NBU, SP Advisors

Ukraine Eurobond market composition, Jan. 2014



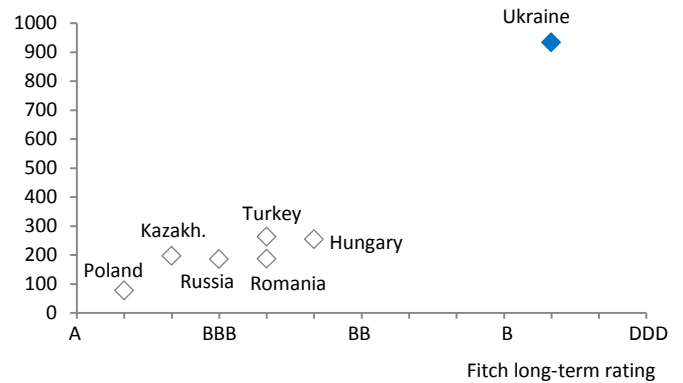
Sources: Bloomberg, SP Advisors

Ukraine Eurobond maturity profile, Jan. 2014, USD bln



Source: SP Advisors

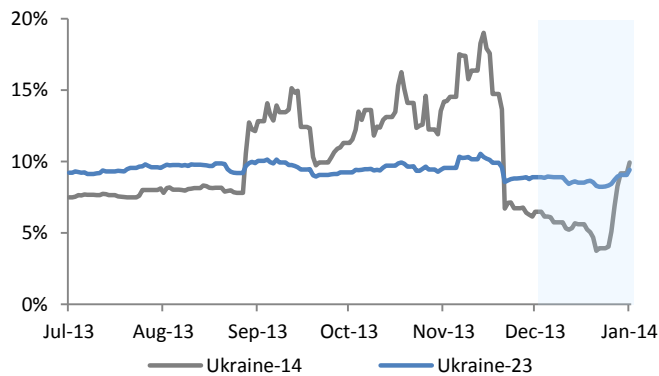
5Y CDS vs. Fitch long-term rating*



* data as of Jan. 27, 2014

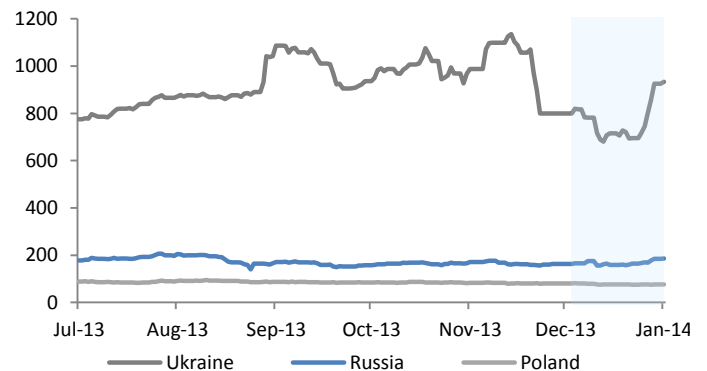
Source: Bloomberg

Ukraine sovereign Eurobond yields



Source: Bloomberg

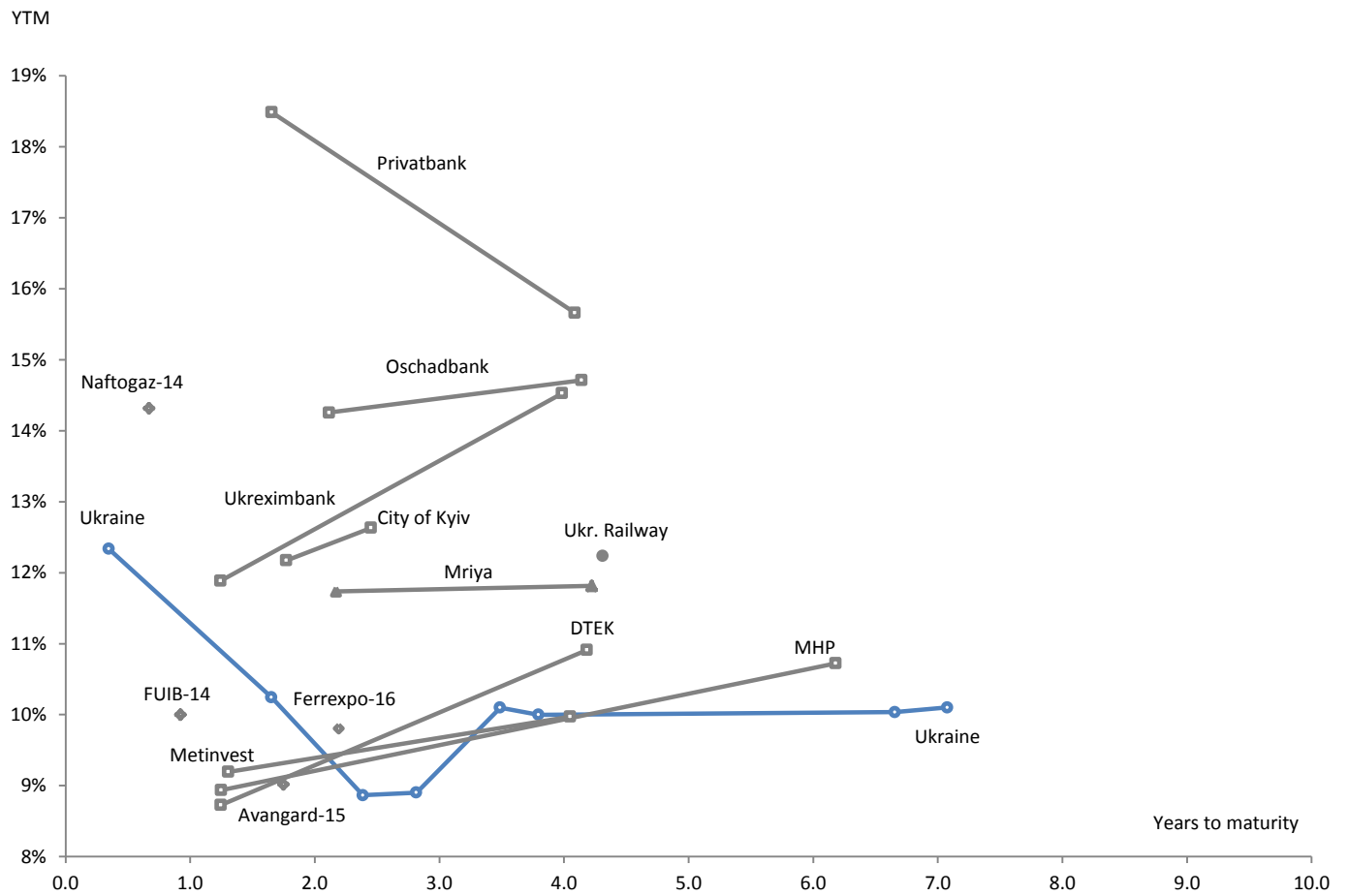
5Y CDS: Ukraine vs. peers



Source: Bloomberg

Ukraine Eurobond Universe

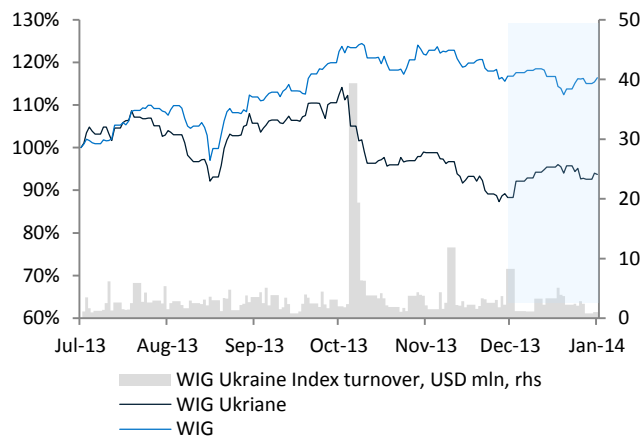
Ukraine Eurobond yield map*



* Data as of Jan. 27, 2014
Sources: Bloomberg, SP Advisors

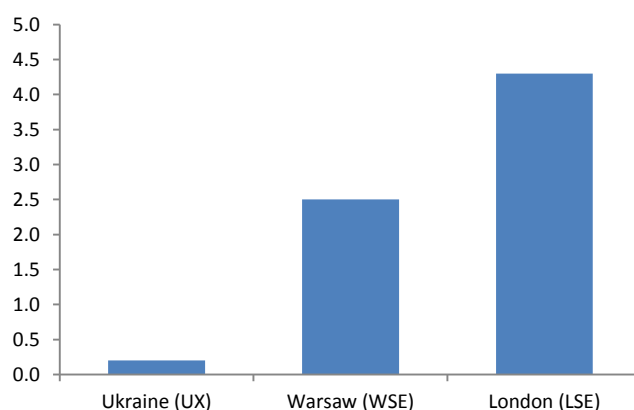
Ukraine's Stock Market Overview

WIG Ukraine



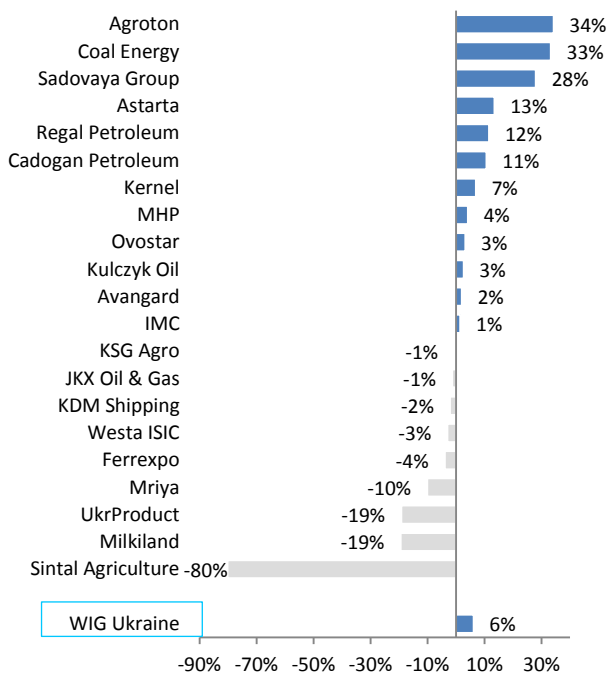
Source: Bloomberg

1-month ADT in Ukrainian stocks



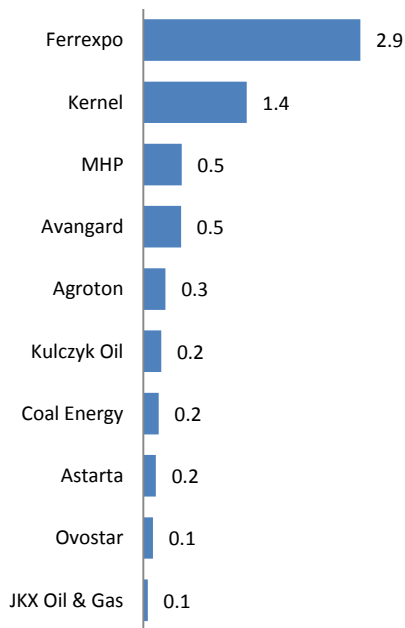
Source: Bloomberg, SP Advisors

Ukrainian stock price change, mom*



* Data as of Jan. 23, 2014
Source: Bloomberg

Average daily trading in Ukrainian stocks, USD mln*



* Data as of Dec. 23, 2013 – Jan. 23, 2014
Source: Bloomberg

Eurobond issuer profiles

Ukreximbank

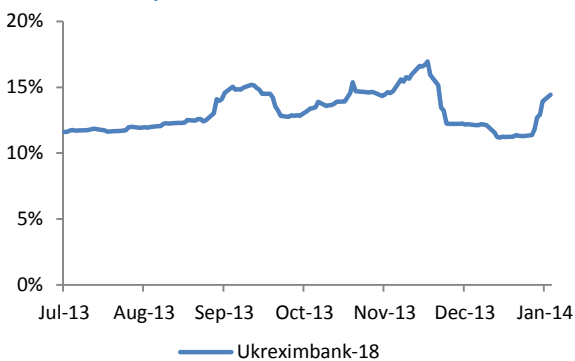
Ukraine | Banks

Eurobond parameters

Bloomberg ticker			EXIMUK
Maturity	04/15	02/16*	01/18
Amount outstanding, USD mln	750	125	600
Coupon, S/A	8.375%	5.793%	8.750%
Fitch	B	CCC	B
Moody's	B3	Caa1	B3
S&P	-	-	-

* subordinated Eurobond
Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Bank description

Fully state-owned and Ukraine's third-largest bank with end-9M13 assets of USD 11.4 bln (7.4% of banking sector assets). Focuses on servicing corporate clients, which account for 99% of total loans. Corporate and retail deposits make up 36% and 23% of liabilities, respectively.

Investment case

- The investment case largely depends on the NBU's and government's firm determination to support the bank, an intermediary that channels IFI funds into the private sector.
- The bank is increasingly playing the role of a government financing vehicle – government, municipal and state companies' debt securities accounted for c. 37% of total assets at end-9M13, the largest share among Ukrainian banks.
- State-owned companies accounted for 22% of loans at end-1H13 (23% end-2012), a sign that the bank's lending policy is relatively risky.
- The bank is unlikely to return to decent profitability this year due to heightened reserves allocation, which nevertheless shouldn't undermine liquidity.

Key financials and ratios, USD mln, UAS

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Assets	9,399	11,008	17%	9,847	11,397	16%
Net loans	5,372	5,059	-6%	5,068	4,958	-2%
Net interest income	434	438	1%	326	362	11%
Net loans to deposits	135%	90%	-45.3 pp	119%	92%	-26.9 pp
ROE	0%	1%	0.4 pp	0.5%	1.0%	0.5 pp
Cost/income	23%	27%	3.3 pp	25.9%	28.3%	2.4 pp
Cost of risk	6.1%	6.0%	-0.1 pp	6.2%	5.7%	-0.6 pp
Equity to assets	24%	20%	-3.3 pp	22.6%	19.8%	-2.8 pp
CAR (NBU methodology)	31%	29%	-2.0 pp	31.9%	29.6%	-2.3 pp

Sources: Company data, SP Advisors

Oschadbank

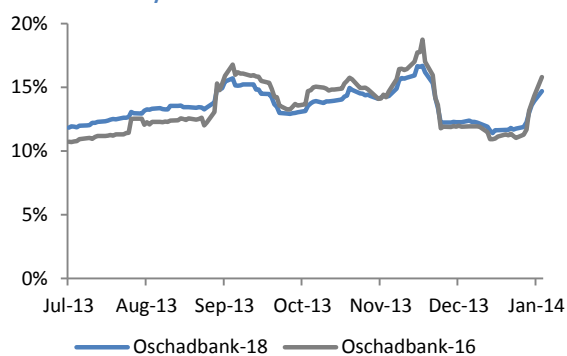
Ukraine | Banks

Eurobond parameters

Bloomberg ticker			OSCHAD
Maturity	03/16	03/18	
Amount outstanding, USD mln	700	500	
Coupon, S/A	8.250%	8.875%	
Fitch	B-	B-	
Moody's	Caa1	Caa1	
S&P	-	-	

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Fully state-owned and Ukraine's second-largest bank with USD 11.6 bln in assets and 7.5% of the market. The bank boasts the country's largest retail network with over 5,800 outlets. Funding is dominated by retail deposits at 49% of total liabilities, while lending is focused on corporates (95% of total loans).

Investment case

- The bank remains the government's financing vehicle: T-bills and municipal and state companies' bonds made up 26% of assets at end-9M13, and lending exposure to state companies is at around half of the loan portfolio.
- The two outstanding Eurobonds are the bank's only exposure to external debt markets. Foreign currency assets account for just 22% of all assets, among the lowest in the sector.
- The bank plays a crucial social role that other banks are unlikely to fulfill, which plays into our view that the government and NBU will support its liquidity and solvency at all costs.

Key financials and ratios, USD mln, UAS

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Assets	9,209	10,763	17%	10,823	11,550	7%
Net loans	6,316	6,407	1%	6,308	6,524	3%
Net interest income	4,522	4,928	9%	457	512	12%
Net loans to deposits	153%	130%	-23.5 pp	136%	118%	-17.5 pp
ROE	3%	3%	0.2 pp	3%	3%	0.4 pp
Cost/income	44%	56%	12.2 pp	51%	46%	-4.7 pp
Cost of risk	5%	3%	-2.3 pp	3.8%	4.7%	0.9 pp
Equity to assets	24%	21%	-2.9 pp	21%	20%	-0.6 pp
CAR (NBU methodology)	31%	25%	-5.2 pp	25%	29%	4.2 pp

Sources: Company data, SP Advisors

Privatbank

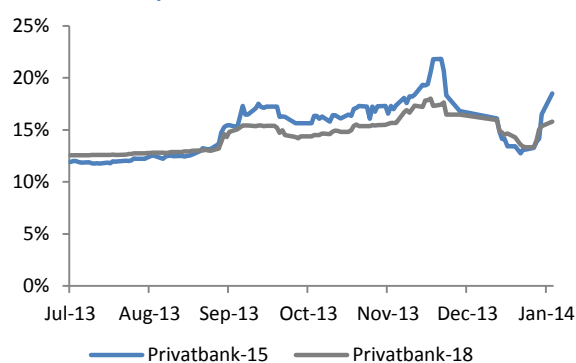
Ukraine | Banks

Eurobond parameters

Bloomberg ticker	PRIVAT		
Maturity	09/15	02/16*	02/18
Amount outstanding, USD mln	200	150	175
Coupon, S/A	9.375%	5.799%	10.875%
Fitch	B-	-	B-
Moody's	Caa1	Caa2	Caa1
S&P	-	-	-

* subordinated Eurobond
Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Eurobond parameters

Bloomberg ticker	PUMBUZ
Maturity	12/14
Amount outstanding, USD mln	253
Coupon, Quarterly	11%
Fitch	NR
Moody's	Caa1
S&P	-

Source: Bloomberg

Company description

Ukraine's largest bank with end-9M13 assets of USD 25.3 bln and a 16% market share. Its retail network consists of over 3,300 branches, Ukraine's second largest. Funded mainly via retail deposits (55% of total liabilities) while the corporate segment dominates lending (82% of total loans). Igor Kolomoisky and Gennadiy Bogolyubov control almost 93% of the bank in virtually equal stakes.

Investment case

- The bank is systemically important for the sector as it accounts for 24% of total retail deposits. We believe the central bank will stand ready to support its liquidity should any problems emerge.
- Continues to generate strong growth – assets increased 23% yoy in 9M13, well ahead of the sector's 10% yoy. The rapid asset growth and decent loan portfolio expansion have resulted in solid profitability (ROE of 12% in 9M13).
- NPLs (loans past due 90 days or more) stood at just 6.1% at end-2012, among the lowest in the sector.
- Loans to related parties are a concern – they accounted for 9.2% of the loan book at end-2012 according to IFRS, but this seems underestimated.

Key financials and ratios, USD mln, UAS

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Assets	18,163	21,581	19%	20,597	25,341	23%
Net loans	12,615	14,234	13%	13,968	16,162	16%
Net interest income	997	1,010	1%	780	782	0.3%
Net loans to deposits	110%	107%	-2.8 pp	108%	104%	-4.0 pp
ROE	10.0%	8.8%	-1.2 pp	7.7%	12.0%	4.4 pp
Cost/income	39.5%	45.5%	6.0 pp	42.4%	58.5%	16.1 pp
Cost of risk	5.5%	3.8%	-1.8 pp	4.4%	1.2%	-3.2 pp
Equity to assets	11.5%	10.6%	-0.9 pp	10.8%	9.9%	-0.9 pp
CAR (NBU methodology)	11.7%	10.9%	-0.8 pp	11.0%	13.0%	2.0 pp

Sources: Company data, SP Advisors

FUIB

Ukraine | Banks

Company description

Ukraine's 8th largest bank with total assets of USD 4.4 bln and a 2.8% market share. The lender is 100%-owned by Rinat Akhmetov's System Capital Management. In 2011 FUIB merged with Dongorbank, another SCM-owned bank. Retail and corporate deposits each account for 40% of total liabilities, respectively, and corporate loans account for 85% of the total portfolio.

Investment case

- One of the fastest-growing local banks – assets increased 25% in 9M13.
- With a Basel CAR of 22.1%, NBU CAR of 15.0%, 85% loan-to-deposit ratio, and 46.5% C/I in 9M13, FUIB is among the strongest institutions in Ukraine.
- Pre-provision earnings increased by 55% yoy in 9M13, but most of that increase was offset by higher loan impairment charges. We expect provisions to suppress net income until 2H14.
- The owners are determined to develop the bank and strengthen its market position, as shown by the successful merger with Dongorbank.

Key financials and ratios, USD mln, IFRS

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Assets	3,721	3,447	-7%	3,441	4,302	25%
Net loans	2,056	2,237	9%	2,201	2,459	12%
Net interest income	123	144	17%	104	135	30%
Net loans to deposits	81%	102%	21.0 pp	99%	85%	-14.1 pp
ROE	9.3%	5.4%	-3.9 pp	6%	10%	3.6 pp
Cost/income	55.7%	57.8%	2.1 pp	56%	46%	-9.3 pp
Cost of risk	0.3%	1.4%	1.0 pp	1.5%	1.9%	0.5 pp
Equity to assets	16.3%	18.4%	2.1 pp	18.2%	15.9%	-2.3 pp
CAR (NBU methodology)	15.9%	17.6%	1.7 pp	16.6%	15.0%	-1.6 pp

Sources: Company data, SP Advisors

Ukrainian Railway (Ukrzaliznytsya)

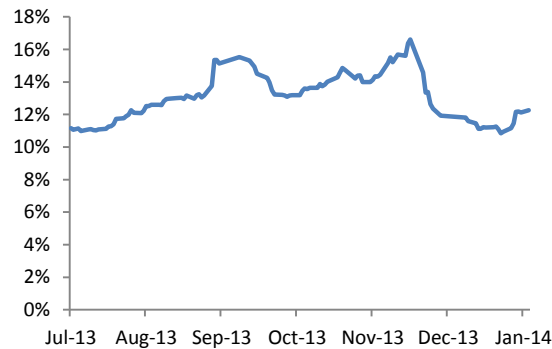
Ukraine | Infrastructure

Eurobond parameters

Bloomberg ticker	RAILUA
Maturity	05/18
Amount outstanding, USD mln	500
Coupon, S/A	9.5%
Fitch	B-
Moody's	-
S&P	B-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

The state-owned monopoly rail carrier manages the country's railroad infrastructure, including 21,640 km of track, and operates a fleet of 4,200 locomotives and 132,000 railcars. Cargo transportation makes up 78% of total revenues. The company accounted for 84% of Ukraine's total freight transportation turnover (excluding via pipelines) in 2012.

Investment case

- Reasonably leveraged with end-2012 net debt-to-EBITDA at 1.7x, safely clear of the 3.0x Eurobond covenant.
- Transportation tariffs are set by the government and the company has limited influence on pricing policies.
- Nearly 90% of revenues are in hryvnia, far below what the company needs to cover FX expenses.
- The company plans to tap the Eurobond market again in 2014 and we expect the government will enforce machine-like debt servicing discipline.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	6,448	6,591	2%	3,315	2,993	-10%
EBIT	872	652	-25%	489	289	-41%
EBITDA	1,743	1,454	-17%	882	680	-23%
Total Assets	9,107	9,204	1%	na	9,236	na
Net debt	2,051	2,475	21%	na	2,685	na
EBIT margin	14%	10%	-4 pp	15%	10%	-5 pp
EBITDA margin	27%	22%	-5 pp	27%	23%	-4 pp
Net debt/EBITDA	1.2x	1.7x	0.5x	nm	nm	nm
Gross debt/EBITDA	1.3x	1.7x	0.3x	nm	nm	nm
EBIT/Finance costs	2.4x	1.6x	-0.8x	2.4x	1.4x	-1.1x

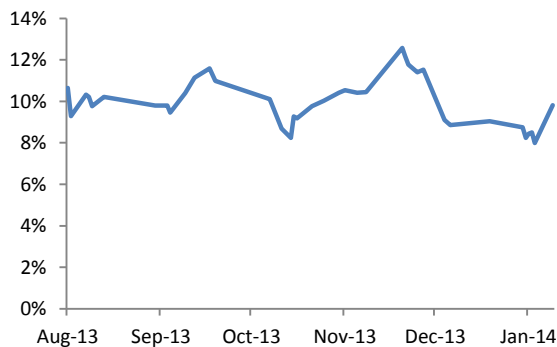
Sources: Company data, SP Advisors

Eurobond parameters

Bloomberg ticker	FXPOLN
Maturity	04/16
Amount outstanding, USD mln	500
Coupon, S/A	7.875%
Fitch	B-
Moody's	Caa1
S&P	B-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Ukraine's second-largest and one of the world's largest iron ore miners with JORC resources of 6.8 billion tons. Pellet output stood at 10.8 mmt in 2013 (+12% yoy), which the company plans to nearly double by 2017 by developing new deposits and introducing new pelletizing facilities. Ferrexpo also operates a fleet of 2,000 railcars and 140 barges for dry cargo. The company is 51%-owned by Kostyantyn Zhevago, a Ukrainian businessman.

Investment case

- Nearly all production is exported, meaning revenues are overwhelmingly FX-denominated. Meanwhile, about 70% of costs are in hryvnia, which implies that any hryvnia depreciation would be beneficial.
- Debt repayments of approximately USD 89 mln as well as CAPEX needs for 2014 should be fully covered with a cash balance of USD 446 mln at end-June 2013.
- One of the strongest track records in global debt markets among Ukrainian borrowers.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	1,788	1,424	-20%	731	775	6%
EBIT	757	343	-55%	217	195	-10%
EBITDA	801	402	-50%	242	244	1%
Total Assets	2,499	2,754	10%	2,613	2,794	na
Net debt	80	423	429%	250.2	566.3	126%
EBIT margin	42%	24%	-18 pp	30%	25%	-4 pp
EBITDA margin	45%	28%	-17 pp	33%	31%	-2 pp
Net debt/EBITDA	0.1x	1.1x	1.0x	nm	nm	nm
Gross debt/EBITDA	1.2x	2.5x	1.1x	nm	nm	nm
EBIT/Interest expense	11.1x	3.9x	-7.2x	4.7x	4.0x	-0.7x

Sources: Company data, SP Advisors

Ferrexpo

Ukraine | Metals and Mining

Metinvest

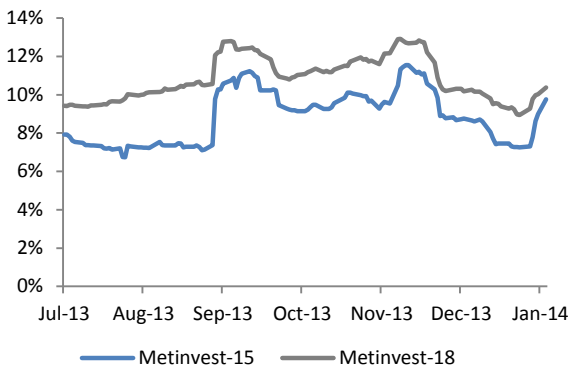
Ukraine | Metals and Mining

Eurobond parameters

Bloomberg ticker		METINV
Maturity	05/15	02/18
Amount outstanding, USD mln	500	750
Coupon, S/A	10.250%	8.750%
Fitch	B	B-
Moody's	B3	Caa1
S&P	-	-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Vertically integrated steel and mining group with key assets in Ukraine. In 2012 Metinvest produced 36.2 mmt of iron ore concentrate (top-10 producer globally) and 12.5 mmt of steel (top-25 globally). Owned by Rinat Akhmetov's System Capital Management (71.25%), Smart-Holding (23.75%), and Vladimir Boyko (5%).

Investment case

- Perfectly hedged against hryvnia depreciation: 78% of revenues are either FX-denominated or linked to USD global prices.
- Reasonably leveraged and with a decent safety margin: end-9M13 total debt-to-EBITDA(12m) stood at 1.6x, well below the 3.0x Eurobond covenant.
- Its debt repayment schedule is relatively light – virtually all borrowings (USD 3.7 bln at end-9M13) mature beyond 2014.
- Albeit slow and fragile, the recovery on the global steel markets brings some optimism – crude steel output added 3% yoy in 11M13 following a 1.2% yoy increase in 2012.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	14,189	12,565	-11%	9,777	9,805	0%
EBIT	2,791	979	-65%	na	na	na
EBITDA	3,523	1,878	-47%	1,539	1,809	18%
Total Assets	16,007	17,485	9%	na	na	na
Net debt	2,969	3,598	21%	na	3,173	na
EBIT margin	20%	8%	-12 pp	na	na	na
EBITDA margin	25%	15%	-10 pp	16%	18%	3 pp
Net debt/EBITDA	0.8x	1.9x	1.1x	nm	nm	nm
Gross debt/EBITDA	1.1x	2.2x	1.1x	nm	nm	nm
EBIT/Interest expense	7.9x	3.0x	-4.8x	na	na	na

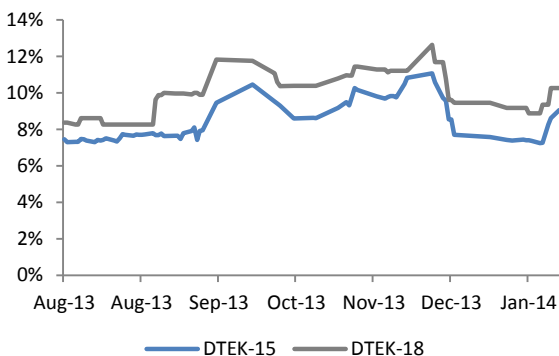
Sources: Company data, SP Advisors

Eurobond parameters

Bloomberg ticker		DTEK
Maturity	04/15	04/18
Amount outstanding, USD mln	200	750
Coupon, S/A	9.500%	7.875%
Fitch	B	B-
Moody's	B3	Caa1
S&P	-	-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Ukraine's largest energy company, fully owned by Rinat Akhmetov's System Capital Management (SCM). DTEK operates 10 thermal plants and two heating and thermal plants with 18.2 GW of total capacity. In 2012, the company mined 40 mmt of energy and coking coal (46% of Ukraine's total) and generated 51 TWh of electricity (29% of the country's total).

Investment case

- Debt levels remain low with end-1H13 net debt-to-EBITDA (12M-trailing) of 1.3x, safely below the 2.5x Eurobond covenant.
- DTEK's currency mismatch is a concern: 90% of revenues are in hryvnia while 95% of debt is FX-denominated. Nevertheless, export sales (USD 970 mln in 2012) are more than sufficient to service FX-denominated debt. About USD 350 mln is due in 2014 and the company shouldn't have any problems rolling over the debt.
- The company is pursuing an ambitious growth strategy and plans to rely on debt financing to fund CAPEX and new acquisitions.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	4,949	9,793	98%	4,769	5,477	15%
EBIT	999	1,438	44%	694	429	-38%
EBITDA	1,291	2,191	70%	992	879	-11%
Total Assets	7,044	9,551	36%	9,232	10,240	11%
Net debt	582	1,913	229%	1,579	2,589	64%
EBIT margin	20%	15%	-6 pp	15%	8%	-7 pp
EBITDA margin	26%	22%	-4 pp	21%	16%	-5 pp
Net debt/EBITDA	0.5x	0.9x	0.4x	nm	nm	nm
Gross debt/EBITDA	1.5x	1.2x	-0.2x	nm	nm	nm
EBIT/Interest expense	6.2x	2.7x	-3.5x	2.3x	1.9x	-0.5x

Sources: Company data, SP Advisors

DTEK

Ukraine | Energy

UkrLandFarming

Ukraine | Agriculture and Food Processing

Eurobond parameters

Bloomberg ticker	UKRLAN
Maturity	03/18
Amount outstanding, USD mln	500
Coupon, S/A	10.875%
Fitch	B-
Moody's	-
S&P	B-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Ukraine's largest agricultural company with a land bank of 532,000 ha, of which c. 400,000 ha were cultivated in 2013. The company grew aggressively over the last few years via M&A and aims to further expand to 750,000-800,000 ha in the foreseeable future. ULF owns a 77.5% stake in Avangard, Ukraine's largest egg and egg products producer (see profile below).

Investment case

- ULF grew by acquiring companies in diverse locations and with diverse business models. Managing them under one umbrella and improving operating efficiency will be a challenge.
- In a recent landmark deal, Cargill acquired a 5% stake in ULF. Mass media reported the deal size at USD 200 mln, which values ULF's equity at USD 4.0 bln (implying EV/2013E EBITDA of 7.0x). This is the largest foreign investment in the Ukrainian agricultural sector in the last couple of years.
- Leverage is acceptable, with the current gross debt-to-EBITDA (2013E) estimated at 2.1x, below the Eurobond covenant of 2.5x.
- Exports make up just above 1/4 of revenues, fully covering FX costs and FX debt interest expenses.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	1,344	1,889	41%	781	995	27%
EBIT*	739	673	-9%	557	705	27%
EBITDA*	823	792	-4%	608	760	25%
Total Assets	4,046	4,609	14%	na	5,609	na
Net debt	926	910	-2%	na	1,364	na
EBIT margin	55%	36%	-35 pp	71%	71%	0 pp
EBITDA margin	61%	42%	-32 pp	78%	76%	-1 pp
Net debt/EBITDA	1.1	1.1	0.0	nm	nm	nm
Gross debt/EBITDA	1.6	1.6	0.0	nm	nm	nm
EBIT/Interest expense	4.7x	4.2x	-0.5x	7.0x	7.9x	0.9x

* EBIT and EBITDA include effects of revaluation of biological assets.

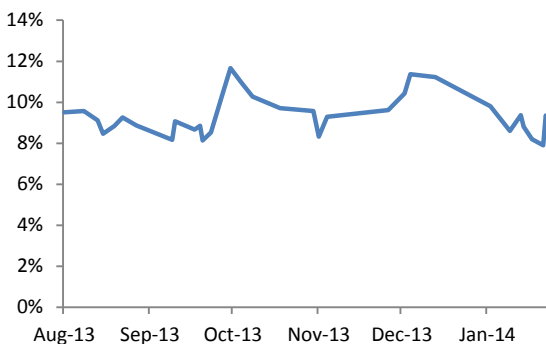
Sources: Company data, SP Advisors

Eurobond parameters

Bloomberg ticker	AVINPU
Maturity	10/15
Amount outstanding, USD mln	200
Coupon, S/A	10.0%
Fitch	B-
Moody's	-
S&P	-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Ukraine's leading egg producer with 57% of industrial shell egg production, 91% of dry egg product output and 90% of egg and dry egg product exports. Avangard operates 19 farms for laying hens, egg processing plants, and other auxiliary facilities, and had a laying hen flock of 31.4 million heads at end-9M13.

Investment case

- Avangard made strides to improve corporate governance standards in the last few years in an effort to strengthen its investor profile.
- Moderately leveraged with end-9M13 net debt-to-EBITDA of 0.7x, well below the Eurobond covenant of 3.0x, and gross debt-to-EBITDA of 1.1x.
- About 90% of its debt is FX-denominated. On the other hand, exports account for 1/4 of revenues, offering a safety cushion.
- About 95% of scheduled CAPEX volumes were financed prior to 2014; the company is in a position to start deleveraging in 2014.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	553.3	629.3	14%	446	467	5%
EBIT*	231.5	264.5	14%	183	186	2%
EBITDA*	245.8	279.8	14%	194	205	6%
Total Assets	1,305	1,578	21%	1,489	1,734	16%
Net debt	80.3	147.9	84%	153	199	30%
EBIT margin	42%	42%	0 pp	41%	40%	-1 pp
EBITDA margin	44%	44%	0 pp	44%	44%	0 pp
Net debt/EBITDA	0.3x	0.5x	0.2x	nm	Nm	nm
Gross debt/EBITDA	1.3x	1.3x	0.0x	nm	Nm	nm
EBIT/Interest expense	7.0x	7.2x	0.2x	7.0x	7.5x	0.5x

* EBIT and EBITDA include effects of revaluation of biological assets.

Sources: Company data, SP Advisors

Avangard

Ukraine | Agriculture and Food Processing

MHP

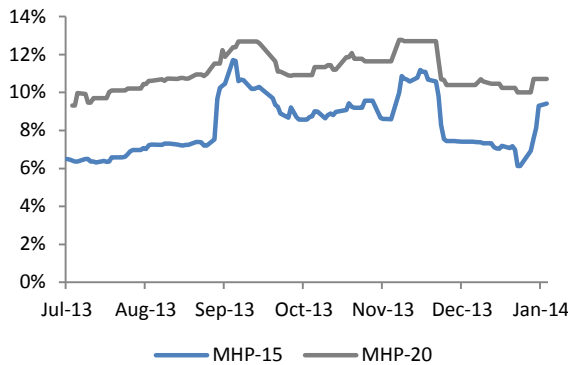
Ukraine | Agriculture and Food Processing

Eurobond parameters

Bloomberg ticker		MHPSA
Maturity	04/15	04/20
Amount outstanding, USD mln	235	750
Coupon, S/A	10.25%	8.25%
Fitch	B	B-
Moody's	B3	-
S&P	-	B

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Ukraine's leading poultry producer accounts for 50% of the country's industrially produced chicken meat (35% of total volumes). MHP now has 480,000 t in annual poultry production capacity, which will nearly double to 800,000 t by 2018 after the Vinnytsia farm project is brought fully on-stream. The company operates a 360,000 ha land bank (11% of it is in Russia) for fodder production for internal use and is one of the most efficient local farmers in terms of crop yields.

Investment case

- The company uses debt extensively to fund its development program – following its latest Eurobond issue MHP's gross debt reached USD 1.3 bln and cash balance was USD 180 mln, implying a gross debt-to-EBITDA of 3.3x and net debt-to-EBITDA of 2.8x (vs. a covenant of 3.0x) at end-9M13.
- Export sales – dominated by sunflower oil – accounted for 37% of 9M13 revenue, but this should rise in the coming years, which will offer a better cushion against the risk of a hryvnia depreciation.
- MHP boasts a perfect credit history and adheres to strict corporate governance practices.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	1,229	1,408	15%	1,044	1,078	3%
EBIT	321	381	19%	326	237	-27%
EBITDA	401	468	17%	379	317	-16%
Total Assets	1,944	2,488	28%	2,340	2,768	18%
Net debt	802	1,045	30%	944	1,145	21%
EBIT margin	26%	27%	4 pp	31%	22%	-9 pp
EBITDA margin	33%	33%	2 pp	36%	29%	-7 pp
Net debt/EBITDA	2.0x	2.2x	0.2x	nm	nm	nm
Gross debt/EBITDA	2.2x	2.4x	0.1x	nm	nm	nm
EBIT/Interest expense	4.9x	6.4x	1.6x	7.6x	3.5x	-4.0x

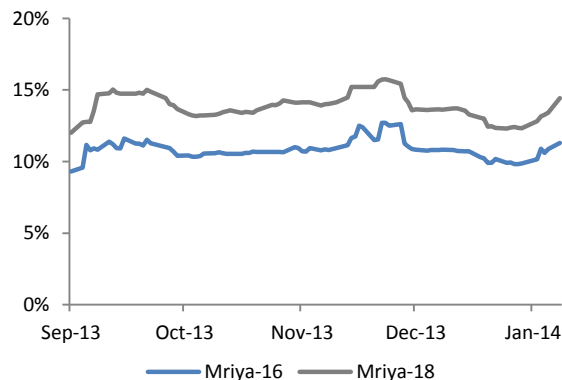
Sources: Company data, SP Advisors

Eurobond parameters

Bloomberg ticker		MRIYA
Maturity	03/16	04/18
Amount outstanding, USD mln	72	400
Coupon, S/A	10.95%	9.45%
Fitch	B	B-
Moody's	-	-
S&P	B	B-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

A top-5 Ukrainian agricultural company by leased arable land (cultivates c. 300,000 ha). Operates 620 units of machinery, and owns storage capacity for 979,000 t of grain and 146,000 t of potatoes. The company's entire land bank is located in Western Ukraine within 150 km of its headquarters and split into 14 clusters. Mriya is 80%-owned by the Huta family.

Investment case

- Mriya is aiming to expand aggressively and expects to grow its land bank to 650,000 ha in the near future.
- Over 90% of debt is USD-denominated, but the bulk of revenues are linked to global USD crop prices. Leverage is reasonable with end-9M13 net debt-to-EBITDA (12M-trailing) at 1.4x vs. a Eurobond covenant of 2.5x.
- About USD 210 mln of the debt (c.28% of the total) is due in 2014 but nearly half of it is represented by revolving facilities. The debt maturity is very light over 2015-2017 before the USD 400 mln Eurobond comes due in 2018.
- The cyclical nature inherent in the farming business is the key risk to liquidity.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	268.3	347.9	30%	250	265	6%
EBIT*	170.9	207.6	21%	160	191	19%
EBITDA*	180.3	254.8	41%	195	232	19%
Total Assets	1,052.9	1,353.3	29%	1,308	1,797	37%
Net debt	205.9	368.8	79%	437	711	63%
EBIT margin	64%	60%	-6 pp	64%	72%	8 pp
EBITDA margin	67%	73%	9 pp	78%	88%	10 pp
Net debt/EBITDA	1.1x	1.4x	0.3x	nm	nm	nm
Gross debt/EBITDA	2.2x	1.9x	-0.1x	nm	nm	nm
EBIT/Interest expense	3.4x	4.1x	0.7x	4.1x	3.1x	-1.1x

* EBIT and EBITDA include effects of revaluation of biological assets.

Sources: Company data, SP Advisors

Mriya

Ukraine | Agriculture and Food Processing

Equity issuer profiles

Kernel

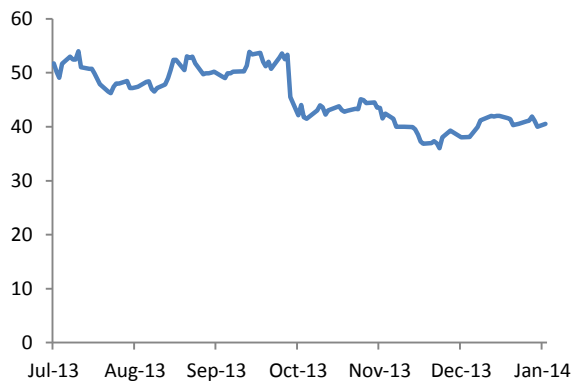
Ukraine | Agriculture and Food Processing

Market data

Bloomberg ticker	KER PW
Market capitalization, USD mln	1,066
Free float	62%
1-month ADT, USD mln	1.381
EV/Sales (2014E)	0.5
EV/EBITDA (2014E)	4.2
P/E (2014E)	5.8

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, PLN/share



Source: Bloomberg

Company description

Ukraine's leading vegetable oil producer and exporter with crushing capacities of 3 mln t/year, and the largest producer in the domestic bottled oil segment with 1/3 of the market. Other business segments include farming (land bank of 405,000 ha) and grain exports (over 10% of Ukraine's total).

Investment case

- A decline in bulk oil sales as a result of a below-average sunflower seed harvest in 2012/13 prompted Kernel's first ever losses in 2H13 (marketing year). 1Q14 (September quarter-end) bulk oil sales recovered to some extent and 1Q14 EBITDA inched up qoq (to USD 3 mln), but was down 96% on a yoy basis. We expect that margins will materially recovery not sooner than 3Q14 (March quarter-end).
- Growth fatigue is the best way to describe Kernel's development stage. With no space left for expansion in its core oil segment, Kernel is seeking to diversify into alternative business lines. The recent acquisition and subsequent disposal of its inefficient sugar business suggests the company lacks near-term value growth drivers.

Key financials and ratios, USD mln

	2012	2013	Chg. yoy	1Q13FY*	1Q14FY*	Chg. yoy
Revenue	2,072	2,797	35%	516	413	-20%
Gross profit	457	411	-10%	116	26	-78%
Gross margin	22%	15%	-7 pp	22%	6%	-16 pp
EBITDA	319	288	-10%	75	3	-96%
EBITDA margin	15%	10%	-5 pp	14%	1%	-14 pp
EBIT	257	201	-22 %	56	-22.8	nm
EBIT margin	12%	7%	-5 pp	11%	-6%	-16pp
Net profit/loss	211	105	-50%	37.6	-34.7	nm
Net debt	231	480	108%	228	436	91%

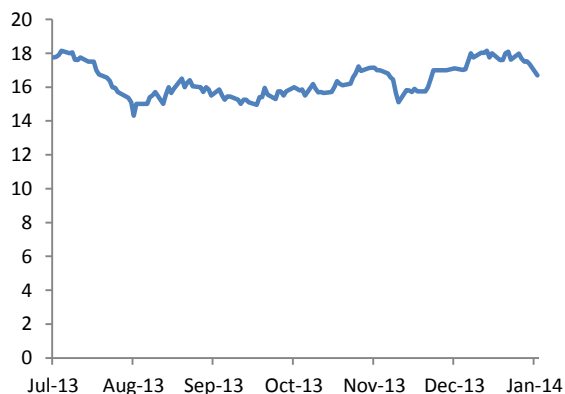
*Kernel's financial year ends in June. Sources: Company data, SP Advisors

Market data

Bloomberg ticker	MHPC LI
Market capitalization, USD mln	1,870
Free float	38%
1-month ADT, USD mln	0.513
EV/Sales (2014E)	1.7
EV/EBITDA (2014E)	5.4
P/E (2014E)	6.3

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, USD/share



Source: Bloomberg

Company description

Ukraine's leading poultry producer, delivering 50% of the country's industrially produced chicken meat (35% of total volumes). MHP now has 480,000 t in annual poultry production capacity. The company operates a 360,000 ha land bank (11% of it in Russia) for fodder production for internal use and is one of the most efficient local farm companies in terms of crops yields.

Investment case

- Maintains tough margin controls: the EBITDA margin stood at 29-34% in 2010-9M13, well above the 5-21% for global peers. Margins are likely to decline in the coming years as the local poultry market gets more saturated and the share of exports, which generate a lower markup than domestic sales, increases.
- The investment case for MHP rests mainly on the company's plans to boost chicken production to 800,000 t by 2018 (up 67% from end-2013) and its arable land bank to 480,000 ha (+25% from the current level).
- The key thing to watch will be MHP's ability to expand into external markets as the local market may be unable to absorb all of the additional poultry.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	1,229	1,408	15%	1,044	1,078	3%
Gross profit	361	422	17%	371	269	-27%
Gross margin	29%	30%	1 pp	36%	25%	-11%
EBITDA	401	468	17%	379	317	-16%
EBITDA margin	33%	33%	1 pp	36%	29%	-7pp
EBIT	321	381	19%	326	237	-27%
EBIT margin	26%	27%	1 pp	31%	22%	-9pp
Net profit/loss	259	311	20%	281	150	-47%
Net debt	802	1,045	30%	944	1,145	21%

Sources: Company data, SP Advisors

MHP

Ukraine | Agriculture and Food Processing

Avangard

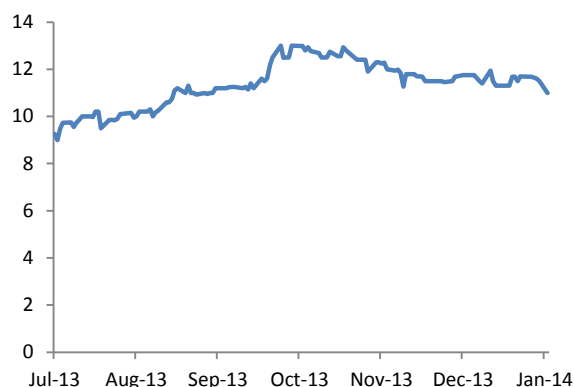
Ukraine | Agriculture and Food Processing

Market data

Bloomberg ticker	AVGR LI
Market capitalization, USD mln	747
Free float	23%
1-month ADT, USD mln	0.503
EV/Sales (2014E)	1.0
EV/EBITDA (2014E)	2.5
P/E (2014E)	3.3

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, USD/share



Source: Bloomberg

Company description

Ukraine's leading egg producer with 57% of industrial shell egg production, 91% of dry egg product output and 90% of egg and dry egg product exports. Avangard operates 19 farms for laying hens, egg processing plants, and other auxiliary facilities, and had a laying hen flock of 31.4 million heads at end-9M13. Shell eggs accounted for 66% of 9M13 revenues (-5pp yoy).

Investment thesis

- Shareholders will likely be offered to exchange shares into equity in UkrLandFarming, the 77.5% owner of Avangard. However, neither company has given an indication of the timing or terms of any exchange.
- The company's key value drivers are in its two egg production complexes – Avis and Chornobaivske. Once construction is completed, Avangard's egg production capacity will increase 25% from the 2012 level to 8.6 bln units.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	553	629	14%	446	467	5%
Gross profit	224	259	16%	174	187	7%
Gross margin	40%	41%	1pp	39%	40%	1pp
EBITDA	246	280	14%	194	205	6%
EBITDA margin	44%	44%	0 pp	44%	44%	0 pp
EBIT	232	265	14%	183	186	2%
EBIT margin	42%	42%	0 pp	41%	40%	-1 pp
Net profit/loss	196	228	16%	157	162	3%
Net debt	80	148	84%	153	199	30%

Sources: Company data, SP Advisors

Market data

Bloomberg ticker	OVO PW
Market capitalization, USD mln	181
Free float	26%
1-month ADT, USD mln	0.127
EV/Sales (2014E)	2.0
EV/EBITDA (2014E)	4.5
P/E (2014E)	4.9

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, PLN/share



Source: Bloomberg

Company description

One of Ukraine's leading producers of eggs and egg powder. In 2012, it accounted for 6.4% of industrially produced eggs, 94% of liquid egg products and 12% of dry egg products. Ovostar operates two laying hen farms with an end-1H13 flock of 3.4 mln laying hens, a hatchery, and a breeder farm. The company has the most recognizable shell egg brands in Ukraine and is the leader in the private label egg segment. Exports account for c. 10% of total revenues.

Investment case

- Ovostar is well on track to deliver on all of its pre-IPO promises (mid-2011), albeit with minor delays, despite Ukraine's worsening economic conditions.
- The company announced a new USD 90 mln investment program for 2014-16 which envisages increase in a number of places for laying hens to 9.0 mln (vs. 5.4 mln at end-2013E), growth in shell egg production to 2.1 bln/year (up from 0.9 bln) and liquid egg product output to 14 Kt/year (up from 6.4 Kt).
- Very low leverage with end-9M13 net debt at just USD 8.5 mln. Expansion has thus far been financed from operating cash flows and IPO proceeds but the company will have to rely on borrowings for its new CAPEX program.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	50.6	60.3	19%	40.3	54.0	34%
Gross profit	23.3	29.1	25%	16.9	19.2	14%
Gross margin	46%	48%	2 pp	42%	36%	-6 pp
EBITDA	22.3	27.3	22%	16.0	17.7	11%
EBITDA margin	44%	45%	1 pp	40%	33%	-7 pp
EBIT	20.6	23.7	15%	13.7	15.1	10%
EBIT margin	41%	39%	-1 pp	34%	28%	-6 pp
Net profit/loss	20.0	24.0	20%	14.2	14.9	5%
Net debt	-17.8	3.3	nm	0.1	8.5	nm

Sources: Company data, SP Advisors

Ovostar

Ukraine | Agriculture and Food Processing

UkrProduct

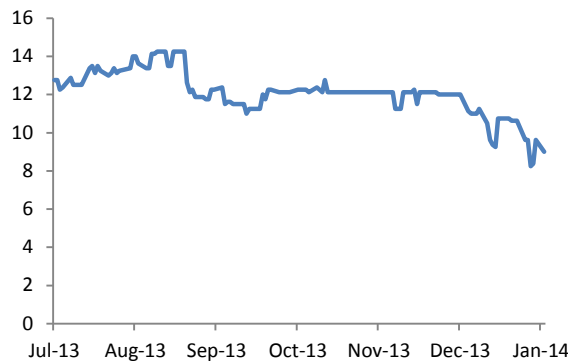
Ukraine | Agriculture and Food Processing

Market data

Bloomberg ticker	UKR LN
Market capitalization, USD mln	6
Free float	25%
1-month ADT, USD mln	0.005
EV/Sales (2014E)	0.2
EV/EBITDA (2014E)	2.0
P/E (2014E)	2.2

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, GBP/share



Source: Bloomberg

Company description

One of Ukraine's leading dairy producers and distributors. Operates three dairy plants and one cheese-and-butter plant with joint capacities of 70,000 t/year. In 2012, sale of branded products accounted for 59% and distribution services for 22% of net revenues. Exports made up 30% of revenues last year.

Investment case

- Prospects for growth in sales and profitability are constrained by a weak macroeconomic environment and slowing household incomes.
- The company said its 2013E EBITDA likely declined considerably yoy due to growth in input prices and net profit turned negative on increased finance costs. However, UkrProduct expects a return to profitability in 2014 thanks to a cost optimization program.
- Ukrproduct's CAPEX program mainly focuses on modernizing existing production facilities.
- The first-ever Ukrainian company that holds a dual listing on the LSE (London) and UX (Ukraine). The launch of the dual listing and availability of shares for retail investors should significantly broaden the investor base.

Key financials and ratios, GBP mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	50.5	60.2	19%	25.3	24.7	-3%
Gross profit	6.8	9.0	32%	4.3	3.7	-13%
Gross margin	13%	15%	1 pp	17%	15%	-2 pp
EBITDA	1.9	3.2	68%	1.5	1.3	-11%
EBITDA margin	3.8%	5.3%	2 pp	5.8%	5.3%	-1 pp
EBIT	1.0	2.0	106%	1.0	0.6	-41%
EBIT margin	1.9%	3.3%	1 pp	3.8%	2.3%	-1 pp
Net profit/loss	0.4	0.9	113%	0.6	0.2	-73%
Net debt	6.8	8.5	25%	7.8	10.2	30%

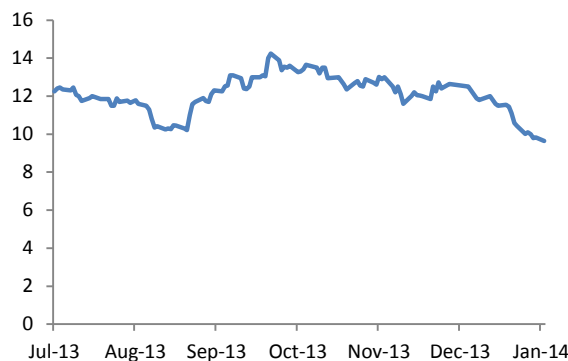
Sources: Company data, SP Advisors

Market data

Bloomberg ticker	MLK PW
Market capitalization, USD mln	103
Free float	21%
1-month ADT, USD mln	0.014
EV/Sales (2014E)	0.4
EV/EBITDA (2014E)	3.9
P/E (2014E)	5.7

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, PLN/share



Source: Bloomberg

Company description

Dairy producer that manages 10 plants in Ukraine, two in Russia, and one in Poland. Also operates a newly built dairy farm for 6,800 milking cows and cultivates 24,000 ha of land. In 2012, cheese and butter accounted for 51% of revenues while whole milk products made up 40%. Russia is the company's key market (64% of total sales) followed by Ukraine (32%).

Investment case

- Russia lifted a ban on imports of cheese from Milkiland's subsidiaries but it remains to be seen if this barrier-free trade regime is sustainable. The reopening of the Russian market helped Milkiland boost revenues 19% yoy in 9M13.
- The company moved to overcome the current and potential trade barriers by acquiring milk processing capacities in Russia and Poland.
- Milkiland plans to finance its future modernization program primarily from operating cash flows and to take on new debt only to refinance existing facilities.

Key financials and ratios, EUR mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	279.8	287.0	3%	206.6	245.2	19%
Gross profit	67.5	78.2	16%	56.6	56.4	0%
Gross margin	24%	27%	3 pp	27%	23%	-4 pp
EBITDA	34.6	37.9	10%	27.3	23.1	-15%
EBITDA margin	12%	13%	1 pp	13%	9%	-4 pp
EBIT	21.0	22.0	5%	17.2	12.9	-25%
EBIT margin	7.5%	7.7%	0 pp	8.3%	5.3%	-3 pp
Net profit/loss	14.8	13.6	-8%	12.1	11.0	-9%
Net debt	41.9	73.1	74%	73.4	93.3	27%

Sources: Company data, SP Advisors

Milkiland

Ukraine | Agriculture and Food Processing

Astarta

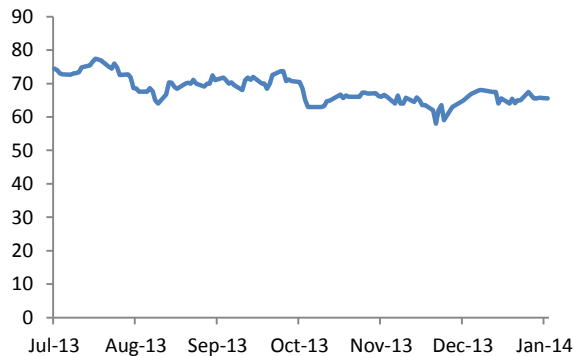
Ukraine | Agriculture and Food Processing

Market data

Bloomberg ticker	AST PW
Market capitalization, USD mln	551
Free float	37%
1-month ADT, USD mln	0.168
EV/Sales (2014E)	1.3
EV/EBITDA (2014E)	5.4
P/E (2014E)	5.2

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, PLN/share



Source: Bloomberg

Company description

Ukraine's largest beet sugar producer with 8 sugar plants and 430,000 t produced in 2012, or 19% of the market. One of the country's largest land bank holders (245,000 ha). More than 80% self-sufficient in sugar beets. Astarta is also Ukraine's largest industrial milk producer with a herd of 34,000 cattle.

Investment case

- High exposure to the overly regulated domestic sugar market (55% of total revenues in 9M13) is a risk. Management does, however, believe its expertise will allow the company to take advantage of an uncertain sugar market, and it has continued to acquire new sugar plants.
- The company increased sugar output 13% yoy to 269,000 tons in 9M13 but the average price was down 8% yoy. The country's sugar production will be record low this marketing year which should drive a price recovery in the coming months.
- Astarta is successfully diversifying into other business segments: cattle-farming made up 12% of total revenues in 9M13 (+2 ppts yoy) while crop cultivation accounted for 31% (+2 ppts). The company also plans to launch a brand new soybean processing plant in the near future.

Key financials and ratios, EUR mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	423.6	457.5	8%	234.6	260.3	11%
Gross profit*	168.6	106.2	-37%	69.3	62.6	-10%
Gross margin	40%	23%	13 pp	30%	24%	-5 pp
EBITDA*	110.8	84.9	-17%	115.2	103.0	-11%
EBITDA margin	26%	19%	-8 pp	49%	40%	-9 pp
EBIT*	130.3	76.3	-41%	96.6	83.6	-13%
EBIT margin	31%	17%	-14 pp	41%	32%	-9 pp
Net profit/loss	122.1	57.7	-53%	84.2	82.4	-2%
Net debt	192.2	242.4	26%	205.3	243.6	19%

* Gross profit, EBITDA and EBIT include effects of revaluation of biological assets.

Sources: Company data, SP Advisors

Market data

Bloomberg ticker	IMC PW
Market capitalization, USD mln	122
Free float	24%
1-month ADT, USD mln	0.014
EV/Sales (2014E)	0.8
EV/EBITDA (2014E)	3.6
P/E (2014E)	2.9

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, PLN/share



Source: Bloomberg

Company description

An integrated agro producer in northern Ukraine with 125,000 ha of land, up 46% from end-2011. IMC also operates 338,000 t in grain and oilseed storage capacities. Exports accounted for 51% of revenue in 2012.

Investment case

- The company remains one of the few pure crop producer plays in Ukraine: grains, oilseeds and potato accounted for over 75% of total revenues in 9M13. IMC's efforts to diversify into new business lines are restricted to cattle breeding and milk production.
- According to management the company will continue to focus on expanding its land bank – it plans to increase cultivated area to 285,000 ha by 2019. An expansion in cultivated area and strong crop yields allowed EBITDA to grow 70-90% yoy in 2013, according to management estimates.
- Heavily leveraged with USD 114 mln in end-9M13 debt as land acquisitions in 2012-13 were mainly financed with new borrowings. Recently the company raised another USD 30 mln from the IFC for 7.5 years.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	29.1	75.3	159%	54.3	72.5	33%
Gross profit*	27.8	34.8	25%	32.9	53.4	62%
Gross margin	96%	46%	-49 pp	61%	74%	13 pp
EBITDA*	25.7	32.0	25%	30.6	51.6	69%
EBITDA margin	88%	42%	-46 pp	56%	71%	15 pp
EBIT*	19.2	23.7	23%	25.2	43.4	72%
EBIT margin	66%	31%	-35 pp	46%	60%	13 pp
Net profit/loss	17.3	18.7	8%	21.5	35.2	64%
Net debt	17.4	78.9	353%	54.2	114.6	111%

* Gross profit, EBITDA and EBIT include effects of revaluation of biological assets.

Sources: Company data, SP Advisors

IMC

Ukraine | Agriculture and Food Processing

KSG Agro

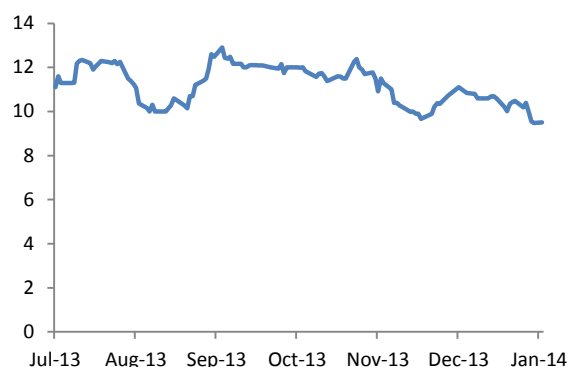
Ukraine | Agriculture and Food Processing

Market data

Bloomberg ticker	KSG PW
Market capitalization, USD mln	51
Free float	34%
1-month ADT, USD mln	0.015
EV/Sales (2014E)	1.2
EV/EBITDA (2014E)	3.7
P/E (2014E)	4.3

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, PLN/share



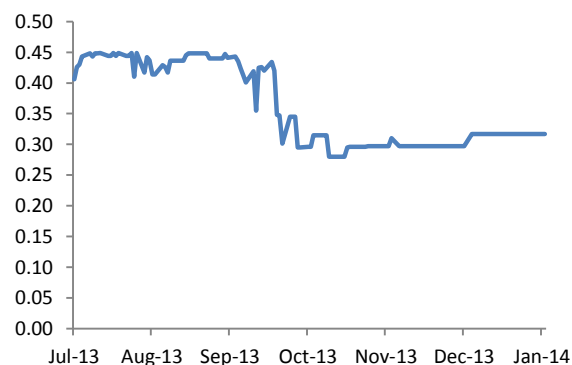
Source: Bloomberg

Market data

Bloomberg ticker	TR61 GR
Market capitalization, USD mln	22
Free float	20%
1-month ADT, USD mln	na
EV/Sales (2014E)	na
P/B (2014E)	na
P/E (2014E)	na

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, EUR/share



Source: Bloomberg

Company description

A farming company in eastern and southern Ukraine with a 96,000 ha land bank. Other business lines include pig farming, oilseed crushing, and agro-pellet and flour production, and 120,000 t in storage facilities. KSG is continuing on an intensive CAPEX program: the focus is now shifting from land bank expansion to developing its pig breeding business.

Investment case

- Revenues are becoming more diversified as KSG moves into new business segments. That diversification, though, seems to have come at the expense of margins.
- Current growth is supported by debt – bank loans stood at USD 94 mln at end-9M13, at least 5x above 2013E operating cash flow (before changes in working capital). The company's prospects are therefore hugely dependent on the availability of debt financing.
- Oil crops accounted for 44-56% of the total cultivated area in the last three years, which is not a sustainable model as oil crops exhaust the land.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	34.7	37.2	7%	18.6	37.1	100%
Gross profit	13.9	19.6	41%	18.7	23.4	26%
Gross margin	40%	53%	32 pp	100%	63%	-37 pp
EBITDA	30.1	25.2	-16%	19.6	22.8	16%
EBITDA margin	87%	68%	-19 pp	106%	62%	-44 pp
EBIT	28.3	18.2	-36%	14.3	16.6	16%
EBIT margin	82%	49%	-33 pp	77%	45%	-32 pp
Net profit/loss	27.4	11.7	-57%	10.5	11.8	13%
Net debt	22.1	57.9	162%	42.2	93.9	123%

* Gross profit, EBITDA and EBIT include effects of revaluation of biological assets.

Sources: Company data, SP Advisors

TMM

Ukraine | Real Estate

Company description

One of Ukraine's leading real estate developers with a portfolio of 10 projects under development and construction. The latest available appraisal (end-1H12) values TMM's portfolio (including completed but unsold properties and land plots) at USD 407 mln. TMM focuses on business and premium residential projects and key operations are in Kyiv and Kharkiv.

Investment case

- Cash sales grew 21% yoy to USD 30.4 mln in 2013 on successful sales of apartments in the business-class SunGate complex, and they should accelerate as TMM started sales at its premium Alter Ego residential project.
- Debt burden remains high at USD 137 mln at end-9M13 and the company's liquidity is dependent on banks' wiliness to rollover its debt. Lenders – mainly state-owned Oschadbank – have thus far been ready to make concessions.
- Any investment is a long-term play. We don't expect any major value drivers, positive or negative, in the foreseeable future. Weak new mortgage origination is the major factor preventing any near-term turnaround.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	29.7	47.3	59%	14.3	16.1	12%
Gross profit	4.9	5.8	18%	3.7	-0.5	nm
Gross margin	16.7%	12.3%	-4 pp	26%	-3%	-29 pp
EBITDA	-8.4	0.9	nm	na	na	na
EBITDA margin	neg.	2.0%	nm	na	na	na
EBIT	-10.2	-4.7	nm	1.6	-2.7	nm
EBIT margin	neg.	neg.	nm	11%	-17%	-28 pp
Net profit/loss	-22.2	-19.5	nm	-3.2	-6.4	nm
Net debt	155.8	130.5	-16%	147.2	170.4	16%

Sources: Company data, SP Advisors

Cadogan Petroleum

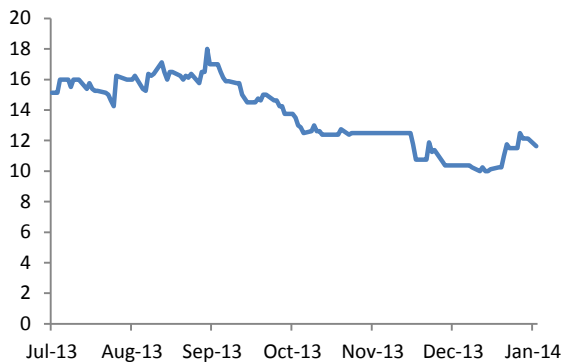
Ukraine | Oil & Gas

Market data

Bloomberg ticker	CAD LN
Market capitalization, USD mln	25
Free float	37%
1-month ADT, USD mln	0.021
EV/Sales (2014E)	-
EV/EBITDA (2014E)	-
P/E (2014E)	-

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, GBP/share



Source: Bloomberg

Company description

An oil & gas exploration, development, and production company with assets in Ukraine. Holds interests in 9 oil & gas licenses to areas with total end-2012 2P reserves of 2.6 mmbob, of which gas accounts for 77%. Owns a 15% stake in a joint venture with ENI and state-owned NAK Nadra with 9 shale gas licenses for an area of 3,800 km² in Ukraine.

Investment case

- Mid-November cash totaled USD 56mln (vs. USD 40.5 mln at end-2012) thanks to a USD 29.5 mln cash settlement following a successful court litigation with Global Process Systems. With an acceptable cash balance and no debt the company is perfectly positioned to ramp up operations.
- The company recently overhauled its technical team and comprehensively reassessed the potential of existing assets. As a result, Cadogan has identified new exploration targets and is re-shaping its drilling campaign.

Key financials and ratios, USD mln

	2012	1H12	1H13	Chg. yoy
Revenue	3.8	1.6	1.9	23%
Gross profit	1.1	0.8	0.6	-18%
Gross margin	30%	50%	33%	-17 pp
EBITDA	-91.2	-6.7	-1.5	nm
EBITDA margin	nm	neg.	neg.	nm
EBIT	-92.6	-7.2	-2.0	nm
EBIT margin	nm	neg.	neg.	nm
Net profit/loss	-92.7	-7.1	-2.1	nm
Net debt	-40.5	-50.4	-63.4	nm

Sources: Company data, SP Advisors

Issuer profiles: Georgia

Bank of Georgia Holdings

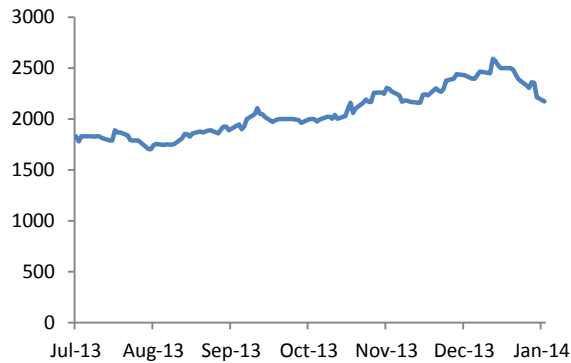
Georgia | Banks

Market data

Bloomberg ticker	BGEO LN
Market capitalization, USD mln	923
Free float	100%
1-month ADT, USD mln	2.602
P/B (2014E)	-
P/E (2014E)	8.0

Data as of Jan. 23, 2014. Source: Bloomberg

Share price, GBp/share



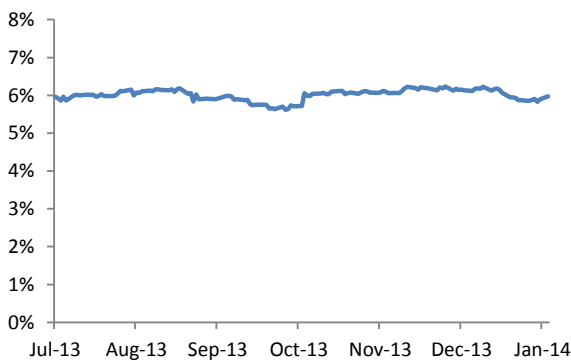
Source: Bloomberg

Eurobond parameters

Bloomberg Ticker	GEBGG
Amount Issued, USD mln	250
Coupon, S/A	7.75%
Date Issued	07/12
Maturity	07/17
YTM	5.97%
Ratings (Fitch/Moody's/S&P)	BB-/Ba3/BB-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Georgia's leading bank with end-9M13 assets of USD 3.6 bln and a 34% market share. Operates 199 branches across the country and has over a million corporate and retail customers in a country of 4.5 mln people. The bank has no controlling shareholder and virtually all of shares are in free float. Listed on the LSE since 2006, the company gained a premium listing in February 2012.

Investment case

- The country's only investable stock. Investing in Bank of Georgia shares is largely a bet on the growth prospects of Georgia's underpenetrated banking sector (gross loans-to-GDP stood at 34% at end-2012 vs. 60%+ in the CEE).
- Bank of Georgia, like the country's whole banking sector, remains in perfect shape with a healthy loan-to-deposit ratio (115%), tough cost control (C/I at 41% in 9M13), and a thick capital cushion (BIS CAR of 28.6%).
- Loan origination remains relatively weak – loan portfolio was up only 7.2% yoy in September 2013 but should accelerate as economic growth in Georgia speeds up.
- The bank's cost of funds dropped substantially (5.6% in 3Q13 vs. 7.1% in 3Q12), which should support interest margins and core earnings.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Assets	2,815	3,414	21%	3,356	3,595	7%
Net loans	1,579	1,866	18%	1,859	1,983	7%
Net interest income	141	173	23%	254	257	1%
Net income	109	82	-25%	80	93	15%
Net loans to deposits	95.7%	114.8%	19.1 pp	109.6%	114.7%	5.1 pp
ROE	18.3%	19.1%	0.8 pp	19.4%	18.6%	-0.8 pp
Cost/income	48.5%	44.4%	-4.1 pp	45.2%	41.0%	-4.2 pp
Cost of risk	0.9%	1.3%	0.4 pp	1.2%	1.5%	0.3 pp
Equity to assets	17.4%	18.7%	1.3 pp	18.2%	19.7%	1.5 pp
CAR (NBG methodology)	16.2%	16.2%	0.0 pp	15.9%	16.5%	0.6 pp

Sources: Company data, SP Advisors

Georgian Railway

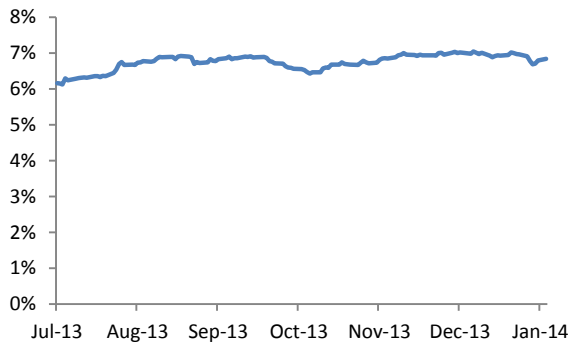
Georgia | Infrastructure

Eurobond parameters

Bloomberg ticker	GRAIL
Maturity	07/22
Amount outstanding, USD mln	500
Coupon, S/A	7.75%
Fitch	BB-
Moody's	-
S&P	BB-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Georgia's monopoly railway operator, which manages 1,326 kilometers of tracks and a fleet of over 8,000 working railcars and 160 locomotives. Freight transportation accounts for c. 95% of revenues, mostly from crude oil and oil product transportation from Azerbaijan and Kazakhstan.

Investment case

- The company's EBITDA margin fell to 48% in 9M13 from 56% in 9M12 as payrolls surged while revenues stagnated. Nevertheless, the current EBITDA margin is still healthy and sustainable in the long-term, in our view.
- The new government has questioned the need for the Tbilisi Bypass Project, one of two large-scale projects that were to be financed with proceeds from GR's most recent Eurobond. The company announced it plans to redesign the project to avoid decline in the freight transit capacity. Over USD 200 mln in investments already made suggests the project is likely to be completed.
- Georgian Railway's debt burden is fully manageable and the company should be able to fund the rest of its investment needs from operating cash flows.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	9M12	9M13	Chg. yoy
Revenue	286	284	-1%	213	211	-1%
EBIT	100	93	-7%	71	58	-18%
EBITDA	157	149	-5%	119	102	-14%
Total Assets	1,433	1,713	20%	1,724	1,712	-1%
Gross debt	257	547	113%	535	535	0%
EBIT margin	35%	33%	-6 pp	33%	28%	-18 pp
EBITDA margin	55%	53%	-4 pp	56%	48%	-13 pp
Net debt/EBITDA	1.1x	2.8x	1.5x	na	na	Na
Gross debt/EBITDA	1.7x	3.7x	1.2x	na	na	na
EBIT/Interest expense	nm	14.8x	nm	11.6x	16.0x	4.2x

Sources: Company data, SP Advisors

Appendices

Appendix A: Ukraine Eurobond Parameters

Key parameters of Ukrainian Eurobonds

Name	Currency	Amount USD mln	Maturity	YTM,%		Mid. YTM change, pp		Rating		
				Mid	Spread	1 M	YTD	Fitch	Moody's	S&P
Sovereign										
Ukraine-14	USD	1,000	04.06.2014	12.34	6.07	4.44	-	B-	Caa1 /*-	B-
Ukraine-09/15	USD	500	23.09.2015	10.25	1.05	1.89	0.10	B-	Caa1 /*-	B-
Ukraine-10/15	EUR	600	13.10.2015	7.37	0.89	-0.05	-3.27	B-	Caa1 /*-	B-
Ukraine-12/15	USD	3,000	20.12.2015	5.14	0.56	-	-	B-	Caa1 /*-	B-
Ukraine-06/16	USD	1,250	17.06.2016	8.87	1.23	-0.02	-0.99	B-	Caa1 /*-	B-
Ukraine-11/16	USD	1,000	21.11.2016	8.90	1.28	-0.09	-0.97	B-	Caa1 /*-	B-
Ukraine-07/17	USD	2,600	24.07.2017	10.10	0.44	0.56	-	B-	Caa1 /*-	B-
Ukraine-11/17	USD	700	14.11.2017	10.00	0.60	0.95	-0.40	B-	Caa1 /*-	B-
Ukraine-20	USD	1,500	23.09.2020	10.04	0.34	0.86	-0.27	B-	Caa1 /*-	B-
Ukraine-21	USD	1,500	23.02.2021	10.10	0.43	0.90	0.10	B-	Caa1 /*-	B-
Ukraine-22	USD	2,250	28.11.2022	9.79	0.37	0.46	-	B-	Caa1 /*-	B-
Ukraine-23	USD	1,250	17.04.2023	9.61	0.36	0.58	-	B-	Caa1 /*-	B-
Infrastr. projects-11/17	USD	568	03.11.2017	10.76	0.52	-3.66	-1.46	-	Caa1 /*-	-
Infrastr. projects-12/17	USD	550	07.12.2017	11.54	0.65	0.49	-	-	(P)Caa1 /*-	-
Infrastr. projects-18	USD	690	20.04.2018	10.52	0.52	-3.73	-1.89	-	Caa1 /*-	-
Municipal										
City of Kyiv-15	USD	250	06.11.2015	12.18	0.69	-0.19	-2.48	B-	Caa1 /*-	B-
City of Kyiv-16	USD	300	11.07.2016	12.63	0.74	-0.10	-2.91	B-	Caa1 /*-	B-
Banks										
VAB Bank-14	USD	112	14.06.2014	38.67	0.00	-	-	WD	Caa1 /*-	-
FUIB-14	USD	252	31.12.2014	10.00	0.00	-2.56	-6.79	NR	Caa1 /*-	-
Ukreximbank-14	UAH	2,385	03.02.2014	-	-	-	-	B-	Caa1 /*-	-
Ukreximbank-15	USD	750	27.04.2015	11.89	0.00	0.56	-1.26	B-	Caa1 /*-	-
Ukreximbank-16	USD	125	09.02.2016	13.45	0.00	-	-3.96	CC	Caa2 /*-	-
Ukreximbank-18	USD	600	22.01.2018	14.53	0.69	2.33	-	B-	Caa1 /*-	-
Oschadbank-16	USD	700	10.03.2016	14.26	0.51	2.34	-0.14	B-	Caa1 /*-	-
Oschadbank-18	USD	500	20.03.2018	14.71	1.33	2.45	-	B-	Caa1 /*-	-
Privatbank-15	USD	200	23.09.2015	18.49	2.41	1.68	0.59	B-	Caa1 /*-	-
Privatbank-16	USD	150	09.02.2016	20.56	5.25	-4.12	-0.14	-	Caa2 /*-	-
Privatbank-18	USD	175	28.02.2018	15.66	0.80	-0.77	-	B-	Caa1 /*-	-
Corporate										
Naftogaz-14	USD	1,595	30.09.2014	14.32	0.00	5.56	2.11	B-	-	-
Avangardco-15	USD	200	29.10.2015	9.02	0.00	-2.21	-10.25	B-	-	-
MHP-15	USD	235	29.04.2015	8.94	0.00	2.54	-4.24	B-	Caa1 /*-	-
MHP-20	USD	750	02.04.2020	10.72	0.00	0.32	-	B-	-	B-
DTEK-15	USD	200	28.04.2015	8.73	0.00	0.15	-3.38	B-	Caa1 /*-	-
DTEK-18	USD	750	04.04.2018	10.91	0.00	1.45	-	B-	Caa1 /*-	-
Metinvest-15	USD	500	20.05.2015	9.20	0.00	1.46	-2.70	B-	Caa1 /*-	-
Metinvest-18	USD	750	14.02.2018	9.97	0.00	-2.21	-2.89	B-	Caa1 /*-	-
Mriya-16	USD	72	30.03.2016	11.74	0.00	-	-2.21	B-	-	B-
Mriya-18	USD	400	19.04.2018	11.82	0.00	-2.12	-	B-	-	B-
Ferrexpo-16	USD	500	07.04.2016	9.81	0.00	0.95	-	B-	Caa1 /*-	B-
Ukrainian Railway-18	USD	500	21.05.2018	12.24	0.00	-0.28	-	B-	-	B-
Ukrlandfarming-18	USD	500	26.03.2018	13.20	1.19	-1.84	-	B-	-	B-

Data as of Jan. 27, 2014. Source: Bloomberg

Appendix B: Equity Multiples

Ukrainian stock multiples*

Sector / Company	Ticker	MCap, USD mln	EV/EBITDA		EV/Sales		P/B		P/E		Net Debt / Book Value	
			2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Agriculture												
Kernel	KER PW	1,066	5.6	4.2	0.7	0.5	0.7	0.7	9.7	5.8	0.39	0.28
MHP	MHPC LI	1,870	7.0	5.4	2.0	1.7	1.5	1.3	8.6	6.3	0.93	0.69
Mriya	MAYA GR	744	4.1	4.2	2.9	2.4	-	-	4.7	4.9	-	-
Astarta	AST PW	551	6.9	5.4	1.6	1.3	1.2	1.0	8.4	5.2	0.58	0.46
IMC	IMC PW	122	4.9	3.6	1.6	0.8	-	-	4.6	2.9	-	-
KSG Agro	KSG PW	51	4.0	3.7	1.7	1.2	-	-	4.2	4.3	-	-
Agroton	AGT PW	19	-	-	-	-	-	-	-	-	-	-
Sintal Agriculture	SNPS AV	0.2	-	-	-	-	-	-	-	-	-	-
Median		-	5.2	4.2	1.7	1.3	1.2	1.0	6.5	5.1	0.58	0.46
Food												
Avangard	AVGR LI	747	3.0	2.5	1.2	1.0	0.6	0.5	3.3	3.3	0.08	-0.02
Ovostar	OVO PW	181	6.5	4.5	2.5	2.0	1.4	1.2	7.1	4.9	0.14	0.25
Milkiland	MLK PW	103	5.0	3.9	0.4	0.4	-	-	5.7	5.7	-	-
UkrProduct	UKR LN	6	3.0	2.0	0.2	0.2	0.2	0.2	3.5	2.2	0.39	0.24
Median		-	4.0	3.2	0.8	0.7	0.6	0.5	4.6	4.1	0.14	0.24
Oil & Gas												
JKX Oil & Gas	JKX LN	201	2.0	1.7	1.0	0.7	0.4	0.3	6.2	5.6	-0.01	-0.07
Kulczyk Oil	SEN PW	281	3.4	2.2	1.8	1.2	1.3	1.1	9.1	5.5	-0.09	-0.20
Regal Petroleum	RPT LN	75	-	-	-	-	-	-	-	-	-	-
Cadogan Petroleum	CAD LN	48	-	-	-	-	-	-	-	-	-	-
Median		-	2.7	2.0	1.4	1.0	0.8	0.7	7.6	5.6	-0.05	-0.14
Mining												
Coal Energy	CLE PW	19	-	-	-	-	-	-	-	-	-	-
Sadovaya Group	SGR PW	9	-	-	-	-	-	-	-	-	-	-
Median		-	-	-	-	-	-	-	-	-	-	-
Metals & Mining												
Ferrexpo	FXPO LN	1,662	4.7	5.0	1.4	1.4	1.0	0.9	6.5	7.4	0.34	0.32
Median		-	4.7	5.0	1.4	1.4	1.0	0.9	6.5	7.4	0.34	0.32
Real Estate												
TMM	TR61 GR	22	-	-	-	-	-	-	-	-	-	-
Median		-	-	-	-	-	-	-	-	-	-	-
Industrials												
Westa ISIC	WES PW	7	-	-	-	-	-	-	-	-	-	-
Median		-	-	-	-	-	-	-	-	-	-	-
Transportation												
KDM Shipping	KDM PW	94	-	-	-	-	-	-	-	-	-	-
Median		-	-	-	-	-	-	-	-	-	-	-

* as of Jan. 23, 2014. Source: Bloomberg

Appendix C: Key Macro Data and Projections

	2007	2008	2009	2010	2011	2012	2013E	2014E
Business cycle indicators								
Real GDP, chg yoy	7.6%	2.3%	-14.8%	4.1%	5.2%	0.2%	-0.4%	1.2%
Household consumption, chg yoy	17.1%	11.8%	-14.9%	7.1%	15.7%	11.7%	6.1%	4.5%
Investments in fixed capital, chg yoy	23.9%	1.6%	-50.5%	3.9%	7.1%	0.9%	-8.7%	0.1%
Industrial output, chg yoy	7.6%	-5.2%	-21.9%	11.2%	7.6%	-1.8%	-4.7%	2.9%
Nominal GDP, UAH bln	721	948	913	1,083	1,302	1,409	1,448	1,534
Nominal GDP, USD bln	143	180	117	136	163	176	181	192
GDP per capita, USD	3,078	3,891	2,550	2,982	3,585	3,875	3,983	4,230
CPI (eop)	16.6%	22.3%	12.3%	9.1%	4.6%	-0.2%	0.5%	4.1%
CPI average	12.8%	25.2%	15.9%	9.4%	8.0%	0.6%	-0.3%	1.5%
Unemployment (ILO methodology, avg)	6.9%	6.9%	9.6%	8.8%	8.6%	8.1%	7.6%	7.2%
Balance of payments								
Current account balance, USD bln	-5.3	-12.8	-1.7	-3.0	-10.2	-14.3	-14.9	-15.1
% GDP	-3.7%	-7.1%	-1.5%	-2.2%	-6.3%	-8.1%	-8.2%	-7.9%
Financial account balance, USD bln	14.7	9.7	-12.0	8.0	7.8	10.1	16.9	18.1
% GDP	10.3%	5.4%	-10.2%	5.9%	4.8%	5.8%	9.3%	9.4%
FDI net, USD bln	9.2	9.9	4.7	5.8	7.0	6.6	3.1	2.9
% of GDP	6.5%	5.5%	4.0%	4.2%	4.3%	3.8%	1.7%	1.5%
Gross NBU reserves (eop), USD bln	32.5	31.5	26.5	34.6	31.8	24.5	20.5	22.4
Monetary and banking indicators								
Monetary base, UAH bln	142	187	195	226	240	255	307	347
Monetary base, chg. yoy	46%	32%	4%	16%	6%	6%	20%	13%
Money supply (M3), UAH bln	396	515	487	598	683	773	906	1,032
Money supply, chg. yoy	52%	30%	-5%	23%	14%	13%	17%	14%
Monetary multiplier (eop M3/MB)	2.8	2.8	2.5	2.6	2.8	3.0	3.0	3.0
Bank loans, chg. yoy	74%	72%	-2%	1%	10%	2%	12%	9%
Bank deposits, chg. yoy	52%	28%	-8%	26%	18%	16%	17%	14%
Loan-to-deposit ratio	152%	205%	219%	175%	162%	143%	136%	131%
Exchange rate								
Official UAH/USD (eop)	5.05	7.70	7.99	7.96	7.99	7.99	7.99	7.99
Official UAH/USD (avg)	5.05	5.27	7.79	7.94	7.97	7.99	7.99	7.99
Market UAH/USD (eop)	5.05	7.82	8.01	7.97	8.04	8.05	8.24	8.40
Budget and debt indicators								
State budget revenues, USD bln	32.9	44.0	26.9	30.3	39.5	43.3	42.5	46.7
% of GDP	23.0%	24.4%	23.0%	22.2%	24.2%	24.6%	23.4%	24.3%
State budget expenditures, USD bln	34.8	46.4	31.5	38.4	42.4	50.0	50.5	55.5
% of GDP	24.4%	25.8%	26.8%	28.2%	26.0%	28.3%	27.9%	28.9%
State budget balance, USD bln	-1.9	-2.4	-4.6	-8.1	-3.0	-6.7	-8.0	-8.8
% of GDP	-1.4%	-1.3%	-3.9%	-5.9%	-1.8%	-3.8%	-4.4%	-4.6%
Public debt, USD bln	17.6	24.6	39.8	54.3	59.2	64.5	73.1	81.9
% GDP	12.3%	13.7%	34.0%	39.8%	36.3%	36.6%	40.3%	42.6%

Sources: NBU, UkrStat, Ministry of Finance, Bloomberg, SP Advisors

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