
Investable Ukraine, Q3 2013

Investment Highlights 

Economy Overview 

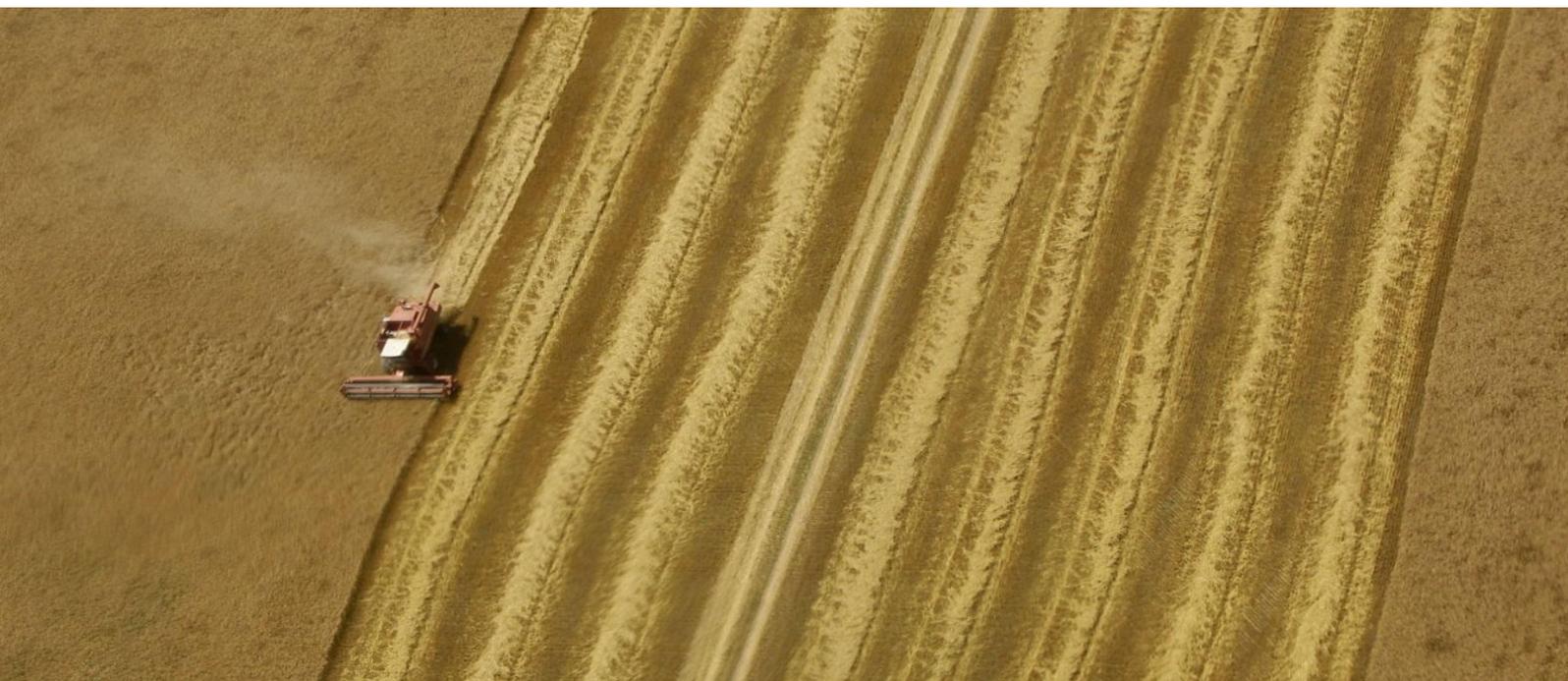
Sector Overviews 

Eurobonds 

Equities 

Stock and Debt Market Summary 

Key Macro Data and Projections 



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Ukraine – Autumn Investment Highlights

Key events to watch in autumn 2013

Signing of the EU-Ukraine Association Agreement	The EU and Ukraine are expected to sign an Association Agreement at a bilateral summit in late November 2013. A Deep and Comprehensive Free Trade Area (DCFTA) will be the cornerstone of the agreement. Although it will take years to fully implement the agreement and its short-term economic effects will be negligible, the event should improve investor sentiments towards Ukraine.
Trade Conflict with Russia	In mid-August, Russia toughened customs clearance procedures for all Ukrainian exporters, which effectively stopped commodity exports for several days. Although the Russian government has since removed most of the obstacles, exports of many commodity groups are still affected by non-tariff barriers. The consensus in Ukraine and among EU countries is that trade restrictions are meant to discourage Ukraine from signing the Association Agreement. Since the Ukrainian government is determined to sign the agreement, Russia has already hinted at negative implications for bilateral trade in the near future.
Balance of Payments and FX Market Developments	Autumn is likely to bring challenges to the local FX market. Ukraine's trade deficit usually widens in 2H13 on increased imports of natural gas and consumer goods. Hryvnia stability will be hugely dependent on the availability of external borrowings, both public and private. 8M13 external debt and FDI inflows have been sufficient to cover the C/A gap, but we believe capital inflows are likely to fall short of the C/A gap in autumn. We continue to see material depreciation risks and project an end-2013 UAH/USD rate of 8.7 vs. the current 8.1.
IMF-Ukraine Negotiations	Ukraine has been unable to renew cooperation with the IMF, but is repaying its outstanding debt to the fund on schedule. The government has made it clear it will aim to do without IMF assistance and will not request fresh funding. We believe, on the other hand, that Ukraine may be forced to return to the negotiating table if the balance of payments deteriorates considerably through the year-end.
Harvest Campaign	This year's grain and oil crop harvest is poised for a two-decade record, which should allow Ukraine to strengthen its position as a key global grain exporter. The bumper harvest will be strongly positive for Ukraine's GDP, but mixed for individual agricultural companies: the related drop in prices for agricultural products is likely to nearly fully offset larger volumes.

Our Top Picks for Autumn 2013

Equities

MHP (MHPC LI)	MHP has excellent margin control year-after-year and continues to move forward with an ambitious expansion project to boost poultry production capacity to 800,000 tons by 2018 from the current 450,000 t. This year's record grain harvest should cut costs and further support margins. The key thing to watch is MHP's ability to expand into external markets 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. Its large-scale investment program is due to be completed by end-2013 to increase egg production capacity to 1.25 bln/year in 2014 from 0.85 bln/year in 2012. Another positive: Ovostar's leverage is very low with end-1H13 net debt at just USD 3 mln.

Eurobonds

Oschadbank-16 (OSCHAD)	Oschadbank trades 260-270 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.
FUIB-14 (PUMBUZ)	Following the successful merger with Dongorbank in 2011, FUIB is now comfortably positioned among Ukraine's top-10 banks and boasts solid liquidity and solvency indicators. We recommend this Eurobond for investors looking at a 1-2 year investment horizon.
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

Economy picks up in 3Q, but growth is unsustainable

In July, the Ukrainian economy enjoyed its first month of growth in 2013 – 2.4% yoy, according to preliminary government data. The reversal was widely expected: favorable weather conditions have put Ukraine on pace to produce an all-time record grain harvest of over 57 mln t. Agriculture usually makes up 14-16% of GDP in the 3Q vs. 8.0-8.5% for the full year, meaning the bumper harvest will fully offset the decline in industrial output and will keep economic growth positive at least through end-October, by our estimates.

Other than that, news flows have been mixed over the summer. Steel makers managed to increase monthly output in yoy terms in July for the first time since November 2012 – a possible sign that the worst is past for metal producers. However, other key industrial sectors are still suffering. Additionally, Russia’s current politically charged play to hurt Ukrainian exports of key industrial goods is a serious short-term negative for the economy. Domestic private demand is losing steam – retail trade turnover decelerated from 12.0% in January to just 3.9% yoy in July. Recent stats on 1H13 capital investments (-15.8% yoy) were also discouraging.

Needless to say, the positive effects of this year’s plentiful harvest will fade out in the 4Q and we expect GDP to return to negative territory in the last months of 2013. We therefore remain conservative and maintain our 2013 GDP growth forecast at -0.5% yoy.

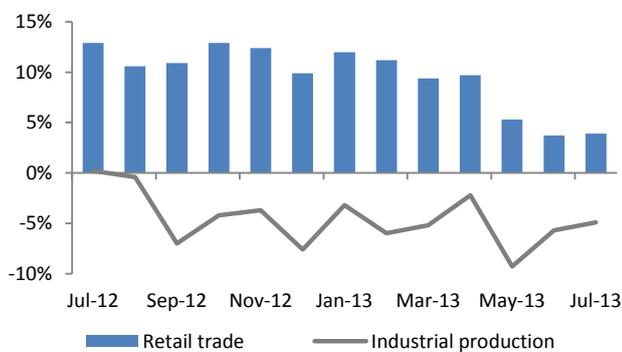
Balance of payments and hryvnia downside risks remain elevated

We improve our 2013 C/A deficit projection (for the second time this year) to 7.7% of GDP from 8.4% previously on a larger-than-expected decline in consumer goods imports on weakening domestic demand. Lower consumer imports along with a 20% yoy drop in gas imports will more than offset a decline in exports and prevent any worsening of the C/A.

This fall, all eyes will be on external debt markets as the government and private sector will both need to borrow heavily to cover the C/A gap, which usually widens in the 2H due to seasonal factors. External borrowing volumes have subsided considerably since May as investor capital fled emerging markets. Moreover, investor perception of Ukraine’s creditworthiness remains skeptical, with CDS still hovering near 2013 highs. We don’t rule out the possibility that the government may have to make some desperate debt-market moves to patch the budget gap and prevent a meltdown in NBU reserves. A recent government decision allows the country to raise 2-year debt at 6.5% p.a. and an upfront fee of 3.02% while a sovereign Eurobond due in 2013 now yields 9.9%.

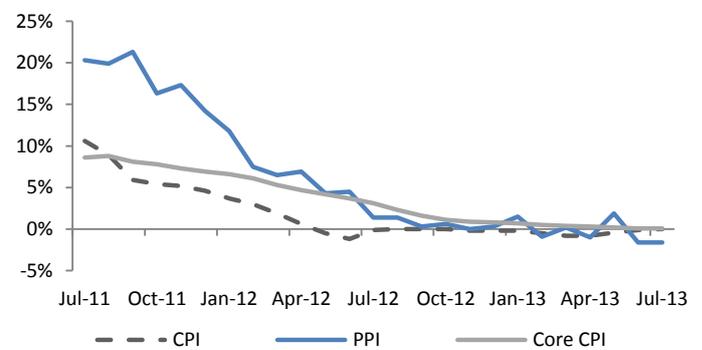
Meanwhile, Ukraine is servicing its debt to the IMF on schedule – it repaid c. USD 930 mln in August and will have to return USD 1.6 bln in 4Q13. Repayments to the IMF will weigh heavily on NBU reserves; we expect them to fall to USD 20.1 bln by end-2013 from USD 22.7 bln at end-July. Given the huge BoP-related uncertainties in 2H13, maintaining a stable hryvnia will be a serious challenge. For the time being, we retain our end-2013 projection of a UAH/USD rate of 8.7 vs. 8.1 currently.

Monthly retail trade and industrial production, chg. y/y



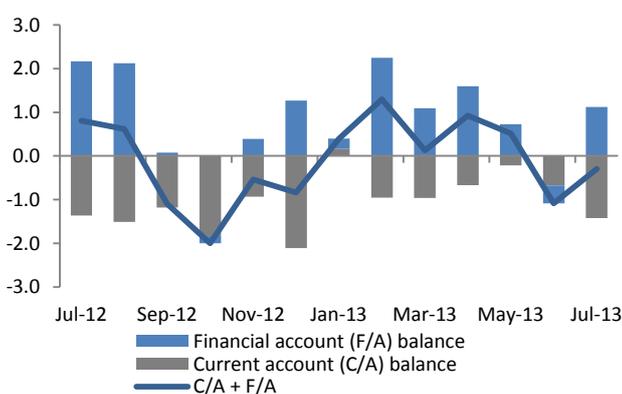
Source: UkrStat

CPI and PPI, yoy



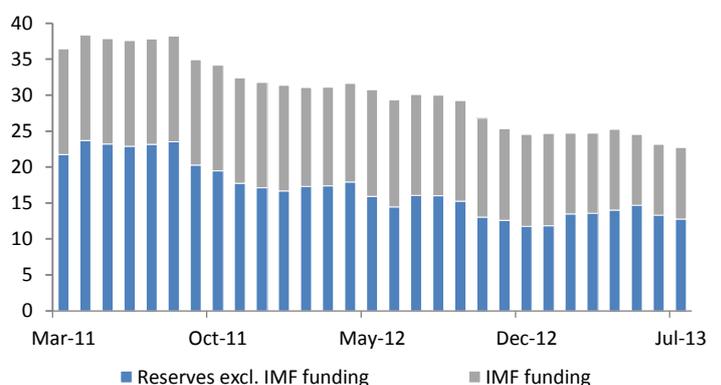
Source: UkrStat

Monthly balance of payments, USD bln



Source: NBU

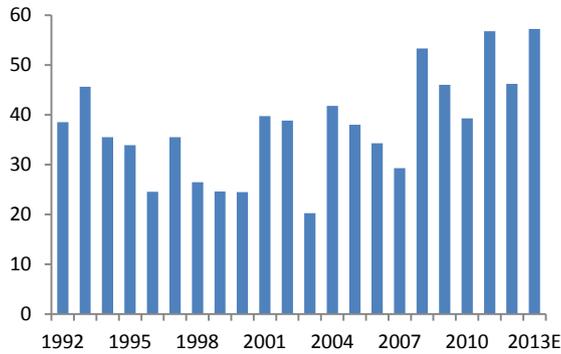
NBU gross international reserves, USD bln



Sources: NBU, Finance Ministry

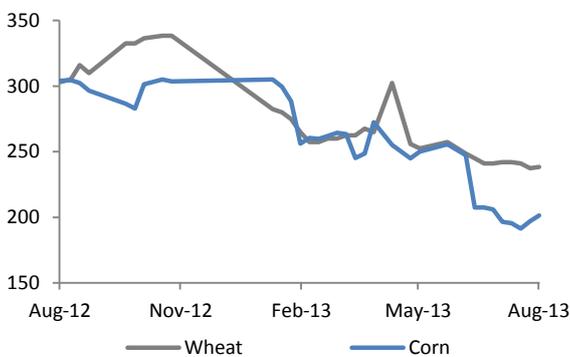
Sector Snapshots

Ukraine's grain harvest, mln t.



Source: UkrStat

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



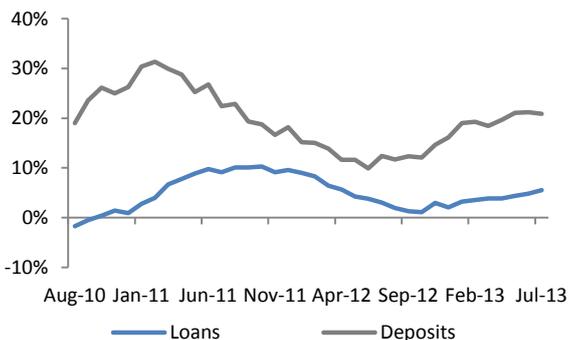
Source: Bloomberg

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



Source: Bloomberg

Bank loans and deposits, chg. yoy



Source: NBU, SP Advisors

Agriculture

Favorable weather conditions are driving Ukraine towards its largest harvest of the last two decades. The government is projecting volumes above 57 mln t, up 23% yoy and just above the previous high of 56.7 million in 2011. The average yield is up 20% yoy for wheat and 10% yoy for barley. Grain exports are on pace for 28 mln t in the 2013/14 marketing year, up 18% yoy, including 9 mln t of wheat and 16 mln t of corn. This year's bumper harvest is a double-edged sword – the expected surge in supplies has pushed prices down: wheat prices declined 6% in June-August, corn prices were down 19%.

Food Processing

Ukraine's oil crushing capacity now stands at 13 mln t/year, according to the Association of Vegetable Oil Producers, and the sunflower seed harvest is expected at 9.0-9.5 mln t. Competition for sunflower seeds will thus remain tough, which suggests a further squeeze in margins for key players. Additionally, Ukraine will harvest about 2.4 mln t of rapeseed and 2.6 mln t of soybeans.

The sugar beet harvest will decline considerably 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 2012/13. 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) but the sharp drop in production should favor further sugar price growth, which was already up 22% in 1H13.

Dairy producers will continue to feel the burden of Russia's trade restrictions. Regular import bans, apparently for food safety reasons, will restrict growth prospects and depress prices.

The key challenge for poultry and egg producers (traditionally focused on domestic market) will be soft domestic consumption as real household incomes decelerate. On the other hand, margins shouldn't suffer as the bumper grain harvest will push costs down substantially.

Metals and Mining

July was the first month of 2013 when output of steelmakers grew (+1.6% yoy), but 7M13 output remains discouraging at -6.3% yoy. Prices also benefited from support through the summer months, with the Black Sea FOB billet price up 4% in Jul-Aug. It remains to be seen if the July improvement is the start of a sustainable trend. At this point we are adopting a conservative view and we don't expect any further acceleration.

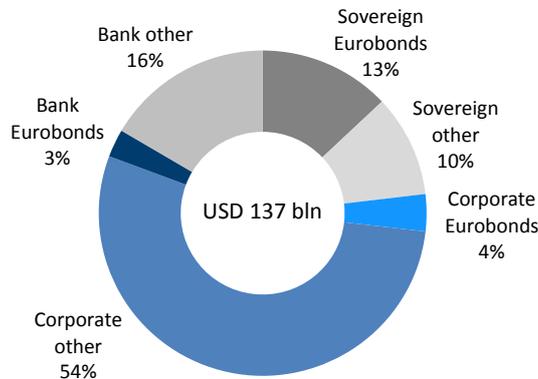
Metal ore mining proved resilient to the economic turbulence and output grew 2.9% yoy in 7M13, thanks in large part to robust external demand. As prices for iron ore, though, declined some 16% in 7M13.

Banking Sector

The banking sector continues to recover, but very slowly. Its funding base is becoming increasingly dependent on deposits, which now make up 61% of total liabilities vs. 44% at end-2008. Deposits rose 10% in 7M13 driven by retail inflows (up 13% in 7M13). Meanwhile, loan origination remains weak – the total loan book added just 3% in 7M13 as creditworthy borrowers remain scarce. Lenders have continued to deploy liquidity into domestic T-bills. We expect profitability to increase drastically this year, mainly on a reduction in loan impairment charges, instead of a top-line improvement. Core earnings are unlikely to materially improve in the near future, in our view.

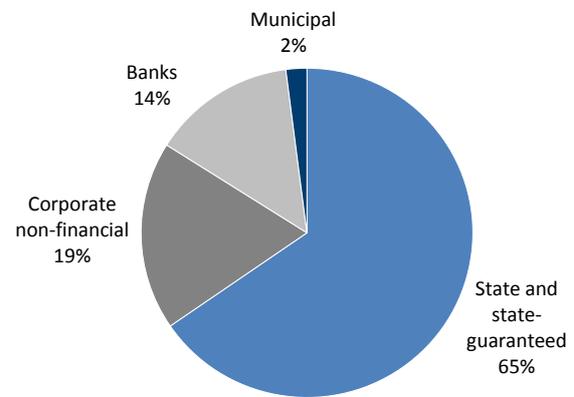
The Hitchhiker's Guide to the Debt Galaxy

Ukraine's gross external debt composition, end-1H13E



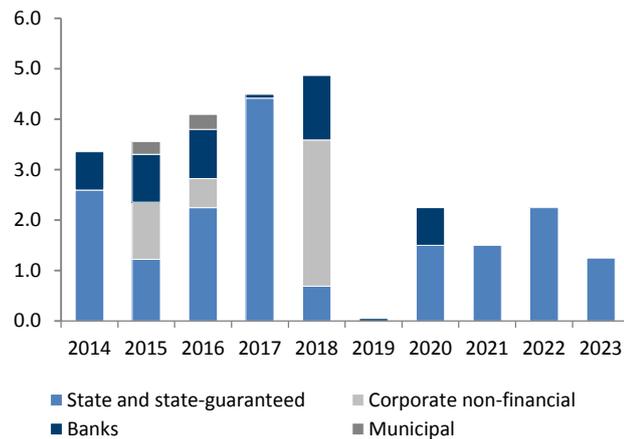
Sources: NBU, SP Advisors

Ukraine Eurobond market composition, Sep. 2013



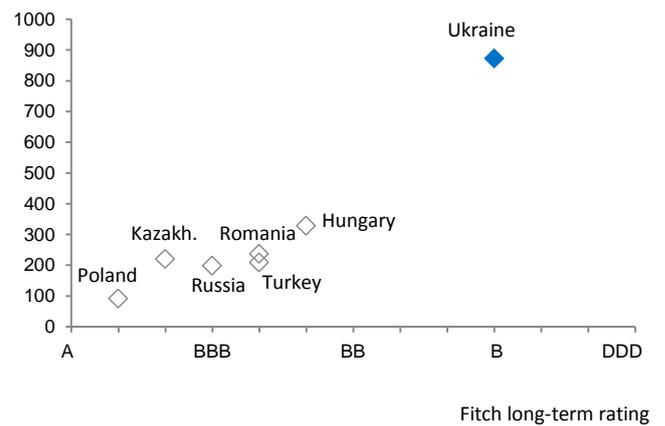
Sources: Bloomberg, SP Advisors

Ukraine Eurobond maturity profile, Sep. 2013, USD bln



Source: SP Advisors

5Y CDS vs. Fitch long-term rating*



* data as of Sep. 2, 2013
Source: Bloomberg

Ukraine sovereign Eurobond yields



Source: Bloomberg

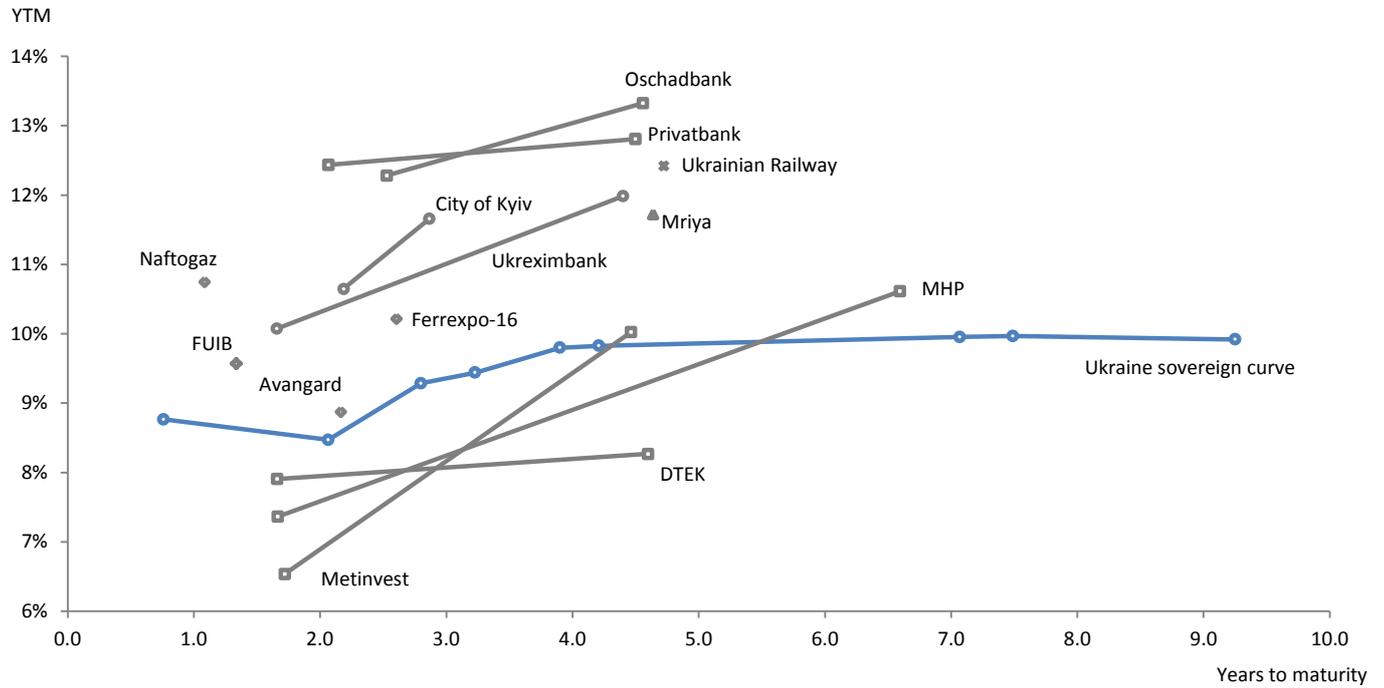
5Y CDS: Ukraine vs. peers



Source: Bloomberg

Ukraine Eurobond Universe

Ukraine Eurobond yield map*



* Data as of Sep. 2, 2013
Sources: Bloomberg, SP Advisors

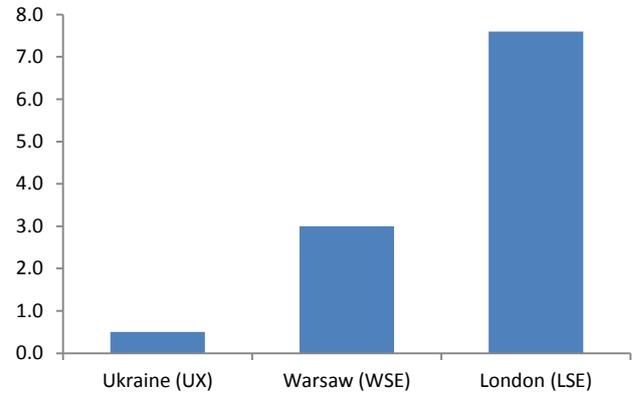
Ukraine's Stock Market Overview

WIG Ukraine



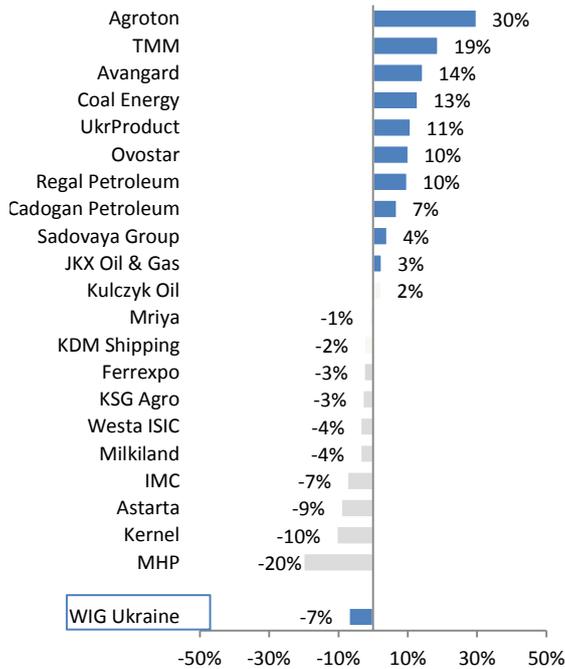
Source: Bloomberg

1-month ADT in Ukrainian stocks



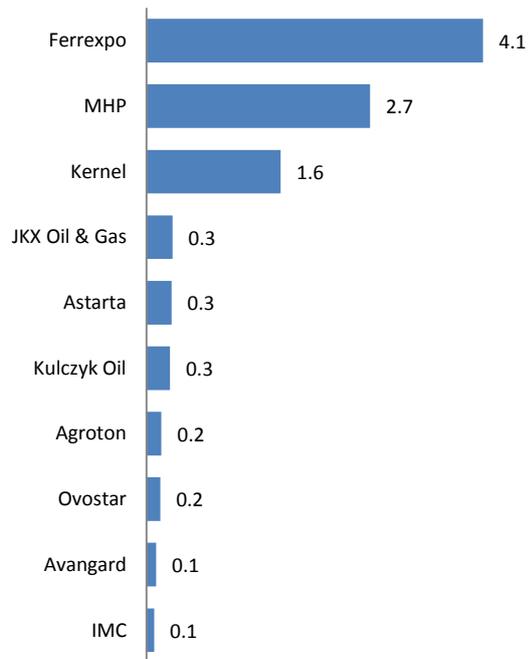
Source: Bloomberg, SP Advisors

Ukrainian stock price change, mom*



* Data as of Sep. 2, 2013
Source: Bloomberg

Average daily trading in Ukrainian stocks, USD mln*



* Data as of Aug. 2 – Sep. 2, 2013
Source: Bloomberg

Eurobond issuer profiles

Ukreximbank

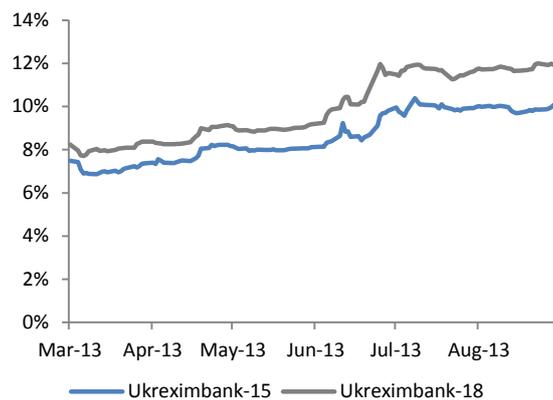
Ukraine | Banks

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



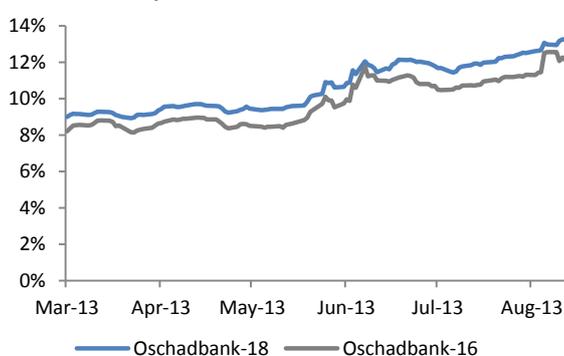
Source: Bloomberg

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	B3	B3	
S&P	-	-	

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Bank description

Fully state-owned and Ukraine's third-largest bank with end-1H13 assets of USD 11.5 bln (7.7% of banking sector assets). Focuses on servicing corporate clients, which account for 99% of total loans. Corporate and retail deposits make up 37% and 27% 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 accounted for c. 40% of total assets at end-1H13, the largest share among Ukrainian banks.
- State-owned companies accounted for 21% of loans at end-2012 (up 4ppts yoy), a sign that the bank's lending policy is becoming increasingly risky.
- The bank is unlikely to return to decent profitability this year or next due to heightened reserves allocation, which nevertheless shouldn't undermine liquidity.

Key financials and ratios, USD mln, UAS

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Assets	9,399	11,008	17%	9,455	11,468	21%
Net loans	5,372	5,059	-6%	5,306	4,830	-9%
Net interest income	434	438	1%	216	240	11%
Net loans to deposits	135%	90%	-45.3 pp	133%	88%	-44.5 pp
ROE	0%	1%	0.4 pp	0%	1%	0.5 pp
Cost/income	23%	27%	3.3 pp	26%	27%	0.9 pp
Cost of risk	6.1%	6.0%	-0.1 pp	6.1%	6.1%	0.0 pp
Equity to assets	24%	20%	-3.3 pp	23%	20%	-3.8 pp
CAR (NBU methodology)	31%	29%	-2.0 pp	32%	29%	-2.4 pp

Sources: Company data, SP Advisors

Oschadbank

Ukraine | Banks

Company description

Fully state-owned and Ukraine's second largest bank with USD 12 bln in assets and 8.0% of the market. The bank boasts the country's largest retail network with over 5,800 outlets. Funding is dominated by retail deposits at c. 45% of total liabilities, while lending is focused on corporates (95% of total loans).

Investment case

- The bank remains a government financing vehicle: T-bills and municipal and state companies' bonds made up 26% of assets at end-1H13, and lending exposure to state companies is high at 47% of the loan portfolio. That said, the share decreased 3.8ppts in 2012.
- The two outstanding Eurobonds are the bank's only exposure to external debt markets. Foreign currency assets account for just 25% 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	1H12	1H13	Chg. yoy
Assets	9,209	10,763	17%	10,605	11,968	13%
Net loans	6,316	6,407	1%	6,336	6,343	0%
Net interest income	4,522	4,928	9%	2,376	2,693	13%
Net loans to deposits	153%	130%	-23.5 pp	137%	118%	-18.9 pp
ROE	3%	3%	0.2 pp	3%	3%	0.7 pp
Cost/income	44%	56%	12.2 pp	53%	49%	-3.8 pp
Cost of risk	5%	3%	-2.3 pp	3%	4%	0.3 pp
Equity to assets	24%	21%	-2.9 pp	21%	19%	-2.1 pp
CAR (NBU methodology)	31%	25%	-5.2 pp	26%	29%	3.8 pp

Sources: Company data, SP Advisors

Privatbank

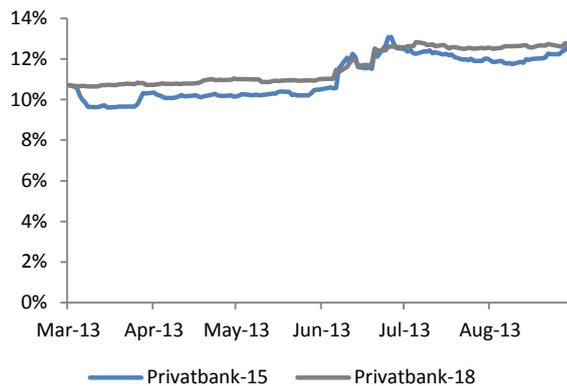
Ukraine | Banks

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	B3	B3	B3
S&P	-	-	-

* subordinated Eurobond
Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Ukraine's largest bank with end-1H13 assets of USD 23.9 bln and a 16% market share. Its retail network consists of nearly 3,400 branches, Ukraine's second largest. Funded mainly via retail deposits (56% of total liabilities) while the corporate segment dominates lending (83% of total loans). Igor Kolomoysky and Gennadiy Bogolyubov own 92.5% of the bank in equal stakes.

Investment case

- The bank is systemically important for the sector as it accounts for 23% of total retail deposits. We believe the central bank will stand ready to support its liquidity should any problems emerge.
- Bank continues to generate remarkable growth – assets increased 11% in 1H13, well ahead of the sector's 6%. The rapid asset growth and decent loan portfolio expansion have resulted in solid profitability (ROE of 14% in 1H13).
- NPLs (loans past due 90 days or more) stood at just 6.1% at end-2012, probably the lowest in entire banking 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	1H12	1H13	Chg. yoy
Assets	18,163	21,581	19%	20,243	23,896	18%
Net loans	12,615	14,234	13%	13,567	15,740	16%
Net interest income	997	1,010	1%	454	535	18%
Net loans to deposits	110%	107%	-2.8 pp	106%	104%	-1.7 pp
ROE	10.0%	8.8%	-1.2 pp	7.0%	14.6%	7.6 pp
Cost/income	39.5%	45.5%	6.0 pp	40.1%	57.0%	16.9 pp
Cost of risk	5.5%	3.8%	-1.8 pp	4.8%	1.0%	-3.8 pp
Equity to assets	11.5%	10.6%	-0.9 pp	10.7%	10.3%	-0.3 pp
CAR (NBU methodology)	11.7%	10.9%	-0.8 pp	11.4%	12.0%	0.6 pp

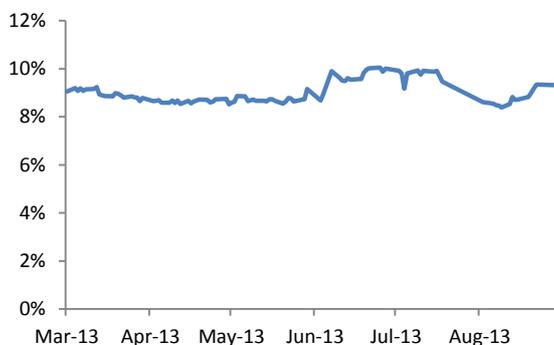
Sources: Company data, SP Advisors

Eurobond parameters

Bloomberg ticker	PUMB UZ
Maturity	12/14
Amount outstanding, USD mln	253
Coupon, Quarterly	11%
Fitch	NR
Moody's	B3
S&P	-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Ukraine's 9th largest bank with total assets of USD 4.1 bln and a 2.7% 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 account for 41% and 29% of total liabilities, respectively, and corporate loans account for 80% of the total portfolio.

Investment case

- One of the fastest growing local banks – assets increased 13.5% yoy in 1H13.
- With an NBU CAR of 15.7%, 95% loan-to-deposit ratio, and 50% C/I, FUIB is among the strongest institutions in Ukraine.
- Core earnings increased substantially in 1H13 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	1H12	1H13	Chg. yoy
Assets	3,721	3,447	-7%	3,271	3,911	20%
Net loans	2,056	2,237	9%	2,142	3,297	54%
Net interest income	123	144	17%	66	80	21%
Net loans to deposits	81%	102%	21.0 pp	97%	95%	-2.0 pp
ROE	9.3%	5.4%	-3.9 pp	5.8%	8.2%	2.4 pp
Cost/income	55.7%	57.8%	2.1 pp	60.3%	49.5%	-10.8 pp
Cost of risk	0.3%	1.4%	1.0 pp	1.1%	1.9%	0.8 pp
Equity to assets	16.3%	18.4%	2.1 pp	18.9%	16.9%	-2.0 pp
CAR (NBU methodology)	15.9%	17.6%	1.7 pp	15.5%	15.7%	0.2 pp

Sources: Company data, SP Advisors

FUIB

Ukraine | Banks

Ukrainian Railway (Ukrzaliznytsya)

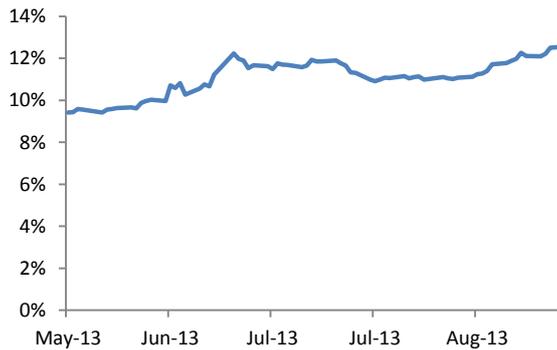
Ukraine | Infrastructure

Eurobond parameters

Bloomberg ticker	RAILUA
Maturity	05/18
Amount outstanding, USD mln	500
Coupon, S/A	9.500%
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
Revenue	6,448	6,591	2%
EBIT	872	652	-25%
EBITDA	1,743	1,454	-17%
Total Assets	9,107	9,204	1%
Net debt	2,051	2,475	21%
EBITDA margin	14%	10%	-4 pp
EBIT margin	27%	22%	-5 pp
Net debt/EBITDA	1.2x	1.7x	0.5x
Gross debt/EBITDA	1.3x	1.7x	0.3x
EBIT/Interest expense	2.4x	1.6x	-0.8x

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 iron ore miner with JORC resources of 6.8 billion tons. Current output stands at c. 11 mmt/year of iron ore pellets, 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. 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.
- CAPEX needs should be fully covered for the next year with a cash balance of USD 446 mln at end-1H13.
- 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%
EBITDA margin	42%	24%	-18 pp	30%	25%	-4 pp
EBIT 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

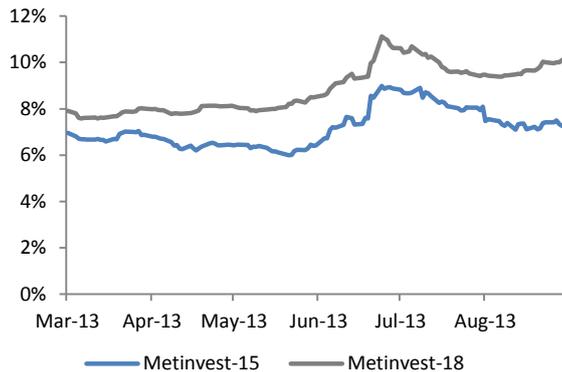
Ukraine | Metals and Mining

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	B3
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 global steel producer). Owned by Rinat Akhmetov's System Capital Management (71.25%), Smart-Holding (23.75%), and Vladimir Boyko (5%).

Investment case

- Perfectly hedged against the risk of a hryvnia depreciation: 78% of revenues are either FX-denominated or linked to USD global prices.
- Reasonably leveraged and with a decent margin of safety: end-2012 net debt-to-EBITDA stood at 1.9x, well below the Eurobond covenant of 3.0x.
- Its debt repayment schedule is relatively light – over 80% of total borrowings (USD 4.3 bln at end-2012) mature beyond 2014.
- The ongoing weakness in global steel markets is taking its toll – crude steel output declined 8% yoy in 1H13 on the heels of a 13% yoy decline in 2012.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1Q12	1Q13	Chg. yoy
Revenue	14,189	12,565	-11%	3,231	3,134	-3%
EBIT	2,791	979	-65%	na	na	na
EBITDA	3,523	1,878	-47%	535	460	-14%
Total Assets	16,007	17,485	9%	na	na	na
Net debt	2,969	3,598	21%	3,474	3,614	4%
EBITDA margin	20%	8%	-12 pp	na	na	na
EBIT margin	25%	15%	-10 pp	17%	15%	-2 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

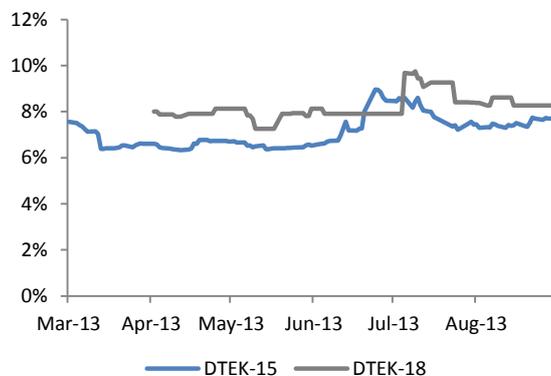
Sources: Company data, SP Advisors

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	B3
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 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-2012 net debt-to-EBITDA of 0.9x, safely below the 2.5x Eurobond covenant.
- DTEK's currency mismatch is a concern: 90% of revenues are in hryvnia while 91% of debt is FX-denominated. Nevertheless, export sales (USD 970 mln in 2012) are more than sufficient to service FX-denominated debt. The debt servicing schedule is benign – over 80% of total borrowings are long-term.
- 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
Revenue	4,949	9,793	98%
EBIT	999	1,438	44%
EBITDA	1,291	2,191	70%
Total Assets	7,044	9,551	36%
Net debt	582	1,913	229%
EBITDA margin	20%	15%	-6 pp
EBIT margin	26%	22%	-4 pp
Net debt/EBITDA	0.5x	0.9x	0.4x
Gross debt/EBITDA	1.5x	1.2x	-0.2x
EBIT/Interest expense	6.2x	2.7x	-3.5x

Sources: Company data, SP Advisors

DTEK

Ukraine | Energy

UkrLandFarming

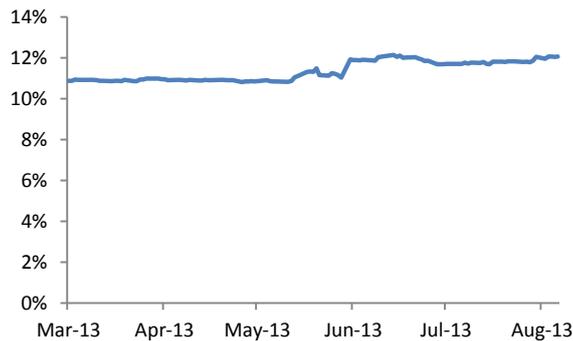
Ukraine | Agriculture and Food Processing

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 are 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.
- Leverage is at an acceptable level with the current gross debt-to-EBITDA (2012) estimated at 2.1x, below the Eurobond covenant of 2.5x.
- Exports make up just above ¼ of revenues, fully covering FX costs and FX debt interest expenses.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy
Revenue	1,343.5	1,889.0	41%
EBIT*	739.1	673.4	-9%
EBITDA*	822.7	791.5	-4%
Total Assets	4,046.3	4,609.0	14%
Net debt	925.7	910.0	-2%
EBITDA margin	55%	36%	-35 pp
EBIT margin	61%	42%	-32 pp
Net debt/EBITDA	1.1x	1.1x	0.0x
Gross debt/EBITDA	1.6x	1.6x	0.0x
EBIT/Interest expense	4.7x	4.2x	-0.5x

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

Sources: Company data, SP Advisors

Avangard

Ukraine | Agriculture and Food Processing

Eurobond parameters

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

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Ukraine's leading egg producer with 52% of industrial shell egg production, 88% of dry egg product output and 97% of 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 27.2 million heads at end-1Q13 (up 5% yoy).

Investment case

- Avangard made strides to improve corporate governance standards in the last couple of year, in an effort to strengthen its investor profile.
- Moderately leveraged with end-1Q13 net debt-to-EBITDA of 0.7x, well below the Eurobond covenant of 3.0x, and gross debt-to-EBITDA of 1.3x.
- About 90% of its debt is FX-denominated, meaning the debt burden could grow if the hryvnia were to depreciate. On the other hand, exports account for 1/4 of revenues, offering a safety cushion.
- About 85% of scheduled CAPEX volumes were financed prior to 2013; deleveraging should start in 2013.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	553.3	629.3	14%	286.3	304.3	6%
EBIT*	231.5	264.5	14%	114.5	122.0	7%
EBITDA*	245.8	279.8	14%	122.1	134.7	10%
Total Assets	1,578	1,629	3%	1,578	1,629	3%
Net debt	80.3	147.9	84%	-4.4	155.6	nm
EBITDA margin	42%	42%	0 pp	40%	40%	0 pp
EBIT margin	44%	44%	0 pp	43%	44%	2 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	6.6x	7.2x	0.6x

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

Sources: Company data, SP Advisors

MHP

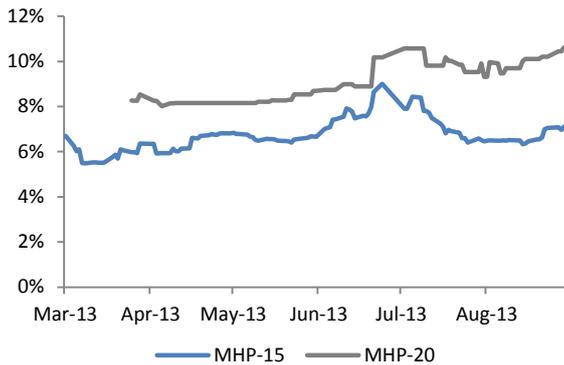
Ukraine | Agriculture and Food Processing

Eurobond parameters

Bloomberg ticker		MHPSA
Maturity	04/15	04/20
Amount outstanding, USD mln	235	750
Coupon, S/A	10.250%	8.250%
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 450,000 t in annual poultry production capacity, which will nearly double to 800,000 t by 2018 after the Vinnytsia farm project is brought on-stream. The company operates a 285,000 ha land bank for fodder production for internal use and is one of the most efficient local farm companies in terms of crop yields.

Investment case

- The company uses debt extensively to fund its development program – following the new Eurobond issue in early April we estimate gross debt-to-EBITDA at 3.1x and net debt-to-EBITDA at 2.4x (vs. a covenant of 3.0x).
- Export sales – dominated by sunflower oil – accounted for 1/3 of 2012 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	1H12	1H13	Chg. yoy
Revenue	1,229	1,408	15%	654	656	0%
EBIT	321	381	19%	196	147	-25%
EBITDA	401	468	17%	231	193	-16%
Total Assets	1,944	2,488	28%	2,152	2,701	26%
Net debt	802	1,045	30%	915	1,179	29%
EBITDA margin	26%	27%	4 pp	30%	22%	-8 pp
EBIT margin	33%	33%	2 pp	35%	29%	-6 pp
Net debt/EBITDA	2.0x	2.2x	0.2x	na	na	na
Gross debt/EBITDA	2.2x	2.4x	0.1x	na	na	na
EBIT/Interest expense	4.9x	6.4x	1.6x	6.7x	3.5x	-3.2x

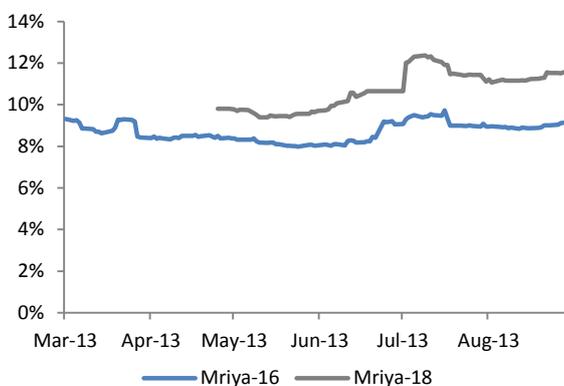
Sources: Company data, SP Advisors

Eurobond parameters

Bloomberg ticker		MRIYA
Maturity	03/16	04/18
Amount outstanding, USD mln	72	400
Coupon, S/A	10.950%	9.450%
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 820,000 t of grain and 116,000 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-1Q13 net debt-to-EBITDA at 1.4x vs. a Eurobond covenant of 2.5x.
- The debt maturity profile is also light – the company has to repay c. USD 240 mln over 2013-2017 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	1Q12	1Q13	Chg. yoy
Revenue	268.3	347.9	30%	16.5	39.0	136%
EBIT*	170.9	207.6	21%	14.3	14.7	3%
EBITDA*	180.3	254.8	41%	21.2	29.2	38%
Total Assets	1,052.9	1,353.3	29%	1,052.8	1,372.8	30%
Net debt	205.9	368.8	79%	237.9	361.1	52%
EBITDA margin	64%	60%	-6 pp	87%	38%	-49 pp
EBIT margin	67%	73%	9 pp	128%	75%	-54 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	1.1x	1.1x	-0.1x

* 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	1,192
Free float	62%
1-month ADT, USD mln	1.625
EV/Sales (2013E)	0.7
EV/EBITDA (2013E)	6.3
P/E (2013E)	8.5

Data as of Sep. 2, 2013. 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 prompted Kernel's first ever quarterly loss in 3Q13 (marketing year). 4Q13 (June quarter-end) bulk oil sales recovered only marginally and the company is likely to have underperformed 2013 financial guidance. We expect downgraded projections for 2014 as well.
- 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

	2011	2012	Chg. yoy	9M12FY*	9M13FY*	Chg. yoy
Revenue	1,899.1	2,169.2	14%	1,584.8	2,072.1	31%
Gross profit	459.5	458.1	0%	332.6	338.4	2%
Gross margin	24%	21%	-3 pp	21%	16%	-5 pp
EBITDA	310.0	325.0	5%	211.2	201.5	-5%
EBITDA margin	16%	15%	-1 pp	13%	10%	-4 pp
EBIT	277.3	255.8	-8%	161.2	143.5	-11%
EBIT margin	14.6%	11.8%	-3 pp	10.2%	6.9%	-3 pp
Net profit/loss	226.0	198.6	-12%	126.0	64.1	-49%
Net debt	306.0	614.1	101%	715.0	938.0	31%

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

Market data

Bloomberg ticker	MHPC LI
Market capitalization, USD mln	1,585
Free float	38%
1-month ADT, USD mln	1.506
EV/Sales (2013E)	1.8
EV/EBITDA (2013E)	5.9
P/E (2013E)	6.5

Data as of Sep. 2, 2013. 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 450,000 t in annual poultry production capacity. The company operates a 285,000 ha land bank 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 33-34% in 2010-13, well above the 5-21% for global peers. Margins will likely decline in 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 2013) and its arable land bank to 450,000 ha (+58% 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	1H12	1H13	Chg. yoy
Revenue	1,229	1,408	15%	654	656	0%
Gross profit	361	422	17%	223	180	-19%
Gross margin	29%	30%	1 pp	34%	27%	-7 pp
EBITDA	401	468	17%	231	193	-16%
EBITDA margin	33%	33%	1 pp	35%	29%	-6 pp
EBIT	321	381	19%	196	147	-25%
EBIT margin	26%	27%	1 pp	30%	22%	-8 pp
Net profit/loss	259	311	20%	170	90	-47%
Net debt	802	1,045	30%	915	1,179	nm

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	651
Free float	23%
1-month ADT, USD mln	0.120
EV/Sales (2013E)	1.1
EV/EBITDA (2013E)	2.8
P/E (2013E)	3.0

Data as of Sep. 2, 2013. Source: Bloomberg

Share price, USD/share



Source: Bloomberg

Company description

Ukraine's leading egg producer with 52% of industrial shell egg output, 88% of dry egg product output, and 97% of dry egg product exports. The company operates 19 farms for laying hens, egg processing plants, and other auxiliary facilities, and had a total laying hen flock of 27.2 million heads at end-1Q13 (up 5% yoy). Shell eggs accounted for 70% of 2012 revenues.

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	1H12	1H13	Chg. yoy
Revenue	553.3	629.3	14%	286.3	304.3	6%
Gross profit	223.8	258.5	16%	113.9	118.6	4%
Gross margin	40%	41%	1 pp	40%	39%	-1 pp
EBITDA	245.8	279.8	14%	122.1	134.7	10%
EBITDA margin	44%	44%	0 pp	43%	44%	2 pp
EBIT	231.5	264.5	14%	114.5	122.0	7%
EBIT margin	42%	42%	0 pp	40%	40%	0 pp
Net profit/loss	196.3	228.2	16%	97.6	105.6	8%
Net debt	80.3	147.9	84%	-4.4	155.6	nm

Sources: Company data, SP Advisors

Market data

Bloomberg ticker	OVO PW
Market capitalization, USD mln	153
Free float	26%
1-month ADT, USD mln	0.182
EV/Sales (2013E)	2.1
EV/EBITDA (2013E)	5.3
P/E (2013E)	6.1

Data as of Sep. 2, 2013. 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-1Q13 flock of 3.3 mln 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.
- Its large-scale investment program is set to be completed by end-2013, but the company has not hinted at any ambitious plans beyond that.
- Very low leverage with end-1H13 net debt at just USD 2.5 mln. Expansion has thus far been financed from operating cash flows and IPO proceeds.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	50.6	60.3	19%	27.8	33.1	19%
Gross profit	23.3	29.1	25%	13.6	10.6	-22%
Gross margin	46%	48%	2 pp	49%	32%	-17 pp
EBITDA	22.3	27.3	22%	13.1	9.5	-27%
EBITDA margin	44%	45%	1 pp	47%	29%	-18 pp
EBIT	20.6	23.7	15%	11.7	6.8	-42%
EBIT margin	41%	39%	-1 pp	42%	21%	-22 pp
Net profit/loss	20.0	24.0	20%	12.1	6.7	-45%
Net debt	-17.8	3.3	nm	-8.1	2.5	nm

Sources: Company data, SP Advisors

Ovostar

Ukraine | Agriculture and Food Processing

UkrProduct

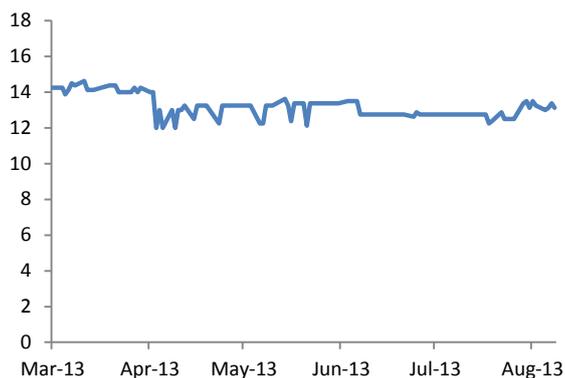
Ukraine | Agriculture and Food Processing

Market data

Bloomberg ticker	UKR LN
Market capitalization, USD mln	8
Free float	25%
1-month ADT, USD mln	0.016
EV/Sales (2013E)	0.3
EV/EBITDA (2013E)	3.3
P/E (2013E)	4.6

Data as of Sep. 2, 2013. 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, branded products drove 59% and distribution 22% of net sales. 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.
- Should be able to marginally increase EBITDA yoy in 2013 despite tough markets via rebalancing of the product mix. Launch of kvass production (traditional Ukrainian non-alcoholic drink) should help offset margin weakness in some dairy segments.
- Ukrproduct's CAPEX program mainly focuses on modernizing existing production facilities.
- The first-ever Ukrainian company that gained a dual listing in LSE (London) and UX (Ukraine). Launch of dual listing and availability of the company shares for local individuals should significantly broaden investor base.

Key financials and ratios, GBP mln

	2011	2012	Chg. yoy
Revenue	50.5	60.2	19%
Gross profit	6.8	9.0	32%
Gross margin	13%	15%	1 pp
EBITDA	1.9	3.2	68%
EBITDA margin	3.8%	5.3%	2 pp
EBIT	1.0	2.0	106%
EBIT margin	1.9%	3.3%	1 pp
Net profit/loss	0.4	0.9	113%
Net debt	6.8	8.5	25%

Sources: Company data, SP Advisors

Market data

Bloomberg ticker	MLK PW
Market capitalization, USD mln	111
Free float	21%
1-month ADT, USD mln	0.069
EV/Sales (2013E)	0.5
EV/EBITDA (2013E)	5.1
P/E (2013E)	13.6

Data as of Sep. 2, 2013. 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 farming subsidiary with 3,000 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

- Regular trade restrictions imposed by Russia's food safety service remain the key problem. Although most of the quality concerns have proven groundless, regular supply interruptions weigh on Milkiland's market position.
- The company has tried to overcome the trade barriers by acquiring milk processing capacities in Russia, but that has only partially resolved the situation.
- Milkiland plans to finance its future modernization program primarily from operating cash flows and secure new debt only to refinance existing facilities.

Key financials and ratios, EUR mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	279.8	287.0	3%	134.1	151.1	13%
Gross profit	67.5	78.2	16%	34.7	34	-2%
Gross margin	24%	27%	3 pp	26%	23%	-3 pp
EBITDA	34.6	37.9	10%	16.2	13.7	-15%
EBITDA margin	12%	13%	1 pp	12%	9%	-3 pp
EBIT	21.0	22.0	5%	9.6	6.9	-28%
EBIT margin	7.5%	7.7%	0 pp	7.2%	4.6%	-3 pp
Net profit/loss	14.8	13.6	-8%	6.3	5.5	-13%
Net debt	41.9	73.1	74%	53.6	92.8	73%

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	524
Free float	37%
1-month ADT, USD mln	0.299
EV/Sales (2013E)	1.7
EV/EBITDA (2013E)	6.5
P/E (2013E)	7.8

Data as of Sep. 2, 2013. 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 50% self-sufficient in sugar beets. Astarta is also Ukraine's largest industrial milk producer with a herd of 31,000 cattle.

Investment case

- High exposure to the overly regulated domestic sugar market (52% of total revenues in 1H13) 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.
- A recovery of the sugar price (+22% in 1H13) driven by the exit of small players should help offset a contraction of margins in 1H13.
- In the near-term, Astarta plans to complete a biogas production plant and soybean processing plant that, according to management, will help diversify its business and boost energy efficiency.

Key financials and ratios, EUR mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	423.6	457.5	8%	142.6	164.2	15%
Gross profit*	168.6	106.2	-37%	35	20.9	-40%
Gross margin	40%	23%	13 pp	25%	13%	-12 pp
EBITDA*	110.8	84.9	-17%	71.4	76.6	7%
EBITDA margin	26%	19%	-8 pp	50%	47%	-3 pp
EBIT*	130.3	76.3	-41%	59.4	63.7	7%
EBIT margin	31%	17%	-14 pp	42%	39%	-3 pp
Net profit/loss	122.1	57.7	-53%	52.9	52.3	-1%
Net debt	192.2	242.4	26%	189.4	228.1	20%

* 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	143
Free float	24%
1-month ADT, USD mln	0.043
EV/Sales (2013E)	1.8
EV/EBITDA (2013E)	3.1
P/E (2013E)	4.8

Data as of Sep. 2, 2013. Source: Bloomberg

Share price, PLN/share



Source: Bloomberg

Company description

An integrated agro producer in northern Ukraine with 121,000 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 and oilseeds accounted for 84% of total revenues in 2012. 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. This year's expansion in cultivated area and strong crop yields will allow revenues and EBITDA to grow 70-90% yoy in 2013, according to management estimates.
- Heavily leveraged with USD 105 mln in end-1H13 debt as land acquisitions in 2012 were mainly financed with new borrowings.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Revenue	29.1	75.3	159%	32.1	53.3	66%
Gross profit*	27.8	34.8	25%	30.3	53.8	78%
Gross margin	96%	46%	-49 pp	94%	101%	7 pp
EBITDA*	25.7	32.0	25%	29.3	51.6	76%
EBITDA margin	88%	42%	-46 pp	91%	97%	6 pp
EBIT*	19.2	23.7	23%	25.4	45.8	80%
EBIT margin	66%	31%	-35 pp	79%	86%	7 pp
Net profit/loss	17.3	18.7	8%	24.2	41.1	70%
Net debt	17.4	78.9	353%	43.1	104.6	143%

* 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	47
Free float	34%
1-month ADT, USD mln	0.013
EV/Sales (2013E)	1.6
EV/EBITDA (2013E)	5.9
P/E (2013E)	2.6

Data as of Sep. 2, 2013. Source: Bloomberg

Share price, PLN/share



Source: Bloomberg

Market data

Bloomberg ticker	TR61 GR
Market capitalization, USD mln	29
Free float	20%
1-month ADT, USD mln	nm
EV/Sales (2012)	6.2
P/B (2012)	0.3
P/E (2012)	neg.

Data as of Sep. 2, 2013. Source: Bloomberg

Share price, EUR/share



Source: Bloomberg

Company description

Farming company in eastern and southern Ukraine with a 90,000 ha land bank. Other business lines include pig farming, oilseed crushing, and agro-pellet and flour production, and operates 120,000 t in storage facilities. KSG is continuing on an intensive CAPEX program: the focus is now shifting from land bank expansion in 2012 (up 50% yoy) 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 64 mln at end-1Q13, more than 6x above 2012 operating cash flow of USD 10.5 mln (before change 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	1Q12	1Q13	Chg. yoy
Revenue	34.7	37.2	7%	4.6	8.2	78%
Gross profit	13.9	19.6	41%	3.0	4.7	57%
Gross margin	40%	53%	32%	65%	57%	-12%
EBITDA	30.1	25.2	-16%	na	na	na
EBITDA margin	87%	68%	-19 pp	na	na	na
EBIT	28.3	18.2	-36%	2.4	3.7	54%
EBIT margin	82%	49%	-33 pp	52%	45%	-7 pp
Net profit/loss	27.4	11.7	-57%	1.8	1.8	0%
Net debt	22.1	57.9	162%	na	na	na

* 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 just 3% (USD 10 mln) in 1H13, but should accelerate as TMM started its premium Alter Ego residential project.
- Debt burden remains high at USD 135 mln at end-1H13 and the company's liquidity is dependent on banks' willingness 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
Revenue	29.7	47.3	59%
Gross profit	4.9	5.8	18%
Gross margin	16.7%	12.3%	-4.4 pp
EBITDA	-8.4	0.9	-111%
EBITDA margin	neg.	2.0%	nm
Operating profit/loss	-10.2	-4.7	-54%
Operating margin	neg.	neg.	nm
Net profit/loss	-22.2	-19.5	-12%
Net debt	155.8	130.5	-16%

Sources: Company data, SP Advisors

Cadogan Petroleum

Ukraine | Oil & Gas

Market data

Bloomberg ticker	CAD LN
Market capitalization, USD mln	55
Free float	37%
1-month ADT, USD mln	0.024
EV/Sales (2013E)	1.7
EV/EBITDA (2013E)	3.2
P/E (2013E)	4.3

Data as of Sep. 2, 2013. Source: Bloomberg

Share price, GBP/share



Source: Bloomberg

Company description

Oil & gas exploration, development and production company with assets based in Ukraine. Holds interests in nine oil & gas licenses covering 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 (other participants being ENI and state-owned NAK Nadra) with nine shale gas licenses for an area of 3,800 km² in Ukraine.

Investment case

- End-1H13 cash totaled USD 63.4 mln (vs. USD 40.5 mln at end-2012) thanks to a USD 29.5 mln cash settlement that company received following successful court litigation with Global Process Systems. With hefty cash balance and no debt the company is perfectly positioned to upscale its operations.
- Company recently overhauled its technical team and held a comprehensive re-evaluation of potential of its existing assets. Following such a re-assessment, Cadogan has identified new explorations 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

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

Sources: Company data, SP Advisors

Issuer profiles: Georgia

Bank of Georgia

Georgia | Banks

Market data

Bloomberg ticker	BGEO LN
Market capitalization, USD mln	923
Free float	100%
1-month ADT, USD mln	2.602
EV/Sales (2013E)	4.5
EV/EBITDA (2013E)	-
P/E (2013E)	8.0

Data as of Sep. 2, 2013. 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	6.13
Ratings (Fitch/Moody's/S&P)	BB-/Ba3/BB-

Source: Bloomberg

Yield-to-Maturity



Source: Bloomberg

Company description

Georgia's leading bank with end-1H13 assets of USD 3.4 bln and a 35% market share. Operates 197 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.

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 (110%), tough cost control (C/I at 40% in 2Q), and a thick capital cushion (BIS CAR of 28%).
- Growth in the share price will be limited by weak new loan origination (lending was up just 6.8% yoy at end-1H13) as demand for debt from corporates remains muted on weakening economic growth.
- A recent substantial drop in cost of funds (6.2% in 2Q13 vs. 7.5% in 2Q12) should support interest margins and core earnings.

Key financials and ratios, USD mln

	2011	2012	Chg. yoy	1H12	1H13	Chg. yoy
Assets	2,815	3,414	21%	3,000	3,436	15%
Net loans	1,579	1,866	18%	1,777	1,892	6%
Net interest income	141	173	23%	84	91	8%
Net income	109	82	-25%	52	58	10%
Net loans to deposits	95.7%	114.8%	19.1 pp	102.7%	109.6%	6.9 pp
ROE	18.3%	19.1%	0.8 pp	19.6%	17.6%	-2.0 pp
Cost/income	48.5%	44.4%	-4.1 pp	45.6%	41.7%	-3.9 pp
Cost of risk	0.9%	1.3%	0.4 pp	0.9%	1.5%	0.6 pp
Equity to assets	17.4%	18.7%	1.3 pp	19.4%	19.4%	0.0 pp
CAR (NBG methodology)	16.2%	16.2%	0.0 pp	17.8%	16.3%	-1.5 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	7.750
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 49% in 1Q13 from 57% in 1Q12 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. On the other hand, the USD 213 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	1Q12	1Q13	Chg. yoy
Revenue	286	284	-1%	64	64	1%
EBIT	100	93	-7%	22	17	-22%
EBITDA	157	149	-5%	36	32	-12%
Total Assets	1,433	1,713	20%	891	1,697	91%
Debt	257	547	113%	252	535	112%
EBITDA margin	35%	33%	-6 pp	34%	26%	-23 pp
EBIT margin	55%	53%	-4 pp	57%	49%	-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	16.0x	2.6x	-13.4x	5.5x	5.6x	0.1x

Sources: Company data, SP Advisors

Appendixes

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	05.06.2014	8.66	1.14	0.37	-	B	B3	B
Ukraine-09/15	USD	500	24.09.2015	8.37	0.22	0.60	-1.77	B	B3	B
Ukraine-10/15	EUR	600	14.10.2015	6.51	0.54	-0.01	-4.12	B	B3	B
Ukraine-06/16	USD	1,250	18.06.2016	9.25	0.27	0.89	-0.61	B	B3	B
Ukraine-11/16	USD	1,000	22.11.2016	9.41	0.29	0.97	-0.47	B	B3	B
Ukraine-07/17	USD	2,600	25.07.2017	9.82	0.14	0.87	-	B	B3	B
Ukraine-11/17	USD	700	15.11.2017	9.80	0.16	0.83	-0.60	B	B3	B
Ukraine-20	USD	1,500	24.09.2020	9.94	0.14	0.74	-0.37	B	B3	B
Ukraine-21	USD	1,500	24.02.2021	9.95	0.15	0.69	-0.05	B	B3	B
Ukraine-22	USD	2,250	29.11.2022	9.89	0.16	0.70	-	B	B3	B
Ukraine-23	USD	1,250	18.04.2023	9.78	0.11	0.58	-	B	B3	B
Infrastr. projects-11/17	USD	568	04.11.2017	11.23	0.53	0.78	-0.99	-	B3	-
Infrastr. projects-12/17	USD	550	08.12.2017	11.46	0.58	0.66	-	-	(P)B3	-
Infrastr. projects-18	USD	690	21.04.2018	11.33	1.48	0.77	-1.08	-	B3	-
Municipal										
City of Kiev-15	USD	250	06.11.2015	10.85	0.82	0.13	-3.80	B-	B3	B-
City of Kiev-16	USD	300	11.07.2016	11.67	0.39	0.42	-3.88	B-	B3	B-
Banks										
Finance and Credit-14	USD	95	25.01.2014	-	-	-	-	-	Caa1	-
VAB Bank-14	USD	112	14.06.2014	36.15	0.00	-6.88	-	WD	Caa1	-
FUIB-14	USD	252	31.12.2014	9.57	1.21	0.95	-7.22	NR	B3	-
Ukreximbank-14	UAH	2,385	03.02.2014	24.10	3.71	-	-	B	B3	-
Ukreximbank-15	USD	750	27.04.2015	10.12	0.87	0.13	-3.02	B	B3	-
Ukreximbank-16	USD	125	09.02.2016	12.55	1.05	0.84	-4.87	CCC	Caa1	-
Ukreximbank-18	USD	600	22.01.2018	12.05	0.48	0.33	-	B	B3	-
Oschadbank-16	USD	700	10.03.2016	12.29	0.72	1.35	-2.10	B	B3	-
Oschadbank-18	USD	500	20.03.2018	13.36	0.49	1.39	-	B	B3	-
Privatbank-15	USD	200	23.09.2015	12.23	0.95	0.39	-5.66	B	B3	-
Privatbank-16	USD	150	09.02.2016	13.99	1.72	0.60	-6.72	-	B3	-
Privatbank-18	USD	175	28.02.2018	12.81	0.47	0.30	-	B	B3	-
Corporate										
Naftogaz-14	USD	1,595	30.09.2014	10.72	0.86	1.39	-1.49	B	-	-
Agroton-14	USD	50	14.07.2014	67.66	20.56	0.60	45.33	C	-	NR
Avangard-15	USD	200	29.10.2015	8.87	0.00	-0.63	-10.39	B	-	-
MHP-15	USD	235	29.04.2015	7.36	0.00	-0.03	-5.81	B	B3	-
MHP-20	USD	750	02.04.2020	10.61	0.00	0.64	-	B	-	B
DTEK-15	USD	200	28.04.2015	7.91	0.00	0.69	-4.20	B	B3	-
DTEK-18	USD	750	04.04.2018	8.27	0.00	-0.10	-	B	B3	-
Metinvest-15	USD	500	20.05.2015	6.54	0.00	-0.99	-5.36	B	B3	-
Metinvest-18	USD	750	14.02.2018	10.03	0.00	0.46	-2.84	B	B3	-
Mriya-16	USD	72	30.03.2016	-	-	-	-	B	-	B
Mriya-18	USD	400	19.04.2018	11.73	0.00	0.53	-	B	-	B
Ferrexpo-16	USD	500	07.04.2016	10.22	0.00	0.17	-	B	Caa1	B
Ukrlandfarming-18	USD	500	26.03.2018	12.08	0.54	0.37	-	B	-	B-
Ukrainian Railway-18	USD	500	21.05.2018	12.36	0.55	1.35	-	B-	-	B

Data as of Sep. 02, 2013. 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	1,192	6.3	5.0	0.7	0.7	0.9	0.8	8.5	5.8	0.60	0.42
MHP	MHPC LI	1,585	5.9	4.5	1.8	1.4	1.3	1.1	6.5	4.8	0.90	0.61
Mriya	MAYA GR	626	-	-	-	-	-	-	6.2	2.9	-	-
Astarta	AST PW	524	6.5	4.5	1.7	1.3	1.0	0.7	7.8	4.3	0.59	0.44
IMC	IMC PW	143	3.1	3.1	1.8	1.0	0.9	0.7	4.8	3.0	0.69	0.31
KSG Agro	KSG PW	47	5.9	-	1.6	-	-	-	2.6	2.0	-	-
Agroton	AGT PW	16	-	-	-	-	-	-	-	-	-	-
Sintal Agriculture	SNPS AV	2	-	-	-	-	-	-	-	-	-	-
Median		333	6.1	4.5	1.7	1.2	0.9	0.8	6.4	3.7	0.65	0.43
Food												
Avangard	AVGR LI	651	2.8	2.0	1.1	0.8	0.5	0.4	3.0	2.8	0.09	-0.04
Ovostar	OVO PW	153	5.3	3.3	2.1	1.4	1.2	1.0	6.1	4.7	0.13	-0.07
Milkiland	MLK PW	111	5.1	5.0	0.5	0.5	-	-	13.6	10.0	-	-
UkrProduct	UKR LN	8	3.3	2.3	0.3	0.2	0.3	0.2	4.6	2.9	0.39	0.24
Median		132	4.2	2.8	0.8	0.6	0.5	0.4	5.4	3.8	0.13	-0.04
Oil & Gas												
JKX Oil & Gas	JKX LN	183	1.3	1.0	0.8	0.6	0.3	0.3	3.9	3.8	-0.03	-0.10
Kulczyk Oil	SEN PW	239	5.1	4.6	2.7	2.4	7.4	7.2	-	-	-0.81	-0.18
Regal Petroleum	RPT LN	86	-	-	-	-	-	-	4.8	9.9	-	-
Cadogan Petroleum	CAD LN	55	-	-	-	-	-	-	-	-	-	-
Median		134	3.2	2.8	1.7	1.5	3.9	3.8	4.3	6.9	-0.42	-0.14
Mining												
Coal Energy	CLE PW	32	-	0.3	-	0.1	-	0.2	0.8	0.9	-	-0.11
Sadovaya Group	SGR PW	14	-	-	-	-	-	-	-	-	-	-
Median		23	-	0.3	-	0.1	-	0.2	0.8	0.9	-	-0.11
Metals & Mining												
Ferrexpo	FXPO LN	1,621	4.9	5.5	1.4	1.4	0.9	0.9	7.0	8.0	0.33	0.33
Median		1,621	4.9	5.5	1.4	1.4	0.9	0.9	7.0	8.0	0.33	0.33
Real Estate												
TMM	TR61 GR	29	-	-	-	-	-	-	-	-	-	-
Median		29	-	-	-	-	-	-	-	-	-	-
Industrials												
Westa ISIC	WES PW	8	-	-	-	-	-	-	-	-	-	-
Median		8	-	-	-	-	-	-	-	-	-	-
Transportation												
KDM Shipping	KDM PW	95	-	-	-	-	-	-	-	-	-	-
Median		95	-	-	-	-	-	-	-	-	-	-

* as of Sep. 02, 2013. Source: Bloomberg

Median values for peer companies*

Sector / Company	EV/EBITDA		EV/Sales		P/B		P/E		Net Debt / Book Value	
	2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Oil & Gas										
Emerging markets (4)	3.5	3.3	0.3	0.3	0.7	0.7	4.6	4.0	0.32	0.28
Mature markets (6)	4.0	4.0	0.8	0.9	1.4	1.3	10.1	9.4	0.17	0.16
Metals & Mining										
Emerging markets (11)	5.7	4.7	0.9	0.8	0.8	0.7	8.6	9.7	0.78	0.90
Mature markets (5)	7.3	5.4	0.4	0.4	0.9	0.9	-13.7	12.8	0.95	0.89
Food										
Emerging markets (4)	18.7	10.3	1.4	1.2	5.1	4.6	29.5	25.4	0.20	0.09
Mature markets (10)	10.1	9.5	1.9	1.9	3.5	3.2	16.7	15.8	1.11	0.91
Agriculture										
Emerging markets (5)	7.6	4.4	1.1	1.2	0.5	0.5	120.4	7.8	0.11	0.25
Mature markets (4)	8.7	6.8	0.3	0.3	1.2	1.1	16.1	11.3	0.17	0.11

* numbers in brackets indicate number of peer companies. Source: Bloomberg

Appendix C: Key Macro Data and Projections

	2005	2006	2007	2008	2009	2010	2011	2012	2013E
Business cycle indicators									
Real GDP, % chg yoy	3.0	7.4	7.6	2.3	-14.8	4.1	5.2	0.2	-0.5
Household consumption, % chg yoy	20.1	15.9	17.1	11.8	-14.9	7.1	15.0	11.7	5.5
Investments in fixed capital, % chg yoy	3.9	20.9	23.9	1.6	-50.5	3.9	10.1	0.9	-5.4
Industrial output, % chg yoy	3.1	6.2	7.6	-5.2	-21.9	11.2	7.6	-1.8	-4.1
Nominal GDP, UAH bln	441	544	721	948	913	1,083	1,317	1,400	1,478
Nominal GDP, USD bln	86	108	143	180	117	136	165	175	180
GDP per capita, USD	1,836	2,312	3,078	3,891	2,550	2,982	3,625	3,851	3,961
CPI (eop), %	10.3	11.6	16.6	22.3	12.3	9.1	4.6	-0.2	6.3
CPI average, %	13.5	9.1	12.8	25.2	15.9	9.4	8.0	0.6	2.4
Unemployment (ILO methodology, avg), %	7.8%	7.4%	6.9%	6.9%	9.6%	8.8%	8.6%	8.1%	7.9%
Balance of payments									
Current account balance, USD bln	2.5	-1.6	-5.3	-12.8	-1.7	-3.0	-9.0	-14.8	-13.9
% GDP	2.9%	-1.5%	-3.7%	-7.1%	-1.5%	-2.2%	-5.4%	-8.4%	-7.7%
Financial account balance, USD bln	8.2	4.0	14.7	9.7	-12.0	8.0	6.6	10.6	14.5
% GDP	9.5%	3.7%	10.3%	5.4%	-10.2%	5.9%	4.0%	6.0%	8.0%
FDI net, USD bln	7.5	5.7	9.2	9.9	4.7	5.8	7.0	6.6	5.5
% of GDP	8.7%	5.3%	6.5%	5.5%	4.0%	4.3%	4.2%	3.8%	3.1%
Gross NBU reserves (eop), USD bln	19.4	22.4	32.5	31.5	26.5	34.6	31.8	24.5	21.3
Monetary and banking indicators									
Monetary base, UAH bln	83	97	142	187	195	226	240	255	268
Monetary base, % chg yoy	54%	17%	46%	32%	4%	16%	6%	6%	5%
Money supply (M3), UAH bln	194	261	396	515	487	598	683	773	851
Money supply, % chg yoy	54%	35%	52%	30%	-5%	23%	14%	13%	10%
Monetary multiplier (eop M3/MB)	2.3	2.7	2.8	2.8	2.5	2.6	2.8	3.0	3.2
Bank loans, % chg yoy	62%	71%	74%	72%	-2%	1%	10%	2%	5%
Bank deposits, % chg % yoy	60%	39%	52%	28%	-8%	26%	18%	16%	11%
Loan-to-deposit ratio	108%	133%	152%	205%	219%	175%	162%	143%	135%
Exchange rate									
Official UAH/USD (eop)	5.05	5.05	5.05	7.70	7.99	7.96	7.99	7.99	8.70
Official UAH/USD (avg)	5.12	5.05	5.05	5.27	7.79	7.94	7.97	7.99	8.20
Budget and debt indicators									
Consolidated budget revenues, USD bln	26.2	34.0	43.6	56.4	35.0	39.6	50.0	55.7	56.4
% of GDP	2.9%	-1.5%	-3.7%	-7.1%	-1.5%	-2.2%	-5.4%	31.8%	31.3%
Consolidated budget expenditures, USD bln	27.7	34.7	45.1	59.1	39.8	47.6	52.3	62.0	64.5
% of GDP	9.5%	3.7%	10.3%	5.4%	-10.2%	5.9%	4.0%	35.4%	35.8%
Consolidated budget balance, USD bln	-1.6	-0.7	-1.5	-2.7	-4.8	-8.0	-2.3	-6.3	-8.1
% of GDP	-1.8%	-0.7%	-1.1%	-1.5%	-4.1%	-5.9%	-1.4%	-3.6%	-4.5%
General budget balance, USD bln*	na	na	na	na	-9.5	-10.1	-7.0	-8.6	-11.4
% of GDP	na	na	na	na	-8.1%	-7.4%	-4.2%	-4.9%	-6.3%
Public debt, USD bln	15.5	15.9	17.6	24.6	39.7	54.3	59.2	64.5	72.1
% GDP	18%	15%	12%	14%	34%	40%	36%	37%	40%

* Includes consolidated budget (central and local budgets), social funds and Naftogaz.

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

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