

TRADERS' VIEW

- **Fixed income:** The sovereign started the day by continuing Friday's move higher, with some prices +0.5-1pt by mid-day. Then the best bids pulled out as it seemed that profit-taking came in, and the market closed unchanged in the long end (while belly bonds outperformed). Quasi-sovereigns and corporates were indicated slightly stronger; a few trades were reported in DTEK in the 57-59 area.
- **Equities:** The local market was closed yesterday due to a public holiday, with investors focusing on foreign-listed names. FXPO had a volatile session, trading between Gbp 190.1-209.6 and up 8.8% intra-day but finishing 0.3% lower at Gbp 192.2. MHP dipped by 0.3%, KER closed 0.9% down at PLN 42.65, and AST (+0.3%) was the only stock to buck the trend. The broader KP-Dragon index thus lost 0.8% on the day. Stronger Asian markets and global equity futures point to a higher opening in Ukraine today.

NEWS HEADLINES

- **NBU reserves down 1.3% m-o-m to \$25.4bn in May; hryvnia within UAH 26.5-27.0:USD**
- **DTEK – Reports weak 1Q20 financials, outlines restructuring proposal**
- **Ukreximbank – Books net profit in April**

BEST & WORST PERFORMERS

Company	Close*	Chg. (1d; %)	Vol.** (\$ '000)
BEST PERFORMERS			
Enwell Energy	£0.158	3.6%	33.5
Astarta Holding	zł16.45	0.3%	59.0
Centrenergo	€6.900	0.0%	2.0
WORST PERFORMERS			
JKX Oil & Gas	£0.200	(1.0%)	306.0
Kernel Holding	zł42.25	(0.9%)	1,139.5
AgroGeneration	€0.107	(0.9%)	30.2

MOST ACTIVE BY VOLUME

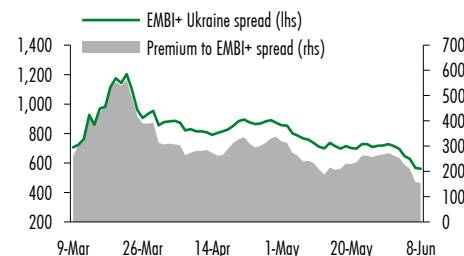
Company	Close*	Chg. (1d; %)	Vol.** (\$ '000)
Ferrexpo	£1.922	(0.3%)	11,167.5
Kernel Holding	zł42.25	(0.9%)	1,139.5
JKX Oil & Gas	£0.200	(1.0%)	306.0
Astarta Holding	zł16.45	0.3%	59.0
Enwell Energy	£0.158	3.6%	33.5
AgroGeneration	€0.107	(0.9%)	30.2
Agroton	zł3.600	(3.2%)	18.5
MHP (LSE)	\$5.980	(0.3%)	14.9

Notes: *all closing prices are for the previous trading day and shown in the listing currency, as well as respective price changes; z stands for Ukrainian hryvnia; **daily trading volumes reported by the UX are shown for domestically listed stocks. Sources: Dragon Capital, UX, Bloomberg

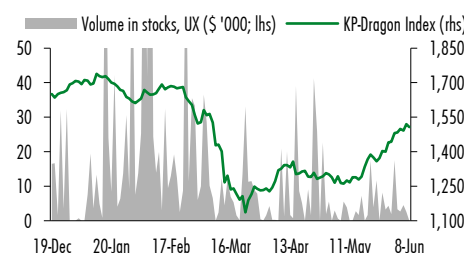
COVID-19 CASES IN UKRAINE

	Total	Active	Recovered	Died
Cases	27,856	14,634	12,412	810
1d change	+394	+164	+217	+13

FIXED INCOME



EQUITIES

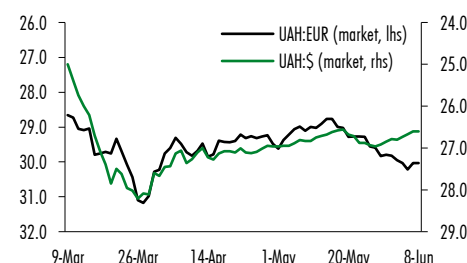


Index	UX	KP-Dragon
Index close	1,352.4	1,506.7
Daily change	0.0%	(0.8%)
YTD change	(10.9%)	(11.3%)
Trading volume (\$m)*	0.00	12.44
MC (\$m)*	3,786	254

Note: *total turnover for the UX and KP-Dragon component stocks, respectively

F/X MARKET

Currency	UAH:USD	UAH:EUR
Market rate*	26.600	30.034
Daily change	0.3%	0.3%
YTD change	(10.6%)	(11.1%)



Note: *UAH:EUR is based on UAH:USD market rate and respective cross rates

ECONOMY & POLITICS

News: NBU gross foreign reserves declined by 1.3% m-o-m (-\$0.3bn) to \$25.4bn in May after rising by 3.1% in April, remaining up 0.3% (+\$0.1bn) YTD and up 31% (+\$6.0bn) y-o-y. End-May reserves were equivalent to an est. 4.3 months of 12-month trailing goods and services imports, being an est. \$1.2bn below the lower bound of the 2020E aggregate reserve adequacy metric (ARA).

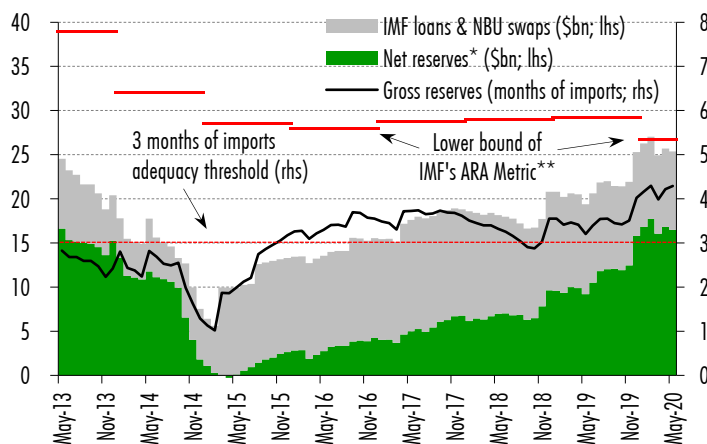
The hryvnia inched up by 0.4% m-o-m to UAH 26.85:USD on the interbank market in May (+5.1% from a low of UAH 28.2:USD on Mar. 2, but -11.5% YTD) and appreciated by another 0.9% to UAH 26.6:USD in the first week of June. (NBU, UkrDealing)

Dragon view: The latest reserves reading was in line with our estimate and the Bloomberg consensus forecast. The m-o-m drop in May primarily reflected \$1.1bn of external debt repayments, including a \$1.0bn US-guaranteed Eurobond. These outflows were partially offset by \$0.7bn of F/X purchases (virtually in line with April) aimed at curbing appreciation pressure on the currency, which had reemerged following a wave of panic F/X buying in March. In addition, reserves were supported by a \$73m revaluation gain (according to the NBU) and an est. \$51m net sale of domestic F/X bonds. On a YTD basis, reserves got a boost from a EUR 1.25bn sovereign Eurobond placement in January, \$0.5bn net domestic F/X bond sale in 5M20, and \$0.4bn transfer of government F/X leftovers to the NBU from state-owned Oschadbank. This fully offset an est. \$2.9bn of gross external debt repayments, including the \$1.0bn U.S. guarantee, \$0.6bn to the IMF, an est. \$0.9bn of coupons on sovereign debt, and \$0.5bn of other external amortizations. The central bank was steadily buying F/X in April and May after selling a massive \$2.2bn in March, thus cutting its net F/X sale YTD to a tiny \$63m.

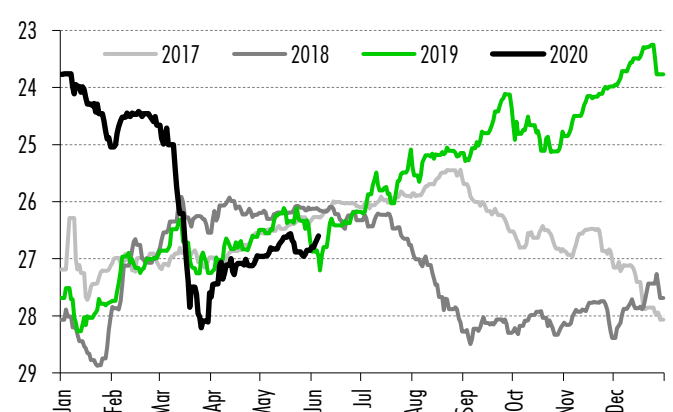
As we wrote before, the currency's quick stabilization and reversal from the March weakness reflected a significant improvement in banking system parameters, with virtually zero deposit outflows, and a sharp rebound in the merchandise trade balance, from deficit to surplus, in April. We recently improved our end-2020 currency forecast to UAH 28.0:USD (-5.0% from current level and -15% y-o-y) from UAH 30-35:USD expected before. The projected mild weakening by year-end reflects our view that in the absence of foreign inflows into UAH bonds, the trade balance will slip back into deficit on a seasonal drop in grain exports, softening terms of trade, and recovery in manufactured imports as Ukraine continues to exit the quarantine imposed in mid-March. Expecting further gradual import recovery, we see the hryvnia weaken further to UAH 29.5:USD by end-2021 (-5.1% y-o-y). We estimate NBU reserves will rise to \$28.0bn by end-2020 and \$29.5bn in 2021, driven by government external borrowings, reaching the lower bound of the IMF's aggregate adequacy metric (est. \$26.6bn for 2020E) for the first time in a decade.

NBU reserves down 1.3% m-o-m to \$25.4bn in May; hryvnia within UAH 26.5-27.0:USD

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NBU International Reserves (\$bn)



UAH:USD Spot (Interbank Market)

Note: *equiv. to gross international reserves net of IMF loans and NBU swaps with other central banks; **IMF's ARA metrics is based on exports, broad money, scheduled external debt amortizations and other external liabilities; Dragon Capital estimate for 2020. Sources: NBU, UkrDealing, IMF, Dragon Capital estimates

News: DTEK published its condensed financial and operating results for 1Q20, reporting ROM coal production of 5.7 Mt (-1% q-o-q and -4% y-o-y) and electricity generation of 5.1 TWh (-10% q-o-q and -38% y-o-y). The average electricity tariff was down 7% q-o-q and 31% y-o-y to UAH 1.33/kWh. Coal imports stood at 64 kt (-78% q-o-q and -90% y-o-y).

Total sales fell 22% q-o-q and 56% y-o-y to \$510m, with EBITDA of \$73m (+33% q-o-q, -74% y-o-y), and a net loss of \$299m (vs. \$175m loss in 4Q19 and \$151m net income in 1Q19).

Net operating cash flow shrank 41% q-o-q and 14% y-o-y to \$60m, investment cash outflow was down 54% q-o-q and 68% y-o-y to \$24m, and financing cash flow stood close to zero (vs. outflows of \$74m in 1Q19 and \$51m in 4Q19). Total debt stood at \$1.9bn (+2% q-o-q and -1% y-o-y), with net debt unchanged at \$1.9bn and implying an annualized Debt/EBITDA of 6.5x (vs. 8.5x in 4Q19 and 1.7x in 1Q19) and Net Debt/EBITDA of 6.4x (vs. 1.7x in 1Q19). Cash balances were up 276% q-o-q to \$42m (-42% y-o-y).

Separately, DTEK outlined its debt restructuring proposal. The company expects 2020 EBITDA at \$175m, followed by recovery to \$447m in 2021 on stronger coal prices and improved market conditions in Ukraine. To address its ongoing liquidity crisis, the company is preparing restructuring terms which envisage preserving the outstanding principal, extending its maturity with regular amortizations, aligning cash interest expenses with cash flows, with excess cash redistributed as cash sweep, and simplifying the capital structure by repaying DTEK Oil & Gas maturities over time.

On a conference call, management reported end-May cash of \$26m and a current cash burn rate of around \$10m per month. The company restarted its Pavlohrad Coal mine in mid-May and expect to restart another mining unit, Dobropillya Coal, by July. DTEK expects no improvement in operating or financial performance in 2H20. (Company).

Dragon view: DTEK suffered a liquidity crunch in 4Q19-1Q20 on a sharp drop in domestic electricity prices and an unprecedented slide in thermal power generation due to unusually warm temperatures and shifts in the structure of domestic power generation. Although 1Q20 EBITDA increased q-o-q, this was due mostly to non-cash items, while operating cash flow before working capital charges fell 30% to \$77m. The working capital charge was close to zero in 1Q20 as growth in receivables and inventories was offset by prepayments and an increase in payables.

Electricity prices remained depressed in April and May, with day-ahead market quotes averaging UAH 1.2/kWh. But thermal power production (by DTEK, Centrenergo [Under Review] and Donbasenergo [Not Rated]) rebounded by almost a third in May after the government revised demand-supply balances for the power market by cutting the production share of nuclear power plants and effectively increasing thermal GenCos' share to 30%. Meanwhile, the weakness in electricity demand became less pronounced in May as domestic coronavirus containment measures started to be relaxed and industrial demand recovered. In May, steel production jumped by 21% m-o-m, adding to power demand recovery.

The outline of DTEK's restructuring proposal was generally in line with market expectations, including no principal haircut and interest payments adjusted to cash flows. Also, the involvement of DTEK Oil & Gas in the restructuring was previously rumored but not officially confirmed. DTEK Oil & Gas is the largest private gas producer in Ukraine with close to 1.7 bcm of annual gas production and beneficial geological conditions. Still, the recent drop in gas prices hit its financial performance (we estimate its annual EBITDA in the order of \$150m at current gas prices), limiting its ability to prepay receivables to DTEK Energy. Still, potential recovery in gas prices in 2021 should help the company start repaying the receivables ahead of their scheduled 2023-2024 maturities.

See table on next page

DTEK – Reports weak 1Q20 financials, outlines restructuring proposal

Issue	DTEKUA 10.75 24
Price	55.0/60.0
Yield	29.45%/26.49%

	1Q19	4Q19	1Q20	Change (%; q-o-q)	Change (%; y-o-y)
Production indicators					
G-grade coal (kt)	5,721	5,908	5,667	(4%)	(1%)
Electricity generation (GWh)	8,233	5,671	5,121	(10%)	(38%)
Average tariff (UAH/kWh0)	1.93	1.42	1.33	(7%)	(31%)
Coal imports (kt)	618	292	64	(78%)	(90%)
Quarterly financials					
Sales (\$m)	1,163	658	510	(22%)	(56%)
EBITDA (\$m)	286	56	75	33%	(74%)
Net income (\$m)	151	(175)	(299)	71%	(299%)
EBITDA margin (%)	24.6%	8.6%	14.6%	6.1pp	(10.0pp)
Net margin (%)	13.0%	(26.5%)	(58.6%)	(32.1pp)	(71.6pp)
Operating cash flow (\$m)	70	103	60	(41%)	(14%)
Investing cash flow (\$m)	(74)	(51)	(24)	(54%)	(68%)
Financing cash flow (\$m)	(56)	(59)	(0)	(99%)	(99%)
Total Debt (\$m)	1,964	1,911	1,941	2%	(1%)
Net Debt (\$m)	1,893	1,900	1,899	(0%)	0%
Cash (\$m)	72	11	42	276%	(42%)
Debt/EBITDA (annualized)	1.7	8.5	6.5		
Net Debt/EBITDA (annualized)	1.7	8.4	6.4		

DTEK Financial Results

Sources: Company, Dragon Capital estimates

News: According to provisional NBU data, state-owned Ukreximbank booked net profit of UAH 0.6bn (\$22m) in April, up from a net loss of UAH 2.6bn (\$98m) in March and cutting the 4M20 net loss to UAH 1.7bn (\$65m). Total assets inched up 0.1% y-o-y to UAH 150bn, while customer deposits declined 1.9% y-o-y to UAH 83bn. (Bank)

Dragon view: The rebound in net profitability in April was fueled by a UAH 0.9bn revaluation gain following a UAH 3.4bn revaluation loss in March (and UAH 4.3bn in 1Q20), caused by a sharp 12% m-o-m hryvnia depreciation. Meanwhile, net interest income fell 60% m-o-m and 79% y-o-y to UAH 25m, while net fee income dropped 24% m-o-m and 33% y-o-y to UAH 55m, as the bank kept a number of its branches closed during the lockdown and overall economic activity was subdued. But administrative expenses also declined, -27% and -37% m-o-m to UAH 179m in April. The positive April result was also helped by a UAH 0.1bn release of provisions (and UAH 0.5bn in 4M20).

The outlook for the rest of the year remains dependent on the economic fallout from the coronavirus pandemic. While deposit outflows have thus far been much lighter than in the previous crisis episodes of 2008 and 2014, the potential negative impact on asset quality is likely to materialize in the coming months (on top of still high pre-2014 NPLs), though it might be better than initially expected, as was the case with deposit dynamics in March-April. Ukreximbank is also expected to be involved in state-sponsored lending programs intended to spur the economy. Recently, the bank provided a UAH 5.8bn tranche out of UAH 19bn in infrastructure financing for state road agency Ukravtodor (via purchase of the state-guaranteed local bonds to be refinanced with NBU). Projects like this would support the bank's operating income during the downturn.

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Ukreximbank – Books net profit in April

EXIMUK 16.5 21	AR5071923
EXIMUK 9.625 22	UV3117719
EXIMUK Float 23	UV3120846
EXIMUK 9.75 25	UV3121018
EXIMUK 9.95 29	ZQ5133629

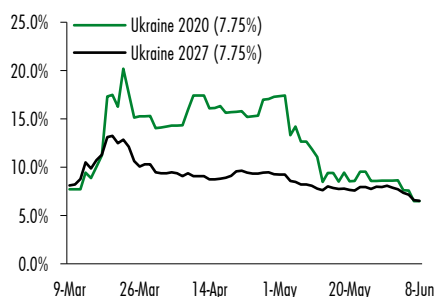
FIXED INCOME: SOVEREIGN EUROBONDS

Ukrainian Eurobonds	Bid ¹⁾	Ask ¹⁾	YTM (bid) ¹⁾	YTM (ask) ¹⁾	Price chg. (1d) ²⁾	Mod. dur. ²⁾	Spread (bp) ³⁾	Coupon (%)	Period	Maturity date	Issued (\$m) ⁴⁾	Outstanding (\$m)	Rating ⁵⁾
Ukraine 20	100.25	101.25	6.48%	2.12%	0.00	0.2	631	7.75%	S/A	9/1/2020	1,780	1,365	Caa1u/B/B
Ukraine 21	102.75	103.50	5.39%	4.76%	0.00	1.1	518	7.75%	S/A	9/1/2021	1,409	1,409	Caa1u/B/B
Ukraine 22	104.25	105.25	5.68%	5.21%	0.25	2.0	547	7.75%	S/A	9/1/2022	1,384	1,384	Caa1u/B/B
Ukraine 23	105.50	106.50	5.85%	5.52%	0.50	2.8	557	7.75%	S/A	9/1/2023	1,355	1,355	Caa1u/B/B
Ukraine 24	109.50	110.50	6.04%	5.75%	0.75	3.0	561	8.99%	S/A	2/1/2024	750	750	-/B/B
Ukraine 24	106.25	107.25	6.05%	5.79%	0.75	3.5	562	7.75%	S/A	9/1/2024	1,339	1,339	Caa1u/B/B
Ukraine 25	106.75	107.75	6.21%	6.00%	0.75	4.2	578	7.75%	S/A	9/1/2025	1,329	1,329	Caa1u/B/B
Ukraine 26	107.75	108.75	6.23%	6.04%	0.75	4.9	579	7.75%	S/A	9/1/2026	1,318	1,318	Caa1u/B/B
Ukraine 26 (EUR)	103.25	104.25	6.09%	5.89%	0.50	4.6	667	6.75%	A	6/20/2026	1,000	1,000	-/B/B
Ukraine 27	107.00	108.00	6.52%	6.35%	0.50	5.4	565	7.75%	S/A	9/1/2027	1,307	1,307	Caa1u/B/B
Ukraine 28	117.75	118.75	6.92%	6.78%	0.75	5.9	606	9.75%	S/A	11/1/2028	1,600	1,600	-/B/B
Ukraine 30 (EUR)	89.50	90.50	5.83%	5.68%	0.00	7.4	615	4.375%	A	1/27/2030	1,250	1,250	-/B/B
Ukraine 32	105.25	106.25	6.71%	6.59%	0.00	7.7	585	7.375%	S/A	9/25/2032	3,000	3,000	-/B/B
GDP Warrants	93.00	95.00	-	-	0.00	-	-	-	A	-	3,239	3,239	-

Notes: 1) estimated market price and YTM; 2) based on bid price; 3) spread to comparable UST, based on bid price; 4) notional amount for GDP warrants; 5) Moody's/S&P/Fitch. Sources: Bloomberg, Dragon Capital

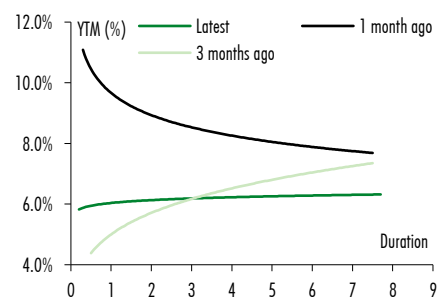


Ukrainian Eurobond Prices (Bid)



Ukrainian Eurobond YTM (Bid)

Source: Dragon Capital



Ukrainian Sovereign Yield Curves (Bid)

CORPORATE AND MUNICIPAL EUROBONDS

Issue	Bid ¹⁾	Ask ¹⁾	YTM (bid) ¹⁾	YTM (ask) ¹⁾	Price chg. 1d ²⁾	Mod. dur. ²⁾	Spread (bp) ^{2,3)}	Coupon (%)	Coupon period	Maturity	Issued (\$m)	Outstanding (\$m)	Rating ⁴⁾
CORPORATES													
Avangard 18	5.00	10.00	-	-	0.00	-	-	10.00%	S/A	10/29/2018	200	214	-/-/WD
DTEK 24	55.00	60.00	29.45%	26.49%	0.00	2.5	2,901	10.75%	Q	12/31/2024	1,344	1,344	-/-/C
DTEK Renewables 24 (EUR)	82.00	87.00	14.60%	12.79%	2.00	3.2	1,522	8.50%	S/A	11/12/2024	325	325	-(P)B-/B
Interpipe 24	92.00	97.00	12.72%	11.14%	0.00	3.2	1,229	10.25%	S/A	12/31/2024	309	211	-/-/-
Kernel Holding 22	103.50	105.50	6.46%	5.20%	0.50	1.5	624	8.75%	S/A	1/31/2022	500	500	-/B/BB-
Kernel Holding 24	98.00	101.00	7.04%	6.22%	1.00	3.7	661	6.50%	S/A	10/17/2024	300	300	-/B/BB-
Metinvest 23	95.50	97.50	9.58%	8.75%	1.50	2.4	930	7.75%	S/A	4/23/2023	945	505	-/B*/-/BB-
Metinvest 25 (EUR)	86.50	88.50	9.23%	8.67%	2.50	3.9	983	5.625%	S/A	6/17/2025	300	300	-/B*/-/BB-
Metinvest 26	93.00	95.00	10.11%	9.63%	2.00	4.4	967	8.50%	S/A	4/23/2026	648	648	-/B*/-/BB-
Metinvest 29	89.00	91.00	9.55%	9.21%	2.00	6.3	869	7.75%	S/A	10/17/2029	500	500	-/B*/-/BB-
MHP 24	102.50	104.50	7.01%	6.43%	0.50	3.3	657	7.75%	S/A	5/10/2024	500	500	-/B/B+
MHP 26	100.50	102.50	6.84%	6.43%	0.50	4.7	641	6.95%	S/A	4/3/2026	550	550	-/B/B+
MHP 29	93.50	95.50	7.22%	6.91%	0.50	6.7	636	6.25%	S/A	9/19/2029	350	350	-/B/B+
Mriya Farming 25	2.00	6.00	-	-	0.00	-	-	2.00%	Q	12/31/2025	208	99	-/-/-
Naftogaz 22	99.00	101.00	7.89%	6.85%	0.00	1.9	768	7.375%	S/A	7/19/2022	335	335	-/-/B
Naftogaz 24 (EUR)	97.00	99.00	8.00%	7.41%	0.50	3.2	865	7.125%	A	7/19/2024	600	600	-/-/B
Naftogaz 26	96.00	98.00	8.44%	8.03%	1.00	4.9	801	7.625%	S/A	11/8/2026	500	500	-/-/B

Notes: 1) estimated prices and YTM; 2) based on bid price; 3) spread to comparable UST if OAS is unavailable; 4) Moody's/S&P/Fitch. Sources: Bloomberg, Dragon Capital

CORPORATE AND MUNICIPAL EUROBONDS (CONT'D)

Issue	Bid ¹⁾	Ask ¹⁾	YTM (bid) ¹⁾	YTM (ask) ¹⁾	Price chg. 1d ²⁾	Mod. dur. ²⁾	Spread (bp) ^{2,3)}	Coupon (%)	Coupon period	Maturity	Issued (\$m)	Outstanding (\$m)	Rating ⁴⁾
CORPORATES													
Ukrainian Railway 21	100.50	102.50	9.14%	6.42%	0.50	0.7	893	9.875%	S/A	9/15/2021	500	200	-/CCC/B*-
Ukrainian Railway 24	97.50	99.50	8.99%	8.39%	0.50	3.3	856	8.25%	S/A	7/9/2024	595	595	-/-/B*-
Ukrlandfarming 18	5.00	10.00	-	-	0.00	-	-	10.875%	S/A	3/26/2018	500	543	-/NR/WD
VF Ukraine 25	98.00	100.00	6.70%	6.20%	0.00	3.9	627	6.20%	S/A	2/11/2025	500	497	-/B/B
BANKS													
Oschadbank 23	101.50	103.50	8.25%	6.83%	0.00	1.3	804	9.375%	S/A	3/10/2023	700	210	Caa1/-/B
Oschadbank 25	102.00	104.00	8.69%	7.79%	0.50	2.1	847	9.625%	S/A	3/20/2025	500	250	Caa1/-/B
Privatbank 18	25.00	35.00	-	-	0.00	-	-	10.25%	S/A	1/23/2018	200	160	WR/-/WD
Privatbank 18	25.00	35.00	-	-	0.00	-	-	10.875%	S/A	2/28/2018	175	175	WR/-/WD
Privatbank 21	5.00	40.00	-	-	0.00	-	-	11.00%	S/A	2/9/2021	220	220	-/-/-
Ukreximbank 21 (UAH)	100.00	103.00	17.05%	12.34%	0.00	0.6	580	16.50%	S/A	3/2/2021	150	150	-/-/Bemr
Ukreximbank 22	101.50	103.50	8.18%	6.33%	0.00	1.0	797	9.625%	S/A	4/27/2022	750	250	Caa1/-/B
Ukreximbank 23	95.00	100.00	11.67%	7.62%	0.00	0.2	926	8.75% ⁵⁾	S/A	2/9/2023	125	63	Caa2/-/CCC+*
Ukreximbank 25	101.50	103.50	8.75%	7.48%	0.00	1.5	854	9.75%	S/A	1/22/2025	600	600	Caa1/-/B
Ukreximbank 29	98.00	102.00	10.52%	9.38%	0.00	3.5	1,009	9.95%	S/A	11/14/2029	100	100	-/-/-
MUNIS													
City of Kyiv 22	92.00	97.00	12.76%	9.40%	0.00	1.5	1,255	7.50%	S/A	12/15/2022	115	115	-/-/B

Notes: 1) estimated prices and YTM; 2) based on bid price; 3) spread to comparable UST if OAS is unavailable; 4) Moody's/S&P/Fitch; 5) floating rate at 6M USD Libor + 7%.

Sources: Bloomberg, Dragon Capital

TREASURIES: PRIMARY AUCTIONS

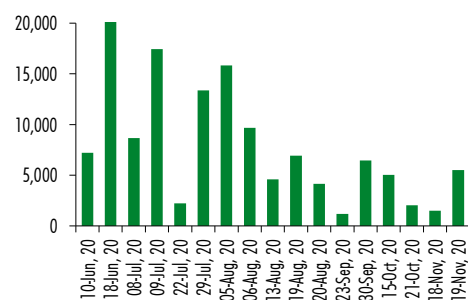
Latest primary T-Bill auctions	ISIN	Maturity	W. avg. yield	Vol. placed (UAH m) ¹⁾	Vol. placed (\$ m) ¹⁾	Vol. placed (€ m) ¹⁾
June 2, 2020	UA4000209381	May-19, 21	10.86%	1,429		
June 2, 2020	UA4000209373	Feb-24, 21	10.89%	700		
June 2, 2020	UA4000209225	Nov-25, 20	10.11%	500		
June 2, 2020	UA4000198873	Aug-19, 20	9.84%	500		
May 26, 2020	UA4000209381	May-19, 21	10.97%	348		

Note: 1) placement volume at nominal value and in respective issuance currency (UAH, USD or EUR). Source: Finance Ministry

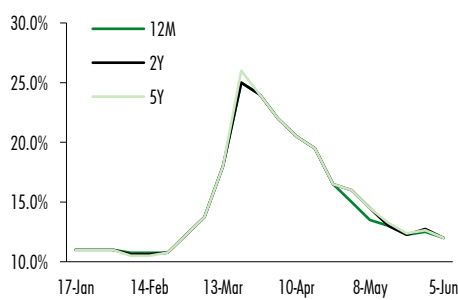
SECONDARY MARKET BENCHMARKS

	ISIN	Maturity	Duration	Latest price (bid/ask) ¹⁾	YTM ²⁾			
					Latest	1 week ago	1 month ago	3 months ago
REGULAR BONDS								
12M	UA4000203723	24-Mar-21	0.71	104.6/106.3	12.0%/9.8%	12.5%/10.0%	13.5%/11.0%	18.0%/15.0%
2Y	UA4000204002	11-May-22	1.61	109/111.1	12.0%/10.8%	12.8%/11.5%	14.5%/12.0%	18.0%/15.0%
5Y	UA4000204150	26-Feb-25	3.26	115/119.7	12.0%/10.8%	12.8%/11.5%	14.5%/12.0%	18.0%/15.0%
USD-DENOMINATED	UA4000204069	3-Jun-21	-	-	-	-	-	5.0%/2.0%

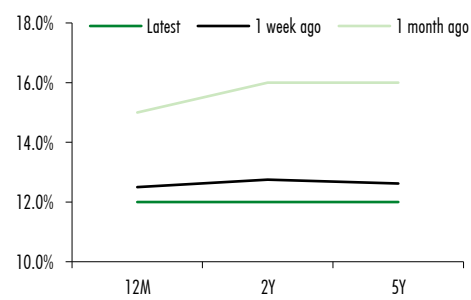
Notes: 1) market prices net of accrued coupon, % of par; 2) effective yield based on bid/ask prices. Sources: Finance Ministry, Dragon Capital



Gov't Bond Redemption Schedule (UAH m)



Treasury Historical YTM (secondary market)



Treasury Yield Curves (secondary market)

Sources: Finance Ministry, Dragon Capital

EQUITIES: BLUE CHIP OVERVIEW

Company	Ticker ¹⁾	DR ratio	Curr.	Bid	Ask	Close	52w high	52w low	Chg. (1d; %)	Chg. (1m; %)	Chg. (YTD; %)	Chg. from 52w high	Trading vol. ('000) ²⁾	(1d)	(YTD; avg.) ³⁾
Astarta Holding	AST PW	-	PLN	16.30	16.45	16.45	25.10	9.80	0.3%	40.0%	2.8%	(34.5%)	232	363	
Avangard	AVGR LI	10:1	USD	0.189	0.185	0.190	0.260	0.180	0.0%	0.5%	(5.0%)	(26.9%)	0	0	
Centrenerg	CEEN UK	1:10	UAH	6.310	6.950	6.900	12.00	5.550	0.0%	9.5%	(27.4%)	(42.5%)	2	5	
Ferrexpo	FXPO LN	1:1	GBP	1.922	1.925	1.922	2.811	1.017	(0.3%)	40.8%	20.9%	(31.6%)	8,795	3,027	
IMC	IMC PW	-	PLN	12.30	12.70	12.20	17.80	10.50	(4.7%)	9.9%	(2.0%)	(31.5%)	17	211	
Kernel Holding	KER PW	-	PLN	42.25	42.40	42.25	52.30	31.60	(0.9%)	10.6%	(6.6%)	(19.2%)	4,470	2,286	
MHP (LSE)	MHPC LI	1:1	USD	5.960	5.980	5.980	10.35	5.440	(0.3%)	(0.3%)	(38.4%)	(42.2%)	15	107	
Ovostar Union	OVO PW	-	PLN	71.00	74.50	76.00	102.0	70.00	0.0%	2.0%	2.0%	(25.5%)	1	7	
Ukrnafta	UNAF UK	1:6	UAH	125.0	138.5	125.0	180.0	110.1	0.0%	13.5%	(9.4%)	(30.6%)	0	3	

Company	Ticker ¹⁾	DR ratio	Curr.	Close	MC ²⁾ (m)	FF (%)	Rec. (x)	FV	Upside (%)	EV/S '19E	'20E	EV/EBITDA '19E	'20E	'19E	'20E	P/E
Astarta Holding	AST PW	-	PLN	16.45	400	33%	Sell	16.50	0%	0.81	0.92	4.7	4.6	74.0	neg.	
Avangard	AVGR LI	10:1	USD	0.190	12	23%	Not Rated		-	-	-	-	-	-	-	
Centrenerg	CEEN UK	1:10	UAH	6.900	2,540	22%	Under Review		-	-	-	-	-	-		
Ferrexpo	FXPO LN	1:1	GBP	1.922	1,131	26%	Sell	1.767	(8%)	1.14	1.34	2.9	4.0	3.6	4.7	
IMC	IMC PW	-	PLN	12.20	405	28%	Buy	19.14	57%	1.46	1.25	6.3	3.1	14.1	4.1	
Kernel Holding	KER PW	-	PLN	42.25	3,550	60%	Hold	52.48	24%	0.40	0.54	4.6	5.5	4.8	7.4	
MHP (LSE)	MHPC LI	1:1	USD	5.980	640	40%	Buy	8.94	49%	0.96	0.97	4.6	4.1	3.0	neg.	
Ovostar Union	OVO PW	-	PLN	76.00	456	32%	Sell	35.88	(53%)	1.17	1.27	neg.	13.4	neg.	405.8	
Ukrnafta	UNAF UK	1:6	UAH	125.0	6,754	2%	Under Review		-	-	-	-	-	-		

Banking	Ticker ¹⁾	DR ratio	Curr.	Bid	Ask	Close	52w high	52w low	Chg. (1d; %)	Chg. (1m; %)	Chg. (YTD; %)	Chg. from 52w high	Trading vol. ('000) ²⁾	(1d)	(YTD; avg.) ³⁾
Raiffeisen Bank Aval	BAVL UK	-	UAH	0.310	0.315	0.310	0.390	0.285	0.0%	3.0%	(5.9%)	(20.5%)	0	5	

Banking	Ticker ¹⁾	DR ratio	Curr.	Close	MC ²⁾ (m)	FF (%)	Rec. (x)	FV	Upside (%)	P/E '19E	'20F	P/BV '19E	'20E	'19E	'20E	ROE (%)
Raiffeisen Bank Aval	BAVL UK	-	UAH	0.310	18,995	2%	Hold	0.316	2%	4.1	14.6	1.30	1.91	36.3%	10.6%	

Notes: all closing prices are for the previous trading day and shown in the listing currency, as well as respective price changes; 1) the letters UK at the end of a ticker symbol denote listing on the UX; 2) market capitalizations and trading volumes are shown in the listing currency; trading volumes reported by the UX are shown for domestically listed stocks; 3) YTD average daily trading volume

SECOND TIER EQUITY OVERVIEW

Company	Ticker ¹⁾	DR ratio	Bid (₴)	Ask (₴)	Close (₴)	Chg. (1d; %)	Chg. (YTD; %)	Chg. from 52w high	MC (₴ m)	EV/S '18	EV/EBITDA '18	P/E '18	Vol. (₴ '000) ²⁾	(YTD; avg.) ³⁾
Donbasenergo	DOEN UK	-	19.52	24.40	22.00	0.0%	(12.0%)	(21.5%)	518	0.14	3.2	5.1	0.2	
Kryukiv Rail Car	KVBZ UK	-	14.00	19.00	17.00	0.0%	41.7%	(39.3%)	1,943	0.26	2.6	4.1	0.7	
Motor Sich ⁴⁾	MSICH UK	-	-	-	5,221	-	-	-	10,849	1.01	4.8	9.0	-	
Turboatom	TATM UK	-	8.60	10.00	9.97	0.0%	(9.3%)	(16.9%)	4,198	1.46	3.3	5.6	0.2	
Ukrtelecom	UTLM UK	1:50	0.090	0.127	0.090	5.9%	(33.8%)	(34.9%)	1,679	0.49	1.8	3.4	0.3	

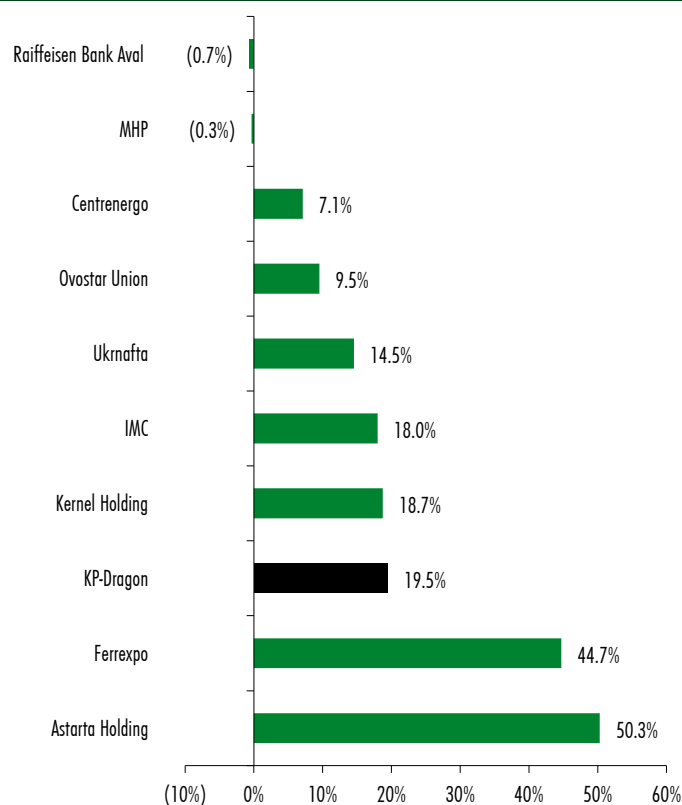
Notes: all closing prices are for the previous trading day and shown in the listing currency, as well as respective price changes; ₴ stands for Ukrainian hryvnia; 1) the letters UK at the end of a ticker symbol denote listing on the UX; 2) trading volumes reported by the UX; 3) YTD average daily trading volume; 4) last closing price from Apr. 23, 2018

FOREIGN EXCHANGES

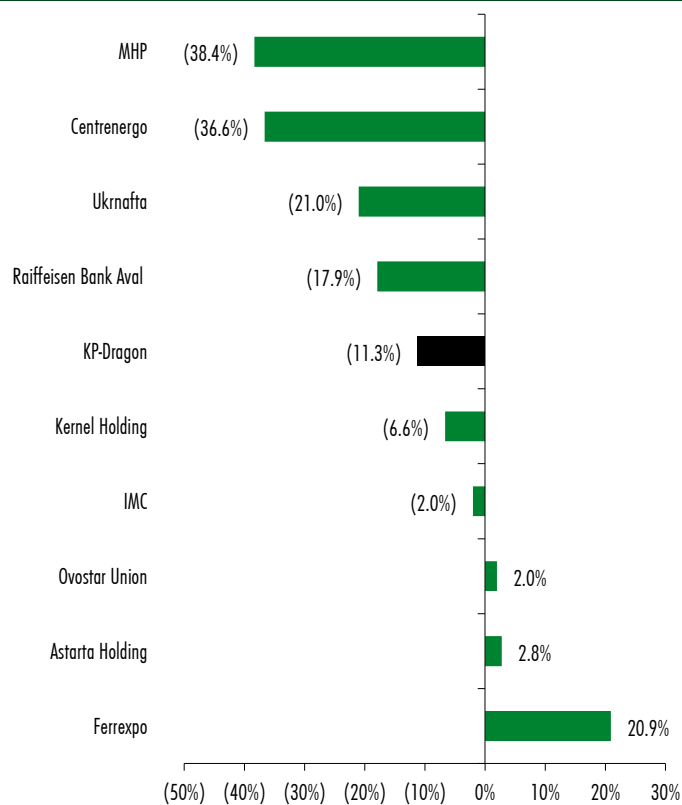
Company	Ticker	Curr.	Close	Chg. (1d; %)	Chg. (YTD; %)	MC ¹⁾ (m)	FF (%)	Vol. ^{1,2)} (1d; '000)	Rec. (x)	FV	Upside (%)	EV/EBITDA		P/E	
												'19E	'20E	'19E	'20E
AgroGeneration	ALAGR FP	EUR	0.107	(0.9%)	83.6%	10	37%	27		Not Rated		-	-	-	-
Agroton	AGT PW	PLN	3.600	(3.2%)	(2.7%)	78	49%	73		Not Rated		-	-	-	-
Astarta Holding	AST PW	PLN	16.45	0.3%	2.8%	400	33%	232	Sell	16.50	0%	4.7	4.6	74.0	neg.
Avangard	AVGR LI	USD	0.190	0.0%	(5.0%)	12	23%	0		Not Rated		-	-	-	-
DUPD	DUPD LN	GBP	0.109	0.0%	1.4%	12	53%	0		Not Rated		-	-	-	-
Enwell Energy	ENW LN	GBP	0.158	3.6%	(24.8%)	51	61%	26		Not Rated		-	-	-	-
Ferrexpo	FXPO LN	GBP	1.922	(0.3%)	20.9%	1,131	26%	8,795	Sell	1.767	(8%)	2.9	4.0	3.6	4.7
IMC	IMC PW	PLN	12.20	(4.7%)	(2.0%)	405	28%	17	Buy	19.14	57%	6.3	3.1	14.1	4.1
JKX Oil & Gas	JKX LN	GBP	0.200	(1.0%)	(18.4%)	33	22%	241		Not Rated		-	-	-	-
Kernel Holding	KER PW	PLN	42.25	(0.9%)	(6.6%)	3,550	60%	4,470	Hold	52.48	24%	4.6	5.5	4.8	7.4
KSG Agro	KSG PW	PLN	1.250	0.0%	6.8%	19	35%	8		Not Rated		-	-	-	-
MHP (LSE)	MHPC LI	USD	5.980	(0.3%)	(38.4%)	640	40%	15	Buy	8.94	49%	4.6	4.1	3.0	neg.
Milkiland	MLK PW	PLN	0.470	2.2%	6.8%	15	21%	2		Not Rated		-	-	-	-
Ovostar Union	OVO PW	PLN	76.00	0.0%	2.0%	456	32%	1	Sell	35.88	(53%)	neg.	13.4	neg.	405.8
Ukrproduct	UKR LN	GBP	0.057	1.3%	91.5%	2	28%	0		Not Rated		-	-	-	-

Notes: all closing prices are for the previous trading day; 1) market capitalization and trading volumes are shown in the listing currency; 2) companies whose trading volumes are marked as OTC are traded mostly over-the-counter and their exchange turnover is insignificant

UKRAINIAN STOCK PERFORMANCE



Performance of KP-Dragon Index Stocks (1-month)
Note: all stocks valued in USD. Source: Dragon Capital



Performance of KP-Dragon Index Stocks (YTD)
Note: all stocks valued in USD. Source: Dragon Capitals

STOCK INDEX COMPARISON

Index	Country	Close	Chg. (1d; %)	Chg. (1w; %)	Chg. (1m; %)	Chg. (YTD; %)
KP-Dragon	Ukraine	1,506.7	(0.8%)	1.8%	19.5%	(11.3%)
UX	Ukraine	1,352.4	0.0%	(1.1%)	5.6%	(10.9%)
MSCI	Ukraine	28.2	(0.8%)	0.8%	12.3%	(21.2%)
IBOV	Brazil	97,645	5.2%	22.1%	43.5%	(30.4%)
SOFIX	Bulgaria	466	(0.3%)	2.5%	8.1%	(17.4%)
SHCOMP	China	2,938	0.4%	1.6%	1.5%	(5.2%)
CROBEX	Croatia	1,661	0.3%	3.4%	12.0%	(18.3%)
PX	Czech Republic	963	0.5%	8.2%	16.8%	(16.9%)
EURO STOXX 50	EU	3,366	(0.5%)	11.0%	20.5%	(9.6%)
BUX	Hungary	38,198	0.5%	9.4%	16.1%	(19.7%)
BSE SENSEX 30	India	34,371	0.4%	3.4%	8.7%	(21.3%)
NIKKEI 225	Japan	23,178	2.8%	4.4%	13.1%	(1.5%)
WIG-20	Poland	1,841	0.0%	7.1%	22.5%	(17.2%)
BET-10	Romania	8,849	0.0%	3.6%	9.7%	(11.7%)
RTS	Russia	1,289	0.2%	3.3%	13.4%	(16.8%)
ISE National-100	Turkey	109,637	(0.4%)	2.5%	17.3%	(16.0%)
FTSE 100	UK	6,473	(0.0%)	6.9%	12.1%	(17.8%)
S&P 500	USA	3,232	1.2%	5.8%	10.3%	0.0%
MSCI FM		485.7	1.3%	2.5%	7.5%	(17.1%)
MSCI FM CEE CIS		403.2	0.1%	5.6%	14.0%	(10.8%)
MSCI EMEA		215.9	0.4%	5.2%	13.7%	(19.3%)
WIG CEE		1,160.4	1.4%	6.2%	14.3%	(3.5%)

Notes: all percent changes are in USD terms except for the UX, which are UAH-based. Sources: UX, Bloomberg, Dragon Capital

COMMODITIES

Commodity	Description	Price (\$)	Chg. (1d; %)	Chg. (1w; %)	Chg. (1m; %)	Chg. (YTD; %)	Chg. (52w; %)
Wheat (\$/t)	UkrAgroConsult (3rd grade; FOB)*	222.0	-	0.0%	(1.8%)	3.3%	7.8%
	CBOT (futures)	187.9	(0.7%)	(0.7%)	(3.4%)	(8.5%)	1.4%
Corn (\$/t)	UkrAgroConsult (feed grain)*	197.0	-	0.0%	1.6%	13.3%	16.0%
	CBOT (futures)	131.4	0.8%	3.2%	4.6%	(13.9%)	(19.7%)
Sunflower oil (\$/t)	UkrAgroConsult (feed grain, FOB)*	180.0	-	0.0%	4.7%	2.3%	0.0%
	UkrAgroConsult (spot)*	700.0	-	0.0%	4.8%	1.4%	9.8%
Sugar (\$/t)	LIFFE white sugar (futures)	387.3	(1.4%)	6.2%	11.3%	7.8%	14.7%
	NYBOT raw cane sugar (futures)	263.3	(0.7%)	8.5%	16.0%	(11.0%)	(4.5%)
	APK Inform (spot)*	356.4	-	0.0%	4.7%	(2.4%)	(9.2%)
Gas (\$/tcm)	Germany NCG natural gas (1-m forward)	62.28	(9.4%)	33.1%	(12.7%)	(56.6%)	(56.4%)
Crude oil (\$/bbl)	ICE Brent Futures	40.80	(3.5%)	6.5%	31.7%	(38.2%)	(35.5%)
Hot rolled steel (\$/t)	Steel CIS export price (spot)*	391.3	-	6.5%	11.0%	(15.4%)	(19.3%)
Iron ore (\$/t)	Iron ore fines (CFR China; spot)	105.67	4.9%	5.2%	19.3%	14.7%	5.0%
Thermal coal (\$/t)	ARA steam coal (CIF; 1-m forward)	47.80	0.2%	8.6%	8.0%	(11.2%)	(11.3%)

Notes: *updated weekly

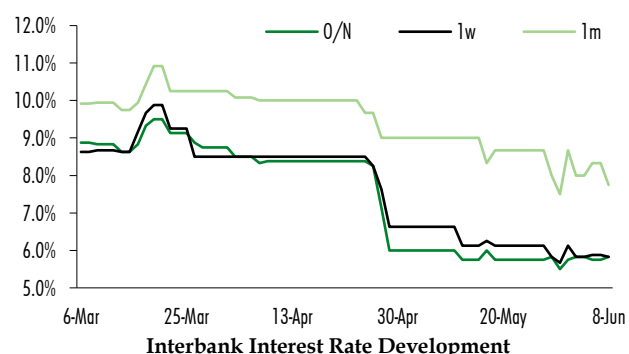
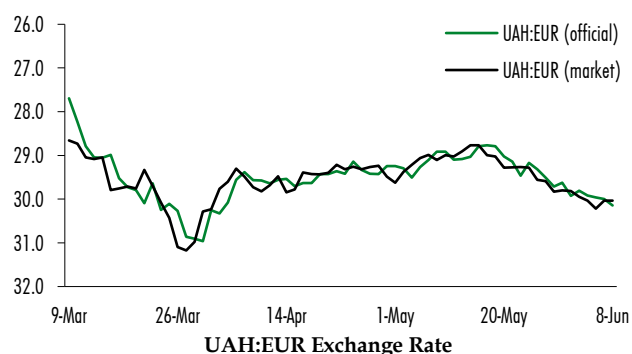
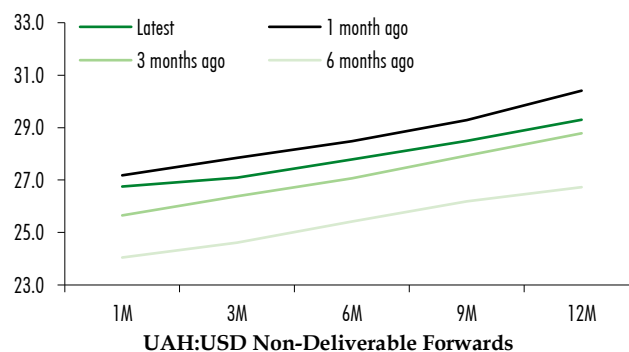
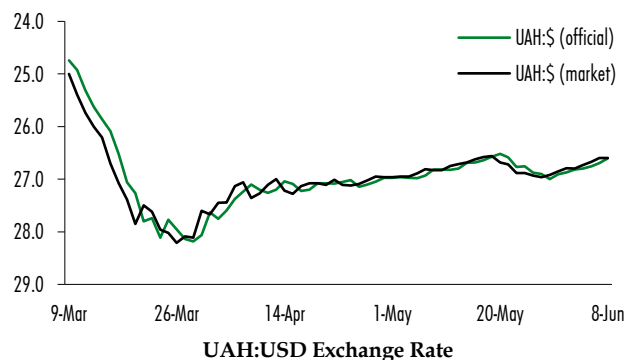
Ukrainian oil (\$/bbl)	April 7	Chg. prev. (%)	Chg. (YTD; %)	52-w high	52-w low	Brent	Prem./(Disc.) to Brent
Latest auction	\$21.7	(65.7%)	(65.7%)	\$67.5	\$21.7	\$31.9	(31.8%)

Sources: Bloomberg, Dragon Capital

MONEY MARKETS

	3-m		6-m		12-m	
LIBOR (\$)	0.313%		0.481%		0.634%	

Exchange rates	Latest	Chg. (1d; %)	Chg. (YTD; %)	Interest rates ²⁾	Bid	Ask	Chg. (YTD; %) ²⁾	YTD low ²⁾	YTD high ²⁾
Market (UAH:USD)	26.6000	0.0%	(10.6%)	Overnight	5.75%	7.50%	(5.38%)	5.50%	12.50%
Official (UAH:USD)	26.6005	0.4%	(11.0%)	1 week	5.88%	8.75%	(5.79%)	5.67%	12.50%
Market (UAH:EUR) ¹⁾	30.0341	0.0%	(11.1%)	2 weeks	7.17%	9.83%	(5.33%)	6.63%	13.50%
Official (UAH:EUR)	30.1477	(0.5%)	(12.4%)	1 month	8.33%	11.67%	(4.50%)	7.50%	14.00%



Notes: 1) UAH:EUR market rate is based on UAH:USD market rate and USD:EUR cross rate; 2) KIEIBOR; YTD absolute change in bid yield, YTD bid low and YTD bid high. Sources: NBU, Bloomberg, Dragon Capital

MACROECONOMIC INDICATORS

Year	2016	2017	2018	2019	2020E	2021F
Real GDP Growth (y-o-y; %)	2.4%	2.5%	3.4%	3.2%	(7.2%)	4.3%
Nominal GDP (\$bn)	93	112	131	154	138	145
Real Industrial Growth (y-o-y; %)	4.0%	1.1%	3.0%	(0.5%)	(7.5%)	4.7%
Consumer Price Index (e-o-p; %)	12.4%	13.7%	9.8%	4.1%	4.4%	5.7%
Combined Fiscal Balance* (% of GDP)	(2.3%)	(2.4%)	(2.2%)	(2.2%)	(7.6%)	(4.0%)
Total Public Debt (% of GDP)	80.9%	71.8%	60.9%	50.3%	67.2%	66.1%
NBU Gross Reserves (\$bn)	15.5	18.8	20.8	25.3	28.0	29.5
C/A Balance (% of GDP)	(1.4%)	(2.2%)	(3.3%)	(0.9%)	1.0%	(1.4%)
UAH:USD (official; e-o-p)	27.19	28.07	27.69	23.69	28.00	29.50
UAH:USD (official; e-o-p; y-o-y %)	(11.7%)	(3.1%)	1.4%	16.9%	(15.4%)	(5.1%)
UAH:USD (official; average)	25.55	26.59	27.20	25.80	26.80	28.50
UAH:USD (official; average; y-o-y %)	(14.5%)	(3.9%)	(2.2%)	5.4%	(3.7%)	(6.0%)

Note: *the combined fiscal balance includes balances of the general government (central budget, local budgets and Pension Fund) and (2009 onwards) Naftogaz Ukrainy but excludes bank recapitalization costs. Sources: State Statistics Committee, Finance Ministry, NBU, Dragon Capital estimates and forecasts

CALENDAR OF EVENTS

Date	Company/Sector	Event
June 9	Economy	Inflation for May
June 9	Economy	Loans and deposits as of end-May
June 11	Economy	NBU discount rate review
June 17	Economy	Agriculture for May and 5M20
June 19	Economy	GDP (revised) and sector breakdown for 1Q20
June 22	Economy	MPC minutes
June 22	Economy	Retail trade for May and 5M20
June 22	Economy	Transportation for 5M20
June 23	Economy	Industrial production for May and 5M20
June 25-30	Economy	Budget data for 5M20
June 25-30	Economy	Public debt as of end-May

Sources: Companies, Dragon Capital

RECENT RESEARCH REPORTS

Date	Company/Market	Title
June 1	Ukraine Strategy Weekly	Domestic Mood Remains Positive
June 1	Ukrainian Bonds	Weekly Overview
May 28	Ukraine Macro Outlook	Exiting Lockdown Cautiously Positive
May 25	Ukraine Strategy Weekly	Watching Stage 2 of Lockdown Exit; Neutral on Equities
May 25	Ukrainian Bonds	Weekly Overview
May 19	Ukreximbank	Update Following 2019 Results
May 18	Ukraine Strategy Weekly	Waiting for IMF funding; Positive Outlook on Equities
May 18	Ukrainian Bonds	Weekly Overview
May 12	Ukrainian Bonds	Weekly Overview
May 6	Ukraine Food & Agriculture	2020 Grain Harvest Update (field trip notes)



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