

Stock Market Update

Ukraine's capital Kyiv withstand more than a month since Russia's invasion of the country. As a result, Moscow promised to reduce the intensity of its military activity around Kyiv, in effect acknowledging that its advance toward the capital had stalled. Ukrainians reclaimed a series of towns outside the capital, signaling at least a partial Russian retreat. Meanwhile, Russian President Vladimir Putin and Kremlin officials have consistently said that Russia's military operation in Ukraine has gone according to plan.

In total, Ukraine's troops have retaken more than 30 towns and villages around Kyiv, according to officials. The recaptured towns bore the scars of five weeks of fighting, with destroyed armored vehicles, military gear, and dozens of bodies lying scattered over streets.

On the diplomatic front, Ukrainian and Russian negotiators met for face-to-face talks last week in Turkey's Istanbul, but described the talks as "difficult".

Among macroeconomic data, there was a preliminary assessment that Ukraine's GDP fell by 16% YoY in 1Q22. The government's forecast said that the full-year economic contraction could top 40% YoY, after moderate GDP growth of 3.4% YoY in 2021.

On the Ukrainian Stock Exchange trading remained suspended with only the special UAH-denominated government bond allowing for circulation. Local and foreign investors can purchase the special UAH-denominated bond on the Ukrainian Exchange through licensed brokers. The 1-year special bond has a yield of 11%. The placement of the special bond aims to help the Ukrainian government to finance the national budget expenditures in the current difficult time for the country.

Warsaw-listed Kernel (KER) increased by 5.6% last week to close at PLN 33.70 per share. In London trading, MHP (MHPC) rebounded by 32% to USD 4.50 after the company's bondholders agreed to extend a grace period for the interest payment. A majority of bondholders voted in favor of a 240-day extension to the 30-day grace period. MHP won't be able to raise more debt and will have restrictions in using its cash in this period.

The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

www.bank.gov.ua/en/news/all/natsionalniy-bank-vidkriv-spetsrahunok-dlya-zboru-koshtiv-na-potrebi-armiyi

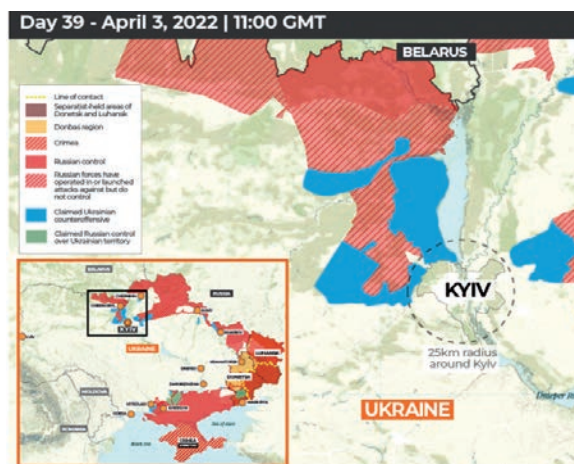
The National Bank also opened a fundraising account for Humanitarian Assistance to Ukrainians. Please see details under the link below:

www.bank.gov.ua/en/news/all/natsionalniy-bank-vidkriv-rahunok-dlya-gumanitarnoyi-dopomogi-ukrayintsyam-postrajdalim-vid-rosiyskoyi-agresiyi

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TREND



MARKET INDEXES

	Last	1W ch	YTD
UX	n/a	n/a	n/a
RTS	1033	24.6%	-35.3%
WIG20	2165	2.4%	-4.5%
MSCI EM	1146	1.9%	-7.0%
S&P 500	4545	0.0%	-4.6%

FIXED INCOME

	Last	1W ch	YTD
Ukraine-2026	36.9%	-7.0 p.p.	28.0 p.p.
Ukraine-2032	23.7%	-4.3 p.p.	14.5 p.p.

CURRENCY

	Last, UAH	1W ch	YTD
USD/UAH	33.00	0.0%	20.8%
EUR/UAH	36.30	0.0%	17.2%

Source: Eavex Capital

Highlights

POLITICS AND ECONOMICS

- Russian Retreat from Central Ukraine Signals New Phase of War

Russian Retreat from Central Ukraine Signals New Phase of War

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NEWS

Russian military forces have abandoned their positions around suburban Kyiv over the last week, with the Ukrainian government declaring on Saturday (Apr 2) that all of Kyiv oblast (province) is now entirely liberated from occupation. International and domestic media have reported on brutal war crimes committed in the suburb of Bucha, just west of the capital, which had been occupied by the Russians for 4 weeks. The Russians also pulled back from Chernihiv northeast of Kyiv, which has been one of the most savagely-hit cities in the war. Further east in the provincial capital of Sumy, the encirclement of the city was broken by Ukrainian forces at the town of Trostyanets, and the situation is reported to be improving. The Kremlin stated that it is shifting its military focus away from Kyiv and toward capturing additional territory in the Donbass region of Eastern Ukraine.

COMMENTARY

The Ukrainian government should beware of the possibility that the Kremlin's statements about focusing on the Donbass could be a ruse aimed at relaxing the defense of Kyiv, which is by the far the most important target of the Putin regime's aggression. Nonetheless, it appears that the war is entering a more protracted phase, with President Zelenskiy refusing to yield to Moscow's demands on the Donbass, and Western governments reluctant to try to force Zelenskiy into a settlement. The Putin regime seems to have belatedly realized the difficulty of capturing any territory at all in the majority Ukrainian-speaking central provinces of the country; Russian fascist ideology considers Central Ukrainians to be wayward Russians, whereas Western Ukrainians are considered to be non-Russian foreign enemies. Refugees have begun returning to central and western areas, with some 400,000 Ukrainians reported to have come back from Poland, where many faced difficult living conditions and unaffordably high expenses. Despite the withdrawal from north-central areas, the Russians have still gained considerable new territory in the southeast along the Azov seacoast in Zaporizhia and Kherson provinces, and reclaiming these areas by military means will be problematic for Ukraine, we think. The bottom line is that although Western governments have shown that they will go to great lengths to protect Kyiv and the western half of the country from Putin's imperial ambitions, their commitment to making heavy economic sacrifices to help Ukraine keep control over the Donbass is not as clear. When the Ukraine-Russia story is presented to the West as a battle to defend the existence of a nation, it sells very well; but if it becomes simply about fighting over some land, the narrative is less compelling, we think.

QUOTES AND MULTIPLES

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales 2021E
			1W	YtD				2020	2021E	2020	2021E	
UX Index	UX	n/a	n/a	n/a								
Iron Ore Mining												
Ferrexpo	FXPO	195	17.7%	-34.8%	1515	1511	24.0%	2.4	1.4	1.8	1.0	0.7
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Specialized Machinery												
Turboatom	TATM	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Motor Sich	MSICH	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Oil & Gas												
UkrNafta	UNAF	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enwell Energy (ex-Regal)	ENW	24.0	8.6%	-31.4%	101	47	21.6%	33.8	11.3	1.8	1.6	0.8
Power Utilities												
Centrenergo	CEEN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Donbasenergo	DOEN	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Consumer												
MHP	MHPC	4.50	32.0%	-33.6%	476	1767	32.5%	neg	1.6	5.2	2.8	0.8
Kernel	KER	33.70	5.6%	-42.6%	639	1475	61.8%	1.2	1.6	1.6	1.8	0.3
Astarta	AST	27.40	16.6%	-35.4%	163	338	37.0%	19.7	15.5	2.8	2.5	0.7
Agroton	AGT	5.70	6.7%	-16.2%	29	4	25.0%	2.5	2.3	0.1	0.1	0.1
Banks												
										Price/Book		Price/Assets
Raiffeisen Bank Aval	BAVL	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: UX. PFTS. LSE. WSE. Eavex Research
 * companies listed abroad are in traded currency

MAIN FINANCIAL FORECASTS, USD mn

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2019	2020	2021E	2019	2020	2021E	2019	2020	2021E	2019	2020	2021E	2019	2020	2021E
Iron Ore Mining																
Ferrexpo	FXPO	1507	1700	2300	586	859	1,450	38.9%	50.5%	63.0%	403	635	1,100	26.7%	37.4%	47.8%
Railcar Manufacturing																
Kryukiv Wagon	KVBZ	292	223	192	38	13	10	13.0%	5.9%	5.2%	31	9	5	10.5%	3.8%	2.7%
Specialized Machinery																
Turboatom	TATM	110	105	52	49	52	21	45.0%	49.1%	40.7%	12	8	3	11.1%	8.0%	6.0%
Motor Sich	MSICH	358	353	338	19	102	90	5.2%	29.1%	26.5%	-14	32	23	-3.8%	8.9%	6.9%
Oil & Gas																
Ukrnafta	UNAF	1098	1319	1286	-115	320	291	-10.5%	24.3%	22.6%	-158	158	186	-14.4%	12.0%	14.4%
Regal Petroleum	RPT	50	55	62	22	26	30	44.0%	47.3%	48.4%	10	3	9	20.0%	5.5%	14.5%
Electric Utilities																
Centrenergo	CEEN	589	764	513	-69	17	-12	-11.7%	2.2%	-2.3%	-77	2	-31	-13.1%	0.3%	-6.0%
Donbasenergo	DOEN	249	256	258	8	9	-1	3.1%	3.3%	-0.6%	-3	1	-8	-1.1%	0.4%	-3.0%
Consumer																
MHP	MHPC	2056	1911	2236	376	340	620	18.3%	17.8%	27.7%	215	-133	290	10.5%	-7.0%	13.0%
Kernel (FY19, FY20, FY21)	KER	4107	5647	5082	443	929	836	10.8%	16.5%	16.5%	118	513	410	2.9%	9.1%	8.1%
Astarta	AST	497	484	517	86	122	136	17.4%	25.1%	26.3%	2	8	11	0.4%	1.7%	2.0%
Agroton	AGT	54	68	74	2	33	31	4.1%	48.2%	41.3%	5	12	13	9.5%	17.4%	17.4%
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	3495	3795	4216	550	456	516	280	271	260	185	151	178	33.6%	33.2%	34.5%

Source: Eavex Research

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