

Stock Market Update

Equity

Ukrainian companies listed abroad had a firm rebound last week after the US finalized paperwork to grant Ukraine an almost USD 40bn aid package to resist Russian invasion. Russian forces are using aircraft, artillery, tanks, rockets, mortars, and missiles along the entire front line to attack Ukrainian civilian structures and residential areas. Thousands of people in Ukraine have been killed in the war that has displaced millions and shattered cities. Now Russian forces are preparing for Ukrainian counteroffensives and settling in for protracted operations in southern Ukraine.

Warsaw-listed Kernel (KER) shot up by 18% to PLN 28.10 and Astarta (AST) jumped by 25% to PLN 26.45 per share.

In London trading, MHP (MHPC) advanced by 15% to USD 4.62, and Ferrexpo (FXPO) gained by 16% to GBP 171. On the downside, natural gas producer Enwell Energy (former Regal) slid by 13% to GBP 20.00.

On the Ukrainian stock market trading in stocks and bonds remained suspended as the country is under martial law.

The Finance Ministry continued to offer investors the special UAH-denominated bonds with a yield of 11.5% and maturity in October 2023. Local and foreign investors can purchase the special Ukrainian bond through licensed brokers or banks.

On the OTC cash market, the hryvnia lost a significant 10% over the week to close at 38.00 UAH/USD. However, operations on the interbank currency market remained restricted and conducted close to the official exchange rate of 29.25 UAH/USD.

Highlights

POLITICS AND ECONOMICS

- Ukraine to get USD 40bn aid package from the US

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-spetsrahnok-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

TREND



MARKET INDEXES

	Last	1W ch	YTD
UX	n/a	n/a	n/a
RTS	1240	9.5%	-22.3%
WIG20	1783	1.0%	-21.3%
MSCI EM	1035	3.1%	-16.0%
S&P 500	3901	-3.1%	-18.2%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	10.0%	0.0 p.p.	+1.0 p.p.
UAH 1-year war bond	11.0%	0.0 p.p.	0.0 p.p.
Ukraine-2026	39.3%	-1.0 p.p.	30.4 p.p.
Ukraine-2032	24.7%	-3.6 p.p.	15.5 p.p.

CURRENCY

	Last, UAH	1W ch	YTD
USD/UAH	38.00	10.1%	39.1%
EUR/UAH	40.13	10.8%	29.6%

Source: Eavex Capital

Ukraine to get USD 40bn aid package from the US

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NEWS

President Joe Biden on Saturday signed legislation to support Ukraine with another USD 40bn in US assistance as the Russian invasion approaches its fourth month.

The legislation, which was passed by Congress with bipartisan support, deepens the US commitment to Ukraine at a time of uncertainty about the war's future. Ukraine has successfully defended Kyiv, and Russia has refocused its offensive on the country's east, but American officials warn of the potential for a prolonged conflict.

The funding is intended to support Ukraine through September, and it dwarfs an earlier emergency measure that provided USD 13.6bn.

The new legislation will provide USD 20bn in military assistance, ensuring a steady stream of advanced weapons that have been used to blunt Russia's advances. There's also USD 8bn in general economic support, USD 5bn to address global food shortages that could result from the collapse of Ukrainian agriculture and more than USD 1bn to help refugees.

COMMENTARY

The aid package reflects a sense of urgency to direct US resources to support Ukraine in the largest military conflict in Europe since World War II. We assume that the US and its allies pivot to planning for a longer war in Ukraine, the scope of which has narrowed since the initial Russian invasion three months ago but whose duration appears increasingly lasting as the fighting enters a gruelling new phase.

In a separate written statement on the aid package, President Joe Biden thanked Congress "for sending a clear bipartisan message to the world that the people of the United States stand together with the brave people of Ukraine as they defend their democracy and freedom."

Yet the next Ukraine issue to reach Washington this year may not be funding but Finland and Sweden joining NATO. The Russian invasion prompted a seismic reassessment among Finns and Swedes, who had long been wary of joining the transatlantic alliance out of fear of provoking Russia, with whom the two nations share a border. While the exact timeline of their admission remains in flux, in part because of objections lodged by NATO member Turkey, US political and military leaders expressed clear support for a rapid process. Should their applications be ratified, the alliance would gain the most population since the 2004 admission of seven former Warsaw Pact states and the most gross domestic product since the 1998 admission of the Czech Republic, Hungary and Poland.

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	171	16.4%	-42.9%	1257	1140	24.0%	2.0	1.4	1.3	0.8	0.5
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	20.0	-13.4%	-42.9%	80	26	21.6%	26.7	8.9	1.0	0.9	0.4
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	4.62	15.2%	-31.9%	488	1718	32.5%	neg	1.2	5.1	2.7	0.7
Kernel	KER	28.10	17.7%	-52.1%	511	2062	61.8%	1.0	1.2	2.2	2.5	0.4
Astarta	AST	26.45	24.8%	-37.6%	151	326	37.0%	18.3	14.4	2.7	2.4	0.6
Agroton	AGT	5.38	10.2%	-20.9%	27	2	25.0%	2.3	2.1	0.1	0.1	0.0
Banks												
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	2518	586	859	1,439	38.9%	50.5%	57.1%	403	635	871	26.7%	37.4%	34.6%
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																
Centrenergy	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	2372	376	340	648	18.3%	17.8%	27.3%	215	-133	393	10.5%	-7.0%	16.6%
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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