

## Stock Market Update

### Equity

There was no additional detail regarding the mechanism of compensation for the unconditional transfer of UkrNafta (UNAF) and Motor Sich (MSICH) shares to the state account managed by the Defense Ministry. The Ukrainian Exchange said it removed UkrNafta and Motor Sich from the listing. Currently, there are two main scenarios for compensation for the transferred shares. The first one is that the state will return the seized shares back to shareholders after martial law would be lifted in Ukraine. The second scenario foresees that the state will pay for the seized shares. However, the state could explore other options for limiting potential disputes regarding the seizure of UkrNafta and Motor Sich shares.

Among other Kyiv-listed stocks, CentrEnergo (CEEN) and Raiffeisen Bank (BAVL) were unchanged over the week at UAH 4.50 and 20.9 kopecks respectively.

In London trading, Ferrexpo (FXPO) gained by 31% to GBp 148 following a surge in iron ore prices from USD 73 to USD 93 per tonne. Poultry maker MHP (MHPC) advanced by 8.2% to USD 3.15 and Enwell Energy (former Regal) added by 3.9% to GBp 24.25.

On the Warsaw Stock Exchange quotes for Ukrainian agro companies finished higher supported by the overall positive momentum on the market and the encouraging success of the Ukrainian army which liberated the city of Kherson after eight months under russian occupation.

The hryvnia was little changed at 40.60 UAH/USD on the OTC cash market last week despite a clear momentum of dollar weakness against other world currencies. The National Bank in its regular report said that Ukraine's foreign currency reserves grew by 5.5% in October to USD 25.2bn.

## Highlights

### POLITICS AND ECONOMICS

- After Kherson Victory, Ukraine Sets Sights on Melitopol for Winter Offensive, US Media Says
- Inflation in Ukraine Accelerates to 26.6% YoY in October from 24.6% YoY in September

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/about/support-the-armed-forces](http://www.bank.gov.ua/en/about/support-the-armed-forces)

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

[www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine](http://www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine)

[www.eavex.com.ua](http://www.eavex.com.ua)

### TREND



UNITED24 charitable donations will be transferred to the official accounts of the National Bank of Ukraine and allocated by assigned ministries to cover the most pressing needs:

[www.u24.gov.ua](http://www.u24.gov.ua)

### MARKET INDEXES

	Last	1W ch	YTD
UX	1358	-1.4%	-21.9%
RTS	1158	5.9%	-27.4%
WIG20	1690	5.6%	-25.4%
MSCI EM	889	0.5%	-27.8%
S&P 500	3993	5.9%	-16.2%

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	25.0%	0.0 p.p.	+16.0 p.p.
UAH 1-year war bond	14.0%	0.0 p.p.	+3.0 p.p.
Ukraine-2026	86.4%	-10.9 p.p.	77.5 p.p.
Ukraine-2034	48.9%	-10.2 p.p.	39.7 p.p.

### CURRENCY

	Last, UAH	1W ch	YTD
USD/UAH	40.60	0.5%	48.6%
EUR/UAH	40.95	3.7%	32.3%

Source: Eavex Capital

## After Kherson Victory, Ukraine Sets Sights on Melitopol for Winter Offensive, US Media Says

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### NEWS

Following the Ukrainian army's recapture last week of the southern city of Kherson from Russian occupying forces with little to no fighting, Ukraine intends to press its advantage with a counteroffensive further south and east to retake the occupied city of Melitopol in Zaporizhia province in the coming months, the New York Times reported on Saturday (Nov 12). The newspaper cited "growing hints from troops on the ground" as the source for its claim, rather than any official sources in the government of President Zelenskiy. Melitopol is located about 100km south of the current front line in Zaporizhia. Scenes on Friday (Nov 11) showed large crowds of people with Ukrainian flags in central Kherson welcoming Ukrainian soldiers. The city remains largely without basic services, although most of its buildings appear to be intact; a representative of Kherson's mayor estimated that there are currently about 80,000 residents, down from the pre-war population of some 300,000. The Russian army still controls about 75% of Kherson province located on the east side of the Dnipro river, and the occupation administration was moved to the town of Henichesk on the Azov Sea.

### COMMENTARY

For months, the Russian occupation of Kherson city and other territory west of the Dnipro had looked like a massive military overreach driven by delusional Russian imperial ideology. With the liberation of Kharkiv province in September and the northwestern portion of Kherson, Ukraine has recaptured the two weakest links of the Russian occupation. There are now three main fronts in the war: Luhansk province in the northeast, Donetsk province in the east, and Kherson & Zaporizhia provinces in the south. Each front presents its own challenges in terms of new Ukrainian territorial advances in the near term. In Luhansk, Ukraine has thus far been unable to recapture the key gateway towns of Svatove and Kreminna, and with harsh winter temperatures well below freezing due to arrive in northeastern Ukraine by the end of this week, that front could turn into a stalemate for the next several months. In Donetsk, Russia remains in an offensive position, although it has failed for many months to advance into the cities of Bakhmut and Avdiyivka. And in the south, despite warmer temperatures that could be conducive to Ukrainian offensive operations, Russia has the benefit of the Dnipro as a natural barrier of defense. It is becoming clear that the Zelenskiy administration's overall strategy is to play for a general collapse of the Russian army and the removal of the Putin regime from power in Moscow; but it is obviously difficult to predict a time scale on which those events might occur. Top Biden administration national security official Jake Sullivan last week reiterated the US public line of "supporting Ukraine for as long as it takes", albeit without explicitly endorsing the Ukrainian war objectives of restoring the country's pre-2014 borders and forcing a change of government in the Kremlin. We note that both Zelenskiy and Putin are due to face presidential elections in the spring of 2024, with the likely start of those campaigns only 6-8 months away.

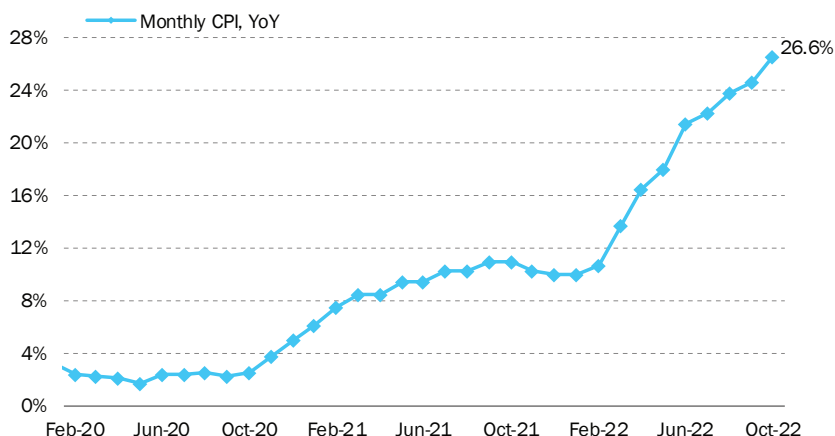
**Inflation in Ukraine Accelerates to 26.6% YoY in October from 24.6% YoY in September**

by Dmitry Churin  
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**NEWS**

Headline 12-month inflation in Ukraine accelerated to 26.6% in October from 24.6% in September, according to data published by the State Statistics Committee on Nov 10. On a monthly basis, consumer prices grew by 2.5% in October with the food inflation index rising by a significant 4.2% MoM. The utility service price index increased by 0.3% MoM in October while on the yearly comparison the utility price index rose by a moderate 5.5% YoY.

**UKRAINE'S ROLLING 12-MONTH CPI**



Source: State Statistics Committee

**COMMENTARY**

Although consumer inflation in Ukraine remained well above the 5% YoY target, there is an assumption that food prices will pause their growth as the new harvest provides some relief to earlier pessimistic projections.

On the global stage, inflation has already shown signs of cooling down. In particular, the US inflation slowed to 7.7% YoY in October from 8.2% YoY in September. At 7.7% annual inflation in October was the slowest since January. And it probably gives the US central bank enough assurance to moderate its aggressive interest-rate hikes if the trend is sustained. Fed policymakers will have both another CPI report and jobs report in hand before the end of their two-day policy meeting in mid-December. Markets now expect the Fed's benchmark interest rate to peak at about 4.8% in May 2023. US stocks surged after the inflation report with the S&P index advancing by 5,9% over the week to 3,993 points. The benchmark 10-year Treasury yields declined from 4.14% to 3.83%, and the gold price jumped by 6.5% to USD 1,773.

**QUOTES AND MULTIPLES**

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales 2022E
			1W	YtD				2021E	2022E	2021E	2022E	
UX Index	UX	1358	-1.4%	-21.9%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	148	31.5%	-50.5%	1021	850	24.0%	1.2	neg	0.6	2.4	0.5
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	11.3	0.0%	-40.8%	32	-11	5.0%	6.1	neg	-1.1	8.1	-0.1
<b>Specialized Machinery</b>												
Turboatom	TATM	2.3	0.0%	-21.0%	24	21	3.8%	7.7	neg	1.0	2.2	0.8
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
<b>Oil &amp; Gas</b>												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	24.3	3.9%	-30.7%	91	14	21.6%	1.8	1.7	0.2	0.2	0.1
<b>Power Utilities</b>												
Centrenergo	CEEN	4.50	0.0%	-28.6%	41	11	21.7%	-1.3	neg	neg	neg	0.1
Donbasenergo	DOEN	11.27	-8.0%	-61.1%	7	6	14.2%	-0.9	neg	neg	neg	0.1
<b>Consumer</b>												
MHP	MHPC	3.15	8.2%	-53.5%	333	1621	32.5%	neg	neg	2.5	5.6	0.9
Kernel	KER	18.38	2.1%	-68.7%	325	2040	61.8%	1.8	2.7	3.0	5.5	0.9
Astarta	AST	20.45	3.5%	-51.8%	113	307	37.0%	0.8	3.1	1.3	2.4	0.8
Agroton	AGT	3.55	1.7%	-47.8%	17	-3	25.0%	4.8	neg	n/a	n/a	n/a
<b>Banks</b>												
										<b>Price/Book</b>	<b>Price/Assets</b>	
Raiffeisen Bank Aval	BAVL	0.209	0.0%	-54.6%	318		1.8%	1.8	neg	0.6	0.8	0.08

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		
		2020	2021E	2022E	2020	2021E	2022E	2020	2021E	2022E	2020	2021E	2022E	2020	2021E	2022E
<b>Iron Ore Mining</b>																
Ferrexpo	FXPO	1700	2518	1650	859	1,439	350	50.5%	57.1%	21.2%	635	871	-110	37.4%	34.6%	-6.7%
<b>Railcar Manufacturing</b>																
Kryukiv Wagon	KVBZ	223	192	78	13	10	-1	5.9%	5.2%	-1.8%	9	5	-5	3.8%	2.7%	-6.8%
<b>Specialized Machinery</b>																
Turboatom	TATM	105	52	28	52	21	10	49.1%	40.7%	34.4%	8	3	-2	8.0%	6.0%	-5.6%
Motor Sich	MSICH	353	338	200	102	90	40	29.1%	26.5%	19.8%	32	23	-7	8.9%	6.9%	-3.6%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	1319	1320	844	320	168	56	24.3%	12.7%	6.7%	158	91	22	12.0%	6.9%	2.6%
Regal Petroleum	RPT	47	121	131	22	78	86	47.4%	64.4%	65.7%	3	51	55	6.7%	42.1%	41.9%
<b>Electric Utilities</b>																
Centrenergo	CEEN	764	517	388	17	-12	-16	2.2%	-2.3%	-4.2%	2	-31	-38	0.3%	-6.0%	-9.7%
Donbasenergo	DOEN	256	260	144	9	-1	-4	3.3%	-0.6%	-2.6%	1	-8	-15	0.4%	-3.0%	-10.7%
<b>Consumer</b>																
MHP	MHPC	1911	2372	1898	340	648	290	17.8%	27.3%	15.3%	-133	393	-300	-7.0%	16.6%	-15.8%
Kernel (FY19, FY20, FY21)	KER	5647	5365	2300	929	678	370	16.5%	12.6%	16.1%	513	180	120	9.1%	3.4%	5.2%
Astarta	AST	490	590	404	134	242	125	27.3%	41.0%	31.0%	10	147	36	2.1%	24.9%	9.0%
Agroton	AGT	68	41	20	33	8	-6	48.2%	19.8%	-30.0%	12	4	-40	17.4%	8.7%	neg
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	3795	4829	4238	456	571	390	271	348	314	151	179	-68	33.2%	31.3%	-17.5%

Source: Eavex Research

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