

## Stock Market Update

### Equity

Ukrainian stocks finished mixed last week while the war risks continued to weigh on investors' sentiments. Russia has targeted vital infrastructure with air strikes that have sparked widespread power outages and killed civilians.

Fresh strikes last Wednesday caused the worst damage so far in the nine-month conflict. Millions of Ukrainians have been left with no light, water or heat even as temperatures fell below zero degrees Celsius. On Friday, the UN nuclear watchdog, the IAEA, said Ukraine's three nuclear plants on government-held territory had been reconnected to the grid, two days after a Russian missile barrage forced them to shut for the first time in 40 years. Representatives of NATO countries helping Ukraine's military say they now see their role as supporting Kyiv to perform strongly militarily, so as to be in the most advantageous possible position when the time eventually comes to negotiate with Moscow.

On the Ukrainian Exchange trading remained subdued. However, both CentrEnerg (CEEN) and Raiffeisen Bank (BVL) gained by about 10% last week to UAH 5.00 and 22.00 kopecks respectively.

Agro names were broadly lower with Astarta (AST) falling 5.2% to PLN 20.90 and Agroton (AGT) dropping by 10.5% to PLN 3.48 per share.

In London trading, Enwell Energy (former Regal) slipped by 5.5% to GBP 25.10 while MHP (MHP) climbed by 1.4% to USD 3.50 after the company reported a solid 18% YoY increase in poultry export in October.

On the currency front, the hryvnia was flat against the dollar at 40.25 UAH/USD on the OTC cash market.

## Highlights

### POLITICS AND ECONOMICS

- > Zelenskiy Criticizes Klitschko for Inaction after Widespread Kyiv Outages
- > National Bank: The Ukrainian banking system maintains stability

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)

### 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	1405	1.9%	-19.2%
RTS	1141	-0.5%	-28.5%
WIG20	1755	2.8%	-22.6%
MSCI EM	932	-1.0%	-24.4%
S&P 500	4026	1.5%	-15.5%

### 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	76.2%	-0.1 p.p.	67.3 p.p.
Ukraine-2034	41.0%	-0.6 p.p.	31.8 p.p.

### CURRENCY

	Last, UAH	1W ch	YTD
USD/UAH	40.25	0.0%	47.3%
EUR/UAH	41.15	1.0%	32.9%

Source: Eavex Capital

## Zelenskiy Criticizes Klitschko for Inaction after Widespread Kyiv Outages

by Will Ritter  
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### NEWS

President Zelenskiy criticized the response of Kyiv Mayor Vitaliy Klitschko to last week's widespread power and water outages in the capital caused by Wednesday's (Nov 23) Russian missile strikes on electricity distribution targets, domestic media reported. The strikes took all three of Ukraine's functioning nuclear power plants off line for nearly 24 hours, leaving some residential areas in Kyiv and other major cities without any electricity for as long as 3 days. Zelenskiy complained that the national government's program of "points of invincibility" to provide device-charging and heating locations for citizens left without power is being poorly implemented by Klitschko's team. Zelenskiy's top ally in Parliament, People's Servant faction leader David Arakhamia, told domestic media that a parliamentary inspection campaign of the "invincibility" sites by MPs found that some 20% of them were not operating properly. Klitschko pushed back against the criticism, stating in an article published on the Ukrayinska Pravda news site on Sunday (Nov 27) that the city government has set up 430 sites, and called the accusations "political dances... this looks, to say the least, unpleasant, both for Ukrainian citizens and for our Western partners."

### COMMENTARY

The city of Kyiv has always been a relative political weak spot for Zelenskiy, and particularly for his People's Servant party, which recorded a dismal performance in the 2020 city council elections that saw Klitschko comfortably win another term in office. It therefore appears that Zelenskiy is using Kyiv's current difficulties to engage in some political score-settling with Klitschko, who is one of his top potential rivals in the presidential election due in May 2024. Amid the ongoing Russian inability to make battlefield gains, the Kremlin's missile strikes against Ukrainian civilian utility infrastructure targets are currently the Putin regime's only real remaining card to pressure the Ukrainian government. Such strikes are problematic for Zelenskiy, as they exact a high price for Ukrainian civilians, and they also shift the narrative of Western media coverage away from the front lines of the war. For political reasons, Zelenskiy is eager to maintain a media narrative of territorial liberation following the Ukrainian success in Kherson earlier this month, but a round of miserable early-winter weather along the front has made new advances difficult to achieve, particularly along the Svatove-Kreminna line in northwestern Luhansk province. Meanwhile, in Western military & diplomatic circles, the debate is sharpening between hawks and doves over whether the desired endgame of the war should be a negotiated settlement with Moscow, or the removal of the Putin regime from power. In our opinion, both Zelenskiy and Ukraine's Western allies need to focus on finding a balance this winter between recapturing land and defending the welfare of the more than 30 million Ukrainians living in government-controlled territory.

## National Bank: The Ukrainian banking system maintains stability

by Dmitry Churin  
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### NEWS

The National Bank reported that despite the massive missile strikes on the critical infrastructure of Ukraine, the country's banking system remains stable. The IT systems of the National Bank continue to operate properly. The electronic payment system of the National Bank is working, and banks of Ukraine are connected to the payment system and can make customer payments.

The National Bank is ready to quickly reinforce banks with cash if necessary. Moreover, banks effectively apply pre-developed business continuity plans, taking into account the results of modeling various operational risk implementation scenarios under the requirements of the "Regulations on the organization of the risk management system in banks of Ukraine".

### COMMENTARY

Two main factors are important for the uninterrupted operation of the banking infrastructure:

- reservation of capacities of data processing centers that ensure the functioning of banking systems and client applications, including the availability of backup communication channels;

- a secure cash collection from banks' branches and retail chains in conditions of growing demand for cash transactions.

In order to minimize any risks, the National Bank together with systemically important banks are implementing a plan of measures to ensure the continuity of the banking system operation in the event of a prolonged power outage. Systemically important banks have identified a list of 760 regular branches across the country, which will provide financial services to clients even in conditions of prolonged power outages. A plan for logistical support of such branches with additional staff, cash register equipment, ATMs, and cash is being implemented.

There is an estimate that under moderately negative scenarios, a blackout in Ukraine may last up to seven days. This is the case if a series of simultaneous massive missile attacks on electricity distribution facilities would be performed by Russia. The case also includes an assumption that there would be a disruption of the connection of the Ukrainian energy system with the European one. Moreover, under this negative scenario, there is a high probability that the Ukrainian nuclear power plant would be stopped.

The National Bank and systemically important banks have made sure that their contact centers are operating smoothly to inform customers about the availability, location, and working schedules of vital bank branches in cities and towns throughout the country.

**QUOTES AND MULTIPLES**

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales
			1W	YtD				2021	2022E	2021	2022E	2022E
UX Index	UX	1405	1.9%	-19.2%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	145	1.5%	-51.6%	1033	862	24.0%	1.2	neg	0.6	2.5	0.5
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	10.0	0.0%	-47.4%	28	-3	5.0%	5.5	neg	--	--	--
<b>Specialized Machinery</b>												
Turboatom	TATM	2.4	0.0%	-17.5%	25	22	3.8%	8.0	neg	1.1	2.3	0.8
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
<b>Oil &amp; Gas</b>												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	25.1	-5.5%	-28.4%	97	20	21.6%	1.9	1.8	0.3	0.2	0.2
<b>Power Utilities</b>												
Centrenergo	CEEN	5.00	11.1%	-20.6%	46	16	21.7%	neg	neg	neg	neg	0.1
Donbasenergo	DOEN	13.25	0.0%	-54.3%	8	7	14.2%	neg	neg	neg	neg	0.1
<b>Consumer</b>												
MHP	MHPC	3.50	1.4%	-48.4%	388	1676	32.5%	neg	neg	2.6	5.8	0.9
Kernel (FY21, FY22, FY23E)	KER	18.00	-3.2%	-69.3%	327	1815	61.8%	neg	2.7	8.3	4.9	0.6
Astarta	AST	20.90	-5.2%	-50.7%	116	309	37.0%	0.8	3.2	1.3	2.5	0.8
Agroton	AGT	3.48	-10.5%	-48.8%	17	-3	25.0%	4.7	neg	--	--	--
<b>Banks</b>												
											<b>Price/Book</b>	<b>Price/Assets</b>
Raiffeisen Bank Aval	BAVL	0.220	10.0%	-52.2%	336		1.8%	1.9	6.5	0.6	0.7	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 (FY21, FY22, FY23E)	KER	5595	5332	3200	806	220	370	14.4%	4.1%	11.6%	513	-41	120	9.2%	-0.8%	3.8%
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	510	271	348	314	151	179	52	33.2%	31.3%	10.2%

Source: Eavex Research

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