

Stock Market Update

Equity

The National Bank of Ukraine has revised its forecast for the country's economic growth this year from 0.3% to 2.0%. As a result, the nominal GDP could reach USD 160bn, compared to the pre-war level of USD 200bn. However, the rapid recovery of the economy may be hindered by the persistence of high security risks, which dampen investment and consumer sentiment, logistical constraints on exports, and weak rates of return for forced migrants from abroad. On the other hand, the increase in international aid volumes will flow into the real sector through the budget, supporting business activity in the country. Nevertheless, due to significant defense spending and a limited resource base due to the consequences of the war, the national budget deficit will expand to 26% of GDP in 2023.

The Ukrainian stock market continues to experience very low trading volumes. However, certain market players are "pushing up" the quotes of individual stocks in hopes of corporate events that would give them the right to offer shares for buyback by the issuer. This is the situation with the quotes of DonbasEnergo (DOEN), which soared by 40% to UAH 34.4 per share last week. A similar maneuver is also evident with the securities of Kryukiv Wagon Plant (KVBZ), which rose nearly 20% to UAH 24.4. Conversely, there was a 10% drop in the indicative price of CentrEnergo's shares to UAH 4.0 after the company published an agenda to its shareholders meeting that did not include any provisions giving the right to offer shares for buyback.

Most stocks of Ukrainian agro companies traded on foreign exchanges showed growth over the past week. Astarta (AST) were again among the leaders, adding 11% in price to PLN 33.9 per share. Since the beginning of the year, the market capitalization of Astarta has already risen by 66% to USD 204m. Meanwhile, shares of MHP had a moderate increase of 0.9% to USD 3.46 (a 7.7% decrease since the beginning of the year).

Highlights

POLITICS AND ECONOMICS

- Ukraine's Public Debt Reaches USD 120bn while Foreign Reserves Standing at USD 36bn

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

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

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

MARKET INDEXES

	Last	1W ch	YTD
UX	1622	1.1%	3.6%
RTS	1034	0.1%	6.5%
WIG20	1912	-0.6%	6.6%
MSCI EM	981	0.4%	2.5%
S&P 500	4136	-0.8%	7.7%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	25.0%	0.0 p.p.	0.0 p.p.
UAH 1-year war bond	18.5%	0.0 p.p.	+2.5 p.p.
Ukraine-2026	109.6%	2.6 p.p.	27.9 p.p.
Ukraine-2034	55.8%	1.1 p.p.	10.4 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	37.63	-0.5%	-7.3%
EUR/UAH	41.55	0.9%	-2.2%

Source: Eavex Capital

Ukraine's Public Debt Reaches USD 120bn while Foreign Reserves Standing at USD 36bn

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NEWS

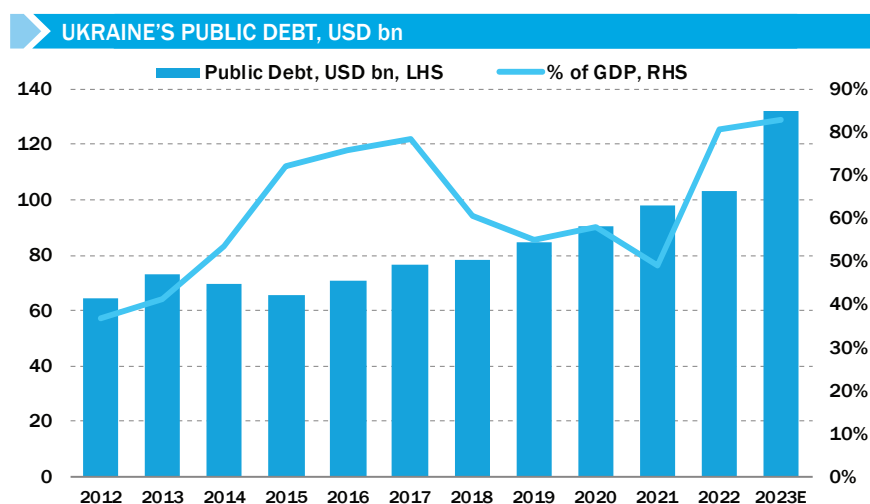
Ukraine's state and guaranteed debt increased by USD 8.5bn in USD terms to USD 120bn in 1Q23, according to data from the Finance Ministry released last week. The country's public debt falls into three main categories:

- the domestic debt of an equivalent of USD 39.5bn;
- outstanding Eurobonds with maturity over 2024-2034 in the amount of USD 22.7bn;
- IMF loans of USD 10.5bn.

These categories represent around 61% of the public debt.

In a currency breakdown, domestic UAH-denominated debt represented an equivalent of USD 37.8bn in 1Q23, or 32% of total debt. The USD- and EUR-denominated debt represented 28% and 25% respectively.

Meanwhile, Ukraine's foreign currency reserves reached an 11-year high of USD 35.9bn in April.



Source: Finance Ministry of Ukraine

COMMENTARY

We estimate that Ukraine's public debt will increase to USD 132bn by the end of this year, which in relative terms would imply 83% of Ukraine's GDP. However, we do not rule out that the debt will be even higher as the country continues to rely on foreign aid to cover a huge budget deficit that is expected at USD 38bn in 2023.

Ukraine has to spend an equivalent of USD 14.8bn for servicing and repayment of the debt by the end of this year, including UAH 442bn (USD 12.1bn) for payments related to domestic bonds. We assume that a major part of domestic bonds will be refinanced through the placement of new bonds. The Finance Ministry has to raise an average of UAH 13.8bn through the primary weekly bond auctions. The latest bond auction held on May 2 brought in an equivalent of UAH 12.0bn to the national budget. The weekly bond auction proceeds will be a quite precise indicator of the government's ability to roll-over its domestic debt.

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				2021	2022E	2021	2022E	
UX Index	UX	1622	1.1%	3.6%								
Iron Ore Mining												
Ferrexpo	FXPO	110	1.7%	-30.1%	828	722	24.0%	1.0	3.8	0.5	0.9	0.6
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	24.4	19.6%	122.2%	74	38	5.0%	neg	neg	--	--	--
Specialized Machinery												
Turboatom	TATM	3.4	0.0%	26.3%	38	35	3.8%	>50x	neg	1.6	3.7	1.3
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
Oil & Gas												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	18.5	2.1%	19.2%	75	-3	21.6%	1.5	1.4	--	--	--
Power Utilities												
Centrenergo	CEEN	4.00	-10.1%	-0.2%	39	33	21.7%	neg	neg	neg	neg	0.1
Donbasenergo	DOEN	34.44	40.9%	161.9%	22	21	14.2%	neg	neg	neg	neg	0.1
Agro sector												
MHP	MHPC	3.46	0.9%	-7.7%	383	1671	32.5%	neg	neg	2.6	5.8	0.9
Kernel (FY21, FY22, FY23E)	KER	18.16	0.2%	3.5%	339	1827	61.8%	neg	1.3	8.3	3.6	0.6
Astarta	AST	33.90	11.3%	66.2%	204	397	37.0%	1.4	5.6	1.6	3.2	1.0
Agroton	AGT	3.44	5.2%	0.0%	18	-2	25.0%	5.1	neg	--	--	--
Banks												
										Price/Book		Price/Assets
Raiffeisen Bank Aval	BAVL	0.290	0.0%	-3.3%	474		1.8%	2.7	11.6	0.8	1.0	0.11

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	2021	2022E	2020	2021	2022E	2020	2021	2022E	2020	2021	2022E	2020	2021	2022E
Iron Ore Mining																
Ferrexpo	FXPO	1700	2518	1248	859	1,439	765	50.5%	57.1%	61.3%	635	871	220	37.4%	34.6%	17.6%
Railcar Manufacturing																
Kryukiv Wagon	KVBZ	124	94	78	7	-5	-1	5.5%	-5.7%	-1.8%	3	-8	-5	2.2%	-9.0%	-6.8%
Specialized Machinery																
Turboatom	TATM	105	55	28	52	22	10	49.1%	40.7%	34.4%	8	0	-2	8.0%	0.5%	-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%
Oil & Gas																
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%
Electric Utilities																
Centrenergo	CEEN	764	460	388	17	-33	-16	2.2%	-7.1%	-4.2%	2	-36	-38	0.3%	-7.9%	-9.7%
Donbasenergo	DOEN	256	128	144	9	-13	-4	3.3%	-10.5%	-2.6%	1	-16	-15	0.4%	-12.9%	-10.7%
Agro sector																
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	510	14.4%	4.1%	15.9%	513	-41	270	9.2%	-0.8%	8.4%
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
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	3795	4829	4238	456	571	464	271	348	314	151	179	41	33.2%	31.3%	8.8%

Source: Eavex Research

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