

## Stock Market Update

### Equity

The Ukraine Recovery Conference in London, which will be held in June, is expected to showcase specific projects prioritizing Ukraine's restoration efforts in order to attract international partners for financing and implementation. Additionally, the conference will unveil a digital ecosystem, DREAM, designed to manage the recovery processes. This system aims to ensure transparency in reconstruction endeavors by tracking all project stages, from planning and approval to funding, procurement, construction, and commissioning. Furthermore, discussions are set to take place between the Ukrainian side, representatives of partner countries, and international financial organizations regarding mechanisms to support the accessibility of war risk insurance.

Amid this somewhat optimistic background, the UX index gained by 1% to 1755 points, driven by a 6.7% increase in Raiffeisen Bank (BAVL) shares to 32 kopecks. On the downside, DonbasEnergo (DOEN) fared worse, experiencing an 11% decline to UAH 34.80.

Quotes for CentrEnergo (CEEN) inched up by 0.2% to UAH 5.00 per share following mixed news that the company's supervisory board is once again changing its CEO. The previous executive held the position of acting CEO for only six months.

Among stocks traded on foreign exchanges, there was a 5.3% decline in Ferrexpo (FXPO) to GBp 99 last week. Consequently, Ferrexpo shares have already lost 37% of their value since the beginning of the year, a trend we attribute to the company's limited export capabilities and negative publicity surrounding legal proceedings involving its primary owner.

In Warsaw trading, Kernel (KER) rebounded by 4.3% to PLN 16.10 ahead of the delisting while Astarta (AST) shed by 0.8% to PLN 32.95.

## Highlights

### POLITICS AND ECONOMICS

- Ukraine's Public Debt Increases by USD 13bn in Jan-Apr to USD 124bn, Implying 71% Debt/GDP Ratio

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	1755	1.0%	12.1%
RTS	1055	1.8%	8.7%
WIG20	1984	-0.4%	10.6%
MSCI EM	973	-0.4%	1.7%
S&P 500	4205	0.3%	9.5%

### 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	100.7%	-1.5 p.p.	19.0 p.p.
Ukraine-2034	48.3%	-2.9 p.p.	2.9 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	37.61	0.7%	-7.4%
EUR/UAH	40.81	-0.1%	-4.0%

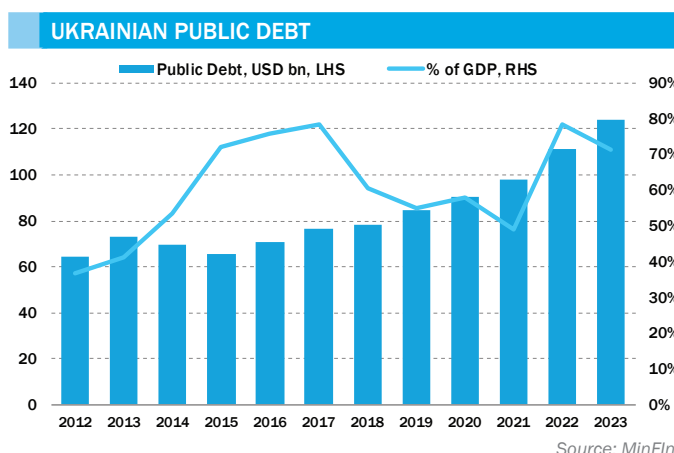
Source: Eavex Capital

**Ukraine's Public Debt Increases by USD 13bn in Jan-Apr to USD 124bn, Implying 71% Debt/GDP Ratio**

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**NEWS**

The Finance Ministry reported that Ukraine's overall public debt stood at USD 124bn as of May 1, increasing in USD terms by 12% YTD amid more borrowings due to the war crisis. The country's external state debt amounted to USD 83bn, including USD 7.3bn of state-guaranteed debt. Ukraine's outstanding sovereign Eurobonds amounted to USD 22.7bn, representing 18% of the total debt. Meanwhile, the domestic government bonds represented 32% of the total debt (USD 39.2bn).



**COMMENTARY**

The current level of Ukraine's debt implies the debt to GDP ratio of 71%. Meanwhile, we forecast that the country's debt will increase to a level of USD 140bn by the year-end, meaning that the debt-to-GDP would worsen to 80%. It is expected that the government has to cover a large national budget deficit of USD 35bn this year (19.5% of GDP). External financing provided by Ukraine's international allies will be a primary source for filling the budget gap. The domestic borrowings will be mostly used to roll over the redemption of outstanding government bonds. The country's domestic debt redemption and servicing payments are estimated at UAH 346bn (USD 9.5bn) in June-December.

In terms of currency breakdown, UAH-denominated debt represents about 30% of the total Ukrainian public debt (an equivalent of USD 38bn). The USD debt stood at 27% of the total (USD 34bn), and EUR was at 26% (an equivalent of USD 32bn). The balance is represented mostly by SDR and CAD.

In the current crisis condition for Ukraine, there is a certain relief that a large part of the Western financial support comes in the form of grants, meaning that they do not put additional pressure on the country's public debt. Overall, international partners provided USD 32bn to support Ukraine in 2022 and have already disbursed about USD 18.5bn this year. For the next four years, a large package of support from the G7 countries worth USD 115bn was promised for Ukraine along with the Extended Fund Facility (EFF) program totalling USD 15.6bn from the IMF. The first review of the IMF loan program that was approved in March started last week. To ensure continued IMF support, Ukraine must meet several conditions, including steps to boost tax revenue, maintain exchange rate stability, preserve central bank independence, and strengthen anti-corruption efforts.

**QUOTES AND MULTIPLES**

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales 2023E
			1W	YtD				2022	2023E	2022	2023E	
UX Index	UX	1755	1.0%	12.1%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	99	-5.3%	-37.2%	726	620	25.5%	3.3	4.3	0.8	1.0	0.6
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	22.0	-0.1%	99.8%	67	26	5.0%	neg	12.9	neg	2.6	0.3
<b>Specialized Machinery</b>												
Turboatom	TATM	4.0	-10.2%	49.6%	45	43	3.8%	>50x	13.8	4.4	2.8	1.3
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
<b>Oil &amp; Gas</b>												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	24.0	29.5%	54.3%	95	17	21.6%	1.7	2.4	0.2	0.2	0.1
<b>Power Utilities</b>												
Centrenergo	CEEN	5.10	0.2%	27.3%	50	50	21.7%	neg	18.3	neg	4.6	0.1
Donbasenergo	DOEN	34.78	-10.8%	164.5%	22	22	0.0%	neg	neg	neg	neg	0.1
<b>Agro sector</b>												
MHP	MHPC	3.79	1.1%	1.1%	406	1589	33.7%	neg	2.9	4.1	3.9	0.6
Kernel (FY21, FY22, FY23E)	KER	16.10	4.3%	-8.2%	295	1343	61.8%	neg	1.0	6.1	2.2	0.4
Astarta	AST	32.95	-0.8%	61.5%	191	343	37.0%	2.8	2.3	2.1	1.7	0.5
Agroton	AGT	3.43	-0.9%	-0.3%	18	-2	25.0%	neg	neg	--	--	--
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.320	6.7%	6.7%	523		1.8%	12.2	3.5	1.1	0.9	0.12

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		
		2021	2022	2023E	2021	2022	2023E	2021	2022	2023E	2021	2022	2023E	2021	2022	2023E
<b>Iron Ore Mining</b>																
Ferrexpo	FXPO	2518	1248	1100	1,439	765	650	57.1%	61.3%	59.1%	871	220	170	34.6%	17.6%	15.5%
<b>Railcar Manufacturing</b>																
Kryukiv Wagon	KVBZ	94	78	85	-5	-1	10	-5.7%	-1.8%	11.8%	-8	-5	5	-9.0%	-6.8%	6.1%
<b>Specialized Machinery</b>																
Turboatom	TATM	55	28	33	22	10	15	40.7%	34.4%	45.8%	0	-2	3	0.5%	-5.6%	10.0%
Motor Sich	MSICH	338	200	109	90	40	37	26.5%	19.8%	33.5%	23	-7	6	6.9%	-3.6%	5.5%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	1320	844	875	168	83	171	12.7%	9.8%	19.5%	91	22	112	6.9%	2.6%	12.8%
Regal Petroleum	RPT	121	131	120	78	86	82	64.4%	65.7%	68.3%	51	55	40	42.1%	41.9%	33.3%
<b>Electric Utilities</b>																
Centrenergo	CEEN	460	323	200	-33	-171	11	-7.1%	-53.0%	5.5%	-38	-224	3	-8.2%	-69.3%	1.4%
Donbasenergo	DOEN	128	142	101	-13	-4	4	-10.5%	-2.6%	4.3%	-16	-15	-5	-12.9%	-10.7%	-5.4%
<b>Agro sector</b>																
MHP	MHPC	2372	2642	2774	648	384	410	27.3%	14.5%	14.8%	393	-231	140	16.6%	-8.7%	5.0%
Kernel (FY21, FY22, FY23E)	KER	5595	5332	3600	806	220	620	14.4%	4.1%	17.2%	513	-41	290	9.2%	-0.8%	8.1%
Astarta	AST	590	538	628	242	163	199	41.0%	30.3%	31.7%	147	69	85	24.9%	12.8%	13.5%
Agroton	AGT	41	20	4	8	-6	-7	19.8%	neg	neg	4	-40	-10	8.7%	neg	neg
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	4829	4238	4375	571	466	614	348	314	405	179	43	148	31.3%	9.2%	24.1%

Source: Eavex Research

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