

Stock Market Update

Equity

Among the stocks of Ukrainian issuers, the quotes of agricultural company Astarta (AST) increased by 5.7% to PLN 31.70 due to the information that the main shareholder and director of the company, Viktor Ivanchyk purchased shares of Astarta on the Warsaw Stock Exchange in late June, which can be seen as a positive signal for investors.

London-listed Ukrainian iron ore producer Ferrexpo (FXPO) experienced a decline of 1.3% to GBp 88.4 last week. Since the beginning of the year, Ferrexpo has lost 44% of its value. The company reported it had produced 2.1mn tonnes of iron ore pellets in 1H23 compared to pre-war levels of 5.5mn tonnes.

In Kyiv trading, indicative quotes for CentrEnergO (CEEN) surged by 42% to UAH 5.26 per share but on very thin deal volumes. Raiffeisen Bank (BAVL) declined by 4.7% to 28.60 kopecks.

On the economic front, Ukrainian businesses have adapted to the difficult conditions of the full-scale war and have been reporting an optimistic performance outlook for three months running. The National Bank's business activity expectations index remained above its neutral level of 50 points, standing at 50.8 in June, compared to 50.5 in May. Construction companies were the most upbeat about their performance due to the need to expand logistical routes in western regions, and to construct and repair roads. Retail companies have reported positive performance expectations for four months in a row on the back of stable consumer sentiment, an expanding supply of goods, and decelerating inflation. Respondents from construction and services companies, for the first time in a long time, declared intentions to hire more staff, while industrial and retail companies reported intentions to cut their workforce.

The currency exchange market in Ukraine was a little-volatile over the past few weeks with bid/ask quotes for cash dollars remaining at 36.90/37.20 UAH/USD.

Highlights

POLITICS AND ECONOMICS

- Ukraine Foreign Reserves Reach Historically High USD 39bn in June

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

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

MARKET INDEXES

	Last	1W ch	YTD
UX	1545	6.4%	-1.3%
RTS	976	-0.7%	0.6%
WIG20	2035	-1.2%	13.4%
MSCI EM	980	-0.9%	2.4%
S&P 500	4398	-1.2%	14.5%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	25.0%	0.0 p.p.	0.0 p.p.
UAH 1-year war bond	18.3%	0.0 p.p.	+2.3 p.p.
Ukraine-2026	88.0%	2.9 p.p.	6.3 p.p.
Ukraine-2034	40.0%	1.1 p.p.	-5.4 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	37.20	-0.5%	-8.4%
EUR/UAH	40.93	-0.3%	-3.7%

Source: Eavex Capital

Ukraine Foreign Reserves Reach Historically High USD 39bn in June

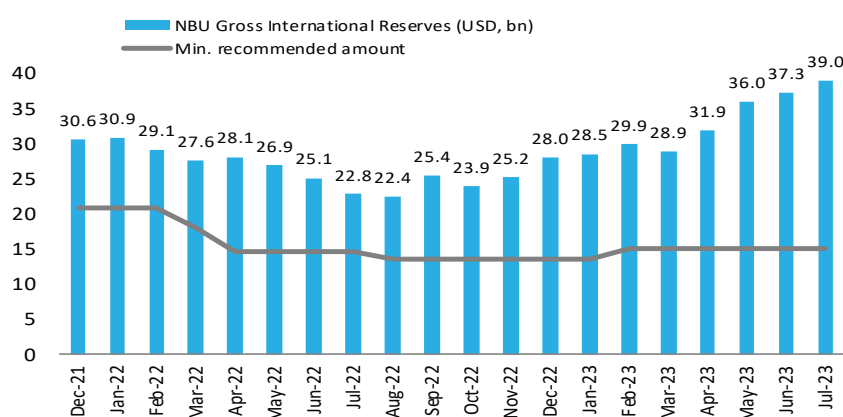
by Dmitry Churin
d.churin@eavex.com.ua

NEWS

As of July 1, 2023, Ukraine's international reserves stood at USD 39.0bn, hitting a record high in the country's history. In June, they increased by 4.5%, surpassing the previous peak of USD 38.4bn set on May 1, 2011.

Over the past month, Ukraine's foreign reserves continued to grow, driven by steady inflows of funding from international partners. In total, external inflows exceeded the currency volumes used by the National Bank for market interventions to maintain a fixed exchange rate of the hryvnia against the dollar, as well as the expenses incurred in servicing the country's foreign currency debt. In June, currency inflows amounted to USD 4.3bn, while debt payments were USD 876mn, and the regulator's net currency sales on the interbank market amounted to USD 1.8bn.

UKRAINE'S FX RESERVES, USD bn



Source: National Bank of Ukraine

COMMENTARY

Currently, the level of Ukraine's FX reserves confidently exceeds the minimum recommended indicator, equivalent to three months of the country's merchandise imports. According to the National Bank data, the current volume of international reserves provides financing for 5.2 months of future imports. However, based on our calculations, the reserves cover nearly 7.7 months of imports, as the average monthly merchandise imports to Ukraine during the period from January to May of this year amounted to USD 5.1bn.

Due to the exceptional uncertainty associated with the war, the National Bank does not provide a timeframe for returning to a flexible exchange rate for the hryvnia. However, it emphasizes that the level of FX reserves is one of the determining factors in creating macroeconomic preconditions for easing currency restrictions. Last month, the National Bank already allowed Ukrainian business to make transfers abroad for servicing and repaying new external loans. Money transfers for early repayment of credits and loans are not permitted. The regulator's decision was aimed, among other things, at facilitating the expansion of opportunities for international partners to channel financing towards the recovery of the Ukrainian economy.

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	1545	6.4%	-1.3%								
Iron Ore Mining												
Ferrexpo	FXPO	88.4	-1.3%	-43.8%	676	570	25.5%	3.1	4.0	0.7	0.9	0.5
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	14.0	0.0%	27.3%	43	3	5.0%	neg	8.3	neg	0.3	0.0
Specialized Machinery												
Turboatom	TATM	2.5	0.0%	-5.9%	29	26	3.8%	>50x	8.8	2.7	1.7	0.8
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
Oil & Gas												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	12.5	0.0%	-19.9%	51	-26	21.6%	0.9	1.3	--	--	--
Power Utilities												
Centrenergo	CEEN	5.26	42.2%	31.3%	52	52	21.7%	neg	19.1	neg	4.8	0.1
Donbasenergo	DOEN	7.00	1.9%	-46.8%	4	4	0.0%	neg	neg	neg	neg	0.1
Agro sector												
MHP	MHPC	3.75	0.0%	0.0%	401	1584	33.7%	neg	2.9	4.1	3.9	0.6
Kernel (FY21, FY22, FY23E)	KER	14.06	-1.0%	-19.8%	268	1316	61.8%	neg	0.6	6.0	1.8	0.4
Astarta	AST	31.70	5.7%	55.4%	191	343	37.0%	2.8	2.3	2.1	1.7	0.5
Agroton	AGT	3.39	-2.0%	-1.5%	18	-2	25.0%	neg	neg	--	--	--
Banks												
											Price/Book	Price/Assets
Raiffeisen Bank Aval	BAVL	0.286	-4.7%	-4.7%	473		1.8%	11.0	3.2	1.0	0.8	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		
		2021	2022	2023E	2021	2022	2023E	2021	2022	2023E	2021	2022	2023E	2021	2022	2023E
Iron Ore Mining																
Ferrexpo	FXPO	2518	1248	1100	1,439	765	650	57.1%	61.3%	59.1%	871	220	170	34.6%	17.6%	15.5%
Railcar Manufacturing																
Kryukiv Wagon	KVBZ	94	78	85	-5	-1	10	-5.7%	-1.8%	11.8%	-8	-5	5	-9.0%	-6.8%	6.1%
Specialized Machinery																
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%
Oil & Gas																
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%
Electric Utilities																
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%
Agro sector																
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	720	14.4%	4.1%	20.0%	513	-41	480	9.2%	-0.8%	13.3%
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
Banks																
		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

Eavex Capital

7 Klovsky uzviz, 16th Floor
Carnegie Center
Kyiv, 01021, Ukraine

Telephone: +38 044 590 5454

E-mail: research@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko
Chairman of the Board

SALES & TRADING

Pavel Korovitskiy
Managing Director
Equity and Fixed Income
p.korovitsky@eavex.com.ua

RESEARCH

Dmitry Churin
Head of Research
d.churin@eavex.com.ua

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