

## Stock Market Update

### Equity

The Ukrainian banking system remains remarkably resilient amidst the prevailing complex conditions in the country. The aggregate adequacy ratio of domestic banks stood at 23.7% at the end of the first half, well above the minimum permissible threshold of 10%. Among these financial institutions, The Family Bank, categorized as a small-scale financial entity, exhibited the highest capital adequacy ratio. Conversely, the state-owned UkrEximBank recorded the lowest capital adequacy ratio of 7.8% as of July 1, signaling the imperative need for the bank's recapitalization.

Notably, while official publications of banks' financial indicators for the first half are still pending, based on proprietary capital data, Raiffeisen Bank achieved a calculated net profit of UAH 3.7bn for January-June, translating to 6.0 kopecks per share. Presently, the trend indicates a gradual decline in the profitability of Raiffeisen Bank, with Q1 profit at UAH 2.1bn and Q2 profit at UAH 1.6bn. In the previous week, Raiffeisen Bank (BAVL) shares experienced a 7.1% decrease, settling at 26 kopecks per share. Meanwhile, CentEnerg (CEEN) shares suffered even greater losses, plummeting by 20% to a price of 4.57 UAH per share.

Shifting to the Warsaw Stock Exchange, shares of Agroton (AGT) witnessed a decline of 7.7%, falling to PLN 2.88. Agroton lost control of its land bank in the Lugansk region due to occupation. Before the full-scale Russian invasion, Agroton's land bank encompassed approximately 110,000 hectares in the Lugansk and Kharkiv regions.

In London trading, MHP (MHPC) shares appreciated by 3.0%, reaching USD 3.73. Throughout the year, MHP shares have maintained nearly consistent levels around USD 3.70.

On the cash market, the exchange rate of the dollar was between 36.80/37.50 (buying/selling).

## Highlights

### POLITICS AND ECONOMICS

- Ukraine Foreign Reserves Reach New Historical High of USD 41.7bn in August

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)

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### 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	1581	-4.6%	1.0%
RTS	1001	-1.4%	3.1%
WIG20	2105	-3.0%	17.3%
MSCI EM	998	-2.0%	4.3%
S&P 500	4464	-0.3%	16.3%

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	22.0%	0.0 p.p.	-3.0 p.p.
UAH 1-year war bond	17.8%	0.0 p.p.	+1.8 p.p.
Ukraine-2026	74.4%	-0.7 p.p.	-7.3 p.p.
Ukraine-2034	32.5%	-0.7 p.p.	-12.9 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	37.40	0.1%	-7.9%
EUR/UAH	41.45	-0.1%	-2.5%

Source: Eavex Capital

## Ukraine Foreign Reserves Reach New Historical High of USD 41.7bn in August

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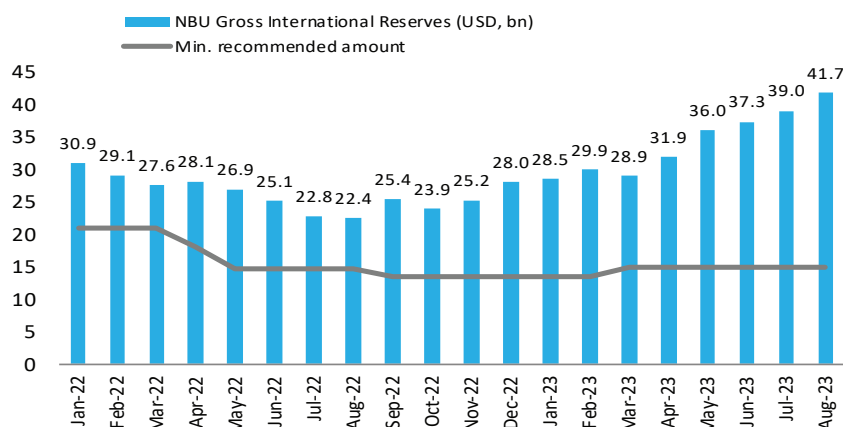
### NEWS

Ukrainian FX reserves increased by USD 2.7bn in July reaching a new historical high of USD 41.7bn, the National Bank reported last week. In July, international reserves continued to increase thanks to sustained and regular inflows from international partners, which exceeded the NBU's net FX sales and Ukraine's FX debt repayments.

A total of USD 4.7bn was received to the government's FX accounts with the NBU last month, including USD 1,65bn of macro financial assistance from the EU, USD 1.5bn of concessional loan guaranteed by the government of Japan through the World Bank's Target Fund, and USD 1.3bn of grants through the World Bank's trust fund.

The NBU's net FX sales on the interbank market amounted to USD 1,86bn last month. Also, about USD 400mn the government spent on servicing and repaying the FX public debt.

### UKRAINE'S FX RESERVES, USD bn



Source: National Bank of Ukraine

### COMMENTARY

FX reserves help maintain the stability of the hryvnia, as the National bank continued to intervene the market to cover the demand for the hard currency at the fixed exchange rate. This can enhance investor confidence and potentially attract foreign direct investment for Ukraine's recovery. For Ukraine, these reasons are particularly relevant due to its challenges with economic stability, geopolitical uncertainties, and the need to foster investor confidence. Having sufficient FX reserves can contribute to the country's overall economic resilience and reduce vulnerabilities to shocks.

Ukraine has managed to secure a whopping USD 27bn in loans and grants from international partners since the beginning of the year. This substantial influx of funds far surpasses the currency sales conducted by the National Bank to maintain equilibrium in the forex market. External support, combined with a surge in domestic debt market activity, has provided the government with the means to cover a substantial budget deficit without resorting to printing more money. It's anticipated that by year-end, international assistance will reach an impressive USD 42bn. These inflows are curbing the expansion of the current account deficit and will more than sufficiently finance its coverage.

**QUOTES AND MULTIPLES**

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales
			1W	YtD				2022	2023E	2022	2023E	2023E
UX Index	UX	1581	-4.6%	1.0%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	85.0	4.7%	-45.9%	646	515	25.5%	2.9	8.1	0.7	3.7	0.7
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	16.0	0.0%	45.5%	49	8	5.0%	neg	9.4	neg	0.8	0.1
<b>Specialized Machinery</b>												
Turboatom	TATM	4.0	0.0%	48.1%	45	42	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	12.5	0.0%	-19.9%	51	-27	21.6%	0.9	1.3	--	--	--
<b>Power Utilities</b>												
Centrenergo	CEEN	4.57	-20.1%	14.1%	45	45	21.7%	neg	16.5	neg	4.1	0.1
Donbasenergo	DOEN	24.00	0.0%	82.5%	15	15	0.0%	neg	neg	neg	neg	0.1
<b>Agro sector</b>												
MHP	MHPC	3.73	3.0%	-0.5%	399	1582	33.7%	neg	2.9	4.1	3.9	0.6
Kernel (FY21, FY22, FY23E)	KER	14.19	0.1%	-19.1%	271	1319	61.8%	neg	0.6	6.0	1.8	0.4
Astarta	AST	32.65	-2.1%	60.0%	197	349	37.0%	2.9	2.3	2.1	1.8	0.6
Agroton	AGT	2.88	-7.7%	-16.3%	15	-4	25.0%	neg	neg	--	--	--
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.260	-7.1%	-13.3%	428		1.8%	9.9	2.9	0.9	0.7	0.10

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	750	1439	765	140	57.1%	61.3%	18.7%	871	220	80	34.6%	17.6%	10.7%
<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	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
<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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