

Stock Market Update

Equity

The Ukrainian hryvnia strengthened by 20 kopecks to 36.39 UAH/USD on the interbank market last week. Despite traders continuing to buy more currency than they sell, the National Bank, through its interventions, is keeping the hryvnia from weakening. We believe this could be part of the regulator's strategy to facilitate a smooth transition to a more market-oriented exchange rate formation. During the week, the National Bank expended USD 575mn from its reserves for interbank sales, and so far this year, the National Bank has sold USD 21bn.

In the domestic stock market, there is a sense of calm. Thermal power generator CentrEnerg (CEEN) is trading in the range of UAH 8.60/10.60 (bid/ask), and Raiffeisen Bank (BAVL) shares are priced at UAH 0.26/0.28.

Among Ukrainian stocks traded on foreign exchanges, Milkiland (MLK) saw a 5.1% decline to PLN 0.74 (a 16% decrease since the beginning of the year). The current market capitalization of Milkiland is approximately USD 5 mn. On the upside, Astarta (AST) shares rose by 4.5% to PLN 31.65 (+55% YTD), with a current market capitalization standing at USD 179mn.

In the war developments, Ukraine hit Russian navy ships with sea drones, as Kyiv continued a series of strikes against Moscow's Black Sea Fleet. The attacks on the Black Sea Fleet, which is based in occupied Crimea, have demonstrated Ukraine's ability to operate in Kremlin-controlled waters but do not appear to have seriously reduced Moscow's capabilities. Earlier, the Russian military launched waves of deadly missile attacks on Ukrainian cities and civilian infrastructure from its sea-based missile carriers. Meanwhile, a group of over 50 countries that support Ukraine, announced further aid to Ukraine, including F-16 jets and training, as well as air defences, ammunition, and demining equipment.

Highlights

POLITICS AND ECONOMICS

- Consumer Inflation in Ukraine Stands at 7.1% YoY in September Slowing from 8.6% YoY 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

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	2072	1.3%	32.3%
RTS	1034	4.8%	6.5%
WIG20	1975	5.6%	10.1%
MSCI EM	957	2.1%	0.0%
S&P 500	4328	0.5%	12.7%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	20.0%	0.0 p.p.	-5.0 p.p.
UAH 1-year bond	17.6%	0.0 p.p.	-1.0 p.p.
Ukraine-2026s	82.0%	-2.1 p.p.	0.3 p.p.
Ukraine-2034s	36.2%	-1.0 p.p.	-9.2 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	38.20	-0.1%	-5.9%
EUR/UAH	40.45	-0.6%	-4.8%

Source: Eavex Capital

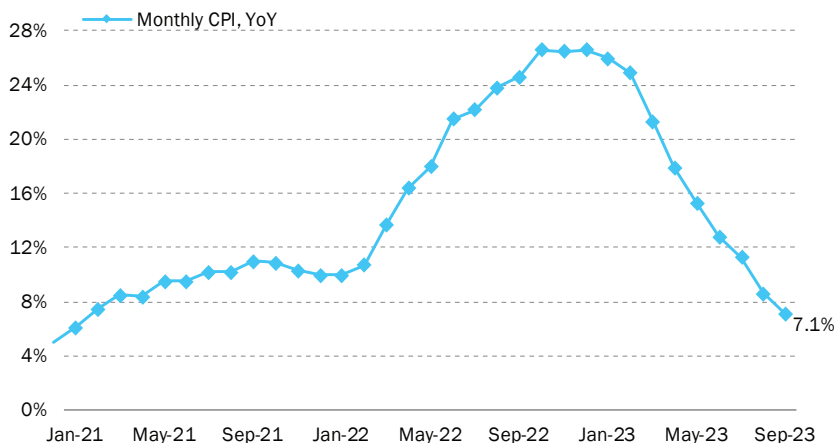
**Consumer Inflation in Ukraine
Stands at 7.1% YoY in September
Slowing from 8.6% YoY in August**

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

NEWS

Rolling 12-month consumer inflation in Ukraine slowed to 7.1% YoY in September from 8.6% in August, and the peak of 26.6% seen in December, according to official data from UkrStat published last week. On a month-on-month basis, UkrStat registered an inflation of 0.5% in September spurred by a 4.9% MoM surge in fuel prices. The petroleum price index has grown by 9.9% in Ukraine so far this year amid higher crude oil prices.

UKRAINE'S ROLLING 12-MONTH CPI



Source: State Statistics Committee

COMMENTARY

The reported inflation figure for September was lower than our prediction. Overall, inflation in Ukraine even under hard economic conditions caused by Russian invasion remained manageable. In comparison, consumer inflation in Turkey soared to 61% YoY in September, rising for a third consecutive month in response to recent tax hikes and lira weakness. Meanwhile, in Poland consumer prices rose 8.2% from a year ago, compared with 10.1% in August. Euro area annual inflation was 4.3% YoY in September, down from 5.2% in August. The US inflation rate remained steady at 3.7% YoY in September.

We assume that inflation pressure could increase in the coming months as a result of rising energy prices. In particular, benchmark European natural gas contracts are up more than 20% in October to a level of USD 600 per 1,000 cubic meters. In the latest concern, Finland said that a pipeline linking the country to Estonia had been damaged, possibly by sabotage. It added to unease in markets the day after the Israeli government ordered Chevron to shut down one of the two large gas production platforms that the US energy giant operates off Israel's coast. Israel indirectly exports the gas to Europe via Egypt.

Ukraine has accumulated about 15.8bn cu-m of natural gas in storage ahead of the winter season with foreign traders increasing the volume of natural gas in Ukrainian storages to 2.2bn cu-m from 1.8bn cu-m in mid-September. The state-run operator NaftoGaz has said that foreign customers could use more than 10bn cu-m of storage of the country's around 30bn cu-m capacity, mostly in the country's west, which is far from the front lines of the war against Russian invasion. For comparison, Ukraine had 14bn cu-m of gas in storage ahead of last year's winter.

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	2072	1.3%	32.3%								
Iron Ore Mining												
Ferrexpo	FXPO	75.0	-1.4%	-52.3%	542	411	25.5%	2.5	6.8	0.5	2.9	0.5
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	14.9	0.0%	35.3%	45	4	5.0%	neg	8.6	neg	0.4	0.0
Specialized Machinery												
Turboatom	TATM	6.2	-34.4%	130.7%	69	66	3.8%	>50x	21.0	6.8	4.4	2.0
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
Oil & Gas												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	12.5	0.0%	-19.9%	48	-29	21.6%	0.9	1.2	--	--	--
Power Utilities												
Centrenergo	CEEN	9.60	0.0%	139.6%	93	93	21.7%	neg	33.9	neg	8.5	0.1
Donbasenergo	DOEN	40.00	0.0%	204.2%	25	25	0.0%	neg	neg	neg	neg	0.1
Agro sector												
MHP	MHPC	3.35	-0.6%	-10.7%	359	1396	33.7%	neg	3.4	3.6	3.4	0.5
Kernel (FY21, FY22, FY23E)	KER	7.00	2.2%	-60.1%	477	1525	61.8%	neg	1.0	6.9	2.1	0.4
Astarta	AST	31.65	4.5%	55.1%	179	331	37.0%	2.6	2.1	2.0	1.7	0.5
Agroton	AGT	2.55	-5.2%	-25.9%	13	-7	25.0%	neg	neg	--	--	--
Banks												
Raiffeisen Bank Aval	BAVL	0.280	7.7%	-6.7%	451		1.8%	10.5	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	750	1439	765	140	57.1%	61.3%	18.7%	871	220	80	34.6%	17.6%	10.7%
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	1250	1203	211	-72	171	16.0%	-5.7%	14.2%	91	-141	112	6.9%	-11.3%	9.3%
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																
Centrenergy	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	105	16.6%	-8.7%	3.8%
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	4211	571	466	591	348	314	389	179	43	142	31.3%	9.2%	24.1%

Source: Eavex Research

Eavex Capital

7 Klovsyky 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

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2023 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence, issued 06.10.2015