

Stock Market Update

Equity

For the second consecutive week, the S&P500 index is showing significant growth, driven by investor optimism regarding the potential conclusion of the interest rate hike cycle by major central banks. In its latest analytical report, UBS predicts that the S&P500 will reach 4700 points next year, a 6.5% increase from the current value of 4415 points. The index has seen a 15% increase since the beginning of this year, rebounding from a 20% decline in 2022. Currently, most economists believe that the U.S. has the opportunity to avoid a recession, contributing to further corporate profit growth. In this context, even high price/earnings multiples for most S&P500 index stocks are not expected to hinder their stock price appreciation on the market.

In Ukraine, the UX index dropped by 4.3% to 1874 points last week, while the rise from the start of the year was 20%. CentrEnerg (CEEN) remained in the correction territory falling by 6.7% to UAH 7.00. Raiffeisen Bank (BAVL) was unchanged at 28 kopecks per share.

Iron ore miner Ferrexpo (FXPO) slipped by 3.3% to GBp 77.1 in London trading despite the benchmark iron ore prices demonstrating a firm rise this month to USD 128 per tonne.

Poultry maker MHP (MHPC) was also lower, decreasing by 4.0% to USD 3.36. The MHPC stock has lost 10.4% so far this year.

On the Warsaw Stock Exchange, Astarta (AST) edged down by 1.0% to PLN 29.40 after the company reported worse-than-expected earnings for 3Q2023. However, for 9M2023 Astarta managed to deliver a net profit of EUR 56mn implying EPS of PLN 10.16.

The hryvnia was higher over the week gaining by 0.5% against the dollar to trade at 37.50 UAH/USD on the cash market. The official hryvnia exchange rate currently stands at 36.08 UAH/USD.

Highlights

STOCKS IN THE NEWS

- Astarta Decreases Net Profit by 10% YoY to EUR 56mn in 9M2023 Despite Sales Rise of 14% YoY

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

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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

MARKET INDEXES

	Last	1W ch	YTD
UX	1874	-4.3%	19.7%
RTS	1107	1.2%	14.1%
WIG20	2141	-1.7%	19.3%
MSCI EM	948	0.0%	-0.9%
S&P 500	4415	1.3%	15.0%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	16.0%	0.0 p.p.	-9.0 p.p.
UAH 1-year bond	17.3%	0.0 p.p.	-1.2 p.p.
Ukraine-2026s	76.9%	0.0 p.p.	-4.8 p.p.
Ukraine-2034s	35.2%	0.0 p.p.	-10.2 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	37.50	-0.5%	-7.6%
EUR/UAH	40.40	0.2%	-4.9%

Source: Eavex Capital

Astarta Decreases Net Profit by 10% YoY to EUR 56mn in 9M2023 Despite Sales Rise of 14% YoY

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ASTARTA (AST PW)

Price: PLN 29.40 Market Cap: USD 174mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2022	0.4	0.6	2.5	2.0	7.9%
2023E	0.3	0.5	2.1	1.7	7.5%

NEWS

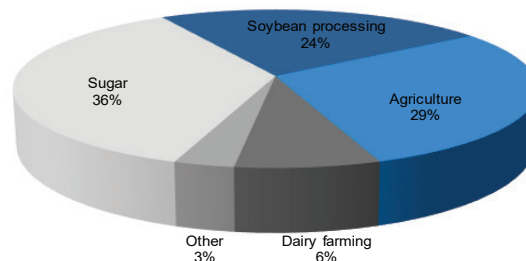
Kyiv-based Astarta Holding, Ukraine’s largest sugar producer, reported a 10% YoY decrease in net profit to EUR 56mn in 9M2023 despite the company’s sales rising by 14% YoY to EUR 392mn. According to the financial statement released on Nov 9, the company had an 11% YoY decline in EBITDA to EUR 117mn in the period. In the segment breakdown, sugar production revenue grew by 32% YoY to EUR 142mn in 9M2023, accounting for 36% of Astarta’s overall revenue in the period. The agricultural segment generated EUR 114mn (+10% YoY) and soybean processing delivered EUR 93mn (+0.5% YoY) in revenues. The Cattle Farming segment revenue rose by 5.5% YoY to EUR 30mn in the period. Export revenue rose by 4% YoY to EUR 179mn, contributing 46% to the consolidated revenues.

Astarta’s net debt stood at EUR 144mn at the end of 9M2023. The company’s net debt to EBITDA ratio was estimated at 1.0x.

ASTARTA FINANCIALS

EUR mn	9M2022	9M2023	chg.
Net revenue	343	392	+14.2%
EBITDA	131	117	-10.9%
margin	38.1%	29.7%	-8.4 p.p.
Net Income	62	56	-9.8%
net margin	18.1%	14.3%	-3.8 p.p.

REVENUE BREAKDOWN



Source: Company data.

COMMENTARY

Although Astarta’s profit figure of just EUR 1.0mn for 3Q2023 was disappointing, the company’s earnings per share for 9M2023 still stood at an impressive PLN 10.16. This means, that Astarta is currently valued at below 3.0x P/E. Our base case scenario envisages that the company will have earnings per share of PLN 14.12 for the full year of 2023.

The company’s core revenue from the sugar segment increased both due to higher sales volumes and higher sugar prices. The segment delivered a 24% EBITDA margin in 9M2023 while Astarta’s overall EBITDA margin stood at a solid 30% in the period thanks to a 40% profitability in the agriculture business. Quotes for Astarta have gained by 44% from PLN 20.4 to PLN 29.4 since the start of the year and still have a visible upside. The stock had a 52-week low at PLN 20.2 in December 2022 and registered a 52-week high of PLN 37.7 in July 2023.

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	1874	-4.3%	19.7%								
Iron Ore Mining												
Ferrexpo	FXPO	77.1	-3.3%	-51.0%	562	431	25.5%	2.6	7.0	0.6	3.1	0.6
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	14.9	0.0%	35.3%	46	5	5.0%	neg	8.8	neg	0.5	0.1
Specialized Machinery												
Turboatom	TATM	6.2	0.0%	130.7%	70	67	3.8%	>50x	21.4	7.0	4.5	2.1
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
Oil & Gas												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	12.5	0.0%	-19.9%	49	-29	21.6%	0.9	1.2	--	--	--
Power Utilities												
Centrenergo	CEEN	7.00	-6.7%	74.7%	69	69	21.7%	neg	25.2	neg	6.3	0.1
Donbasenergo	DOEN	24.00	-7.7%	82.5%	15	15	0.0%	neg	neg	neg	neg	0.1
Agro sector												
MHP	MHPC	3.36	-4.0%	-10.4%	360	1397	33.7%	neg	3.4	3.6	3.4	0.5
Kernel (FY21, FY22, FY23E)	KER	7.12	0.4%	-59.4%	506	1554	61.8%	neg	1.1	7.1	2.2	0.4
Astarta	AST	29.40	-1.0%	44.1%	174	326	37.0%	2.5	2.1	2.0	1.6	0.5
Agroton	AGT	3.00	-1.3%	-12.8%	16	-4	25.0%	neg	neg	--	--	--
Banks												
											Price/Book	Price/Assets
Raiffeisen Bank Aval	BAVL	0.280	0.0%	-6.7%	459		1.8%	10.7	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

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