

## Stock Market Update

### Equity

Within the sphere of Ukrainian company stocks, predominantly negative dynamics prevailed. Poultry producer MHP (MHPC) witnessed a 4.3% decline to USD 3.10 per share (MCap of USD 332mn). Iron ore miner Ferrexpo (FXPO) experienced a 4.6% downturn to GBP 70.9 per share (MCap of USD 530mn) despite the benchmark iron ore prices advanced by 3.4% to USD 137 per tonne last week. Since the beginning of the year, iron ore prices have risen by 23%.

On the Warsaw Stock Exchange, Agroton (AGT) shares lost 5.7%, reaching PLN 2.80 (MCap of USD 15mn). Kernel (KER) declined by 1.4% to PLN 7.20 (MCap of USD 524mn), while the Polish Financial Supervision Authority extended the proceedings on the delisting of the company for another month. Kernel's minority shareholders filed a lawsuit against the delisting and the company's latest additional share issue.

Kyiv-listed stocks continue to demonstrate only marginal trading volumes. Raiffeisen Bank (BAVL) remained unchanged at 30 kopecks per share (MCap of USD 493mn), and Krukiv Wagon (KVBZ) stood at UAH 14.90 (MCap of USD 46mn).

Over the week, the non-cash dollar exchange rate increased by 30 kopecks to 36.78 UAH/USD, while the cash rate dipped by 5 kopecks to 37.40 UAH/USD. Currently, trends indicate a convergence between non-cash and cash exchange rates. Overall, the situation appears to resemble a scenario of moderate and controlled hryvnia devaluation, but risks of reduced external financial assistance may materialize in moments of abrupt USD-to-UAH exchange rate spikes at the beginning of 2024.

## Highlights

### POLITICS AND ECONOMICS

- > Inflation in Ukraine Slows to Three-Year Low of 5.1% YoY in November

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	1679	-2.7%	7.2%
RTS	1054	-3.7%	8.6%
WIG20	2306	0.9%	28.5%
MSCI EM	975	-0.7%	1.9%
S&P 500	4604	0.2%	19.9%

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	16.0%	0.0 p.p.	-9.0 p.p.
UAH 1-year bond	16.9%	-0.4 p.p.	-1.6 p.p.
Ukraine-2026s	83.9%	0.8 p.p.	2.2 p.p.
Ukraine-2034s	36.9%	-1.0 p.p.	-8.5 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	37.40	-0.1%	-7.9%
EUR/UAH	40.60	-0.1%	-4.5%

Source: Eavex Capital

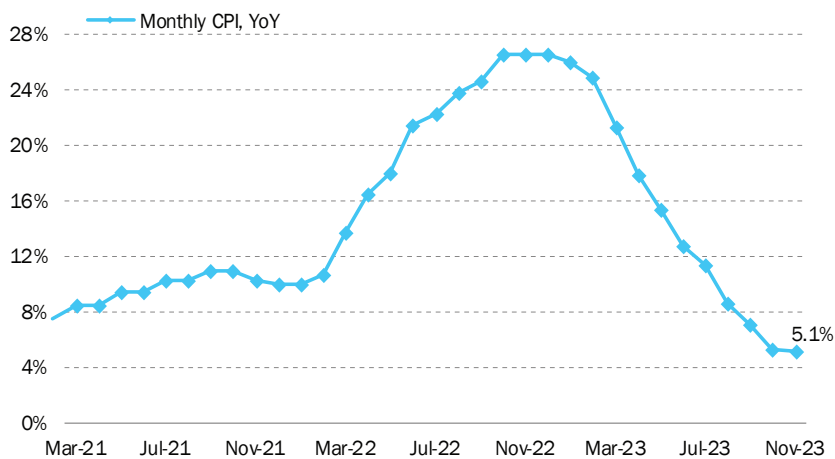
**Inflation in Ukraine Slows to Three-Year Low of 5.1% YoY in November**

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**NEWS**

Rolling 12-month consumer inflation in Ukraine slowed to a three-year low of 5.1% YoY after starting this year at 26% YoY, according to official data from UkrStat published last week. On a month-on-month basis, UkrStat registered an inflation of 0.5% in November as food prices grew by 0.8% MoM. Petroleum prices in Ukraine rose by 1.8% MoM, bringing a yearly increase to 10.2%.

**UKRAINE'S ROLLING 12-MONTH CPI**



Source: State Statistics Committee

**COMMENTARY**

The inflation index trajectory continued to demonstrate a steeper decline than expected as the National Bank's ability to keep the hryvnia artificially strong helps to restrain price growth. The hryvnia exchange rate on the cash market has strengthened by 7.9% against the dollar and by 4.5% against the euro since the start of the year. However, the most important factor for the Ukrainian economy to remain afloat amid the full-scale war against Russian invasion was financial support from the foreign allies which provided a total of USD 31bn back in 2022 and USD 37bn so far this year. For 2024, Ukraine's national budget deficit is expected at 20% of GDP requiring USD 41bn of external financial aid to cover this huge gap in the government's pocket. Ukraine directs all its tax income of UAH 1,690bn (USD 46bn) for defense purposes.

In other economic data, the National Bank reported that the country's foreign currency reserves decreased by 0.5% MoM to USD 38.8bn in November. The regulator spent USD 2.5bn last month to balance the demand for the hard currency on the interbank market. The National Bank has poured USD 26bn into the market to prop up the hryvnia since the start of the year as the country's trade deficit was USD 24bn in January-October. Ukraine's merchandise imports grew by 19% YoY to USD 52bn in 10M2023 while exports dropped by 16% YoY to USD 28bn in the period. Ukraine's steel exports plunged by 37% YoY to USD 3.3bn. For comparison, Ukraine's steel exports in pre-war 2021 topped USD 15bn.

The latest business sentiment survey in Ukraine indicated that the real sector gave a restrained outlook for short-term performance. The construction industry has the lowest business sentiment index as higher construction costs and lack of investments hurt the sector.

**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	1679	-2.7%	7.2%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	70.9	-4.6%	-54.9%	530	399	25.5%	2.4	6.6	0.5	2.9	0.5
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.9	0.0%	35.3%	46	5	5.0%	neg	8.8	neg	0.5	0.1
<b>Specialized Machinery</b>												
Turboatom	TATM	6.2	0.0%	130.7%	70	68	3.8%	>50x	21.4	7.0	4.5	2.1
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
<b>Oil &amp; Gas</b>												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	12.5	0.0%	-19.9%	50	-27	21.6%	0.9	1.2	--	--	--
<b>Power Utilities</b>												
Centrenergo	CEEN	4.49	-25.2%	12.1%	44	44	21.7%	neg	16.2	neg	4.0	0.1
Donbasenergo	DOEN	8.79	-2.3%	-33.2%	6	6	0.0%	neg	neg	neg	neg	0.1
<b>Agro sector</b>												
MHP	MHPC	3.10	-4.3%	-17.3%	332	1433	33.7%	neg	3.2	3.7	3.5	0.5
Kernel (FY21, FY22, FY23E)	KER	7.20	-1.4%	-59.0%	524	1572	61.8%	neg	1.1	7.1	2.2	0.4
Astarta	AST	28.75	-1.0%	40.9%	174	326	37.0%	2.5	2.1	2.0	1.6	0.5
Agroton	AGT	2.80	-5.7%	-18.6%	15	-5	25.0%	neg	neg	--	--	--
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.300	0.0%	0.0%	493		1.8%	11.5	3.5	1.1	0.8	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	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	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%
<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	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
<b>Banks</b>																
		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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