

## Stock Market Update

### Equity

In the stock markets, the beginning of the year was influenced by negative dynamics. In the U.S., the S&P 500 index lost 1.5% over the week, while the composite index for emerging markets fell by 2.1%.

Among individual stocks, Apple shares stood out with a 6.0% decline. Palantir shares also experienced a 6.9% decrease to USD 16.00 after investment bank Jefferies downgraded its recommendations for the company. Palantir's stock quotes have been on a local negative trend since early December following unmet expectations regarding the inclusion of these shares in the S&P 500 index.

Outperforming the market, Nordic American Tankers securities gained 8.6%, reaching USD 4.56 amid the crisis in the Red Sea, leading to increased tanker lease durations.

Among Ukrainian listed companies there was a mixed performance. Iron ore miner Ferrexpo (FXPO) dropped by 8.3% to GBP 82.8 (MCap of USD 629mn) while poultry producer MHP (MHPC) gained by 4.1% to USD 3.33 per share (USD 356mn).

There was a resumption of trading of Ukrainian natural gas producer Enwell Energy (former Regal) on the London Stock Exchange after the company published its 1H2023 report with a delay. The ENW stock rose from GBP 12.45 to GBP 16.10 (MCap of USD 65mn) after trading resumed in late December. The company reported a net profit of USD 13mn for 1H2023 on sales of USD 33mn.

On the Ukrainian Exchange, both CentrEnergo (CEEN) and Raiffeisen Bank (BAVL) were unchanged at UAH 4.5 (MCap of USD 43mn) and 32 kopecks (MCap of USD 505mn) respectively.

In political news, US President Joe Biden, commenting on the large-scale Russian attack on Ukraine on the night of 29-30 December, stressed that Congress needs to approve additional aid for Ukraine as soon as possible.

## Highlights

### POLITICS AND ECONOMICS

- Ukraine Starts the Year with Foreign Reserves at USD 40.5bn

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	1685	0.0%	0.0%
RTS	1087	0.4%	0.4%
WIG20	2275	-2.9%	-2.9%
MSCI EM	1002	-2.1%	-2.1%
S&P 500	4697	-1.5%	-1.5%

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.0%	0.0 p.p.	0.0 p.p.
UAH 1-year bond	16.8%	0.0 p.p.	0.0 p.p.
Ukraine-2026s	90.4%	3.0 p.p.	3.0 p.p.
Ukraine-2034s	39.6%	0.9 p.p.	0.9 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	39.00	2.6%	2.6%
EUR/UAH	42.50	1.2%	1.2%

Source: Eavex Capital

**Ukraine Starts the Year with Foreign Reserves at USD 40.5bn**

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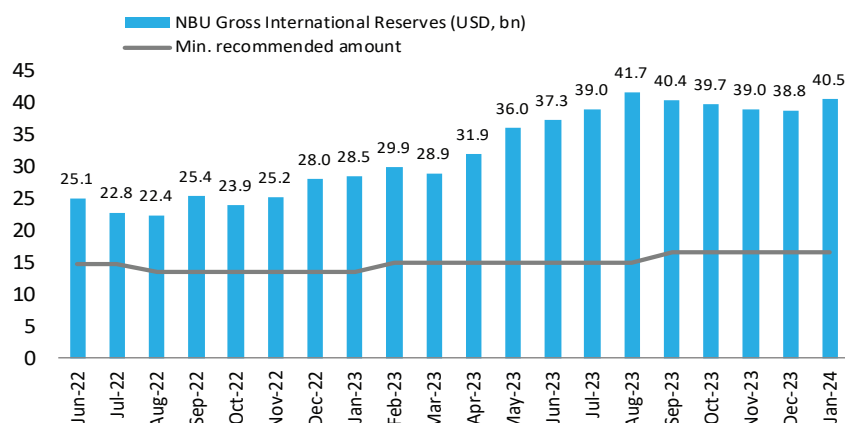
**NEWS**

Ukrainian FX reserves increased by USD 1.7bn in December reaching USD 40.5bn after the country received USD 5.2bn of additional financial aid from international allies. Inflows to the government’s accounts include the following:

- USD 2.5bn grants through the World Bank’s trust fund, in particular from Japan, Norway, and the U.S.
- USD 1.9bn in macro-financial support from the EU.
- USD 882mn from the IMF.
- USD 56mn from other international partners.

The NBU’s net FX sales on the interbank market amounted to USD 3.6bn last month. Also, about USD 700mn the government spent on servicing and repaying the FX public debt.

**UKRAINE’S FX RESERVES, USD bn**



Source: National Bank of Ukraine

**COMMENTARY**

Although Ukraine managed to keep its FX reserves at an adequate level, pressure on the hryvnia will persist over 2024 as the country’s current account balance is worsening. Besides the fact that merchandise imports significantly outpace exports, the additional challenge came from the hard currency outflow through money transfers abroad as millions of refugees from Ukraine have crossed borders into neighboring countries. According to data from the Eurostat, the largest proportions of almost 5.8mn Ukrainian refugees are based in Germany (27%) and Poland (24%). The National Bank reported that Ukrainians had spent about USD 17bn abroad in 2023 which resulted in a service trade deficit of USD 9.1bn for the country’s balance of payment. The latest survey said that the majority of Ukrainians currently residing abroad plan to return to Ukraine. However, the longer the war continues, the more Ukrainians may adapt to life abroad. We assume that between 1.3mn and 3.3mn Ukrainians may remain abroad under various scenarios.

Last year, Ukraine received an unprecedented volume of international financial assistance of USD 42.7bn. This allowed the government to fill the budget gap while for the National Bank, the FX inflow covered the net FX sales of USD 28.6bn due to the structural deficit of foreign currency.

**QUOTES AND MULTIPLES FOR SELECTED UKRAINIAN LISTED COMPANIES**

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales 2024E
			1W	YtD				2023	2024E	2023	2024E	
UX Index	UX	1685	0.0%	0.0%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	82.8	-8.3%	-8.3%	629	498	25.5%	7.9	5.2	3.6	2.9	0.6
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	44	28	5.0%	14.7	12.2	4.0	3.6	0.5
<b>Oil &amp; Gas</b>												
Enwell Energy (ex-Regal)	ENW	16.1	1.9%	1.9%	65	32	21.6%	2.3	1.9	0.7	0.6	0.3
<b>Power Utilities</b>												
Centrenergo	CEEN	4.49	0.0%	0.0%	43	42	21.7%	neg	15.6	neg	3.9	0.1
<b>Agro sector</b>												
MHP	MHPC	3.33	4.1%	4.1%	356	1,457	33.7%	3.4	5.1	3.6	3.5	0.6
Kernel (FY21, FY22, FY23E)	KER	9.42	3.0%	3.0%	694	1,289	5.4%	neg	1.9	2.4	1.9	0.3
Astarta	AST	28.70	0.0%	0.0%	176	334	37.0%	2.1	1.9	1.7	1.6	0.5
<b>Banks</b>												
										Price/Book	Price/Assets	
Raiffeisen Bank Aval	BAVL	0.32	0.0%	0.0%	505		1.8%	3.6	4.9	0.9	0.9	0.12

Source: UX. PFTS. LSE. WSE. Eavex Research  
\* companies listed abroad are in traded currency

**QUOTES AND MULTIPLES FOR SELECTED U.S. COMPANIES**

	Ticker	Price USD	Absolute performance		MCap USD mn	EV USD mn	P/E		EV/EBITDA		EV/Sales 2024E	
			1W	YtD			2023	2024E	2023	2024E		
Индекс S&P 500	S&P 500	4697	-1.5%	-1.5%								
<b>Technology sector</b>												
Apple	AAPL	181	-6.0%	-6.0%	2,823,498	2,885,498		29.7	32.1	22.9	25.1	7.7
Microsoft	MSFT	367	-2.4%	-2.4%	2,726,443	2,764,443		35.0	37.1	24.0	23.4	12.3
Palantir Technologies	PLTR	15.98	-6.9%	-6.9%	34,557	31,513		216.0	98.7	116.7	63.0	11.5
<b>Electric Utilities</b>												
American Electric Power	AEP	84.07	3.5%	3.5%	43,755	86,091		19.4	18.2	12.0	10.8	4.3
Dominion Energy	D	49.04	4.3%	4.3%	41,037	83,560		25.3	24.1	11.1	10.6	4.5
<b>Oil &amp; Gas</b>												
Exxon Mobil	XOM	102.60	2.6%	2.6%	412,965	414,275		9.8	9.0	5.2	4.9	1.2
Devon Energy	DEV	45.94	1.4%	1.4%	29,264	35,090		7.6	7.0	4.6	4.2	2.0
PBF Energy	PBF	42.02	-4.4%	-4.4%	5,135	5,305		1.7	1.9	1.1	1.2	0.1
<b>Transportation</b>												
Nordic American Tankers	NAT	4.56	8.6%	8.6%	952	1,138		8.3	7.8	7.7	7.3	2.2
<b>Pharmaceutical</b>												
Pfizer	PFE	29.47	2.4%	2.4%	166,388	186,388		15.8	14.2	10.1	8.9	2.6
Bristol-Myers Squibb	BMJ	52.23	1.8%	1.8%	107,437	139,037		12.9	12.3	7.1	6.9	3.0

Source: Bloomberg

**MAIN FINANCIAL FORECASTS FOR UKRAINIAN COMPANIES, USD mn**

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
<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>Oil &amp; Gas</b>																
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>																
Centrenerg	CEEN	460	323	200	-33	-171	11	-7.1%	-53.0%	5.5%	-38	-224	3	-8.2%	-69.3%	1.4%
<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 (FY22, FY23, FY24E)	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%
<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

**FINANCIAL FORECASTS FOR SELECTED U.S. COMPANIES, USD mn**

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
<b>Technology sector</b>																
Apple	AAPL	383,285	378,000	375,000	125,820	126,000	115,000	32.8%	33.3%	30.7%	96,995	95,000	88,000	25.3%	25.1%	23.5%
Microsoft	MSFT	211,915	219,000	225,000	102,384	115,000	118,000	48.3%	52.5%	52.4%	72,361	77,800	73,500	34.1%	35.5%	32.7%
Palantir Technologies	PLTR	1,906	2,300	2,750	-334	270	350	-17.5%	11.7%	12.7%	-374	160	240	-19.6%	7.0%	8.7%
<b>Electric Utilities</b>																
American Electric Power	AEP	19,640	19,300	20,100	7,102	7,200	8,000	36.2%	37.3%	39.8%	2,307	2,250	2,400	11.7%	11.7%	11.9%
Dominion Energy	D	17,174	18,050	18,450	4,849	7,550	7,900	28.2%	41.8%	42.8%	994	1,620	1,700	5.8%	9.0%	9.2%
<b>Oil &amp; Gas</b>																
Exxon Mobil	XOM	398,675	348,000	350,000	102,591	80,000	85,000	25.7%	23.0%	24.3%	55,740	42,000	46,000	14.0%	12.1%	13.1%
Devon Energy	DVN	19,169	15,600	17,500	10,368	7,700	8,400	54.1%	49.4%	48.0%	6,015	3,850	4,200	31.4%	24.7%	24.0%
PBF Energy	PBF	46,830	42,000	38,000	3,811	4,785	4,500	8.1%	11.4%	11.8%	2,876	3,100	2,750	6.1%	7.4%	7.2%
<b>Transportation</b>																
Nordic American Tankers	NAT	339	450	520	42	147	155	12.4%	32.7%	29.8%	15	115	122	4.4%	25.6%	23.5%
<b>Pharmaceutical</b>																
Pfizer	PFE	100,330	69,000	73,000	39,576	18,400	21,000	39.4%	26.7%	28.8%	31,372	10,500	11,700	31.3%	15.2%	16.0%
Bristol-Myers Squibb	BMJ	46,159	44,900	45,600	18,540	19,600	20,200	40.2%	43.7%	44.3%	6,327	8,300	8,750	13.7%	18.5%	19.2%

Source: Bloomberg

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