

## Stock Market Update

### Equity

In the world of Wall Street, the S&P 500 index marked a new historical high, gaining 1.2% for the week. The previous peak was observed two years ago in December 2021. Notably, this time around, the driving force behind the S&P 500's ascent was confined to just 7 technology sector stocks, constituting nearly 30% of the index structure. Both Apple and Microsoft approached the USD 3.0 trillion market capitalization milestone. Investor optimism surged following robust retail trade statistics in the U.S. and strong consumer sentiment indicators.

This week, U.S. corporations continue their fourth-quarter earnings reporting season. Tomorrow, Netflix is set to disclose its annual results, with expectations pegging the revenue for 2023 at USD 33bn and EBITDA reaching USD 21bn. Over the last 12 months, Netflix's market capitalization has surged by 35% to USD 211bn.

Ukrainian companies trading on foreign exchanges generally exhibited positive dynamics throughout the week. Ferrexpo's (FXPO) shares rose by 11% to GBp 80.8 (MCap of USD 613mn) after the company announced dividend payments, indicating a relatively healthy financial position. Astarta (AST) experienced an 8.6% uplift to PLN 33.00 due to rising sugar prices in international markets.

Kyiv-listed stocks remained mostly inactive. However, the indicative price for CentrEnergO (CEEN) slipped by 4.3% to UAH 4.50 per share (MCap of USD 43mn) as liquidity on the local market is very dry. Raiffeisen Bank (BAVL) has no move so far this year sitting unchanged at 32 kopecks (MCap of USD 511mn).

In the cash foreign exchange market, the hryvnia strengthened by 0.8% to 38.50 UAH/USD. On the interbank market, the dollar rate decreased from 37.70 to 37.52 UAH/USD over the week.

## Highlights

### STOCKS IN THE NEWS

- Ferrexpo to Pay 3.3 cents Dividend per Share Implying 3.2% Dividend Yield

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	1612	-4.2%	-4.3%
RTS	1130	-0.5%	4.3%
WIG20	2201	-2.1%	-6.0%
MSCI EM	971	-2.5%	-5.2%
S&P 500	4839	1.2%	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	89.6%	4.4 p.p.	2.2 p.p.
Ukraine-2034s	37.9%	0.7 p.p.	-0.8 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	38.50	-0.8%	1.3%
EUR/UAH	41.65	-2.7%	-0.8%

Source: Eavex Capital

## Ferrexpo to Pay 3.3 cents Dividend per Share Implying 3.2% Dividend Yield

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### FERREXPO (FXPO LN)

Price: GBp 80.8 Market Cap: USD 613mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2023E	0.5	0.6	7.7	3.4	3.2%
2024E	0.4	0.6	5.1	2.8	6.4%

### NEWS

Poltava-based, London-listed iron ore producer Ferrexpo, Ukraine's most actively traded public company, announced an interim dividend of 3.3 US cents per share. The interim dividend will be paid on 23 February 2024 to shareholders on the register at the close of business on 26 January 2024.

The company also approved a salary increase and bonus payment for its workforce in Ukraine as well as continued expenditure under its humanitarian fund.

Separately, Ferrexpo reported that it decreased output by 33% YoY to 4.15mn tonnes in 2023 with total iron ore pellets production dropping by 50% QoQ to 677,000 tonnes in 4Q2023. Before Russia's invasion of Ukraine in February 2022, the Group was the world's third-largest exporter of pellets to the global steel industry. Ferrexpo has a wide customer base comprising premium steel mills around the world, which includes steel mills in Austria, Germany, Japan, South Korea, Taiwan, China, Slovakia, the Czech Republic, Turkey, and Vietnam.

### FERREXPO PRODUCTION FIGURES

000' tonnes	3Q23	4Q23	Change QoQ	2022	2023	Change YoY
Total Pellets Produces	1,349	677	-50%	6,177	4,152	-33%
- 67% Fe Direct pellets	-	-	-	353	-	-
- 65% Fe Premium pellets	1,251	577	-54%	5,700	3,795	-37%
- 62% Fe Basic pellets	-	-	-	-	-	-

Source: Companies' data

### COMMENTARY

The implied dividend yield for a 3.3 cents dividend is 3.2% taking into account FXPO current stock price of GBp 80.8. The company will publish its 2023 financial results on 13 March 2024. We project that Ferrexpo will post a net profit of USD 80mn for 2023 (13.4 cents per share) after a net profit of USD 220mn for 2022. Therefore, a trailing P/E for FXPO is estimated at 7.7x. For 2024, our base-case forecast is that the company will manage to earn USD 120mn in net profit (forward-looking P/E of 5.1x).

The main challenge to Ferrexpo's business has been the limitations on logistics corridors, which have forced the company to limit production levels. Ferrexpo has been able to operate one, sometimes two, out of four pellet lines to match the reduced export capacity. The lack of access to Black Sea export routes has sharply reduced opportunities to ship significant product volumes to the Middle East and Asia. There have recently been examples of other exporters using a route through certain Black Sea ports. Ferrexpo plans to resume this export route and start up an additional pellet line depending on the ability to export consistently sufficient volumes through this route in a reliable, safe, and cost-effective manner. It is also encouraging to note that iron ore prices strengthened over 20% during the final quarter of 2023, driven by China's support for the more steel-intensive sectors of its economy, and have continued to hold up in 2024 hovering at the level of USD 136 per tonne for the Fe 62% grade.

**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	1612	-4.2%	-4.3%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	80.8	11.1%	-10.5%	613	504	25.5%	7.7	5.1	3.6	3.0	0.6
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	44	29	5.0%	14.9	12.3	4.1	3.7	0.5
<b>Oil &amp; Gas</b>												
Enwell Energy (ex-Regal)	ENW	16.2	-2.7%	2.7%	66	32	21.6%	2.4	1.9	0.7	0.6	0.3
<b>Power Utilities</b>												
Centrenergo	CEEN	4.50	-4.3%	0.2%	43	43	21.7%	neg	15.8	neg	3.9	0.1
<b>Agro sector</b>												
MHP	MHPC	3.30	0.0%	3.1%	353	1,454	33.7%	3.4	5.0	3.5	3.5	0.6
Kernel (FY21, FY22, FY23E)	KER	8.95	-3.5%	-2.2%	657	1,252	5.4%	neg	1.8	2.3	1.8	0.3
Astarta	AST	32.90	8.6%	14.6%	201	359	37.0%	2.4	2.1	1.8	1.7	0.5
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.32	0.0%	0.0%	511		1.8%	3.6	5.0	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	4839	1.2%	1.5%								
<b>Technology sector</b>												
Apple	AAPL	191	3.2%	-0.8%	2,979,492	3,041,492		31.4	33.9	24.1	26.4	8.1
Microsoft	MSFT	398	2.6%	5.9%	2,956,742	2,994,742		38.0	40.2	26.0	25.4	13.3
Palantir Technologies	PLTR	16.78	0.1%	-2.3%	36,287	33,243		226.8	63.7	123.1	44.3	10.7
<b>Electric Utilities</b>												
American Electric Power	AEP	77.70	-4.7%	-4.3%	40,440	82,776		18.0	16.8	11.5	10.3	4.1
Dominion Energy	D	45.32	-4.2%	-3.6%	37,924	80,447		23.4	22.3	10.7	10.2	4.4
<b>Oil &amp; Gas</b>												
Exxon Mobil	XOM	97.00	-3.0%	-3.0%	390,425	391,735		9.3	8.5	4.9	4.6	1.1
Devon Energy	DEV	40.97	-4.2%	-9.6%	26,098	31,924		6.8	6.2	4.1	3.8	1.8
PBF Energy	PBF	42.72	-0.3%	-2.8%	5,220	5,390		1.7	1.9	1.1	1.2	0.1
<b>Transportation</b>												
Nordic American Tankers	NAT	4.44	-0.4%	5.7%	927	1,113		8.1	7.6	7.6	7.2	2.1
<b>Pharmaceutical</b>												
Pfizer	PFE	28.28	-1.5%	-1.8%	159,669	179,669		15.2	13.6	9.8	8.6	2.5
Bristol-Myers Squibb	MYL	50.11	-2.3%	-2.3%	103,076	134,676		12.4	11.8	6.9	6.7	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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