

Stock Market Update

Equity

The Ukrainian Exchange index lost 5.1% over the week due to a 9.1% decline in CentrErgo's (CEEN) stock to UAH 4.00. Additionally, Raiffeisen Bank (BAVL) experienced a noticeable decrease of 7.7% to 30 kopecks per share, attributed to the bank's net profit figures of UAH 5.2bn (USD 140mn) for 2023 being worse than forecasted. Consequently, Raiffeisen Bank's net profit per share amounted to 8.46 kopecks. The estimated P/E ratio is 3.5x, and the P/B ratio is 0.8x. At a price of 30 kopecks per share, the current market capitalization of Raiffeisen Bank is USD 485mn.

Among Ukrainian agro companies traded on foreign exchanges, Astarta (AST) demonstrated a 2.5% increase to PLN 32.20 (MCap of USD 196mn). Meanwhile, MHP (MHPC) decreased by 2.1% to USD 3.31 (MCap of USD 354mn).

Iron ore producer Ferrexpo (FXPO) gained by 3.4% to GBp 88.8 (MCap of USD 669mn) despite a downward move in the benchmark 62% Fe iron ore price to USD 128 per tonne.

Overall, global stock exchanges maintain a certain level of optimism, reflected in the 1.4% rise of the S&P 500 index and a 1.0% increase in the MSCI Global index for the week. Microsoft, the world's largest company by market capitalization, gained 2.0% for the week and has grown by 9.3% since the beginning of the year, reaching a valuation of USD 3.1 trillion. In comparison, Apple's shares lost 3.9% year-to-date, with a current market capitalization of USD 2.9 trillion.

The financial markets are at the crossroad after a robust U.S. jobs report and comments by Federal Reserve Chair Jerome Powell prompted a plunge in the odds of an interest rate cut in March. Investors are now pricing in only a 15% probability that the Fed will cut rates at its next meeting in March.

On the interbank market, the hryvnia is trading at 37.56 UAH/USD. The cash exchange rate stands at 38.05 UAH/USD (-0.4% w/w).

Highlights

POLITICS AND ECONOMICS

- Ukraine's Public Debt Increases by USD 34bn in 2023 to USD 145bn, Implying 84% Debt/GDP Ratio

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

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	1537	-5.1%	-8.8%
RTS	1120	1.0%	3.4%
WIG20	2350	5.7%	0.3%
MSCI EM	988	0.3%	-3.5%
MSCI Global	740	1.0%	1.8%
S&P 500	4958	1.4%	4.0%

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	92.7%	2.3 p.p.	5.3 p.p.
Ukraine-2034s	38.1%	0.9 p.p.	-0.6 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	38.05	-0.4%	0.1%
EUR/UAH	41.65	-0.7%	-0.8%

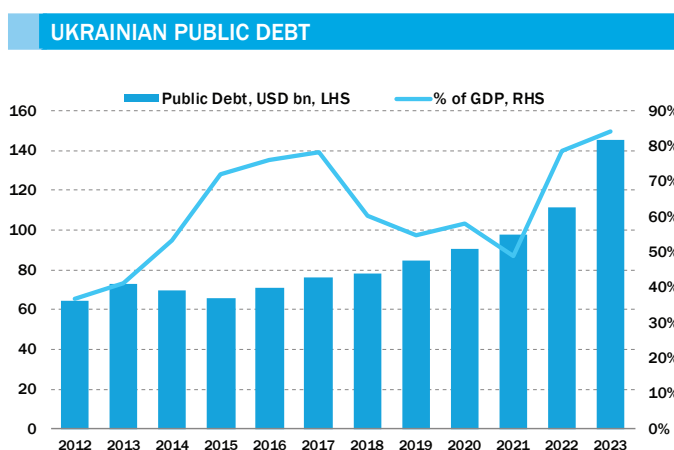
Source: Eavex Capital

Ukraine's Public Debt Increases by USD 34bn in 2023 to USD 145bn, Implying 84% Debt/GDP Ratio

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

NEWS

The Finance Ministry reported that Ukraine's overall public debt stood at USD 145bn as of Jan 1, increasing in USD terms by USD 34bn over the year amid the need for external financing to cover the national budget gap caused by the Russian invasion. The country's external state debt amounted to USD 95bn, including USD 6.9bn of state-guaranteed debt. Ukraine's outstanding sovereign Eurobonds amounted to USD 22.8bn, representing 16% of the total debt. Meanwhile, the domestic government bonds represented 29% of the total debt (USD 41.8bn).



Source: MinFln

COMMENTARY

The current level of Ukraine's debt implies the debt to GDP ratio of 84%. Meanwhile, we forecast that the country's debt will increase to a level of USD 170bn by the year-end, meaning that the debt-to-GDP would worsen to 90%. It is expected that the government will need to cover a large national budget deficit of USD 39bn this year (20% of GDP). External financing provided by Ukraine's international allies will be a primary source for filling the budget gap. The domestic borrowings will be mostly used to roll over the redemption of outstanding government bonds. The country's domestic debt redemption and servicing payments are estimated at UAH 593bn (USD 15.8bn) in 2024.

In terms of currency breakdown, UAH-denominated debt represents about 27% of the total Ukrainian public debt (an equivalent of USD 40bn). The USD debt stood at 26% of the total (USD 38bn), and EUR was at 32% (an equivalent of USD 47bn). The balance is represented mostly by SDR and CAD.

In the current crisis condition for Ukraine, there is a certain relief that a large part of the Western financial support comes in the form of grants, meaning that they do not put additional pressure on the country's public debt. Overall, international partners provided USD 42.5bn to support Ukraine in 2023, including USD 11.5bn in grants.

Ukraine will require financial assistance amounting to around USD 42bn in 2024, including official donor support of roughly USD 32bn. Last week, the EU agreed on an additional EUR 50bn (USD 54bn) aid package for Ukraine for 2024-2027. The first installment of EUR 4.5bn (USD 4.9bn) is expected in March.

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	1537	-5.1%	-8.8%								
Iron Ore Mining												
Ferrexpo	FXPO	88.8	3.4%	-1.6%	669	560	25.5%	8.4	5.6	4.0	3.3	0.7
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	45	30	5.0%	15.1	12.5	4.1	3.8	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	13.9	-7.9%	-11.7%	56	23	21.6%	2.0	1.7	0.5	0.4	0.2
Power Utilities												
Centrenergo	CEEN	4.00	-9.1%	-10.9%	39	39	21.7%	14.2	7.3	3.5	3.0	0.1
Agro sector												
MHP	MHPC	3.31	-2.1%	3.4%	354	1,455	33.7%	3.4	5.1	3.5	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	10.14	-1.3%	10.8%	744	1,339	5.4%	2.5	2.0	2.5	2.0	0.4
Astarta	AST	32.20	2.5%	12.2%	196	355	37.0%	2.3	2.1	1.8	1.7	0.5
Banks												
										Price/Book	Price/Assets	
Raiffeisen Bank Aval	BAVL	0.30	-7.7%	-6.3%	485		1.8%	3.4	4.7	0.8	0.8	0.11

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	4958	1.4%	4.0%								
Technology sector												
Apple	AAPL	185	-3.6%	-3.9%	2,885,895	2,947,895		30.4	32.8	23.4	25.6	7.9
Microsoft	MSFT	411	2.0%	9.3%	3,053,319	3,091,319		39.2	41.5	26.9	26.2	13.7
Palantir Technologies	PLTR	17.02	4.1%	-0.9%	36,806	33,762		230.0	64.6	125.0	45.0	10.9
Electric Utilities												
American Electric Power	AEP	78.63	1.0%	-3.2%	40,924	83,260		18.2	17.1	11.6	10.4	4.1
Dominion Energy	D	45.64	0.2%	-2.9%	38,192	80,715		23.6	22.5	10.7	10.2	4.4
Oil & Gas												
Exxon Mobil	XOM	102.00	-1.0%	2.0%	410,550	411,860		9.8	8.9	5.1	4.8	1.2
Devon Energy	DVN	41.30	-3.1%	-8.8%	26,308	32,134		6.8	6.3	4.2	3.8	1.8
PBF Energy	PBF	49.31	1.7%	12.2%	6,026	6,196		1.9	2.2	1.3	1.4	0.2
Transportation												
Nordic American Tankers	NAT	4.22	-6.0%	0.5%	881	1,067		7.7	7.2	7.3	6.9	2.1
Pharmaceutical												
Pfizer	PFE	26.93	-2.0%	-6.5%	152,047	172,047		14.5	13.0	9.4	8.2	2.4
Bristol-Myers Squibb	BMJ	48.71	-2.0%	-5.1%	100,196	131,796		12.1	11.5	6.7	6.5	2.9

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
Iron Ore Mining																
Ferrexpo	FXPO	1,248	750	850	765	140	170	61.3%	18.7%	20.0%	220	80	120	17.6%	10.7%	14.1%
Railcar Manufacturing																
Kryukiv Wagon	KVBZ	111	84	56	5	7	8	4.4%	8.5%	13.9%	1	3	4	1.1%	3.5%	6.4%
Oil & Gas																
Regal Petroleum	RPT	131	80	95	86	49	57	65.7%	61.3%	60.0%	55	28	34	41.9%	35.0%	35.8%
Electric Utilities																
Centrenerg	CEEN	460	323	200	-33	-171	11	-7.1%	-53.0%	5.5%	-38	-224	3	-8.2%	-69.3%	1.4%
Agro sector																
MHP	MHPC	2,642	2,774	2,550	384	410	415	14.5%	14.8%	16.3%	-231	105	70	-8.7%	3.8%	2.7%
Kernel (FY22, FY23, FY24E)	KER	5,332	3,455	3,800	220	544	680	4.1%	15.7%	17.9%	-41	299	370	-0.8%	8.7%	9.7%
Astarta	AST	561	628	688	170	199	211	30.3%	31.7%	30.7%	72	85	94	12.8%	13.5%	13.6%
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	4,238	4,211	4,231	466	591	575	314	389	385	43	142	103	9.2%	24.1%	17.8%

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
Technology sector																
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	3,100	-334	270	750	-17.5%	11.7%	24.2%	-374	160	570	-19.6%	7.0%	18.4%
Electric Utilities																
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%
Oil & Gas																
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%
Transportation																
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%
Pharmaceutical																
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

Eavex Capital

7 Klovisky 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

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