

## Stock Market Update

### Equity

The National Bank has reported that its stability assessments indicate sufficient capital and significant resilience within the Ukrainian financial system. Accumulated profits will enable the sector to meet the requirements for implementing capital conservation buffers, after which restrictions on dividend payouts may be eased. In this regard, Raiffeisen Bank (BAVL), which historically allocated approximately 50% of its profits to dividends, may resume such practices. Raiffeisen Bank's net profit per share for 2023 amounted to 7.8 kopecks. Therefore, with a possible dividend payment of 3.9 kopecks per share, the dividend yield at the current stock price on the exchange will be 14%. The quotations of Raiffeisen Bank's shares decreased by 0.4% over the week to 27.9 kopecks.

At the beginning of this year, there were 63 banks in Ukraine, with significant asset concentration observed, as the 20 largest banks control 93% of assets, and the top 10 banks hold nearly 78% market share. Five state-owned banks control 54% of the system's assets.

Ferrexpo (FXPO) shares, traded on the London Stock Exchange, fell by 8.1% to GBP 74 after the company announced that the board of directors canceled the interim dividend payment of 3.3 cents per share. The interim dividends were declared on January 18 and were scheduled to be paid to shareholders on February 23, 2024. The decision to retract the interim dividends was made after a lawsuit was filed against the main Ukrainian asset of Ferrexpo, which is Poltava Mining. Earlier, it was reported that the Eastern Commercial Court of Appeals ruled to recover UAH 4.7bn (USD 120mn) from Poltava Mining. Lawyers for Poltava Mining have filed a cassation appeal against the decision of the Eastern Commercial Court of Appeals.

## Highlights

### POLITICS AND ECONOMICS

- › Zelenskiy Threatens Trade Restrictions Against Poland Over Border Blockade
- › Ukraine Passes the IMF Review for Next USD 880mn Tranche

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	1537	0.0%	-8.8%
RTS	1062	-5.1%	-1.9%
WIG20	2476	4.4%	5.7%
MSCI EM	1028	1.2%	0.4%
MSCI Global	761	1.5%	4.7%
S&P 500	5088	1.7%	6.7%

### 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	93.3%	-1.2 p.p.	5.9 p.p.
Ukraine-2034s	37.8%	-0.6 p.p.	-0.9 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	38.65	0.7%	1.7%
EUR/UAH	42.00	1.0%	0.0%

Source: Eavex Capital

## Zelenskiy Threatens Trade Restrictions Against Poland Over Border Blockade

by Will Ritter  
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### NEWS

President Zelenskiy on Sunday (Feb 25) threatened to retaliate against Poland with trade restrictions for blockades on the Polish side of the border that have hindered Ukrainian commercial transport vehicles from delivering their products to the EU for the last several months.

Speaking at a major media event in Kyiv to mark the 2nd anniversary of the start of the war against Russia, Zelenskiy said that “We will defend our businesses” if the current blockade by Polish farmers is not brought to an end. A top official in Ukraine’s Agriculture Ministry said that Ukraine is ready to begin placing tariffs on Polish food imports.

The initial blockade was launched in November when Polish truck drivers began holding up commercial traffic in both directions to demand that the EU re-institute labor restrictions on their Ukrainian counterparts. Shortly after the trucking blockade ended in January, the farming blockade began.

### COMMENTARY

The irony of the current difficulties in Ukrainian-Polish relations is that most analysts had expected the new Polish government led by moderate Donald Tusk to reduce the tensions on the border, but the disagreements have instead ramped up even further since Tusk took office in December. Tusk appears unwilling to challenge the farming lobby, which opinion surveys indicate enjoys Polish domestic popular support exceeding 75%.

On the Ukrainian side, there are accusations that these blockades are being fomented by Russian agents based in Poland. The situation represents an additional negative distraction at an already difficult time for Ukraine, as Kyiv lobbies for USD 60bn in financial support that has been stalled in the US Congress for almost 3 months. Although we believe that the aid package will finally be passed in March, the long debate over it has seen rising criticism in the US of the Zelenskiy government’s conduct of the war. Following Ukraine’s withdrawal from the stronghold of Avdiyivka (Donetsk province) last week, US military analysts have restated their view that the best-case scenario for 2024 is a stalemate in which Ukraine manages to avoid additional significant losses of territory, leaving Zelenskiy’s territorial restoration objectives out of reach in the near term.

In our view, the negative spin on the loss of Avdiyivka by the Western media has been somewhat overdone, as it was clear already for several months that the small city - which represented the easternmost territory under Ukrainian control - was not defensible. However, Ukraine’s defensive capacity could be tested in May and June when the height of the fighting season arrives, amid claims by Russia that it intends to capture additional Ukrainian territory in Donetsk and Zaporizhia provinces, including areas regained by Ukraine during last summer’s counteroffensive.

## Ukraine Passes the IMF Review for Next USD 880mn Tranche

by Dmitry Churin  
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### NEWS

Ukraine has reached an agreement on the third review of its IMF program, as reported by the National Bank. This deal is subject to approval by the IMF's Executive Board, following which an USD 880mn tranche is expected to be disbursed.

The Ukrainian government has fulfilled all structural benchmarks set by the IMF and nearly all quantitative performance criteria, except for one minor shortfall related to lower-than-expected tax revenues due to border blockades.

IMF experts noted that Ukraine's foreign exchange market remains stable following the transition to a managed floating exchange rate regime in October 2023. A key objective in the realm of exchange rate policy will continue to be easing currency restrictions.

### COMMENTARY

The forthcoming tranche from the IMF holds critical significance for Ukraine's budgetary financing and macroeconomic stability support. Overall, Ukraine is projected to receive USD 38bn in external assistance for the year 2024.

In 2023, Ukraine received three tranches from the IMF totaling USD 4.5bn. This year, Ukraine has the potential to receive four tranches from the IMF with a total amount of USD 5.4bn. The IMF financing program is part of the broader support package for Ukraine from international partners amounting to USD 122bn under the base scenario.

The IMF believes that Ukraine's budget revenues should increase through tax policy and administration reforms. Additionally, IMF representatives note the importance of closely monitoring fiscal risks, particularly from state-owned enterprises, to ensure proper allocation of public resources and maintain an acceptable level of debt, with the Ministry of Finance playing a key oversight role.

Just last week, the Ukrainian Parliament approved a corporate governance reform in the state sector. The main idea of the bill is to implement a transparent management model for state-owned enterprises based on the standards of developed countries. The new law expands the powers of supervisory boards and introduces the concept of state ownership policy, with the government having the authority to approve it. The appointment of the CEO or approval of strategic and financial plans falls under the exclusive competence of the supervisory board. Further effective implementation of the reform will lead to depoliticizing state-owned enterprises.

If the US Congress does not approve USD 60bn in assistance to Ukraine for the year 2024, then IMF funds are likely to become the second-largest support to Ukraine after loans from the EU.

**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	0.1%	-8.8%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	74.1	-8.1%	-17.9%	563	454	25.5%	7.0	4.7	3.2	2.7	0.5
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	44	29	5.0%	14.9	12.3	4.0	3.7	0.5
<b>Oil &amp; Gas</b>												
Enwell Energy (ex-Regal)	ENW	13.6	6.3%	-13.8%	55	22	21.6%	2.0	1.6	0.4	0.4	0.2
<b>Power Utilities</b>												
Centrenergo	CEEN	4.00	0.0%	-10.9%	38	38	21.7%	14.0	7.2	3.5	3.0	0.1
<b>Agro sector</b>												
MHP	MHPC	3.30	0.9%	3.1%	353	1,454	33.7%	3.4	5.0	3.5	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	10.50	4.1%	14.8%	774	1,369	5.4%	2.6	2.1	2.5	2.0	0.4
Astarta	AST	28.60	-2.1%	-0.3%	175	334	37.0%	2.1	1.9	1.7	1.6	0.5
<b>Banks</b>												
Raiffeisen Bank Aval	BAVL	0.28	-0.4%	-12.8%	444		1.8%	3.5	4.3	0.8	0.7	0.09

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	5088	1.7%	6.7%								
<b>Technology sector</b>												
Apple	AAPL	183	0.3%	-5.2%	2,846,897	2,908,897		30.0	32.4	23.1	25.3	7.8
Microsoft	MSFT	410	1.5%	9.0%	3,045,890	3,083,890		39.2	41.4	26.8	26.1	13.7
Palantir Technologies	PLTR	22.97	-6.0%	33.8%	49,673	46,629		310.5	87.1	172.7	62.2	15.0
<b>Electric Utilities</b>												
American Electric Power	AEP	82.50	1.4%	1.6%	42,938	85,274		19.1	17.9	11.8	10.7	4.2
Dominion Energy	D	47.86	4.4%	1.8%	40,049	82,572		24.7	23.6	10.9	10.5	4.5
<b>Oil &amp; Gas</b>												
Exxon Mobil	XOM	103.84	0.1%	3.9%	417,956	419,266		10.0	9.1	5.2	4.9	1.2
Devon Energy	DEV	43.88	1.0%	-3.1%	27,952	33,778		7.3	6.7	4.4	4.0	1.9
PBF Energy	PBF	47.34	-1.7%	7.7%	5,785	5,955		1.9	2.1	1.2	1.3	0.2
<b>Transportation</b>												
Nordic American Tankers	NAT	4.02	-5.9%	-4.3%	839	1,025		7.3	6.9	7.0	6.6	2.0
<b>Pharmaceutical</b>												
Pfizer	PFE	27.76	0.5%	-3.6%	156,733	176,733		14.9	13.4	9.6	8.4	2.4
Bristol-Myers Squibb	MYL	51.66	3.6%	0.7%	106,265	137,865		12.8	12.1	7.0	6.8	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	1,248	750	850	765	140	170	61.3%	18.7%	20.0%	220	80	120	17.6%	10.7%	14.1%
<b>Railcar Manufacturing</b>																
Kryukiv Wagon	KVBZ	111	84	56	5	7	8	4.4%	8.5%	13.9%	1	3	4	1.1%	3.5%	6.4%
<b>Oil &amp; Gas</b>																
Regal Petroleum	RPT	131	80	95	86	49	57	65.7%	61.3%	60.0%	55	28	34	41.9%	35.0%	35.8%
<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	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%
<b>Banks</b>																
		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
<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	3,100	-334	270	750	-17.5%	11.7%	24.2%	-374	160	570	-19.6%	7.0%	18.4%
<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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