

## Stock Market Update

### Equity

Shares of Ukrainian agricultural companies traded on foreign exchanges demonstrated significant growth, primarily linked to an upward local trend in stock markets. The MSCI Global index rose by 0.8% over the week, while the US S&P 500 index added 1.0%, reaching another historical high.

Kernel's (KER) stock rose by 9.5% to PLN 11.5 (MCap of USD 848mn), despite the ongoing delisting process of these shares from the exchange at the initiative of the company's main owner.

Astarta (AST) increased by 4.2% to PLN 29.8 (MCap of USD 183mn) and MHP's (MHPC) shares showed a 1.5% gain, trading at USD 3.35 (MCap of USD 359mn).

On the Ukrainian Exchange, the decline in Raiffeisen Bank (BAVL) continued as the bank is currently unable to pay dividends due to restrictions imposed by the National Bank. Raiffeisen Bank's quotes decreased by 3.6% to 27 kopecks (MCap of USD 429mn).

The hryvnia gained by a tiny 0.1% over the week to close at 38.60 UAH/USD on the cash market. Today the national currency traded at a narrow range near 38.30 UAH/USD on the interbank market. The regulator decreased its sale of the hard currency from the country's FX reserves in February to USD 1.5bn from USD 2.5bn seen in January, and USD 3.6bn interventions registered in December. The last week alone the National Bank sold just about USD 300mn to balance the interbank market. The official data for FX reserve has not been released yet, while at the beginning of February, there was USD 38.5bn in the country's reserves, compared to USD 40.5bn at the start of the year.

## Highlights

### STOCKS IN THE NEWS

- CentrEnergó Improves Operational Performance

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	1407	-8.5%	-16.5%
RTS	1122	5.6%	3.6%
WIG20	2425	-2.1%	3.5%
MSCI EM	1024	-0.4%	0.0%
MSCI Global	767	0.8%	5.5%
S&P 500	5137	1.0%	7.7%

### 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	87.8%	-5.5 p.p.	0.4 p.p.
Ukraine-2034s	35.3%	-2.5 p.p.	-3.4 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	38.60	-0.1%	1.6%
EUR/UAH	41.90	-0.2%	-0.2%

Source: Eavex Capital

## CentrEnergO Improves Operational Performance

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### CENTRENERGO (CEEN UK)

Price: UAH 3.50 Market Cap: USD 33mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2023E	neg	0.2	neg	neg	0.0%
2024E	neg	0.2	6.3	2.6	7.9%

### NEWS

The majority state-owned electricity generation company CentrEnergO (CEEN), whose shares are traded on the Ukrainian Stock Exchange, declares an improvement in its operational performance due to the efforts of the new management.

Ahead of the onset of this winter season, CentrEnergO exceeded its coal accumulation plan by 30%. Additionally, production capacities have been nearly tripled compared to the previous season.

The press office of CentrEnergO reports that six power generation units are simultaneously operational in one of the company's thermal power plants under baseline conditions. Such a feat hasn't been achieved at this thermal power plant in over a decade.

Furthermore, the company hinted at justifiable grounds to expect profit for the fourth quarter of 2023. In previous periods, the company incurred significant losses. In 2022, CentrEnergO reported a net loss of UAH 7.0bn, while in 2021, the net loss was UAH 977mns. A marginal profit of UAH 61mn (equivalent to 17 kopecks per share) was recorded for 2020.

### COMMENTARY

Public statements from CentrEnergO regarding improvements in the company's situation raise hopes that the company will indeed begin profitable operations. For comparison, after "cleaning up" from "gray" schemes, state-owned oil company UkrNafta started earning profits several times higher.

Previously, there were reports that the State Audit Service identified financial violations in CentrEnergO's activities amounting to UAH 5.5bn as a result of financial audits and routine checks from January 1, 2022, to August 31, 2023. Official financial reports from CentrEnergO have not been published due to the state of war in the country. However, information from open sources indicates that the net loss for the first half of last year was UAH 720mn. State audit recorded electricity sales at reduced prices, cases of hidden financing of third-party commercial structures, procurement of fuel oil and chemicals not from manufacturers but through intermediaries with additional margins. As a result, CentrEnergO's questionable commercial decisions in previous periods have led to the company's obligations exceeding annual revenues by 1.4 times. Additionally, due to CentrEnergO's failure to fulfill its commercial contracts, lawsuits are pending in courts totaling UAH 4.3bn.

If the optimistic development of CentrEnergO under the new management that came in August 2023 materializes, then for 2024, the company could expect to earn a net profit of UAH 210mn (57 kopecks per share). Assuming that 50% of the net profit will be allocated for dividends, the expected dividend yield will be a modest 7%. However, overall restructuring of CentrEnergO's operations may lead to a successful privatization of the company or to genuinely profitable activities with the payment of substantial annual dividends. CentrEnergO's shares have indicative quotations at the level of UAH 3.50 per share, valuing the entire company at only USD 33mn.

**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	1407	-8.5%	-16.5%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	73.2	-1.2%	-18.9%	556	447	25.5%	7.0	4.6	3.2	2.6	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	13.8	1.3%	-12.7%	56	22	21.6%	2.0	1.6	0.5	0.4	0.2
<b>Power Utilities</b>												
Centrenergo	CEEN	3.50	-12.5%	-22.0%	33	33	21.7%	neg	6.3	neg	2.6	0.1
<b>Agro sector</b>												
MHP	MHPC	3.35	1.5%	4.7%	359	1,460	33.7%	3.4	5.1	3.6	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	11.50	9.5%	25.7%	848	1,443	5.4%	2.8	2.3	2.7	2.1	0.4
Astarta	AST	29.80	4.2%	3.8%	183	341	37.0%	2.2	2.0	1.7	1.6	0.5
<b>Banks</b>												
										<b>Price/Book</b>	<b>Price/Assets</b>	
Raiffeisen Bank Aval	BAVL	0.27	-3.6%	-15.9%	429		1.8%	3.4	4.2	0.7	0.6	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	5137	1.0%	7.7%								
<b>Technology sector</b>												
Apple	AAPL	180	-1.6%	-6.7%	2,801,658	2,863,658		29.5	31.8	22.7	24.9	7.6
Microsoft	MSFT	415	1.2%	10.4%	3,083,035	3,121,035		39.6	41.9	27.1	26.4	13.9
Palantir Technologies	PLTR	24.93	8.5%	45.2%	53,912	50,868		336.9	94.6	188.4	67.8	16.4
<b>Electric Utilities</b>												
American Electric Power	AEP	85.00	3.0%	4.7%	44,239	86,575		19.7	18.4	12.0	10.8	4.3
Dominion Energy	D	44.79	-6.4%	-4.7%	37,480	80,003		23.1	22.0	10.6	10.1	4.3
<b>Oil &amp; Gas</b>												
Exxon Mobil	XOM	105.80	1.9%	5.8%	425,845	427,155		10.1	9.3	5.3	5.0	1.2
Devon Energy	DVN	44.39	1.2%	-2.0%	28,276	34,102		7.3	6.7	4.4	4.1	1.9
PBF Energy	PBF	48.75	3.0%	10.9%	5,957	6,127		1.9	2.2	1.3	1.4	0.2
<b>Transportation</b>												
Nordic American Tankers	NAT	4.16	3.5%	-1.0%	869	1,055		7.6	7.1	7.2	6.8	2.0
<b>Pharmaceutical</b>												
Pfizer	PFE	26.59	-4.2%	-7.6%	150,127	170,127		14.3	12.8	9.2	8.1	2.3
Bristol-Myers Squibb	BMJ	50.89	-1.5%	-0.8%	104,681	136,281		12.6	12.0	7.0	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	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>																
Centrenergó	CEEN	323	200	208	-171	-1	13	-53.0%	-0.7%	6.2%	-224	-10	5	-69.3%	-4.8%	2.6%
<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	4,977	5,000	466	575	662	314	594	500	43	126	103	9.2%	21.9%	15.5%

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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