

Stock Market Update

Equity

On the Ukrainian Exchange, the shares of Raiffeisen Bank (BAVL) decreased by 7.1% to 25 kopecks. Since the beginning of the year, these shares have depreciated by 22% from the mark of 32 kopecks. The main negative factor regarding Raiffeisen Bank shares is the inability of the bank to pay dividends due to regulatory restrictions.

Thermal power electricity producer CentrEnergy (CEEN) gained by 2.9% to UAH 3.60 while Krukiv Wagon (KVBZ) remained unchanged at UAH 14.88 per share.

Ferrexpo (FXPO) extended its downward momentum losing 4.1% to close at GBp 70.2 as the global iron ore benchmark price for 62% Fe decreased from the level of USD 125 to USD 117 per tonne this month.

Natural gas producer Enwell Energy (former Regal Petroleum) advanced by 5.8% to GBp 14.6 after the company reported a reshuffle in its top management. Mr Chris Hopkinson has stepped down as Non-Executive Chairman, and Mr Sergei Glazunov has stepped down as CEO. It is intended that a new CEO will be recruited in due course, and, pending such an appointment, Mr Oleksiy Zayets, the CFO of the Group's companies in Ukraine, has agreed to act as interim CEO.

Kernel (KER) shares gained 6.7% in price to PLN 12.3 due to the announcement that the delisting of shares from the Warsaw Stock Exchange is postponed until the completion of a legal process initiated by minority shareholders regarding the illegitimacy of such delisting.

Mostly positive dynamics persist on international stock markets. The MSCI Global Index added 0.5% for the week and showed an increase of 6.1% since the beginning of the year.

Highlights

STOCKS IN THE NEWS

- Kernel's Sales Drops 15% YoY to USD 1.0bn in Oct-Dec Quarter

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

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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

MARKET INDEXES

	Last	1W ch	YTD
UX	1421	1.0%	-15.7%
RTS	1151	2.6%	6.3%
WIG20	2352	-3.0%	0.4%
MSCI EM	1037	1.3%	1.3%
MSCI Global	771	0.5%	6.1%
S&P 500	5123	-0.3%	7.4%

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	73.9%	-13.9 p.p.	-13.5 p.p.
Ukraine-2034s	32.2%	-3.1 p.p.	-6.5 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	38.55	-0.1%	1.4%
EUR/UAH	42.10	0.5%	0.2%

Source: Eavex Capital

Kernel's Sales Drops 15% YoY to USD 1.0bn in Oct-Dec Quarter

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KERNEL (KER PW)

Price: PLN 12.27 Market Cap: USD 916mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
FY23	0.5	0.4	3.1	2.8	0.0%
FY24E	0.4	0.4	2.5	2.2	0.0%

NEWS

Kyiv-based, Warsaw-listed Kernel Holding, Ukraine's largest sunflower oil producer, reported a sales drop of 15% YoY to USD 1.04bn in the 2Q2024 Oct-Dec quarter (the company's financial year runs from July to June). According to the company's consolidated financial statement published on Mar 4, its EBITDA fell by 26% YoY to USD 205mn, implying an EBITDA margin of 19.6% compared to 22.4% margin a year ago. Kernel's net profit for the Oct-Dec quarter slid 36% YoY to USD 133mn, representing earnings per share of about PLN 1.80.

For the 6 months ending in December, Kernel had revenue of USD 1.59bn (-16% YoY), EBITDA of USD 223mn (-50% YoY), and net profit of USD 102mn (-72% YoY).

On the balance sheet side, Kernel's net debt amounted to USD 453mn as of 31 December 2023, implying a moderate Net Debt/EBITDA ratio of 1.4x.

KERNEL FINANCIAL RESULTS

USD mn	2Q2023	2Q2024	YoY	1H2023	1H2024	YoY
Net revenue	1,235	1,044	-15%	1,890	1,590	-16%
EBITDA	277	205	-26%	446	223	-50%
EBITDA margin	22.4%	19.6%	-2.8 p.p.	23.6%	14.0%	-9.6 p.p.
Net Income	207	133	-36%	368	102	-72%
Net margin	16.8%	12.7%	-4.0 p.p.	19.5%	6.4%	-13.1 p.p.

Source: Company data,

COMMENTARY

Kernel's financial performance both on the top and the bottom line was negatively affected by lower grain and sunflower oil prices in the period. However, the company's Oilseed Processing segment generated USD 76mn in EBITDA in 2Q2024, marking a 15% growth YoY and 30% growth QoQ. This growth was attributed to higher sales volumes of sunflower oil and meal, seasonally strong crush margins, and supported also by the contribution from the renewable energy business line. The company's Farming segment generated USD 103mn in EBITDA in the quarter.

Separately Kernel provided an update on the delisting process, saying that the Polish Financial Supervision Authority suspended proceedings on the delisting of Kernel from the Warsaw Stock Exchange. This decision was made due to the ongoing proceedings initiated by the group of minority shareholders in the District Court in Luxembourg challenging the decision of the Board of Directors of the Company dated 13 April 2023 to delist the Company from the Warsaw Stock Exchange. Permission to withdraw the Company's shares from trading on the regulated market would not be granted until the District Court in Luxembourg has resolved the allegations raised in the claim.

The KER stock gained by a solid 6.7% last week to close at PLN 12.3 per share. Meanwhile, there is no defined timing when the delisting proceeding could be renewed or terminated leaving this risk on the table for Kernel's minority shareholders.

Kernel-2027 Eurobonds are traded at 69 cents on the dollar, implying a yield of 19%.

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	1421	1.0%	-15.7%								
Iron Ore Mining												
Ferrexpo	FXPO	70.2	-4.1%	-22.2%	542	411	25.5%	6.8	4.5	2.9	2.4	0.5
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	44	29	5.0%	14.9	12.3	4.0	3.7	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	14.6	5.8%	-7.6%	60	27	21.6%	2.1	1.8	0.5	0.5	0.3
Power Utilities												
Centrenergo	CEEN	3.60	2.9%	-19.8%	34	34	21.7%	neg	12.6	neg	3.1	0.1
Agro sector												
MHP	MHPC	3.35	0.0%	4.7%	359	1,460	33.7%	3.4	5.1	3.6	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	12.27	6.7%	34.1%	905	1,500	5.4%	neg	2.4	2.8	2.2	0.4
Astarta	AST	28.80	-3.4%	0.3%	177	335	37.0%	2.1	1.9	1.7	1.6	0.5
Banks												
Raiffeisen Bank Aval	BAVL	0.25	-7.1%	-21.9%	398		1.8%	2.8	3.9	0.7	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	5123	-0.3%	7.4%								
Technology sector												
Apple	AAPL	171	-4.8%	-11.2%	2,667,503	2,729,503		28.1	30.3	21.7	23.7	7.3
Microsoft	MSFT	406	-2.2%	8.0%	3,016,174	3,054,174		38.8	41.0	26.6	25.9	13.6
Palantir Technologies	PLTR	26.04	4.5%	51.7%	56,312	53,268		352.0	160.9	197.3	106.5	19.4
Electric Utilities												
American Electric Power	AEP	83.84	-1.4%	3.2%	43,635	85,971		19.4	18.2	11.9	10.7	4.3
Dominion Energy	D	48.00	7.2%	2.1%	40,166	82,689		24.8	23.6	11.0	10.5	4.5
Oil & Gas												
Exxon Mobil	XOM	108.00	2.1%	8.0%	434,700	436,010		10.4	9.5	5.5	5.1	1.2
Devon Energy	DEV	46.16	4.0%	1.9%	29,404	35,230		7.6	7.0	4.6	4.2	2.0
PBF Energy	PBF	50.06	2.7%	13.9%	6,117	6,287		2.0	2.2	1.3	1.4	0.2
Transportation												
Nordic American Tankers	NAT	4.04	-2.9%	-3.8%	844	1,030		7.3	6.9	7.0	6.6	2.0
Pharmaceutical												
Pfizer	PFE	27.22	2.4%	-5.5%	153,684	173,684		14.6	13.1	9.4	8.3	2.4
Bristol-Myers Squibb	MYL	53.79	5.7%	4.8%	110,646	142,246		13.3	12.6	7.3	7.0	3.1

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	323	200	208	-171	-1	13	-53.0%	-0.7%	6.2%	-224	-10	5	-69.3%	-4.8%	2.6%
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	4,977	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
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

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