

Stock Market Update

Equity

The Ukrainian Exchange Index continues its descent, shedding 1.6% over the past week and a staggering 19% since the year began. Raiffeisen Bank (BAVL) shares plummeted 5.9% over five trading sessions, settling at 24 kopecks (MCap of USD 375mn).

Meanwhile, CentrEnergO (CEEN) suffered further significant losses from Russian missile strikes on civilian infrastructure. Reports indicate that the Zmiivska Power Plant, a subsidiary of CentrEnergO, was nearly obliterated by enemy missiles. The restoration of the power plant is anticipated to be prolonged, with no immediate timeline available. Reflecting the turmoil, CentrEnergO's stock price plummeted by 24% to UAH 3.4 since the beginning of the year (MCap of USD 32mn).

Shares of Ukrainian agricultural companies traded on foreign exchanges showcased a negative trajectory in the final week of March. Notably, Astarta (AST) experienced a 3.8% correction to PLN 28.9 (MCap of USD 177mn), while MHP (MHPC) saw a decline of 3.2% to USD 3.28 (MCap of USD 351mn).

The hryvnia edged down by 0.1% on the cash market to 39.40 UAH/USD. Therefore, the national currency weakened by 3.7% against the dollar in 1Q2024.

In global financial markets, the first quarter concluded on a bullish note, with the S&P 500 index gaining 10% since the year's inception. The MSCI Global index also posted a solid performance, showing a 7.7% increase for the quarter.

Highlights

POLITICS AND ECONOMICS

- Danilov Fired from Top Security Council Post after Insulting Chinese Envoy

STOCKS IN THE NEWS

- CentrEnergO Reports UAH 910mn Net Loss for 2023 Despite 50% Increase in Revenue to UAH 15.6bn

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

www.eavex.com.ua

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	1362	-1.6%	-19.2%
RTS	1135	2.9%	4.8%
WIG20	2436	2.5%	4.0%
MSCI EM	1043	0.6%	1.9%
MSCI Global	783	0.4%	7.7%
S&P 500	5254	0.4%	10.2%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	14.5%	0.0 p.p.	-0.5 p.p.
UAH 1-year bond	16.2%	-0.3 p.p.	-0.6 p.p.
Ukraine-2026s	75.1%	3.1 p.p.	-12.3 p.p.
Ukraine-2034s	32.5%	1.3 p.p.	-6.2 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	39.40	0.1%	3.7%
EUR/UAH	43.00	0.2%	2.4%

Source: Eavex Capital

Danilov Fired from Top Security Council Post after Insulting Chinese Envoy

by Will Ritter
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NEWS

The head of Ukraine's National Security & Defense Council (RNBO), Oleksiy Danilov, was dismissed from his post by President Zelenskiy on Tuesday (Mar 26), following disparaging remarks which Danilov made on national television in regard to China's special representative to Ukraine and Russia, Li Hui. Danilov said, in reference to a Chinese peace proposal put forth by the envoy, "I don't understand how someone can trade our territories like that... just because some [expletive], sorry, what's his name, thought that they should decide it". The damaging remark came against the backdrop of the Zelenskiy administration's ongoing efforts to convince China to participate in Zelenskiy's "Peace Formula", a diplomatic initiative aimed at bringing non-Western (Global South) countries on board with Ukraine's conditions for ending the war.

Danilov will be replaced at the RNBO by Oleksandr Litvynenko, who previously headed the Foreign Intelligence Agency (SZR), and also worked as deputy RNBO head during the presidency of Petro Poroshenko. Litvynenko's job at the SZR will in turn be filled by Oleg Ivaschenko, who moves over from the military intelligence directorate, the GUR.

Other notable personnel changes also took place last week inside the presidential administration, with the dismissal of deputy administration head Andriy Smirnov, who domestic media reported has had a strained relationship with administration chief Andriy Yermak. The Ukrayinska Pravda news site wrote that Smirnov's main job was "curating" Ukraine's judicial system, and that he will be replaced by deputy Justice Minister Iryna Mudra, an official who is reportedly close to Yermak.

Zelenskiy also dismissed his longtime advisor and former entertainment business partner Serhiy Shefir, whose influence had waned after the start of the full-scale war in February 2022, from the administration.

COMMENTARY

In our opinion, the replacement of the hard-line Danilov at RNBO was probably overdue, given that he won few friends for Ukraine with his harsh statements, some of which were directed against Western countries for providing what he ridiculed as insufficient support to Kyiv.

The new Security Council head Litvynenko will be expected to work in a less public capacity than the outspoken Danilov, who had held the job since the autumn of 2019. Meanwhile, the changes in the Zelenskiy administration look like a further consolidation of power for Yermak, who is cementing his position as the second-most powerful political figure in Ukraine after Zelenskiy amid the near-total subservience of Parliament and the Cabinet of Ministers to the office of the President; both Parliament Speaker Ruslan Stefanchuk and Prime Minister Dennis Shmygal, who hold nominally more important positions than the presidential chief of staff, are far below Yermak in terms of actual influence.

Zelenskiy has promised a "reset" of power, but without holding elections (both parliamentary and presidential elections have been postponed indefinitely due to the war), it is unclear to what extent such a reset could change the current power dynamics in the country.

CentrEnergO Reports UAH 910mn Net Loss for 2023 Despite 50% Increase in Revenue to UAH 15.6bn

by Dmitry Churin
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CENTRENERGO (CEEN)

Price: UAH 3.40 Market Cap: USD 32mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2023	-0.2	0.1	neg	neg	0.0%
2024E	-0.2	0.1	neg	neg	0.0%

NEWS

Thermal electricity generation company CentrEnergO (CEEN), which is 78% owned by the government, reported a net loss of UAH 910mn for 2023 after a net loss of UAH 7.24bn for 2022, and a loss of UAH 1.03bn for 2021.

Among other financial indicators, CentrEnergO's revenue increased by 50% YoY to UAH 15.6bn (USD 427mn) while EBITDA remained negative at UAH -645mn in 2023 compared to a negative EBITDA of UAH -5.5bn in 2022.

On the balance sheet side, the company had total assets of UAH 10.2bn (USD 268mn) while its total liabilities were at UAH 15.6bn resulting in a negative equity of UAH 5.5bn.

The company will hold a remote shareholder meeting on April 29 with no issue regarding dividends on the agenda.

CENTRENERGO FINANCIAL RESULTS

USD mn	2022	2023	YoY
Revenue	10,445	15,633	+49.7%
EBITDA	-5,537	-645	-/-
<i>margin</i>	-53.0%	-4.1%	+48.9 p.p.
Net profit (loss)	-7,235	-910.0	-/-
<i>margin</i>	-69.3%	-5.8%	+63.5 p.p.

Source: Youcontrol

COMMENTARY

Although CentrEnergO's revenue exceeded our expectations, rising by 50% YoY, the company's financial performance was very poor. The company was even unable to cover direct costs reporting a gross loss of UAH 473mn in 2023. Moreover, CentrEnergO accumulated a large account payable of UAH 10.1bn (USD 265mn) at the end of last year. We assume that most of this account payable could be attributed to the debt owed for natural gas supplies to the state monopoly NaftoGaz. Another substantial debt is most likely owed to coal supplies. This account payable represents a visible threat to CentrEnergO's solvency. However, as the strategic and majority state-owned enterprise, CentrEnergO should be able to restructure its debt to suppliers.

The company had forecasted that its revenue could top UAH 22bn (USD 558mn) in 2024, but now this forecast is unrealistic as CentrEnergO's Zmiyvska Thermal Power Plant located in Kharkiv province was destroyed by the recent massive missile attack by Russia. This means, that CentrEnergO will be able to operate only one TPP in Kyiv province as rebuilding of Zmiyvska TPP will be a long and expensive process. We project that CentrEnergO will be loss-making again this year as a result of damages to its core assets. We forecast that CentrEnergO will post a net loss of UAH 1.7bn (USD 43mn) for 2024.

CentrEnergO's Head of Supervisory Board Andriy Gota said that the company asked Ukrainian international allies to help with the needed equipment for rebuilding Zmiyvska TPP. He did not provide any time guidance for the rebuild. The Energy Ministry German Galushenko said that the government would assist CentrEnergO with emergency financial aid to restore Zmiyvska TPP operation.

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	1362	-3.5%	-19.2%								
Iron Ore Mining												
Ferrexpo	FXPO	43.7	-13.5%	-51.6%	329	198	25.5%	4.1	2.7	1.4	1.2	0.2
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	14.9	0.0%	0.0%	43	28	5.0%	14.6	12.1	3.9	3.6	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	13.2	-10.6%	-16.3%	53	20	21.6%	1.9	1.6	0.4	0.3	0.2
Power Utilities												
Centrenergo	CEEN	3.40	-2.9%	-24.3%	32	32	21.7%	neg	neg	neg	neg	0.1
Agro sector												
MHP	MHPC	3.28	-3.2%	2.5%	351	1,452	33.7%	3.3	5.0	3.5	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	9.06	-2.8%	-1.0%	668	1,263	5.4%	neg	1.8	2.3	1.9	0.3
Astarta	AST	28.90	-3.8%	0.7%	177	335	37.0%	2.1	1.9	1.7	1.6	0.5
Banks												
										Price/Book	Price/Assets	
Raiffeisen Bank Aval	BAVL	0.24	-5.9%	-25.0%	375		1.8%	2.6	3.7	0.6	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	5254	2.7%	10.2%								
Technology sector												
Apple	AAPL	171	-0.9%	-11.2%	2,667,503	2,729,503		28.1	30.3	21.7	23.7	7.3
Microsoft	MSFT	420	1.0%	11.7%	3,120,180	3,158,180		40.1	42.5	27.5	26.8	14.0
Palantir Technologies	PLTR	23.01	-2.0%	34.0%	49,760	46,716		311.0	142.2	173.0	93.4	17.0
Electric Utilities												
American Electric Power	AEP	86.10	4.9%	6.0%	44,812	87,148		19.9	18.7	12.1	10.9	4.3
Dominion Energy	D	49.19	2.8%	4.7%	41,162	83,685		25.4	24.2	11.1	10.6	4.5
Oil & Gas												
Exxon Mobil	XOM	116.00	4.2%	16.0%	466,900	468,210		11.1	10.2	5.9	5.5	1.3
Devon Energy	DEV	50.18	5.4%	10.8%	31,965	37,791		8.3	7.6	4.9	4.5	2.2
PBF Energy	PBF	57.57	1.6%	31.0%	7,035	7,205		2.3	2.6	1.5	1.6	0.2
Transportation												
Nordic American Tankers	NAT	3.92	-3.4%	-6.7%	818	1,004		7.1	6.7	6.8	6.5	1.9
Pharmaceutical												
Pfizer	PFE	27.75	-0.7%	-3.6%	156,677	176,677		14.9	13.4	9.6	8.4	2.4
Bristol-Myers Squibb	BMJ	54.23	3.6%	5.7%	111,551	143,151		13.4	12.7	7.3	7.1	3.1

Source: Bloomberg

MAIN FINANCIAL FORECASTS FOR UKRAINIAN COMPANIES, USD mn

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2022	2023	2024E	2022	2023	2024E	2022	2023	2024E	2022	2023	2024E	2022	2023	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	427	304	-171	-18	-26	-53.0%	-4.1%	-8.7%	-224	-25	-43	-69.3%	-5.8%	-14.2%
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

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