

Stock Market Update

Equity

The Ukrainian hryvnia strengthened by 0.9% to 38.86 UAH/USD on the interbank market last week, compared to 39.20 UAH/USD at the end of March. Positive momentum for the national currency stemmed from news of the National Bank’s FX reserves increasing by 18% to USD 43.8bn in a month, boosted by USD 9.3bn in international assistance inflows. Meanwhile, net currency sales to support the interbank market balance in March amounted to only USD 1.8bn. The current level of international reserves provides financing for 5.8 months of future imports, significantly exceeding the minimum acceptable threshold of 3 months according to economic theory.

On the Ukrainian Exchange, Raiffeisen Bank (BAVL) fell by 8% from 25 kopecks per share to 23 kopecks per share over the week. The current market capitalization of Raiffeisen Bank stands at USD 360mn with a forward-looking P/E of 3.5x.

On foreign exchanges, Ukrainian companies’ stocks experienced mixed price dynamics. Shares of Enwell Energy (formerly Regal) surged by 7.8% to GBp 14.40 (MCap of USD 58mn), while shares of MHP (MHPC) saw a decline of 3.0% to USD 3.20 (MCap of USD 343mn).

Ferrexpo (FXPO) bounced back by 1.9% to GBp 44.10 (MCap of USD 332mn). Meanwhile, the iron ore 62% Fe benchmark price remained in the downward trend decreasing to the level of USD 100 per tonne, compared to the level of USD 140 at the beginning of the year.

Global stock markets witnessed correction tendencies. The S&P500 index lost 1% as the Federal Reserve might once again postpone the start of a softer monetary policy cycle.

Highlights

POLITICS AND ECONOMICS

- Ukraine Seeks USD 20bn Eurobond Restructuring as Total Public Debt Hovers at USD 144bn (84% of GDP)

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	1314	-3.5%	-22.0%
RTS	1156	1.9%	6.7%
WIG20	2470	1.4%	5.5%
MSCI EM	1045	0.2%	2.1%
MSCI Global	776	-0.9%	6.7%
S&P 500	5204	-1.0%	9.1%

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%	0.0 p.p.	-0.6 p.p.
Ukraine-2026s	76.3%	1.2 p.p.	-11.1 p.p.
Ukraine-2034s	32.8%	0.3 p.p.	-5.9 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	39.35	-0.1%	3.6%
EUR/UAH	42.90	-0.2%	2.1%

Source: Eavex Capital

Ukraine Seeks USD 20bn Eurobond Restructuring as Total Public Debt Hovers at USD 144bn (84% of GDP)

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NEWS

Investors holding Ukraine's Eurobonds worth USD 20bn are forming a creditors' committee, according to Reuters. This will be the first attempt to formalize negotiations between private bondholders and Ukraine. Consultations, which have been ongoing since the fall of 2023, have been informal. It is expected that the creditors' committee will include from 8 to 12 large bondholders.

Ukraine's state and guaranteed debt stood at USD 144bn with external debt amounting to USD 100bn. Part of the external debt has been restructured: with official creditors from the G7, and the Paris Club - until the end of March 2027, with commercial creditors - until August 2024.

The domestic government bonds represented 29% of the total debt (USD 42bn).

In March, Ukraine's credit rating was cut by S&P Global Ratings by two notches to CC, the second-lowest level above default. The agency said the outlook was negative. The government plans to get debt relief from Eurobond holders before the current standstill agreement expires in August, as the nation faces bond payments of USD 4.5bn in September.

COMMENTARY

In relative terms, Ukraine's public debt is equivalent to 84% of GDP, but the further need for additional external financing is expected to increase the debt to USD 170bn by the year-end (90% of GDP). This year's central budget deficit stood at USD 39bn representing 20% of GDP. Ukrainian international partners have injected USD 74bn to prop up the country after the Russian war started. However, as there is no visible solution to the war, Ukraine needs more aid to stay afloat. This means, that Ukrainian bondholders have to be prepared for harsh restructuring terms as there is no way the country could find resources to serve the full amount of debt accumulated before the war. In 2022 Ukraine's real GDP plunged by 30% YoY as a result of the Russian unprovoked invasion. Meanwhile, continued missile attacks on Ukrainian civil and energy infrastructure carry a great risk for the country's economic recovery which is forecasted at 3% - 4% in 2024 by the IMF.

We believe, that Ukraine will offer a partial debt write-off to Eurobond investors. The write-off could top 60% of the nominal amount as currently the Ukraine-2024 Eurobond is traded at just 35 cents on the dollar. Still, at the current price Ukrainian Eurobonds could have sizable gains post-restructuring. However, the ongoing war and the awaited critical US aid add layers of complexity, influencing the market in unpredictable ways.

US Congressional Republicans are getting serious about one potential solution to the monthslong fight over Ukraine aid: packaging at least some of it as a loan. Some of Ukraine's Republican defenders have taken the idea and shopped it to Speaker Mike Johnson. The speaker, according to people familiar with the talks, told them to put a proposal together, test the waters with their GOP colleagues, and then — if the conference approves — perhaps they'll pursue it. While President Joe Biden has asked for USD 60bn for Ukraine, most of that money — USD 48bn — would get pumped right back into America's defense industrial base. The weaponry would eventually get shipped to Ukraine, but the money would support American jobs and build capacity for the U.S. arsenal.

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	1314	-3.5%	-22.0%								
Iron Ore Mining												
Ferrexpo	FXPO	44.1	0.9%	-51.2%	332	201	25.5%	4.1	2.8	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	14.4	9.5%	-8.4%	58	25	21.6%	2.1	1.7	0.5	0.4	0.3
Power Utilities												
Centrenergo	CEEN	3.00	-11.8%	-33.2%	28	28	21.7%	neg	neg	neg	neg	0.1
Agro sector												
MHP	MHPC	3.20	-2.4%	0.0%	343	1,444	33.7%	3.3	4.9	3.5	3.5	0.6
Kernel (FY22, FY23, FY24E)	KER	9.15	1.0%	0.0%	680	1,275	5.4%	neg	1.8	2.3	1.9	0.3
Astarta	AST	29.20	1.0%	1.7%	180	339	37.0%	2.1	1.9	1.7	1.6	0.5
Banks												
										Price/Book	Price/Assets	
Raiffeisen Bank Aval	BAVL	0.23	-4.2%	-28.1%	359		1.8%	2.5	3.5	0.6	0.6	0.08

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	5204	-1.0%	9.1%								
Technology sector												
Apple	AAPL	169	-1.2%	-12.2%	2,636,304	2,698,304		27.8	30.0	21.4	23.5	7.2
Microsoft	MSFT	425	1.2%	13.0%	3,157,325	3,195,325		40.6	43.0	27.8	27.1	14.2
Palantir Technologies	PLTR	22.96	-0.2%	33.7%	49,652	46,608		310.3	141.9	172.6	93.2	16.9
Electric Utilities												
American Electric Power	AEP	83.95	-2.5%	3.4%	43,693	86,029		19.4	18.2	11.9	10.8	4.3
Dominion Energy	D	48.57	-1.3%	3.3%	40,643	83,166		25.1	23.9	11.0	10.5	4.5
Oil & Gas												
Exxon Mobil	XOM	121.00	4.3%	21.0%	487,025	488,335		11.6	10.6	6.1	5.7	1.4
Devon Energy	DVN	53.27	6.2%	17.6%	33,933	39,759		8.8	8.1	5.2	4.7	2.3
PBF Energy	PBF	62.04	7.8%	41.1%	7,581	7,751		2.4	2.8	1.6	1.7	0.2
Transportation												
Nordic American Tankers	NAT	4.01	2.3%	-4.5%	837	1,023		7.3	6.9	7.0	6.6	2.0
Pharmaceutical												
Pfizer	PFE	26.66	-3.9%	-7.4%	150,522	170,522		14.3	12.9	9.3	8.1	2.3
Bristol-Myers Squibb	BMJ	51.32	-5.4%	0.0%	105,565	137,165		12.7	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	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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