

## Stock Market Update

### Equity

Quotes for MHP shares on the London Stock Exchange barely reacted to the publication of the company's annual report, despite the company posting a net profit of USD 142mn for 2023 and increasing revenue by 14% to the level of USD 3.0 bn. MHP (MHPC) shares gained only 1.5% over the week, trading at USD 3.35 (MCap of USD 359mn).

There was an unexpected 12% growth in shares of Ukrainian gas exploration company Enwell Energy (formerly Regal Petroleum), reaching GBp 19.00 (MCap of USD 76mn).

In Warsaw trading, agro exporter Kernel (KER) advanced by 2,2% to PLN 10.32 (MCap of USD 753mn) while Astarta (AST) declined by 1.6% to close at PLN 27.35 (MCap of USD 165mn).

On the Ukrainian Exchange, the indicative price for CentrEnergy (CEEN) whose power generation plants were severely damaged by russian missile attacks, dropped by another 7% to UAH 2.68 (MCap of USD25mn)

On the interbank foreign exchange market, the hryvnia strengthened from 39.60 to 39.40 UAH/USD. The National Bank sold USD 508mn from the FX reserves over the week to support supply and demand balance in the interbank market. The cash dollar rate dropped by 10 kopecks to 39.85 UAH/USD.

The U.S. market had a fairly positive week. The S&P 500 index rose by 0.5%. Among the leaders in growth were Apple shares (+8.3%) after the company announced a buyback totaling a historically record-breaking USD 110bn.

## Highlights

### STOCKS IN THE NEWS

- > MHP Beats Expectations on Both Top and Bottom Lines in FY23 Posting Net Profit of USD 142mn

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)

### 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	1257	-1.1%	-25.4%
RTS	1184	-0.3%	9.3%
WIG20	2470	-0.4%	5.5%
MSCI EM	1061	1.9%	3.6%
MSCI Global	769	0.9%	5.8%
S&P 500	5127	0.5%	7.5%

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	13.5%	0.0 p.p.	-1.5 p.p.
UAH 1-year bond	15.5%	-0.5 p.p.	-1.3 p.p.
Ukraine-2026s	88.0%	2.0 p.p.	0.6 p.p.
Ukraine-2034s	35.0%	0.0 p.p.	-3.7 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	39.85	-0.3%	4.9%
EUR/UAH	42.90	-0.2%	2.1%

Source: Eavex Capital

## MHP Beats Expectations on Both Top and Bottom Lines in FY23 Posting Net Profit of USD 142mn

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### MHP (MHPC LI)

Price: USD 3.35 Market Cap: USD 359mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2023	0.2	0.5	2.5	3.3	0.0%
2024E	0.2	0.5	2.4	3.0	0.0%

### NEWS

London-listed, central-Ukraine-based MHP (MHPC), Ukraine's largest poultry producer, reported a net profit of USD 142mn for 2023, compared to a net loss of USD 231mn in 2022. The company increased revenue by 14% YoY to USD3.02bn and its EBITDA grew by 16% YoY to USD 445mn last year. In the 4Q2023 alone, MHP's revenue declined by 5% YoY to USD 727mn while EBITDA rose by 6% YoY to USD 116mn. Net profit dropped by 47% YoY to USD 20mn in 4Q with a net margin decreasing from 5.0% to 2.8%. On the EBITDA level, the margin was 16.0% in 4Q2023 compared to 14.2% in 4Q2022.

MHP's total assets were at USD 3.88bn at the end of last year, with shareholder equity standing at USD 1.57bn. MHP invested USD 212mn in CapEx in 2023 compared to a CapEx of USD 159mn in 2022.

The company's total debt stood at USD 1.54bn as of Dec. 31, 2023. The net debt to EBITDA ratio was estimated at 2.47x, improving from 3.22x as of the end of 2022.

### MHP FINANCIALS

USD mn	4Q2022	4Q2023	chg.	2022	2023	chg.
Net revenue	766	727	-5%	2,642	3,021	+14%
EBITDA	109	116	+6%	384	445	+16%
margin	14.2%	16.0%	+1.7 p.p.	14.5%	14.7%	+0.2 p.p.
Net profit (loss)	38	20	-47%	-231	142	-/+
net margin	5.0%	2.8%	-2.2 p.p.	-8.7%	4.7%	+13.4 p.p.

Source: Company data.

### COMMENTARY

MHP beat our expectations on both the top and bottom lines in 2023 delivering a solid 14% YoY increase in revenue. The company's earnings per share was USD 1.33 meaning the valuation of just 2.5x trailing P/E. However, MHP's high debt burden of USD 1.5bn coupled with the war risks limit the MHPC stock upside.

We are revising higher our financial forecasts for MHP for 2024. Now we project the company will be able to increase net profit by a moderate 5.6% YoY to USD 150mn (EPS of USD 1.40) in 2024. Nevertheless, in case of a steeper hryvnia devaluation, the company will have to book the FX translation losses which could harm the bottom line. The hryvnia has weakened by 5% against the dollar so far this year. On the other hand, MHP's export revenue accounted for 60% of total revenue, providing a firm hedge against the currency turbulence on the domestic market.

MHP will not pay dividends from FY23 profit as it has certain limitations on dividend distribution agreed with creditors.

London-traded MHP stock has risen by 4.7% this year trading in a narrow range of USD 3.11 - 3.43.

Eurobonds of MHP with maturity in 2026 were traded at 79.1 cents on the dollar, implying a yield of 21%.

**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	1257	-1.1%	-25.4%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	50.3	-2.3%	-44.3%	376	245	25.5%	4.7	3.1	1.8	1.4	0.3
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	14.9	-0.1%	0.0%	43	28	5.0%	14.4	11.9	3.8	3.5	0.5
<b>Oil &amp; Gas</b>												
Enwell Energy (ex-Regal)	ENW	19.1	12.1%	21.0%	76	43	21.6%	2.7	2.2	0.9	0.8	0.5
<b>Power Utilities</b>												
Centrenergo	CEEN	2.68	-6.9%	-40.3%	25	25	21.7%	neg	neg	neg	neg	n/a
<b>Agro sector</b>												
MHP	MHPC	3.35	1.5%	4.7%	359	1,460	33.7%	2.5	2.4	3.3	3.0	0.5
Kernel (FY22, FY23, FY24E)	KER	10.32	2.2%	12.8%	753	1,348	5.4%	neg	2.0	2.5	2.0	0.4
Astarta	AST	27.25	-1.6%	-5.1%	165	324	37.0%	2.0	1.8	1.6	1.5	0.5
<b>Banks</b>												
										<b>Price/Book</b>	<b>Price/Assets</b>	
Raiffeisen Bank Aval	BAVL	0.23	2.2%	-28.1%	355		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	5127	0.5%	7.5%								
<b>Technology sector</b>												
Apple	AAPL	183	8.3%	-4.9%	2,854,696	2,916,696		29.4	32.4	21.9	25.4	7.8
Microsoft	MSFT	407	0.2%	8.2%	3,023,603	3,061,603		35.1	41.1	24.0	25.9	13.6
Palantir Technologies	PLTR	23.33	3.6%	35.9%	50,452	47,408		240.2	144.1	173.0	94.8	17.2
<b>Electric Utilities</b>												
American Electric Power	AEP	88.60	3.9%	9.1%	46,113	88,449		21.0	19.2	12.3	11.1	4.4
Dominion Energy	D	51.40	1.9%	9.4%	43,012	85,535		22.5	25.3	12.6	10.8	4.6
<b>Oil &amp; Gas</b>												
Exxon Mobil	XOM	116.00	-1.7%	16.0%	466,900	468,210		13.0	10.2	6.3	5.5	1.3
Devon Energy	DVN	50.54	-4.1%	11.6%	32,194	38,020		8.6	7.7	4.9	4.9	2.2
PBF Energy	PBF	51.86	-10.2%	18.0%	6,337	6,507		3.0	2.3	1.8	1.4	0.2
<b>Transportation</b>												
Nordic American Tankers	NAT	3.97	0.0%	-5.5%	829	1,015		8.4	6.8	5.7	6.5	2.0
<b>Pharmaceutical</b>												
Pfizer	PFE	27.81	9.5%	-3.4%	157,015	177,015		74.1	20.1	18.4	8.4	2.8
Bristol-Myers Squibb	BMJ	43.99	-1.9%	-14.3%	90,487	122,087		11.0	60.3	6.3	61.0	2.7

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
<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	323	427	89	-171	-18	-189	-53.0%	-4.1%	-213.1%	-224	-25	-316	-69.3%	-5.8%	neg
<b>Agro sector</b>																
MHP	MHPC	2,642	3,021	3,150	384	445	480	14.5%	14.7%	15.2%	-231	142	150	-8.7%	4.7%	4.8%
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	383,000	375,000	125,820	133,000	115,000	32.8%	34.7%	30.7%	96,995	97,000	88,000	25.3%	25.3%	23.5%
Microsoft	MSFT	211,915	236,500	225,000	102,384	127,700	118,000	48.3%	54.0%	52.4%	72,361	86,200	73,500	34.1%	36.4%	32.7%
Palantir Technologies	PLTR	1,906	2,225	2,750	-334	274	500	-17.5%	12.3%	18.2%	-374	210	350	-19.6%	9.4%	12.7%
<b>Electric Utilities</b>																
American Electric Power	AEP	19,640	18,950	20,100	7,102	7,200	8,000	36.2%	38.0%	39.8%	2,307	2,200	2,400	11.7%	11.6%	11.9%
Dominion Energy	D	17,174	14,400	18,450	4,849	6,800	7,900	28.2%	47.2%	42.8%	994	1,910	1,700	5.8%	13.3%	9.2%
<b>Oil &amp; Gas</b>																
Exxon Mobil	XOM	398,675	335,000	350,000	102,591	74,300	85,000	25.7%	22.2%	24.3%	55,740	36,000	46,000	14.0%	10.7%	13.1%
Devon Energy	DVN	19,169	15,300	17,500	10,368	7,700	7,750	54.1%	50.3%	44.3%	6,015	3,750	4,200	31.4%	24.5%	24.0%
PBF Energy	PBF	46,830	38,300	38,000	3,811	3,540	4,500	8.1%	9.2%	11.8%	2,876	2,140	2,750	6.1%	5.6%	7.2%
<b>Transportation</b>																
Nordic American Tankers	NAT	339	392	520	42	179	155	12.4%	45.7%	29.8%	15	99	122	4.4%	25.3%	23.5%
<b>Pharmaceutical</b>																
Pfizer	PFE	100,330	58,500	64,200	39,576	9,600	21,000	39.4%	16.4%	32.7%	31,372	2,120	7,800	31.3%	3.6%	12.1%
Bristol-Myers Squibb	BMJ	46,159	45,000	45,600	18,540	19,400	2,000	40.2%	43.1%	4.4%	6,327	8,220	1,500	13.7%	18.3%	3.3%

Source: Bloomberg

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