

Stock Market Update

Equity

The Ukrainian Exchange announced that it will resume trading in the near future, after operations were halted in July following the Securities and Stock Market Commission's decision to revoke its license. Simultaneously, the exchange will continue to challenge the regulator's decision in court.

According to data from the Securities Commission, trading volumes in Ukraine's capital markets amounted to UAH 35.8bn over the past week, with UAH 13.4bn traded on organized markets.

Among Ukrainian companies listed on foreign exchanges, Ferrexpo (FXPO) shares saw the largest weekly gain, rising 20% to GBP 47.9 (MCap of USD 384mn) amid strong investor interest in the metallurgical sector following China's stimulus announcements. Economic developments in China, the world's second-largest economy, typically set the tone for global steel and iron ore prices.

Ukrainian large sugar maker Astarta (AST) surged by 5.7% to PLN 31.70 (MCap of USD 202mn) while MHP (MHPC) declined by 0.7% to USD 4.02 per share (MCap of USD 430mn).

Meanwhile, the euphoria continued on Wall Street. The S&P 500 rose 0.6% over the week, hitting fresh record highs. The index is now delivering its strongest January-to-September performance since 1997. Over the past month, the S&P 500 has posted positive returns for three consecutive weeks, which could prompt a technical correction in the upcoming sessions.

Among individual stocks, Microsoft saw a 1.6% decline (MCap of USD 3.2 trillion), while highly speculative NVIDIA shares rose by 4% (MCap USD 3.0 trillion).

Highlights

POLITICS AND ECONOMICS

- > Zelenskiy's "Victory Plan" Coldly Received in Washington Despite Positive Tenor of Visit

STOCKS IN THE NEWS

- > NaftoGaz Boosts Net Profit by 3.5x to USD 626mn in 1H2024

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	1194	0.0%	-29.1%
RTS	971	2.6%	-10.3%
WIG20	2382	4.5%	1.7%
MSCI EM	1174	6.1%	14.6%
MSCI Global	852	1.8%	17.2%
S&P 500	5738	0.6%	20.3%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	13.0%	0.0 p.p.	-2.0 p.p.
UAH 1-year bond yield	14.7%	0.0 p.p.	-2.2 p.p.
Ukraine-2029 yield	15.4%	0.5 p.p.	0.5 p.p.
Ukraine-2036 yield	10.8%	0.6 p.p.	0.4 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	41.45	-0.5%	9.1%
EUR/UAH	46.40	-0.4%	10.5%

Source: Eavex Capital

Zelenskiy's "Victory Plan" Coldly Received in Washington Despite Positive Tenor of Visit

by Will Ritter
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NEWS

President Zelenskiy conducted a high-profile 5-day visit to the United States last week, addressing the UN General Assembly in New York on Tuesday (Sept 24).

Zelenskiy also visited a shell-producing factory in Pennsylvania and met with President Biden in Washington, as well as with the two candidates vying to succeed him, Kamala Harris and Donald Trump.

Zelenskiy came to the US with a so-called "Victory Plan" for ending the war with Russia, which he presented to Biden. However, an article in the Wall Street Journal published during the visit contained quotations from unnamed Biden administration officials disparaging the plan, calling it simply a re-statement of prior weapons-related requests from Zelenskiy that broke little new ground.

Meanwhile, Zelenskiy's appearance at the Pennsylvania weapons factory with the state's Democratic Party governor drew criticism from the Trump campaign, who accused Zelenskiy of trying to support Harris politically. Ultimately, Zelenskiy and Trump made a joint appearance in New York on Friday (Sept 27), with Trump saying that he has a "very good relationship" with both Zelenskiy and Russian President Putin, and that he intends to move quickly to end the war if he is elected in November. On the question of long-range missile strikes by Ukraine against Russia using US weapons, the Biden administration once again appeared to refuse Zelenskiy's request to lift the US restrictions, although no specific announcement was made on this topic.

COMMENTARY

In our opinion, Zelenskiy's trip to the US went as well as could be expected given the political headwinds which he is currently facing. The US media largely ignored Zelenskiy's "Victory Plan", focusing instead on the controversy surrounding his appearance at the Pennsylvania factory with Democratic politicians and the drama of his meeting with Trump.

With Ukraine in a difficult position on the battlefield in the east of the country and the future level of Western support uncertain, Zelenskiy is coming under increasing pressure to acknowledge that full restoration of the country's 1991 borders is not a realistic military goal, and to redefine the concept of "victory". While it is possible that a Harris presidency might bring official Washington closer to Zelenskiy's position on full border restoration, there is considerable uncertainty over what kind of national security team Harris would appoint.

In general, the US election remains too close to call, although we note that Trump is consistently polling around 4 p.p. ahead of where he was in 2020, when he was narrowly defeated by Biden.

NaftoGaz Boosts Net Profit by 3.5x to USD 626mn in 1H2024

by Dmitry Churin
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NEWS

NaftoGaz, Ukraine's state-owned natural gas monopoly, increased net profit by 3.5x YoY to USD 626mn in 1H2024 on the back of a 20% YoY rise in revenue to USD 3.7bn, according to the company's financial report published last week. The company's net margin improved to 17% in the reported period compared to 6% a year ago. On the EBITDA level, earnings rose by 57% YoY to USD 1.3bn and EBITDA margin improved by 8 p.p. to 34%.

The company said that its CapEx amounted to USD 400mn in the reported period, increasing from a CapEx of USD 369mn in 1H2023.

On the balance sheet side, NaftoGaz had total assets of USD 15.4bn and a total debt of USD 2.6bn as of June 30, 2024.

NaftoGaz reported that it paid USD 448mn in dividends to the central budget in 1H2024.

NAFTOGAZ FINANCIAL RESULTS			
USD mn	1H2023	1H2024	YoY
Net revenue	3,060	3,675	+20%
EBITDA	802	1,258	+57%
<i>margin</i>	26%	34%	+8 p.p.
Net loss	180	626	+248%
<i>net margin</i>	6%	17%	+11 p.p.

Source: Company data.

COMMENTARY

The company's financial results for 1H2024 were better than expected improving substantially in 2Q2024 when operating profit was USD 413mn. The company's market share in the natural gas supply market was estimated at 78% as the company services about 12.4mn households across the country.

In 1H2024, the company produced 7.3bn cubic meters (cu-m) of gas compared to 6.7bn cu-m in the same period of last year. According to the latest forecasts, NaftoGaz is expected to reach an extraction of 14.7bn cu-m in 2024, which will be +5.8% compared to 2023 (13.9bn cu-m).

During 2024, NaftoGaz agreed to restructure loans received from Ukrainian banks totaling UAH 22bn (USD 540mn) with the maturity of the loan debt rescheduled to December 2024 - December 2025.

Taking into account that NaftoGaz had cash and cash equivalents in the amount of USD 2.1bn as of the end of 1H2024, the company's net debt to EBITDA ratio is estimated to be less than 0.5x. However, the highly volatile nature of NaftoGaz's financial performance does not allow us to assume a smooth debt repayment of the company.

NaftoGaz said that it accumulated 12.2bn cubic meters of gas in storage ahead of the heating season ensuring enough energy for Ukraine to pass the winter.

Currently, NaftoGaz-2028 Eurobonds are quoted at 81 cents on the dollar implying a yield of 15.3%.

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	1194	0.0%	-29.1%								
Iron Ore Mining												
Ferrexpo	FXPO	47.9	19.8%	-46.9%	384	253	25.5%	4.8	3.2	1.8	1.5	0.3
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.2	0.0%	1.9%	42	27	5.0%	14.1	11.7	3.7	3.4	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	18.9	0.4%	19.9%	81	48	21.6%	2.9	2.4	1.0	0.8	0.5
Power Utilities												
Centrenergo	CEEN	3.72	0.0%	-17.1%	33	33	21.7%	neg	neg	neg	neg	n/a
Agro sector												
MHP	MHPC	4.02	-0.7%	25.6%	430	1,531	33.7%	3.0	5.7	3.4	3.3	0.5
Kernel (FY22, FY23, FY24E)	KER	13.10	0.8%	43.2%	1,004	1,599	5.4%	neg	2.7	2.9	2.4	0.4
Astarta	AST	31.70	5.7%	10.5%	202	360	37.0%	2.4	2.2	1.8	1.7	0.5
Banks												
Raiffeisen Bank Aval	BAVL	0.25	0.0%	-21.9%	371		1.8%	2.6	3.6	0.6	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	5738	0.6%	20.3%								
Technology sector												
Apple	AAPL	227	-0.4%	17.9%	3,541,072	3,603,072		36.5	40.2	27.1	31.3	9.6
Microsoft	MSFT	428	-1.6%	13.8%	3,179,612	3,217,612		36.9	43.3	25.2	27.3	14.3
Palantir Technologies	PLTR	36.84	-1.0%	114.6%	79,668	76,624		379.4	227.6	279.6	153.2	27.9
Electric Utilities												
American Electric Power	AEP	101.80	-0.2%	25.3%	52,983	95,319		24.1	22.1	13.2	11.9	4.7
Dominion Energy	D	57.16	-1.3%	21.6%	47,831	90,354		25.0	28.1	13.3	11.4	4.9
Oil & Gas												
Exxon Mobil	XOM	115.80	0.7%	15.8%	519,479	520,789		14.4	11.3	7.0	6.1	1.5
Devon Energy	DEV	38.96	-4.5%	-14.0%	24,818	30,644		6.6	5.9	4.0	4.0	1.8
PBF Energy	PBF	31.37	-2.0%	-28.6%	3,833	4,003		1.8	4.5	1.1	4.2	0.1
Transportation												
Nordic American Tankers	NAT	3.64	0.6%	-13.3%	760	946		7.7	6.2	5.3	6.1	1.8
Pharmaceutical												
Pfizer	PFE	29.09	-1.1%	1.0%	164,242	184,242		77.5	21.1	19.2	8.8	2.9
Bristol-Myers Squibb	MYL	50.91	3.0%	-0.8%	104,722	136,322		12.7	69.8	7.0	68.2	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	89	-171	-18	-189	-53.0%	-4.1%	-213.1%	-224	-25	-316	-69.3%	-5.8%	neg
Agro sector																
MHP	MHPC	2,642	3,021	3,100	384	445	465	14.5%	14.7%	15.0%	-231	142	75	-8.7%	4.7%	2.4%
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	2023	2024E	2022	2023	2024E	2022	2023	2024E	2022	2023	2024E	2022	2023	2024E
Technology sector																
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%
Electric Utilities																
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%
Oil & Gas																
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	35,700	3,811	3,540	950	8.1%	9.2%	7.7%	2,876	2,140	850	6.1%	5.6%	2.4%
Transportation																
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%
Pharmaceutical																
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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