

Stock Market Update

Equity

Ukrainian agro stocks displayed mixed performance over the week. Kernel's (KER) market cap rose by 0.8% to USD 919mn, while MHP (MHPC) remained steady at USD 431mn. MHP's CEO recently projected that the company's valuation could reach USD 10bn over the next decade, as it plans to enhance profitability by focusing on processing poultry into ready-made semi-finished products.

On the downside, sugar maker Astarta (AST) slipped by 1.3% to PLN 30.10 per share (MCap of USD 182mn) as the sugar benchmark prices were in the downward move since late September. Industry group UNICA reported that sugar production in Brazil's key center-south region reached 2.44mn tonnes in the first half of October, an 8% YoY increase and sugarcane crushing rose 2.8% YoY to 33.83mn tonnes, both surpassing expectations.

Ferrexpo (FXPO), a major iron ore producer, saw its shares climb 13% to GBp 65.60, raising its market cap to USD 506mn. However, the stock remains 27% below its value at the beginning of the year.

Global markets experienced a correction in key indices, with the S&P 500 down by 1.4%. This week, in addition to the U.S. presidential election, investors are closely watching the Federal Reserve's rate decision, where a 25-basis-point cut is anticipated, bringing the rate down from 5.0% to 4.75%. The presidential contest might still be unresolved when the Fed ends its two-day meeting Thursday afternoon, yet that uncertainty would have no effect on its decision to further reduce its benchmark rate. Economists expect another quarter-point rate cut in December and possibly additional such moves next year. Over time, rate cuts tend to lower the costs of borrowing for consumers and businesses.

Highlights

POLITICS AND ECONOMICS

- National Bank Holds Key Rate at 13.0%, Signals Rate Stability Through 1H2025

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	832	-4.0%	-23.2%
WIG20	2205	-1.8%	-5.8%
MSCI EM	1122	-1.1%	9.6%
MSCI Global	835	-1.2%	14.9%
S&P 500	5728	-1.4%	20.1%

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	15.3%	0.0 p.p.	0.4 p.p.
Ukraine-2036 yield	10.0%	0.1 p.p.	-0.4 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	41.55	0.1%	9.3%
EUR/UAH	45.25	0.1%	7.7%

Source: Eavex Capital

National Bank Holds Key Rate at 13.0%, Signals Rate Stability Through 1H2025

by Dmitry Churin
d.churin@eavex.com.ua

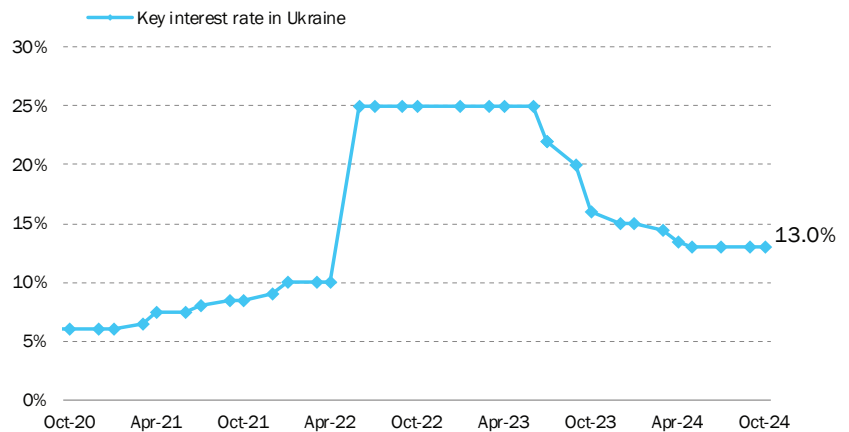
NEWS

The National Bank decided to hold the key interest rate unchanged at 13%, according to the announcement made on Oct 31. The regulator also said it planned to keep the rate at 13% through 1H2025.

The central bank last cut its rate in June, lowering it from 13.5%.

The National Bank’s baseline forecast scenario anticipates that consumer inflation will reach 9.7% this year and will slow to 6.9% by the end of 2025.

NATIONAL BANK KEY POLICY RATE



Source: National Bank of Ukraine

COMMENTARY

The consensus forecast also indicated that the key rate would remain at 13%.

The National Bank also provided the update macroeconomic forecast which includes a revision of GDP growth in 2025 from 4.1% to 4.3%. We believe that this improved forecast relies on the idea that Ukraine’s international partners will increase their support for the country. The government expects to receive more about USD 15bn in international financial aid by the end of the year, with the total amount for 2024 reaching USD 41.5bn. Next year Ukraine hopes to receive USD 38.4bn. The country will need at least USD 486bn over the next decade to repair and rebuild, according to our Rapid Damage and Needs Assessment released by the World Bank. The highest estimated needs are in housing (17%), transport (15%), commerce and industry (14%), agriculture (12%), energy (10%), social protection and livelihoods (9%), and explosive hazard management (7%). With timely reforms to improve the investment environment, private sector could cover around one-third of reconstruction needs, as well as USD 280bn in opportunities in other sectors. Private investment potential is already substantial in agriculture, commerce, industry, banking, and housing. Policy reforms and deeper integration with the EU could boost private sector participation in the infrastructure sectors and pave the way for green and resilient reconstruction.

On the flip side, the new baseline scenario by the National Bank foresees a higher current account deficit for Ukraine which could widen from the estimated USD 16.3bn this year to USD 27.9bn in 2025, and then to USD 28.4bn in 2026.

Meanwhile, the Finance Ministry continued to offer a yield of 14.65% for the 1-year domestic government bonds and 16.8% yield for the bond maturing in early 2028.

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	65.6	13.1%	-27.3%	506	375	25.5%	6.3	4.2	2.7	2.2	0.4
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	30.2	12.3%	91.7%	125	31	21.6%	4.5	3.7	na	na	na
Power Utilities												
Centrenergo	CEEN	3.72	0.0%	-17.1%	33	33	21.7%	neg	neg	neg	neg	n/a
Agro sector												
MHP	MHPC	4.03	0.2%	25.9%	431	1,532	33.7%	3.0	5.8	3.4	3.3	0.5
Kernel (FY22, FY23, FY24E)	KER	12.62	0.8%	37.9%	919	1,514	5.4%	neg	2.5	2.8	2.2	0.4
Astarta	AST	30.10	-1.3%	4.9%	182	340	37.0%	2.2	1.9	1.7	1.6	0.5
Banks												
Raiffeisen Bank Aval	BAVL	0.25	0.0%	-21.9%	370		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	5728	-1.4%	20.1%								
Technology sector												
Apple	AAPL	223	-3.5%	15.8%	3,478,674	3,540,674		35.9	39.5	26.6	30.8	9.4
Microsoft	MSFT	410	-4.2%	9.0%	3,045,890	3,083,890		35.3	41.4	24.1	26.1	13.7
Palantir Technologies	PLTR	41.92	-6.6%	144.1%	90,653	87,609		431.7	259.0	319.7	175.2	31.9
Electric Utilities												
American Electric Power	AEP	97.25	-1.0%	19.7%	50,615	92,951		23.0	21.1	12.9	11.6	4.6
Dominion Energy	D	58.99	-1.0%	25.5%	49,363	91,886		25.8	29.0	13.5	11.6	5.0
Oil & Gas												
Exxon Mobil	XOM	115.00	-3.8%	15.0%	515,890	517,200		14.3	11.2	7.0	6.1	1.5
Devon Energy	DEV	38.32	-2.2%	-15.4%	24,410	30,236		6.5	5.8	3.9	3.9	1.7
PBF Energy	PBF	28.08	-12.7%	-36.1%	3,431	3,601		1.6	4.0	1.0	3.8	0.1
Transportation												
Nordic American Tankers	NAT	3.24	-3.3%	-22.9%	677	863		6.8	5.5	4.8	5.6	1.7
Pharmaceutical												
Pfizer	PFE	28.09	-1.3%	-2.4%	158,596	178,596		74.8	20.3	18.6	8.5	2.8
Bristol-Myers Squibb	MYL	54.32	4.6%	5.9%	111,736	143,336		13.6	74.5	7.4	71.7	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	89	-171	-18	-189	-53.0%	-4.1%	na	-224	-25	-316	-69.3%	na	na
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

Eavex Capital

7 Klovisky uzviz, 16th Floor
Carnegie Center
Kyiv, 01021, Ukraine

Telephone: +38 044 590 5454

E-mail: research@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko
Chairman of the Board

SALES & TRADING

Pavel Korovitskiy
Managing Director
Equity and Fixed Income
p.korovitsky@eavex.com.ua

RESEARCH

Dmitry Churin
Head of Research
d.churin@eavex.com.ua

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2024 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence, issued 06.10.2015