

Stock Market Update

Equity

Select Ukrainian equities had a strong week driven by speculative demand. Ferrexpo (FXPO) shares jumped 16%, pushing the company's market capitalization to USD 589mn. Astarta (AST) shares rose by 13.5%, reaching PLN 34.15 (MCap of USD 207mn).

MHP's (MHPC) stock, however, remained unchanged at USD 4.04, with a market cap of USD 432mn.

There was news that President-elect Donald Trump talked to Putin, telling him not to escalate in Ukraine. In unofficial capacity one of Republican operatives told BBC that peace, not regaining territory from Russia, is Trump's goal in Ukraine. Trump's transition effort is currently vetting personnel and drafting the policies that Trump could adopt during his second term. During the election campaign, Trump said he would find a solution to end the war "within a day," but did not explain how he would do so. Currently the risk is that after Donald Trump's resounding election win, Ukraine could lose the continued support of its most crucial ally, the U.S., which has spent USD 108bn on military, humanitarian and economic aid to help Ukrainians since Russia's February 2022 invasion.

In the currency market, the hryvnia's cash rate remains stable at around UAH 41.50 per dollar, while interbank rates today stand at UAH 41.24 per dollar. Broader trends show a strengthening dollar against major currencies, which could prompt the National Bank to allow further hryvnia depreciation in the coming weeks.

Highlights

POLITICS AND ECONOMICS

- > Trump Jumps Into Negotiations on Ukraine after Election Win
- > Ukraine's FX Reserves Decrease by 6.0% to USD 36.6bn in October

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

Kyiv, Ukraine.
research@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	1194	0.0%	-29.1%
RTS	880	5.8%	-18.7%
WIG20	2298	4.2%	-1.9%
MSCI EM	1135	1.2%	10.8%
MSCI Global	863	3.4%	18.7%
S&P 500	5995	4.7%	25.7%

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	14.3%	-1.0 p.p.	-0.6 p.p.
Ukraine-2036 yield	9.6%	-0.4 p.p.	-0.8 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	41.50	-0.1%	9.2%
EUR/UAH	45.10	-0.3%	7.4%

Source: Eavex Capital

Trump Jumps Into Negotiations on Ukraine after Election Win

by Will Ritter
w.ritter@eavex.com.ua

NEWS

Incoming US President Donald Trump floated a peace plan for Ukraine and made calls to President Zelenskiy and Russian President Putin last week, US media reported, just days after defeating Vice President Kamala Harris in the race for the White House on Tuesday (Nov 5). Trump defied predictions of a close election, winning by a comfortable 312-226 margin in the Electoral College count, and by about 2% in the national popular vote. Trump's call to Zelenskiy was joined by entrepreneur Elon Musk, who is expected to take on a role in the new administration.

Media reports about the call, including from the BBC, said Trump told Zelenskiy that Ukraine must prioritize achieving a peace deal over the restoration of lost territory. Meanwhile, in the call to Putin, Trump warned the Russian leader not to escalate the war in Ukraine, the Washington Post reported on Sunday (Nov 10), citing unnamed sources.

A peace plan leaked by Trump's team to the Wall Street Journal last week proposed a ceasefire along the current front lines and the establishment of a 12-mile buffer zone to be patrolled by European (not US) troops, with Ukraine remaining outside NATO for at least 20 years. Under the plan, the US would continue to provide armaments to Ukraine under a lend-lease format.

COMMENTARY

Trump's peace plan for Ukraine falls far short of the demands being made by the Putin regime as conditions for ending the war. The Kremlin is calling for Ukraine to cede all of Donetsk, Zaporizhia, and Kherson provinces, including several large cities which are currently under Ukrainian control. Putin has also repeatedly stated that he will not end the war until Ukraine has been "demilitarized". Therefore, it appears that Trump and Putin are on a collision course over Ukraine that will quickly test the political truce which held between the two leaders during Trump's first term from 2017-2020. Of course, it is also possible that Putin could pretend to agree to Trump's proposal in hopes that forcing Zelenskiy to acknowledge the loss of territory would result in social and political upheaval in Ukraine and destabilize the country.

However, we note that regional investors have seemed unworried by the prospect of a Trump presidency; Ukrainian securities have generally been on the rise recently, with the VRI derivatives linked to future Ukrainian economic growth reaching 74 cents on the dollar, their best level since January 2022 before the Russian invasion.

Ukraine's FX Reserves Decrease by 6.0% to USD 36.6bn in October

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

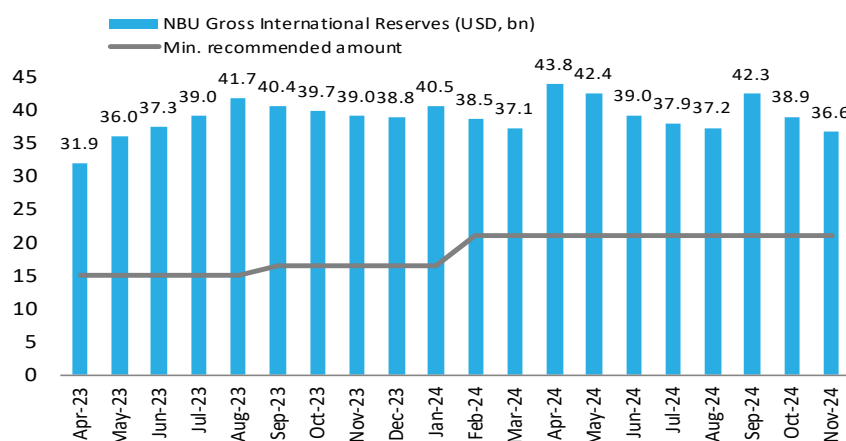
NEWS

Ukrainian FX reserves decreased by 6.0% to USD 36.6bn in October as the National Bank spent USD 3.4bn to support the hryvnia on the interbank market.

The hryvnia has devaluated by 9.2% to 41.50 UAH/USD so far this year.

The National Bank spent USD 27.7bn this year to prop up the hryvnia on the market.

UKRAINE'S FX RESERVES, USD bn



Source: National Bank of Ukraine

COMMENTARY

The National Bank forecasts that the FX reserve will increase to USD 43.6bn by the end of the year as Ukraine's international partners pledged to inject additional USD 15bn to help the country.

The FX reserves now cover 4.6 months of future imports, a sufficient ratio compared to a minimal recommended 3 months of future imports.

According to the updated macroeconomic forecast by the National Bank, the budget deficit for 2025 is projected at 19% of GDP, amounting to approximately UAH 1.6 trillion (USD 39bn). In addition, a forecasted current account deficit of nearly USD 28bn is expected to exert further pressure on the economy and the hryvnia. Consequently, a controlled, gradual depreciation of the hryvnia appears to be the primary scenario for the coming year. The timing of such a devaluation, however, will be determined by the NBU, which has maintained stringent oversight of the interbank currency market in recent months.

As for Ukraine's 2025 budget financing, the Ministry of Finance notes that revenues are almost entirely aligned with security and defense expenditures. These budget lines slightly exceed domestic revenues, with the shortfall intended to be covered by domestic government bonds. However, it is important to note that net proceeds from government bonds within the budget will be relatively limited, as a significant portion of funds raised from new issuances are allocated for servicing and redeeming outstanding government bonds.

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	76.3	16.3%	-15.5%	589	458	25.5%	7.4	4.9	3.3	2.7	0.5
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	31.5	4.1%	99.7%	130	36	21.6%	4.6	3.8	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	4.04	0.2%	26.3%	432	1,533	33.7%	3.0	5.8	3.4	3.3	0.5
Kernel (FY22, FY23, FY24E)	KER	12.90	2.2%	41.0%	939	1,534	5.4%	neg	2.5	2.8	2.3	0.4
Astarta	AST	34.15	13.5%	19.0%	207	365	37.0%	2.4	2.2	1.8	1.7	0.5
Banks												
										Price/Book	Price/Assets	
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	5995	4.7%	25.7%								
Technology sector												
Apple	AAPL	227	1.8%	17.9%	3,541,072	3,603,072		36.5	40.2	27.1	31.3	9.6
Microsoft	MSFT	422	2.9%	12.2%	3,135,038	3,173,038		36.4	42.7	24.8	26.9	14.1
Palantir Technologies	PLTR	58.39	39.3%	240.1%	126,270	123,226		601.3	360.8	449.7	246.5	44.8
Electric Utilities												
American Electric Power	AEP	96.40	-0.9%	18.7%	50,172	92,508		22.8	20.9	12.8	11.6	4.6
Dominion Energy	D	57.79	-2.0%	23.0%	48,359	90,882		25.3	28.4	13.4	11.5	4.9
Oil & Gas												
Exxon Mobil	XOM	121.00	5.2%	21.0%	542,806	544,116		15.1	11.8	7.3	6.4	1.6
Devon Energy	DEV	38.87	1.4%	-14.2%	24,760	30,586		6.6	5.9	4.0	3.9	1.7
PBF Energy	PBF	30.92	10.1%	-29.7%	3,778	3,948		1.8	4.4	1.1	4.2	0.1
Transportation												
Nordic American Tankers	NAT	3.16	-2.5%	-24.8%	660	846		6.7	5.4	4.7	5.5	1.6
Pharmaceutical												
Pfizer	PFE	26.72	-4.9%	-7.2%	150,861	170,861		71.2	19.3	17.8	8.1	2.7
Bristol-Myers Squibb	BMJ	54.14	-0.3%	5.5%	111,366	142,966		13.5	74.2	7.4	71.5	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 Klovsyky 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