

Stock Market Update

Equity

MHP Shares Rally on Strong Q3 Results, Enwell Energy Slides Amid Licensing Halt

Shares of poultry maker MHP (MHPC) surged 3.7% to USD 4.23 following the release of strong Q3 financial results, pushing the company's MCap to USD 453mn. Net income for the July-September period soared 75% to USD 96mn, translating to earnings of 90 cents per share. The company's forward P/E ratio stands at 2.8x, a notably low level, suggesting significant upside potential for its stock price.

Meanwhile, shares of Enwell Energy (ENW), a gas extraction company, plummeted 40% to GBp 15.8, reducing its MCap to USD 63mn. The sharp decline came after the company reported a suspension of its licenses in Ukraine's Poltava and Kharkiv regions. The suspension stems from Enwell Energy's affiliation with sanctioned businessman Vadym Novynskyi.

Ukrainian iron ore miner Ferrexpo (FXPO) shed by 4.0% to GBp 79.60 after rallying earlier this month. The company's current MCap stands at USD 595mn with a P/E of 5.0x and EV/EBITDA of just 2.7x.

Hryvnia Trades In Narrow Corridor Losing Marginal 0.1%

The hryvnia weakened by a marginal 0.1% to 41.65 UAH/USD on the cash market over the week. The interbank exchange rate this morning is 41.43 UAH/USD.

U.S. Equities Rebound as Trump's Key Appointments Spark Debate

On Wall Street, investor attention has shifted to Donald Trump's comments regarding potential appointments to key regulatory positions. Speculation is particularly focused on the future chair of the Securities and Exchange Commission. The S&P 500 index recovered 1.7% last week after a significant correction the week prior.

Highlights

POLITICS AND ECONOMICS

- > Trump Eyeing Grenell for Ukraine-Russia Envoy Role

STOCKS IN THE NEWS

- > MHP Beats Expectations Earning USD 96mn in Profit in 3Q2024

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

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	792	-8.2%	-26.9%
WIG20	2194	0.2%	-6.3%
MSCI EM	1087	0.2%	6.2%
MSCI Global	854	1.4%	17.5%
S&P 500	5969	1.7%	25.2%

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	13.9%	0.6 p.p.	-1.0 p.p.
Ukraine-2036 yield	9.2%	0.3 p.p.	-1.2 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	41.65	0.1%	9.6%
EUR/UAH	43.85	-0.8%	4.4%

Source: Eavex Capital

Trump Eyeing Grenell for Ukraine-Russia Envoy Role

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NEWS

Incoming US President Donald Trump is reportedly looking at appointing former US Ambassador to Germany Richard Grenell as a special envoy for Ukraine-Russia peace negotiations, Reuters reported on Thursday (Nov 22), citing multiple unnamed sources inside the Trump transition operation.

The floating of Grenell's candidacy for the post came just a few days after he sharply criticized the current Biden administration's decision to allow Ukraine to strike targets in Russia using US-provided medium-range missiles.

In addition to his role as an ambassador in the first Trump administration, Grenell also briefly served as National Intelligence Director in 2020 and as a special envoy for Serbia-Kosovo negotiations.

COMMENTARY

Grenell had previously been pegged as Trump's likely choice for Secretary of State, but he was passed over for that post in favor of Senator Marco Rubio.

Grenell is viewed as being personally close to Trump and sharing his "America First" philosophy, which could be a plus for Ukraine, as it implies that Grenell would be able to keep Ukraine front and center on the US president's agenda.

Trump's special envoy to Ukraine during his first term, Kurt Volker, took positions that were very close to those of the Ukrainian government, but Volker appeared to have little sway within the US administration. On the other hand, Grenell has stirred skepticism with statements that appear to align with Russian interests, including amplifying nuclear saber-rattling by former Russian president Dmitry Medvedev.

After he takes office in January, Trump is widely expected to try to force the Zelenskiy government in Kyiv to agree to a peace deal which would acknowledge, de-facto, the indefinite occupation of Ukrainian territories held by Russia.

We do not rule out that Grenell's possible Ukraine role was leaked to the media by his opponents in an attempt to derail his nomination. If Grenell is not appointed, it is unclear who else could be under consideration for the job; Trump may also decide against creating the special envoy position at all, and instead leave Ukraine-Russia diplomacy entirely under the purview of Rubio at the State Department.

MHP Beats Expectations Earning USD 96mn in Profit in 3Q2024

by Dmitry Churin
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MHP (MHPC LI)

Price: USD 4.23 Market Cap: USD 453mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2024E	0.3	0.5	2.8	2.9	0.0%
2025E	0.2	0.5	3.5	2.8	0.0%

NEWS

Central-Ukraine-based, London-listed agro group MHP posted a net profit of USD 96mn in 3Q2024, compared to a net profit of USD 55mn in 3Q2023, according to the company’s interim report released on Nov 22. EBITDA for the period grew by 56% YoY to USD 173mn while revenue increased by moderate 5% YoY to USD 773mn.

For 9M2024, MHP earned USD 141mn in net profit (+16% YoY), and EBITDA of USD 437mn (+33% YoY) on revenue of USD 2.26bn (-1% YoY). Export revenue accounted for 60% of MHP’s total revenue in 9M2024.

On the balance sheet side, MHP’s total debt was USD 1.5bn as of 30 Sept 2024, with long-term debt representing 92%. This puts MHP’s net debt-to-EBITDA ratio at 2.1x.

MHP FINANCIALS						
USD mn	3Q2023	3Q2024	chg.	9M2023	9M2024	chg.
Net revenue	739	773	+5%	2,294	2,262	-1%
EBITDA	111	173	+56%	329	437	+33%
margin	15.0%	22.4%	+7.4 p.p.	14.3%	19.3%	+5.0 p.p.
Net profit (loss)	55	96	+75%	122	141	+16%
net margin	7.4%	12.4%	+5.0 p.p.	5.3%	6.2%	+0.9 p.p.

Source: Company data.

COMMENTARY

MHP’s net profit of 90 cents per share for 3Q2024 exceeded market expectations. The MHPC stock advanced by 3.7% to USD 4.23 bringing the gain to 32% since the start of the year. The company benefited from quite a stable hryvnia exchange rate in 3Q limiting its foreign exchange loss to USD 17mn. The non-cash foreign exchange loss for 9M2024 was USD 92mn and the hryvnia devalued by about 9% this year.

Currently, MHP has a no-dividend policy, preserving liquidity amid continued War-related uncertainties. The company said its direct War-related expenses amounted to USD 38mn in 9M2024 compared to USD 23mn a year earlier. Over 3,300 employees (about 12% of MHP Ukraine staff) have been mobilized to the Armed Forces of Ukraine.

Also, MHP continued to invest in its development, spending USD 217mn on CAPEX in 9M2024.

With the strong MHP results for the quarter, we revised our full-year profit forecast to USD 160mn, which will imply a profit per share of USD 1.49.

This implies a current P/E valuation of just 2.8x. Meanwhile, on the EBITDA level, the company may deliver USD 550mn, implying an EV/EBITDA multiple of 2.9x.

The indicative quotes for MHP-2026 Eurobonds are standing at 90 cents on the dollar, implying a yield of 15% YTM.

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	79.6	-4.0%	-11.8%	595	464	25.5%	7.4	5.0	3.3	2.7	0.5
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.2	0.0%	1.9%	42	27	5.0%	14.1	11.6	3.7	3.4	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	15.8	-39.8%	0.0%	63	-31	21.6%	2.3	1.9	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	4.23	3.7%	32.2%	453	1,622	33.7%	3.2	2.8	3.6	2.9	0.5
Kernel (FY22, FY23, FY24E)	KER	13.20	1.5%	44.3%	931	1,526	5.4%	neg	2.5	2.8	2.2	0.4
Astarta	AST	37.80	6.6%	31.7%	222	380	37.0%	2.6	2.4	1.9	1.8	0.6
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	5969	1.7%	25.2%								
Technology sector												
Apple	AAPL	230	2.2%	19.5%	3,587,870	3,649,870		37.0	40.8	27.4	31.7	9.7
Microsoft	MSFT	417	0.5%	10.9%	3,097,893	3,135,893		35.9	42.1	24.6	26.6	13.9
Palantir Technologies	PLTR	64.35	-2.2%	274.8%	139,159	136,115		662.7	397.6	496.8	272.2	49.5
Electric Utilities												
American Electric Power	AEP	97.60	1.3%	20.2%	50,797	93,133		23.1	21.2	12.9	11.6	4.6
Dominion Energy	D	58.14	0.9%	23.7%	48,652	91,175		25.5	28.6	13.4	11.5	4.9
Oil & Gas												
Exxon Mobil	XOM	121.79	2.1%	21.8%	546,350	547,660		15.2	11.9	7.4	6.4	1.6
Devon Energy	DVN	39.45	2.5%	-12.9%	25,130	30,956		6.7	6.0	4.0	4.0	1.8
PBF Energy	PBF	31.99	4.1%	-27.2%	3,909	4,079		1.8	4.6	1.2	4.3	0.1
Transportation												
Nordic American Tankers	NAT	2.97	-0.3%	-29.3%	620	806		6.3	5.1	4.5	5.2	1.6
Pharmaceutical												
Pfizer	PFE	25.65	3.4%	-10.9%	144,820	164,820		68.3	18.6	17.2	7.8	2.6
Bristol-Myers Squibb	BMJ	58.87	4.7%	14.7%	121,096	152,696		14.7	80.7	7.9	76.3	3.3

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	550	14.5%	14.7%	17.7%	-231	142	160	-8.7%	4.7%	5.2%
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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