

Stock Market Update

Equities Performance: Gains for MHP, Astarta Dips Slightly

Ukrainian equities presented mixed performances. Shares of MHP (MHPC) rose 2.6% over the week to USD 4.34, giving the Ukrainian agribusiness giant a market capitalization of USD 465mn. In contrast, Astarta (AST) saw a moderate decline of 0.8%, closing at PLN 37.50, translating to a market cap of USD 225mn.

Hryvnia Declines 0.5% to 41.85 UAH/USD on the Cash Market

The hryvnia reacted negatively to the government's forecast that the exchange rate will reach 45 UAH/USD next year. Currently, the hryvnia trades at 41.65 UAH/USD on the interbank market. The National Bank spent USD 709mn from the FX reserve to support the hryvnia last week.

S&P 500 Surges to Historic High, but Valuations Raise Overheating Concerns

The S&P 500 reached a new all-time high, crossing the psychological threshold of 6,000 points. The benchmark U.S. index gained 1.1% during the shortened trading week, closing at 6,032 on Friday. However, concerns over valuation are growing, with the index's price-to-earnings ratio at 26x, significantly above the 20-year average of 16x.

A wave of optimism driven by robust macroeconomic data continues to sustain high prices for risk assets. Yet, apprehensions about accelerating consumer inflation have emerged, particularly if President-elect Trump's promised import tariffs are implemented. This could alter the trajectory of the Federal Reserve's key interest rate, a critical benchmark for institutional investors. The probability of a rate cut in December currently stands at 65%.

Highlights

POLITICS AND ECONOMICS

- Ukraine's 2025 Budget: USD 38.4 Billion Deficit Amid War-Driven Spending and Slower Growth Forecasts

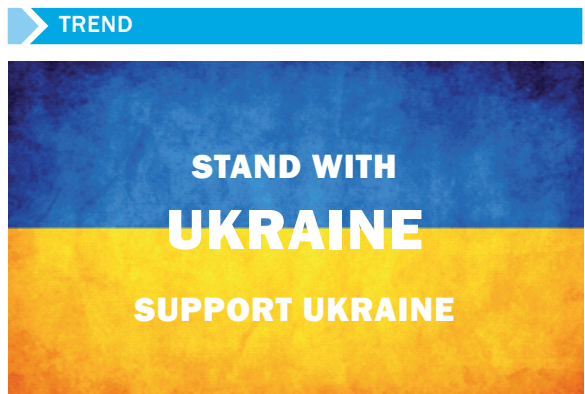
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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



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	753	-4.9%	-30.5%
WIG20	2191	-0.1%	-6.4%
MSCI EM	1078	-0.8%	5.3%
MSCI Global	862	0.9%	18.6%
S&P 500	6032	1.1%	26.5%

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	13.8%	-0.1 p.p.	-1.1 p.p.
Ukraine-2036 yield	9.1%	-0.1 p.p.	-1.3 p.p.

CASH EXCHANGE RATES			
	Last, UAH	1W ch	YTD
USD/UAH	41.85	0.5%	10.1%
EUR/UAH	44.35	1.1%	5.6%

Source: Eavex Capital

Ukraine's 2025 Budget: USD 38.4bn Deficit Amid War-Driven Spending and Slower Growth Forecasts

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

NEWS

Ukraine's 2025 budget outlines a deficit of UAH 1.64 trillion (USD 38.4bn), with projected revenues at UAH 2.34 trillion (USD 55bn) and expenditures reaching UAH 3.94 trillion (USD 93bn). The shortfall will be financed through international assistance.

The government forecasts GDP growth of 2.7% and inflation at 9.5%.

The hryvnia-to-dollar exchange rate is expected to reach 45 UAH/USD from the current level of 41.65 UAH/USD.

COMMENTARY

Defense spending is planned at UAH 2.2 trillion (USD 52bn), representing 26.3% of GDP. For comparison, Israel allocates USD 27.5bn to defense (5.3% of GDP), while advanced economies typically dedicate up to 3% of GDP. Russia's annual defense budget is estimated at USD 130bn, or 6.3% of GDP.

Ukraine's macroeconomic environment remains highly strained due to escalating war risks and renewed attacks on energy infrastructure. Government forecasts reflect a downgraded outlook for GDP growth in 2025, revised from an earlier expectation of over 3.5% to 2.7%. Inflation estimates have also worsened, adjusted from a prior goal of 6.5% to 9.5%.

Ukraine's public debt is expected to rise to USD 193bn by the end of 2025, up from USD 155bn currently. However, as a percentage of GDP, debt is projected to decline from 101% at the end of 2024 to 97% by year-end 2025.

The bulk of external aid will likely come through loans backed by "frozen" Russian assets. The EU has preliminarily committed approximately USD 20bn, with negotiations nearing completion. Additional contributions totaling around USD 10bn are anticipated from the UK, Canada, and Japan.

Ukraine will remain under an IMF program, securing an estimated USD 2.6bn in 2025. The World Bank is also a key partner, recently providing a USD 4.8bn loan, supported by a USD 1.6bn grant from the U.S. and contributions from other allies.

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	81.3	2.1%	-9.9%	618	487	25.5%	7.7	5.1	3.5	2.9	0.6
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.2	0.0%	1.9%	42	26	5.0%	14.0	11.6	3.7	3.3	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	21.0	33.3%	33.3%	86	-8	21.6%	3.1	2.5	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	4.34	2.6%	35.6%	465	1,634	33.7%	3.3	2.9	3.7	3.0	0.5
Kernel (FY22, FY23, FY24E)	KER	13.34	1.1%	45.8%	964	1,559	5.4%	neg	2.6	2.9	2.3	0.4
Astarta	AST	37.50	-0.8%	30.7%	225	384	37.0%	2.7	2.4	1.9	1.8	0.6
Banks												
										Price/Book	Price/Assets	
Raiffeisen Bank Aval	BAVL	0.25	0.0%	-21.9%	367		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	6032	1.1%	26.5%								
Technology sector												
Apple	AAPL	237	3.0%	23.1%	3,697,066	3,759,066		38.1	42.0	28.3	32.7	10.0
Microsoft	MSFT	423	1.4%	12.5%	3,142,467	3,180,467		36.5	42.8	24.9	27.0	14.1
Palantir Technologies	PLTR	67.08	4.2%	290.7%	145,063	142,019		690.8	414.5	518.3	284.0	51.6
Electric Utilities												
American Electric Power	AEP	99.86	2.3%	23.0%	51,973	94,309		23.6	21.7	13.1	11.8	4.7
Dominion Energy	D	58.75	1.0%	25.0%	49,162	91,685		25.7	28.9	13.5	11.6	5.0
Oil & Gas												
Exxon Mobil	XOM	117.96	-3.1%	18.0%	529,169	530,479		14.7	11.5	7.1	6.2	1.5
Devon Energy	DEV	37.95	-3.8%	-16.2%	24,174	30,000		6.4	5.8	3.9	3.9	1.7
PBF Energy	PBF	31.49	-1.6%	-28.4%	3,848	4,018		1.8	4.5	1.1	4.2	0.1
Transportation												
Nordic American Tankers	NAT	2.68	-9.8%	-36.2%	560	746		5.7	4.6	4.2	4.8	1.4
Pharmaceutical												
Pfizer	PFE	26.21	2.2%	-9.0%	147,982	167,982		69.8	19.0	17.5	8.0	2.6
Bristol-Myers Squibb	MYL	59.22	0.6%	15.4%	121,816	153,416		14.8	81.2	7.9	76.7	3.4

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

Eavex Capital

7 Klovsky 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