

Stock Market Update

Global Markets Roiled by Fed's Policy Shift for 2025

Global financial markets faced a wave of turbulence following the Federal Reserve's announcement of a more measured monetary policy approach for 2025. Fed Chair Jerome Powell signaled plans for just two rate cuts next year, falling short of market expectations for four reductions.

The S&P 500 index shed 2.0% over the week, while the MSCI Emerging Markets Index dropped 3.2%.

In currency markets, the dollar strengthened against major counterparts, with the euro declining 0.7% to 1.04 EUR/USD.

Meanwhile, Ukraine's central bank ramped up interventions in the interbank market to USD 1.4bn to meet heightened foreign currency demand. On the cash market, the dollar reached 42.15 UAH/USD. Since the beginning of the year, the National Bank has spent a whopping USD 32.8bn from reserves to support the hryvnia.

Ukrainian Stocks Follow Global Downturn

Among Ukrainian equities, Ferrexpo's (FXPO) shares fell 2.5% to GBp 102, bringing its market capitalization to USD 773mn.

Astarta (AST) dropped 1.2% to PLN 40.00, with a market cap of USD 239mn and MHP (MHPC) shed 0.4% failing to climb above the resistance level of USD 5.00. The stock closed at USD 4.92 on Friday (Dec 20) with a MCap of USD 527mn.

Highlights

POLITICS AND ECONOMICS

- ▶ Trump's Plan to End Ukraine War Remains Unclear

FIXED INCOME

- ▶ Ukrainian Railways Ask to Delay USD 83mn Coupon Payments on Eurobonds

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	812	7.4%	-25.0%
WIG20	2200	-3.2%	-6.1%
MSCI EM	1072	-3.2%	4.7%
MSCI Global	844	-2.5%	16.1%
S&P 500	5930	-2.0%	24.3%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	13.5%	0.0 p.p.	-1.5 p.p.
UAH 1-year bond yield	15.1%	0.0 p.p.	-1.7 p.p.
Ukraine-2029 yield	16.0%	-0.5 p.p.	-4.4 p.p.
Ukraine-2036 yield	14.5%	-0.1 p.p.	-2.5 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	42.15	0.6%	10.9%
EUR/UAH	44.25	-0.2%	5.4%

Source: Eavex Capital

Trump's Plan to End Ukraine War Remains Unclear

by Will Ritter
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NEWS

Incoming US President Trump and Russian President Putin each indicated last week that they expect to hold talks on ending the war in Ukraine after Trump takes office, with Putin saying that Russia "is ready for compromise, but not at the expense of Russian interests".

Meanwhile, Trump's special envoy for the war, Keith Kellogg, criticized Ukraine's assassination of Russian general Igor Kirillov in Moscow last week, calling it "a bad idea" and saying "I don't think it's really smart". Kirillov was assassinated with an improvised bomb on Wednesday morning (Dec 18). Ukraine's Security Service (SBU) claimed responsibility for the act, stating that Kirillov had committed war crimes against Ukrainian soldiers in the form of chemical weapons usage.

COMMENTARY

Ukraine currently seems to be receiving contradictory messages from the United States and the European Union, with Trump and his surrogates emphasizing their wish for a quick cease-fire, while the EU appears to favor trying to strengthen Ukraine's military position prior to any peace negotiations.

It is also not obvious how Trump intends to wring concessions from Putin, with Russia appearing to hold the upper hand in the fighting.

It is difficult to discern whether Trump is deliberately trying to remain ambiguous about his negotiating strategy, or whether he simply has no strategy at all. We also have some concerns about whether Kellogg will carry sufficient weight and influence within the Trump administration to be effective.

For its part, the EU seems to be quite non-committal, preferring to wait until Trump actually assumes office to decide what specific approaches to take in terms of new military aid to Kyiv and sending peacekeeping troops that would be needed to guarantee any ceasefire agreement.

Ukrainian Railways Ask to Delay USD 83mn Coupon Payments on Eurobonds

by Dmitry Churin
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NEWS

Ukrainian Railways, a 100% state-owned railway monopoly, has contacted Eurobond holders with a request to postpone coupon payments due in January and July 2025 to 2026. The total amount that the company is asking to defer is about USD 83mn.

The company said in a statement that inflation and higher electricity and diesel costs are adding pressure on Ukrainian Railways' liquidity.

The voting on the request to delay payments is set for Dec. 27. The results of the voting will be announced on Dec. 31. The company would need a quorum of 66% of the bondholders to go ahead with the vote. Then 75% of creditors need to agree to make changes in the terms of the notes to move forward with the deferral on coupon payments.

The company has USD 595mn in outstanding Eurobonds maturing in July 2026 and USD 300mn Eurobonds with maturity in 2028.

Ukrainian Railways' total debt stood at about USD 1.4bn as of the end of 1H2024 with an estimated net debt to EBITDA ratio at affordable 2.0x.

COMMENTARY

The Eurobonds RAILUA-2026 had a negative reaction to the announcement falling from a price of 85.5 cents on the dollar to 82 cents before rebounding to 84 cents (20% YTM).

Although Ukrainian Railways reported a net profit of USD 77mn in 1H2024, the company said it could end the year with a net loss of up to USD 60mn.

Aiming to improve its financial prospects Ukrainian Railways submitted a proposal to the government to increase tariffs for freight railways transportation. The tariff increase might bring up to USD 750mn in additional revenue for Ukrainian Railways. The tariff increase has not been approved by the government yet.

S&P Global Ratings lowered Ukrainian Railways credit rating to 'CC' from 'CCC+' following the proposed coupon deferral for Eurobonds.

The rating agency said it could lower Ukrainian Railways' rating to 'SD' (selective default) if the company implements the proposed restructuring on its debt, which would constitute a distressed debt restructuring, or if the company fails to make payments on its debt obligations in accordance with the original terms, and S&P do not expect such a payment to be made within the applicable grace period.

S&P also admitted that a positive rating action is highly unlikely at this stage for Ukrainian Railways.

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	102.6	-2.5%	13.7%	773	642	25.5%	9.7	6.4	4.6	3.8	0.8
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	15.2	0.0%	1.9%	41	26	5.0%	14.0	11.6	3.7	3.3	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	21.6	16.8%	37.1%	87	-7	21.6%	3.1	2.6	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	4.92	-0.4%	53.8%	527	1,696	33.7%	3.7	3.3	3.8	3.1	0.5
Kernel (FY22, FY23, FY24E)	KER	13.16	-0.3%	43.8%	944	1,539	5.4%	neg	2.6	2.8	2.3	0.4
Astarta	AST	40.00	-1.2%	39.4%	239	397	37.0%	2.8	2.6	2.0	1.9	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	5930	-2.0%	24.3%								
Technology sector												
Apple	AAPL	254	2.4%	31.9%	3,962,256	4,024,256		40.8	45.0	30.3	35.0	10.7
Microsoft	MSFT	436	-2.5%	16.0%	3,239,044	3,277,044		37.6	44.1	25.7	27.8	14.6
Palantir Technologies	PLTR	80.55	6.0%	369.1%	174,192	171,148		829.5	497.7	624.6	342.3	62.2
Electric Utilities												
American Electric Power	AEP	92.75	0.0%	14.2%	48,273	90,609		21.9	20.1	12.6	11.3	4.5
Dominion Energy	D	53.66	-0.7%	14.2%	44,903	87,426		23.5	26.4	12.9	11.1	4.7
Oil & Gas												
Exxon Mobil	XOM	105.87	-4.5%	5.9%	474,933	476,243		13.2	10.3	6.4	5.6	1.4
Devon Energy	DVN	30.77	-9.2%	-32.1%	19,600	25,426		5.2	4.7	3.3	3.3	1.5
PBF Energy	PBF	25.15	-14.0%	-42.8%	3,073	3,243		1.4	3.6	0.9	3.4	0.1
Transportation												
Nordic American Tankers	NAT	2.44	-7.6%	-41.9%	509	695		5.1	4.2	3.9	4.5	1.3
Pharmaceutical												
Pfizer	PFE	26.36	3.0%	-8.4%	148,829	168,829		70.2	19.1	17.6	8.0	2.6
Bristol-Myers Squibb	BMJ	57.33	2.8%	11.7%	117,928	149,528		14.3	78.6	7.7	74.8	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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