

Stock Market Update

Ukrainian Stocks Demonstrate Mixed Performance

Shares of Ukrainian agro company IMC surged nearly 30% over the week. The rally was partly driven by the company's statement that its winter crops remained in good condition despite adverse weather in February. IMC's market capitalization reached USD 320mn, returning to levels last seen in 2021.

Meanwhile, Kernel (KER) lost 2.4%, trading at PLN 20.30 (MCap of USD 1.5bn), while MHP (MHPC) remained flat at USD 6.10 (MCap of USD 653mn).

The last official quote for Raiffeisen Bank Ukraine stood at 32 kopecks (MCap of USD 472mn). The bank announced a shareholder meeting, where one key decision will be to forgo dividend payments from 2024 profit. The lender posted a net income of UAH 4.3bn (6.9 kopecks per share) but may still opt for a payout in the future, as 50% of earnings remain undistributed, with the other half allocated to reserves.

Ferrexpo (FXPO), the iron ore miner, saw its shares tumble 24% over the week to GBP 63.40 (MCap of USD 489mn) after reporting a USD 50mn net loss for 2024. The company also reiterated that multiple major lawsuits from Ukrainian authorities pose a significant risk to its business.

Hryvnia Stands Flat

The cash exchange rate remained virtually unchanged at 41.70 UAH/USD while the euro edged lower by 0.2% against the hryvnia to 45.45 UAH/EUR.

Highlights

POLITICS AND ECONOMICS

> Witkoff: Ukraine Accepting Territorial Loss is "the Central Issue" in Negotiations

STOCKS IN THE NEWS

> Ferrexpo Reports Net Loss of USD 50mn in 2024

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%	0.0%
RTS	1188	1.0%	33.0%
WIG20	2725	-1.1%	24.3%
MSCI EM	1131	1.1%	5.2%
MSCI Global	842	0.7%	0.1%
S&P 500	5668	0.5%	-3.6%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.5%	0.0 p.p.	2.0 p.p.
UAH 1-year bond yield	16.4%	0.0 p.p.	1.3 p.p.
Ukraine-2029 yield	16.9%	1.2 p.p.	1.0 p.p.
Ukraine-2036 yield	14.0%	0.5 p.p.	-0.4 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	41.70	0.0%	-1.3%
EUR/UAH	45.45	-0.2%	2.6%

Source: Eavex Capital

Witkoff: Ukraine Accepting Territorial Loss is “the Central Issue” in Negotiations

by Will Ritter
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NEWS

US President Trump’s special envoy for diplomacy Steven Witkoff on Friday (Mar 21) called Ukraine’s willingness or unwillingness to accept territorial losses to Russia in the east of the country “the central issue” in the peace negotiation process.

Witkoff also spoke in support of Russian referendums held on the occupied territory of 4 Ukrainian provinces in September 2022, which he said showed “an overwhelming desire to be part of Russia”; Moscow claimed to have won the referendums, which were not monitored or recognized by any Western countries, in each of the provinces by at least 80%.

Witkoff made the comments in an interview with independent US right-wing journalist Tucker Carlson after meeting with Russian President Putin in Moscow early last week.

The Trump administration installed Witkoff as its lead negotiator for Russia in February, sidelining Trump’s initial appointee to the post, Keith Kellogg, who nonetheless continues to be involved in talks on the Ukrainian side.

COMMENTARY

Witkoff moved into uncharted waters by publicly legitimizing the Kremlin’s 2022 referendums on Ukrainian territory and stating that Putin “wants peace” if only he can consolidate Russia’s territorial gains.

It was unclear if Witkoff was implying that Ukraine should withdraw from the parts of Kherson, Zaporizhia, and Donetsk provinces which Russia does not currently occupy, as such a move would be politically untenable for President Zelenskiy, who has insisted that any territorial losses must not be formally or permanently recognized. Particularly in Kherson & Zaporizhia, we do not believe that Russia could win a legitimate monitored referendum.

It appears that Witkoff’s job (as assigned by Trump) is not to worry about factual accuracy, but rather simply to achieve a specific outcome, i.e. a short-term Russia-Ukraine ceasefire, after which he may quickly move on to other diplomatic assignments. Not long after Witkoff’s meeting with Putin, Moscow-based political analyst Tatyana Stanovaya, who likely has Kremlin insider connections, posted on social media that she believes the Putin regime’s goal is to split off the far west of Ukraine into a new state, and then install a pliant government in Kyiv that would agree to create a Russia-Belarus-Ukraine union.

Needless to say, such an outcome would be seen as an apocalyptic scenario for Ukraine and Europe, as well as the US national security establishment.

Yet if the Trump administration is unwilling or unable to take a harder line with Moscow than it has thus far, Putin may believe that such an outcome is achievable, setting the stage for very dangerous geopolitical conditions in the coming years.

Ferrexpo Reports Net Loss of USD 50mn in 2024

by Dmitry Churin
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FERREXPO (FXPO LN)

Price: GBp 63.4 Market Cap: USD 489mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2024	0.5	0.4	neg	5.6	0.0%
2025E	0.5	0.5	7.5	3.5	4.0%

NEWS

Ferrexpo, an iron ore producer with assets in Ukraine, reported a net loss of USD 50mn for 2024, narrowing from a USD 85mn loss the previous year.

Revenue jumped 43% to USD 933mn, while EBITDA fell 30% to USD 99mn.

As of year-end, the company's total assets stood at USD 1.2bn. Ferrexpo had no debt, with cash holdings of USD 106mn.

FERREXPO FINANCIAL RESULTS

USD mn	2023	2024	YoY
Revenue	652	933	+43%
EBITDA	99	69	-30%
<i>margin</i>	<i>15.2%</i>	<i>7.4%</i>	<i>-7.8 p.p.</i>
Net profit	-85	-50	-/-
<i>margin</i>	<i>-13.0%</i>	<i>-5.4%</i>	<i>+7.7 p.p.</i>

	31 Dec 2023	31 Dec 2024
Net debt to EBITDA	no debt	no debt

Source: Company Data

COMMENTARY

Ferrexpo's financial results fell significantly short of expectations, as the company was profitable in the first half of 2024.

On the operational front, production showed improvement, with iron ore output surging 58% to 6.1mn tonnes – though still well below the pre-war level of 11mn tonnes.

A key challenge for the business was a 7% drop in global iron ore prices, while production costs rose 10%.

Ferrexpo now faces heightened uncertainty due to ongoing legal proceedings. The company booked USD 131mn in provisions for litigation in 2023-2024, with multiple lawsuits and investigations initiated by Ukrainian authorities.

Notably, Ferrexpo's Poltava Mining unit was hit with a USD 3.8bn civil claim from the Ukrainian government, alleging illegal waste sales and unauthorized extraction of minerals other than iron ore, which plaintiffs claim caused environmental damage. Ferrexpo denies all allegations, stating no illegal mining took place. The company also argues that even if Ukrainian courts rule against it, the basis for the claim remains unclear.

Poltava Mining is also entangled in several other legal disputes, raising the risk that its assets could be seized or forcibly sold.

QUOTES AND MULTIPLES FOR SELECTED UKRAINIAN LISTED COMPANIES

	Ticker	Last Price*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales 2025E
			1W	YtD				2024	2025E	2024	2025E	
UX Index	UX	1194	0.0%	0.0%								
Iron Ore Mining												
Ferrexpo	FXPO	63.4	-24.1%	-43.9%	489	388	25.5%	neg	7.5	5.6	3.5	0.5
Oil & Gas												
Enwell Energy (ex-Regal)	ENW	19.5	0.0%	-11.4%	81	-13	21.6%	3.2	2.7	na	na	na
Power Utilities												
Centrenerg	CEEN	3.72	0.0%	0.0%	33	33	21.7%	neg	neg	neg	neg	n/a
Agro sector												
MHP	MHPC	6.10	0.0%	22.5%	653	1,822	33.7%	4.1	5.0	3.3	3.2	0.6
Kernel (FY23, FY24, FY25)	KER	20.30	-2.4%	56.2%	1,535	2,130	5.4%	4.1	3.3	3.1	3.0	0.5
Astarta	AST	59.00	11.1%	44.6%	371	529	37.0%	4.2	3.9	2.6	2.6	0.8
IMC	IMC	34.90	29.3%	118.1%	319	333	18.3%	5.8	6.1	4.2	3.9	1.7
Banks												
										Price/Book	Price/Assets	
Raiffeisen Bank Aval	BAVL	0.32	28.0%	28.0%	472		1.8%	4.7	4.8	0.8	0.7	0.10

Source: UX, PFTS, LSE, WSE, Eavex Research
* prices are in traded currency

QUOTES AND MULTIPLES FOR SELECTED U.S. COMPANIES

	Ticker	Price USD	Absolute performance		MCap USD bn	EV USD bn	P/E		EV/EBITDA		EV/Sales 2025E	
			1W	YtD			2024	2025E	2024	2025E		
Индекс S&P 500	S&P 500	5668	0.5%	-3.6%								
Technology sector												
Apple	AAPL	218	2.3%	-14.8%	3,401	3,441		36	38	25	25	9
Microsoft	MSFT	391	0.5%	-9.1%	2,905	2,895		33	30	22	20	11
NVIDIA	NVDA	118	-3.3%	-11.9%	2,890	2,860		44	35	38	30	20
Palantir Technologies	PLTR	91	5.6%	15.1%	198	194		397	248	324	216	47
Electric Utilities												
American Electric Power	AEP	105.1	-0.5%	13.6%	56	100		20.7	18.0	13.0	12.5	4.8
Dominion Energy	D	54.6	-0.2%	1.2%	46	88		19.1	18.3	13.2	12.5	5.9
Oil & Gas												
Exxon Mobil	XOM	116	3.6%	8.9%	510	525		15.0	14.6	7.3	6.9	1.5
Devon Energy	DVN	36.2	4.6%	16.0%	24	32		7.0	6.6	4.2	4.1	2.0
PBF Energy	PBF	20.8	0.5%	-18.1%	3.1	4.2		15.6	6.2	10.5	5.3	0.1
Iron Ore Mining												
VALE	VALE	10.07	2.7%	13.5%	43	55		4.6	4.3	3.6	3.2	1.2
Pharmaceutical												
Pfizer	PFE	26.3	2.3%	-1.2%	149	206		34.7	30.4	14.9	14.2	3.3
Bristol-Myers Squibb	BMJ	61.1	3.6%	5.9%	124	167		neg	19.1	32.8	13.5	3.4

Source: Bloomberg

MAIN FINANCIAL FORECASTS FOR UKRAINIAN COMPANIES, USD mn

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2023	2024	2025E	2023	2024	2025E	2023	2024	2025E	2023	2024	2025E	2023	2024	2025E
Iron Ore Mining																
Ferrexpo	FXPO	652	933	850	99	69	110	15.2%	7.4%	12.9%	-85	-50	65	-13.0%	-5.4%	7.6%
Oil & Gas																
Regal Petroleum	RPT	80	55	65	49	52	57	61.3%	94.5%	87.7%	28	25	30	35.0%	45.5%	46.2%
Electric Utilities																
Centrenergó	CEEN	427	na	na	-18	na	na	-4.1%	na	na	-25	na	na	-5.8%	na	na
Agro sector																
MHP	MHPC	3,021	3,100	3,250	445	550	570	14.7%	17.7%	17.5%	142	160	130	4.7%	5.2%	4.0%
Kernel (FY23, FY24, FY25E)	KER	3,455	3,800	4,200	544	680	710	15.7%	17.9%	16.9%	299	370	470	8.7%	9.7%	11.2%
Astarta	AST	628	645	685	199	202	204	31.7%	31.3%	29.7%	85	89	95	13.5%	13.8%	13.9%
IMC	IMC	139	180	200	3	80	85	2.4%	44.4%	42.5%	-21	55	52	-15.1%	30.6%	26.0%
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	4,977	4,643	4,886	575	615	683	594	488	453	126	100	98	21.9%	16.3%	14.3%

Source: Eavex Research

FINANCIAL FORECASTS FOR SELECTED U.S. COMPANIES, USD bn

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2023	2024	2025E	2023	2024	2025E	2023	2024	2025E	2023	2024	2025E	2023	2024	2025E
Technology sector																
Apple	AAPL	383	391	395	126	135	137	32.8%	34.5%	34.7%	97	94	90	25.3%	24.0%	22.8%
Microsoft	MSFT	212	245	265	105	133	147	49.5%	54.3%	55.5%	72	88	96	34.0%	35.9%	36.2%
NVIDIA	NVDA	61	118	145	36	75	95	59.0%	63.6%	65.5%	30	65	83	49.2%	55.1%	57.2%
Palantir Technologies	PLTR	2.2	2.9	4.1	0.3	0.6	0.9	13.6%	20.7%	22.0%	0.2	0.5	0.8	9.1%	17.2%	19.5%
Electric Utilities																
American Electric Power	AEP	19.0	19.8	20.7	7.2	7.7	8.0	37.9%	38.9%	38.6%	2.2	2.7	3.1	11.6%	13.6%	15.0%
Dominion Energy	D	14.4	14.7	15.1	6.8	6.7	7.1	47.2%	45.6%	47.0%	1.9	2.4	2.5	13.2%	16.3%	16.6%
Oil & Gas																
Exxon Mobil	XOM	335	344	352	74	72	76	22.1%	20.9%	21.6%	36	34	35	10.7%	9.9%	9.9%
Devon Energy	DVN	15.3	15.8	16.2	7.5	7.6	7.9	49.0%	48.1%	48.8%	3.7	3.4	3.6	24.2%	21.5%	22.2%
PBF Energy	PBF	38.3	34.9	35.3	3.5	0.4	0.8	9.1%	1.1%	2.3%	2.1	0.2	0.5	5.5%	0.6%	1.4%
Iron Ore Mining																
VALE	VALE	41.8	41.0	44.0	15.6	15.2	17.0	37.3%	37.1%	38.6%	7.9	9.3	10.0	18.9%	22.7%	22.7%
Pharmaceutical																
Pfizer	PFE	58.5	59.4	62.0	9.6	13.8	14.5	16.4%	23.2%	23.4%	2.1	4.3	4.9	3.6%	7.2%	7.9%
Bristol-Myers Squibb	BMJ	45.0	47.4	48.8	19.4	5.1	12.4	43.1%	10.8%	25.4%	8.0	-7.3	6.5	17.8%	-15.4%	13.3%

Source: Bloomberg

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