

Stock Market Update

Kernel, Astarta Earnings Disappoint; Ferrexpo, MHP Lead Decliners Amid Broader Market Rebound

Ukrainian agro companies Kernel and Astarta both reported weaker-than-expected quarterly results. Astarta's revenue dropped 25% year-on-year to EUR 125mn, while net profit fell nearly 30% to EUR 6.4mn, or PLN 1.1 per share. Despite the soft results, Astarta's shares gained 1.5% over the week to PLN 59.00, valuing the company at USD 384mn.

Kernel's net profit tumbled 60% to USD 41mn, even as revenue rose 14% to USD 1.14bn. The KER stock slipped 5.5% to PLN 18.40, bringing its market capitalization to USD 1.44bn.

Shares of poultry producer MHP (MHPC) declined 5.2% over the week to USD 5.12, while Ferrexpo (FXPO) slumped 10% to GBp 54, with MCap of USD 436mn. The drop in Ferrexpo was partly driven by weaker sentiment in the iron ore sector, as Morgan Stanley forecasts a 5% decline in average iron ore prices next year.

Globally, equity markets staged a moderate rebound following the preceding week's losses. The S&P 500 rose 1.9%, recouping some ground after a 2.6% decline. Strong quarterly results from NVIDIA — now the world's second-largest company by market cap after Microsoft — helped lift sentiment among active traders.

However, recent comments from President Trump alleging Chinese violations of trade agreements with the U.S. could pose downside risks for the S&P 500 index this week.

The S&P 500 will finish the year near current levels, according to a Reuters poll, after many strategists in recent months cut their 2025 forecast for the index. Based on the median forecast of 51 equity strategists, analysts, brokers and portfolio managers collected May 15-28, the year-end target for the benchmark S&P 500 is 5,900, down from 6,500 in a February poll by Reuters.

Highlights

POLITICS AND ECONOMICS

- Round 2 of Umerov-Medinskiy Talks Under Way in Istanbul

STOCKS IN THE NEWS

- Kernel Misses Estimates With Quarterly Profit of PLN 0.56 a Share

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% | 0.0% |
| RTS | 1133 | 3.6% | 26.9% |
| WIG20 | 2771 | 2.0% | 26.4% |
| MSCI EM | 1157 | -1.2% | 7.6% |
| MSCI Global | 879 | 1.3% | 4.5% |
| S&P 500 | 5911 | 1.9% | 0.5% |

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. | 0.0 p.p. |
| Ukraine-2029 yield | 22.1% | 0.7 p.p. | 6.2 p.p. |
| Ukraine-2036 yield | 17.0% | 0.1 p.p. | 2.6 p.p. |

CASH EXCHANGE RATES

| | Last, UAH | 1W ch | YTD |
|---------|-----------|-------|-------|
| USD/UAH | 41.80 | 0.2% | -1.1% |
| EUR/UAH | 47.60 | 0.6% | 7.4% |

Source: Eavex Capital

Round 2 of Umerov-Medinskiy Talks Under Way in Istanbul

by Will Ritter
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NEWS

A Ukrainian delegation led by Defense Minister Rustem Umerov is in Istanbul today (Jun 2) for its second session of talks with Russian counterparts on achieving a pause in fighting in the 3-year-old war.

Moscow's delegation is again being led by Kremlin cultural advisor Vladimir Medinskiy. The initial session was held on May 17, and resulted in a one-to-one exchange of 1000 prisoners of war on each side.

The expectation for today is that Ukraine and Russia will trade proposals on the conditions that each would require to implement a peace deal. These talks come against a backdrop of escalated fighting since the first session, with Russian bombing of a number of targets in Kyiv and other cities last week and creeping advances along the front line in Donetsk province.

Meanwhile, Ukraine on Sunday (Jun 1) conducted a coordinated surprise drone attack against 4 Russian airbases, destroying or damaging an as-yet-unconfirmed number of military aircraft. Ukraine's Security Service (SBU) immediately took responsibility for the operation.

In a separate development, conservative nationalist politician Karol Nawrocki narrowly won Poland's presidential election on Sunday; Nawrocki had campaigned partially on positions hostile to the Zelenskiy government in Kyiv.

COMMENTARY

Expectations for some breakthrough in today's talks are near zero, given their relatively low-level nature and the Putin regime's likely desire to try to capture additional Ukrainian territory in a summer offensive. Putin continues to state that he wants the "root causes" of the war to be addressed in talks; this is generally interpreted as being a code phrase for the right of the Ukrainian state to exist in a sovereign capacity.

The main impetus for progress today could only be the Russian side finally naming its specific conditions to pause the fighting with a so-called "memorandum", which US President Trump has joined President Zelenskiy in demanding from Moscow.

The current elephant in the room is whether Trump will finally take action against Russia in the near term with a tough new sanctions bill that has been drawn up by several Trump allies in the US Senate, or whether he will continue to vacillate on the sanctions. Trump is unlikely to react favorably to yesterday's Ukrainian attack on Russian airbases, we think, although there has been no official response from Washington thus far. Claims in the media are circulating that Trump was not given advance notice about the operation. Military analysts say that Ukraine has managed to disrupt a substantial part of Russia's strategic nuclear fleet, which however is unlikely to have an immediate impact on the difficult military situation on the ground in Eastern Ukraine.

Kernel Misses Estimates With Quarterly Profit of PLN 0.56 a Share

by Dmitry Churin
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KERNEL (KER PW)

Price: PLN 18.40 Market Cap: USD 1,440mn

| | P/B | EV/S | P/E | EV/EBITDA | Div. Yield |
|-------|-----|------|-----|-----------|------------|
| FY24 | 0.6 | 0.4 | 3.9 | 2.4 | 0.0% |
| FY25E | 0.5 | 0.4 | 5.1 | 4.0 | 0.0% |

NEWS

Ukrainian agribusiness giant Kernel reported net income of USD 41mn for the January–March period, down 59% from a year earlier.

Revenue rose 14% year-on-year to USD 1.15bn, but EBITDA dropped 31% to USD 110mn as the margin contracted to 9.6% from 15.9%.

For the nine months through March 2025, revenue climbed 19% to USD 3.1bn, while net income edged up 7% to USD 218mn.

As of March 31, net debt stood at USD 755mn, with a net debt-to-EBITDA ratio of 0.7x, signaling a comfortable leverage level.

KERNEL FINANCIAL RESULTS

| USD mn | 3Q FY24 | 3Q FY25 | YoY | 9M FY24 | 9M FY25 | YoY |
|---------------|---------|---------|-----------|---------|---------|-----------|
| Net revenue | 1,005 | 1,145 | +14% | 2,595 | 3,092 | +19% |
| EBITDA | 160 | 110 | -31% | 384 | 392 | +2% |
| EBITDA margin | 15.9% | 9.6% | -6.3 p.p. | 14.8% | 12.7% | -2.1 p.p. |
| Net Income | 101 | 41 | -59% | 204 | 218 | +7% |
| Net margin | 10.0% | 3.6% | -6.5 p.p. | 7.9% | 7.1% | -0.8 p.p. |

Source: Company data,

COMMENTARY

Kernel EPS Misses Forecasts; Stock Upside Limited Amid Squeeze-Out Risk, Bonds Offer 10.5% Yield

Kernel reported quarterly earnings of PLN 0.56 per share, falling short of expectations, as margins in its core sunflower oil and agri-trading segments weakened notably this year.

For the full fiscal year, EPS may reach PLN 3.60, implying a price-to-earnings ratio of 5.1x based on the current share price of PLN 18.40 — a seemingly attractive valuation. However, upside for the stock appears capped due to the overhang of a potential squeeze-out.

At the same time, Kernel shares have increasingly become a proxy trade for retail investors speculating on news flow around Ukraine. Periods of renewed optimism over a possible end to the war tend to trigger sharp rallies in the stock.

Kernel's USD 300mn Eurobonds maturing in 2027 are trading at 92.3 cents on the dollar, offering a yield to maturity of 10.5%. The company appears well-positioned to meet its debt obligations, supported by strong liquidity and solid operating cash flow generation.

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 | 54.0 | -10.4% | -52.2% | 436 | 324 | 25.5% | 3.6 | 2.6 | 1.9 | 1.4 | 0.3 |
| Oil & Gas | | | | | | | | | | | | |
| Enwell Energy (ex-Regal) | ENW | 19.0 | 5.6% | -13.6% | 82 | -12 | 21.6% | 3.3 | 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 | 5.12 | -5.2% | 2.8% | 548 | 1,727 | 33.7% | 3.8 | 4.6 | 3.1 | 3.8 | 0.5 |
| Kernel (FY23, FY24, FY25) | KER | 18.38 | -5.5% | 41.4% | 1,438 | 1,644 | 5.4% | 3.9 | 5.1 | 2.4 | 4.0 | 0.4 |
| Astarta | AST | 59.00 | 1.5% | 44.6% | 384 | 542 | 37.0% | 4.3 | 4.0 | 2.7 | 2.7 | 0.8 |
| IMC | IMC | 29.00 | 4.3% | 81.3% | 275 | 288 | 18.3% | 5.0 | 5.3 | 3.6 | 3.4 | 1.4 |
| Banks | | | | | | | | | | Price/Book | | Price/Assets |
| Raiffeisen Bank Aval | BAVL | 0.33 | 0.0% | 32.0% | 485 | | 1.8% | 4.9 | 5.0 | 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 | 5912 | 1.9% | 0.5% | | | | | | | |
| Technology sector | | | | | | | | | | | |
| Apple | AAPL | 201 | 3.1% | -21.5% | 3,135 | 3,175 | 33 | 35 | 24 | 23 | 8 |
| Microsoft | MSFT | 460 | 2.2% | 7.0% | 3,417 | 3,407 | 39 | 36 | 26 | 23 | 13 |
| NVIDIA | NVDA | 135 | 3.1% | 0.7% | 3,306 | 3,276 | 51 | 40 | 44 | 34 | 23 |
| Palantir Technologies | PLTR | 131.8 | 6.9% | 66.7% | 287 | 283 | 575 | 359 | 472 | 315 | 69 |
| Electric Utilities | | | | | | | | | | | |
| American Electric Power | AEP | 103.5 | 0.6% | 11.9% | 55 | 99 | 20.4 | 17.8 | 12.9 | 12.4 | 4.8 |
| Dominion Energy | D | 56.7 | 0.7% | 5.1% | 48 | 90 | 19.8 | 19.1 | 13.5 | 12.7 | 6.0 |
| Oil & Gas | | | | | | | | | | | |
| Exxon Mobil | XOM | 102 | -1.0% | -4.2% | 449 | 464 | 13.2 | 12.8 | 6.4 | 6.1 | 1.3 |
| Devon Energy | DVN | 30.3 | -2.9% | -2.9% | 20 | 28 | 5.9 | 5.5 | 3.7 | 3.6 | 1.8 |
| PBF Energy | PBF | 19.1 | -5.9% | -24.8% | 2.9 | 4.0 | 14.3 | 5.7 | 9.9 | 4.9 | 0.1 |
| Iron Ore Mining | | | | | | | | | | | |
| VALE | VALE | 9.13 | -4.9% | 2.9% | 39 | 51 | 4.2 | 3.9 | 3.4 | 3.0 | 1.2 |
| Pharmaceutical | | | | | | | | | | | |
| Pfizer | PFE | 23.5 | 0.9% | -11.7% | 133 | 190 | 31.0 | 27.2 | 13.8 | 13.1 | 3.1 |
| Bristol-Myers Squibb | BMJ | 48.3 | 3.0% | -16.3% | 98 | 141 | neg | 15.1 | 27.7 | 11.4 | 2.9 |

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 | 750 | 950 | 1,100 | 140 | 170 | 230 | 18.7% | 17.9% | 20.9% | 80 | 120 | 170 | 10.7% | 12.6% | 15.5% |
| 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 | | | | | | | | | | | | | | | | |
| Centrenerg | CEEN | 427 | na | na | -18 | na | na | -4.1% | na | na | -25 | na | na | -5.8% | na | na |
| Agro sector | | | | | | | | | | | | | | | | |
| MHP | MHPC | 3,021 | 3,046 | 3,137 | 445 | 566 | 570 | 14.7% | 18.6% | 18.2% | 142 | 144 | 148 | 4.7% | 4.7% | 4.7% |
| 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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