

Stock Market Update

Equity

Quotes for Ukrainian sovereign Eurobonds were on the rise last week, increasing significantly amid positive information regarding the announced external support for Ukraine of nearly USD 60bn until 2027. The price of Ukraine-34s issue rose by 18% to 21 cents on the dollar (yield to maturity of 41%). The VRI derivatives (linked to Ukraine's future GDP growth with expiration in 2040) gained by 20% to 36 cents on the dollar.

Meanwhile, shares of Ukrainian companies experienced declines, with Ferrexpo (FXPO) falling by 3.1% to GBp 84.7, and Astarta (AST) shares dropping by 5.7% to PLN 29.10. The Ukrainian Exchange index lost 12% over the week due to the decline in CentrEnerg (CEEN) by 17% to UAH 4.40 per share. The volume of transactions on the Ukrainian Exchange remains minimal.

The primary placement of domestic government bonds on June 20 brought a solid amount of UAH 31.4bn to the central budget, including USD 244mn from the sale of dollar-denominated domestic government bonds at 4.8% and EUR 136mn from euro-denominated bonds at 3.25%. The 1-year UAH-denominated bond in the amount of UAH 720mn was placed at 18.3%. Medium-term three-year bond was offered with a yield of 19.75%.

In the local currency market, the hryvnia remains relatively strong. Over the week, the cash exchange rate strengthened by 0.3% to 37.20 hryvnia per dollar.

Global stock indices experienced declines throughout the past week. The S&P 500 lost 1.4%, while the MSCI EM composite index fell by 3.7%. Investors are concerned that the period of high interest rates will last longer than expected. The Bank of England surprised the market by raising the key rate by 0.5 percentage points from 4.5% to 5.0%, the highest level since 2008. The consensus forecast was for a rate increase to 4.75%.

Highlights

POLITICS AND ECONOMICS

- > Foreign Donors Pledge USD 60bn for Ukraine Recovery

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	1514	-12.0%	-3.3%
RTS	1040	-0.7%	7.2%
WIG20	2035	-3.5%	13.4%
MSCI EM	992	-3.7%	3.7%
S&P 500	4348	-1.4%	13.2%

FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	25.0%	0.0 p.p.	0.0 p.p.
UAH 1-year war bond	18.3%	-0.1 p.p.	+2.3 p.p.
Ukraine-2026	89.5%	-6.8 p.p.	7.8 p.p.
Ukraine-2034	41.2%	-7.1 p.p.	-4.2 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	37.20	-0.3%	-8.4%
EUR/UAH	41.00	0.4%	-3.5%

Source: Eavex Capital

Foreign Donors Pledge USD 60bn for Ukraine Recovery

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NEWS

Ukraine has attracted approximately USD 60bn for its reconstruction efforts during the Ukraine Recovery Conference held in London.

During the conference, the EU announced EUR 50bn in assistance over a four-year period. These funds will be utilized to cover Ukraine's budget deficit and finance reconstruction projects. Additionally, the United Kingdom will allocate GBP 3 bn to Ukraine over the next three years, including GBP 240mn for the current year. Furthermore, Ukraine and the UK will establish the InnovateUkraine Fund for Green Innovations, with a total value of GBP 62mn. Several countries also announced financial support programs, including the United States with an additional USD 1.3bn for transportation infrastructure, digitization, and energy; Germany with an additional EUR 380mn for demining activities; and Switzerland with CHF 1.5 bn as part of a medium-term support program. The European Investment Bank announced a new project portfolio worth EUR 840mn for Ukraine's reconstruction, focusing on municipal infrastructure, water supply, transportation, and cybersecurity. The European Bank for Reconstruction and Development will allocate EUR 600mn to support Ukrainian energy companies such as NaftoGaz, UkrEnergo, and UkrHydroEnergo.

COMMENTARY

The Ukrainian government requires predictable and stable external financing to timely and fully execute its budget. The actual commitments from the EU for support until 2027 will provide greater confidence in initiating the most critical projects for the reconstruction of critical infrastructure. The reconstruction projects consist of five areas: energy restoration, reconstruction of residential buildings and infrastructure, demining activities, and support for the private sector.

In 2023, Ukraine has already received approximately USD 20bn in external financing to cover budget expenditures. It is expected that international partners will allocate additional USD 23bn in direct budgetary support by the end of the year.

During the conference, specific attention was given to insurance against war risks. Representatives from the governments of Germany, France, and Japan mentioned the development of a mechanism to insure businesses against war risks. Guarantees for insurance against military risks will be provided by the Multilateral Investment Guarantee Agency (MIGA) and the U.S. International Development Finance Corporation (DFC).

QUOTES AND MULTIPLES

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales 2023E
			1W	YtD				2022	2023E	2022	2023E	
UX Index	UX	1514	-12.0%	-3.3%								
Iron Ore Mining												
Ferrexpo	FXPO	84.7	-3.1%	-46.1%	648	542	25.5%	2.9	3.8	0.7	0.8	0.5
Railcar Manufacturing												
Kryukiv Wagon	KVBZ	14.0	0.0%	27.3%	43	2	5.0%	neg	8.3	neg	0.2	0.0
Specialized Machinery												
Turboatom	TATM	2.5	-19.1%	-5.9%	29	26	3.8%	>50x	8.8	2.7	1.7	0.8
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
Oil & Gas												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	13.9	0.0%	-10.9%	57	-21	21.6%	1.0	1.4	--	--	--
Power Utilities												
Centrenergo	CEEN	4.40	-17.0%	9.8%	44	43	21.7%	neg	15.9	neg	4.0	0.1
Donbasenergo	DOEN	10.00	-16.7%	-24.0%	6	6	0.0%	neg	neg	neg	neg	0.1
Agro sector												
MHP	MHPC	3.75	-0.5%	0.0%	401	1584	33.7%	neg	2.9	4.1	3.9	0.6
Kernel (FY21, FY22, FY23E)	KER	14.86	-1.4%	-15.3%	282	1330	61.8%	neg	0.6	6.0	1.8	0.4
Astarta	AST	29.10	-5.7%	42.6%	174	326	37.0%	2.5	2.1	2.0	1.6	0.5
Agroton	AGT	3.34	-3.5%	-2.9%	18	-2	25.0%	neg	neg	--	--	--
Banks												
Raiffeisen Bank Aval	BAVL	0.300	0.0%	0.0%	494		1.8%	11.5	3.3	1.1	0.8	0.11

Source: UX, PFTS, LSE, WSE, Eavex Research
 * companies listed abroad are in traded currency

MAIN FINANCIAL FORECASTS, USD mn

		Net Sales			EBITDA			EBITDA margin			Net Profit			Net Profit margin		
		2021	2022	2023E	2021	2022	2023E	2021	2022	2023E	2021	2022	2023E	2021	2022	2023E
Iron Ore Mining																
Ferrexpo	FXPO	2518	1248	1100	1,439	765	650	57.1%	61.3%	59.1%	871	220	170	34.6%	17.6%	15.5%
Railcar Manufacturing																
Kryukiv Wagon	KVBZ	94	78	85	-5	-1	10	-5.7%	-1.8%	11.8%	-8	-5	5	-9.0%	-6.8%	6.1%
Specialized Machinery																
Turboatom	TATM	55	28	33	22	10	15	40.7%	34.4%	45.8%	0	-2	3	0.5%	-5.6%	10.0%
Motor Sich	MSICH	338	200	109	90	40	37	26.5%	19.8%	33.5%	23	-7	6	6.9%	-3.6%	5.5%
Oil & Gas																
Ukrnafta	UNAF	1320	844	875	168	83	171	12.7%	9.8%	19.5%	91	22	112	6.9%	2.6%	12.8%
Regal Petroleum	RPT	121	131	120	78	86	82	64.4%	65.7%	68.3%	51	55	40	42.1%	41.9%	33.3%
Electric Utilities																
Centrenergo	CEEN	460	323	200	-33	-171	11	-7.1%	-53.0%	5.5%	-38	-224	3	-8.2%	-69.3%	1.4%
Donbasenergo	DOEN	128	142	101	-13	-4	4	-10.5%	-2.6%	4.3%	-16	-15	-5	-12.9%	-10.7%	-5.4%
Agro sector																
MHP	MHPC	2372	2642	2774	648	384	410	27.3%	14.5%	14.8%	393	-231	140	16.6%	-8.7%	5.0%
Kernel (FY21, FY22, FY23E)	KER	5595	5332	3600	806	220	720	14.4%	4.1%	20.0%	513	-41	480	9.2%	-0.8%	13.3%
Astarta	AST	590	538	628	242	163	199	41.0%	30.3%	31.7%	147	69	85	24.9%	12.8%	13.5%
Agroton	AGT	41	20	4	8	-6	-7	19.8%	neg	neg	4	-40	-10	8.7%	neg	neg
Banks																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	4829	4238	4375	571	466	614	348	314	405	179	43	148	31.3%	9.2%	24.1%

Source: Eavex Research

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