

## Stock Market Update

### Equity

The Ukrainian Exchange Index saw an unjustified spike of 42% to a mark of 2138 points last week, following a fat-finger trade of Kernel (KER) shares at a price of UAH 544 (PLN 64). This accidental trade heavily impacted the index, as Kernel shares hold a 50% weight in the index basket. The KER stock continued to trade on the Warsaw Stock Exchange at PLN 18.45 after the company's largest shareholder made a buyout offer at PLN 18.50. The decision to delist Kernel from the exchange may be announced on April 13.

Among other stocks, indicative quotes for CentrErgo (CEEN) fell 7% to UAH 4.37, and Turboatom (TATM) declined 5% to UAH 3.00.

The Finance Ministry raised UAH 17.4bn from the placement of domestic government bonds. The main revenue came from the sale of foreign currency bonds with a maturity in September at an annual rate of 4.75%. Foreign currency bonds with a maturity in December were issued at a yield of 4.85%. Therefore, we see that the Finance Ministry had to increase the yield on foreign currency domestic bonds from the previous level of 4.25% to attract the necessary proceeds to the national budget.

Meanwhile, the IMF has finally approved a new four-year program for Ukraine worth USD 15.6bn. The first tranche, expected this month, will be USD 2.7bn and will go towards directly covering the country's budget deficit.

On the currency cash market, the dollar exchange rate decreased by 2.0% over the week to 37.55 UAH/USD. There was also some improvement on the interbank market, allowing the National Bank to reduce the sale of the hard currency from reserves to USD 340mn. Since the start of the year, the regulator has already sold USD 7.2bn from its FX reserves to balance supply and demand on the currency market.

## Highlights

### POLITICS AND ECONOMICS

- Ukraine's Creditor Countries Delay Debt Repayment Until 2027, Prompting Investors to Consider Similar Move 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](http://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](http://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](http://www.u24.gov.ua)

### MARKET INDEXES

	Last	1W ch	YTD
UX	2138	42.6%	36.5%
RTS	997	1.9%	2.7%
WIG20	1758	5.3%	-2.0%
MSCI EM	990	1.3%	3.4%
S&P 500	4087	2.9%	6.4%

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	25.0%	0.0 p.p.	0.0 p.p.
UAH 1-year war bond	18.5%	0.0 p.p.	+2.5 p.p.
Ukraine-2026	100.2%	1.0 p.p.	18.5 p.p.
Ukraine-2034	51.6%	-0.3 p.p.	6.2 p.p.

### CASH EXCHANGE RATES

	Last, UAH	1W ch	YTD
USD/UAH	37.55	-2.0%	-7.5%
EUR/UAH	40.60	-1.3%	-4.5%

Source: Eavex Capital

## Ukraine's Creditor Countries Delay Debt Repayment Until 2027, Prompting Investors to Consider Similar Move on Eurobonds

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### NEWS

A group of creditor nations, including the USA, Canada, France, Germany, Japan, and Great Britain, has agreed to extend the payment terms on loans granted to Ukraine until 2027. This provides financing assurances to support the USD 15.6bn IMF program for Ukraine, which would help to restore the country's macroeconomic stability. The suspension of payments, which was initially agreed upon until the end of 2024, will offer Ukraine some relief from its pressing debt burden amid the Russian military aggression.

The creditor group also pledged continued support for Ukraine, including financing to cover the country's budget deficit through a mix of grant and concessional financing. Furthermore, the creditor countries emphasized that postponing payments to them should be matched by a similar delay in the repayment of debts to other external creditors.

### COMMENTARY

Postponing payments on the debts of the creditor countries must be accompanied by a corresponding postponement of repayment to other external creditors, including investors in Ukrainian Eurobonds. In August 2022, Ukraine received approval from Eurobond holders to defer payments and repayment terms for two years. Inevitably, restructuring of Ukraine's Eurobonds will be necessary, which could entail a partial write-off of the debt, in addition to extending the deferral of payments. The size of the debt relief remains unclear, but given Ukraine's dire economic circumstances, a write-off of up to 70% of the nominal value of Eurobonds may be necessary. The total value of outstanding Ukrainian Eurobonds is USD 22.6bn, including USD 3.0bn bought by Russia in 2013.

Ukraine's current state and guaranteed debt stands at USD 116bn, representing approximately 80% of the expected GDP this year. This is up from a debt-to-GDP ratio of 50% at the start of last year. The country's direct external public debt currently amounts to almost USD 75bn, making up 65% of the total debt structure. As a result of investor pessimism, indicative quotes of Ukraine's Eurobonds maturing in 2028 are currently at just 15.3 cents on the dollar, with an implied yield to maturity of 79%. Despite the attractive yield, investment managers remain cautious due to the likelihood of further restructuring.

Negotiations with investors in Ukrainian Eurobonds regarding restructuring are expected to take place at the beginning of 2024 in order to complete them before September of 2024 when Ukraine-24s Eurobonds were supposed to be redeemed.

**QUOTES AND MULTIPLES**

	Ticker	Today, UAH*	Absolute performance		MCap USD mn	EV USD mn	Free float	P/E		EV/EBITDA		EV/Sales
			1W	YtD				2021	2022E	2021	2022E	2022E
UX Index	UX	2138	42.6%	36.5%								
<b>Iron Ore Mining</b>												
Ferrexpo	FXPO	118	4.2%	-25.1%	867	761	24.0%	1.0	3.9	0.5	1.0	0.6
<b>Railcar Manufacturing</b>												
Kryukiv Wagon	KVBZ	13.6	0.6%	23.7%	42	5	5.0%	neg	neg	--	--	--
<b>Specialized Machinery</b>												
Turboatom	TATM	3.0	-5.0%	12.6%	34	31	3.8%	>50x	neg	1.4	3.2	1.1
Motor Sich	MSICH	--	--	--	--	--	--	--	--	--	--	--
<b>Oil &amp; Gas</b>												
UkrNafta	UNAF	--	--	--	--	--	--	--	--	--	--	--
Enwell Energy (ex-Regal)	ENW	20.3	2.8%	30.4%	80	3	21.6%	1.6	1.5	--	--	--
<b>Power Utilities</b>												
Centrenergo	CEEN	4.37	-7.0%	9.1%	43	37	21.7%	neg	neg	neg	neg	0.1
Donbasenergo	DOEN	6.05	20.8%	-54.0%	4	4	14.2%	neg	neg	neg	neg	0.1
<b>Agro sector</b>												
MHP	MHPC	3.28	-6.8%	-12.5%	363	1651	32.5%	neg	neg	2.5	5.7	0.9
Kernel (FY21, FY22, FY23E)	KER	18.45	-0.1%	5.2%	331	1819	61.8%	neg	1.2	8.3	3.6	0.6
Astarta	AST	24.10	1.3%	18.1%	140	333	37.0%	1.0	3.8	1.4	2.7	0.8
Agroton	AGT	3.28	-0.9%	-4.7%	16	-3	25.0%	4.7	neg	--	--	--
<b>Banks</b>												
											<b>Price/Book</b>	<b>Price/Assets</b>
Raiffeisen Bank Aval	BAVL	0.300	-1.6%	0.0%	491		1.8%	2.8	12.0	0.9	1.1	0.12

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		
		2020	2021	2022E	2020	2021	2022E	2020	2021	2022E	2020	2021	2022E	2020	2021	2022E
<b>Iron Ore Mining</b>																
Ferrexpo	FXPO	1700	2518	1248	859	1,439	765	50.5%	57.1%	61.3%	635	871	220	37.4%	34.6%	17.6%
<b>Railcar Manufacturing</b>																
Kryukiv Wagon	KVBZ	124	94	78	7	-5	-1	5.5%	-5.7%	-1.8%	3	-8	-5	2.2%	-9.0%	-6.8%
<b>Specialized Machinery</b>																
Turboatom	TATM	105	55	28	52	22	10	49.1%	40.7%	34.4%	8	0	-2	8.0%	0.5%	-5.6%
Motor Sich	MSICH	353	338	200	102	90	40	29.1%	26.5%	19.8%	32	23	-7	8.9%	6.9%	-3.6%
<b>Oil &amp; Gas</b>																
Ukrnafta	UNAF	1319	1320	844	320	168	56	24.3%	12.7%	6.7%	158	91	22	12.0%	6.9%	2.6%
Regal Petroleum	RPT	47	121	131	22	78	86	47.4%	64.4%	65.7%	3	51	55	6.7%	42.1%	41.9%
<b>Electric Utilities</b>																
Centrenergo	CEEN	764	460	388	17	-33	-16	2.2%	-7.1%	-4.2%	2	-36	-38	0.3%	-7.9%	-9.7%
Donbasenergo	DOEN	256	128	144	9	-13	-4	3.3%	-10.5%	-2.6%	1	-16	-15	0.4%	-12.9%	-10.7%
<b>Agro sector</b>																
MHP	MHPC	1911	2372	1898	340	648	290	17.8%	27.3%	15.3%	-133	393	-300	-7.0%	16.6%	-15.8%
Kernel (FY21, FY22, FY23E)	KER	5595	5332	3200	806	220	510	14.4%	4.1%	15.9%	513	-41	270	9.2%	-0.8%	8.4%
Astarta	AST	490	590	404	134	242	125	27.3%	41.0%	31.0%	10	147	36	2.1%	24.9%	9.0%
Agroton	AGT	68	41	20	33	8	-6	48.2%	19.8%	-30.0%	12	4	-40	17.4%	8.7%	neg
<b>Banks</b>																
		Total Assets			Total Equity			Total Income			Net Profit			Return on Equity		
Raiffeisen Bank Aval	BAVL	3795	4829	4238	456	571	464	271	348	314	151	179	41	33.2%	31.3%	8.8%

Source: Eavex Research

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