

## Trends

### Ukraine Eurobonds Rally on Prospect of EUR 9bn EU Loan Tranche; Naftogaz Bonds Lead Corporate Gains

Ukrainian sovereign Eurobonds gained an average of 3.7% over the past week, supported by news that Ukraine is set to receive an initial EUR 9bn loan tranche from the European Union in mid-June. The funds are expected to be used to cover urgent budget financing needs and procure drones. EU member states and European financial institutions have provided Ukraine with a total of about EUR 200bn in assistance, making the bloc the country's largest and most reliable financial partner.

Ukraine's 2029 sovereign Eurobond rose 2.6% to 81.4 cents on the dollar, implying a yield to maturity of 15.3%. Longer-dated Ukraine 2036 notes advanced 4.3% to 63.4 cents on the dollar, with the implied yield easing to 13.3%.

Among corporate Eurobonds, Naftogaz's 2028 issue posted the strongest performance, climbing 6.7% to 81.3 cents on the dollar, implying a yield to maturity of 18.6%. The company said gas inventories in underground storage facilities stood at 10.3bn cubic meters at the end of the heating season.

In the war developments, Ukrainian President Volodymyr Zelenskyy said Russia had launched in the last week more than 3,170 attack drones, over 1,300 guided aerial bombs and 74 missiles targeting Ukraine. In its turn, Ukraine launched more than 550 drones targeting more than a dozen Russian regions, including Moscow. "Ukraine will not allow any of the aggressor's strikes that take the lives of our people to go unpunished," Zelenskyy said on Friday on social media. "We are entirely justified in our responses against Russia's oil industry, military production, and those directly responsible for committing war crimes against Ukraine and Ukrainians."

Last month, Ukraine managed to liberate more land than Russia seized – the first time Moscow suffered a net loss of territory since Ukraine's August 2024 incursion into the southern Russian Kursk region, according to analysis from the Institute for the Study of War (ISW), a US-based conflict monitor.

## Highlights

- > US Sanctions on Russian Oil Return as Waiver Expires
- > Kyivstar posts USD 173mn EBITDA in 1Q26, up 24% YoY

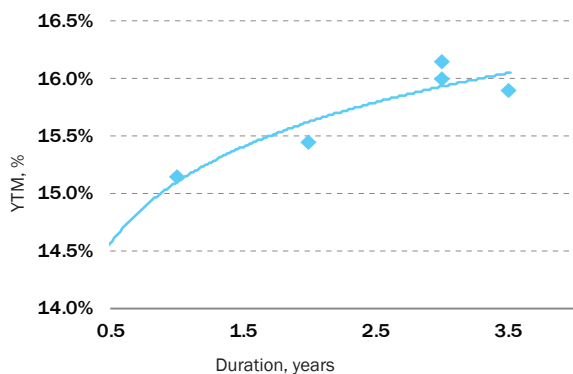
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

[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)

### UAH-DENOMINATED BOND YIELD CURVE



Source: Bloomberg, Eavex Capital

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.0%	0.0 p.p.	-0.5 p.p.
UAH 1-year bond yield	15.2%	0.0 p.p.	-1.2 p.p.
Ukraine-2029 yield	15.3%	-1.0 p.p.	-2.7 p.p.
Ukraine-2036 yield	13.3%	-0.6 p.p.	-1.2 p.p.

### OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	43.96	0.4%	3.7%
EUR/UAH	51.44	-0.2%	3.2%

Source: Eavex Capital

## US Sanctions on Russian Oil Return as Waiver Expires

by Will Ritter  
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### NEWS

The Trump administration has re-imposed US sanctions on the Russian oil industry, including majors Rosneft and Lukoil, after a waiver on the measures was allowed to expire on Saturday (May 16).

The waiver had been in place since mid-March due to tight supply on the global oil market. Opponents of the measure in the US had stated that the waiver was not effective in reducing energy prices for US consumers, and that it was handing the Putin regime windfall profits to continue its war against Ukraine.

Russian companies reportedly received some USD 21bn from oil sales during April, or close to twice as much as their monthly revenue prior to the US-Israeli war against Iran which began in late February.

Separately, despite hopes that a resolution of the war is coming closer, there was a major Russian attack against civilians last week, with 24 people killed by a Russian missile strike that hit an apartment block in Kyiv on Thursday (May 14).

President Zelenskiy complained that the missile used in the attack was filled with Western-made components, and called for stricter enforcement of sanctions to prevent Russian missile manufacturers from obtaining such items. On Sunday (May 17), Russian sources reported that 4 people were killed by Ukrainian drone strikes on targets in the Moscow suburbs.

### COMMENTARY

We are skeptical that the full force of US sanctions against Russian oil will remain in place for long, given the intense lobbying by Asian countries for so-called “carve-outs” which would provide them with relief from the ongoing global oil supply crunch.

We presume that this will be the primary topic on the agenda when top US diplomat Marco Rubio visits India later this week. Nonetheless, the return of the headline US sanctions on Russia is a much better situation for Ukraine than another extension of the waiver would have been, as it means that the Putin regime cannot rest easily on the promise of future oil windfalls.

Notably, Russia has thus far been unable to make substantial territorial gains on the front line this spring, bringing Putin no closer to his stated goal of capturing the remaining 2000 square miles of Ukrainian-controlled territory in Donetsk province. The military situation over the coming 3 months (through mid-late August) may be decisive in determining the trajectory of a peace agreement, we believe.

**Kyivstar posts USD 173mn EBITDA in 1Q26, up 24% YoY**

by Dmitry Churin  
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**KYIVSTAR (KYIV)**

Price: USD 13.3 Market Cap: USD 3.07bn

	EV/S	P/E	EV/EBITDA	Div. Yield
2025	2.7	25	4.8	n/a
2026E	2.5	10.2	4.5	n/a

**NEWS**

Kyivstar, whose shares trade on the New York Stock Exchange, nearly doubled net profit to USD 85mn in the first quarter of 2026.

Revenue rose 27% year-on-year to USD 323mn, while EBITDA increased 24% to USD 173mn. Telecom services generated USD 256mn in revenue, while additional digital services contributed USD 67mn.

The company forecasts revenue growth of 11%–14% in 2026.

**KYIVSTAR FINANCIALS**

USD mn	1Q 2025	1Q 2026	chg.
Net revenue	255	323	+27%
EBITDA	140	173	+24%
margin	55%	54%	-1.4 p.p.
Net Income	44	83	+93%
net margin	17%	26%	+8.4 p.p.

Source: Company data.

**COMMENTARY**

Earnings per share reached 37 cents in the first quarter. Based on expectations that the company could generate around USD 300mn in net profit this year, Kyivstar’s shares are currently trading at a forward P/E multiple of 10.2x. The company’s EV/EBITDA valuation multiple stands at 4.5x.

Kyivstar shares have gained only 2.6% since the start of the year. Over the past 12 months, the stock traded in a range between a low of USD 9.3 in March and a high of USD 15 in December.

Among its new growth initiatives, Kyivstar announced the development of an LLM artificial intelligence model called Syayvo, created jointly with the Ministry of Digital Transformation of Ukraine.

The company said the domestic LLM model would strengthen Ukraine’s national security through local data processing, particularly for defense applications. The model is also expected to help businesses and government agencies develop localized AI tools faster and at lower cost.

Kyivstar’s subscriber base declined by 0.4mn during the quarter to about 22 mn users. The company’s share of Ukraine’s mobile market is estimated at roughly 47%. Kyivstar also said it does not expect 5G deployment in Ukraine before the end of the war.

**SELECTED UKRAINIAN EUROBONDS**

Issue	Indicative Price	Price change in one week	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>								
Ukraine, 2029	81.4	2.6%	15.3%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	68.1	4.8%	10.9%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	65.3	4.0%	13.7%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	64.0	3.1%	13.5%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	63.4	4.3%	13.3%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
<b>Corporate Eurobonds</b>								
MHP, 2029	103.1	0.7%	9.3%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	94.2	0.2%	11.3%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	79.5	-1.1%	24%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2028	96.7	0.4%	8.3%	6.875%	09 Nov 2028	825	USD	//
Metinvest, 2029	89.9	1.9%	11.4%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2028	81.3	6.7%	18.6%	7.625%	8 Nov 2028	500	USD	//
Ukrainian Railways, 2026	78.0	1.0%	n/a	8.25%	9 Jul 2026	500	USD	//

<sup>1</sup> Moody's/S&P/Fitch

Source: Boerse-Berlin, Boerse-Stuttgart. TR Data, Eavex Research

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