

Trends

Ukraine's Sovereign Eurobonds Rally to Post-Restructuring Highs as Corporate Debt Holds Steady

Ukrainian sovereign Eurobond prices continued to advance. Ukraine's 2029 sovereign issue gained 2.4% over the week to 83.3 cents on the dollar, implying a yield to maturity of about 14.3%. The bond is now trading at its highest level since it began trading in August 2024 following the restructuring of Ukraine's commercial external debt.

Prices of Ukraine's longer-dated 10-year Eurobonds rose 3.8% to 65.8 cents on the dollar, implying a yield of about 12.7%.

Key corporate Eurobonds issued by Ukrainian companies were largely unchanged. MHP's 2029 bonds traded at 103.2 cents on the dollar, implying a yield of 9.3%, while Kernel's 2027 notes traded at 94.3 cents with a yield of 11.3%.

Quasi-sovereign Eurobonds of the natural gas operator NaftoGaz with maturity in 2028 gained by 2.1% to 83.0 (17.7% YTM).

On the currency front, the hryvnia weakened by 0.6% to 44.23 UAH/USD as the country's current account deficit continue to increase in April. Higher cost of fuel imports was among negative factors for Ukrainian trade balance.

In the latest war news, Russia pounded Kyiv and surrounding areas with hundreds of drones and missiles on Sunday in one of the heaviest bombardments of the city since the start of the four-year war, firing an Oreshnik hypersonic missile near the capital. Authorities said dozens of residential buildings and several schools had been damaged, many in the centre of Kyiv.

European leaders condemned the Kyiv attack, with Britain and Germany describing the use of the Oreshnik - an intermediate range missile capable of carrying nuclear warheads - as an "escalation".

Meanwhile, Kyiv has created the world's first military branch dedicated to unmanned systems as the decisive front shifts from land battles to the skies.

Highlights

- Ukraine's Economy Returns to Growth After First-Quarter Contraction

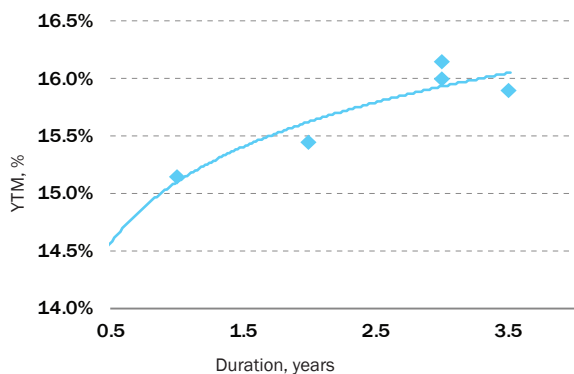
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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

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	14.3%	-1.0 p.p.	-3.7 p.p.
Ukraine-2036 yield	12.7%	-0.6 p.p.	-1.8 p.p.

OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	44.23	0.6%	4.3%
EUR/UAH	51.30	-0.3%	2.9%

Source: Eavex Capital

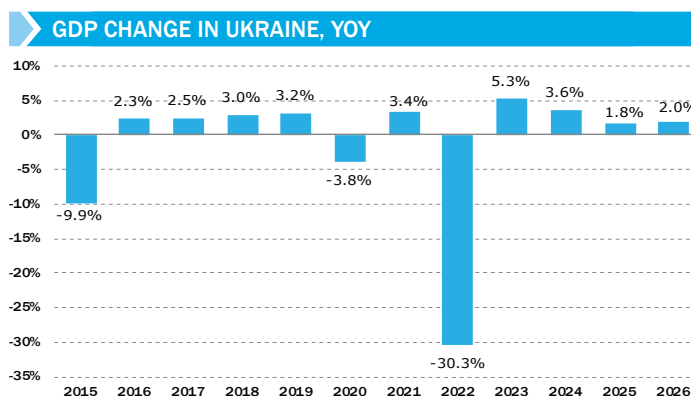
Ukraine's Economy Returns to Growth After First-Quarter Contraction

by Dmitry Churin
d.churin@eavex.com.ua

NEWS

Ukraine's economy returned to growth after contracting in the first quarter of 2026. The country's GDP expanded 0.9% year-on-year in April.

Real GDP declined 0.5% in the first quarter.



Source: State Statistics Committee, Eavex Research

COMMENTARY

Under an optimistic scenario, Ukraine's economy could expand by 2% in 2026. However, renewed power outages in the autumn could significantly weaken GDP dynamics. As a result, a more meaningful acceleration in economic growth is likely to materialize only in the coming years.

The government's updated economic strategy envisages lifting average annual GDP growth to 6% by increasing the share of investment in GDP to 30%. Another key objective is the return of around 3 million Ukrainians from abroad. The strategy was presented to international financial partners including Bank of America, BlackRock and Citibank, among others.

Defense technology, energy and agriculture, transport infrastructure, machinery manufacturing, the IT sector and critical minerals extraction are expected to become Ukraine's main investment themes.

The government plans to present large-scale state investment projects at the next Ukraine Recovery Conference, which is scheduled to take place in Poland in late June.

Ukraine's first disbursements from the European Union's €90 billion financial support package have become a catalyst for renewed foreign investor interest in the country.

In particular, Ukrainian sovereign Eurobonds have rallied sharply. Ukraine's 2029 Eurobond fell to 70 cents on the dollar in March, but has since rebounded to 83 cents, implying a yield to maturity of about 14.3%.

SELECTED UKRAINIAN EURO BONDS								
Issue	Indicative Price	Price change in one week	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings ¹
Sovereign Eurobonds								
Ukraine, 2029	83.3	2.4%	14.3%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	69.7	2.3%	10.3%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	67.8	3.8%	13.0%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	66.7	4.2%	12.8%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	65.8	3.8%	12.7%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	103.2	0.1%	9.3%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	94.3	0.1%	11.3%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	80.8	1.6%	23%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2028	97.1	0.4%	8.3%	6.875%	09 Nov 2028	825	USD	//
Metinvest, 2029	89.9	0.0%	11.4%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2028	83.0	2.1%	17.7%	7.625%	8 Nov 2028	500	USD	//
Ukrainian Railways, 2026	77.4	-0.8%	n/a	8.25%	9 Jul 2026	500	USD	//

¹ Moody's/S&P/Fitch

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

Eavex Capital

7 Klovsky uzviz, 16th Floor
Carnegie Center
Kyiv, 01021, Ukraine

Telephone: +38 044 590 5454

E-mail: research@eavex.com.ua

Web-page: www.eavex.com.ua

Yuriy Yakovenko

Chairman of the Board

SALES & TRADING

Pavlo Korovitskiy

Managing Director

Equity and Fixed Income

p.korovitskiy@eavex.com.ua

RESEARCH

Dmytro Churin

Head of Research

d.churin@eavex.com.ua

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