

Trends

Ukraine Sovereign Bonds Decline, Metinvest 2029 Issue Gains

Ukrainian sovereign Eurobonds declined by an average of 2.4% over the past week. The steepest losses were recorded by the benchmark 2036 notes, which fell 2.9% to 66.9 cents on the dollar, implying a yield of 12.6%.

The benchmark Ukraine-2029 Eurobond slipped 1.3% to 83.4 cents on the dollar, lifting its yield to 14.9%.

Among corporate Eurobonds, Metinvest's 2029 issue outperformed, gaining 2.6% to 93.2 cents on the dollar, implying a yield to maturity of 10.2%. Meanwhile, MHP-2029 issue edged down by 0.3% to close at 104.1 (8.9% YTM).

On the currency front, the hryvnia was little changed against the dollar at 44.92 UAH/USD, as the National Bank continued to intervene in the foreign-exchange market to offset strong demand for hard currency amid a widening current account deficit.

Yields on domestic hryvnia-denominated government bonds offered at primary auctions remained unchanged, with one-year notes priced at 15.15% and three-year bonds at 16.15%.

At the Ukraine Recovery Conference 2026, co-hosted by Poland and Ukraine in Gdańsk, President von der Leyen reaffirmed that the European Union will continue to stand firmly by Ukraine. In her opening speech, President von der Leyen announced the first disbursement of EUR 3.2bn in budgetary support under the macro-financial assistance of the EUR 90bn Ukraine Support Loan, as well as the first instalment of the EUR 6 bn defence package to support drone procurement to be disbursed in the coming days.

Just ten days after the historic decision to open the first cluster of Ukraine's accession negotiations, the conference marked another step in the European Union's support for Ukraine's recovery, defence and reconstruction.

In addition, throughout the conference, the Commission signed agreements worth over EUR 1.1bn in new financing under the Ukraine Investment Framework with our implementing partners, such as the European Investment Bank and European Bank for Reconstruction and Development.

Highlights

- > Kernel Valuation Report Sets Fair Value at PLN 19.93 a Share

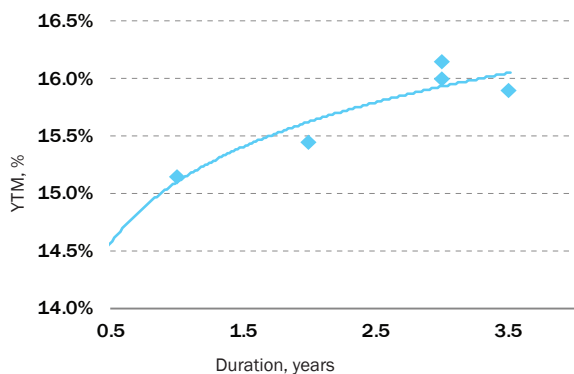
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

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

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	14.9%	0.8 p.p.	-3.1 p.p.
Ukraine-2036 yield	12.6%	0.5 p.p.	-1.9 p.p.

OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	44.92	0.0%	6.0%
EUR/UAH	50.92	-1.0%	2.1%

Source: Eavex Capital

Kernel Valuation Report Sets Fair Value at PLN 19.93 a Share

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

KERNEL (KER PW)

Price: PLN 19.22 Market Cap: USD 1,496mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
2025FY	0.7	0.4	6.3	3.5	0.0%
2026FY	0.0	0.4	6.0	3.4	0.0%

NEWS

As part of the process following Kernel's majority shareholder increasing its stake above 95% in 2025, the company commissioned a second valuation report for a mandatory sell-out procedure initiated by several minority shareholders.

The first valuation, prepared by KPMG, estimated Kernel's fair value at PLN 19.45 per share. After minority shareholders challenged those findings, a second report prepared by Grant Thornton was published last week, valuing Kernel shares at PLN 19.93.

Depending on the methodology applied, the valuation range spanned from PLN 13.80 to PLN 25.92 per share. The final valuation of PLN 19.93 was derived by combining a discounted cash flow (DCF) analysis with market-based valuation methods, including comparable trading multiples and quoted market prices.

COMMENTARY

Grant Thornton's 130-page valuation report provides a comprehensive overview of the assumptions underpinning Kernel's financial forecasts through 2033.

From a conventional DCF perspective, the valuation methodology appears well documented and internally consistent. However, the underlying operating assumptions look overly conservative. The report assumes Kernel's revenue will grow by less than 2% annually through 2033.

In our view, such projections significantly understate the growth potential of a vertically integrated company with capacity to expand its operations. The report also forecasts that Kernel's EBITDA will remain below the actual EBITDA generated during 2022-2025 throughout the entire forecast period to 2033.

Questions also arise regarding the peer valuation section, where the report cites an average EV/EBITDA multiple of 3.3x for listed Ukrainian agricultural companies including MHP, Astarta and IMC as of the valuation date. The accuracy of those comparable market multiples appears debatable.

Overall, the valuation leaves the impression that Kernel's fair value may have been artificially depressed through the use of conservative operating forecasts and questionable peer-group valuation multiples. As a result, the outlook for Kernel's Warsaw-listed shares remains challenging. The stock has fallen 8.3% since the start of the year to PLN 19.22.

Kernel's October 2027 Eurobond is currently indicated at 94.7 cents on the dollar, implying a yield to maturity of 11.2%.

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	83.4	-1.3%	14.9%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	70.3	-2.1%	10.3%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	68.8	-2.8%	13.0%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	67.8	-2.9%	12.8%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	66.9	-2.9%	12.6%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	104.1	-0.3%	8.9%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	94.7	0.0%	11.2%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	87.8	0.2%	16.3%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2028	97.1	0.3%	8.2%	6.875%	09 Nov 2028	825	USD	//
Metinvest, 2029	93.2	2.6%	10.2%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2028	87.3	0.2%	n/a	7.625%	8 Nov 2028	500	USD	//
Ukrainian Railways, 2026	82.7	0.9%	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.korovitsky@eavex.com.ua

RESEARCH

Dmytro Churin

Head of Research

d.churin@eavex.com.ua

Investing in emerging markets' securities may entail certain risks. There may be limited information available on such securities. Securities of emerging markets' companies may be less liquid and their prices more volatile than securities of comparable developed markets' companies. In addition, exchange rate movements may have an adverse effect on the value of an investment.

This document is based on data we deem to be reliable, though we do not guarantee its accuracy or completeness and make no warranties regarding results from its usage. Forecasts are estimates by specialists working for us, and actual events may turn out to be fundamentally different due to unforeseen circumstances. This document is provided for information purposes only.

Copyright 2026 Eavex Capital. All rights reserved.

Securities and Stock Market State Commission licence, issued 06.10.2015