

Trends

IMF's USD 8.1bn Program Fails to Lift Ukraine's Eurobonds as 2035 Notes Slide to 60.6 Cents

News that the Executive Board of the IMF approved a new four-year, USD 8.1bn program for Ukraine has yet to be reflected in the country's Eurobond prices. Indicative quotes for the Ukraine-2035 notes fell 2.6% to 60.6 cents on the dollar, implying a yield to maturity of 14.7%. The Ukraine-2029 issue declined by 1.7% to 76.6 cents (17.8% YTM).

The corporate Ukrainian Eurobonds remain little changed last week with Metinvest-2029 trading at 87.8 (11.9% YTM) and MHP-2029 edging down 0.3% to 103.4 (9.7% YTM).

The IMF will immediately disburse about USD 1.5bn to Kyiv. This financing forms part of a USD 137bn international support package for Ukraine. The approval of the IMF program is expected to mobilize large-scale concessional financing from Ukraine's international donors and partners, to help resolve Ukraine's balance of payments problem, attain medium-term external viability, and restore debt sustainability on a forward-looking basis.

Ukraine's authorities are committed to implementing ambitious structural reforms to secure robust post-war recovery and reconstruction and their EU accession goal. These include strengthening fiscal institutions and tax administration, enhancing governance and anti-corruption frameworks, developing the financial and capital market infrastructure for post-war reconstruction supported by private credit growth, and promoting a market-based economy. Nevertheless, the war has taken a toll on economic and social conditions, with slowing growth and the outlook remaining subject to exceptionally high uncertainty.

In the domestic government bond market, yields offered by the Finance Ministry continued to edge lower. At the Feb. 24 primary auction, one-year hryvnia bonds were placed at 15.3%, while three-year notes cleared at 16.3%.

Highlights

- › Ukraine Backs US-Israeli Attack on Iran, Offers Support to Gulf States
- › Kernel Misses Expectation Posting Net Profit of USD 24mn in Oct-Dec Quarter (-57% YoY)

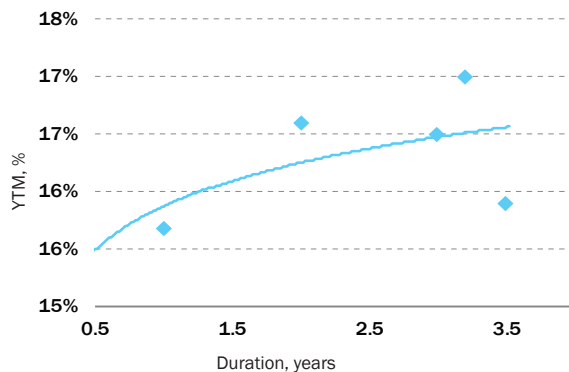
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

www.bank.gov.ua/en/about/support-the-armed-forces

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	15.3%	-0.1 p.p.	-1.1 p.p.
Ukraine-2029 yield	17.8%	0.9 p.p.	-0.2 p.p.
Ukraine-2036 yield	14.7%	0.8 p.p.	0.2 p.p.

CASH EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	43.30	-0.3%	2.4%
EUR/UAH	51.30	0.0%	2.7%

Source: Eavex Capital

Ukraine Backs US-Israeli Attack on Iran, Offers Support to Gulf States

by Will Ritter
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NEWS

Ukraine's government expressed implicit support this weekend (Feb 28-Mar 1) for the joint US & Israeli attack against Iran which assassinated the country's longtime leader Ali Khamenei, who had been in power for 37 years.

Foreign Minister Andriy Sybiha issued a public statement expressing "solidarity" with nations in the Middle East, including Jordan, Kuwait, the UAE, Qatar, and Bahrain, which were hit by Iranian retaliatory missile strikes due to their hosting of US military bases. Sybiha accused Iran of "a criminal policy of violence, terror, and aggression."

Meanwhile, President Zelenskiy has offered Ukrainian expertise in drone and missile defense to assist the Gulf States, which have struggled to shoot down Iranian projectiles despite possessing expensive Western air defense systems.

Zelenskiy also stressed Iran's longtime role in arming Russia with the Shahed drones that have been used extensively to attack Ukraine over the last 4 years.

COMMENTARY

It is difficult for us to see how the US-Israeli war against Iran could be positive for Ukraine in the near term.

The resulting rise in oil prices is likely to provide an immediate boost to the Russian war economy, while the neutering of the Iranian regime has only a symbolic value, since Russia is now producing most of its drones domestically.

Of course, there is uncertainty about how much oil will actually rise; the initial increase in the Brent price was a relatively modest 10% to near USD 79 per barrel. Perhaps even more importantly, the war against Iran will deflect the Trump administration's attention from Ukraine at a time when Ukraine will be facing renewed Russian offensive operations to capture territory this spring.

The peace process had already been floundering amid the Kremlin's repeated demands for Zelenskiy to cede the remaining 2000 square miles of Ukrainian-controlled Donbas territory; in our opinion, we are nearing the point where substantive peace talks may simply be abandoned, with the window to end the war before the 2026-27 winter closing quickly.

Kernel Misses Expectation Posting Net Profit of USD 24mn in Oct-Dec Quarter (-57% YoY)

by Dmitry Churin
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KERNEL (KER PW)

Price: PLN 20.95 Market Cap: USD 1,722mn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
FY25	0.8	0.5	7.2	4.7	0.0%
FY26E	0.0	0.5	6.9	5.4	0.0%

NEWS

Kyiv-based, Warsaw-listed Kernel Holding, Ukraine's largest sunflower oil producer, reported a net profit of USD 24mn for October-December, the second quarter of its 2026 fiscal year. The figure marks a 57% decline from the same period a year earlier.

Net income for July-December dropped by 33% YoY to USD 119mn. Revenue for the six-month period declined by 1% to USD 1.92bn, and EBITDA fell 14% to USD 247mn, with an EBITDA margin of 12.8%.

The company's CAPEX was USD 25mn in Oct-Dec 2025, primarily related to the reconstruction of the transshipment terminal in Chornomorsk, agricultural machinery, standby power equipment, and grain railcars.

In December 2025, the Group completed the reconstruction of the Transbulkterminal, which had been damaged by a targeted Russian missile attack in August 2023. Upon completion, the terminal's transshipment capacity was fully restored to its original level of 10mn tonnes of soft commodities per annum. Kernel's grain exports from Ukraine totaled 1.5mn tonnes in Q2FY2026, representing a 15% share in the total grain exports from Ukraine in the period.

KERNEL FINANCIAL RESULTS

USD mn	2Q2024	2Q2025	YoY	1H2024	1H2025	YoY
Net revenue	1,149	1,098	-4%	1,947	1,924	-1%
EBITDA	118	103	-13%	287	247	-14%
EBITDA margin	10.3%	9.4%	-0.9 p.p.	14.7%	12.8%	-1.9 p.p.
Net Income	56	24	-57%	177	119	-33%
Net margin	4.9%	2.2%	-2.7 p.p.	9.1%	6.2%	-2.9 p.p.

Source: Company data,

COMMENTARY

Kernel disappointed with its financial results for the Oct-Dec quarter largely missing expectations.

The company did not provided clear reasons for the revenue underperformance, while noting that a higher logistics cost worsened profitability in the reported period.

On the debt side, Kernel's net debt rose to USD 451mn. The net debt-to-EBITDA ratio increased to 1.1x as of December 31, 2025, compared with 0.7x a year earlier. The interest coverage ratio, calculated on a last-twelve-months basis, remained robust at 13.2x EBITDA-to-Interest.

In absolute terms, total debt was USD 782mn. Cash holdings amounted to USD 331mn. Total assets stood at USD 3.4bn as of the reporting date.

Kernel's stock has been virtually unchanged at PLN 21 level since the start of the year.

The company's eurobonds maturing in 2027 are trading at 95 cents on the dollar, implying a yield to maturity of 9.8%.

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	76.6	-1.7%	17.8%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	64.1	-1.1%	12.0%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	61.7	-2.5%	15.0%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	60.6	-2.6%	14.7%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	61.0	-0.5%	14.1%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
Corporate Eurobonds								
MHP, 2029	103.4	-0.3%	9.7%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	95.3	-0.3%	9.8%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	80.6	0.0%	21%	5.00%	31 Dec 2027	1,645	USD	//
Metinvest, 2026	98.4	0.0%	n/a	8.50%	23 Apr 2026	648	USD	Caa3//CCC
Metinvest, 2029	87.8	0.0%	11.9%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2026	79.3	-0.1%	18.0%	7.625%	8 Nov 2026	500	USD	//
Ukrainian Railways, 2026	79.4	0.1%	n/a	8.25%	9 Jul 2026	500	USD	/CC/C

¹ Moody's/S&P/Fitch

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

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