

# The Hidden European Compounder

Kyivstar (\$KYIV): Deep Value, Digital Transformation, and Fortress Fundamentals.

Weekly Analytical Report | February 4, 2026

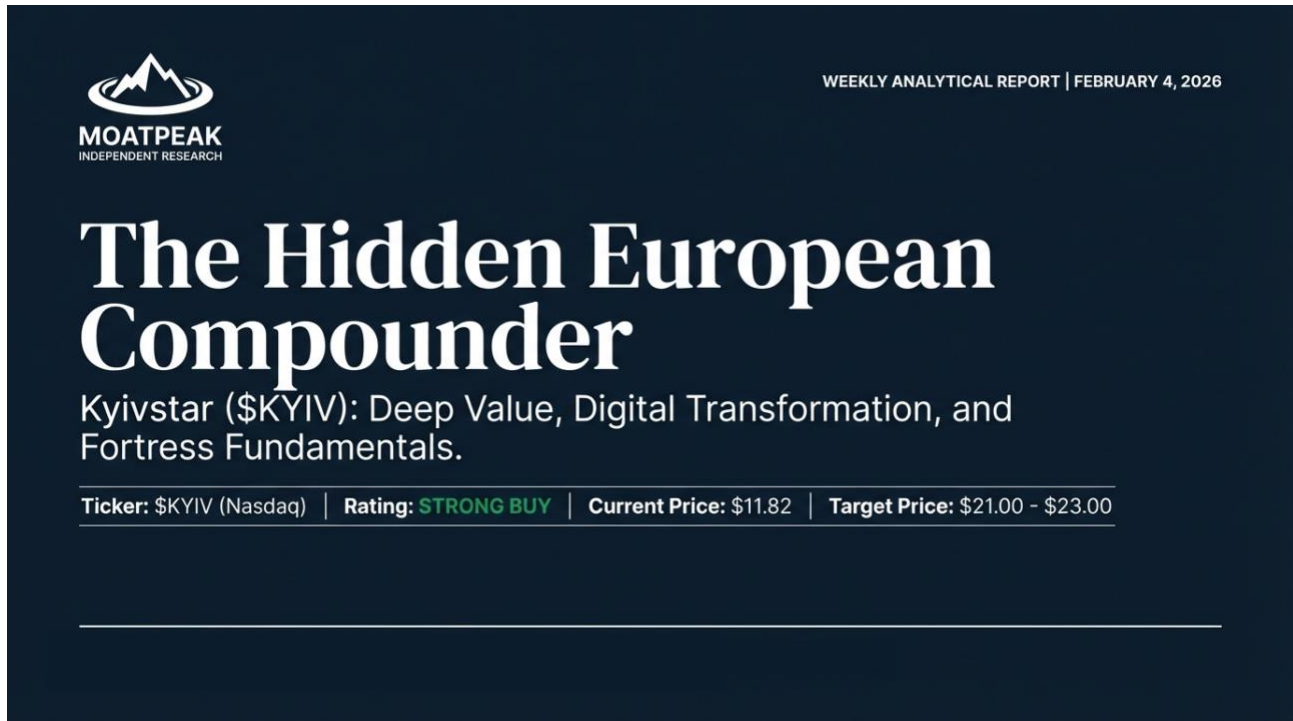


Figure 1. Report cover - Kyivstar (\$KYIV) overview

**Key takeaway:** Our view is that Kyivstar is being priced as a distressed frontier utility despite behaving like a high-growth digital ecosystem with fortress fundamentals.

# 1. Executive Summary

We believe \$KYIV (Kyivstar) is a rare structural alpha opportunity—exactly the kind of setup that tends to appear only during deep frontier market dislocations. While many generalist investors instinctively pull back because of headline geopolitical risk, a close, data-driven look at the fundamentals shows what we see as a striking mispricing.

\$KYIV is a Nasdaq-listed company trading at a 17.4% Free Cash Flow (FCF) yield, supported by a 57.6% EBITDA margin, placing it in the top decile of global telecom operators. The “So what?” for the MoatPeak community is that, at the current \$11.82 share price, the market is treating this as a distressed, high-risk utility, even though the underlying business is behaving like a high-growth digital ecosystem. (see Figure 2).

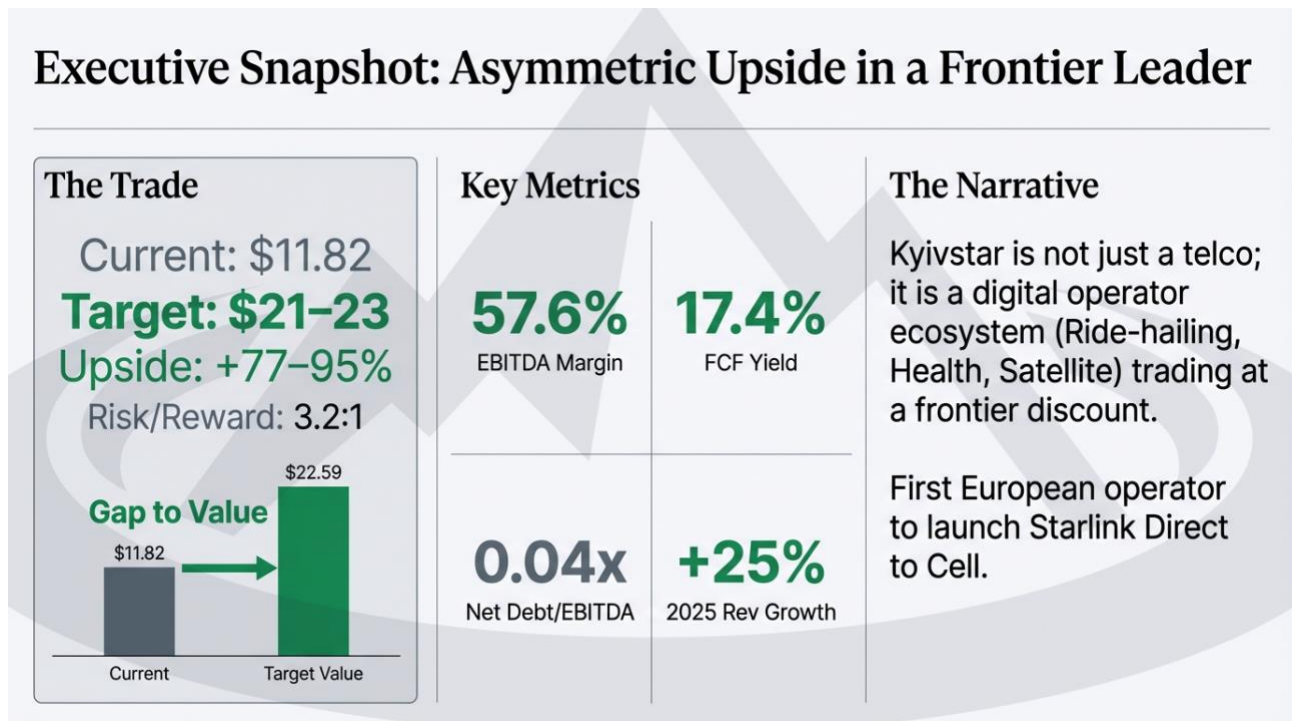


Figure 2. Executive snapshot: asymmetric upside setup

**Key takeaway:** At ~\$11.82, \$KYIV screens as deep value on a high FCF yield and top-decile margins, which we believe the market is over-discounting on perceived risk.

At today’s valuation, we are looking at a company that generates over \$2 of FCF per share (on a total share count of 230.86 million) and runs with a fortress balance sheet. The disconnect, in our view, lies in how investors are pricing the risk around a US-listed frontier asset versus the company’s actual capital cycle position and operational reality.

Our thesis is that bridging this valuation gap requires looking past the noise to how this asset is structured, how its cash flows are evolving, and where it sits in the capital cycle today. (see Figure 3).

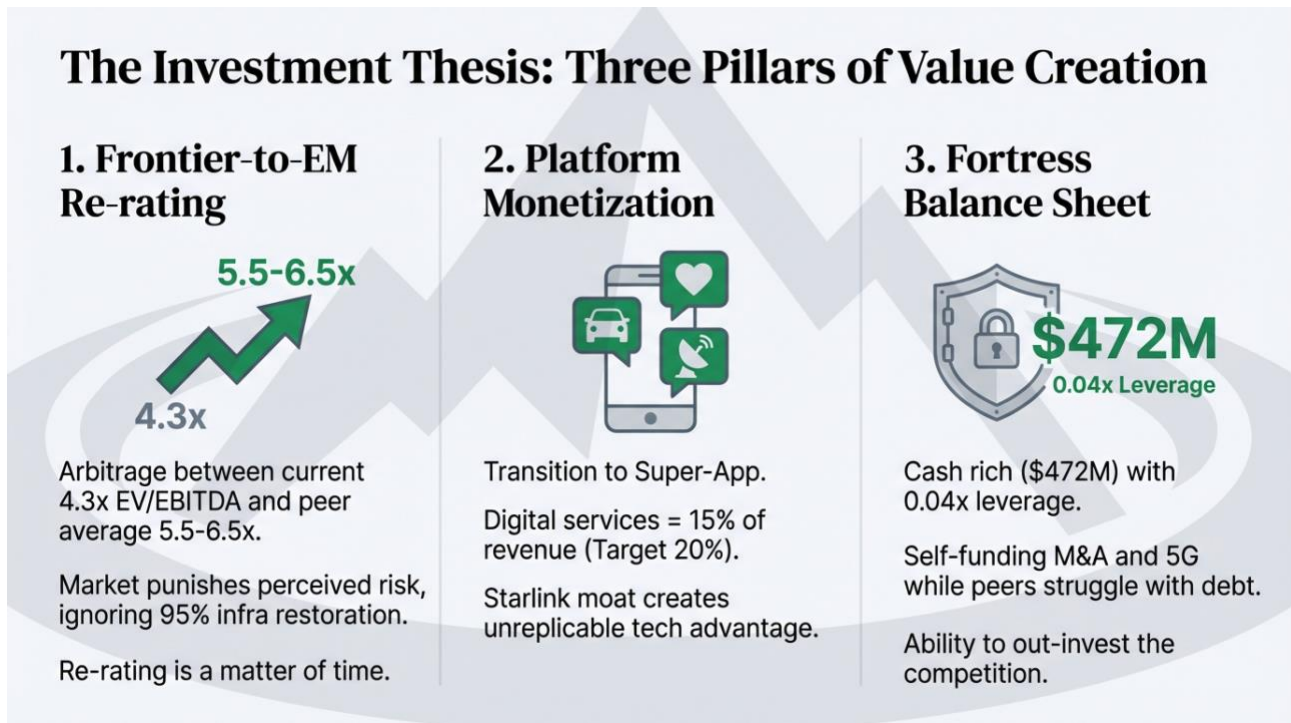


Figure 3. Investment thesis: three pillars of value creation

**Key takeaway:** We see the re-rating path as a function of frontier discount compression, platform monetization, and balance-sheet strength that supports reinvestment through the cycle.

## 2. Impact on US Markets and Asset Movements

Since listing on the Nasdaq in August 2025, \$KYIV has become a key vehicle for institutional capital looking for exposure to both the digital transformation and physical reconstruction of its home market. At the same time, being a frontier equity listed in the US means the stock is highly sensitive to the US macro backdrop, particularly to interest rate expectations.

We track the 10-year US Treasury yield and \$TLT closely, as both inform the discount rates applied to frontier-market equities in global portfolios. Our internal Weighted Average Cost of Capital (WACC) for \$KYIV stands at 15.37%, which already embeds a 10% country risk premium. Even under this elevated hurdle rate, the asset’s expected internal rate of return remains compelling.

On our MoatPeak models, \$KYIV’s beta of 0.49—highlighted in Moat Navy (#071827)—reflects its relatively low correlation with broader US market volatility. For us, this creates an unusual diversification benefit: an equity with frontier exposure but less sensitivity to standard US equity drawdowns.

### Valuation Multiples: The Frontier Discount

The spread between \$KYIV’s 4.3x EV/EBITDA and the 5.5x–6.0x range of regional peers illustrates what we view as a clear valuation vacuum. The market is effectively pricing \$KYIV like a high-risk, quasi-utility, overly influenced by discount rate fears, while the company is actually delivering ~25% revenue growth, more reminiscent of a “Tech-Lite” Western digital player than a slow-growth telco.

This disconnect between perception and fundamentals is the core driver of our high-conviction thesis.

### 3. European and Global Market Positioning

Within the broader European telecom universe, \$KYIV is a clear outlier. Most Western European operators are stuck in a low-growth regime, typically fighting for 2–5% top-line growth and pressured by regulation, competition, and sluggish demand.

By contrast, \$KYIV is growing revenues at 25%, powered by a decisive pivot from a traditional connectivity provider to a digital-first platform. This growth is happening in an environment where many global telecom operators are still wrestling with rising OPEX, partly driven by global energy price volatility. (see Figure 4).

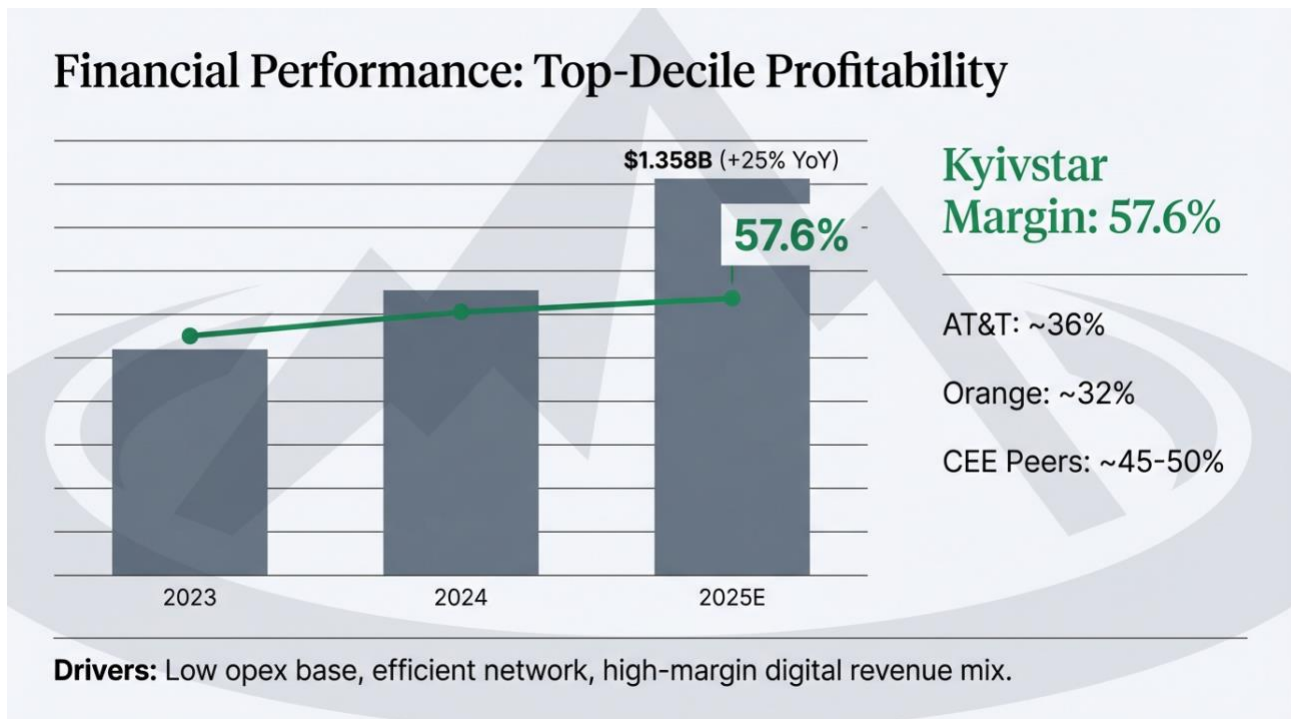


Figure 4. Financial performance: top-decile profitability

**Key takeaway:** In our view, strong growth alongside top-decile profitability underscores that the business is behaving more like a digital platform than a mature European telco.

What differentiates \$KYIV is its fortress balance sheet. With Net Debt/EBITDA of just 0.04x and a \$472 million cash position, the company enjoys a capital structure that most European incumbents simply do not have. Many of its peers run leverage of 2–3x Net Debt/EBITDA, which forces them into defensive capital allocation, limited growth capex, and incremental improvements. (see Figure 5).

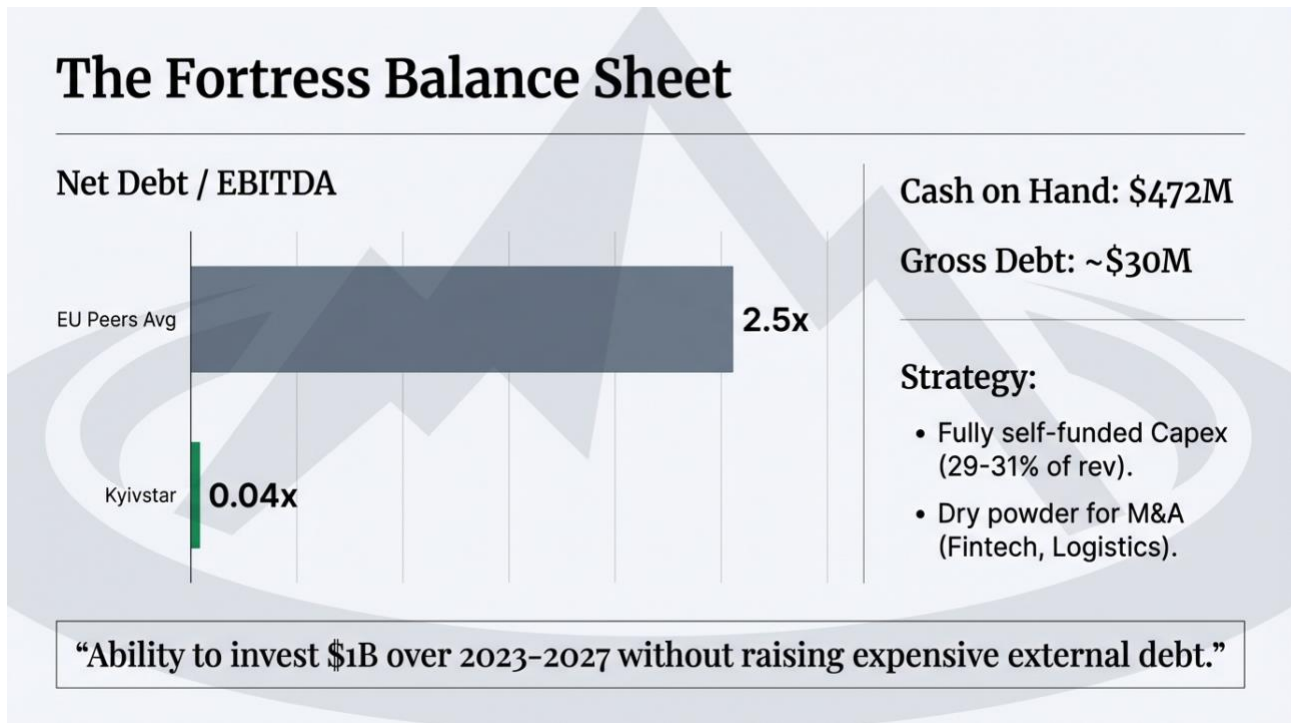


Figure 5. The fortress balance sheet

**Key takeaway:** Net Debt/EBITDA near zero and substantial cash provide flexibility to invest and compound while peers remain constrained.

\$KYIV, by contrast, can absorb macro shocks, continue to invest aggressively, and expand its moat while others are constrained. This combination of strong growth, ultra-low leverage, and high margins places it in a very small global peer set.

## 4. Sectoral Dynamics and High-Conviction Tickers

The Ukrainian telecom market is effectively a disciplined oligopoly. Within this structure, \$KYIV holds a 47% market share, followed by Vodafone (35%) and Lifecell (18%). Such a concentrated market naturally discourages destructive price wars and supports rational pricing behavior, which in turn helps sustain \$KYIV’s 57.6% EBITDA margin, one of the highest in the sector globally. (see Figure 6).

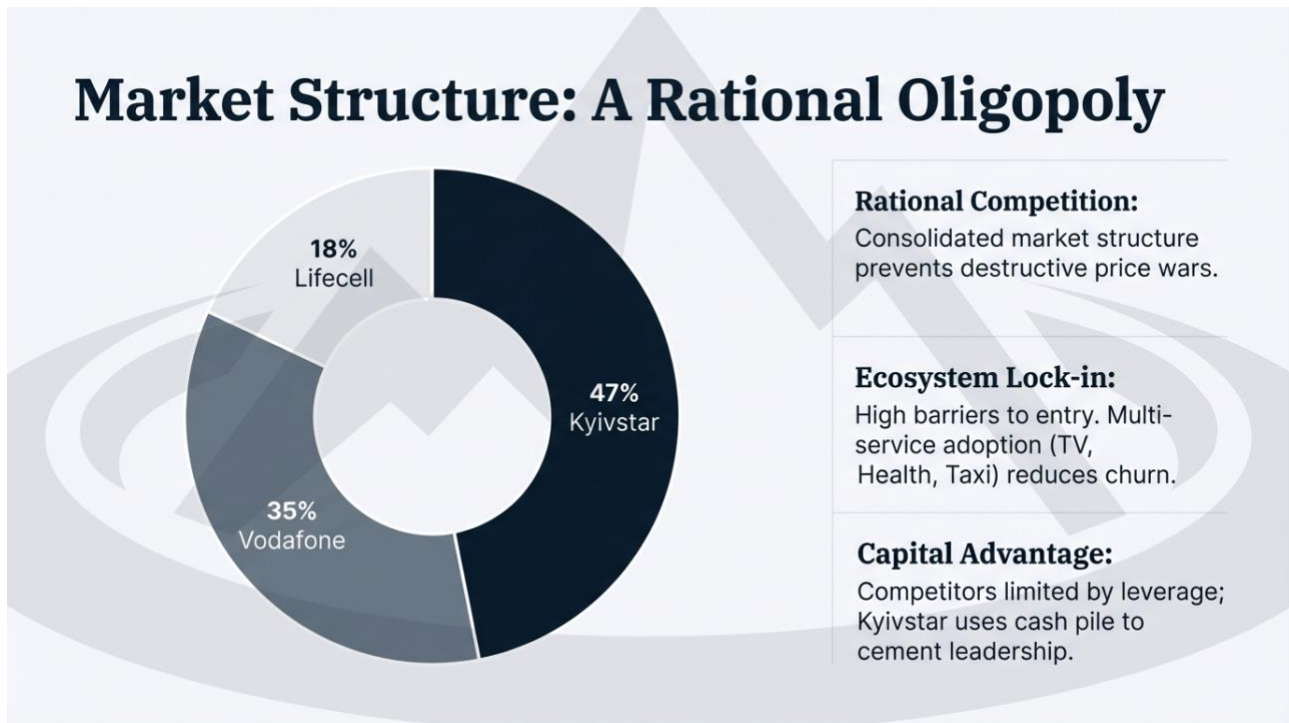


Figure 6. Market structure: a rational oligopoly

**Key takeaway:** A concentrated market structure supports rational pricing, which we see as a core driver of Kyivstar's outsized margins.

### The Platform Play: Beyond the Pipe

We do not view \$KYIV (\$KYIV) as merely a traditional telecom operator. In our work, we categorize it as a technology-led platform with connectivity as the core but not the endgame.

- **Starlink Direct to Cell Integration:** \$KYIV is the only operator in Europe with live Starlink Direct to Cell integration. This partnership already serves 3 million users and is building a powerful moat in B2B verticals such as agriculture and logistics, where always-on, resilient connectivity is mission-critical.
- **The Digital Ecosystem:** The company has executed a convincing "Super-App" strategy. Non-telecom revenues already account for 10.3% of the overall mix, with a clear path to 20% by 2027. This shift is being driven by the \$155 million acquisition of Uklon (ride-hailing) and the integration of Helsi (e-health) into the broader service stack.

# Business Model: From Telco to Digital Ecosystem

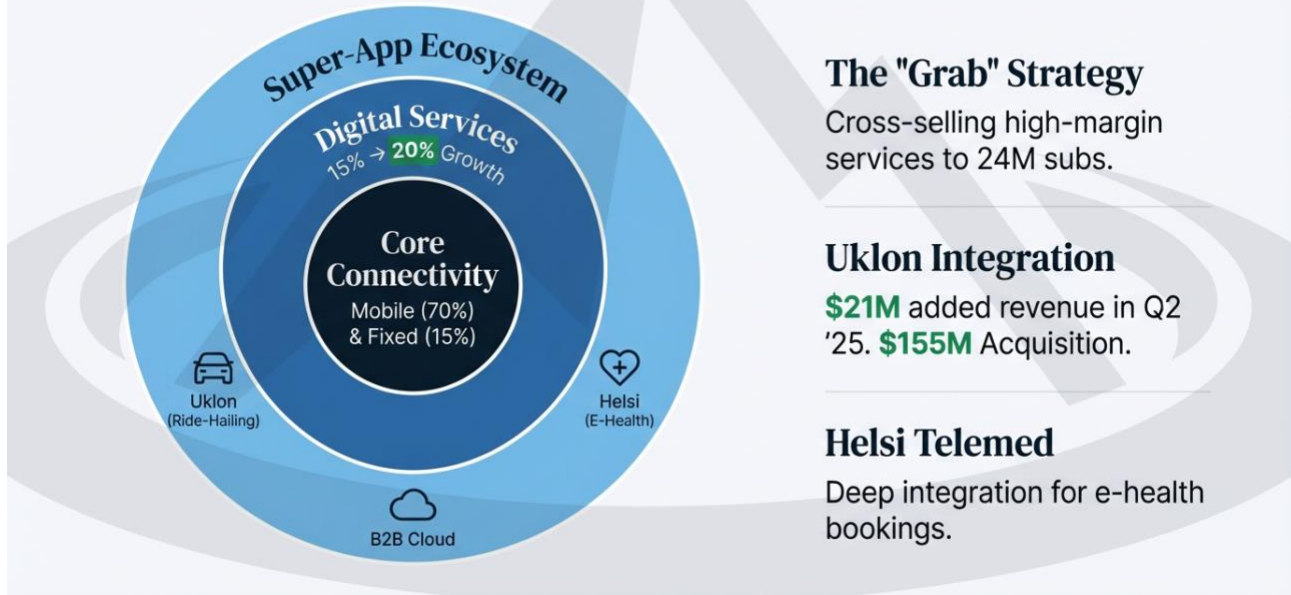


Figure 7. Business model: from telco to digital ecosystem

**Key takeaway:** We categorize Kyivstar as a technology-led digital operator, where a super-app strategy expands monetization beyond core connectivity over time.

- **Infrastructure Superiority:** In Q1 2025 alone, \$KYIV restored or built 2,828 base stations. Combined with 95.9% 4G coverage, this creates a network and infrastructure moat that is extremely difficult to replicate—especially in today’s constrained capital environment.

# The Strategic Moat: Infrastructure & Starlink Exclusivity

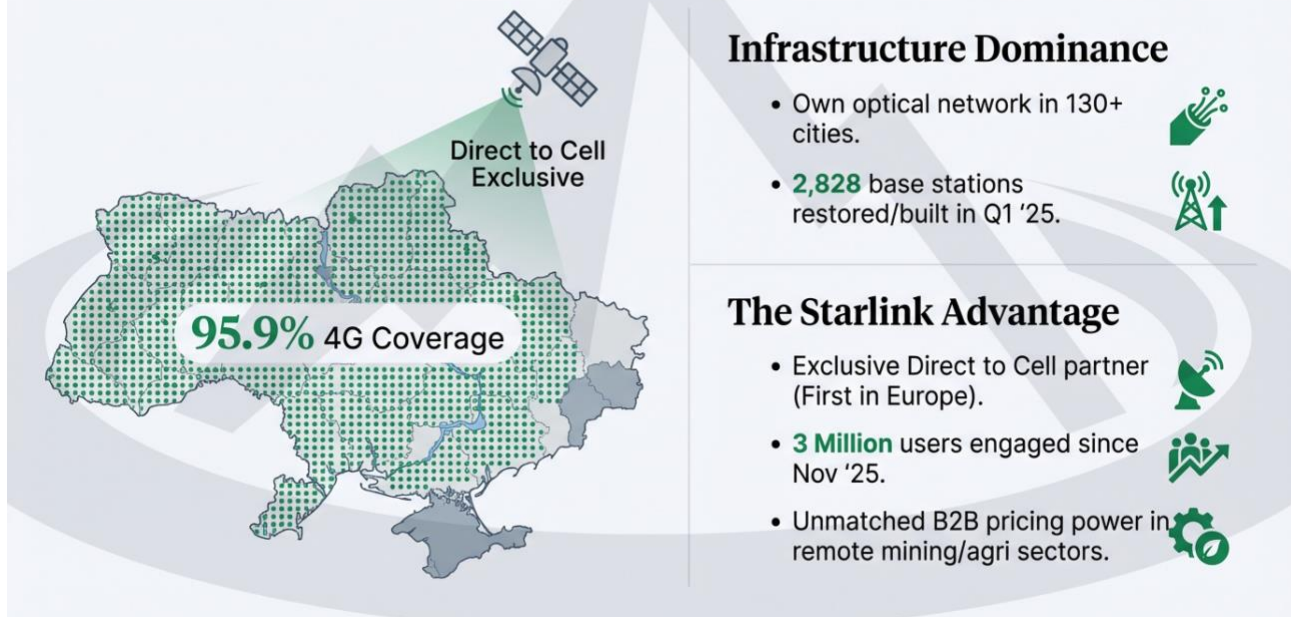


Figure 8. Strategic moat: infrastructure and Starlink exclusivity

**Key takeaway:** Infrastructure resilience and Starlink Direct-to-Cell positioning reinforce differentiation, supporting durable cash flows through a disrupted capital cycle.

- **M&A Pipeline:** Management has identified up to ten potential targets in fintech and logistics, indicating that the platform transformation is still in its early innings. We see this as an unfolding story, not a completed one.

## 5. The Gray Rhinos: Undervalued Signals and Catalysts

We focus on several “Gray Rhinos”—drivers that are obvious in plain sight but largely ignored by the market—that we expect to act as catalysts for a re-rating over the next 12 months.

- **The Reflexivity of Reconstruction:** There is a dedicated \$6 billion reconstruction fund earmarked for telecom infrastructure. While persistent market pessimism has kept \$KYIV’s share price depressed, the company is using its \$472 million cash pile to reinvest at high rates of return, just as many competitors are starved of capital. This sets up a reflexive loop: headline risk keeps the valuation low, which allows \$KYIV to deploy capital aggressively and widen its moat. Over time, the growing strength of the franchise should force the market to reassess intrinsic value.
- **Starlink Monetization:** In our internal models, the 2026 full commercial launch of Starlink voice and data is highlighted in Signal Amber as a high-impact catalyst. We estimate this segment could generate \$30–50 million in annual revenue by 2027—a revenue stream that, in our view, the market is currently assigning essentially zero value.
- **The 5G Premium:** The 2026 spectrum auctions will give \$KYIV the opportunity to capture premium ARPU segments through 5G. Testing is already underway in Lviv, positioning the company as a first mover once commercialization begins.

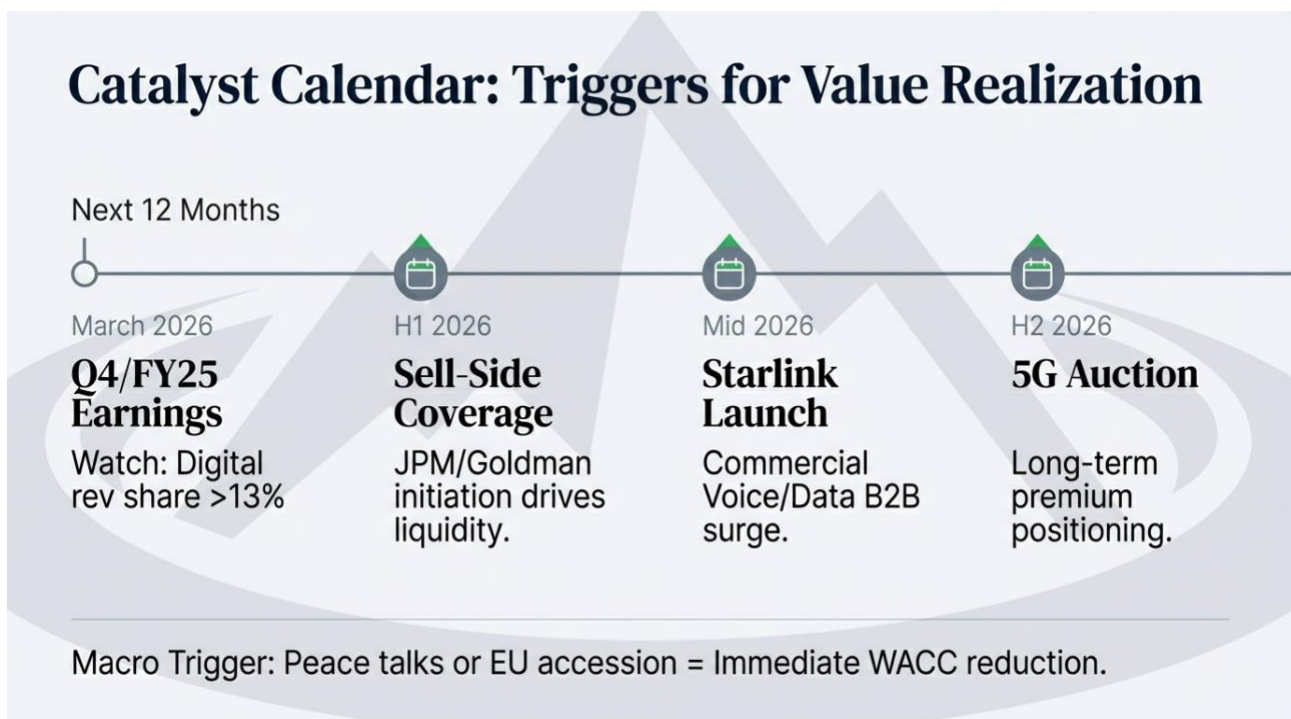


Figure 9. Catalyst calendar: triggers for value realization

**Key takeaway:** We expect a 2026 catalyst set - reconstruction reflexivity, Starlink monetization, 5G positioning, and improved price discovery - to support re-rating.

## 6. MoatPeak Scenario Analysis and Probability Weighting

Our valuation framework is built on a five-year DCF model with a conservative 2.5% terminal growth rate. We use Moat Navy in our internal materials to highlight the most probable outcomes and ensure we stay anchored in scenario-driven thinking rather than single-point forecasts. (see Figure 10).

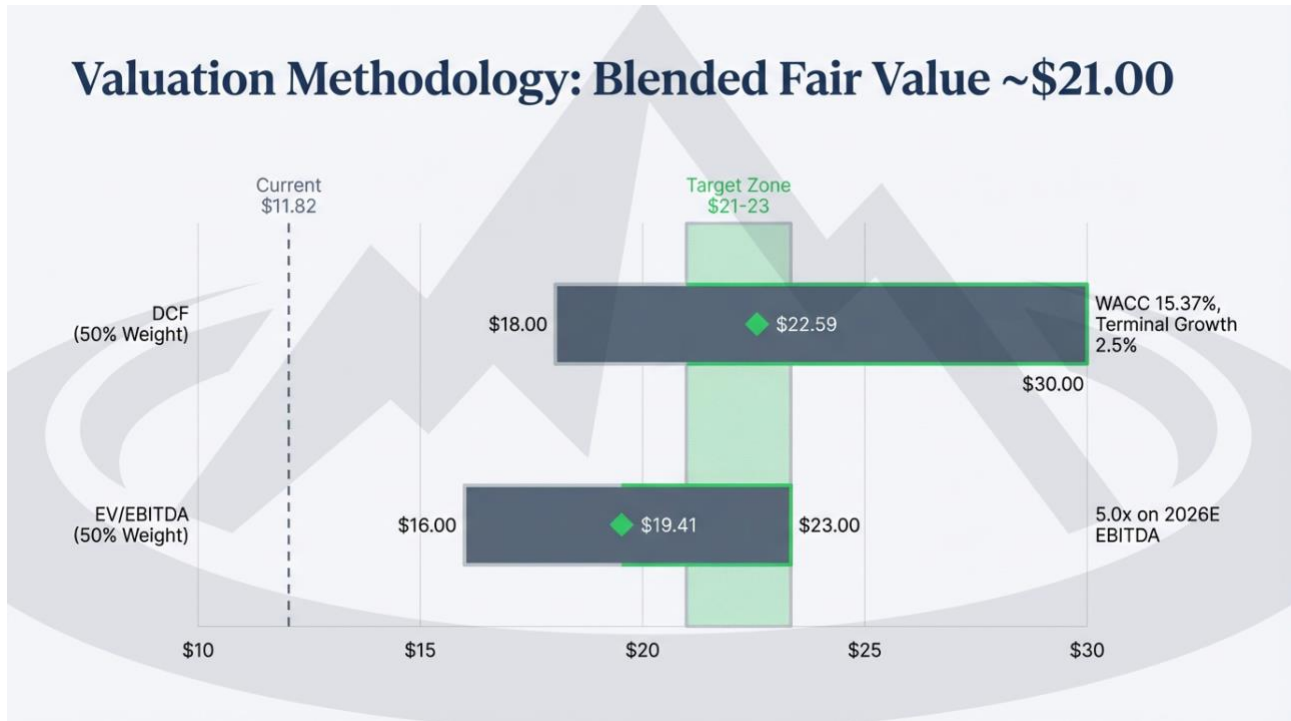


Figure 10. Valuation methodology: blended fair value framework

**Key takeaway:** Our base-case valuation uses conservative long-term assumptions and frames a clear gap between market price and underlying cash-generation capacity.

### Probability-Weighted Outcomes

Even in our Bear Case, the \$16.94 fair value implies 43% upside from current levels. Our probability-weighted fair value of ~ \$21 yields a Risk/Reward of roughly 3.2:1, which underpins our High Conviction rating. (see Figure 11).

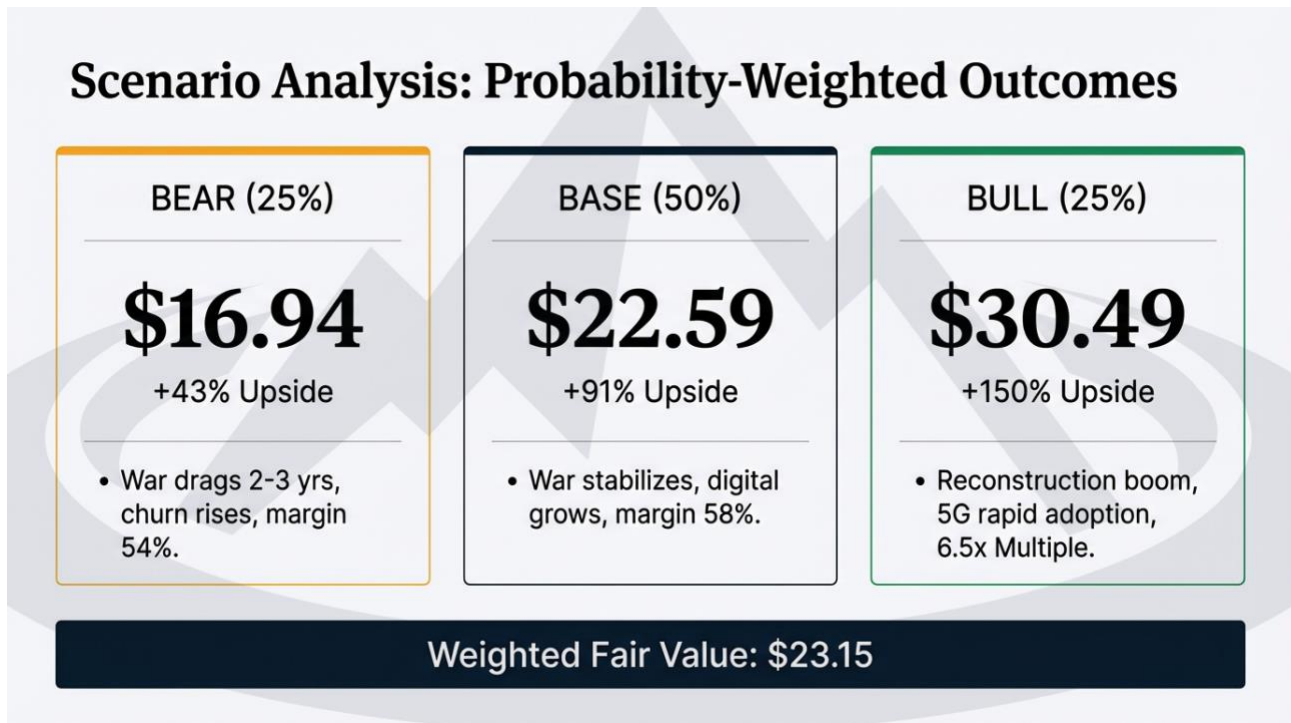


Figure 11. Scenario analysis: probability-weighted outcomes

**Key takeaway:** Across bear/base/bull scenarios, our probability-weighted framework indicates meaningful upside versus current levels.



Figure 12. Valuation sensitivity: safety margin under stress

**Key takeaway:** We embed a material country risk premium in discount rates; even under elevated hurdle rates, we view the risk-adjusted setup as compelling.

## 7. MoatPeak Insights: The Inversion and Capital Cycle View

Our framework for \$KYIV is grounded in Capital Cycle Theory. At a time when capital is fleeing the region due to perceived geopolitical risk, \$KYIV is firmly in an “Asset Deployment” phase, while most of the sector is in “Asset Contraction.”

This is the classic MoatPeak “Inversion” point: the visibility of the risk headlines keeps the valuation floor artificially low, but the actual risk of financial distress is objectively low, given the 0.04x Net Debt/EBITDA and \$472 million in cash.

We believe the market is conflating volatility with permanent capital impairment. From our perspective, the headline risk is actually the investor’s ally. It has created a window in which we can buy a world-class compounder at a “distressed” price, even though the balance sheet, margins, and growth profile resemble those of a robust, long-duration asset. (see Figure 13).



Figure 13. Key risks and mitigations

**Key takeaway:** The core debate is volatility versus permanent impairment; we believe resilience and strategic relevance can mitigate downside scenarios.

As the capital cycle evolves and perceived risk normalizes, we expect the structural advantages \$KYIV is building today—through network rebuild, digital ecosystem expansion, and disciplined M&A—to translate into dominant market power on the 2026 horizon and beyond.

## 8. Strategic Implications for the Retail Investor

Looking out to 2026, we view \$KYIV as a high-signal proxy for both digital transformation and national reconstruction.

- The Margin of Safety: Entering at \$11.82 against a Base Case fair value of \$22.59 offers what we see as an exceptional margin of safety. On our internal “Liner charts,” this FCF yield is highlighted in Signal Amber to mark a significant and irrational deviation from the mean.
- Portfolio Positioning: We categorize \$KYIV as a High Conviction position, suitable for investors who are prepared to actively monitor key drivers such as digital revenue growth, Starlink monetization, and the outcome of the 2026 5G auction, rather than approach it as a passive, “buy-and-forget” holding.
- The Re-Rating Trigger: We expect a meaningful change in price discovery once major investment banks initiate sell-side coverage, likely in late 2025 or early 2026. Greater institutional attention should, in our view, narrow the gap between market price and intrinsic value.

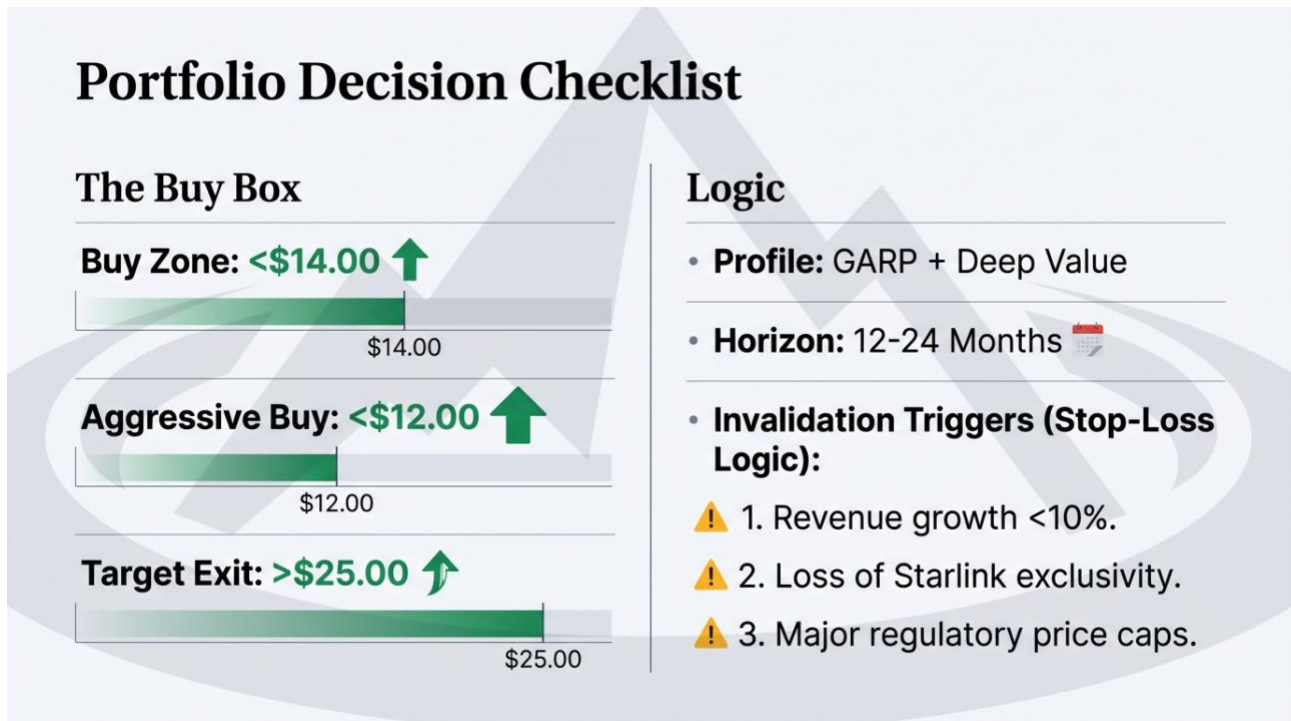


Figure 14. Portfolio decision checklist

**Key takeaway:** Position sizing and time horizon should reflect frontier volatility; we frame \$KYIV as high-conviction exposure for investors prepared to hold through noise.

In conclusion, we see \$KYIV as an unusual combination: a business with high-growth, technology-like characteristics that is currently priced as a deep-value telecom. For disciplined investors who can tolerate frontier volatility, we believe this is a fortress franchise offered at a price that largely ignores its structural resilience and growth runway. (see Figure 15).

## Final Verdict: A Rare Asymmetry

“Buying >\$2.00 of annual Free Cash Flow for  
~\$11.82. A classic ‘Compounder’ mispriced  
by fear.”

# STRONG BUY



**MOATPEAK**  
INDEPENDENT RESEARCH

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Figure 15. Final verdict: a rare asymmetry

**Key takeaway:** At current levels, we remain buyers: the market is pricing headline risk as permanent impairment despite strong fundamentals and cash generation.

At these levels, we remain buyers.

## Appendix: Disclosures

### MoatPeak — Independent Research

MoatPeak is an independent macroeconomic and sector-focused research platform dedicated to helping investors navigate complex market regimes through scenario-based analysis, institutional synthesis, and disciplined risk frameworks.

Our research integrates insights from global investment banks, asset managers, and macroeconomic data sources, translated into clear, actionable perspectives for long-term, strategic investors.

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