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Nadiia Davydenko

Doctor of Economic Sciences, Professor,
Head of the Department of Public Finance,
State Tax University
ORCID: <https://orcid.org/0000-0001-7469-5536>
E-mail: davidenk@ukr.net

Oksana Hordei

Doctor of Economic Sciences, Professor,
Professor of the Department of Public Finance,
State Tax University
ORCID: <https://orcid.org/0000-0001-6938-0548>
E-mail: ohordei@gmail.com

Halyna Skrypnyk

Ph.D., Associate Professor of the Department of Public Finance,
State Tax University
ORCID: <https://orcid.org/0000-0003-1246-1122>
E-mail: ga_skrypnyk@ukr.net

Olena Novytska

Ph.D., Associate Professor of the Department of Public Finance,
State Tax University
ORCID: <https://orcid.org/0000-0001-6451-7808>
E-mail: Novytska.ov@gmail.com

MANAGING THE CAPITALISATION OF AGRO-INDUSTRIAL ENTERPRISES

Abstract. *The agribusinesses that depend on significant financial investments for their stable existence face the need to create effective mechanisms for attracting capital reviewed in the context of the current business environment. The development and implementation of such mechanisms can significantly contribute to the growth of their market value and capitalization. This not only ensures the stability of enterprises in a volatile economic environment, but also opens up new opportunities for their development and expansion. The main purpose of the study is to systematize existing approaches to determining the market capitalization of enterprises, analyze financial indicators of agro-industrial enterprises and assess the impact of russia's full-scale invasion on these indicators. The goal is also to identify practical aspects of market capitalization formation on the example of domestic agro-industrial enterprises whose shares are actively traded on the open market. Uncovering this goal will allow for a better understanding of the dynamics and peculiarities of capitalization in the agricultural sector in the context of economic and political factors of influence. The article analyzes the theoretical and practical aspects of capitalization of agricultural enterprises. The author also considers their role and importance in the context of market indicators that reflect the efficiency of economic activity. Particular attention is paid to the impact of russia's full-scale invasion of Ukraine on February 24, 2022 on the agricultural sector and its capitalization. The adequacy of management decisions in response to current challenges depends on an accurate and objective analysis of the situation, which is possible through in-depth analytical assessment, the article emphasizes. The authors examine in detail the dynamics of key financial indicators on the example of specific agricultural enterprises, define the main tasks and goals of assessing their financial condition. Strategies for increasing the market capitalization of agro-industrial enterprises are proposed on the basis of analytical calculations. In order to improve the current situation in the context of market capitalization of agro-industrial enterprises, the authors propose a number of strategies that will contribute to the growth of the value of shares of these companies. One of the key areas is to increase the investment attractiveness of enterprises. This can be achieved by systematically informing investors about positive changes in the activities of enterprises. This will help reduce the level of their undervaluation by the market. It is important to expand the presence of enterprises in the market, in particular through the inclusion of their shares in alternative trading platforms. In addition, it is proposed to maximize dividend payments by efficiently using net profit and developing effective strategies for the realization of attracted investments. This will help to increase the capitalization of companies. Further research in this area will focus on a detailed analysis of the market capitalization of leading agricultural companies, as well as on identifying the key factors that contribute to its increase. Such an approach will not only provide a deeper understanding of the mechanisms of agricultural sector development, but will also make a significant contribution to the overall economic development of the country.*

Keywords: *capitalization, added market value, share, share price, agro-industrial enterprise, agricultural sector.*

Надія Давиденко

доктор економічних наук, професор,
Державний податковий університет
ORCID: <https://orcid.org/0000-0001-7469-5536>
E-mail: davidenk@ukr.net

Оксана Гордей

доктор економічних наук, професор,
Державний податковий університет
ORCID: <https://orcid.org/0000-0001-6938-0548>
E-mail: ohordei@gmail.com

Галина Скрипник

кандидат економічних наук, доцент,
Державний податковий університет
ORCID: <https://orcid.org/0000-0003-1246-1122>
E-mail: ga_skrupnyk@ukr.net

Олена Новицька

кандидат економічних наук,
Державний податковий університет
ORCID: <https://orcid.org/0000-0001-6451-7808>
E-mail: Novytska.ov@gmail.com

УПРАВЛІННЯ КАПІТАЛІЗАЦІЄЮ АГРОПРОМИСЛОВИХ ПІДПРИЄМСТВ

Анотація. У контексті сучасного бізнес-середовища, агропромислові підприємства, які залежать від значних фінансових інвестицій для свого стабільного існування, стикаються з необхідністю створення ефективних механізмів для приваблення капіталу. Розробка та реалізація таких механізмів може значно сприяти зростанню їх ринкової вартості та капіталізації. Це, в свою чергу, не тільки забезпечує стабільність підприємств у волатильному економічному ландшафті, але й відкриває нові можливості для їх розвитку та експансії. Основною метою даного дослідження є систематизація існуючих підходів визначення ринкової капіталізації підприємств, аналіз фінансових індикаторів агропромислових підприємств та оцінка впливу повномасштабного вторгнення росії на дані показники. Дослідження також має на меті виявлення практичних аспектів формування ринкової капіталізації на прикладі вітчизняних агропромислових підприємств, чії акції активно обертаються на відкритому ринку. Це дозволить глибше зрозуміти динаміку та особливості капіталізації в агросекторі в умовах економічних та політичних викликів. В статті проводиться аналіз теоретичних та практичних аспектів капіталізації агропромислових підприємств, а також розглядається їхня роль і значення у контексті ринкових показників, які відображають ефективність господарської діяльності. Особлива увага приділяється впливу повномасштабного вторгнення РФ в Україну 24 лютого 2022 року на агропромисловий сектор та його капіталізацію. В статті підкреслюється, що адекватність управлінських рішень у відповідь на сучасні виклики залежить від точного і об'єктивного аналізу ситуації, що можливо завдяки глибокому аналітичному оцінюванню. Автори детально досліджують динаміку ключових фінансових показників на прикладі конкретних агропромислових підприємств, визначають основні завдання та цілі оцінки їх фінансового стану. На основі аналітичних розрахунків пропонуються стратегії для збільшення ринкової капіталізації агропромислових підприємств. В якості покращення існуючої ситуації у контексті ринкової капіталізації агропромислових підприємств, автори пропонують ряд стратегій, які сприятимуть зростанню вартості акцій цих компаній. Одним із ключових напрямів є збільшення інвестиційної привабливості підприємств. Цього можна досягнути через систематичне інформування інвесторів про позитивні зміни в діяльності підприємств, що допоможе зменшити рівень їх недооціненості ринком; важливим є розширення присутності підприємств на ринку, зокрема через включення їх акцій до альтернативних торговельних платформ. Крім того, пропонується максимізувати дивідендні виплати шляхом ефективного використання чистого прибутку та розробки ефективних стратегій для реалізації залучених інвестицій, що в сукупності сприятиме збільшенню капіталізації компанії. Подальші дослідження у цій області будуть зосереджені на детальному аналізі ринкової капіталізації провідних агропромислових компаній, а також на ідентифікації ключових чинників, які сприяють її збільшенню. Такий підхід не тільки забезпечить глибше розуміння механізмів розвитку аграрного сектору, але й внесе вагомий вклад у загальний економічний розвиток країни.

Ключові слова: капіталізація, додана ринкова вартість, акція, ціна акції, агропромислове підприємство, аграрний сектор.

Introduction. In the context of globalization and Ukraine's orientation toward economic processes in Europe, ensuring stable growth in the agricultural sector, strengthening its competitive position, and increasing its investment attractiveness are important factors. This emphasizes the need for agribusinesses to raise external capital through international stock markets. Agricultural companies need significant investments to finance new projects. The introduction of advanced technologies and increased productivity are necessary to achieve strategic goals. Due to the current challenges, including military

operations in the country, the strategic management of agribusinesses requires effective solutions and rapid adaptation to changes in the global business environment.

The positive performance of companies on the stock markets, including an increase in market capitalization, contributes to: business expansion, introduction of innovative technologies, implementation of ambitious investment projects, international expansion and achievement of business goals. Market capitalization reflects the effectiveness of management decisions aimed at increasing the economic performance and market value

of the company, managing reputation and relations with stakeholders, as well as developing a corporate strategy based on the principles of sustainable development [9]. An increase in market capitalization indicates high financial stability, profitability, solvency and liquidity. The potential for long-term development of corporate agricultural enterprises will strengthen investor confidence and help attract investment.

Effective market capitalization management forms a solid foundation for increasing the value of companies and sustainable development of the agricultural sector of the Ukrainian economy [7]. In the context of acute global social, economic, environmental and food challenges, the importance of agro-industrial enterprises in ensuring food security and Ukraine's recovery from the war is growing. The importance of this study is amplified in the context of the martial law and global threats, as agribusinesses often face difficulties in countering the risks associated with stock market volatility.

Today, Ukrainian agricultural companies have low market capitalizations on the stock markets. This hampers their ability to attract investment and finance long-term development projects. The experience of Ukrainian agrarian public companies entering international stock markets has revealed a number of systemic shortcomings in corporate governance. They are an obstacle to the use of strategic development potential through the issuance of securities. Increasing the market capitalization of agricultural enterprises is becoming a key task not only for corporate and financial management, but also for state regulation of sustainable development of the agricultural sector of Ukraine.

Literature review. The issues of managing market capitalization and market value are laid down in the works of such domestic scholars as Akimenko O., Bagatska K., Bazylevych V., Zymovets V., Katan L., Mogylova A., Nazarenko I., Podolska V., Remnova L., Suslikov A., Tereshchenko O., Shumska S. and others.

In particular, Mogylova A. describes capitalization as «...the process of increasing the capital of a company, which leads to an increase in the market value of this company» [14]. Kovalska L. systematizes the views of modern researchers on the definition of «...market capitalization of an enterprise...» and analyzes the characteristics of the formation of market capitalization of leading national companies whose shares are available for general circulation in the market [12].

In their research, Valentychuk N. and Kostyrko L. consider the capitalization management mechanism as a set of methods and tools designed to solve problems related to the creation and use of capital in order to increase market value and ensure sustainable development of companies [13]. According to them, the basis of the capitalization management mechanism should be aimed at increasing the value of the enterprise, which is determined through the chosen business model, which contributes to the creation of value based on certain principles and taking into account changes in key factors.

The study of Shumska S. makes it possible to understand that in the current conditions of development, the activation and transformation of various forms of total capital through innovation, investment and the use of both tangible and intangible, financial and information assets (obtained from external and internal sources) creates an

impetus that affects the sphere of social production [20]. This can contribute to further expanded reproduction of tangible and intangible goods and services that meet growing private and public needs at a higher quality level. Thus, capitalization acts not only as a source of growth, but also as an important component of the mechanism for ensuring sustainable economic development.

Brovko L. and Chornovol O. analyze the need to implement risk management to increase the efficiency of company capitalization management [4]. Suslikov A. in his works outlined the key figures and elements of market capitalization management of enterprises. He believes that the subjects of market capitalization management of agrarian corporate enterprises include top management and financial management of corporations, underwriters and shareholders. The objects of management, according to him, are shares and their prices, dividends, investment risks, the value of the company's assets, financial results, capital and corporate image [19].

Despite the significant scientific achievements, significant theoretical and applied achievements of scientists, there are still aspects that require further development. In particular, the assessment of the financial development of agro-industrial companies, the study of the dynamics of changes in their market value and the identification of factors that affect them in the context of the war in the country.

Methodology. The system of indicators for assessing the financial progress and operational efficiency of agro-industrial enterprises is an integral part of the strategic objectives set by the financial manager. These tasks form the basis for the conceptualization of the evaluation system, as they determine the ultimate goals of economic activity. The main goal of financial management in a company is to increase its market value, which requires making management decisions aimed at maximizing the expected financial results. Under these conditions, all management decisions are made from the standpoint of maximizing the expected financial result. To determine the effectiveness of achieving the goal of «profit growth», absolute and relative indicators are used. The article uses the indicators of liquidity, return on capital and financial stability, which were used to determine the financial condition of agro-industrial enterprises and calculate the market capitalization as a stock indicator.

The main part of the research. The growing influence of the stock market on economic processes and the intensification of international capital flows have led to the development of market capitalization management. Market capitalization provides an indication of the size of a business within a particular industry.

Ukraine's agricultural sector plays a key role in ensuring the nation's food security, being one of the main drivers of the economy and an important source of export earnings. To ensure its stable operation and development, it is critical to have optimal resources that maximize economic benefits and increase market value [2].

A specific feature of Ukrainian agriculture is the presence on the market of a large number (more than 100) of vertically integrated agricultural enterprises that manage large areas of agricultural land and have significant amounts of financial resources. Borodina O. maintains that «...the corporate sector has monopolized the production of

highly mechanized and highly profitable products, while the individual sector is largely forced (for the sake of survival of the families employed in it) to engage in labor-intensive and low-income land management» [1].

The agro-industrial sector consists of small and medium-sized companies that specialize in growing crops or producing primary livestock products for further sale to processing companies or directly to consumers. The agro-industrial sector also includes large agricultural companies that carry out a full or partial cycle of agricultural production, including storage, processing, transportation, sales and marketing support in order to create and accumulate added value at these levels.

Before Russia's full-scale invasion of Ukraine, the agricultural sector employed almost 20 percent of the workforce and contributed 11 percent to the country's GDP. The Russian military aggression has highlighted the agricultural sector's most vulnerable point: the lack of diversification of export products. The solution is to reduce the export of raw materials and develop the agricultural processing industry in Ukraine. Despite the current challenges, the prospects for the development of the agricultural sector are significant due to Ukraine's fertile land, strategic location, efficient deployment of agricultural productive forces, and ability to adapt to market changes. A key indicator of the sector's development is gross value added, which is the difference between market output and intermediate consumption. As shown in Fig. 1 shows, there are several major trends in the development of Ukrainian agriculture in 1996–2022.

Mainly impact of global economic crisis resulted in decline in economic activity in 2009 as shown in Figure 1. Additional decline in the creation of new value in the agricultural sector of the economy was observed against the backdrop of military and political conflicts in 2014 and a Russia's full-scale military invasion in 2022. In stable years, the role of the agricultural sector decreased, and

during crises it increased. Between 2014 and 2021, agricultural enterprises contributed between 9 and 12 percent to the country's GDP, making the agricultural sector an important center of economic growth, despite the temporarily occupied territories and the decline in cultivated agricultural land.

A negative trend in the development of corporate agricultural enterprises and the capitalization of agriculture through domestic and foreign equity investments is the complete decline of the national stock market since 2018. In particular, the volume of share issues registered by the National Securities and Stock Market Commission in 2018 decreased by 16.8 times compared to 2017 and did not exceed even USD 1 billion in 2020–2022 (in international constant prices of 2015). The Ukrainian stock market functions to a certain extent at the expense of banks' equity capital and the registration of issues of shares listed on international stock exchanges.

The capitalization of agricultural enterprises in Ukraine is based on two methods: the capitalization of publicly traded agricultural companies is determined according to the market value of their shares traded on international stock markets (London and Warsaw stock exchanges), while the capitalization of other agricultural enterprises takes into account the value of their asset growth.

The financial condition of agro-industrial enterprises, 3 companies were selected to analyze (the selection criterion was access to financial statements): Ovostar Union Public Company Limited, KSG Agro S. A. and Kernel Holding S. A.

Ovostar Union Public Company Limited is an agro-industrial holding company that is the market leader in Ukraine and Europe in the segment of eggs and egg products production. The company is one of the five largest producers in Europe. The holding owns two brands: the Yasensvit trademark, which specializes in the production of chicken eggs, and the Ovostar trademark, which focuses on

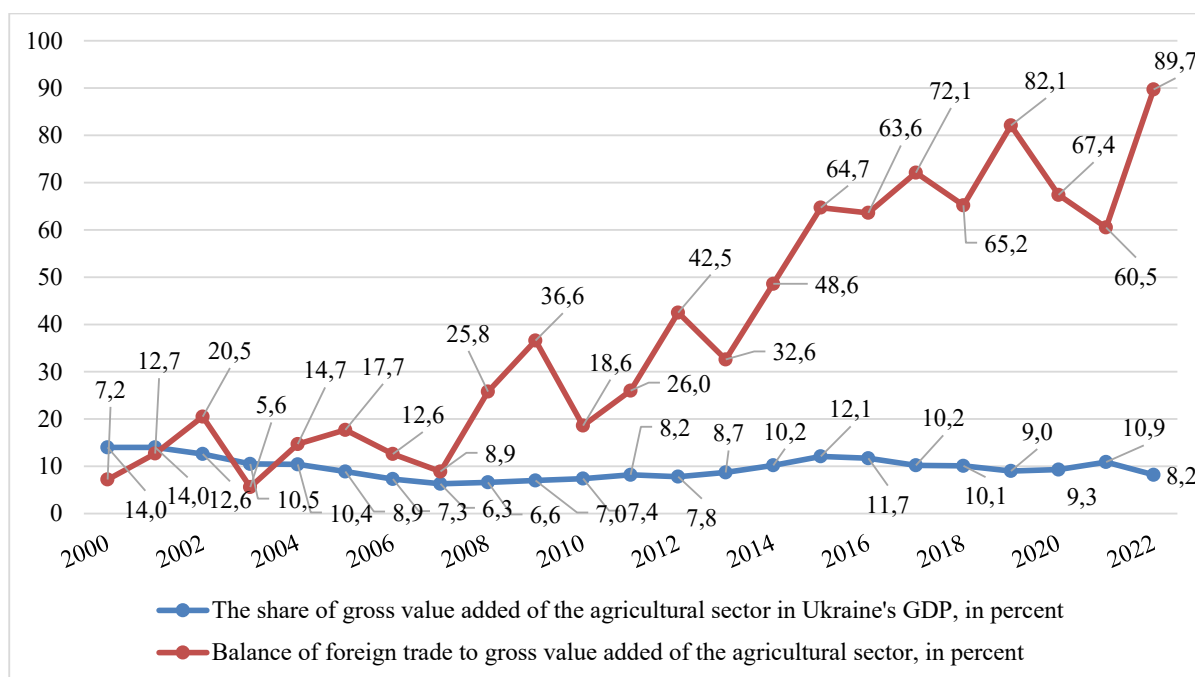


Figure 1. The place of the agricultural sector in the economic development of Ukraine

Source: calculated by the authors according to the State Statistics Service of Ukraine

the production of egg products. In 2017, Yasensvit received a license to export its products to the EU after successful certification, while Ovostar obtained such a permit in 2014. During 2021, 1.69 billion eggs were collected with a flock of 8.4 million chickens, of which 7 million were laying hens [16].

As a result of the Russian military aggression, the company's assets were not seriously damaged. The group's main production facilities are located in Kyiv region, in the Fastiv and Bila Tserkva areas, and have escaped the military consequences. The poultry farms in Vasylkiv and Stavyshe and the egg processing plant in Vasylkiv did not suffer any material damage and continue to operate. The egg processing plant in Makariv, Buchansky district, was temporarily shut down, but resumed operations after the town was liberated and the plant was restored. Due to the military actions, in particular the blockade of the Black Sea, exports have decreased significantly, as has been the case across the agricultural sector.

KSG Agro S.A. is a vertically integrated innovative agricultural holding in Europe. The holding operates in various sectors of the agro-industrial complex, covering the production, storage, processing and sale of agricultural products. The company focuses on land cultivation, crop production and pig breeding. The holding's land portfolio amounts to 24 thousand hectares, and the number of pigs amounts to 55 thousand. The climate conditions of the Dnipropetrovsk region, where the main farms are located, contribute to the stability of the crops grown, including winter crops such as wheat, barley and rapeseed, as well as spring crops such as sunflower, corn and sorghum, including winter and spring peas. Despite the Russian full-scale invasion, the company's assets were not significantly damaged [17].

Kernel Holding S.A. is an agro-industrial holding company that is a leader in the production and export of sunflower oil in the world, as well as a major supplier of agricultural products from the Black Sea basin to international markets. The company exports its products to more than 80 countries. The holding has 8 trademarks, namely Shchedryi Dar, Stozhar, Chumak, Qlio, Marinado, Le Blanc, Kernel and Premi [18]. As a result of the Russian full-scale invasion, 2 of the 9 oilseed processing plants were occupied by Russia, which reduced the nominal capacity from 3.7 million tons to 3 million tons.

We consider it relevant to use liquidity, return on equity, and financial stability indicators to assess the financial condition. In our opinion, these indicators are the most significant in terms of capitalization of enterprises (Table 1). In general, the trend of liquidity ratios in corporate agricultural companies during 2017–2021 was positive. However, 2022 was an exception due to military events that negatively affected the financial position of companies such as Kernel and KSG Agro S.A., as well as a significant deterioration in the investment environment in Ukraine.

In the case of managing the market capitalization of companies, it is important to analyze the return on assets and capital, as these indicators reflect the effectiveness of financial management (Table 2).

During the analyzed period, there was an unstable dynamic of the level of return on equity of corporate agricultural companies with negative values in 2019 and 2022. The loss of enterprises in 2019 was caused by an increase in the cost of agricultural products, and thus low efficiency of production and sales of grain and oilseeds. In 2022, along with other martial law factors, the blockade of Ukraine's seaports and the loss of some grain due to the destruction of production and logistics infrastructure caused losses.

Debt management is important for managing the capitalization of corporate agricultural enterprises. Thus, in 2017–2022, the companies under study had a stable level of financial leverage, except for 2022, when the analyzed companies faced a significant increase in their debt burden, which led to a corresponding increase in their financial dependence (Table 3).

Debt management is important for managing the capitalization of corporate agricultural enterprises. Thus, during 2017–2022, the studied companies had a stable level of financial leverage, except for 2022, when the analyzed companies faced a significant increase in debt burden, which led to a corresponding increase in their financial dependence (Table 3).

The Long-term Debt to Capitalization ratio reflects the extent to which a company uses long-term liabilities to finance its operations or acquire assets. A high level of this ratio can increase the return on equity due to the «tax protection» effect of debt. However, a large proportion of long-term debt increases the risk of company bankruptcy [3]. Among the analyzed companies, KSG Agro S.A. has

Table 1

Liquidity dynamics of agricultural enterprises

Company	2017	2018	2019	2020	2021	2022
Current Liquidity Ratio						
Ovostar Union N.V.	4.45	4.90	2.59	2.01	2.09	3.52
Kernel Holding S.A.	3.81	2.53	2.62	3.71	2.92	1.13
KSG Agro S.A.	0.42	0.46	0.50	0.75	1.14	0.62
Quick Liquidity Ratio						
Ovostar Union N.V.	1.05	1.00	0.20	0.08	0.10	0.67
Kernel Holding S.A.	1.53	1.13	1.18	2.27	0.79	0.24
KSG Agro S.A.	-0.005	0.005	0.01	0.004	0.03	0.02
Absolute Liquidity Ratio						
Ovostar Union N.V.	1.05	1.00	0.20	0.08	0.10	0.67
Kernel Holding S.A.	0.49	0.28	0.16	0.89	0.73	0.20
KSG Agro S.A.	0.02	0.005	0.01	0.004	0.03	0.01

Source: calculated by the authors based on the financial statements of companies

Table 2

Dynamics of profitability of capital utilization by agro-industrial enterprises, in percent

Company	2017	2018	2019	2020	2021	2022
Return On Assets (ROA)						
Ovostar Union N.V.	17.1	12.0	-13.7	2.1	1.2	5.6
Kernel Holding S.A.	8.8	2.4	7.7	3.7	12.8	-1.0
KSG Agro S.A.	0.6	0.5	8.1	2.0	24.2	-0.3
Return On Equity (ROE)						
Ovostar Union N.V.	21.6	13.8	-16.7	2.6	1.5	7.5
Kernel Holding S.A.	15.3	4.5	14.0	7.9	26.3	-2.4
KSG Agro S.A.	-2.8	-2.3	-273.8	-16.3	75.5	0.9
Return On Capital Employed (ROCE)						
Ovostar Union N.V.	20.3	14.4	-15.4	1.3	1.7	7.9
Kernel Holding S.A.	15.5	8.0	13.6	12.3	25.3	24.4
KSG Agro S.A.	66.3	11.3	24.5	14.1	21.8	6.7

Source: calculated by the authors based on the financial statements of companies

Table 3

Dynamics of financial sustainability of agricultural companies

Company	2017	2018	2019	2020	2021	2022
Debt Equity Ratio						
Ovostar Union N.V.	0.13	0.07	0.09	0.10	0.12	0.13
Kernel Holding S.A.	0.55	0.63	0.56	0.89	0.72	1.15
KSG Agro S.A.	-3.89	-3.44	-14.05	-4.35	1.42	-2.71
Long-term Debt to Capitalization						
Ovostar Union N.V.	0.08	0.04	0.04	0.05	0.06	0.07
Kernel Holding S.A.	0.30	0.30	0.29	0.45	0.36	0.11
KSG Agro S.A.	2.28	2.95	1.14	1.42	0.53	2.88
Total Debt to Capitalization						
Ovostar Union N.V.	0.12	0.07	0.08	0.09	0.11	0.12
Kernel Holding S.A.	0.36	0.39	0.36	0.47	0.42	0.53
KSG Agro S.A.	1.35	1.41	1.08	1.30	0.59	1.58

Source: calculated by the authors based on the financial statements of companies

the highest indicators of this indicator, which indicates the prevalence of liabilities over the company's capital, threatening its ability to pay dividends and develop steadily.

The financial indicators of agricultural companies play a key role in the processes of managing market capitalization and determining stock prices. Market capitalization, which is the main stock market indicator, acts as a measure of investors' response to a company's business reputation, reflecting its attractiveness as a potential source of dividend income [8]. This indicator not only reflects the current investment attractiveness, but is also an important benchmark for assessing the long-term development prospects of a company. On the other hand, the level of capitalization of other companies shows how effectively they are able to increase their capital, which is used not only to cover current expenses but also to finance strategic initiatives and expand their business. The dynamics of the market capitalization of public corporate agricultural enterprises in 2017–2022 decreased significantly in general (Figure 2).

Among the studied companies, according to the data presented in Figure 2, Kernel Holding S.A. had the largest market capitalization, although this company suffered significant market value losses in 2022 compared to 2021 (75.3 percent). The main factors behind the decline in the market capitalization of agricultural companies

in Ukraine are closely related to the degradation of the investment environment. The key reasons include the war in the country, insufficient protection of investors' rights, lack of transparency in business operations, and overvaluation of assets at the stage of their initial public offering. These factors not only cause economic losses for corporations and reputational damage, but also limit the inflow of significant investments needed for strategic development. In addition, they contribute to the further aggravation of the investment crisis in the country, as they form a negative perception of Ukraine among institutional investors as a place to allocate capital.

The main factors that determine the market capitalization of a company are the number of shares traded on the stock exchange and their market price (closing price). Kernel conducted an IPO and began listing its shares on the Warsaw Stock Exchange in 2007, and as of the end of 2021, the company's market capitalization was approximately USD 1.170 million. Figure 3 shows the summary data on the movement of Kernel's share prices by quarters during 2011–2021.

We can see that the share price of Kernel was at its peak in early 2011 and was at the level of 27.47 USD per 1 share as of the end of Q2 2011 in Fig. 3. From mid-2011 to the end of 2012, the share price was in a horizontal trend with alternating upward and downward fluctuations. In 2013 and

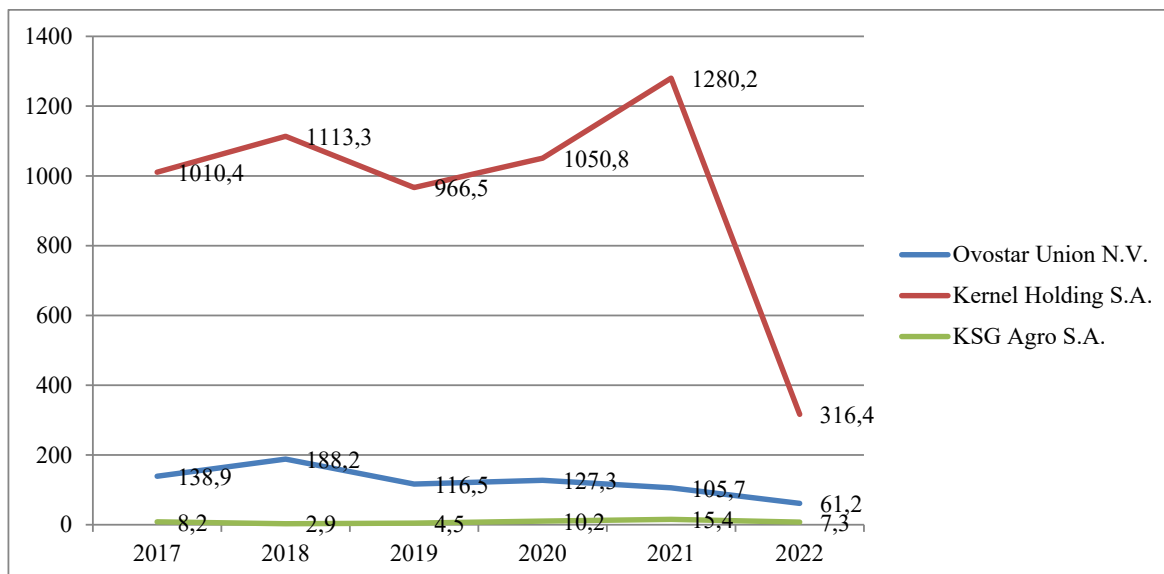


Figure 2. Market capitalization of agricultural companies, USD million*

*Converted into USD at the NBU exchange rate.

Source: calculated by the authors based on data from agro-industrial companies and stock exchanges

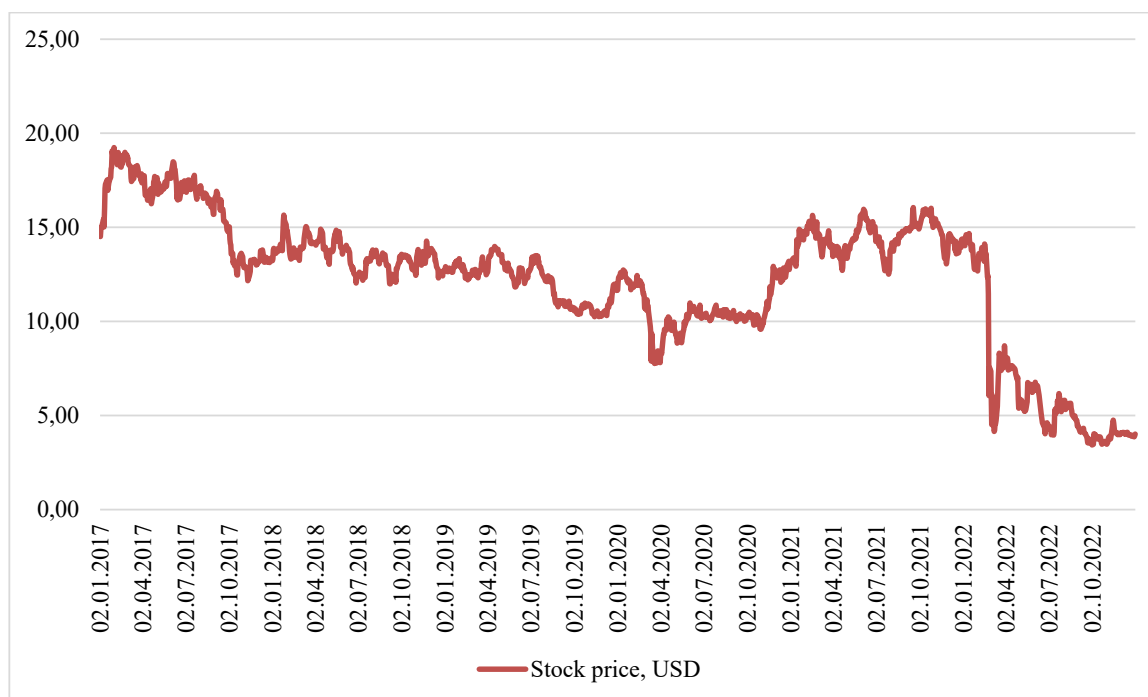


Figure 3. Dynamics of changes in Kernel's share price in 2017–2022

Source: compiled by the authors based on the data <https://www.investing.com>

2014, the share price declined under the influence of the unstable economic and political situation in the country, which led to the devaluation of the national currency. In 2015–2017, the price increased from approximately USD 8 per share to approximately USD 18 per share. After that, there was another decline, which reached its lowest point at the end of 2019, and as of the end of 2021, the price of Kernel's shares was at the level of approximately USD 14.5 per share.

Management of the capitalization of agro-industrial companies involves a targeted impact on the formation of the resource base, optimization of the structure of funding sources, analysis of factors influencing the market value and their further consideration in decision-making to achieve the company's strategic goals [15]. An important indicator of the formation and dynamics of market capitalization of enterprises is stock indices, which reflect the weighted average prices of selected companies [5]. At the same time, allowing to invest in a set of companies at the same time,

which is the basis of risk diversification, the availability of indices increases the overall level of investment activity, which helps enterprises to attract additional capital and increase their market capitalization.

Changes in share price can be caused by various internal and external factors, depending on their perception and reaction to them by trading participants on the stock exchange. Internal factors are mostly controlled and can be optimized by the company to increase the current economic benefits received by security holders in the form of an increase in the book value of equity through retained earnings or in the form of dividends.

External factors are weakly controlled by an individual company and are shaped by macroeconomic conditions, including economic growth rates, the overall industrial production index and by industry, inflation, interest rates of the issuer of monetary units, world oil prices, currency exchange rates, and other indicators. In the context of agricultural companies, we also consider the value of agricultural land to be a factor that may affect the share price. In Ukraine, the Law «On Amendments to Certain Legislative Acts of Ukraine on the Turnover of Agricultural Land» came into force on July 1, 2021. This legislative act lifted the moratorium on the sale of agricultural land. As a result, market mechanisms will be able to provide an objective assessment of the value of land that can be acquired by business entities and, in the event of changes in the land market, shareholders will also be able to assess these changes accordingly. However, it is worth noting that in the short timeframe that has passed since the land market was opened, it is difficult to objectively assess the extent of the impact on the value of shares of agricultural companies.

A serious problem for the vast majority of publicly traded corporate agricultural enterprises is the overvalued book value of their shares, which after the initial public offering has significant differences from the market value [10]. On the one hand, investors can buy shares of such companies at a discount, but only if there are prospects for future growth. However, such a prospect is uncertain, as negative macroeconomic factors and the deterioration of the financial condition of companies indicate a lack of prerequisites for stock market growth, and thus make companies unattractive for investment. A particularly

negative aspect is the negative values of the price/book value ratio, which means de facto a negative value of shareholder capital formed by the excess of liabilities over assets of the company.

The growth of the market capitalization of corporate agricultural companies is positively influenced by the increase in demand for agricultural products in foreign markets and foreign exchange earnings in the country, concentration of shares in the hands of effective owners who focus on the strategic development of companies, investments in the modernization of production facilities, and expansion of the product range [6].

Conclusions. Ensuring a sufficient level of capitalization should be only an intermediate goal of rural development, since the consequences are much more important. Thus, the consequences of a sufficient level of capitalization may include: increasing the capacity of the enterprises themselves, financing and development of social and community projects, environmental safety, achieving sustainable development of local areas, etc. In this context, taking into account the achieved level and strategic goals within the framework of the European community's rural development policy, the key priorities for Ukraine should be: support for new knowledge, skills, green technologies; stimulation of social innovations; development of local potential, diversification of the rural economy, development of local markets and jobs, etc.

Thus, the study determined that the level of capitalization of agro-industrial companies in Ukraine is determined on the basis of a dual approach: the capitalization of agro-industrial companies is set by the market valuation of shares listed on world stock exchanges, and the capitalization of other agro-industrial companies is set by the value of asset growth. In general, it was found that the agricultural sector of Ukraine showed moderate growth trends in 2017–2021, according to the vast majority of key parameters, and the dynamics of capitalization rates can be a key factor in the development of rural areas, but due to Russian aggression, the above trends decreased in 2022.

Prospects for further developments in this research topic should include an in-depth study of the market capitalization of leading agricultural companies, as well as identifying the main factors of its growth, which will contribute to the growth of the country's economy as a whole.

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