



UKRAINE

YOUR INVESTMENT DESTINATION

KEY FACTS

Ukraine is **the largest country in Europe by area** and 7th largest by population, making it one of the biggest consumer markets in the region.

It's favorable geographic location establishes the country as a natural **transportation link between Europe, Eastern countries and Central Asia.**

42% of Ukrainians speak English, 17% - German, 9% - French and 8% - Polish.



42
MILLION



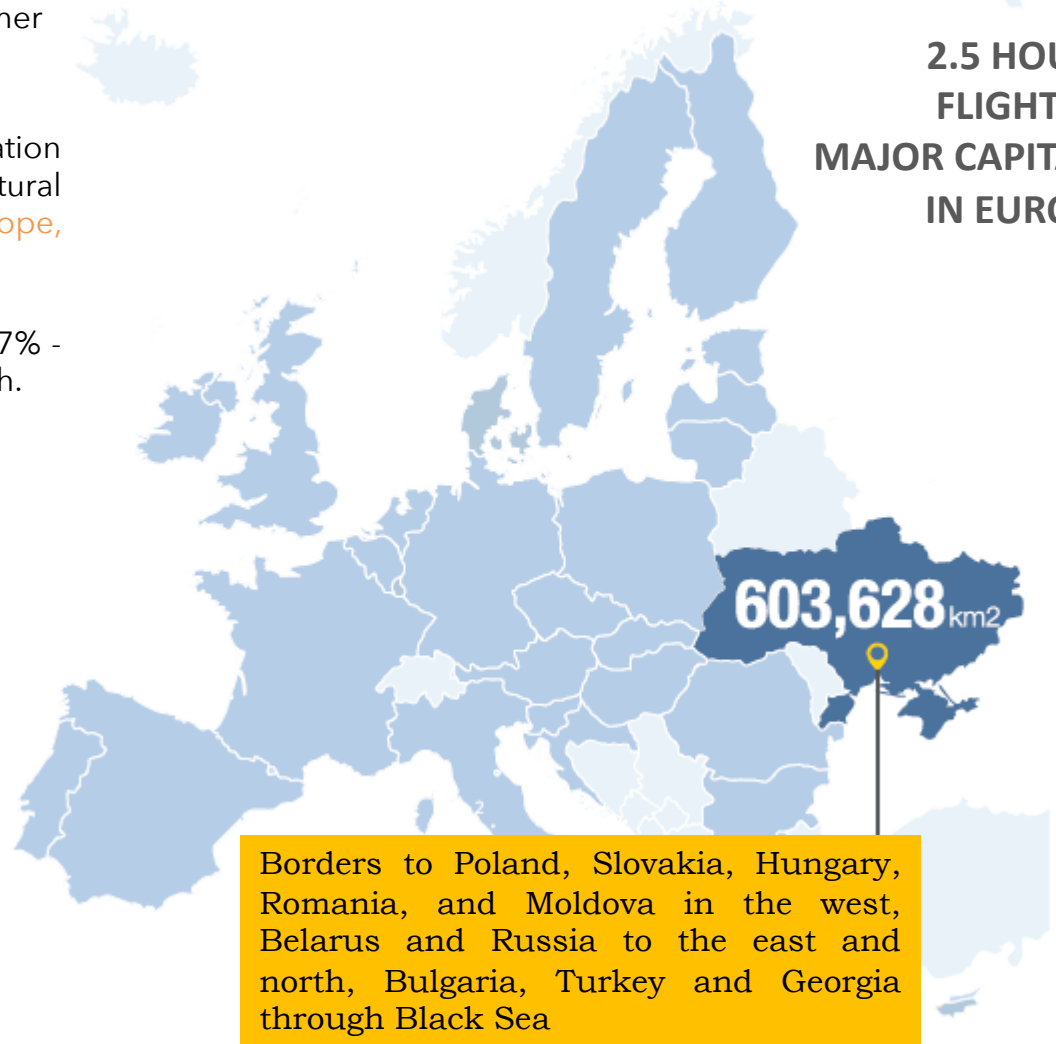
70%
urban based



99.8%
literacy rate



**2.5 HOURS
FLIGHT TO
MAJOR CAPITALS
IN EUROPE**



ABOUT UKRAINE

KEY NUMBERS

\$140
BILLION
GDP

6%

**CENTRAL BANK
INTEREST RATE**

1.7%
INFLATION

IT OUTSOURCING &
SOFTWARE DEVELOPMENT
POWERHOUSE IN CEE

MOST EDUCATED
NATION IN THE
WORLD

MOST COST EFFICIENT
MANUFACTURING
PLATFORM IN EUROPE

#1

#3

\$420
average salary
per month

In 2020, the country climbed seven more places in the World Bank's Ease of Doing Business ratings, to 64 out of 190 countries, and the Bank rates **Ukraine second** among the countries of the world in the last 10 years regarding the **speed and depth in the improvement of the business climate**.

Between 2015-2019, Ukraine witnessed **foreign direct investment flows of \$16 billion**, resulting in the construction of over **100 manufacturing plants**, representing tens of thousands of new high-added value jobs.

Private consumption which increased by **\$48 billion** within the last 4 years had the most impact on GDP growth.

Ukraine in Global Ratings

- 1st Good Country Index
- 6th Henley Passport Index
- 8th European Strongest Army
- 47th Global Innovation Index
- 50th Human Capital Index
- 64th World Bank Ease of Doing Business
- 85th Global Competitiveness Index by WEF

Ukraine in the Global Agri Market

- #1 Sunflower oil producer and exporter
- #2 Barley, rapeseed and millet exporter
- #3 Nuts exporter
- #4 Wheat, corn and honey exporter
- #5 Flour exporter
- #6 Corn producer
- #7 Wheat producer

TOP-50

Ukraine is among the TOP 50 most innovative countries

Bloomberg Innovation Index

SOVEREIGN RATINGS

FitchRatings

B; Positive

S&P Global

B; Stable

MOODY'S
ANALYTICS

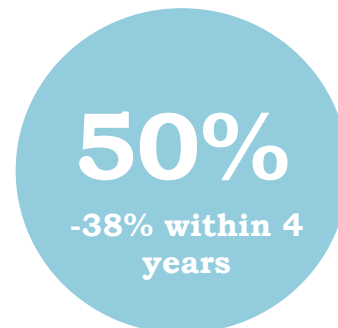
Caa1; Positive

ECONOMY

Banking Sector Assets

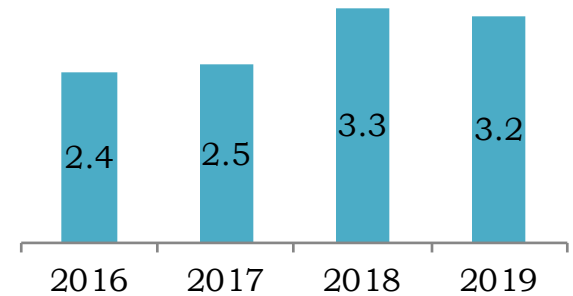


Government debt-to-GDP

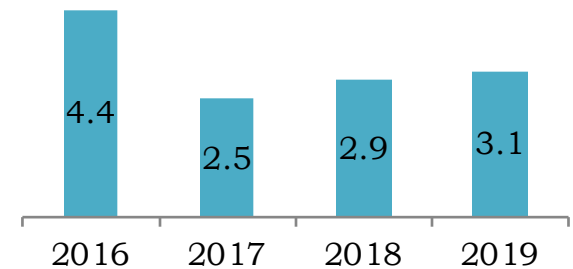


Hryvnia has become the world's top performer versus USD in 2019

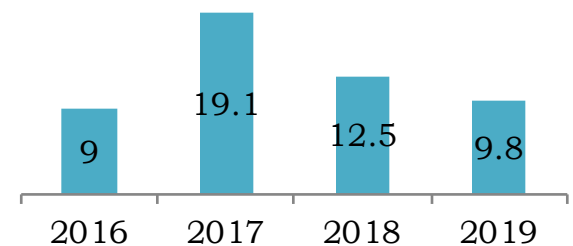
In recent years, thanks to the support of foreign partners, Ukraine has achieved significant progress in macroeconomic stabilization: the **banking system was cleaned up**, inflation fell, the current account and state **budget deficits reduced**, the government debt to GDP ratio decreased, while **foreign exchange reserves** grew significantly and **exceeded \$25 billion**.



GDP growth, YoY



FDI inflow, bln. USD



Real wage growth, YoY

The Executive Board of the International Monetary Fund (IMF) approved an 18-month Stand-by Arrangement for Ukraine, with access equivalent to SDR 3.6 billion (about \$5 billion or 179 percent of quota) on June 9, 2020



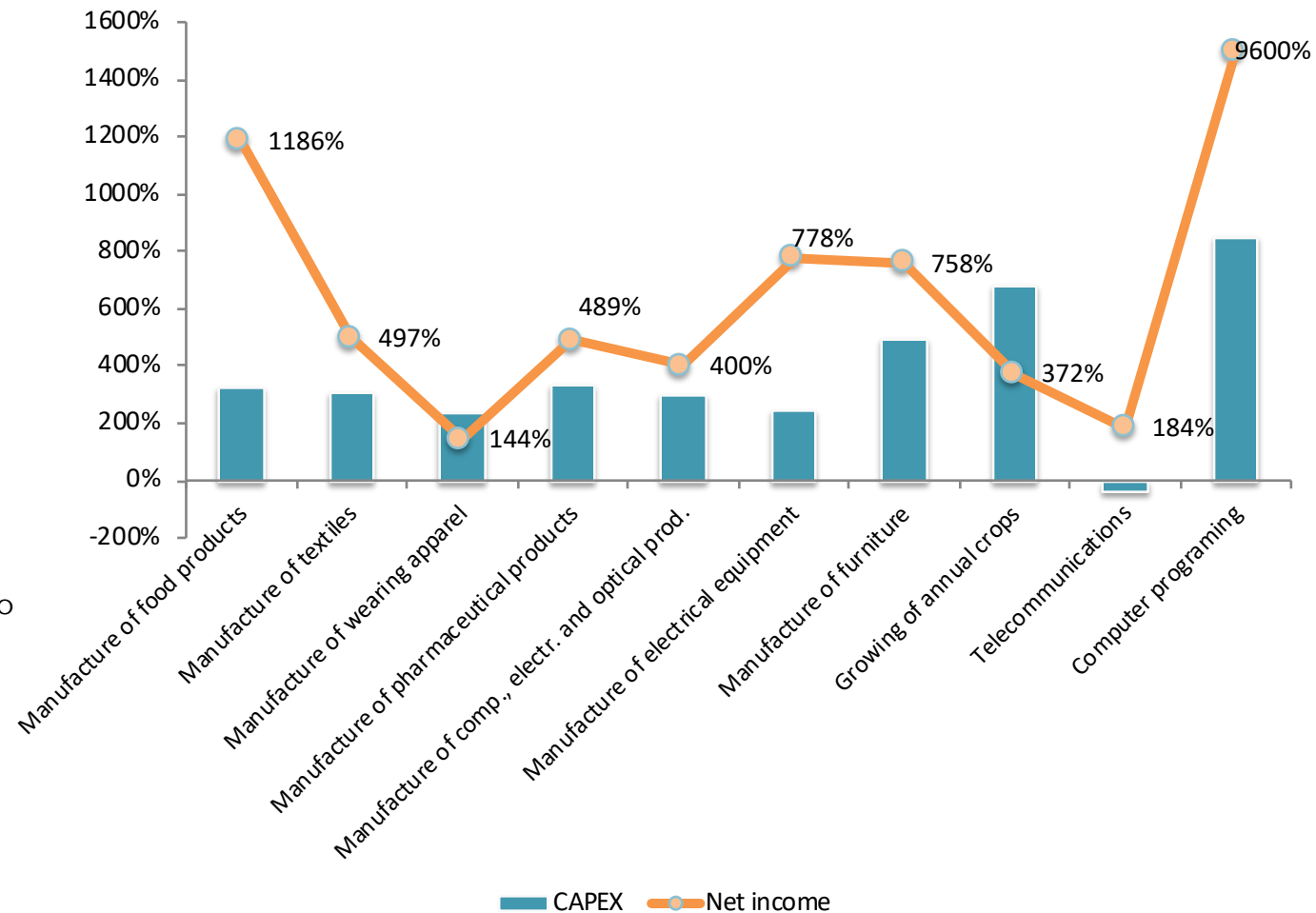
Ms. Kristalina Georgieva, Managing Director and Chair, issued the following statement: "The new Stand-By Arrangement will provide an anchor for the authorities' efforts to address the impact of the crisis, while ensuring macroeconomic stability and safeguarding achievements to date. Together with support from the World Bank and the European Union, it will help address large financing

Policies under the new arrangement will focus on four priorities:

- mitigating the economic impact of the crisis, including by supporting households and businesses;
- ensuring continued central bank independence and a flexible exchange rate;
- safeguarding financial stability while recovering the costs from bank resolutions;
- moving forward with key governance and anti-corruption measures to preserve and deepen recent gains.

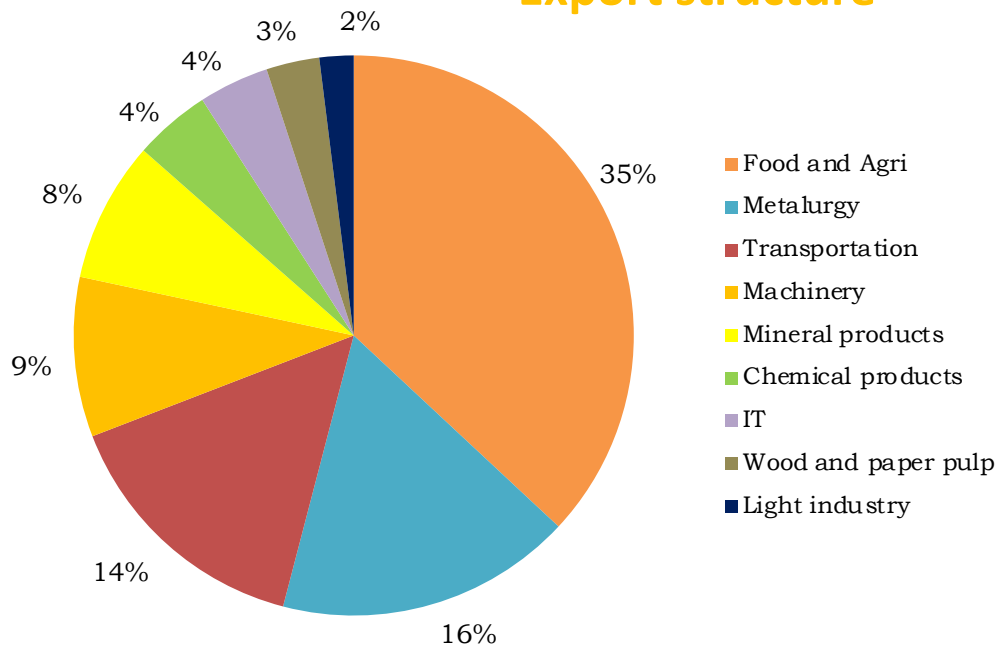
OUTPERFORMERS

Based on Ukraine's economy analysis, the next types (look on the chart) of economic activity were defined as promising for further growth due to the best ratio of net profit growth to capital investment growth. The analysis was developed considering turnover dynamics, capital expenditures and net income of enterprises within 2010-18. The agility of enterprises' economic recovery after the crisis 2014 and the number of years with a positive net profit (more than 4) were also taken into consideration.



INTERNATIONAL TRADE

Export structure



160 million tons of cargo handled in seaports in 2019

\$63.7
BILLION

Export in
2019

17
FTAS

with 46
countries

\$24
BILLION

Export to EU

**UKRAINE IS OPEN TO BUSINESS
AND IS CONSTANTLY IMPROVING
ITS INVESTMENT CLIMATE**

STRONG REFORMS AGENDA

Following the Revolution of Dignity, the Ukrainians affirmed their desire to live in a free, democratic, western-oriented and economically stable country by amending Ukraine's Constitution regarding the strategic course of the state for obtaining full membership in the EU and NATO. Driven by the passion and determination of a new generation of young reform-minded leaders, since 2014 the country has undergone a transformation from deep crisis to macroeconomic stabilization



STRONG REFORMS AGENDA

UkraineInvest

investment promotion agency supporting both present and new investors in the country

Corporate governance

introduced to the state-owned and private companies to ensure transparency and efficiency

DCFTA agreement

Ukraine connected with the European market with 500 million consumers and becomes a major production hub for the EU

Clearstream

ICSD connected in 2019 the Ukrainian market to its network and make Ukrainian government securities eligible in its system

Unbundling of Naftogaz

separation of gas transportation system in line with the EU's Third Energy Package

SPLIT

Central Bank will be responsible for regulating insurance, leasing and financial companies, pawnshops while National Securities and Stock Market Commission - for private pension funds and construction financing funds (from July 1, 2020)

STRONG REFORMS AGENDA

The Law on Concession

transparent selection procedures, concession agreements and related project finance to be structured based on best practises

The Law on Financial Monitoring

improvement of financial monitoring procedures in line with best international practices, including FATF recommendations and the EU Fourth Money Laundering Directive

Business Ombudsmen Council

promoting a public service culture characterized by fairness, openness and accountability (draft Law N°3607 was registered in Verkhovna Rada on June 5, 2020)

The Law on Protection of Property Rights

vigorous anti-raiding response, related-party transactions on below-the-market terms may be nullified by court based on a shareholder's claim

New Privatization Law

aimed at revolutionizing more than 3000 mostly loss-making state companies was adopted in 2018

LAND MARKET REFORM

Ukraine is an agricultural superpower and leading producer of cereals as well as other crops. The opening of the land market is scheduled for July 1, 2021, which will inevitably be a catalyst for significant investment and increase industry productivity.

The main provision of the Law on Circulation of Agriculture Land:

- till Jan. 1, 2024, only individuals who are Ukrainian citizens will be eligible to buy land;
- admission of foreigners to the purchase of land on the territory of Ukraine will be possible only after the relevant decision is taken through a national referendum;
- agricultural lands of state and communal property will not be sold;
- the sale of land in one hand is limited to 100 ha in the first two years;
- as of Jan. 1, 2024, Ukrainian legal entities will be allowed to buy land at a concentration of no more than 10 thousand ha;
- banks may own land plots within the limits of collateral; such plots should be disposed through the auction within two years;
- the sale price of agricultural land plots cannot be lower than their normative monetary valuation; such a standard will be in effect till January 1, 2030.

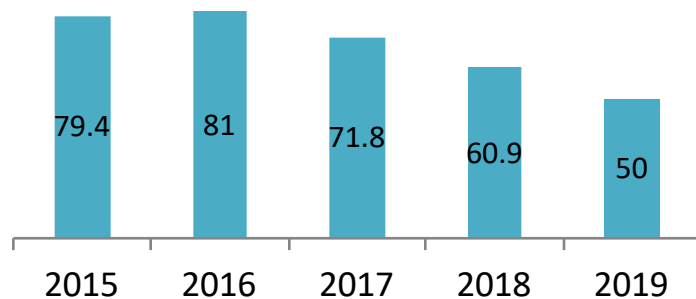


FINANCIAL SECTOR

The hryvnia's 16% appreciation helped Ukraine to reduce its debt-to-GDP ratio to around 50% by YE19. In 2019, foreign investors' holdings of Ukrainian government local paper rose by \$4.6 billion to \$4.8 billion, including \$4.7 billion in UAH debt. These instruments became attractive due to high interest rates, easing monetary policy, the strong hryvnia, and investors' high expectations of further reforms to be made by the newly-elected administration.

Ukrainian banks had another record year in terms of profitability, as their expected aggregate profit is set to exceed \$2.57 billion. Deposits in hryvnia rose by 18.5% to \$26.97 billion in 2019.

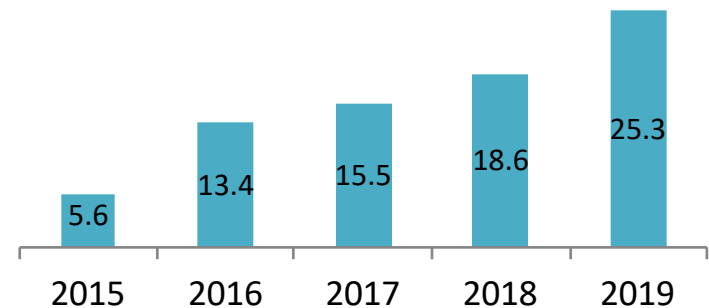
Central Bank cuts interest rate to the lowest level in Ukraine's history - 6%.



Government debt to GDP, %

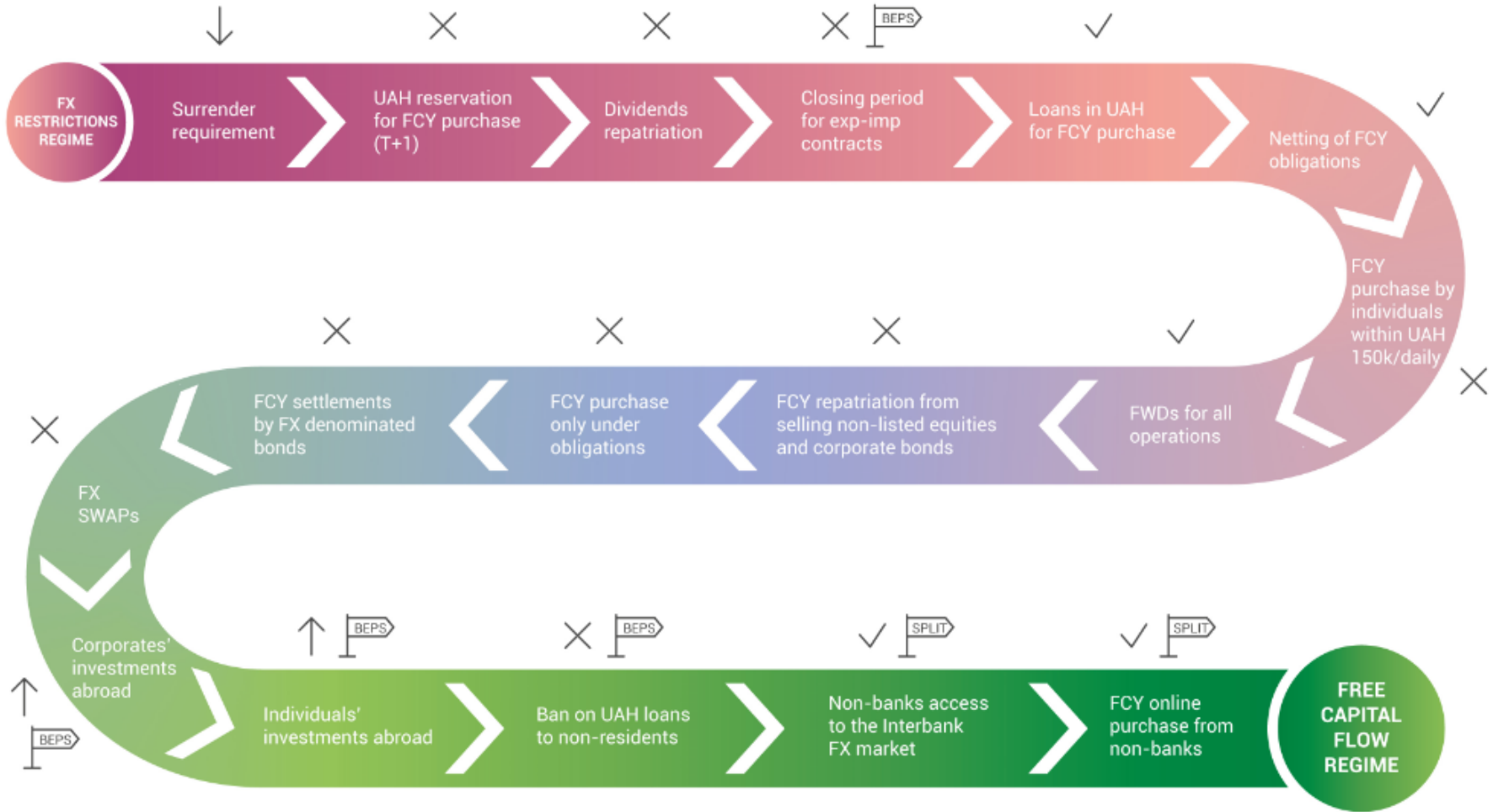
New Financial Instruments and Enabling Circulation of Derivatives in Ukraine is comprehensive overhaul of Ukrainian capital markets in line with international standards (including MiFID II, MIFIR, EMIR provisions); institution of Multilateral Trading Facility (MTF) and Organized Trading Facility (OTF); existing securities traders are to be transformed into European type investment firms (approved by the Parliament in the first reading, expected to be adopted and come into effect in 2020).

The Concept of the Payment Services Law has very ambitious aims, including removal of certain regulatory barriers to entry to the payments market and implementation of certain EU laws applicable to payment services, such as Directive 2015/2366 (PSD2) and Directive 2009/110/EC (Second E-Money Directive).



International reserves, USD bln.

The road-map for cancelling FX restrictions



Legend

:



From top priority to low-priority steps



Limit's increase and it's cancellation



Limit's decrease and it's cancellation



All restrictions cancelled



Allowed



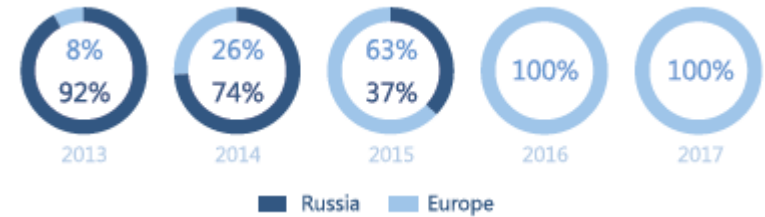
Not before BEPS implementation



Not before SPLIT implementation

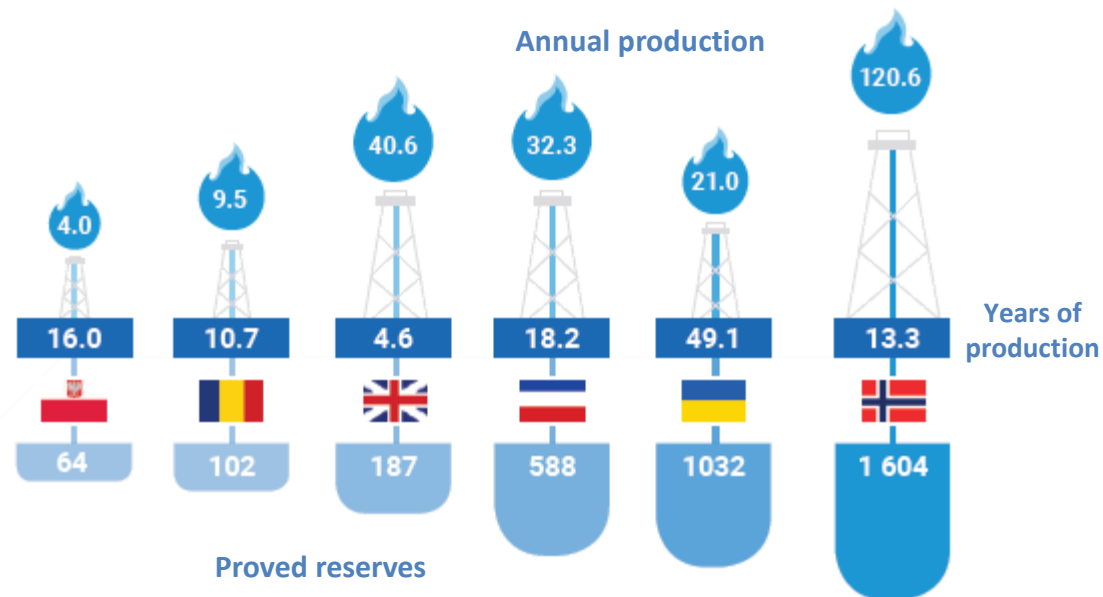
ENERGY SECTOR

Ukraine's energy sector has been transformed since 2014 and liberalized according with the European Union's Third Energy Package. Most gas imports now flow through European contracts - a significant departure from exclusive reliance in Russian gas supply through 2013, as Ukraine pursues its goal of **energy independence by 2025**.



The Law on the Introduction of a Sustainable Development Model of the Renewable Energy Sector which implement transparent and competitive procedure for awarding state incentives for green energy production, long term PPA, resolution of disputes in a neutral international fora.

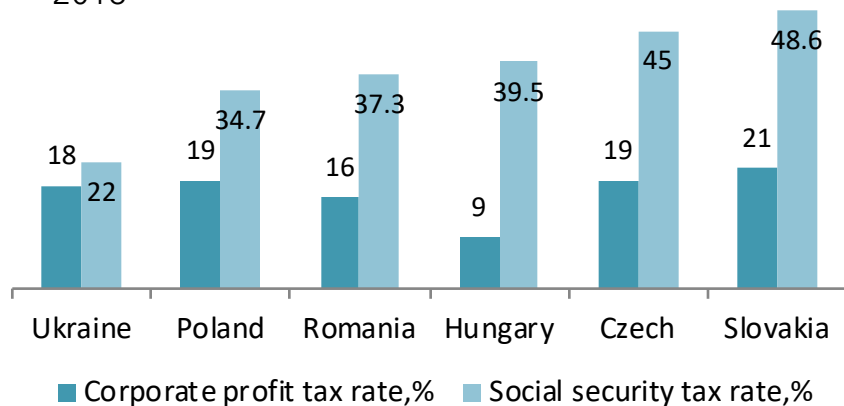
Ukraine ranked 5th in Europe for gas production, supported by free access to transmission grid and 33 bcm storage capacity. Given Ukraine's current natural gas production, the proved reserves base is underutilized. The government's recent deregulation efforts in the gas sector and the launch of open auctions of special permits for oil and gas extraction will attract more private companies with advanced technologies and boost gas production in Ukraine.



TAX SYSTEM

Ukraine ranked 65th among 190 countries in Ease Doing Business Rate 2019 for paying taxes, improving 116 rates since 2014.

- Since 2014 Ukraine halved the number of taxes from 22 to 11
- Social payroll tax was decreased from 41 to 22%
- Automatic VAT reimbursement mechanism was launched in April 2017 eliminating previous inefficient and non-transparent VAT refund regime
- On-line services to tax-payers were introduced, including an electronic taxpayers service
- Ukraine joined BEPS
- Since 2014 Ukraine signed double taxation treaties including Cyprus, Great Britain, Luxembourg, Malaysia and Turkey
- The law on “single-window” approach for customs clearance procedures was adopted in September 2018



DEREGULATION

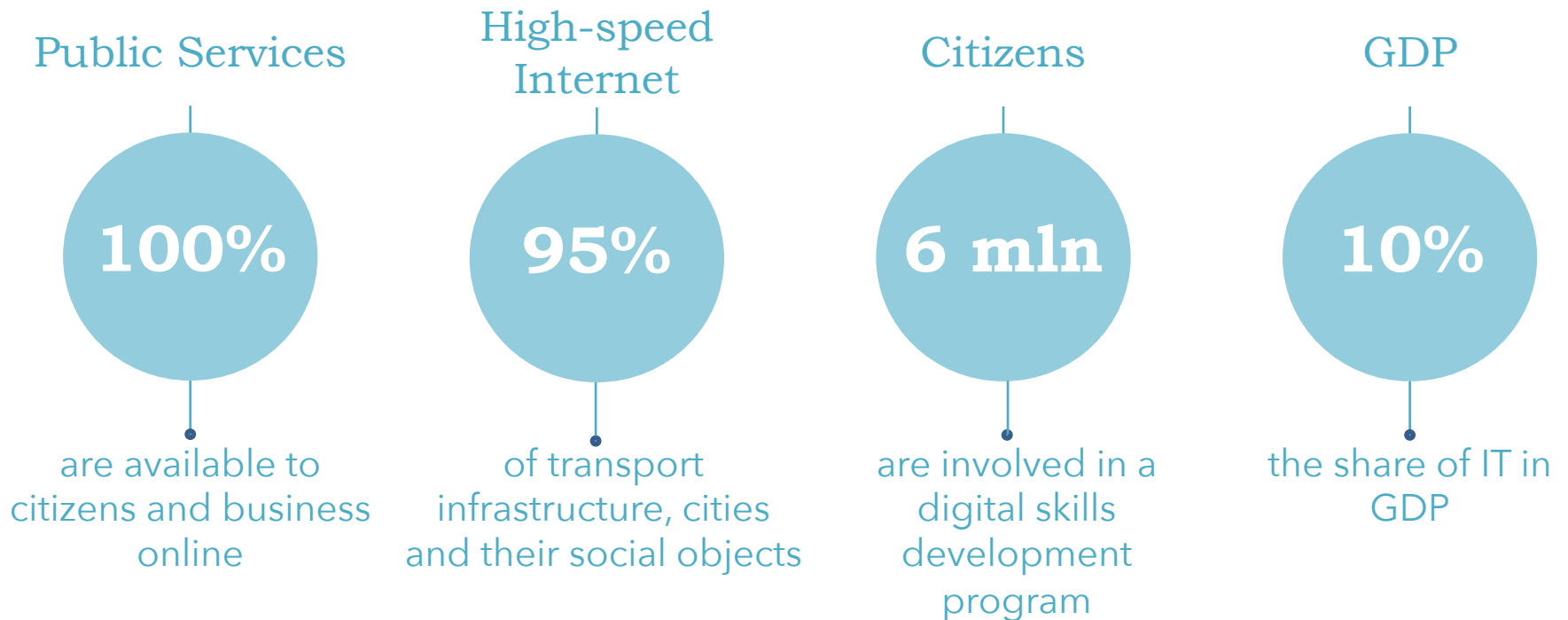
An ambitious deregulation program was launched in 2014 aimed at achieving regulatory compliance with European Union standards and global best practices. The reforms impacted the business environment in key sectors, including agriculture, telecommunication, infrastructure, construction, tax, as well as reforms to state customs procedures, sanitary and veterinary controls.

Since 2014 considerable progress was achieved in deregulation, including:

- the number of permits for business was reduced from 143 to 84
- the number of economic activities subject to licensing reduced from 56 to 32
- new online platforms launched by key government bodies to speed up public services and reduce corruption risks
- over 12.8k of state GOST standards cancelled by Ministry of Economic Development and Trade
- simplified procedure of foreigners' employment was introduced, allowing 3 years free of charge permission for certain industries and professions
- harmonized constructions and engineering standards with EU norms
- reduced the number of inspections

DIGITAL TRANSFORMATION

Last September the Ministry of Digital Transformation of Ukraine was launched.
Their main goals till 2024:



Since August 2020 e-residency personal cabinet will be available

Members of the National Investment Council



Recent success stories

Since 2014, leading multinationals companies entered Ukrainian market

Manufacturing



Largest steel producer in Ukraine attracted EUR350 million financing from EBRD and European commercial banks in 2017. The loan will be used for modernization of current operations, expanding production, improving ecological standards. ArcelorMittal announced further USD286 million investments in production modernization in Ukraine. Overall the company invested USD560 million in 2017-18

\$560
MILLION

LEONI

German cable supplier of major automotive companies launched the construction of their second production plant in Colomyia, Ivano-Frankivsk region, investing around USD20 million. The number of work places are going to rise to 5000 till 2020

\$20
MILLION



Already operating 2 plants in Ukraine, the company plans to open a 3rd production facility. The total number of workers will be increased up to 6000 persons

\$8
MILLION



In May 2018 world leading producer of ski and scuba diving equipment HEAD announced an USD80 million investment in building new plant in Ukraine. The total number of workers will be more than 1000 persons. Opening in 2021

\$80
MILLION



In 2016 Unilever opened its first production in Ukraine investing USD10 million in a tea factory. In 2018 the company will increase localization of production in Ukraine. At the recent meeting with the company "Roshen" representatives confirmed intensions to further invest in their production facilities in Ukraine

\$10
MILLION



The second plant, with 39 million euro investments, for the production of automotive electronics of Kostal Ukraine LLC will be constructed in Boryspil district of Kyiv region. There are intentions to create 900 jobs at the plant. Opening in 2021. Currently, Kostal Ukraine has a production site of automotive components in Pereiaslav (Kyiv region), established in 2006, where about 1,000 employees are currently working

\$43
MILLION



The STADA Group, a global manufacturer of high-quality generic drugs and consumer healthcare products, become a major pharma player in Ukraine by acquiring Biopharma's pharmaceutical prescription and consumer health business. This also includes production facilities in the city of Bila Tserkva, in the Kyiv region

\$30
MILLION

Retail



Auchan announced the construction of a new mall near Odessa in 2018. The total investments in project are about USD 50 million

\$50
MILLION



In September 2018 IKEA officially confirmed opening of its first store in Kyiv. Located in the shopping mall in the city center, it will be one of the first IKEA retail spots in the city store format in the world. Due to delaying of opening mall, IKEA store wasn't opened yet. But in May 2020 on-line store was launched



Well-known Swedish multinational clothing-retailer Hennes&Mauritz opened its first store (2.9 ths sq. m) in Ukraine in August 2018. On 2020 3 store had been opened already



The world's largest sports goods retailer Decathlon officially opened its first store in Kyiv on March 2019. In November 2019 was opened second store (3000 sq. m). The company has identified Odesa and Lviv for further regional expansion

Agriculture



BUNGE

In 2016 Bunge made 180 million investments in new industrial and transshipping complex in the Black Sea port city of Mykolaiv. In 2017, the company invested USD 30 million by adding storage and transshipment facilities in port Mykolaiv. In 2018 Bunge invested USD 14 million in high-tech corn processing facility

\$225
MILLION



In September 2018, Bayer AG launched one of the largest seed plant in Europe with the total investments reaching USD200 million. The plant employs over 300 people annually and locates in the village of Pochuyky in Zhytomyr region

\$200
MILLION



SALIC سالك

SALIC UK Ltd acquired one of the largest farming companies in Ukraine, Mriya Farming Plc, which merges 150 thousand hectare land mark

IT and Telecom

Brookfield

Canadian Brookfield Asset Management invested USD80 million in the Innovation District IT Park in Lviv. This facility will be located on 10 hectares of land and involve further USD80 million of investments totaling USD160 million for the whole project. The first stage of construction is already underway

\$80
MILLION

TURKCELL

Turkcell invested more than USD150 million in telecom infrastructure development and is ready to contribute to the development of the digital economy in Ukraine

\$150
MILLION

bakcell

In November 2019 Azerbaijan's Bakcell bought second-largest telecom provider Vodafone Ukraine for USD743 million

\$743
MILLION



A digital writing tool Grammarly earned an official unicorn status by attracting USD90 million in October 2019

\$90
MILLION



American Snapchat bought a Ukrainian start-up Lookery for USD150 million. Start-up was offering a variety of photo and video filters which were integrated into Snapchat

\$150
MILLION



Japan-based company opened 2 R&D centers in Ukrainian cities - Odesa and Kyiv

Nuclear Energy



In 2019 the company finalized the construction of Centralized Storage of Spent Nuclear Fuel valued more than USD250 million.

In February 2018 Holtec also signed a MoU on launch of the production of small modular reactors for nuclear power plants produced in Ukraine

\$250
MILLION

Renewables



Norwegian company NBT signed a contract on investing USD400 million in the construction of 64 wind power installations with a total capacity of 250 MW in Ukraine

\$400
MILLION



The company announced an OPIC backed USD400 million investment to build a 500 MW wind farm in Zaporizhya region. This project should become one of the largest alternative energy plants in Ukraine which will be powered by General Electric 4.8 MW wind turbines

\$400
MILLION



In September 2018 Spanish AccionaEnergia has started construction of work on a 57 MWt PV complex in Dymarka, northern Ukraine, in which it will invest around USD65 million

\$65
MILLION

Infrastructure



GE and Ukrainian state railway monopoly UZ signed USD1 billion framework deal covering leasing of 30 GE locomotives, modernization of 75 UZ's locomotives and assembling of 195 new GE locomotives in Ukraine. General Electric also plans to expand cooperation not only in the transport industry, but also in renewable energy and healthcare

**\$1
BILLION**



In January 2018 DP World Maritime bought Ukrainian towing company LB Shipping and entered the Ukrainian market. The company is operating in two Ukrainian major ports. In 2020 the company bought 50% in Ukrainian container terminal "TIS-Containers"



The company invested USD150 million in grain terminal in Odesa which started operations in 2018 and was officially opened in autumn 2019

**\$150
MILLION**



Major low-cost operator Ryanair announced 15 new routes between Ukraine and cities in Europe. Flights will begin from October 2018. The company anticipates shuttling 800 ths passengers annually. One of the main reasons why Operator entered the market is elimination of visas for Ukrainian citizens visiting the Schengen area for the period up to 90 days.



QTerminals won Concession for port of Olvia. Under the concession, which represents an exceptional opportunity on developing and operating world ports, QTerminals will invest some USD120 million in the port during the concession.

\$125
MILLION



Risoil company has won a competition for a concession in the port of Kherson. the concession payment of Risoil-Kherson to the State will amount to 7% of revenue annually, in addition to a fixed amount of about 12 million UAH. Investments in port will be around UAH300 million.

\$12
MILLION



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