

UkraineInvest

Your Investment Matters

Ukraine is **INNOVATION & OPPORTUNITY**

NOW ^{ua}
Ukraine



June 2020
Kyiv, Ukraine

About UKRAINE



Ukraine THE BASICS



Government

Unitary Parliamentary Presidential



Real GDP growth

↑3.3% (2019)



Foreign relations

17 FTAs with 46 countries (EU, EFTA, Canada, Israel, etc. Strategic goals: European and Euro-Atlantic Integration)



GDP (PPP)

\$390 billion (2018)



Currency

Ukrainian hryvnia (UAH)



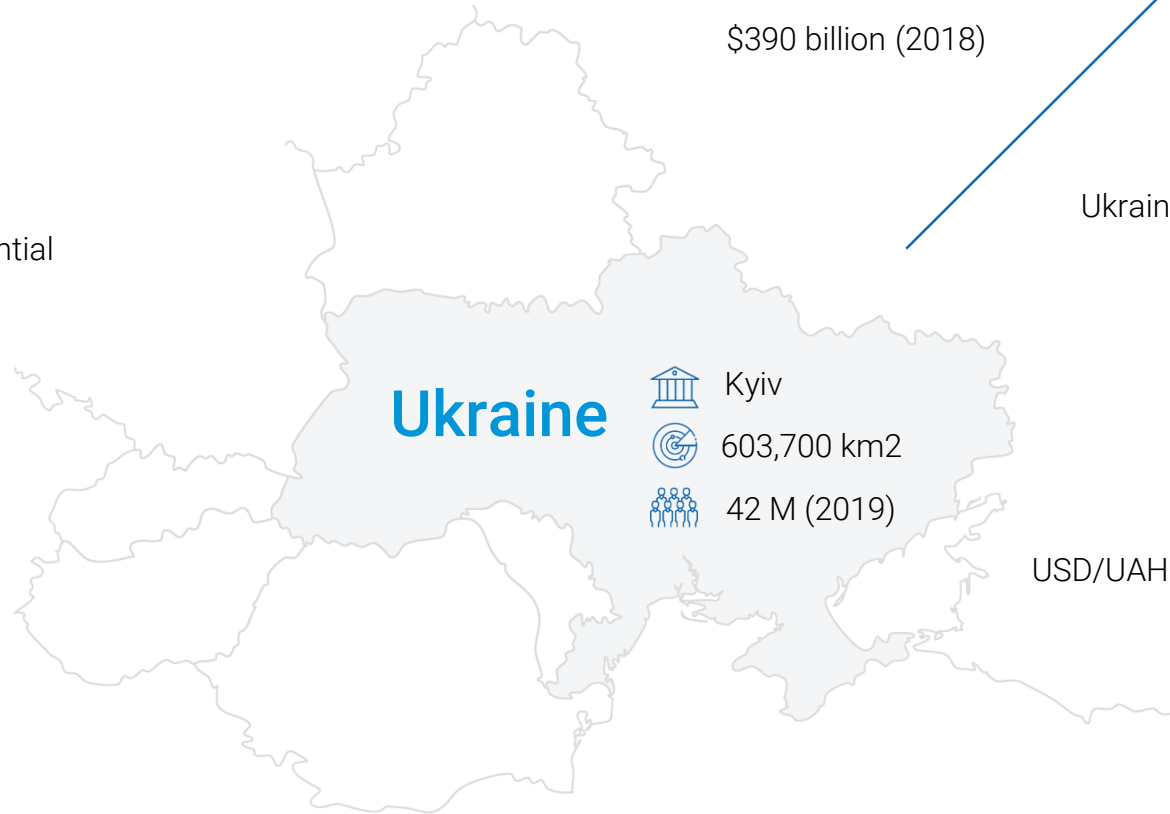
Exchange rate

USD/UAH 26.7 (June 2020)



Economy

Major industries: energy, metallurgy, chemical industry, manufacturing, massive high-tech industrial base, world player in agriculture, fast developing IT sector



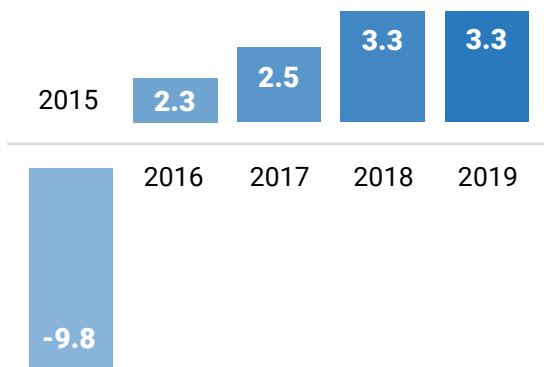
Predictable & stable **EMERGING MARKET**

Ukraine's economy has been steadily growing for **4 years**



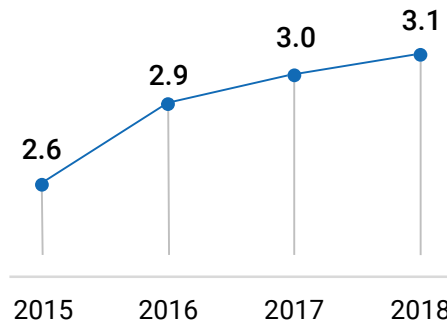
GDP Growth, %

(comparing to respective period in previous year)

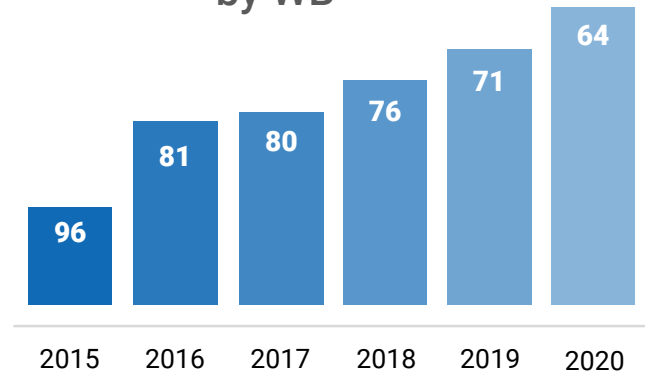


EBA Investment Attractiveness Index

(index, as at year end)



Ease of Doing Business Index by WB

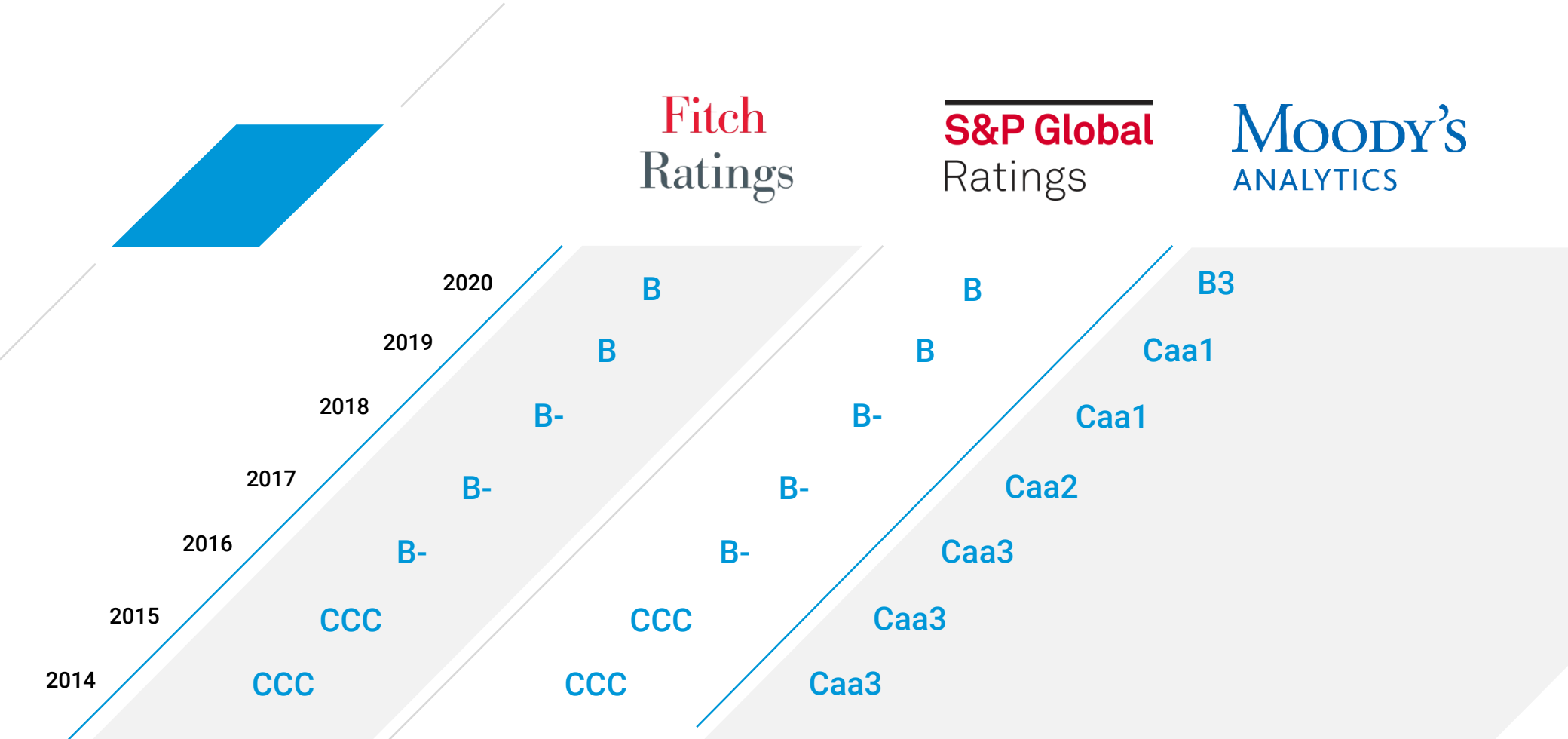


Sources: World Bank, State Statistics Service of Ukraine, Dragon Capital

“UKRAINE IS OPEN FOR BUSINESS
because of **THE SUCCESS OF REFORMS”**

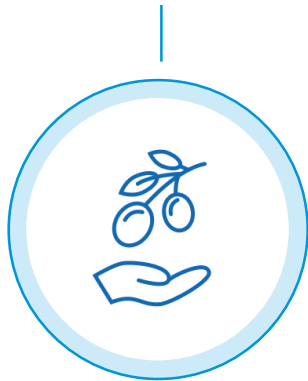
EBRD President Suma Chakrabarti, in Davos 2019

Sovereign credit **RATINGS** **GROWTH**



Ukraine is responding **TO** **GLOBAL TRENDS**

Ukraine is **Top-5**



supplier of **organic**
products to EU

17 FTAs with
46 countries



including **DCFTA**
with EU

110+ R&D
centers in Ukraine



owned by
multinational
corporations

Over **130,000**



new **engineering**
graduates annually

Ukraine's **COMPETITIVE ADVANTAGES**

Ukraine competitive ADVANTAGES - LABOR

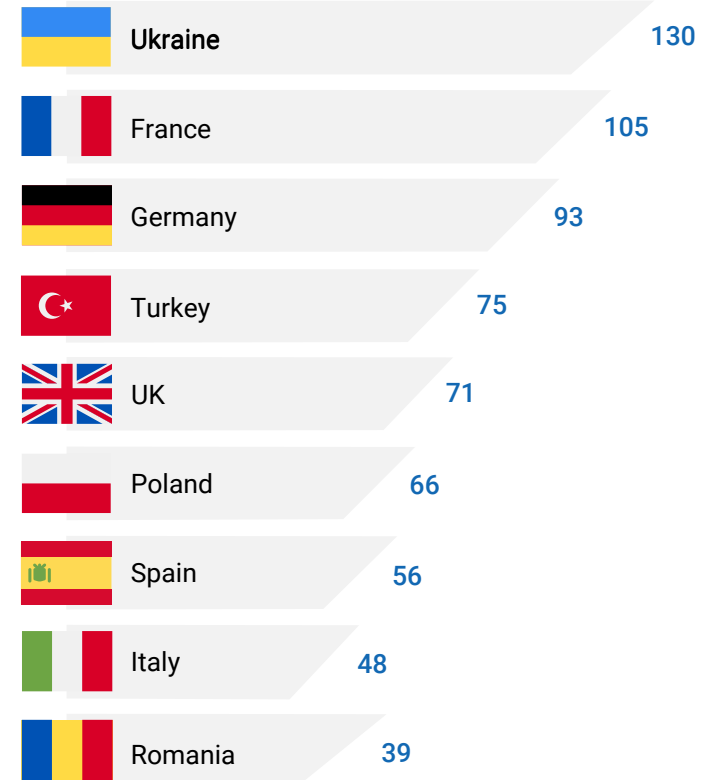
1 Competitive Labor Costs

Average Salary*, USD
(as of Dec 2019)



2 Skilled Human Capital

Top European Countries by Number of
Engineering Graduates, thousand people



*salary includes employee social security tax, personal income tax and/or other employee taxes, if any

Ukraine competitive **ADVANTAGES - LABOR**

3

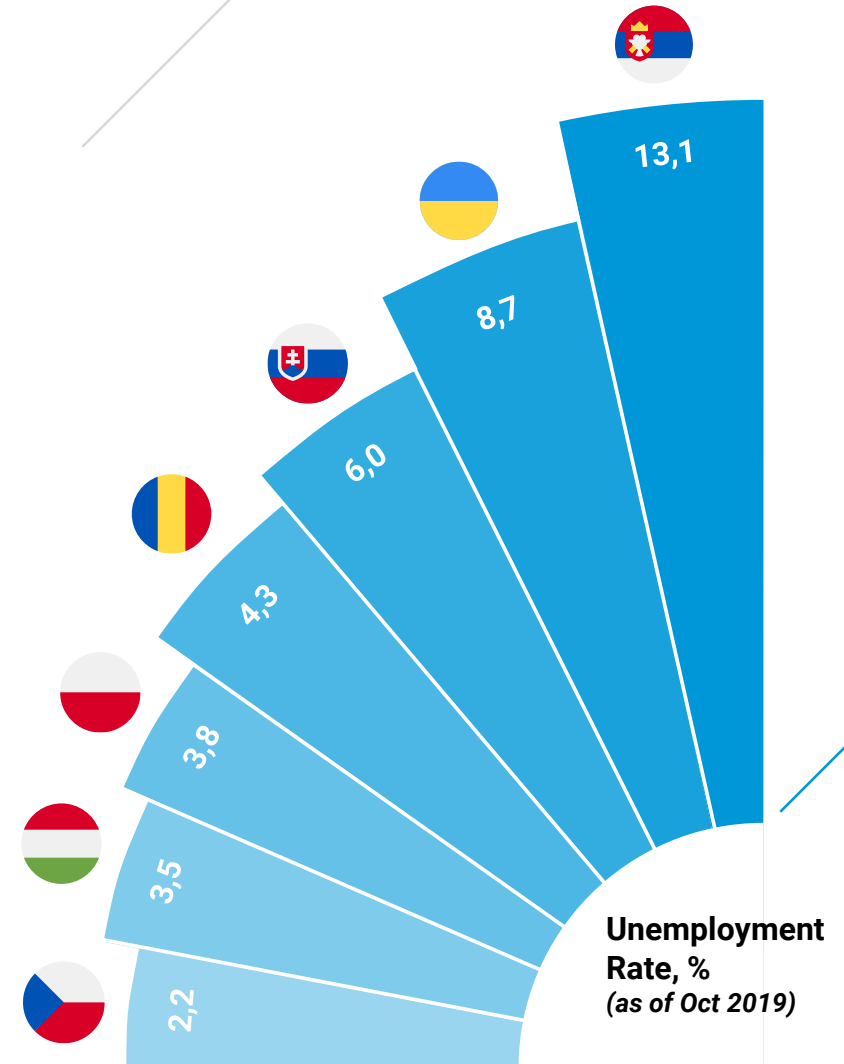
Shrinking Work Force in CEE

- historically low unemployment rates
- dependence on seasonal workers from Ukraine (~2 mln Ukrainians temporarily work in Poland)
- migration of CEE natives to Western Europe

PROBLEM

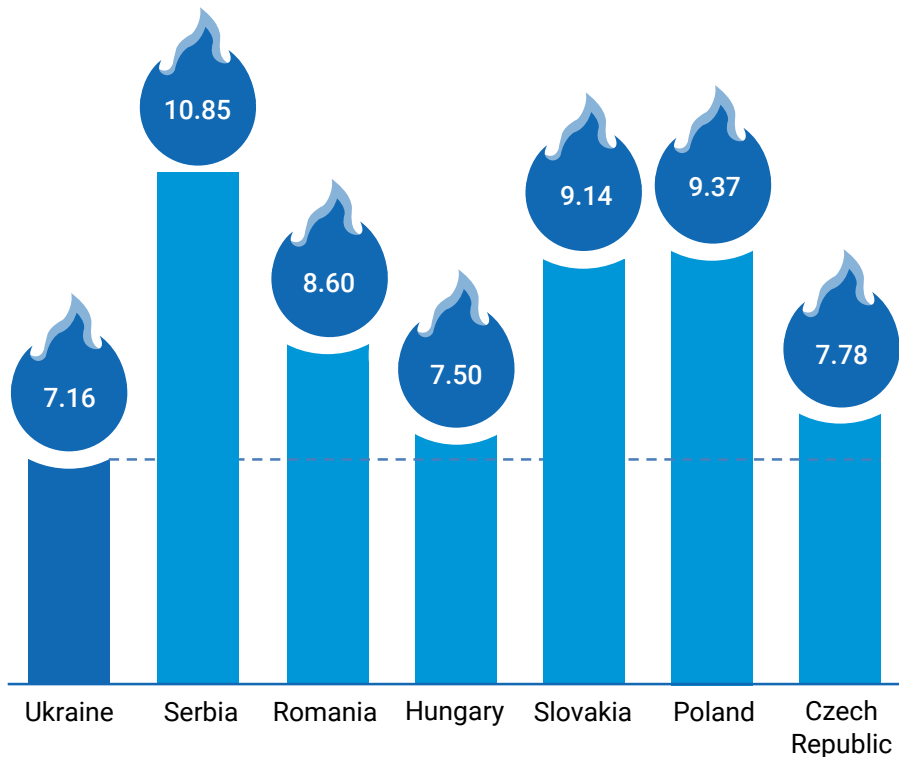
of work force
availability in CEE

Sources: <http://www.tradingeconomics.com>

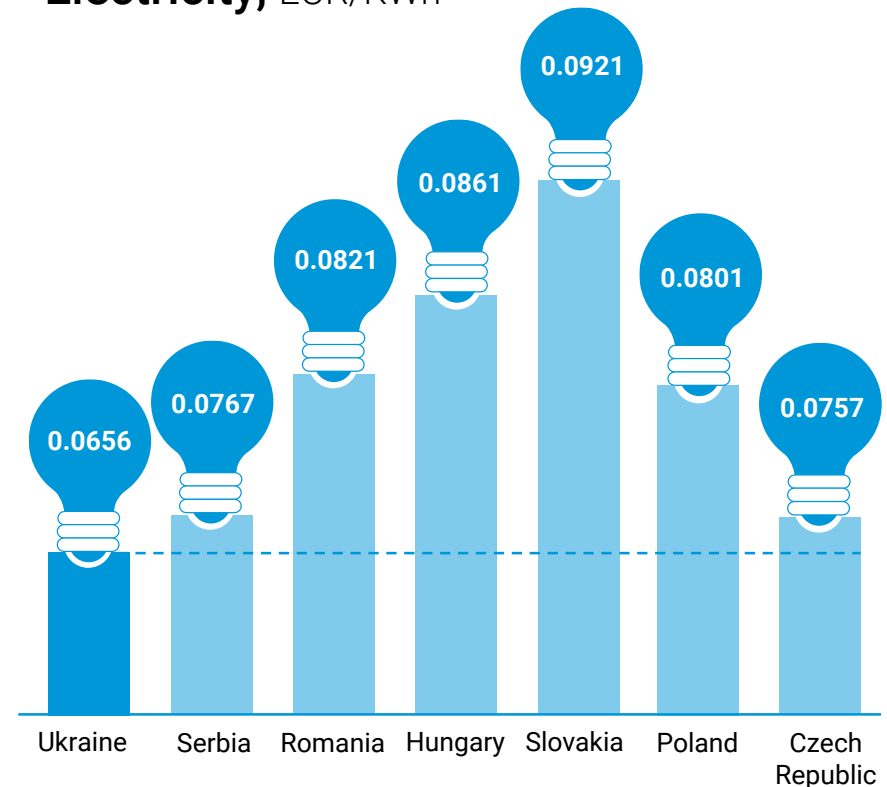


Ukraine competitive ADVANTAGES - UTILITIES

Natural gas, EUR/gigajoule



Electricity, EUR/KWh



Sources: <https://ec.europa.eu/eurostat>; <http://www.nerc.gov.ua/>;
<https://tradingeconomics.com> (data for 2019)

Ukraine competitive **ADVANTAGES - TAXES**

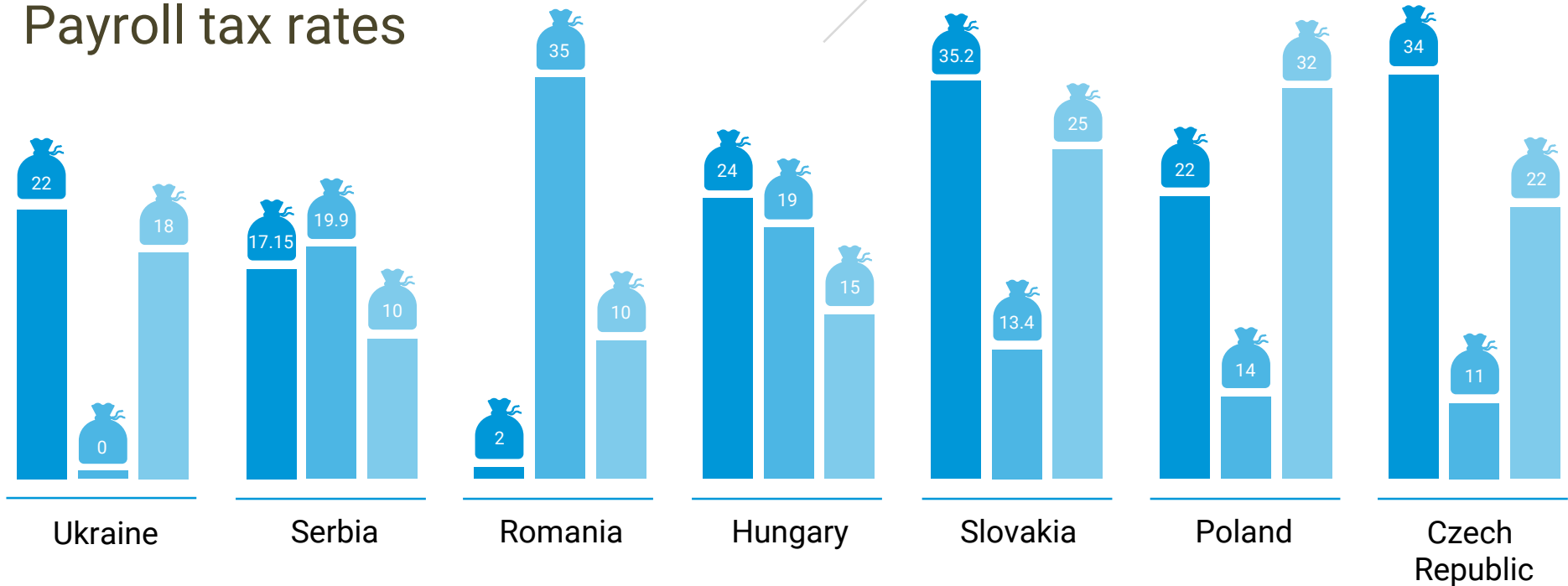



Sources: <https://ec.europa.eu/eurostat>; <http://www.nerc.gov.ua/>;
<https://tradingeconomics.com>


Ukraine competitive **ADVANTAGES - TAXES**


12

Payroll tax rates



 Social Security Tax
(Employer) Rate, %

 Social Security Tax
(Employee) Rate, %

 Personal Income
Tax Rate, %

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Key sector OPPORTUNITIES



INNOVATION TECHNOLOGIES in Ukraine

15% create their own product

 Petcube  Terrasoft

 AiViX  EVO company  GENESIS

 grammarly  depositphotos

15% work as an in-house center for the parent company

 ERICSSON  SIEMENS  ORACLE

 SAMSUNG

 BOEING
Forever New Frontiers

 Netcracker

70% provide IT services to a wide range of clients

 CIKLUM
EMPOWERING COLLABORATION

 miratech

 intellias

GlobalLogic® *itera* infopulse softserve

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INNOVATION TECHNOLOGIES in Ukraine

15

The **ITC industry** is now a major driving force of Ukraine's economy

IT industry has grown nearly **40 times** over the last fifteen years – from **\$110 million** in 2003 to about **\$4.5 billion** in 2018



> 4,000 tech companies



the **2nd** largest export service industry



21

IT service providers with offices in Ukraine in the 2019 Global Outsourcing-100



\$510 M

total value of venture capital deals in 2019



184k+

software developers (the number is expected to rise to 250k by 2025)

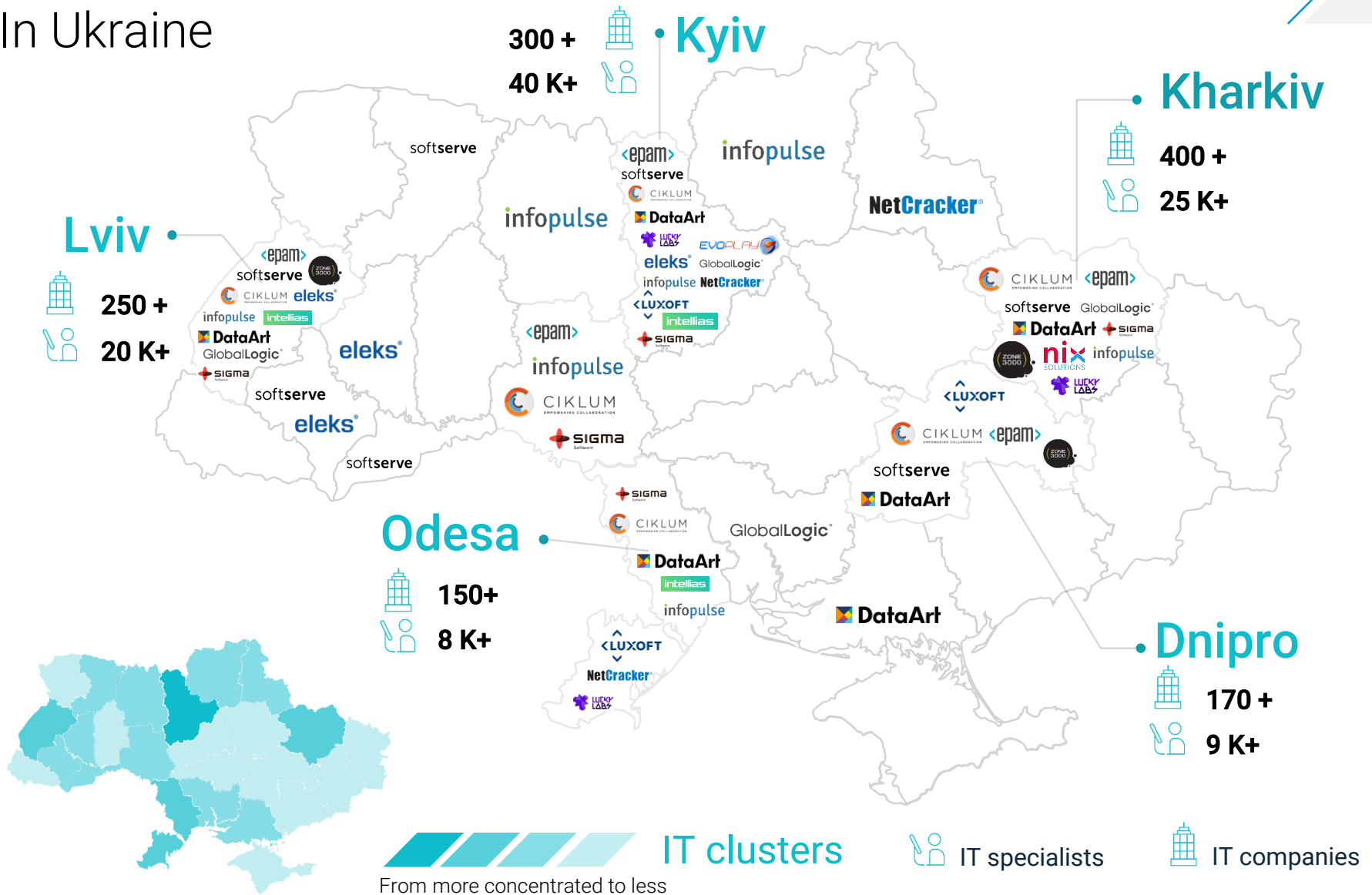


100+

Fortune 500 companies have chosen Ukrainian IT services

LARGE IT COMPANIES

In Ukraine



Key Sector opportunities - **AGRIBUSINESS**



Opportunities



Land reserves

33 mln ha of arable land
Huge reserves unused



Efficiency upgrade

Modern management practices
New equipment
High quality seed and inputs
Logistics and distribution



Growth potential

Nº 3 in world food
production by 2020 Potential
for tripling of outputs. Huge
export potential

Value added



Food processing potential

- plant oils
- beverages
- dairy products
- frozen foods

1

- Production Sunflowers seeds
- Production & export of Sunflowers oil

3



- Export of rapeseed
- Export of honey

4



- Export of corn
- Production & export of barley

Ukraine's Place in the **Global Food Market**

AGRI-INVESTMENT

in Ukraine 2015-2019

1.8 \$
billions



\$ 670

million

Agri-logistics

\$ 350

million

Seed oil production

\$ 280

million

Farming

\$ 280

million

Seeds production

\$ 180

million

Food production

25

New production facilities



2.5 k

New jobs since 2015



Key Sector opportunities - **MANUFACTURING**

Opportunities



Manufacturing ground-base for Europe, Asia and Middle East markets



17 FTAs with 46 countries – swift integration into the global value chains



Highly skilled and cost competitive workforce



Wide selection of greenfields and brownfields



Availability of industrial parks with preferential fiscal regime and other local investment incentives



150+

launches of Ukrainian rockets since independence in 1991



115

companies licensed to manufacture medicine



15+

global fashion brands have production facilities in Ukraine



60 K

engineers, specialists and workers employed in automotive industry

Key figures
OF UKRAINE'S
MANUFACTURING

MANUFACTURING INVESTMENT

in Ukraine 2015-2019

1.8 \$
billions



\$ 1,030
million

Metallurgy

\$ 355
million

Furniture
production

\$ 140
million

Automotive

\$ 100
million

Sports
equipment

\$ 40
million

Other

29 K

jobs created
since 2015



36

new
production
facilities



Key Sector opportunities – OIL & GAS

Opportunities



Deregulation
in oil and gas sector



Competitive tax regime
for oil and gas production



Open access
to geological data



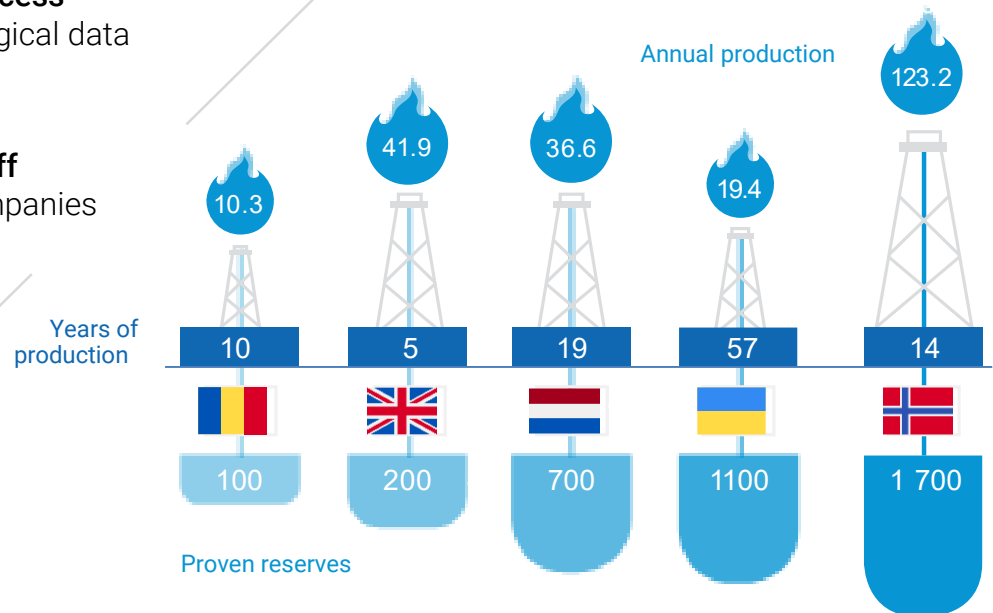
Attractive gas transmission tariff
for upstream companies



Single payment
for license



Launch of e-auctions
for oil and gas E&P licenses
and PSA tenders



Major foreign companies IN UKRAINE'S GAS SECTOR

Trading



Services



E&P



Ukraine's **GROWTH AGENDA**



Ukraine's **GROWTH AGENDA**



Attracting **\$50 Billion**
FDI in 5 years



EoDB

KEY DRIVERS



LAND MARKET
REFORM



PRIVATIZATION &
CONCESSIONS

Investment climate IMPROVEMENT

25

PASSED LAWS

During the work of the **Verkhovna Rada of Ukraine of the 9th convocation**, a number of important laws aimed at unlocking Ukraine's investment potential were adopted



TECHNICAL BARRIERS TO TRADE

- Law on authorized economic operator
- Law on the joint transit regime and introduction of the national electronic transit system
- Law on reducing pressure on business by market surveillance authorities



FINANCIAL SERVICES

- Split' law*
- Law on protection of the rights of financial services consumers



ENERGY SECTOR

- Law on unbundling of Naftogaz



AGRI-FOOD

- Demonopolization of alcohol industry



INFRASTRUCTURE

- Concession law



INVESTMENT

- Amber mining legalization



PUBLIC PROCUREMENT

- Law on improvement of public procurement

***Split' law dissolves the National Commission for State Regulation of Financial Services Markets** and splits up its regulatory functions between the NBU and the National Securities and Stock Market Commission. The law was welcomed by Ukraine's international partners and will ensure transparency, reliability, and effectiveness of nonbank financial sector

Investment CLIMATE IMPROVEMENT

INFRASTRUCTURE

26

Law on railway transport



Law on inland waterways



ENERGY SECTOR

Law on the Incentives of the Production and Use of Liquid Biofuels



Initiatives to stimulate natural gas production



INVESTMENT

Launch of large privatization



Gambling legalization



Land market reform



AGRI-FOOD

INITIATIVES

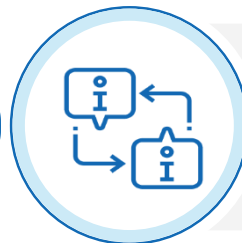
A number of investment related legislative initiatives are high on the agenda of the **Ukrainian Government and Parliament**

We are the government's investment promotion office created to attract and support investment in Ukraine.

**NAVIGATION &
GUIDANCE**



**KEY SECTOR
EXPERTISE**



**INFORMATION &
INSIGHT**

INTRODUCTIONS



**REGIONAL
SUPPORT**



ADVOCACY

Your investment MATTERS

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