

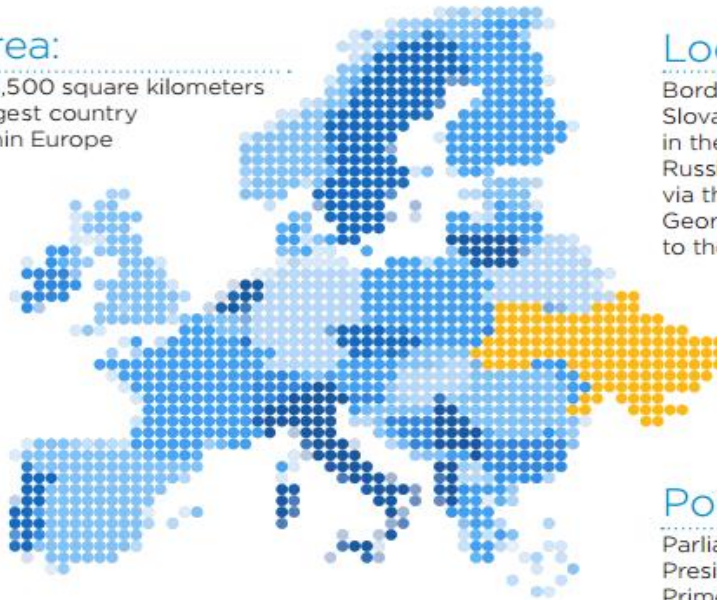
UKRAINE: KEY FACTS

GROWTH DRIVERS

- **Ukraine GDP (current US\$): \$131,8billion in 2014 by World Bank estimation**
- **Average salary: \$156 per month makes Ukraine the most cost-competitive manufacturing platform in Europe**
- **99.7% literacy, 4th most educated nation**

Area:

603,500 square kilometers
Largest country within Europe



Location:

Borders Poland, Romania, Slovakia, Hungary and Moldova in the west, with Belarus and Russia to north and east, and via the Black Sea, Bulgaria, Georgia and Turkey to the south

Political system:

Parliamentary-Presidential Republic
President Petro Poroshenko
Prime Minister Arseniy Yatsenyuk

Population:

45 million
70% urban-based

Diaspora worldwide:

20 million strong network throughout the world

TRADE

Geographical center of Europe making the country ideal trade hub to EU, Middle East and Asia

Deep and Comprehensive Free Trade Agreement (DCFTA) with European Union

Free trade: EU, CIS, EFTA, FYROM, Georgia, Montenegro
On-going negotiations with Canada, Israel and Turkey

UKRAINE IS FACING CHALLENGES

MILITARY CONFLICT IN THE EAST OF UKRAINE AND ANNEXATION OF CRIMEA

Conflict in the East >3% of the country 700km from Kyiv



MINSK AGREEMENT

11 February 2015, the leaders of Ukraine, Russia, France, and Germany agreed to a package of measures to alleviate the ongoing conflict in the Donbass region of Ukraine.

REFORMS

DEREGULATION

PUBLIC GOVERNANCE

JUDICIAL REFORM

BANKING SECTOR

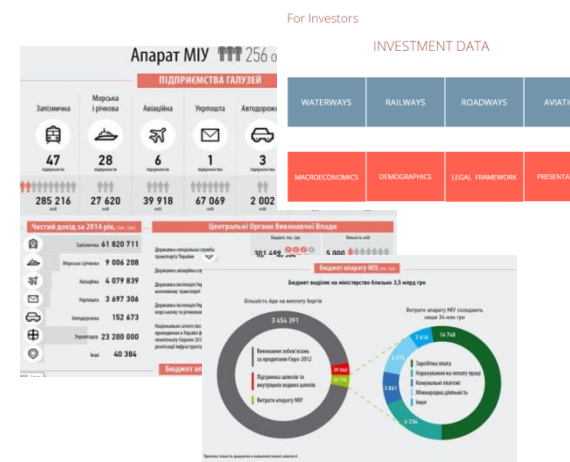
ENERGY SECTOR

TRANSPARENCY AND CREDIBILITY



FIGHTING AGAINST CORRUPTION IN UKRAINE

- Ukraine has adopted a package of anticorruption laws and established a set of institutions to fight corruption
- Lustration
- The Anti-Corruption Action Centre and Anti-Corruption Bureau
- Deregulation and Improvement of the Business Climate
- Public Governance



MIU INITIATIVES RELATED TO OPEN DATA LAW

New web-site with open data

Program CoST and digital state procurement system PROZZORO

Electronic Government initiative

REASONS TO INVEST IN UKRAINE



GROUND FLOOR OPPORTUNITIES

- Reform-minded, pro-business government
- Firmly on path to EU economic convergence
- Bold structural reforms will unlock growth potential
- IMF estimates return to growth in 2016
- FDI key priority for Ukraine – projected to increase from \$3.2 billion in 2015 to \$9 billion in 2017
- There are around 100 Swedish companies successfully operating in Ukraine

#1 CEE for IT Outsourcing

#1 black-earth soil bank

#1 sunflower oil exports

#2 grain exports after US



Infrastructure

- 4 of 10 European transport corridors run through Ukraine
- Odessa ports handle over 65 million tons of cargo
- #5 globally in rail cargo traffic



Healthcare & Pharma

- Fast-growing, crisis-resistant sector with solid growth
- Import substitution trend as local champions dominate, with 3 Ukrainian companies in top 5
- High consumption gap vs. regional peers, 15-25% of Hungary and Poland; significant upside potential

COMETITIVE ADVANTAGES



IT

- Ukraine in top-3 by certified IT professionals
- #3 globally in terms of freelance professionals, behind only US and India
- IT outsourcing grew nearly 20x over 10 years



Agribusiness

- Ukraine focused on becoming world's "food basket"
- Black-earth soil, climate, geography position the country as agricultural powerhouse
- Yields still below Western benchmarks driving investment opportunities



Energy Efficiency

- Energy independence is a national priority
- Local gas production now > 50% of needs
- Gas sector reforms create > \$12.8 billion opportunity for energy savings



Aerospace

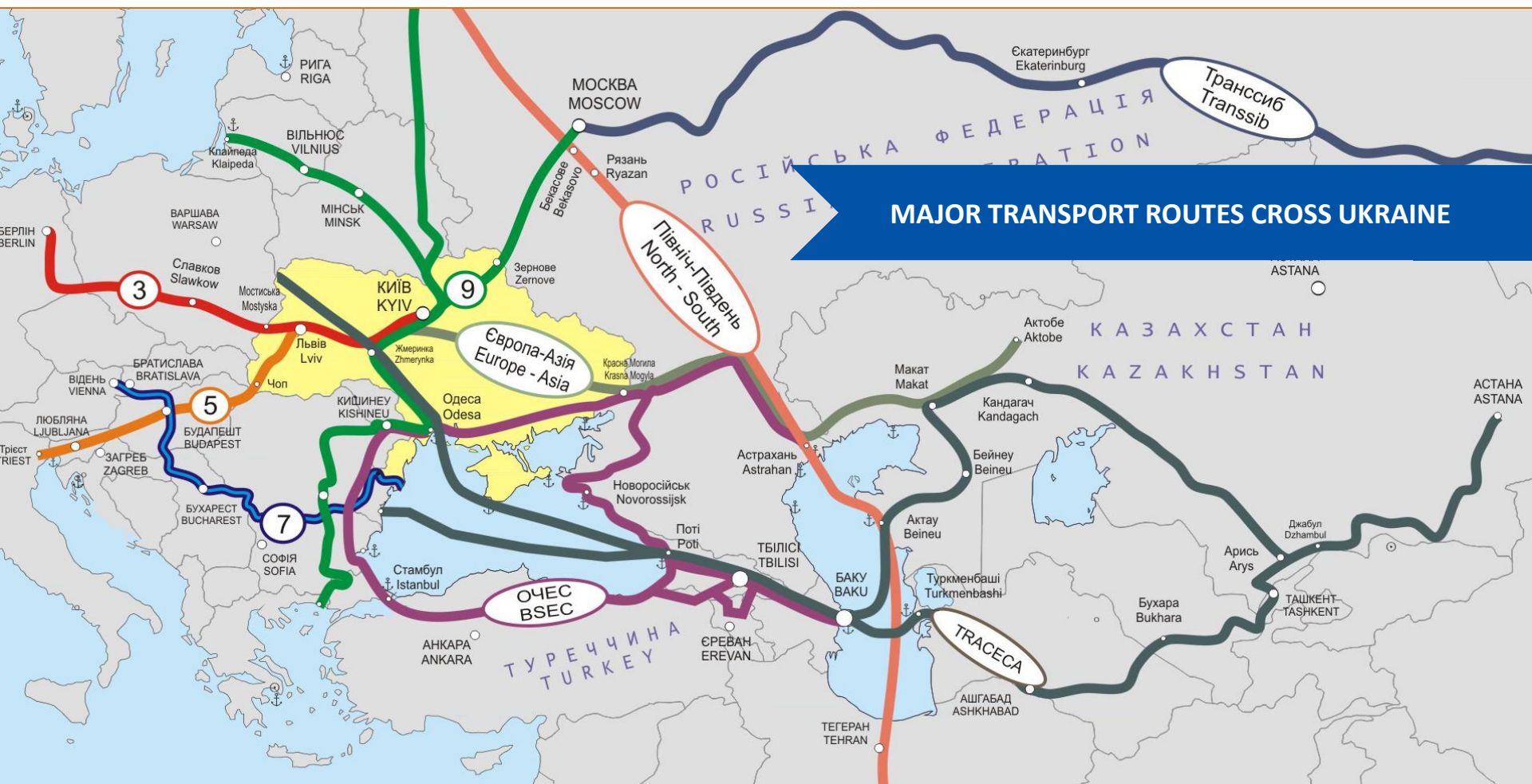
- Antonov Mriya-225 is the largest cargo airplane ever built, transports up to 250 tons of cargo
- > 40 companies in space exploration industry
- 8 universities offer aerospace engineering degrees
- 5,000 aerospace graduates each year

MINISTRY OF INFRASTRUCTURE OF UKRAINE



ANDRII PYVOVARSKYI
MINISTER OF INFRASTRUCTURE OF UKRAINE

**TRANSPORT INFRASTRUCTURE
INVESTMENT OPPORTUNITIES**

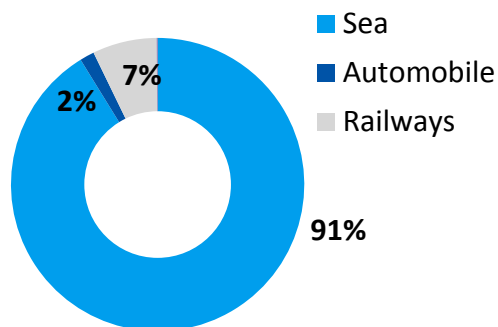


MINISTRY OF INFRASTRUCTURE OF UKRAINE

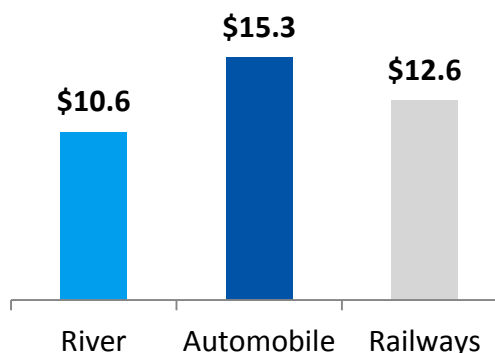


GRAIN TRANSPORT

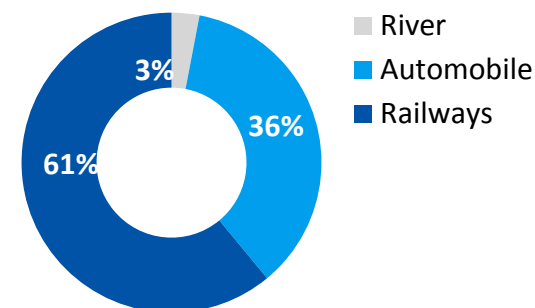
Grain export transportation modes 2013/14



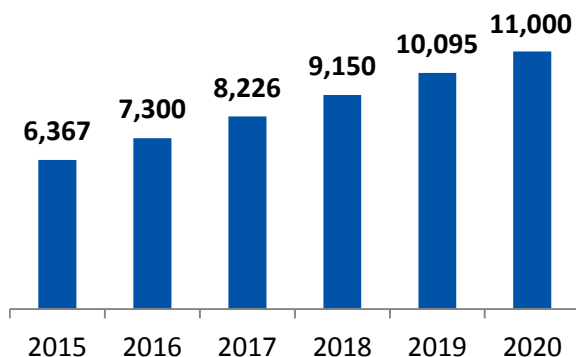
Grain export transportation costs per ton 2013/14



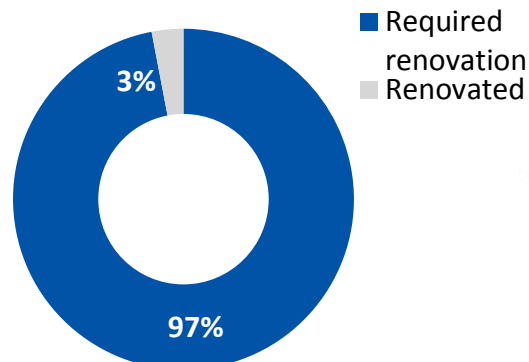
Grain transportation modes to the seaports 2013/14



Forecast of requirements for renewal of grain hoppers in Ukraine, units



Significant need for roadway rehabilitation to supports goods movement



Draught limits on the river Dnieper and Pivdennyi Buh



MINISTRY OF INFRASTRUCTURE OF UKRAINE



SEAPORTS AND INNER WATERWAYS



High priority investments

- Construction of new and modernization of current berths
- Development of storage facilities
- Resumption of cargo transportation along Dnieper river

\$2,5bn

RAILWAYS



- Renewal of railcars and locomotives
- Electrification of key section of railway
- Construction of second track on railway

\$2,4bn

ROADS



- Rehabilitation of key national roads that are part of Trans-European Network
- Concession agreement on construction of the roads

\$4,5bn

INVESTMENT FOCUS

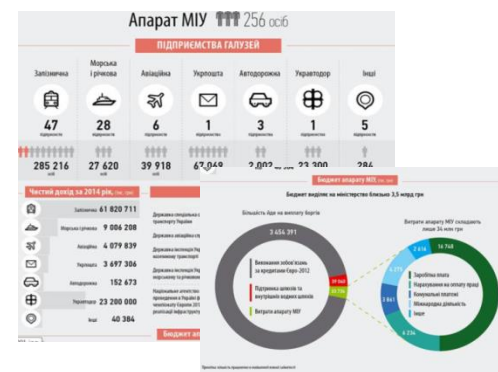
**Investments in
infrastructure
will reach
approximately
7.1 % GDP of
Ukraine
(\$131,8bn World
Bank 2014)
\$9,4bn – 7,1%)**

MINISTRY OF INFRASTRUCTURE OF UKRAINE



FIGHTING AGAINST CORRUPTION IN UKRAINE

- The Anti-Corruption Action Centre (AntAC) is a Ukrainian civil society organization, which unites experts from legal, media and public-political sectors fighting corruption as a root cause of the key state-building problems in Ukraine.
- The **Anti-Corruption Bureau** is the Ukrainian Government Anti-corruption agency which investigates corruption in Ukraine and prepares cases for prosecution. It was established in 2014 after its predecessor, the National Anti-Corruption Committee. The agency is set to employ 700 people and be fully functioning by October 2015.



MIU INITIATIVES RELATED TO OPEN DATA LAW



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GROWTH DRIVERS

- Forecasted 52% increase in grain exports over 5 years
- Ukraine is a maritime state with transit connections to the Caspian and Mediterranean seas
- Deep and Comprehensive Free Trade Area with the European Union beginning January, 1 2016

Map of Ukrainian Sea Ports



WATERWAYS IN UKRAINE

13 seaports

REFORM TARGET

Increasing National Waterways capacity

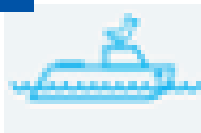
Private investment in Ukrainian state-owned seaport operating companies

Increasing seaports cargo turnover

DEREGULATION: SEAPORTS



**COMPLETED
I STAGE**



**Improved and
simplified the
vessels registration
order**

**Introduction of the
Single Window
System**



**Simplification of
obtaining dredging
permits**

**50%
OFF**

**Reduced tariffs for
the transit cargo**

**Significant
improvement
of the business
climate**

**RESULTES
OF THE REFORM**

20 min



**AVARAGE TIME OF
PROCESSING VESSELS**

3 billion



SAVINGS FOR BUSINESS

100 million



**INVESTMENTS
IN THE SEAPORTS**

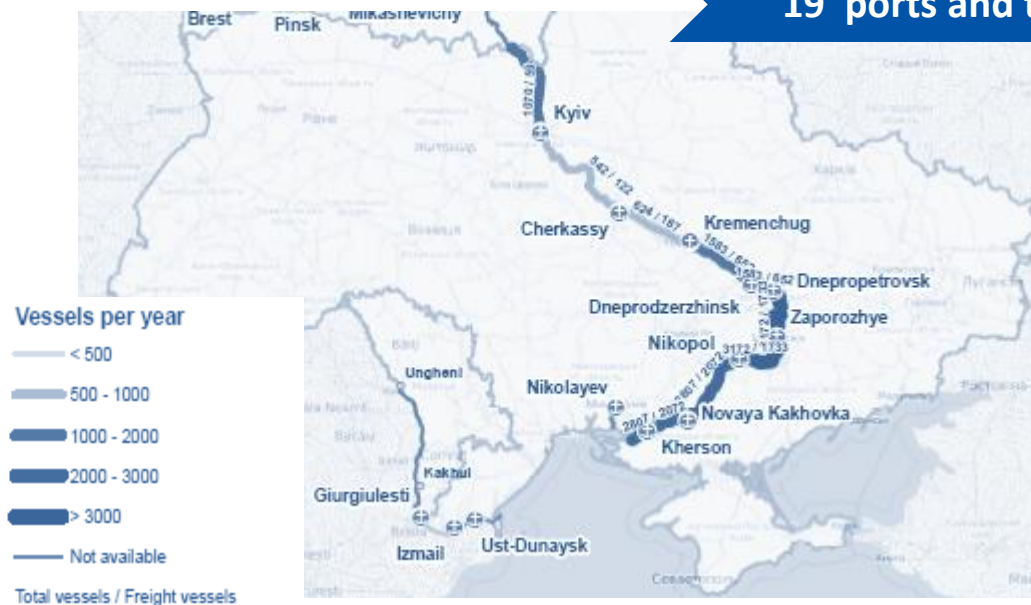




GROWTH DRIVERS

- Admission of foreign ships in the Ukrainian inland waterways for the transport of both passengers and cargo
- Strategy of river ports development
- Introduction of private river transport operators.
- Privatization of SOE Ukrainian Danube Shipping Company

River transport flow



LAW ON INLAND WATERWAYS TRANSPORT

19 ports and terminals

REFORM TARGET

Increasing National Inland Waterways capacity

Development of Inland Waterways Transport

Increasing Inland waterways cargo turnover



GROWTH DRIVERS

- Rail network is a strategic asset and a key transport link between the EU - Russia - Central Asia
- Widespread railway network reaches all corners of Ukraine
- Largest railway market by freight turnover in Europe and #2 in the CIS

REFORM TARGET

Develop a railway network according to international standards including railcar fleet renovation

Create an open and competitive market for private railway operators

Simplify the freight tariff system using transparent cost-plus methods

RAILWAYS IN UKRAINE

21 600 km of rail tracks

Map of Railway Hubs in Ukraine



RAILWAYS REFORM



**COMPLETED
I STAGE**

AVERAGE DAILY TRANSPORTATION OF CARGO:
SEPTEMBER – **1,034** MLN. T.
OCTOBER – **1,12** MLN.T.



Deloitte.

**Establishment
PJSC "Ukrainian
Railways"**

**Completed property
valuation**



**Monitoring of the
tender procedures**

**Draft Law of Ukraine
"On Railway
Transport"**

**The
liberalization of
the sector**

RESULTES OF THE REFORM



**IMPROVED
TRANSPARENSY**



**< 45 % in 2015
CAPITAL INVESTMENTS**



**NEW TRAIN
CONNECTIONS**





GROWTH DRIVERS

- Strategic location on the intersection of multiple transport corridors
- The existing road network in Ukraine requires substantial modernization
- Road transportation had a 74% share of total freight transportation in Ukraine

REFORM TARGET

Improve and harmonize road network with EU

Implement international standards for roadway construction and safety conditions

Additional roadways added with concession contracts

ROADS IN UKRAINE

169 600 km

Map of International Roads Development in Ukraine





GROWTH DRIVERS

- Ukraine signed Open Sky Agreement with the USA in July 2015.
- Ukraine finalized CAAA with the EU, in November 2013. It is expected to be signed till the end of 2015.

Ukrainian Airspace and Airport Facilities



AIRPORTS IN UKRAINE

19 airports

REFORM TARGET

Harmonization of legislation and technical regulations with the EU

Formation of competitive environment for airlines

Development of strategic program of regional airports reconstruction



STRENGTHS

Why invest in Ukraine?

Strategic location

Large, well educated population

Balanced imports and exports

World wide demand for Agri-products

Well developed railway network

Thirteen operating Seaports

Increasing volumes of international trade

Deep and Comprehensive Free Trade Area with EU from January 2016

OPPORTUNITIES

PPP, Concessions, and Privatization

Railcar fleet renovation strategy

In-land waterways barge transportation

Private investment in seaports starting with:

- SOE Yuzhny seaport
- SOE Oktiabrsk seaport

Roads construction on terms of concession and development of roads infrastructure

Improvement of airports infrastructure

Detailed information is available on our investment data warehouse on

<http://new.mtu.gov.ua/inv>