



Ukraine: Investor Presentation



MINISTRY OF
FINANCE OF
UKRAINE

April 2021

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Ukraine's economy: dynamics of selected indicators

	2015	2019	Today
 Real GDP growth	(9.8)%	3.2%	(4.0)% (2020)
 Consumer inflation (eop)	43.3%	4.1%	8.5% (Mar 2021)
 Reserves (eop)	US\$ 13.3bn (eop)	US\$ 25.3bn (eop)	US\$ 27.0bn (Apr 1, 2021)
 Primary state budget balance ¹	2.0% of GDP	1.0% of GDP	(2.3)% of GDP ² (2020)
 State debt to GDP	67.1%	44.3%	53.9% ³ (2020)

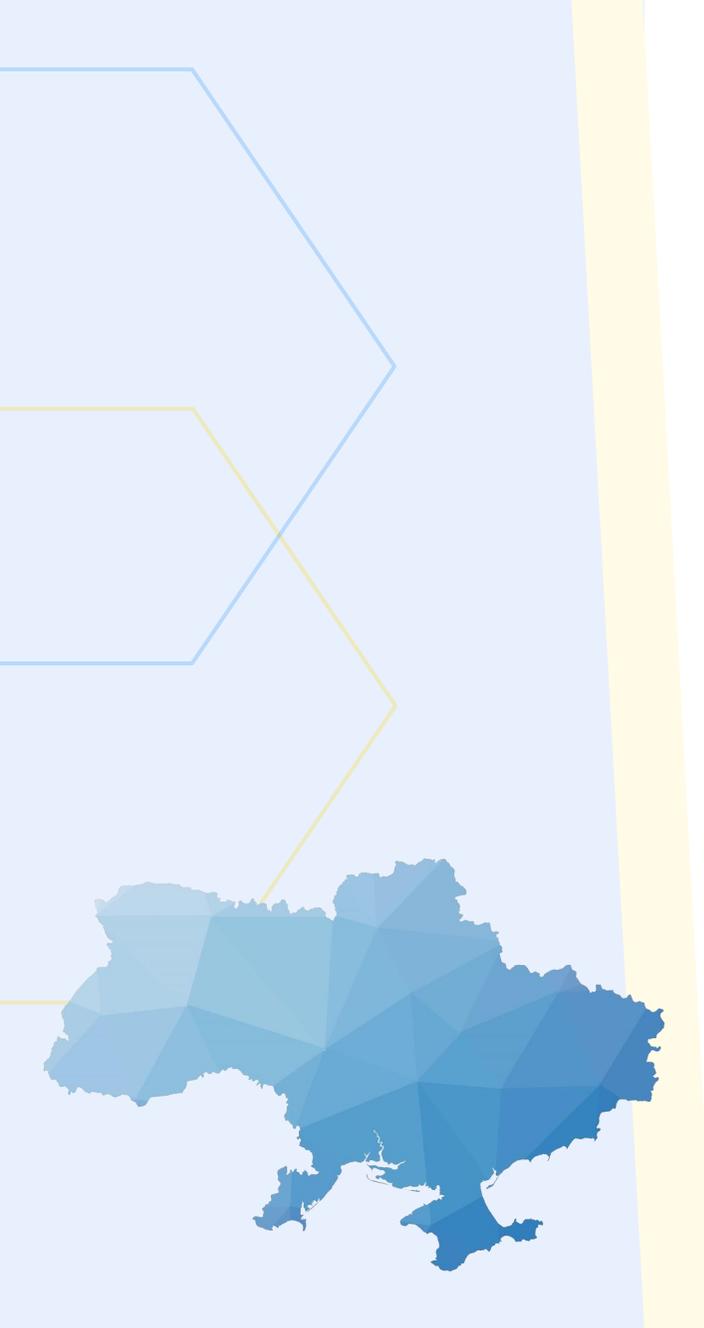
Note 1 Primary state budget balance defined as state budget revenues minus expenditures excl. debt service and minus net lending

Note 2 Estimated based on primary state budget deficit of UAH 97.4bn in 2020 and actual 2020 nominal GDP of UAH 4,194bn

Note 3 Estimated based on actual state debt of UAH 2,259bn as of Dec 31, 2020 and actual 2020 nominal GDP of UAH 4,194bn

Sources State Statistics Service of Ukraine, NBU, State Treasury



- 
- 1 Solid foundation for long-term economic growth**
 - 2 Return to gradual fiscal consolidation
 - 3 Prudent debt management strategy
 - 4 Reviving business climate and development prospects
 - 5 Strong focus on ESG considerations

Accumulated economic buffer to curb Covid-19 crisis (1/2)

2020 GDP in current prices

US\$
156bn

GDP per capita dynamics, US\$

2017 US\$
2,640

+17%

2018 US\$
3,097

+18%

2019 US\$
3,663

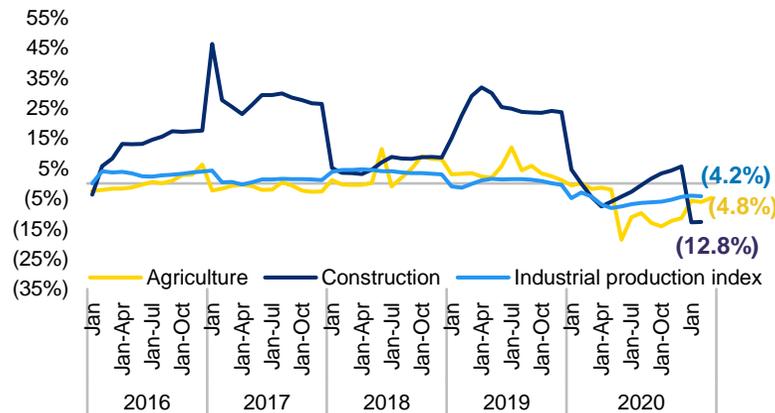
+2%

2020 US\$
3,727

Comments

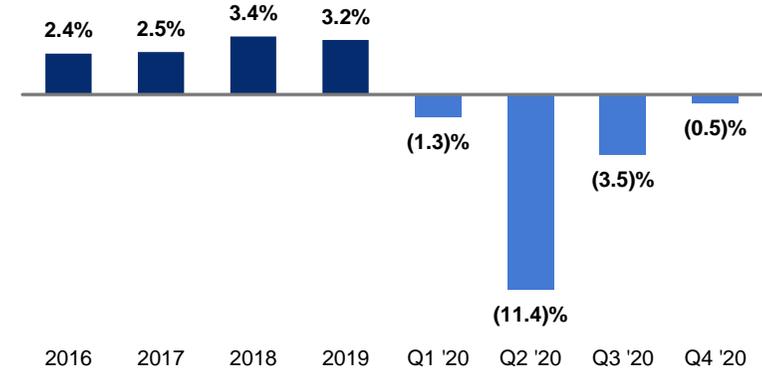
- ▶ In 2020, Ukraine's **real GDP has declined by 4.0%** which is **significantly lower than projected** by the government (-4.8%) and the IMF (-7.2%)
- ▶ Accordingly, the **key economic sector outputs contracted with construction being impacted the most** (-12.8% y-o-y in Feb 2021), followed by agriculture (-4.8% y-o-y in Mar 2021), and industrial production (-4.2% y-o-y in Feb 2021)
- ▶ Despite Covid-19, the **private consumption remained strong in Q1 2020 and have quickly returned to slight growth in Q3 2020**, while the fixed capital accumulation reacted negatively to the crisis almost immediately
- ▶ **In Q2 2020, the decline in private consumption was predominately pulling the real GDP change down**

Key economic sectors output growth (y-o-y)¹, %



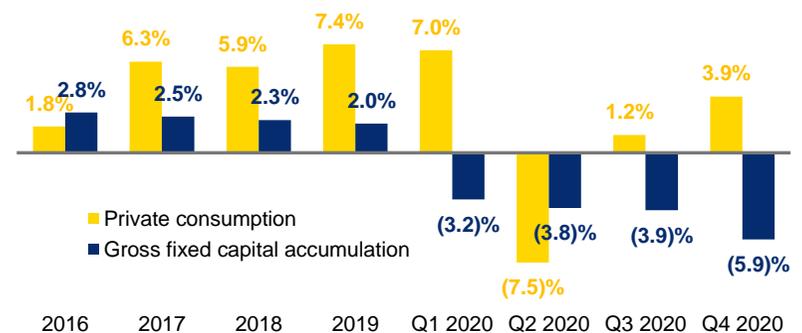
Source State Statistics Service of Ukraine

Real GDP growth (y-o-y), %



Sources State Statistics Service of Ukraine

Component contribution into real GDP growth, %



Source State Statistics Service of Ukraine

Notes

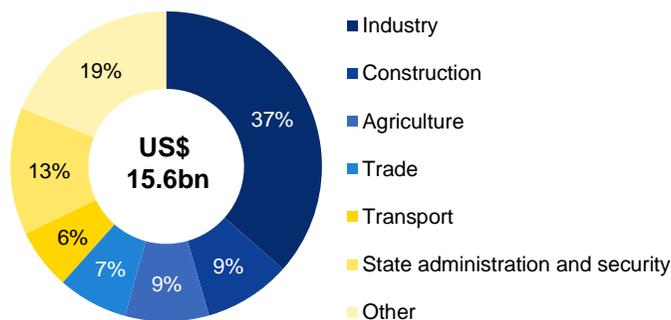
1 To the corresponding period of the previous year on a cumulative basis

Accumulated economic buffer to curb Covid-19 crisis (2/2)

Comments

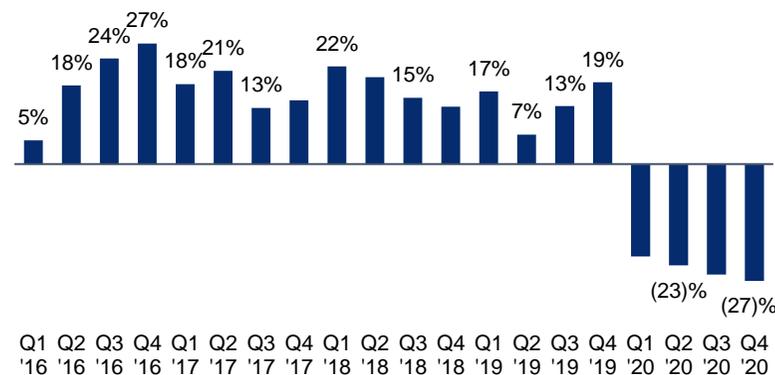
- ▶ **Although industrial output contracted in 2020**, some sectors managed to keep the stable or upward dynamics, incl. production of chemicals (+4.7%), and pharma products (+3.0%)
- ▶ **Gross fixed capital went down by 26.5% in Q4 2020** on the back of the economic disruption caused by Covid-19
- ▶ Despite 38.2% capital investments decline in 2020, the consistent growth in the previous periods (15%+ y-o-y in 2016-2019) is expected to solidify Ukraine's prospects for quick economic recovery post Covid-19 outbreak
 - **Industry has been the major contributor to capital investments in 2020 accounting for c.37%** followed by construction and agriculture with 9% both

Capital investments split by sector for in 2020, %



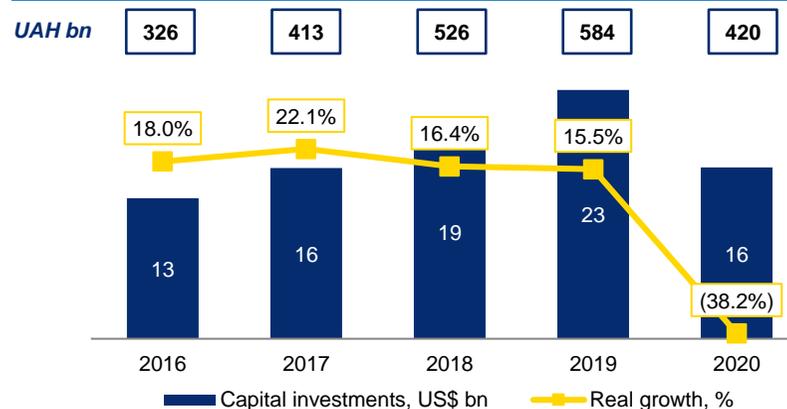
Source State Statistics Service of Ukraine

Gross fixed capital accumulation, % (y-o-y)¹



Source State Statistics Service of Ukraine

Capital investments dynamics



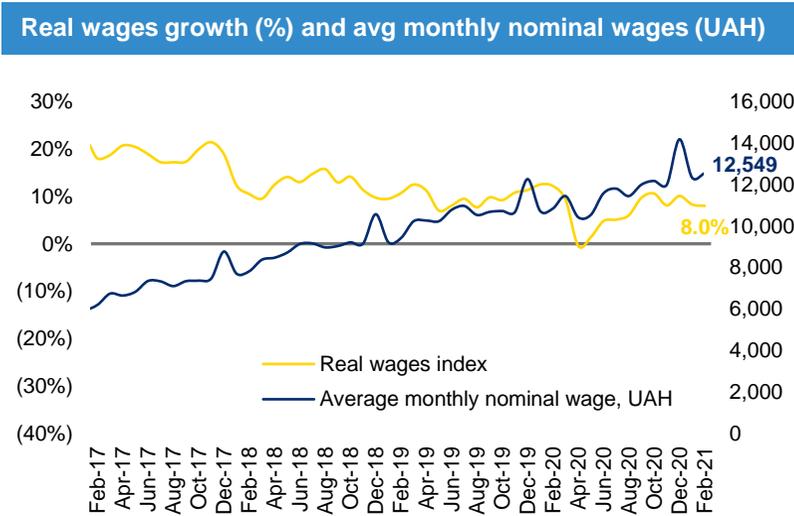
Source State Statistics Service of Ukraine

Note 1 To the corresponding period of the previous year on a cumulative basis

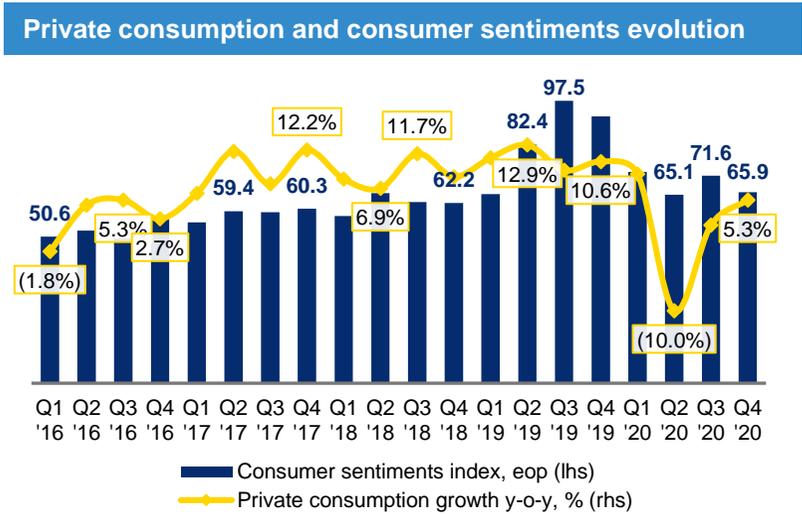
Despite economic downturn, consumer demand remains firm

Comments

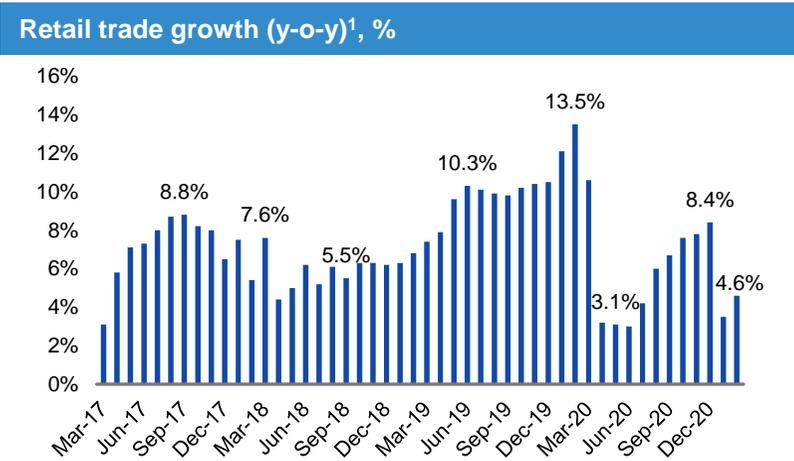
- ▶ Over recent years, consumer demand was consistently driven by a number of factors, including **steady rise in real wages, improving consumer sentiments** (before Q1 2020), **growing personal money remittances**
 - Despite economic crisis caused by Covid-19, real wages growth was mainly resilient and reached 8.0% y-o-y in Feb 2021
- ▶ **Covid-19 also had limited impact on the retail trade:** its turnover growth decreased to 4.6% in Feb 2021 from just above 8% as of Dec 2020
- ▶ Final private consumption returned to upward trend and grew by 5.3% y-o-y in Q4 2020 after a 10.4% y-o-y decline in Q2 2020



Source State Statistics Service of Ukraine



Source GFK, State Statistics Service of Ukraine



Note 1 To the corresponding period of the previous year on a cumulative basis

Source State Statistics Service of Ukraine

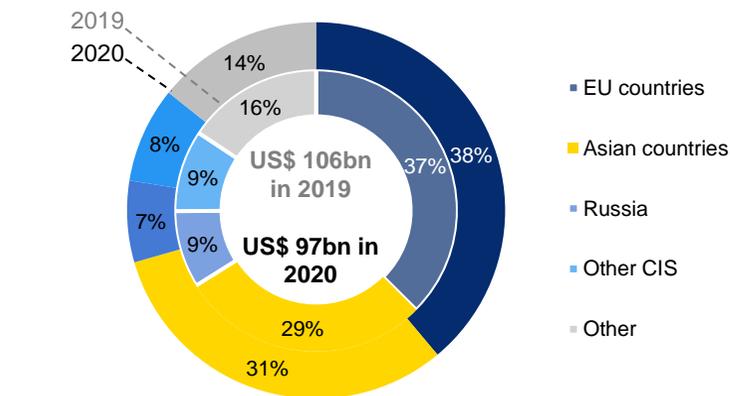


Marked impact of Covid-19 on external trade in 2020

Comments

- ▶ Based on preliminary estimates, **global Covid-19 pandemic and subsequent lockdown had a pronounced impact on Ukraine's external trade in 2020** with export of goods falling relatively slightly by 1.7% while import of goods declining more rapidly by 11.0% y-o-y in 2020
 - The total export and import of goods have reached US\$ 49.2bn and US\$ 54.1bn in 2020, respectively
- ▶ With increased net exports in 2020 such foreign trade dynamics had a positive impact on Ukraine's current account

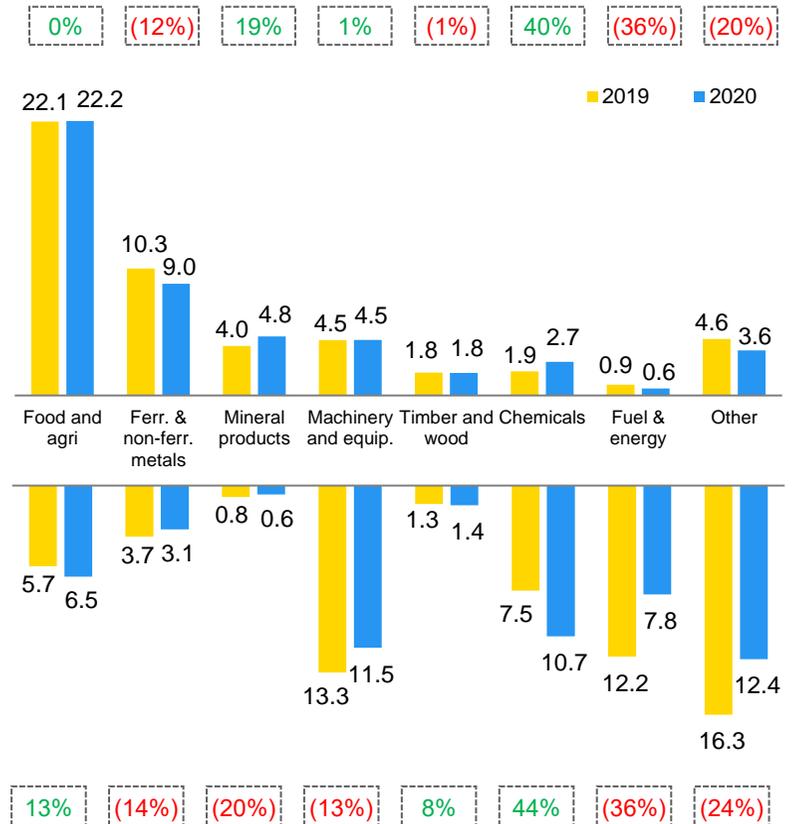
Geographic structure of goods trade in 2019 & 2020¹



Notes
1 Sum of export and import of goods

Export and import of goods dynamics, US\$ bn

Export



Import

Source Ministry of Economy

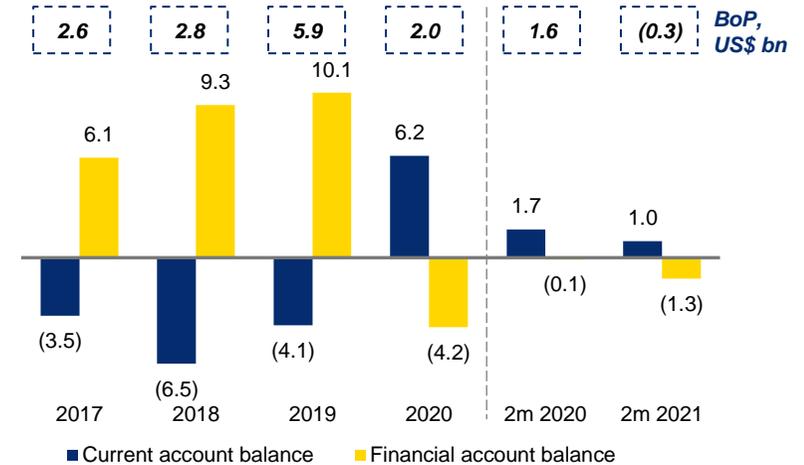


Firm external position leading to less vulnerability to external shocks

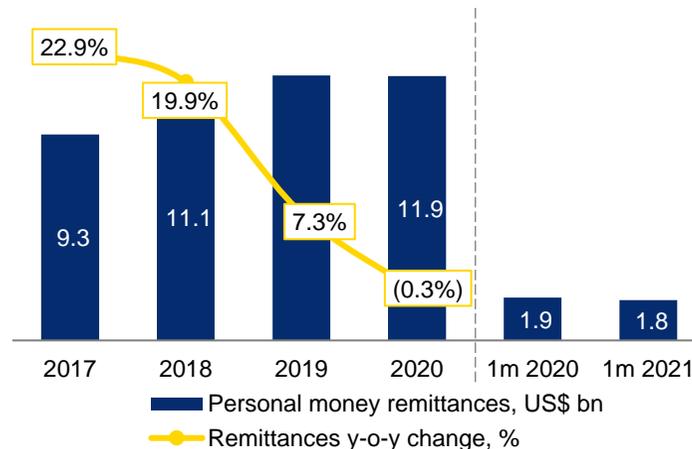
Comments

- ▶ **The trade balance deficit amounted to US\$ 1.8bn in 2020** due to decreased import coupled with only slightly reduced export (vs US\$ 12.6bn deficit in 2019 largely supported by large machinery and equipment, chemicals, food and agri imports)
- ▶ **The current account (CA) balance demonstrated surplus in 2020**, resulting from a relatively stable goods export and a decrease in imports due to global energy prices decline
- ▶ **Improved trade balance was partially offset by capital account outflows** which resulted into **positive balance of payments** of c.US\$ 2.0bn in 2020

Balance of payments components, US\$ bn

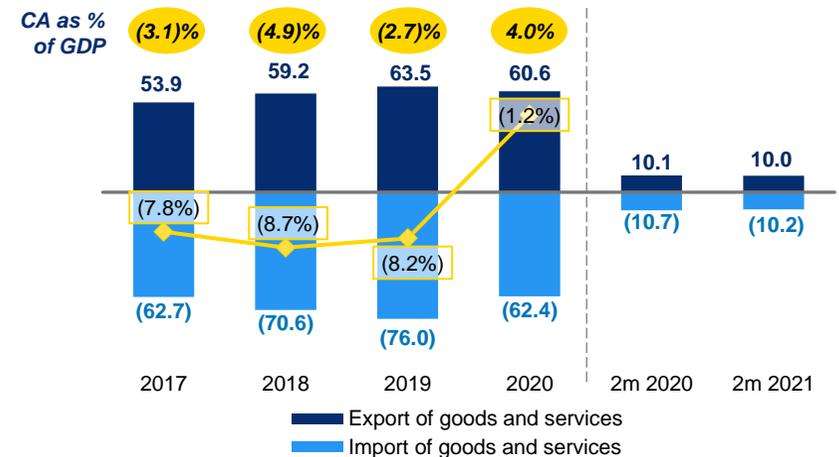


Private money remittances, US\$ bn



Source NBU

Ukraine's current and trade balance dynamics, US\$ bn



Prudent monetary policy implemented by independent regulator

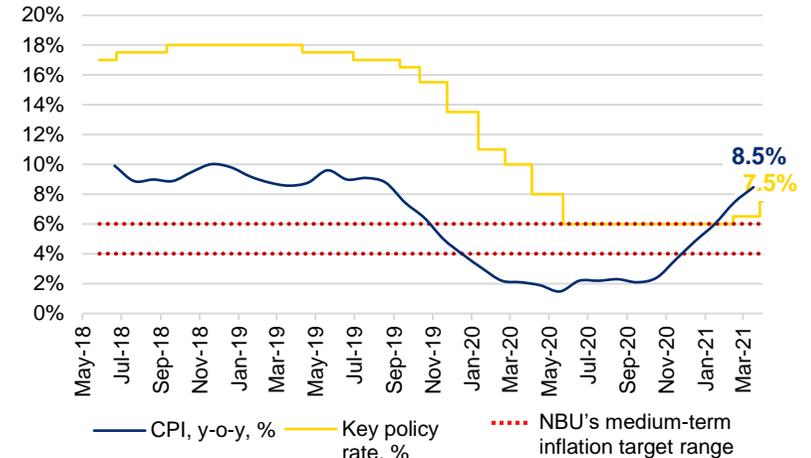
Medium-term consumer inflation target range: 5%+/-1%

Y-o-y inflation as of March 2021: 8.5%

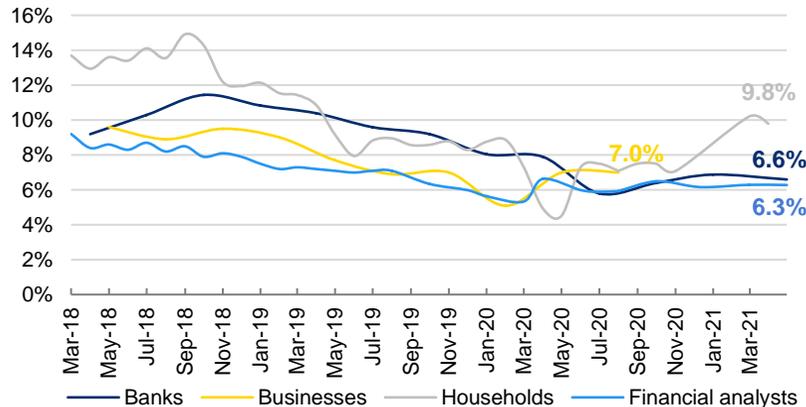
Comments

- ▶ **The NBU has significantly softened its monetary policy maintaining the cycle of key policy rate cuts until June 2020** on the back of UAH appreciation and decelerated inflation
- ▶ During July 2020 – February 2021, the NBU has decided to keep its key policy rate at 6% to curb the price growth as the economy recovers in 2021–2022, while leaving room for its further decrease
- ▶ In March-April 2021, the key policy rate was raised twice by 1.5 p.p. in total in order to respond to the growing inflation
- ▶ In March 2020, consumer inflation came out higher than had been projected previously. Inflationary pressures were generated by the rise in prices for certain foods and fuels and sustained consumer demand.

Consumer price index (CPI) change and key policy rate



CPI expectations for the following 12 months



UAH/US\$ and UAH/EUR exchange rates dynamics



Source NBU

Notes

1 As of April 20, 2021

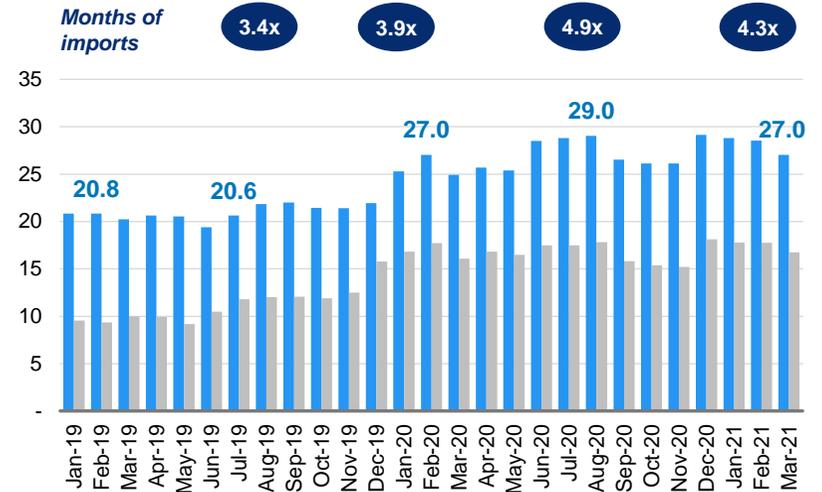


Accumulated international reserves

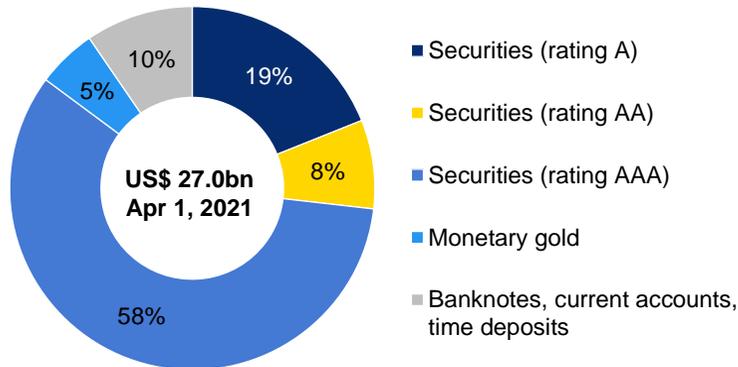
Comments

- ▶ **Gross international reserves grew by 8.5% (y-o-y) and reached US\$ 27.0bn as of April 1, 2021** (covering 4.3 months of future imports)
- ▶ Maintained **high levels of FX reserves** and **floating FX rate policy** are the most influential factors providing strong buffer for Ukraine on the back of the current crisis (vs previous ones)
- ▶ Over March 2021, the international reserves decreased on the back of NBU's net FX purchase (US\$ 50.5m), new FX domestic placements (US\$ 473.7m), government transactions to repay public debt (US\$ 1.3bn), and financial instruments revaluation loss (US\$ 250.3m)

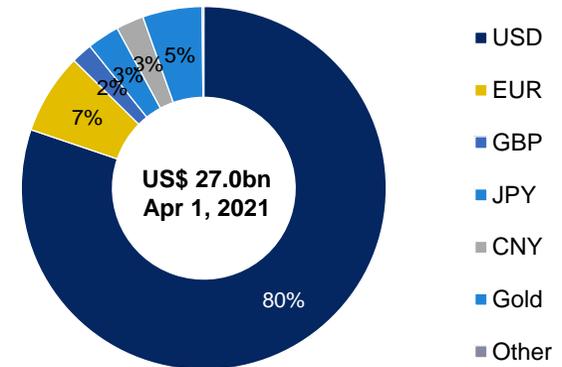
Gross and net international reserves (eop), US\$ bn



Gross international reserves by instrument (Apr 1, 2021)

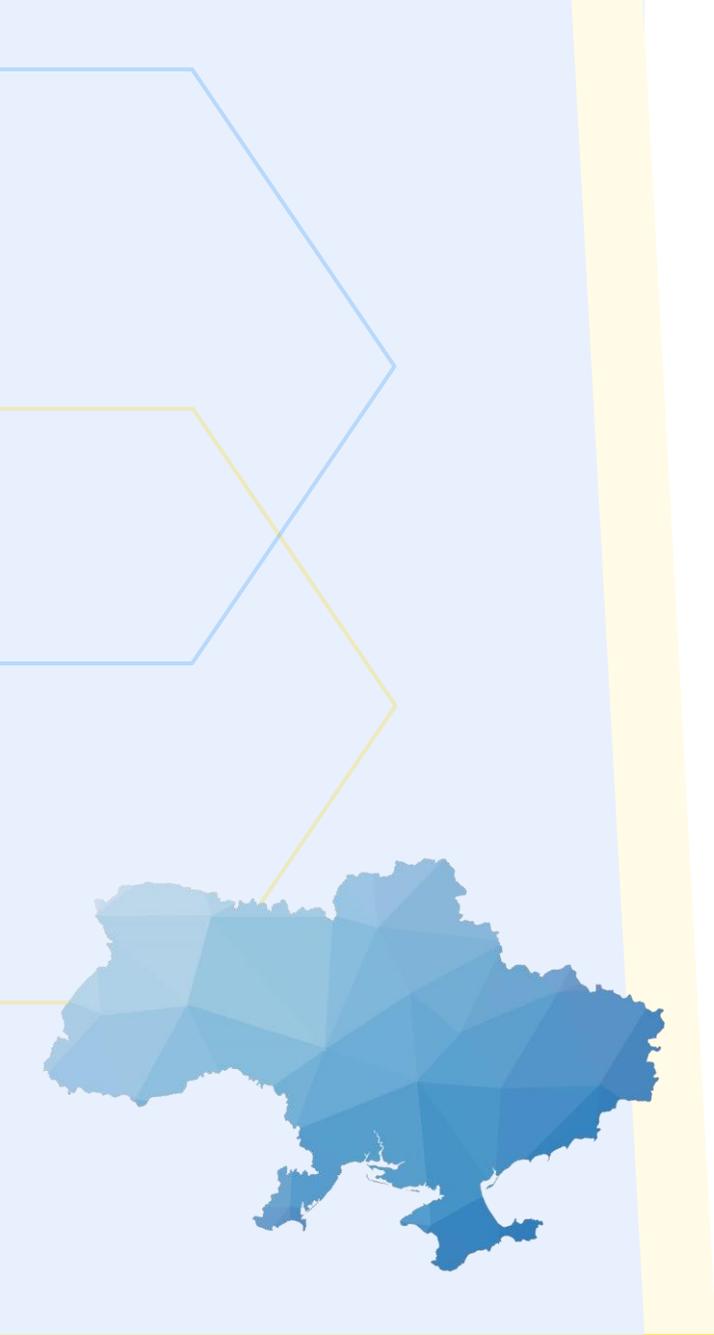


Gross international reserves by currency (Apr 1, 2021)



Source NBU





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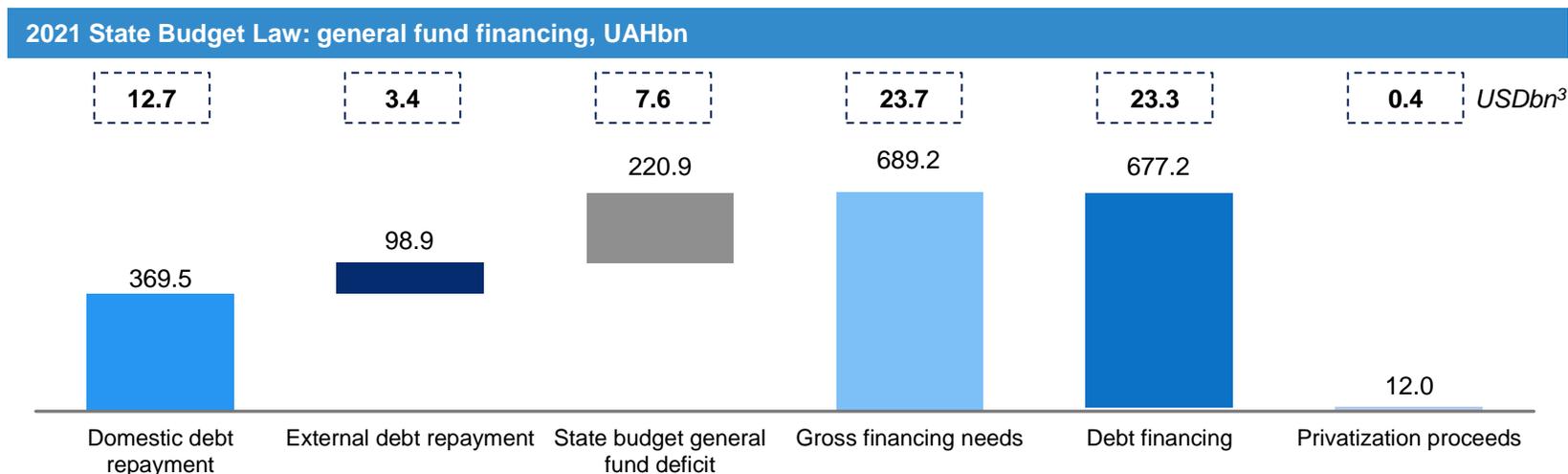


2021 state budget to resume gradual fiscal consolidation (1/2)

2021 State Budget Law: key indicators					
UAHbn	2019 (Act.)	2020 (Annual Plan)	2020 (Act.)	2021 (Law)	2021 (Law) / 2020 (Act.) change
Nominal GDP¹	3,975	3,975	4,194	4,506	
(i) Revenues	998.3	1,067.3	1,076.0	1,084.0	0.7%
as % of GDP	25.1%	26.9%	25.7%	24.1%	
Tax revenues	799.8	826.3	851.1	929.5	9.2%
Non-tax revenues	198.6	241.1	224.9	154.6	(31.3%)
(ii) Expenditures	1,075.1	1,355.6	1,288.1	1,320.2	2.5%
as % of GDP	27.1%	34.1%	30.7%	29.3%	
(iii) Net lending	4.2	12.3	5.5	10.5	90.6%
as % of GDP	0.1%	0.3%	0.1%	0.2%	
Overall state budget deficit	81.0	300.5	217.6	246.6	13.3%
as % of GDP	2.0%	7.6%	5.2%	5.5%	

The following financing have been raised YTD 2021²:

- UAH 125bn (equiv. of US\$ 4.5bn) raised on domestic market o/w UAH 96bn in UAH-denominated bonds and US\$ 1,028m in FX denominated domestic bonds



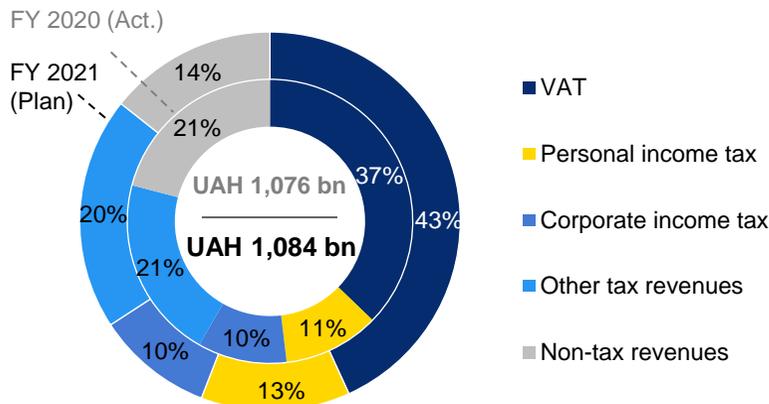
Notes

- 1 2021 GDP assumed per the Government's forecast of Ukraine's economic and social development 2021-2023 as of Jul 2020
- 2 As of April 20, 2021
- 3 Translated at the 2021 budgeted avg 29.1 UAH per 1 USD

2021 state budget to resume gradual fiscal consolidation (2/2)

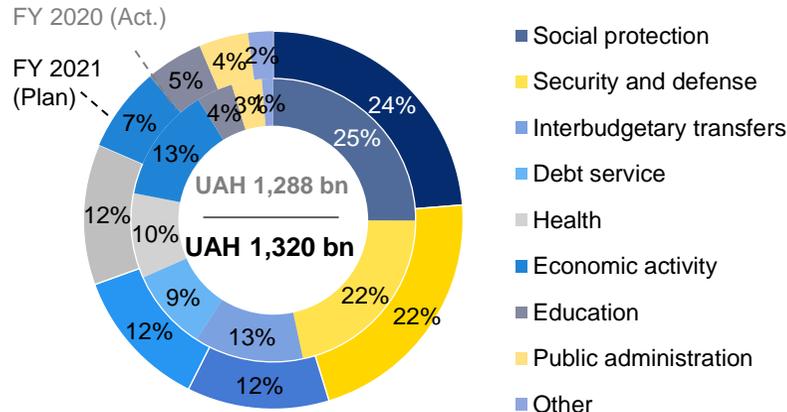
2021 vs 2020 state budget revenues split¹

2021 state budget revenues: UAH 1,084bn



2021 vs 2020 state budget expenditures split¹

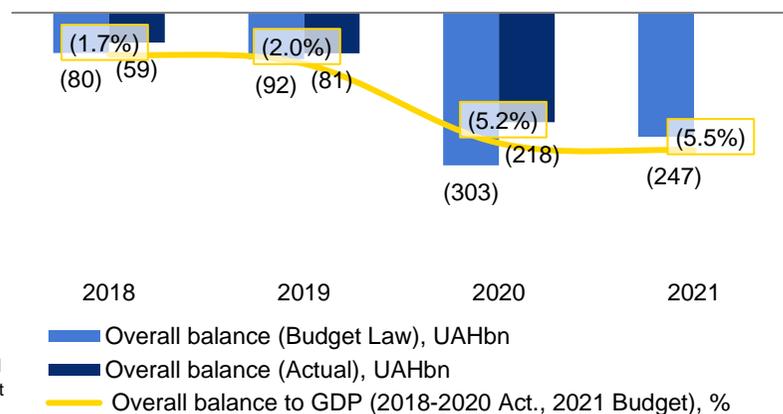
2021 state budget expenditures: UAH 1,320bn



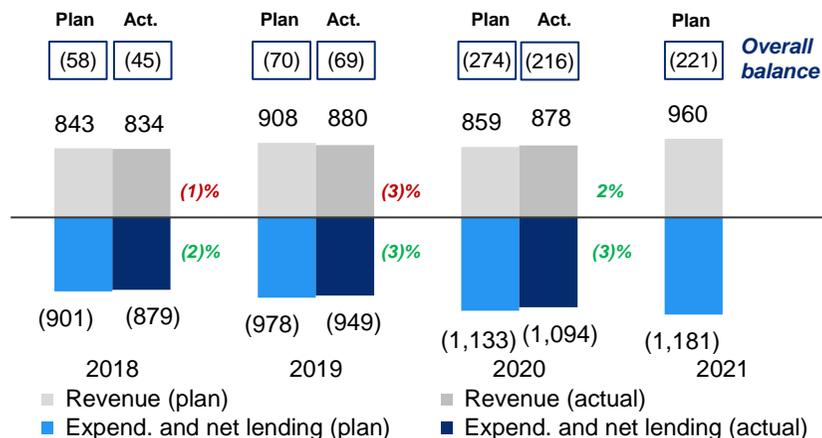
Key indicators of 2021 State budget are as following:

- Total revenues: **UAH 1,084.0 bn (+1%)**
- Total expenditures: **UAH 1,320.2 bn (+2%)**
- Budget deficit²: **UAH 246.6 bn / 5.5% of GDP in 2021 (per government's forecast of UAH 4,505.9bn GDP in 2021)**

Overall state budget balance³, UAH bn



State budget general fund performance³, UAH bn



Notes

- According to State Budget Law 2021 (as of Mar 2021) and Actual Annual State Budget Execution 2020
- Budget deficit defined as revenues minus expenditures and minus net lending
- Based on historical data for 2018–2020; based on 2021 Budget Law as of Mar 2021 and GDP forecast of the government for 2021

Source State Treasury of Ukraine, NBU

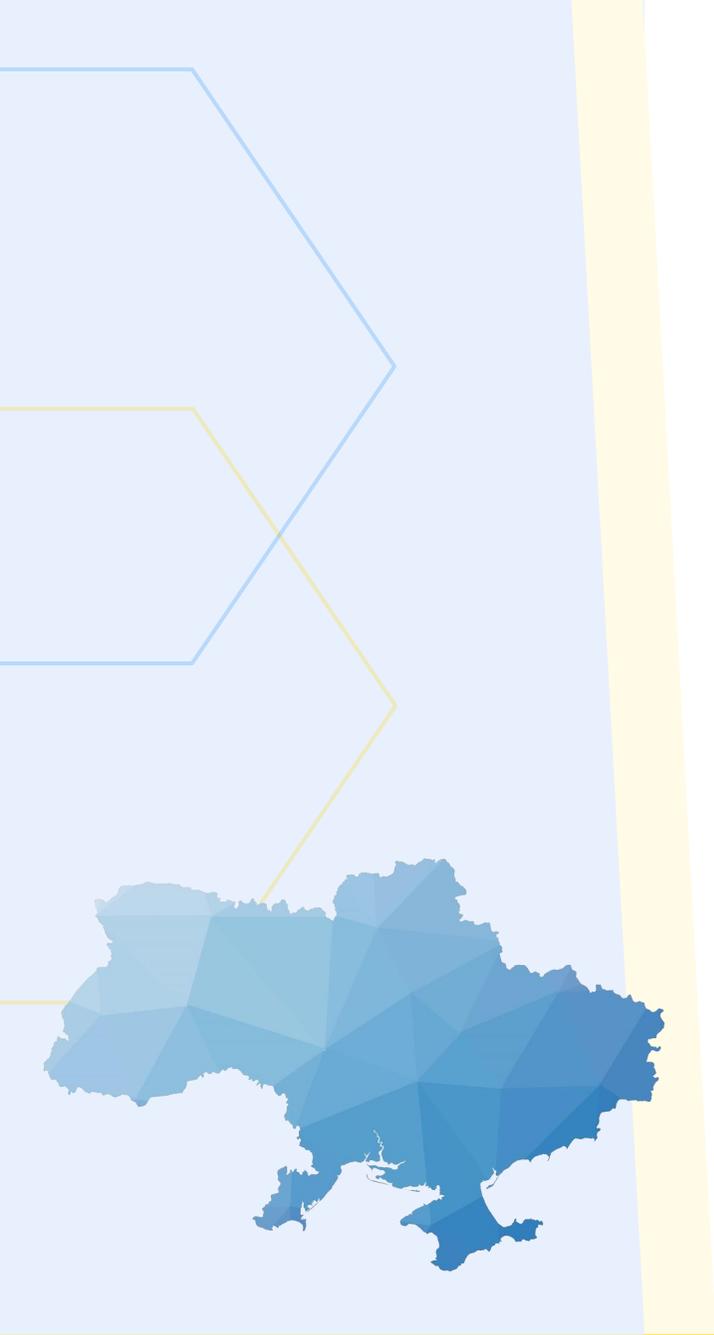
Source State Treasury of Ukraine



Jan-Feb 2021 state budget execution

UAH m	Jan-Feb 2020	Jan-Feb 2021	% diff.
Revenues	122,773	143,509	+17%
Tax revenues, incl.	108,182	129,905	+20%
Personal income tax and income charge	17,759	18,891	+6%
Corporate profit tax	9,588	6,045	(37%)
Fee for the use of mineral resources	4,774	8,398	+76%
Excises	15,534	19,576	+26%
VAT (net of VAT reimbursement)	55,105	71,141	+29%
Export and Import duties	4,458	4,798	+8%
Non-tax revenues	14,592	13,604	(7%)
Expenditures	(144,739)	(164,336)	+14%
General public functions, incl.:	(17,805)	(19,871)	+12%
Debt service	(12,004)	(13,834)	+15%
Security and Defense	(31,709)	(32,082)	+1%
Economic activity	(6,288)	(4,213)	(33%)
Protection of environment	(473)	(484)	+2%
Healthcare	(4,728)	(22,173)	+369%
Intellectual and physical development	(897)	(1,118)	+25%
Education	(6,991)	(8,108)	+16%
Social welfare	(48,320)	(56,957)	+18%
Interbudgetary transfers	(27,526)	(19,328)	(30%)
Net lending	395	168	(58%)
Primary state budget balance	(9,566)	(6,825)	(29%)
Overall state budget balance	(21,570)	(20,659)	(4%)





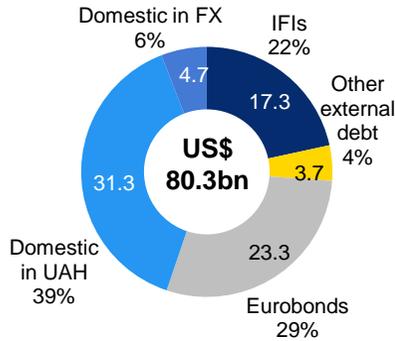
- 1 Solid foundation for long-term economic growth
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Prudent and proactive debt management strategy

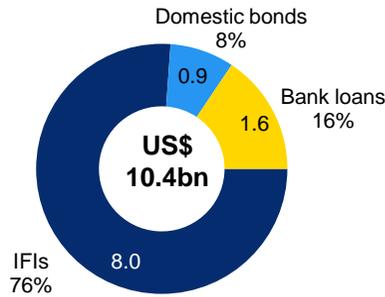
State and state-guaranteed debt structure (end-Feb 2021)

(In US\$ bn)

State debt



State-guaranteed debt

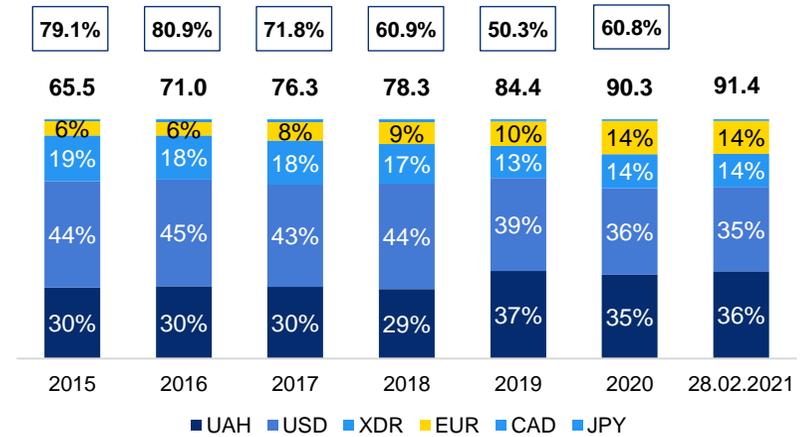


As of end-January 2021, Ukraine's total state and state-guaranteed debt (US\$ 90.7bn / UAH 2,558bn) split between:

- 59% of external debt, 41% of domestic debt
- 88% of state debt, 12% of state-guaranteed debt

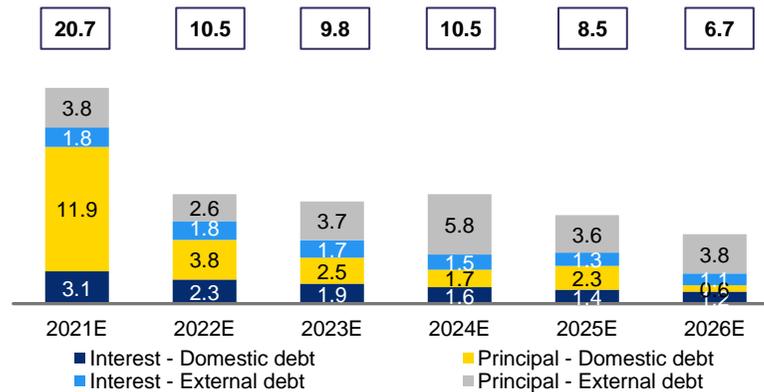
State and state-guaranteed debt by currency, US\$ bn

Total (% of GDP)



State debt amortization schedule (01.03.2021)¹, US\$ bn

Total debt service

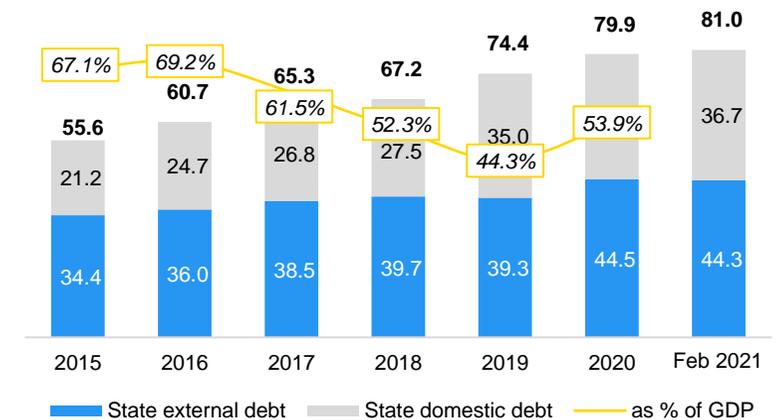


Notes

¹ Incl. outstanding debt obligations only

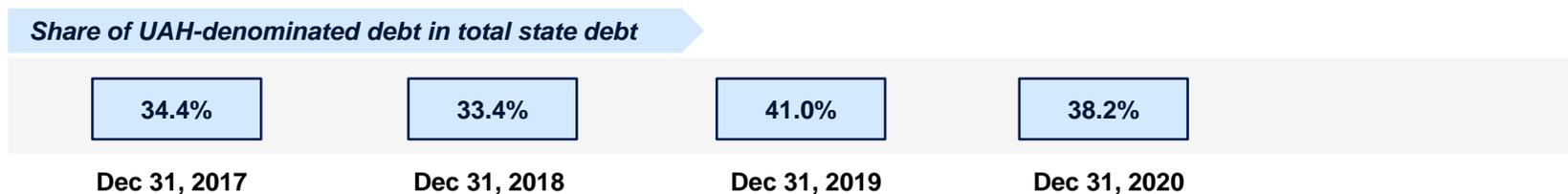
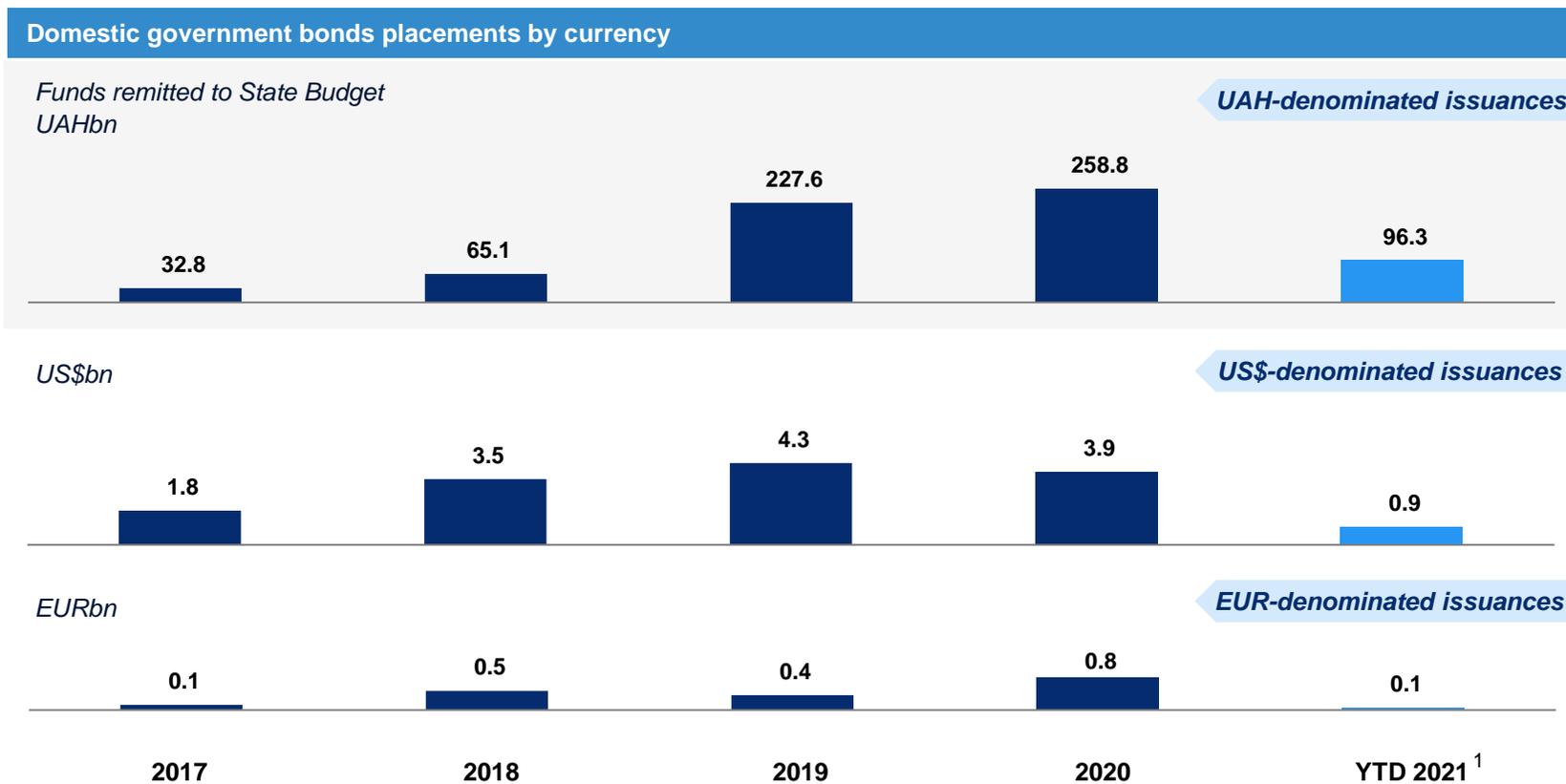
Source Ministry of Finance

State debt dynamics, US\$ bn



Switching focus to UAH-denominated issuances on domestic market

- **UAH-denominated issuances grew at 98% CAGR over 2017-2020**
- **After major 3.4x 2019 y-o-y volume increase, 2020 saw further growth of 13% y-o-y in UAH-denominated securities**
- **In line with MTDS objectives, FX-denominated issuances are kept relatively stable**



Source Ministry of Finance

Notes

1 As of April 20, 2021

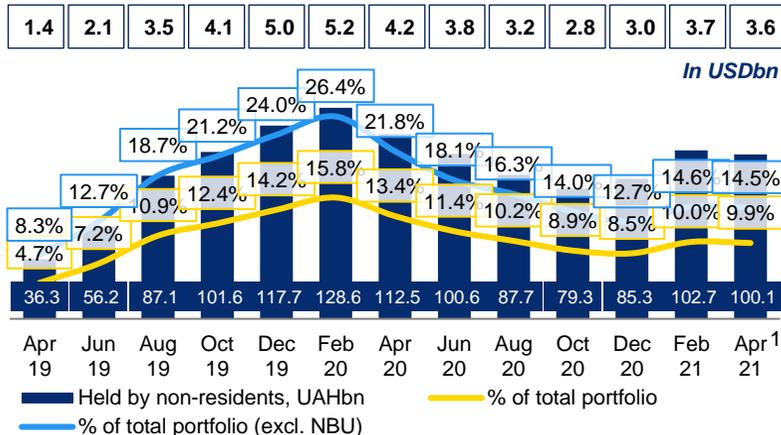


Ukraine's domestic government bond holders

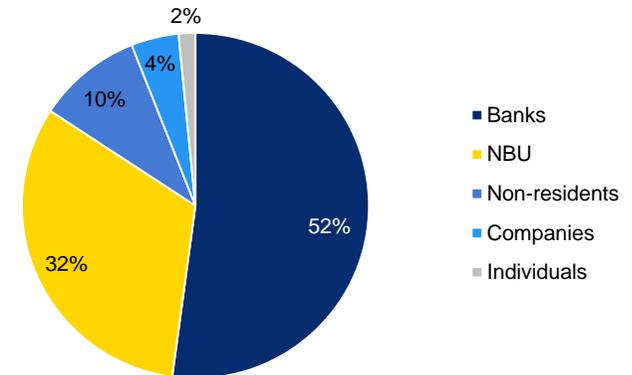
Key highlights

- ▶ With a **c.52% share**, banks are currently the largest holder of domestic government bonds followed by the **NBU**, which accounts for **c.32% of the portfolio**¹
- ▶ At c.9.9% of total outstanding Ukrainian domestic government bonds as of April 2021¹, the **portfolio held by non-residents has recently returned on its upward trajectory** (after Mar-Nov 2020 decline in line with the EM's capital outflow)
- ▶ **Ukraine is making consistent steps to deepen domestic government bond market** and to **increase share of non-residents in local currency bonds portfolio**
 - A link between Clearstream, the international central securities depository, and the depository of the NBU active since May 2019 ensuring streamlined access to Ukraine's domestic government bond market

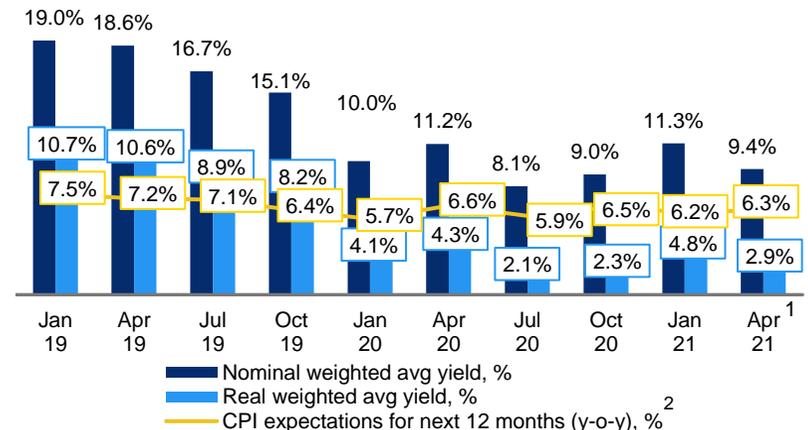
Domestic government bonds held by non-residents (eop)



Domestic government bond holders¹



Nominal and real weighted avg yields at primary auctions, %



Notes

- 1 As of April 19, 2021
- 2 According to NBU's survey about inflation expectations of financial analysts for the next 12 months

Source Ministry of Finance, NBU

Source Ministry of Finance of Ukraine, NBU

Pipeline of official concessional external financing

Combined with a proactive response to Covid-19 economic fallout, **Ukraine managed to secure a range of concessional financing** from its international partners to **cover significant portion of external financing needs for 2020**

Partner	Programs	Pipeline financing
<p>International Monetary Fund</p> 	<ul style="list-style-type: none"> ▶ On June 9, IMF Executive Board approved 18-month Stand-By Arrangement (SBA) for Ukraine, under which US\$ 2.1bn (SDR 1.5bn) was disbursed immediately ▶ The total amount of program is US\$ 5.0bn (SDR 3.6bn) that will be directed towards support of balance of payments and budget to help address the effects of Covid-19 while moving forward important structural reforms 	US\$ 3.0bn¹
<p>European Union</p>  	<ul style="list-style-type: none"> ▶ EUR 1.2bn MFA program for Ukraine was adopted within EUR 3.0bn support package to neighboring partners in May 2020, o/w EUR 623.5m has been provided on December 9, while the second tranche will depend on conditions that will be negotiated in due course ▶ Since 2014, the EU has approved EUR 5.0bn in MFA support for Ukraine, o/w EUR 3.3bn were disbursed during 2014-2018, EUR 1.1bn in 2020, and EUR 0.6bn are expected in 2021 ▶ In addition, various European institutions provide significant financial support for Ukraine, e.g. EUR 340m from the EIB within “Early Recovery Programme” 	EUR 0.6bn
<p>World Bank</p>  <p>WORLD BANK GROUP</p>	<ul style="list-style-type: none"> ▶ On June 26, the World Bank has approved US\$ 350m First Economic Recovery Development Policy Loan (DPL) for Ukraine to support economic recovery and mitigate Covid-19 effects ▶ On December 11, the institution has approved US\$ 300m loan to the state budget general fund within the Second Additional Financing for COVID-19 Response under the Social Safety Nets Modernization Project 	US\$ 0.7bn
Total amount of envisaged external financing from the official partners		c.US\$ 4.3bn

Notes

¹ Translated from SDR to US\$ based on 1.4424 US\$ per 1 SDR IMF exchange rate as of February 11, 2021



Status of cooperation between Ukraine and the IMF

New 18-months US\$ 5.0bn SBA program

- ▶ On May 21, 2020, a Staff Level Agreement on a new **18-month SDR 3.6bn (c. US\$ 5.0bn) arrangement under the Stand-By Arrangement (SBA) was agreed and approved** by the Executive Board on June 9. It replaced the Staff Level Agreement on a 3-year Extended Fund Facility (EFF) program which was achieved in December 2019 and the Executive Board approval that was made afterwards
- ▶ **Current list of structural benchmarks:**

	Envisaged completion date
(1) Approved SOBs' NPL reduction plans	End-Jun 2020
(2) Reviewed and enacted to fully reflect gas and non-gas costs heating tariffs, adopted simplified procedure for households to switch gas supplier	End-Aug 2020
(3) New organizational structures and frameworks for the STS and SCS	End-Sep 2020
(4) Enacted selected amendments to the Banking Law	End-Nov 2020
(5) Enacted amendments to the DGF and other laws to improve bank liquidation mechanism and recovery of assets	End-Oct 2020
(6) Enacted amendments to the Law on the High Council of Justice to enhance its selection process	End-Oct 2020
(7) Strengthened corporate governance in SOEs, including a new corporate charter for Naftogaz	End-Sep 2020
(8) The STS and SCS to operate nationally as two single legal entities	End-Dec 2020
(9) Complete a compliance audit by the State Audit Service of Ukraine, in consultation with external/third party auditors, of COVID-related spending	End-Mar 2021

Past EFF and SBA programs

Availability date / Reviews	SDR m	US\$ m ¹
SBA 2020 program (US\$ 5.0bn, 179% of quota)		
June 9, 2020 [disbursed]	1,500	2,076
Following reviews	2,100	2,897
Total SBA program	3,600	4,973
SBA 2018 program (US\$ 3.9bn, 139% of quota)		
December 18, 2018	1,000	1,391
Total SBA program	1,000	1,391
EFF 2015 program (US\$ 17.5bn, 900% of quota)		
March 11, 2015	3,546	4,879
July 31, 2015 [1 st review]	1,182	1,659
September 15, 2016 [2 nd review]	716	1,003
April 3, 2017 [3 rd review]	734	996
Total EFF program	6,178	8,537

Key priorities under new IMF's 2020 SBA program:

- ▶ 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

Note 1 Past tranches translated at NBU XDR/US\$ exchange rate as of the date of their receipt, future tranches (SBA 2020 program) translated per the IMF's rate of 0.7238 SDR/USD as of June 23, 2020



B / Stable credit rating affirmed by both Fitch and S&P

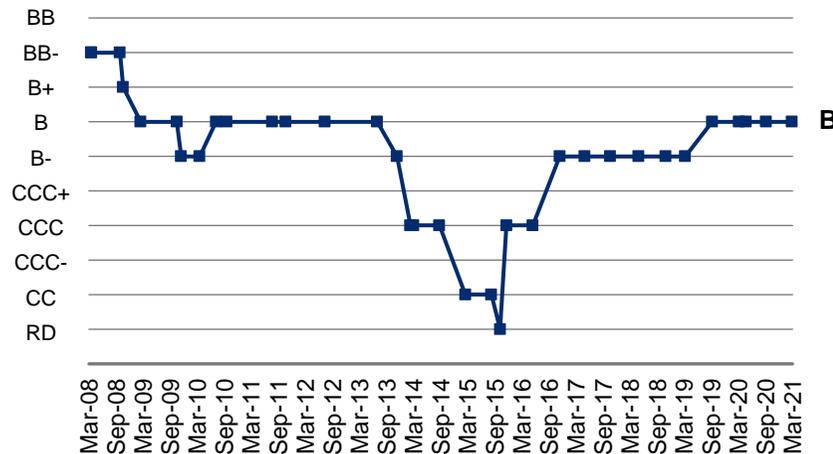
FitchRatings

Rating: B, Stable

Last update: Feb 26, 2021, reaffirmed at B, outlook Stable

Key rating drivers of the last review:

- ▶ Track record of multilateral support and a credible macroeconomic policy framework that has underpinned a relatively high degree of resilience to the coronavirus shock
- ▶ Expectations for gradual fiscal consolidation and continuation of macroeconomic policies
- ▶ Human development indicators compare favorably with the peer group, a net external creditor position of close to 13% of GDP, and general government debt is somewhat lower than the 'B' median



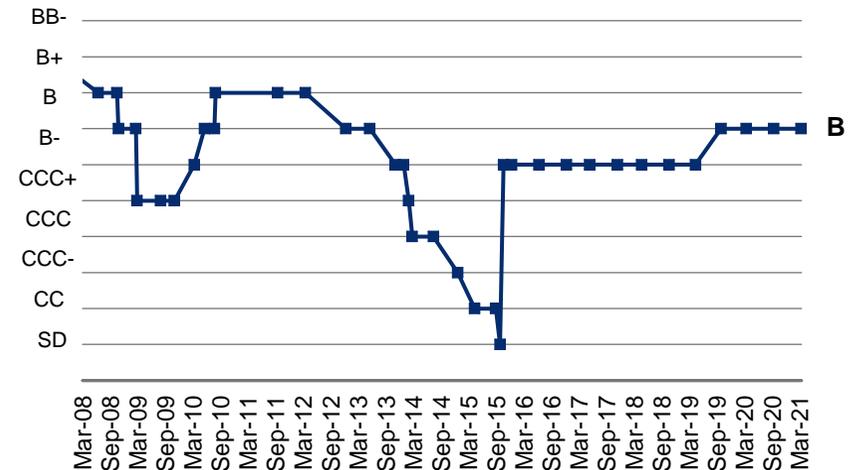
S&P Global

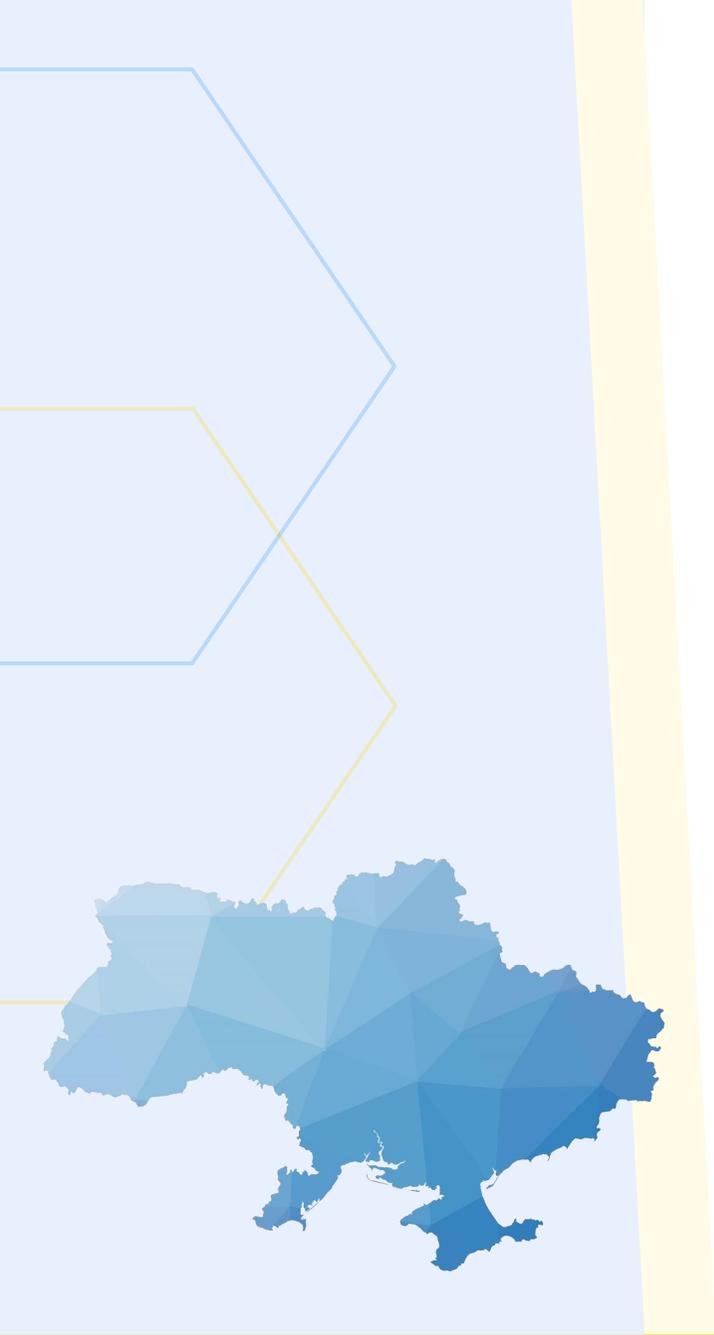
Rating: B, Stable

Last update: Mar 12, 2021, reaffirmed at B, outlook stable

Key rating drivers of the last review:

- ▶ Ukraine's growth, balance of payments, and public finances all outperformed the expectations in 2020
- ▶ Reserve adequacy has improved, providing a cushion against potential adverse external developments including further delays in the disbursement of concessional loans
- ▶ Stronger macroeconomic management since 2015 and augmented foreign exchange (FX) reserves
- ▶ The ongoing implementation of reforms helps the government access commercial debt markets and receive concessional funding from international financial institutions (IFIs)

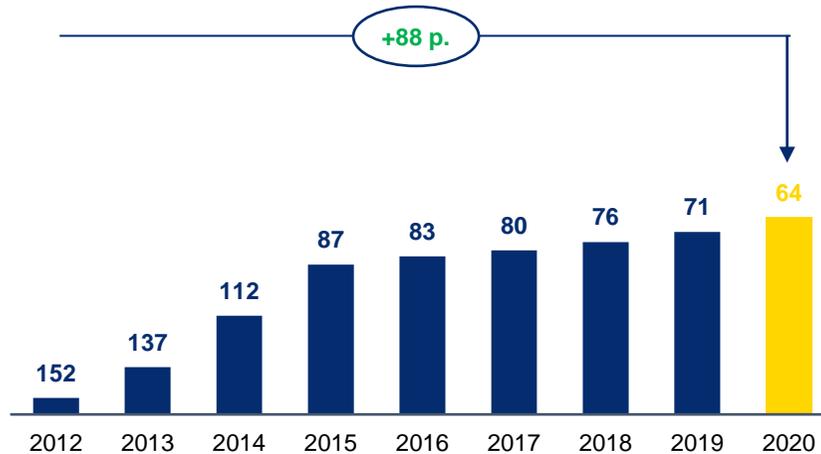




- 1 Solid foundation for long-term economic growth
- 2 Return to gradual fiscal consolidation
- 3 Prudent debt management strategy
- 4 Reviving business climate and development prospects**
- 5 Strong focus on ESG considerations

Business climate improvement to accelerate growth potential

Ease of Doing Business ranking

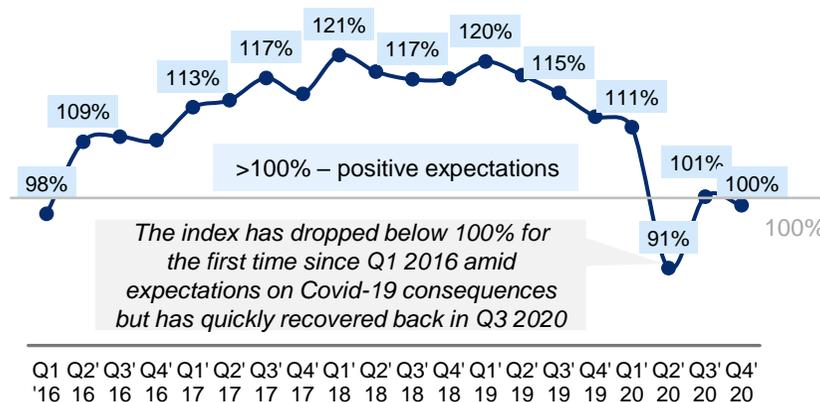


Source Doing Business

Ukraine's selected pillars in 2020 global ranking

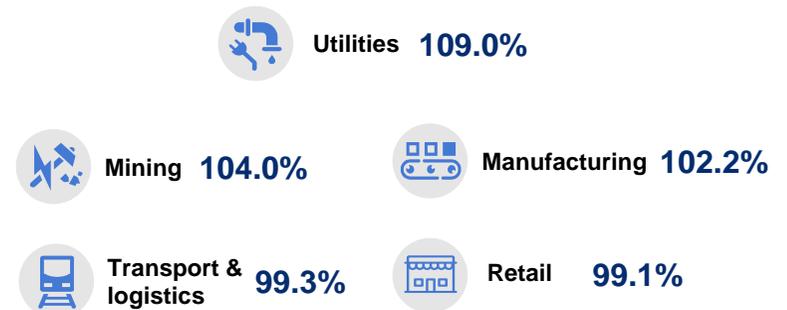


Business expectations index by the NBU



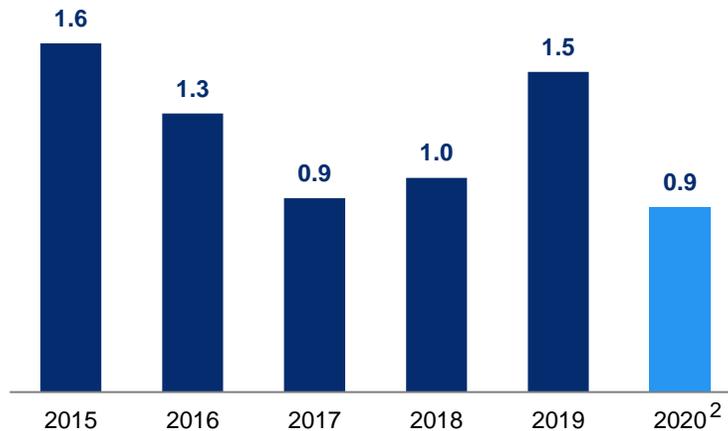
Source NBU

Q4 2020 expectations by industry



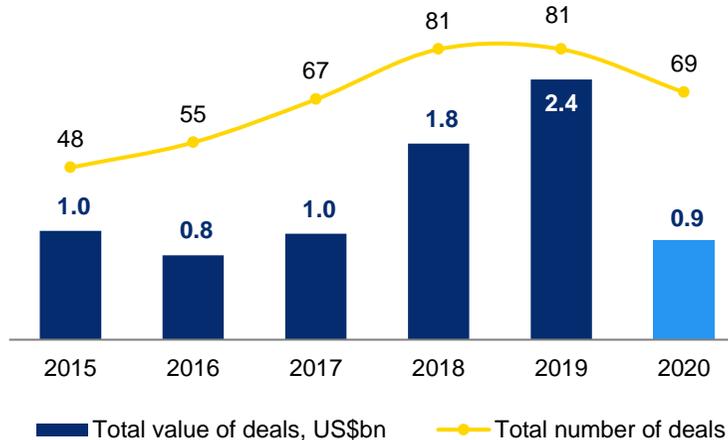
Boosted activity of foreign investors over the last year

Net FDI to real sector of Ukraine¹, US\$ bn



Source: NBU

Ukrainian M&A market development



Sources: UkraineInvest, National Investment Council of Ukraine, KPMG

Examples of recent deals and investors



▶ A digital writing tool Grammarly earned an official unicorn status by attracting US\$ 90m funding

Oct 2019



▶ Acquisition of the second-largest telecom provider in Ukraine for US\$ 734m

Nov 2019



▶ Dubai-based DP World acquired 51% stake in TIS Container Terminal in Port Yuzhny

Jun 2020



▶ Joint implementation of US\$ 1.0bn+ 800 MW wind power plant in Donetsk region with Wind Farm (UA)

Oct 2020

Other important investors



Notes

- 1 Excluding reinvestment of earnings
- 2 Preliminary data

Seizing crisis opportunity for agri exports

Overall Ukraine concluded 19 FTAs with 46 countries

- 2001 FTA with Macedonia
- 2008 Ukraine entered WTO
- 2012 FTA with EFTA countries
FTA with Montenegro
- 2013 FTA with CIS countries
- 2017 DCFTA with the EU
FTA with Canada
- 2020 FTA with Israel, United Kingdom

Comments

- ▶ Reinforced by Covid-19, the global demand for basic goods, such as agri and food, remains stable
- ▶ This provides Ukraine an opportunity to elevate basic goods exports to large and developed economies amidst crisis
- ▶ Most of such trade connections have already been set up and developed with conclusion of an increasing number of FTAs while Ukraine has undergone a major shift in trade flows towards the EU market in recent years
 - **The EU's share** in Ukraine's foreign trade turnover (goods) went up **from 35% in 2015 to 38% in 2020**
 - **DCFTA (in full force since September 2017)** provides further opportunities in the EU markets

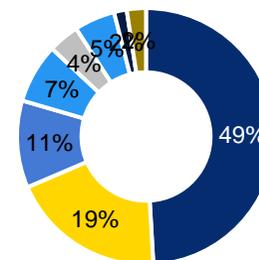
12m 2020 y-o-y increase in export of goods by countries²

 Pakistan / +426% USD 331m	 China / +98.0% USD 7,113m
 Uzbekistan / +37.0% USD 296m	 Morocco / +26.8% USD 373m
 Iran / +20.5% USD 259m	 Tunisia / +14.4% USD 415m
 Romania / +7.5% USD 1,081m	 UK / +6.2% USD 667m

Source State Statistics Service of Ukraine

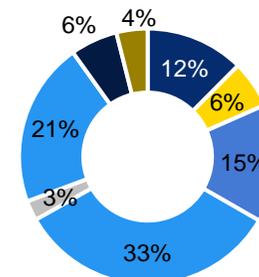
Ukraine's exports and imports breakdown¹ in 2020

Exports



- Agricultural products
- Mineral products
- Timber and wood products
- Industrial goods

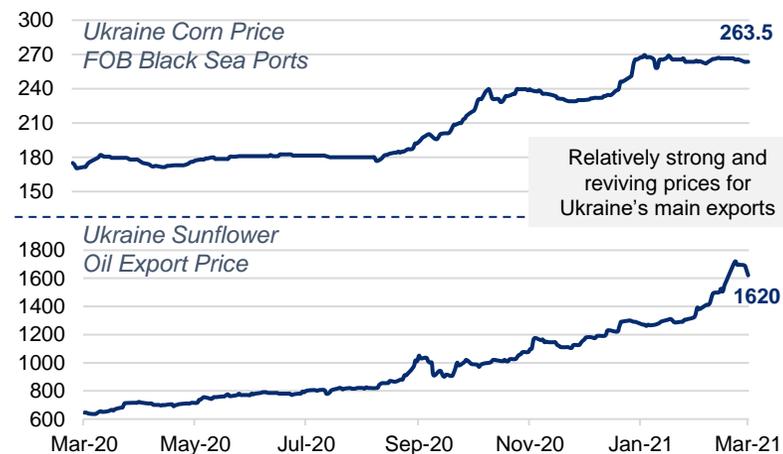
Imports



- Ferrrous and nonferrous metals
- Machinery and equipment
- Chemicals
- Other (incl. informal trade)

Source State Statistics Service of Ukraine

Ukraine's export prices on selected agri goods (US\$ / t)

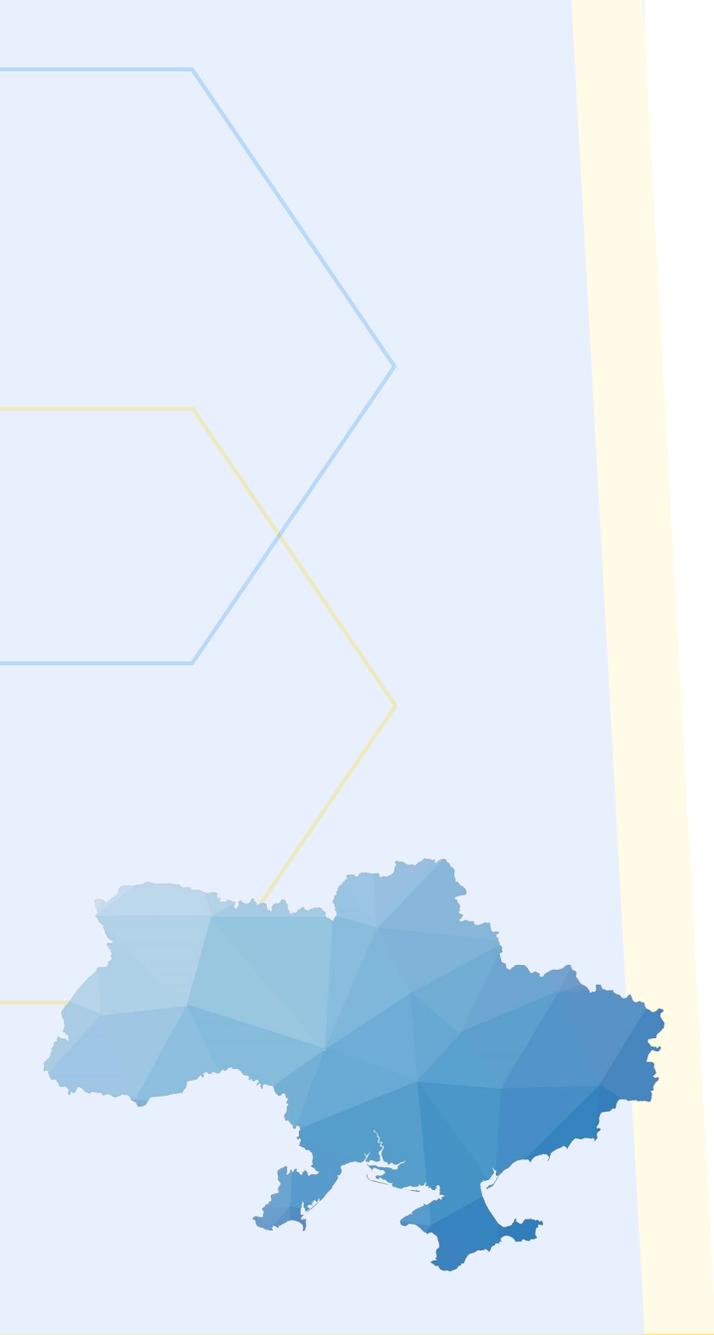


Source Bloomberg, as of January 20, 2021

Notes

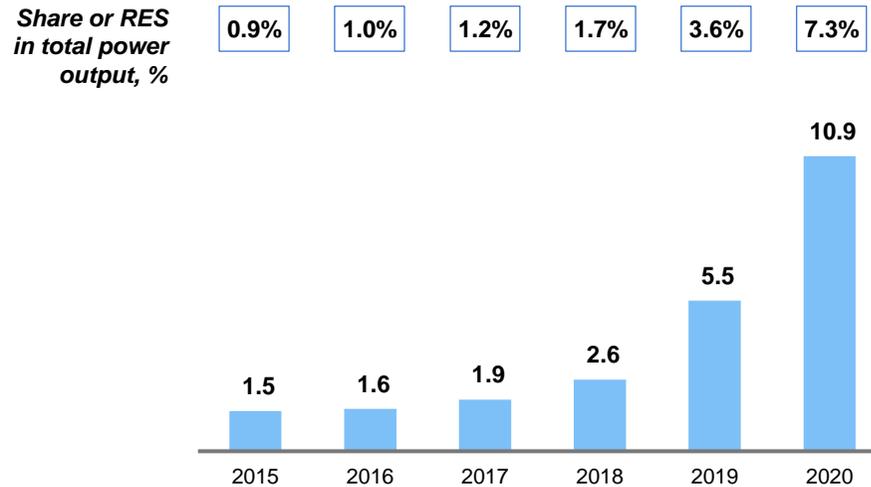
- 1 Export and import of goods breakdown
- 2 Only countries, exports of goods to which in 11m 2020 surpassed 0.5% of total Ukraine's export of goods were included



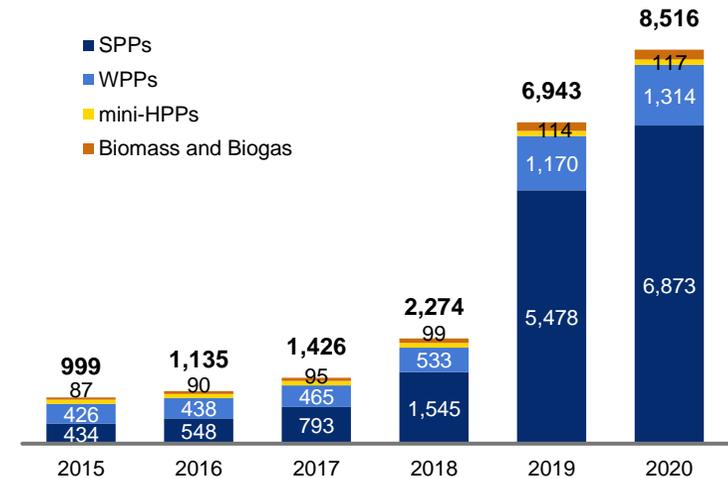


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Electricity production from RES, TWh



RES installed capacity dynamics as of eop, MW



Key environmental initiatives / commitments

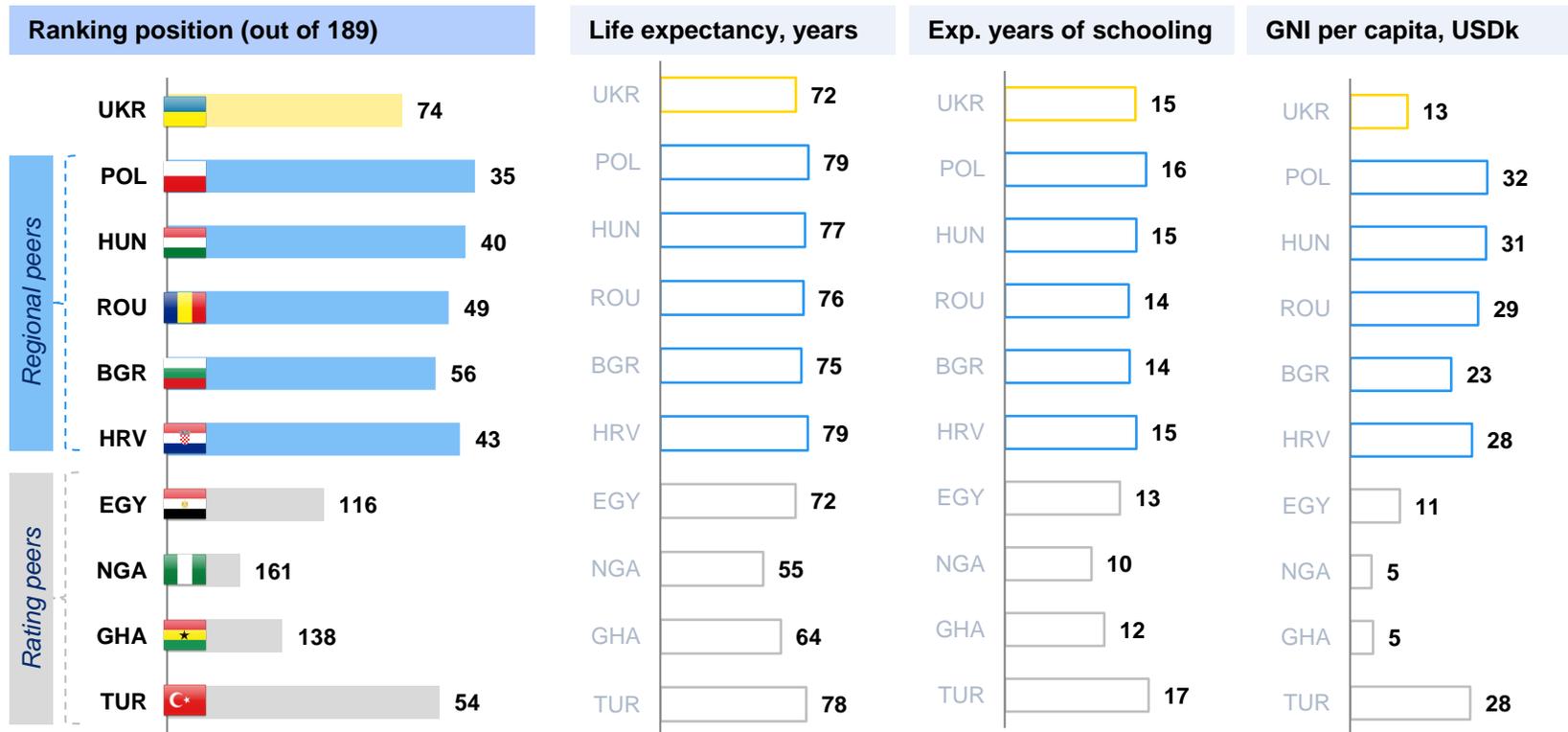
- ▶ **2014:** Ukraine committed to Environmental standard aligned on EU standards as part of the EU-Ukraine Association Agreement
- ▶ **2015:** Ukraine committed itself to achieving a range of policy targets attached to the **UN Sustainable Development Goals (SDGs)**
- ▶ **2016:** Ukraine signed the **Paris agreement** in April (which commits Ukraine to ensuring that greenhouse gas emissions in 2030 will not exceed 60% of the 1990 emissions level) and ratified it in September
- ▶ **2017:** the government adopted the **Energy Strategy of Ukraine until 2035**. It outlines measures to: (i) reduce greenhouse gas emissions, and (ii) restructure the coal sector to reduce its environmental impact
- ▶ **June 2020:** Government signs Memorandum with green energy producers
- ▶ **August 2020:** IFC Partnered with Ukraine's National Securities and Stock Market Commission to Boost Green Finance. The SAEЕ¹ developed a draft Concept for the implementation of a green bond market in Ukraine

Sources SAEЕ, Ministry of Energy of Ukraine



UNPD Human Development Index 2020

- Ukraine belongs to **High Human Development group** within **UNDP HDI** (which is also used by selected credit rating agencies) and demonstrates consistent improvement since 2015
- While life expectancy and education indices perform relatively in line with the regional peers and generally overperform rating peers, the income measure, GNI per capita, is the one pulling the country's ranking down



▶ In order to further enhance the country's human capital, both education and healthcare sectors are currently undergoing reforms with the following key priorities:

- Education:** (i) affordable and quality pre-school education, (ii) New Ukrainian School, (iii) modern professional (vocational) education, (iv) quality higher education and development of adult education, (v) development of science and innovation
- Healthcare:** (i) implementation of the new financing mechanism "money follows the patient", (ii) introduction of "family" doctors, (iii) primary care, palliative care, and emergency medical care 100% funded by the state, (iv) new methods for procuring and distributing vaccines, (v) new licensing and educational standards for doctors, etc.

Sources UNDP, Ministry of Education and Science of Ukraine, Ministry of Health of Ukraine

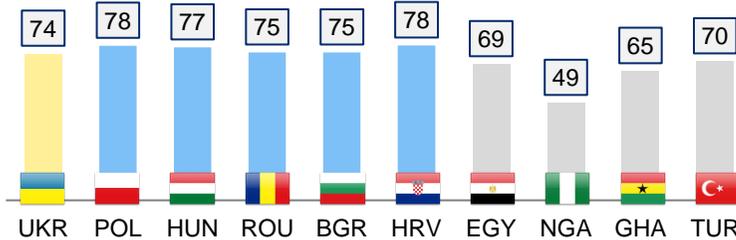


Ukraine vs peers in governance ratings

Sustainable Development Goals Index 2020



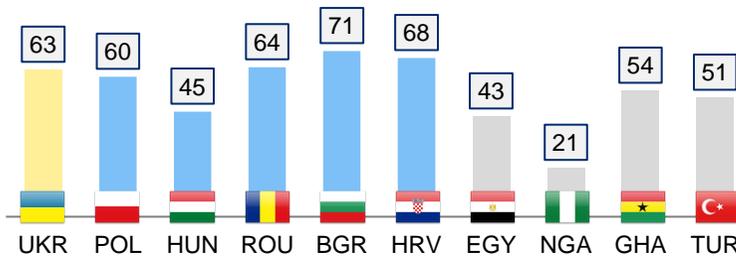
- ▶ Rating: 0 (worst) to 100 (best)
- ▶ Analyzes country's performance within 17 goals



Open Budget Index 2019



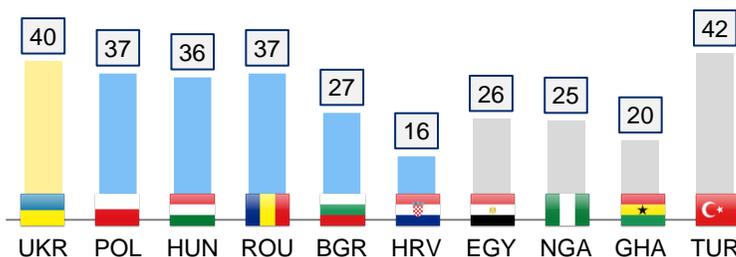
- ▶ Rating: 0 (worst) to 100 (best)
- ▶ Analyzes country's budget transparency



Investor Relations Index 2020



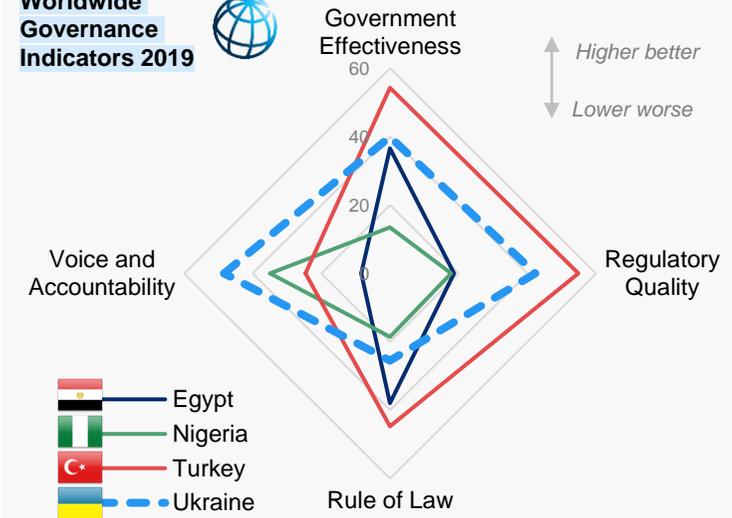
- ▶ Rating: 0 (worst) to 42 (best)
- ▶ Analyzes country's investor relations function



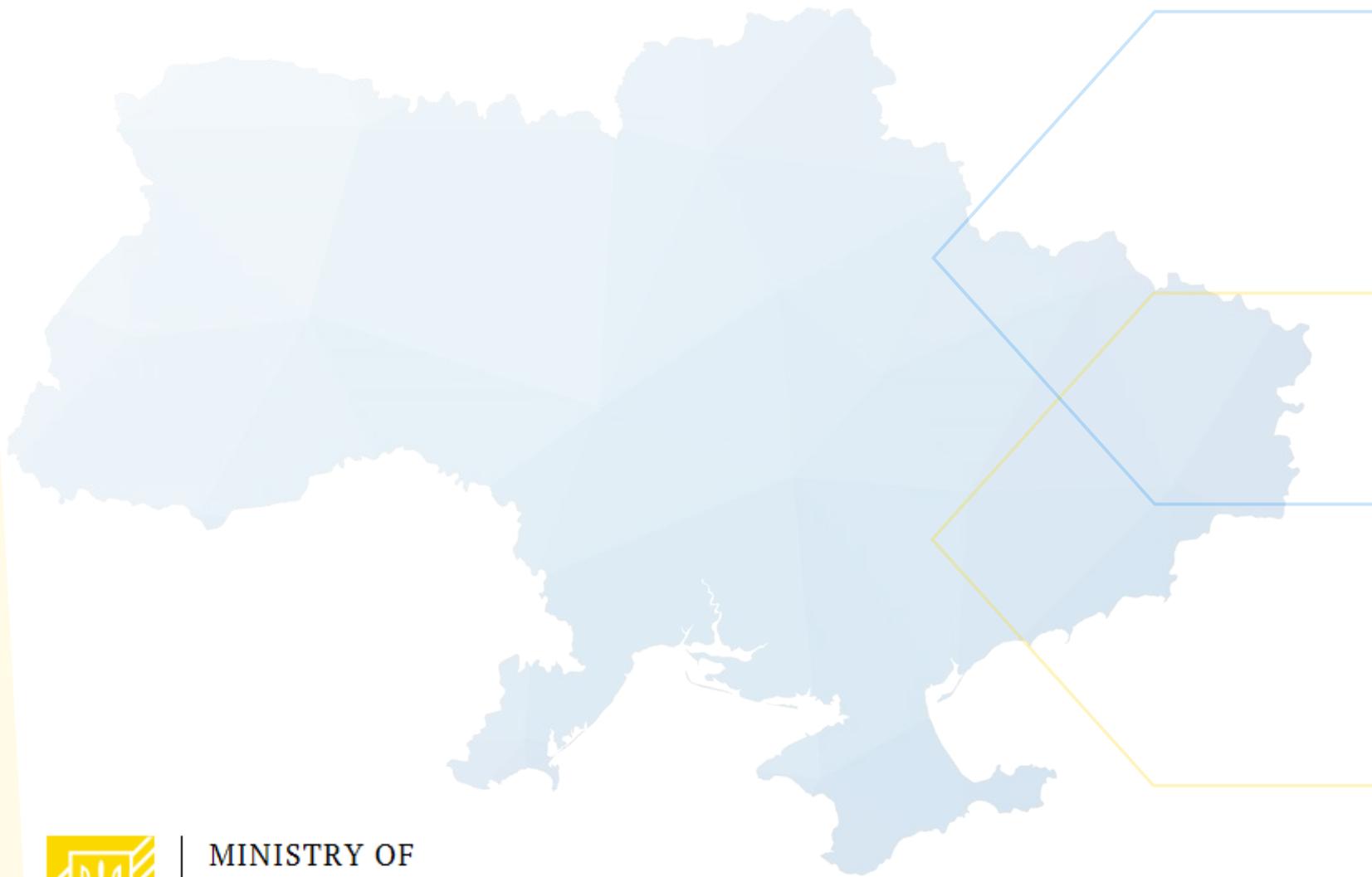
Sources U.S. Department of State, World Bank, UN, TPPR, International Budget Partnership, IIF

WGI and other developments on governance

Worldwide Governance Indicators 2019



- ▶ **Worldwide Governance Indicators (WGI)** are published by the World Bank and constitute an important basis for sovereign credit ratings
 - Ukraine performs in line with its rating peers demonstrating relatively solid performance in Voice and Accountability, Government Effectiveness and Regulatory Quality pillars
- ▶ Besides the mentioned indices, Ukraine has also topped **Transparent Public Procurement Rating** in 2019 (among 31 countries) and was highly appraised with regard to the fiscal transparency in the **U.S. 2020 Fiscal Transparency Report**



**MINISTRY OF
FINANCE OF
UKRAINE**

