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There is no doubt that Ukraine today faces a challenging time with both political and economic problems that have crippled our economy. We are experiencing war, devaluation, and economic stagnation that were caused by the neglect, corruption and abuses of the previous regime. I firmly believe, however, that these economic problems are currently under control, and the war is confined to a small segment of our country. For the remainder of Ukraine, we are open for business.

During the past year, the people of Ukraine have endured hardship and pain as a result of Russian aggression. But at the same time, we constantly felt full support by, and solidarity with the international community, especially our European partners and our close friend and ally, the United States. Ukraine will forever be a European nation tied to the global community with common values and goals, and we will work together openly and transparently.

With international support, Ukraine has embarked upon a full scale business and economic reform agenda to address these problems. This reform agenda will harmonize our laws with those of the European Union and change the way we do business, by applying principles of freedom, rights, fairness and openness in all areas of society.

We are creating a new Ukraine.
This will not be an easy task; change is never easy. We recognise that this reform process will take time and, more fundamentally, require a change in attitude. We in the Government are committed to this reform path. We are also changing the face of Government, systematically replacing personnel of the old regime so that the new Ukraine will function as a normal western democracy without holdovers or corrupt business practices of the past.

On the positive side, Ukraine has a solid economic base and highly-skilled, talented people. As a Government we are now working diligently to unlock this potential and are looking for partners to join us in this effort, not through altruism but for mutual benefit. Ukraine needs business know-how, new technologies and investment. In return, our business partners will benefit from a transparent and fair business environment and high returns.

Numerous, mutually beneficial business opportunities now exist for American and Ukrainian businesses. For you as business leaders, there is an opportunity to make money and, as a consequence, Ukraine will benefit from your assistance in restructuring our industry to become more efficient and competitive and to drive our economy forward. The Government of Ukraine will support and encourage such symbiotic partnerships.

Today, Ukraine presents numerous opportunities waiting for a jump start. Ukraine is a relatively large economy with both material and human resources. But our industry is not modern. Our production techniques are largely stuck in the past, many focused on archaic demands of our eastern neighbour. Now we need to retool, refocus and become modern, efficient producers. This is where your know-how will be essential for us.

The Maidan protests, in which Ukrainian citizens fought for closer ties with Europe, were not merely a symbolic gesture for western orientation, but a demand for real integration with the European Union. Our Deep and Comprehensive Trade Agreement will enable products produced in Ukraine to flow freely into the world’s largest trading bloc. As Ukraine adopts EU business laws and practice, we will become a gateway for global business into the EU market, supplying agricultural, industrial, consumer products and services which will also create new business opportunities.

Therefore, Ukraine invites American business to partner with us in restructuring of our economy and we look forward to doing business together. I want to reassure you that it is safe to visit Ukraine, secure to invest with us and most importantly, mutually profitable.

Ukraine is open for you.

Arseni Yatsenyuk
Prime Minister of Ukraine
Ukraine: Key Facts

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

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

GDP (PPP): $373 billion in 2014
top-50 economy globally

Average salary: $156 per month
Most cost-competitive manufacturing platform in Europe

Big Mac price: $1.55
Visa free travel for short stays for most Western countries

Trade:

1. Geographical center of Europe, making the country an ideal trade hub to the EU, Middle East and Asia
2. World Trade Organization member
3. Deep and Comprehensive Free Trade Agreement (DCFTA) with European Union
4. Free trade: EU, CIS, EFTA, FYROM, Georgia, Montenegro On-going negotiations with Canada, Israel and Turkey
Information Technology:

- #1 IT engineering force in Central and Eastern Europe (CEE)
- 20 times growth in IT outsourcing sales since 2003
- IT services are 40% of all exports to US - the #1 trade category
- 100+ global companies operate software R&D labs in Ukraine
- 130,000 engineering graduates annually
- 9.8% of graduates in math, sciences and computing
- Jan Koum (WhatsApp) and Max Levchin (PayPal) born and raised in Kyiv

Agribusiness:

- 33% of world’s black-earth soil (“chernozem”) is in Ukraine, considered the most fertile and productive agricultural land
- Over 70% of Ukraine is agricultural land, valued at > $100 billion
- #1 in sunflower oil exports globally
- #2 world grain exporter after the US
- #3 in corn exports globally

Infrastructure:

- Railways – 21,619 kilometers (#12 globally)
- Roadways – 169,694 kilometers (#29 globally)
- Airports – over 20 passenger airports
- Ports – 13 along mainland of Ukraine
- Odessa ports handle over 65 million tons of cargo annually
- 4 of 10 European transport corridors run through Ukraine
- #5 worldwide in rail cargo traffic
- Pipelines – 36,720 km of gas, 4,514 km of oil and 4,363 of refined products

Natural resources:

- #1 black soil concentration globally
- #2 manganese ores and graphite deposits globally
- Top-3 iron ore deposits globally
- Local gas production covers over 50% of needs

Human Capital

- 4th educated nation in the world – 99.7% literacy rate
- 70% have a secondary or higher education
- Ukraine rose 56 positions since 2012 in World Bank’s Ease of Doing Business Ranking
- World’s largest cargo aircraft, Antonov-225 Mriya, designed and manufactured in Ukraine

Ukrainian Maria Muzychuk is the 2015 World Chess Champion
The Revolution of Dignity in Ukraine that began with Euromaidan in November 2013 marked a fundamental turning point in Ukrainian society, leading to a generational shift in political elites, a historical commitment to European values and economic convergence and launch of a bold reform agenda.

In 2014, the people of Ukraine replaced an authoritarian, kleptocratic former regime with a pro-European President Poroshenko and Parliament, both with five-year mandates, ensuring political stability in implementing the vector to Europe, and a reformist, democratic, pro-European Government led by Prime Minister Arseniy Yatsenyuk.

- The average Minister’s age is **45**
- Critical mass of English-speaking reformers with well-respected private sector backgrounds
- Pro-business, pro-reform agenda
Arseniy Yatsenyuk, Prime Minister, age 41

- Education: Chernivtsi State University, Chernivtsi Institute of Trade and Economy
- Youngest Prime Minister in the history of Ukraine
- Youngest former Head of Parliament in Ukraine

Aivaras Abromavicius, Minister of Economic Development and Trade, age 39

- Education: Concordia International University (Estonia), Concordia University Wisconsin (US)
- 19 years of investing and investment banking experience
- Successfully ran a multibillion regional investment firm

Natalie Jaresko, Minister of Finance, age 50

- Education: Harvard University’s Kennedy School (US), DePaul University in Chicago (US)
- 20 years of investment experience
- Former Founder and CEO of leading CEE private equity fund

Oleksiy Pavlenko, Minister of Agrarian Policy and Food, age 38

- Education: Kyiv-Mohyla Academy, Nyenrode Business University (Netherlands)
- 18 years of investment, agricultural and industry experience

Andriy Pyvovarsky, Minister of Infrastructure, age 37

- Education: Taras Shevchenko University, Tufts University (US)
- 12 years of investment banking and industry experience
Ukraine stabilized its economy, defended its territory and launched unprecedented structural reforms and EU convergence policies to create a solid platform for future sustainable growth. Ukraine is open and ready for business. In March 2015, the Ukrainian government proposed, and Parliament adopted, eight important reform laws targeting the budget, taxation, pensions, energy pricing, protection of investor rights and other areas. This new legislation paved the way for the International Monetary Fund (IMF) to approve $17.5 billion in funding to Ukraine and led to economic and currency market stabilization. GDP growth is expected to return in 2016 with 3-4% growth forecast from 2017 onwards.

The impact of reforms is significant in Ukraine’s energy sector where, for the first time, all contracts exclude intermediaries and the gas market was liberalized and aligned with the European Third Energy Package. Over 2/3s of gas imports are now met through European reverse flow contracts – a significant departure from exclusive reliance on Russian gas. As a result, the former $10 billion deficit of the state gas monopoly Naftogaz was reduced to less than $2 billion, and is forecasted to be eliminated by year-end.

The government’s push to cease subsidies and more than triple gas prices for households, with targeted compensation for vulnerable families, is historic as no prior administration had the courage and political will to tackle this issue vital to Ukraine’s independence and future development. This move is projected to drive energy savings and decrease gas consumption by 12 billion cubic meters, making the country fully energy independent of Russia, and creating an energy efficiency market exceeding $35 billion over the next 10 years.

Ukraine has Europe’s largest underground gas storage capacity.

Energy

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Gas Imports Diversified

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Privatization

The Ukrainian government’s ambitious privatization program aims to divest over 300 state enterprises in the first phase. State enterprises consume annual subsidies of 2.5% of GDP, contributing only 0.2% in dividends. The privatization program is expected to attract foreign investment, cut budgetary subsidies and level the playing field. In addition, data on top-100 state-owned enterprises has been made public, including detailed financial statements, thus increasing transparency and disclosure standards as well as improving management and corporate governance.

Deregulation

An ambitious deregulation program was launched with over 70 initiatives, from scrapping quarantine certificates for grain transportation to liberalizing the land market to simplifying the immigration rules for expatriates. Licensing for 26 business activities was abolished and 16 regulations scrapped.

The Ministry of Economy estimates $2.4 - $3.3 billion in savings for the business community and a dramatic improvement in Ukraine’s future standing in the World Bank’s Ease of Doing Business Rating, paving the way for increased investment and job creation. Ukraine has already risen 56 positions in the ranking since 2012.

Finance

The IMF and other multi- and bilateral international partners agreed to provide Ukraine with financial support totaling over $25 billion through 2018. In addition, the government is negotiating $15 billion in savings over the next four years from Ukraine’s foreign commercial lenders.

Reforms in the banking sector led to recapitalization of the banking system. Additionally, a clean-up of the sector was initiated. Since early 2014, over 50 of 180 banks closed as the National Bank of Ukraine increased capital requirements, accelerated closing “pocket banks”, combatted related party lending and strengthened financial monitoring.

Disbursement of the first $5 billion IMF tranche stabilized currency markets, with the Hryvnia exchange rate appreciating by over 30% versus its lowest point in February 2015. IMF financing will help triple Ukraine’s official reserves to $18 billion by year-end from just $5.6 billion.
Top Reasons to Invest in Ukraine

1. Ground Floor Opportunity

Ukraine, located at the European Union’s frontier, with a pro-Western, pro-business government focused on implementing reforms and strengthening national security and institutions, is well-positioned to become a future economic turnaround success story. The challenges faced by Ukraine create momentum and urgency for pursuing structural reforms - key to the country’s transformation and to unlocking future growth.

2. Highly Skilled Human Capital

Ukraine is a large country with a total population of over 45 million. Ranked the 4th most educated nation in the world, over 99.7% of Ukrainians are literate and over 70% have a secondary or higher education. The largest Ukrainian cities, including Kyiv, Kharkiv, Odessa, Dnipropetrovsk and Lviv, are educational hubs as talented young people strive for higher education and job opportunities.

Select Ukrainian cities by population

<table>
<thead>
<tr>
<th>City</th>
<th>Population (thousand people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kyiv</td>
<td>2,868</td>
</tr>
<tr>
<td>Kharkiv</td>
<td>1,451</td>
</tr>
<tr>
<td>Odessa</td>
<td>1,017</td>
</tr>
<tr>
<td>Dnipropetrovsk</td>
<td>931</td>
</tr>
<tr>
<td>Zaporizhya</td>
<td>766</td>
</tr>
<tr>
<td>Lviv</td>
<td>729</td>
</tr>
</tbody>
</table>

Source: State Statistics Committee
Two Ukrainian universities based in Kyiv, Taras Shevchenko and Kyiv Polytechnic Institute, entered the TOP-500 world universities ranking in 2014.

With its distinct advantage of the educational system’s strong focus on technical disciplines, Ukraine produces over 130,000 engineers and about 16,000 IT graduates each year. Ukraine is home to the largest IT engineering force in CEE.

Percent of math, science and computing graduates

Students by discipline

International companies operating and expanding in Ukraine demand highly skilled workers and set high standards for the entire labor market. Over the last 10 years, use of English language has become more widespread, becoming an integral part of the education system and a key focus for the Ukrainian government.

Percent of math, science and computing graduates

Students by discipline

Total graduates

International companies operating and expanding in Ukraine demand highly skilled workers and set high standards for the entire labor market. Over the last 10 years, use of English language has become more widespread, becoming an integral part of the education system and a key focus for the Ukrainian government.
The DCFTA signed with the European Union and ratified by both Parliaments is already having an enormous impact on Ukrainian industry, lifting tariff and non-tariff barriers for Ukrainian exports, most notably in the agricultural and manufacturing industries, where Ukraine enjoys important competitive and cost advantages. Implementation of the first step, the one-way free trade zone with the EU, encouraged Ukrainian businesses to expand exports to the region. Share of exports to the EU increased from 26% in 2012 to 35% in 2015 to date, with agricultural products and metals driving this growth. Automotive components are now the #1 export category to Germany. Future growth potential is great as per capita Ukraine exports remain low at $1,540 per year versus $4,956 in Poland and $6,605 for the sixteen CEE countries.

The significant devaluation of the Hryvnia changed Ukraine into one of the most competitive low-cost production platforms globally. Labor, raw materials and other production costs have declined significantly in U.S. dollar terms. In particular, labor intensive industries such as food and agribusiness, light manufacturing and small machinery-building are benefiting the most. The average salary, at $156 per month based on current 2015 figures, is significantly below regional peers in CEE. At the same time, proximity to the large EU market makes Ukraine a competitive alternative to Southeast Asia, especially for industries demanding short supply chains and fast production cycles, such as textiles, apparel or footwear.

Delivering goods in two days to European hubs versus a ship container traveling from Asia over 40 days is an unbeatable advantage.

Electricity and other important cost components are significantly lower in Ukraine than in other European countries, a key factor in selecting a manufacturing platform. Based on current tariffs, electricity prices for industrial enterprises are much lower in Ukraine than neighboring Poland (-25%), Czech Republic (-25%) or Slovakia (-37%). Many European companies in textile, automotive, FMCG and home appliances are producing goods in Ukraine.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>35.7</td>
</tr>
<tr>
<td>Spain</td>
<td>26.8</td>
</tr>
<tr>
<td>Greece</td>
<td>19.4</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>11.9</td>
</tr>
<tr>
<td>Slovakia</td>
<td>11.3</td>
</tr>
<tr>
<td>Hungary</td>
<td>8.9</td>
</tr>
<tr>
<td>Poland</td>
<td>8.3</td>
</tr>
<tr>
<td>China</td>
<td>2.1</td>
</tr>
<tr>
<td>Ukraine</td>
<td>1.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source: Statista, Ukrstat, 2014</th>
<th>Electricity prices for industrial enterprises USD cent / kWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>19.2</td>
</tr>
<tr>
<td>Slovakia</td>
<td>12.6</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>10.5</td>
</tr>
<tr>
<td>Poland</td>
<td>10.5</td>
</tr>
<tr>
<td>USA</td>
<td>10.0</td>
</tr>
<tr>
<td>Ukraine</td>
<td>7.9</td>
</tr>
</tbody>
</table>
Ukraine ideally positioned to be a manufacturing hub for EU
Kilometers distance to select cities

- London: 1,990 km
- Milan: 1,560 km
- Berlin: 930 km
- Budapest: 570 km
- Warsaw: 390 km
- Lviv: 340 km

Accessible to key global business hubs
Flight hours to select cities

- NYC: 10 hours
- Dubai: 5 hours
- Beijing: 9 hours
- London: 3 hours
- Berlin: 2 hours
- Istanbul: 2 hours
- Kyiv: 1 hour

Proximity to Key Markets

Ukraine’s geographic location, combined with its low production costs, creates the opportunity to become a major service, manufacturing and trading hub at the intersection of Europe and Asia.

Ukraine has a robust infrastructure for sustaining an export-oriented economy – close to 170,000 km of roadways, some 22,000 km of railways, 13 sea ports along mainland Ukraine and over 20 passenger airports.

Ukraine is continually improving its logistics infrastructure. According to the LPI index that ranks countries according to their logistic efficiency, Ukraine rose from 66th place in 2012 to 61st (out of 160 countries) in 2014, thus outperforming its CIS peers in terms of trading costs and the potential for global integration.

The EU FTA already unlocked the European market for Ukrainian exporters as currently the EU continues to apply its preferential trade regime for Ukrainian goods: for example, 83% of agricultural goods are imported duty-free to the EU. It is anticipated that exports will increase further given the large 500 million consumers EU market and the fact that major destinations in Europe may be reached within two truck days.

Attractive Entry Valuations

Ukraine is experiencing increased demand for capital to renew and expand its industry. Ukrainian banks are primarily focused on improving their balance sheets, resulting in interest rates for local currency debt exceeding 20%. Demand is high for equity capital for operationally strong companies in attractive market segments with healthy balance sheets who seek working capital to finance growth, develop exports or modernize production.

Increasing foreign direct investment (FDI) is an important focus for the Ukrainian government with the IMF projecting net FDI to increase to $3.2 billion in 2015, then $5.2 billion and $9.0 billion over the next two years.

Current market conditions create real opportunities for both new entrants to the Ukrainian market as well as foreign investors already operating in Ukraine.
Attractive Sectors

Information Technology

Ukraine has been featured as a top-30 global outsourcing destination by Gartner since 2007, capitalizing on a large, skilled and cost-competitive labor base of software engineers. The country is in the top-3 by number of certified IT professionals, while 3 Ukrainian companies made the global Top-100 issued by the International Association of Outsourcing Professionals.

Elance ranks Ukraine as #3 globally in terms of freelance professionals, behind only the United States and India. The industry has grown by nearly 20 times over the last decade, from $110 million in 2003 to about $2.4 billion in 2014, achieving an impressive cumulative average growth rate of over 30%.

Ukraine enjoys a sustainable competitive advantage in the global outsourcing market, driven by (1) the high quality of education in the country, (2) the cultural and geographic proximity to the European market, (3) low comparative wages, and (4) English proficiency.

Ukraine IT outsourcing growing at 30%+ for over 10 year
Total size of the market, USD million

Source: Ukrainian Hi-Tech Initiative, Symphony-solutions, MoEDT estimates
A number of these companies have emerged as global leaders in their respective sectors and niches, leveraging an abundant supply of top software engineers and a low-cost location for their operations.

IT outsourcing is the first level in the technology and software value chain. However, Ukraine is also rich in talented tech entrepreneurs who leverage their Ukraine-based platform to launch product companies, offering higher value-add, proprietary software products globally.

A number of these companies have emerged as global leaders in their respective sectors and niches, leveraging an abundant supply of top software engineers and a low-cost location for their operations.

Ukrainian tech: from local startups to global leaders
Selected companies

- Online services
  - Grammarly
  - paymentwall

- Mobile
  - Readdle
  - VOX

- Enterprise
  - Terrasoft
  - StarWind Software
  - Jelastic

Ukraine emerges as a global IT R&D hub
Selected companies with Ukrainian IT outsourcing or R&D labs

- Autodesk
- PTC
- Electromech
- Boeing
- HP
- IBM
- Johnson & Johnson
- Kimberly-Clark
- LinkedIn
- Nike
- Microsoft
- Monster
- Oracle
- P&G
- Samsung
- Siemens
- Sky
- TripAdvisor
- Unilever

In addition, over 100 global players have located R&D facilities in Ukraine, further driving the high-tech sector.
Often referred to as the “bread basket of Europe”, Ukraine is focused on becoming the “food basket” of the world. With 33% of the world’s black-earth soil concentrated in Ukraine, a favorable climate and proximity to key markets, Ukraine is positioned to become an agricultural export powerhouse.

Ukrainian agriculture, already enjoying substantial cost advantages due to very fertile soil, lower wages and competitive logistics, still has plenty of headroom for productivity growth as the yields per hectare remain significantly below Western benchmarks. Diversified transport systems provide opportunities for quick shipment of agricultural products to key markets.

Ukraine is already a leading global agro-exports player

- #1 in sunflower oil
- #2 in grains
- #3 in corn
- #4 in barley
- #6 in wheat
- #7 in soybean
- #8 in poultry

Agro and food exports growing at 18%+ for over 10 years

**USD billion**

![Graph showing agro and food exports growth from 2003 to 2014.](image)

Ukraine’s advantageous proximity to key export markets

**Average distance to key markets, thousand kilometers**

![Graph showing average distance to key markets.](image)
The export of agricultural and food products is one of the most dynamic sectors of Ukrainian foreign trade. The industry grew at 18% per annum since 2003 and 2015 figures to date place the industry as the single biggest export contributor with 35% share of all exports. Growing concern over food security and demand from the developing world, supported by investments into Ukrainian agricultural infrastructure and market consolidation, amplified this growth. Ukraine’s geographic location, on average much closer to main export markets and a shorter average distance from site to nearest port, gives Ukraine a lasting competitive advantage relative to other global exporters.

**Costs of agro-commodities production across the world USD per ton**

<table>
<thead>
<tr>
<th>Country</th>
<th>Source</th>
<th>Costs of Wheat (USD per ton)</th>
<th>Costs of Corn (USD per ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>MoAPaF, USDA, GRDC</td>
<td>210</td>
<td>153</td>
</tr>
<tr>
<td>EU</td>
<td></td>
<td>169</td>
<td>153</td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td>149</td>
<td>140</td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
<td>123</td>
<td>118</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>113</td>
<td>79</td>
</tr>
</tbody>
</table>

In 2014, Ukraine achieved a record-high grain harvests of 63.8 million tons. Existing certified storage infrastructure allows for immediate storage of only 45-65% of annual production, leaving significant upside for storage infrastructure expansion.

Modern storage infrastructure is a key component of the agricultural value chain, allowing farmers to ensure a higher quality of product, minimize losses and sell the harvest at the optimal time. The Ministry of Agrarian Policy and Food forecasts a grain harvest of over 100 million metric tons in five years, creating strong demand for new agricultural infrastructure, primarily storage facilities, logistics, as well as investment into transportation networks.

**Costs of agro-commodities production across the world USD per kg (poultry) and cents per unit (eggs)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Source</th>
<th>Costs of Poultry (USD per kg)</th>
<th>Costs of Eggs (USD per unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td></td>
<td>1.9</td>
<td>8.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
<td>1.5</td>
<td>7.3</td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
<td>1.1</td>
<td>4.2</td>
</tr>
</tbody>
</table>

**Unmet demand for crucial agricultural infrastructure Million tons**

<table>
<thead>
<tr>
<th>Year</th>
<th>Harvest goal</th>
<th>Optimal storage capacity</th>
<th>2014 harvest</th>
<th>Existing certified storage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>100</td>
<td>75</td>
<td>64</td>
<td>35</td>
</tr>
</tbody>
</table>

**Average distance to port Kilometers**

<table>
<thead>
<tr>
<th>Country</th>
<th>Source</th>
<th>Average distance to port</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td></td>
<td>1,500</td>
</tr>
<tr>
<td>Argentina</td>
<td></td>
<td>950</td>
</tr>
<tr>
<td>USA</td>
<td></td>
<td>900</td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
<td>300</td>
</tr>
</tbody>
</table>
In Ukraine, transportation from storage to port is mainly done by rail and demand for grain rail shipment will continue to grow due to the higher cost of shipping via truck. Barge shipment, an attractive and cost-saving alternative, requires significant investments into infrastructure. Port facilities, mostly concentrated around Odessa and Mykolayiv, are already operating close to capacity, creating significant demand for investments into deep water port facilities.

### Mode of transportation of grains and oilseeds to ports

**Volume**

- Rail 60%
- Motorway 35%
- River 5%

Source: MoAPaF

### Grain export handling by port

**Volume**

- Odessa ports 65%
- Mykolaiv ports 24%
- Other ports 11%

Source: MoAPaF

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**Healthcare and Pharma**

Ukraine’s pharmaceutical sector, one of the fastest growing consumer industries, reported a cumulative average growth rate of 6% in USD terms in the past five years, demonstrating the crisis-resistant nature of the industry. The total pharmaceutical market in Ukraine grew to $3.4 billion in sales in 2014, including $3 billion in revenues generated through pharmaceutical retail distribution chains.

Combined healthcare spending totaled $7.3 billion in 2014, with almost half of this amount represented by out-of-pocket payments, typical for most emerging markets. A number of reforms were initiated recently, including the modernization of clinics, attraction of private capital into the healthcare system and rules requiring more transparency of state-run tenders.

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**Plenty of upside in pharma spend vs regional peers**

**Pharmaceutical spend per capita, USD**

<table>
<thead>
<tr>
<th>Country</th>
<th>Spend per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>574</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>535</td>
</tr>
<tr>
<td>Poland</td>
<td>321</td>
</tr>
<tr>
<td>Estonia</td>
<td>311</td>
</tr>
<tr>
<td>Ukraine</td>
<td>80</td>
</tr>
</tbody>
</table>

Source: OECD, pharma.net.ua
A major growth driver is the import substitution trend in the pharmaceutical sector, building a strong case for international pharma companies to increase investment through purchase of existing players or building their own manufacturing in Ukraine.

Three of the top five players are Ukrainian companies versus only one in 2008. In addition to focusing on modernizing production facilities, local pharmaceutical producers have also revamped packaging and branding, resulting in a noticeable quality and image improvement.

Ukrainian pharma players have become GMP (Good Manufacturing Practices)-certified, a mandatory certification since 2013, and many have hired experienced management teams from leading Western companies to take their companies to the next level.

Share of locally produced drugs in pharmacy retail by volume, %

The immense consumption gap versus peer countries is another growth driver: per capita pharmaceutical expenditures in Ukraine are only 15-25% of the levels of neighboring countries.

High market fragmentation, where the #1 player still only has 5% market share and top-10 companies account for one-third of total pharmaceutical retail sales, produces significant headroom for share growth and investment in this sector.

Finally, sales into the hospital segment still account for only 12% of total; the upside potential remains significant as medical insurance demand continues to grow and public healthcare spending recovers.
Ukraine is one of the few nations with a developed aerospace industry, building civil, military and cargo aircraft as well as supplying space technology.

Ukraine’s cargo aircraft AN Mriya-225, built by Antonov at its Kyiv and Kharkiv facilities, is the largest cargo airplane ever built, transports up to 250 tons of load, powered by the widest wingspan of any aircraft in operational service. Thus, Kyiv and Kharkiv are two key hubs for the aerospace clusters.

Ukraine also has a rich legacy of space exploration research and development. The Ukrainian space cluster consists of 40 enterprises. These enterprises commercially produce space launch vehicles, spacecraft, space management, orientation and trajectory measurement systems.

Ukraine was one of the four nations participating in the Sea Launch program, alongside the United States, Russia and Norway. Ukraine constructed the expendable carrier rocket Zenit-2, used extensively in space launches from this platform.

Ukraine is also an important supplier of turbine engines for aircraft and helicopters, used extensively in aerospace industries worldwide.

Eight universities offer aerospace engineering degrees, annually graduating 5,000 students.
Ukraine’s energy market is undergoing a complete overhaul, creating a wide range of business opportunities along the entire energy value chain from oil and gas exploration to gas and electricity infrastructure to energy management and conservation by metering consumption and building insulation.

The impact of ongoing energy reforms (gas supplies diversification, gas tariff increases, removal of intermediaries from the supply chain) has already been felt, decreasing gas consumption by 16% with domestic gas producers increasing production by 18%.

Energy efficiency is a high-growth segment and estimates suggest that Ukraine could save annually up to over $12.8 billion, assuming energy savings technologies are put in place.

These trends are expected to continue to grow as investments flow into the industry.
## Business Associations

<table>
<thead>
<tr>
<th>Business Association</th>
<th>Year Founded</th>
<th>Members</th>
<th>CEO</th>
<th>Contact info</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Chamber of Commerce</td>
<td>1992</td>
<td>602</td>
<td>Andy Hunder</td>
<td><a href="http://www.chamber.ua/">http://www.chamber.ua/</a> Horizon Park Business Center 12 Amosova Street, 15 Floor Kyiv, Ukraine 03680 Tel: +38 044 490 5800 Fax: +38 044 490 5801 Email: <a href="mailto:chamber@chamber.ua">chamber@chamber.ua</a></td>
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<tr>
<td>Association of Ukraine-European Business Cooperation Assistance</td>
<td>2014</td>
<td>–</td>
<td>Yuriy Kogut</td>
<td>03115, Peremohy Avenue 121-B, Office 224, Kyiv, Ukraine 03115 Tel: +38 044 220 2982 Fax: +38 044 220 2978 Email: <a href="mailto:contact@euassistance.org">contact@euassistance.org</a></td>
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<td>Belgian-Ukrainian Chamber of Commerce</td>
<td>2010</td>
<td>50</td>
<td>Olga Bukavyn</td>
<td><a href="http://www.ubcc.eu/">http://www.ubcc.eu/</a> Driekhoekstraat 27 3945 Ham - BELGIUM Tel: +32 473 850 900 Fax: +32 13 31 48 67 Email: <a href="mailto:info@ubcc.eu">info@ubcc.eu</a></td>
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<tr>
<td>British Business Club in Ukraine</td>
<td>2002</td>
<td>–</td>
<td>Gerald Bowers</td>
<td><a href="http://www.bbccu.com.ua/">http://www.bbccu.com.ua/</a> 1B/1 Prorizna Street Kyiv, Ukraine 01034 Tel: +38 067 320 1584</td>
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<td>1997</td>
<td>300</td>
<td>Bate C. Toms</td>
<td><a href="http://buucc.com.ua/">http://buucc.com.ua/</a> 1B/1 Prorizna Street, Suite 7 Kyiv, Ukraine 01034 Tel: +38 044 278 1000 Fax: +38 044 278 6508 Email: <a href="mailto:BUCCUkraine@gmail.com">BUCCUkraine@gmail.com</a></td>
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<td>Business Sweden in Kyiv</td>
<td>2013</td>
<td>–</td>
<td>Daniel Larsson</td>
<td><a href="http://www.business-sweden.se/">http://www.business-sweden.se/</a> 52 Bohdana Khmelnytskoho St., Kyiv, Ukraine 01034 Tel: +38 044 496 0626 Email: <a href="mailto:ukraine@business-sweden.se">ukraine@business-sweden.se</a></td>
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<td>Camera di Commercioitaliana per l’Ucraina (“CCIPU”)</td>
<td>2006</td>
<td>800</td>
<td>Maurizio Carnevale</td>
<td><a href="http://www.ccipu.org/">http://www.ccipu.org/</a> 52 Dehtiarivska St., Kyiv, Ukraine 04112 Tel./Fax: +38 044 391 4118 Email: <a href="mailto:info.ua@ccipu.org">info.ua@ccipu.org</a></td>
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<td>Zenon Potichny</td>
<td><a href="http://www.cucc.ca">http://www.cucc.ca</a> 6 Museiny Lane Kyiv, Ukraine 01001 Tel: +38 044 495 8551 Fax: +38 044 495 8545 Email: <a href="mailto:ukraine@cucc.ca">ukraine@cucc.ca</a></td>
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<td>Lars Vestbjerg</td>
<td><a href="http://www.dba-ukraine.com/">http://www.dba-ukraine.com/</a> Gorodnytska 48A 79019 Lviv, Ukraine Tel: +38 067 674 6866 Email: <a href="mailto:lars@vestbjerg.com">lars@vestbjerg.com</a></td>
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<td>1999</td>
<td>870</td>
<td>Anna Derevyanko</td>
<td><a href="http://www.eba.com.ua/">http://www.eba.com.ua/</a> Head Office 1st floor, 1A Andriivsky Uzviz Kyiv, Ukraine 04070 Tel: +38 044 496 06 01 Fax: +38 044 496 06 02 Email: <a href="mailto:office@eba.com.ua">office@eba.com.ua</a></td>
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<td>2010</td>
<td>50</td>
<td>Stanislav Grygorskyi</td>
<td><a href="http://www.eeig.com.ua/14a">http://www.eeig.com.ua/14a</a> Dimitrova street Kyiv, Ukraine 03150 Tel: +38 044 200 1040 Fax: +38 044 200 1041 Email: <a href="mailto:info@eeig.com.ua">info@eeig.com.ua</a></td>
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<td>French Chamber of Commerce</td>
<td>1994</td>
<td>100+</td>
<td>Thomas Moreau</td>
<td><a href="http://www.ccfu.com.ua/10">http://www.ccfu.com.ua/10</a> Chapaeva street, Office 10 Kyiv Ukraine 01030, Tel: +38 044 235 3664</td>
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<td>Kyiv – The Netherlands Business Club</td>
<td>2000</td>
<td>40</td>
<td>Hans Ramaekers</td>
<td><a href="http://www.nlcc.com.ua/17/19">http://www.nlcc.com.ua/17/19</a> Nikolsko-Botanicheskaya St., Office 50 Kyiv, Ukraine 01033 Tel: +38 044 221 7135 Email: <a href="mailto:info@nlcc.com.ua">info@nlcc.com.ua</a></td>
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<td>Norwegian Ukrainian Chamber of Commerce</td>
<td>2008</td>
<td>60</td>
<td>Arne Mjøs</td>
<td><a href="http://www.nucc.no/">http://www.nucc.no/</a> P.O. Box 634 Sentrum 0106 Oslo, Norway Tel: +47 408 61 467 Email: <a href="mailto:nordbo@nucc.no">nordbo@nucc.no</a></td>
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<td>Polish-Ukrainian Chamber of Commerce</td>
<td>1992</td>
<td>200</td>
<td>Jacek Piechota, Oleksandr Shlapak</td>
<td><a href="http://www.pol-ukr.com/2">http://www.pol-ukr.com/2</a> R. Okipnoi St. Kyiv, Ukraine 02002 Tel/Fax: +38 044 588 4206/4453 Email: <a href="mailto:info.ukraine@pol-ukr.com">info.ukraine@pol-ukr.com</a></td>
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<td>124</td>
<td>Volodymyr Schelkunov</td>
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<td>The Swiss-Ukrainian Business Chamber</td>
<td>2005</td>
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<td>Lieni Füglistaller</td>
<td><a href="http://ukrrcham.ch/">http://ukrrcham.ch/</a> +41 43 377 5485 Seestrasse 42, 8802 Kilchberg/Zürich Email: <a href="mailto:info@ukrrcham.ch">info@ukrrcham.ch</a></td>
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<td>U.S.-Ukraine Business Council</td>
<td>1995</td>
<td>205</td>
<td>Morgan Williams</td>
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<td>Ukrainian Agribusiness Club</td>
<td>2007</td>
<td>82</td>
<td>Alex Lissitsa</td>
<td><a href="http://www.ucab.ua/en">http://www.ucab.ua/en</a> 146 Zhylianska Str., 3rd floor Kyiv, Ukraine 01032 Tel/Fax: +38 044 236 2097/79 Email: <a href="mailto:info@ucab.ua">info@ucab.ua</a></td>
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<td>Gennadiy Chyzhykov</td>
<td><a href="http://www.ucci.org.ua/33">http://www.ucci.org.ua/33</a> Velyka Zhytomyrska St. Kyiv, Ukraine 01601 Tel: +380 44 272 2911 Fax: +380 44 272 3353 Email: <a href="mailto:ucci@ucci.org.ua">ucci@ucci.org.ua</a></td>
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<td>Ukrainian League of Industrialists and Entrepreneurs</td>
<td>1992</td>
<td>100</td>
<td>Anatoliy Kinakh</td>
<td><a href="http://uspp.ua/en/34">http://uspp.ua/en/34</a>, Khreshchatyk Street, Kyiv, 01001 Phone/Fax: +380 44 278 3069 E-mail: <a href="mailto:uspp@uspp.org.ua">uspp@uspp.org.ua</a></td>
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<td>Ukrainian Venture Capital and Private Equity Association</td>
<td>2014</td>
<td>30</td>
<td>Jaanika Merilo</td>
<td><a href="http://uvca.eu/">http://uvca.eu/</a> Tel: +380 63 392 23 95 Email: <a href="mailto:support@uvca.eu">support@uvca.eu</a></td>
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