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EBRD plans to double investment in Ukraine



The European Bank for Reconstruction and Development (EBRD) plans in 2019 to increase the volume of investment in the Ukrainian economy to \$1 billion, head of the Ukrainian office of the EBRD Marina Petrov has stated. "The \$500 million that we invested last year was not bad at all. This year we sincerely hope to increase it twice investment in Ukraine," she said at a meeting at the European Business Association (EBA), dedicated to the expectations of businesses from the presidential election.

"The ongoing changes political carry both risks and opportunities. We hope very much for a balanced economic policy that will allow accelerating the growth that has already begun in the Ukrainian economy," she told Interfax-Ukraine.

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NET PROFIT OF UKRAINIAN BANKS GROWS BY 51.8% IN Q1 2019



UKRAINIAN PARLIAMENT PASSES LAW ON GREEN AUCTIONS FOR INVESTORS IN GREEN ENERGY



VOLUME OF CONSTRUCTION WORK IN UKRAINE INCREASES BY 29.7% IN MARCH



NORWAY'S NBT AND FRANCE'S TOTAL FINALIZE SECOND PHASE OF UKRAINIAN WIND FARM'S FINANCING OF FOR EUR 107.6 MLN



RETAIL TRADE TURNOVER IN UKRAINE INCREASES BY 7.4% IN JAN-MARCH



UKRAINE EXPORTS 40.2 MLN TONNES OF GRAIN SINCE START OF 2018/2019 AGRI-YEAR

Net profit of Ukrainian banks grows by 51.8% in Q1 2019



The net profit of Ukrainian banks, not taking into account insolvent ones, in January-March 2019 totaled UAH 13.167 billion, which is 51.8% more than a year ago, according to a posting on the website of the National Bank of Ukraine (NBU). Revenue of Ukrainian banks over the period grew by 28.6%, to UAH 58.006 billion. Expenses of the banking system in January-March 2019 accounted for UAH 44.839 billion, which is 23.1% more than a year ago.

The NBU wrote on its Facebook page that there are three factors for the growth of the banking system's profit in Q1 2019: growth of net interest income of banks by 18%, to UAH 19.5 billion, growth of net commission income of banks by 18%, to UAH 9.9 billion and foreign exchange revaluation profit of UAH 3.8 billion.

According to the NBU, as of April 1, 2019, a total of 77 banks operated in Ukraine.

National bank of Ukraine to send UAH 65 bln to national budget

The National Bank of Ukraine (NBU) will send part of its profit for 2018 in the amount of UAH 64.878 billion to the national budget, Head of the NBU Council Bohdan Danylyshyn wrote on his Facebook page, referring to the decision of the NBU Council.



“The Council decided to approve the distribution of profits of the NBU for 2018 in the amount of UAH 64.878 billion in the following areas: the formation of total reserves of net worth of the NBU – UAH 3.566 billion; obligations of the NBU to the national budget of Ukraine for 2018 year – UAH 64.878 billion,”

As reported on the website of the NBU, the main components of the profit of the central bank are the interest profit, as well as the results of operations with financial assets and liabilities in foreign currency and financial tools.

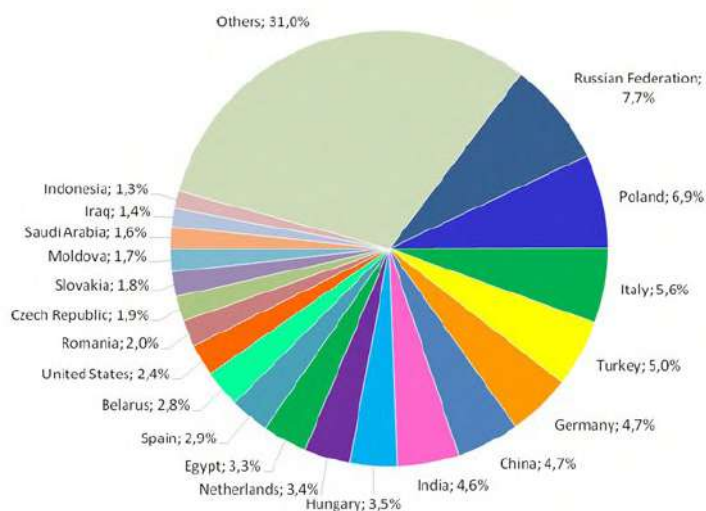
Net interest income after the release of reserves for 2018 is UAH 34.9 billion (in 2017 – UAH 45.2 billion). In 2018, the result of currency revaluation for the first time since 2013 became negative due to the strengthening of the hryvnia exchange rate to foreign currencies and amounts to UAH 2.2 billion. A positive result from the revaluation of debt securities at fair value is UAH 6.7 billion (in 2017 – UAH 2.7 billion).



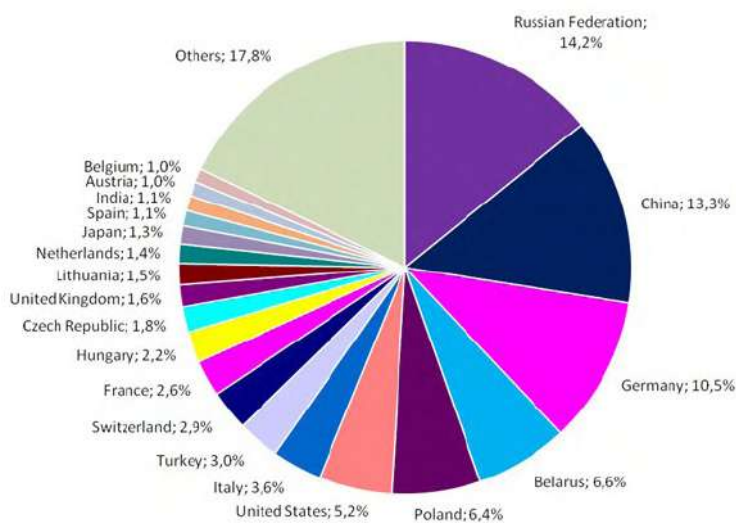
National Bank of Ukraine reduces refinancing rate to 17.5%

The National Bank of Ukraine (NBU) will reduce the refinancing rate to 17.5% from 18% from April 26, 2019, NBU Governor Yakiv Smolii has said at a briefing. "The board of the National Bank decided to lower the refinancing rate to 17.5% per annum from April 26. Currently, a steady downward trend in inflation towards the 5% target allows the National Bank to begin the cycle of reducing the refinancing rate," he said.

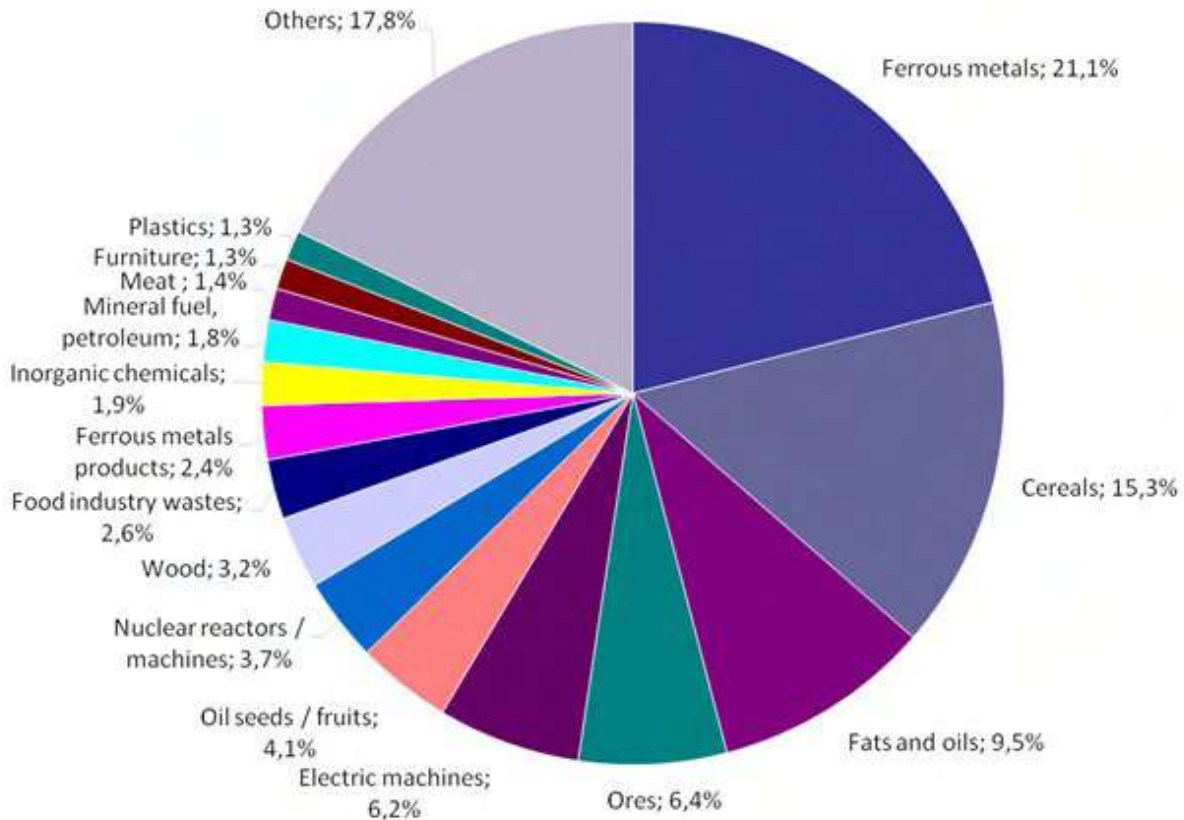
Ukraine's foreign trade (export of goods) in 2018



Ukraine's foreign trade (import of goods) in 2018



Commodity pattern of Ukrainian export in 2019



Henkel to invest in modernization of dry mortar mixes plants in Ukraine

Henkel Bautechnik (Ukraine) plans to invest around EUR 400,000 in the modernization of plants in Vyshgorod (Kyiv region) and Balakliya (Kharkiv region). "The automatic line will be modernized at the plants in Vyshgorod and Balakliya from May of the current year, resulting in increased effectiveness and safety. The quality of product packaging will also improve. The amount of investment is about EUR 400,000," Director General of Henkel Bautechnik (Ukraine) Olha Stupina told Interfax-Ukraine.

According to her, the company's turnover in 2018 amounted to UAH 2 billion, forecasts for 2019 are positive, growth is expected. The company has significantly increased its financial performance compared to 2014, despite the loss of a quarter of the sales market.



"We estimate the results of last year as good. For the second time, Ukraine became the best company in the world in the Henkel adhesive division by consolidated financial indicators. I believe that in the conditions in which Ukraine is located relative to other countries of Europe and the world, this is a very big achievement," Stupina said.

The total production capacity of the four factories of Henkel Bautechnik (Ukraine) is about 600,000 tonnes of products per year.

In the market of water-dispersion paints with a volume of about 150,000 tonnes, the share of Henkel Bautechnik (Ukraine) is about 17%, the press service of the company said.

Share of vacant space on office real estate market in Kyiv falls by 0.4% points

The share of vacant space on the office real estate market in Kyiv in the first quarter of 2019 fell by 0.4 percentage points (p.p.), reaching 7.2%, the press service of Jones Lang LaSalle (JLL) in Ukraine has reported.



“We expect a further decline in vacancy, although not significant. On the one hand, the low commissioning volume that has been observed on the market since 2015 and steady demand contribute to the absorption of space in existing buildings, on the other hand, rising rental rates restrain the activity of tenants,” Head of office Group at JLL, Alexandra Globina said.

The highest rental rates in class A facilities in the first quarter of 2019 increased 6%, to \$32 per sq. m. a month, which corresponds to the value of five years ago, according to JLL. At the same time, rental rates in class B facilities also increased to \$25 per sq. m. a month.

The total volume of transactions in the office real estate market in Kyiv in the first quarter of 2019 amounted to 22,500 square meters, with about half of the transactions accounted for IT-companies, JLL experts said.

Ukrainian parliament passes law on green auctions for investors in green energy

The Verkhovna Rada at a plenary session passed bill No. 8449-d on green auctions for investors in renewable energy. A total of 251 lawmakers backed the bill amending some Ukrainian laws regarding ensuring competitive conditions for production of electricity from alternative energy facilities.

The document proposes the introduction of auctions from 2020 and the obligatory participation for investors in solar power plants with a capacity of more than 1 MW and wind farms with a capacity of more than 5 MW (or one turbine).

The pilot auction should be held no later than December 31, 2019, and the ProZorro electronic trading system is proposed to be the platform for the auctions. The period of granting a guaranteed tariff for transmission of electricity by the winner of the auction is 20 years.

The project assumes that the size of quotas to be put up for auction, according to the Cabinet of Ministers, is approved by the Ministry of Energy and Coal Industry. During the first three years it is planned to provide wind farms and solar power plants with 30% of quotas, after this period – at least 15%.



Responsibility of producers of renewable energy facilities for imbalances is proposed to be introduced after the intra-day market is recognized as liquid, but no later than 2024. It is proposed to reduce the current feed-in tariff for solar power plants in 2020 by 25%, and in 2021-2023 – by 2.5% annually.

For wind farms with a capacity of more than 2 MW, the tariff is proposed to be reduced in 2020 by 10% without further annual reductions.

The tariff for energy generated from biomass and biogas is proposed to be maintained at the current level.

Founder of Mandarin Plaza wants to buy Ocean Plaza Mall In Kyiv



The founder of Mandarin Plaza company, investor and developer in Lavina, Blockbuster, Ocean Mall and other shopping centers, Vagif Aliyev, has said that he plans to acquire Ocean Plaza mall by autumn 2019.

"We are still negotiating. I think we will buy first phase of Ocean Plaza by the autumn... and connect with Ocean Mall shopping center. Therefore, please, those shops which are located in Ocean Plaza, please consider Blockbuster and Lavina, because I think I will buy it by the autumn. I will not leave any brand there in Ocean Plaza shopping center, no matter what it is. I think all contracts will be terminated because we are moving systematically, and with this system we will go across Ukraine," the businessman said during a closed-up tour for retailers at the Blockbuster Mall shopping center.

According to him, the opening of the first phase of the Blockbuster shopping center is scheduled for May 31, the launch of the second phase is planned for the autumn.

TAS Group buys part of Arena City center in Kyiv

Sergiy Tigipko's TAS group of companies has bought part of the Arena City retail and office center at 1-3/2a Baseina Street in Kyiv. According to the NV Business edition, with reference to several sources, the group of Tigipko acquired the center with an area of 14,000 square meters for \$13-15 million. The deal did not include several premises on the ground floor that were previously sold.

According to the source, Dmytro Firtash' Group D, which owned the asset, put it up for sale in 2018 at the initial price of about \$20 million. According to Olha Nasonova, the director general of Restaurant Consulting company, rental rates for offices in Arena City can reach \$25-30 per square meter, for food courts from \$50 per square meter.

TAS Group was founded in 1998. It has assets in financial and industrial sectors, agriculture, real estate, pharmaceuticals, and venture projects.

Volume of construction work in Ukraine increases by 29.7% in March

The volume of construction work performed in Ukraine in March 2019 increased by 29.7% compared with March 2018, while the indicator in February 2019 compared with February 2018 grew by 19.4%, according to statistics. According to the data, the volume of construction work performed in March 2019 increased by 3% compared with February 2019. According to the report, in March 2019 compared with March 2018 the volume of construction work decreased in residential construction – by 14.9%.

Nonresidential construction in March 2019 rose by 47.2% and in engineering – by 54.1%.

In March 2019 compared with February 2019, the volume of residential construction grew by 15%, nonresidential construction by 32.1%, and in engineering it grew by 37.7%.

Confederation of Constructors of Ukraine introduce BIM technologies

The Confederation of Constructors of Ukraine has named the key issues in the construction sphere, the settling of which is expected from president-elect Volodymyr Zelensky, in particular, reform of the State Architectural and Construction Inspectorate and the introduction of BIM technologies.

"Radical reforming of the State Architectural and Construction Inspectorate of Ukraine, separation of administrative services and supervisory functions in accordance with the current legislation of Ukraine. The functions of the State Architectural and Construction Inspectorate should be digitalized and transparent. Obtaining permits for construction should take place in line with detailed technological maps in the period specified by the legislation", the confederation said in a statement.

In addition, the confederation expects increased control over the quality of projects and construction works, as well as the introduction of professional responsibility of experts evaluating projects and the personal responsibility of Construction Inspectorate inspectors. Enhancing the role of self-governing organizations in licensing, market supervision, and certification of qualified specialists at all stages of construction projects also belongs to the fundamental issues of reforming the sphere.

The confederation also emphasizes the seriousness of the issue of maintaining a balanced export-import policy in relation to building materials and technologies.

Norway's NBT and France's Total finalize second phase of Ukrainian wind farm's financing of for EUR 107.6 mln



Norway's NBT and France's Total Eren have finalized an agreement on the second phase of the project financing of construction of the 250 MW Syvash wind farm (Kherson region) in the amount of EUR 107.6 million, INTEGRITES law firm, which advised the companies, has said in a press release. According to the law firm, this financing agreement was signed with a syndicate of development banks including Black Sea Trade and Development Bank (EUR 30 million), Proparco (ca. EUR 42 million), Finnfund and IFU (EUR 15 million each), and the Nordic Environment Finance Corporation (NEFCO) (EUR 5 million).

All in all, the financing put into place for the whole project reaches EUR 262.6 million. The first phase of financing included a loan of up to EUR 155 million led by EBRD. EBRD's loan consisted of EUR 75 million, Green for Growth Fund (GGF) and the Netherlands Development Finance Company (FMO) provided EUR 75 million, while a parallel loan of EUR 5 million was provided by the Nordic Environment Finance Corporation (NEFCO).

In addition, ALGihaz, a Saudi Arabian conglomerate, recently took a minority stake in the project alongside Total Eren. INTEGRITES has advised NBT and Total Eren on all issues within Ukrainian law. In particular, INTEGRITES' advise included negotiations with the abovementioned international banks, support on the local statutory requirements and communication of project related matters with the National Bank of Ukraine.

"We welcome the closing of the first large-scale project finance in renewable energy in Ukraine. Signing of the second segment with four new international financial institutions and one new co-shareholder on board speaks for the quality of the project and continuing high interest of foreign investors, making a great contribution to increasing of investment into Ukraine," Managing Partner at INTEGRITES Oleksiy Feliv said.

Ukraine buys nuclear fuel worth \$45 mln in two months of 2019

Ukraine in January-February 2019 acquired nuclear fuel for a total of \$45.155 million. According to the State Statistics Service, in the two months of the current year, Russian-made fuel was purchased for Ukrainian nuclear power plants for \$17.437 million, fuel from Sweden for \$27.719 million.



The share of purchases of nuclear fuel by Ukraine for the reporting period from TVEL (Russia) in monetary terms was 38.6%, from Westinghouse (Sweden) some 61.4%.

The operator of all four NPPs in Ukraine is state-owned enterprise Energoatom, which purchases nuclear fuel under the contracts with TVEL and Westinghouse Electric Sweden.

Leading Ukrainian mobile operator Kyivstar starts testing solution for 5G

Kyivstar, the leading Ukrainian mobile operator, has announced the demonstration of a base station for 5G networks and equipment testing, which allows increasing the capacity of one LTE cell by 6.5 times.



"After the certification and registration of new equipment in Ukraine is completed, the company will implement it in places with high concentration of mobile traffic, for example, stadiums, concert venues, and places of public events," the report says.

According to the report, the base station is equipped with the new Massive MIMO technology (a multipath active antenna system), a key technology for 5G communications networks. The station is installed for testing in the Kyivstar network in the Kyiv Polytechnic Institute (KPI).

The company explained that this base station uses a built-in antenna with 32 transceivers, which operate simultaneously, which allows generating multiple digital streams and multiplying the capacity of the base station.

Kyivstar noted that in March 2019 its subscribers used more mobile Internet (45 Petabytes) than in the whole of 2016, and in the period from 2015 to 2018 the volume of data traffic in the Kyivstar network increased by 1,500%

Ukrtelecom increases EBITDA by 11% in Q1

PJSC Ukrtelecom in January-March 2019 increased EBITDA by 11% compared to the same period in 2018, to UAH 427 million, director general of the operator Yuriy Kurmaz has said at a press conference in Kyiv.

According to him, EBITDA margin for this period increased by 2 percentage points, to 26%.

Net income for the reporting period rose by 3%, to UAH 1.665 billion. Kurmaz added that income from telecommunication services in the first quarter of the current year decreased by 1.4% compared to the first quarter of 2018, to UAH 1.416 billion. In January-March, the operator provided services to private subscribers for more than UAH 922 million, business users for UAH 348 million. At the same time, Kurmaz refused to voice the net financial result for the first quarter.

"I think it is inappropriate to talk about net profit for the first quarter, given the fact that from January 1 of this year a number of financial reporting standards have changed significantly, significantly influencing net profit. At the same time, I'd like to note that in the first quarter we achieved substantial profit," he said.

Retail trade turnover in Ukraine increases by 7.4% in Jan-March

Retail trade turnover in Ukraine in comparable prices in January-March 2019 increased by 7.4% compared to January-March 2018, to UAH 235.804 billion the State Statistics Service has reported. According to its data, in March 2019 retail trade turnover compared with February 2019 increased by 13.9%, and compared with March 2018 it grew by 8.9%.



The largest increase in the retail trade turnover of enterprises (legal entities and individual entrepreneurs) in January-March 2019 compared with January-March 2018 was recorded in Kyiv and Vinnysia (each by 11.7% compared to the same period in 2018), Lviv (by 9.7%), Dnipropetrovsk (by 9.3%), Odesa (by 9.2%), Kharkiv (by 9%) regions.

The leaders in absolute terms of the volume of retail turnover in the first three months were: Kyiv city (UAH 45.055 billion), Dnipropetrovsk (UAH 22.210 billion), Kharkiv (UAH 19.148 billion), Kyiv (UAH 16.828 billion), Odesa (UAH 16.734 billion), and Lviv (UAH 14.724 billion) regions.

According to statistics, in Donetsk region, retail trade turnover in January-March increased 8% (to UAH 7.498 billion), Luhansk – by 4% (to UAH 2.198 billion).

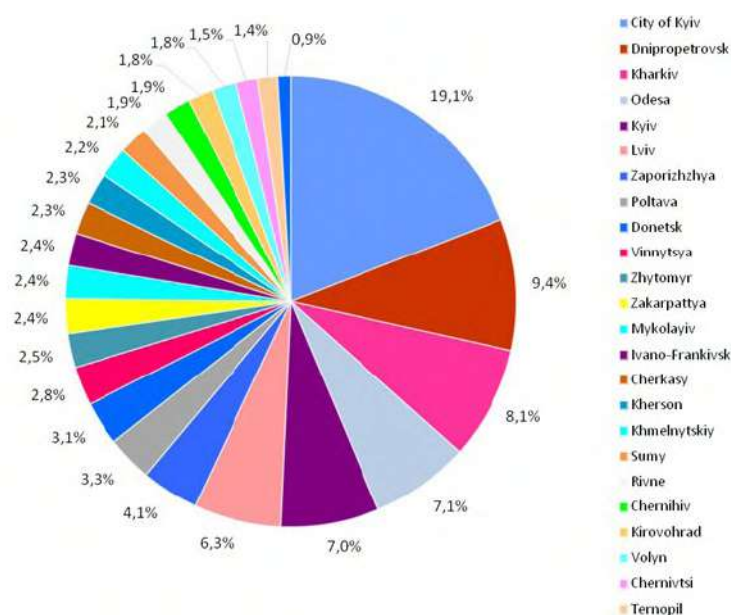
The State Statistics Service said that the turnover of retail enterprises (legal entities) in March 2019 compared with March 2018 increased by 9.5%, and compared to February 2019 by 13.9%, to UAH 61.493 billion. In January-March 2019, the turnover of retail enterprises rose by 8.2%, to UAH 170.695 billion.

The wholesale turnover of enterprises in January-March 2019 compared with January-March 2018 decreased by 5.5% and amounted to UAH 500.32 billion.

As reported, the retail trade turnover of Ukraine in 2018 increased by 6.1%.

The State Statistics Service noted that the data are given excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and the area of the joint forces operation.

Regional structure of retail trade turnover in Jan–Feb, 2019



Glovo plans to open cook-room in Kyiv

The Glovo international service plans to open a cook-room in Kyiv in August 2019, Glovo Senior Manager in Ukraine Dmytro Rasnovsky has said. "Today, restaurants in the center of Kyiv are not coping with orders. We need kitchens from which restaurants could take orders. Glovo has such a project, the Glovo cook-room, when we find a room, lease it and prepare it. Then we offer that they be occupied by certain partners, which, for example, have exclusive contracts or good accessibility. I admit that in August we will open the first cook-room and put three or four non-competing partners there," he told Interfax-Ukraine on the sidelines of the Sup Day Forum 2019.

In this case, Glovo considers different locations.

"On the one hand, we see a need for the center of Kyiv, on the other – in Troyeschyna district, where there are few places [restaurants] from where you can order food. We will carry out the analysis and make a decision," Rasnovsky said. In this case, according to him, restaurants often do not cope with the number of online orders. This trend is becoming a "bottleneck" in the food delivery market.

Ukraine exports 40.2 mln tonnes of grain since start of 2018/2019 agri-year

Ukraine since the beginning of the 2018/2019 agricultural year (July-June) and as of April 17, 2019 had exported 40.217 million tonnes of grain and leguminous plants, which is 24.5% more than on the same date of the previous agri-year.



According to the Ministry of Agrarian Policy and Food, farmers exported 22.2 million tonnes of corn, 13.96 million tonnes of wheat, and 3.36 million tonnes of barley.

On the specified date, some 224,500 tonnes of flour had been also exported.

As reported, with reference to the ministry, Ukraine exported 39.4 million tonnes of grain in the 2017/2018 agri-year. According to the ministry, grain exports in the 2018/2019 agri-year are projected at 49 million tonnes.

Inkerman wine maker starts supplies to China

Inkerman Ukraine LLC plans to increase wine production to 7-8 million bottles per year in 2019 compared to 7 million bottles in 2018, director general of the company Hanna Horkun has said.

According to her, the company intends to open several export markets in 2019, in particular, China, Japan, the Baltic countries, Nigeria, and Poland.

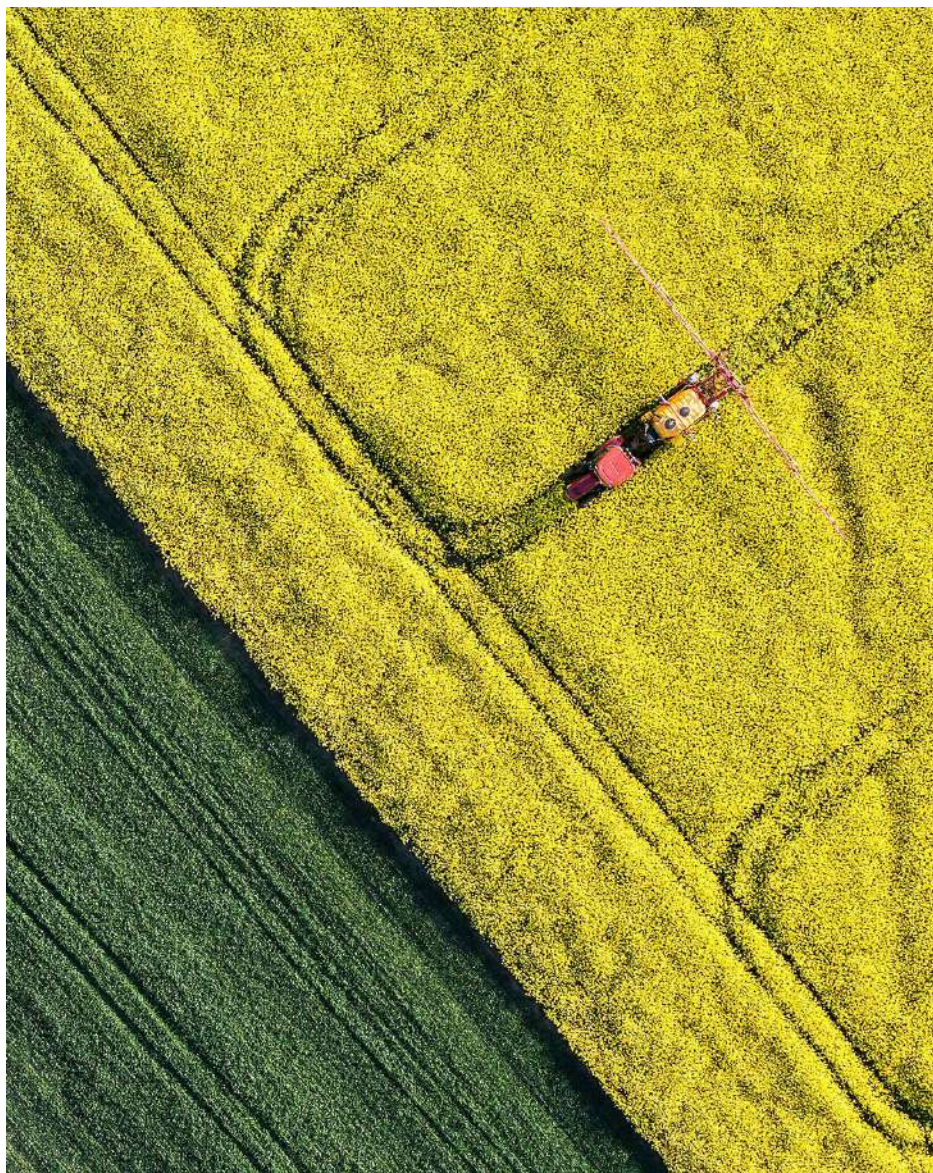


"In the Ukrainian market, we rank third following Villa Krim and Koblevo, and our export share is still scanty. In 2018, we had a goal to stand on our feet in our domestic market. At the same time, we have been exporting goods to Canada for a long time, exported sparkling wine to Switzerland," the expert said.

She noted that the first shipment to China will be in June 2019.

At the same time, this year Inkerman plans to increase its share in the domestic market by redesigning the classic collection, penetrating the regions and launching the new Prima Maria line.

AgroGeneration sees net loss fall by 35%



The French group AgroGeneration with assets in Ukraine in 2018 received EUR8.52 million of net loss, which is 35.3% less than in 2017. According to the report on the company's website, its revenue decreased by 24.3%, to EUR41 million, gross profit by 29.7%, to EUR11.27 million. Operating profit for the year increased by 1.8 times, to EUR1.48 million. EBITDA in 2018 rose by 11.8%, to EUR10.17 million. Net debt rose by 36.8% by the end of the year, to EUR62.16 million.

The share of export sales last year fell to 52% from 57% in 2017.

In 2018, AgroGeneration produced about 328,100 tonnes of grains and oilseeds from 105,200 hectares, which is 8.7% less than in 2017.

"The decline is due to the difficult weather conditions that affected early crops (especially wheat and barley). Despite this, the yield of AgroGeneration remains higher than the average figure in the Ukrainian agricultural sector," the report says.

Ukrainian state forest agency logges 3.8 mln cubic meters of wood in Q1 2019

Enterprises of the State Forest Resources Agency of Ukraine logged 3.8 million cubic meters of wood in the first quarter of 2019, which is 7.8% less year-over-year.

The agency said in a press release on Thursday that total round wood sales in January-March 2019 on the domestic market accounted for 2.9 million cubic meters. No cubic meter of wood was sold on the foreign market.

Forest enterprises over the period saw UAH 3.9 billion of net sales revenue, which is 3% less than a year ago. One of the main reasons for the decline in the indicator is a fall in the demand on the domestic market.

As of April 1, 2019, a total of 1.2 million cubic meters of ending stocks were at warehouses of forest enterprises, which is 32% more compared with ending stocks as of early 2018.

As reported, the enterprises of the agency logged 16.5 mcm of wood (a rise of 3.7% compared with 2017). The state forest agency sold 13.7 mcm of round wood to the domestic market (a rise of 9%).

The total area of forest areas in Ukraine is almost 10.4 million hectares, the forest cover of Ukraine is 15.9%. Some 7.6 million hectares of forests (73% of the forest fund of Ukraine) are subordinate to the State Forest Resources Agency.

Ukraine cuts honey export in 2018



Ukraine last year cut honey export by 27%, to 49,500 tonnes and lost positions in the global rating list of honey exporters, national consultant to the Food and Agriculture Organization of the United Nations (FAO) Ann Burka has said.

"The last 2018 year can be called a watershed year for the Ukrainian honey market. In fact, until last year, the industry, which showed annual growth in honey exports, faced a series of challenges in 2018. The search for solutions to some of them continues to this day. On one side, vast amounts of killed bees, affecting all regions, and on the other side, price battles that unfolded in the second half of the year, which "contributed" to a 27% reduction in honey exports from Ukraine and led to a loss of market share in several European countries and the United States," she wrote on her page in the Facebook social network.

According to the FAO consultant, as a result, Ukraine dropped in the world ranking of exporters of these products from third place in 2017 (share 10%) to fifth place with a share of 7% in 2018.

"And while Ukraine was losing its position in the foreign market, competitors were actively increasing their export volumes, occupying a vacant niche. Export volumes from India in 2018 increased 10% compared with 2017, Mexico doubled, Argentina also saw growth," Burka said.

She added that in general, the volume of global trade in honey in 2018 decreased 3% in kind and 7% in value, reaching 689,000 tonnes, or \$2.23 billion.

The Interfax-Ukraine News Agency has been working on the Ukrainian market for political and economic information since 1992. Currently, the agency offers over 50 economic, financial and political information products in four languages – Ukrainian, Russian, English and German. According to the GfK-Ukraine International research company, Interfax-Ukraine is the leader in all of the key operational indicators among the news agencies in Ukraine.

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