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State-run Ukrzaliznytsia and Deutsche Bahn sign memo on possible strategic partnership

JSC Ukrzaliznytsia, the German national railway operator Deutsche Bahn AG and DB Engineering & Consulting GmbH (DB E&C) have signed a memorandum of understanding regarding strategic partnership for the development of Ukrzaliznytsia. The document was signed in Kyiv on February 5 with the participation of Prime Minister of Ukraine Oleksiy Honcharuk and member of the board for infrastructure at Deutsche Bahn AG Ronald Pofalla, an Interfax-Ukraine correspondent reported. "We emphasized that within the framework of our cooperation, we will primarily focus on consulting... And we are confident that our cooperation will be successful," Pofalla said when signing the document.

The memo does not contain the final conditions and all issues on which agreement should be reached between the companies for the purpose of strategic cooperation.

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PREDICTS ACCELERATION
OF UKRAINE'S ECONOMY
TO 4%



UKRAINIAN BANKS POST
THREE-FOLD RISE IN
PROFIT IN 2019



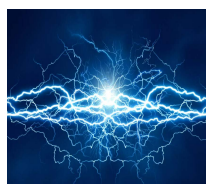
JAPANESE COMPANY
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BORYSPIL INTERNATIONAL
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DTEK KYIV GRIDS TO
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UKRAINIAN COMPANIES
INCREASE POULTRY
EXPORTS BY 27.8% IN 2019

Dragon Capital predicts acceleration of Ukraine's economy to 4%

Real growth of Ukraine's GDP in 2020 would accelerate to 4% from 3.2-3.3% in 2019 with a flight rise in inflation from 4.1% to 5.2%, Dragon Capital Investment Company (Kyiv) has said.



"Now the situation is very good in Ukraine, one of the best for 20 years of our stay here," Tomas Fiala, the head and founder of the company, said at the presentation of the macroeconomic forecast of the European Business Association (EBA in Kyiv.

According to him, in 2021, the company expects a slight slowdown, to 3.7% with inflation of 6.1%. Fiala said that Dragon Capital predicts that the hryvnia will strengthen this year on average to UAH 24/\$1 compared to UAH 25.80/\$1 last year.

He added that, according to the company's expectations, the exchange rate at the end of this year will be about UAH 24/\$1, and at the end of the next – UAH 25.5/\$1.

According to Fiala, such an economic growth with the hryvnia strengthening has already increased its U.S. dollar-pegged GDP from \$90 billion in 2015 to \$150 billion in 2019 and, tentatively, to \$175 billion this year.

Ukrainian banks post three-fold rise in profit in 2019

According to tentative data, Ukrainian banks posted an almost three-fold rise in profit in 2019, reaching UAH 60 billion, First Deputy Governor of the National Bank of Ukraine (NBU) Kateryna Rozhkova has said. "UAH 60 billion is profit of the banking sector in 2019, according to tentative data. Almost three times more than a year ago. A new historic record," she wrote on her Facebook page on Thursday.



Credit Agricole Bank sees net profit rise by 18% in Ukraine 2019

The net profit of Credit Agricole Bank (Kyiv) in 2019 amounted to UAH 1.73 billion, which is 18%, or UAH 267 million more than in 2018, the bank's website reports.

At the same time, the bank's net profit for the fourth quarter of 2019 amounted to UAH 398 million, which is 43% more than the same indicator a year earlier (UAH 278 million).

The bank's net interest income for 2019 increased by 7% and amounted to UAH 2.48 billion.

In 2019, the bank's assets increased by 8%, to UAH 35.3 billion, in particular loans and customers' debts by 5%, to UAH 25.06 billion, as well as investments and securities by 46%, UAH to 1.46 billion.

The bank's liabilities since the beginning of the year have grown by 5%, to UAH 30.15 billion, while subordinated debt decreased by 36%, to UAH 679 million.

The bank's net worth in 2019 rose by 23% and amounted to UAH 5.16 billion.

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Deficit of Ukraine's balance of foreign trade falls by 41% in 2019

The deficit of Ukraine's balance of foreign trade in 2019 totaled \$3.63 billion, which is 41.5% less than in 2018 (\$6.21 billion) and this is linked to the sharp improvement of trade in services with Russia, the State Statistics Service has reported. Last year, exports of goods and services increased 11.2% to \$63.68 billion, while imports – only 6%, to \$67.31 billion.

The main improvement was thanks to an increase in the surplus in trade in services by 63.4% to \$8.71 billion: their exports jumped by 30.9%, to \$15.24 billion, while imports by only 3.5%, to \$6.53 billion.

At the same time, in particular, the export of Russian services grew at once by 85.3% to \$6.18 billion, while their imports from Russia – only by 4.4%, to \$0.29 billion. This is probably due to a payment of \$2.9 billion, which Gazprom transferred to Naftogaz at the end of the year as part of the execution of the award of the Arbitration Institute of the Stockholm Chamber of Commerce in a dispute between the companies on their transit contract.

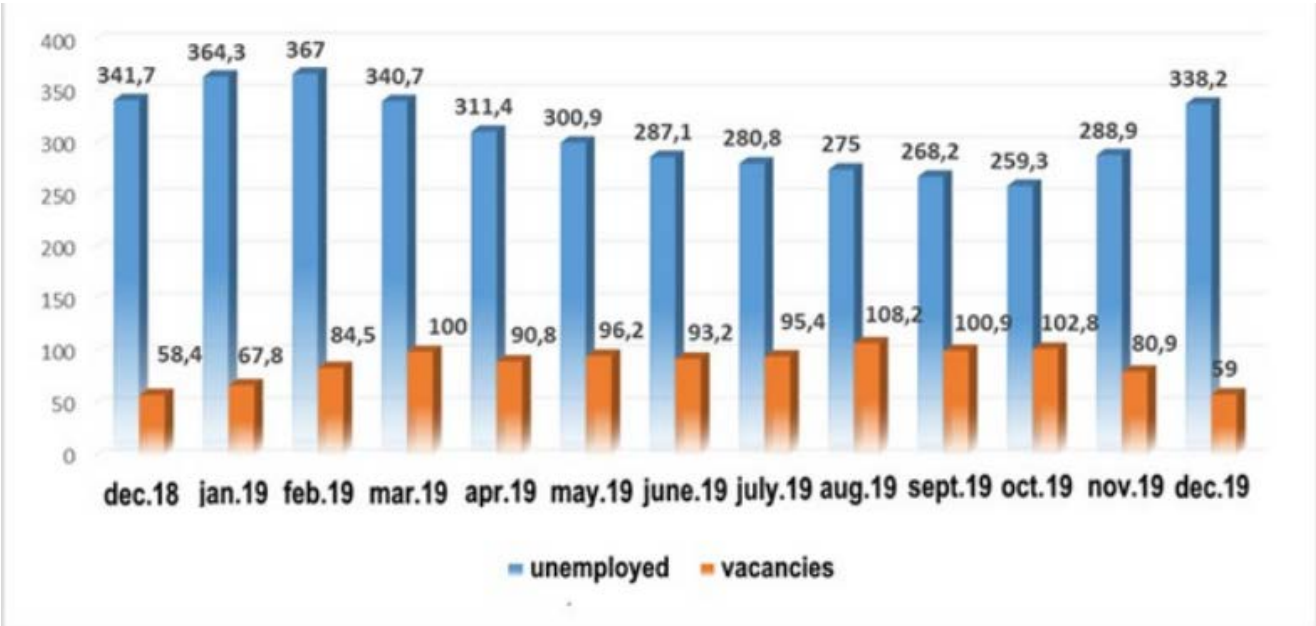
At the same time, last year in trade in goods, imports grew faster than exports. In general, over the year, deliveries to Ukraine increased 6.3%, to \$60.78 billion, while supplies from Ukraine – 5.8%, to \$50.06 billion. As a result, the deficit of trade in goods increased 8.8%, to \$10.72 billion.

According to the State Statistics Service, last year there were negative trends in trade with the EU: export growth slowed to 3.9% from 14.3% a year earlier, while imports – to 7.5% from 12.7%, resulting in a deficit in trade with the EU, which expanded by 31.5%, to \$4.56 billion.

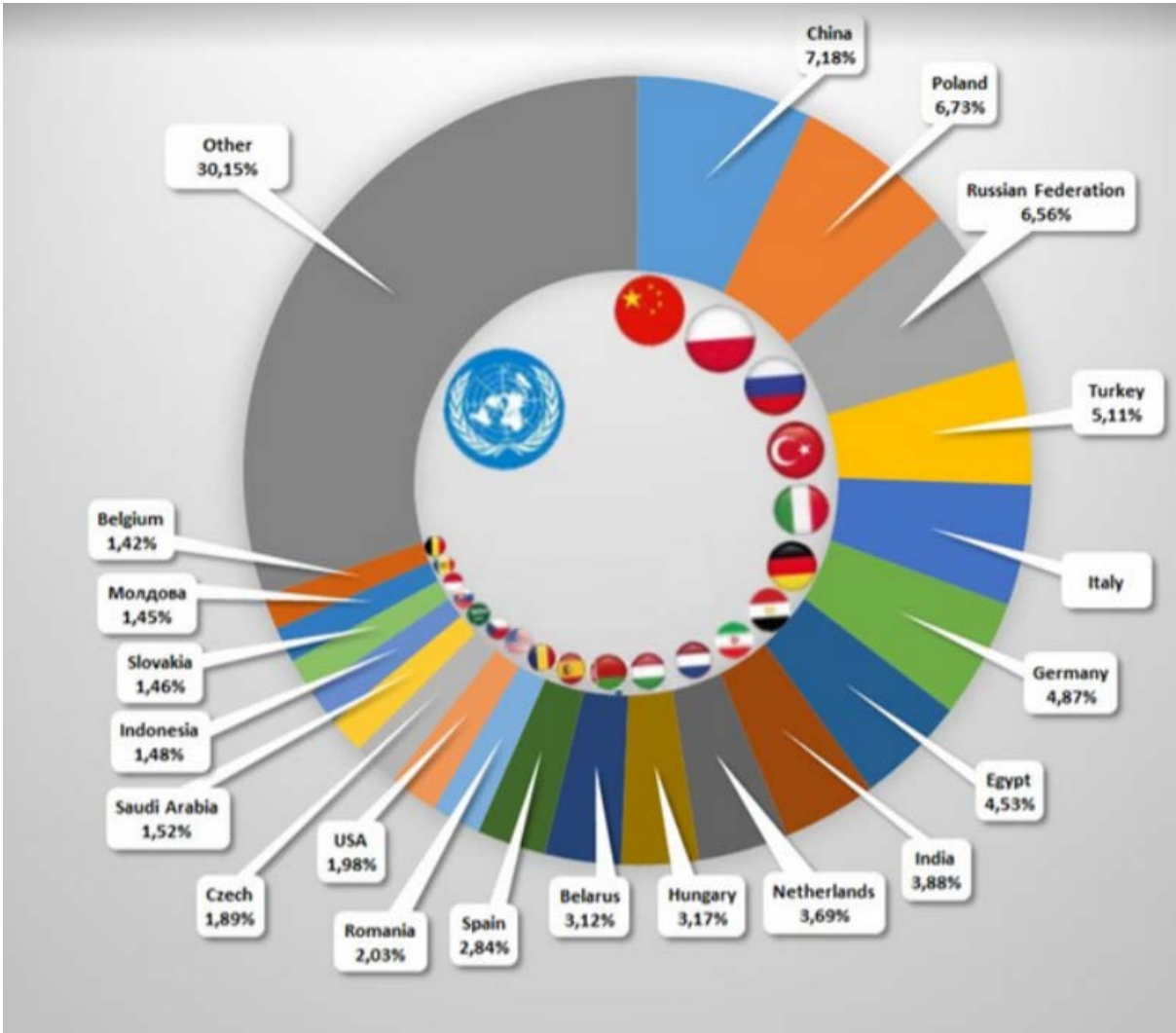
The export of Ukrainian goods to the EU in 2019, in particular, increased 3%, to \$ 20.75 billion, while the import of European goods to Ukraine grew 7.7%, to \$24.99 billion.



Ratio of number of unemployed and number of job opportunities in Ukraine from Dec 2018 to Dec 2019



Main trade partners of Ukraine in % from total volume (export from Ukraine to other countries) in Jan-Nov 2019



2,473 premium class apartments for total of \$419 mln were sold in Kiev in 2019

Some 2,473 business and premium class apartments for a total of \$419 million were sold in the primary market of Kyiv in 2019, while new De Luxe class objects are expected to enter the highest price segment of the market in 2020, according to a review by Kiev Standard. "In 2020, we pin our hopes on the De Luxe segment, which is new for the Kyiv market. According to our data, work is already underway on several projects in this class among the leading developers. The projects themselves, due to a lack of a similar supply and competition, will form a new level of demand in the high price segment," the review says.



"Negative rates on deposits in Western banks will force to consider new options for investments, including the primary real estate market of Kyiv. Unlike local investors, foreign ones are considering long-term investments," the report says.

As a whole, in 2019 elite apartments with a total area of 217,000 square meters were sold in the capital. Of these, 25,000 square meters (181 apartments) were presented in the premium class, 192,000 square meters (2,292 apartments) in the business class.

According to Kiev Standard's estimates, the volume of new elite housing supply in 2020 will amount to 4,000 apartments with a total area of 350,000 square meters.

As expected, foreign investors, who were previously not interested in the Ukrainian real estate market, will have a positive impact on the demand indicators in 2020.

According to the report, in 2019 sales in 15 objects started in the market, 13 of which are new projects. The volume of the new offer amounted to 4,780 apartments with 367,900 square meters.

Japanese company opens R & D center in Ukraine

Japan's Rakuten, owning the Viber messenger, is expanding its presence in Ukraine, according to a posting on the website of the Ministry of Digital Transformation of Ukraine after a meeting of Deputy Ministers of Digital Transformation Oleksandr Borniakov and Valeria Ionan with Executive Vice-President of Rakuten Yasufumi Hirai and Viber Chief Operating Officer (COO) Ofir Eyal.



According to the report, Rakuten is opening a R & D center in Kyiv and developing the existing office in Odesa.

"The event was a continuation of negotiations between President of Ukraine Volodymyr Zelensky and the founder of Rakuten, Hiroshi Mikitani, which took place in June 2019. Then, Mikitani appraised the State in a Smartphone initiative and expressed his readiness to increase his investment activity in Ukraine," the Ministry of Digital Transformation said.

Rakuten is a Japanese e-commerce company. In 2014, Rakuten acquired Viber for \$900 million.

KAN to enter gated residential communities construction market

KAN Development (Kyiv) is designing two projects of gated residential communities in Kyiv, which will have a house for rental, the founder of the company, Ihor Nikonov, has said. "We have acquired two land parcels for projects of gated residential communities. We are currently developing them. However, we cannot predict whether there will be demand. We just have to take and make a new product on the market: housing in private houses within the city. I'll say right now this will not be townhouses – they did not take root in our market," he said in an exclusive interview with Interfax-Ukraine.

According to him, the land area is approximately 30 hectares. Both projects are designed for 160-200 houses. Infrastructure will include a kindergarten with an elementary school, a kids club, a restaurant, and a swimming pool. "We are trying to make a rental house under the project, where one can rent apartments for staff or relatives who have come to stay. All these are attributes of a comfortable life. I personally try to develop the concept of life without a car. It will be our goal in new projects. To live constantly on wheels is absolutely uncomfortable and inefficient," the founder of KAN Development said.

DTEK Kyiv grids to invest in Kyiv's energy infrastructure UAH 8.8 bln in 2020-2024

DTEK Kyiv Grids provides for the volume of investments in the development of power grids in Kyiv at the level of UAH 8.8 billion in the plan for the development of the Kyiv energy infrastructure in 2020-2024, which is almost five times more than investments made in this direction over the previous five years. "According to the company's forecasts, electricity consumption in Kyiv will grow by approximately 9% by 2024. In order to meet the growing needs of domestic customers and businesses and increase the reliability of the capital's energy supply, we plan to invest UAH 8.8 billion in the development of energy infrastructure in Kyiv over five years," Director General of DTEK Kyiv Grids Maris Kunickis said when presenting the development plan for the energy infrastructure of Kyiv for 2020-2024.



According to the data announced at the presentation, UAH 1.8 billion was invested in the development of the capital's infrastructure in 2015-2019.

The plan of the development of energy infrastructure in Kyiv, in particular, provides for the construction by the end of 2024 of four new large substations of 110-10 kV: Odeska, Lukyanivska, Brest-Litovska, Kabelna Nova, as well as the construction of 51 kilometers of 110-35 kV power grids and the reconstruction of 1,753 kilometers of networks and 231 energy facilities.

"Now we are actively working on the launch of the new SCADA software dispatch system. By analyzing the information, it will not only be able to help manage the network, but will also predict possible emergencies and suggest solutions. This will significantly improve the quality of energy supply," the expert said.



PJSC Donbasenergo pays UAH 68.5 mln to budgets in Jan

PJSC Donbasenergo transferred UAH 68.5 million of taxes and other obligatory payments to the national and local budgets, which is 2.7 times (by UAH 43.1 million) more than in January 2019. According to the company's press release, UAH 67.7 million was transferred to the national budget (VAT, environmental tax, fees for a special use of water resources, other taxes of the national level), and UAH 800,000 (land tax, immovable property tax, etc.) were paid to the local budget of Donetsk region.

Donbasenergo owns Starobesheve (located in the occupied territory) and Sloviansk thermal power plants (TPP) with the total installed capacity of 2,880 MW, in particular the capacity of Sloviansk TPP is 880 MW. At the end of March 2017, the generation company announced the loss of control over the operation of Starobesheve TPP, as well as part of structural units located in the temporarily uncontrolled territory.

PrJSC Energoinvest Holding owns 60.86% of the shares of Donbasenergo, another 25% of the shares of the generating company are owned by the state

Boryspil international airport sees 17% rise in passenger traffic in Jan

The Boryspil International Airport (Kyiv) in January 2020 increased passenger flow by 17% compared with January 2019, to 1.049 million people. The press service of the airport told Interfax-Ukraine that 968,800 passengers were transported on international flights (a rise of 18.6%) and 81,000 – on domestic flights (a rise of 1.3%). The number of flights (arrivals/departures) in January 2020 amounted to 7,662 (a rise of 1.3% compared to January 2019), including 6,727 international flights (a rise of 3.2%) and 935 domestic flights (a fall of 10.9%). As reported, in 2019, Boryspil Airport increased passenger traffic by 21.2%, to 15.26 million people.

Sikorsky Kyiv international airport cuts passenger traffic by 20% in Jan

The Sikorsky Kyiv international airport serviced 178,800 passengers in January 2020, which is 20.4% less than in January 2019.



The following international destinations were most popular for the indicated period: Minsk (Belarus), Warsaw (Poland), Vienna (Austria), Berlin (Germany), Memmingen (Germany), Frankfurt am Main (Germany), and Budapest (Hungary). Zaporizhia was the most popular among destinations inside Ukraine.

According to the airport's website, the number of passengers serviced on international flights amounted to 176,900, on domestic – 1,900.

The number of flights (arrivals and departures) in January 2020 amounted to 1,838, which is 19.5% less than the same period in 2019, of which international flights – 1,629, and domestic – 209.



Ukraine increases cheese import by 2.4 times in Jan

Ukraine in January 2020 exported 330 tonnes of cheese, which is 27.4% less than in January 2019. According to the State Customs Service, in monetary terms exports amounted to \$1.2 million, which is 19.9% less than in January 2019.



Cheese imports in January 2020 increased 2.4 times, to 2,770 tonnes. In monetary terms, imports increased 2.2 times compared to January 2019, to \$12.35 million.

In January 2020, export of butter from Ukraine decreased by 58.3%, to 743 tonnes, in money terms by 50%, to \$3.49 million. According to the State Customs Service, import of this product increased 11.3 times, to 1,020 tonnes (\$4.52 million).

In addition, export of milk and cream (condensed) in January 2020 fell by 24.4%, to 1,630 tonnes. In January 2020, Ukraine supplied condensed milk and cream for a total of \$3.69 million (the same as in January 2019). Imports of this group of goods grew by 37.1%, to 229 tonnes (\$507,000).



Ukraine increases revenue from electricity exports by 36.4%

Ukraine in January 2020 increased revenue from electricity exports by 36.4% (by \$11.204 million) compared to the same period in 2019, to \$41.957 million.



According to the State Customs Service, last year electricity was supplied to Hungary for \$22.676 million, Poland for \$8.538 million, Romania for \$7.692 million, and other countries for \$3.051 million.

In addition, in January 2020, Ukraine imported electricity for \$25.96 million, in particular for \$12.713 million from Hungary, \$7.919 million from Slovakia, \$2.829 million from Belarus, and \$2.499 million from other countries.



Road patching repairs must remain in past – Ukrainian President Zelensky

Ukraine must refuse road patching repairs, Ukrainian President Volodymyr Zelensky has stated. "Patching repairs should be a thing of the past," he said during a press conference on road repairs in Kyiv. According to the president, the construction and overhauls of roads should account for about 80% of all road works.

Zelensky also emphasized the importance of providing guarantees for all road construction works so that "asphalt does not disappear with snow."



"We must build in order to destroy. To break the stereotype that Ukraine and good roads are not compatible concepts," Zelensky said.

At the same time, the president noted that at present only 15 regions of the country had approved the list of road construction and repairs.

"We expect that local authorities will intensify their work and approve the list of construction and repair of roads. Today only 15 regions have done so ... And three regions have not passed the list at all (Lviv, Zakarpattia and Sumy regions)," he said.

Zelensky also recalled that the plans for 2020 are to upgrade 4,000 km of state roads.

Hyper- and supermarket chain Novus plans to open up to ten new stores in Ukraine

Novus Ukraine LLC (Kyiv), which manages the Novus hyper- and supermarket chain and is part of the Lithuanian investment group BT Invest, plans to open eight to ten new stores in Ukraine in 2020.

"We plan to open eight to ten stores this year," Ihor Landa, the director general of BT Invest Ukraine, told Interfax-Ukraine.

During a speech at EBA Global Outlook: Boosting Investments, he noted that the expansion of the network is currently limited exclusively to Kyiv and Kyiv region.

"We invest only in Kyiv and Kyiv region. This is due to the fact that here purchasing power is still quite high. In addition, there is migration here from different cities," he said.

Ukrainian seaports increase cargo handling by 20% in Jan

Ukrainian seaports handled 13.5 million tonnes of cargo in January 2020, which is 20% more than a year ago. The press service of the Ukrainian Sea Ports Authority reported on Tuesday that the growth in cargo handling is linked to warm weather, exports of grain and ores and the large increase in imported coal handling.

According to the company, the first place in terms of transshipment volumes continues to be occupied by grain cargo, which in January 2020 shipped 4.7 million tonnes (a rise of 22%). Ore transshipment increased by almost a third (a rise of 32%) compared with the beginning of 2019, to 3.1 million tonnes.

In addition, during January 2020, record changes were seen in coal transshipment: in January of this year, 4.2 times more coal were handled – almost 771,000 tonnes. Positive dynamics is also continuing in the growth of container cargo, the amount of which increased by 15.8% and totaled 89,700 TEU.

Turnover of Turkish fashion retailer Waikiki in Ukraine amounts USD 90 mln in 2019



The turnover of the chain of stores of the Turkish fashion retailer LC Waikiki in Ukraine amounted to UAH 90 million in 2019, while in 2020 the company plans to open ten new stores, thus expanding the Ukrainian network to 45 stores (35 stores in February 2020). "LC Waikiki continues to operate with 35 stores in 18 cities of Ukraine. In 2020, the company plans to reach 45 stores, 49 in 2021, 56 in 2022 and 60 in 2023," according to the company's press release devoted to opening the 1,000th store of the LC Waikiki international chain.

The facility opened on February 13 at the River Mall trade center in Kyiv and became the largest store in the country, with an investment value of \$1 million. Its area amounted to 1,900 square meters.

The development of the LC Waikiki network in Ukraine is carried out by Tema Moda Ukraine LLC (Kyiv), established in 2006.

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4G communication in Kyiv subway could be launched in set terms

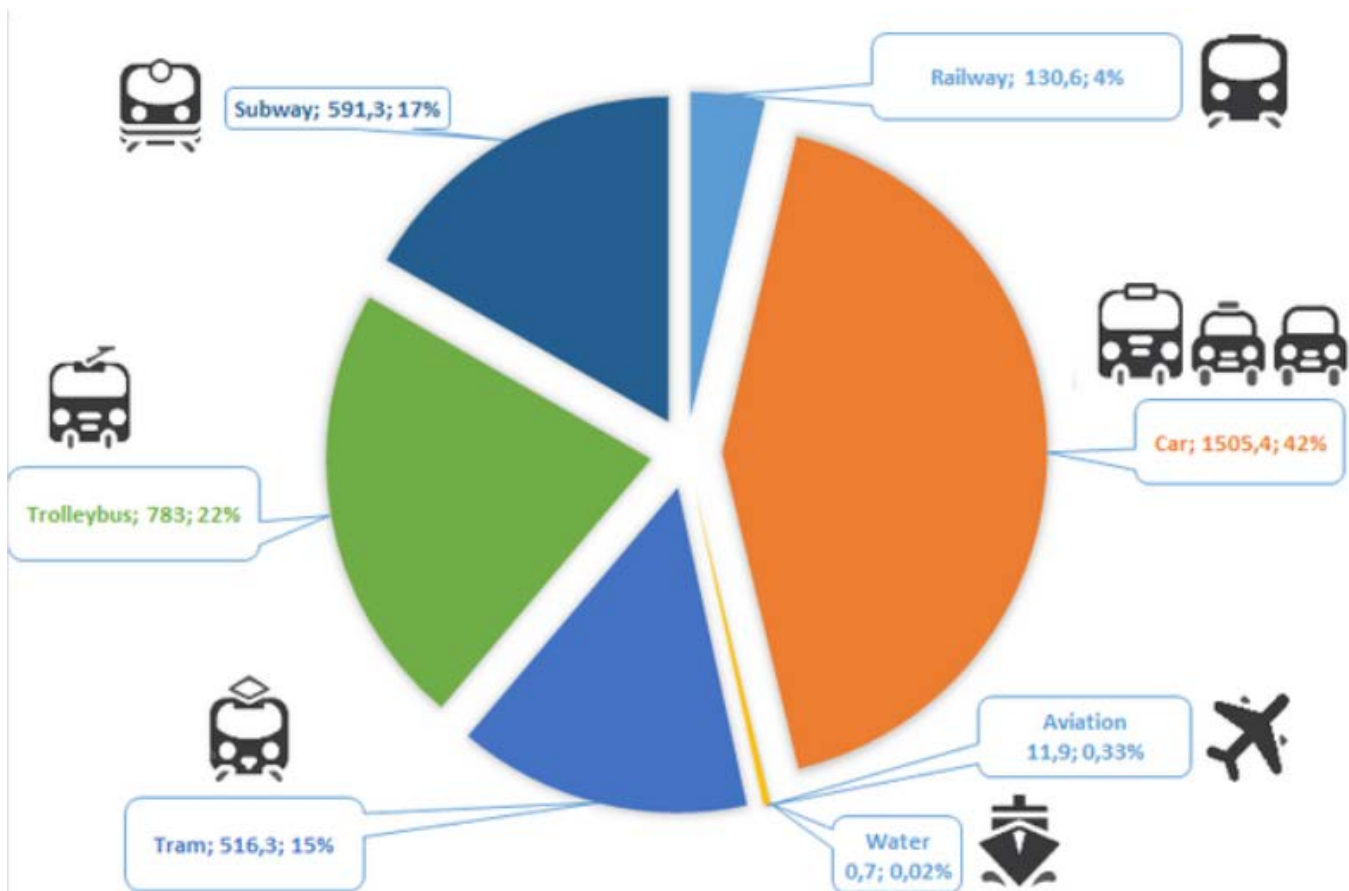
The introduction of 4G communication in subway is the issue of the national scale, it is possible to implement the project in due time, according to participants in a meeting devoted to the launch of 4G communication in Kyiv's subway held by the Kyiv City Council with representatives of the Kyiv City Administration, the Ministry of Digital Transformation, the Verkhovna Rada, municipal enterprises, mobile communications operators and Internet associations.

"The introduction of 4G communication in subway is a national issue. The law must be implemented. There are legal processes that must be followed. If we combine the efforts of all participants in this process, the project will be implemented within the announced time frame," advisor to the Mayor of Kyiv Maksym Bakhmatov said.

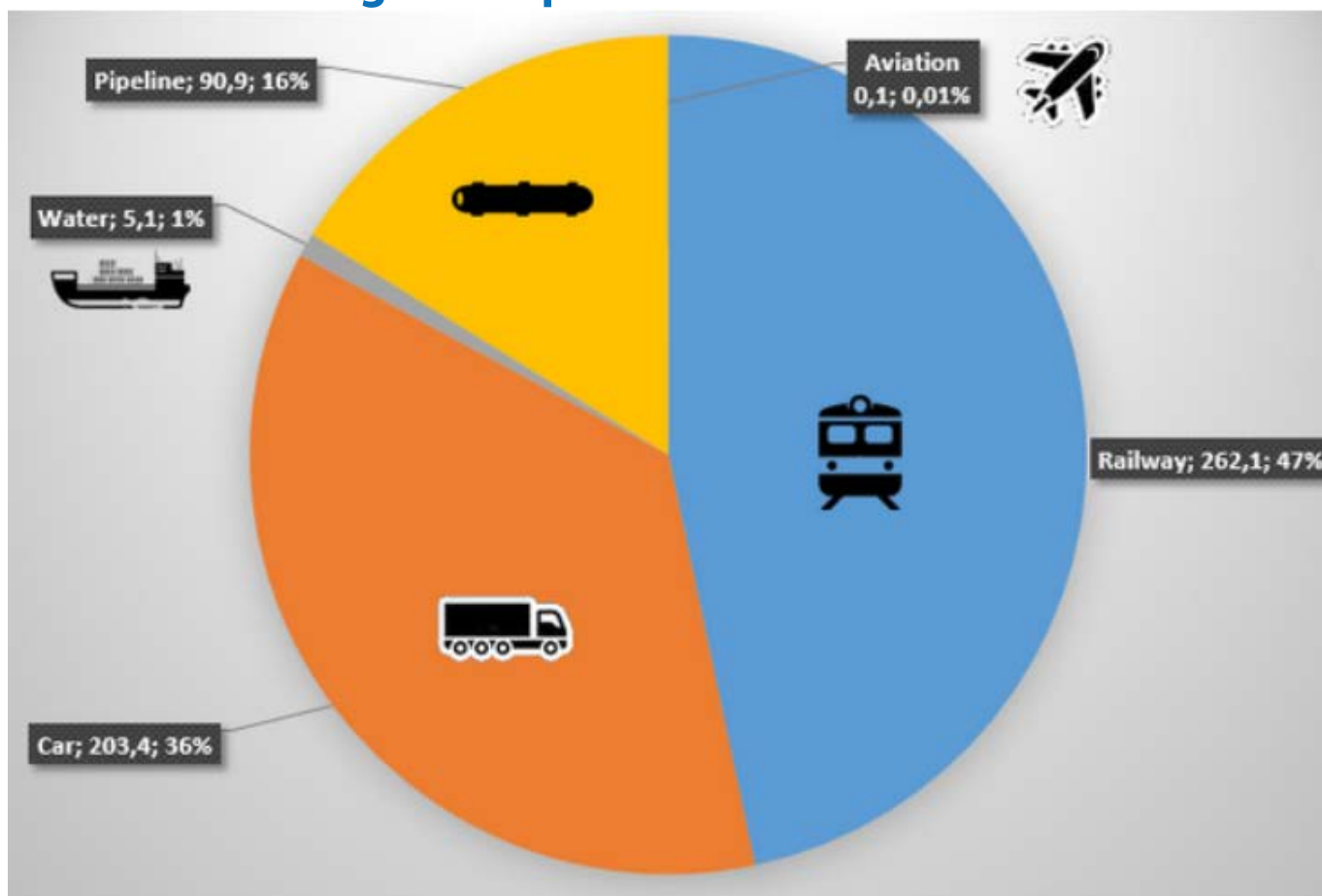
According to him, now all important technical aspects have been agreed with the subway, and the operators have provided the required technical documentation.

"Operators have already imported the first consignments of special equipment for building a network into the country and are waiting for legal grounds to begin installation work in the subway. The full-fledged implementation of the investment project depends on making a decision by the Kyiv City Council on the fee for telecom access to municipal property," Corporate & Regulatory Affairs Director at Kyivstar Oleksandr Kogut.

Passengers carried in Ukraine in Jan-Oct 2019, in mln



Volumes of cargo transportation in Ukraine in mln tons



Ukrainian companies increase poultry exports by 27.8% in 2019

Ukraine in January 2020 increased export of poultry by 27.8%, to 37,350 tonnes, the State Customs Service has reported. According to its report, in monetary terms exports of these products increased by 18%, to \$45.87 million. In January 2020, import of poultry and offal decreased by 20% and amounted to 9,350 tonnes, in monetary terms by 15.9%, to \$3.89 million.

In addition, according to the agency, pork exports in January 2020 amounted to 101 tonnes, which is 20.2% more than in January 2019. These products were delivered for a total of \$297,000 (1.7 times more).

As reported, Ukraine in 2019 increased export of poultry by 26%, to 414,490 tonnes. Import of poultry and offal increased by 0.6% and amounted to 131,180 tonnes. Pork exports in 2019 amounted to 2,260 tonnes, which is 28.6% more than in 2018. Pork imports to Ukraine last year decreased by 18.8%, to 23,190 tonnes.

Vitmark-Ukraine launches vegetable milk production in Odesa region worth EUR 5 mln

Vitmark-Ukraine has begun production of vegetable milk under the brand Vega Milk at a factory in Odesa region. According to the company's press release, Vitmark-Ukraine built a plant in Odesa region for EUR 5 million with a full cycle of vegetable milk production. The plant is equipped with equipment from Sweden, it also has its own storage workshops, processing equipment, aseptic packaging bottling lines. The plant processes oats, buckwheat, and wheat.

"Our business specializes in juices, drinks and baby food. Having opened the alternative milk line, we launched an extremely promising start-up – the innovative FoodTech, which combines technology and science," President of Vitmark-Ukraine Vitaliy Vinnytsky said.

Ukrainian company enters Saudi Arabia market with honey

Ascania-Pack, part of the Ascania multi-profile Ukrainian holding, has started exporting honey to Saudi Arabia. According to a company press release, the first batch of 12.2 tonnes was shipped in December.

"Saudi Arabia has become the eighteenth country in the world where the company exports cream honey for the retail market, including the United States, Canada, Singapore, Iraq, Qatar, as well as European countries," the company said.

Ascania-Pack is a large Ukrainian exporter of honey, has its own production, which allows processing more than 20,000 tonnes of honey per year.



U.S. Department of Agriculture improves forecast for Ukrainian corn export in 2019/2020

The U.S. Department of Agriculture (USDA) in February revised upwards the forecast for export of corn from Ukraine in the 2019/2020 agricultural year (July-June) by 0.5 million tonnes compared with the January forecast, to 31 million tonnes, and the corn harvest – by 0.3 million tonnes, to 35.8 million tonnes.

According to the February report posted on the USDA website, the forecast for production and export of Ukrainian wheat remained at the January level – 29 million tonnes and 20.5 million tonnes respectively.

USDA in February did not change the forecast for production and export of Ukrainian barley leaving it at 9.5 million tonnes and 5 million tonnes respectively.

In general, grain forecast for the 2019/2020a agri-year was revised upwards by 0.39 million tonnes, to 75.43 million tonnes and exports – by 0.53 million tonnes, to 56.6 million tonnes.

Epicenter K plans to boost land bank in Ukraine to 160,000 ha

The Epicenter K Group, developing the agricultural business since 2016, after the acquisition of Khmelnytsk-Agro from Svarog West Group will boost its total land bank by 40,000 ha, to 160,000 ha. According to the company's press release issued on Wednesday, the process is currently underway. Khmelnytsk-Agro develops the crop and livestock segments in Khmelnytsky region. It consists of a granary and a seed plant.

Epicenter K plans to create two more clusters in its structure, on the lands of which will be grown both traditional crops – wheat, sunflower, corn and rapeseed, as well as niche crops – bare pumpkin, and organic crops and seeds for irrigation will also be planted.

Epicenter K seeks to renegotiate land lease contracts with shareholders of Khmelnytsk-Agro LLC under the best conditions, after which they will receive social guarantees from Epicenter K.

As reported, the Antimonopoly Committee of Ukraine granted permission to acquire the company on February 6.

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