

UKRAINE NEWSLETTER Q3/2017 POLITICAL AND ECONOMIC NEWS

- In the year's first half, the exports volume **increased by 24.2%, amounting to \$20.7 billion**. Exports boosted in virtually all major economy sectors, from agriculture to industry. Ukraine's TOP 5 trade partners in the export of goods included the countries of the European Union (39.8%), Russian Federation (9.4%), Turkey (6.1%), India (5.5%), and Egypt (5.3%) (UNIAN).
- The signing of the **Free Trade Agreement with Israel** is expected in September 2017. Today, the trade turnover between the two countries **exceeded \$500 million**, while it may potentially grow to \$1 billion. (UNIAN)
- Moody's Investors Service (Moody's) has on August 25 upgraded the government of Ukraine's local and foreign currency issuer and senior unsecured ratings to Caa2 from Caa3, and changed the **rating outlook to positive from stable**, according to the agency's report.
- According to the State Statistics Service, Ukraine's **GDP in January-July increased by 2.4%**. Deputy Head of the Strategic Group of Advisers to the Government Pavlo Kukhta stressed that GDP growth was due to improved business expectations, growth of consumer demand amid rising wages, and an increase in commodity prices in world markets.
- The National Bank of Ukraine went for more forex easing** - the purchase of foreign debt securities was simplified for banks. While earlier the bank needed an individual license to conduct such operations, now it is sufficient to have a general forex license.
- Ukraine's Ministry of Economic Development and Trade together with Transparency International presented on July 31 the results of ProZorro electronic public procurement system in 2016-2017 and its new online ranking feature, The Best Practices Index. The new tool aims to boost competition as well as the quality of services and products procured via ProZorro.

UPCOMING EVENTS AND FAIRS

INTERNATIONAL TRADE FAIR ENERGY EFFICIENCY. RENEWABLE ENERGY 2017

07-09.11.2017 | International Exhibition Center | Kyiv | Ukraine |
 Tel.: + 380 44 201 11 65

UKRAINE-CHINA ECONOMIC FORUM

21-22.09.2017 | Ukrainian Chamber of Commerce and Industry |
 Kyiv | Ukraine | Tel.: + 380 44 584 28 24

X INTERNATIONAL INVESTMENT FORUM TAVRIA HORIZONS

29-30.09.2017 | Premier center | Nova Kakhovka | Ukraine | Tel.
 +380 552 225768 <http://www.tavriahorizons.in.ua/en/>

KYIV INTERNATIONAL ECONOMIC FORUM

05-06.10.2017 | CEC Parkovy | Kyiv | Ukraine |
 Tel.: + 380 44 496 30 36 <http://forumkyiv.org/uk/contacts>

XV INTERNATIONAL FORUM FUEL AND ENERGY COMPLEX OF UKRAINE

07-09.11.2017 | International Exhibition Center | Kyiv | Ukraine |
 Tel.: + 380 44 201 11 57 energy@iec-expo.com.ua

XVI INTERNATIONAL INDUSTRIAL FORUM

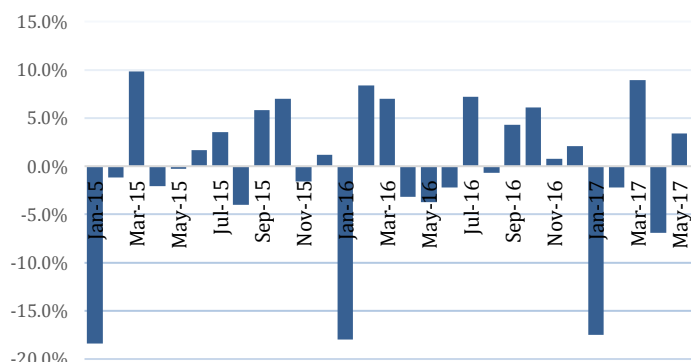
21-24.11.2017 | International Exhibition Center | Kyiv | Ukraine |
 Tel.: + 380 44 201 11 57

ABOUT VI2 PARTNERS

VI2 Partners GmbH is an international M&A and corporate finance advisor, based in Vienna, Kyiv and London, with a focus on M&A, Debt Restructuring, and Consulting/Lobbying. Our core markets are CEE and Germany/Austria/Switzerland. **We support prime international clients to acquire, protect, restructure and develop critical assets in Ukraine.**

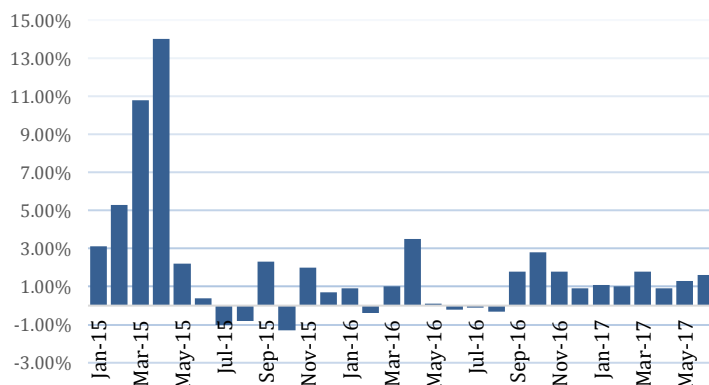
STATISTICS

Ukraine Industrial Production Index MoM



Source: State Statistics Service of Ukraine

Consumer Price Index, %



Source: State Statistics Service of Ukraine

Other Figures of Interest

- NBU expects growth to **increase to 3,2% in 2018 and to 4,0% in 2019** against the background of a lighter fiscal and monetary policy, that will stimulate private consumption. (National Bank of Ukraine)
- Industrial production demonstrates mild of **growth with a 3,4% MoM increase** in May and **0,1% MoM increase** in June 2017. (State Statistics Service of Ukraine)
- Since 2016, more than 990,000 procedures (tenders, auctions, and purchases) took place on ProZorro. More than 24,000 buyers used ProZorro in 2017, and more than 115,000 businesses participated in their tenders. In 2017, **ProZorro helped the state save more than UAH 19 billion** by helping find the cheapest suppliers through transparent auctions. (UNIAN)
- According to the NBU, for January-July this year, solvent banks received UAH 223 million, which is 41.5 times less than in the same period in 2016. The result was achieved due to the fact that in July these financial institutions received **UAH 1.43 billion in profit**. The National Bank also reported that, against the background of a stable level of income of banks, their expenses **decreased by 8.1% - to UAH 101.8 billion**.

SELECTED CASE WORK

- Sell side support for a leading Russian provider of payment processing software looking for an international investor
- Preparing and structuring an investment offer for a Luxembourg based fund to buy a residential real estate development project in Monaco, investment size >200 Mio USD
- Structuring a complex equity transaction for an international retail group in Ukraine