

UKRAINE NEWSLETTER Q1/2018

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.

POLITICAL AND ECONOMIC NEWS

- Ukrainian Infrastructure Minister Volodymyr Omelyan says a test site for the **Hyperloop ultra-fast transport system**, designed by **Tesla CEO Elon Musk**, will be built in the Ukrainian city of **Dnipro**. The site will emerge with the support of partners now building Hyperloop in Mexico. Academy of Sciences, Yuzhmash, Ukroboronprom, Interpipe, and the Innovation Development Platform have all joined the project. (Ministry of Infrastructure of Ukraine)

- The International Finance Corporation (IFC)**, the private sector arm of the World Bank Group, is providing a financing package of over **EUR 30 million** to **IMMER Group**, a leading Eastern European producer of flexible packaging, to support export-led economic growth job creation in Ukraine, according to Emerging Europe. (UNIAN)

- Ukraine's largest oil producer, **Ukrnafta**, fully met its current tax obligations, having paid **UAH 10.5 billion** (US\$367.5 million) in taxes in 2017, which was **30% up** on 2016, according to the company's press service. (UNIAN)

- The **Council of Europe** has **approved an Action Plan for Ukraine** in support of reforms for 2018-2021 with an **estimated budget of 29.5 million euro**. (Kyivpost)

- Ukrainian Railway** on Friday, February 23, 2018, signed a **USD 1 bn 15-year contract with General Electric**. In the initial stage, GE is to supply 30 new locomotives in Q4 2018 – Q1 2019 through a lease agreement with state-owned Ukreximbank. (UNIAN)

UPCOMING EVENTS AND FAIRS

Ukrainian Infrastructure Forum 2018

18.04.2018 | Fairmont Grant Hotel | Kyiv | Ukraine
 Tel.: + 38 044 322 88 88

International Conference Black Sea Grain

18-19.04.2018 | InterContinental Hotel | Kyiv | Ukraine
 Tel.: + 38 044 219 19 19

Agile Eastern Europe Conference

27-28.04.2018 | Ramada Encore Kyiv | Ukraine
 Tel.: + 380 44 205 1515

INTAX Forum 2018

21-22.05.2018 | Congress Exhibition Center Park | Kyiv | Ukraine
 Tel.: + 380 44 594 8888

Ukrainian SME Forum 2018

7-8.06.2018 | Ramada Encore Kyiv | Ukraine | Tel.: + 380 44 205 1515

Agricruise: Ukrainian Agri & Food Export Forum

21.06.2018 | Rosa Victoria Kyiv | Ukraine | Tel.: + 380 95 494 2929

Other Figures of Interest

- Ukraine sees **3.6 percent rise in industrial output** in January 2018. (State Statistics Service of Ukraine)
- Ukrainian banks booked a combined **net loss of UAH 24.4 bn** (USD 0.9 bn) in 2017 after recording a loss of UAH 26.2 bn (USD 0.95 bn) in December. (Dragon Capital)
- Growth in **retail turnover slowed to 9.6 percent** y-o-y in January from 16.1 percent in December but **remained above the 12-month average of 7.7 percent** y-o-y. (Dragon Capital)

SELECTED CASE WORK

- VI2 Partners has been mandated to search for project financing facilities for one of the largest commercial property developers in Ukraine.
- VI2 Partners has started a cooperation with major Chinese financial and leasing corporations to expand their client base in Eastern Europe.
- VI2 Partners is consulting a global FMCG group in structuring and launching their own crypto coin.
- VI2 Partners is speaking at NIC (National University of Singapore Medicine International Council) Conference in Berlin to a selected group of prime investors on investment climate and opportunities in Europe.

STATISTICS

UKRAINE INTEREST RATE



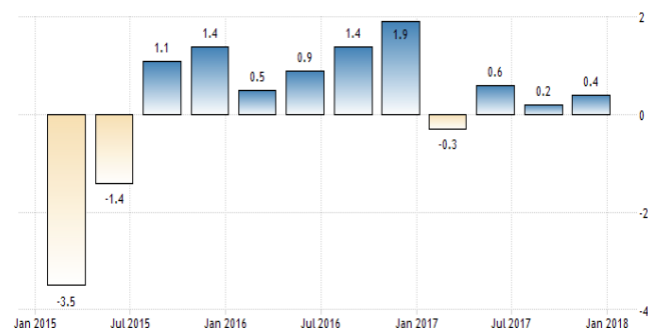
Source: National Bank of Ukraine

The Central Bank of Ukraine hiked its key discount rate by 150bps to 16 percent on January 25, 2018, following a **100bps rise** in each of the previous two meetings and surprising markets who expected no changes. Policymakers said the move aims to slow inflation and bring it back to the target range of $5\% \pm 1$ pp in the middle of 2019.

Inflation is expected to be **8.9 percent in 2018**; **5.8 percent** in the **middle of 2019** and **5 percent in 2020**. GDP growth is seen higher at 3.4 percent in 2018.

Interest Rate in Ukraine averaged **39.84 percent** from **1992 until 2018**, reaching an all-time high of 300 percent in October of 1994 and a record low of 6.50 percent in August of 2013.

UKRAINE GDP GROWTH RATE



Source: State Statistics Service of Ukraine

The Gross Domestic Product (GDP) in Ukraine expanded **0.40 percent** in the fourth quarter of 2017 over the previous quarter.

GDP Growth Rate in Ukraine averaged -0.07 percent from 2010 until 2017, reaching an all-time high of 3.90 percent in the second quarter of 2010 and a record low of -4.70 percent in the third quarter of 2014.