

UKRAINE NEWSLETTER Q2/2019

ABOUT VI2 PARTNERS

VI2 Partners specializes in portfolio assets management, direct investments, investment banking, ICO, capital raising and debt restructuring, services for investors to enter new markets (Ukraine and Eastern European countries, EU). The activities of **VI2 Partners GmbH** are aimed at ensuring economic growth, efficiency and increasing customers' profitability. Our qualified and experienced team plans, scouts and executes investment opportunities, performing customers' tasks on a high-quality level, above the accepted standards.

POLITICAL AND ECONOMIC NEWS

- Ukraine's newly elected President Volodymyr Zelenskyy has signed a decree to dissolve the current parliament and has called for **new elections on July 21, 2019**. (hromadske.ua)
- Ukraine and Mexico have developed a plan of action for concluding a bilateral agreement on simplifying and abolishing visa requirements for citizens of both countries. (Ukrinform)
- The World Bank, one of Ukraine's key lenders, expects a **slowdown in inflation** in Ukraine from 9.8% in 2018 to 7% in 2019. In addition, the bank predicts a further reduction in inflation to 6% in 2020 and 5% in 2021, according to the bank's updated economic review, distributed amid a press conference in Kyiv on May 23. The World Bank also forecasts a national budget deficit in Ukraine at 2.3% of GDP in 2019 against 2% in 2018, as well as that at 2.3% of GDP in 2020 with its further decline to 2.2% in 2021. (UNIAN)
- The National Bank of Ukraine (NBU) has announced that the **Ukrainian market joined Clearstream**, the international central securities depository, via an account opened with the NBU's depository. This step will enable settlement of all government bonds denominated in the local currency hryvnia through the international system of Clearstream. (UNIAN)
- Fitch Ratings has affirmed 3 Ukrainian foreign-owned banks' Long-Term Foreign-Currency Issuer Default Ratings (IDRs) at 'B-' and their Long-Term Local-Currency IDRs at 'B' with Stable Outlooks. The banks are: PJSC Credit Agricole Bank (CAB); ProCredit Bank (Ukraine) (PCB); and PRAVEX-BANK JSC (PXB). The affirmation of the Long-Term IDRs reflects Fitch's unchanged view of support prospects for the banks. (FitchRatings.com)
- The Cabinet of Ministers of Ukraine will allocate UAH 5.9 billion for agricultural development programs in 2019. According to Prime Minister of Ukraine Volodymyr Groysman, Ukrainian agricultural exports grew by 18.6% for the first four months of this year compared with the same period in 2018. "Ukraine trades with all continents. The Asian market is the leader, and the EU firmly occupies the second position. Ukraine exports not only raw materials but processed products also," he added. (UkrInform)

UPCOMING EVENTS AND FAIRS

International Congress on Advances in Bioscience and Biotechnology

10-14.07.2019 | Ramada Encore | Kyiv | Ukraine
 Tel.: +380 44 205 1515 | info@icabb.eu

International Conference Nanotechnologies and Nanomaterials

27-30.08.2019 | Lviv Polytechnic National University | Lviv | Ukraine
 Tel.: +38 (044)-525-98-41 | conference.nano@gmail.com

International Conference Black Sea Oil Trade 2019

05.09.2019 | Hilton Hotel | Kyiv | Ukraine
 Tel.: +38 (044) 364-55-85 | conference@ukragroconsult.org

Trans Expo Odessa

18-20.09.2019 | Odessa Marine Passenger Terminal | Odessa | Ukraine
 Tel.: ++380 (48) 235 59 99 | cfo@mku.com.ua

Ukrainian Business Forum

24.09.2019 | Hilton Hotel | Kyiv | Ukraine
 Tel.: +38 096 194 66 29 | register@ubf.international

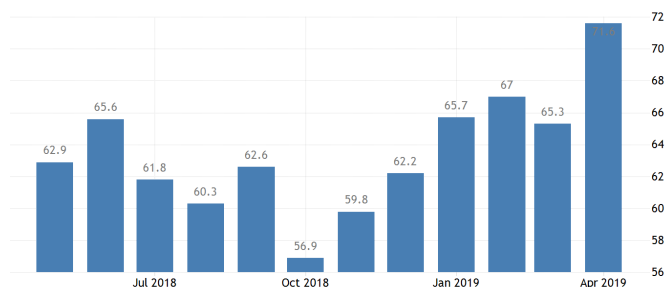
Lviv IT Arena

27-29.09.2019 | Arena Lviv Stadium | Lviv | Ukraine

SELECTED CASE WORK

- VI2 has been mandated by an Asian investor to set up a European and Cayman based fund structure.
- VI2 is supporting a German technology company in the field of gas and oil exploration to attract clients from selected Middle East and CIS countries.

Ukraine Consumer Confidence



Source: TradingEconomics

Consumer Confidence in Ukraine increased to 71.60 Index Points in April from 65.30 Index Points in March of 2019. Consumer Confidence in Ukraine averaged 72.60 Index Points from 2000 until 2019, reaching an all-time high of 107.30 Index Points in March of 2005 and a record low of 41.10 Index Points in February of 2015.

The survey «Consumer confidence in Ukraine» was conducted by GfK Ukraine since June 2000. From 2019 this project is provided by Info Sapiens.

STATISTICS AND FIGURES OF INTEREST

- Large and medium-sized enterprises in Ukraine received UAH 352.955 billion, or US\$13.2 billion, in profit before tax in 2018, which was 24% higher than the figure reported in 2017. Financial performance of Ukraine's profitable enterprises grew by 4%, to UAH 579.961 billion (\$21.7 billion), while that of loss-making companies shrank by 16% over the year, to minus UAH 227.006 billion (\$8.5 billion). (State Statistics Service of Ukraine)
- Industrial output in Ukraine grew by 2.1% in March 2019 year-over-year (y-o-y) without taking into account the adjustment for the calendar day effect, after a 1.8% fall in February 2019 y-o-y. The growth in industrial output in March 2019, with the calendar day adjustment, accelerated to 2.7% y-o-y after a 1.8% decline in February 2019 y-o-y. (State Statistics Service of Ukraine)
- Ukraine sees 7.9% rise in retail trade in Jan-Apr 2019.** Retail turnover increased most in Vinnytsia, Kyiv, Ivano-Frankivsk, Dnipropetrovsk, and Lviv regions. (UNIAN)
- The growth of capital investments in Ukraine made up 21.7% in the first quarter of 2019.** In particular, Ukraine received UAH 108.3 billion in capital investments in January-March 2019, which is 21.7% more than in January-March 2018. The largest investments in the first quarter of 2019 were made in the country's industry - UAH 44.1 billion (an increase of 38.2%), in the construction sector - UAH 11.77 billion (an increase of 13.2% more), and the agriculture sector - UAH 10.97 billion (an increase of 2.5%). (State Statistics Service of Ukraine)
- Ukraine in January-April 2018 boosted foreign currency revenue from electricity exports by 21% year-over-year (y-o-y), from US\$109 million to US\$132.29 million. Hungary accounted for 59% of Ukrainian electricity sold abroad (US\$78.4 million), while the share of Poland was 23.5% (US\$31.2 million) and that of Moldova was 13.5% (US\$18 million). (Ukraine's State Fiscal Service)
- Deficit of Ukraine's national budget shrinks by 12 times in Jan-Apr 2019. The country's consolidated budget over the period under review saw a USD 669 million surplus. (NBU)