

**UKRAINIAN
Infrastructure:**

**OPEN
for Investors**

 **MINISTRY
OF INFRASTRUCTURE OF UKRAINE**

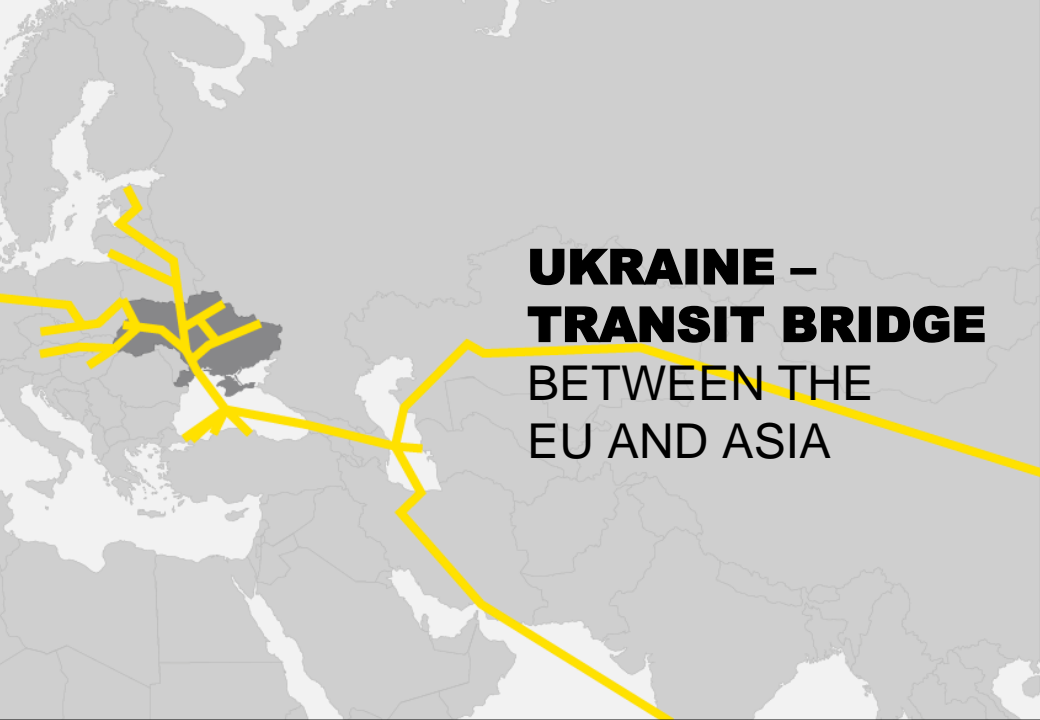
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UKRAINE – TRANSIT BRIDGE BETWEEN THE EU AND ASIA

Area:
603 500 km².
Largest country within Europe

GDP (PPP):
\$337 bln in 2017
Top-50 economy globally

Population:
42.8 million people.
70% urban-based

Workforce:
20 million people.
#1 country in the CEE
by the number of engineering
graduates

Average Salary:
€260 per month.
Most cost-competitive
manufacturing platform in Europe



**19
Airports**



**13 Sea &
16 River
Ports**



**170 000 km
of Roads**



**22 000 km
of Railways**

Trade Opportunities:

Geographical **center of Europe**, making the country an ideal trade hub to the EU, Middle East and Asia

Free trade agreement (DCFTA) with the EU and member of the WTO

Free trade: EU, CIS, EFTA, FYROM, Georgia, Montenegro. Ongoing negotiations with Canada, Israel, Turkey

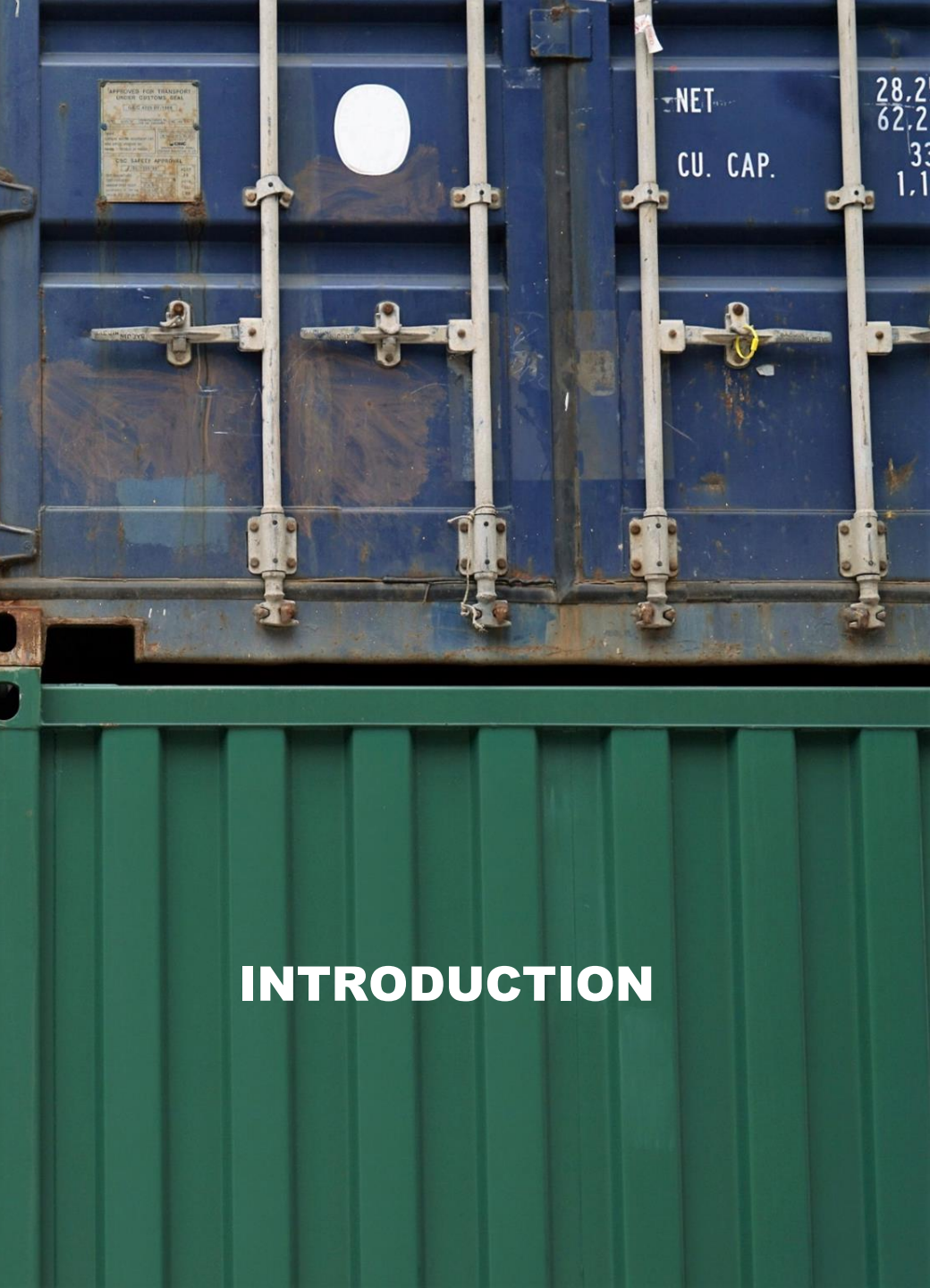


EXECUTIVE SUMMARY

Last year, the Ukrainian Government prepared a package of planned reforms to bring changes to Ukraine's infrastructure. The scale of the package is comparable only with the integration of Eastern European countries into the European Union's infrastructure in the 1990's and 2000's. The Ministry of Infrastructure of Ukraine has already begun implementing these reforms, embracing all the key areas of the country's infrastructure - airports, roadways, railways, sea and river ports, and the postal service:

- Approximately 2177 kilometers of roadways have been constructed in 2017, and more than 4000 kilometers (state roads) are to be completed in 2018, improving the transportation infrastructure;
- A number of investment and development agreements were signed in 2017. Those agreements were aimed at completion development, logistical independence, and infrastructural modernization;
- Leading low cost airline companies intend to start operating flights to Ukraine in the nearest future, increasing the tourist stream and reducing ticket prices;
- In April 2017 the process of turning the Ukrainian Postal Service from a state owned company into a public corporation was completed, paving the way towards transparency and implementation of Western corporate culture.

The package of planned reforms is beneficial and valuable not only to residents of Ukraine, but also to the entire Western society. These reforms will deal a major blow to corruption in Ukraine and decisively re-orient the Ukrainian economy, trade, and people away from the destructive way – which they have been drawn to because of historical factors – and towards West Europe and the USA. **Implementation of these reforms will also strengthen the Ukrainian security system, which in the future may merge into the global common system of security aimed at protecting the entire civilized world from the global threats.**



INTRODUCTION

Critical infrastructure needs

Roads
need an almost
complete overhaul

Railway rolling stock
as well as railway infrastructure
have an extremely high level of
depreciation

Ports have lost
a major share of
strategic cargo

Only 5% of the
country's population use
air transportation

80% of post offices
do not have computers

Ukraine is unable to carry out the tremendous efforts needed to reform the transportation industry on its own. Ukraine needs the support of Western partners – political, technological, managerial, legal, and financial.

This support will give Ukrainians the feeling of having been accepted into the European family of peoples. In June 2017 the European Union became visa-free for Ukrainian residents to travel. The goal of the Ukrainian government infrastructure projects is to provide Ukrainians with the opportunity to utilize this chance – to see Europe and to create business and cultural contacts there.



STRATEGIC GEOGRAPHIC LOCATION

International transportation corridors pass through Ukraine, among them:

- pan-European transport corridors;
- Organization for Cooperation of Railways corridors;
- Europe–Caucasus–Asia transportation corridor which connects Europe with Central Asia via the Black Sea, the Caucasus, and the Caspian Sea.

Ukraine's transit
potential
**200 million
metric tons
per year**

only 25-30%
Ukraine's transit potential
is currently utilized

Ukraine joined
**European transport network
TEN-T**

November 24, 2017

**Eastern
Indicative**

**Partnerships
TEN-T maps**

The cost of the project phase 1 estimates for €250 billion by 2020



EDUCATION

EDUCATION LEVELS

1 million workers

6% of the total employed population of Ukraine are working in the transportation infrastructure

76%

of Ukrainian adults have higher education

Ukrainian universities annually confer

350–400,000

bachelors and masters degrees

More than 70

institutions of higher education in Ukraine prepare specialists with technical majors



MAIN CHALLENGES

Logistic imbalance

An imbalance exists between the geographic and logistical vectors of the transport infrastructure. Geographically Ukraine is much closer to the European Union. However, logistically it is still drawn to the infrastructure network of the former USSR.

European integration

Integration of the Ukrainian transportation infrastructure into the all-European transportation map will allow Ukraine to notably speed up its economic growth and reduce Russia's sphere of political influence.

Transparency

Development of the transportation infrastructure, using progressive policies and approaches, will also contribute to the decrease of general corruption risks inherent in Ukraine.

Investments needs

For the successful implementation of reforms Ukrainian infrastructure needs to secure additional \$20–25 billion of investments by 2030.

Private investments

Development of the infrastructure requires \$8–10 billion of private investments annually over the course of 12–15 years.

European support

On its own Ukraine is only able to finance roughly \$1.5 billion of infrastructure projects annually. European financial institutions are also unable to fully satisfy the investment demands of the Ukrainian transportation infrastructure.

Reforms

The new leadership of the Ukrainian Ministry of Infrastructure has achieved notable successes in reforming the industry segment and reducing the corruption risks in business operation. The world's largest providers of port services, container transportation, and air passenger transportation are already entering the Ukrainian market.

Access to Europe

New roads to the West will help pull Ukraine out of the «post-Soviet province» status and irreversibly facilitate Ukraine's integration into the West.

LOGISTICS PERFORMANCE INDEX 2018

country	rank	score
Germany	1	4,20
Sweden	2	4,05
Belgium	3	4,04
Austria	4	4,03
Japan	5	4,03
Netherlands	6	4,02
Singapore	7	4,00
Denmark	8	3,99
United Kingdom	9	3,99
Finland	10	3,97

14
positions
growing
for 2 years

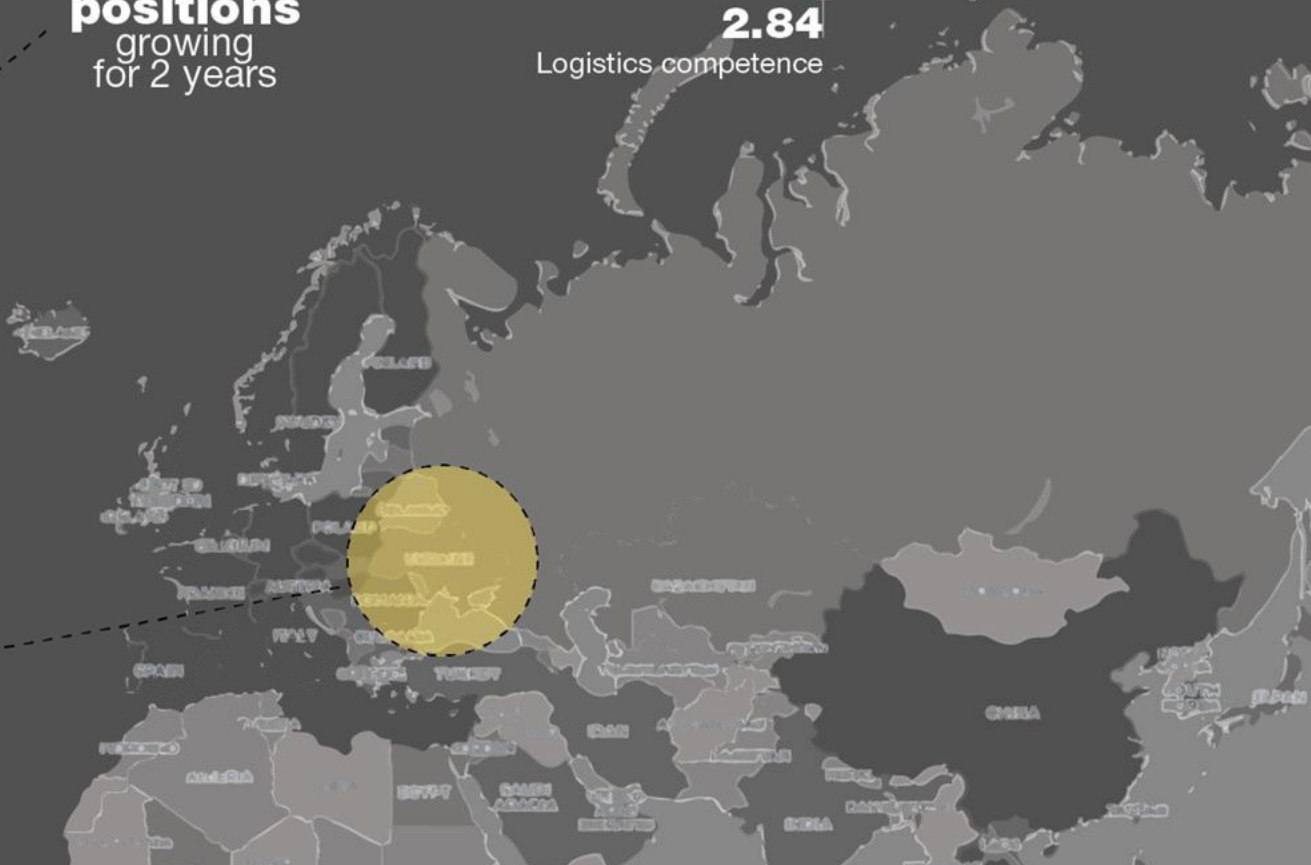


Ukraine 66 2,83

Burundi	158	2,06
Angola	159	2,05
Afghanistan	160	1,95

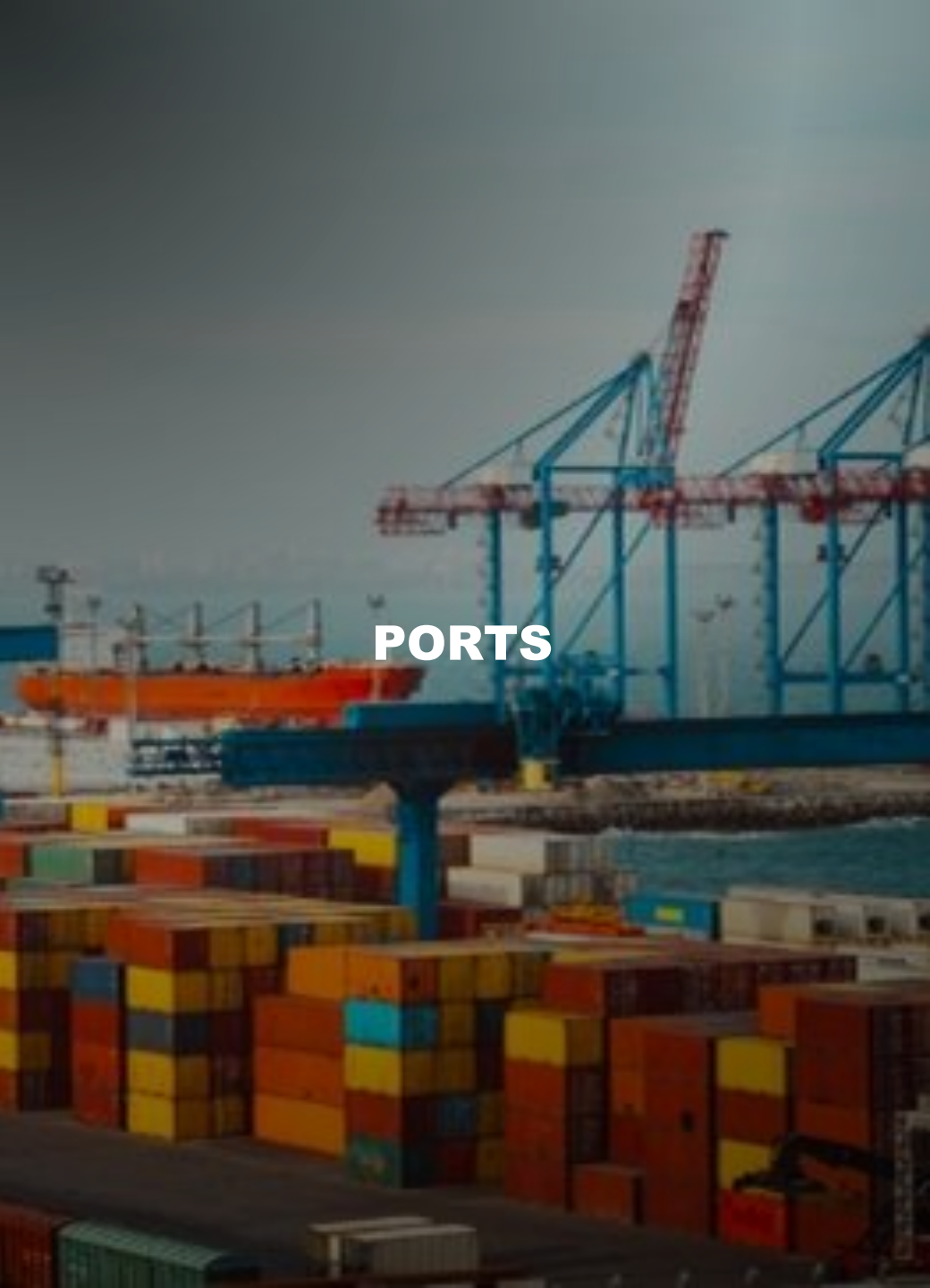
3

position
among the post-Soviet countries
(Estonia - 36, Lithuania - 54)



A photograph of a port at sunset. The sky is a mix of orange, yellow, and brown, with the sun low on the horizon. Several large cranes are silhouetted against the bright sky. The water in the foreground is dark with some reflections of the light. The text 'SEA & RIVER' is overlaid in the center in a bold, white, sans-serif font.

SEA & RIVER



PORTS

The reform of the maritime transport industry has been launched:
A central executive body in the field of sea and river transport - the State Service for Marine and River Transport (Maritime Administration) was established and will begin operations on January 1, 2019;

In addition, the special Maritime Doctrine has been developed in order to ensure the entire fulfilment of Ukraine's maritime potential (to be adopted by CMU).

585 mln USD

Revenue in 2017

157 mln USD

Net Profit in 2017

132 578.44

thousand tons

total amount of cargo handled
by Ukrainian port operators

The development of maritime shipping through Ukraine's water routes remains a priority.

**35 million tons
per year**

the potential inland waterway
transportation capacity can be
up (according to Dutch and
American experts)

\$3.75 million

has been provided
for the reconstruction
of the Dnipro canal locks

Beginning January 1, 2018, the port fees and charges have been reduced by 20%. Special discounts are available for oil transit. Work with leading port investors including DP World, BUNGE and Hutchison Ports towards port development in Ukraine has begun. A draft method of calculating port fees rates have been developed. According to the project, port fees rates will be based on two components: a prime rate and the investment component.



PROSPECTS

- ✓ **Strategy for the Development of Seaports of Ukraine through 2038 by the Government of Ukraine is being reviewed for approval by the USPA**
- ✓ An audit by the International Maritime Organization (IMO) of Ukraine's obligations under various international conventions is successfully passed
- ✓ Reducing port fees and charges to a competitive level and implementation of port fees charging methodology expected in 2018
- ✓ Maritime administration approved and begins operations January 2019
- ✓ IWW Law is being discussed in the Parliament of Ukraine and repair and modernization of the locks on the Dnipro River being planned

1.2 bln USD/yearly

total funds needed
for the port infrastructure

Located on the west bank of the Dnipro-Bug estuary in the Southern agricultural region of Ukraine



Unique greenfield and brownfield port concession opportunities in the Black Sea region

179 ha

Total Area

7

Existing Berths

10.3 m

Depth Available

2.5 mtpa

Existing Cargo Throughput

41%

2017 EBITDA Margin

CONCESSION OF
**STEVEDORING
COMPANY
"OLVIA"**
ASSETS



Key Investment Highlights

- Port is favorably located close to the key agricultural regions of Ukraine
- Rail and road access available
- Growing grain export flows create great opportunity for the port
- Pre-viability assessment finished and both greenfield and brownfield development options available
- The project preliminary involves construction of grain terminals and oil-extracting plant, modernization and operation of existing assets
- Full feasibility study to be finalized by EBRD and IFC in August 2018

Located on both banks of the Dnipro river (key inland waterway in Ukraine) 15 km away from its mouth, 28 km from the Dnipro-Bug estuary and 90 km from the Black Sea



**Opportunity
for development
of multimodal
cargo hub**

47 ha

Total Area

4

Existing Berths

7.6 m

Depth Available

600 m

Quay Length

\$6.4 mln

2017 Revenue

Kherson City

Фрегат

Набережна

CONCESSION OF
**COMMERCIAL SEA
PORT KHERSON**
ASSETS

Main facilities

Left bank
backwaters

Key Investment Highlights

- Pre-viability assessment finished
- The assets of SOE Kherson will be transferred into concession, including existing total area on the right (main) and left bank (potential), outdoor and indoor storage areas, berths, fleet of barges and vehicles
- Road and rail access available
- Grain by-products are the most promising cargo for the port
- River transportation development is a great opportunity for further cargo throughput growth in the port
- Full feasibility study to be finalized by EBRD and IFC in August 2018

Located on the north-western shore of the Black Sea in Chornomorsk seaport



Unique opportunity for development of Silk Road logistics facility

Aggregate Capacity

4.5 mln tons

Cargo in Railway Wagons

150 000

Heavy Duty Trucks

250 000

Units of Vehicles

9.7 m

Depth available



CONCESSION OF **FERRY TERMINAL** IN CHORNOMORSK SEA PORT

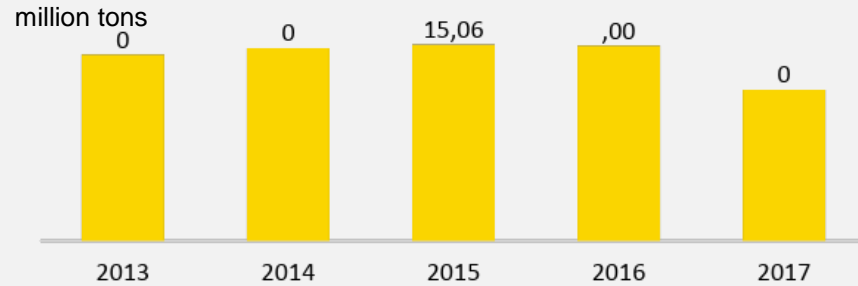
Key Investment Highlights

- Unique facility in Ukraine, which handles rail and auto ferry lines, as well as “ro-ro” vessels
- Highly marginal operating business with unused capacity
- Existing facilities in good condition including 3 berths
- Rail and road access available as well as 9.7 m depth
- The complex is a part of rail ferry lines functioning on the Black Sea and the “New Silk Road” trade corridor

Located on the northwest coast of the Black Sea, in Small Adzhalyk (Grigorievsky) estuary, 30 km north-east from Odesa



Cargo Turnover



The deepest export port of Ukraine

Revenue
\$57 mln

EBITDA Margin
31%

Cargo Turnover
11.6 mln tons



Key Investment Highlights

- ✓ Prefeasibility study prepared by EU, prepared by Egis company
- ✓ Next step – feasibility study preparation
- ✓ Cargo handled by the SOE Yuzhny 11.6 mln tons in 2017
- ✓ The depth of the main piers is 14 meters, there are two deep-water berths with a depth of 18.5 meters capable of accommodating Capesize vessels
- ✓ It has 7 berths with anchorage capacity of 24 vessels
- ✓ Open storage yards cover 185 500 m², sheltered warehouses – 2 000 m² (1 mln tons storage capacity)
- ✓ Loading intensity is 40 000 tons/day, 650 cars/day
- ✓ Main cargoes: chemicals, ore and general cargoes including coal, metal, cast iron, pellets, palm oil, carbamide, ammonia, methanol, crude oil and grain

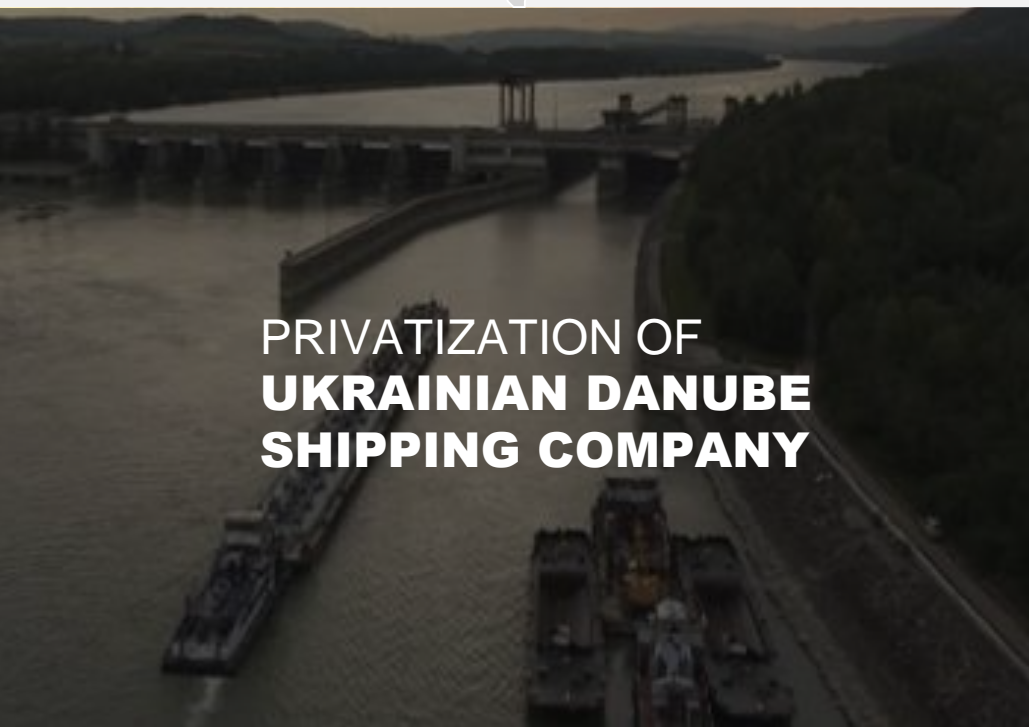


One of the largest shipping companies in the region

Revenue
\$30 mln

Number of Vessels
320

Annual Cargo Turnover
2.8 mln tons



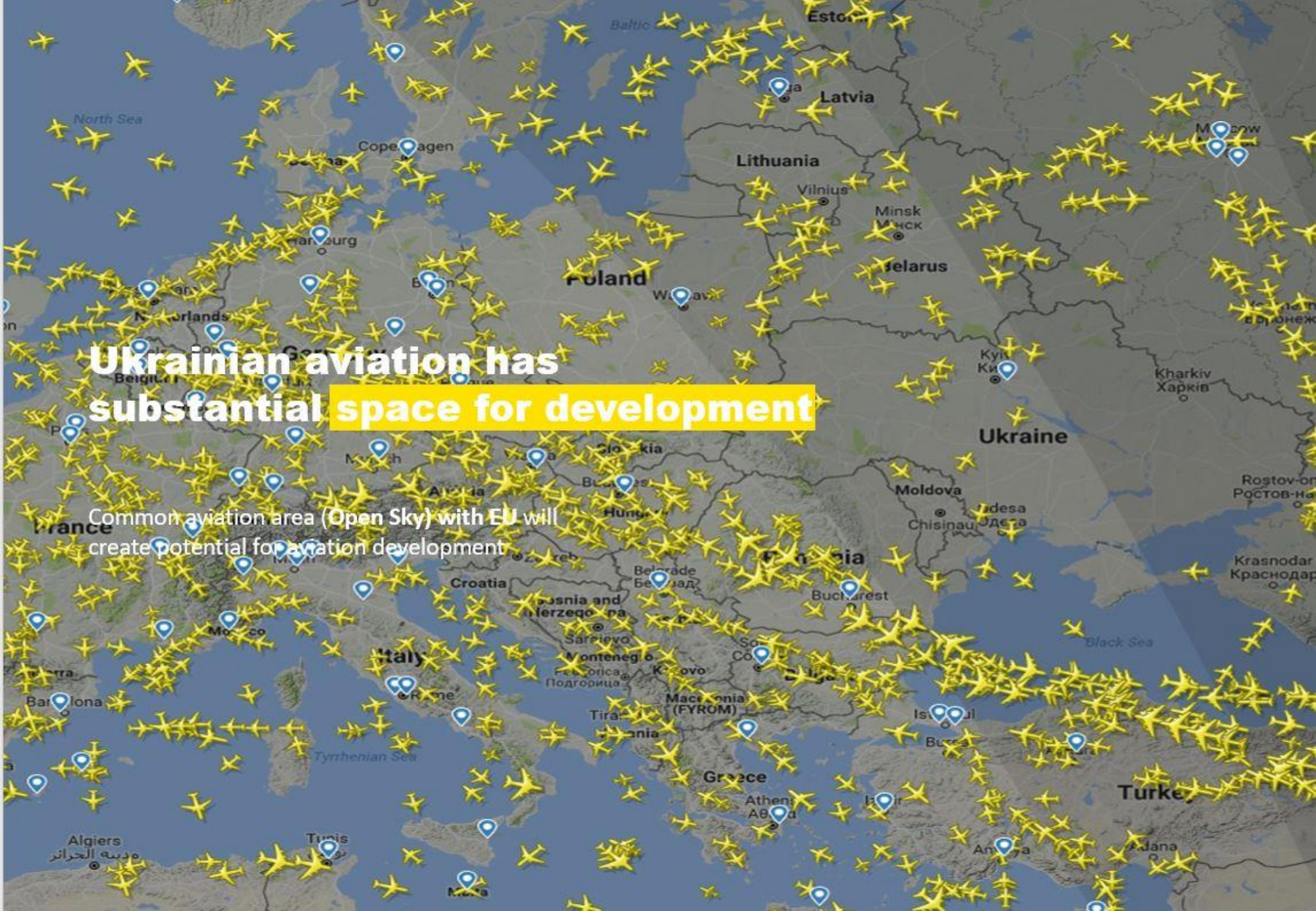
PRIVATIZATION OF UKRAINIAN DANUBE SHIPPING COMPANY

Key Investment Highlights

- Danube Shipping Company is one of the largest shipping companies both in Ukraine and in the Danube region.
- It has sea and river vessels, operates close to Reni, Izmail and Ust-Danube ports, which allows it to create a transportation hub on the Black Sea
- The Company's fleet consists of 75 self-propelled and 245 non-self propelled vessels, including:
 - River barges with carrying capacity 1 000-2 300 tons
 - River push-tow boats with the capacity of 1 050-3 000 hp
 - Self-propelled vessels with the capacity of 1 814 tons
- It also operates a fleet of foreign JV companies consisting of 125 vessels
- Handles 2.7m tons of cargo per year and provides 20% of all Danube shipping

An aerial photograph of an airport tarmac. In the upper left, a large Boeing 747-400 is parked. Below it, three smaller Boeing 737-800 aircraft are parked in a row, all with "Alliance" livery. To the right, a long, grey terminal building is visible with several ground support equipment vehicles parked nearby. The word "AIRPORTS" is overlaid in large, bold, white capital letters across the center of the image.

AIRPORTS



Ukrainian aviation has substantial space for development

Common aviation area (Open Sky) with EU will create potential for aviation development



AIRPORTS

16.49 mln
passengers

total passenger traffic 2017

+27.6%

passenger traffic
growth in 2017

Ukrainian airlines performed 92.2 thousand commercial flights in 2017, a 16.0% increase over 2016. Of this international flights amounted to 77.7 thousand, a 14.4% increase over 2016.

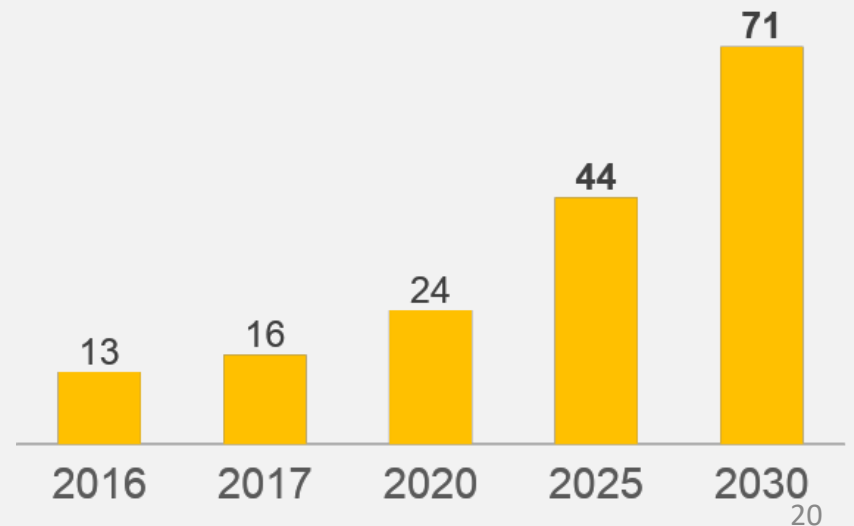
58.8 mln. Dollars

the profit of
Boryspil International Airport

4.3 mln. Dollars

the profit of the
International Airport "Lviv"

**Air-passengers traffic growth forecast
in Ukrainian airports, mln passengers**



A photograph showing the front view of a large commercial airplane on a runway. The aircraft is centered in the frame, with its nose and cockpit visible. The sky is a mix of blue and orange, suggesting a sunset or sunrise. The word "PROSPECTS" is overlaid in white, bold, uppercase letters on the left side of the image.

PROSPECTS

Development of regional air traffic and expansion of budget airlines in Ukraine.

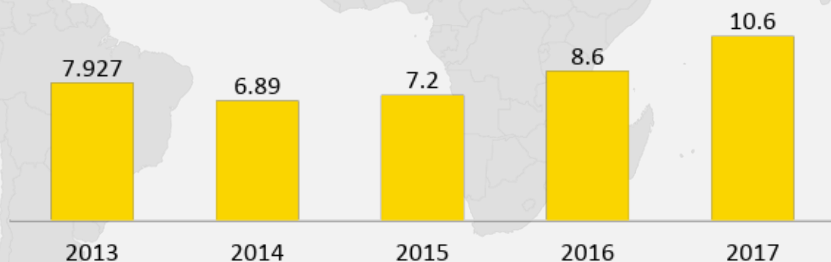
- Deregulation of procedures to open ground handling market to private operators.
- Withdrawal of restrictions on the basis of parity regarding the number of airlines, destinations and flight frequencies between Ukraine and the EU states.
- Approval by the Cabinet of Ministers of Ukraine of the Aviation Transport Strategy of Ukraine for the period through 2030.

The airport is located 19 km east from Kyiv city at the intersection of many air routes running from Asia to Europe and America

•Kyiv

Passengers Flow

million passengers



The largest airport in Ukraine

26% passenger flow growth in 6 month 2018

Revenue
\$153 mln

EBITDA MARGIN
66%

Passengers
10.6 mln

CONCESSION BORYSPIL AIRPORT

Key Investment Highlights

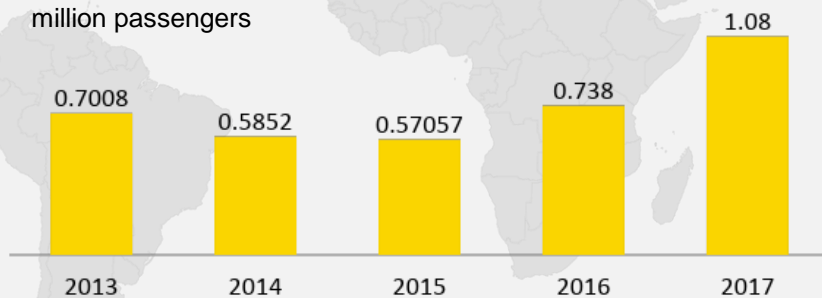
- The largest airport, serving 65% of Ukraine's passenger air traffic, all intercontinental flights and a majority of international flights
- It is among the top-3 best airports in East Europe
- It has 2 runways, 3 passenger terminals with total capacity of over 5000 passengers per hour
- Facilities are used by 33 airlines, which provide 76 scheduled flights
- Passenger flow reached a record of 10.6 mln passengers in 2017

Located 6 kilometers from central Lviv, close to the western border of Ukraine

•Lviv

Passengers Flow

million passengers



The biggest airport in Western Ukraine with close proximity to the EU

46% passenger flow growth in 2017

Revenue
\$15 mln

EBITDA
40%

Passengers
1.1 mln

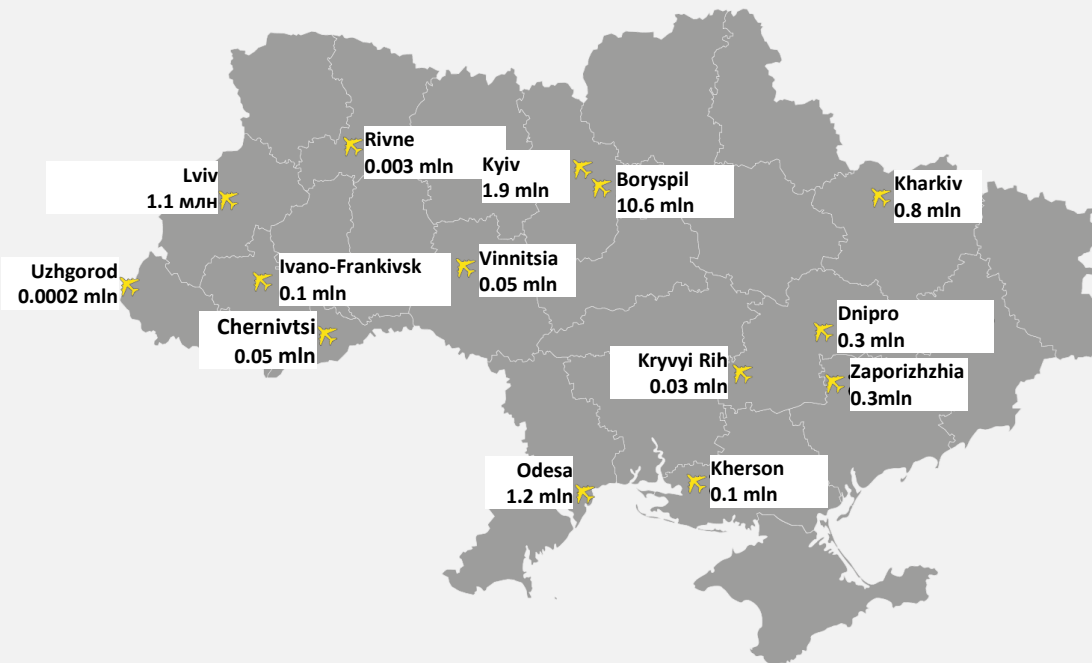
CONCESSION LVIV AIRPORT

Key Investment Highlights

- Lviv Airport is the biggest airport in the Western part of Ukraine with terminal area of 47 233 m² and 3 305 m runway
- Airport has 9 departure gates and 26 aircraft parking stands
- Hourly capacity: 2 000 PAX
- 32 regular flights go through Lviv Airport and it provides up to 80% discount for new regular flights
- In 2013 Lviv Airport was awarded with the “Best CIS Airport” title on the forum “Development of Airports in Russia and CIS”
- Car parking lot has 623 parking spots

POTENTIAL FOR THE REGIONAL AIRPORTS DEVELOPMENT IN UKRAINE

65% of passenger flow in Ukraine **BORYSPIL AIRPORT**



POLAND
40 mln
passengers



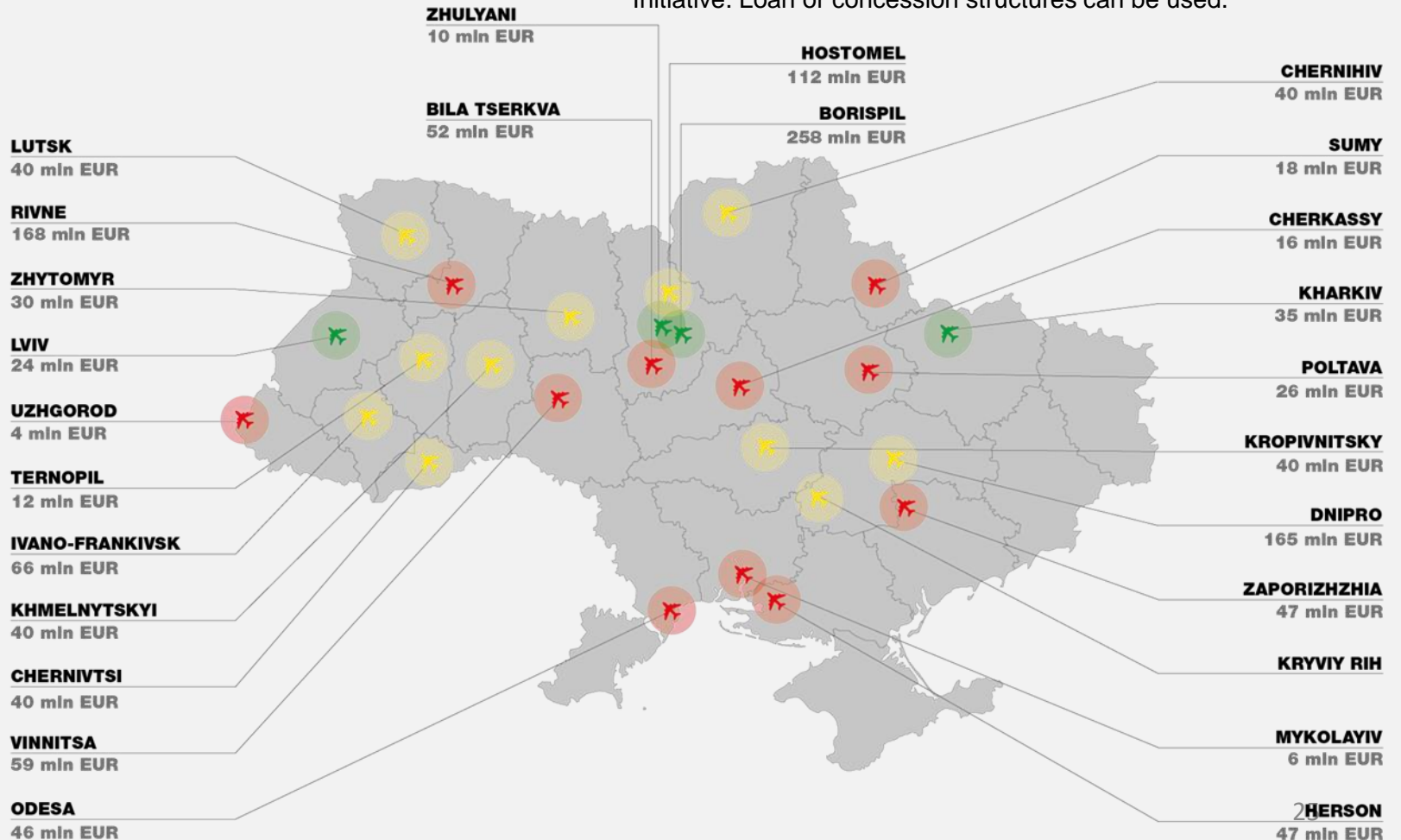
UKRAINE
16 mln
passengers

61% of passenger flow in Poland **REGIONAL AIRPORT SERVICES**

REGIONAL AIRPORT DEVELOPMENT

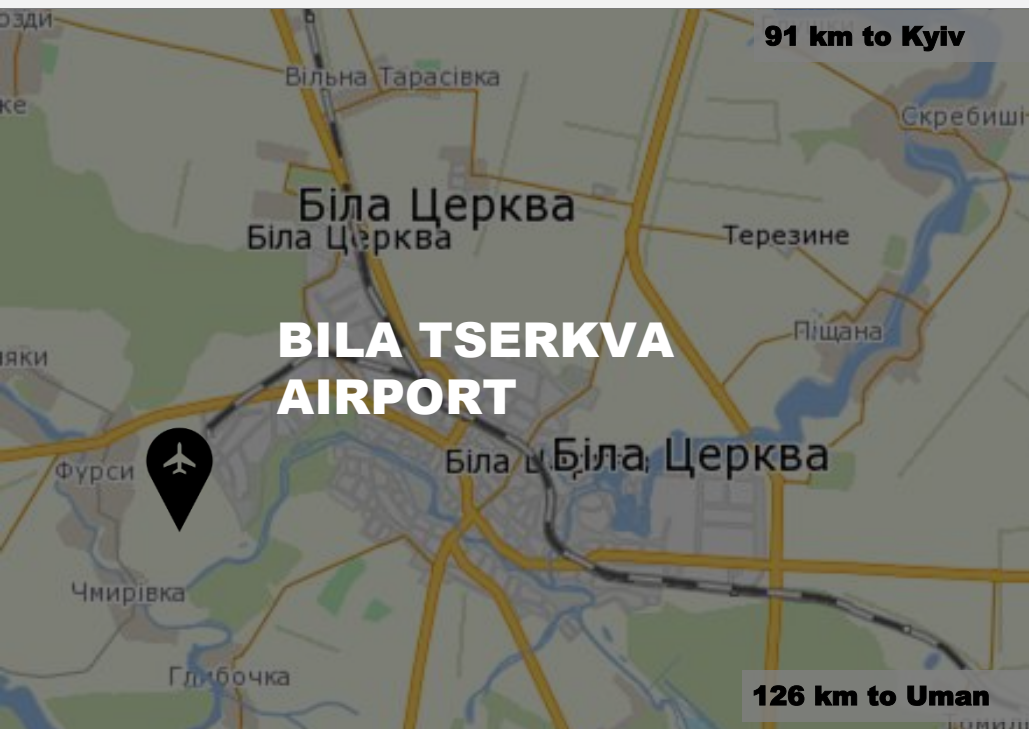
- ✓ Passenger flow in Ukraine grew +21% (+2.2mln) up to 12.9 mln passengers in 2016 (2015 - 10.7 mln passengers) and +28% to (16.5 mln) in 2017
- ✓ Virtually almost all Ukrainian airports need modernization/reconstruction
- ✓ Airport projects prioritization was conducted (based on airports needs) in order to satisfy growing passengers/cargo demand and provide better regional connection. €489 mln needed to modernize 11 Ukrainian airports (✈ primary reconstruction)
- ✓ Next step – technical assistance for Regional Airport Development Initiative. Loan or concession structures can be used.

- ✈ good condition
- ✈ primary reconstruction
- ✈ promising airport





- ✓ Pre-feasibility study (PFS) funded by EU and developed by EGIS
- ✓ Next step – feasibility study



Great opportunity for multimodal cargo hub development

€90 mln

Estimated Cost Phase 1
2020-2030

Key Investment Highlights

- Bila Tserkva city is located 91 km from Kyiv and 126 km from Uman
- The airport has own Industrial Park with over 74 incumbent lessees
- Currently the airport is getting international status to introduce customs clearance for air cargo operations and be able to serve international ferry flights to/from its MRO facilities

KEY PROJECT ASSUMPTIONS

Establishment of Multimodal Transportation Center (incl. aviation, railway, road)

Expand cargo services and implement brand new facilities

Development of passenger air services through attraction of Low Cost Carriers and charter traffic for Bila Tserkva's catchment area

Implementation of Aircraft Maintenance Center (MRO) for Western-built aircraft types

Catchment area exceeds 4.0 million citizens within 100 km or 1 hour drive

Forecasted passenger flow according to AASISTS' pre-feasibility study,

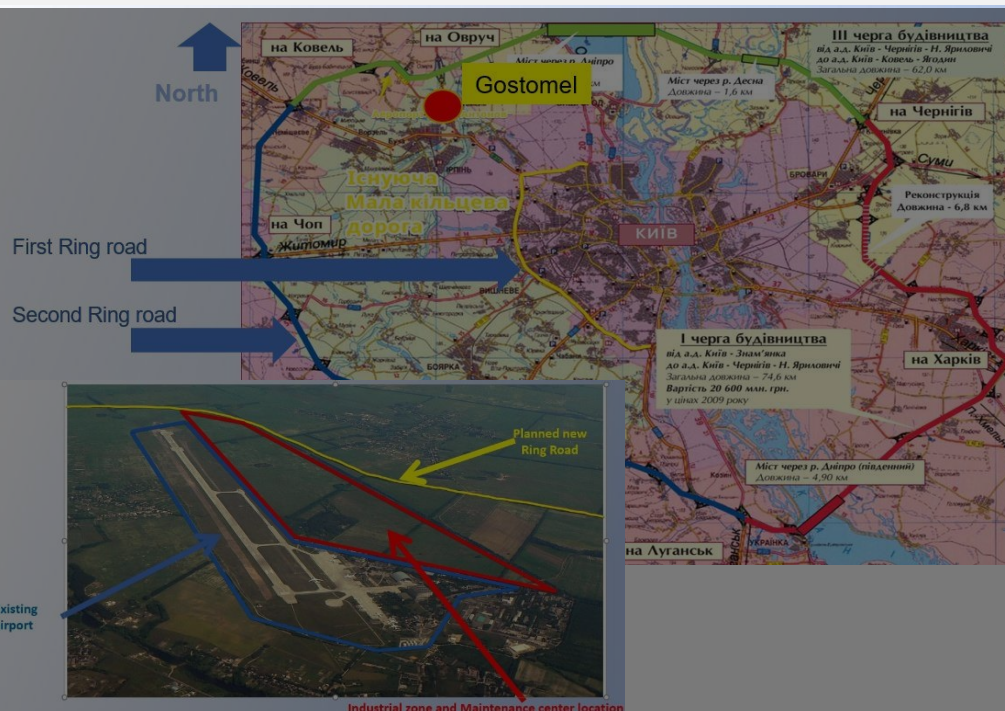
- ✓ annual passenger traffic from 0.098 million in 2020 to 1.6 million in 2050, at an average compound growth rate of 9.8% per year;
- ✓ cargo from 7.6 thousand tons in 2020 to 33.6 thousand tons in 2050, at an average growth rate of 5.1% per annum;
- ✓ IRR of the baseline capital investment program with debt is 21.8%.



• **Hostomel**

€240 mln
Estimated Cost

**Great opportunity
for multimodal cargo
hub development**



COMPONENTS

Airdrome reconstruction. Investment cost is \$ 72 million. It is possible to run into operation in 2019-2020

Air Cargo Terminal with aprons and infrastructure. Cargo traffic - 100000 tons per year. The investment cost is \$ 46 million. It is possible to run into operation in 2020-2021

Aircraft Maintenance Center for 12 aircraft by world manufacturers. The investment cost is \$ 74 million. It is possible to run into operation in 2020-2021

Air Passenger Terminal (up to 1-2 million passengers per year), with an apron and infrastructure. The investment cost is \$ 48 million. Possible run into operation in 2020

A high-angle, long-exposure photograph of a multi-lane highway. The road surface is dark asphalt with white dashed lane markings. A central metal guardrail runs down the middle of the road. On the right side, a large white truck is blurred, moving away from the viewer. The background shows a grassy shoulder and some trees. The word "ROADS" is written in large, bold, white capital letters across the center of the image.

ROADS



ROADS

2%

category 1 corridors (motorways)

169 000 km:

47 000 km state roads
122 000 km local roads

2017 saw major road restoration projects in Ukraine with 2177 km of public roads repaired or restored.

The State **Road Fund** was established, and began operations on January 1, 2018. For the first time in the nation's history Ukraine will have a dedicated source of revenues for road repair and construction.

Approximately 120 459 km of local public roads were **transferred to the local governments** with appropriate funding. A transparent budget and effective project planning process has been provided.

An open **infrastructure data portal** has been developed, which contained about 400 road repair/reconstruction projects in 2017, monitored according to CoST standards.

The work on introduction of **weight control** on roads was intensified.

Development strategy for the **electric transport** market in Ukraine has been implemented. The objectives of the strategy include: production of full cycle of electric vehicles in Ukraine, and providing Ukrainians with the opportunity to purchase affordable electric cars in the future.

-17%

the prices of electric cars
beginning January 1, 2018
in part by with the help of removal
of excise tax and cancellation of VAT

Ukraine is already
included among the

TOP 5

countries in increasing
the number of electric cars



PROSPECTS

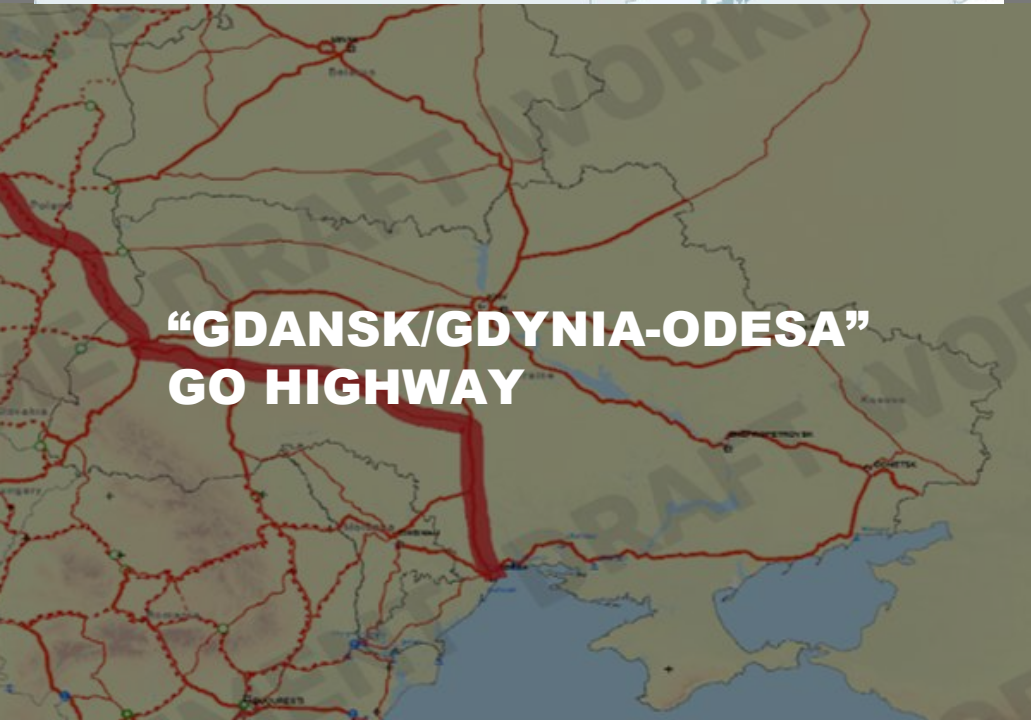
- Construction of a new international motorway “GO Highway” (Gdansk-Odesa) was initiated.
- The framework of the Agreement between the Government of Ukraine and the Government of the Republic of Poland calls for financing projects associated with the development of transborder road infrastructure. The project implementation will improve the transport and operational condition of about 144 km of borderland roads, which will promote the development of social and economic ties with EU countries.
- An agreement between the Government of Ukraine and the Government of Hungary provides for the provision of financial credits under the conditions of related assistance is to direct the indicated funds for major repairs of 6 sections of highways on the entrances to the checkpoints.
- The State Road Fund began operations on January 1, 2018. The funds are provided solely for the repair, reconstruction and safety updates of roads.
- Extend monitoring of the CoST system to local roads.
- Management of road network with the help of geoinformational (GIS) technologies.
- Continuation of work on strengthening control over the preservation of highways and the implementation of dimensional and weight control.
- Financing assistance from international financial organizations to development of a network of charging stations for electric road transport (electric vehicles).
- Additional financial support to lower the base price of electric vehicles by up to 23%.
- Implementation of municipal and national investments for the modernization and development of urban and suburban public transport.

4.7 bln USD/yearly

In order to bring roads into the proper state of repair, regular financing is necessary



USD 2 bln
Total Estimated Cost

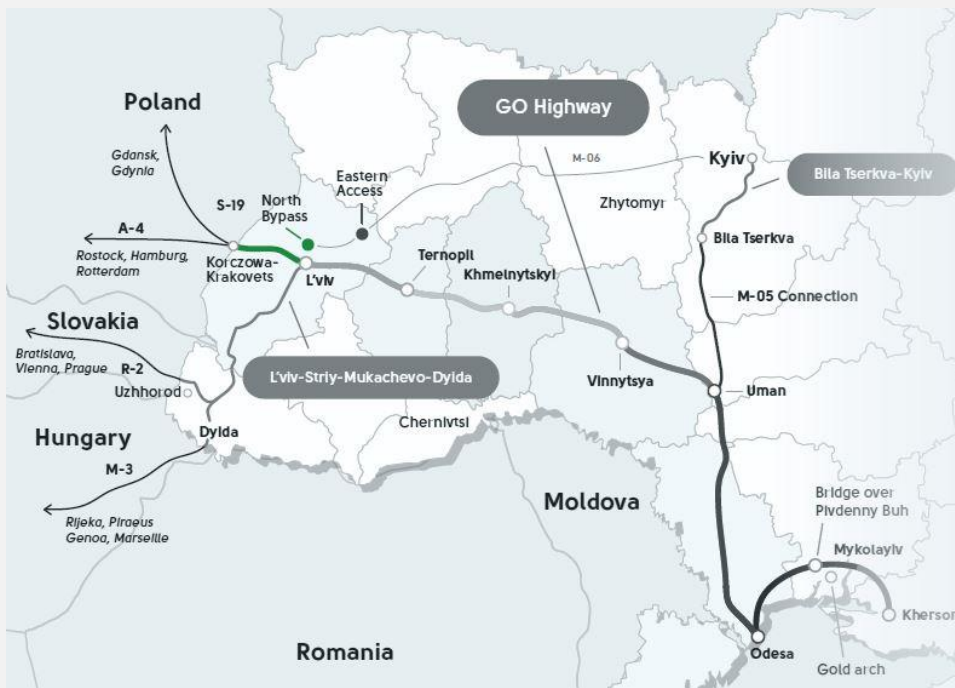


Key Investment Highlights

- Connected to TEN-T network
- Connects Black and Baltic Seas
- Improves road safety, border connection, international economic relations
- Improves cargo flows speed rate, up to 8 hours (35%) of time savings

Key Assumptions

- Reconstruction of road from Category-2 upgrading to Category-1
- Concessions of the road sections
- New road construction, including construction of bypasses around residential areas



New Road Concession Law adopted

Total Length
84.4 km

Timeline
4 years

Estimated Cost
700 USD mln



Key Investment Highlights

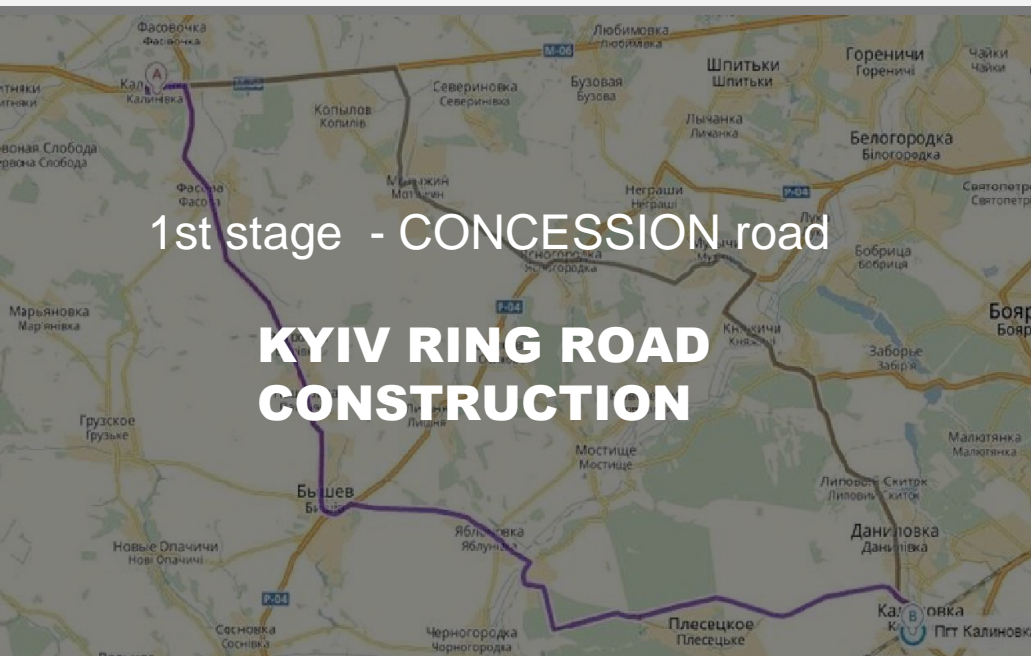
- Section length present road 60.45 km
- Plus connection to M06 (center or south 30.5 km)
- Total 84.4
- Section length project incl. Ring North 84.4 km
- Distance to M06 average after Ring North 24.4 km
- **LVIV - KRAKOVETS improves EU-Ukraine connectivity**
- **Relevant to National Transport Strategy priorities**



Total Length
51 km

Timeline
2 years

Investments Required
€ 48.3 mln



Key Investment Highlights

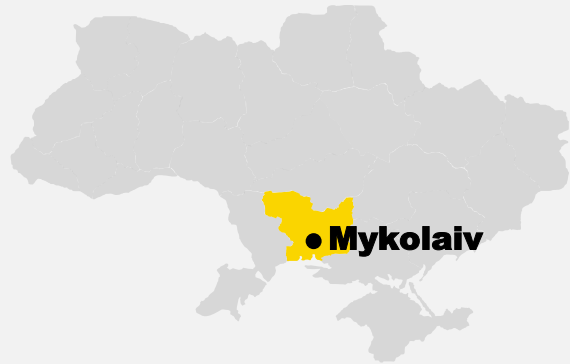
1st stage - CONCESSION Kyiv Ring Road, connecting two motor roads M-06 Kiev-Chop and M-05 Kiev-Odesa

Reduction of the distance of transit transport to Odesa by 50 km from west to south

Kyiv region has the most intensive traffic. The traffic flow across Kyiv is more than 30 000 cars per day

Today the freight traffic is moving from Odessa and Yuzhny seaports via Kyiv to Europe. The project is expected to unload Kyiv from freight transit transport

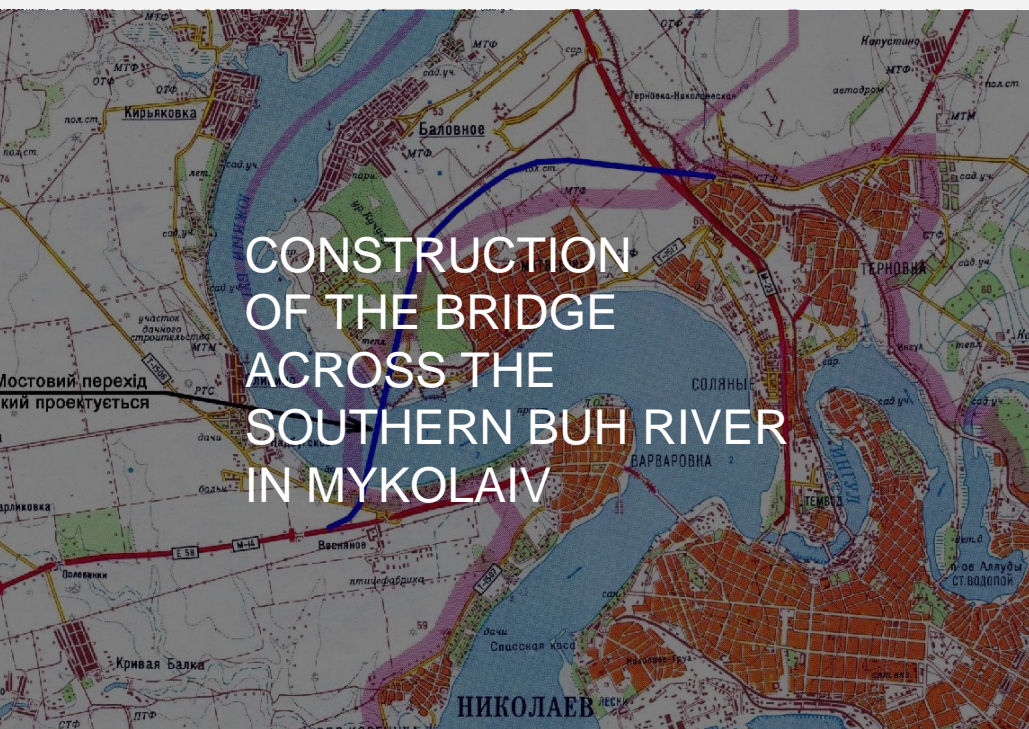
Total road length of 93.5 km, category 1A with 4 lines, 3.75 m width, 12 transport interchanges in two levels, 1 bridge across Dnipro river and 3 small bridges



Total Construction Cost
€ 170 mln

Timeline
5 years

Traffic Forecast
33 000 cars/day



CONSTRUCTION OF THE BRIDGE ACROSS THE SOUTHERN BUH RIVER IN MYKOLAIV

Key Investment Highlights

- Existing road runs through Mykolaiv city across Southern Buh River by the city drawbridge
- The drawbridge was built in 1964 and is located on the main road M-14 Odesa-Melitopol-Novozavsk
- It hinders the traffic in the city while opening for ships passing and has limited capacity for cargo and urban traffic combined
- The nearest bridge across the river is 90 km upstream

Key Assumptions

- The new bridge is planned outside Mykolaiv city that will increase traffic capacity
- The total length of the bridge with roads – 13.2 km including 2.05 km of the bridge
- Category of the relevant road is I (B) with: 4 traffic lanes, 2 road junction, 10 bridges



Bridge Position over Dnieper River

Total Construction Cost
€ 285 mln

Timeline
5 years



Road Network in the Project Area

Key Investment Highlights

- 21 March 2017 MoU between State Road Agency of Ukraine and China Road and Bridge Corporation on project was signed
- Ukrainian side considers to obtain preferential loans and preferential PRC government export consumer loan to implement the project
- An important bridge to bypass the city center designed to relieve commercial traffic



Total Construction Cost

€ 180 mln

Timeline

3 years



ZAPORIZHZHIA BRIDGE
CONSTRUCTION
ACROSS DNIPRO RIVER

Key Investment Highlights

- The bridge is under construction
- Total length 660 m
- Zaporizhzhia bridge is an important bridge designed to solve the transport problems of the city of Zaporizhzhia- the lack of reliable transport communication between left-bank and right-bank parts of the city and the right bank and left bank of south-eastern parts of Ukraine
- The bridge will open traffic direction to the "Khortytsya"



Total Construction Cost

€ 232 mln

Timeline

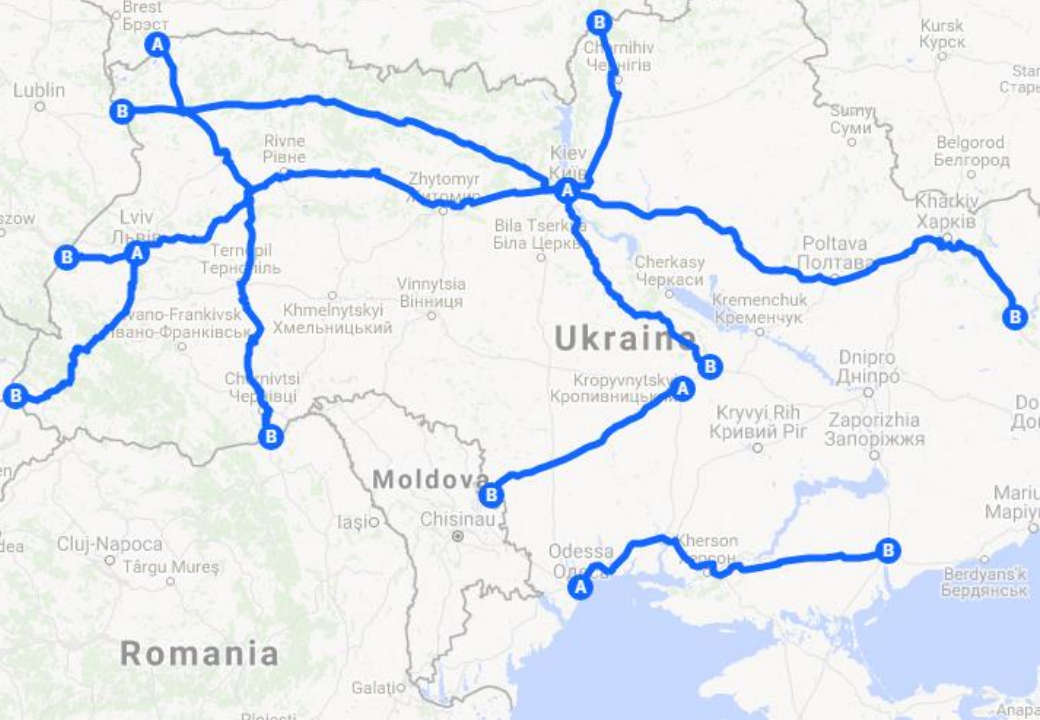
3 years

A photograph of the construction site for the Kyiv Podilsko-Voskresensky bridge. The image shows a large steel arch structure supported by several tall, cylindrical concrete pillars. The sky is overcast and grey. In the foreground, there is a concrete wall with graffiti.

**KYIV PODILSKO-VOSKRESENSKY
BRIDGE CONSTRUCTION
ACROSS DNIPRO RIVER**

Key Investment Highlights

- Kyiv Podilsko-Voskresensky bridge is a combined road-rail bridge over the Dnieper River
- The bridge is under construction since 1999
- It is a focal point of construction of Podilsko-Voskresenska Line of Kyiv Metro
- Two-level and 7 km long bridge is intended to carry part of the future Podilsko-Voskresenska Line of the Kyiv Metro and three lanes of road traffic in each direction, connecting the central Podil neighborhood to the left-bank parts of the Kyiv city. The top level of the bridge will be carrying road traffic, while the bottom - rail (metro) traffic



€8.9 bln
Total Estimated Cost



Key Investment Highlights

- Development of TEN-T program in Ukraine facilitates improving cooperation with EU and eliminating bottlenecks inside the country
- 69 projects facilitate growth of transit potential in 16 regions of Ukraine through:
- Reconstruction of road sections on M-01, M-03, M-19, M-06, M-14, H-01, M-13, M-11, M-07;
- Construction of 3 interchanges, 3 railway over-passes;
- Reconstruction/construction of 2 river bridges.

IMPROVING TRANSPORTATION TO THE EU

€180 mln
Total Estimated Cost

Key Investment Highlights

- 20 projects in 4 regions on the roads P-14, M-08, M-24, M-25, M-26, H-22, P-14, P-53, T-07-14, T-14-01, T-26-01, T-26-04, T-26-08
- Improving road connections with Poland, Slovakia, Hungary, Romania will facilitate:
- Growth of cargo/passenger transportation;
- Increase of transit potential;
- Harmonization of Ukrainian and European infrastructure standards.

An aerial photograph of a railway yard. The image shows several parallel tracks with various freight cars. From left to right, there are green hopper cars, white hopper cars, dark brown hopper cars, green hopper cars, white hopper cars, and several cylindrical tank cars. A yellow and blue crane is visible on the right side of the yard. The word "RAILWAYS" is overlaid in large white letters across the center of the image.

RAILWAYS



RAILWAYS

2 764 mln USD

Revenue

3.7 mln USD

Net profit

With the support of the Ministry of Infrastructure of Ukraine, an agreement was signed in 2018 between PJSC «Ukrzaliznytsya» and General Electric

In 2017 the following goals were realized:

Purchase and manufacture of rail fleet valued at about \$117.8 million:

2 721 freight wagons

50 passenger cars

Modernization and complete renovation valued at \$92.8 million:

9,000 freight wagons

129 locomotives

**more than 60 electro
sections of electric trains**

**more than 50 suburban
locomotives**

With the support of the Ministry of Infrastructure of Ukraine, an agreement was signed in 2018 between PJSC «Ukrzaliznytsya» and General Electric, which, besides other, provides for localization of locomotive production in Ukraine by Ukrainian enterprises.

The deregulation of the freight wagon tariff component for the transport of goods by PJSC «Ukrzaliznytsya»'s owned rail cars has been carried out, making it possible to create equal market playing field for all enterprises and to reduce corruption during the distribution of Ukrzaliznytsya's wagons.



PROSPECTS

Implementation of the EU legislation (according to the Association agreement between Ukraine and the European Union), adoption by the Verkhovna Rada of Ukraine of the draft Law of Ukraine “On Railway Transport of Ukraine”) №7316, development of a new regulatory framework for the functioning of the industry (tariffs, rules for access to infrastructure, new market access procedures - licensing, security certification, locomotive driver access, etc.)

- Creating an effective management model of railway transport and a competitive railway transport market. The introduction of common market rules for state and private railway companies, as a mechanism for guaranteeing equal access to railway infrastructure.
- The draft law introduces a new model of the railway market similar to the European railways system.
- Maintaining, modernization and development of railway infrastructure will be managed by a «railway infrastructure manager» as a separate activity from the activity of a «railway undertaking».
- Transparent, non-discriminatory and efficient tariff models for the use of railway infrastructure. Development of a balanced tariff policy based on modern European practices.
- Construction of high-speed railway corridors to improve the economic efficiency of passenger transport.
- A new approach to organizing public transportation of passengers by railway.
- The construction of a new two-track railway tunnel in the Carpathian mountains (Beskyd Tunnel) is completed, the commissioning of which will allow an increase in the volumes of transportation by 50-60%. The tunnel connects Ukraine with the EU countries. The total amount of construction is about \$85 million.

737 mln. USD

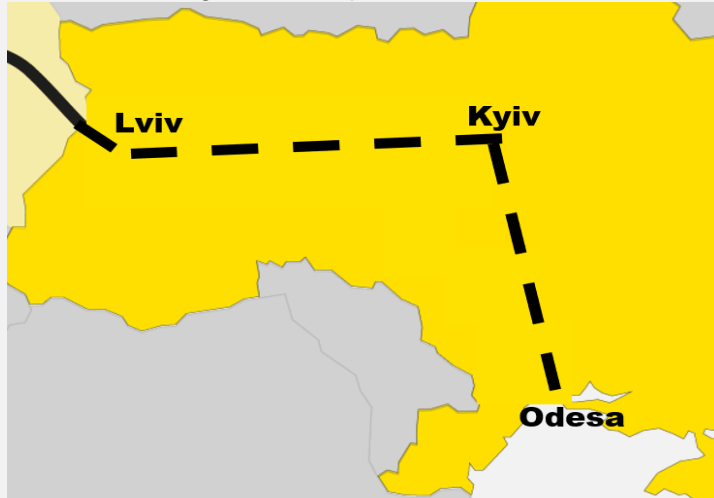
Total funds needed in 2018 to update the Ukrainian Railway's rollingstock

300 mln. USD

Total funds needed in 2018 for the railway infrastructure

HIGH-SPEED railways in Ukraine

~896-990 km of Odesa-Kyiv-Lviv (EU border) will provide high speed connection of 6 UA regions with total passenger traffic on this directions 137 mln in 2017. Passenger trains' speed about 250 km/h.



~896-990 km of high speed railway will require ~\$8.5 bn of investments

For a more detailed assessment and evaluation costs, more data should be provided during the next stage – updating the pre-feasibility study

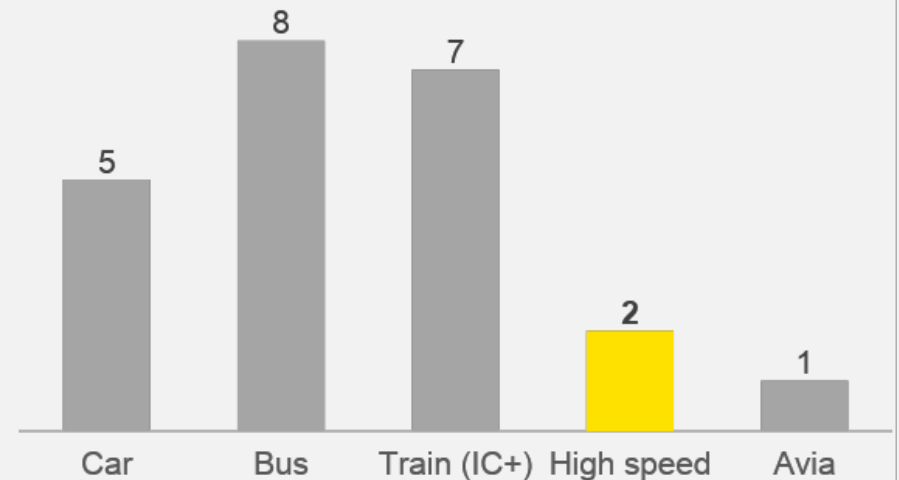
EUROPEAN 1435 MM RAIL TRACK HIGH SPEED CONNECTION WITH EU (POLISH BORDER) - ODESA-KYIV-LVIV ROUTE improves passenger EU-UA connectivity

25-30 yy
Pay back period

65 mln
Annual passenger flow

2.4 bn \$
NPV

Time on Kyiv-Odesa way, hours



Railway stations concession projects



“Kyiv-Pasazhirsky” railway station

- Total area of the railway station complex is 44 000 sq. m;
- 14 platforms;
- Total area of car parking is 6000 sq. m;
- Total commercial area is 1600 sq. m;
- Total passenger flow is > 10 mln ppl annually;

Darnitsa railway station

- Total area of the station is 71000 sq. m.;
- Commercial area is > 25000 sq. m.;
- Number of passengers dispatched in 2017 – 3 mln ppl.;

“The Mykolaiv” Passenger Railway Station

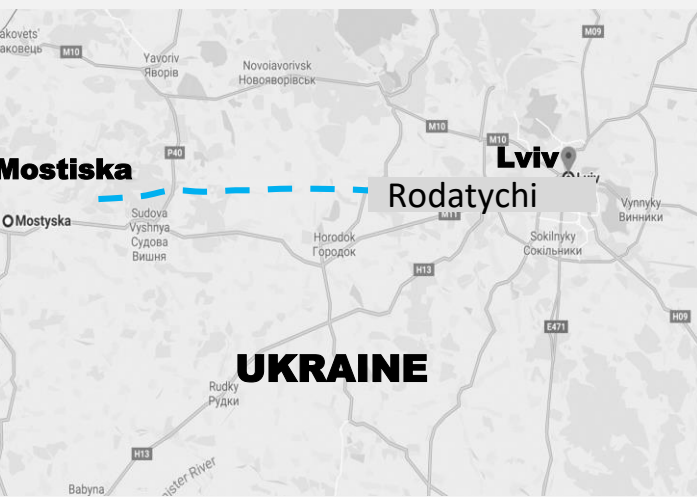
- Regional branch of “Odesa Railway” at the intersection of the Dolynska-Mykolaiv freight and Odesa-Kherson lines;
- Number of passengers dispatched in 2017 – 1 mln ppl.;
- The long-distance passenger trains run to Kyiv, Odesa, Kharkiv, Kherson, Dnipro and others.

Kyiv-Pasazhirsky
railway station

Darnitsa
railway station

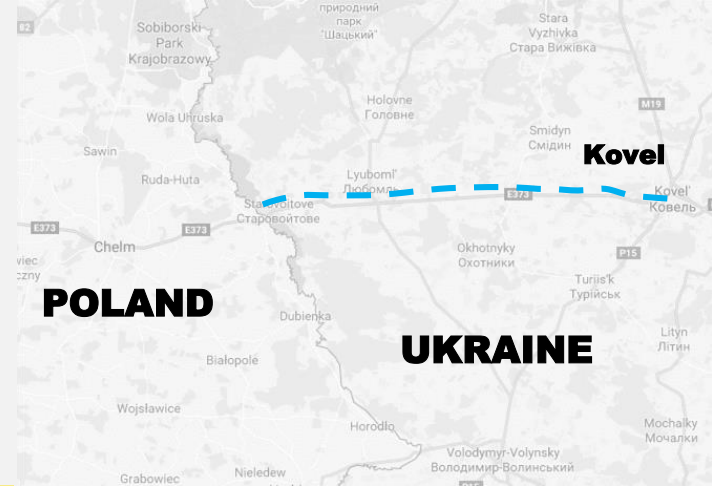
Mykolaiv
railway station





Construction of combined railway gauge 1435/1520 mm on the section Mostiska – Rodatychi (Lviv region)

Estimated Cost
€10 mln



Modernization of the railway gauge 1435 mm on the section Kovel – Yagodyn – state border with further electrification

Estimated Cost
€35,8 mln

Electrification of the railway section Berdychiv – Korosten – Berezhest

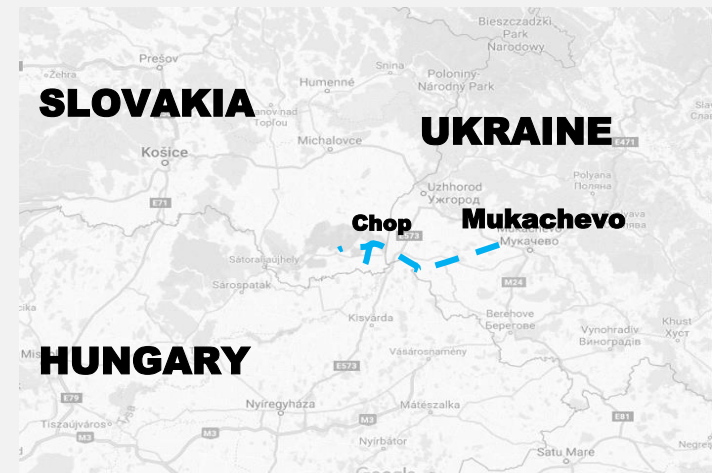
Estimated Cost of the 1st stage
€124 mln

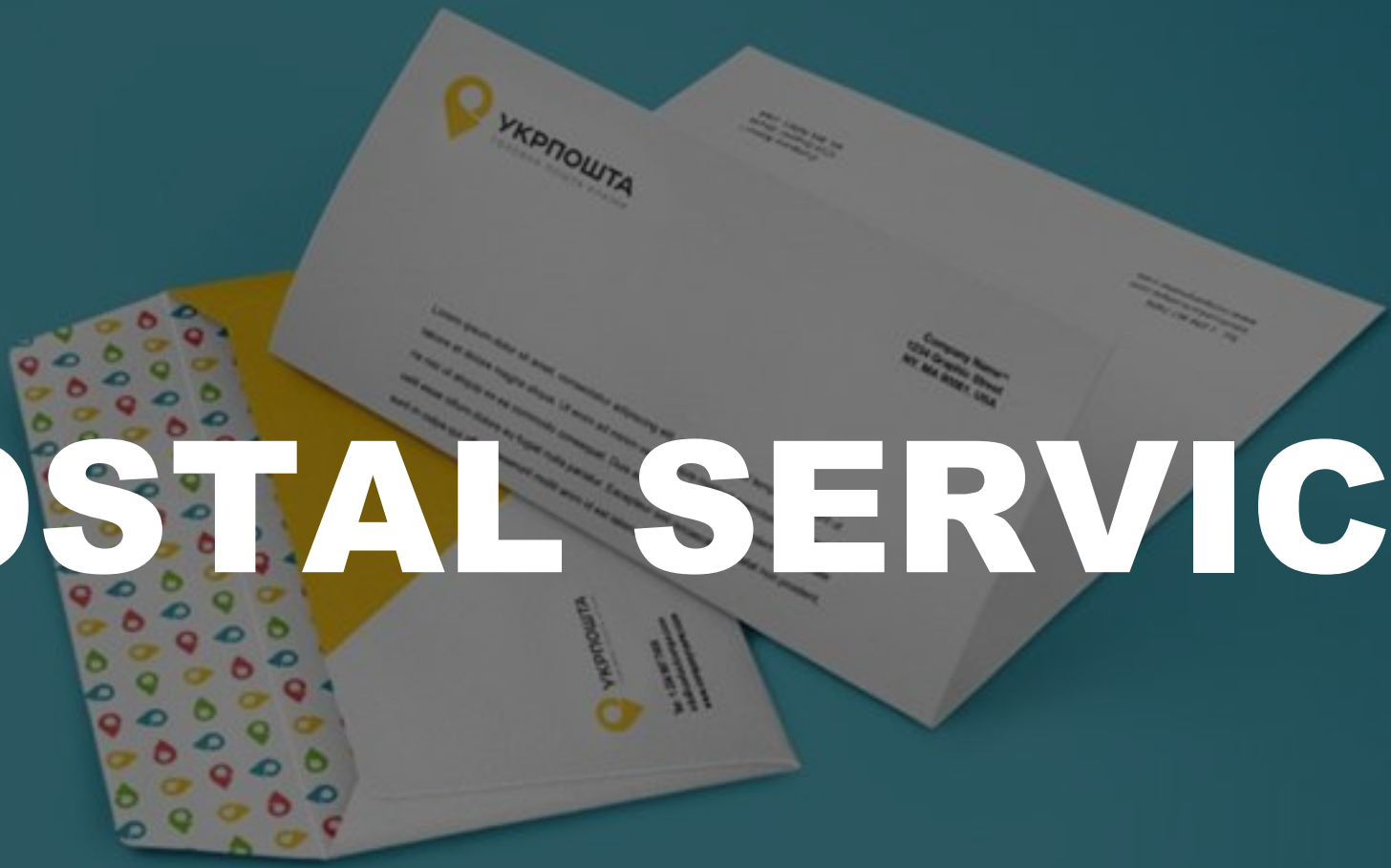
ELECTRIFICATION & OTHER RAILWAY INVESTMENT PROJECTS



Reconstruction of passenger connection Mukachevo – Chop – Zahony (Hungary)/Chierna-nad-Tisoj (Slovak Republic)

Estimated Cost
€15,3 mln





POSTAL SERVICES



POST OFFICE

200 mln USD

Revenue

814 mln

Total number of postal items

The **corporatization** of the Ukrainian state postal company “Ukrposhta” was completed on March 1, 2017, along with the state registration of the public joint stock company “Ukrposhta”.

The tariffs for the general services have been revised, **the range of services has been expanded** (the service of express delivery has been restarted, new services “Ukrposhta Standart” and “Ukrposhta SmartBox” were launched), the work with corporate clients in the e-commerce segment has been intensified, and the efficiency of post offices has increased.

All procurement is conducted through **ProZorro**, tender procedures are open and transparent, and conducted with the maximum number of participants. As a result, \$14.29 million – was saved using ProZorro tenders.

“Ukrposhta” is actively implementing an investment program, for which in 2017 **\$26.7 million** were allocated: for upgrading motor transport for regional routes - \$ 5.1 million, departmental computerization - \$ 6.9 million, POS terminals purchase - \$ 1.1 million, equipment for international mail - \$ 1.1 million.

“Ukrposhta” now provides an opportunity for money transfers. **The permission of The National Bank of Ukraine** should facilitate money transfer for residents of rural and remote areas of Ukraine.

**mail sent –
813.6 million pieces;**

**postal goods –
43.1 million pieces;**

**more than
50 types of services;**

73 thousand employees;

**transfers –
19.6 million pieces;**

**over 70 million
pensions were paid**



The biggest retail concern in Ukraine...

- 11 700 branches
- 28 mln clients out of 44 million population
- #1 company in parcels and letters
- Delivers \$1 bln of communal and \$4 bln of retirement payments

Computerization of the network is crucial
CAPEX

up to \$15 mln



...with huge potential...

- 76 000 employees
- 3rd largest employer in the country
- 3 600 cars and trucks

Truck fleet renovation is needed
CAPEX

up to \$100 mln



...and investment needs

- 1.3 mln m2 of real estate in the smallest villages of Ukraine

New sorting centers required
CAPEX

up to \$150 mln



PROSPECTS

Bringing the postal communication legislation of Ukraine into accordance with the provisions of international treaties concerning:

- Definition of the types of printed materials that can be mailed;
- Introduction of state regulation and control in the field of postal communication;
- Legal regulation for provision of universal postal services by postal operators;
- Introduction of a mechanism for implementation of measures in order to prevent and counteract the legalization of money laundering, terrorist financing and financing the proliferation weapons of mass destruction;
- Create an effective legal mechanism for providing the installation and maintenance of subscriber mailboxes, providing free access of carriers to the subscriber mailbox. The implementation of the transformation program of PJSC “Ukrposhta” requires significant investments over the period 2018 to 2023 totalling roughly \$ 250 million including:
- Updating the IT infrastructure including computerization of all departments, IT systems implementation and other upgrades and replacements will cost \$53.5 million;
- Optimization and re-equipping of the network (the transition to 5-7 new sorting centers, the construction of new warehouses) requires investments in the amount of \$ 53.5 million;
- Post offices and subscriber mailboxes upgrade, new ATMs, support for transformation. Increase of market share of PJSC “Ukrposhta” in the segment of electronic commerce up to 30-40%.

A white electric car is parked at a charging station in a rural setting. The car is connected to a charging station by a red cable. The background features a green field and a blue sky with clouds. The text "ELECTRIC VEHICLE INFRASTRUCTURE" is overlaid in large white letters.

ELECTRIC VEHICLE INFRASTRUCTURE



INTERNATIONAL COMPETITIVENESS OF THE UKRAINIAN INFRASTRUCTURE

- The Global Competitiveness Index (GCI) calculated by the World Economic Forum (WFE) shows that on the general indicator of competitiveness rating list, Ukraine has been mid-pack among the participating countries over the course of many years. The infrastructure index for the period from 2009 to 2017 exceeds the general GCI indicators for Ukraine by 5–15%.
- Traditionally, the lowest ratings of competitiveness in the transportation infrastructure belong to Ukrainian roads. In this area Ukraine is among the ten countries at the bottom of the world ratings.
- However, the low quality of the roadway infrastructure is compensated by the high competitiveness of the Ukrainian railroads. Here, Ukraine used to constantly place in the top 30, and only 2016–2017 saw it drop four points and occupy the 34th spot among 138 countries. Unfortunately, world competitiveness ratings of the Ukrainian port and air transport infrastructures are not that much better than the automobile road competitiveness index.
- The improvement of the infrastructure competitiveness rating from 2008 to 2012 is quite notable. The most growth was exhibited by the country in the «Quality of overall infrastructure» category – from 86th place it moved up to 56th. A number of Ukrainian specialists believe that this dynamic growth was the consequence of the country's extensive efforts to improve the transportation infrastructure as part of the preparation for the 2012 European Football Championship. Overall, about \$5 billion was invested into the Euro 2012 infrastructure.
- But that trend was not irreversible, and the transportation infrastructure quality worsened between 2013 and 2016.

PARTNERSHIP



STRATEGIC INVESTORS ARE COMING...

ALREADY

IN PROGRESS



GLENCORE



BUNGE



Louis Dreyfus
Commodities



 MINISTRY
OF INFRASTRUCTURE OF UKRAINE

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