MY2018/19
Infographic Report

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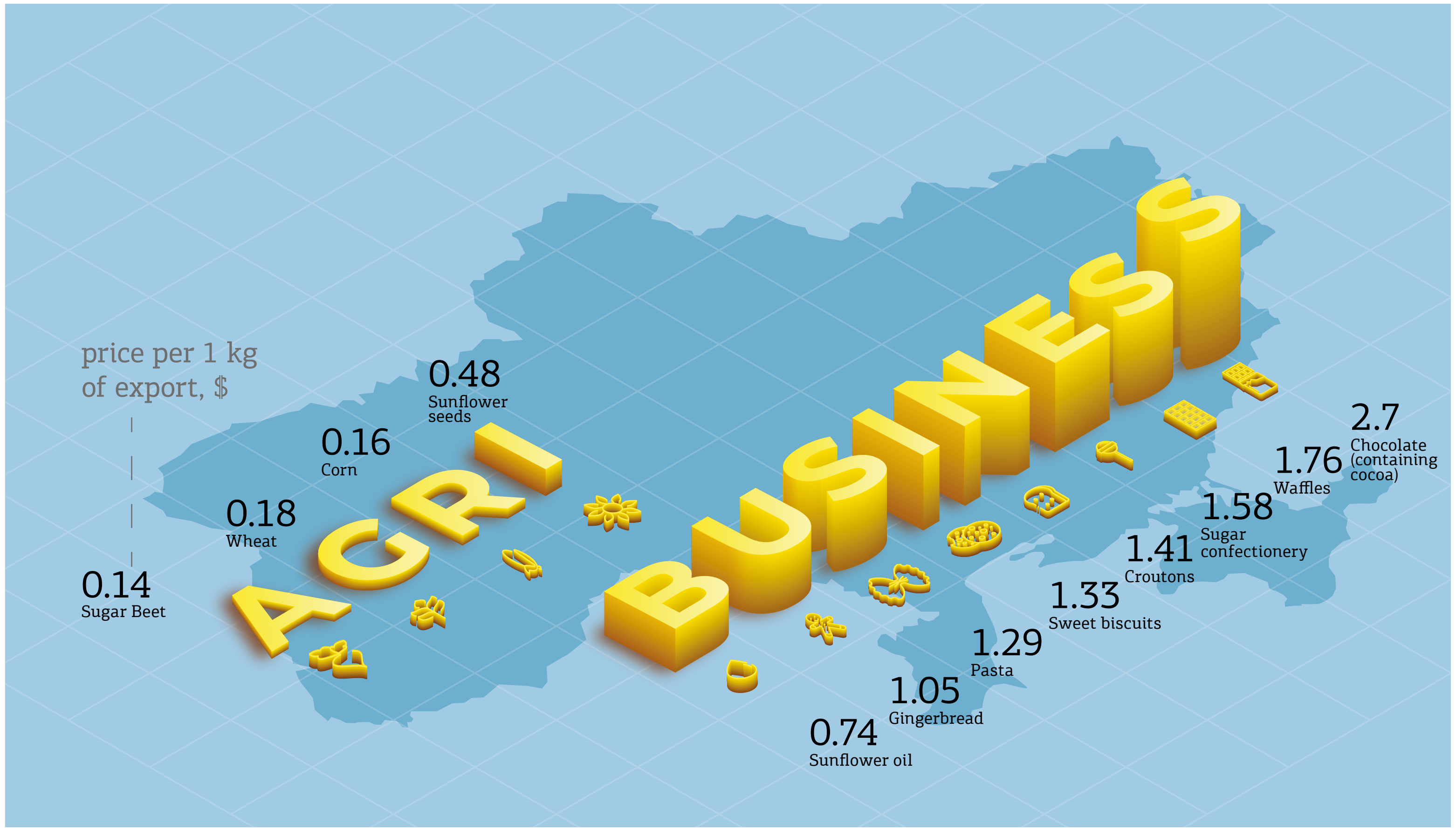
AGRI — way toward value added — BUSINESS



HOW TO READ THIS REPORT?

The aim of this report is to show the scale of the agricultural sector in Ukraine by analyzing market trends and highlighting potential areas of its growth.

WHY INFOGRAPHICS?

Infographics does not take much time for reading and shows large volumes of data on Ukrainian and world market in an easy and understandable way.

Each type of agricultural production has its color and graphic indication. Throughout the report, the yellow color indicates crop production, green shades represent oil crops, and reds stand for animal production.

DATA SOURCES:

- APK-Inform
- State Statistics Service of Ukraine (State Statistics)
- State Fiscal Service of Ukraine (SFS)
- National Bank of Ukraine (NBU)
- State Water Resources Agency (SWaRA)
- National Scientific Centre "Institute of Agrarian Economics" (NSC "IAE")
- Irrigation and Drainage Strategy for Ukraine by 2030
- Ukrainian Institute for Plant Variety Examination (UIPVE)
- Ukrzaliznytsia
- UKROLIYAPROM
- UKRSUGAR
- Centre for Economic Strategy (CES)
- CFTS-Consulting
- AEQUO Law Firm (AEQUO)
- Eurostat
- Fixygen
- Food and Agriculture Organization of the United Nations (FAO)
- AgroTimes.ua
- Hummingbird
- Infagro.com.ua (Infagro)
- International Monetary Fund (IMF)
- Latifundist Media (Latifundist.com, Elevatorist.com, AgroPolit.com)
- Meat-balance
- Milk-balance
- National Investment Council of Ukraine (NICU)
- Organisation for Economic Co-operation and Development (OECD)
- Preqveca
- PricewaterhouseCoopers (PwC)
- Research Institute of Organic Agriculture (FiBL)
- Ukrainian Food Export Board (UFEB)
- United Nations (UN)
- United States Department of Agriculture (USDA)
- World Bank Group (WBG)

Please note that data may vary due to different estimation methods each company uses

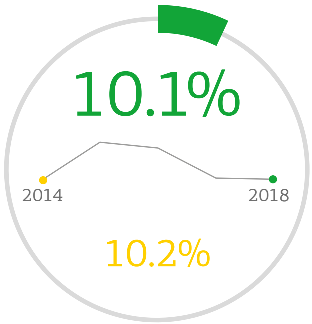
AGRIBUSINESS IN MY2018/19

THE ROLE OF AGRIBUSINESS IN UKRAINE'S AND WORLD ECONOMY

Export of agricultural and food products, $ bln

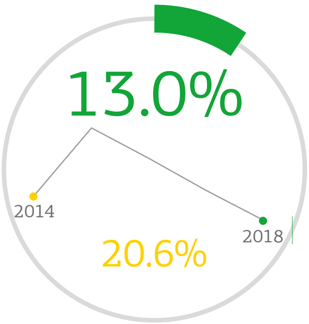
39.4% of the total exports

Agricultural production,
% of GDP*



360.8 bln UAH
(in actual prices)

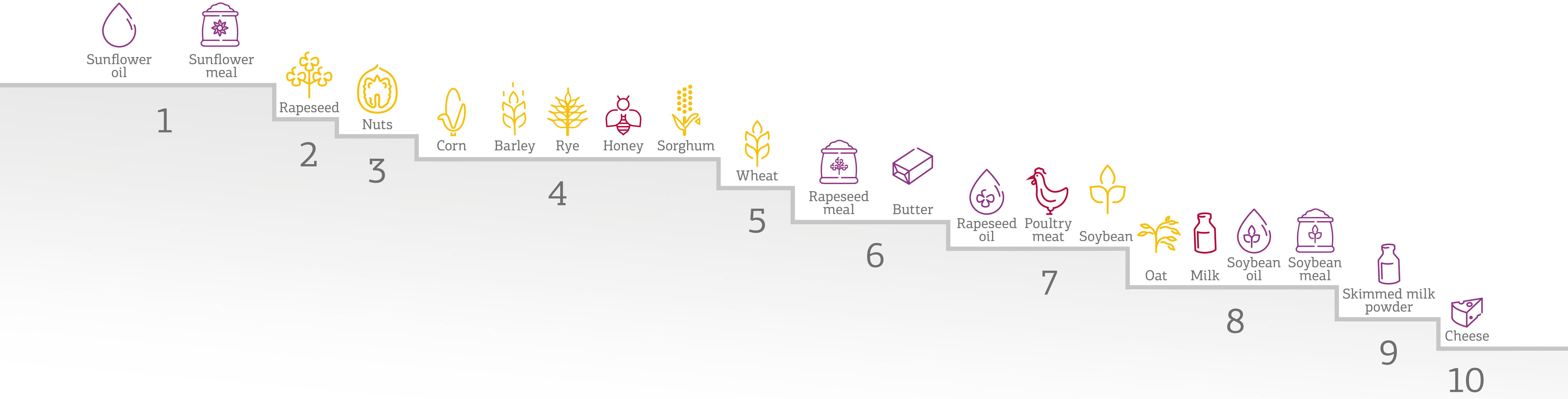
Net margin,
%*



4.5% the average rate of all industries' entities profitability in 2018

Labor productivity,
per 1 worker of agricultural production at constant prices of 2010, UAH thou.*

Ukraine's place in the world food market,
MY2018/19, the place in the world export by volume



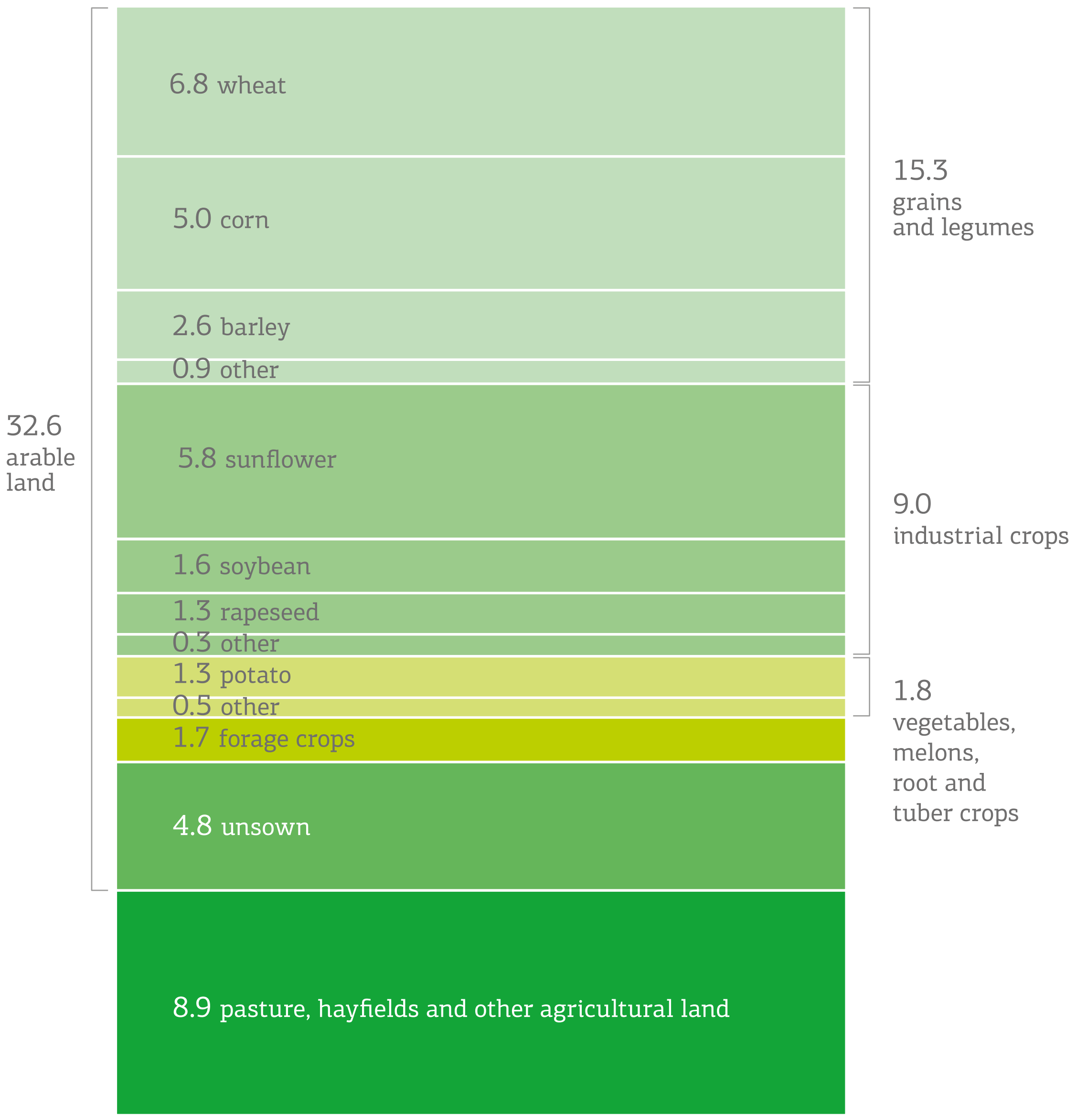
Source: State Statistics, USDA

*Agriculture, forestry and fisheries

LAND FUND OF UKRAINE

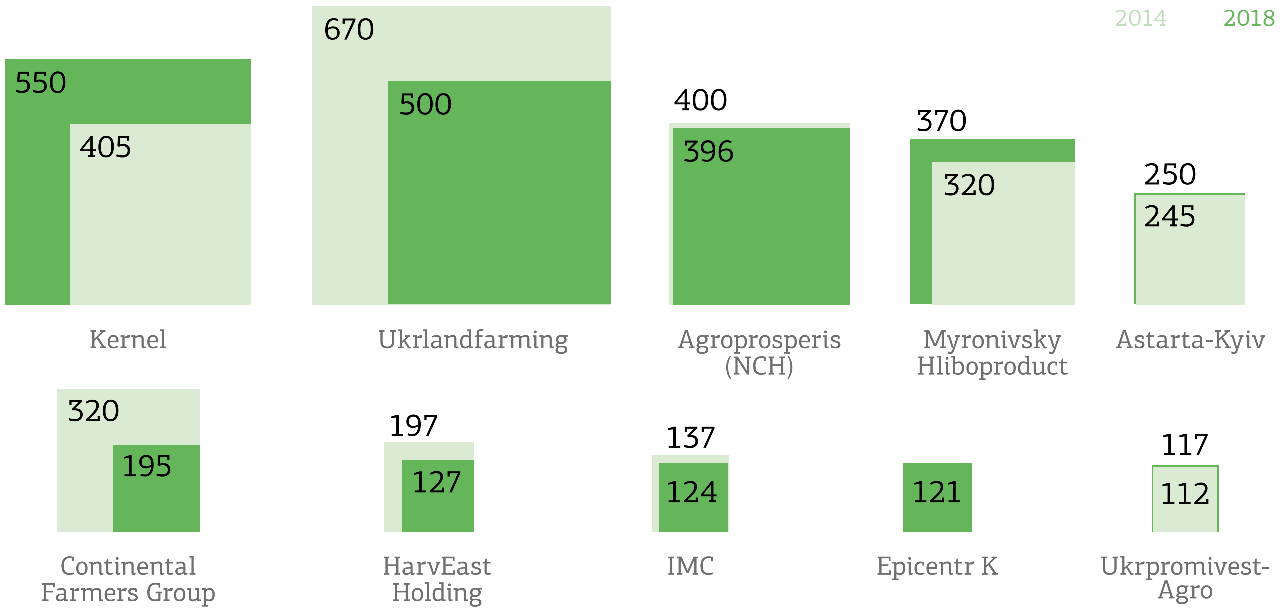
Structure of Ukrainian agricultural lands by crops,

2019, mln ha



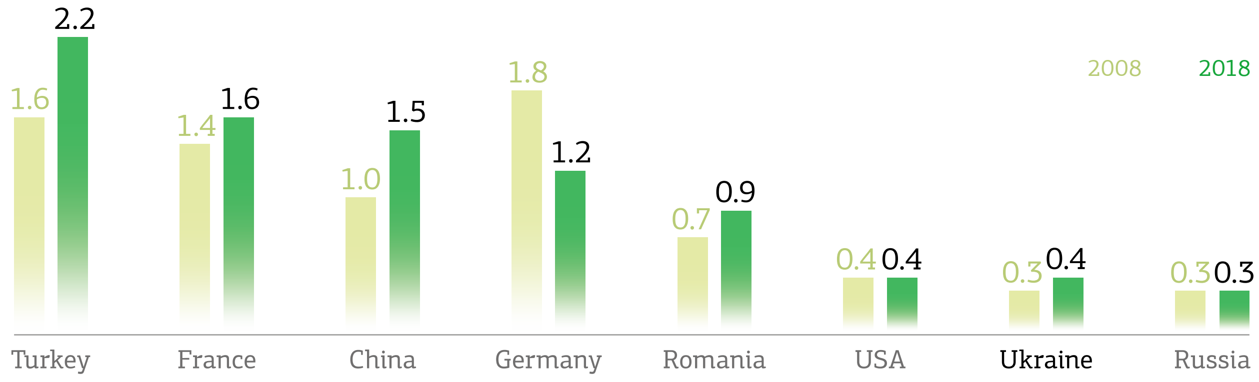
TOP-10 Ukrainian Agroholdings by land bank volume,

2014 and 2018, thou. ha



Use efficiency of land bank, value added in the agricultural sector,

2008 and 2018, thou. $ at constant prices of 2010 per hectare of agricultural land

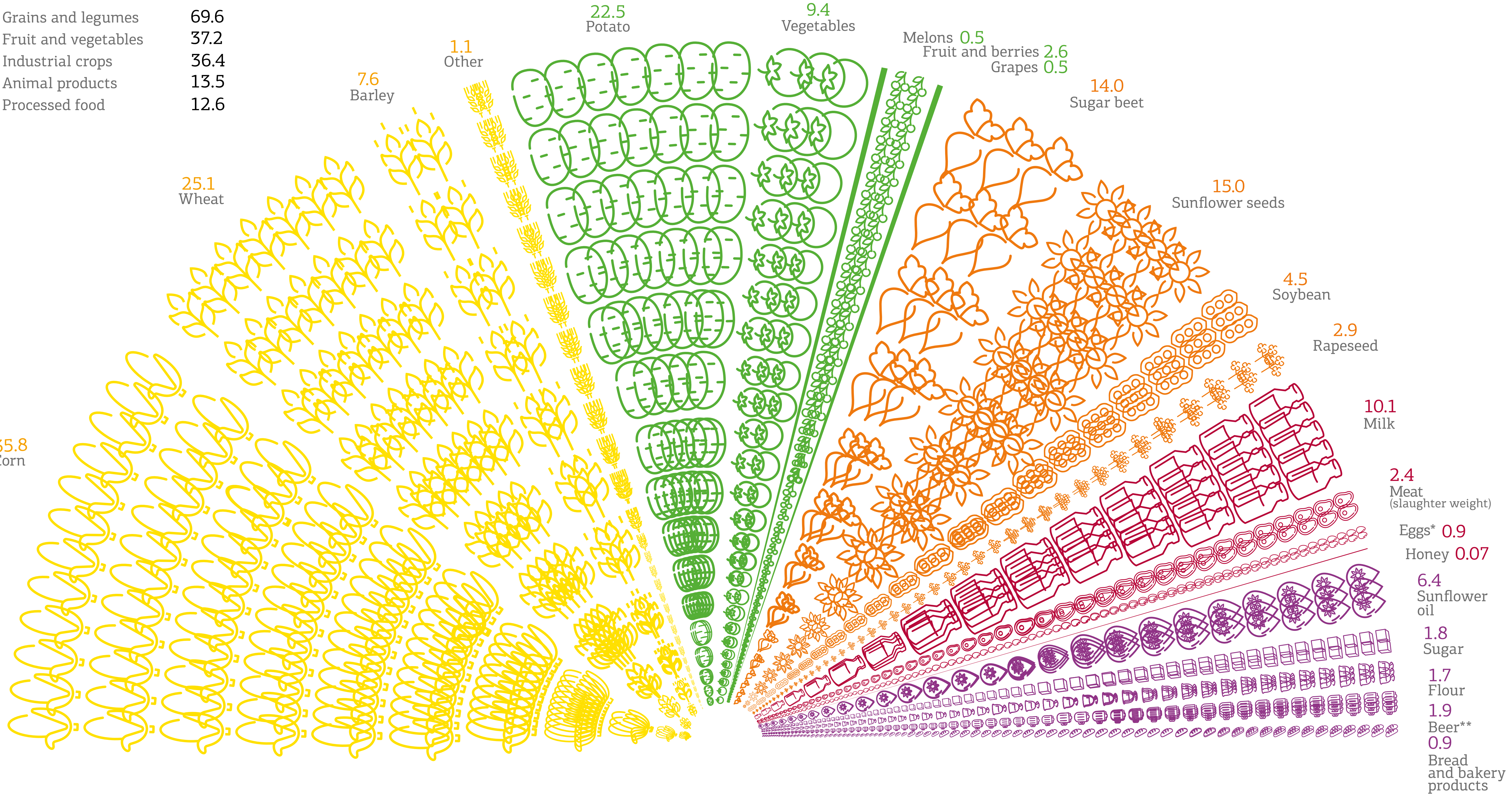


Source: State Statistics, Latifundist.com, WBG

BASIC ITEMS OF AGRICULTURAL PRODUCTION

Agricultural products output in Ukraine, 2018, mln t

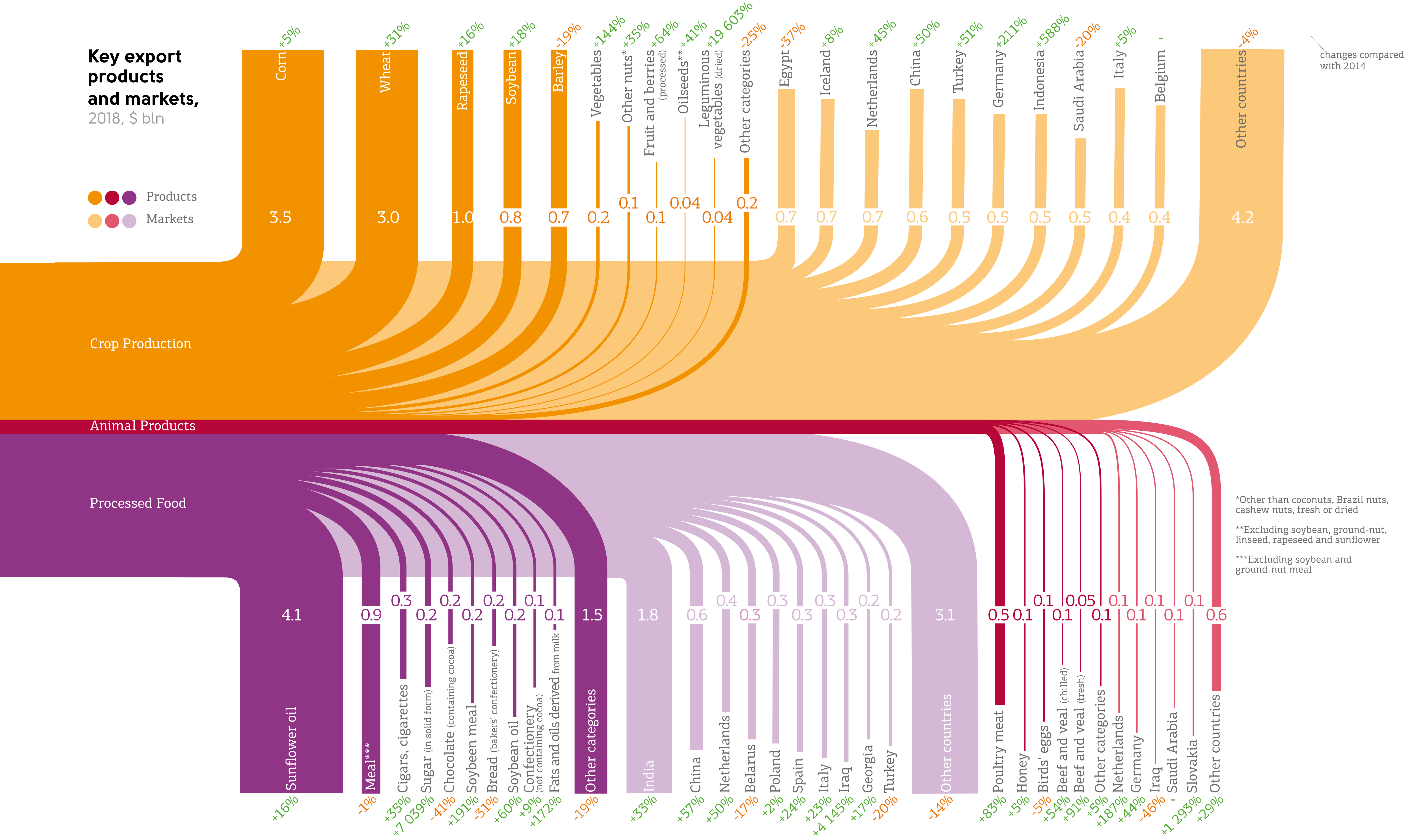
🟡	Grains and legumes	69.6
🟢	Fruit and vegetables	37.2
🟠	Industrial crops	36.4
🔴	Animal products	13.5
🟣	Processed food	12.6



Source: State Statistics, USDA

*For the calculation, the average total weight of an egg of 55 g was used
**For the calculation, beer density of 1040 kg/m³ was used

EXPORT OF UKRAINIAN AGRICULTURAL PRODUCTS



Key export products and markets,
2018, $ bln

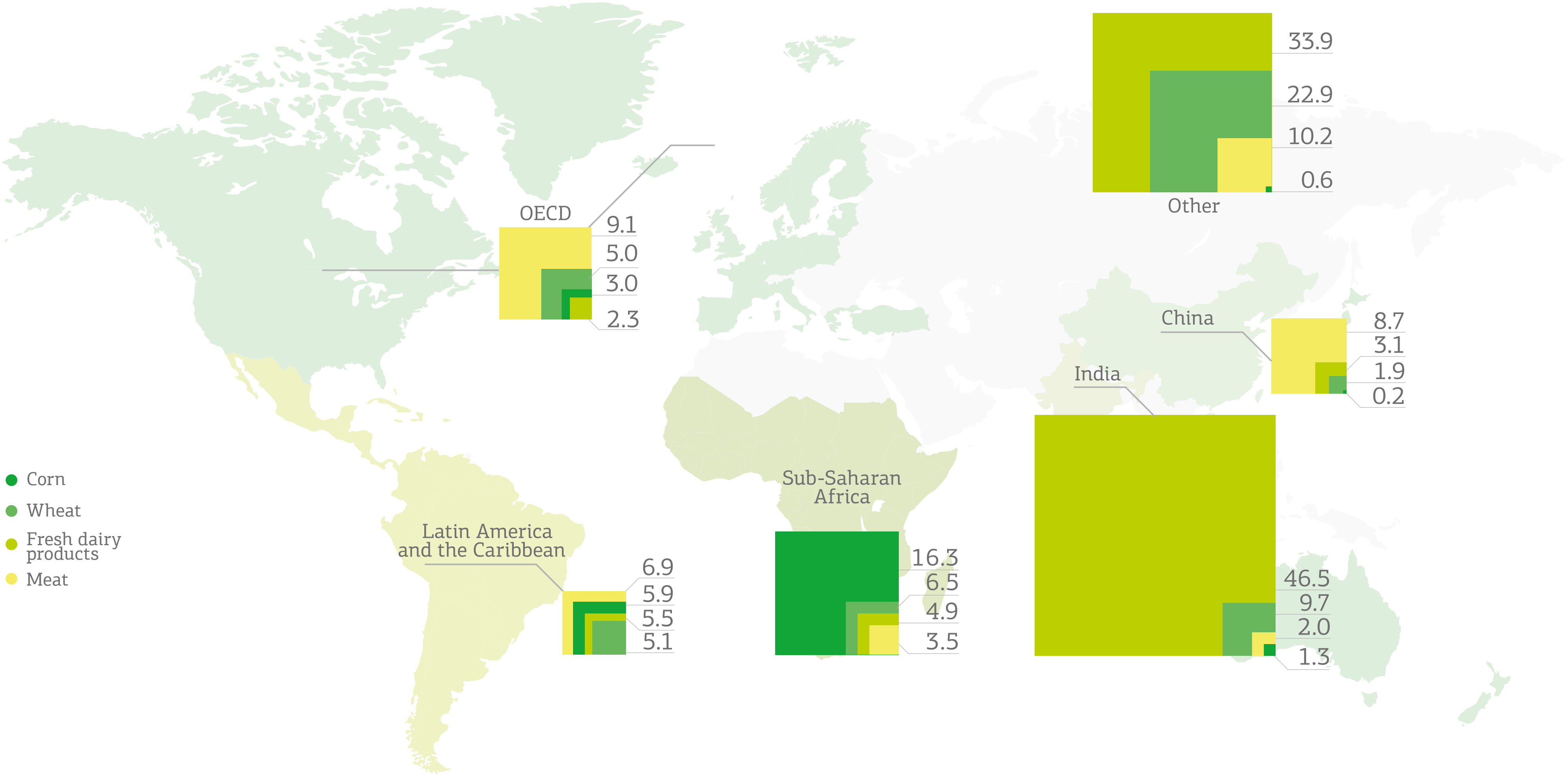
*Other than coconuts, Brazil nuts, cashew nuts, fresh or dried

**Excluding soybean, ground-nut, linseed, rapeseed and sunflower

***Excluding soybean and ground-nut meal

Source: State Statistics

Growth of particular products consumption, estimated for 2019-2028, mln t



Ukrainian agriculture potential

- Yield growth thanks to precision agriculture, new hybrids and crop protection products (CPP)
- Shift from agri commodities export to value-added products trade
- Competing in high-margin niches, including fresh and organic products
- Certification for new markets entry
- Customers' loyalty increase through Ukrainian brands' awareness growth

Yield growth is the key driver of crop production,

1961-2017, the forecast for 2050

* Projection, provided that arable land area increases by 10% and the world population grows according to the UN estimates

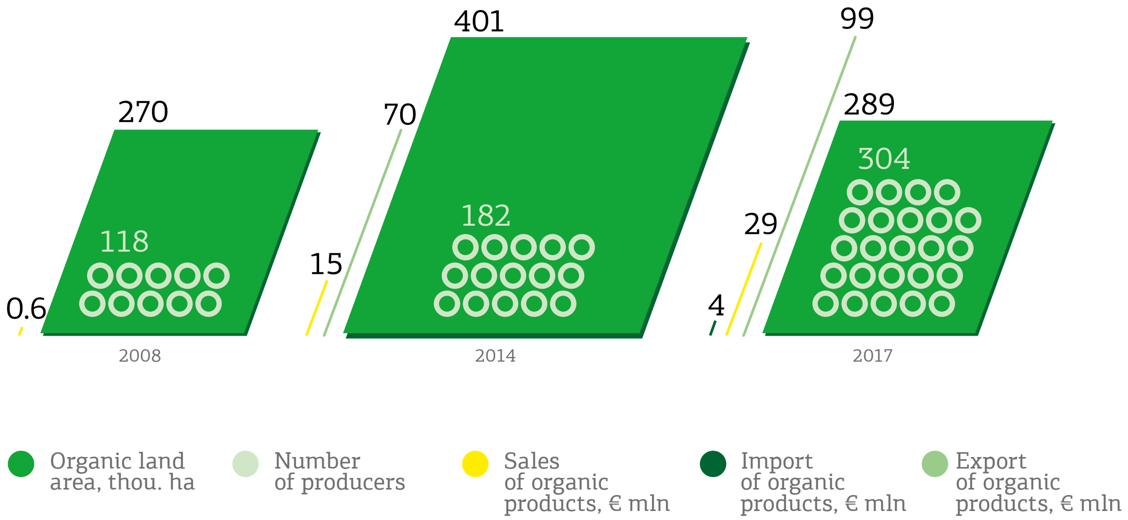
**Projection, provided that consumption per capita increases equally to 1961-2017 rate

Sources: OECD, UN, NICU

ORGANIC PRODUCTION IN UKRAINE

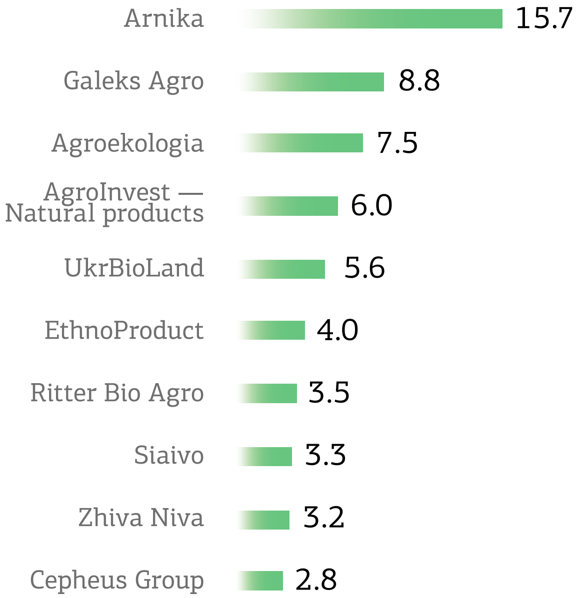
Key indicators of organic production in Ukraine,

2008-2017

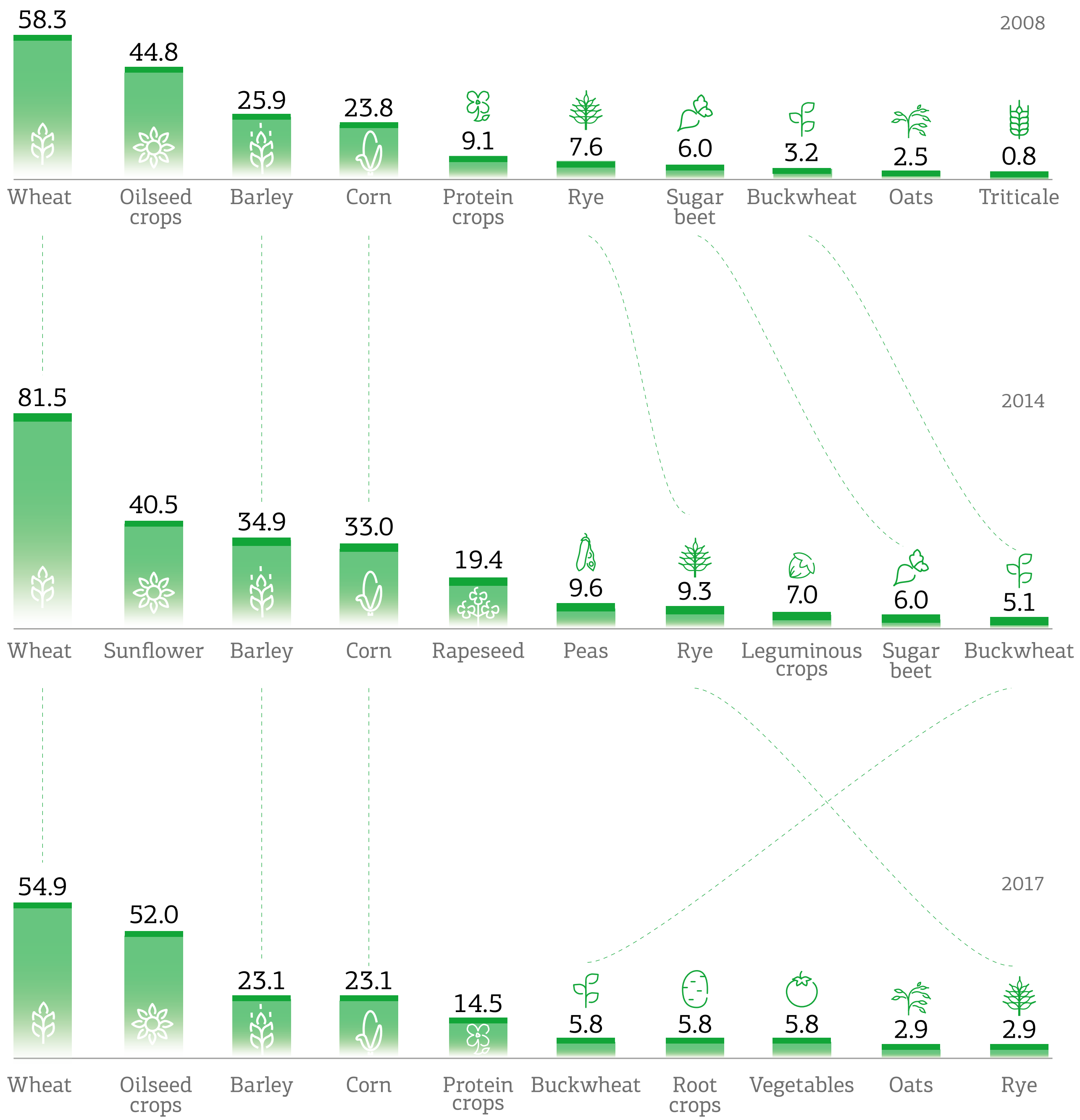


TOP-10 Ukrainian organic agricultural companies by landbank,

2018, thou. ha



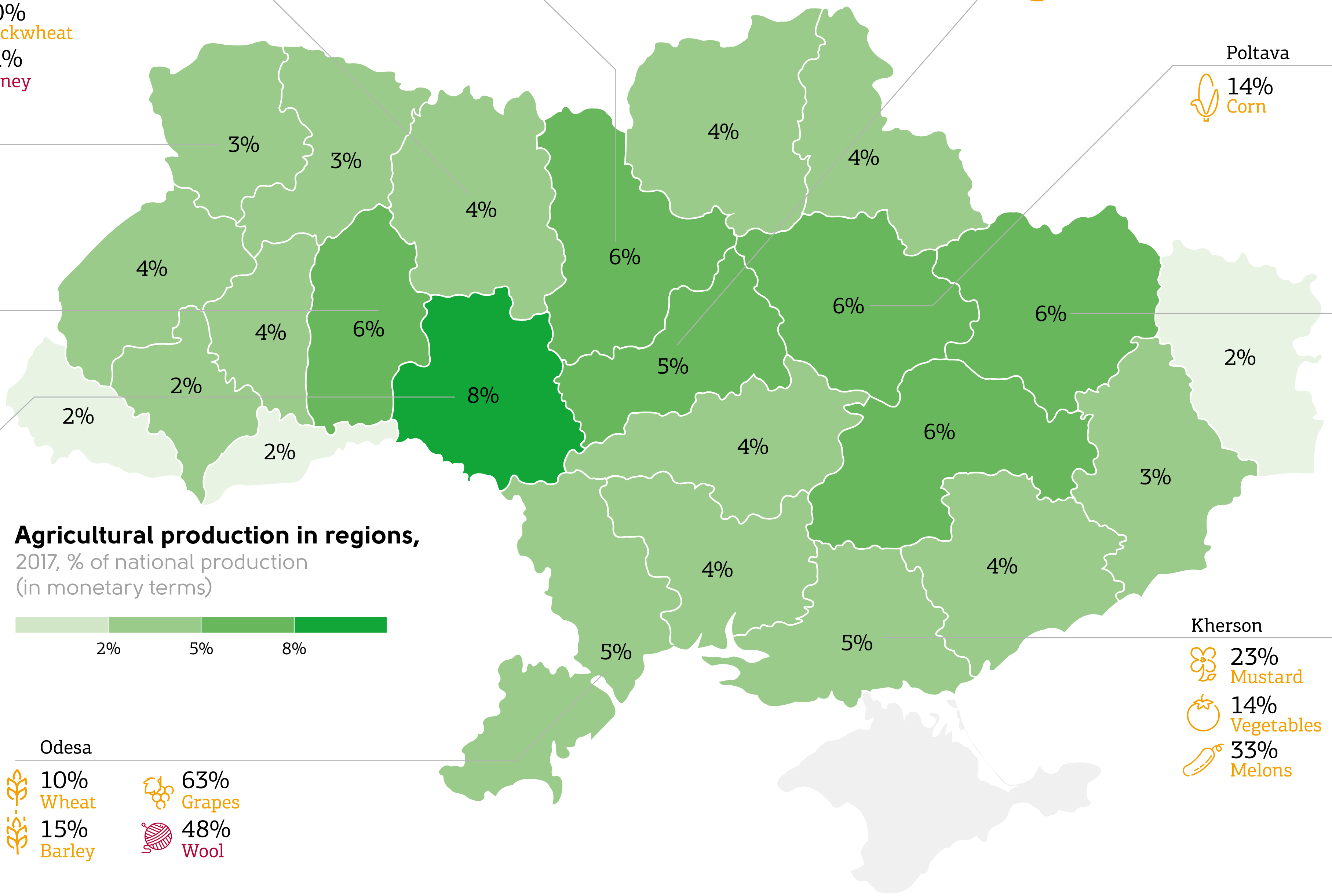
TOP-10 organic crops, 2008-2017, thou. ha



Source: FiBL, Latifundist.com

AGRICULTURAL SPECIALISATION OF UKRAINIAN REGIONS

Regions' share in total production, 2018, % (in physical terms)



Agricultural production in regions, 2017, % of national production (in monetary terms)

Rivne
16% Rye

Zhytomyr
18% Oats
20% Buckwheat
11% Honey

Kyiv
20% Eggs

Cherkasy
12% Nuts

Poltava
14% Corn

Khmelnytsky
11% Soybean

Kharkiv
12% Leguminous crops
10% Sunflower

Vinnytsya
23% Sugar beet
8% Potato
13% Fruit and berries
15% Meat
8% Milk

Kherson
23% Mustard
14% Vegetables
33% Melons

Odesa
10% Wheat
15% Barley
63% Grapes
48% Wool

Source: State Statistics

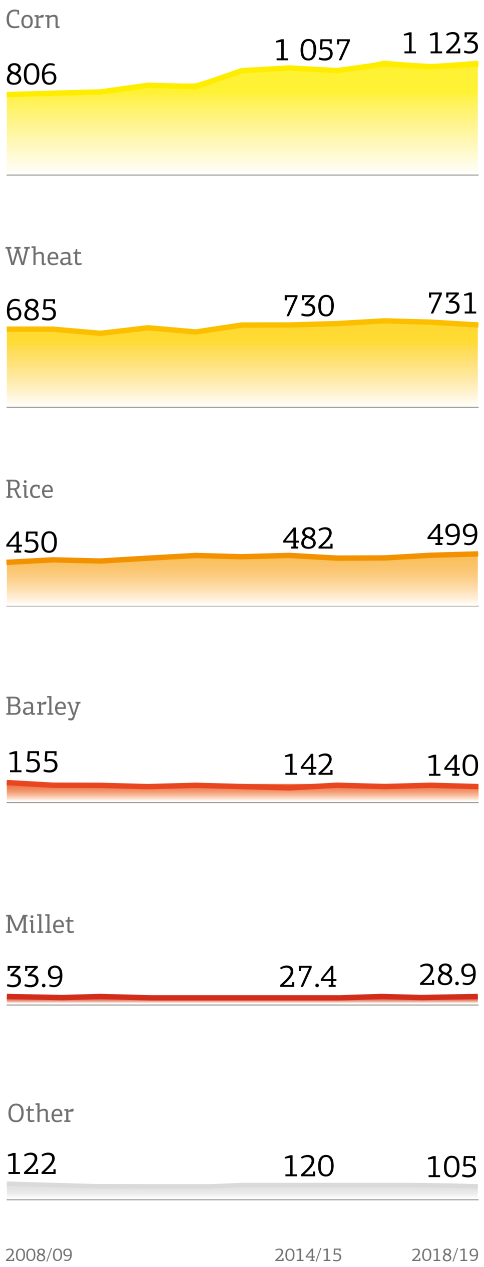
CROP PRODUCTION

CROP PRODUCTION

GRAIN PRODUCTION WORLDWIDE

Grain production,

MY2008/09–MY2018/19, mln t



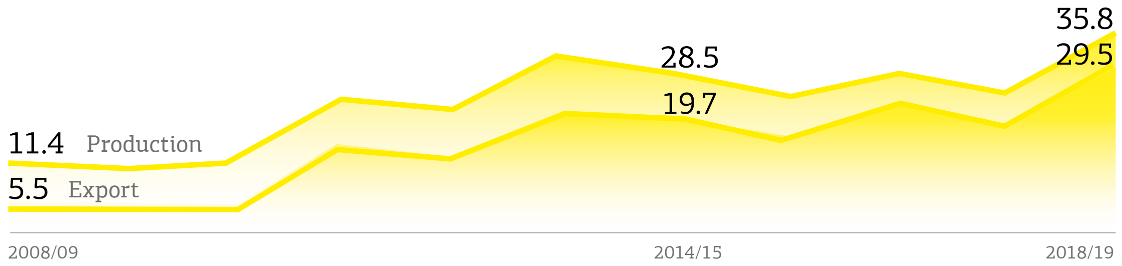
TOP-10 grain producers,

MY2018/19, mln t

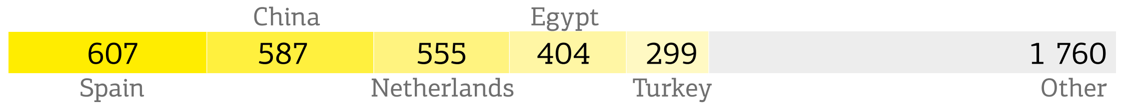
Source: USDA

CORN PRODUCTION IN UKRAINE AND WORLDWIDE

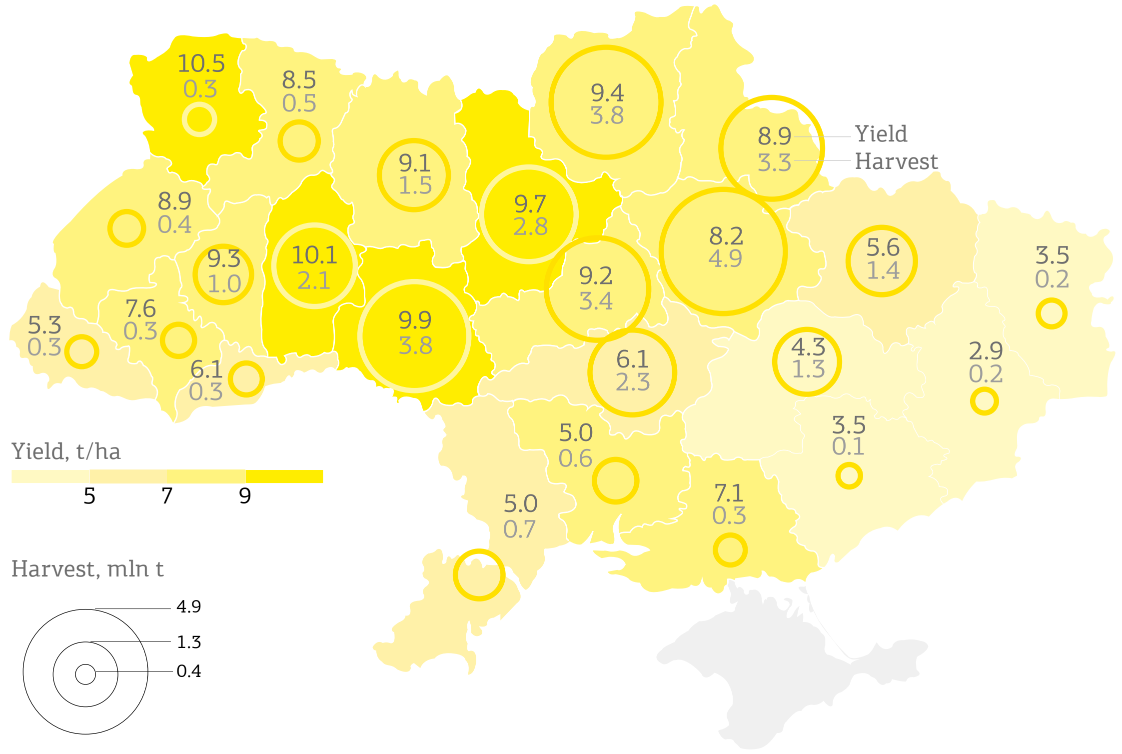
Corn production and export from Ukraine, MY2008/09–MY2018/19, mln t*



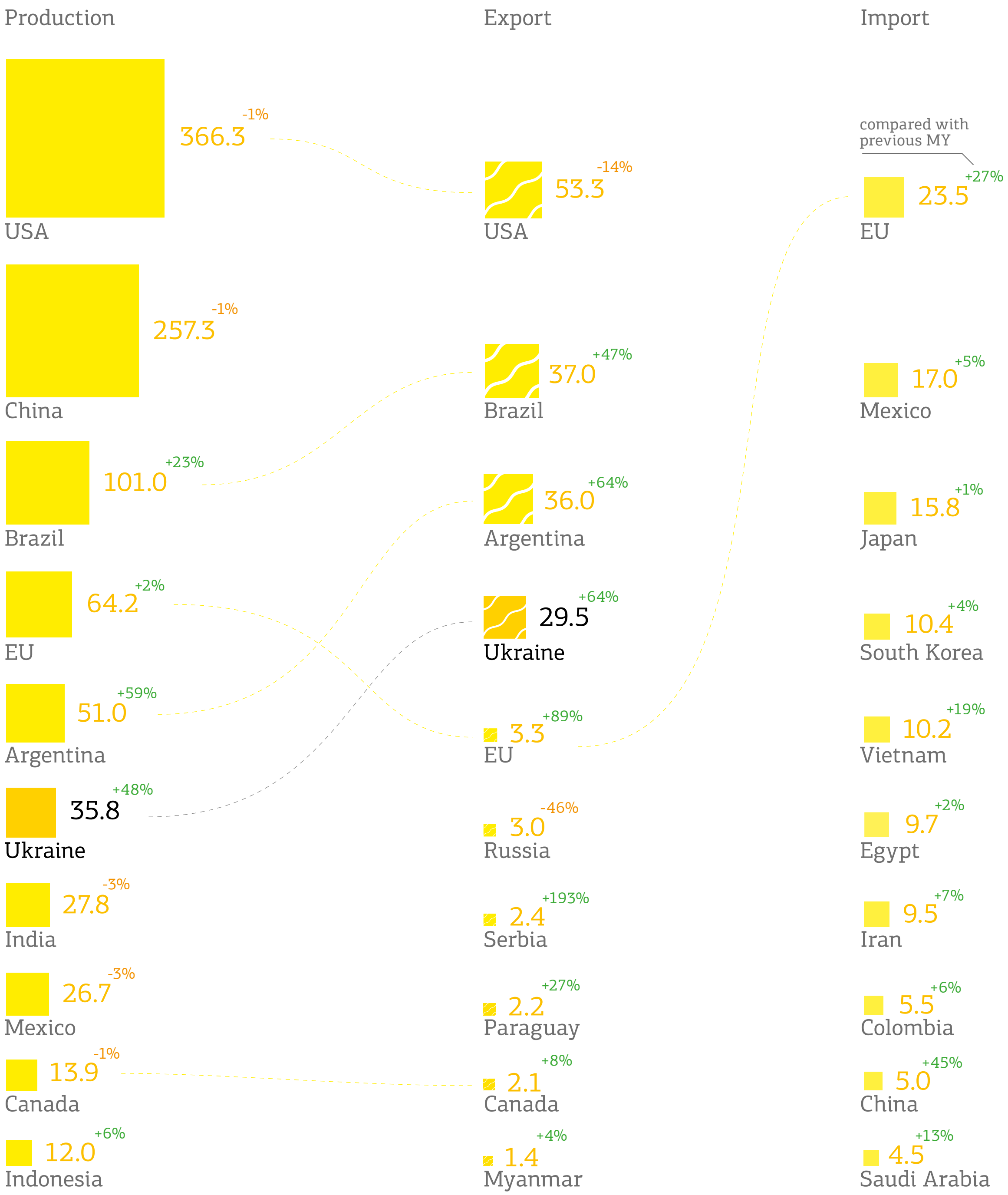
TOP-5 Ukrainian corn export directions, 8M of MY2018/19, $ mln



Corn production in Ukraine, 2018



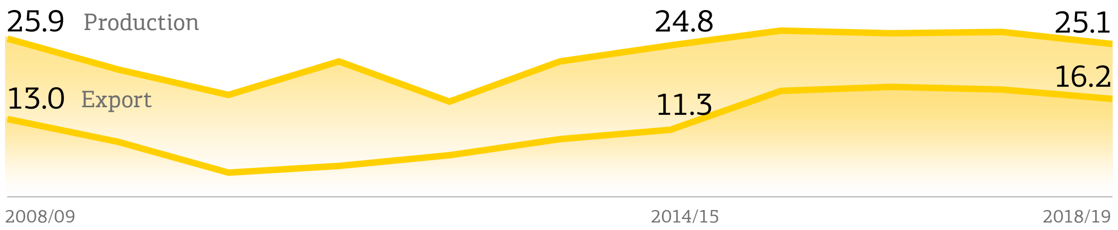
TOP-10 corn producers, exporters, importers, MY2018/19, mln t*



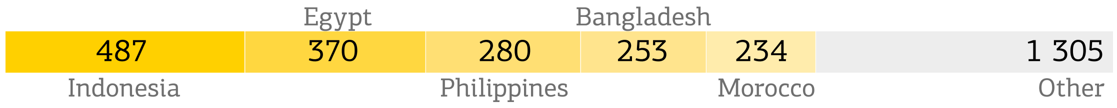
Source: USDA, State Statistics *estimates for MY2018/19

WHEAT PRODUCTION IN UKRAINE AND WORLDWIDE

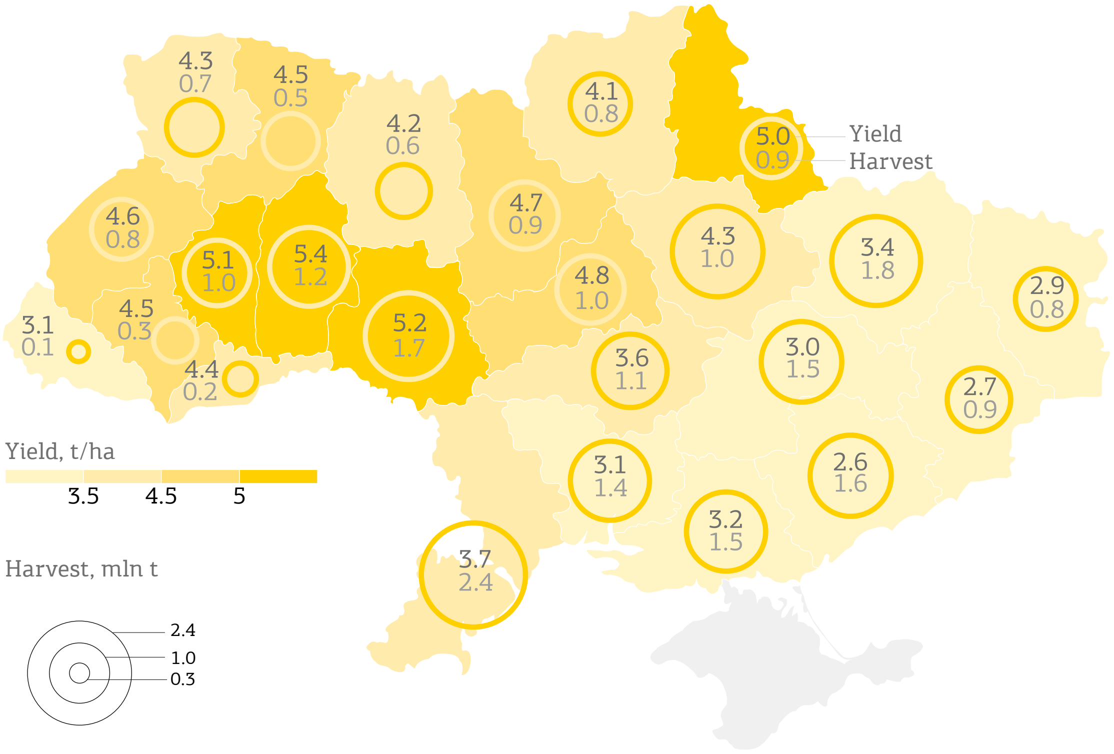
Wheat production and export from Ukraine, MY2008/09–MY2018/19, mln t*



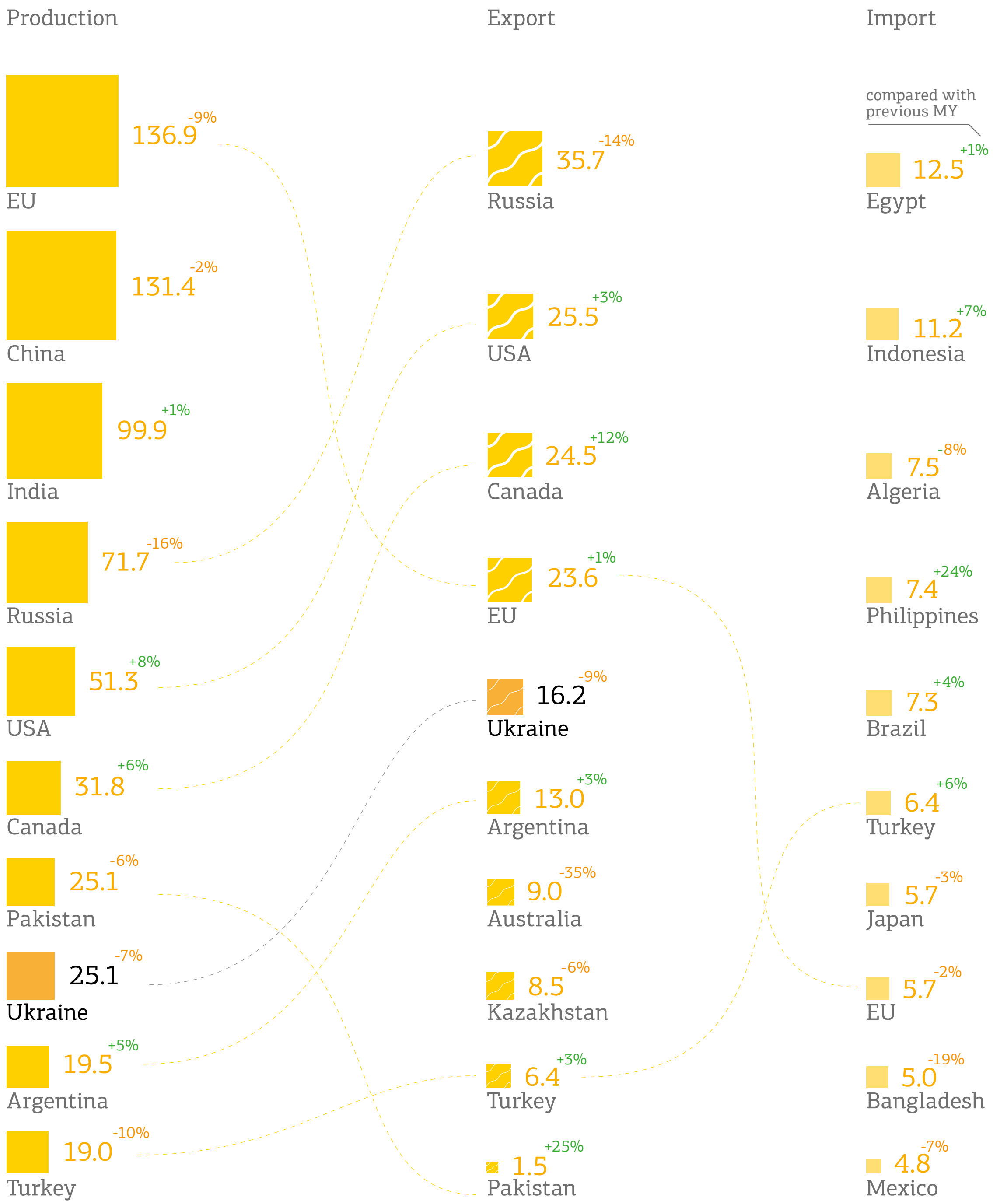
TOP-5 Ukrainian wheat export directions, 11M of MY2018/19, $ mln



Wheat production in Ukraine, 2018



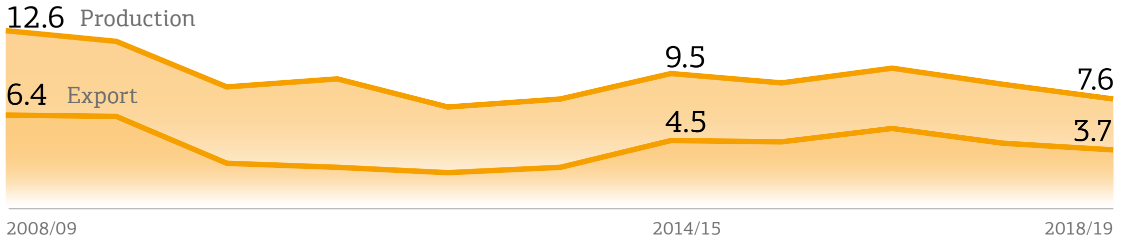
TOP-10 wheat producers, exporters, importers, MY2018/19, mln t*



Source: USDA, State Statistics *estimates for MY2018/19

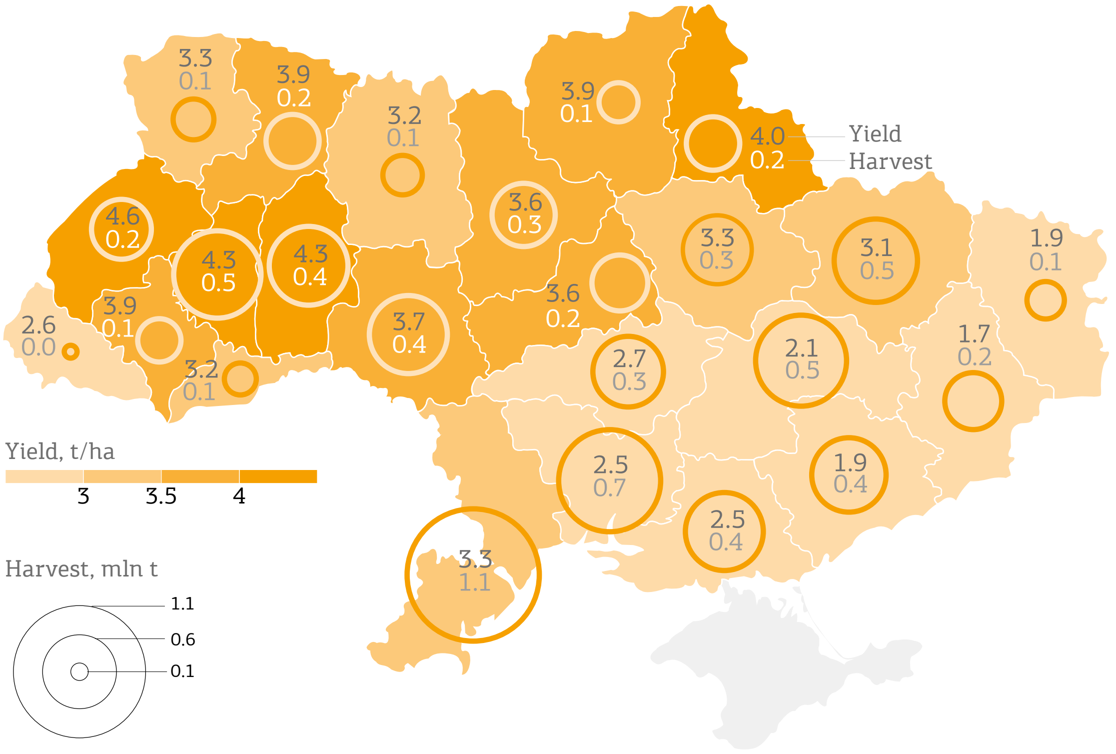
BARLEY PRODUCTION IN UKRAINE AND WORLDWIDE

Barley production and export from Ukraine, MY2008/09–MY2018/19, mln t*

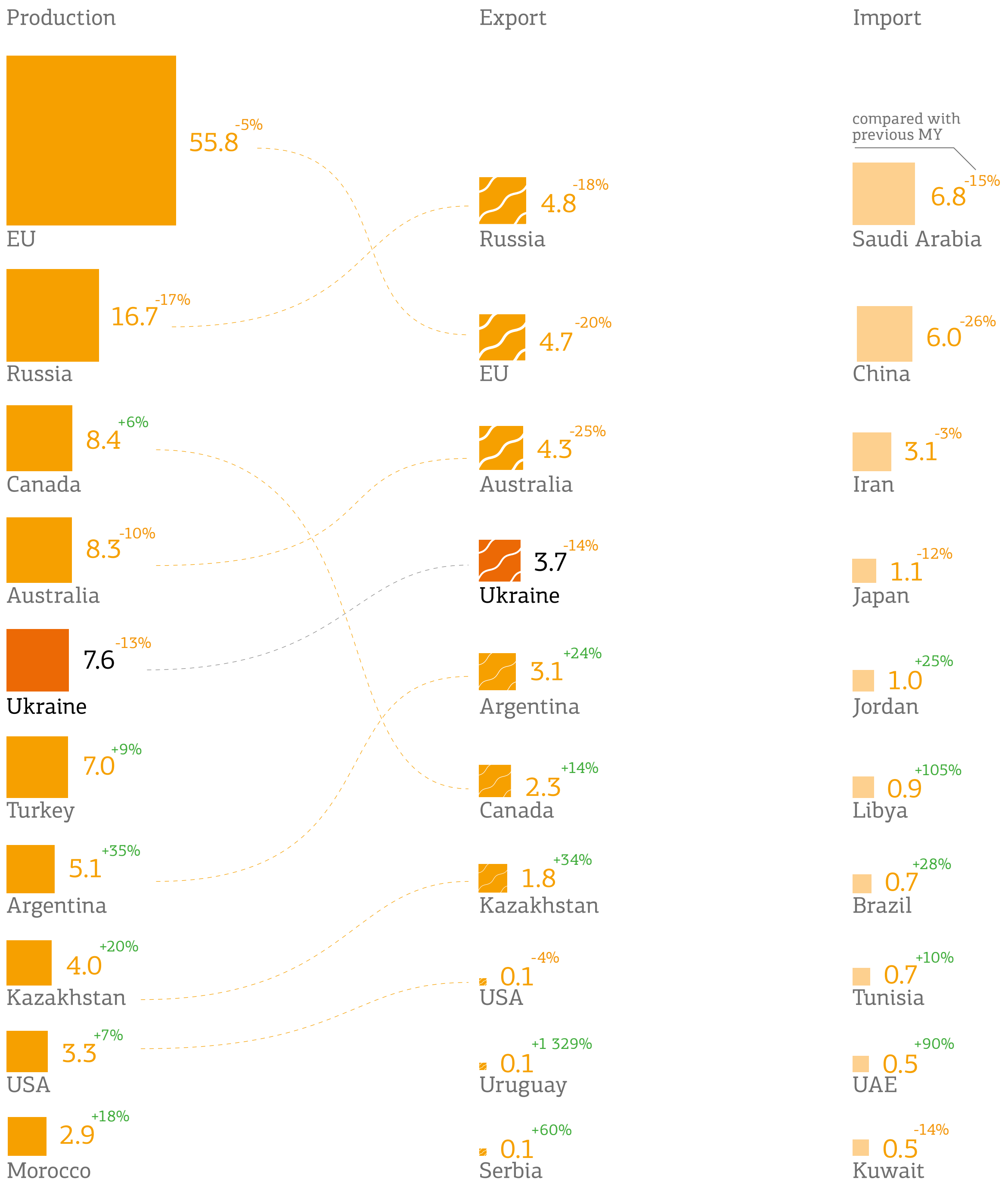


TOP-5 Ukrainian barley export directions, 8M of MY2018/19, $ mln

Barley production in Ukraine, 2018



TOP-10 barley producers, exporters, importers, MY2018/19, mln t*

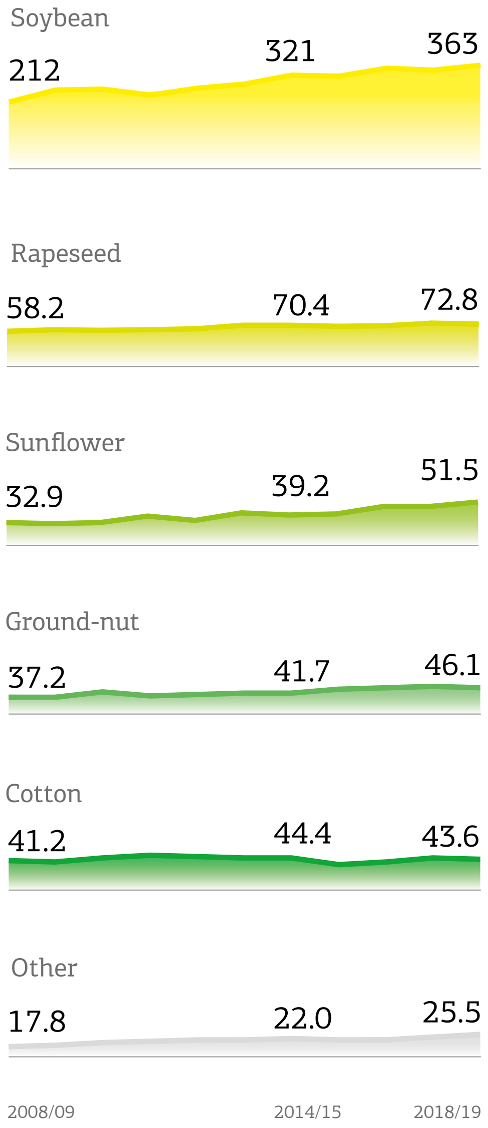


Source: USDA, State Statistics *estimates for MY2018/19

OILSEED CROPS PRODUCTION WORLDWIDE

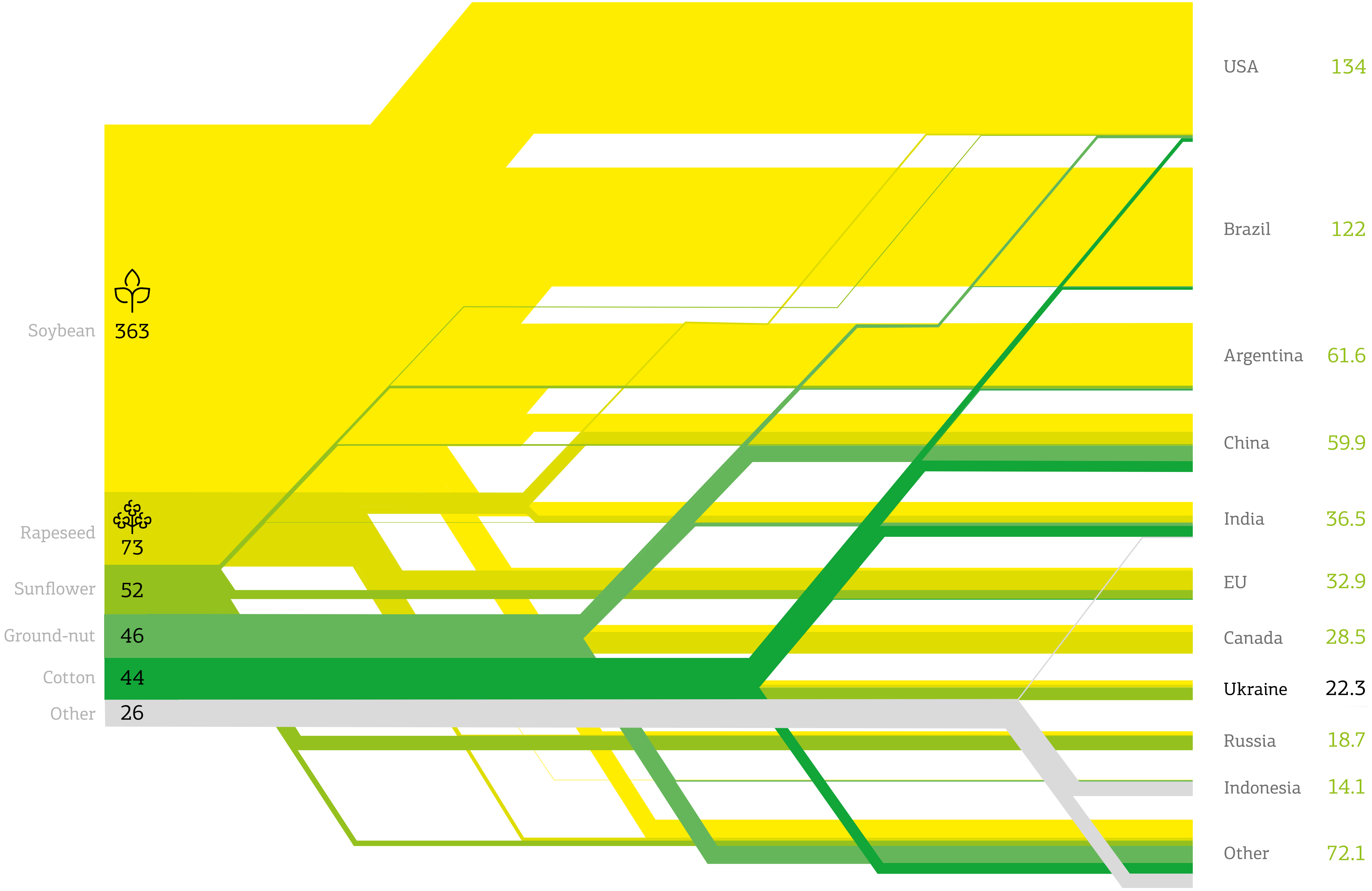
Oilseed crops production,

MY2008/09–MY2018/19, mln t



TOP-10 oilseed crops producers,

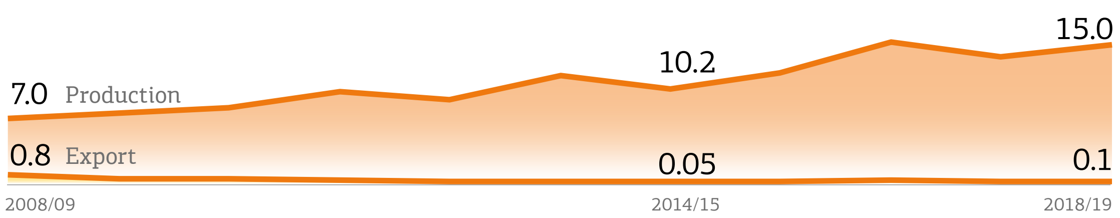
MY2018/19, mln t



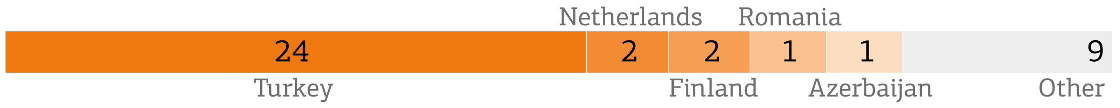
Source: USDA

SUNFLOWER PRODUCTION IN UKRAINE AND WORLDWIDE

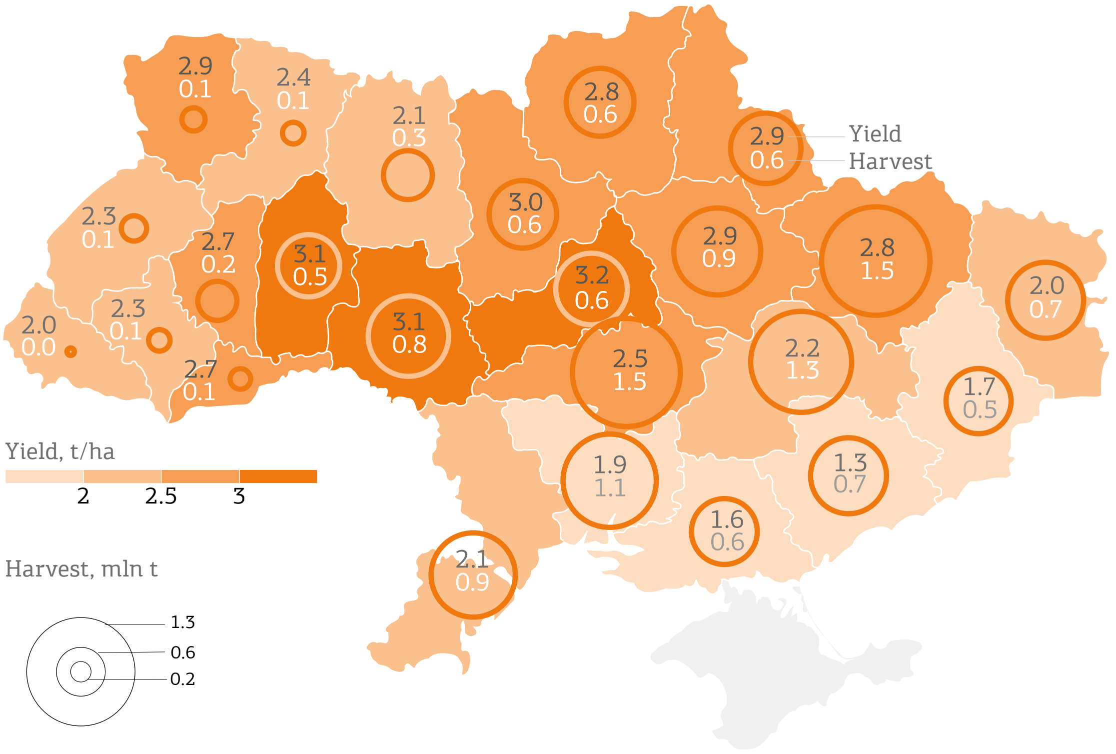
Sunflower production and export from Ukraine, MY2008/09–MY2018/19, mln t*



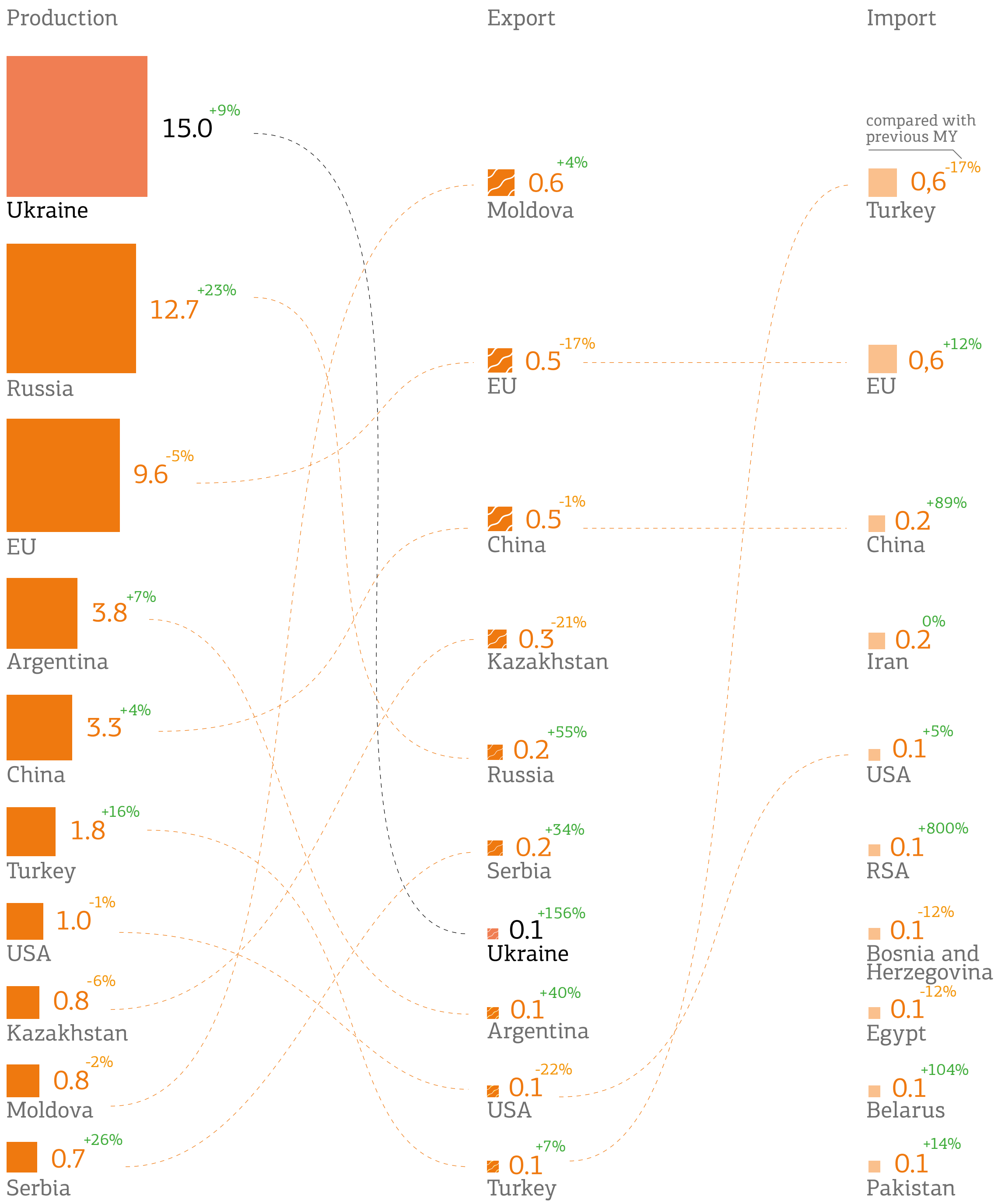
TOP-5 Ukrainian sunflower export directions, 9M of MY2018/19, $ mln



Sunflower production in Ukraine, 2018



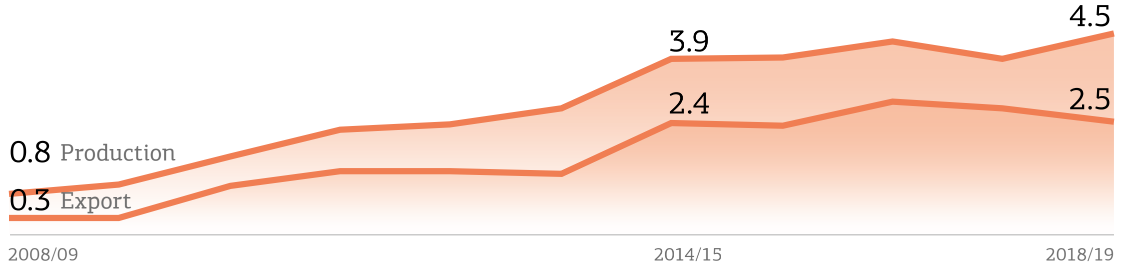
TOP-10 sunflower producers, exporters, importers, MY2018/19, mln t*



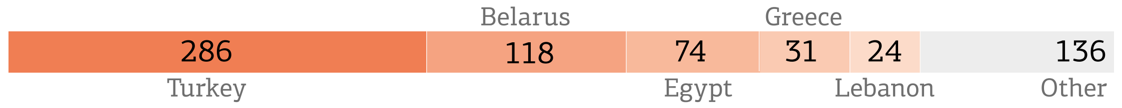
Source: USDA, State Statistics *estimates for MY2018/19

SOYBEAN PRODUCTION IN UKRAINE AND WORLDWIDE

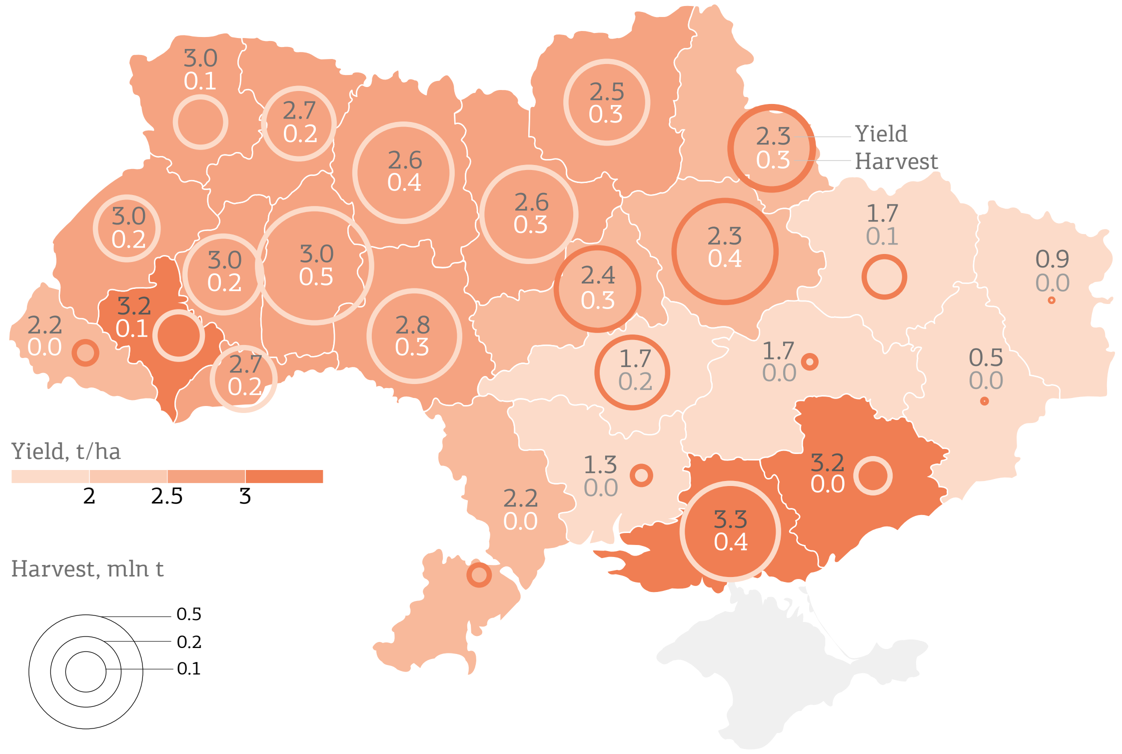
Soybean production and export from Ukraine, MY2008/09–MY2018/19, mln t*



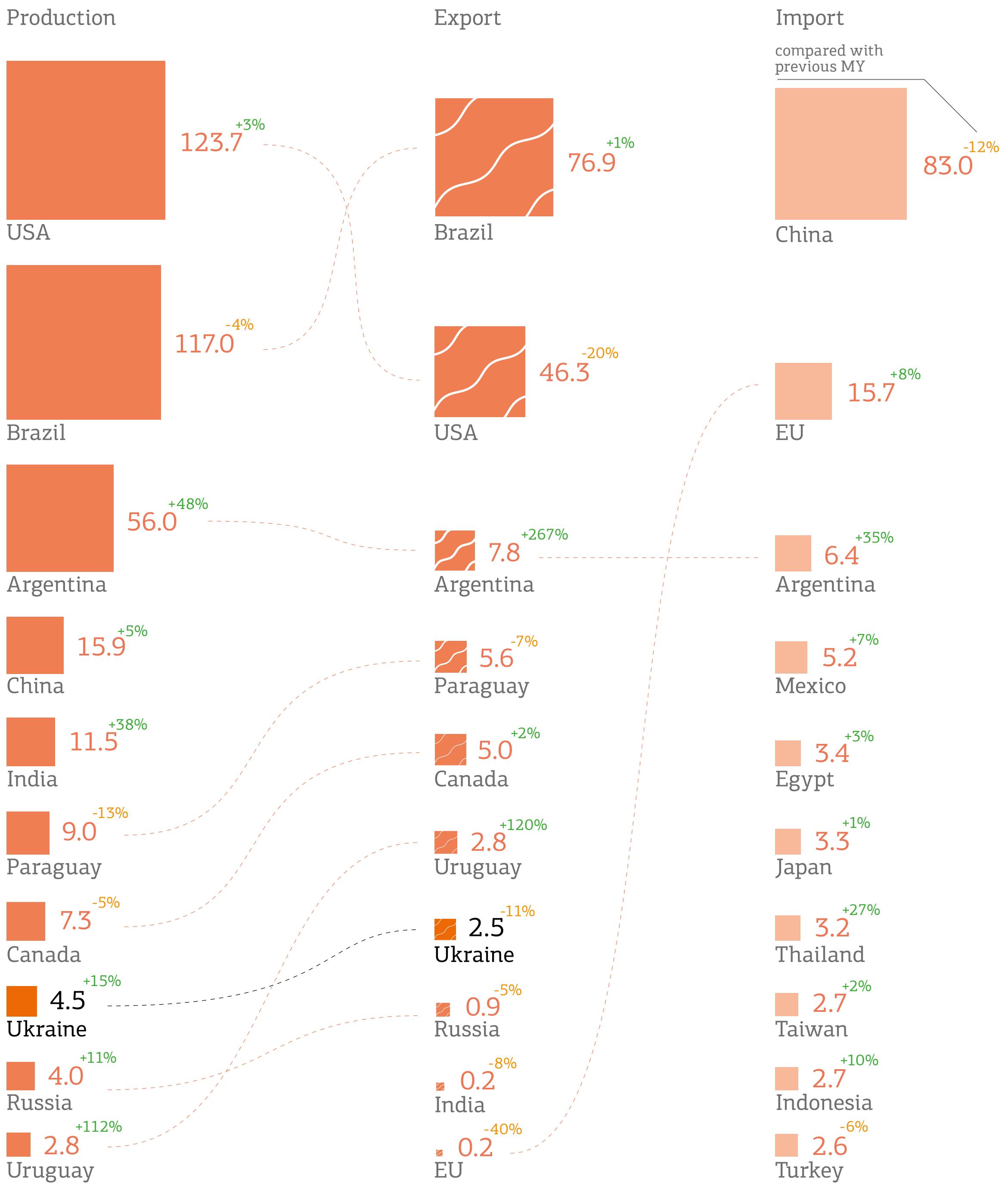
TOP-5 Ukrainian soybean export directions, 9M of MY2018/19, $ mln



Soybean production in Ukraine, 2018



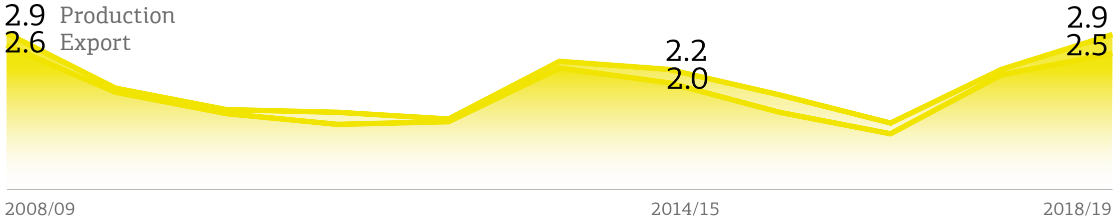
TOP-10 soybean producers, exporters, importers, MY2018/19, mln t*



Source: USDA, State Statistics *estimates for MY2018/19

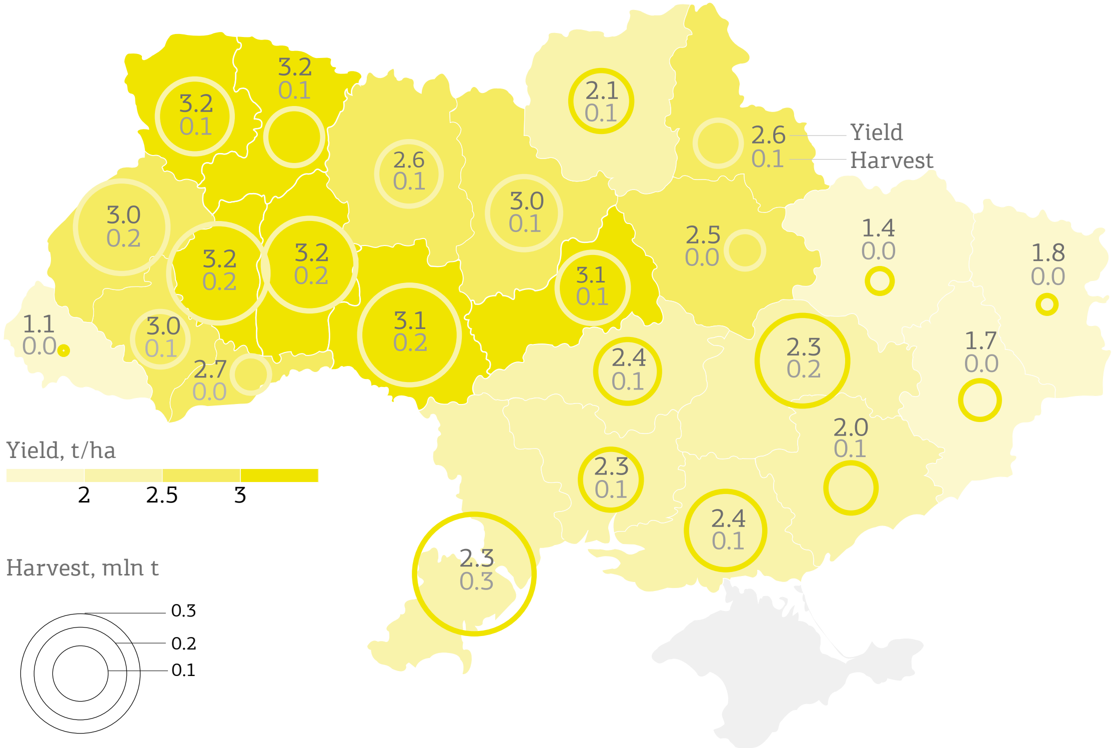
RAPESEED PRODUCTION IN UKRAINE AND WORLDWIDE

Rapeseed production and export from Ukraine, MY2008/09–MY2018/19, mln t*

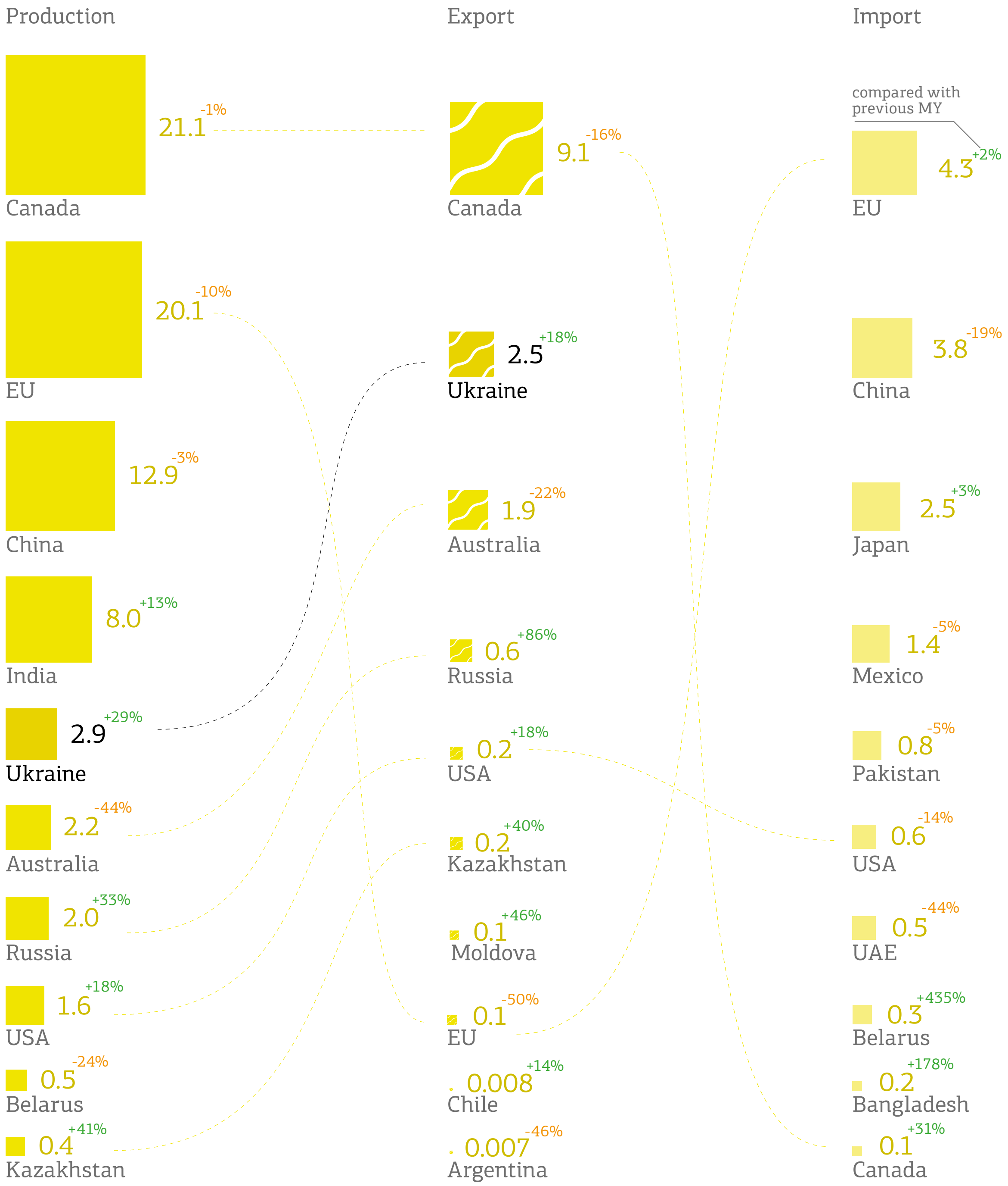


TOP-5 Ukrainian rapeseed export directions, 11M of MY2018/19, $ mln

Rapeseed production in Ukraine, 2018



TOP-10 rapeseed producers, exporters, importers, MY2018/19, mln t*

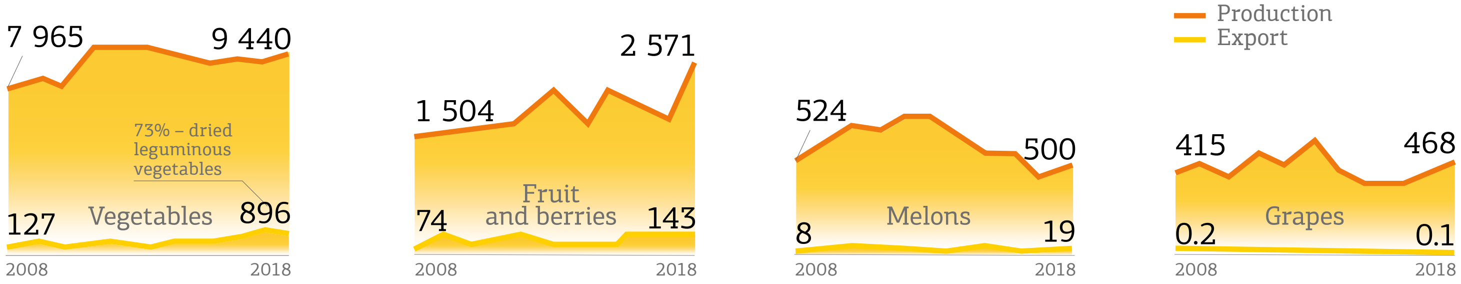


Source: USDA, State Statistics

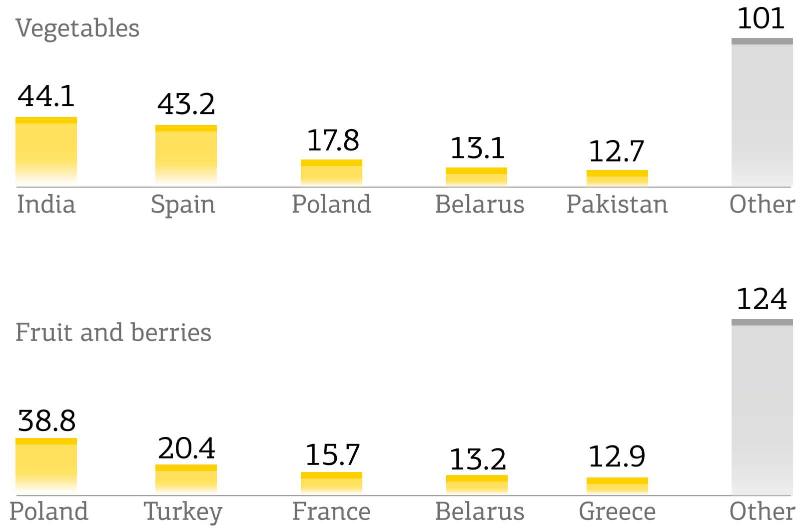
*estimates for MY2018/19

VEGETABLES, FRUIT AND BERRIES, MELONS AND GRAPES PRODUCTION IN UKRAINE

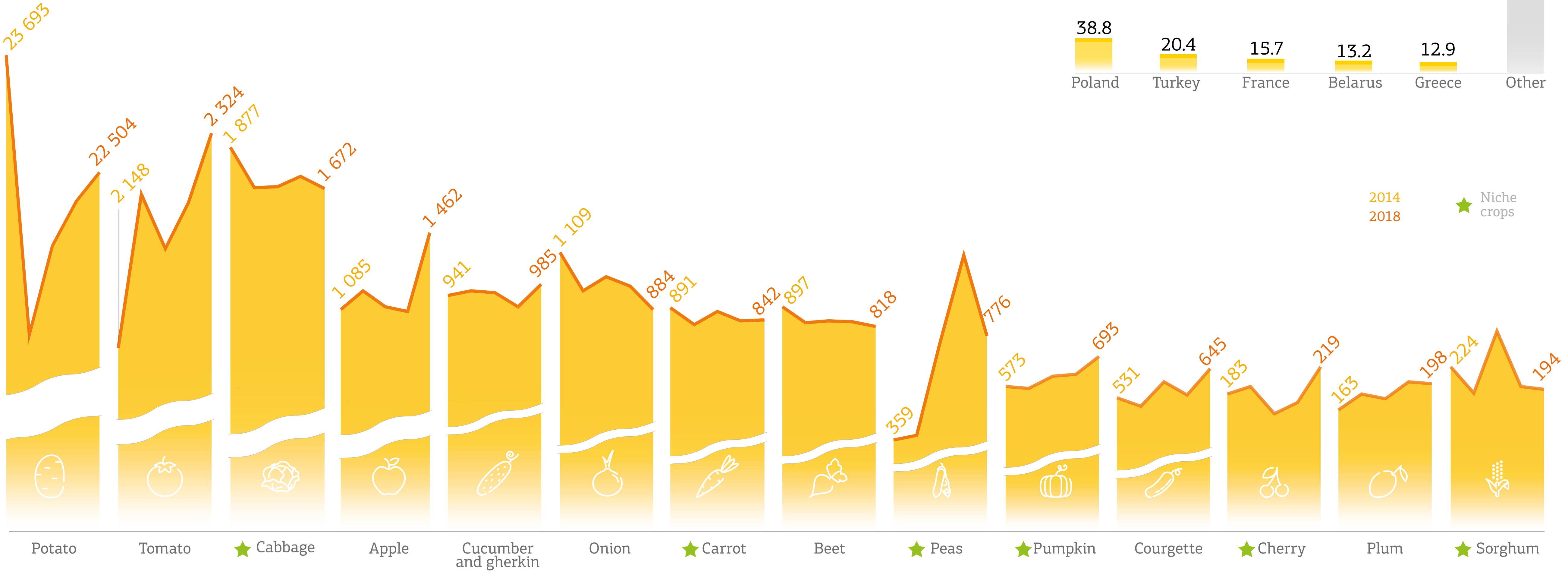
Production and export from Ukraine, 2008-2018, thou. t



TOP-5 Ukrainian vegetables, fruit and berries, melons and grapes export directions, 2018, $ mln



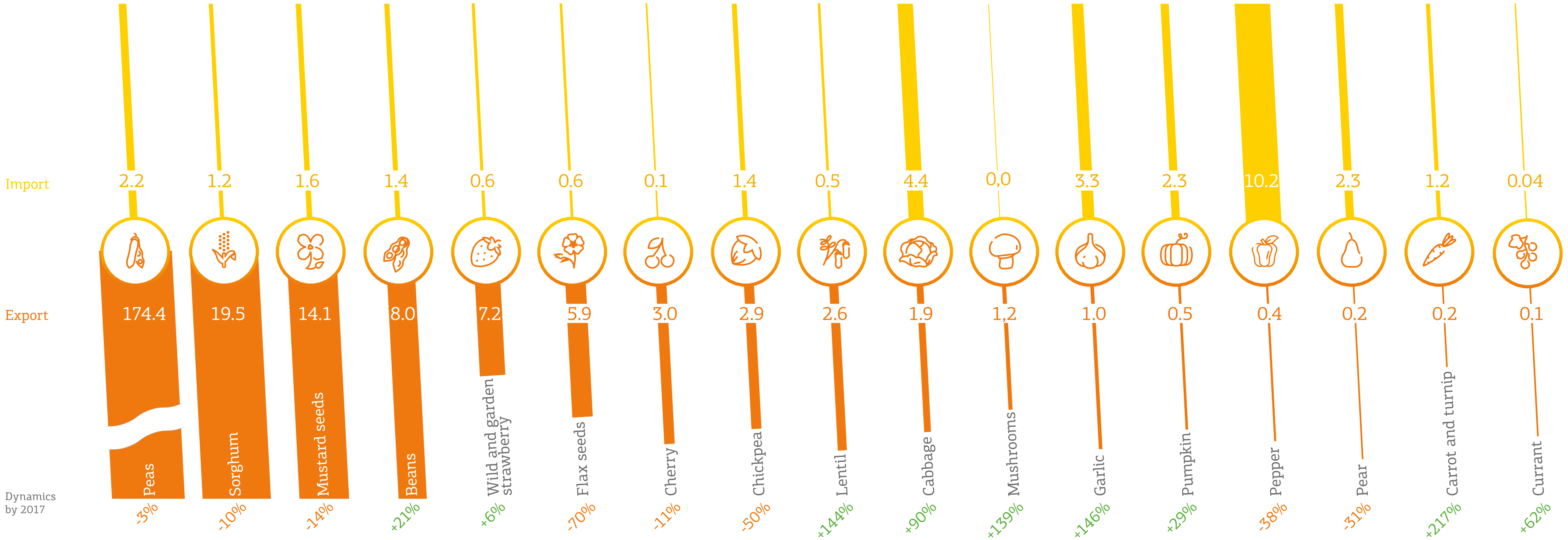
Fruit and berries, vegetables and niche crops production, 2014-2018, thou. t



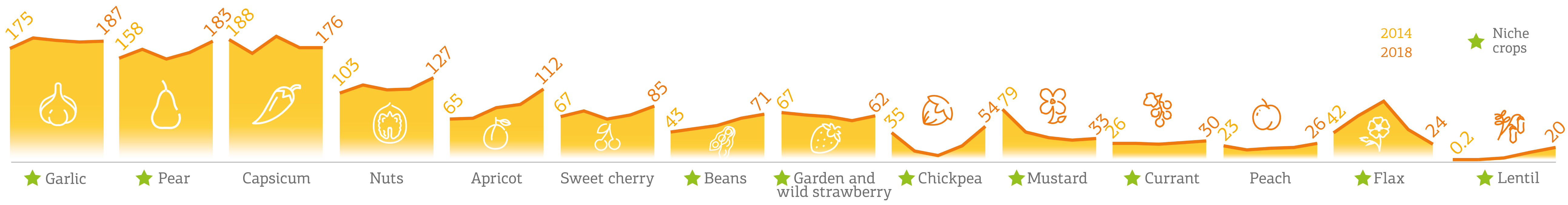
Source: State Statistics

NICHE CROP PRODUCTION IN UKRAINE

Exports and imports of niche crops (not ready-made food, but fresh, boiled or dried products), 2018, $ mln



Exports and imports of niche crops (continued)

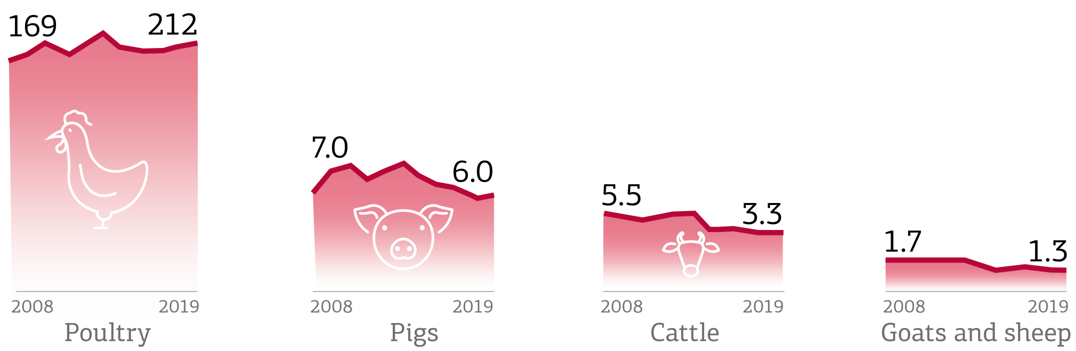


Source: State Statistics, FAO

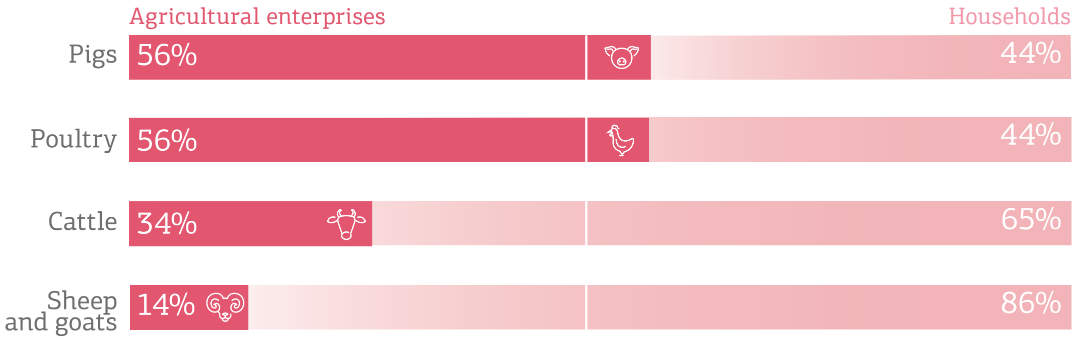
ANIMAL PRODUCTS

ANIMAL HUSBANDRY IN UKRAINE

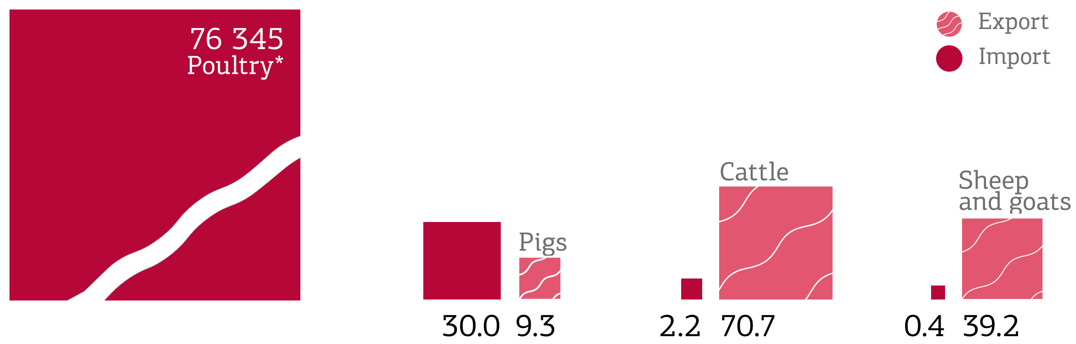
Livestock dynamics, as of January 1 2008-2019, mln head



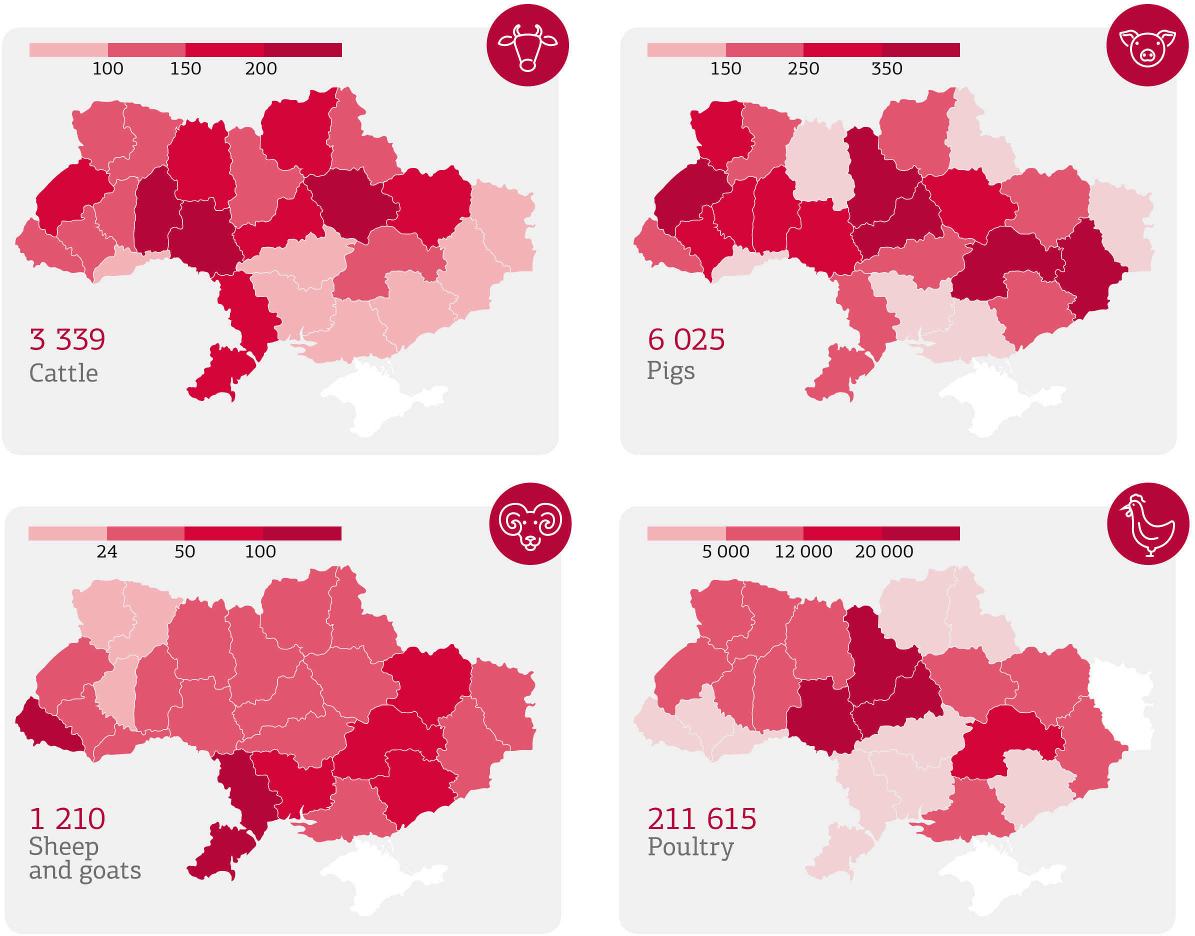
Livestock by farm types, as of January 1 2019, thou. head



Livestock export and import, 2018, thou. head

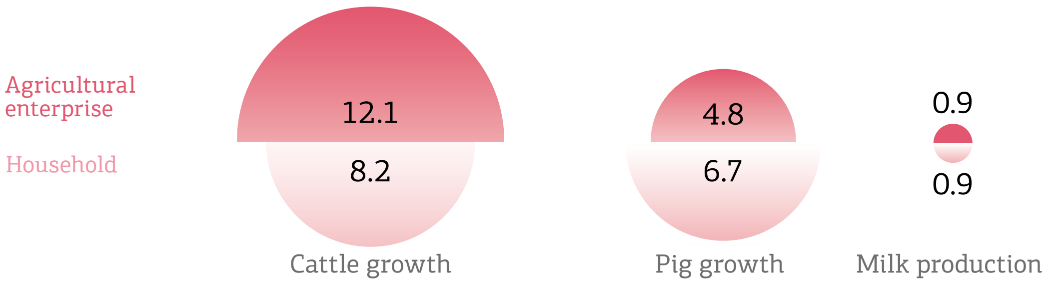


Regional livestock structure, as of January 1 2019, thou. head



Amount of feed per one animal product item,

2018, estimated per livestock head

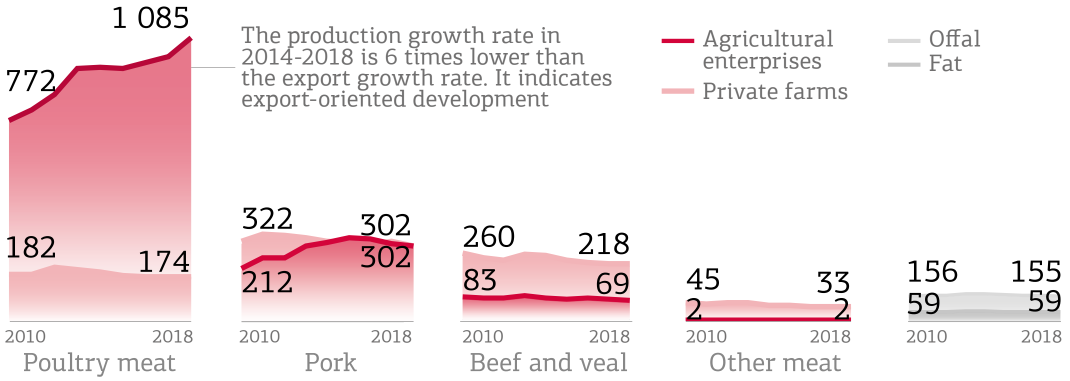


Source: State Statistics

*mostly chicks for the parent flock

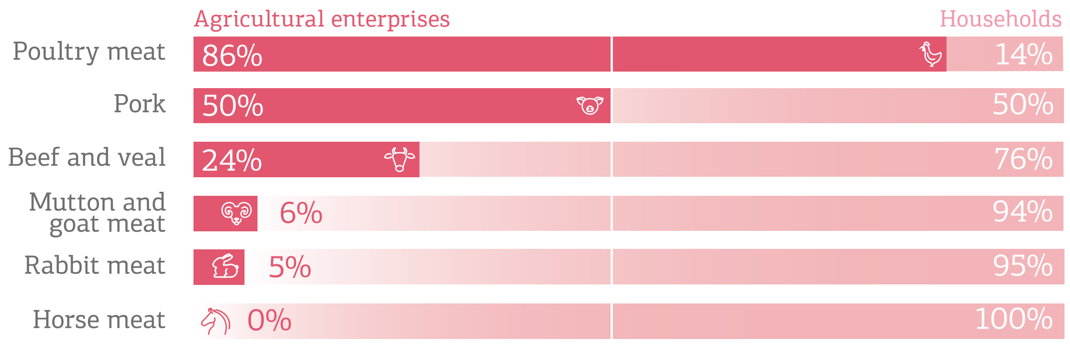
MEAT PRODUCTION IN UKRAINE

Meat and edible subproducts production, 2010-2018, thou. t (slaughter weight)

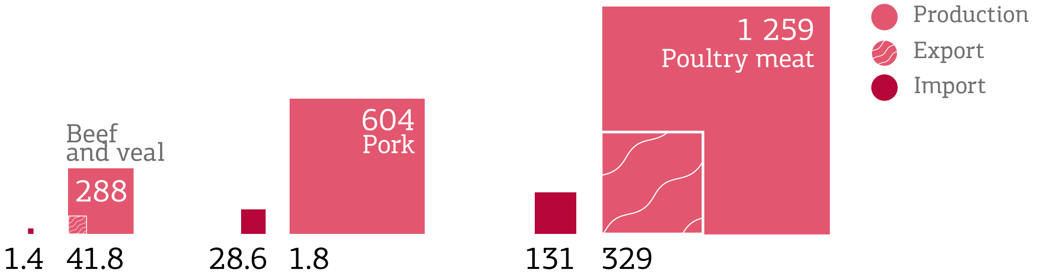


The production growth rate in 2014-2018 is 6 times lower than the export growth rate. It indicates export-oriented development

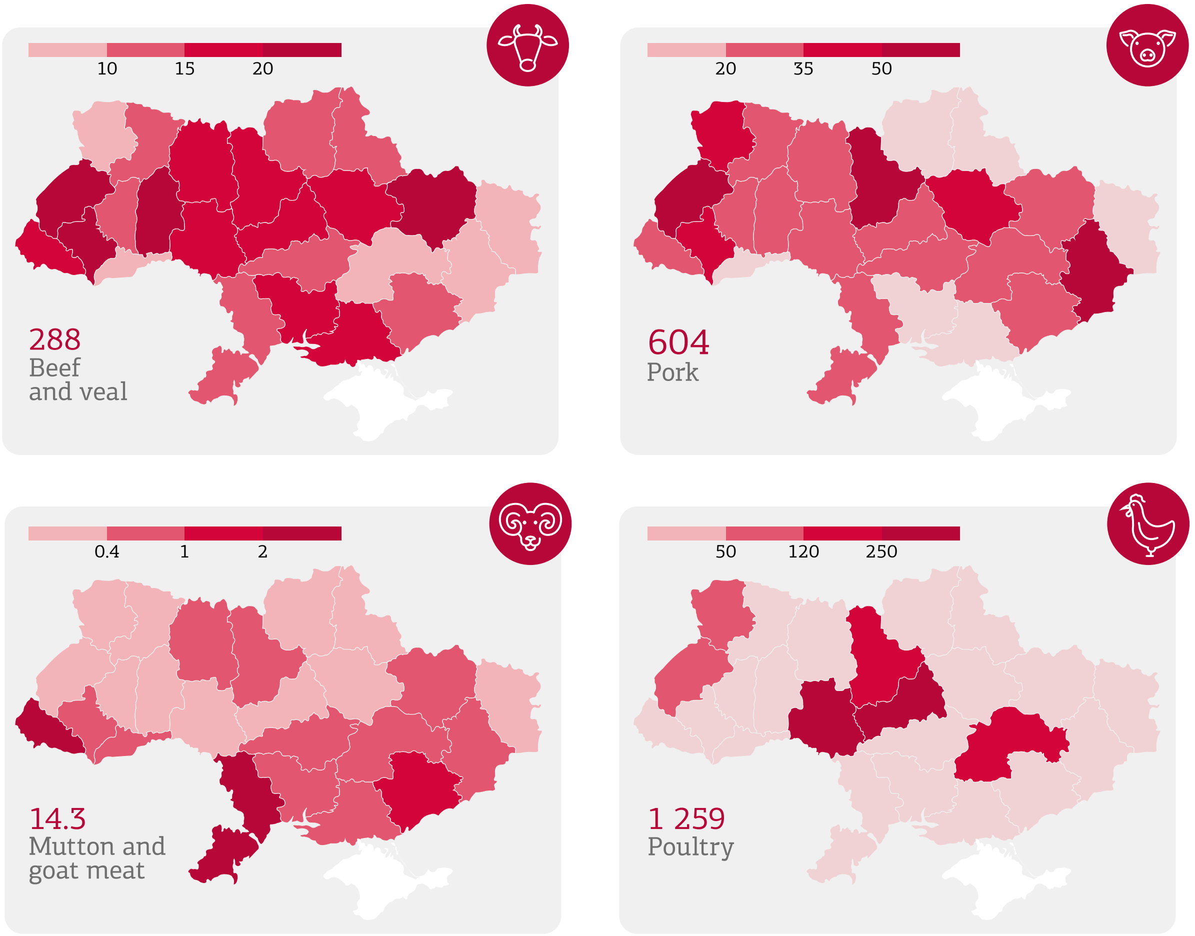
Meat production by farm types, 2018, %



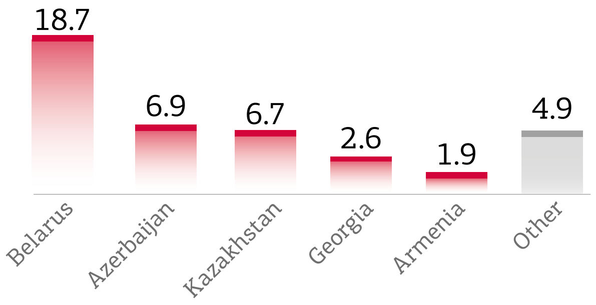
Production, export and import of meat, 2018, thou. t



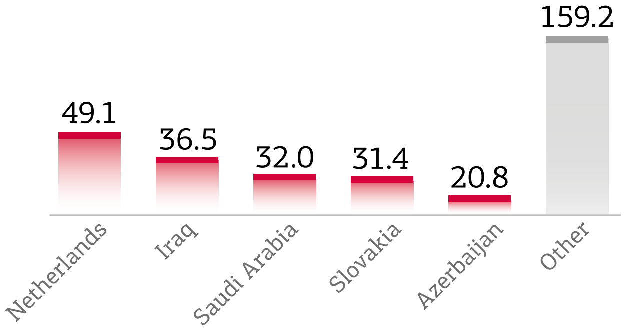
Regional meat products structure, 2018, thou. t



TOP-5 Ukrainian beef and veal export directions, 2018, thou. t



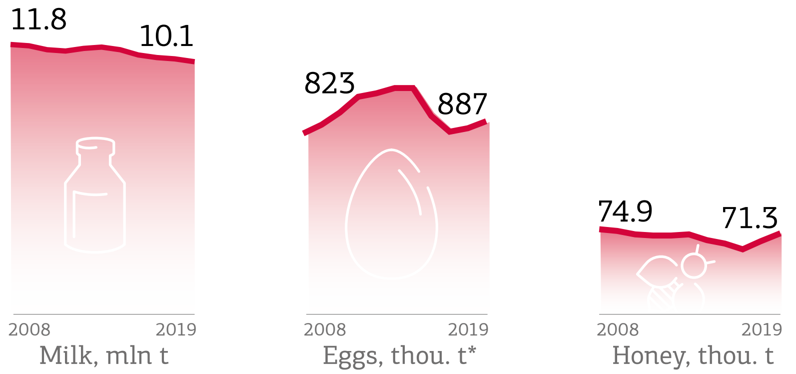
TOP-5 Ukrainian poultry meat export directions, 2018, thou. t

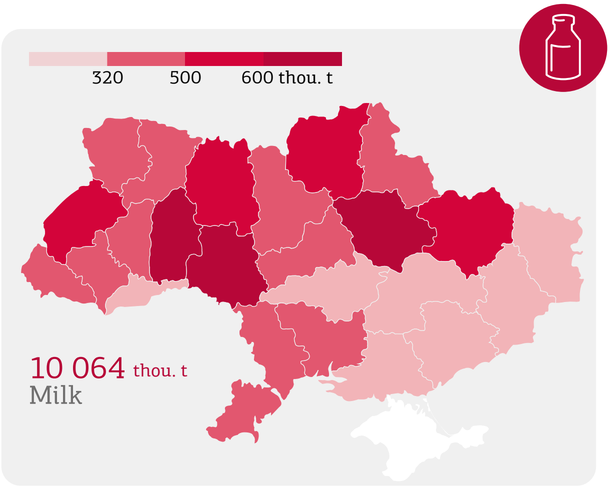


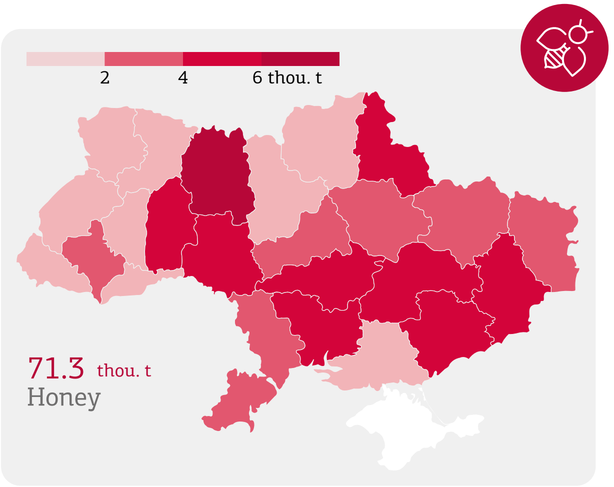
Source: State Statistics, Meat-balance

ANIMAL PRODUCTS IN UKRAINE

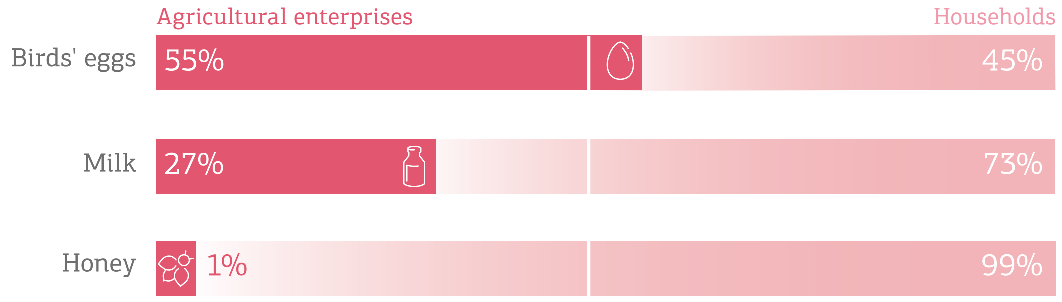
Livestock products output dynamics, 2008-2019





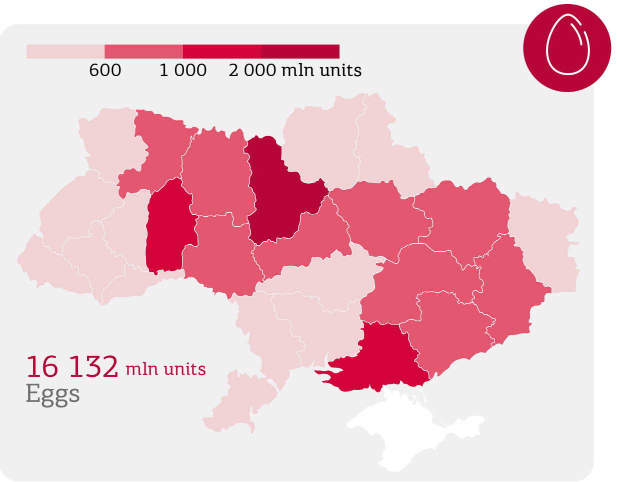


Livestock products output by farm types, 2018, %

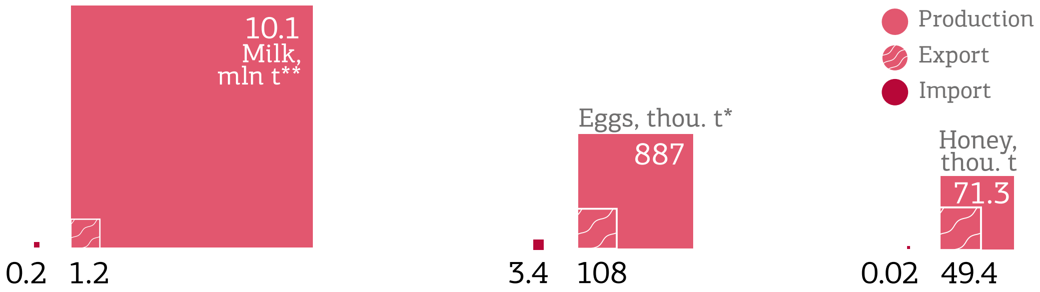


Regional livestock products production structure,

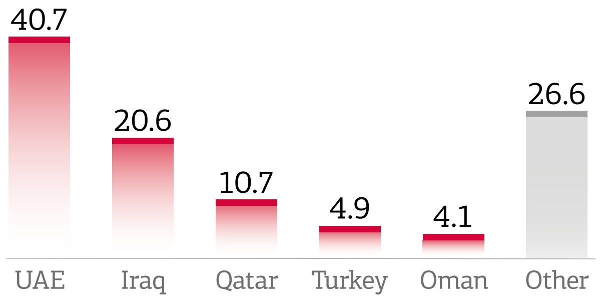
2018 for products/as of January 1 2019 for honey



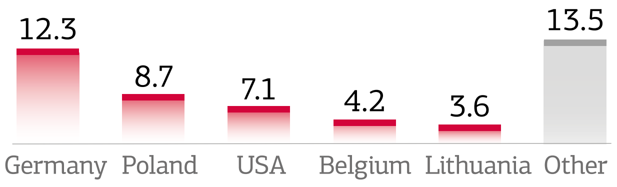
Production, export and import of livestock products, 2018



TOP-5 Ukrainian eggs export directions, 2018, thou. t



TOP-5 Ukrainian honey export directions, 2018, thou. t

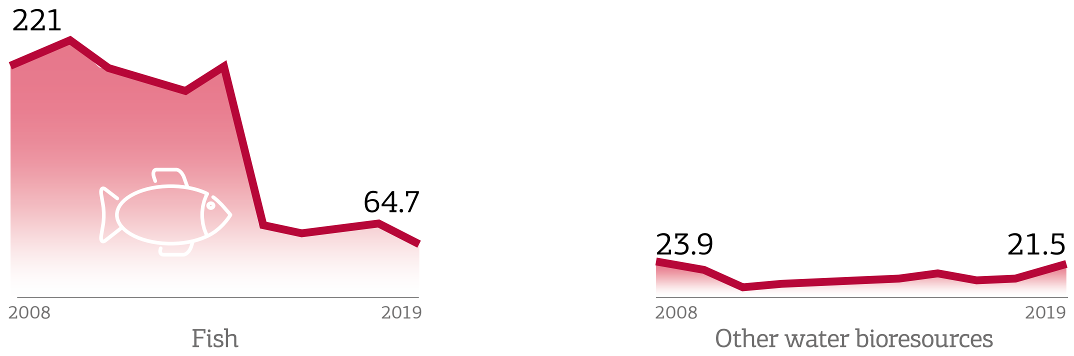


Source: State Statistics, Infagro

*for the calculation used the average total weight of an egg — 55 g
**export and import — industrial production of milk and dairy products

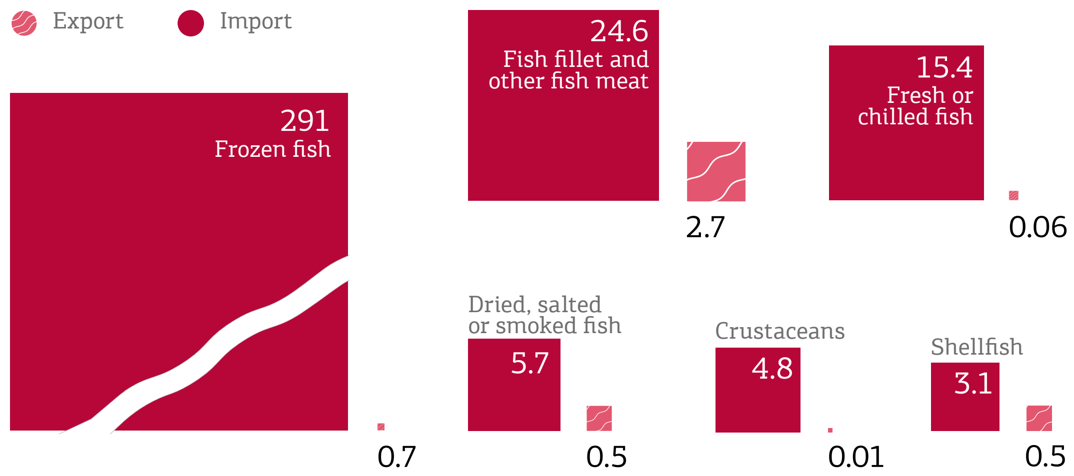
FISH INDUSTRY OF UKRAINE

Water bioresources production dynamics, 2008-2019, thou. t

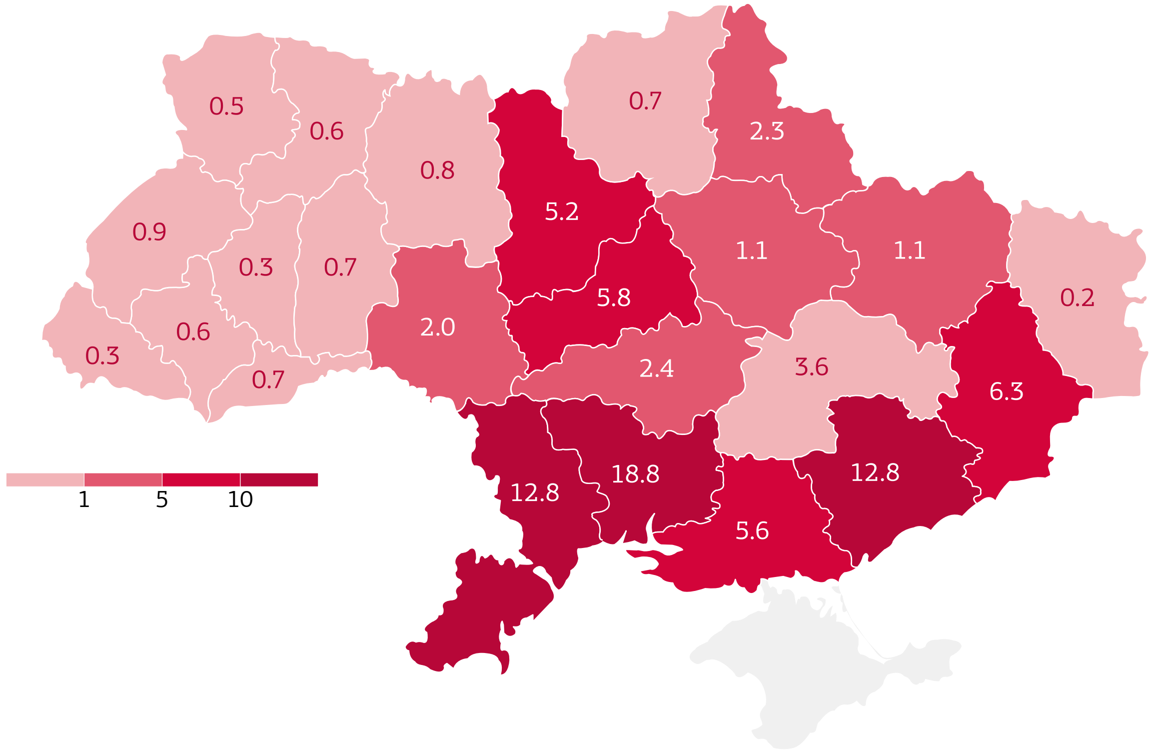


Structure of water bioresources production, 2018, thou. t

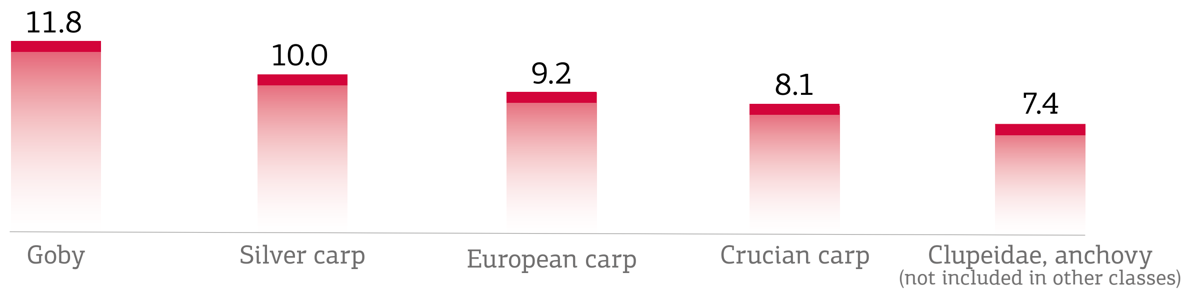
Export and import of water bioresources, 2018, thou. t



Regional water bioresources production structure, 2018, thou. t



TOP-5 Ukrainian bioresources by volume of production, 2018, thou. t



Source: State Statistics

PROCESSED FOOD

BASIC FOOD PRODUCTION

6 364 — Production, thou. t
5 800 — Export, thou. t
💧 — 100 thou. t

Sunflower oil	6 364[1]	5 800
Soybean oil	275	267
Rapeseed oil	140	140
Flour	1 736	307
Sugar	1 820	570
Poultry meat	1 259	331
Pork	604	2
Beef and veal	288	55
Bread and bakery products	949	24
Confectionery	489	80
Pasta	73	3
Cultured milk products	401	5
Butter	106	30
Cheese	96	8
Dried milk	51	28
Chocolate and sugar confectionery	369	149
Tinned vegetables	278	86
Sauces and condiments	240	32
Margarine	136	16

1 436 — Production, mln l
67 — Export, mln l
— 100 mln l

Flavoured water	1 436	67
Mineral water	1 381	11
Beer	1 840	113
Vodka*	127	45
Cognac, brandy, liqueurs	95	—
Juice*	444	77
Ice Cream*	149	6
Kvass	96	—

Source: State Statistics, SFS, USDA, Meat-balance, Milk-balance, Ukrsugar

*calculations were made on the basis of coefficients as followed: vodka: 1 liter = 0.95 kg; juices: 1 liter = 1.05 kg; ice cream: 1 liter = 1.11 kg

The current state of oil production

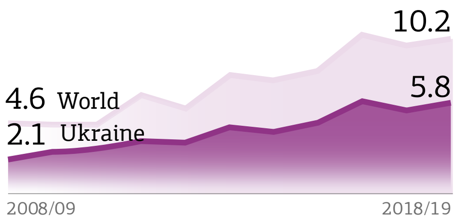
Sunflower seed

This is an export-oriented sector with increasing demand in the world market.

Crude sunflower oil is the basis of export.

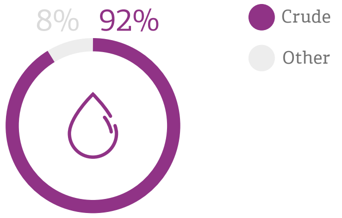
Export of sunflower oil,

MY2008/09–MY2018/19, mln t



Ukrainian sunflower oil export structure,

2018, % (in physical terms)



The lack of raw materials prevent the further growth of production

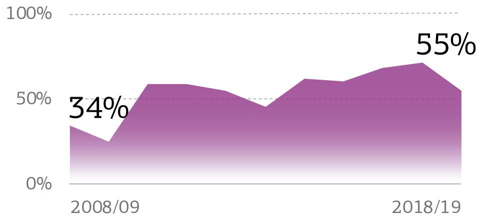
Soybean

The level of raw material processing is expected to be increased.

Soybean meal is the key product for the business, having a domestic market as well. Soybean oil is a derived product and is mostly exported.

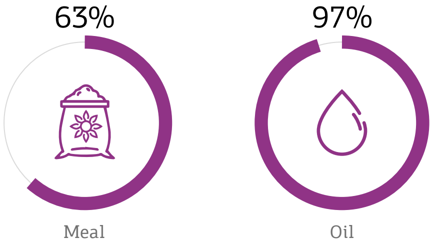
Soybeans export share of production,

MY2008/09–MY2018/19, %



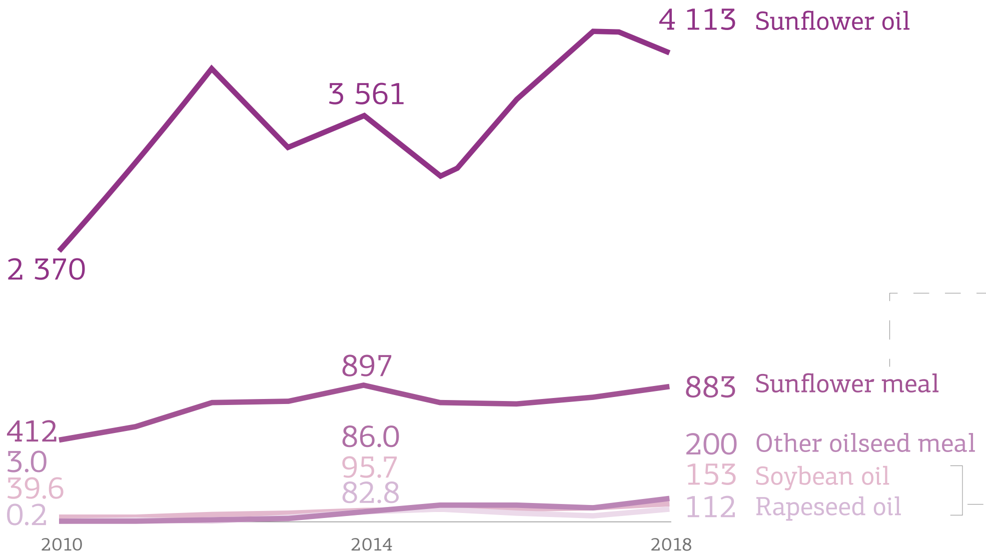
Export share of annual supply,

MY2018/19



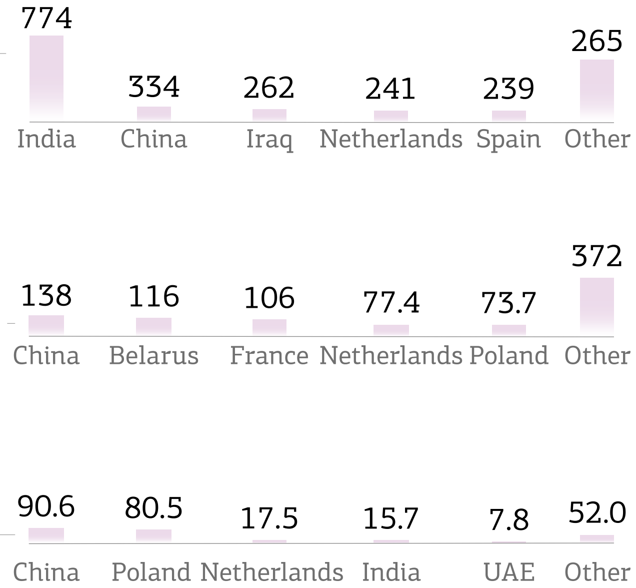
Ukrainian vegetable oil and meal export,

2010-2018, $ mln



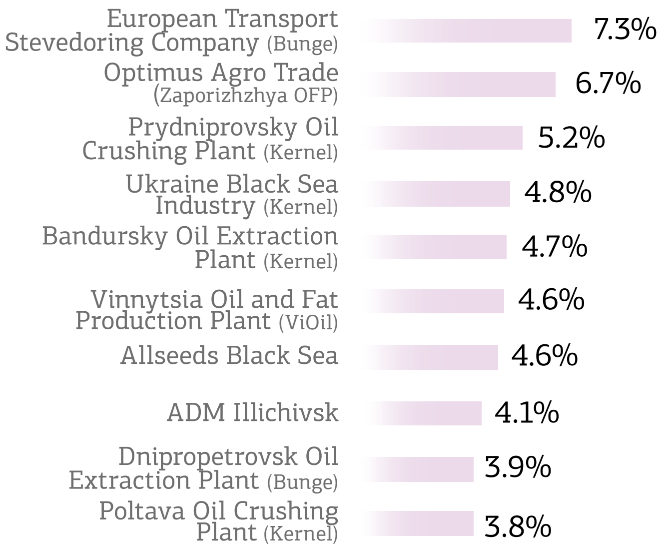
TOP-5 export directions,

2018, $ mln



TOP-10 unrefined sunflower oil producers,

September-July MY2018/19, % of the market

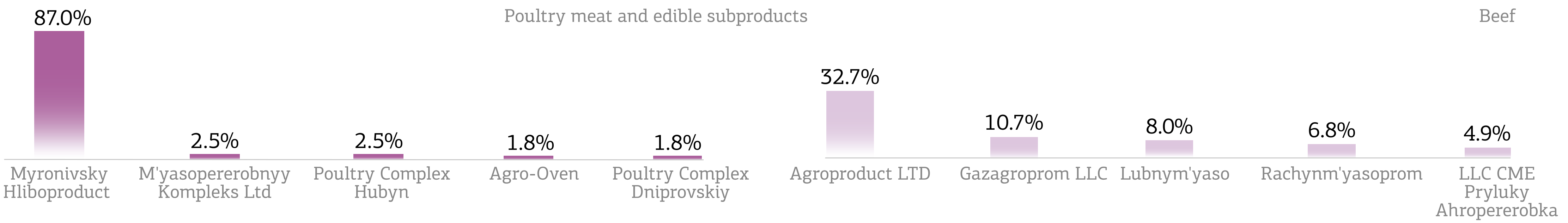


Source: State Statistics, USDA, Ukroilprom, APK-Inform

MEAT INDUSTRY IN UKRAINE

TOP-5 Ukrainian meat exporters,

2018, % of the market



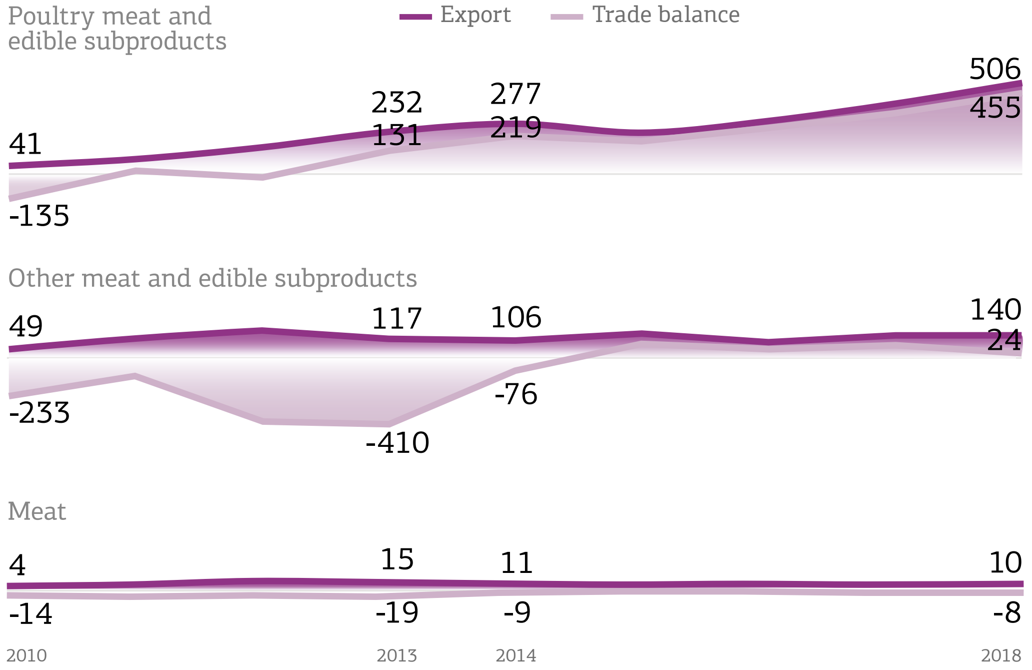
Poultry is the basis of foreign trade in the sector. Other meat and edible products export volume is substantially smaller and directed mainly to CIS countries.

Meat consumption dynamics in Ukraine,

2018 compared with 2010, %

Meat and edible subproducts foreign trade,

2010-2018, $ mln

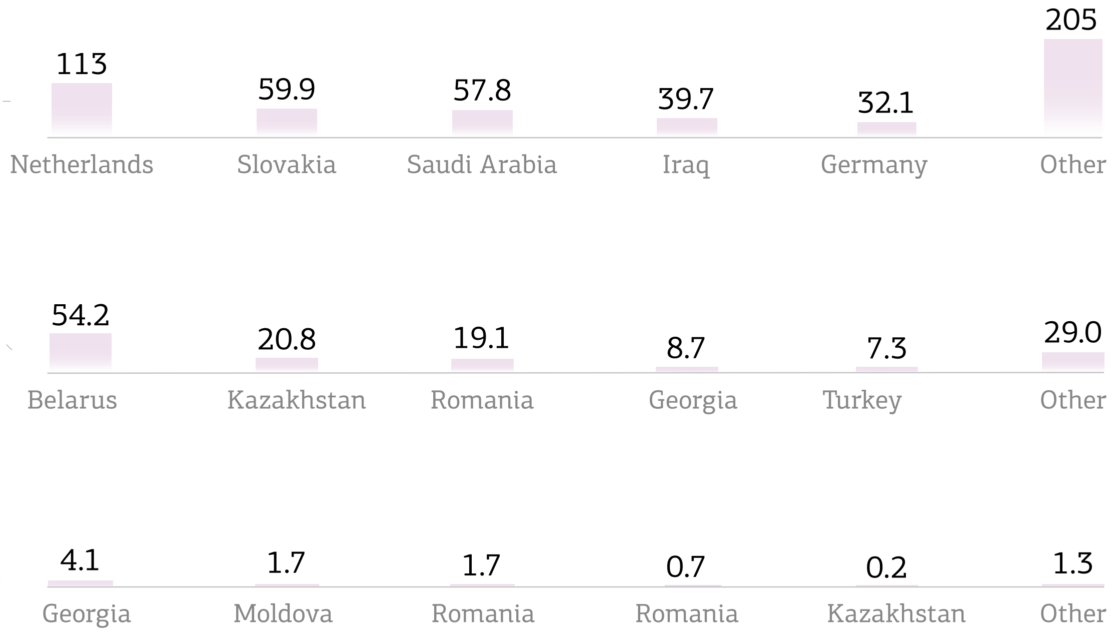


For the last 4 years, export has been growing by 13% annually on average

89% of export is cattle meat

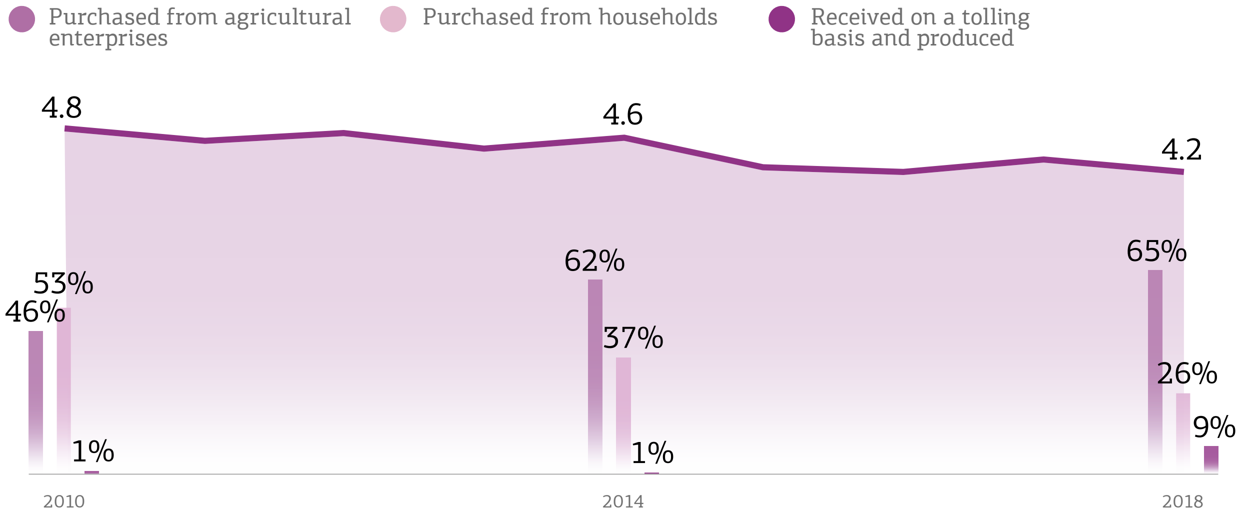
TOP-5 export directions,

2018, $ mln



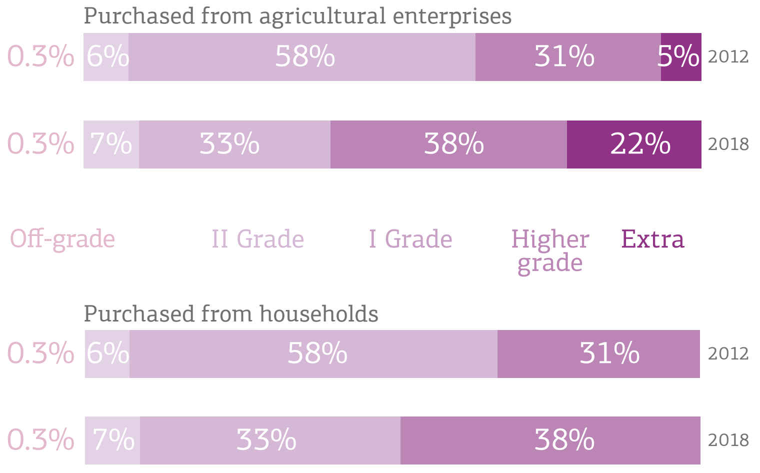
Source: State Statistics, Meat-balance, UFEB

The volume of milk sent to industrial processing by origin, 2010-2018, mln t (%)

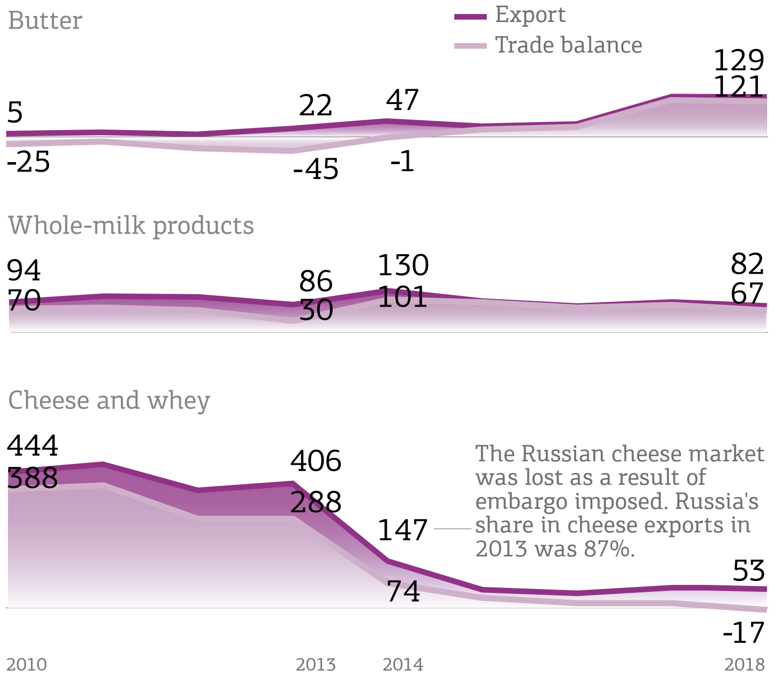


The share of milk purchased from households for processing has decreased significantly in recent years.

Structure of milk received for processing by quality, 2012 and 2018, %

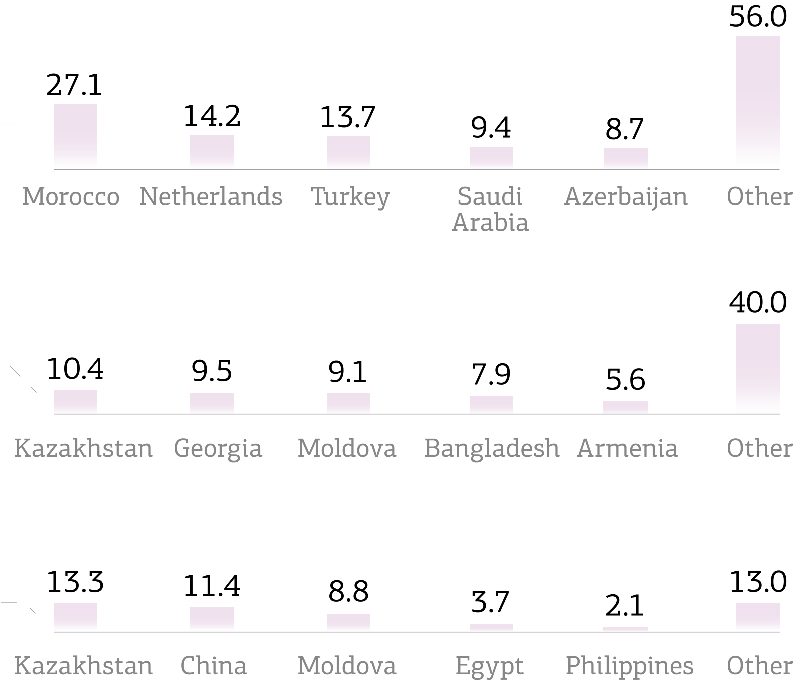


Dairy products foreign trade, 2010-2018, $ mln

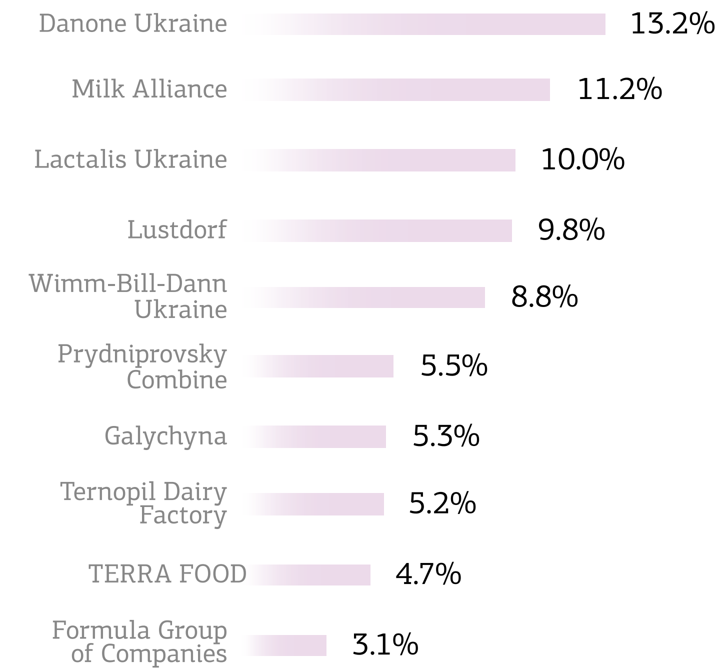


The Russian cheese market was lost as a result of embargo imposed. Russia's share in cheese exports in 2013 was 87%.

TOP-5 export directions, 2018, $ mln



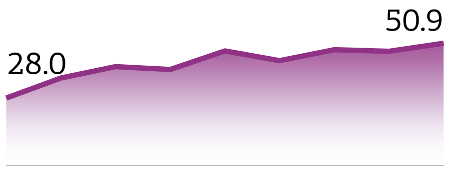
TOP-10 producers of whole-milk products, 2018, % of the market



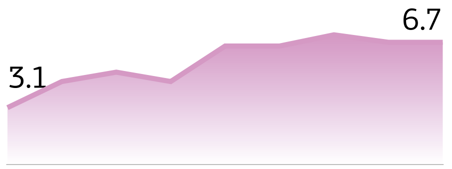
Source: State Statistics, Infagro.com.ua estimates, AgroTimes.ua

SUGAR INDUSTRY

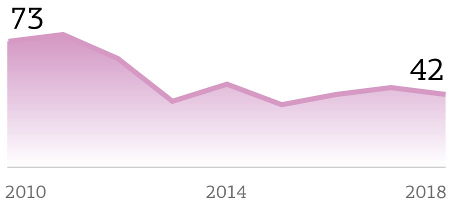
Sugar beet and sugar production,
2010-2018, mln t



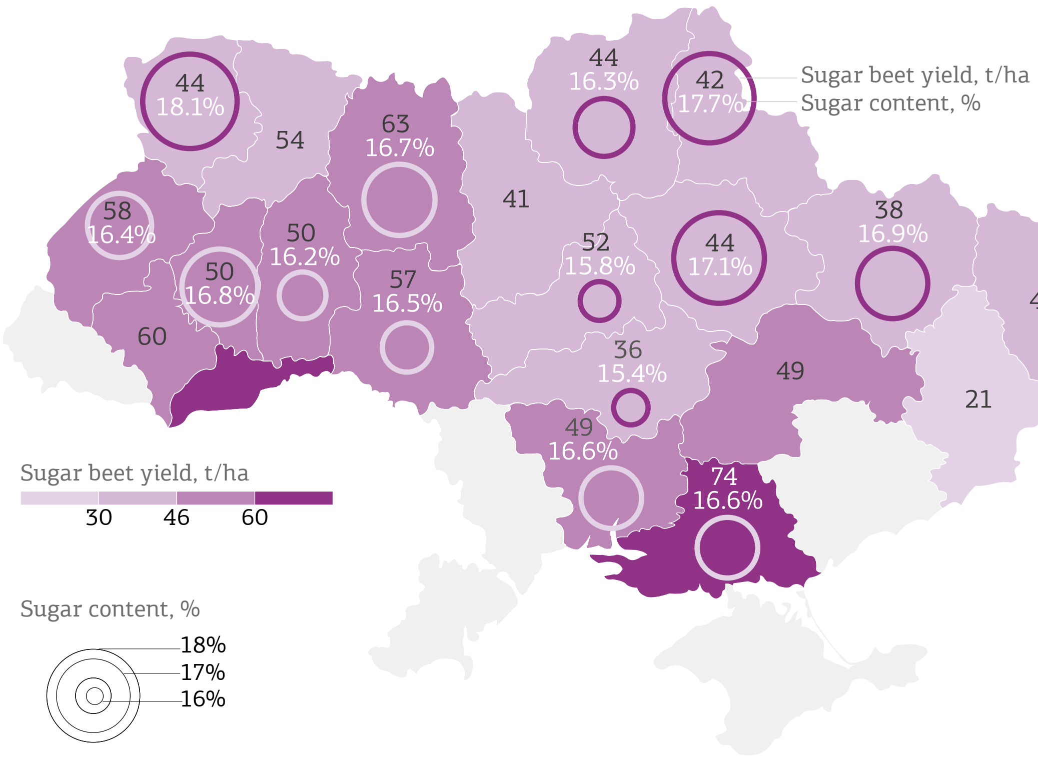
Sugar beet yield,
2010-2018, t/ha



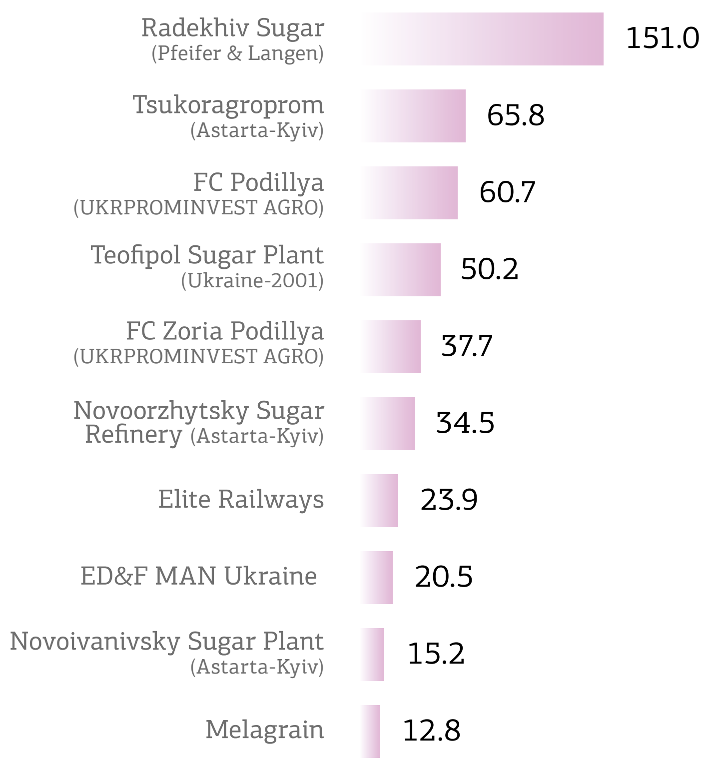
Sugar production per 1 hectare
2010-2018, t



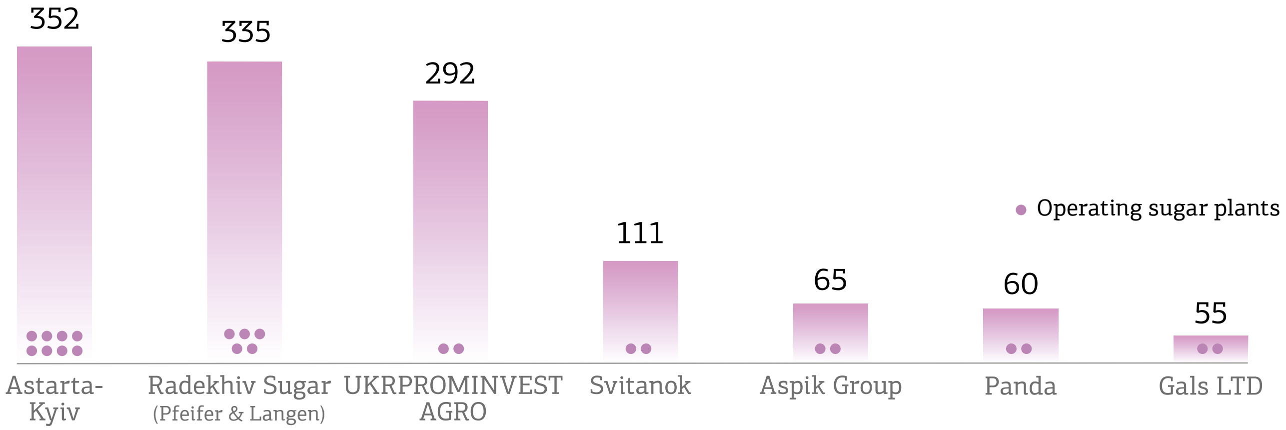
Number of sugar plants
2010-2018



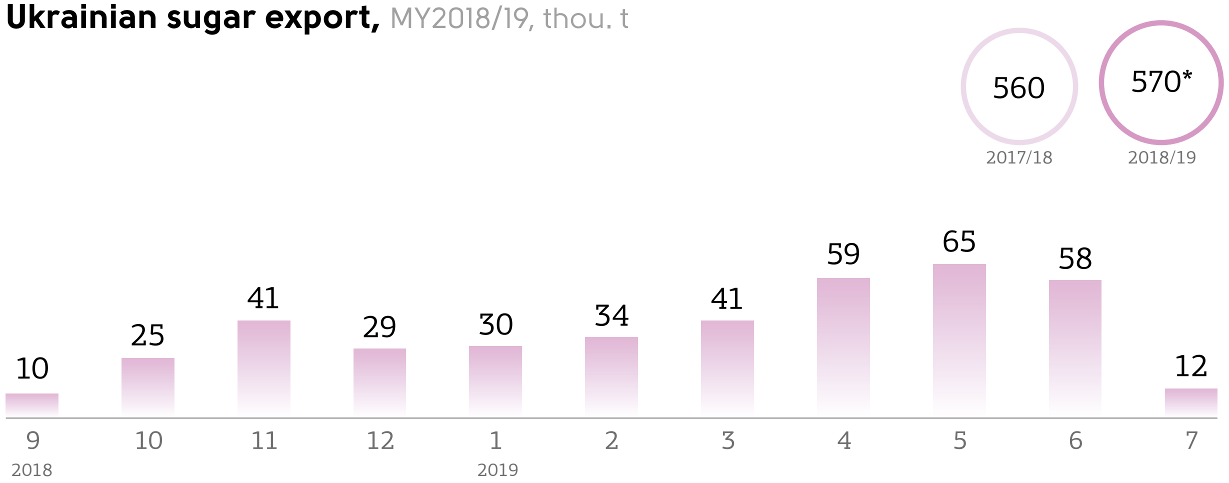
TOP-10 Ukrainian sugar exporters,
MY2018/19, thou. t



TOP sugar producers in Ukraine, MY2018/19, thou. t



Ukrainian sugar export, MY2018/19, thou. t



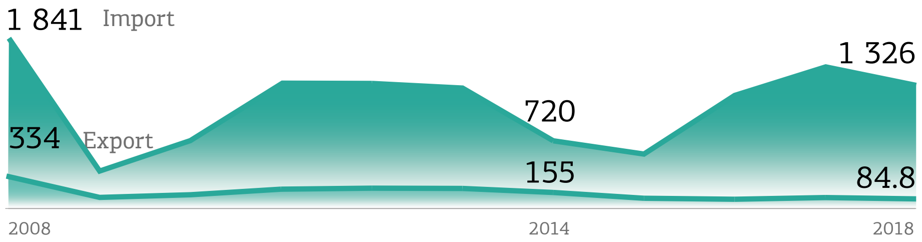
Source: State Statistics, Ukrsugar

*forecast

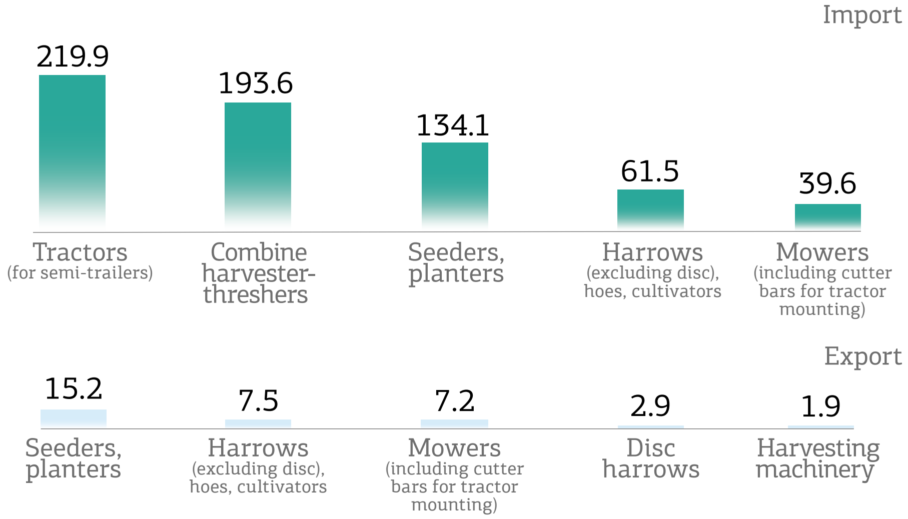
INFRASTRUCTURE AND SERVICES

AGRICULTURAL MACHINERY AND EQUIPMENT

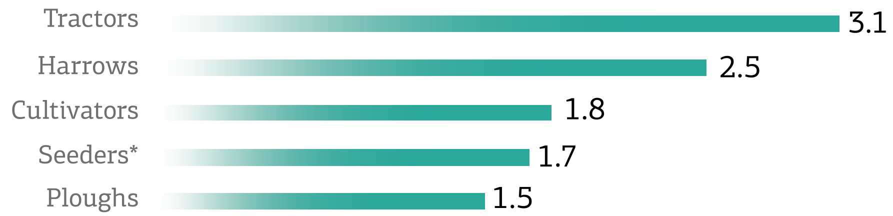
Agricultural machinery and equipment foreign trade, 2008-2018, $ mln



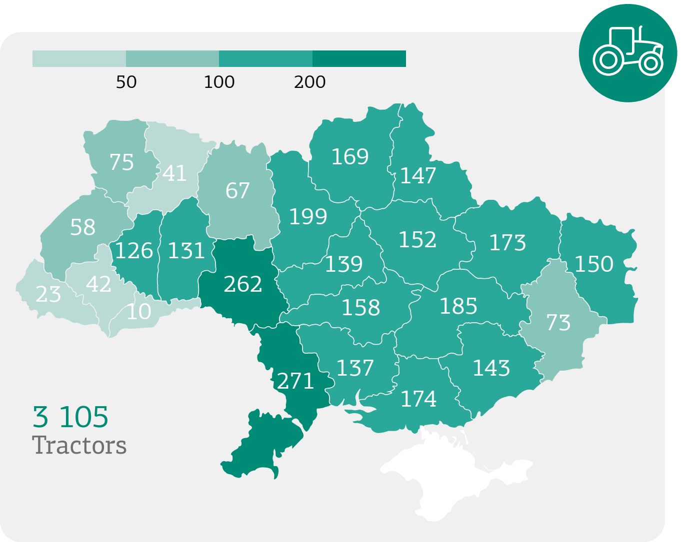
TOP-5 agricultural machinery categories in foreign trade, 2018, $ mln

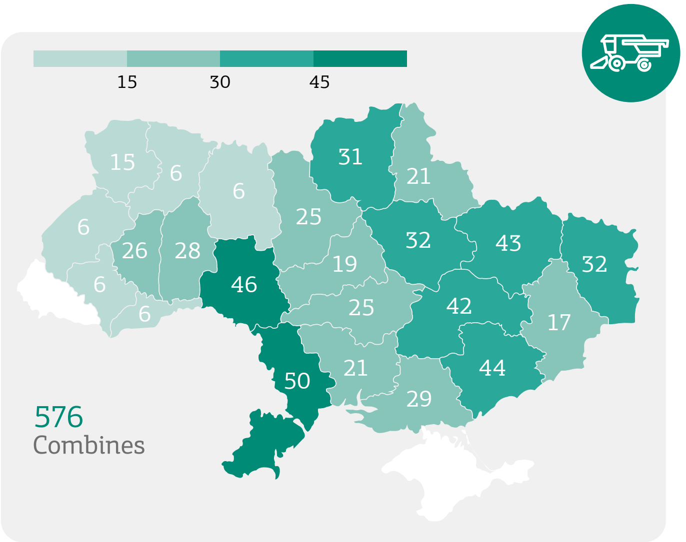


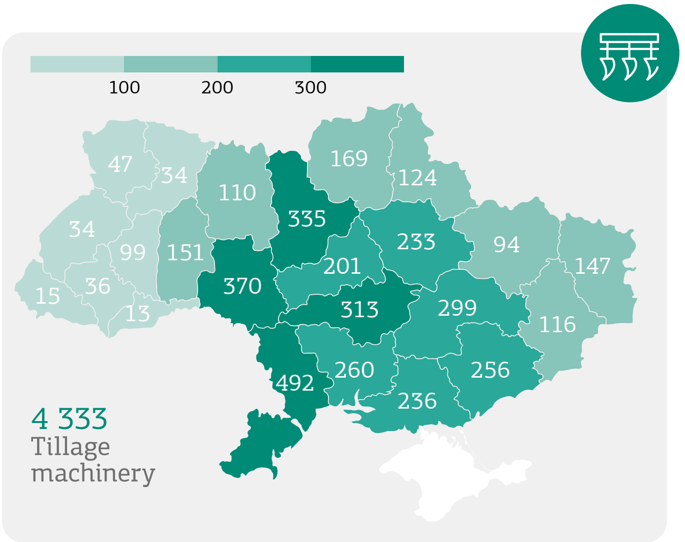
TOP-5 agricultural machinery types purchased by agricultural enterprises, 2018, thou. units

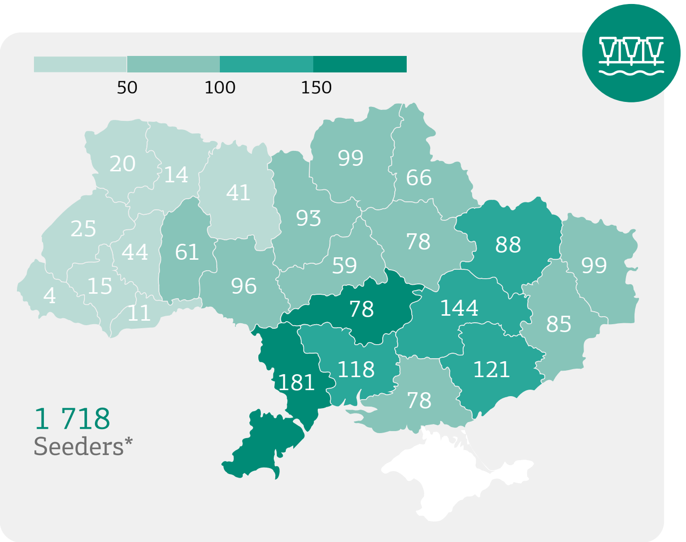


Agricultural machinery purchase by regions, 2018, units









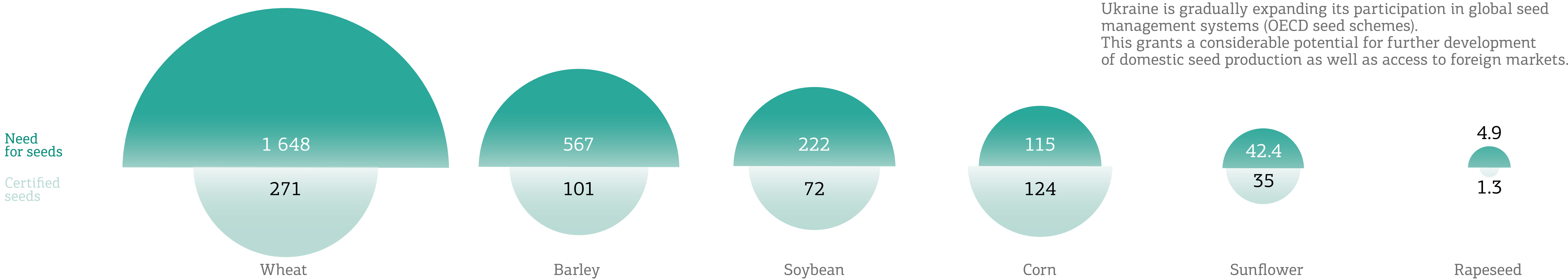
Source: State Statistics

*no-till direct excluded

SEEDS

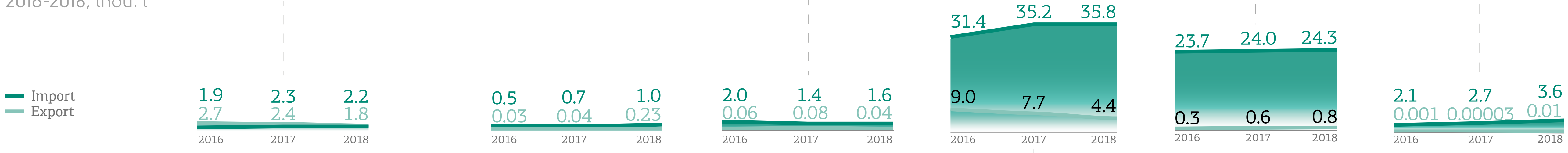
Need for seeds and the volume of certified seeds for basic corps, 2018, thou. t

Ukraine is gradually expanding its participation in global seed management systems (OECD seed schemes).
This grants a considerable potential for further development of domestic seed production as well as access to foreign markets.



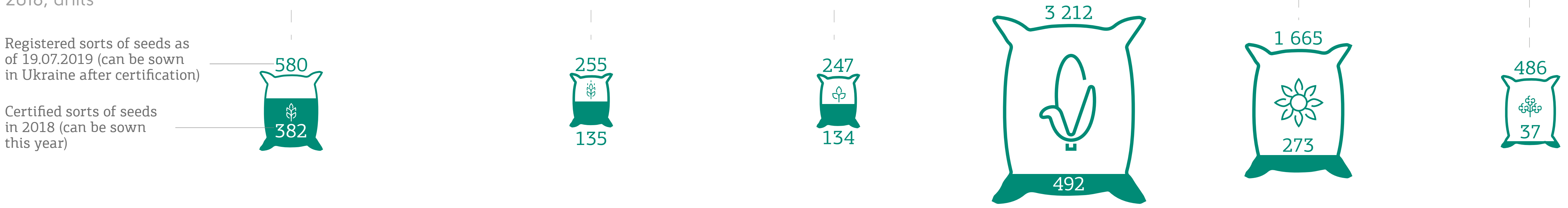
Seeds foreign trade,

2016-2018, thou. t



Number of registered and certified varieties,

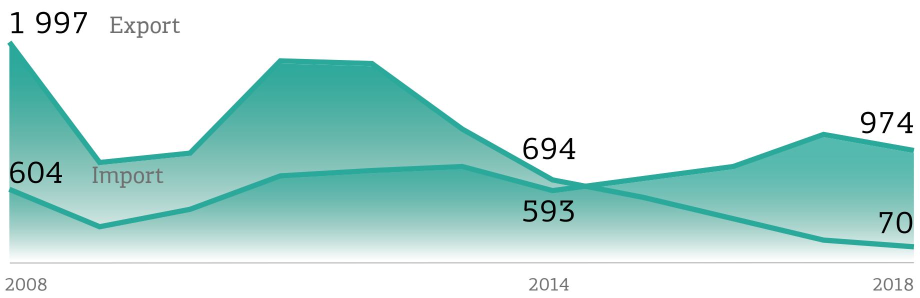
2018, units



Source: Minagroprod, State Statistics, UIPVE, NSC "IAE"

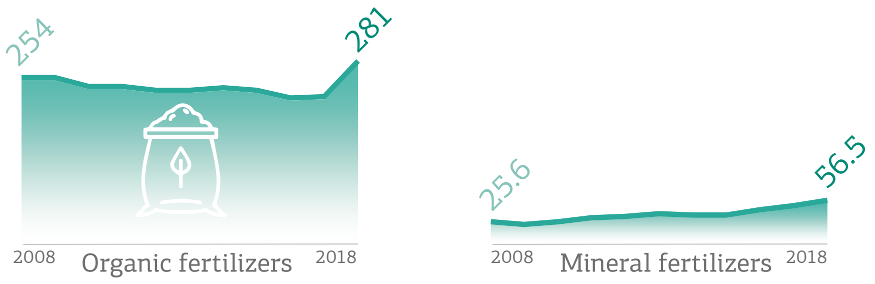
Fertilizers foreign trade in Ukraine,

2008-2018, $ mln



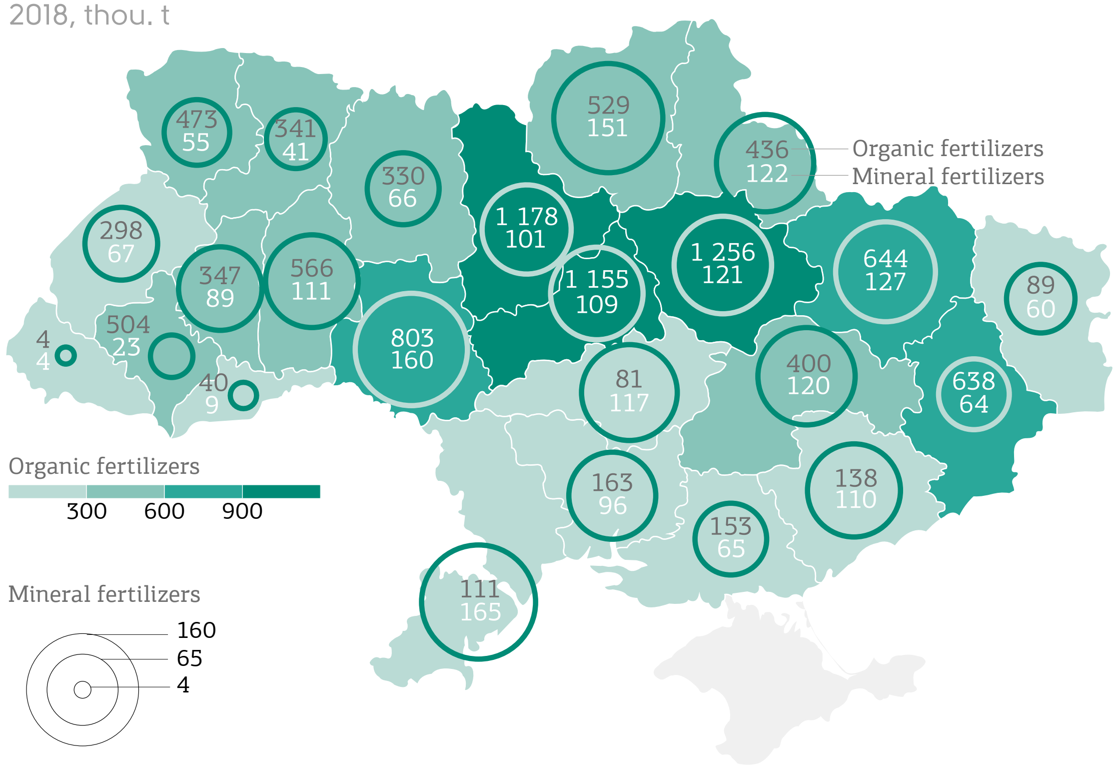
Fertilizer used per 1 ha,

2008-2018, kg



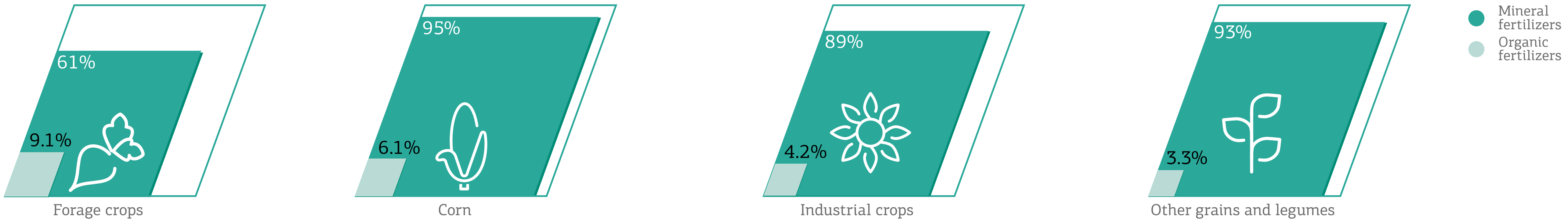
Fertilizer application,

2018, thou. t



Share of fertilized crops planting area,

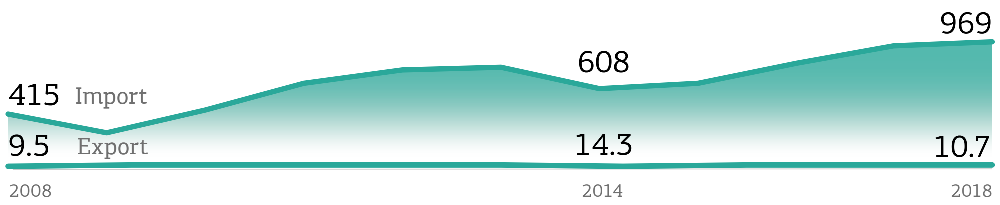
2018, %



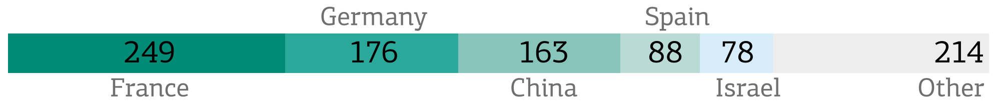
Source: State Statistics

CROP PROTECTION PRODUCTS (CPP)

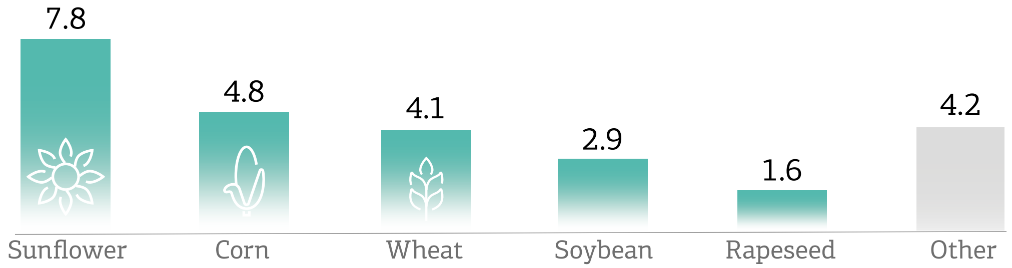
CPP foreign trade,
2010-2018, $ mln



TOP-5 CPP importers into Ukraine,
2018, $ mln

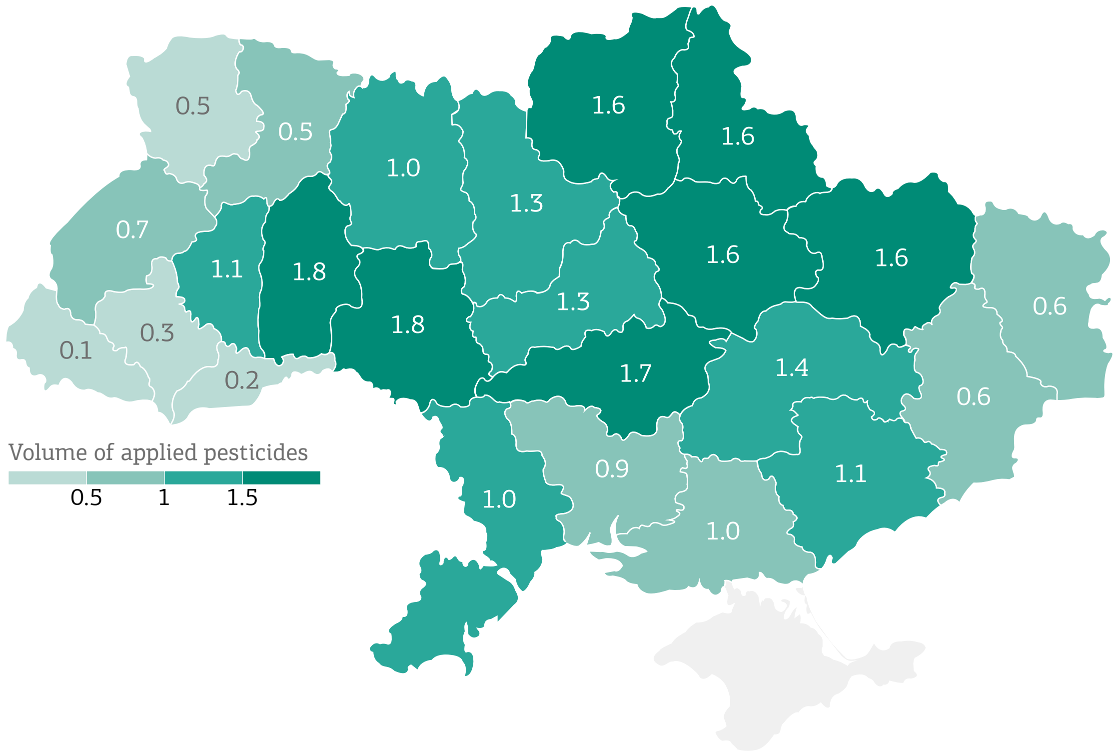


TOP-5 crops by volume of applied pesticides,
2018, thou. t (active substance)

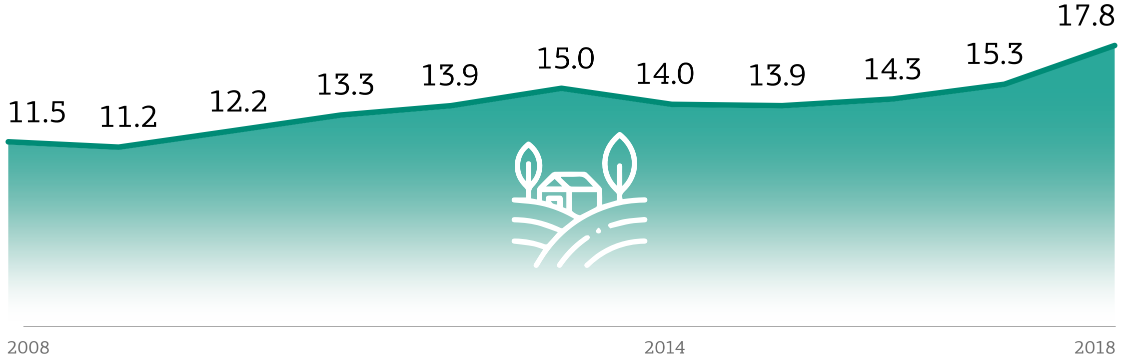


Applied pesticides by types,
2018, %

Application of pesticides by regions, 2018, thou. t (active substance)



Area where CPP were applied, 2008-2018, mln ha*



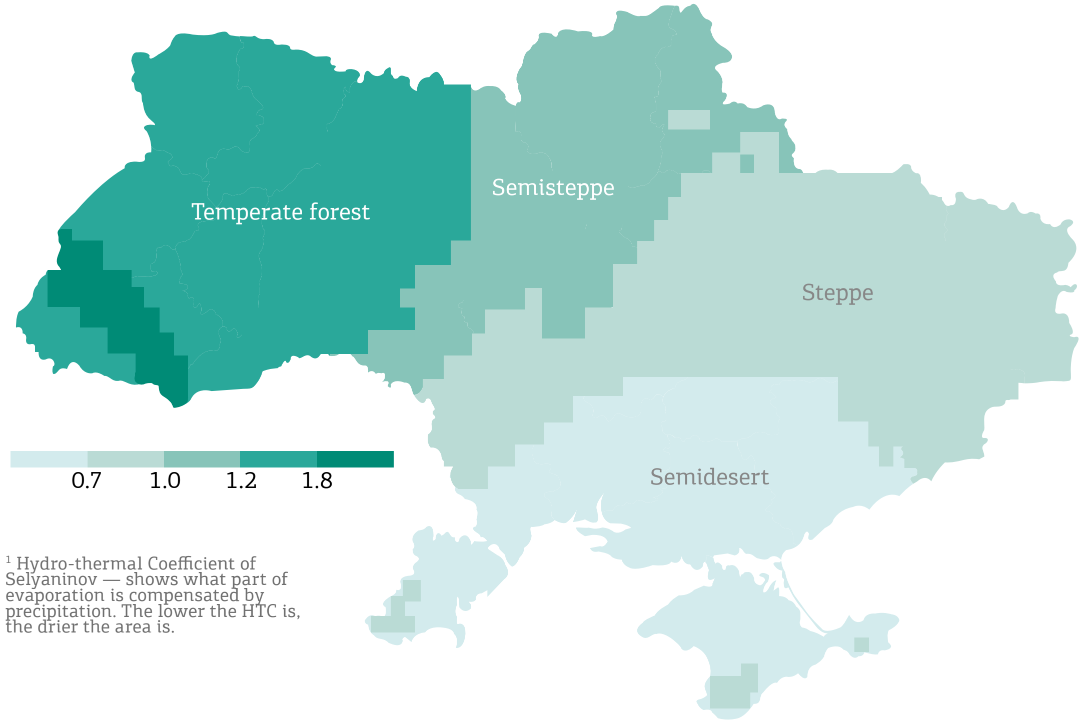
Source: State Statistics

*only pesticides taken into account

EFFECT OF CLIMATE CHANGE AND IRRIGATION IN UKRAINE

HTC[1] forecast for 2031–2050,

coefficient



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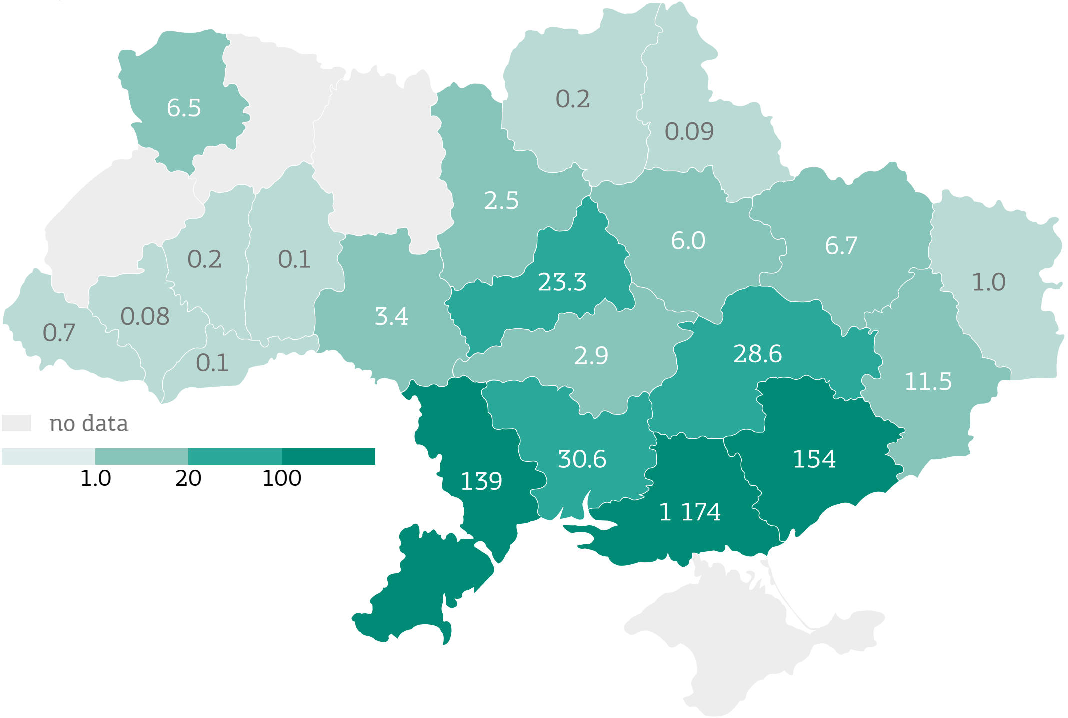
[1] Hydro-thermal Coefficient of Selyaninov — shows what part of evaporation is compensated by precipitation. The lower the HTC is, the drier the area is.

The frequency of precipitation is expected to decrease, causing the soil drought aggravation. The zone of unstable and insufficient soil moisture will extend to the central and northern regions.

Water usage for irrigation by regions,

2018, mln m^3



$1.5 bln
losses Ukraine annually suffers from insufficient irrigation

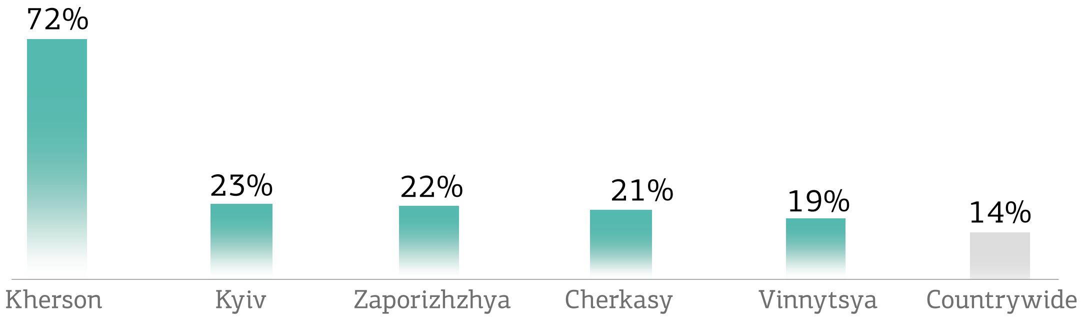
19 mln ha
of arable land need constant irrigation

Domestic land reclamation systems ownership,

as of July 2019, thou. ha

TOP-5 regions by the share of irrigated lands,

2018, % of irrigated lands

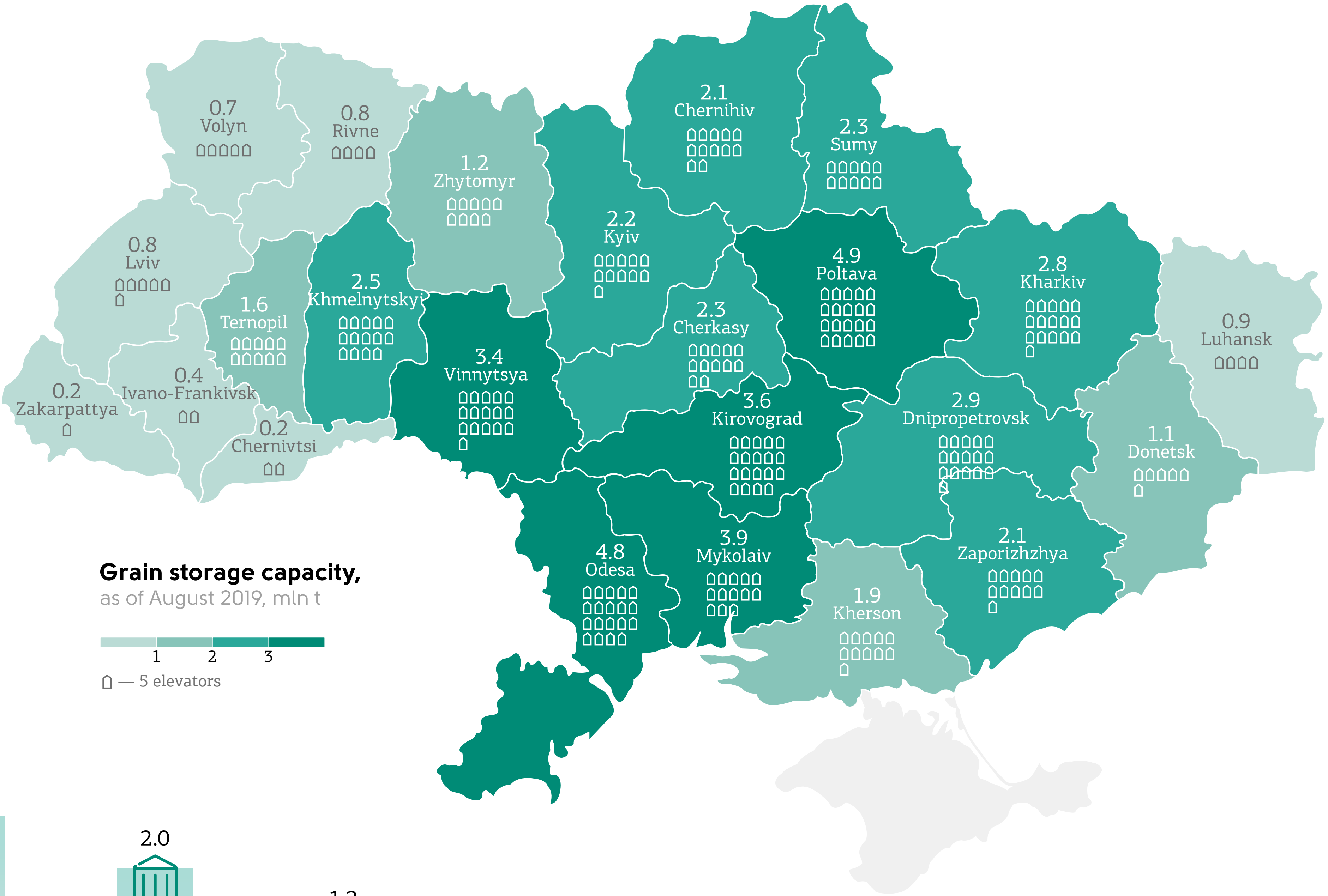


Sources: SWaRA, Latifundist.com, Irrigation and Drainage Strategy for Ukraine by 2030

QUANTITY AND LOCATION OF GRAIN STORAGES

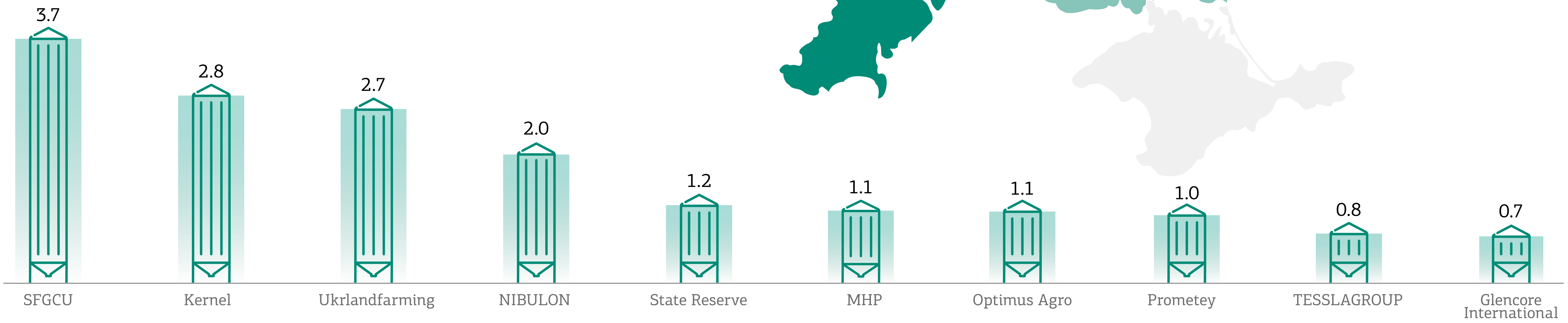
1 237 +7% compared with 2017
elevators in Ukraine

49 +4% compared with 2017 mln t
storage capacity



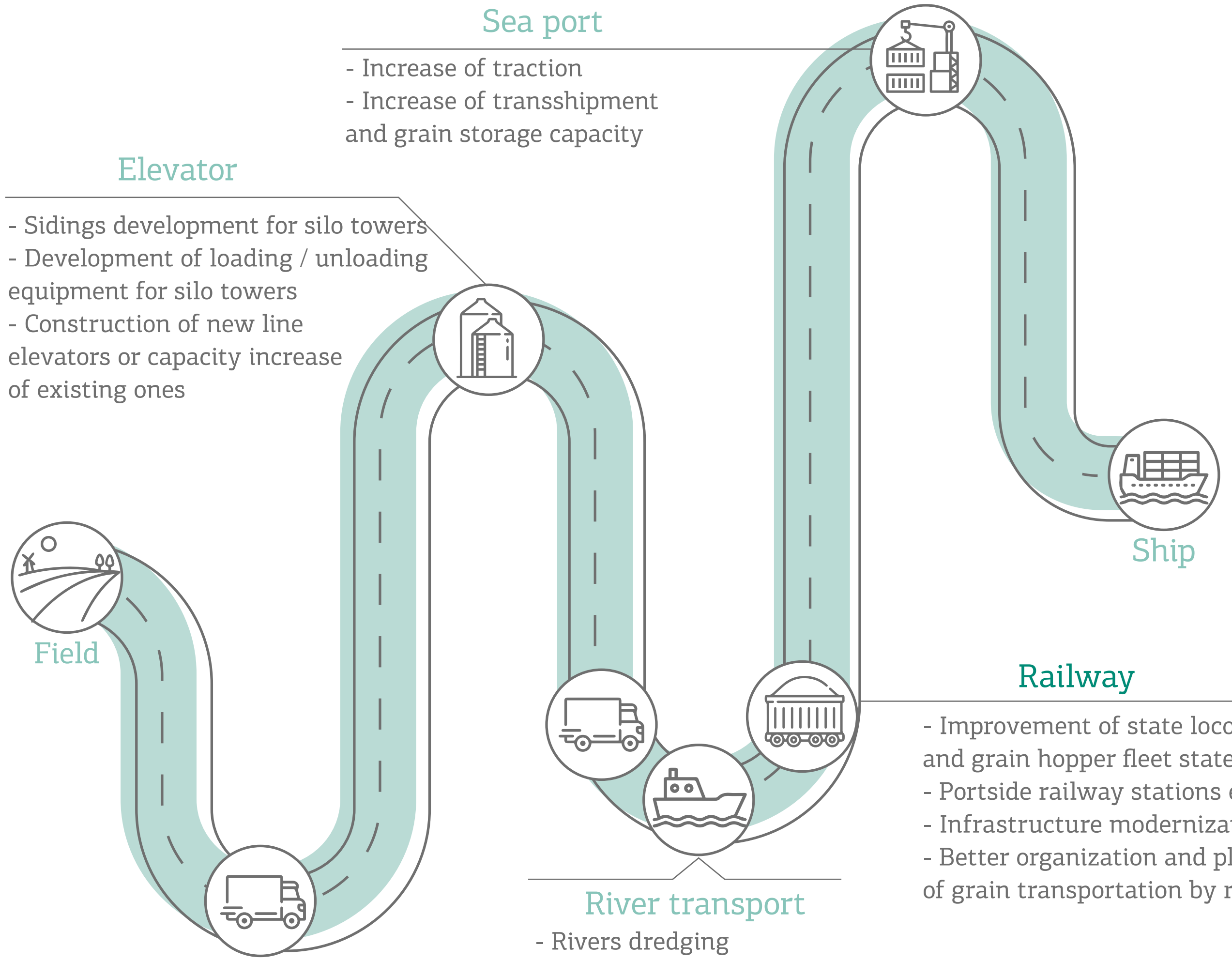
Grain storage capacity,
as of August 2019, mln t

TOP-10 companies by grain storage capacity, 2018, mln t



Sources: Elevatorist.com

The grain supply chain to export and key tips to improve it



Sea port

- Increase of traction
- Increase of transshipment and grain storage capacity

Elevator

- Sidings development for silo towers
- Development of loading / unloading equipment for silo towers
- Construction of new line elevators or capacity increase of existing ones

Field

Ship

Railway

- Improvement of state locomotive and grain hopper fleet state
- Portside railway stations enhancing
- Infrastructure modernization
- Better organization and planning of grain transportation by railway

River transport

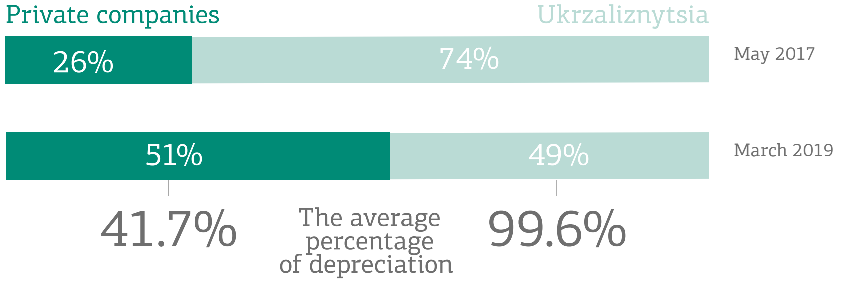
- Rivers dredging
- Repairs and modernization of lockage facilities
- Adopting the law on inland waterway transport
- Stimulation of Ukrainian river fleet construction by Ukrainian private companiest

Motor transport

- Development of road network in rural areas
- Implementation of automated trucking systems
- Establishment of a uniform mass-size control throughout Ukraine
- Improvement of roads quality

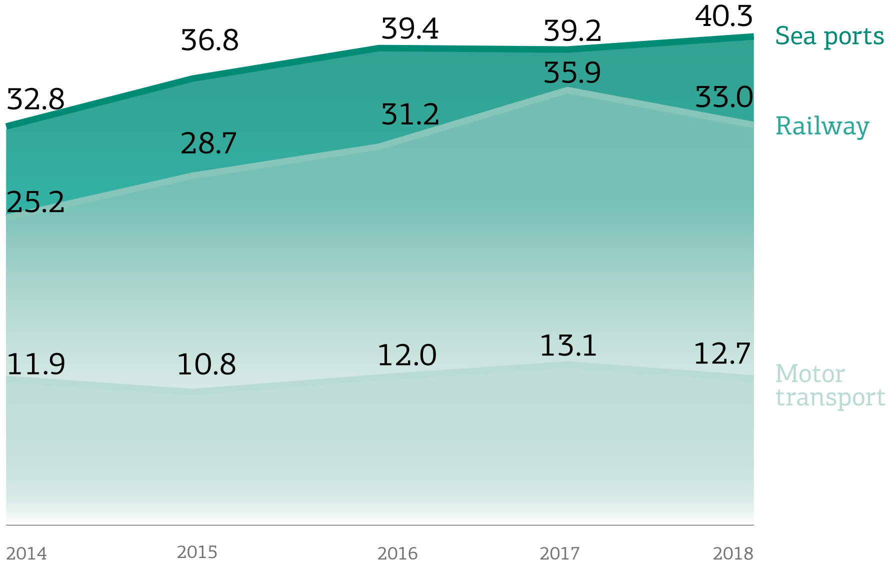
Private companies expand their fleet,

breakdown of grain hopper fleet by owners, May 2017 and March 2019, units



Grain delivery and transshipment,

2014-2018, mln t



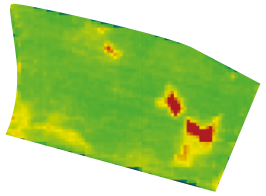
Sources: CFTS-Consulting, State Statistics, Ukrzaliznytsia, NICU

AGRIMONITORING

System of agrimonitoring

satellite

Overall low-resolution surface monitoring

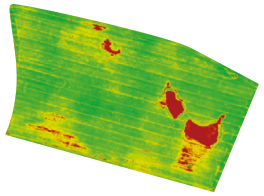


100% of Ukrainian fields
regular monitoring

every 5-7 days
get a picture of the field
(in case of good weather conditions)

drone

Highly precise monitoring



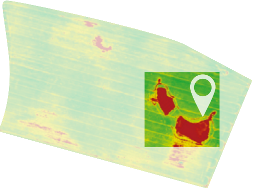
250 ha
in one drone flight,
4 flights per day

1 000 ha
of the field with accurate
data for the day

4 000 drones
are needed for weekly
monitoring of all crops in Ukraine

agronomist

Identification of the field's specific problems and sampling



6 000 ha
an average area
of one agronomist's
responsibility

Agronomist on his own

1 000 ha
inspects in a week

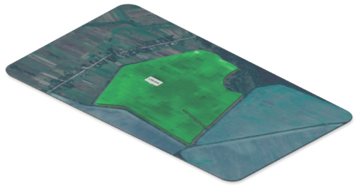
Agronomist with agrimonitoring

6 000 ha
inspects in 6 days

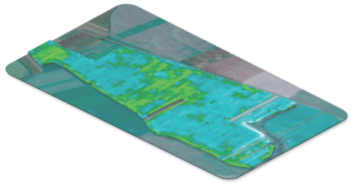
150 ha
on-site inspection of the most
problematic location

What can be analyzed

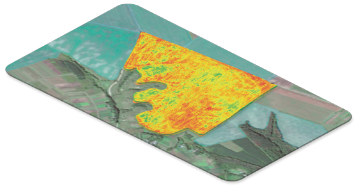
Green Area Index (GAI)



Weed amount between rows



Vegetation Index (NDVI)



Production efficiency improvement

Differential application of nitrogen fertilizers and growth regulators

- estimation of uneven development of plants;
- rational application of nitrogen fertilizers;
- fertilizing according to planned yield

Differentiated application of post-emergent herbicides

- human-factor-free analytics;
- saving of CPPs and stress reduction for cultivated plants;
- localization of weeds for further determination of species composition

Differentiated desiccation

- saving of CPPs;
- minimization of harvesting losses;
- reduction of elevator services costs

100 ha field

60 GB
analytical
data

Time required for processing

16 hours
standard
laptop

8 hours
powerful
computer

3 hours
server

Agrimonitoring allows to identify problems in a timely manner and to react quickly, thereby improving the state of crops, avoiding losses or increasing the yield in the current season; if it is impossible to make adjustments in the current season, it allows to find out the reasons for the poor state of crops and undertake appropriate actions in the next season by changing the agrotechnology.

Sources: Hummingbird

AGRIMONITORING: HUMMINGBIRD PRODUCT MATRIX

Analysis/ Crop	Monitoring						Differential application					
	Vegetation Index (NDVI)	Green Area Index (GAI)	Heterogeneity of crops	Plant counting	Weeds	Risks of crops lodging	Desiccation	Flowering and sclerotinia (fungicide)	Soil/pre-emergent herbicide	Post-emergent herbicide in interrow spaces	Nitrogen fertilizers	Growth regulator
Rapeseed	∞	🌿🌿	∞		🌿			🌿	🫘	🌿	🌿🌿	🌿🌿
Wheat	∞		∞		🟫	🌱	🌾		🫘		∞	∞
Barley	∞		∞		🟫	🌱	🌾		🫘		∞	∞
Corn	∞		∞	🌱	🌱				🫘	🌱		
Sunflower	∞		∞	🌻	🌻				🫘	🌻		
Soybean	∞		∞		🌱				🫘	🌱	🌱	
Potato	∞		∞	🥔	🥔		🥔		🫘			
Sugar beet	∞		∞	🍃	🍃				🫘	🍃		
Type of sensor	MSC	MSC	MSC	RGB	RGB/MSC	MSC	MSC	RGB	MSC	RGB	MSC	MSC

How to read the matrix: 🟫 — before sowing 🫘 — before emergence of seedlings ∞ — any phase

Plant development phases (corn) 🌱 🌱 🌽

Sources: Hummingbird

Page partners

FINANCES

INVESTMENT IN UKRAINE'S AGRICULTURAL SECTOR

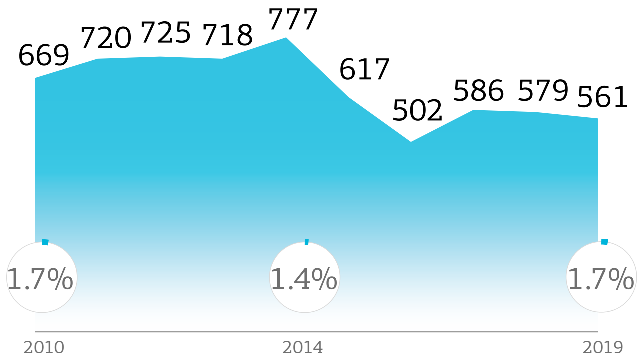
Direct investments in Ukraine's agricultural sector, 2018, $ mln

The total amount of direct investments (share capital) made by non-Ukraine residents

Share of total direct investments in Ukraine

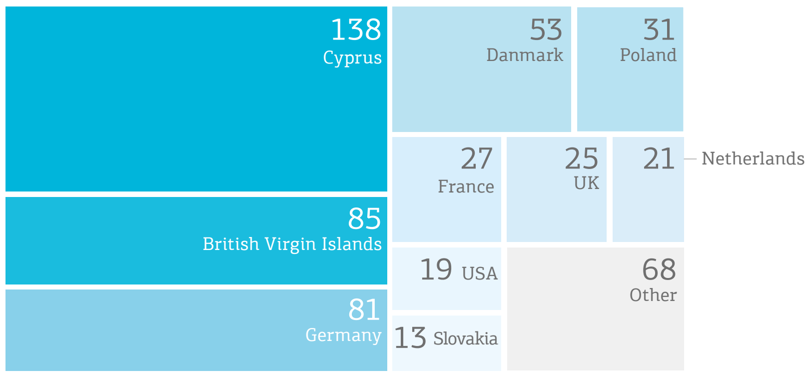
Direct investment dynamics,

as of January 1 2019



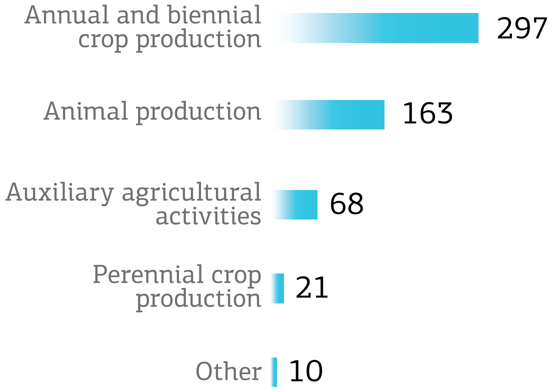
Origin countries of direct investments,

as of December 31 2018



Direct investments by type of activity,

as of December 31 2018



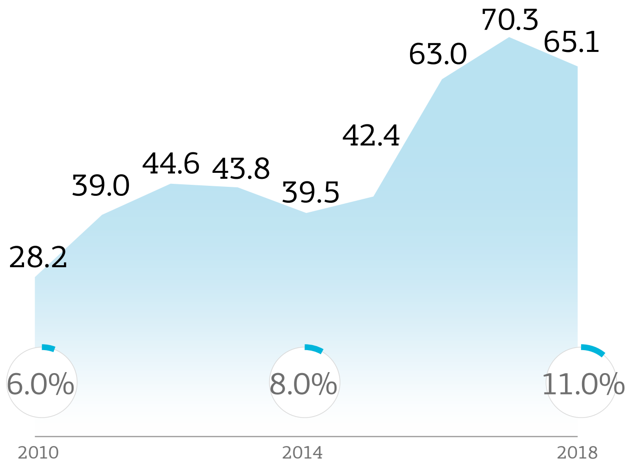
Capital investments in Ukraine's agricultural sector,

2018, UAH bln

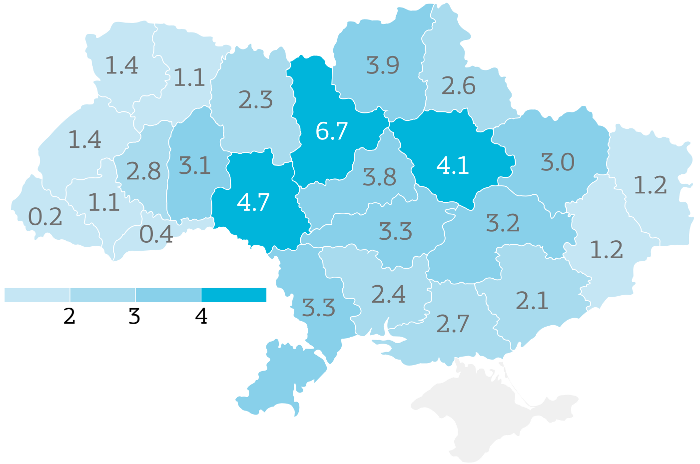
Costs for the acquisition of long-term assets: the initial value of buildings and structures, new machines and mechanisms, intangible assets (patents, licenses, know-how, etc.)

Share of total capital investments in Ukraine

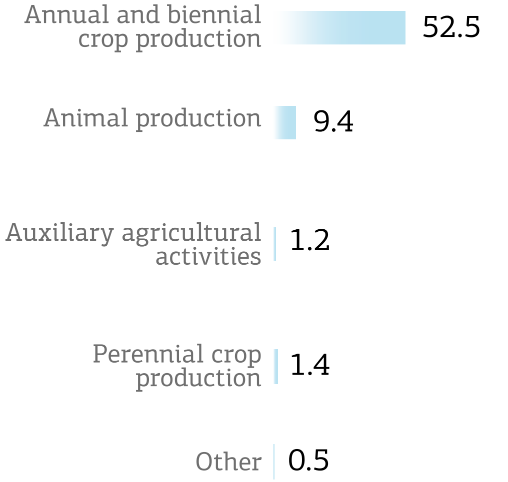
Capital investment dynamics



Capital investments in Ukraine's agricultural sector by regions



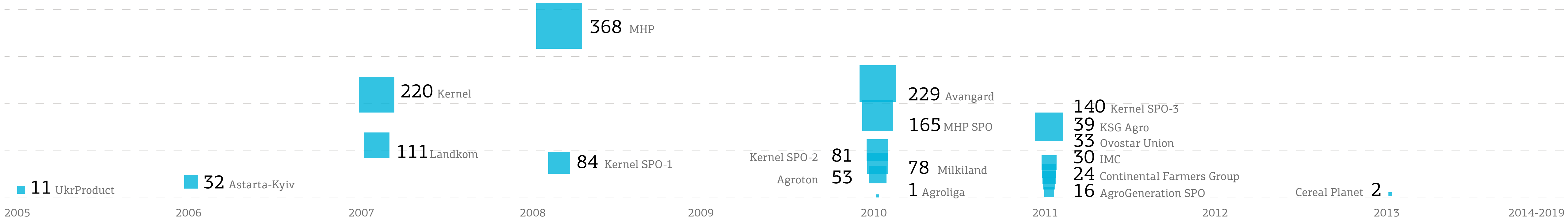
Capital investments by type of activity



Source: State Statstics

UKRAINIAN AGRIBUSINESS ON STOCK EXCHANGE

The volume of funds attracted by Ukrainian companies during IPO/SPO, 2005-2013, $ mln



Indicators of Ukrainian agro companies listed on stock exchanges, as of August 22 2019

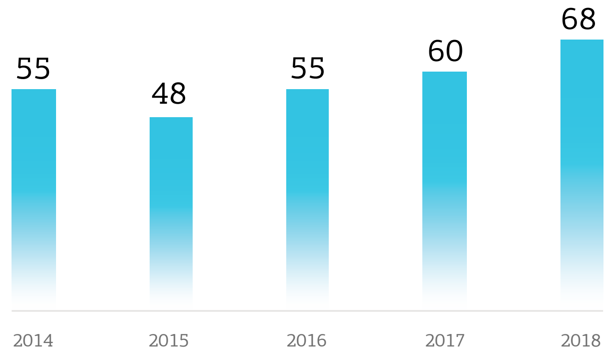
Company, in order of preparing an IPO	Capitalization, mln PLN	Prices within 52 weeks, PLN			Current price of shares, PLN	Share price changes, % per 1 year	Share price/ Earnings per share, P/E
		Min	Max				
				Warsaw Stock Exchange (WSE), PLN			
Astarta-Kyiv	561	21.5	34.0		23.1	-29%	59.9
Kernel	3 670	42.5	56.6		45.5	-12%	4.9
Agroliga	31	11.2	22.4		20.0	+30%	–
Agroton	64	2.6	4.5		2.9	-30%	1.2
Milkiland	13	0.21	1.1		0.4	-58%	8.5
KSG Agro	16	0.6	1.3		1.0	+2%	0.7
Ovostar Union	489	81.5	114.0		81.5	-16%	7.1
IMC	518	11.2	18.4		16.3	+38%	5.1
	mln GBP			London Stock Exchange (LSE), USD			
MHP	861	9.8	12.7		9.8	-22%	8.9
Avangard	13	0.25	0.33		0.25	-24%	–

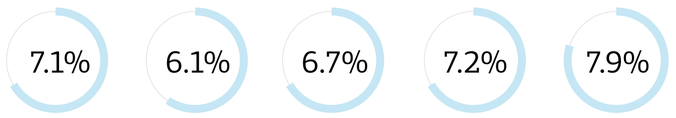
Source: Latifundist.com, Fixygen, Preqveca, PwC

UKRAINIAN AGRIBUSINESS CREDITING

Agricultural sector crediting dynamics,

at year end, UAH bln

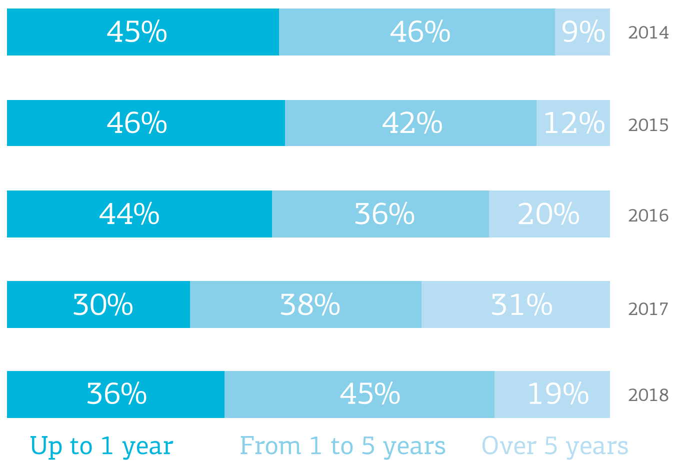




The share of agricultural loans in the loan portfolio of the banking system

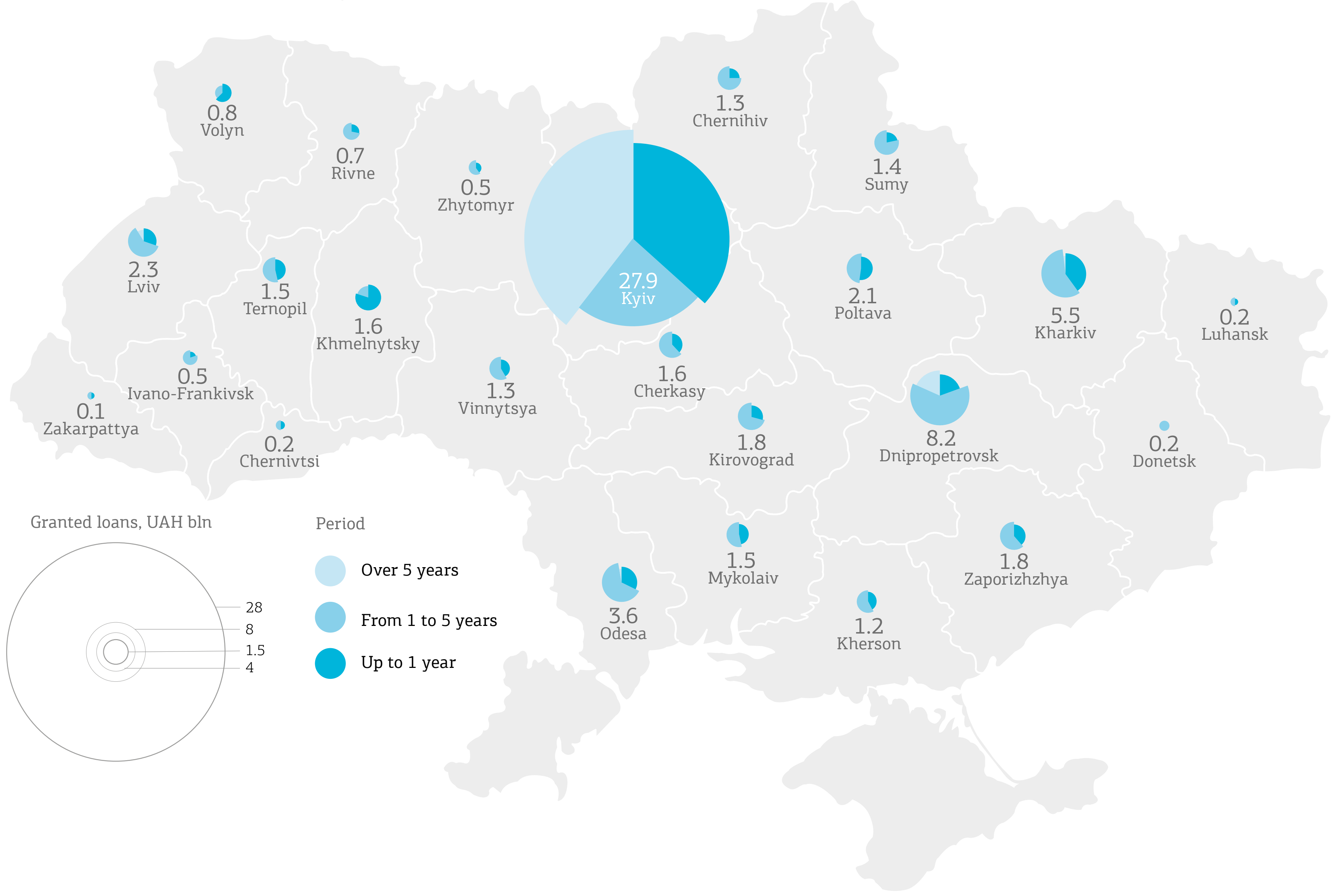
Hryvnia loans to agricultural sector by period,

at year end, %



Loans granted to agribusiness by deposit-taking corporations (except for the NBU),

as of the end of December 2018, UAH bln



Source: NBU

CURRENCY LIBERALIZATION AND FINANCING OF AGRIBUSINESS

Opportunity to attract funding on more favorable conditions

Extension of the time limit for settlements under export-import transactions from 180 to 365 days

- expanding the ability to sell and purchase goods and services on more favorable conditions
- expanding the range of new export markets and potential purchasers

Restriction on purchase of foreign currency for credit funds was abolished

- possibility to purchase necessary amount of foreign currency to fulfill own obligations
- provides for free access to international markets

Requirement for registration of cross-border loans with the NBU was cancelled

- encourages development of agribusiness and economy of Ukraine

Agrarian receipts as a new financial instrument

- provides for access to cheaper and more favorable foreign financing secured by future harvest
- does not require provision of additional security to receive funds

Liberalization of foreign currency payments

Introduction of the automated system of e-limits instead of individual licenses for certain FX operations (EUR 2 mln a year for legal entities and EUR 50,000 a year for individuals)

- facilitating and accelerating foreign exchange transactions
- provides for access to international markets
- provides for opportunity to purchase necessary goods on more favorable conditions

Use of foreign bank accounts is allowed for legal entities (except for the operations to transfer funds from Ukraine to such accounts)

- facilitating and providing a simpler procedure for settlements with non-residents, in particular in case of agricultural commodities production and their further sale abroad

Cancelation of sanctions in form of ceasing foreign trade activity for breach of settlement deadlines

- continuous activity on foreign markets regardless of late payment or delivery of goods

Improvement of investment climate

Abolition of the mandatory exchange of foreign currency proceeds

- possibility to independently manage foreign exchange earnings
- reduction of the necessity of offshore accounts for business and keeping funds abroad

Abolition of the limit on dividends' repatriation

- creation of a stable financial image of Ukraine at foreign markets
- attraction of foreign investments to the agricultural sector

New currency risks hedging mechanisms

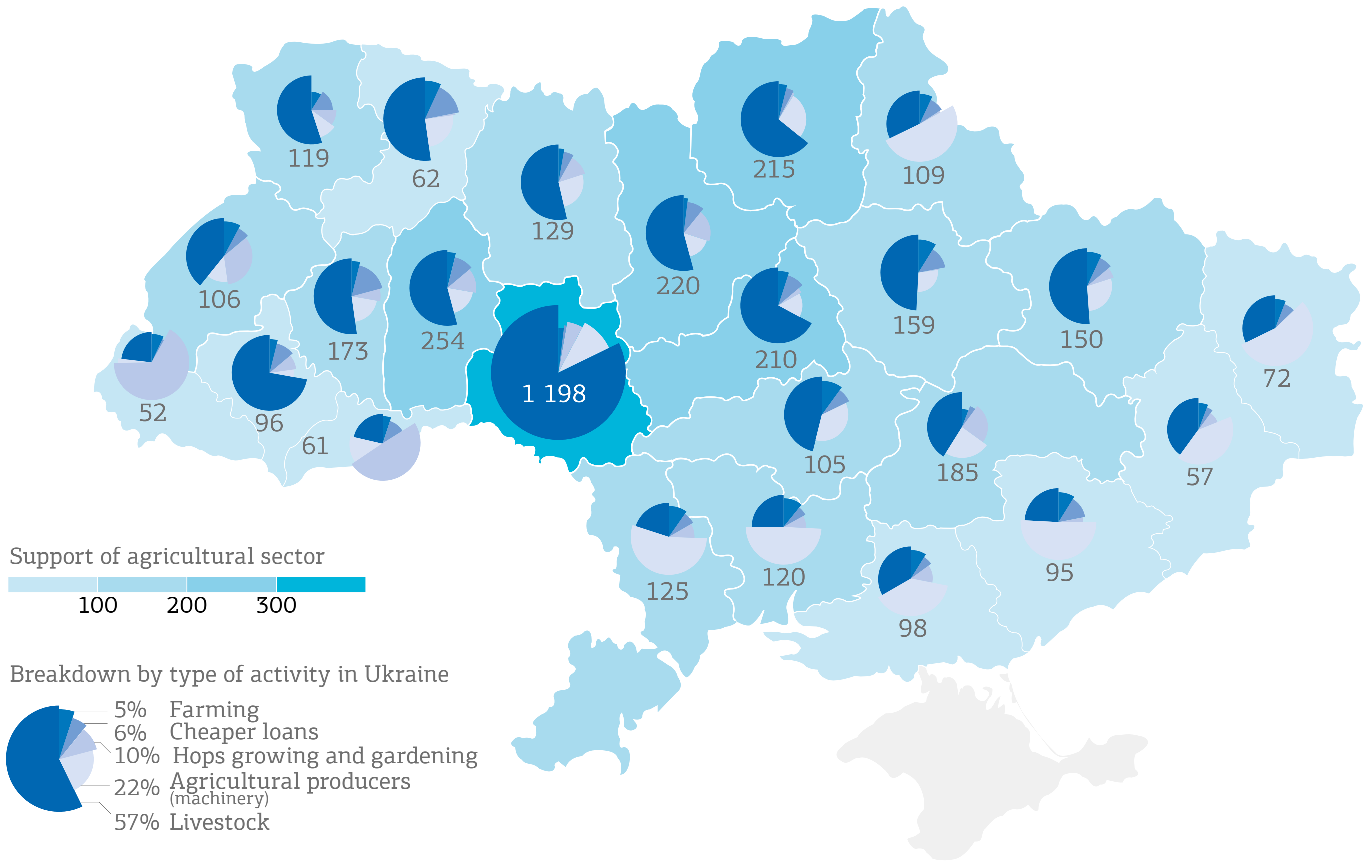
FX SWAPs for non-banking institutions are allowed

- reducing the risk of exchange rate fluctuations
- improvement of financial climate

Sources: AEQUO

STATE SUPPORT OF UKRAINIAN AGRICULTURAL SECTOR

Support of agricultural sector by regions and type of activity, 2018, UAH mln



Agricultural sector support systems

New Zeland – absence of direct support (financial consulting to farmers; extremely low income farmers are eligible for support as unemployed)

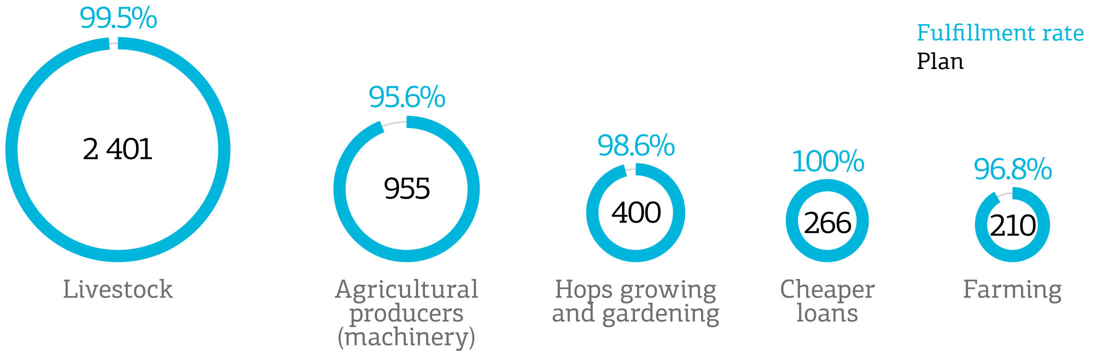
Netherlands – financial support of scientific research. The state finances almost 60% of all researches

Canada – long-term loans on preferential terms and cheaper loans for machinery purchase by farmers

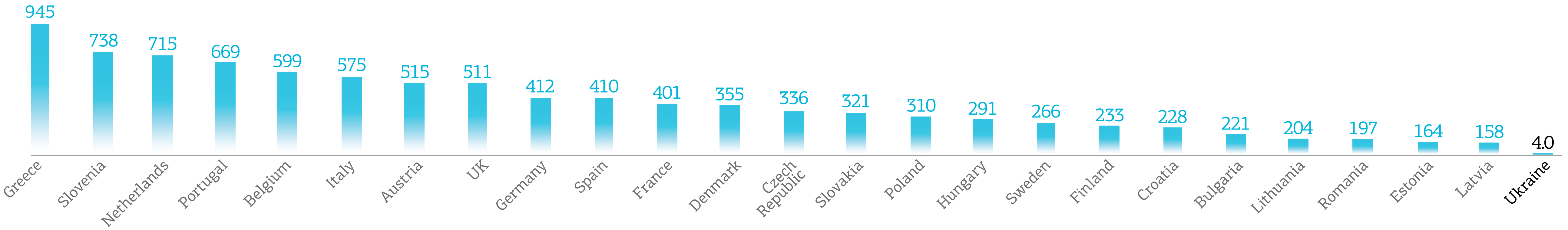
USA – farmers' risk insurance. Two programs: the first - the risks of seasonal price fluctuations; the second covers the difference between the actual and minimum income of farmers

EU – direct subsidies to agricultural producers

Amount of funds provided by agriculture support and development program, 2018, UAH mln



Financial support of agricultural sector development, 2018, EUR/ha

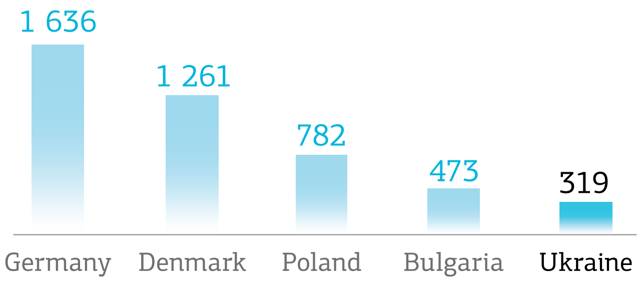


Sources: Eurostat, Minagroprod, CES

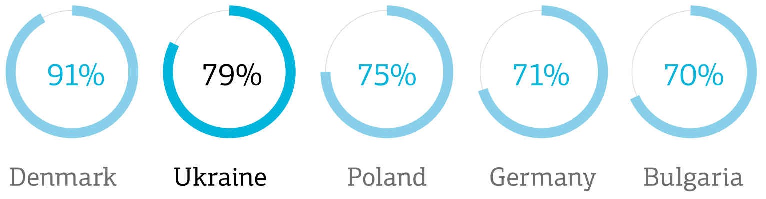
LAND MARKET REFORM IN UKRAINE

The moratorium on farmland sale consequences

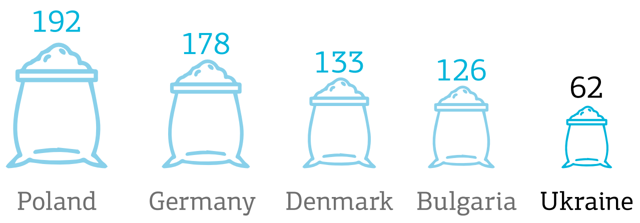
The efficiency of Ukrainian agricultural sector, 2018, value added in the agricultural sector, $ per 1 ha of farmland



The use of farmland, 2016, share of arable land in farmland, %



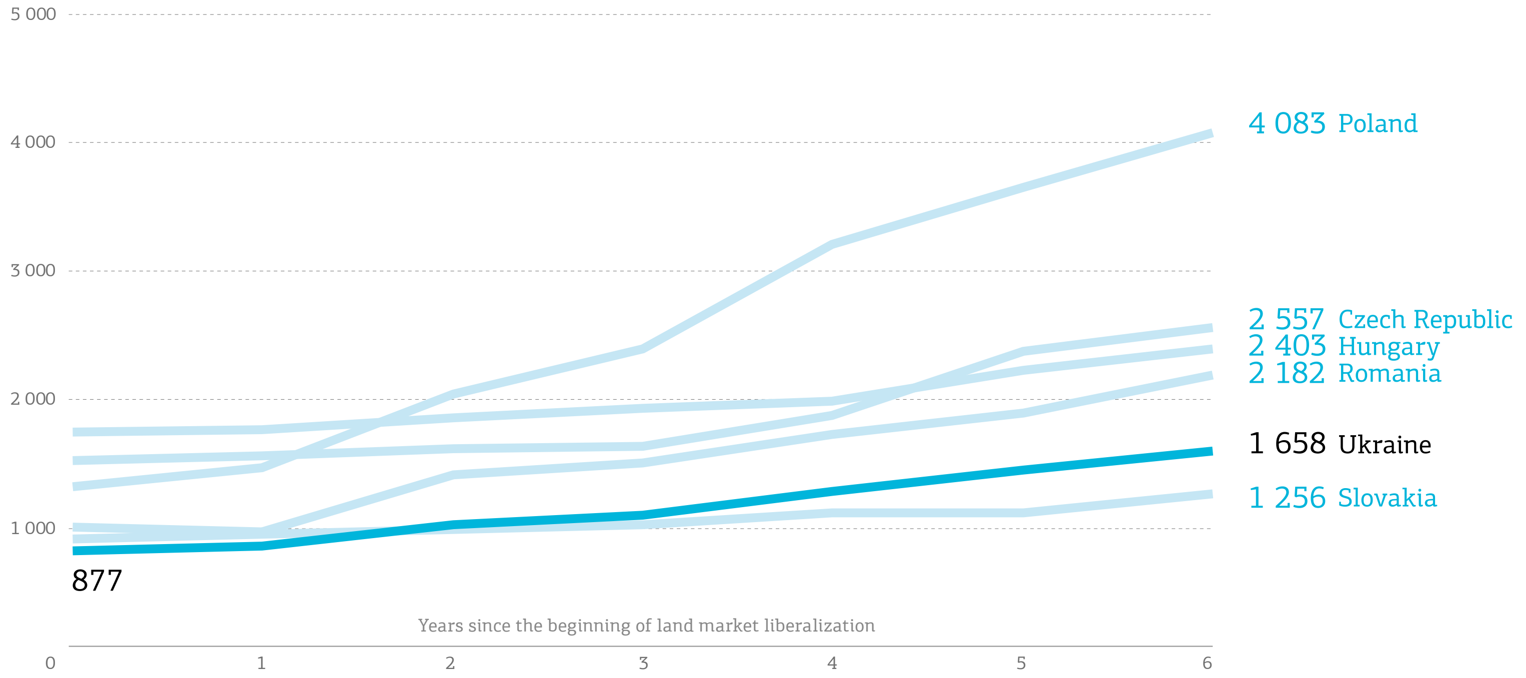
Fertilizer application level, 2017, kg of mineral fertilizers per ha of arable land



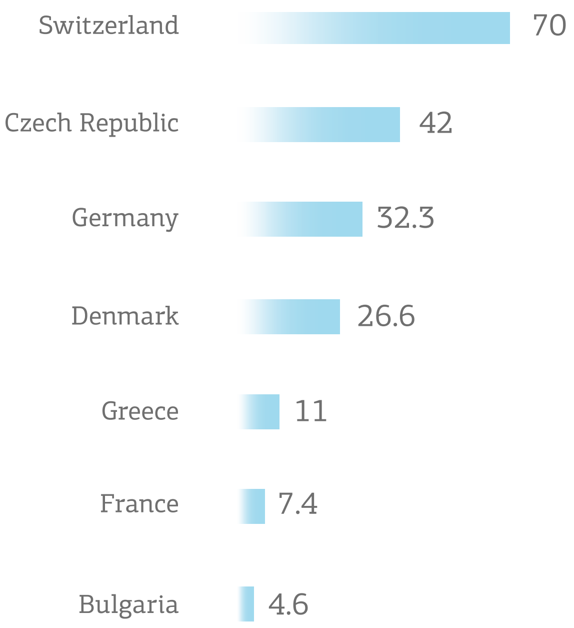
Land market launch opportunities

- growth of landowners' incomes, whose average age is over 60 years
- economic growth acceleration
- investment increase in agriculture
- tax revenues increase

Ukrainian farmland price increase projection, based on the neighboring countries' experience, EUR/ha*



Farmland price in European countries, 2018, $ thou. per 1 ha



Sources: IMF, WBG, FAO, Latifundist.com

*based on the average annual price increase in neighboring countries for each year. The starting price for Ukraine is the regulatory monetary value of arable land as of 01.01.2019 at the rate of 31.9 UAH / EUR.

IMPROVEMENT OF LAND USE RULES WITHIN AGRICULTURAL LAND AREAS

The Law came into force on January 1, 2019

The Law of Ukraine No. 2498-VIII dated 10 July 2018 "On Amendments to Certain Legislative Acts of Ukraine in Respect of the Issue of Collective Ownership of Land, Improvement of Agricultural Land Use Rules, Prevention of Raidership and Stimulation of Irrigation in Ukraine"

Agricultural land areas – complex of land plots of agricultural designation consisting of agricultural land plots and complementary non-agricultural land plots that have joint boundaries and are limited by natural or artificial terrain.

Changes

Before	Now
Over 1.5 mln ha of agricultural lands without an owner	Transfer of lands into the municipal property with subsequent transfer into lease
Incorrect boundaries of land plots, lack of information about land plots in the Land Cadastre, incorrect measurements of land plots	Land audit with the creation of new land plots, correction of mistakes and obtaining real statistical data
Lands fragmentation, commercial inexpedience of small land plots use, artificial obstacles for land users created by neighbors	Land consolidation in big land areas, preemptive right of a major lessor of land area for additional leases within the land area, introduction of efficient mechanism of land plots exchange, reduction of illegal hostile takeovers
Approx. 500 thou. ha of field roads without a clear legal status	Possibility to lease and work on field roads
Absence of melioration regulation regarding big land areas	Introduction of incentives system for the creation of melioration systems

Positive outcomes

- Agricultural lands previously not used or used illegally are now introduced into legal business activity
- Land consolidation and increase in agriculture productivity
- Partial prevention of illegal hostile takeovers in agri sphere

- Creation of melioration systems and increase of soil fertility
- Decrease of illegal logging of shelter belts
- Increase of local budgets' income and empowerment of local self-government bodies

Sources: AEQUO

SHAREHOLDERS AGREEMENT

Shareholders agreement is a legal document that establishes the procedure for exercise of rights and powers by the shareholders (participants) of LLC.

Shareholders agreement shall be:

- Without consideration
- In writing

! if for consideration, in oral form or set out the duty of the shareholders to follow the voting instructions of the LLC management bodies' – void

Confidential
- the contents and existence of the agreement shall not be disclosed

Non-confidential
- if explicitly set out by the agreement
- if a state or municipality, or state or municipal enterprise, or legal entity with the state or municipal stake of 25 and more per cent is the party to such agreement

Remedies for breach of a shareholders agreement

- Available: to recover damages
- Not available: to invalidate the LLC's decision

Shareholders agreement covers the following matters

How the company is financed:
- Sources of financing and shareholders obligations regarding attraction of financing
- Profit distribution and reinvestment

Corporate governance:
- General meeting of shareholders

  Decisions within the shareholders exclusive competence

  Decision-making process (majority, qualified majority, unanimous, abstaining from voting, obligation to vote in a particular way)
- Executive body

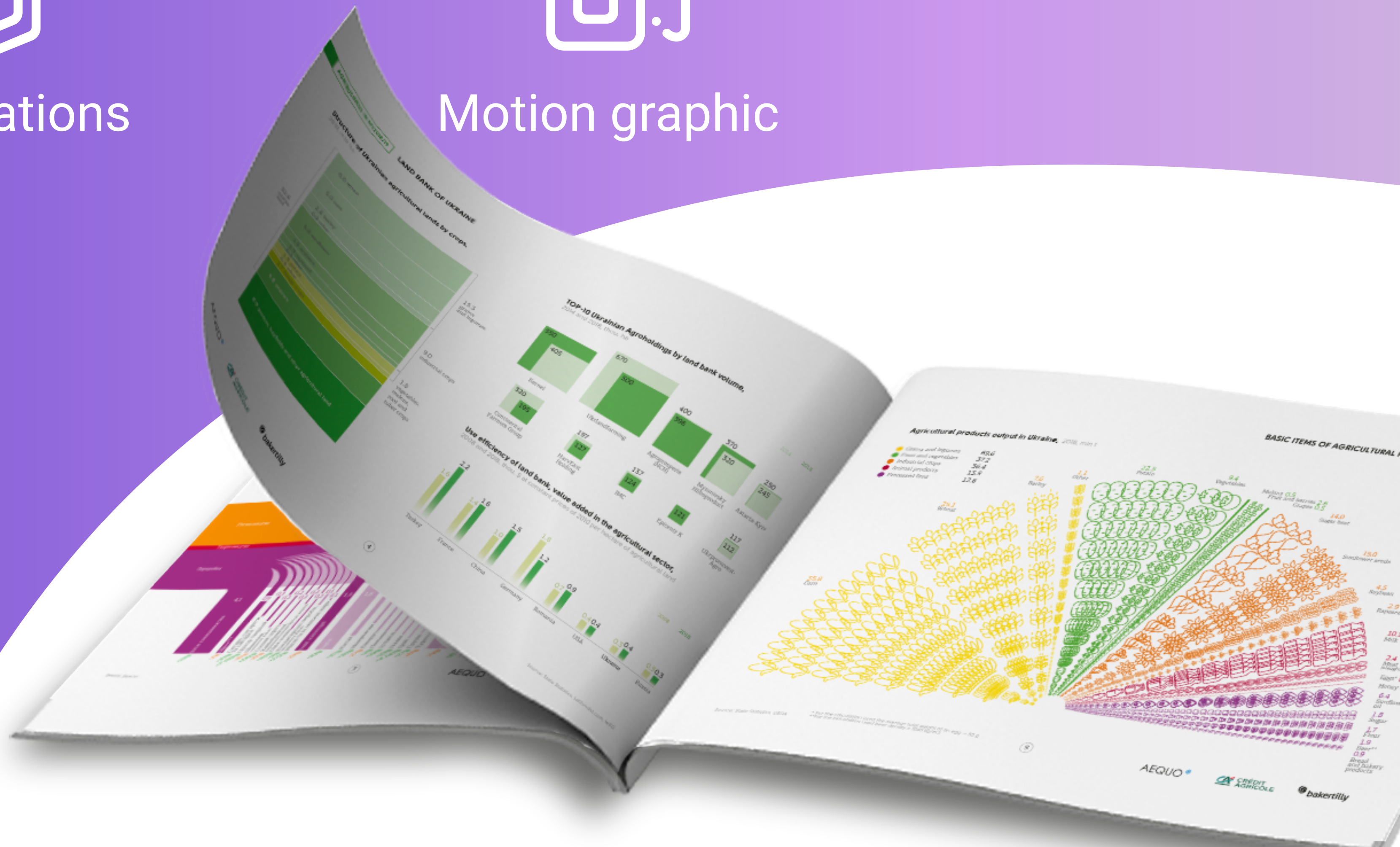
  Formation of executive body (who is entitled to nominate the candidates, how many candidates may be nominated by a certain shareholder, obligation to appoint certain persons)

  Decisions that may be taken by the executive body in its own discretion and those requiring prior consent of the general meeting

How deadlock is resolved
(in case the shareholders cannot resolve deadlock)
- Mediation/negotiation
- «Russian roulette» (party A offers party B to sell party's B share or to purchase party's A share at a specified price and party B may accept either offer)
- «Texas shoot-out» (each party submits under a sealed bid to a designated third party a price for the other party's share. The bids are opened simultaneously, and the higher bidder wins. The winner (the higher bidder) is obliged to purchase the lower bidder's share at the higher bidder's price)

How the parties to the shareholders agreement may dispose their shares
- Restrictions on disposal of the shares (shareholder's approval for the acquisition or disposal of the shares at agreed price and/or obligation to refrain from disposal of the shares before certain event occurs or within the specific period)
- Right of first refusal (whether all shareholders have such a right, special conditions)
- Right to join the transaction of the majority shareholder and to sell the minority stake (tag along)
- Right to force the remaining minority shareholders to join the transaction regarding the sale of the majority stake (drag along)
- Mandatory transfer of the shares triggered by certain events (e.g. failure to pay additional contributions to the share capital of LLC)

Sources: AEQUO



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