



© Top Lead LLC  
© Latifundist Media LLC  
All rights reserved

<b>AGRIBUSINESS IN MY2018/19</b> PAGES 3-10	<b>CROP PRODUCTION</b> PAGES 11-21	<b>ANIMAL PRODUCTS</b> PAGES 22-26
<b>PROCESSED FOOD</b> PAGES 27-32	<b>INFRASTRUCTURE AND SERVICES</b> PAGES 33-42	<b>FINANCES</b> PAGES 43-51

**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

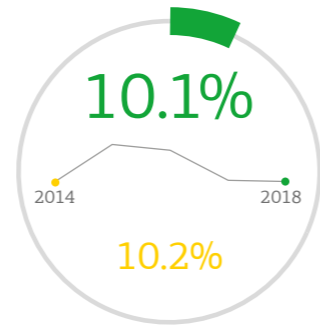
UKRAINIAN AGRIBUSINESS

**Export of agricultural and food products, \$ bln**



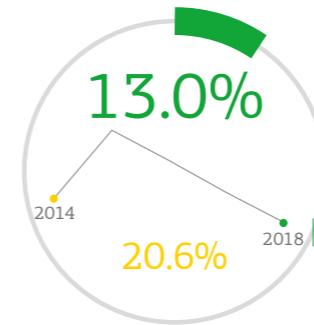
39.4% of the total exports

**Agricultural production, % of GDP\***



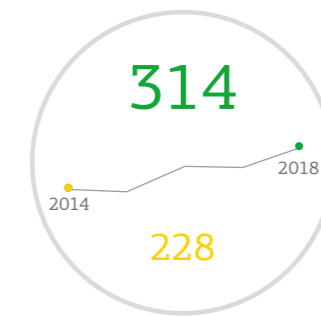
360.8 bln UAH (in actual prices)

**Net margin, %\***

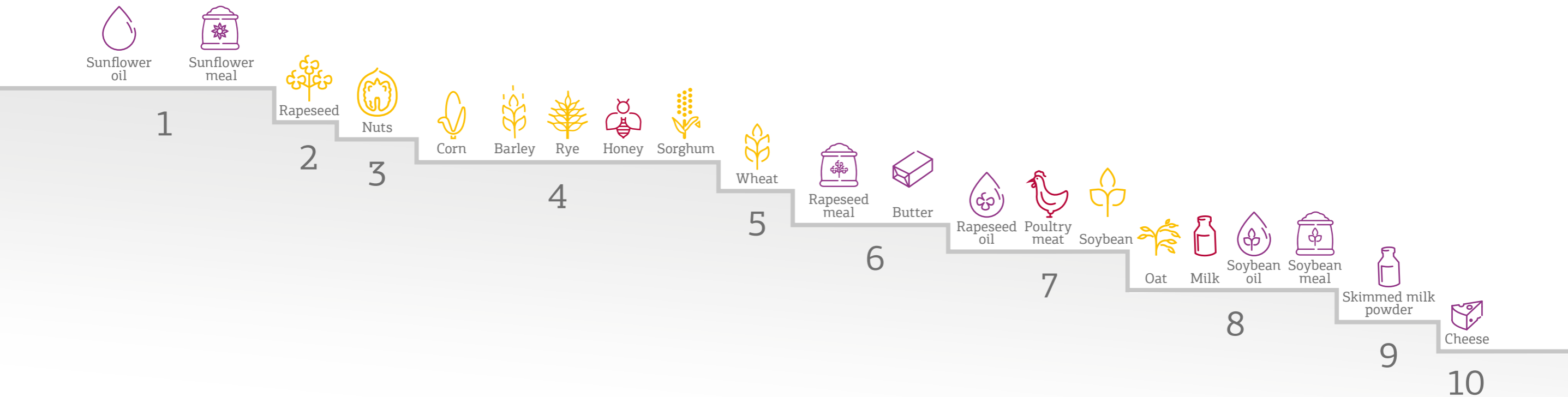


4.5% the average rate of all industries' entities profitability in 2018

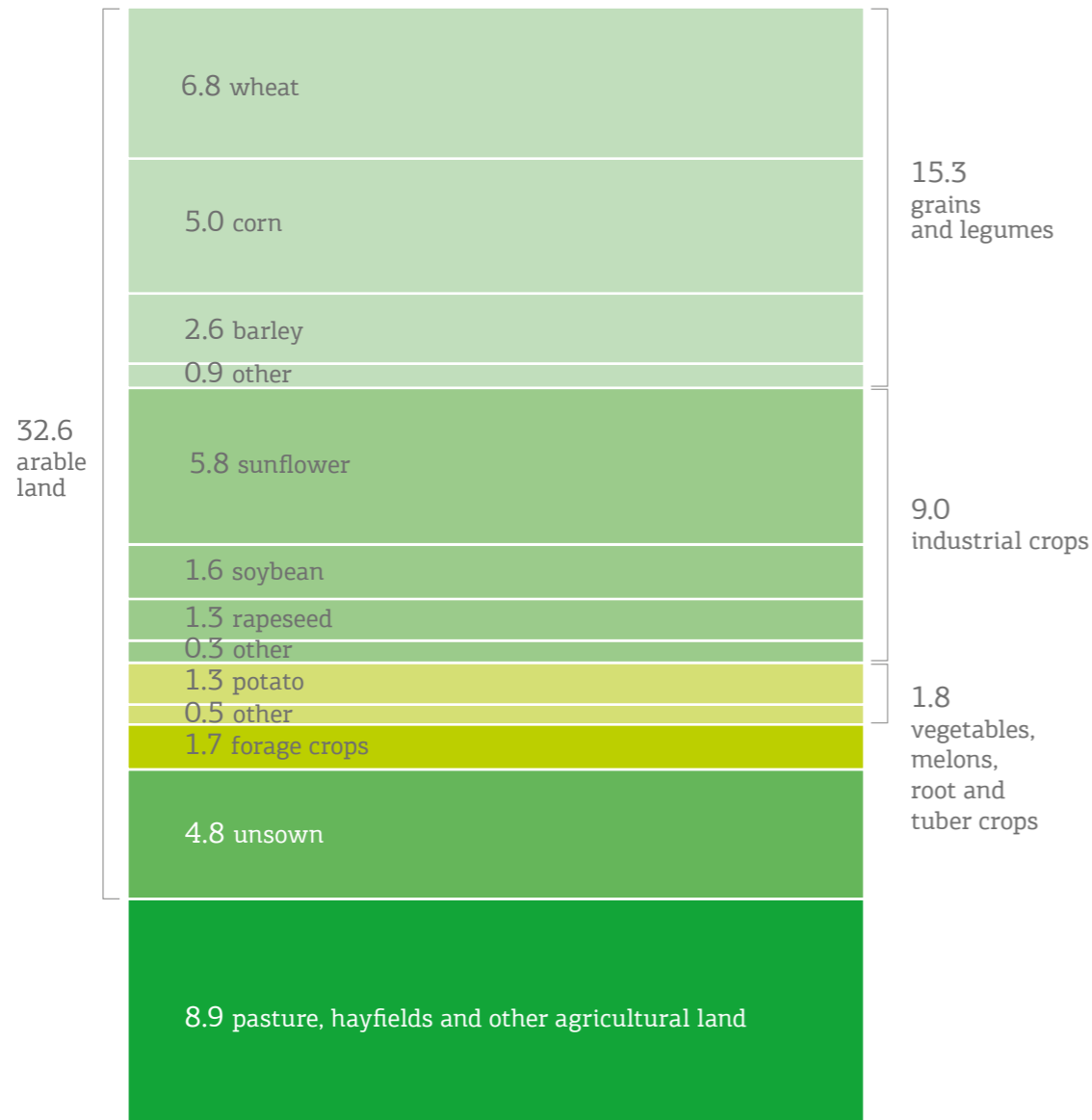
**Labor productivity, per 1 worker of agricultural production at constant prices of 2010, UAH thou.\***



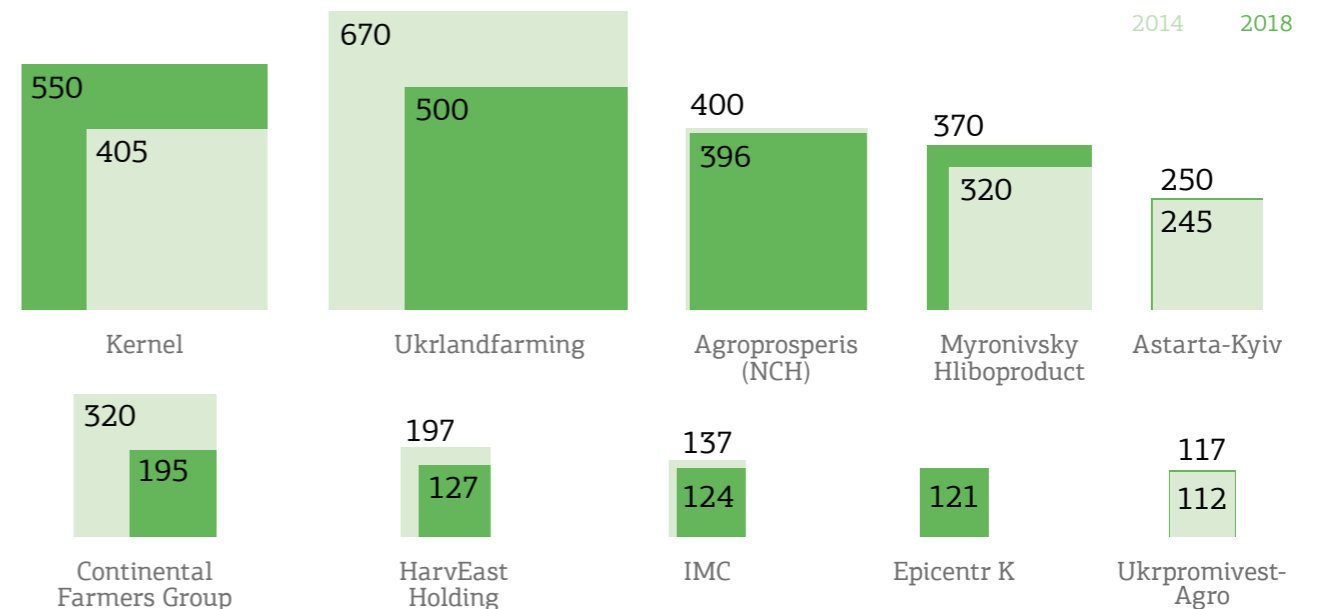
**Ukraine's place in the world food market, MY2018/19, the place in the world export by volume**



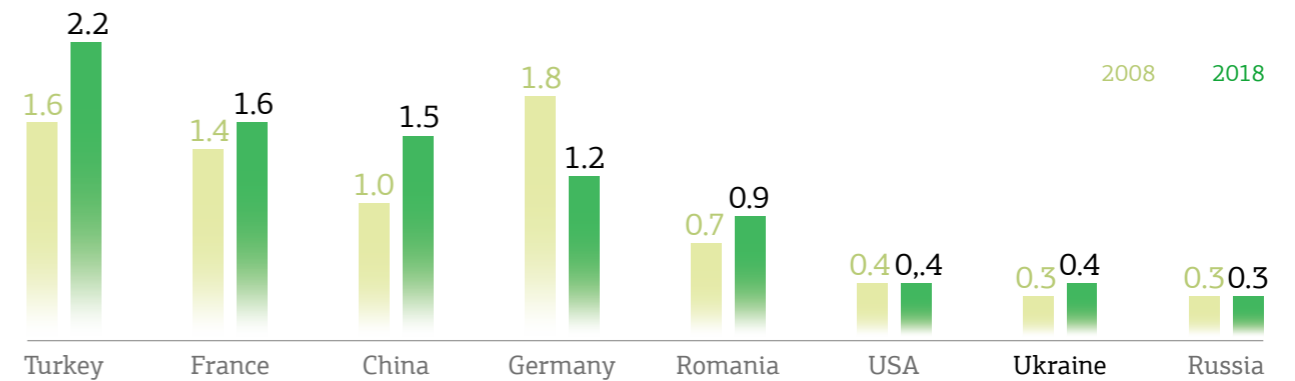
Structure of Ukrainian agricultural lands by crops, 2019, mln ha



TOP-10 Ukrainian Agroholdings by land bank volume, 2014 and 2018, thou. ha

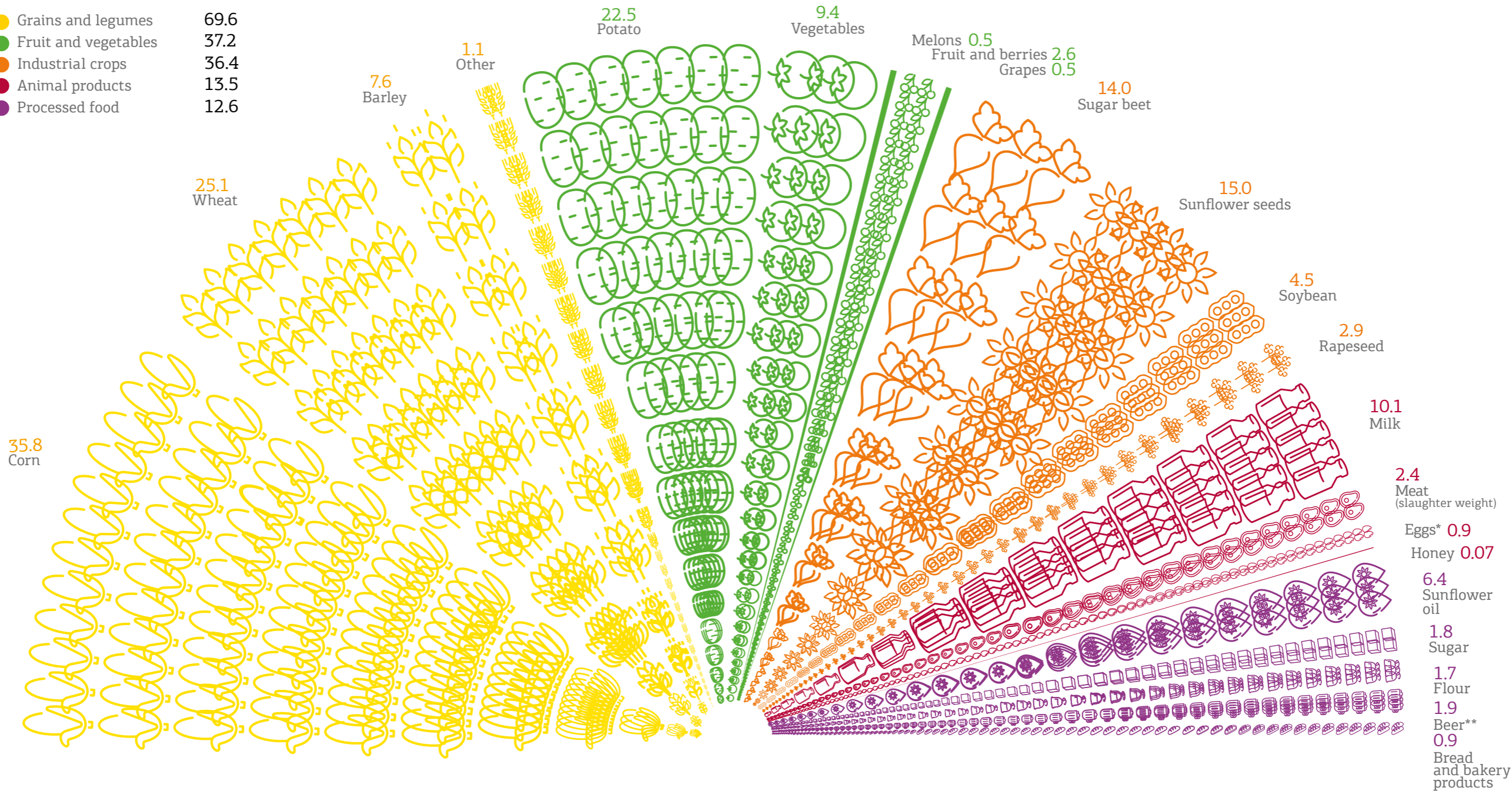


Use efficiency of land bank, value added in the agricultural sector, 2008 and 2018, thou. \$ at constant prices of 2010 per hectare of agricultural land



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

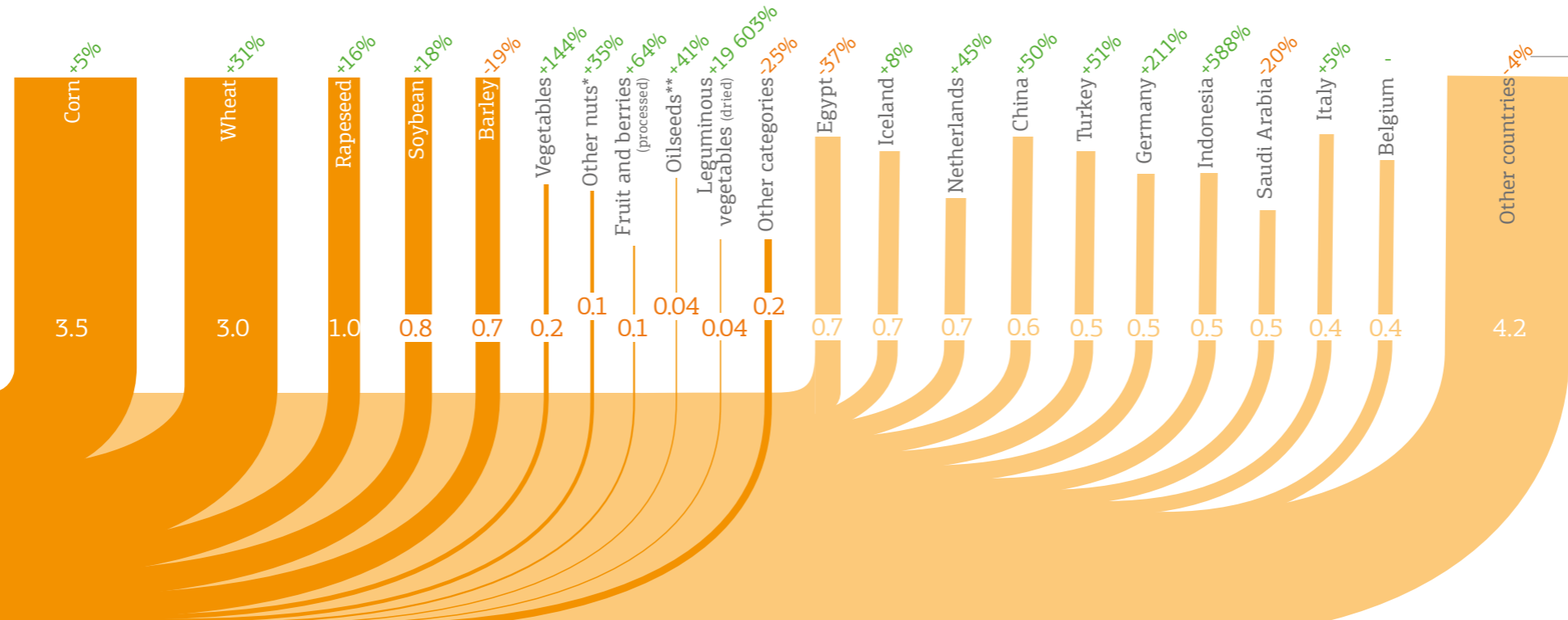
\*For the calculation, the average total weight of an egg of 55 g was used  
 \*\*For the calculation, beer density of 1040 kg/m<sup>3</sup> was used

EXPORT OF UKRAINIAN AGRICULTURAL PRODUCTS

Key export products and markets, 2018, \$ bln

● Products  
● Markets

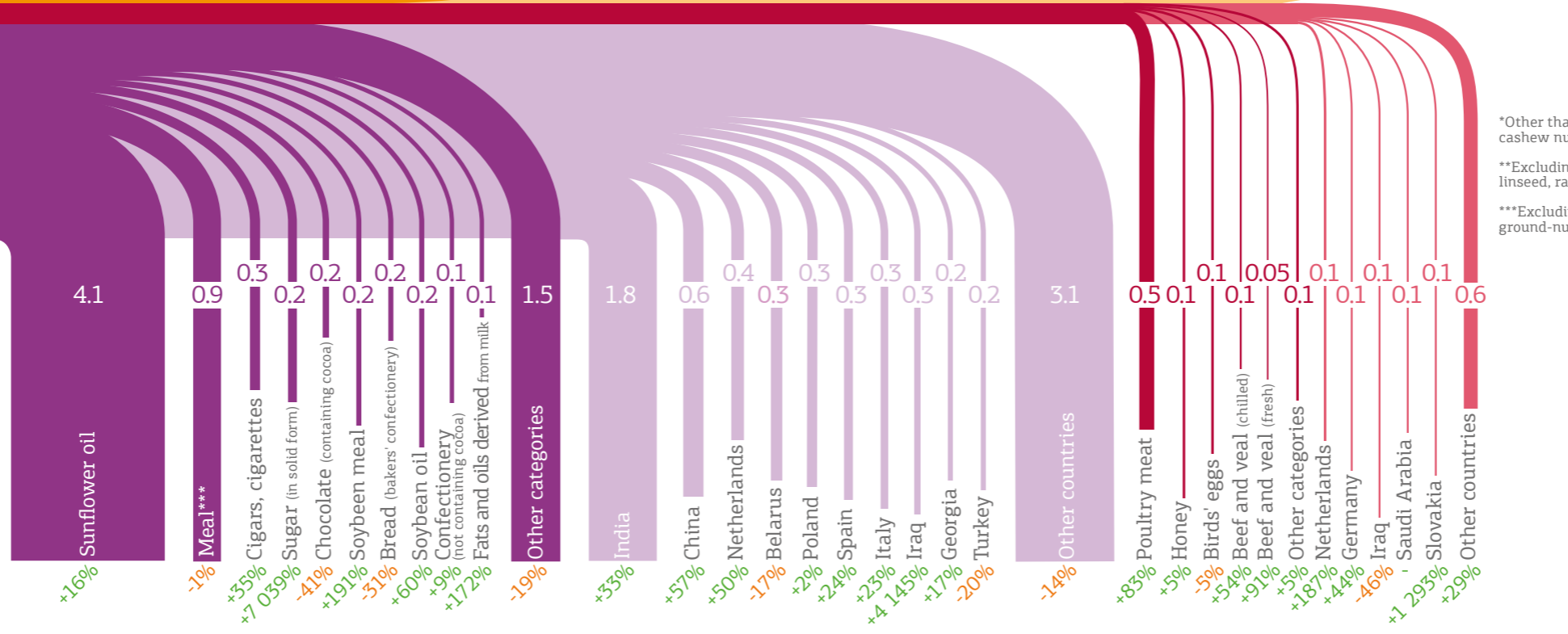
Crop Production



changes compared with 2014

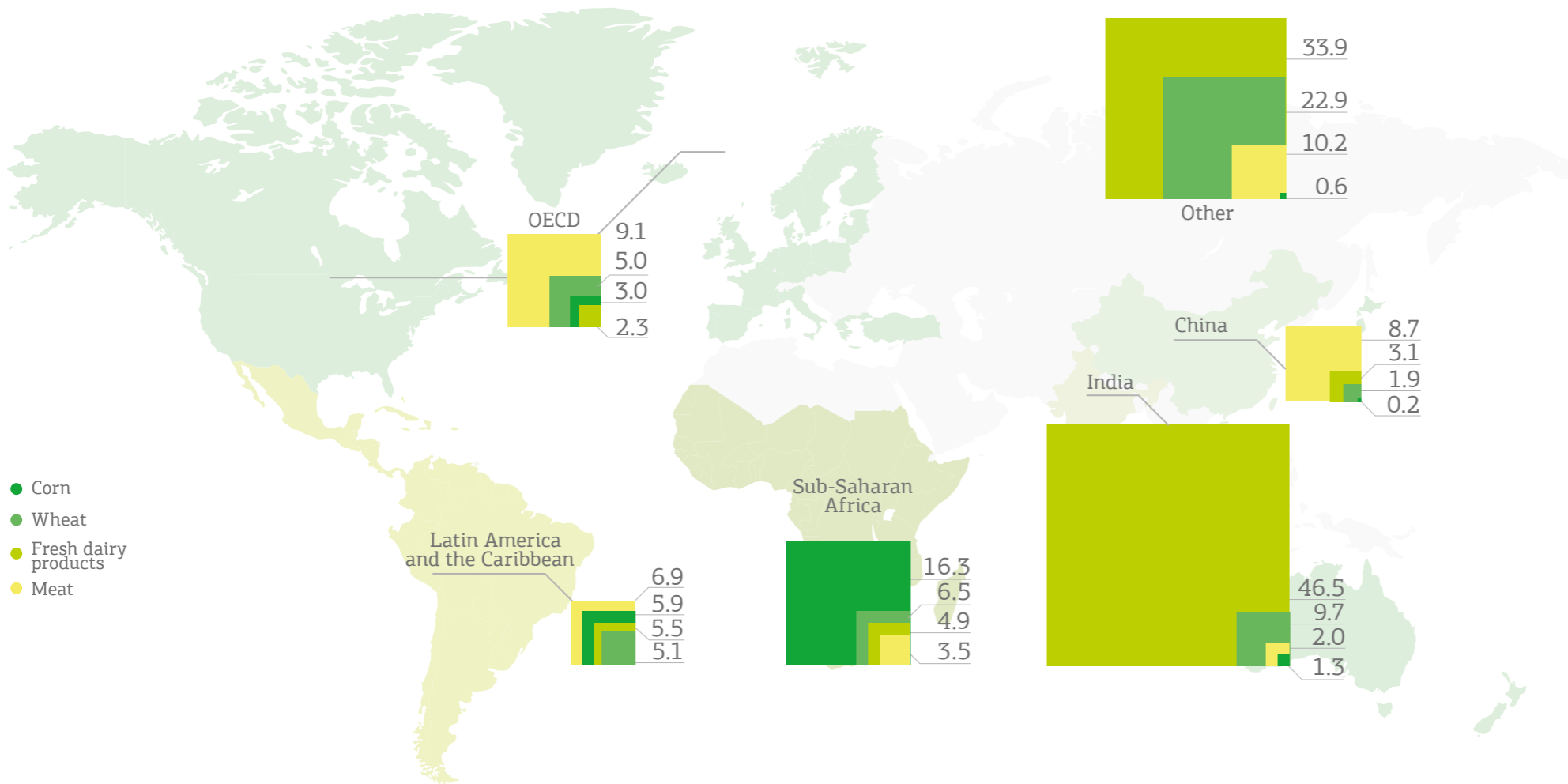
Animal Products

Processed Food



\*Other than coconuts, Brazil nuts, cashew nuts, fresh or dried  
 \*\*Excluding soybean, ground-nut, linseed, rapeseed and sunflower  
 \*\*\*Excluding soybean and ground-nut meal

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

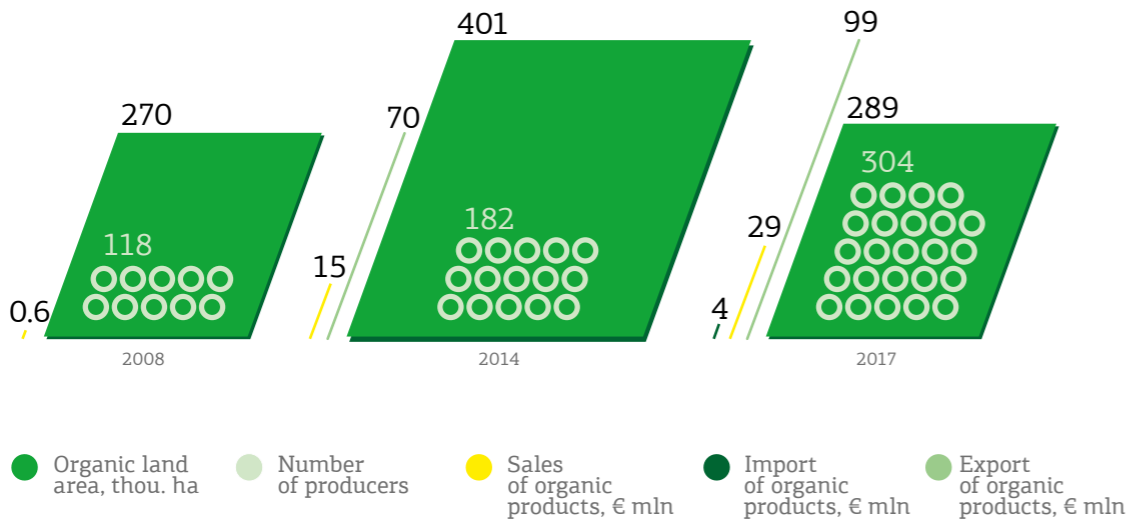


Sources: OECD, UN, NICU

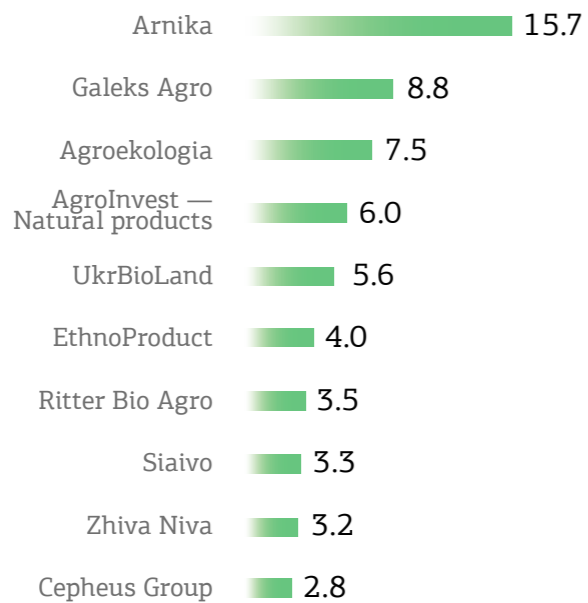
\* Projection, provided that arable land area increases by 10% and the world population grows according to the UN estimates  
 \*\*Projection, provided that consumption per capita increases equally to 1961-2017 rate



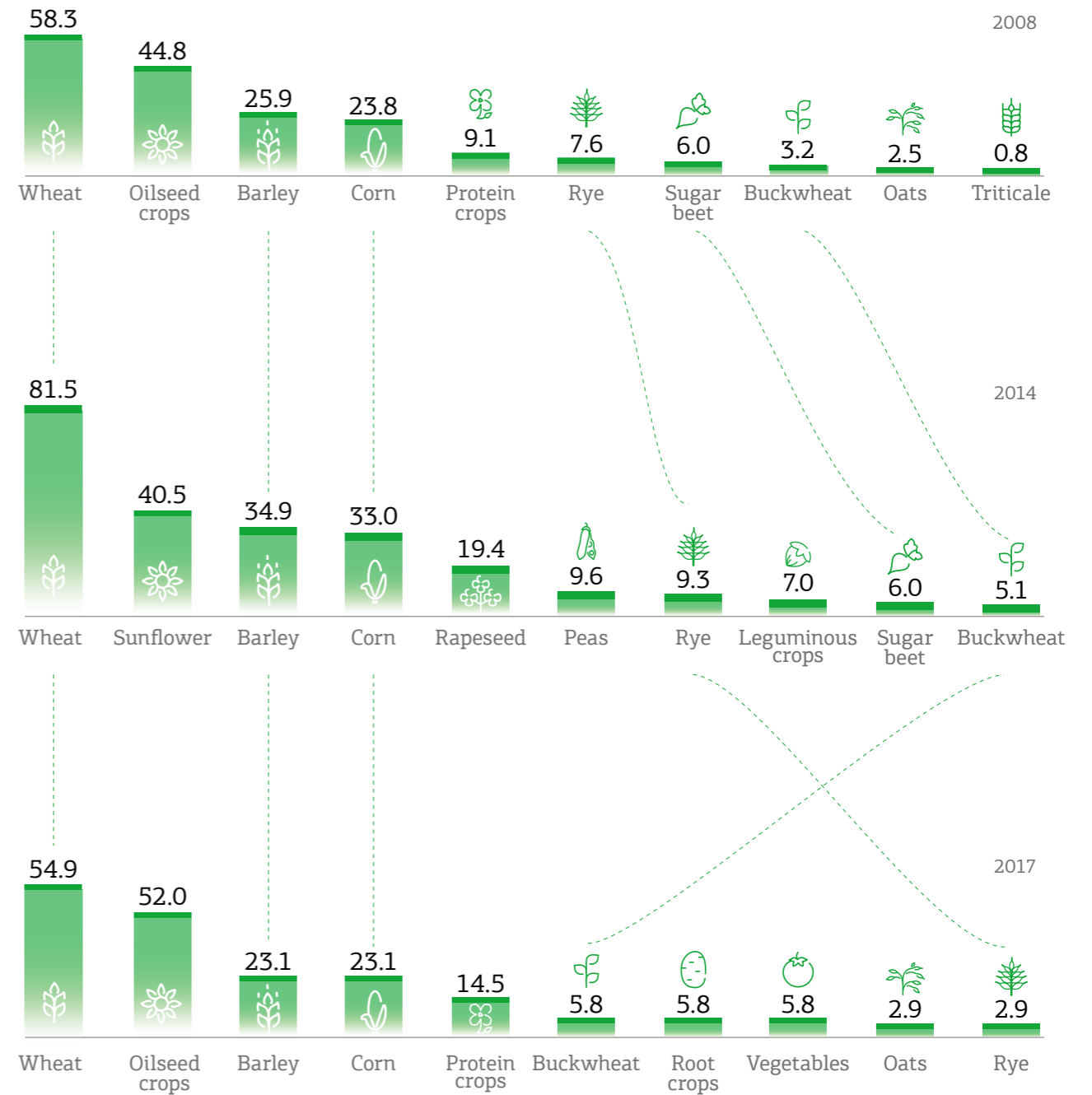
Key indicators of organic production in Ukraine, 2008-2017



TOP-10 Ukrainian organic agricultural companies by landbank, 2018, thou. ha

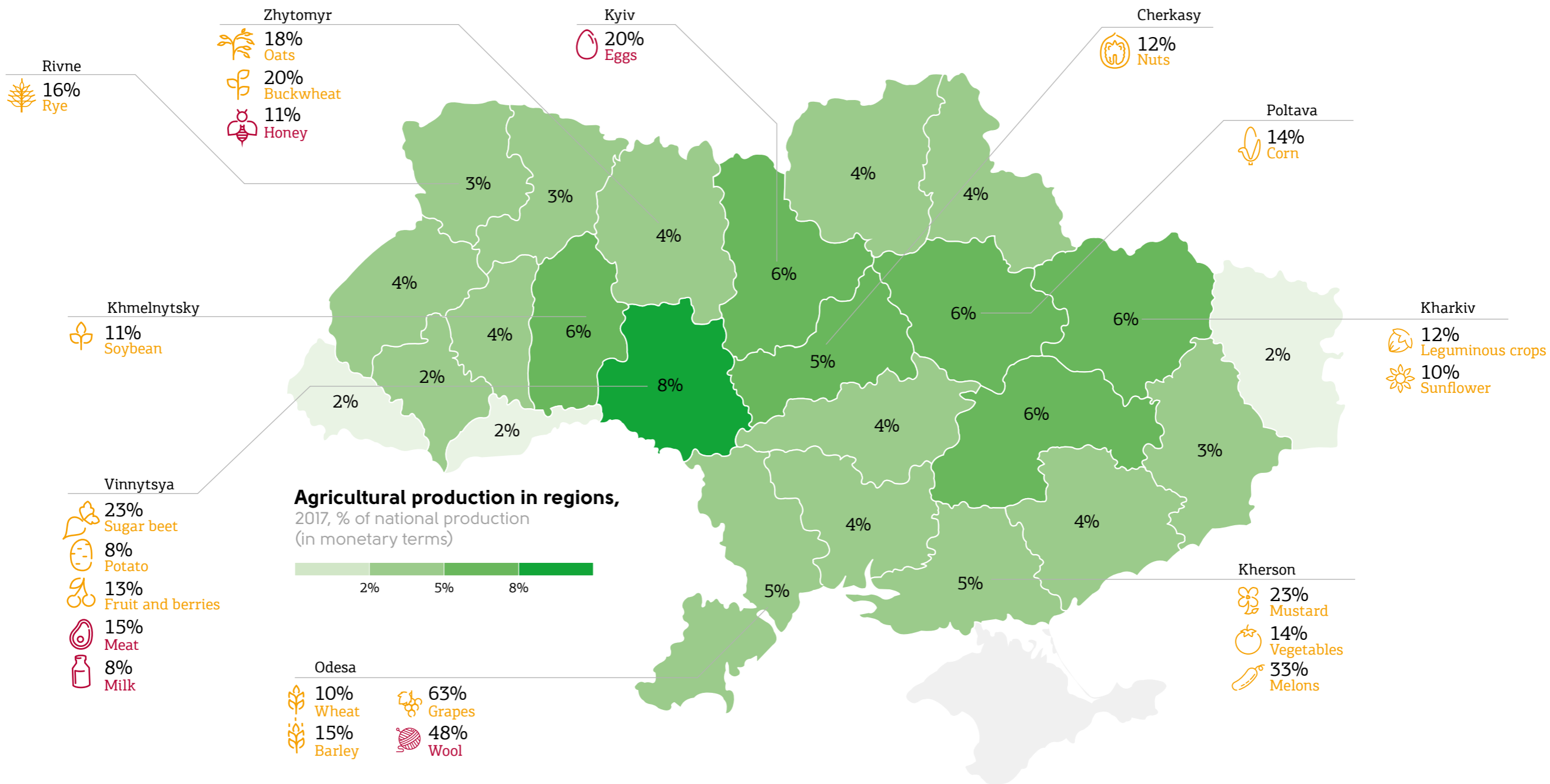


TOP-10 organic crops, 2008-2017, thou. ha



Source: FiBL, Latifundist.com

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

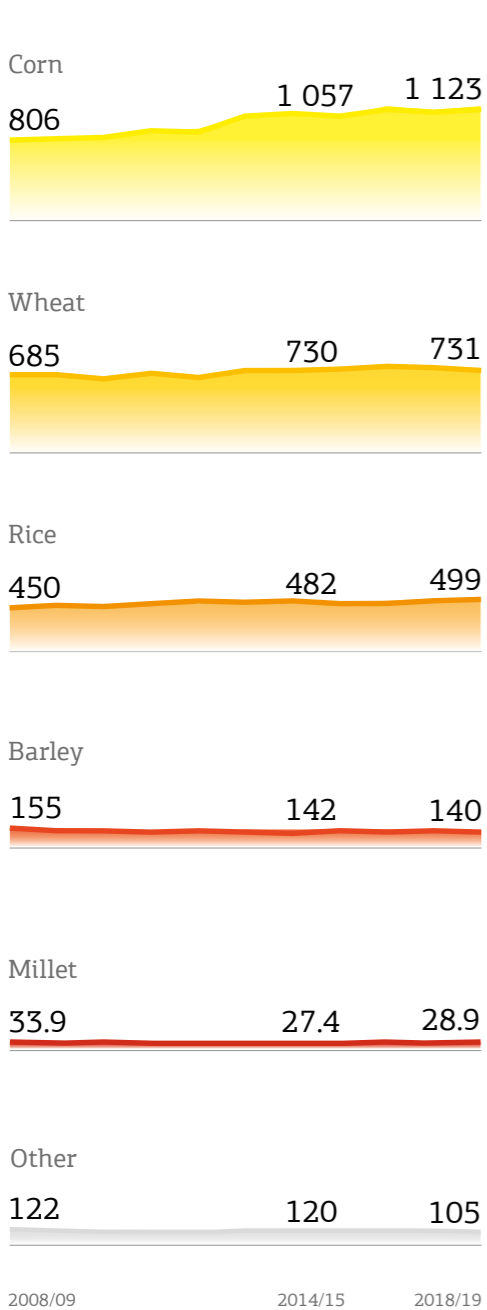


Source: State Statistics

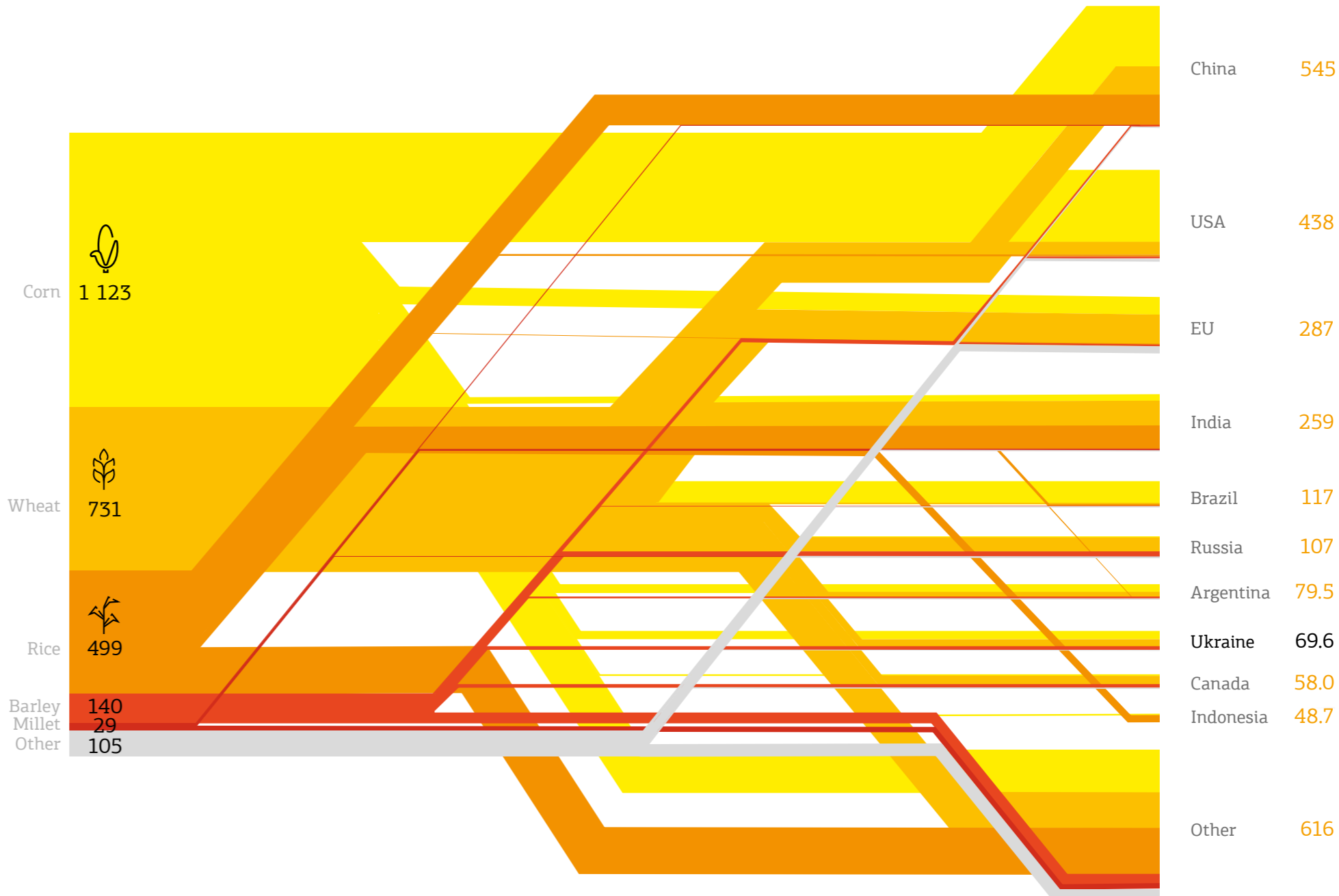


# CROP PRODUCTION

Grain production,  
MY2008/09–MY2018/19, mln t

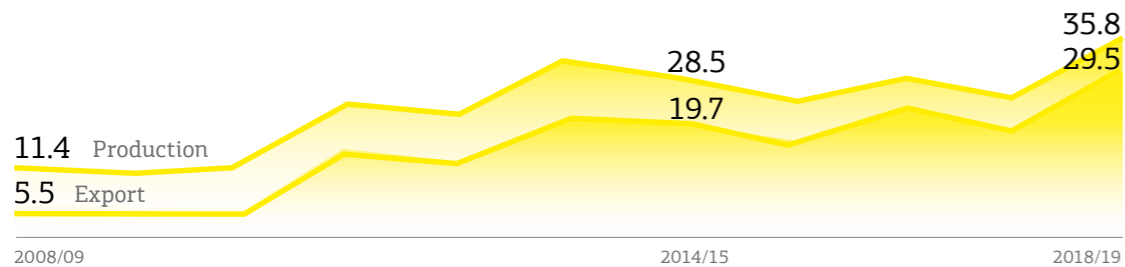


TOP-10 grain producers,  
MY2018/19, mln t

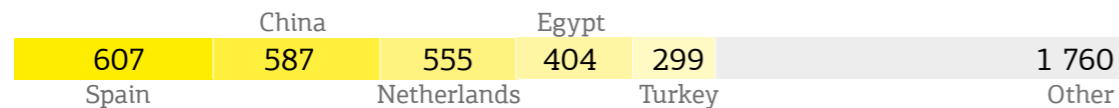


Source: USDA

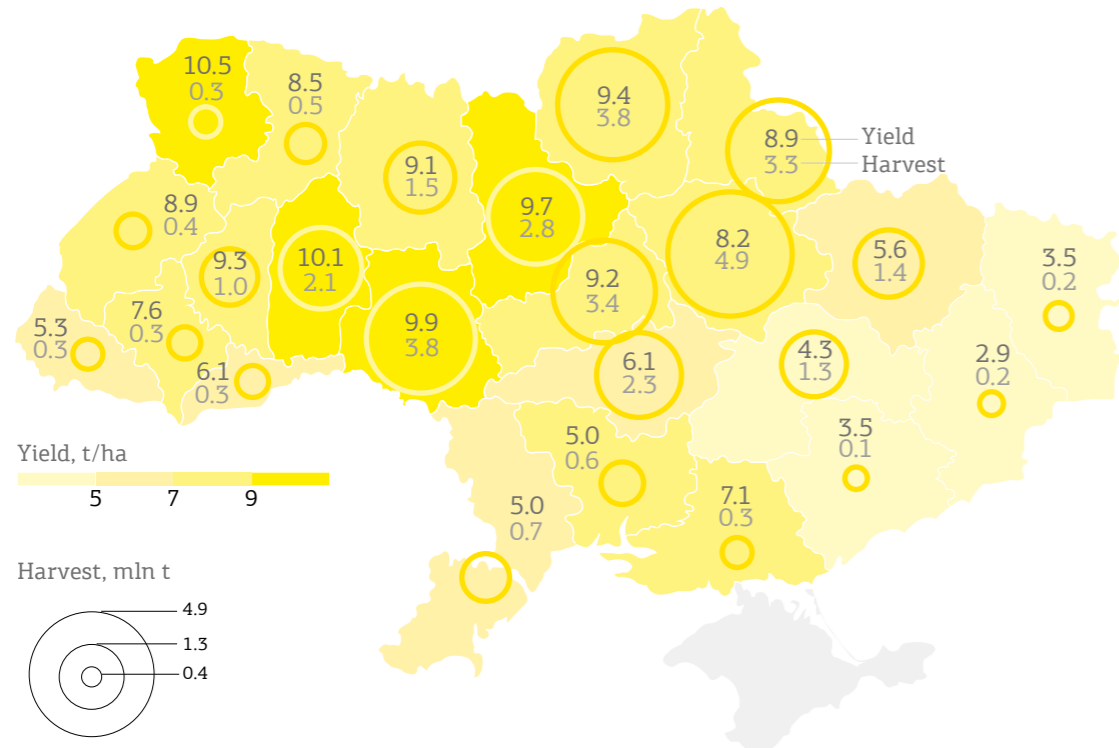
Corn production and export from Ukraine, MY2008/09–MY2018/19, mln t\*



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

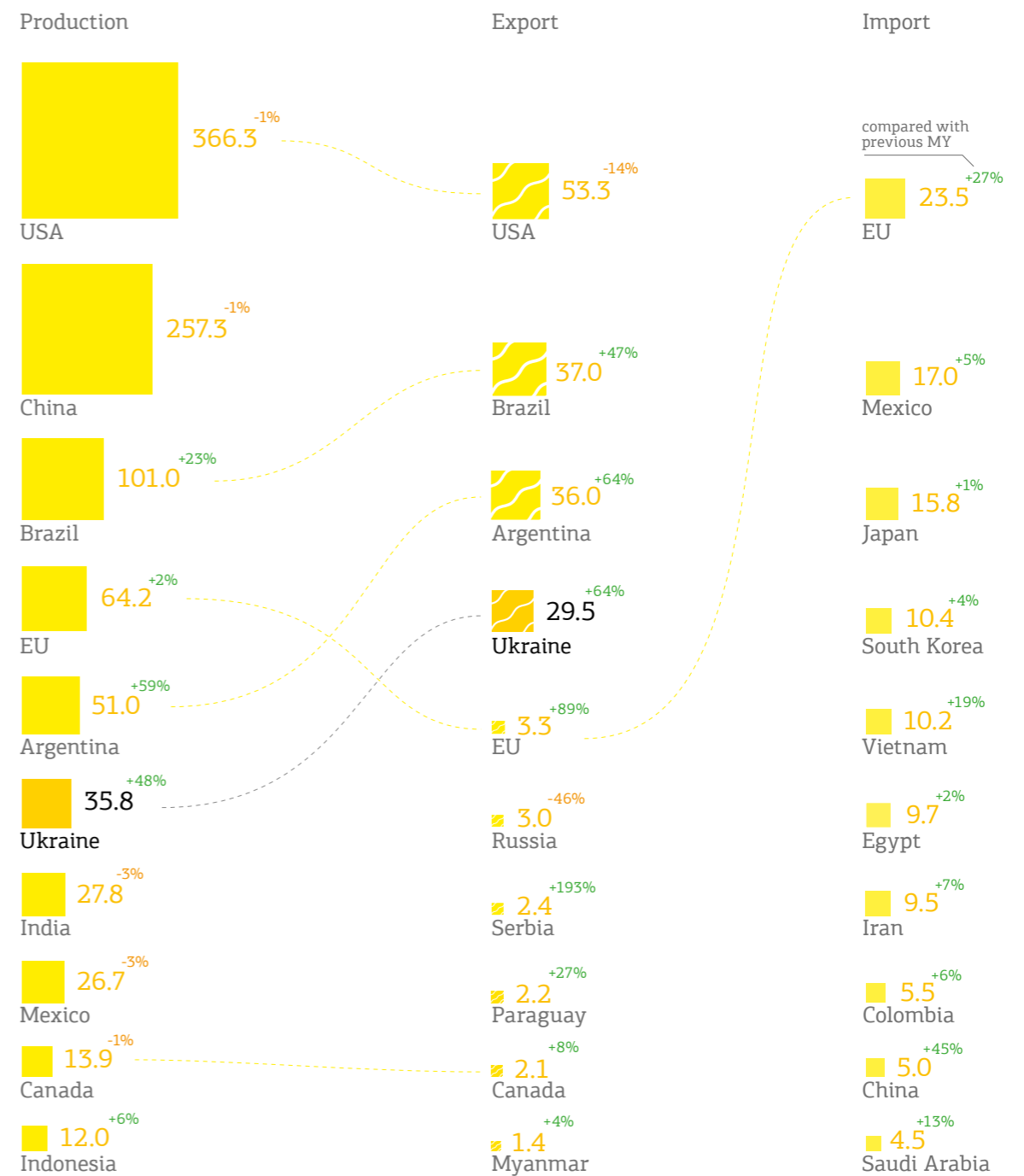


Corn production in Ukraine, 2018

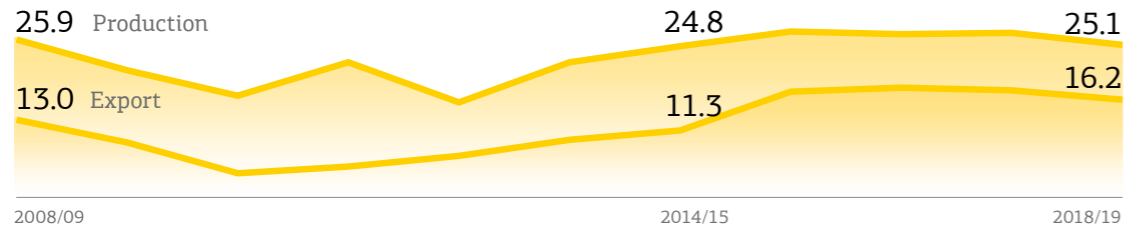


Source: USDA, State Statistics \*estimates for MY2018/19

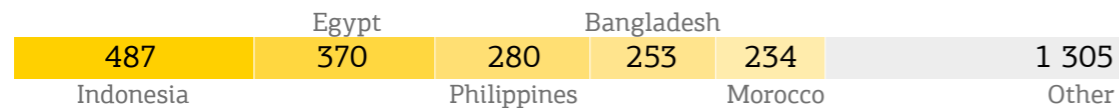
TOP-10 corn producers, exporters, importers, MY2018/19, mln t\*



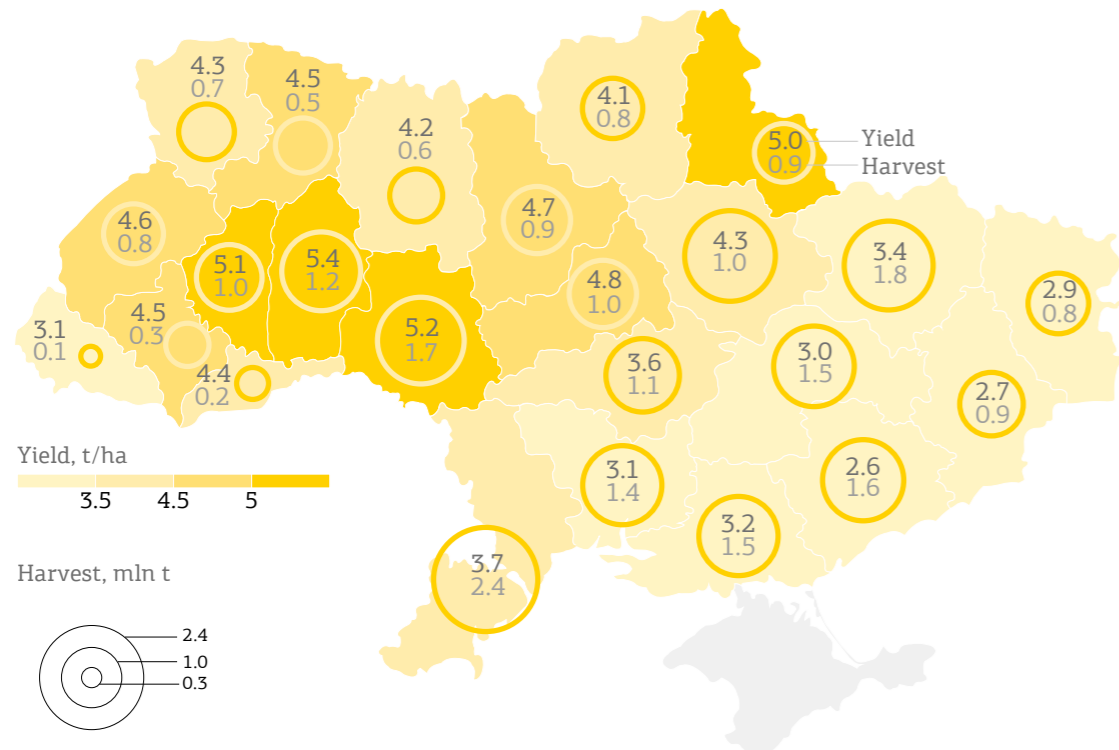
Wheat production and export from Ukraine, MY2008/09–MY2018/19, mln t\*



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

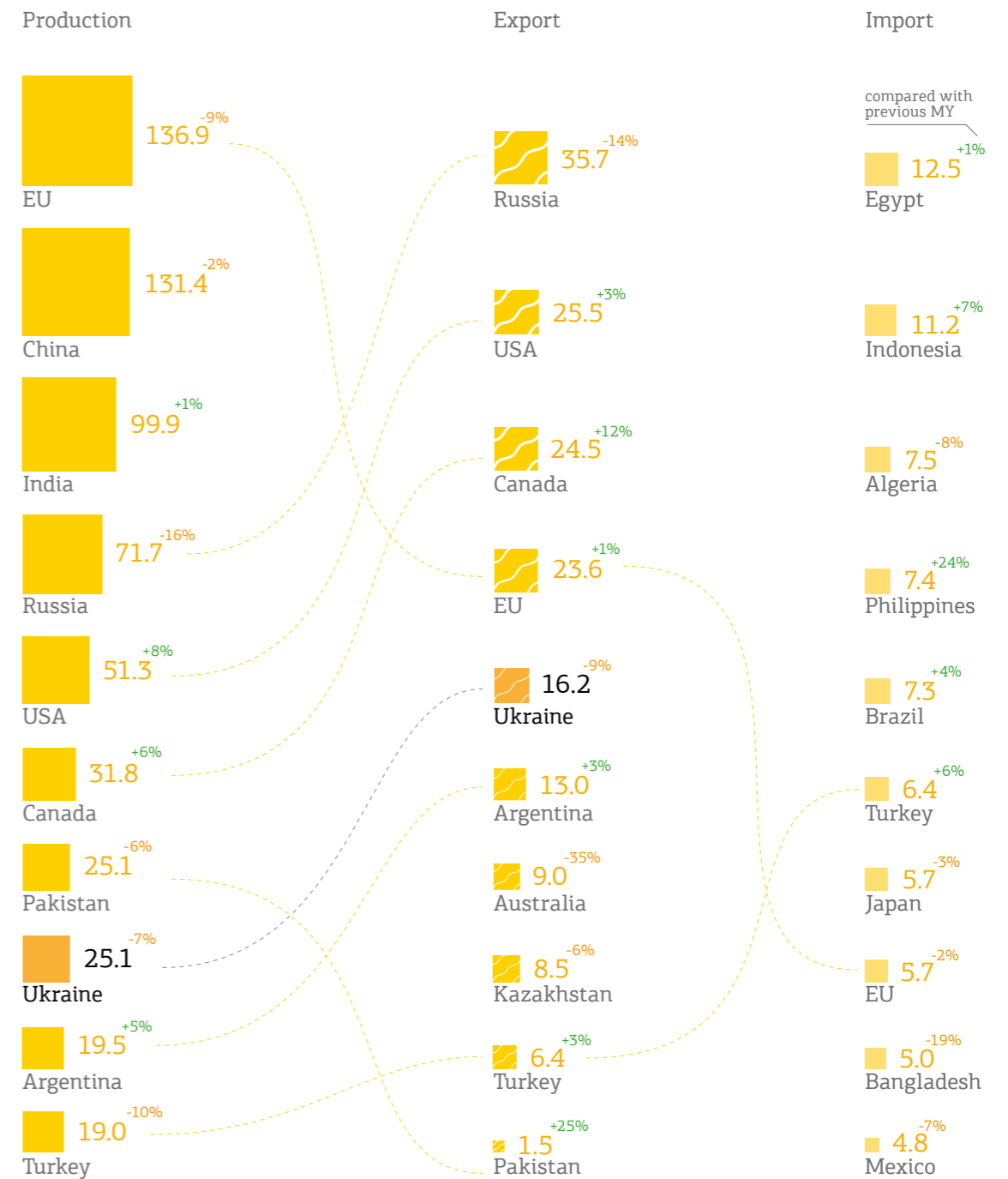


Wheat production in Ukraine, 2018

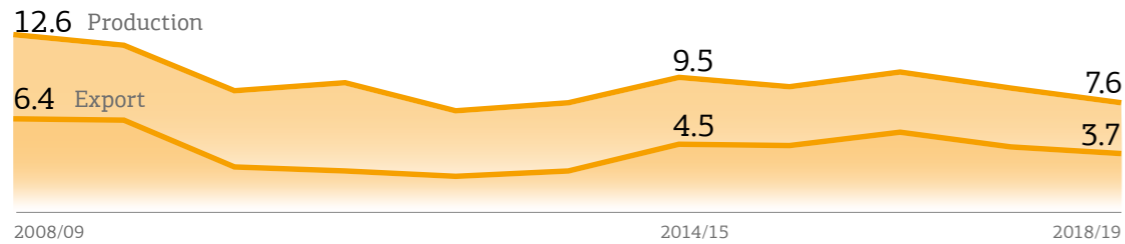


Source: USDA, State Statistics \*estimates for MY2018/19

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



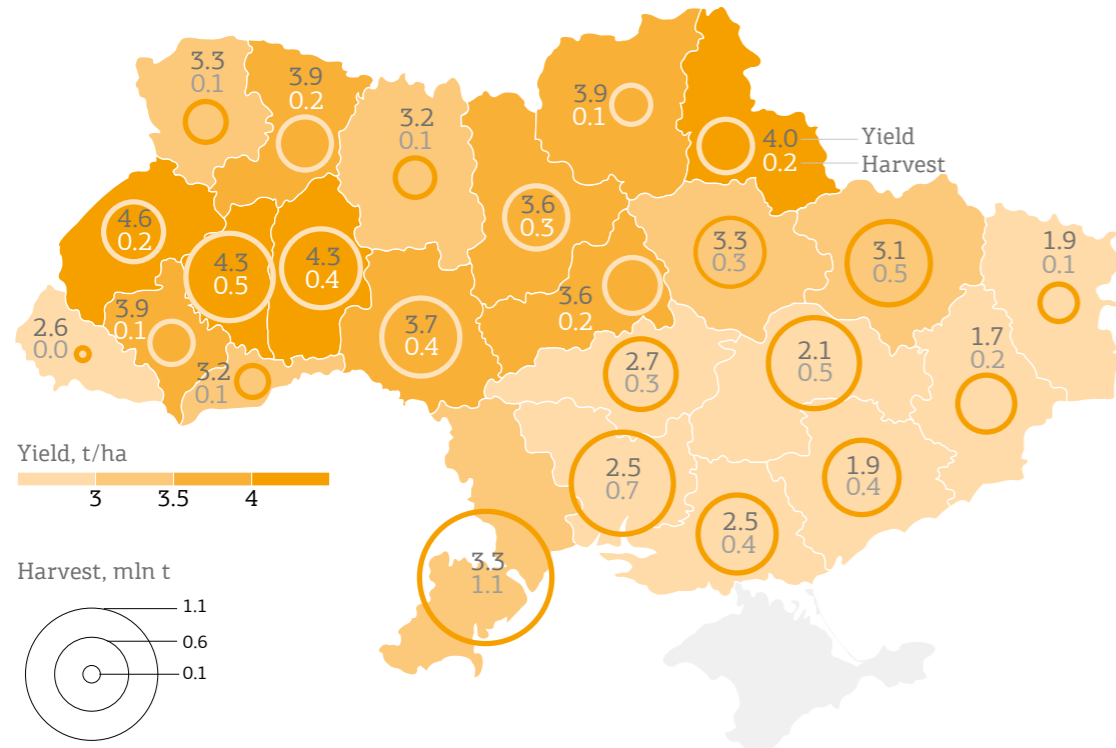
Barley production and export from Ukraine, MY2008/09–MY2018/19, mln t\*



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

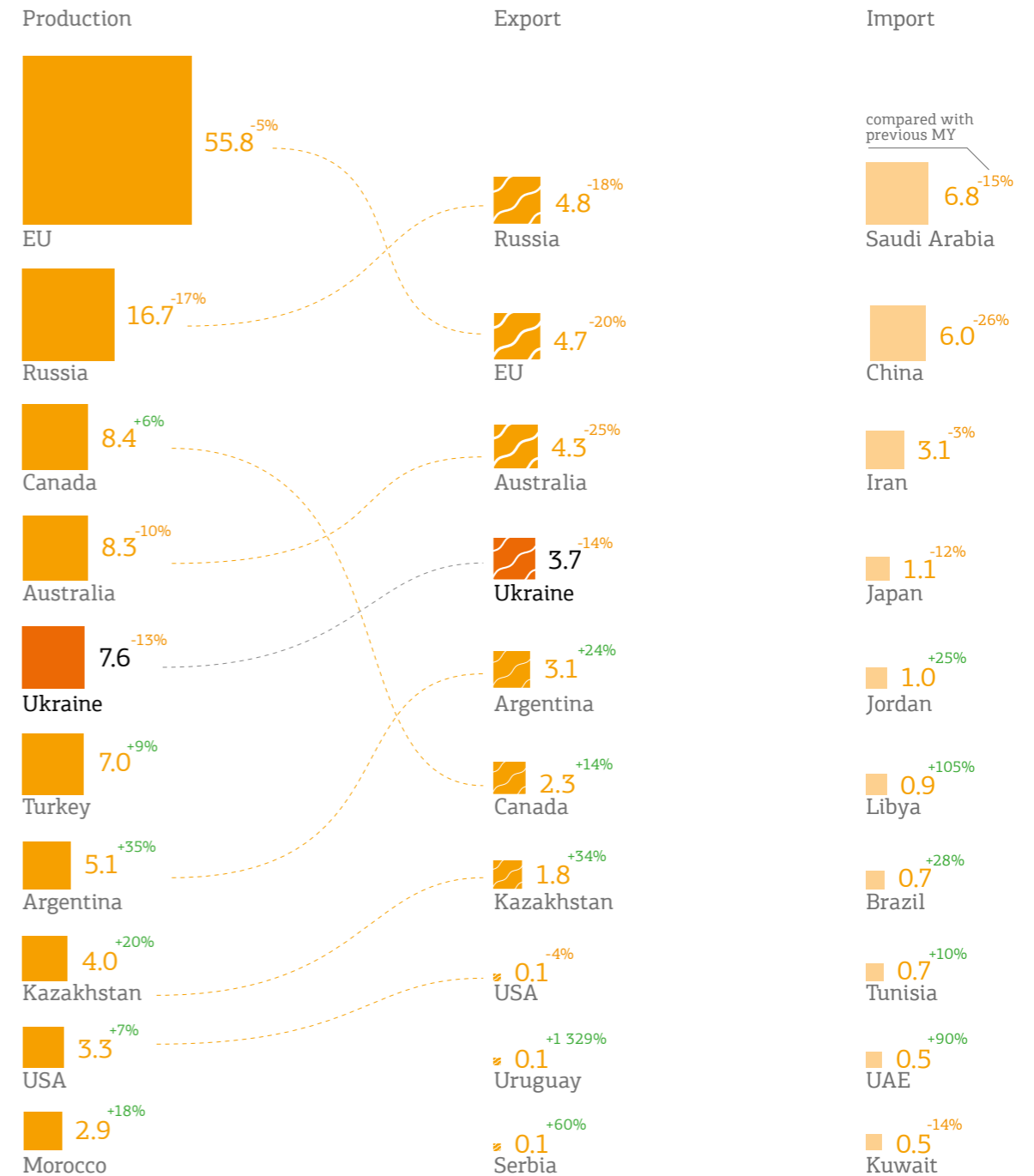


Barley production in Ukraine, 2018

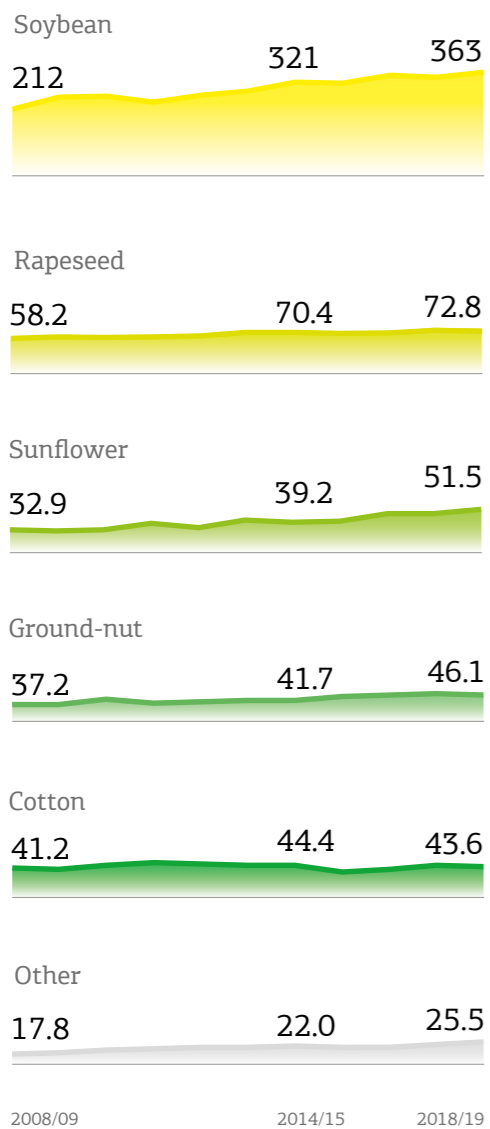


Source: USDA, State Statistics \*estimates for MY2018/19

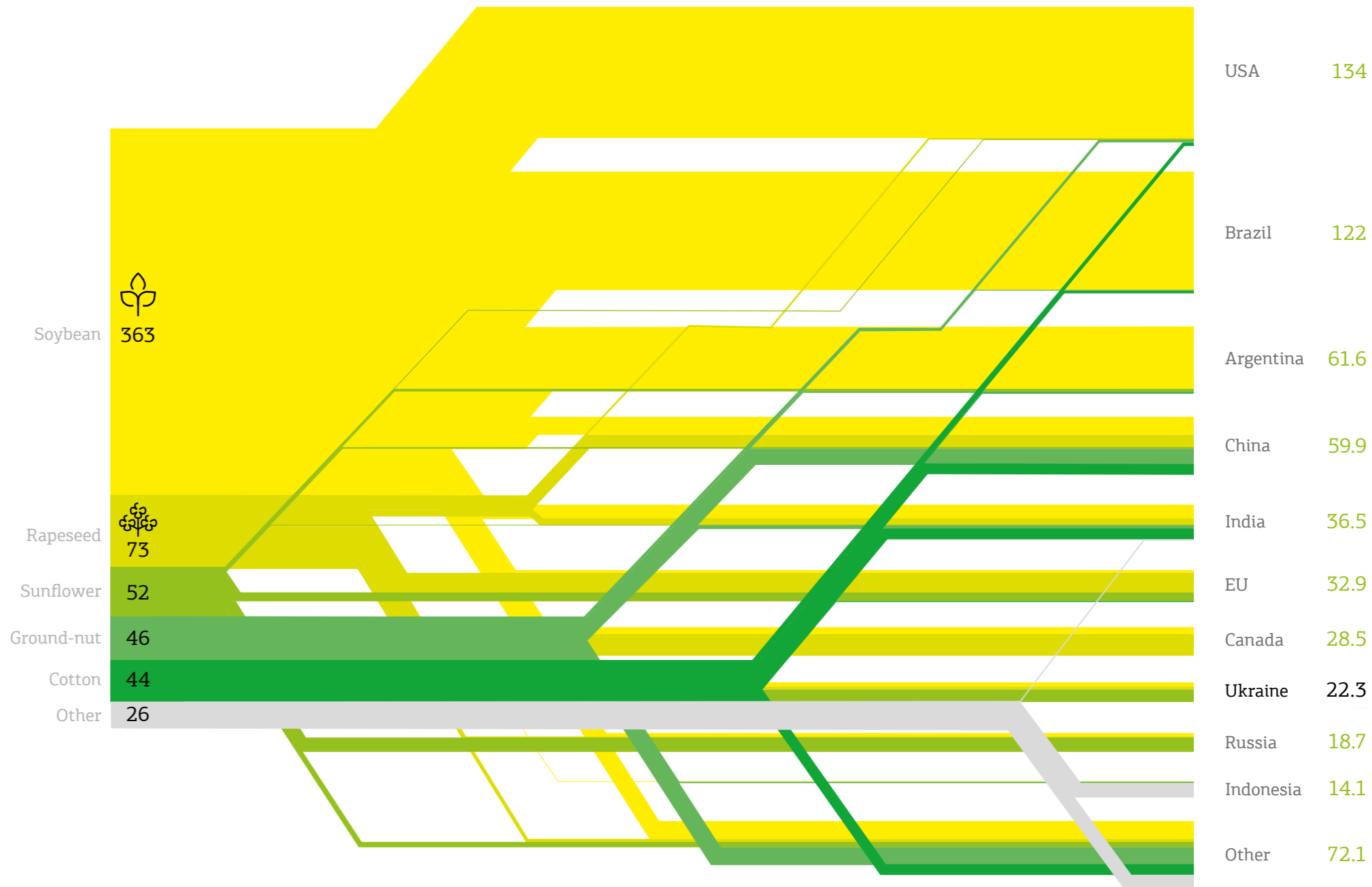
TOP-10 barley producers, exporters, importers, MY2018/19, mln t\*



**Oilseed crops production,**  
MY2008/09–MY2018/19, mln t



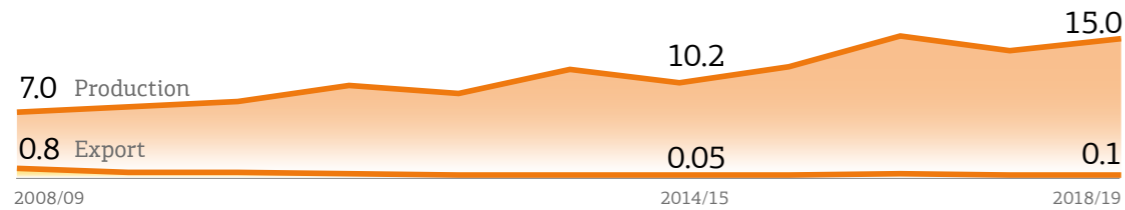
**TOP-10 oilseed crops producers,**  
MY2018/19, mln t



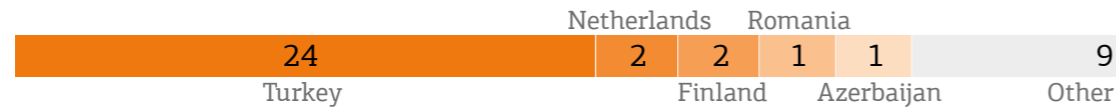
Source: USDA



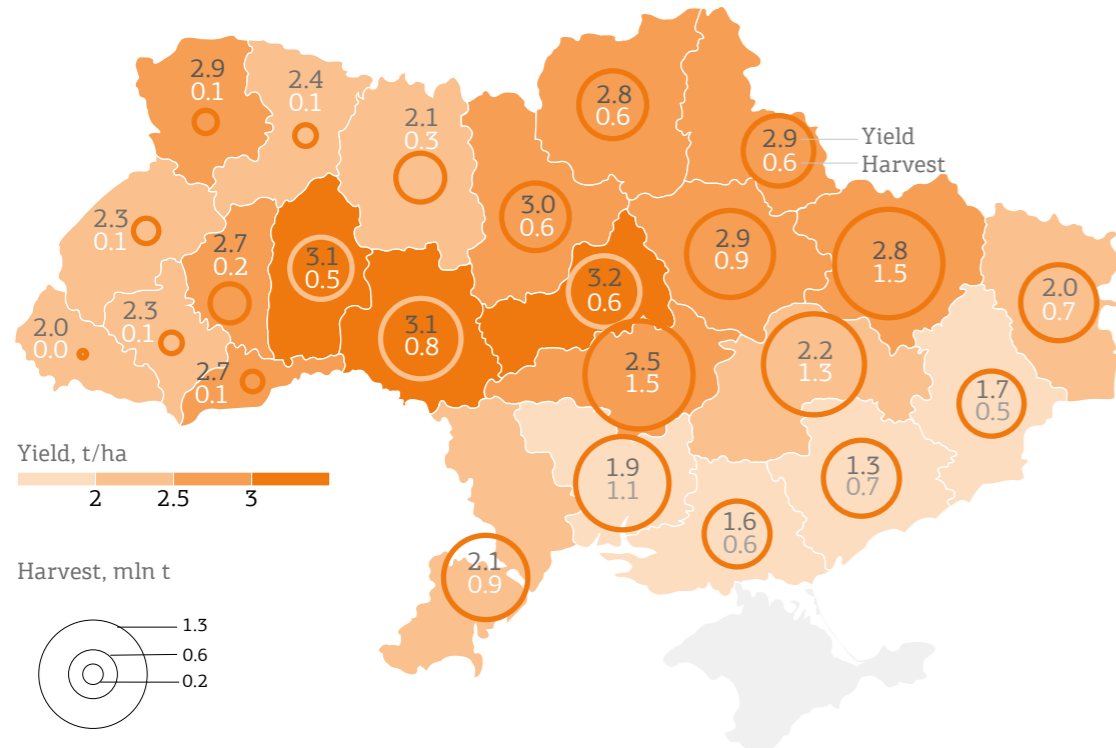
Sunflower production and export from Ukraine, MY2008/09–MY2018/19, mln t\*



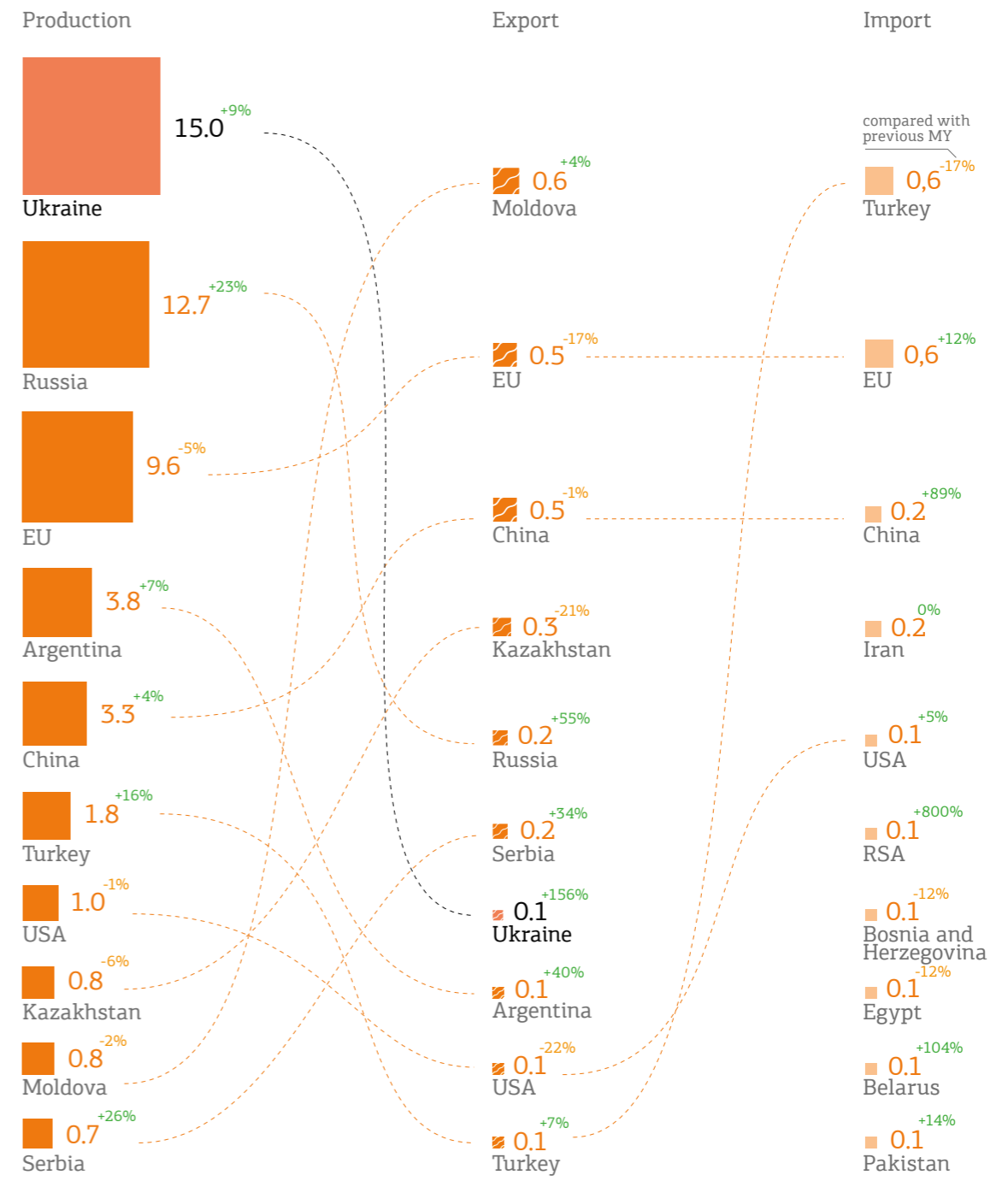
TOP-5 Ukrainian sunflower export directions, 9M of MY2018/19, \$ mln



Sunflower production in Ukraine, 2018

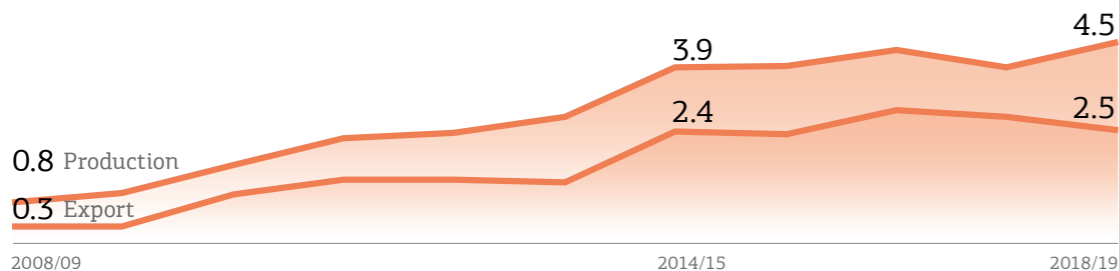


TOP-10 sunflower producers, exporters, importers, MY2018/19, mln t\*

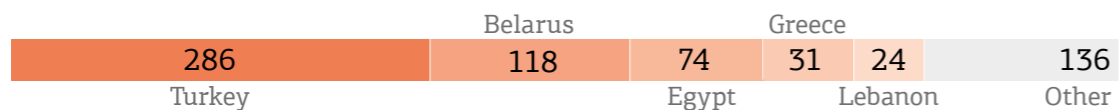


Source: USDA, State Statistics \*estimates for MY2018/19

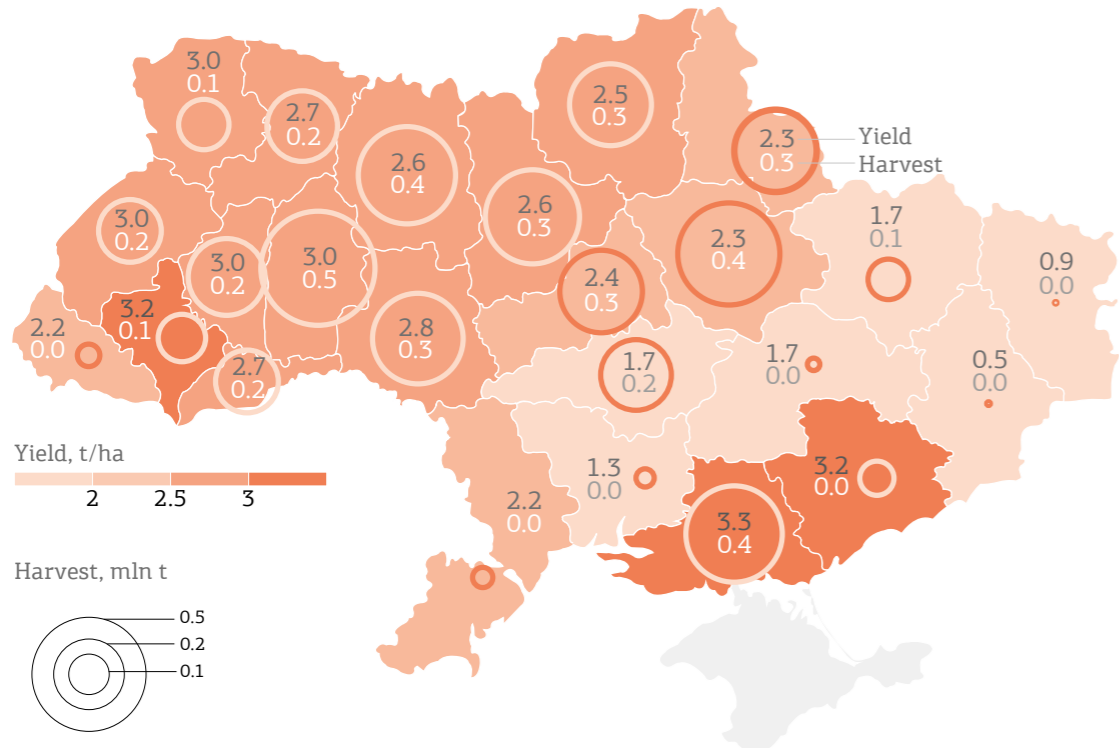
Soybean production and export from Ukraine, MY2008/09–MY2018/19, mln t\*



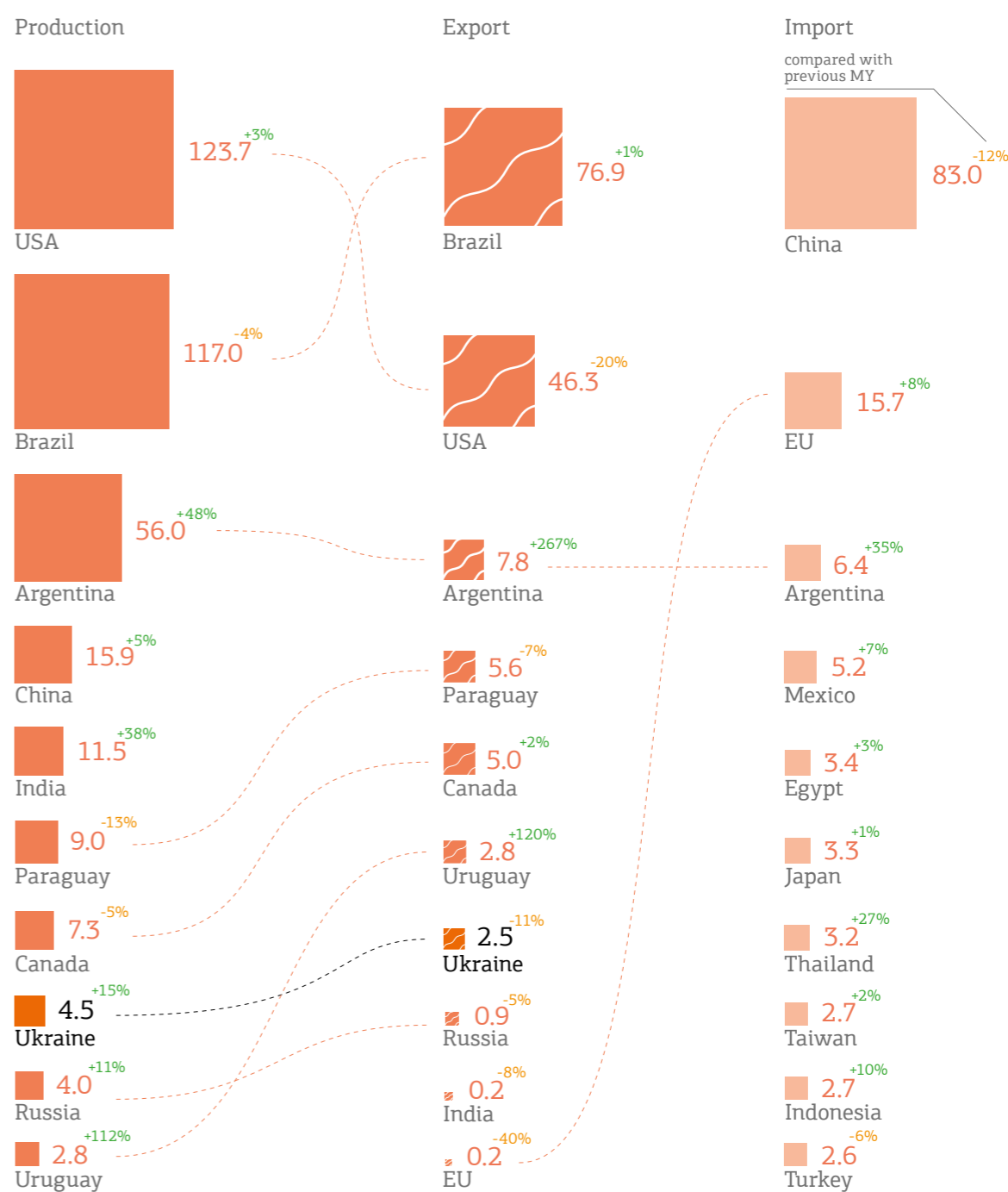
TOP-5 Ukrainian soybean export directions, 9M of MY2018/19, \$ mln



Soybean production in Ukraine, 2018

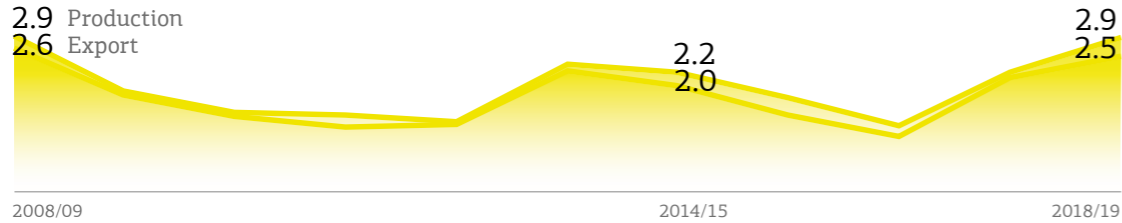


TOP-10 soybean producers, exporters, importers, MY2018/19, mln t\*



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

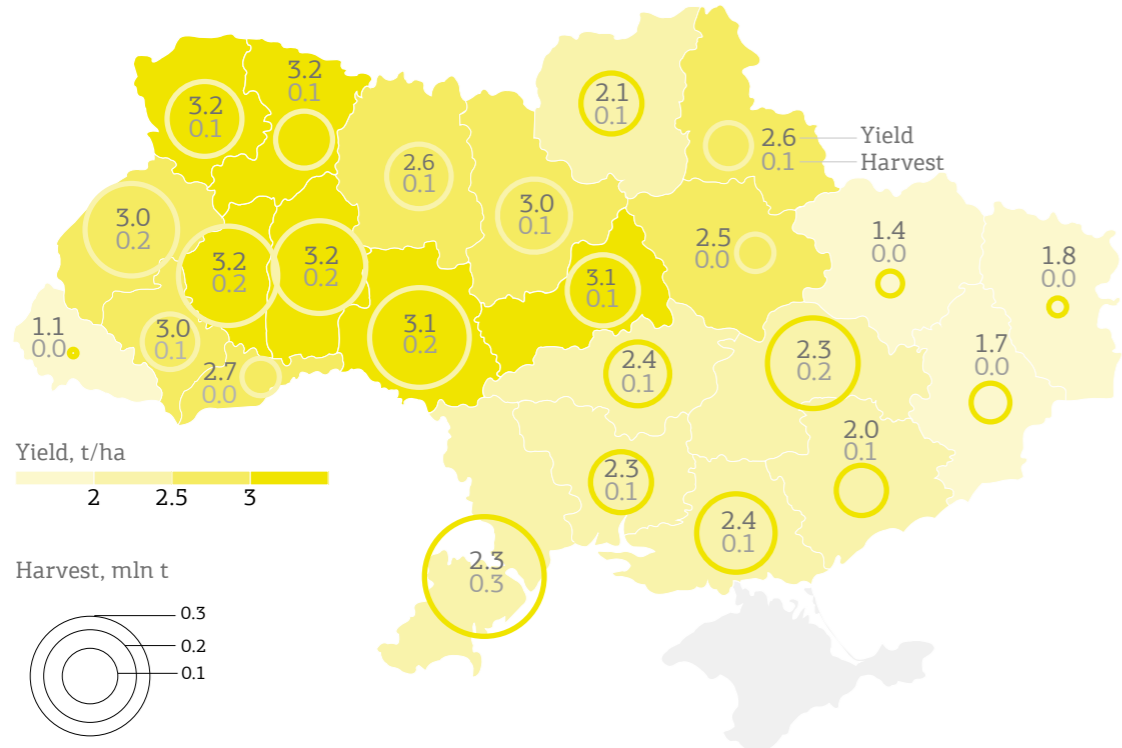
Rapeseed production and export from Ukraine, MY2008/09–MY2018/19, mln t\*



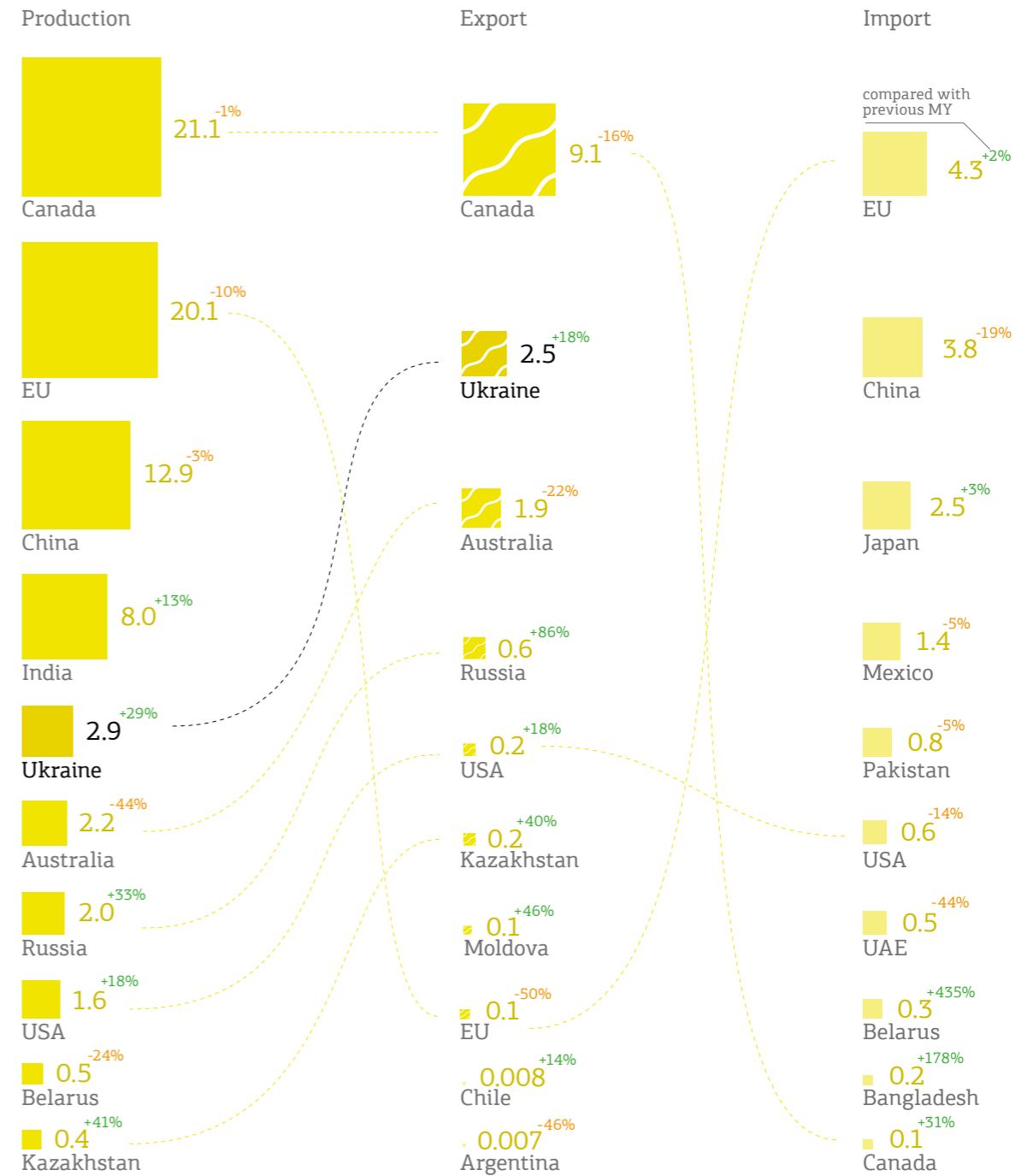
TOP-5 Ukrainian rapeseed export directions, 11M of MY2018/19, \$ mln



Rapeseed production in Ukraine, 2018



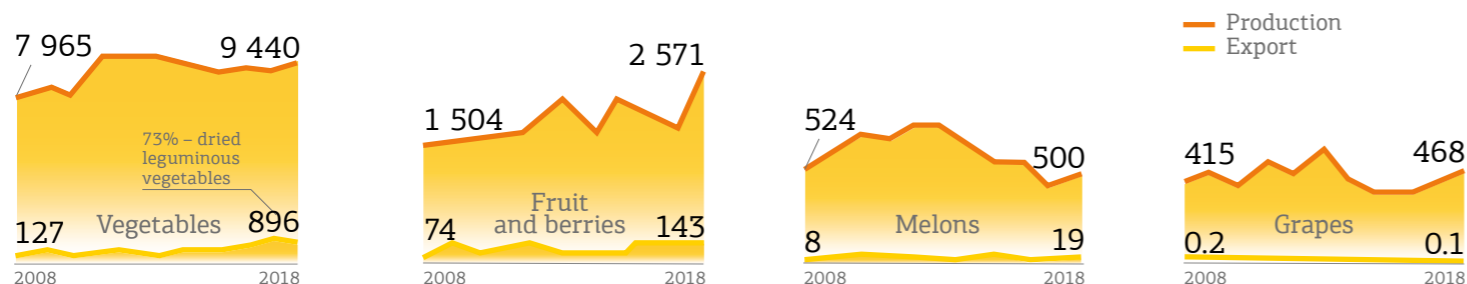
TOP-10 rapeseed producers, exporters, importers, MY2018/19, mln t\*



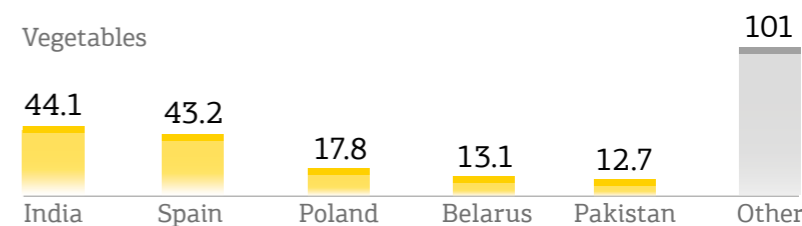
Source: USDA, State Statistics \*estimates for MY2018/19

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

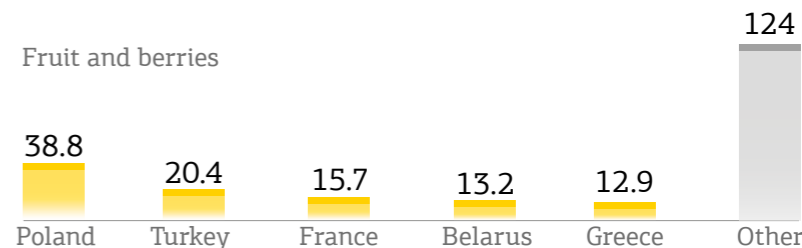
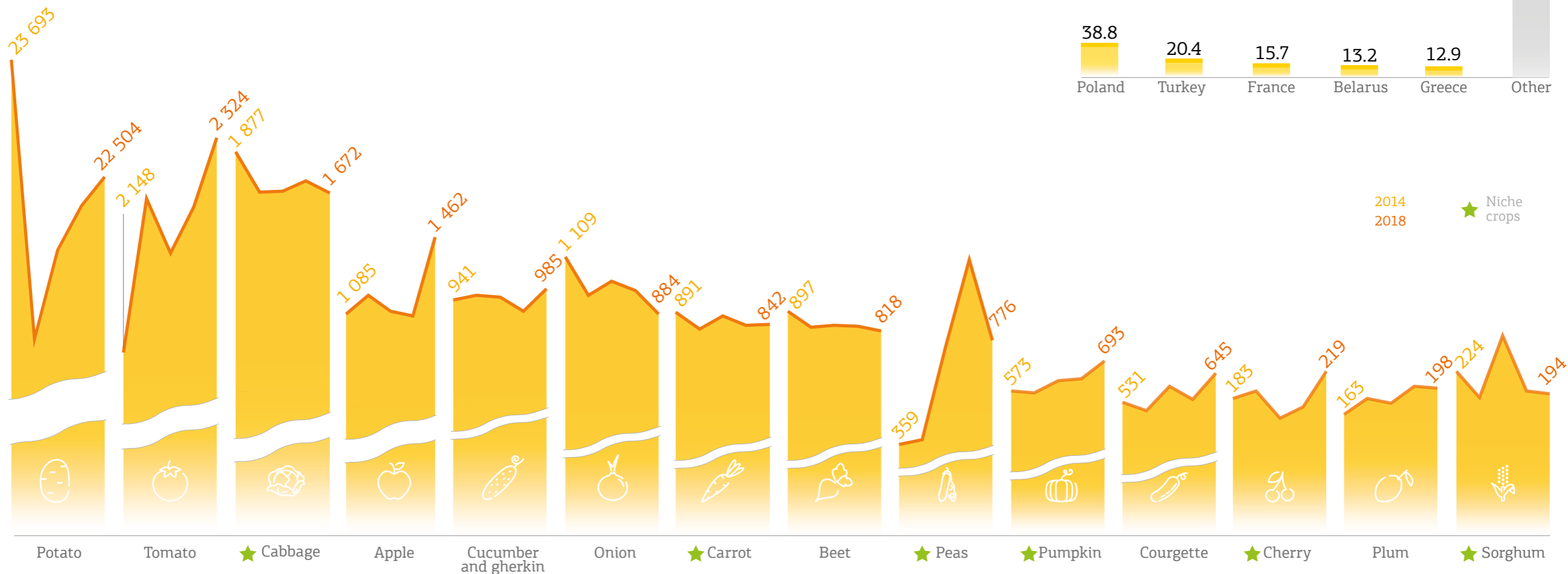
Production and export from Ukraine, 2008-2018, thou. t



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

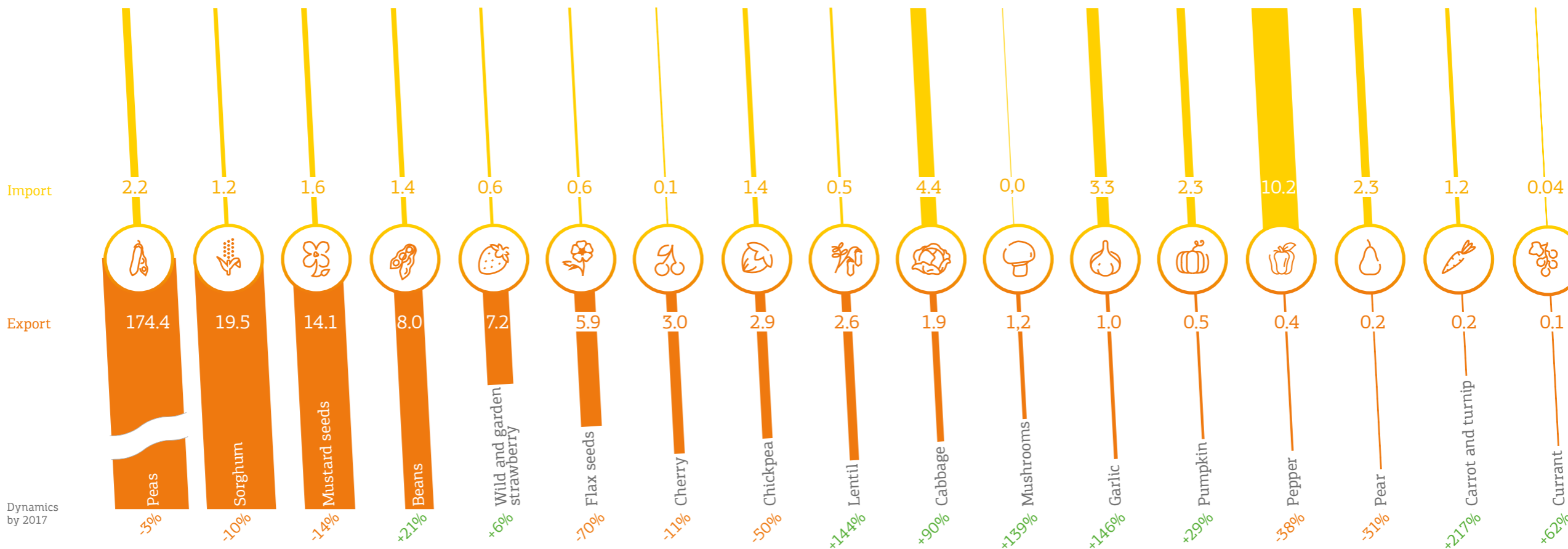


Fruit and berries, vegetables and niche crops production, 2014-2018, thou. t



Source: State Statistics

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



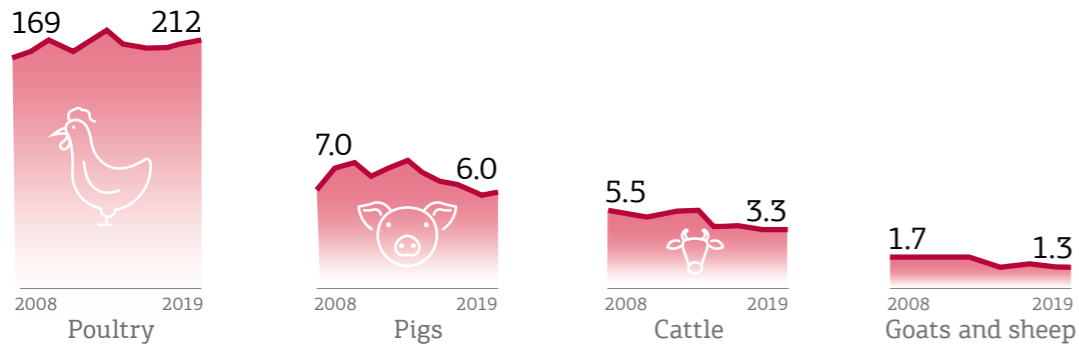
Exports and imports of niche crops (continued)



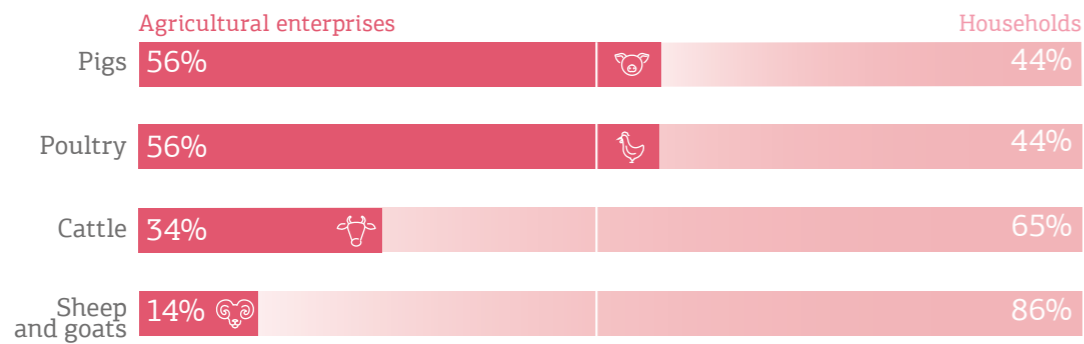


# ANIMAL PRODUCTS

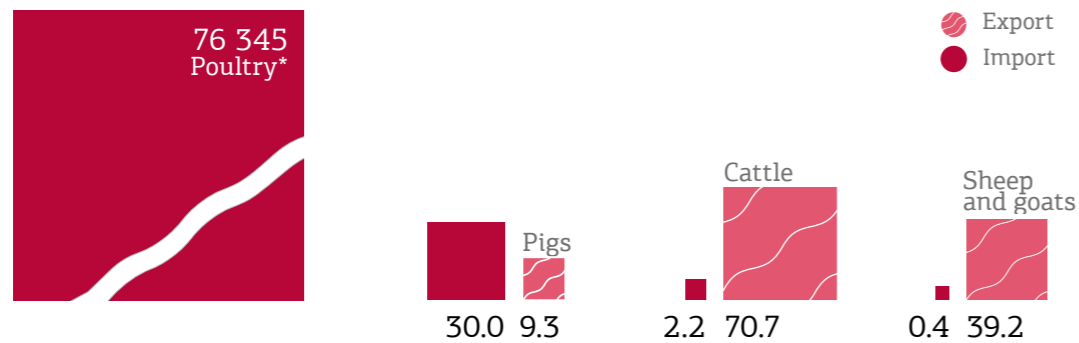
Livestock dynamics, as of January 1 2008-2019, mln head



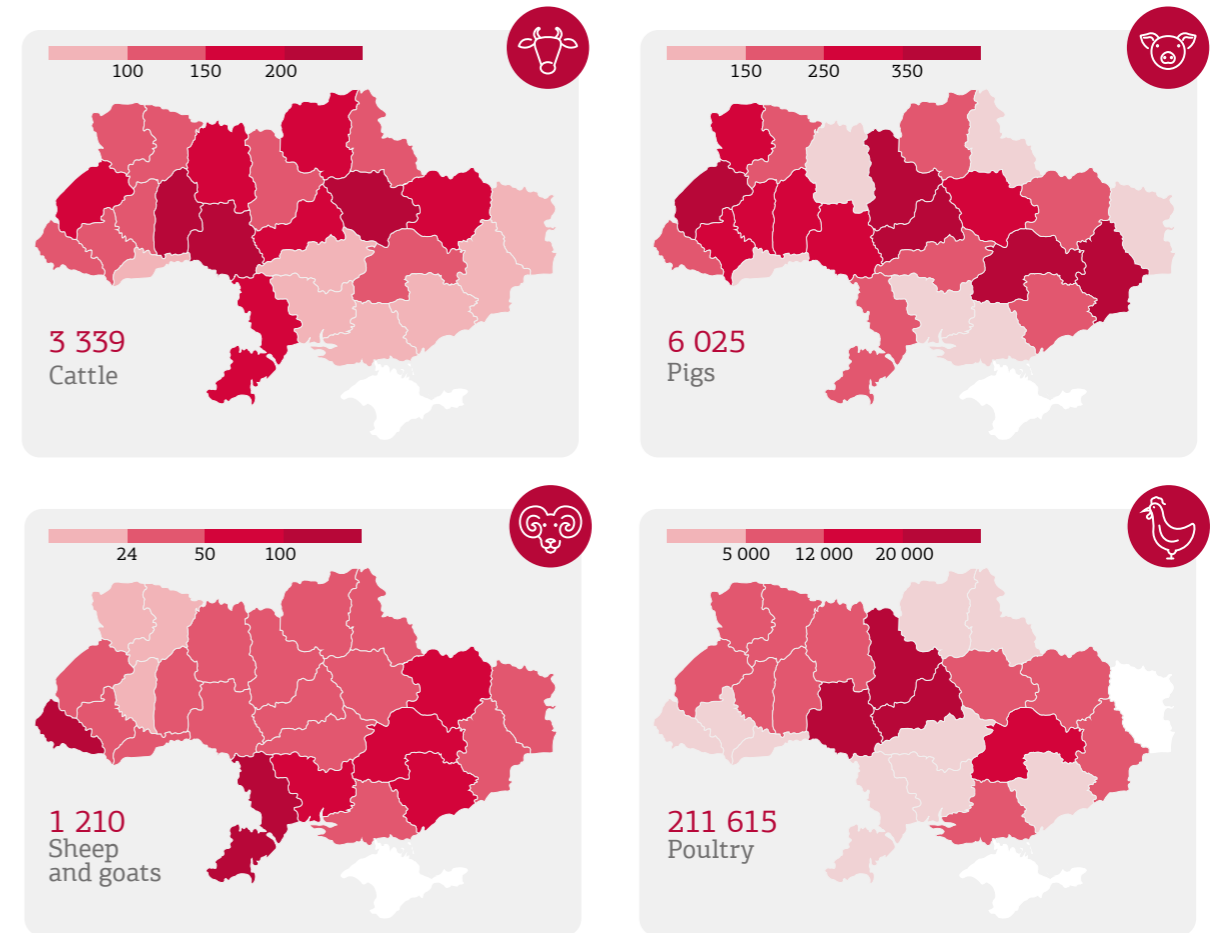
Livestock by farm types, as of January 1 2019, thou. head



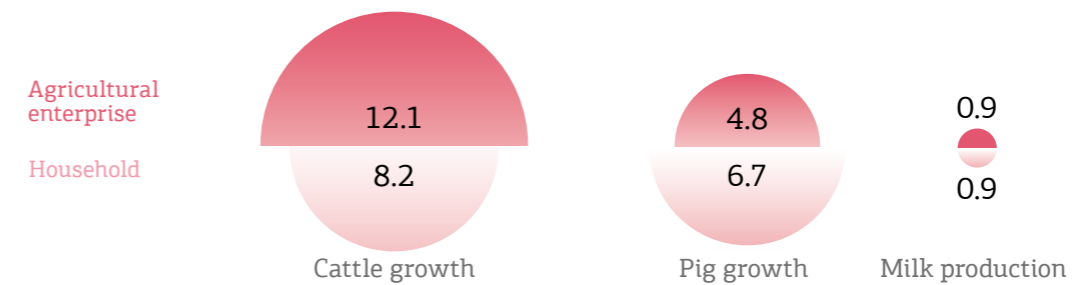
Livestock export and import, 2018, thou. head



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



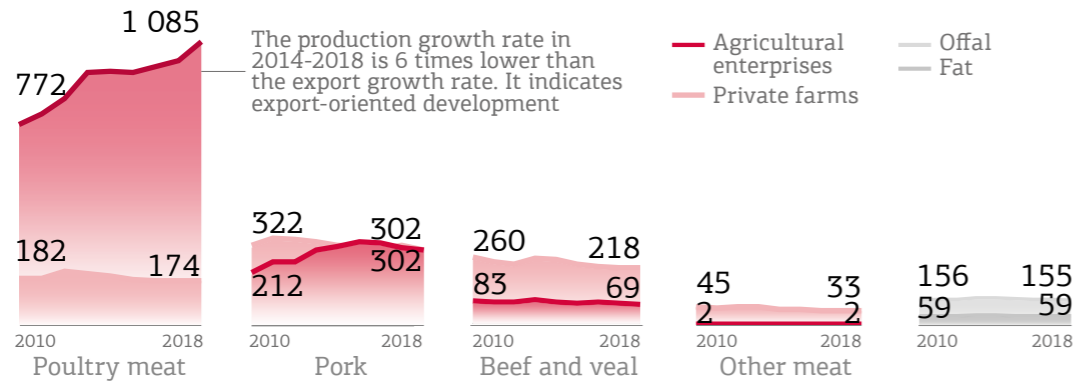
Amount of feed per one animal product item, 2018, estimated per livestock head



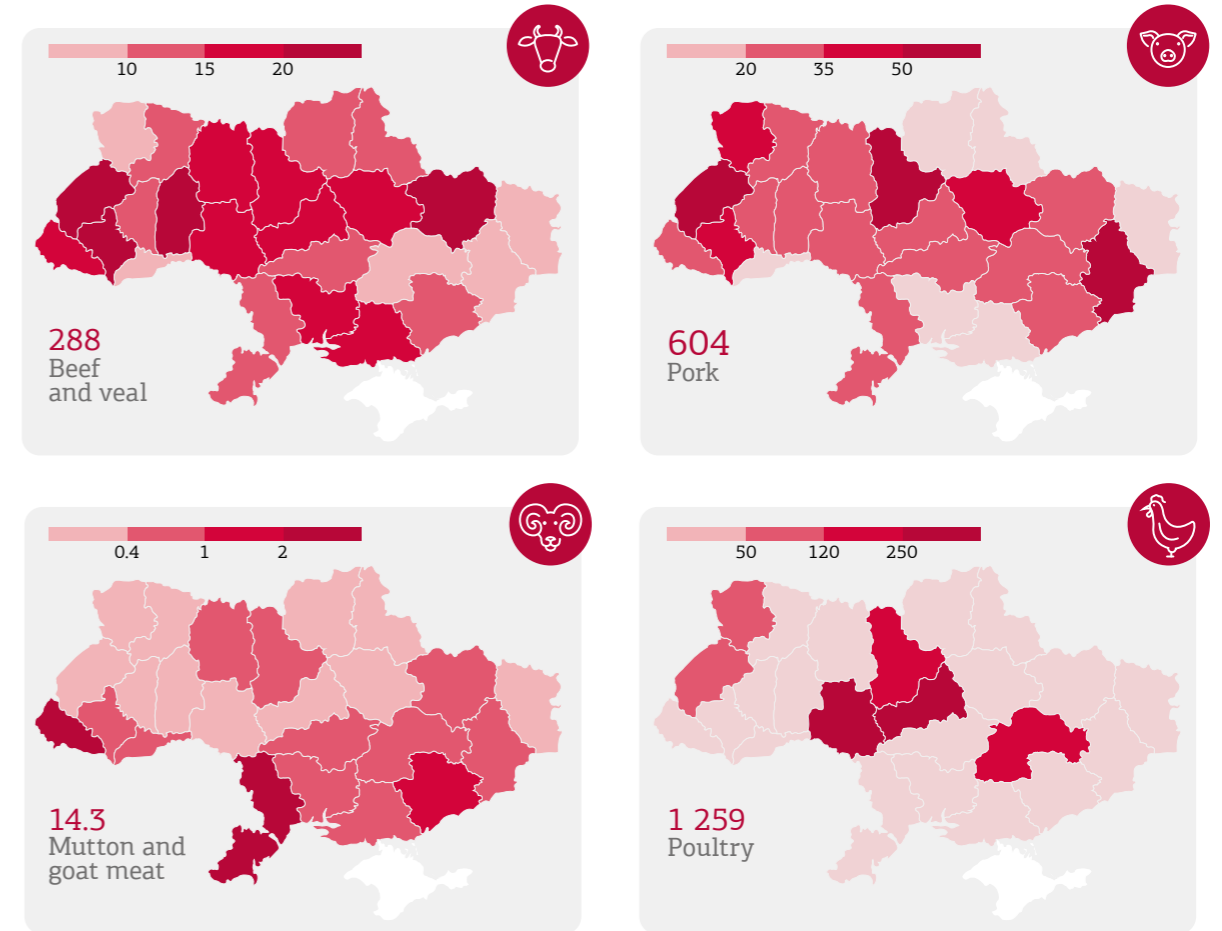
Source: State Statistics

\*mostly chicks for the parent flock

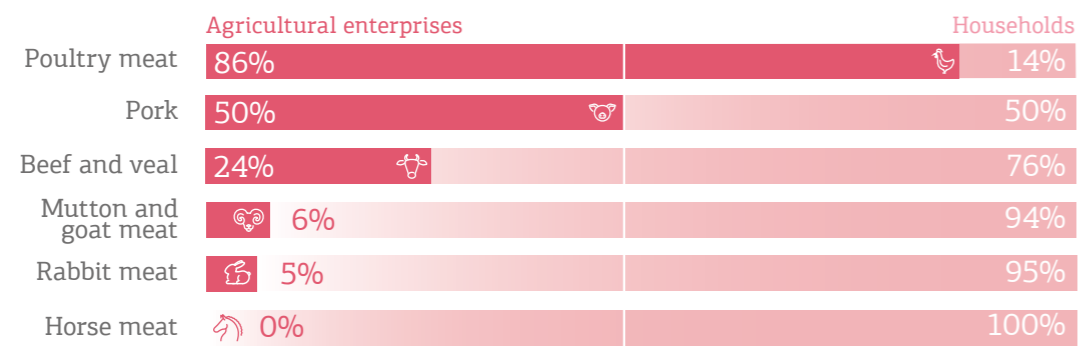
Meat and edible subproducts production, 2010-2018, thou. t (slaughter weight)



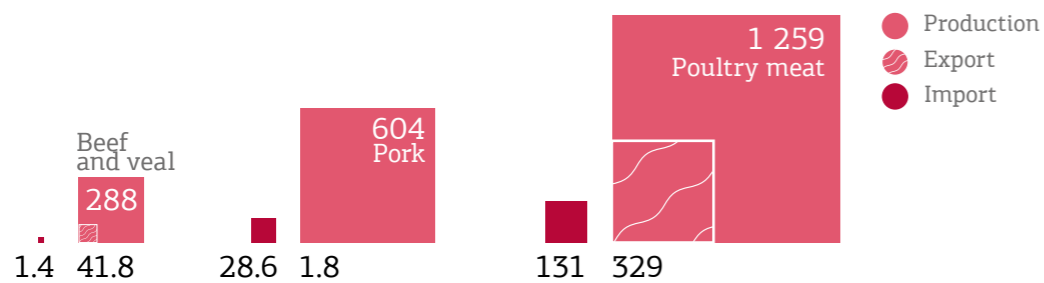
Regional meat products structure, 2018, thou. t



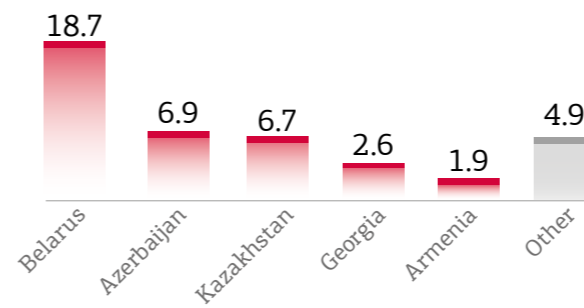
Meat production by farm types, 2018, %



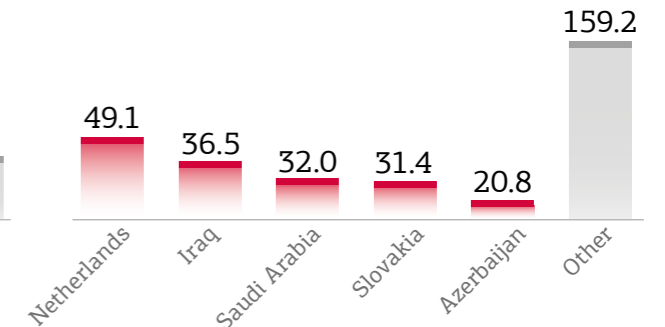
Production, export and import of meat, 2018, thou. t



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



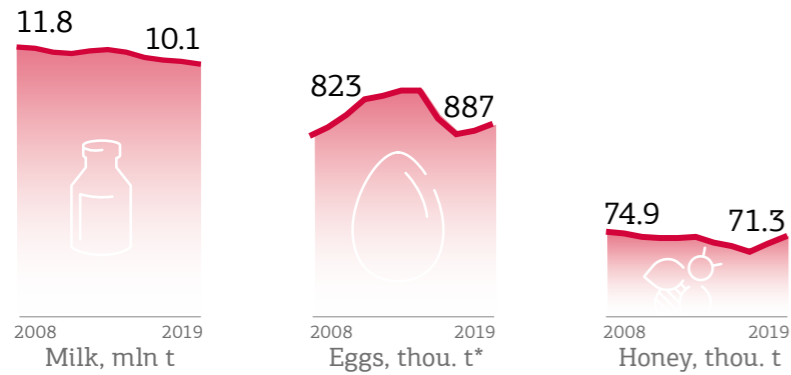
TOP-5 Ukrainian poultry meat export directions, 2018, thou. t



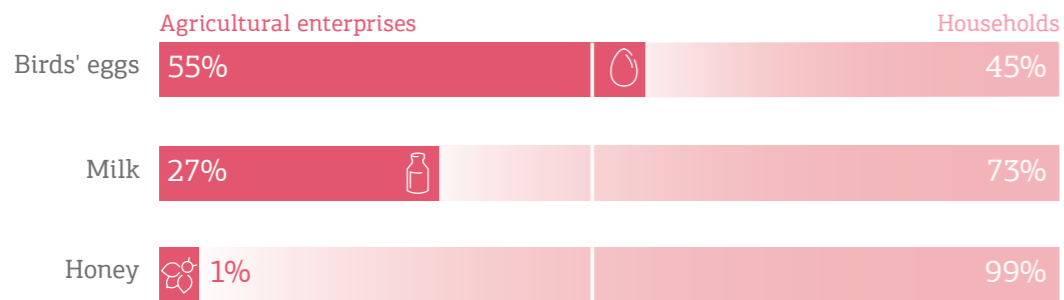
Source: State Statistics, Meat-balance



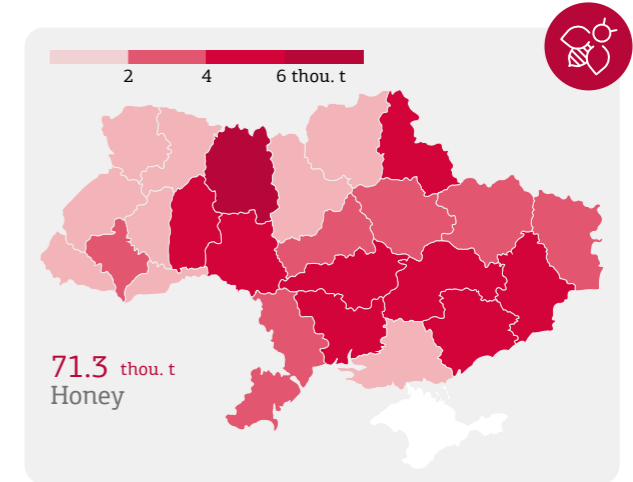
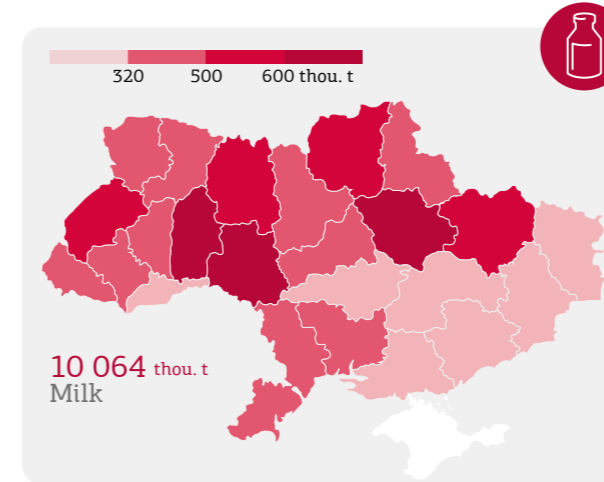
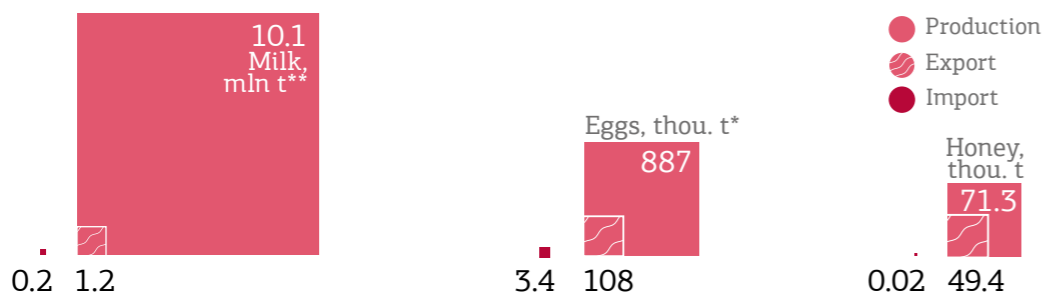
Livestock products output dynamics, 2008-2019



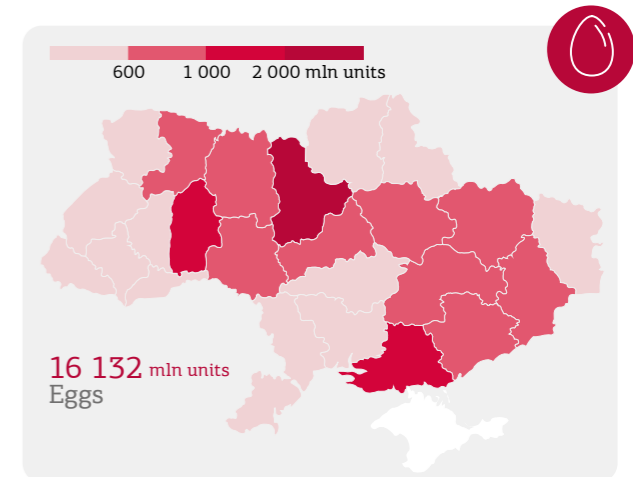
Livestock products output by farm types, 2018, %



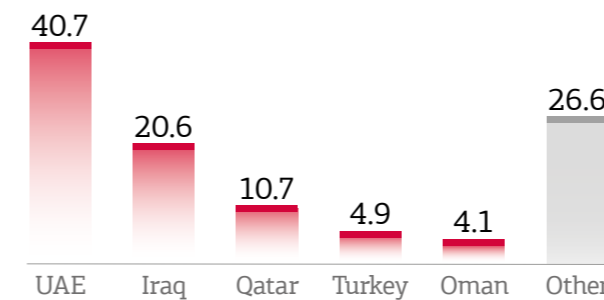
Production, export and import of livestock products, 2018



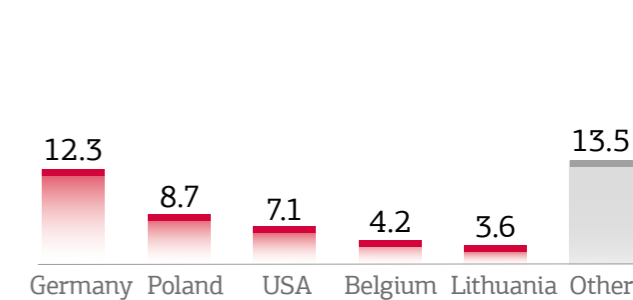
Regional livestock products production structure, 2018 for products/as of January 1 2019 for honey



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



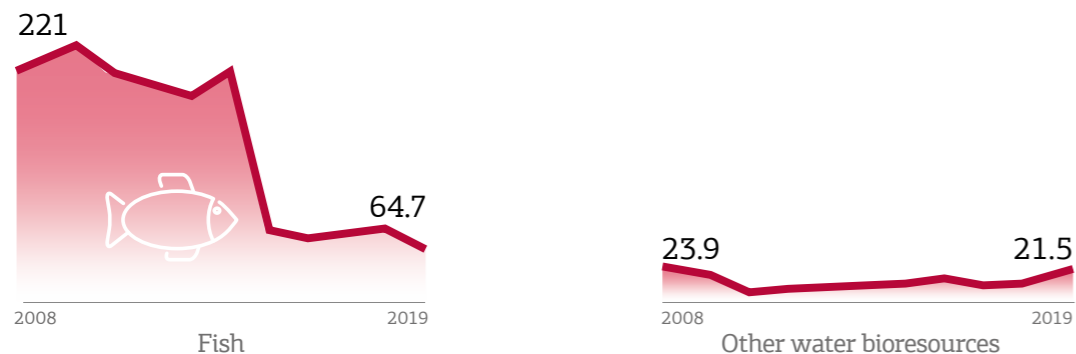
TOP-5 Ukrainian honey export directions, 2018, thou. t



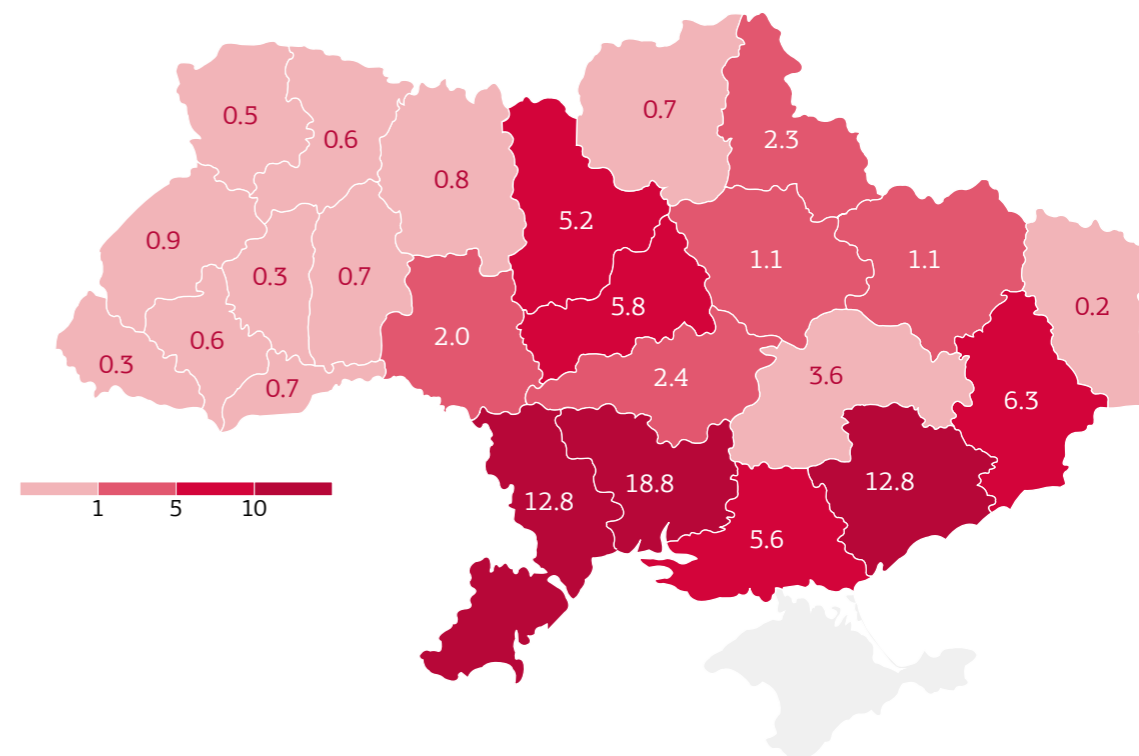
Source: State Statistics, Infagro

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

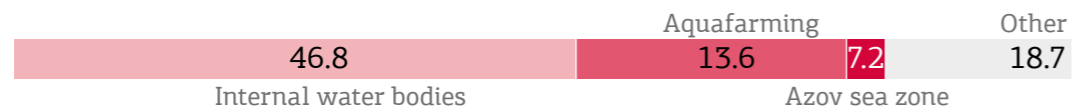
Water bioresources production dynamics, 2008-2019, thou. t



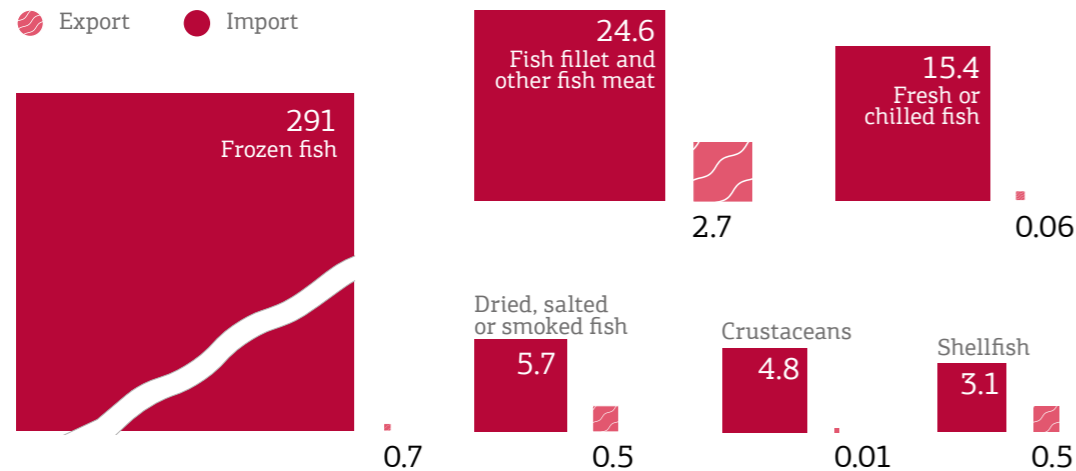
Regional water bioresources production structure, 2018, thou. t



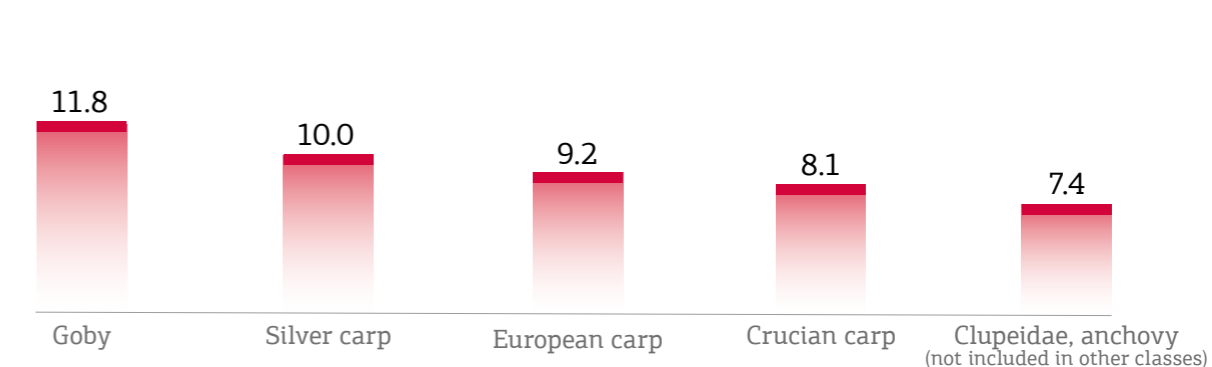
Structure of water bioresources production, 2018, thou. t



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



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

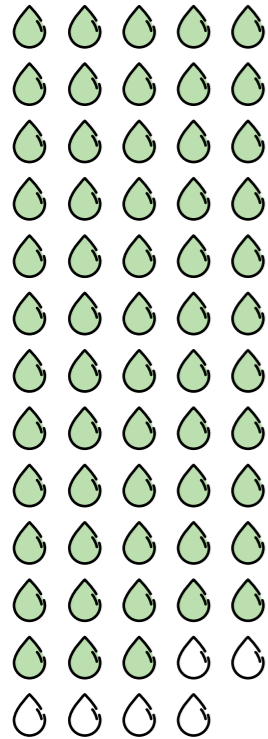


Source: State Statistics



# PROCESSED FOOD

Sunflower oil 6 364<sup>+</sup>  
5 800



Soybean oil 275  
267



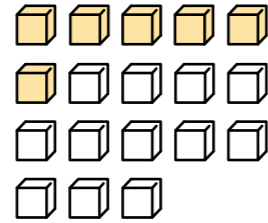
Rapeseed oil 140  
140



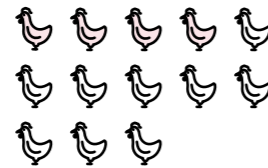
Flour 1 736  
307



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



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

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

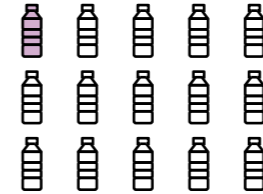


Margarine 136  
16



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  
—



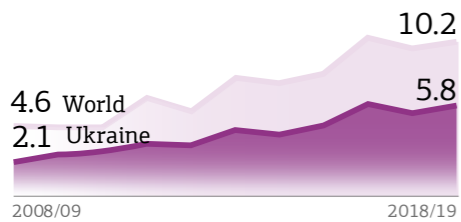
The current state of oil production



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

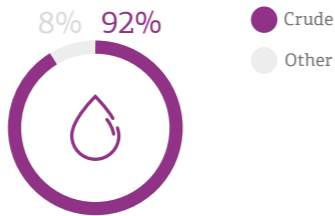
Crude sunflower oil is the basis of export.

Export of sunflower oil, MY2008/09–MY2018/19, mln t



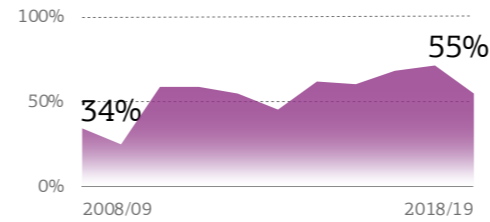
The lack of raw materials prevent the further growth of production

Ukrainian sunflower oil export structure, 2018, % (in physical terms)



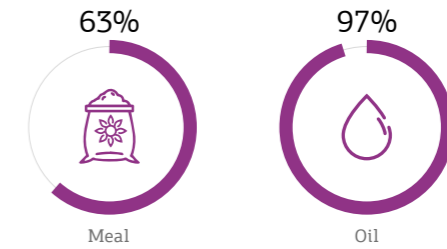
The level of raw material processing is expected to be increased.

Soybeans export share of production, MY2008/09–MY2018/19, %

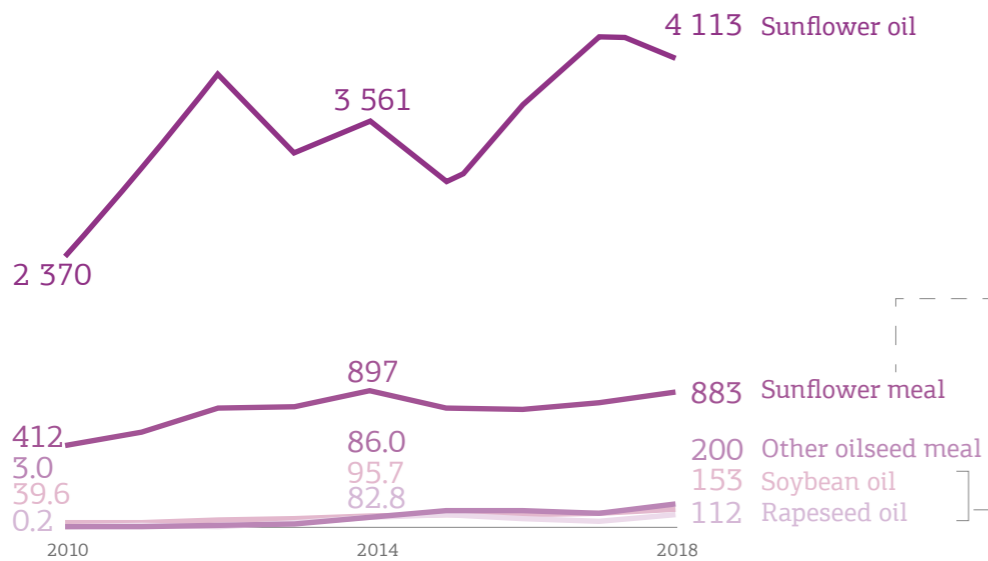


Soybean meal is the key product for the business, having a domestic market as well. Soybean oil is a derived product and is mostly exported.

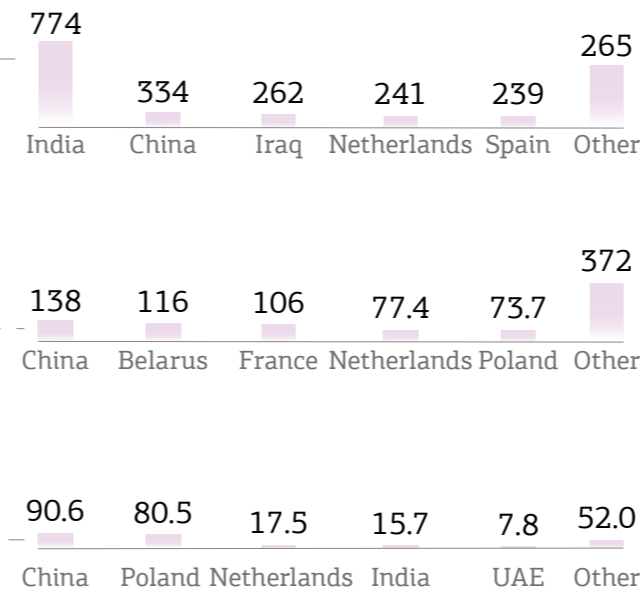
Export share of annual supply, MY2018/19



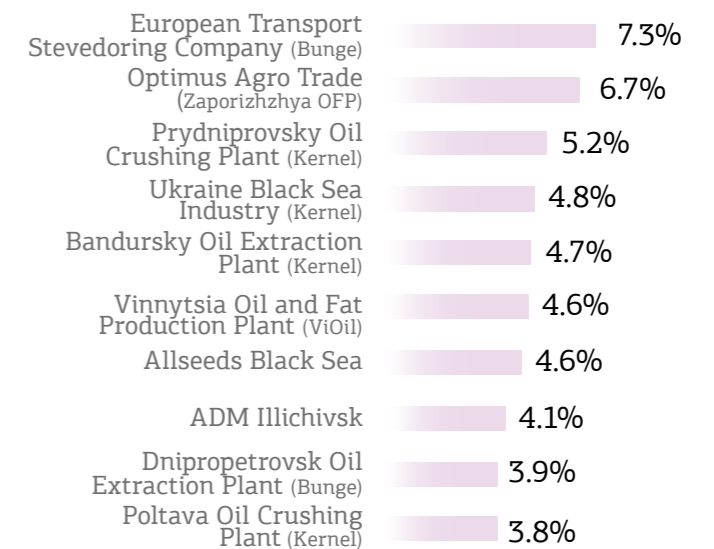
Ukrainian vegetable oil and meal export, 2010-2018, \$ mln



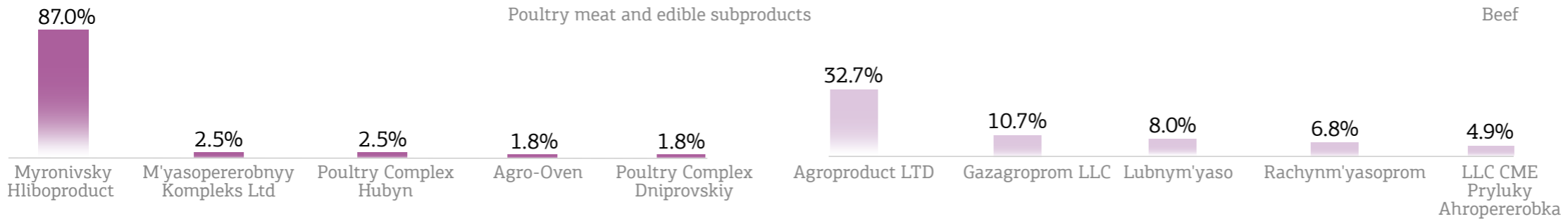
TOP-5 export directions, 2018, \$ mln



TOP-10 unrefined sunflower oil producers, September-July MY2018/19, % of the market



**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, %**



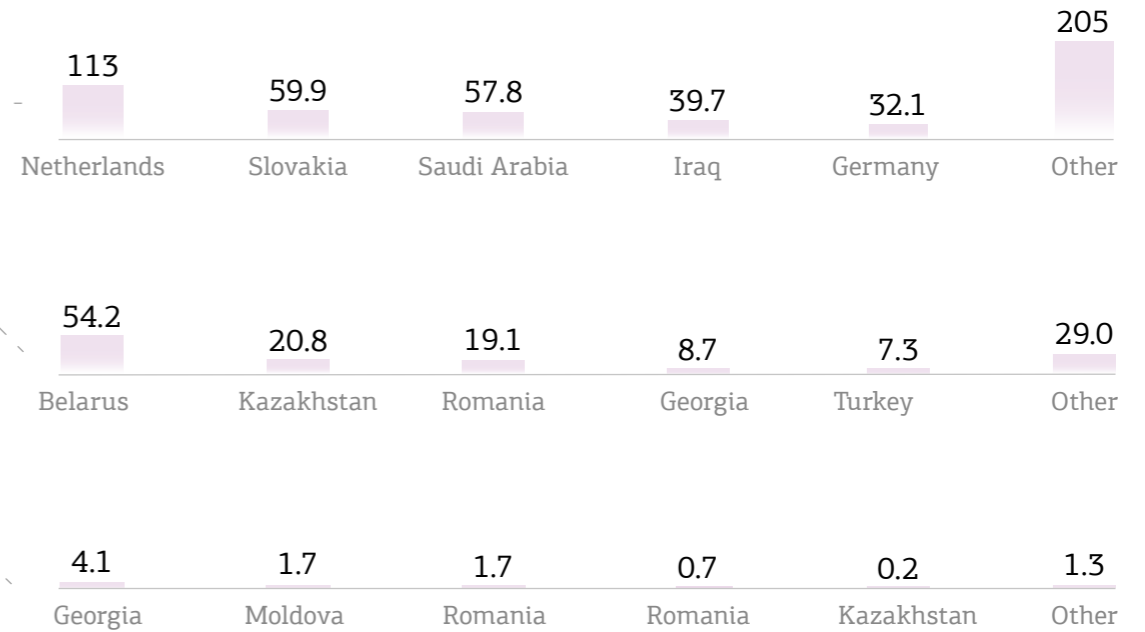
**Meat and edible subproducts foreign trade, 2010-2018, \$ mln**



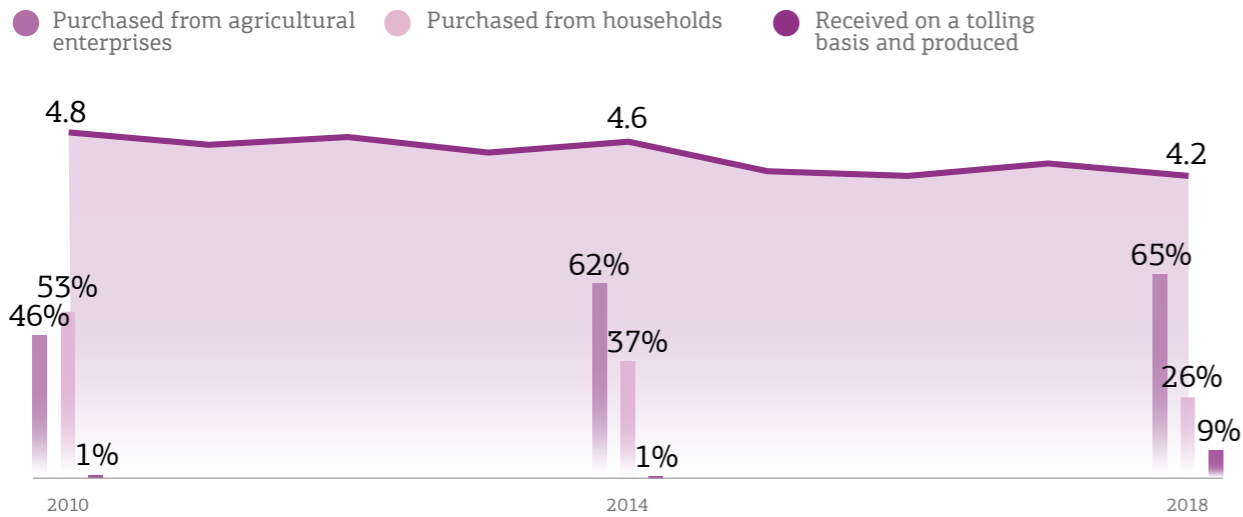
For the last 4 years, export has been growing by 13% annually on average

89% of export is cattle meat

**TOP-5 export directions, 2018, \$ mln**

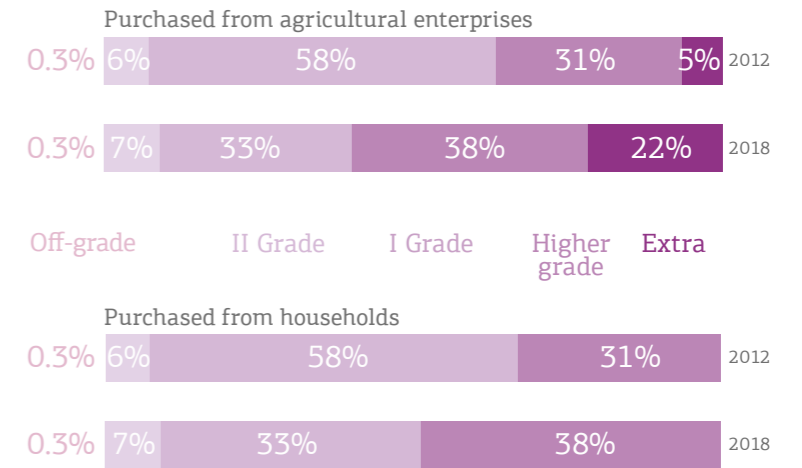


The volume of milk sent to industrial processing by origin, 2010-2018, mln t (%)

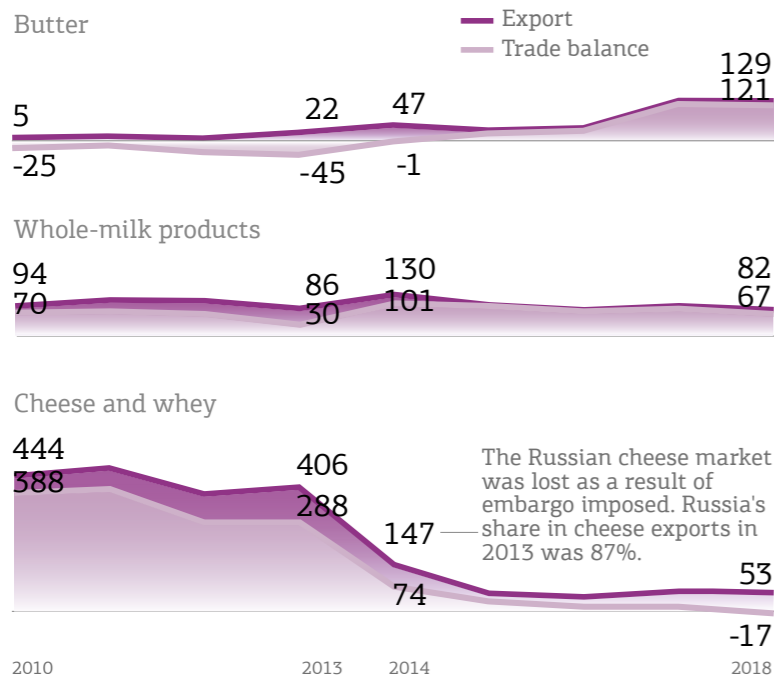


The share of milk purchased from households for processing has decreased significantly in recent years.

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

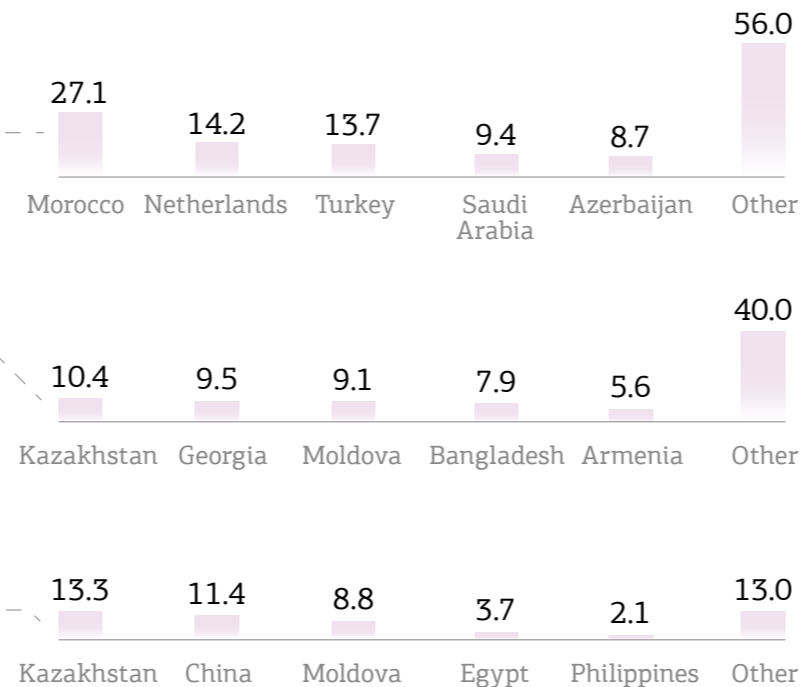


Dairy products foreign trade, 2010-2018, \$ mln

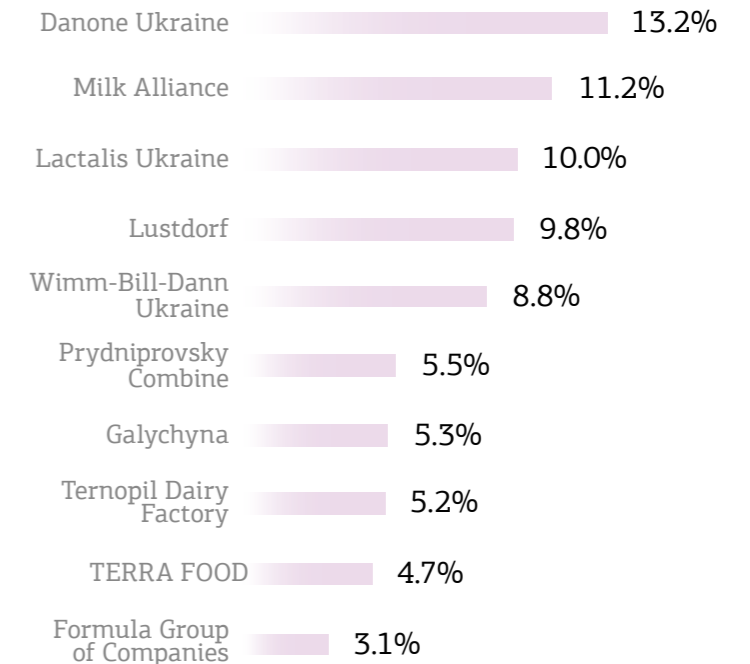


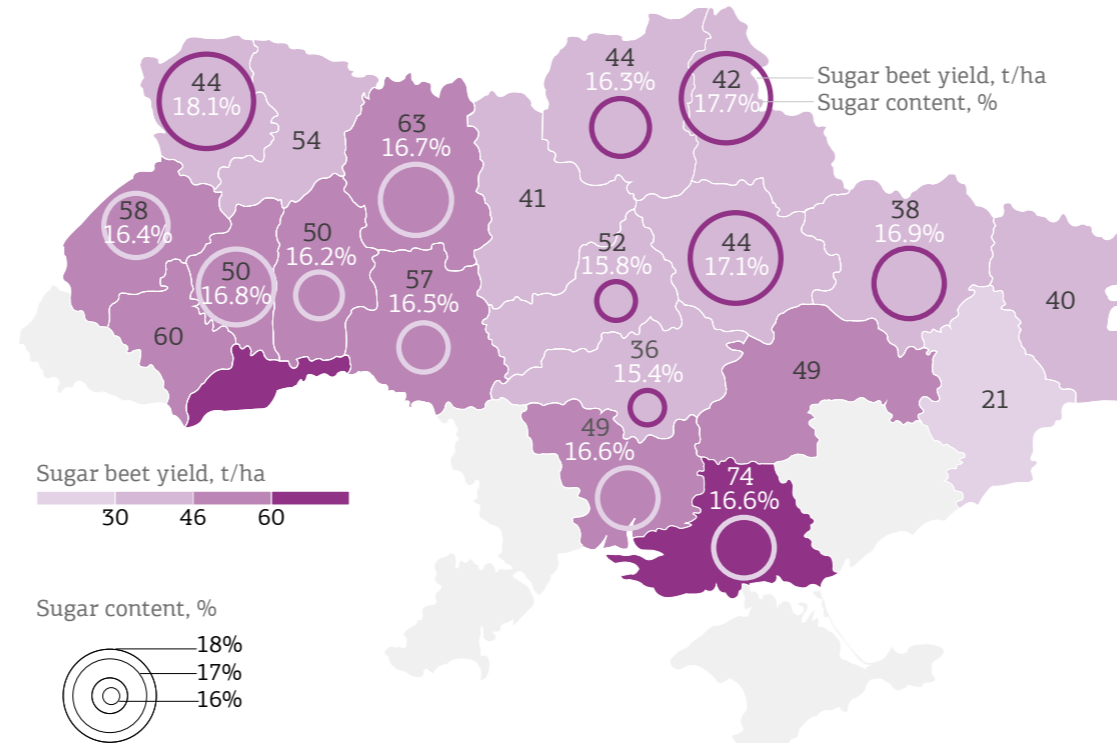
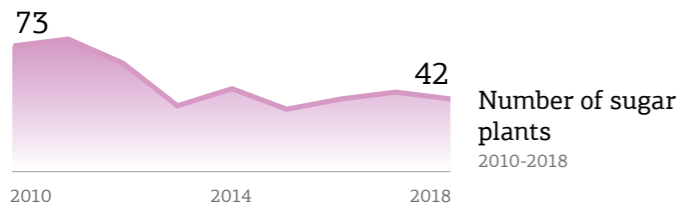
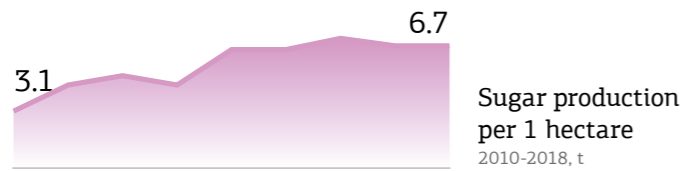
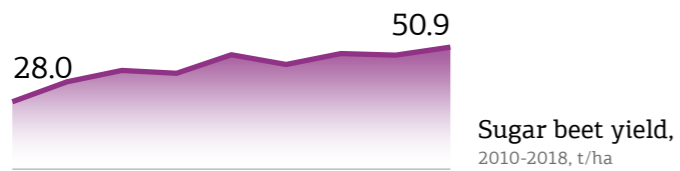
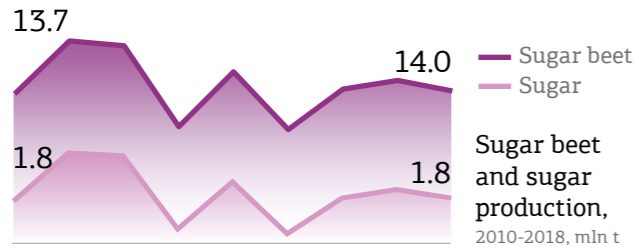
The Russian cheese market was lost as a result of embargo imposed. Russia's share in cheese exports in 2013 was 87%.

TOP-5 export directions, 2018, \$ mln

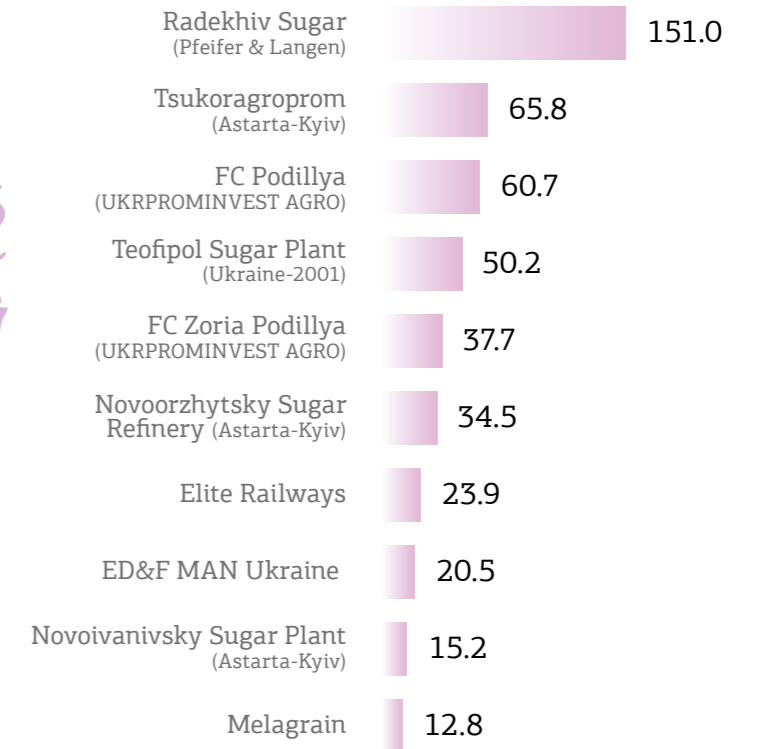


TOP-10 producers of whole-milk products, 2018, % of the market

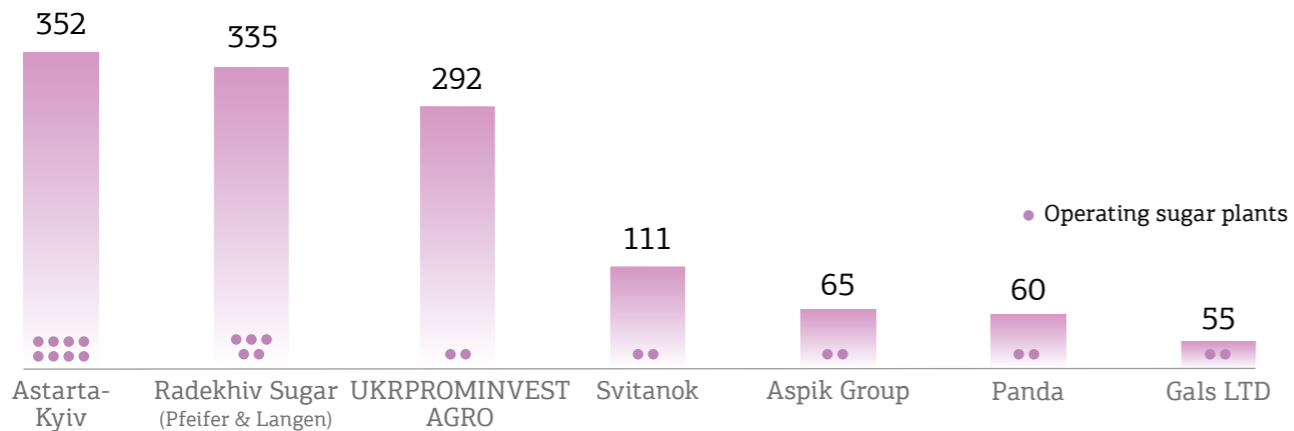




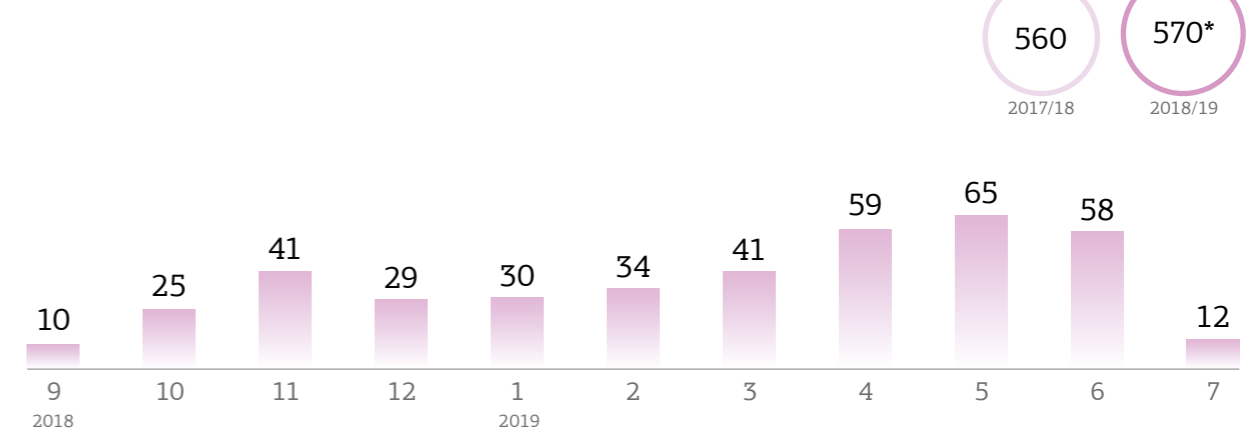
**TOP-10 Ukrainian sugar exporters, MY2018/19, thou. t**



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



**Ukrainian sugar export, MY2018/19, thou. t**



Source: State Statistics, Ukr sugar

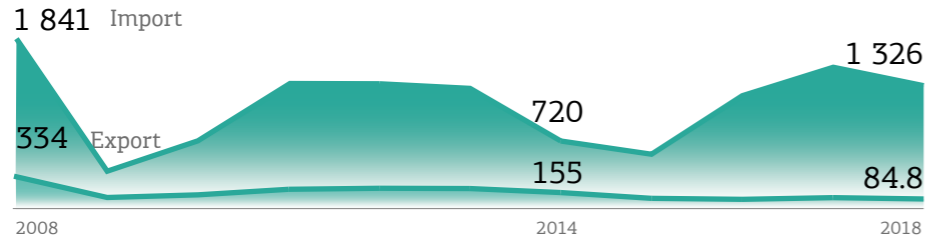
\*forecast



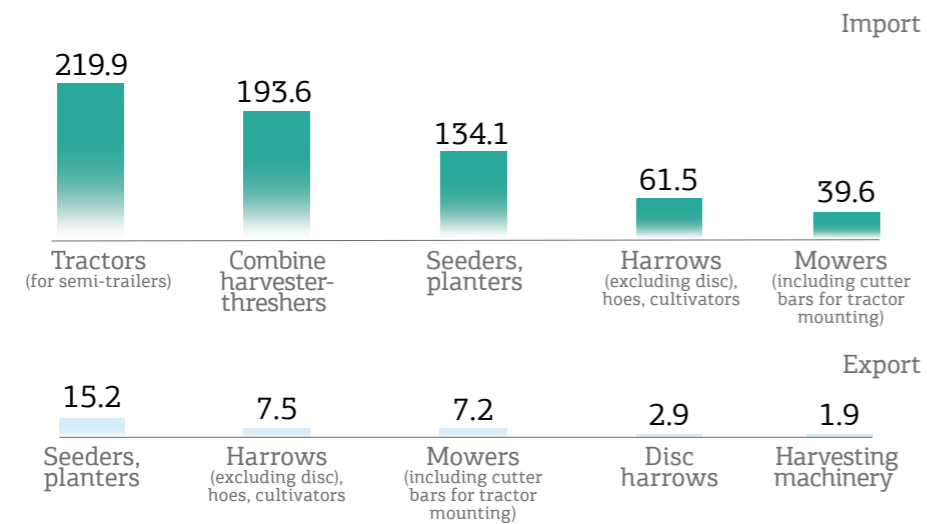


# INFRASTRUCTURE AND SERVICES

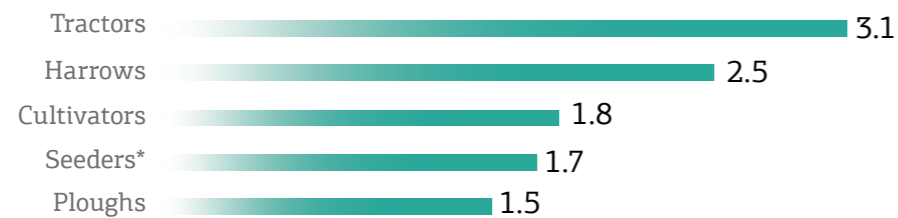
**Agricultural machinery and equipment foreign trade, 2008-2018, \$ mln**



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



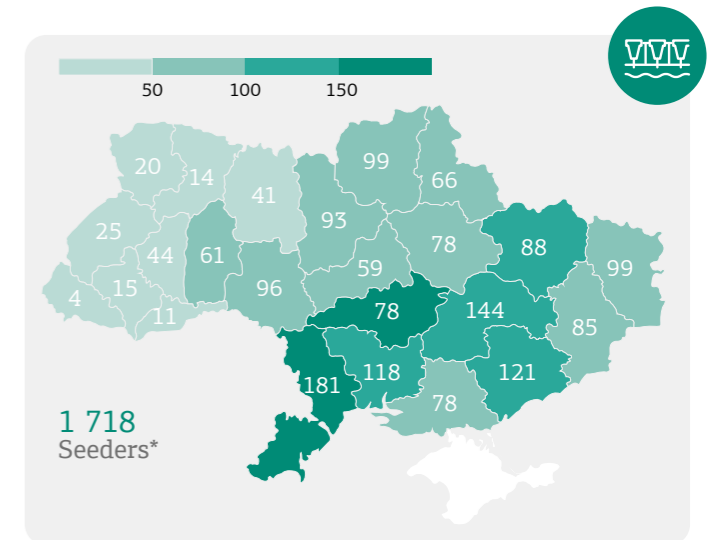
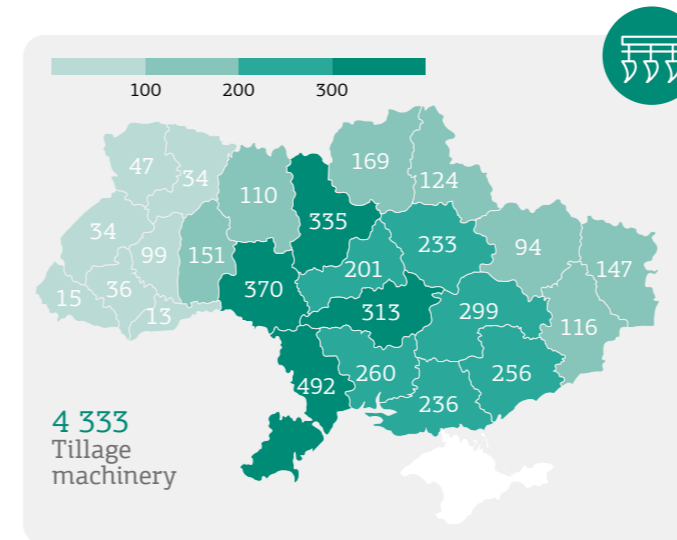
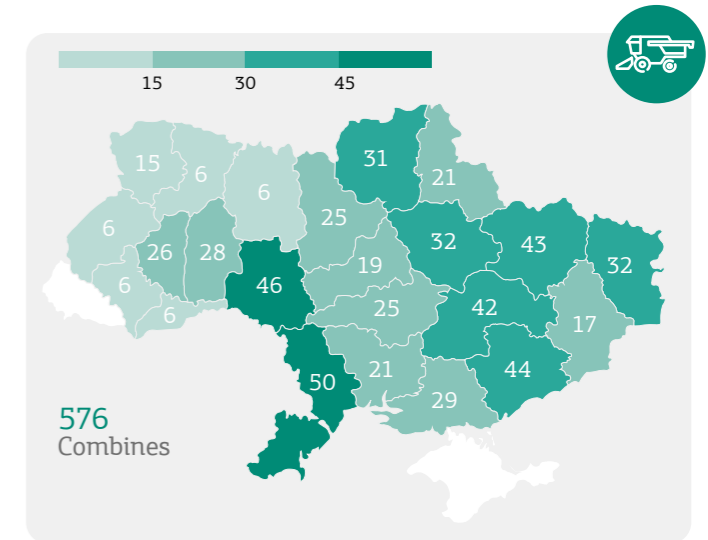
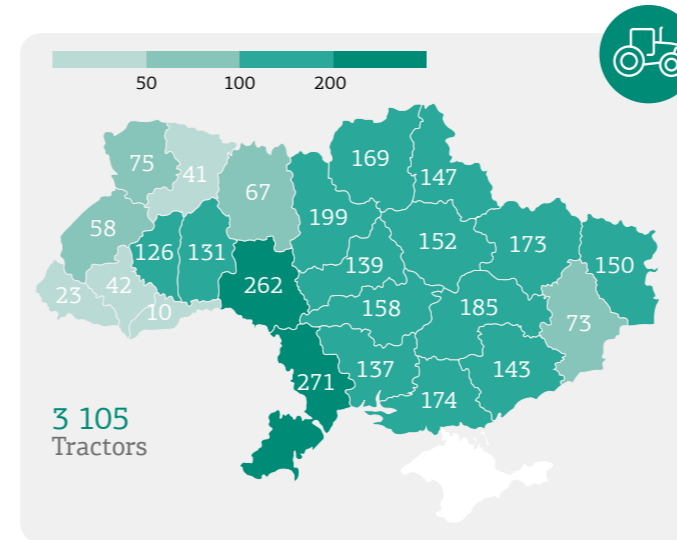
**TOP-5 agricultural machinery types purchased by agricultural enterprises, 2018, thou. units**



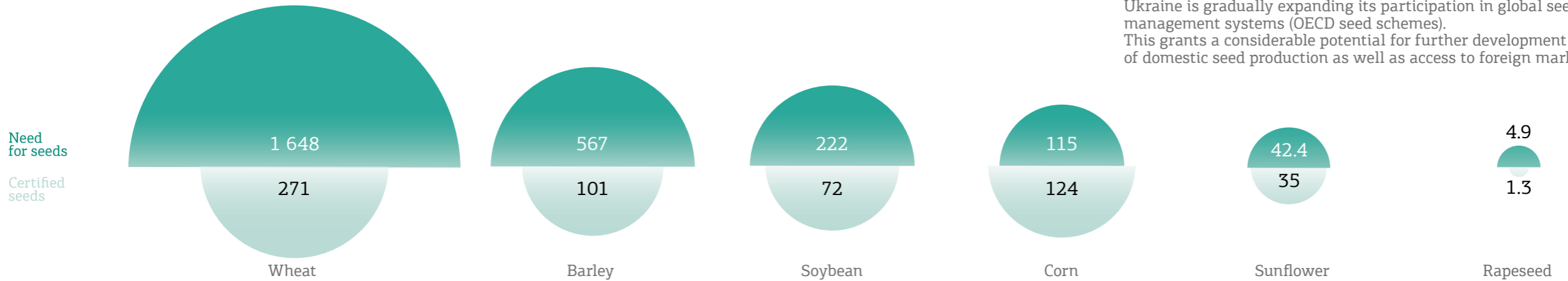
Source: State Statistics

\*no-till direct excluded

**Agricultural machinery purchase by regions, 2018, units**

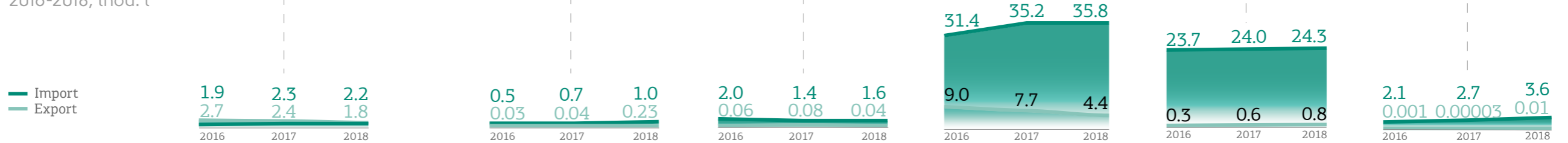


Need for seeds and the volume of certified seeds for basic corps, 2018, thou. t



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



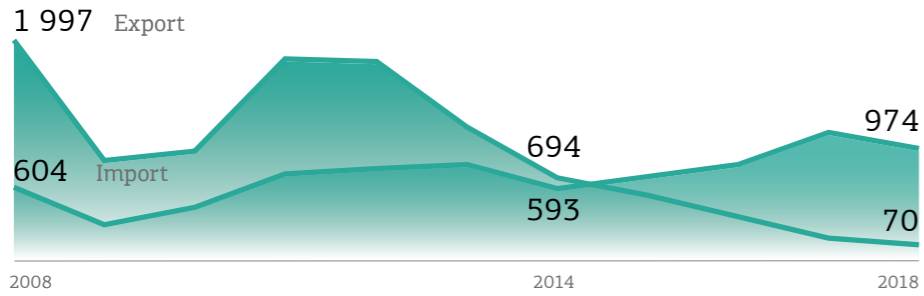
Number of registered and certified varieties, 2018, units

Registered sorts of seeds as of 19.07.2019 (can be sown in Ukraine after certification)

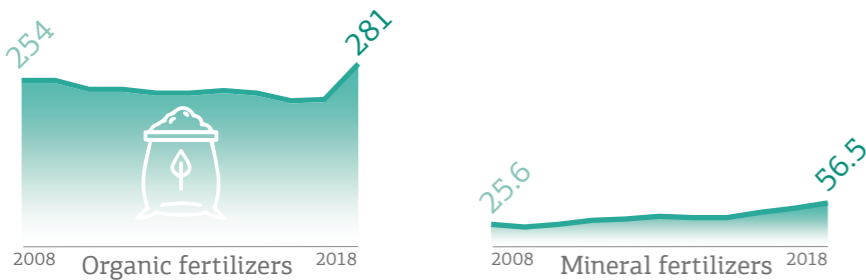
Certified sorts of seeds in 2018 (can be sown this year)



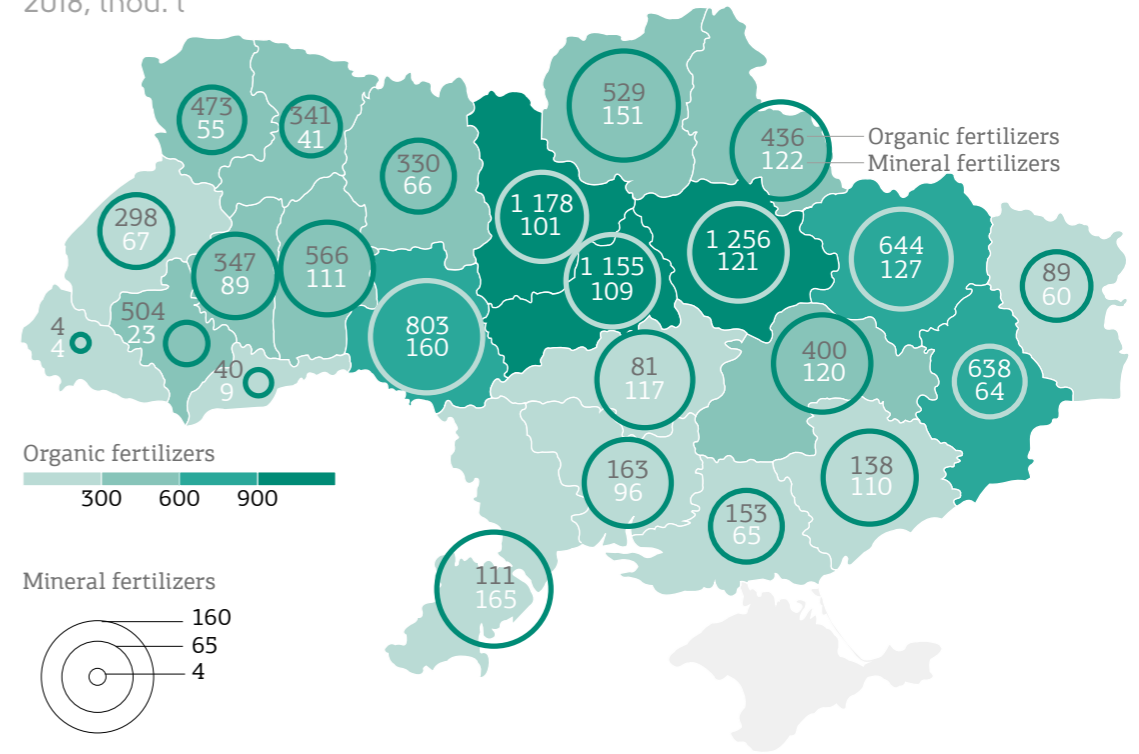
**Fertilizers foreign trade in Ukraine,**  
2008-2018, \$ mln



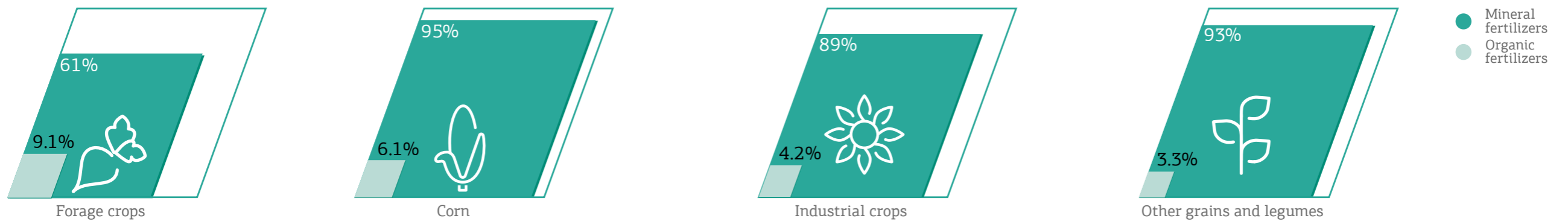
**Fertilizer used per 1 ha,**  
2008-2018, kg



**Fertilizer application,**  
2018, thou. t

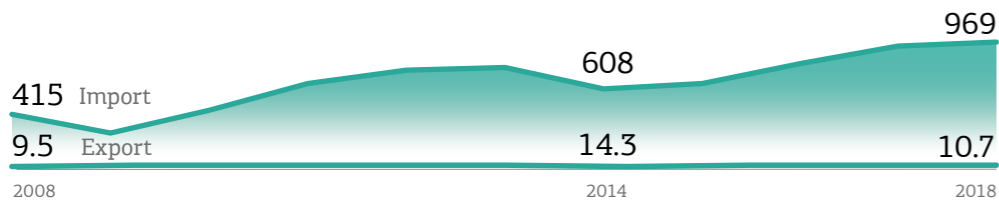


**Share of fertilized crops planting area,**  
2018, %



Source: State Statistics

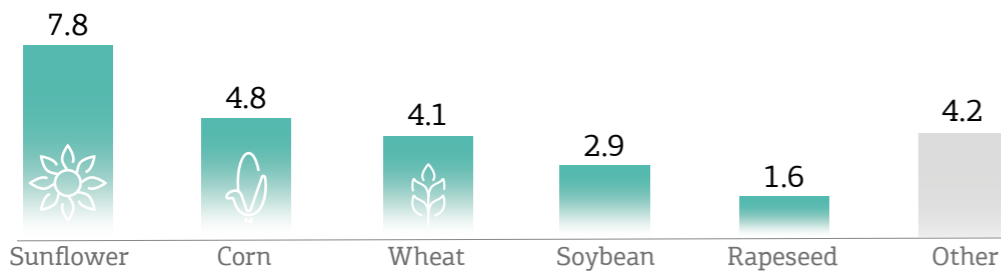
**CPP foreign trade,**  
2010-2018, \$ mln



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



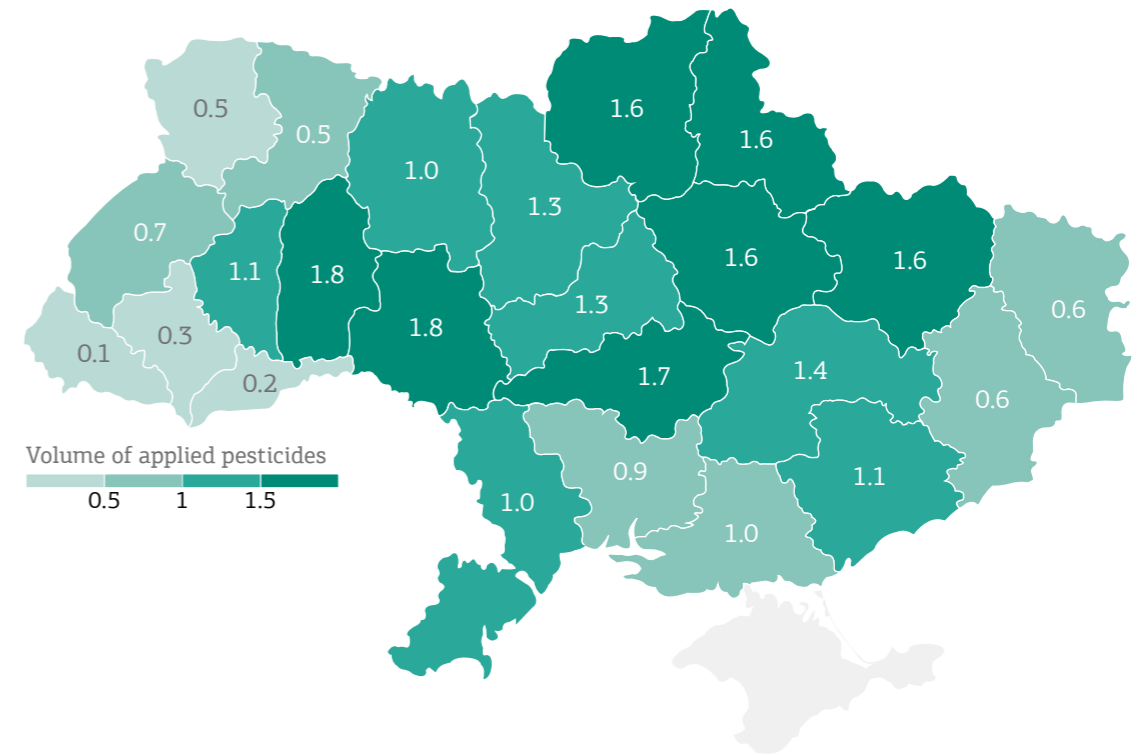
**TOP-5 crops by volume of applied pesticides,**  
2018, thou. t (active substance)



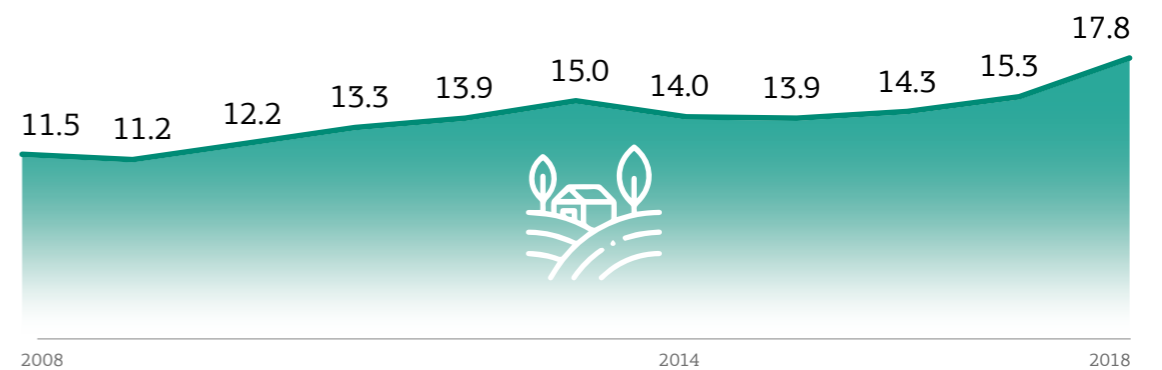
**Applied pesticides by types,**  
2018, %



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



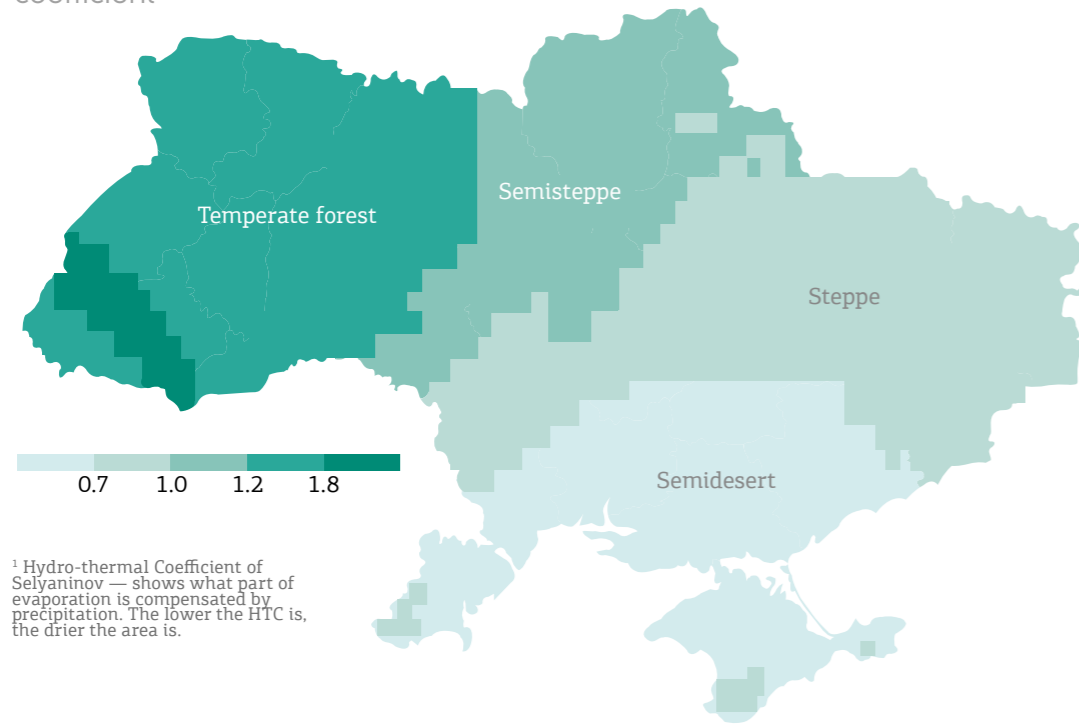
**Area where CPP were applied, 2008-2018, mln ha\***



Source: State Statistics

\*only pesticides taken into account

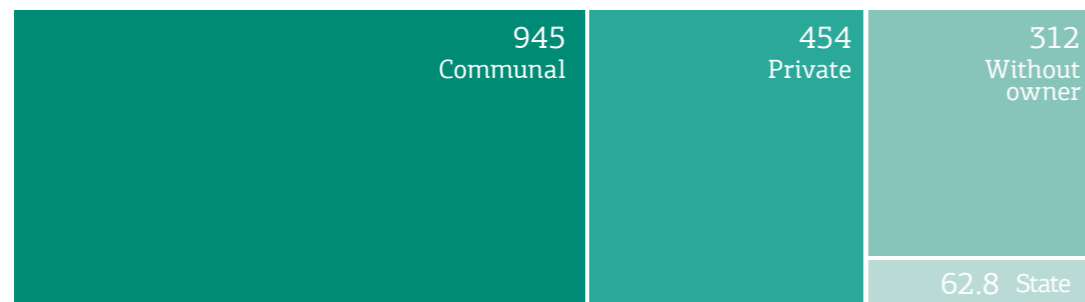
HTC<sup>1</sup> forecast for 2031–2050, coefficient



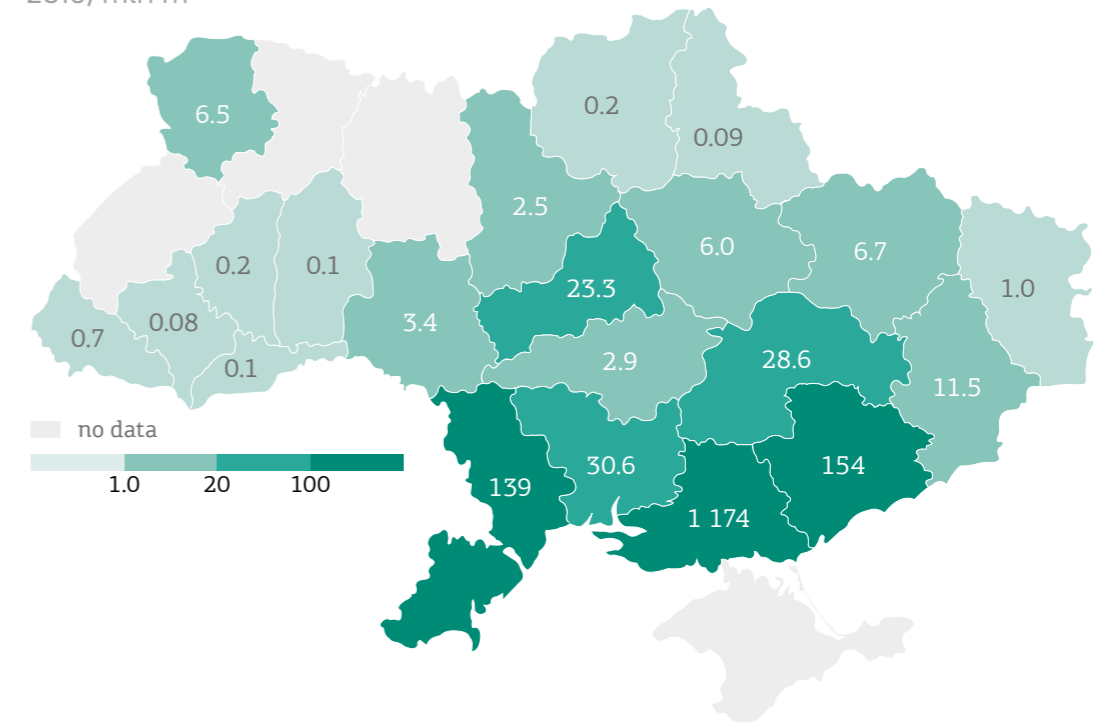
<sup>1</sup> Hydro-thermal Coefficient of Selyaninov — shows what part of evaporation is compensated by precipitation. The lower the HTC is, the drier the area is.

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.

Domestic land reclamation systems ownership, as of July 2019, thou. ha



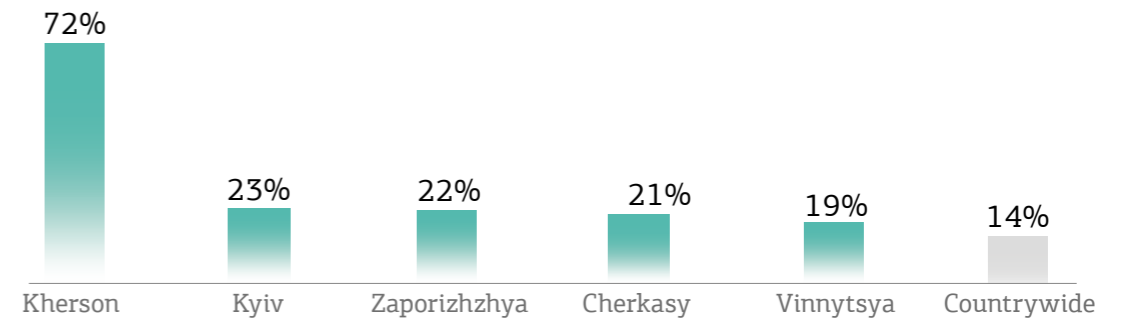
Water usage for irrigation by regions, 2018, mln m<sup>3</sup>




\$1.5 bln losses Ukraine annually suffers from insufficient irrigation


19 mln ha of arable land need constant irrigation

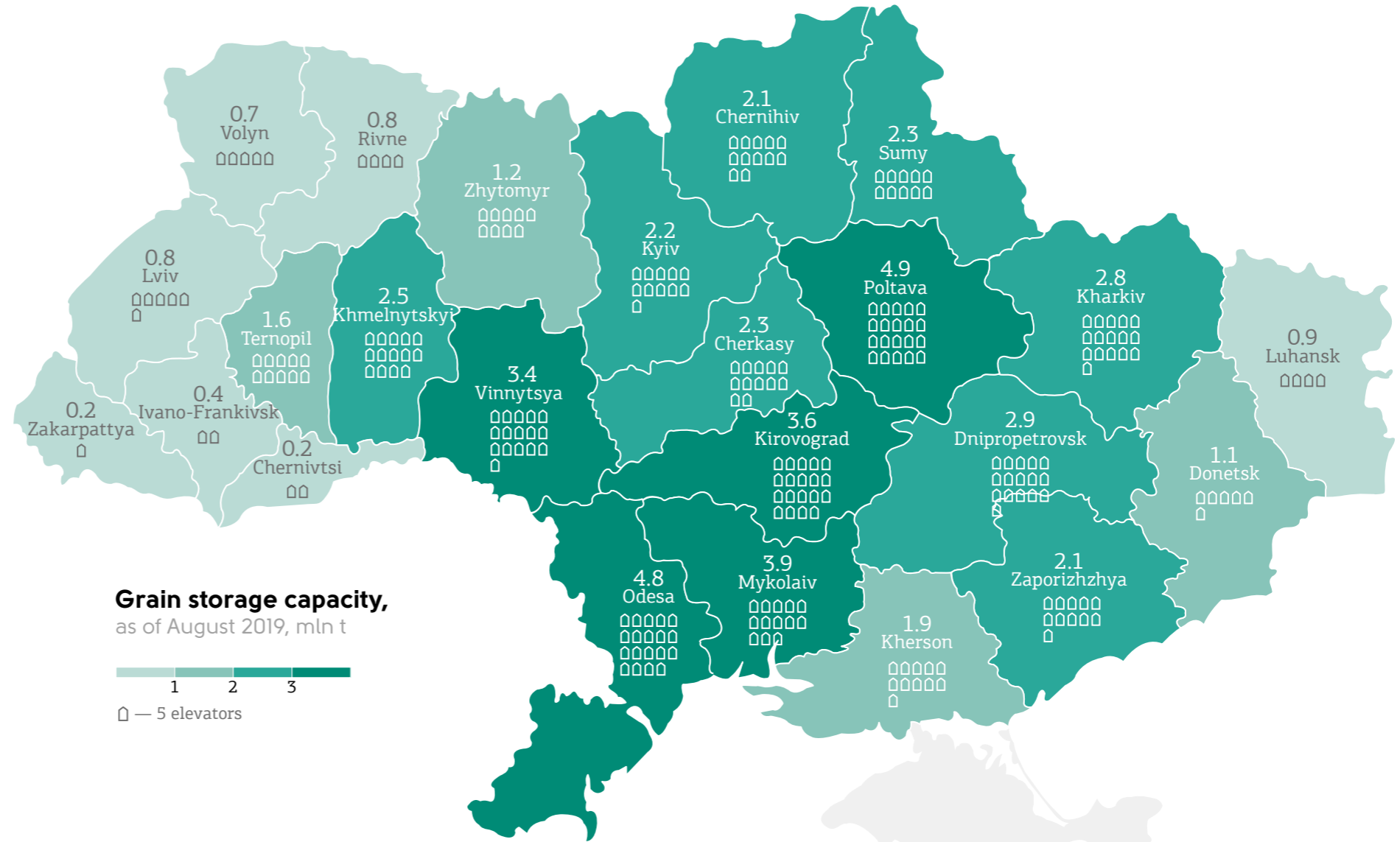
TOP-5 regions by the share of irrigated lands, 2018, % of irrigated lands



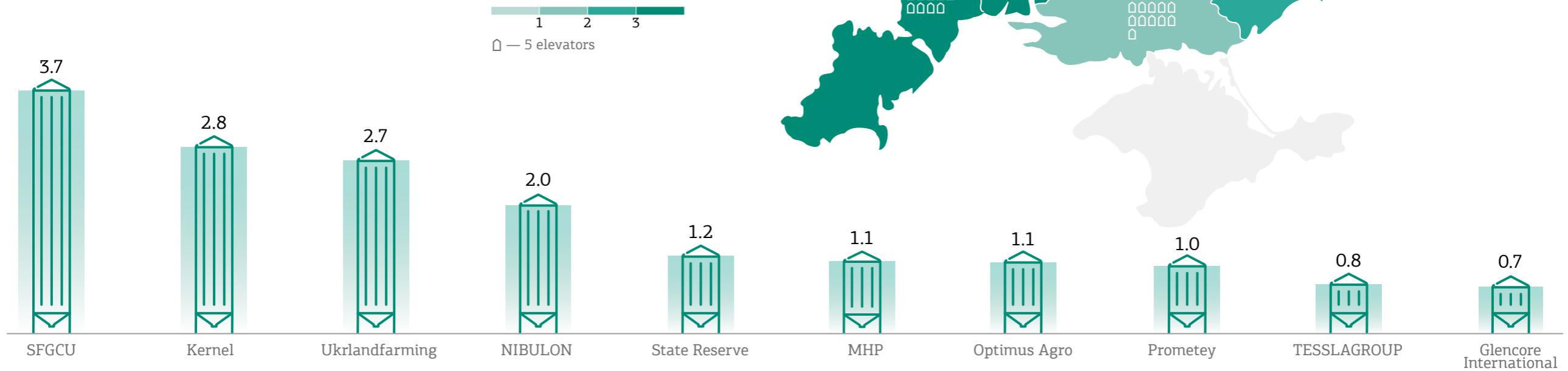
QUANTITY AND LOCATION OF GRAIN STORAGES

 **1 237** <sup>+7% compared with 2017</sup>  
elevators in Ukraine

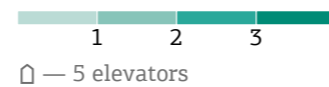
 **49** <sup>+4% compared with 2017</sup>  
mln t storage capacity



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

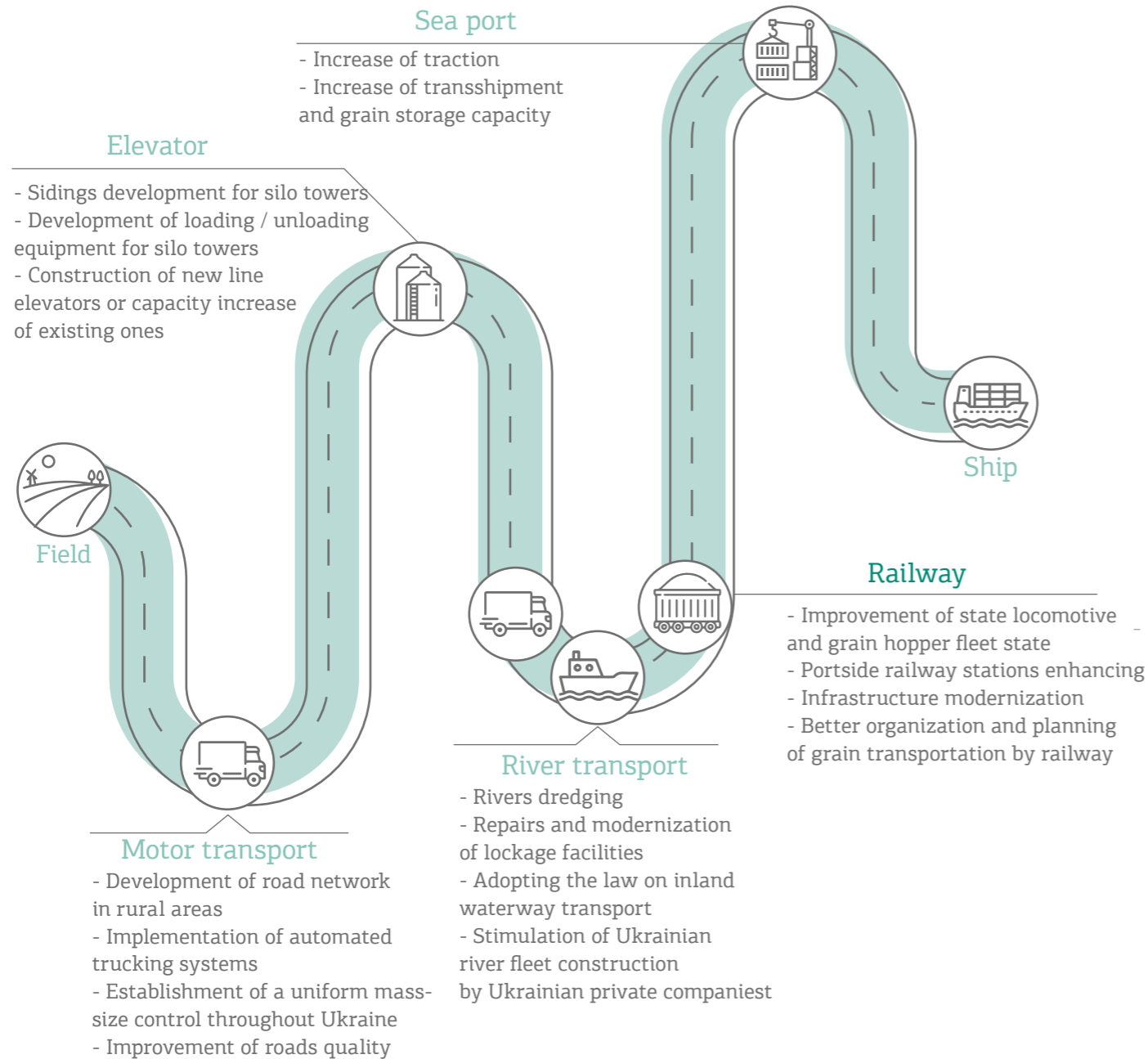


Grain storage capacity, as of August 2019, mln t

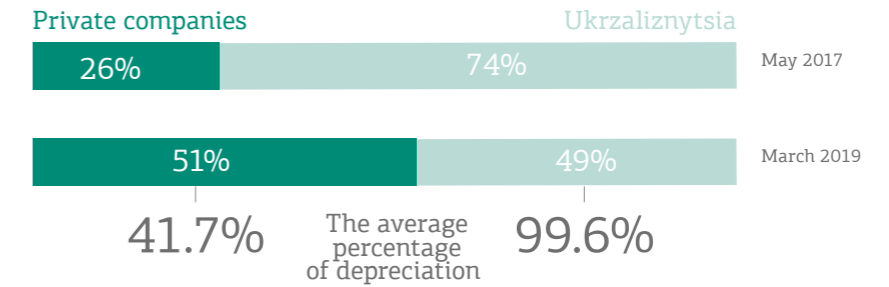


Sources: Elevatorist.com

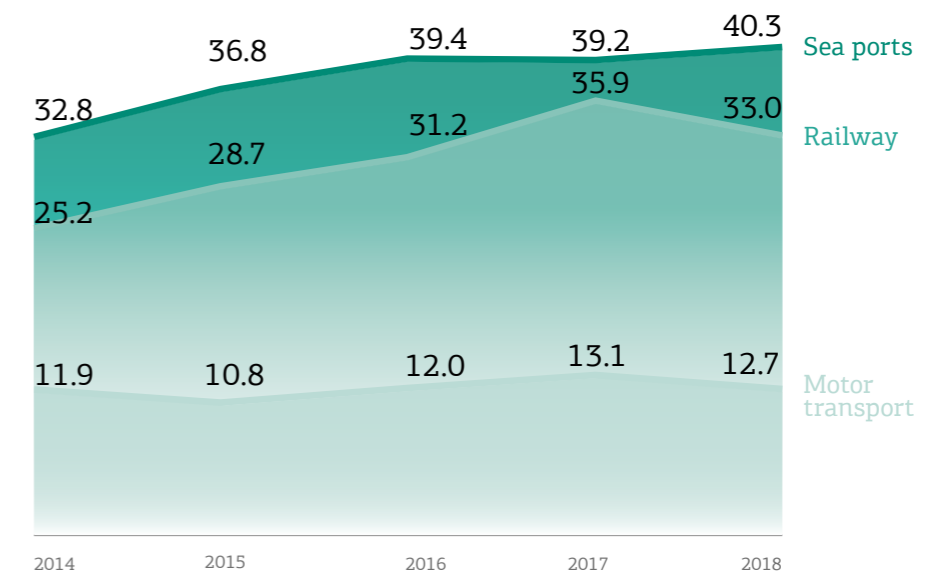
The grain supply chain to export and key tips to improve it



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

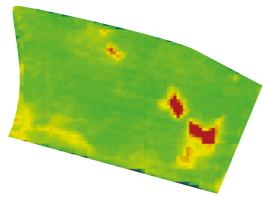




System of agrimonitoring



Overall low-resolution surface monitoring

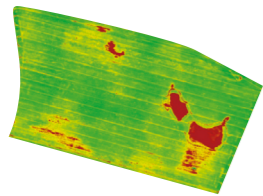


100% of Ukrainian fields regular monitoring

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



Highly precise monitoring



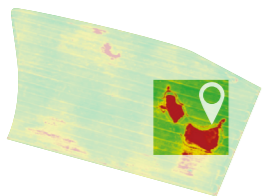
250 ha in one drone flight, 4 flights per day

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



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

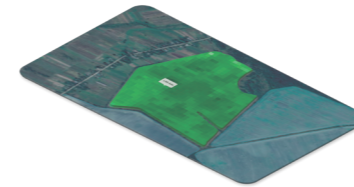
Agronomist with agrimonitoring

6 000 ha inspects in 6 days

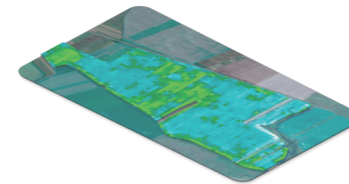
150 ha on-site inspection of the most problematic location

What can be analyzed

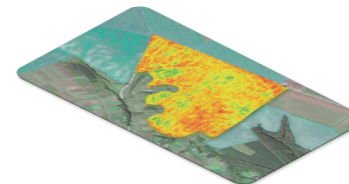
Green Area Index (GAI)



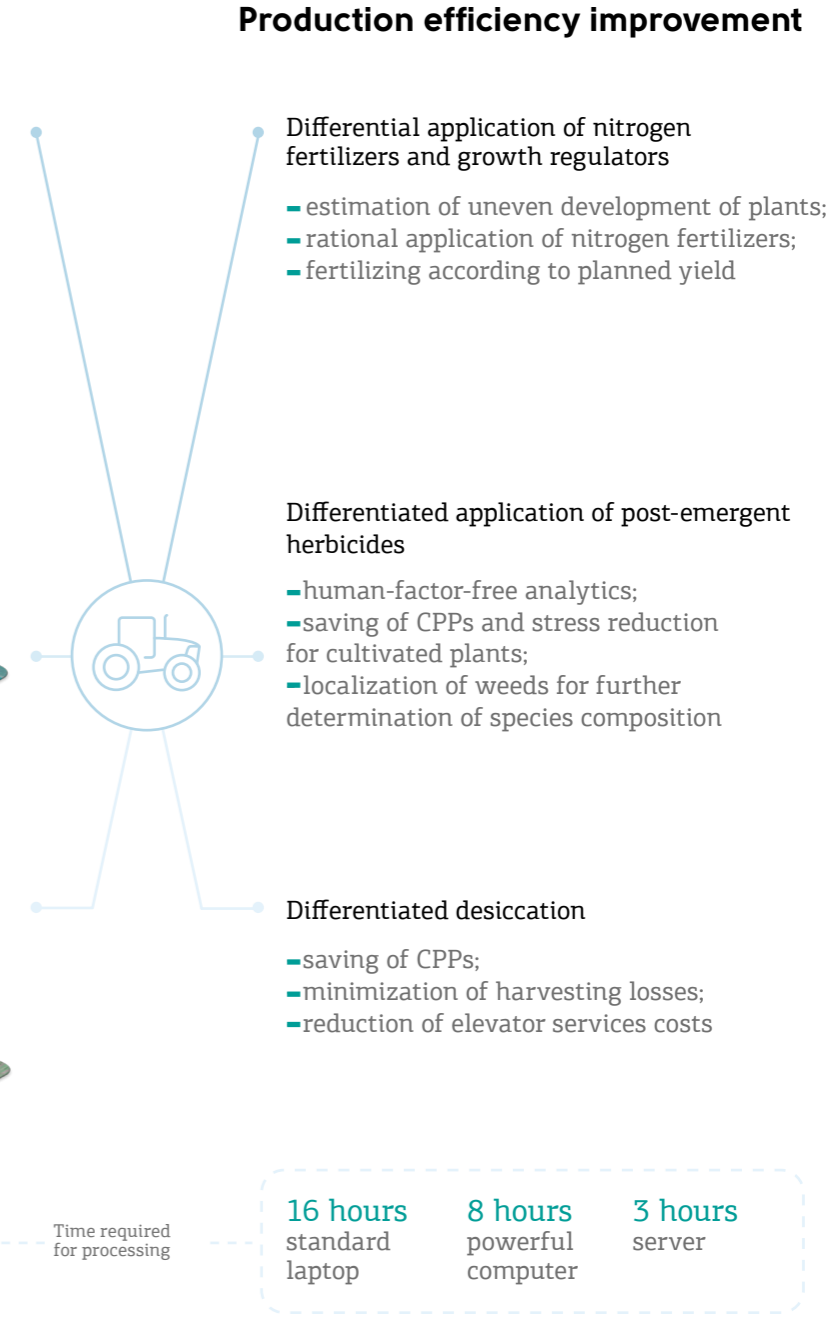
Weed amount between rows



Vegetation Index (NDVI)



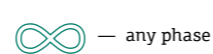
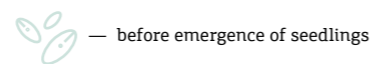
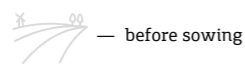
100 ha field 60 GB analytical data



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.

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:



Plant development phases (corn)





# FINANCES

# INVESTMENT IN UKRAINE'S AGRICULTURAL SECTOR

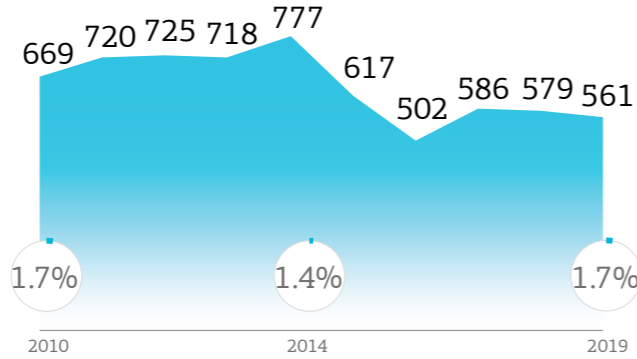
## Direct investments in Ukraine's agricultural sector, 2018, \$ mln

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

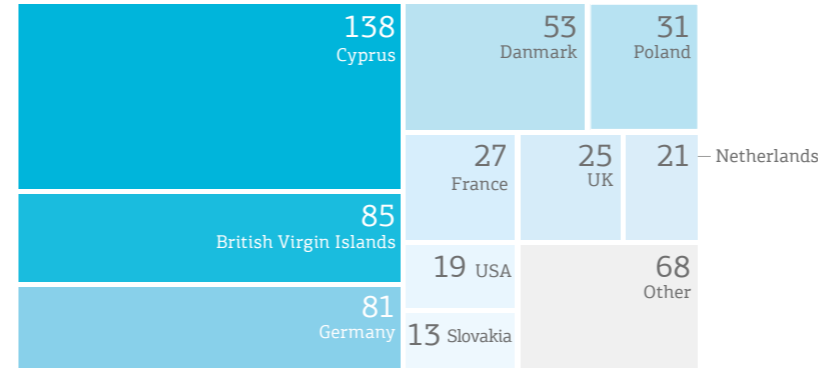


Share of total direct investments in Ukraine

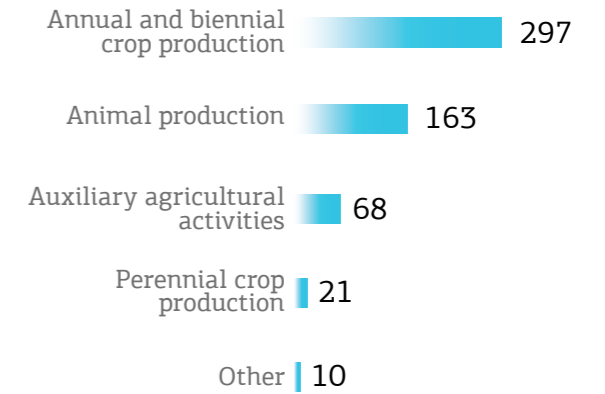
## Direct investment dynamics, as of January 1 2019



## Origin countries of direct investments, as of December 31 2018



## Direct investments by type of activity, as of December 31 2018



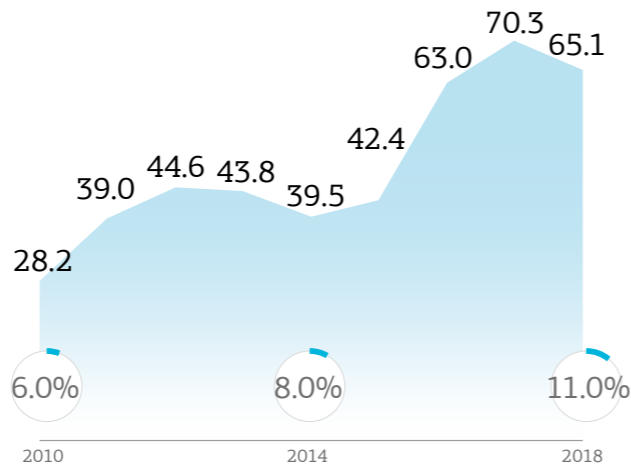
## Capital investments in Ukraine's agricultural sector, 2018, UAH bln

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.)

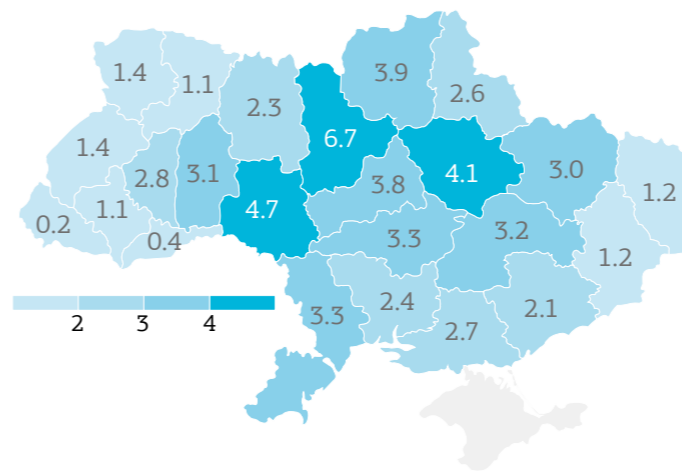


Share of total capital investments in Ukraine

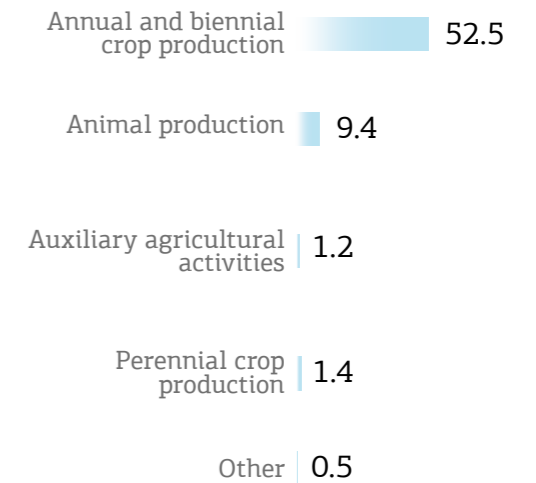
## Capital investment dynamics



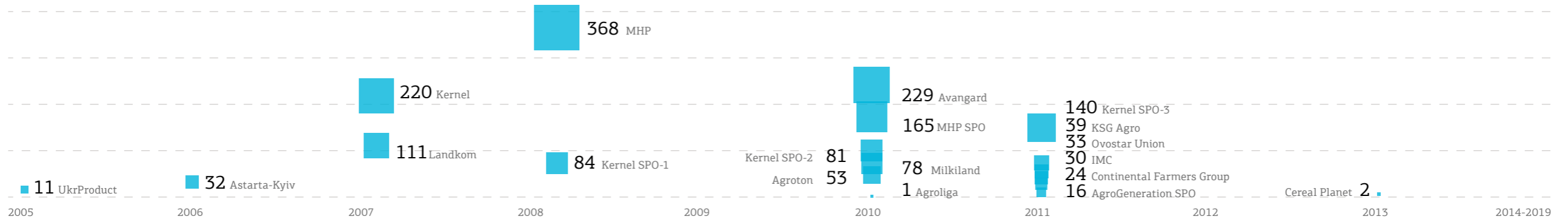
## Capital investments in Ukraine's agricultural sector by regions



## Capital investments by type of activity



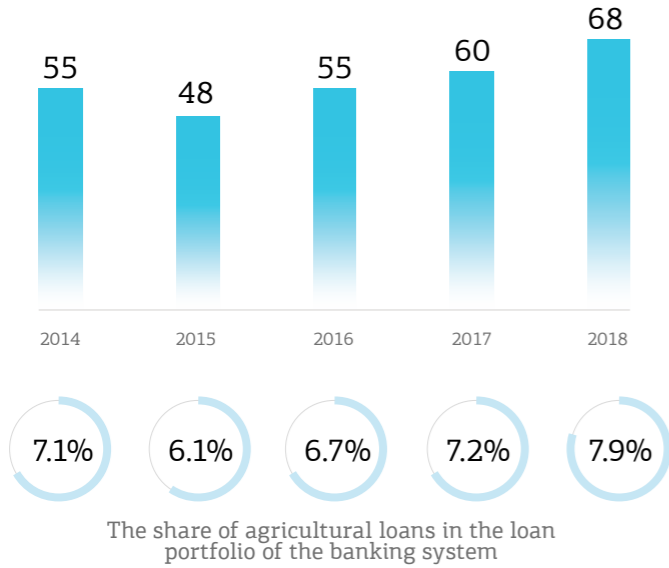
The volume of funds attracted by Ukrainian companies during IPO/SPO, 2005-2013, \$ mln



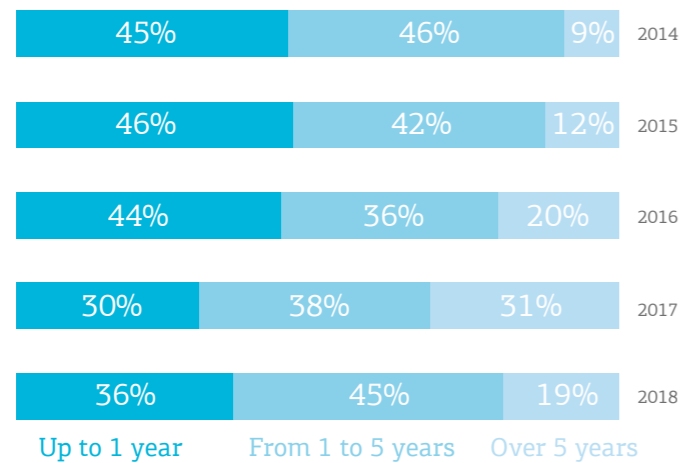
Indicators of Ukrainian agro companies listed on stock exchanges, as of August 22 2019

Company, in order of preparing an IPO	Capitalization, mln PLN	Prices within 52 weeks, PLN		Warsaw Stock Exchange (WSE), PLN	Current price of shares, PLN	Share price changes, % per 1 year	Share price/ Earnings per share, P/E
		Min	Max				
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
<hr/>							
mIn 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%	—

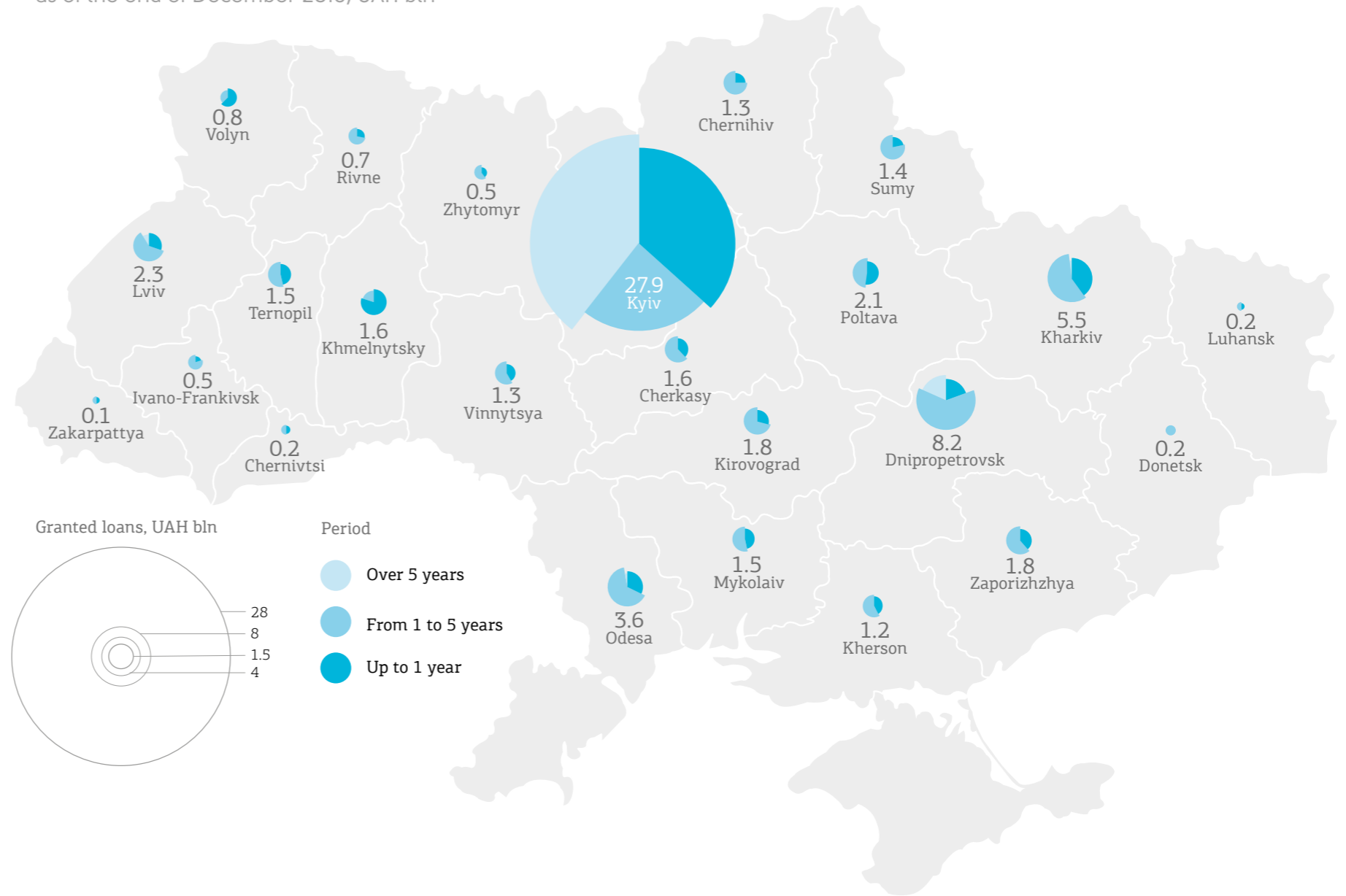
**Agricultural sector crediting dynamics,**  
at year end, UAH bln



**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



### 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



Cancellation 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

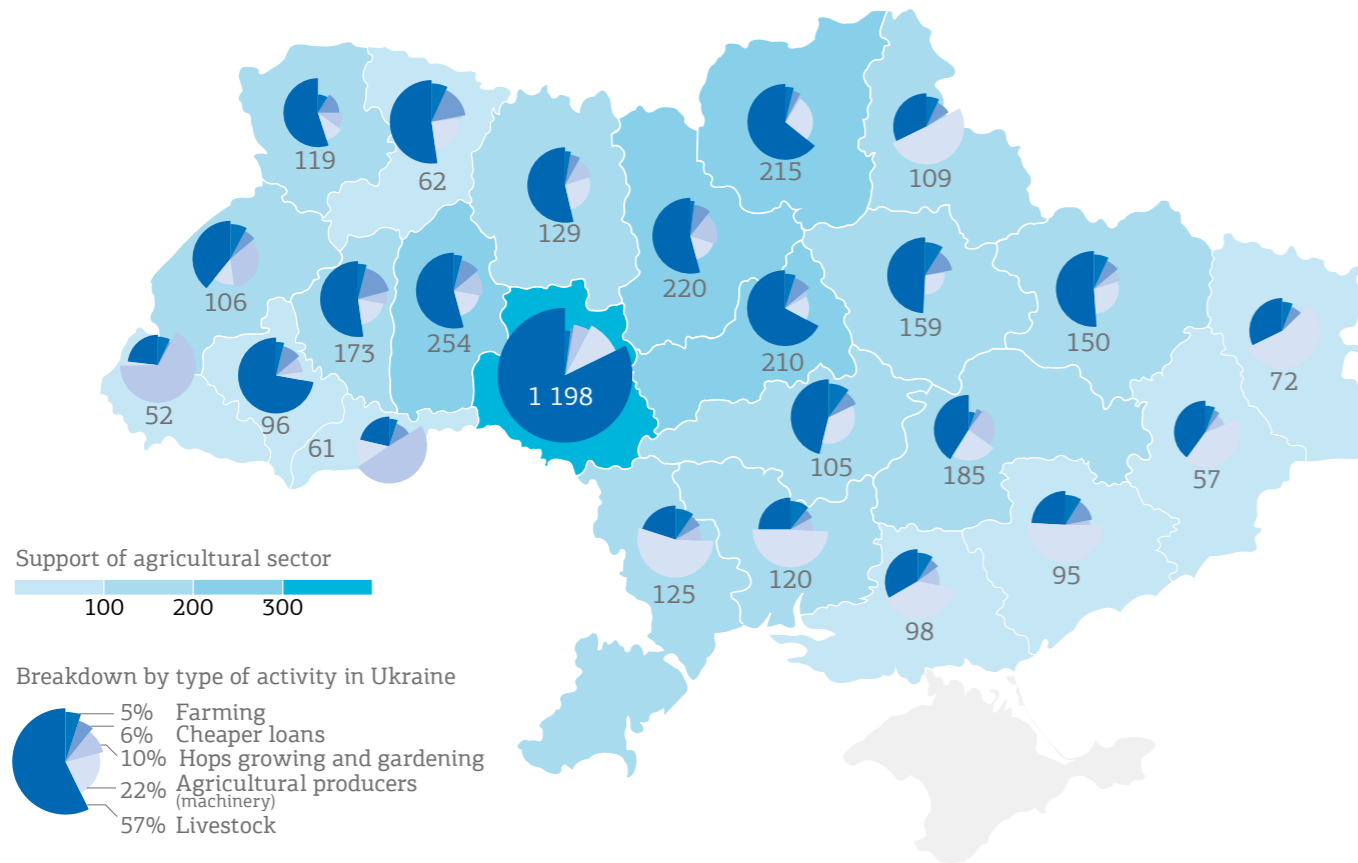


FX SWAPs for non-banking institutions are allowed

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

# STATE SUPPORT OF UKRAINIAN AGRICULTURAL SECTOR

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



## Agricultural sector support systems

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

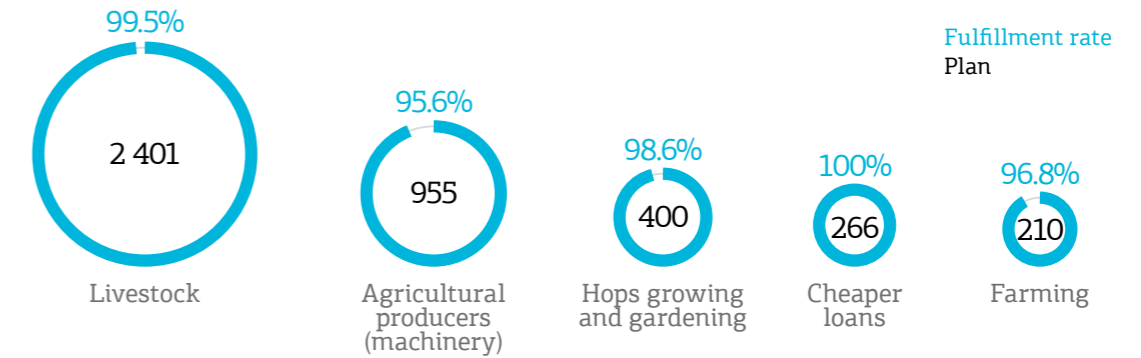
**Netherlands** – financial support of scientific research. The state finances almost 60% of all researches

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

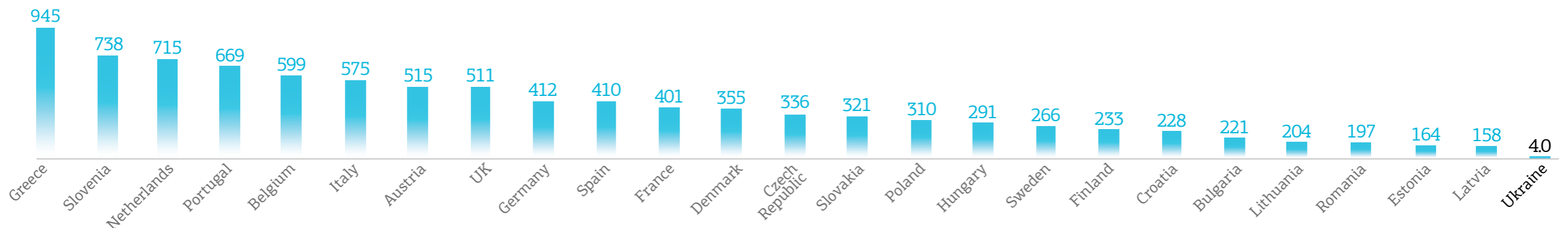
**USA** – farmers' risk insurance. Two programs: the first - the risks of seasonal price fluctuations; the second covers the difference between the actual and minimum income of farmers

**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





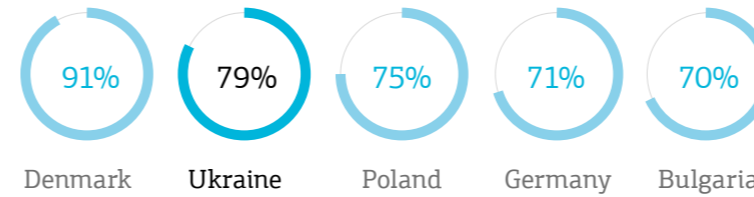
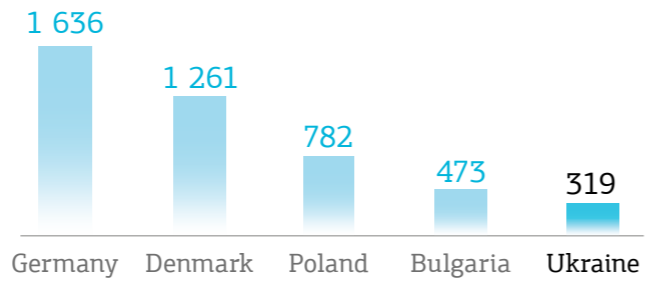
# LAND MARKET REFORM IN UKRAINE

## 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

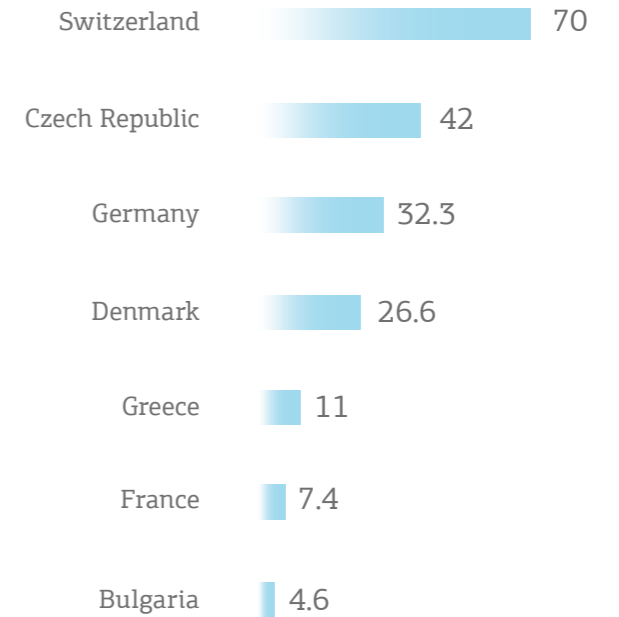
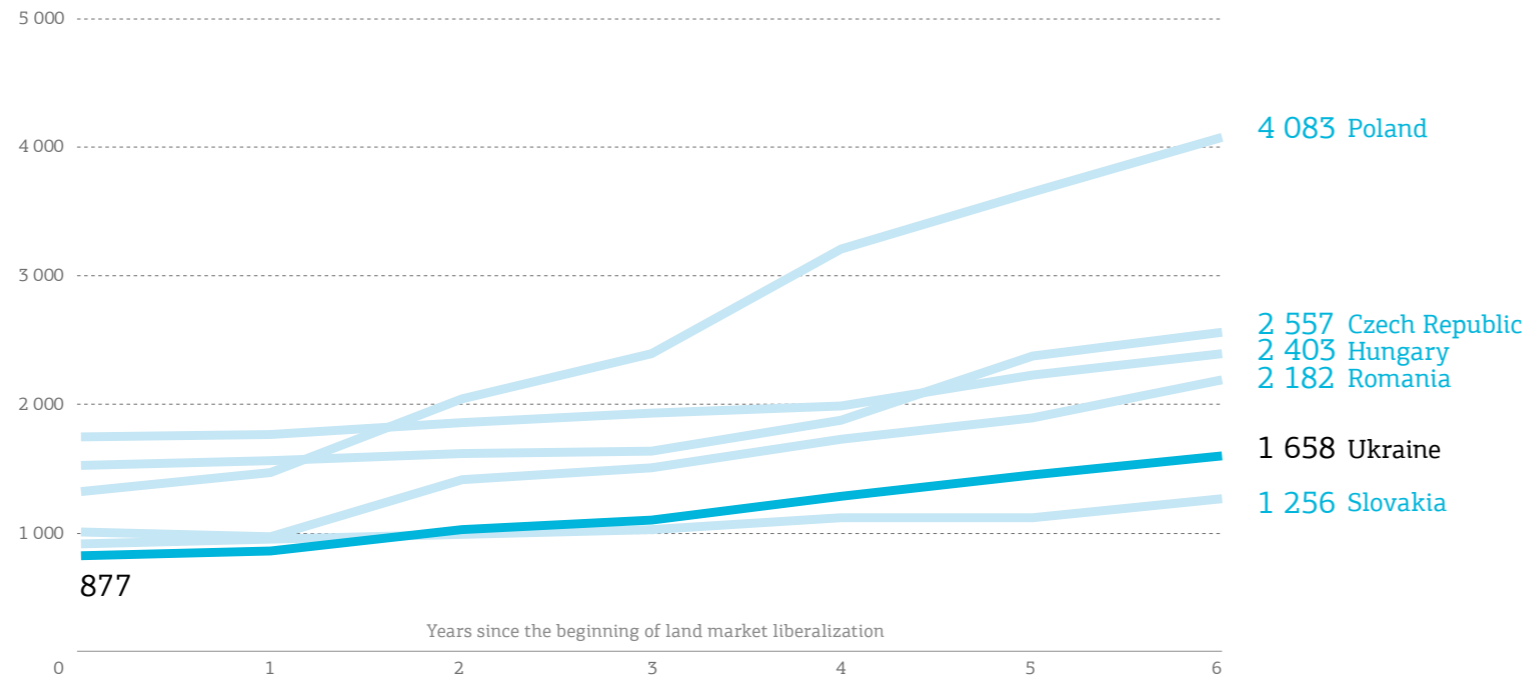


## Land market launch opportunities

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

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

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



\*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.

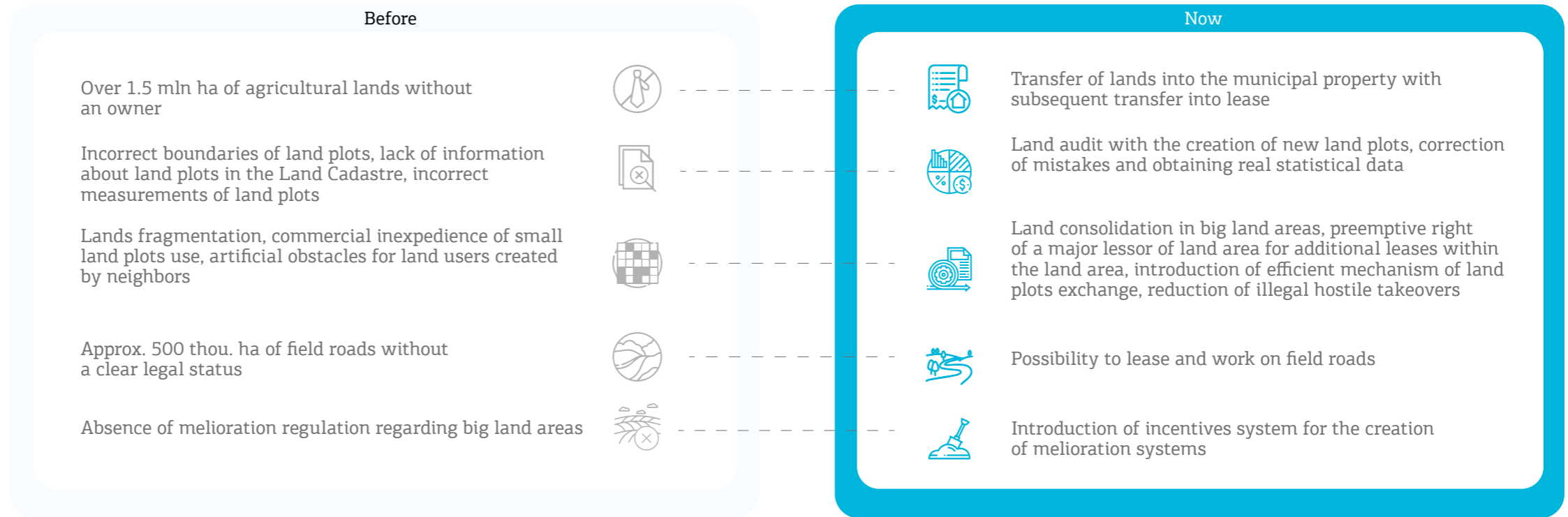
## IMPROVEMENT OF LAND USE RULES WITHIN AGRICULTURAL LAND AREAS

**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



### 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

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)

## CREDENTIALS

### AUTHORS



**TOP LEAD**  
Nyzhnii Val str., 15 office 202  
Kyiv, Ukraine  
[Marina.budnik@toplead.com.ua](mailto:Marina.budnik@toplead.com.ua)  
[toplead.com.ua](http://toplead.com.ua)



**Latifundist.com**  
major agribusiness  
website  
[Dyachenko@latifundistmedia.com](mailto:Dyachenko@latifundistmedia.com)

### PRODUCTION

TOP LEAD

### PLANNING AND DESIGN

TOP LEAD, Latifundist.com

### DISCLAIMER

This guide is designed exclusively to inform users. We have made every effort to ensure the accuracy of the information contained in this report. Despite the fact that this information has been carefully prepared by experts, it can only be used to get a general idea of the subject discussed in it. Do not use the information contained in the report as professional advice on a particular issue or passing a professional judgment. The data was collected and prepared for publication in 2019 based on the results of 2018/19 marketing year and calendar year 2019.

### TERMS OF USE

All exceptional property and non-property rights for this guide pertain to LLC "TOP LEAD" and LLC "Latifundist Media". Non-compliance with this report terms of use will entail liability arising from the Ukrainian legislation. Parts of this report may be reprinted with full attribute to [agribusinessinukraine.com](http://agribusinessinukraine.com) website containing the report. The use and publishing of complete digital version of this report on third-party sites is strictly prohibited. Detailed terms of use are available by the link <https://agribusinessinukraine.com/terms-of-use/>

### PARTNERS



**AEQUO**  
Denis Lysenko,  
managing partner,  
[Lysenko@aequo.ua](mailto:Lysenko@aequo.ua)  
Senator Business Center  
Moskovska str., 32/2 15th floor  
Kyiv, 01010, Ukraine  
Tel: +38 (044) 490-91-00  
[Lysenko@aequo.ua](mailto:Lysenko@aequo.ua)  
[aequo.ua](http://aequo.ua)



**CREDIT AGRICOLE**  
Pushkinska str., 42/4  
Kyiv, 01004, Ukraine  
Tel.: +38 (044) 393-76-37  
[credit-agricole.ua](http://credit-agricole.ua)



**BAKER TILLY**  
Alexander Pochkun,  
managing partner  
28 Fizkultury str.,  
Kyiv, Ukraine  
Tel.: +38 (044) 284-18-65

[bakertilly.ua](http://bakertilly.ua)



**ACC**  
12 Amosova str., 15th floor  
Horizon Park Business Center,  
Kyiv, 03038, Ukraine  
[Chamber@chamber.ua](mailto:Chamber@chamber.ua)  
[chamber.ua](http://chamber.ua)

### MEDIA PARTNERS



DOWNLOAD  
PDF

