



Ukraine Invest
YOUR INVESTMENT MATTERS

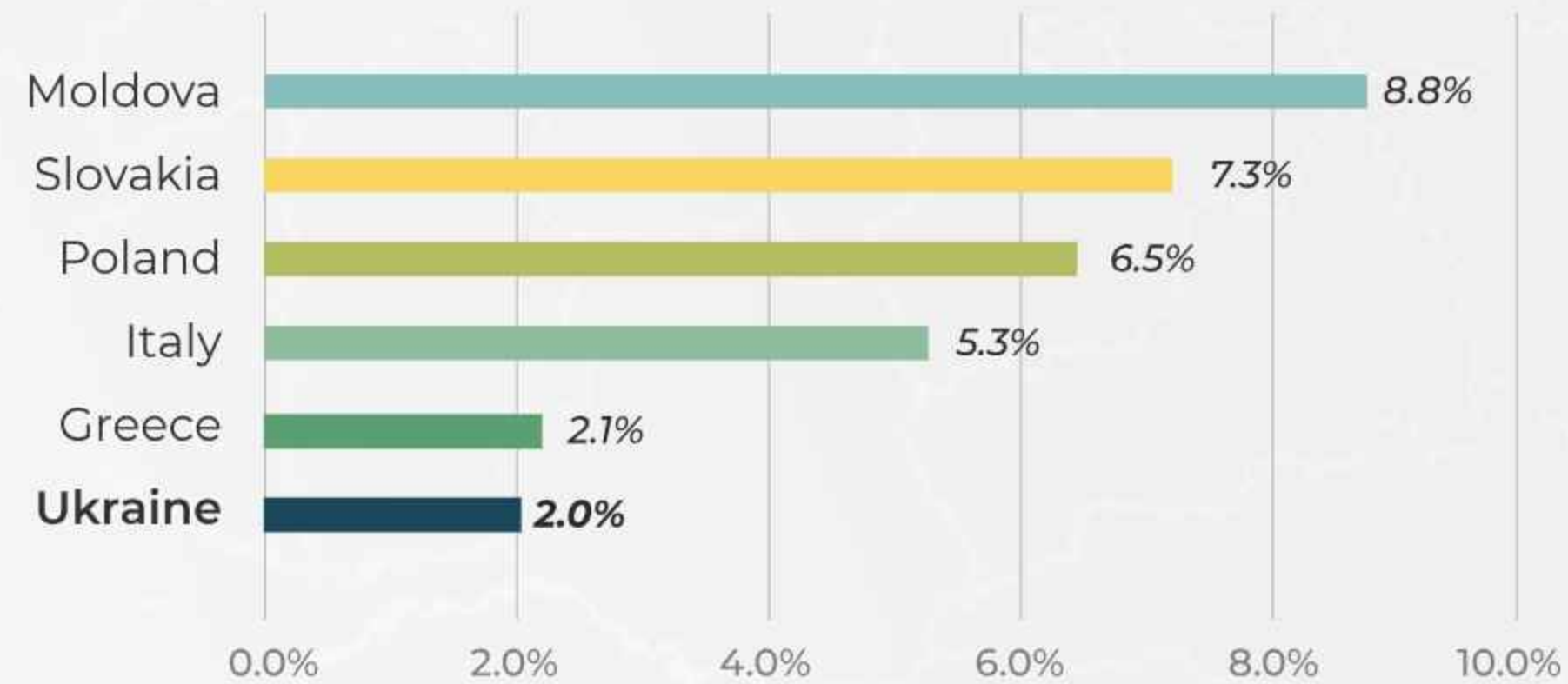
INVESTMENT OPPORTUNITIES OF
BUILDING MATERIALS SECTOR

CONSTRUCTION SECTOR OF UKRAINE

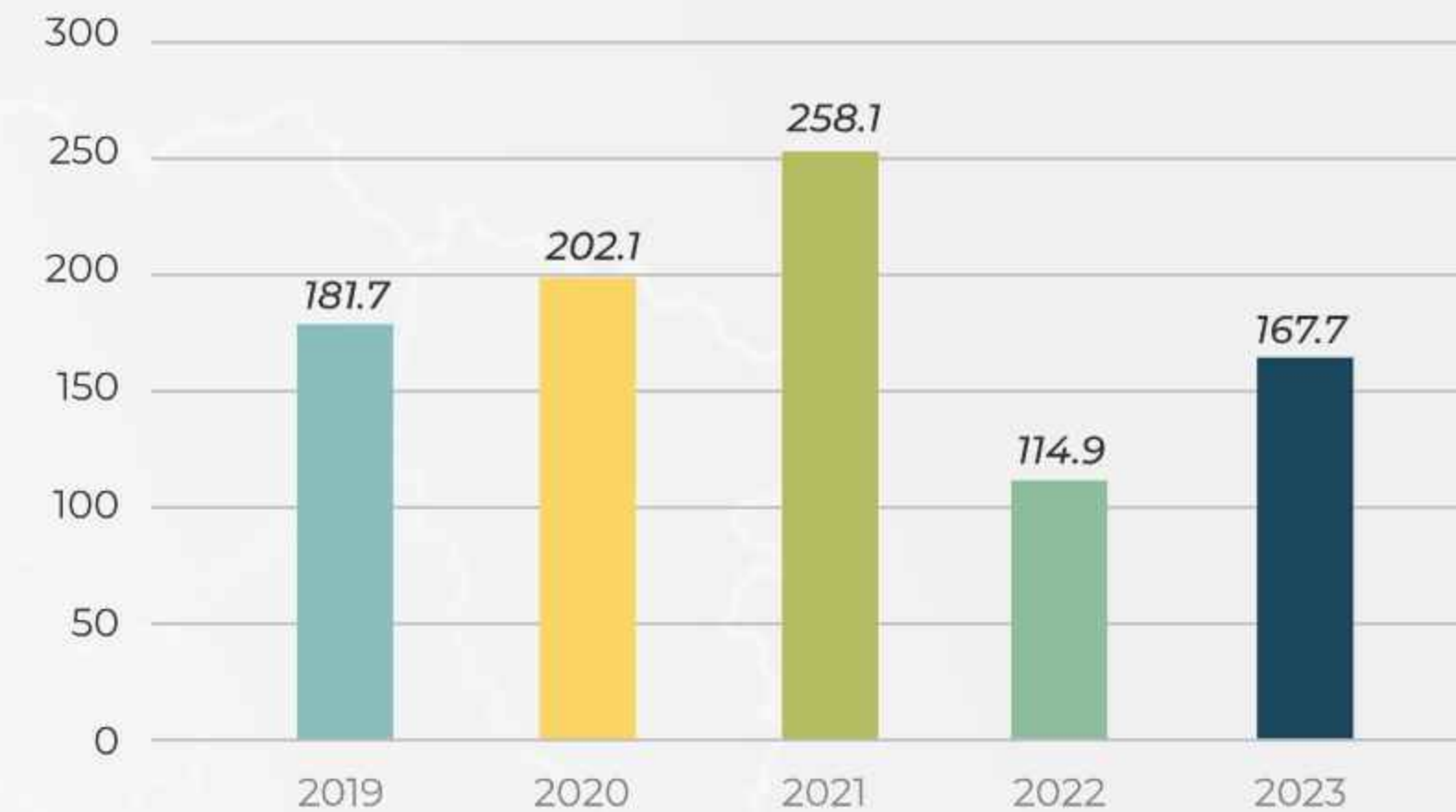


Macroeconomics

Share of construction in country's GDP, 2023



Annual volume of produced construction materials, bln UAH



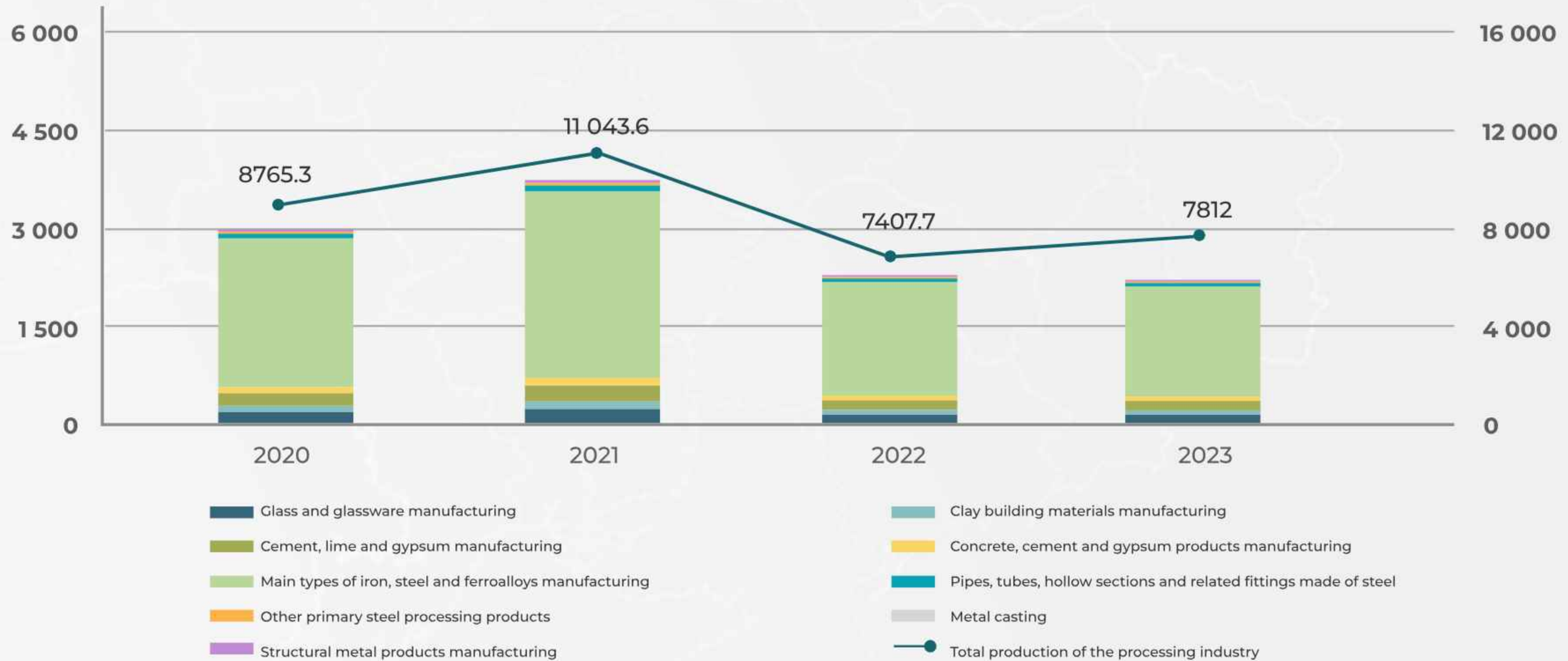
2.2% of Ukraine's population employed in the construction sector as of August 2023

CONSTRUCTION SECTOR OF UKRAINE



FDI snapshot

FDI stock in the manufacturing industry (selected), mln USD



CONSTRUCTION SECTOR OF UKRAINE



FDI snapshot

The decline in 2022 at the beginning of Russia's full-scale invasion of Ukraine was followed by a gradual recovery of the industry in 2023 despite the ongoing hostilities

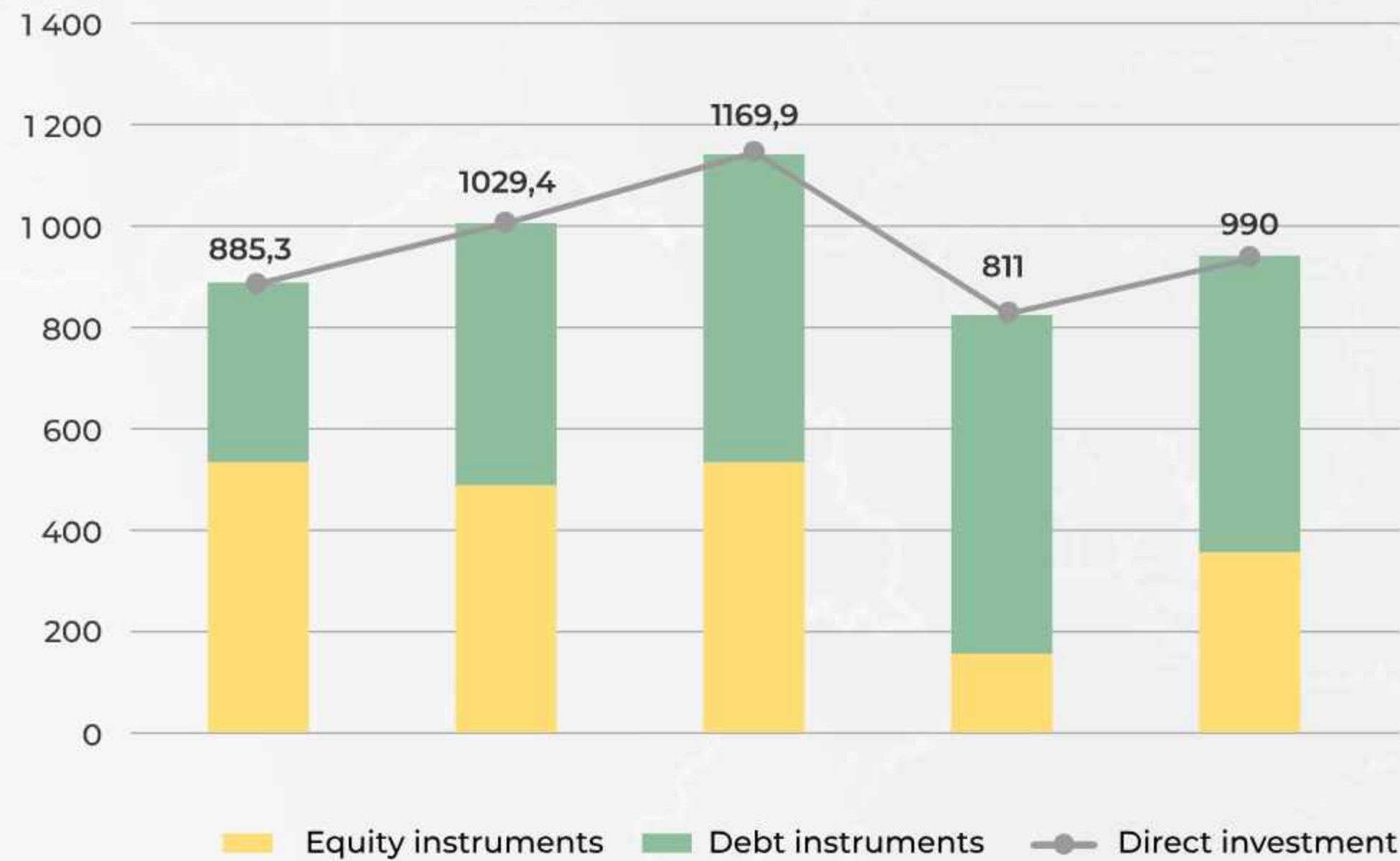
War risk insurance and government policies aimed at improving the investment climate contribute to the growth of the industry



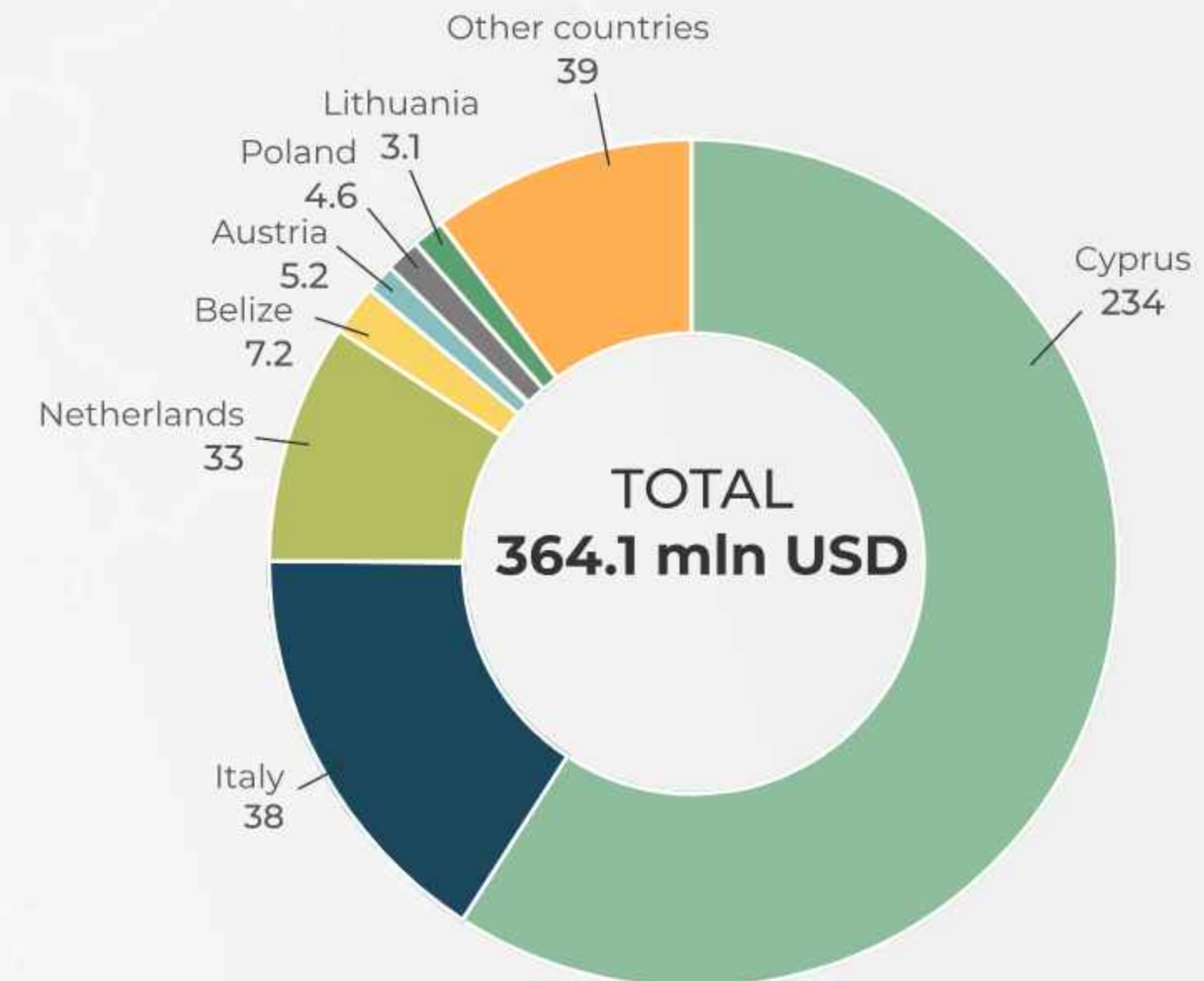
9th place

ranked the construction sector in the list of FDI industries in Ukraine

Construction sector FDI balances, mln USD



Country-specific construction FDI balances, mln USD, 2023



CONSTRUCTION SECTOR OF UKRAINE



Losses and damages

According to the 2020 data, **6 mln** Ukrainians didn't have their own property. This amounted to **14.4%** of the country's population at that time.

As a result of the full-scale invasion, this figure has increased. Almost **5 mln** Ukrainians **lost their homes**

Construction volume by type of buildings and structures in Ukraine, 2019 – H1 2022, bln UAH



Damaged and destroyed infrastructure objects in Ukraine

155 bln USD
total amount



250 000
Residential buildings



211 700
Passenger vehicles



16 000
Public transport



3 800
Educational institutions



1 300
Healthcare institutions



426
Private and state enterprises



CONSTRUCTION SECTOR OF UKRAINE

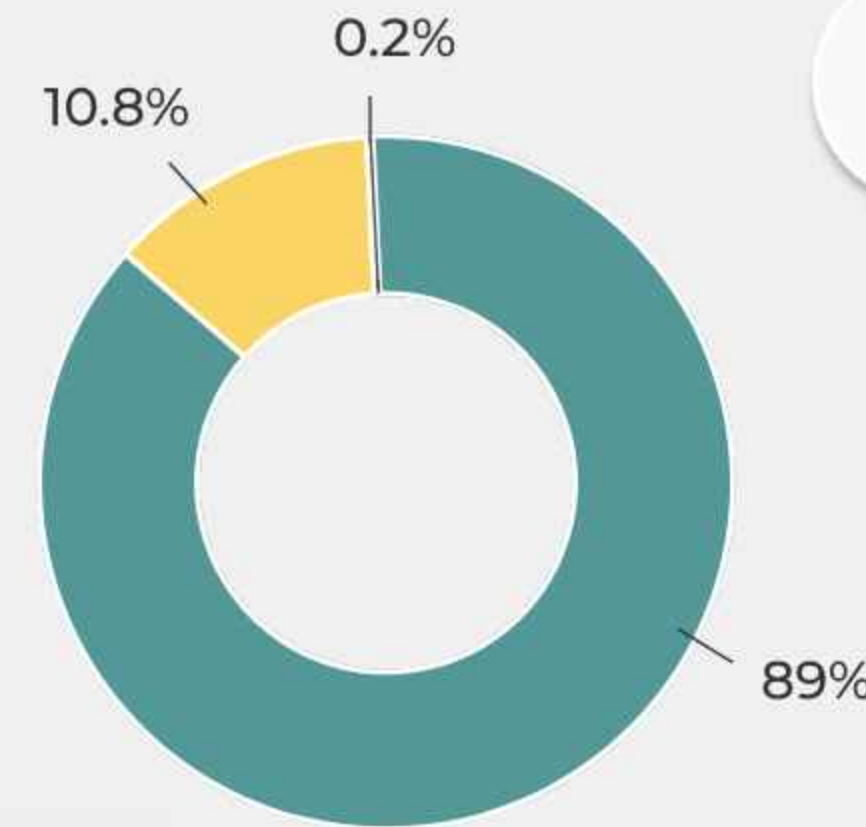
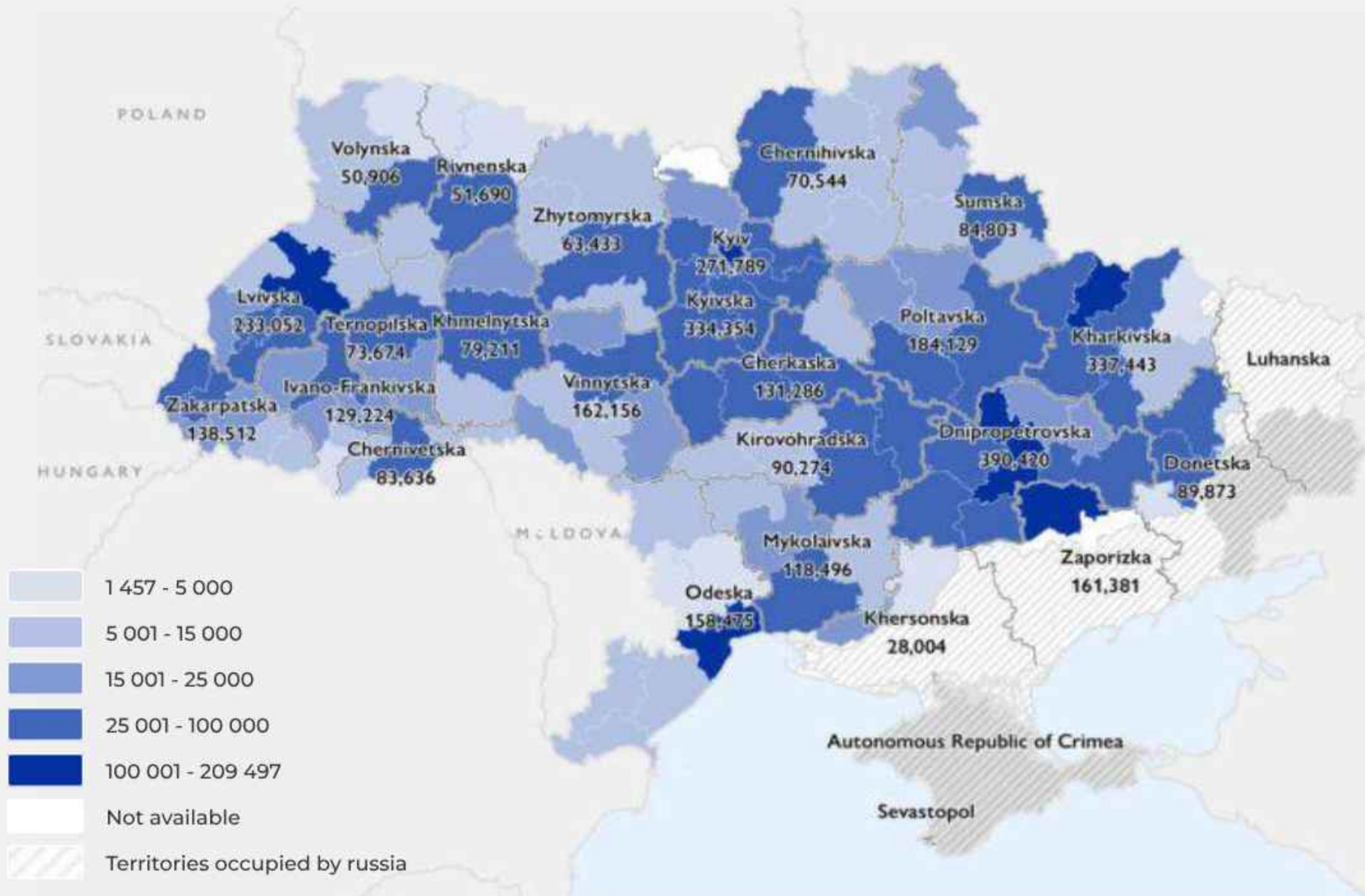


Losses and damages



3,4 mln
internally
displaced persons

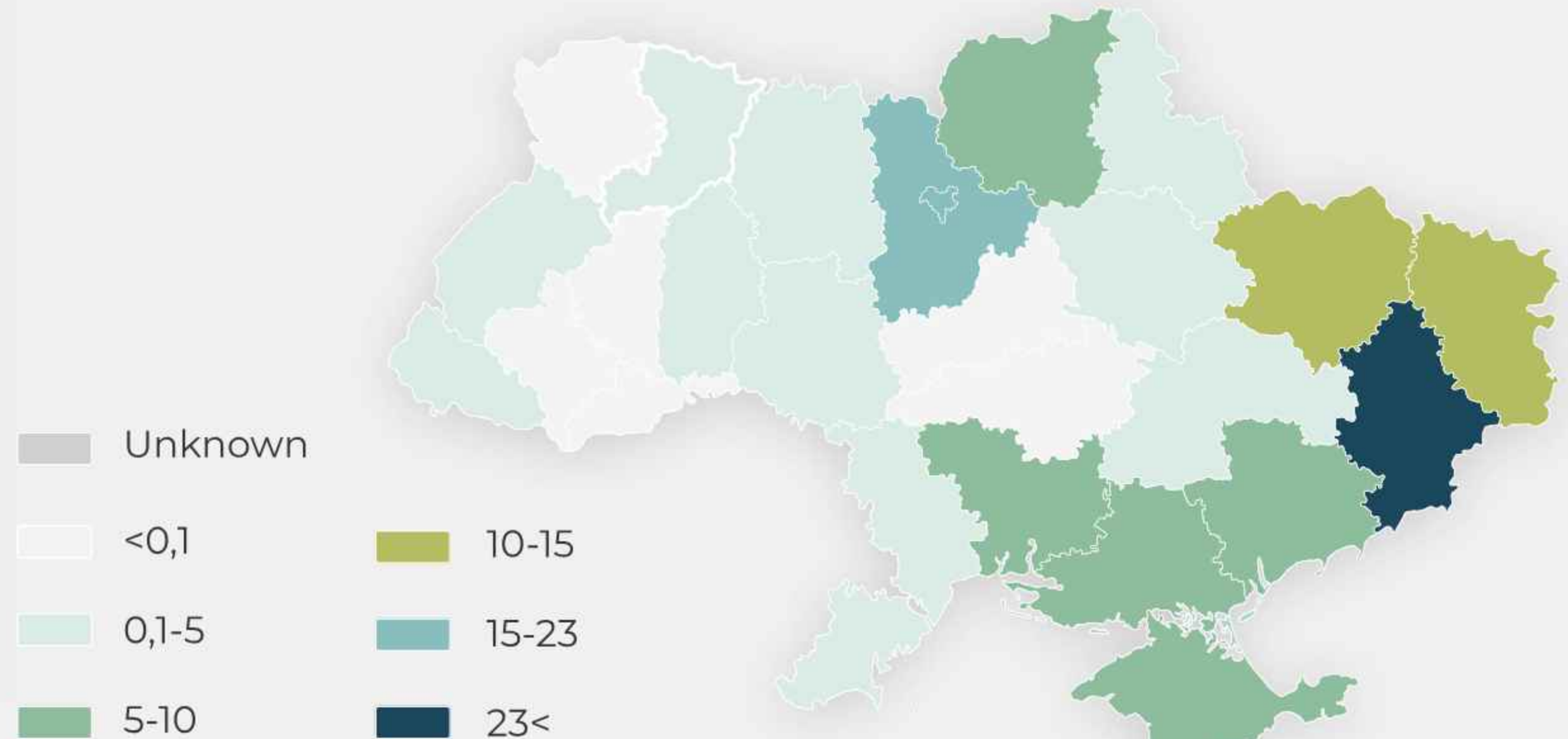
MAP OF REGISTERED IDPS AT THE DISTRICT LEVEL*



Destroyed or damaged housing units, thousand units

- Individual houses
- Apartment buildings
- Dormitories

REGIONAL DISTRIBUTION OF DAMAGE TO THE HOUSING SECTOR



Sources: KSE * - as of February 29, 2024

CONSTRUCTION SECTOR OF UKRAINE



Raw material base

Ukraine's construction sector prospects are determined by the country's leading position in the extraction of various minerals, as well as the possibility of locating enterprises near deposits

Positions of Ukraine in the world by volume of production

METALLIC MINERALS		NON-METALLIC MINERALS		MINERAL RESOURCES	
2nd place	Gallium	6th place	Kaolins	10th place	Uranium
5th place	Germanium	8th place	Graphite	12th place	Coking coal
6th place	Titanium	10th place	Zirconium silicate	13th place	Thermal coal
8th place	Manganese				
10th place	Iron				

METALLIC MINERALS		NON-METALLIC MINERALS		HYDROCARBONS	
37	22.857 ha	195	43.826 ha	49	6.440 ha
licensed sites and deposits	corresponding licensed area	licensed sites and deposits	corresponding licensed area	licensed sites and deposits	corresponding licensed area

24 MINERAL DEPOSITS of critical industrial raw materials

WEALTH OF MINERAL RESOURCES

117

types of minerals found in Ukraine (out of the 120 most common)

8.8

thousands industrial-grade deposits

11.7

bln USD total volume of the mining industry

Li
Lithium
3 licensed sites and deposits
280 ha corresponding licensed area

Ti
Titanium
9 licensed sites and deposits
9.037 ha corresponding licensed area

Au
Gold
4 licensed sites and deposits
1.280 ha corresponding licensed area

NON-FERROUS METALS
Ni Nickel
Co Cobalt
Cr Chromium
Cu Copper
Mo Molybdenum
 5 licensed sites and deposits
 3.086 ha corresponding licensed area

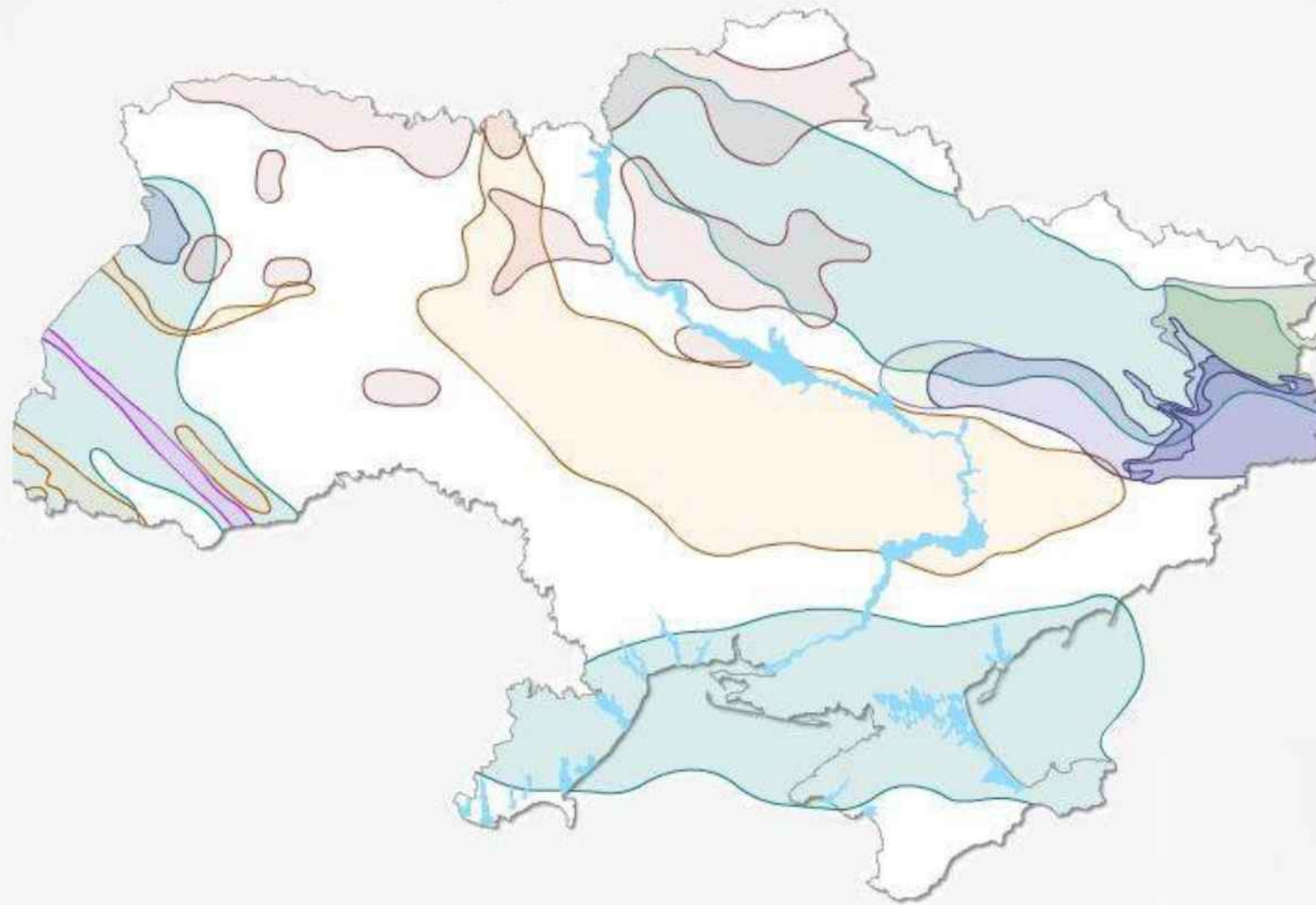
RARE EARTH METALS
Be Beryllium
Zr Zirconium
Ta Tantalum
Nb Niobium
Sc Scandium
 4 licensed sites and deposits
 1.870 ha corresponding licensed area

CONSTRUCTION SECTOR OF UKRAINE



Mineral resource maps

Fuel minerals



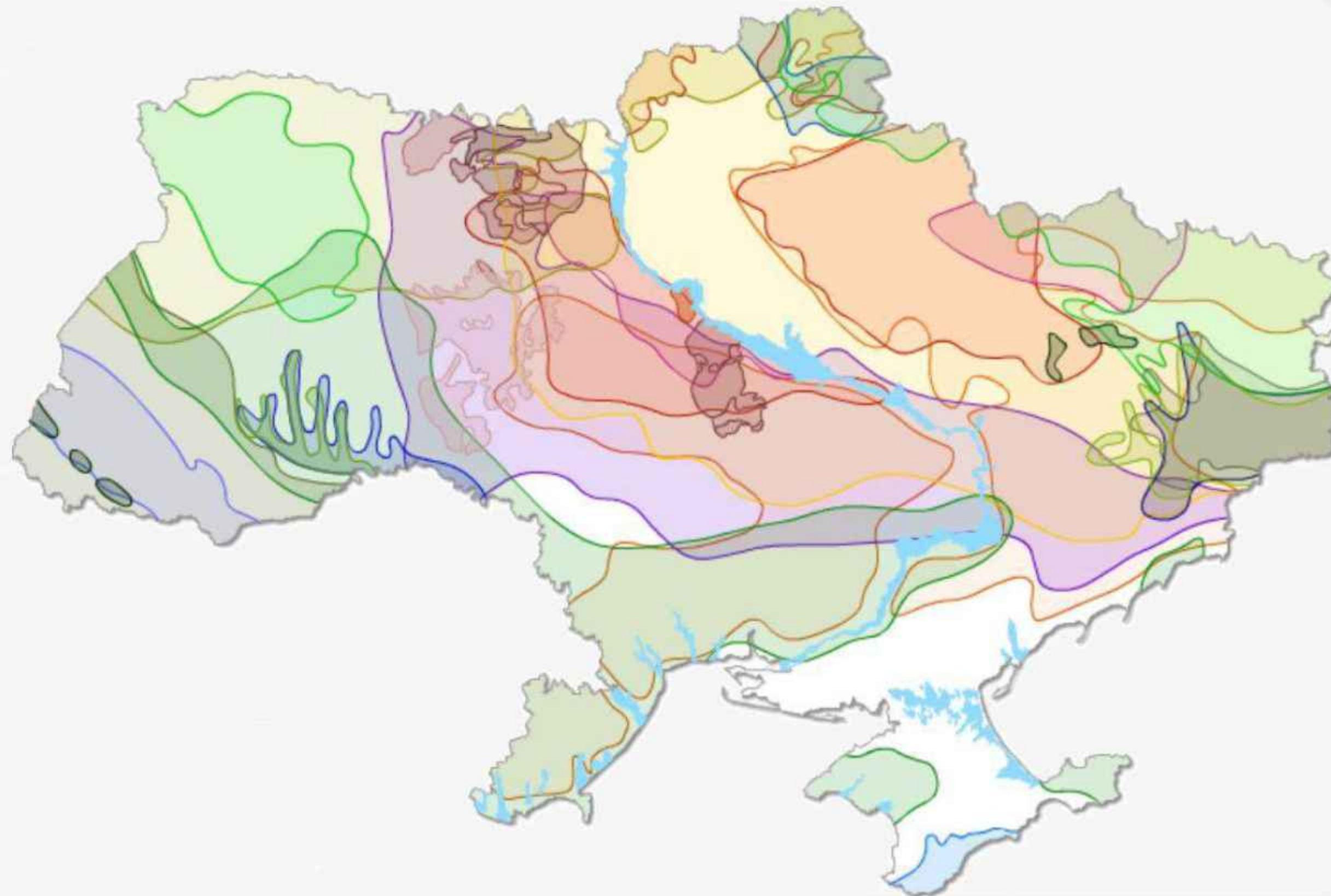
- Hard coal
- Lean, semi-anthracites and anthracites
- Fat, coking and semi-lean caking
- Long-flame and gas coal
- Transitional from brown to hard long-flame coal
- Brown coal
- Oil and gas
- Menilite shales
- Peat

CONSTRUCTION SECTOR OF UKRAINE



Mineral resource maps

Non-metallic minerals of Ukraine



Sedimentary clay rocks

- Primary and secondary kaolins, kaolin refractory clays
- Spondyl clay (blue marl) of the Kyiv formation of the Paleogene
- Variegated clays of the Neogene
- Brown and reddish-brown clays of the Pliocene and Quaternary
- Argillites, clay shales, and clays of the Carboniferous and Permian

Sedimentary clastic rocks

- Monomineral quartz sands in the deposits of the Poltava formation
- Glass, concrete, and ballast quartz sands in fluvio-glacial deposits
- Monomineral sands in the Lower Tortonian deposits
- Donetsk region of Paleozoic and Carboniferous sandstone deposits
- Podolian region of Paleozoic sandstone deposits
- Carpathian region of Cretaceous and Paleozoic sandstone deposits
- Hlukhiv region of Buchach formation sandstone deposits
- Crimean region of Triassic-Jurassic sandstone deposits
- Trakhtemyriv sandstone deposits region

Sedimentary carbonate rocks

- Neogene limestones
- Chalk
- Jurassic limestones
- Permian and Carboniferous limestones and dolomites
- Devonian and Silurian limestones and dolomites

Igneous and metamorphic rocks of the Ukrainian Shield

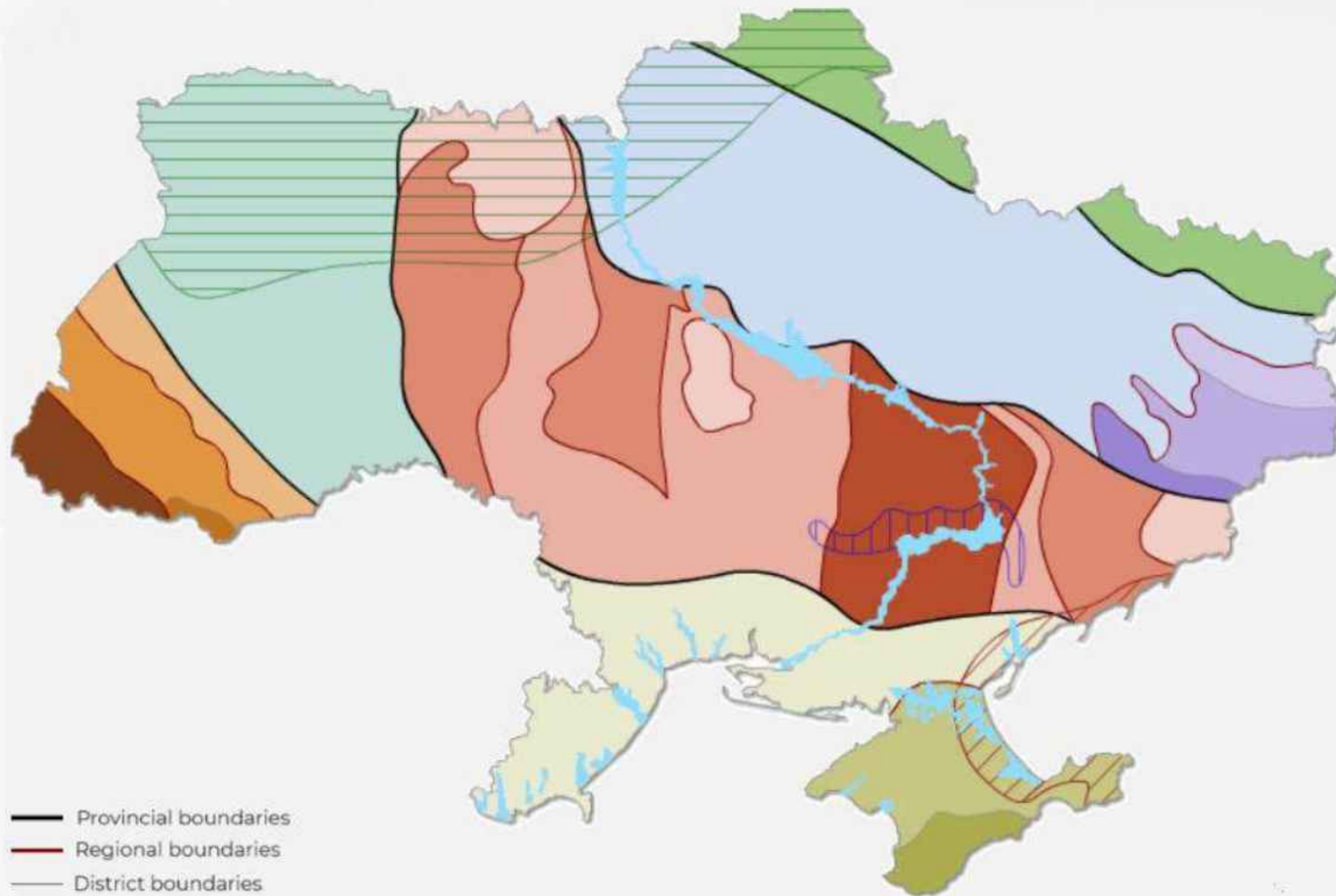
- Crystalline schists of the Ovruch series
- Granitoids of the Korosten complex
- Basic rocks of the Korosten complex
- Osnytsia granites
- Chudniv-Berdychiv granitoids

CONSTRUCTION SECTOR OF UKRAINE



Mineral resource maps

Ore (metallic) minerals of Ukraine



Ukrainian Shield province

- Archean metallogenic region (Al, Ti, Cr, Fe, Co, Ni, Cu, Zn, As, Mo, Sb, W, Pb)
- Area of Archean and Proterozoic formations (Al, Ti, Cr, Fe, Co, Ni, Cu, Zn)
- Lower Proterozoic metallogenic zones (Mg, Ti, V, Cr, Mn, Fe, Co, Ni, Cu, Zn, As, Ag, Pb)
- Middle and Upper Proterozoic metallogenic regions (Al, Ti, Fe, Ni, Cu, Mo, Sn)

Donetsk-Dnipro province

- Dnipro region (Al, Ti, Mn, Fe, Cu, Zn, Pb)
- Northern district of Donetsk region (Zn, Pb)
- Central district of Donetsk region (Mg, Al, Ti, Mn, Fe, Cu, Zn, As, Ag, Sb, Au, Ng, Pb)
- Southern district of Donetsk region (Al, Mn, Fe, Co, Cu, Zn, As, Mo, Hg, Pb)

Black Sea province

- Mountainous Crimea region (Cu, Zn, Hg, Pb, Bi)
- Steppe Crimea and Kerch Peninsula region (Mg, As, Hg)
- Other regions (Al, Ti, Fe, Mn)

Carpathian province

- Pre-Carpathian region (Mg, Mn, Fe, Cu, Zn, As, Pb)
- Central Carpathian region, Rakhiv district (Al, Mn, Fe, Co, Ni, Cu, Zn, Mo, Pb)
- Central Carpathian region, other districts (Fe)
- Zakarpattia region (Mg, Al, V, Mn, Fe, Cu, Zn, As, Mo, Ag, Sb, Te, Au, Hg, Pb, Bi)
- Volhynia-Podilsk region (Mg, Al, Mn, Cu, Zn, Pb)
- The southern slope of the Voronezh crystalline massif (Al, Ti, Fe)

Transstructural facies-metallogenic regions

- Priazov region of Kimmerian iron ore deposits (V, Mn, Fe, As)
- Nikopol-Tokmak region of Oligocene manganese ore deposits (Mn)
- Polissia region of the modern phase of Pliocene-Quaternary iron ore epoch deposits (Fe, Mn)

- Provincial boundaries
- Regional boundaries
- District boundaries

CONSTRUCTION SECTOR OF UKRAINE

Access to regional consumer markets

Nearly 1 bln consumer market can be reached within 2 500 miles

- 448 mln **European Union**
- 100 mln **CIS (selected)**
- 502 mln **Non EU**
- 44 mln **Ukraine**

The EU, the UK and Canada **have suspended import** duties on exports from Ukraine in 2022.

This creates new opportunities for Ukrainian exporters. Trade turnover between Ukraine and these countries is expected to increase, thus, strengthening mutually beneficial partnership.

Ukraine has 19 FTAs with 47 countries, including DCFTA with the EU

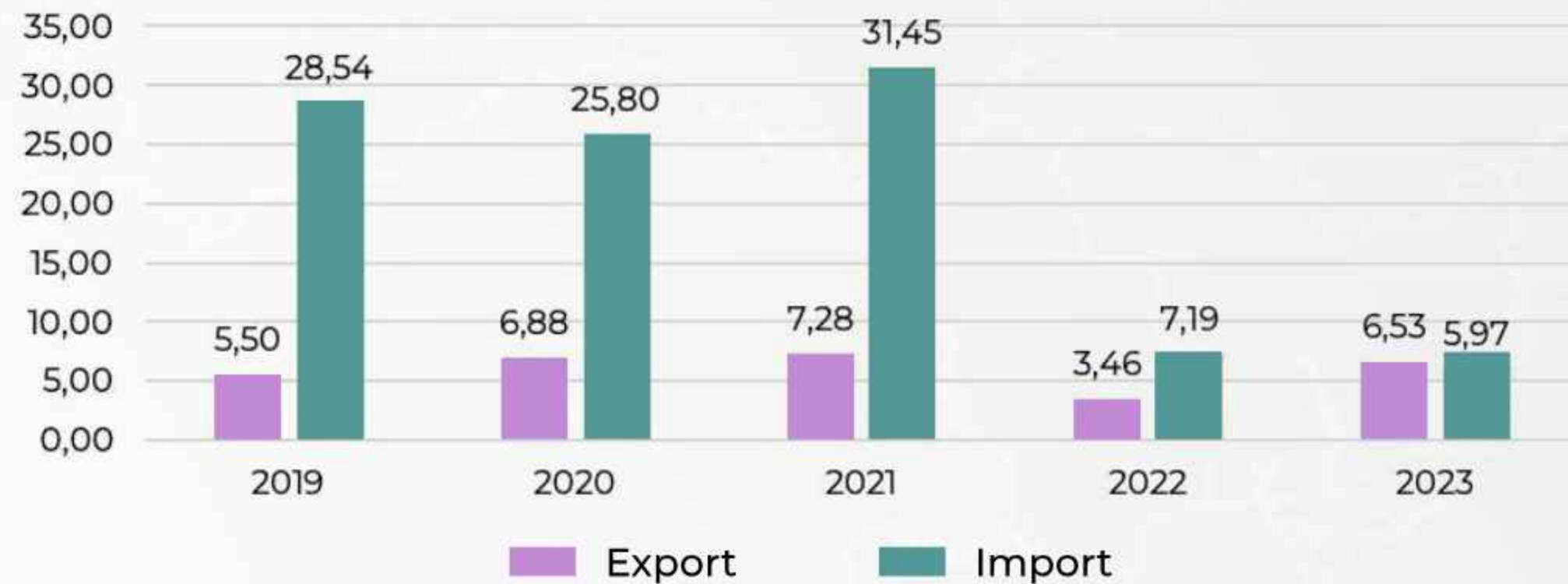
Ukraine is a member of Pan-Euro-Mediterranean Convention

CEMENT

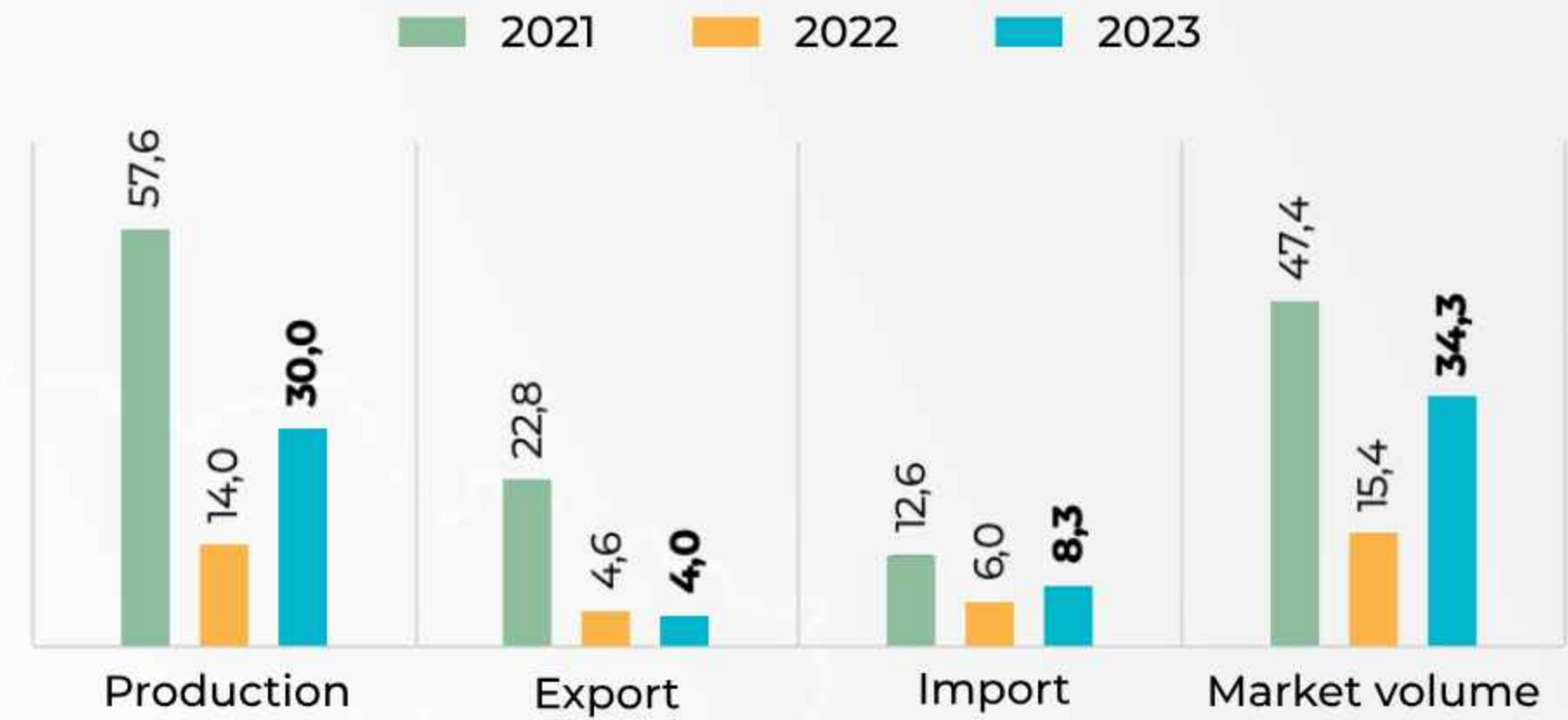


2.6-8.1 mln t/year
market surplus

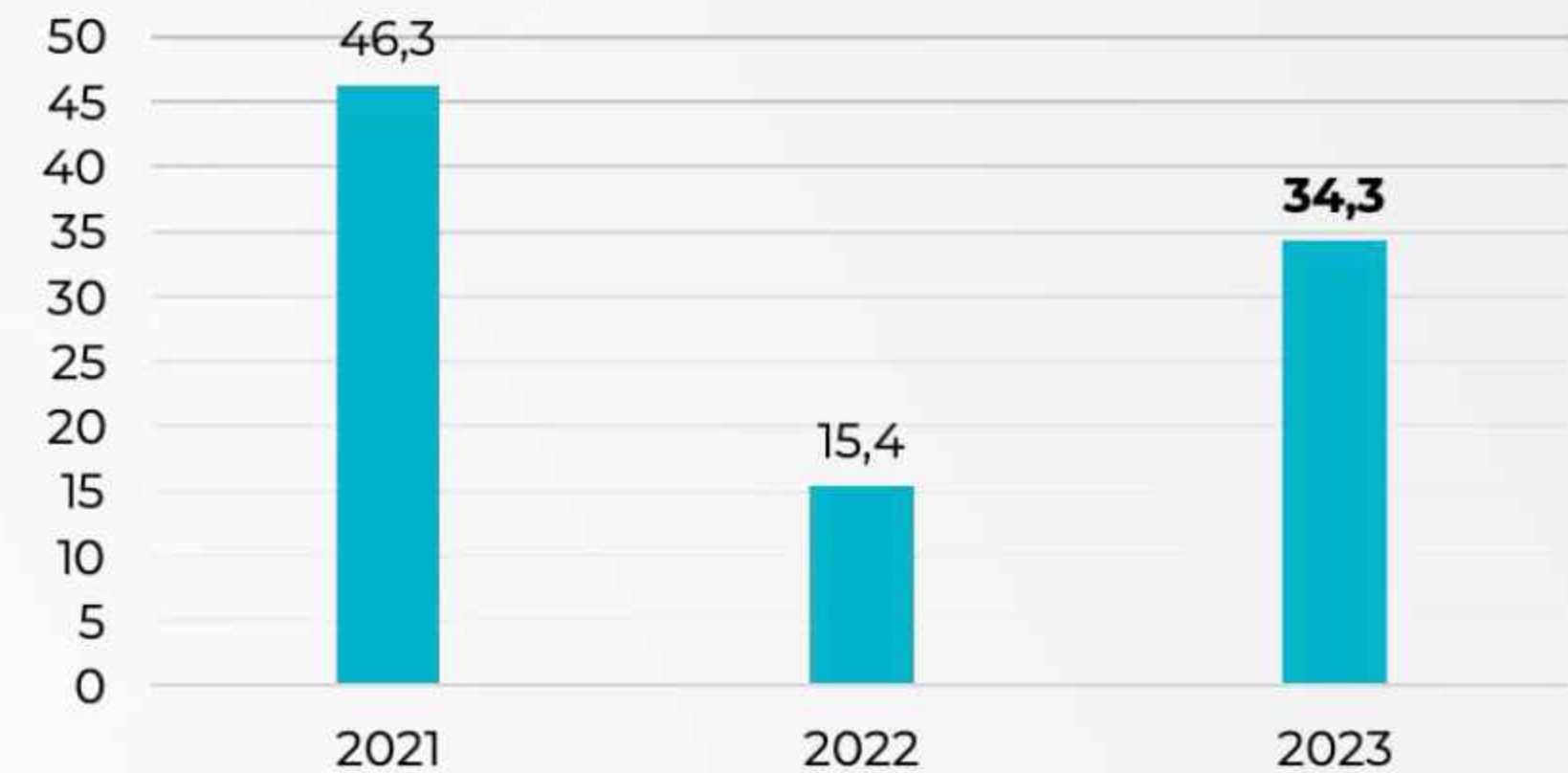
Turnover of cement, concrete or artificial stone products, reinforced or not, 2019-2023, mln USD



Production, export, and import volumes, 2021-2023, mln m²



Consumption volumes, 2021-2023, mln m²



Leading market players:

Ivano-Frankivskcement

Kryvyi Rig Cement

- Kryvyi Rih Cement Plant
- Kamianske Cement Plant

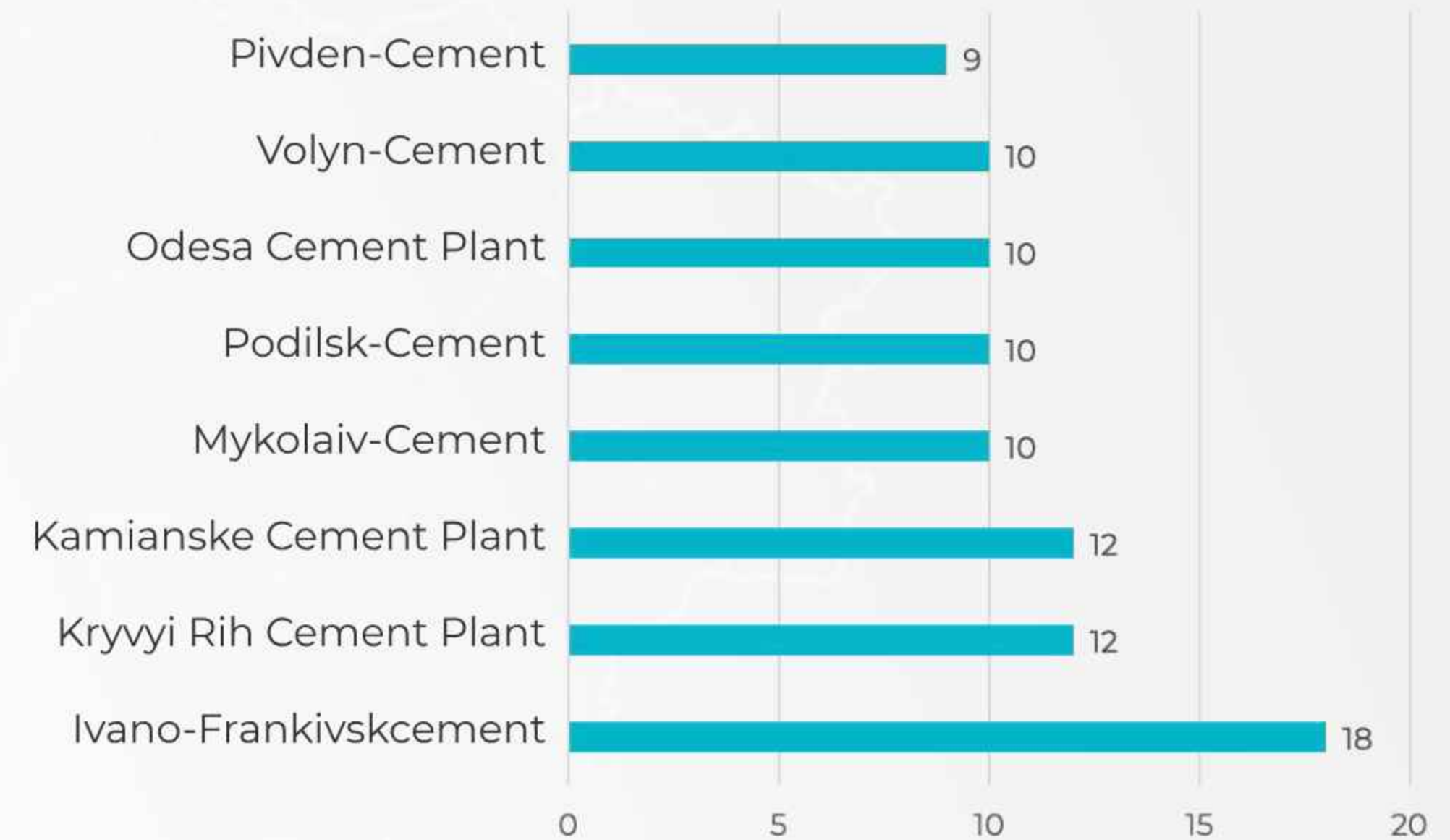
Dyckerhoff Cement Ukraine

- Volyn-Cement
- Pivden-Cement

CEMARK

- Podilsk-Cement
- Odesa Cement Plant
- Mykolaiv-Cement

Number of SKUs at Ukrainian cement plants, units

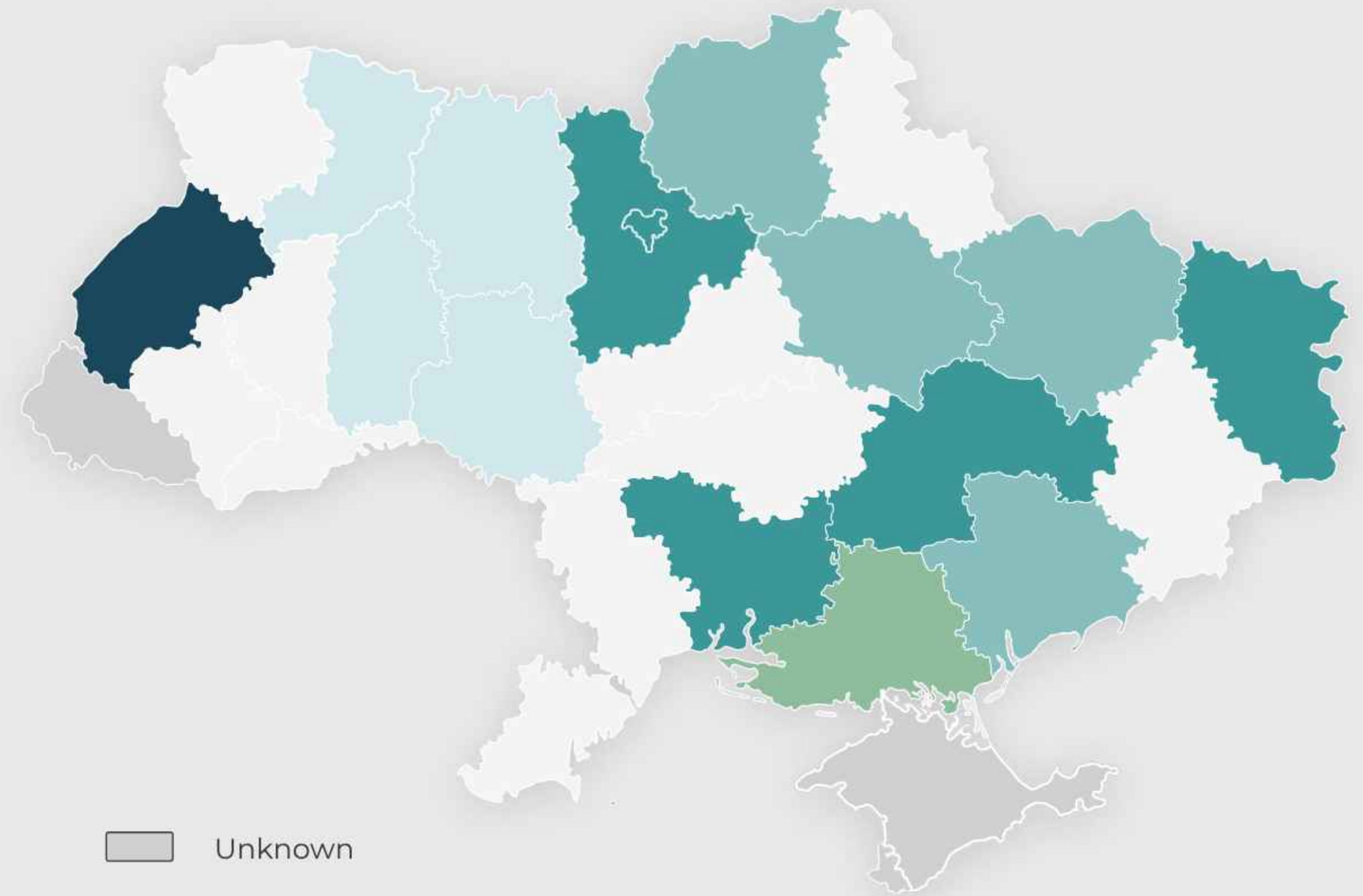
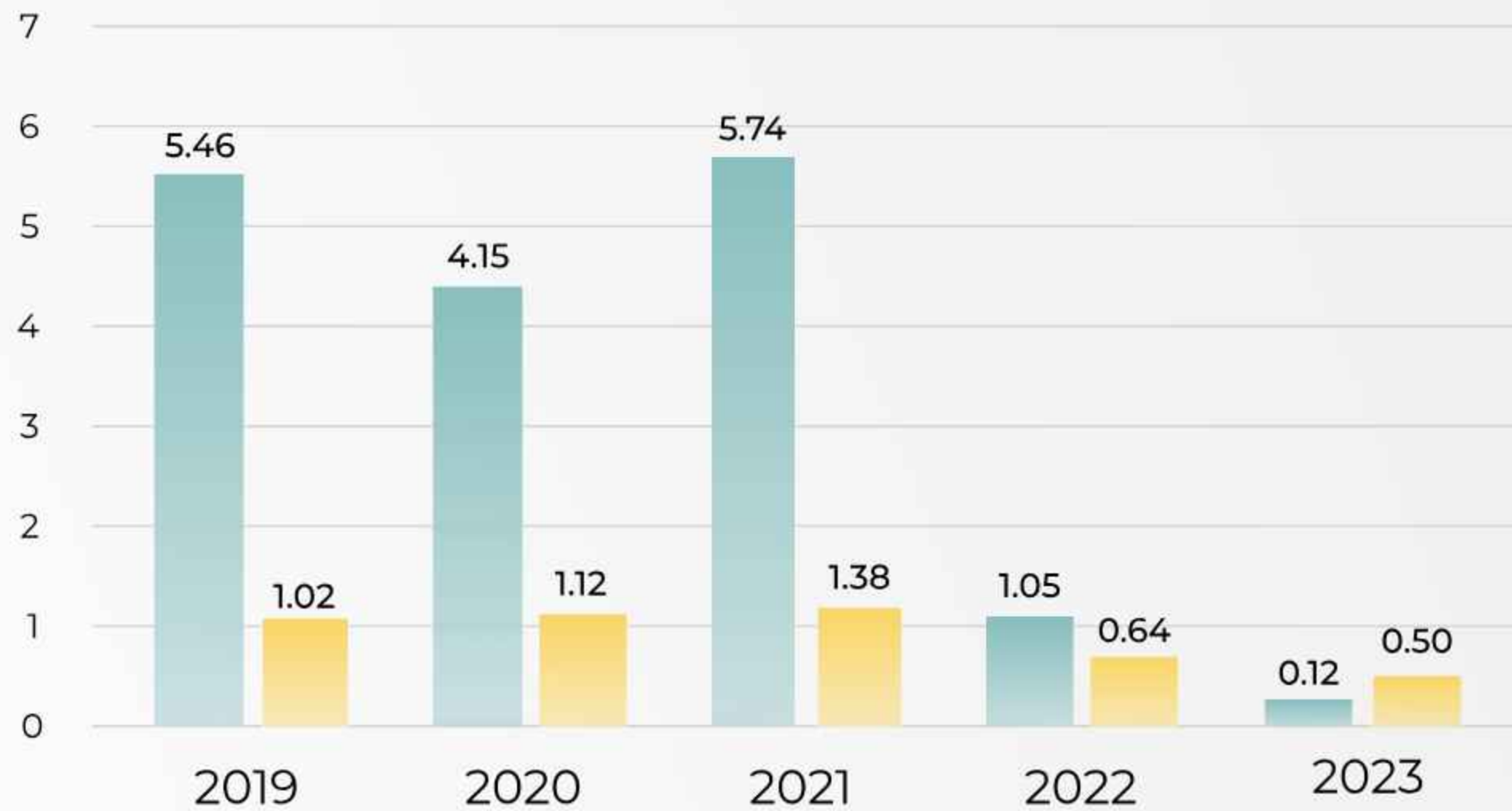


SAND



Geographical structure of construction sand extraction, 2018-H1 2021, thousand tons

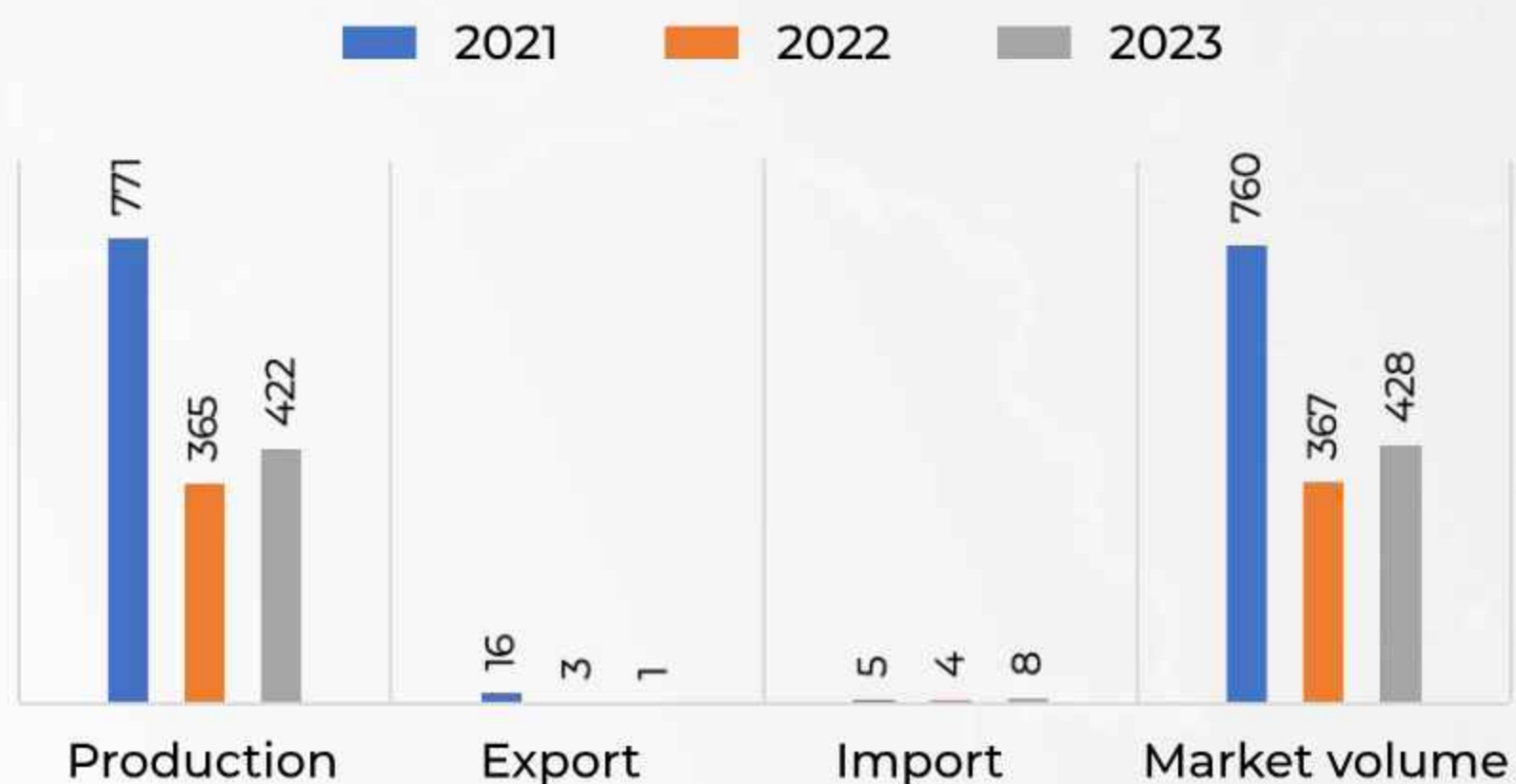
Trade in sands (excluding metal-bearing sands), mln USD



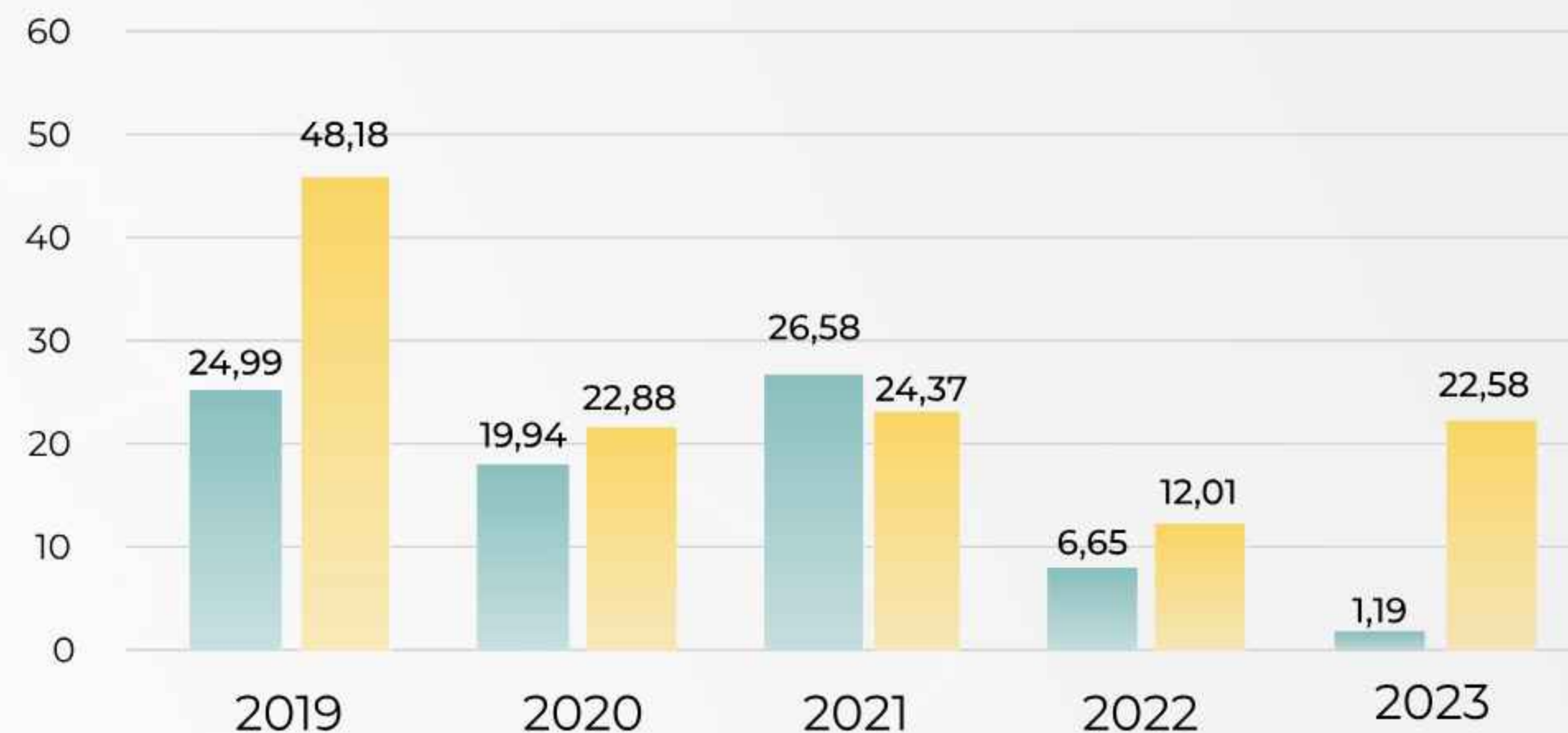


292-585 mln units/year
Market surplus

Production, export, and import volumes, 2021-2023, mln units



Brick turnover, 2019-2023, mln USD



Consumption volumes, 2021-2023, mln units

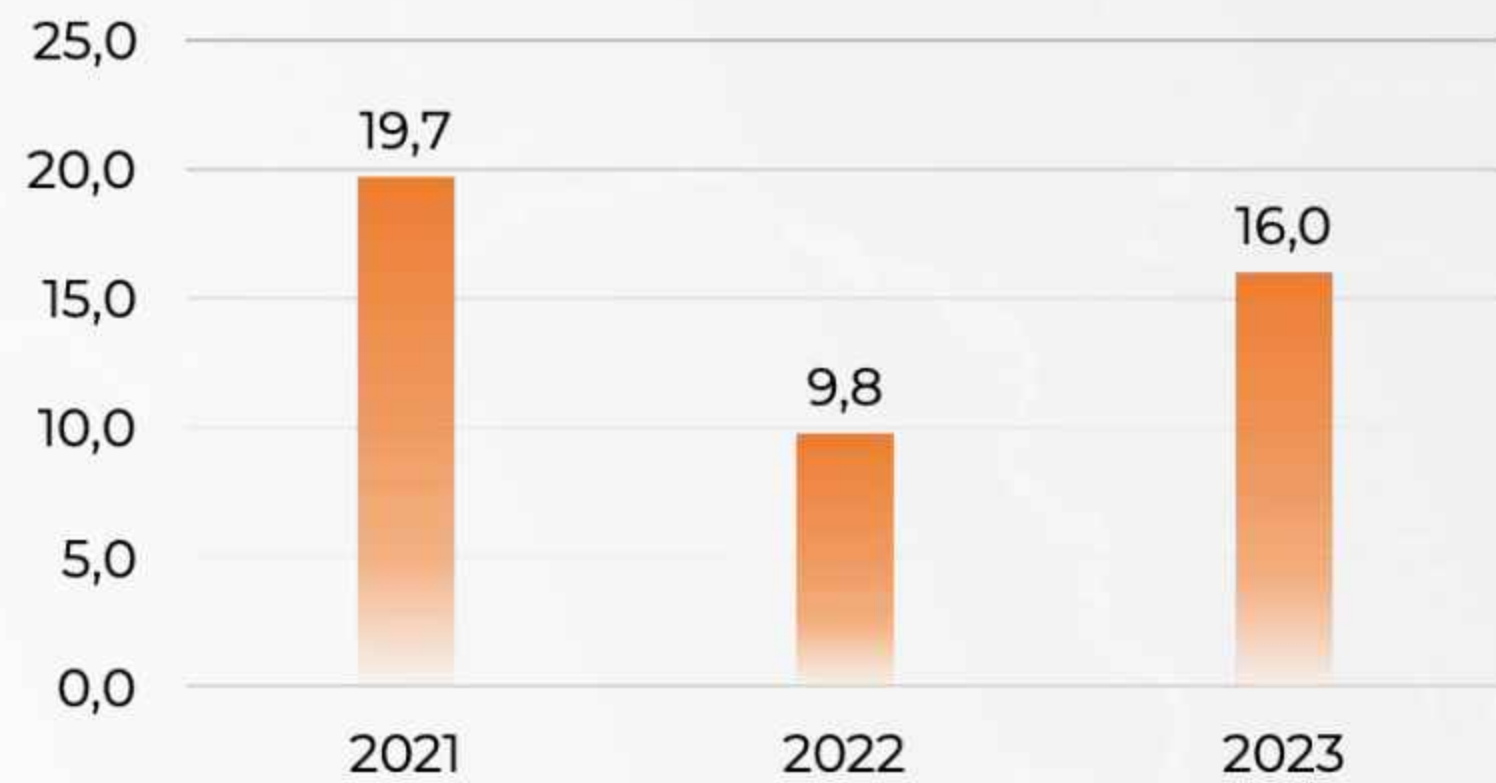


CONCRETE

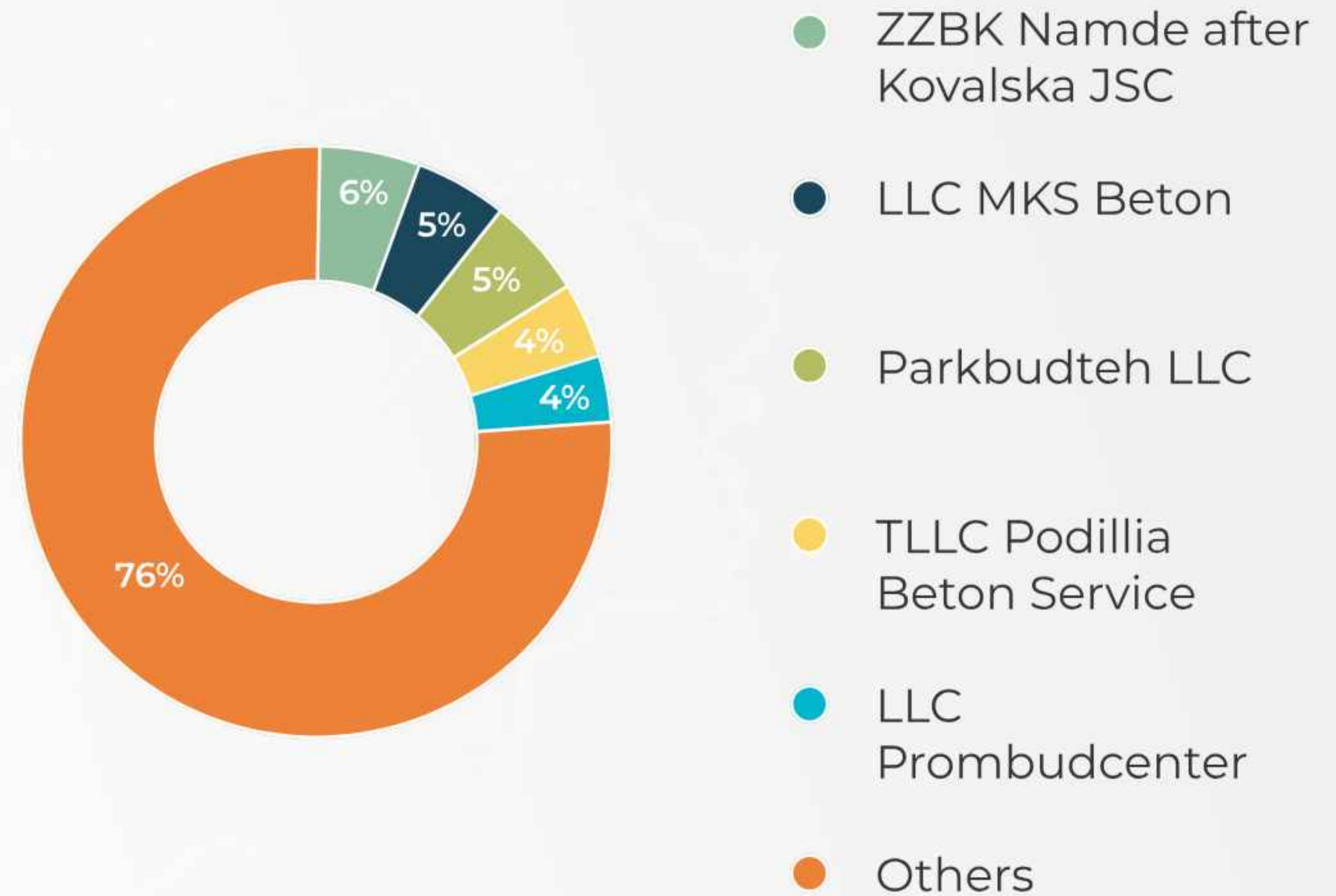


15.0-18.0 mln t/year
Market surplus

Consumption volumes, 2021-2023, mln tons



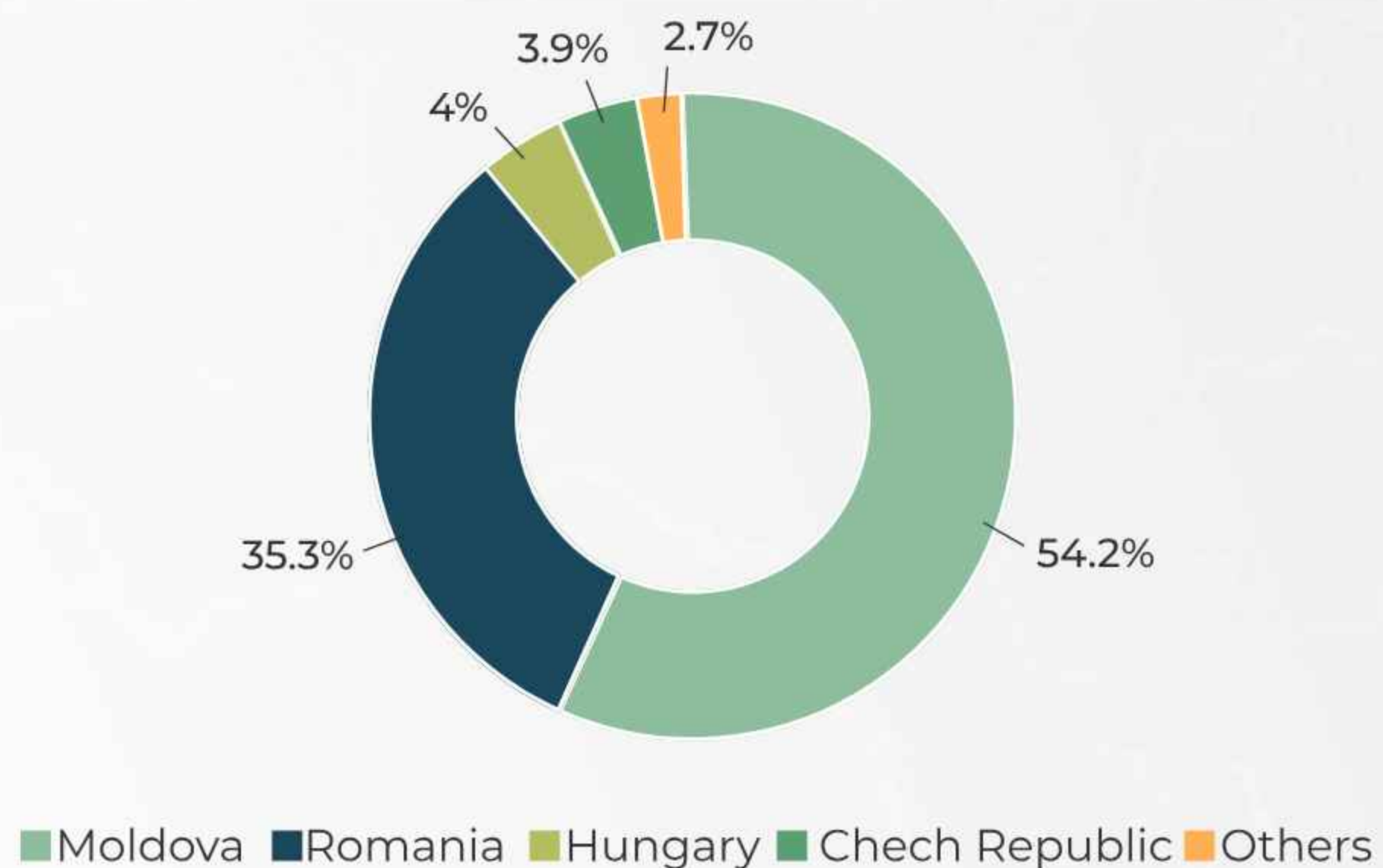
Major concrete market operators' share, 2023, %



AERATED CONCRETE



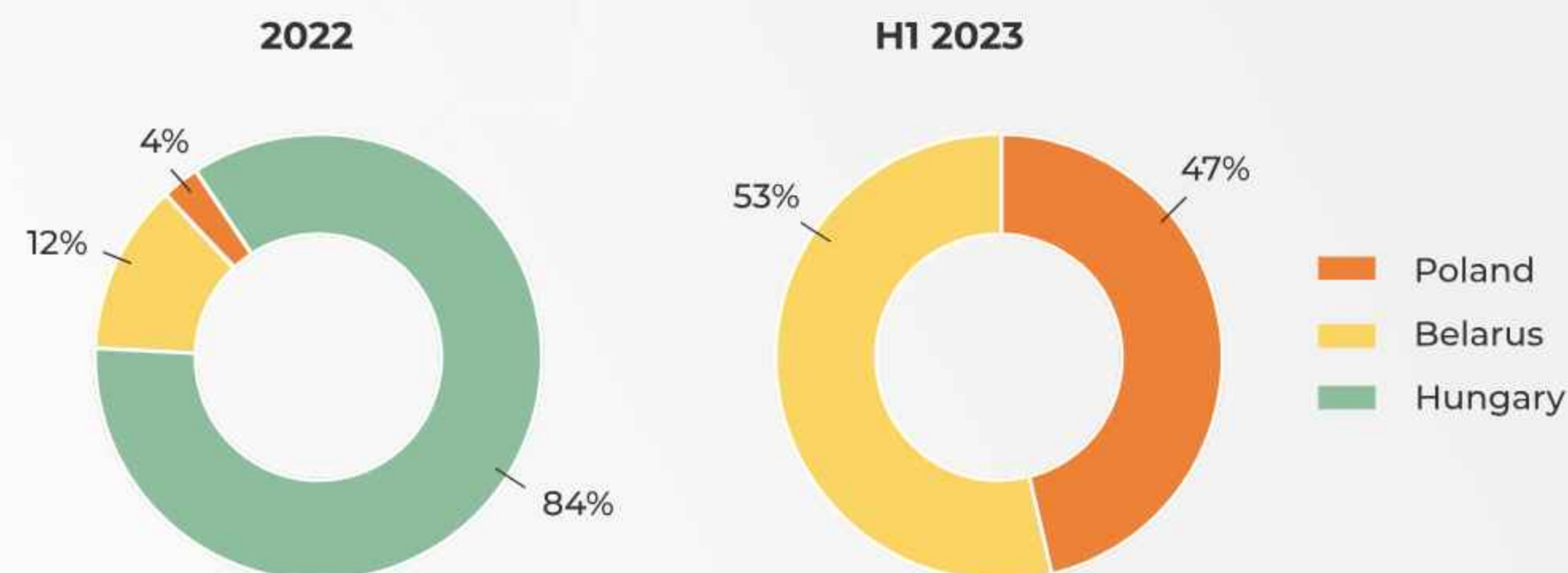
Geography of aerated concrete exports from Ukraine, %



Aerated concrete market volumes in Ukraine, mln UAH

Year	Market capacity	Growth rate, %
2018	4416,38	
2019	4855,02	10%
2020	6102,15	26%
2021	6323,88	4%
2022	3290,7	-48%
H1 2022	1195,01	
H1 2023	2033,60	70%

Geographical structure of aerated concrete imports to Ukraine, %



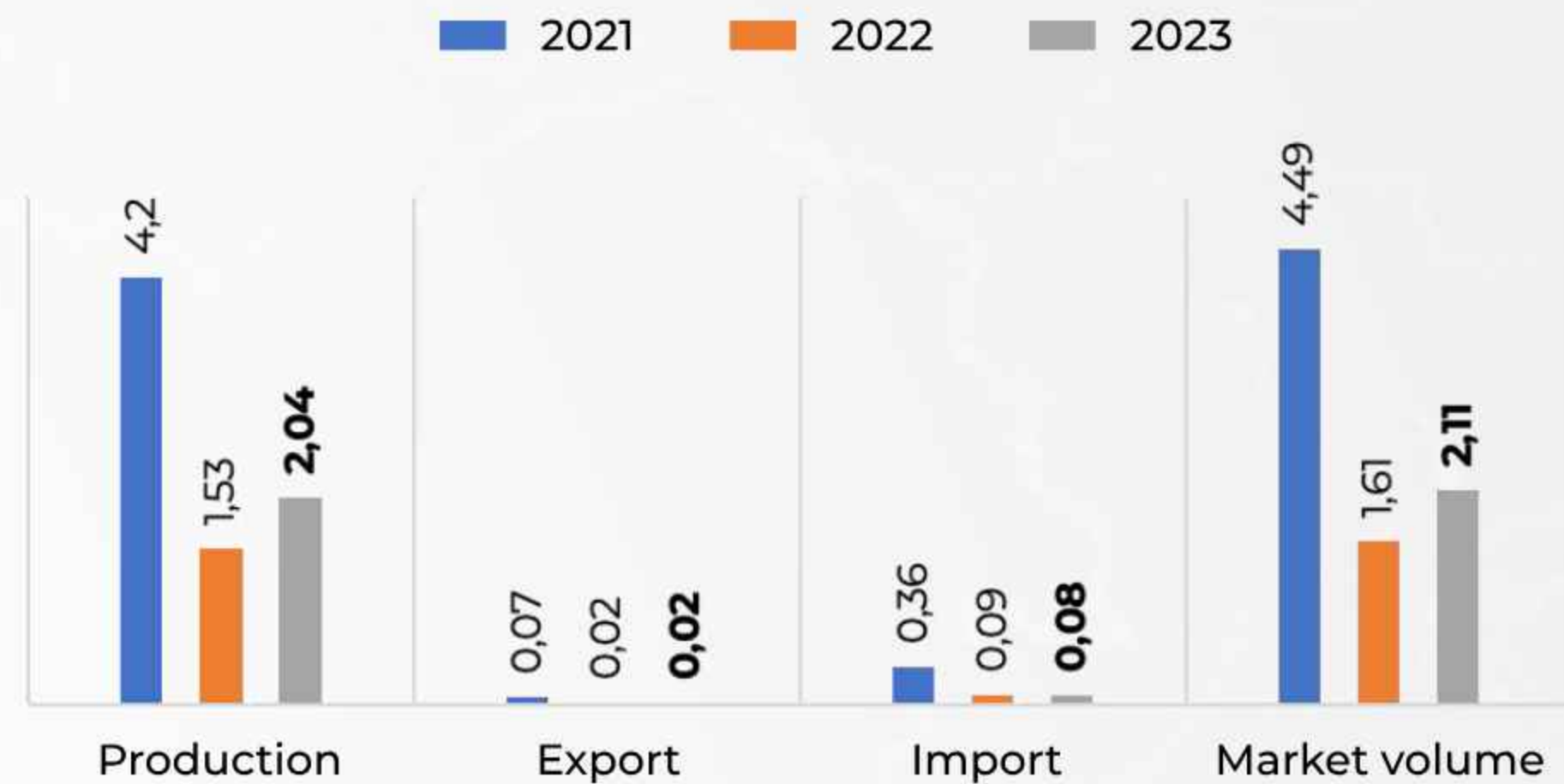
AERATED CONCRETE



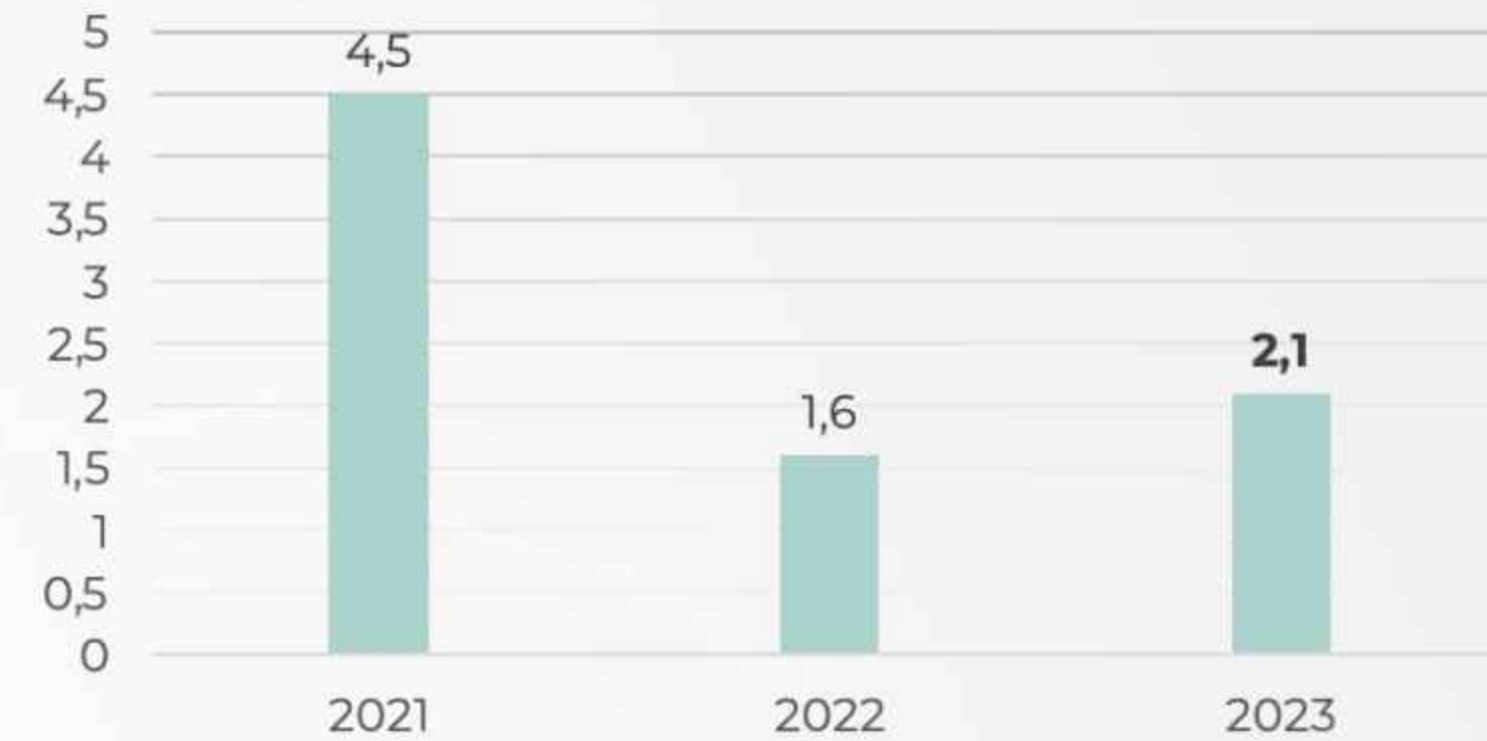
42 – 586 thousand m³

Annual projected demand/
supply gap volume, 2026-2034

**Production, export, and import
volumes, 2021-2023, mln m³**



Consumption volumes, mln m³



Aerated concrete market leaders in Ukraine:



LTD Orientir-Budelement



Aeroc LLC «ENERGY PRODUCT» LLC



Zavod KBM LTD



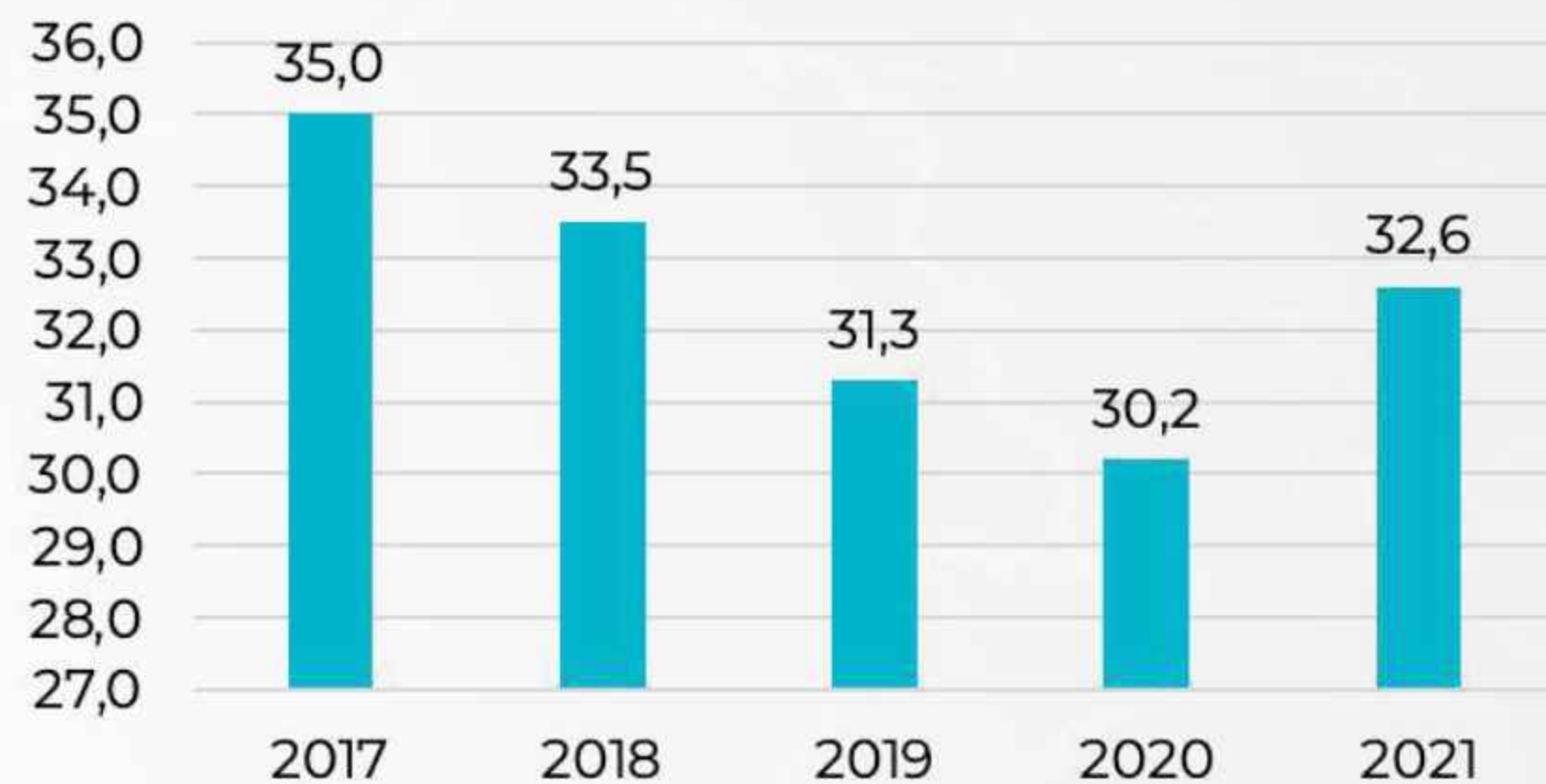
Energy Product LLC



4.0 – 8.1 mln m²

Annual projected demand/
supply gap volume, 2025-2034

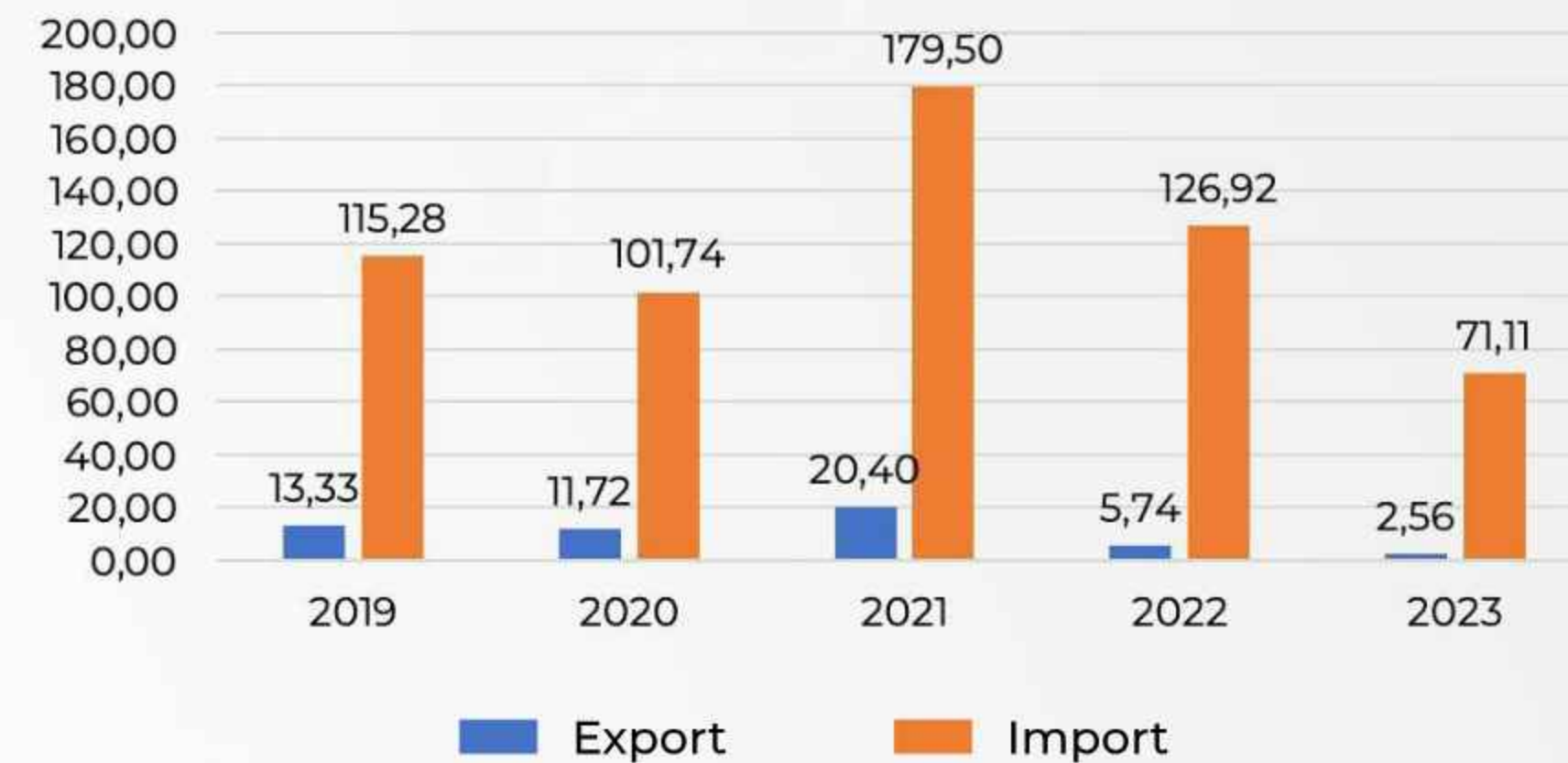
**Sales volume of float glass,
2017-2021, mln m²**



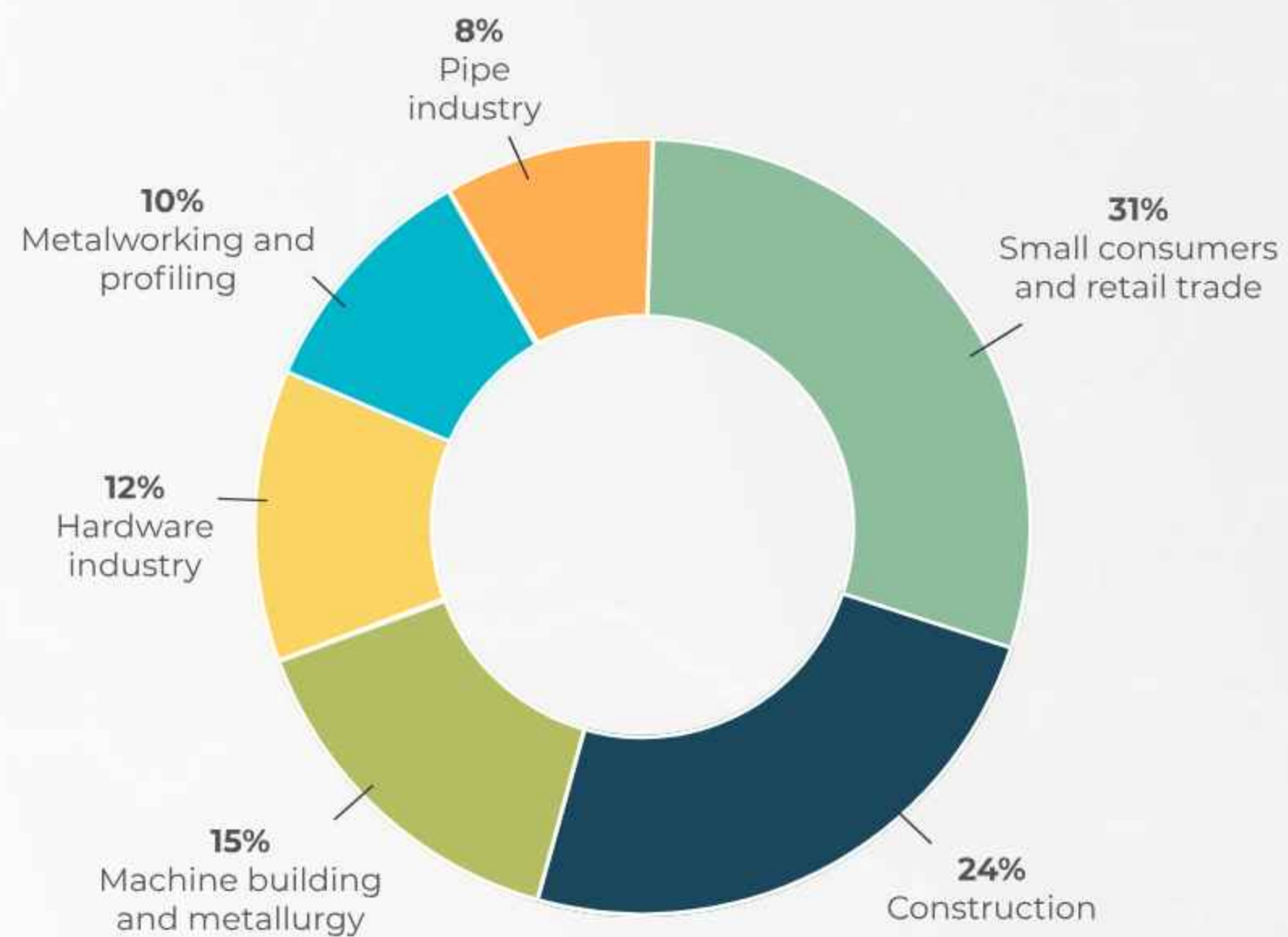
**Consumption volumes,
2021-2023, mln m²**



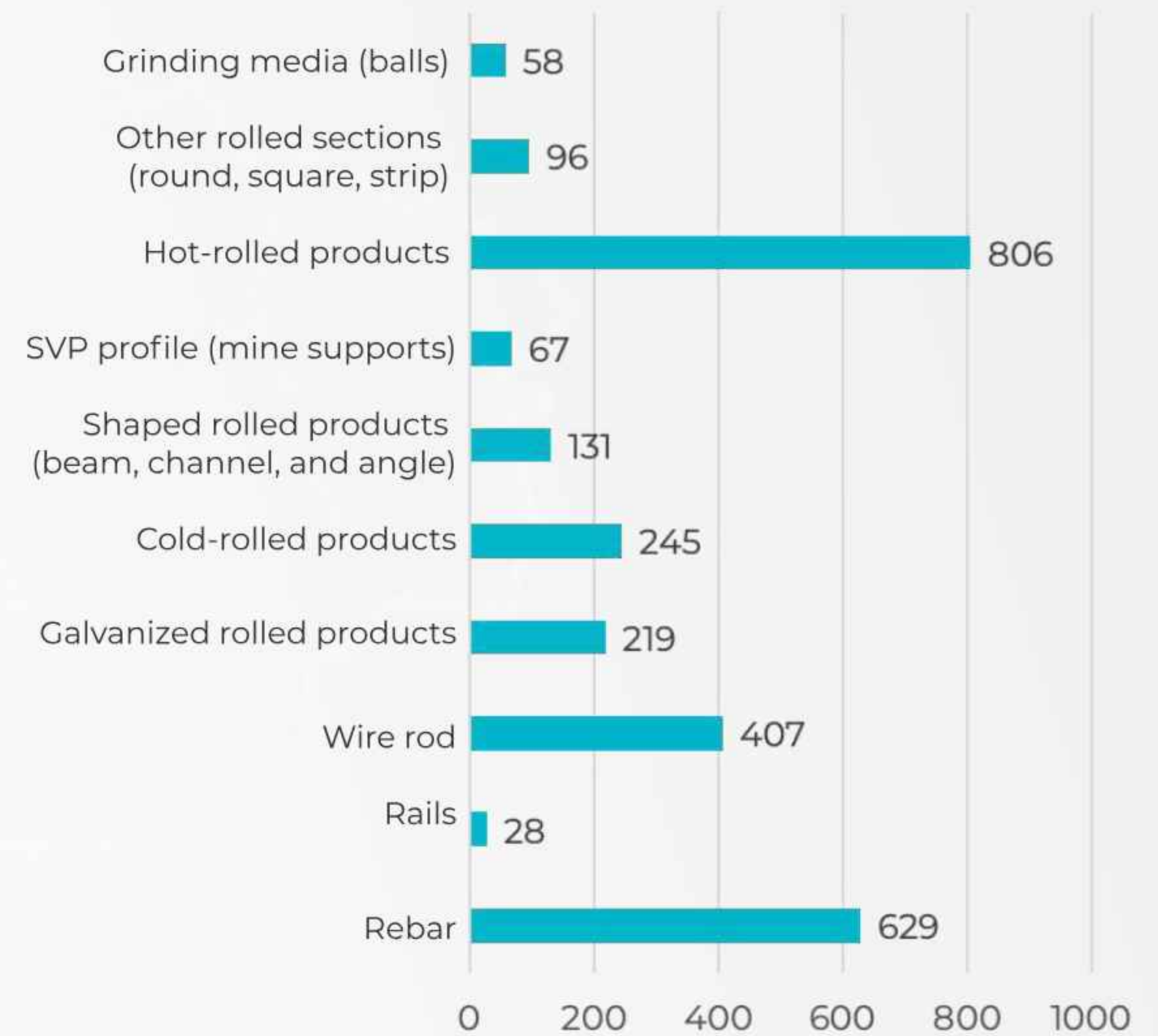
**Glass turnover,
2019-2023, mln USD**



Sectoral structure of demand for metal products in Ukraine, 2023, %



Metal consumption volume in Ukraine, 2023, thousand t



STEEL



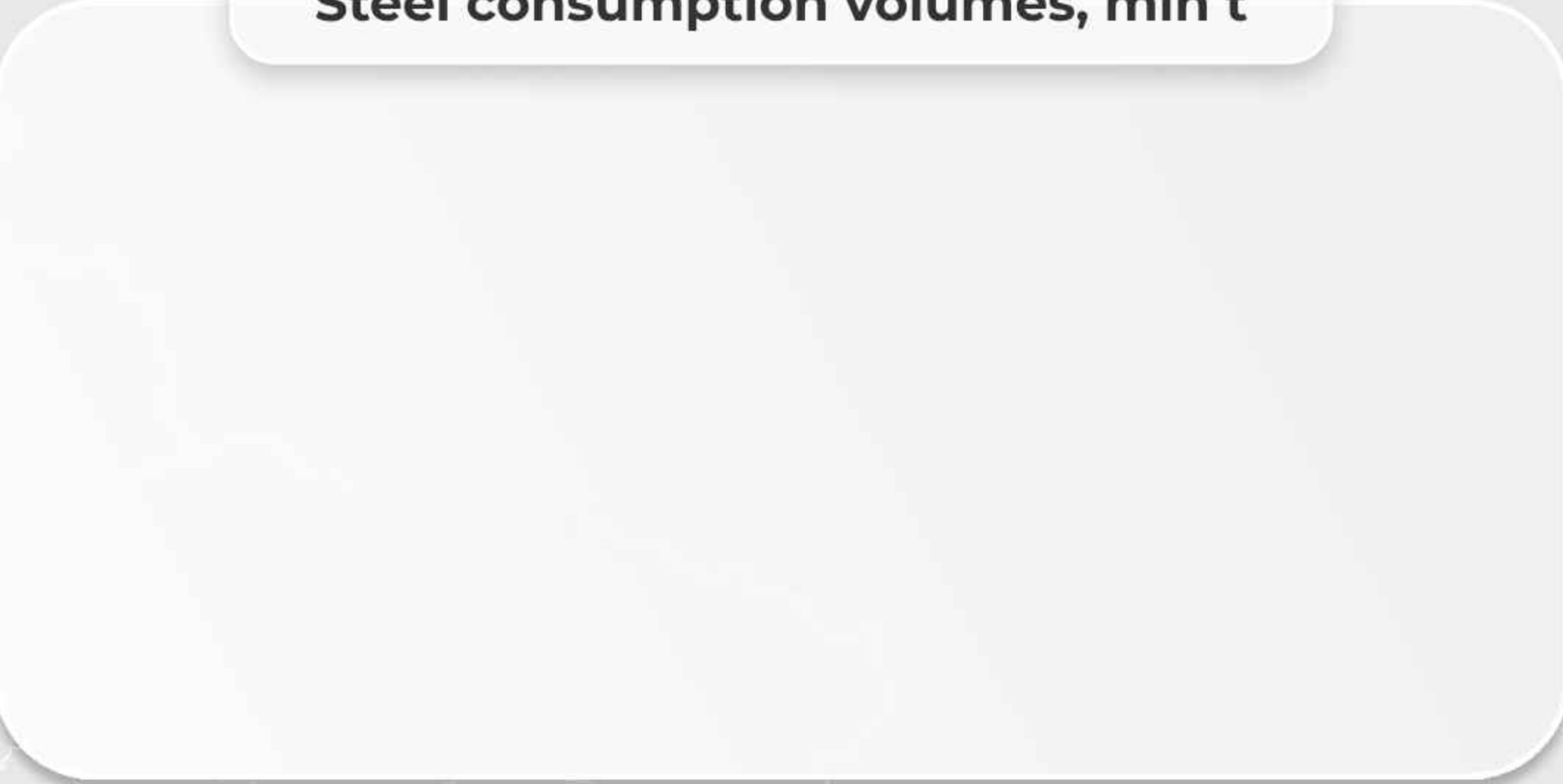
 **9,5-10,1 mln t/year**
Market surplus volume

Production, export, and import volumes, 2021-2023, mln t

■ 2021 ■ 2022 ■ 2023

Production Export Import Market volume

Steel consumption volumes, mln t



World's leading steel producers, 2023





63%

increased the demand for rebar in 2024 compared to 2021

Rebar market capacity in Ukraine, thousand t

* data for 2024 - projected.

MAJOR REBAR PRODUCERS IN UKRAINE

During its operation in Ukraine, Metinvest has invested more than 10 bln USD in the country. The group employs over 65,000 people.

The main production facilities are located in the Donetsk and Dnipropetrovsk regions.

*

During its operation in Ukraine, ArcelorMittal invested more than 5 bln USD in Ukraine. More than 26,000 people work in the company.

The main production facilities are located in Kryvyi Rih.

DRY BUILDING MIXES



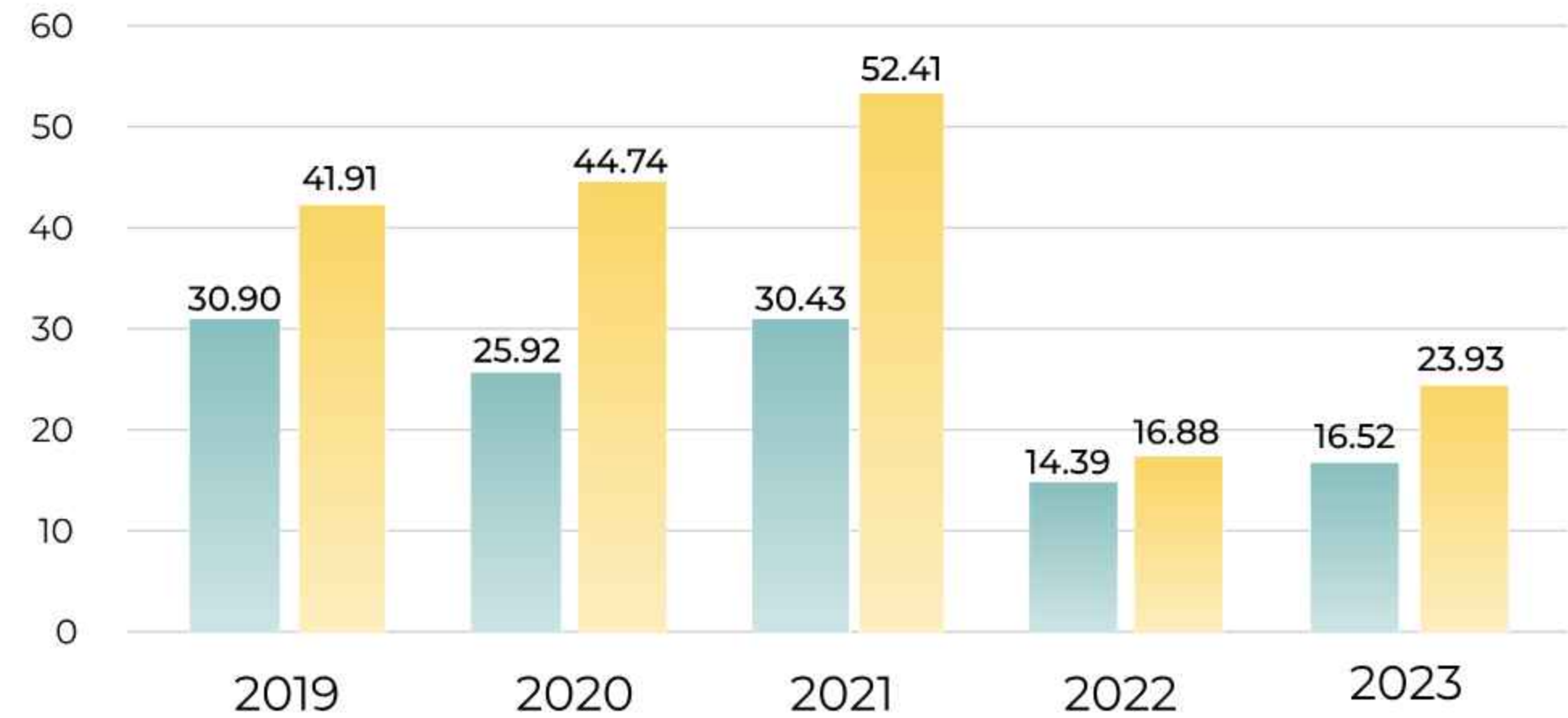
1.3 -1.4 mln t/year
Market surplus volume

Production, export, and import volumes, 2021-2023, mln t

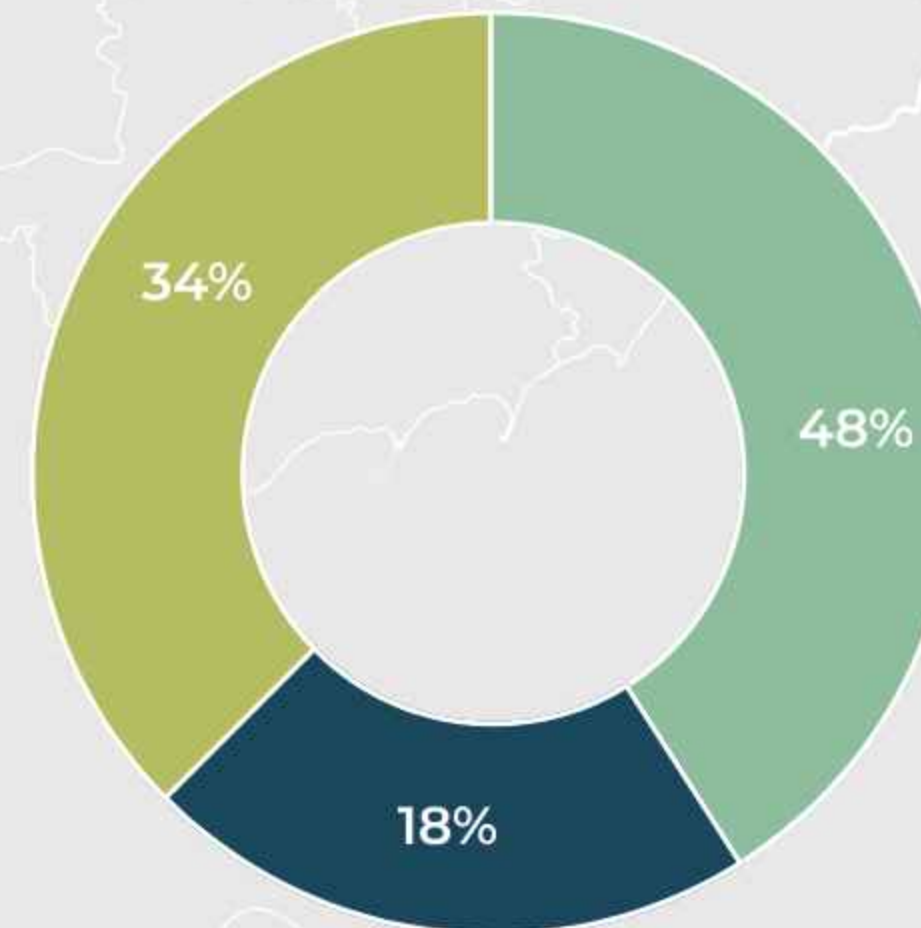
■ 2021 ■ 2022 ■ 2023

Production Export Import Market volume

Turnover of DBM, 2019-2023, mln USD



Product structure of DBM, 2023, %



- tile adhesives
- thermal insulation mixtures
- other mixtures

DRY BUILDING MIXES

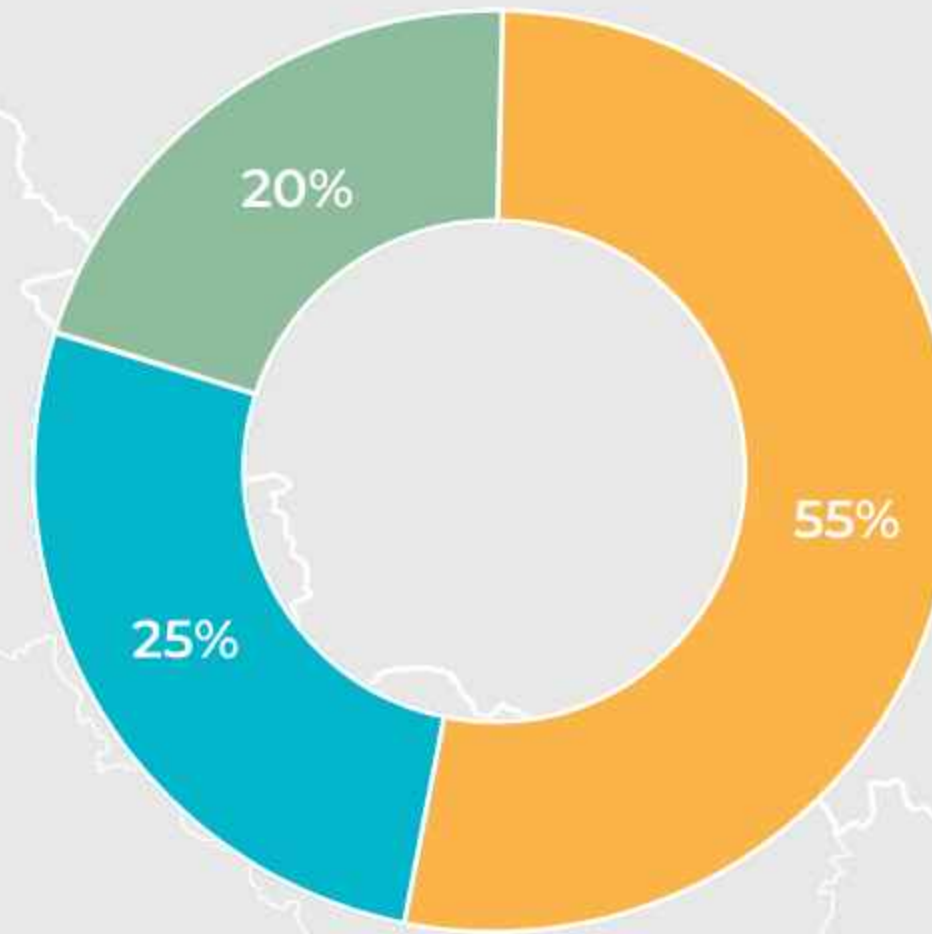


DBM market leaders in Ukraine

KNAUF – leading player in the world

Ceresit – a part of Henkel

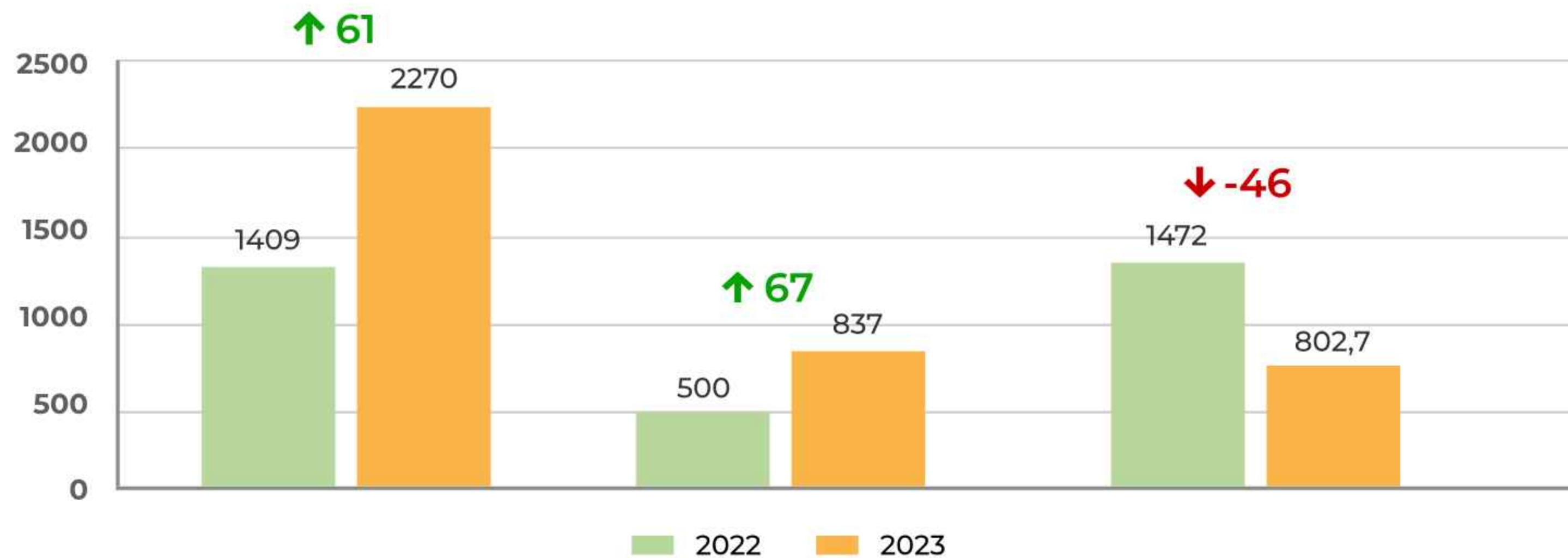
Kreisel – a more niche player



Market structure of DBM by type of participants, 2023, %

- B2C
- B2G
- B2B

Cement mixes market volume, mln UAH



MINERAL WOOL



22 – 256 thousand t

Annual projected supply/demand gap volume, 2025-2034

Market production, export and import, 2021-2023, thousand t

■ 2021 ■ 2022 ■ 2023

Production Export Import Market volume

Consumption volumes, 2021-2023, thousand t

Mineral wool turnover, 2019-2023, mln USD

■ Export ■ Import

PVC PROFILE



48-61 thousand t/year
Market surplus

**Market production, export and import,
2021-2023, thousand t**

■ 2021 ■ 2022 ■ 2023

Production

Import

Market volume

**Consumption volumes,
2021-2023, thousand t**

**PVC profile turnover,
2019-2023, mln USD**

■ Export

■ Import

SOLAR PANELS



204 – 989 MW

Annual projected supply/demand gap, 2025-2034

Electricity consumption generated by SPPs in Ukraine, 2021-2023, MW

Turnover and market volume, 2021-2023, MW

■ 2021 ■ 2022 ■ 2023

Export

Import

Market volume



53,4%

increase of the number of new solar panel installations worldwide, 2023

Insolation indicators

Ukraine

From **1100** to **1500** kWh/m²

Europe

From **600** in the north to **2200** kWh/m² in the south

INVESTMENT OPPORTUNITIES

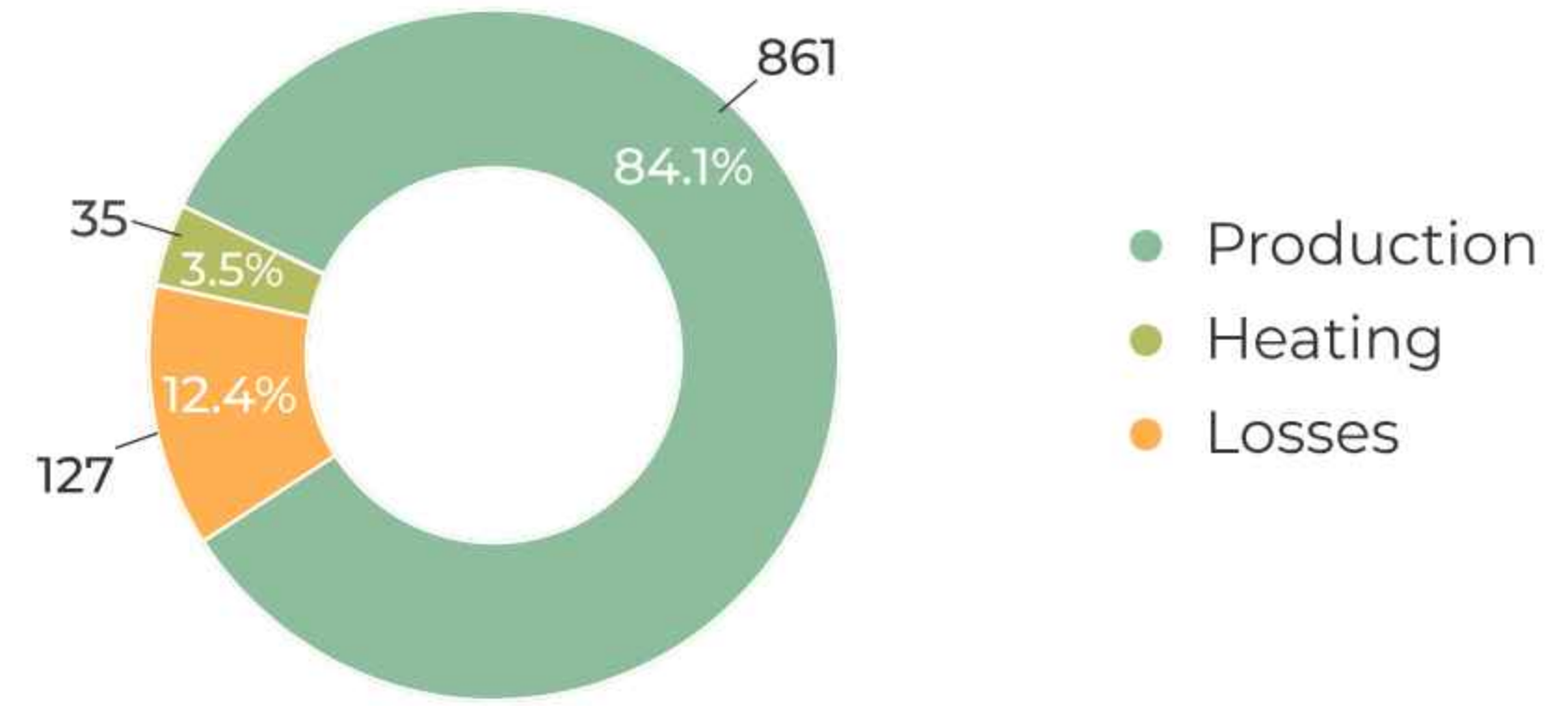


Energy efficiency

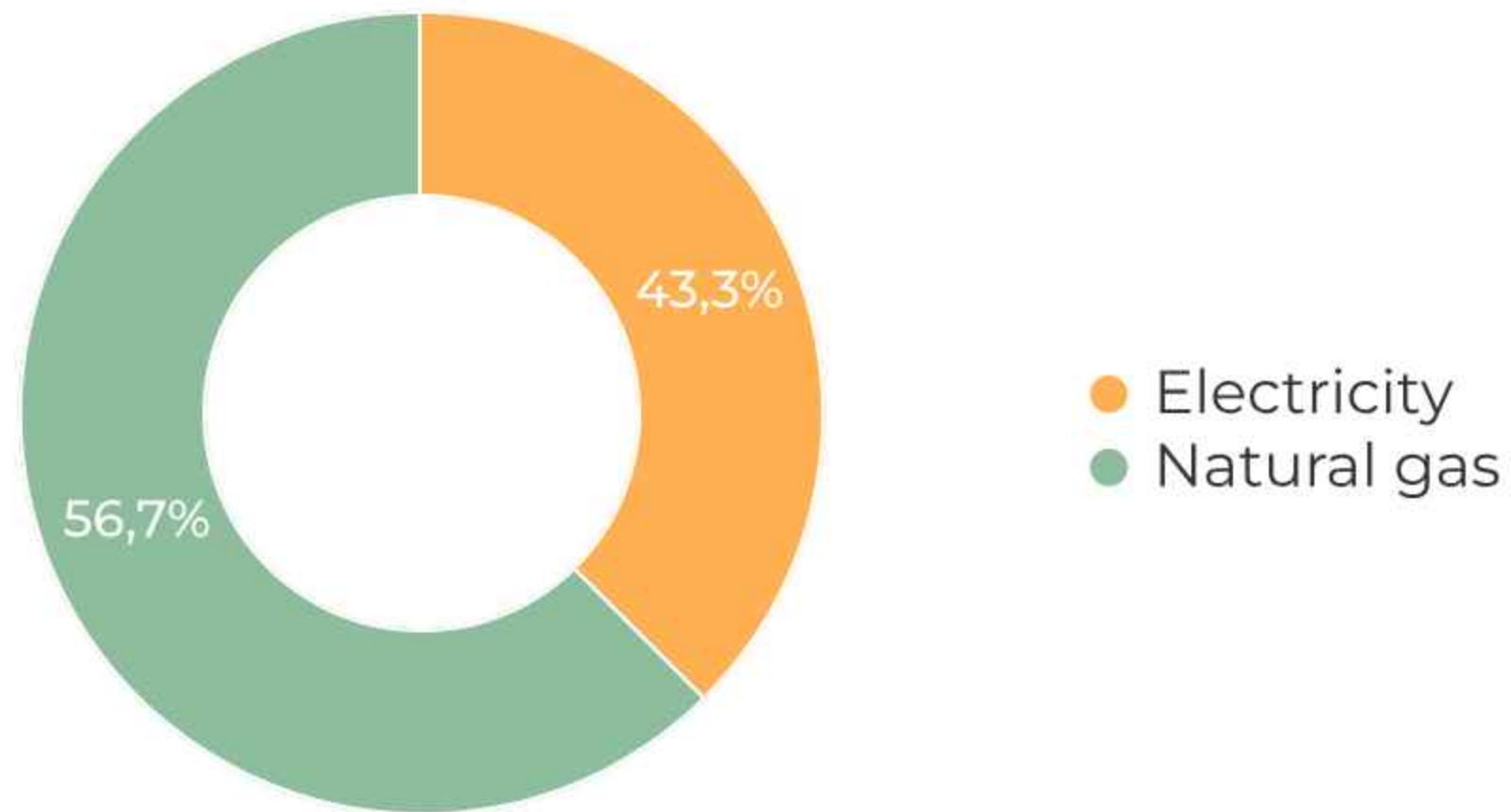
82%

energy savings that can be achieved by implementing energy efficiency measures with a simple payback period of less than 2 years

Energy consumption costs, thousand USD/year



Ratio of primary energy resources



11 mln USD

Total annual cost-saving potential for large and medium-sized enterprises in the building materials sector*

Sources: GIZ Ukraine, analytical report on non-metallic building materials, 2020

* - The calculation of cost-saving potential in the study is typical and can be applied to most large industrial enterprises

INVESTMENT OPPORTUNITIES



Construction waste recycling



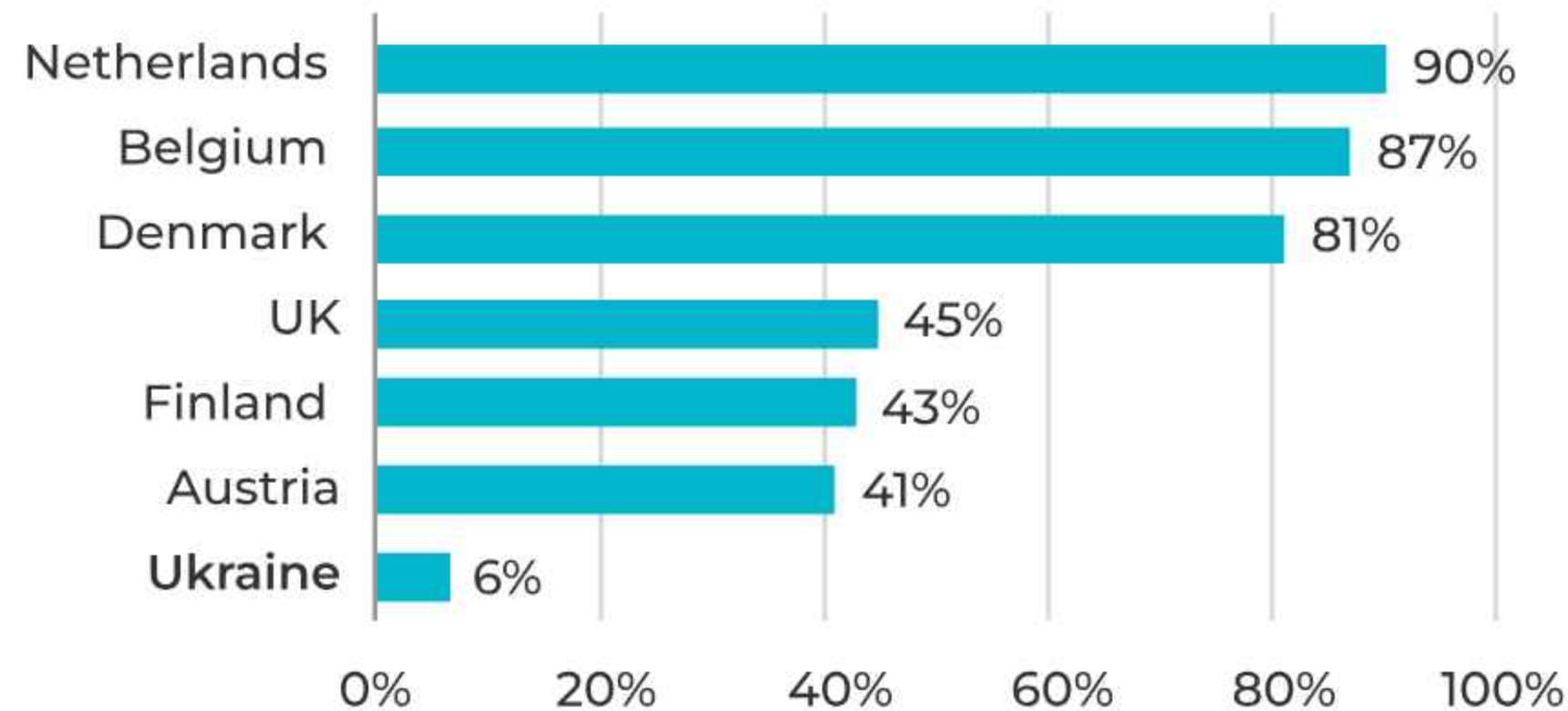
670 thousand tons

of debris resulting from destruction (due to military actions, including shelling) had accumulated in Ukraine as of the end of 2023. A significant portion of this is construction waste.

Recycling construction waste in Ukraine presents a compelling investment opportunity, especially with the increasing global emphasis on sustainability and waste reduction.

Implementing recycling technologies can significantly ease the strain on landfills and the environment, while also generating employment and fostering the growth of a secondary building materials industry.

Construction materials recycling rates in the world



IMPACT INVESTMENT

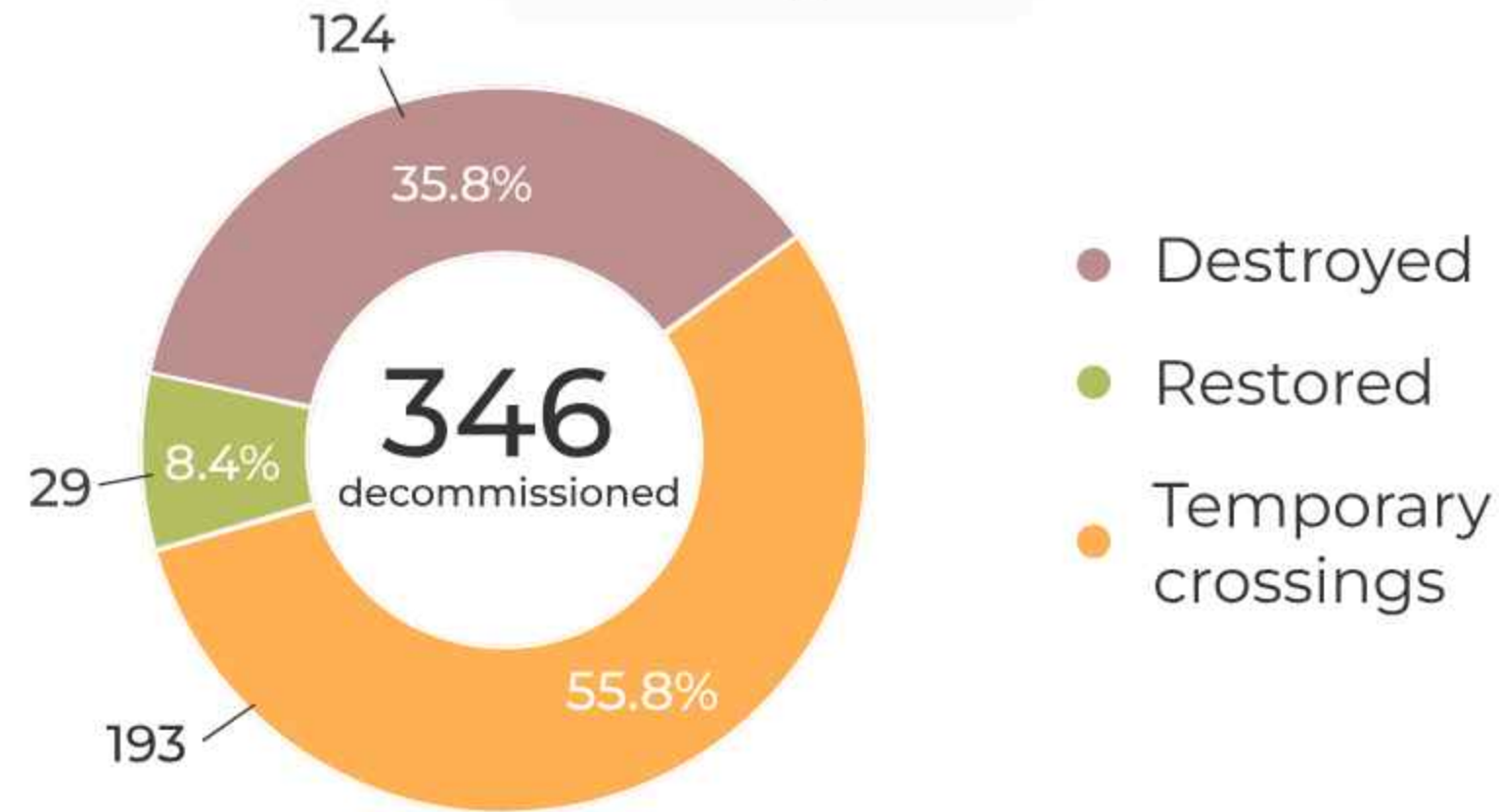
Investing in such enterprises can ensure high profitability, given the growing demand for building materials and the need for environmentally sustainable solutions in the context of Ukraine's large-scale reconstruction

INVESTMENT OPPORTUNITIES

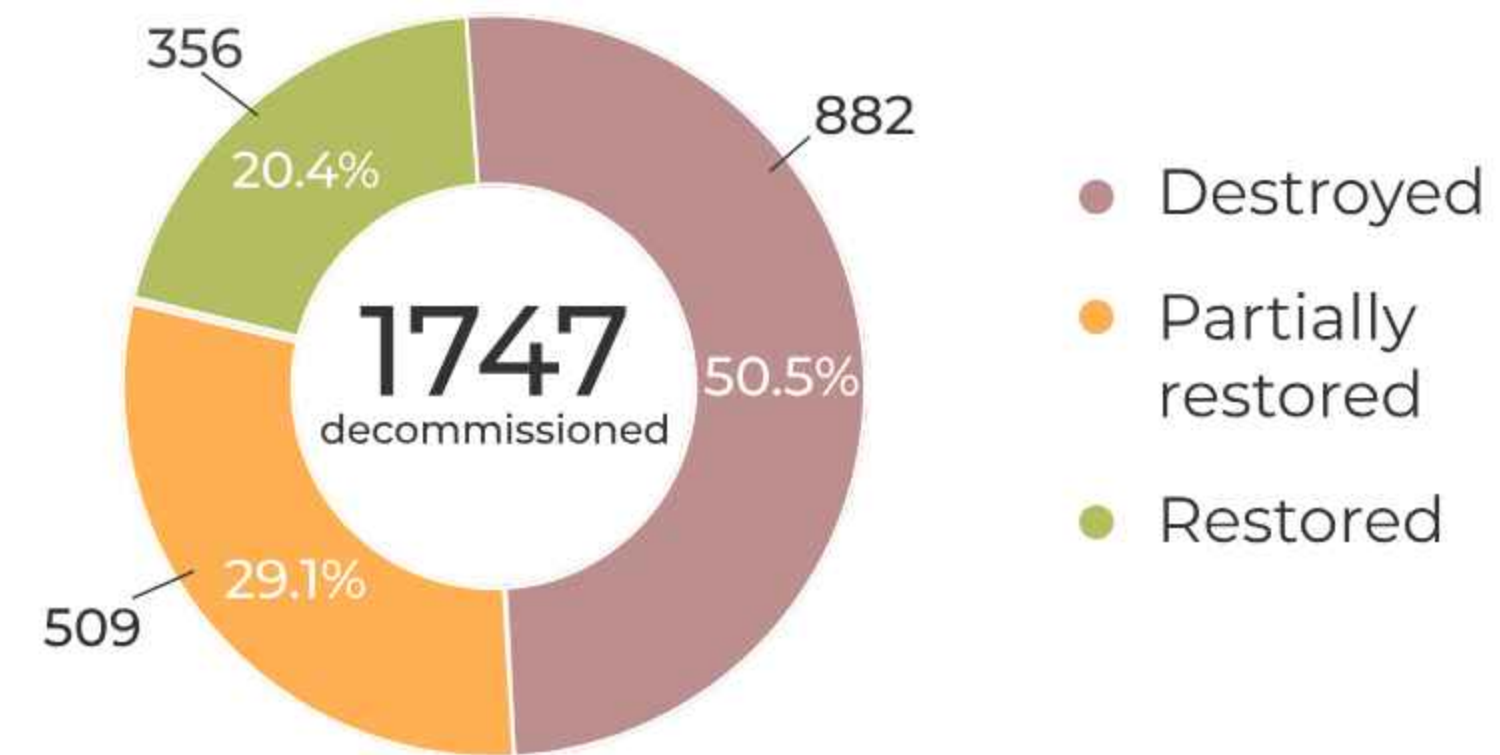


Infrastructure projects

Bridges



Medical institutions



124 bridges

still require restoration



882 medical institutions

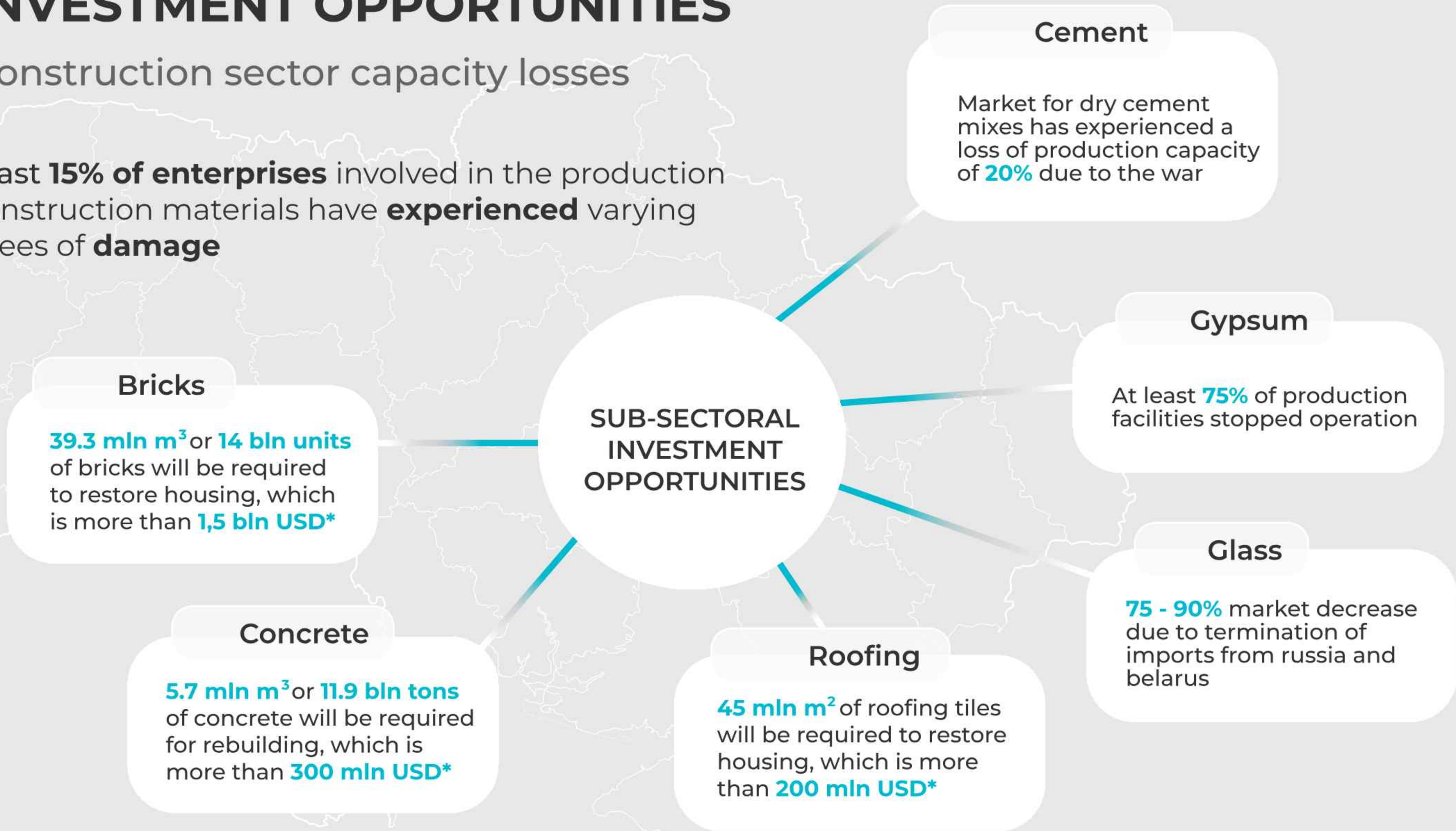
IMPACT INVESTMENT

Investing in the construction of infrastructure objects will not only contribute to economic recovery but also improve the standard of living for the population, while creating new jobs

INVESTMENT OPPORTUNITIES

Construction sector capacity losses

At least **15% of enterprises** involved in the production of construction materials have **experienced** varying degrees of **damage**



INVESTMENT INCENTIVES

Significant investments



REQUIREMENTS FOR INVESTMENT PROJECT



12+ EUR mln
of investment



10+
of new jobs



up to 5 years***
of project
implementation



**construction,
modernization**
technical and/or
technological
reequipment of objects

FORMS OF SUPPORT



CIT exemption*
(for 5 years by choice)



Exemption from VAT
for importing new
equipment and
components to it**



Exemption from **import
duties** for new equipment
and components to it**



Construction/compensation
for built **engineering and
transport infrastructure**
(highways, communication
lines, utilities, etc.).



Lease of **state or
communal land plots**
without land auctions



Compensation for **costs
of connection to
engineering and
transport networks**



**Land tax exemption/
reduced land tax rates**



Exemption from
compensation for
**losses of forestry
production**

AMOUNT OF SUPPORT

up to **30%**
CAPEX

**For more detailed information,
we recommend paying
attention to the following
regulatory acts**



* Not applicable to projects in the field of extraction for the purpose of further processing and/or enrichment of natural resources.

** List and volume of equipment is approved by the CMU for each project.

*** The applicant, not earlier than 18 months before the date of submission of the application to the authorized body, may make investments in investment facilities in the amount not exceeding 30% of the total amount of significant investments required for the implementation of an investment project with significant investments

INVESTMENT INCENTIVES



Investment incentives



85 industrial parks*

2500+ ha
of zoned industrial
land available for
manufacturing
projects

Source: Cabinet of Ministers of Ukraine



10-year **corporate income tax exemption**



compensation for **connecting to engineering grids**



VAT exemption for importing new equipment



exemption from **import duties** for new equipment



full or partial compensation of interest rates on loans for arranging an industrial park, carrying out economic activity

Guide: State support for Industrial Parks

INVESTMENT INSURANCE



A formalized agreement on the implementation of the investment insurance mechanism for foreign investments: **2022**
 Annual rate: **2-3%**
 Insurance period: **10 years**
 Coverage of the amount of losses: **up to 90%**
Sure Trust Fund: USD 110 mln, goal - USD 330 mln

Law No. 9015 "On Amendments to the Law of Ukraine "On financial mechanisms for stimulating export activity" regarding insurance of investments in Ukraine against military risks": **2023**
 Annual rate: **0.49% - 8.05%**
 Insurance amount: **UAH 200 mln**
 Insured for 5 months in 2024: **UAH 2.93 bln**

Property insurance against war risks: **2024**
 Implemented cases: **Grain elevators**

Ship insurance in the Black Sea: **2023**
 Containers with grain, iron ore, and steel, electrical equipment, fodder
 Annual rate: **0.75%**
 Coverage amount: **USD 50 mln**

Memorandum on coverage of American, international and Ukrainian investments in Ukraine: **2023**
 Coverage of the amount of losses: **up to 85%**
 Insurance for SMEs: **USD 50 mln**
 Insurance of the agricultural sector, manufacture: **USD 300 mln**

22 export-import agencies: Germany, WB, USA, Japan, Canada, Italy, Poland, Norway, Slovakia, France, Bulgaria, Estonia, Latvia, Lithuania, Czech Republic, Austria, UAE, Portugal, Spain, Sweden, Finland, Denmark
 Volume of the collected fund: **EUR 1 bln**

