



Ukraine Invest
YOUR INVESTMENT MATTERS

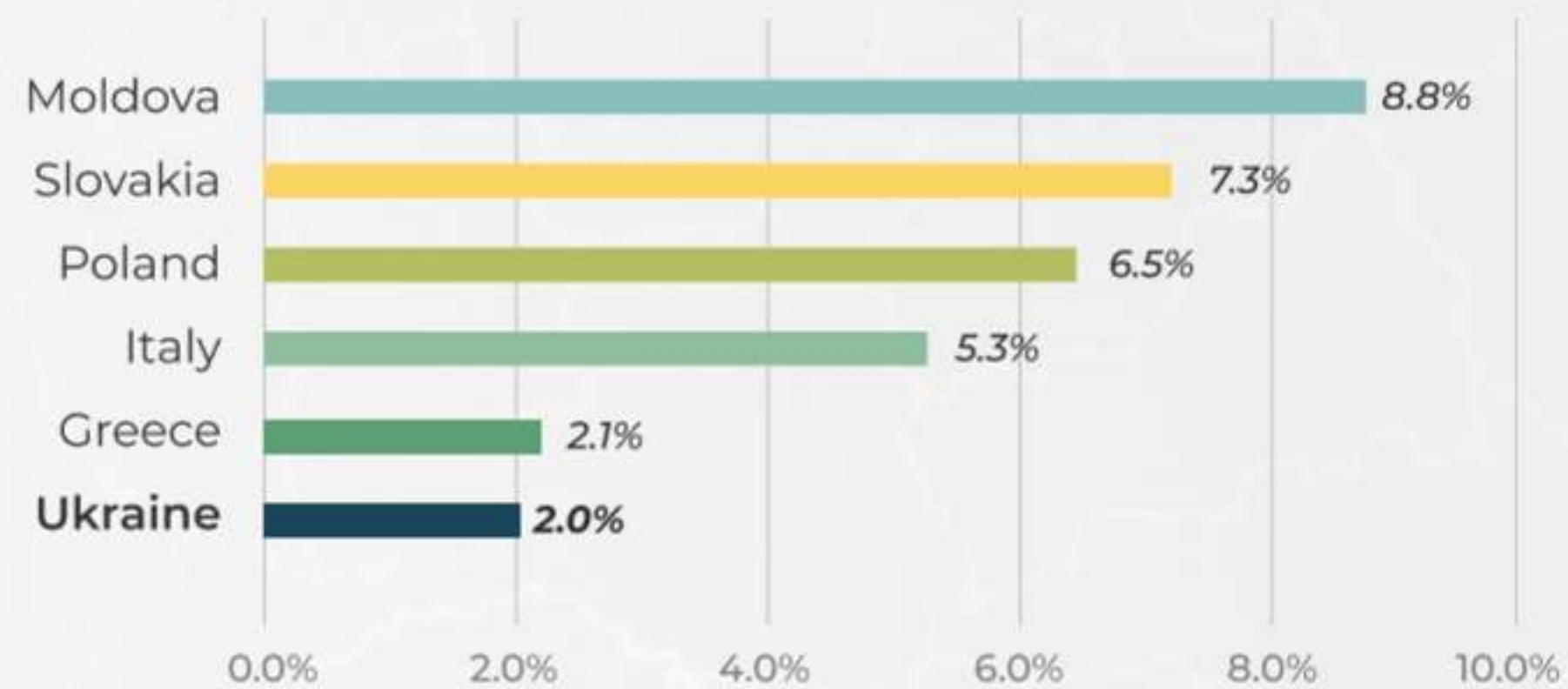
INVESTMENT OPPORTUNITIES OF
BUILDING MATERIALS SECTOR

CONSTRUCTION SECTOR OF UKRAINE

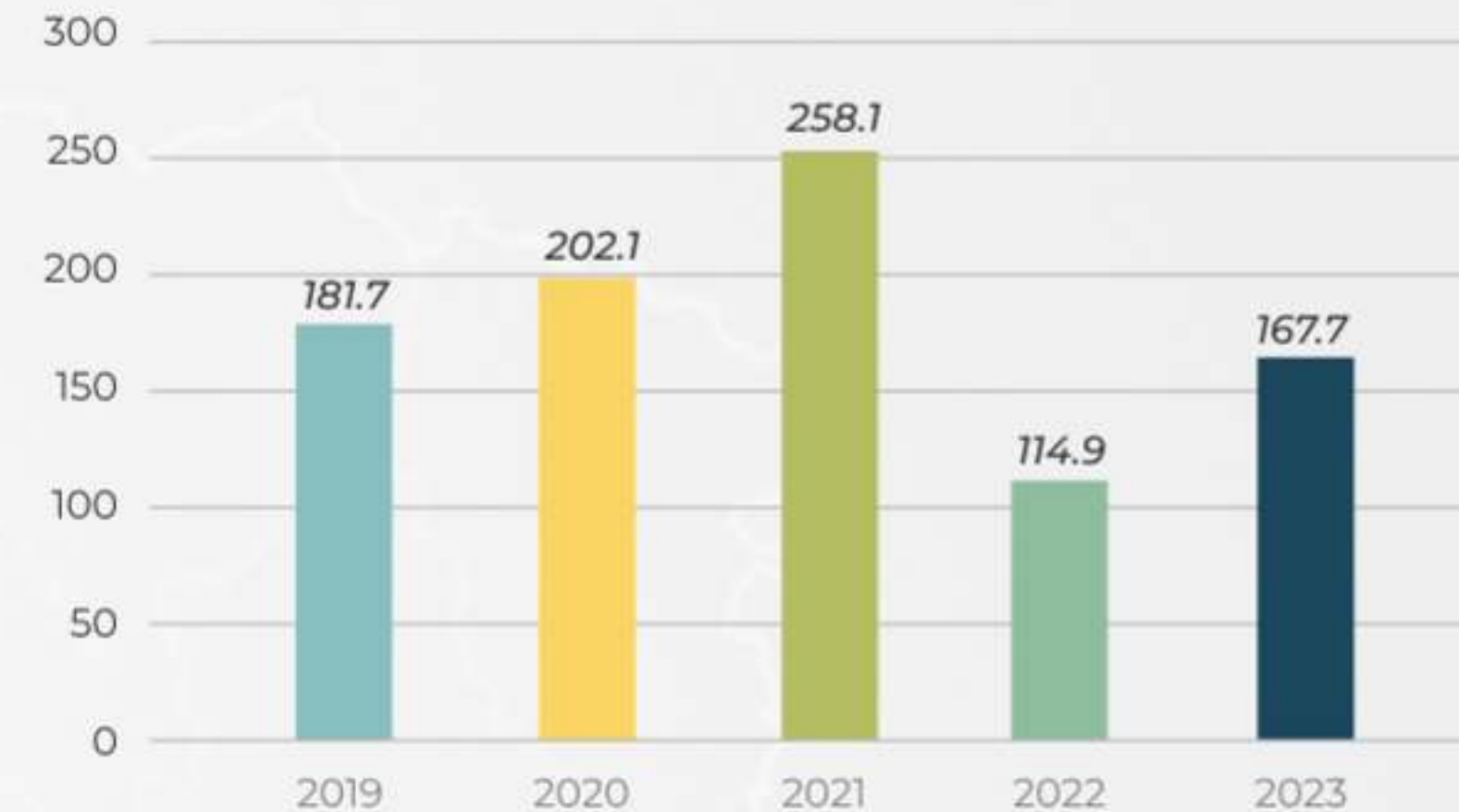


Macroeconomics

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

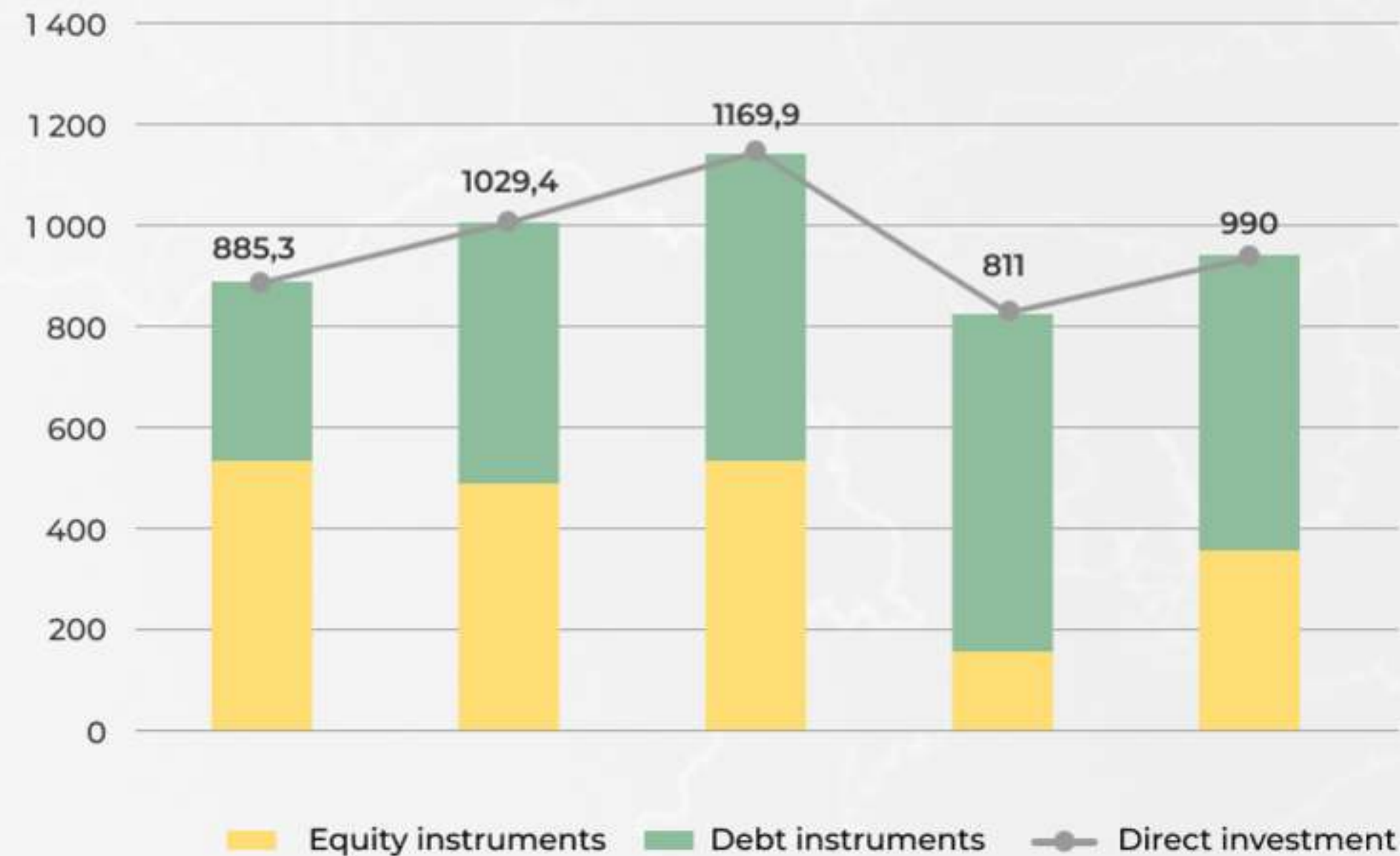
War risk insurance and government policies aimed at improving the investment climate contribute to the growth of the industry



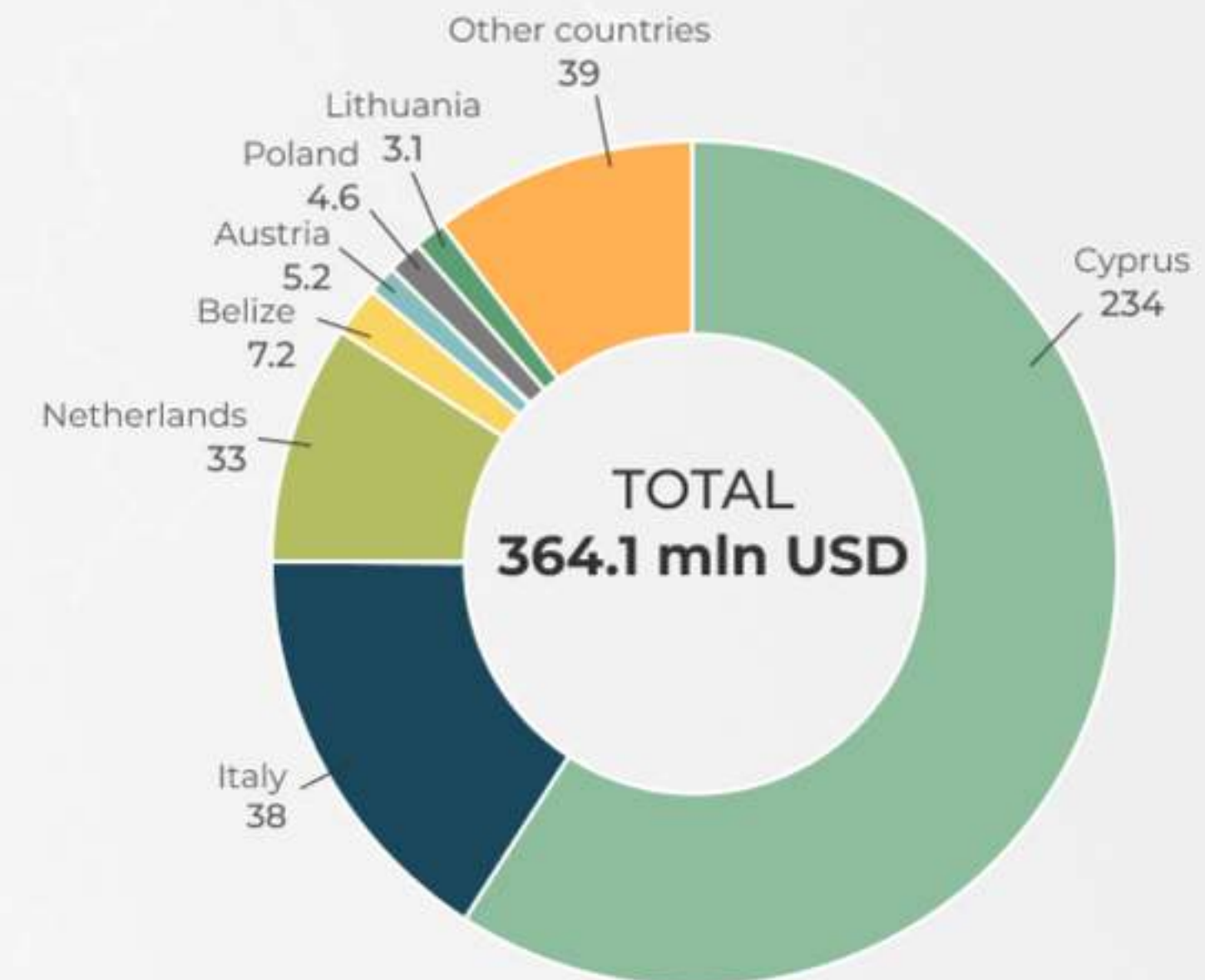
9th place

ranks 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

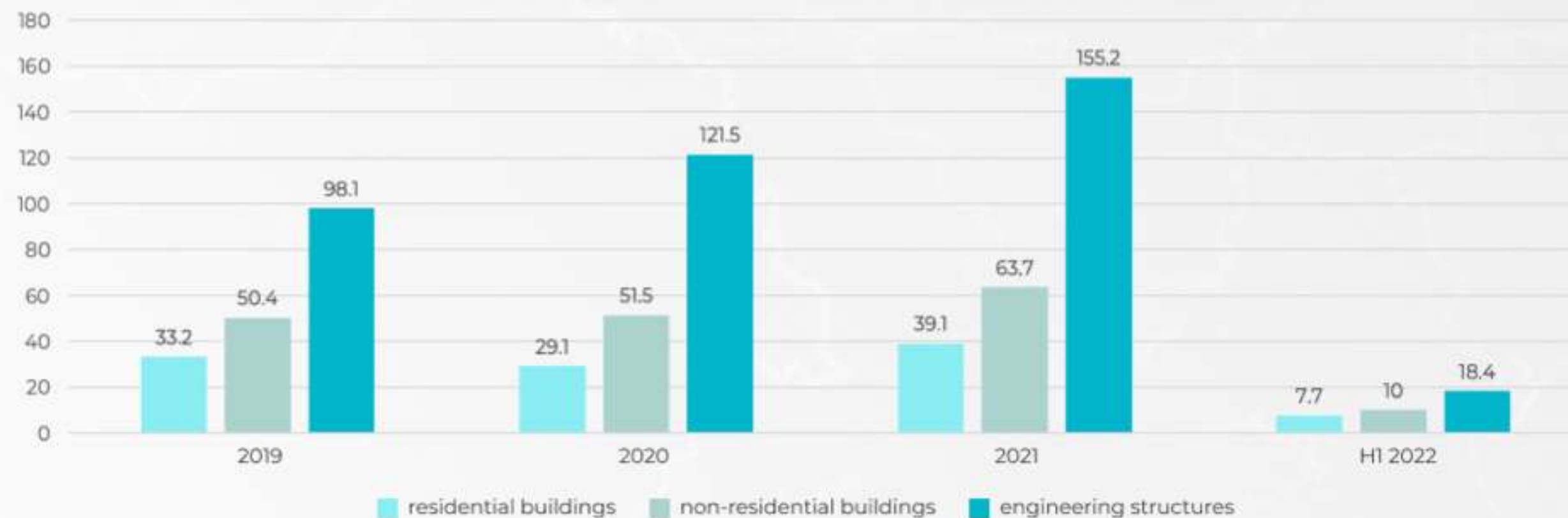


Losses and damages

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

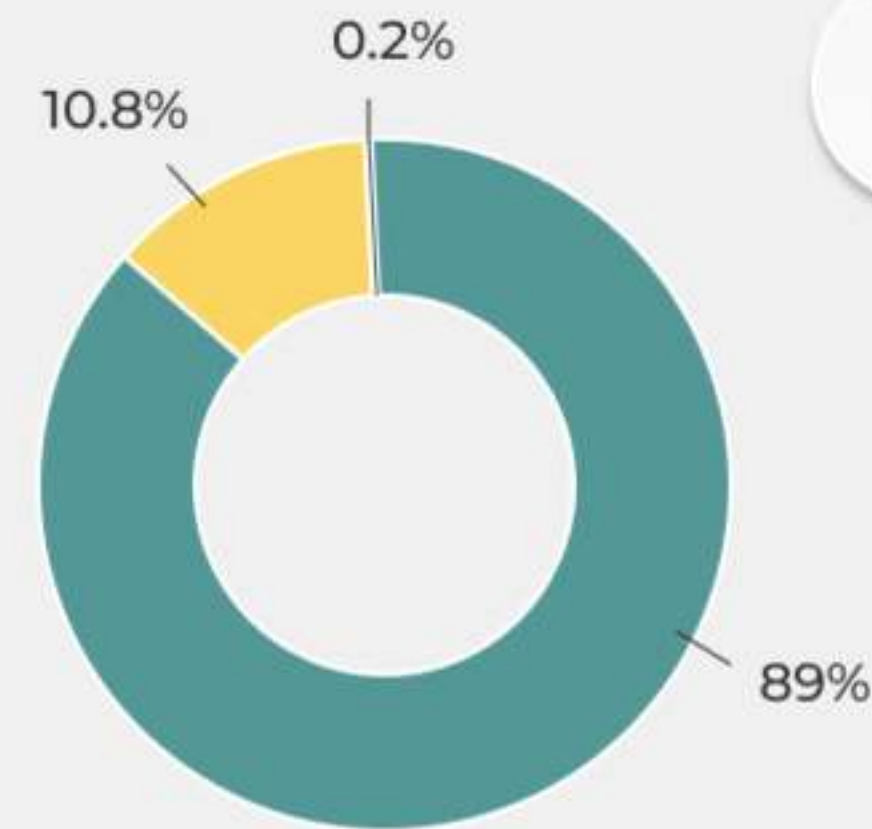
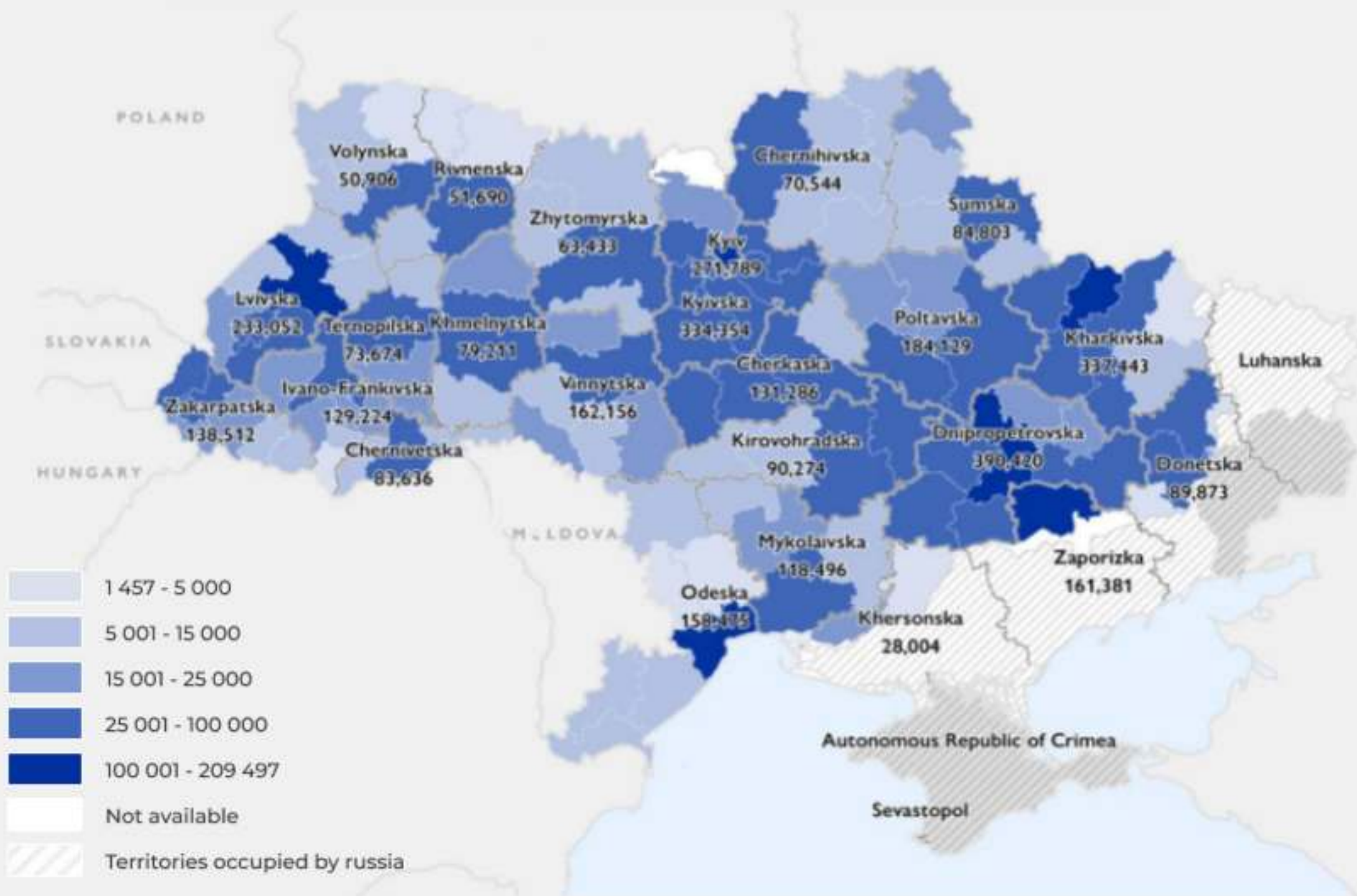


Losses and damages



3,4 mln
internally
displaced persons

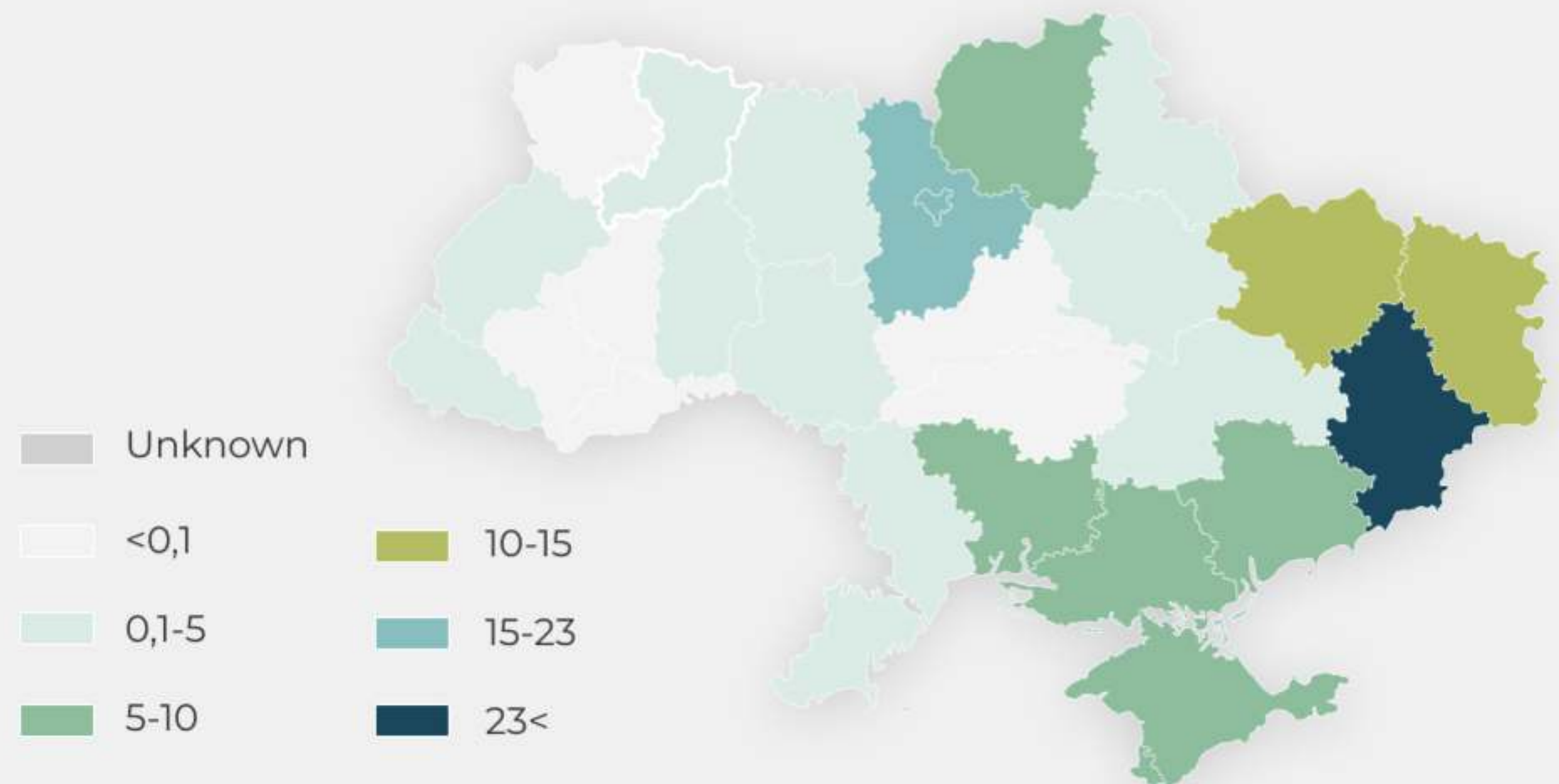
MAP OF REGISTERED IDPS AT THE DISTRICT LEVEL*



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

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

Positions of Ukraine in the world by volume of production

METALLIC MINERALS

2nd place Gallium
5th place Germanium
6th place Titanium
8th place Manganese
10th place Iron

NON-METALLIC MINERALS

6th place Kaolins
8th place Graphite
10th place Zirconium silicate

MINERAL RESOURCES

10th place Uranium
12th place Coking coal
13th place Thermal coal

METALLIC MINERALS

37
licensed sites and deposits

22.857 ha
corresponding licensed area

NON-METALLIC MINERALS

195
licensed sites and deposits

43.826 ha
corresponding licensed area

HYDROCARBONS

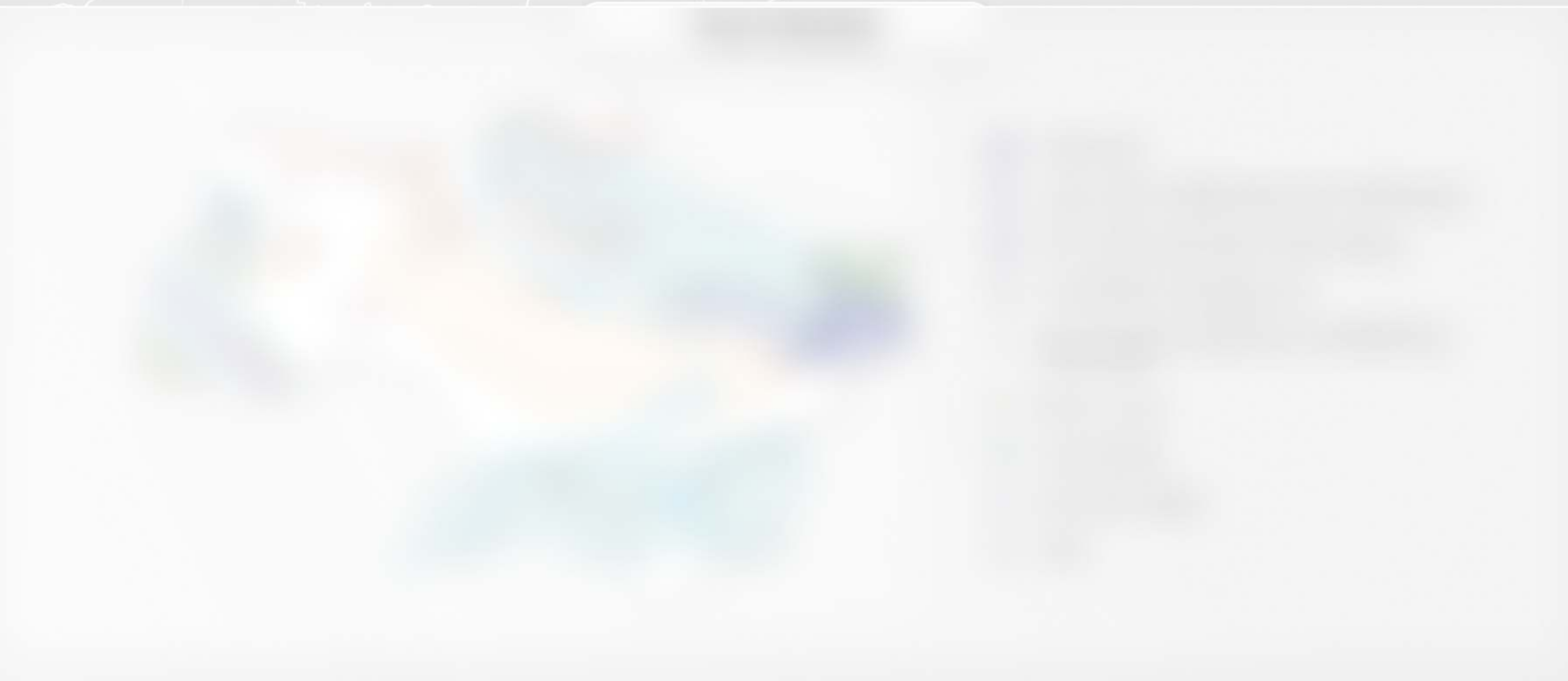
49
licensed sites and deposits

6.440 ha
corresponding licensed area

CONSTRUCTION SECTOR OF UKRAINE



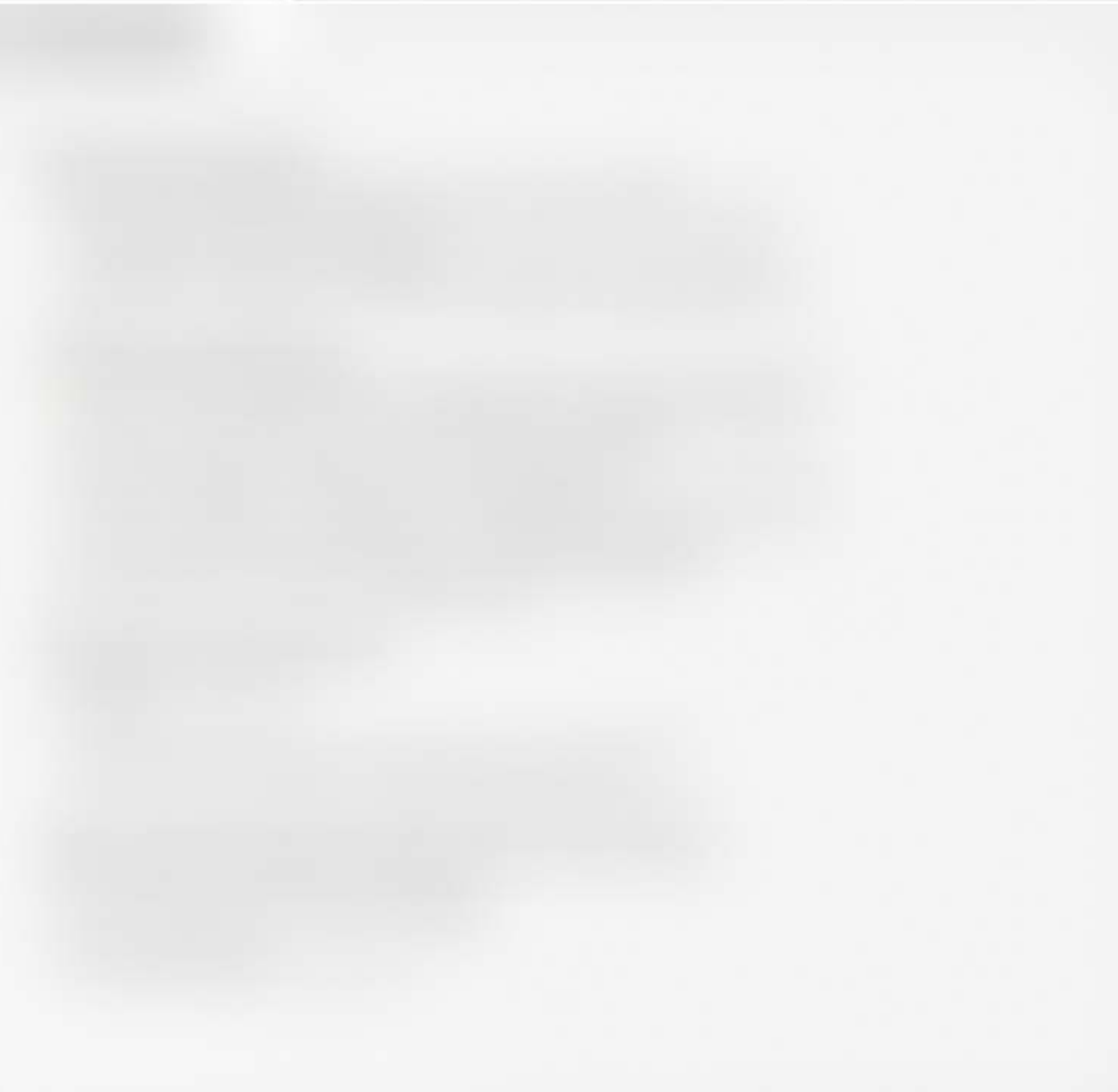
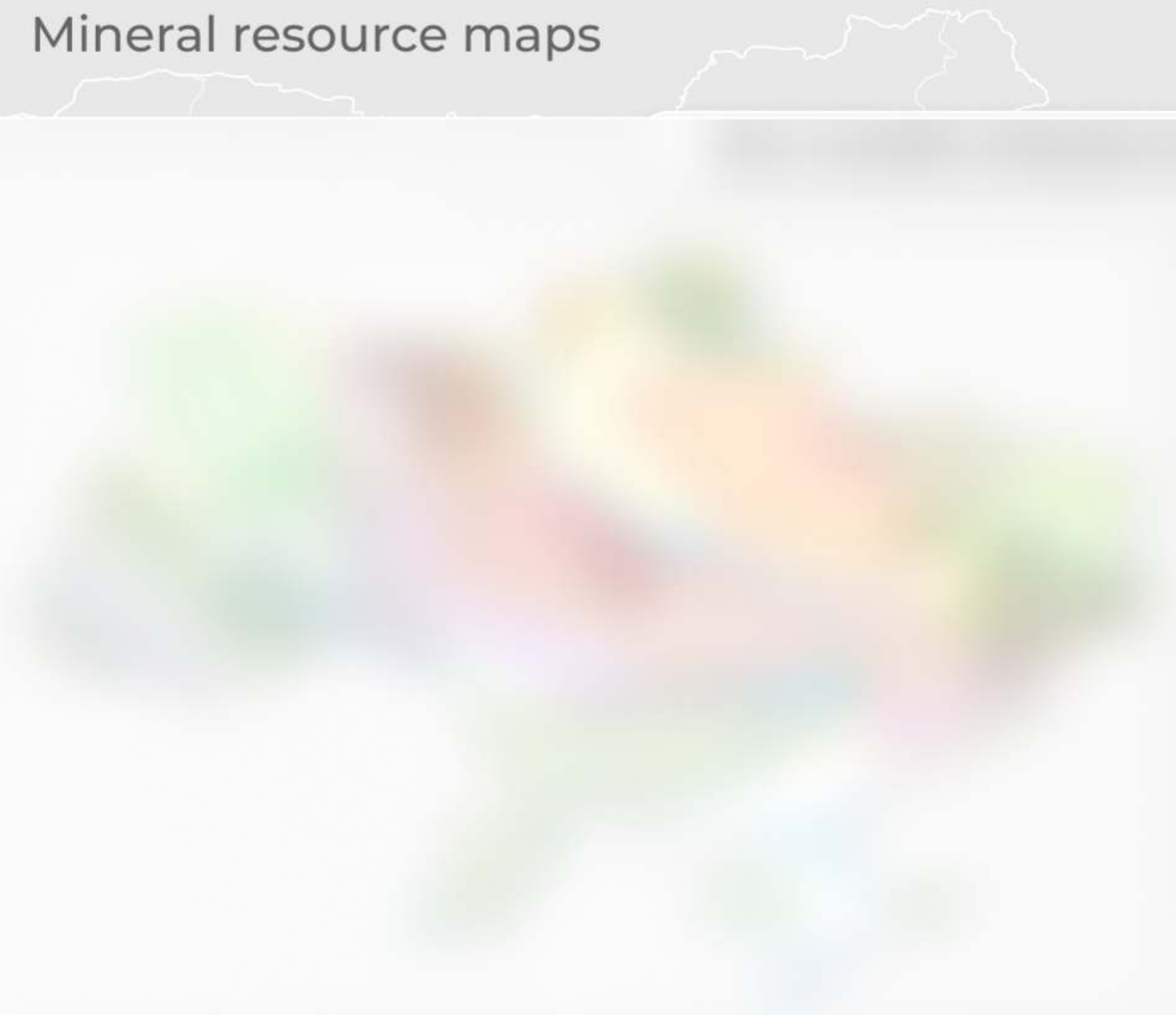
Mineral resource maps



CONSTRUCTION SECTOR OF UKRAINE



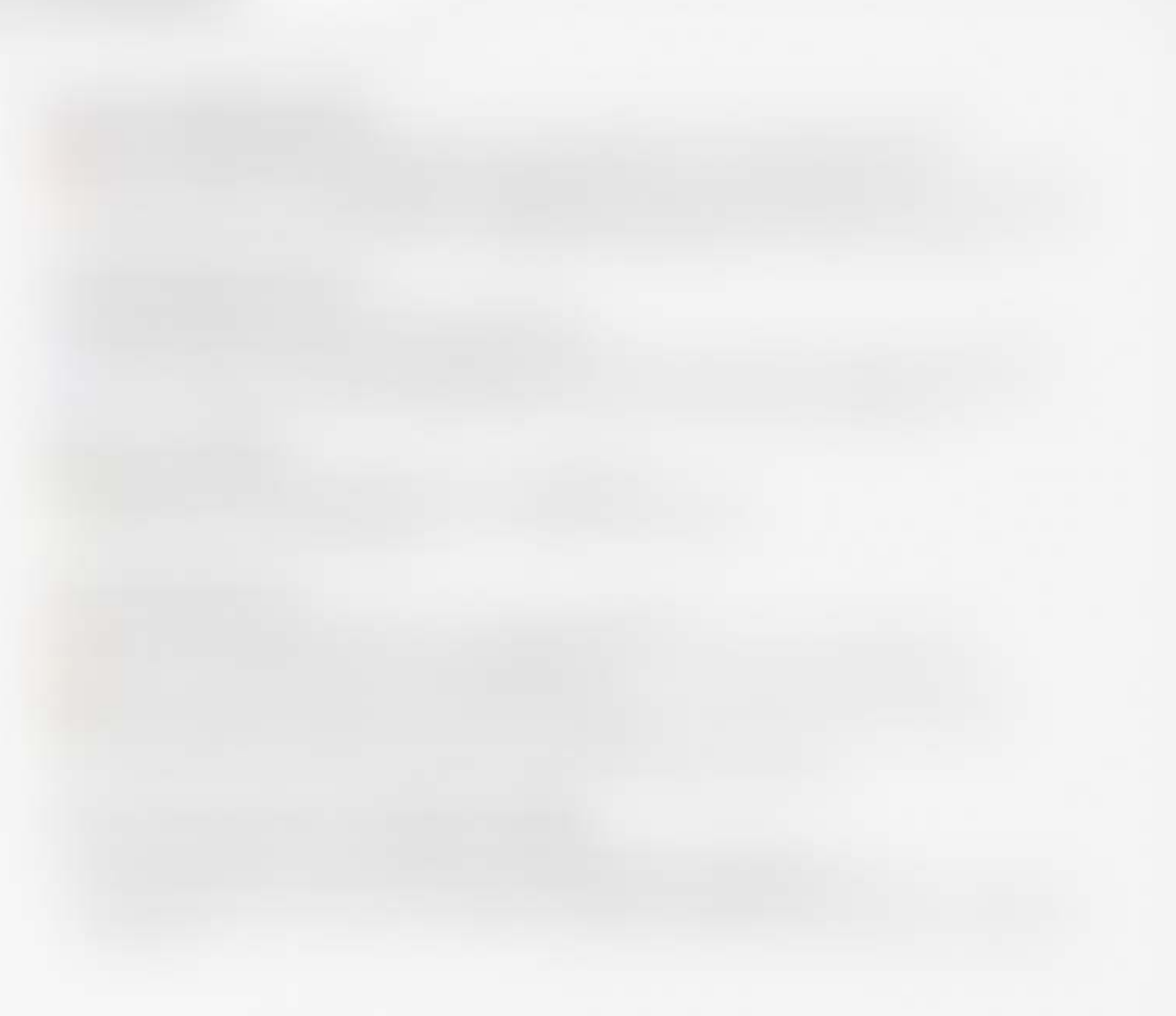
Mineral resource maps



CONSTRUCTION SECTOR OF UKRAINE



Mineral resource maps



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

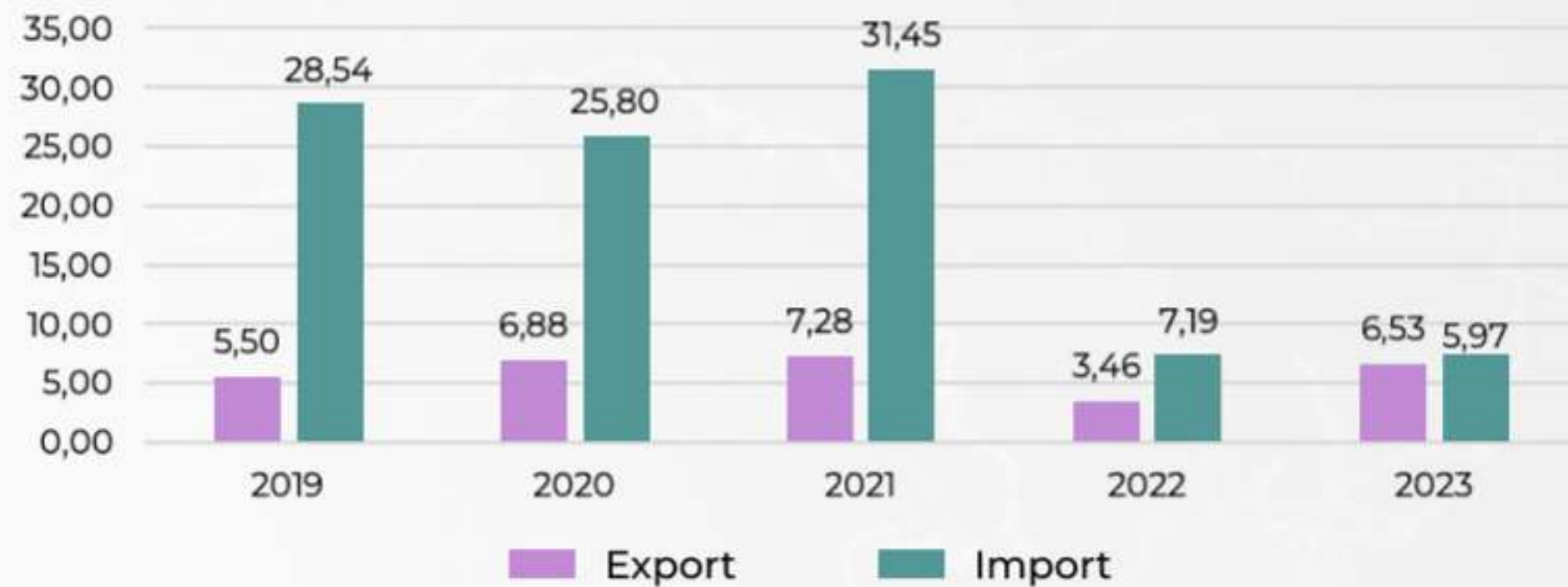
Ukraine is a member of Pan-Euro-Mediterranean Convention

CEMENT

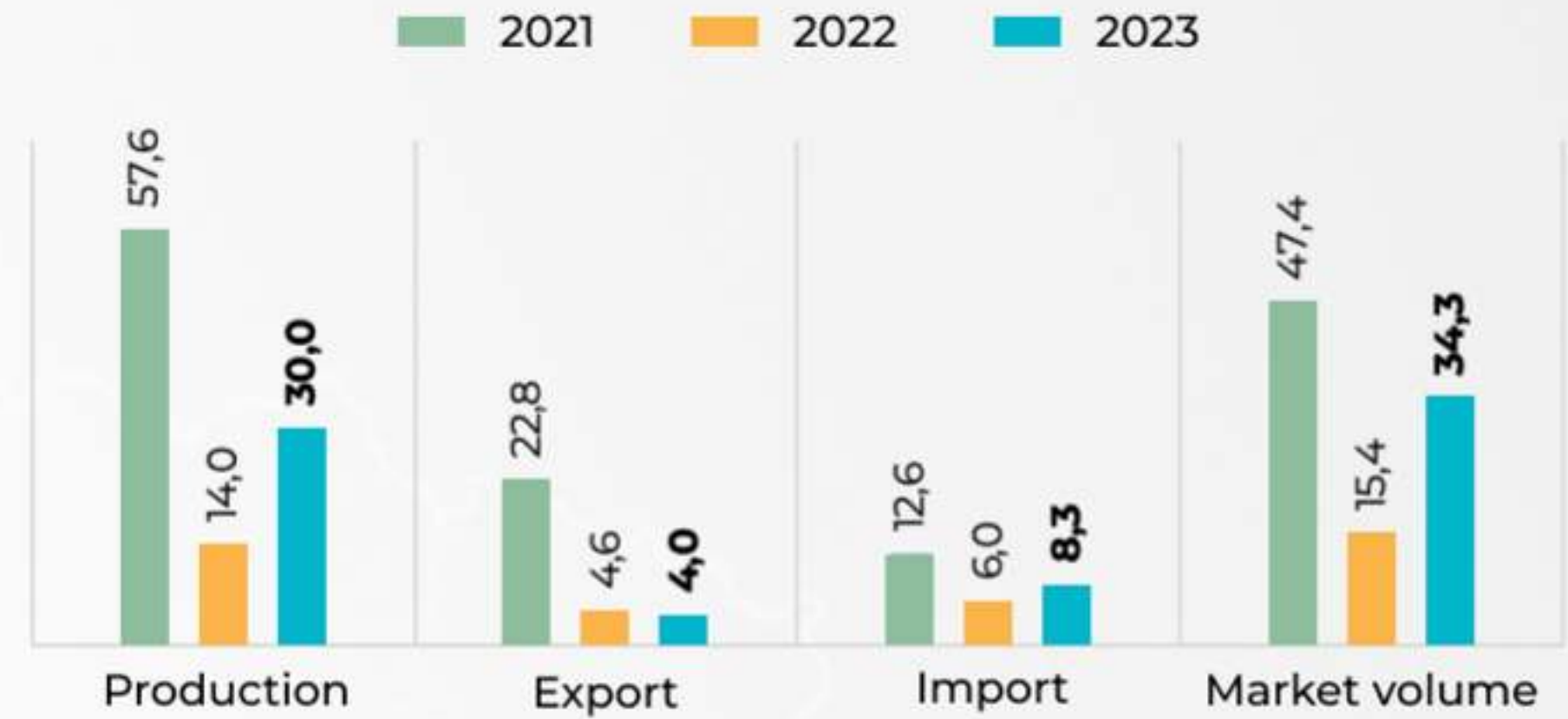


2.6-8.1 mln t/year
market surplus

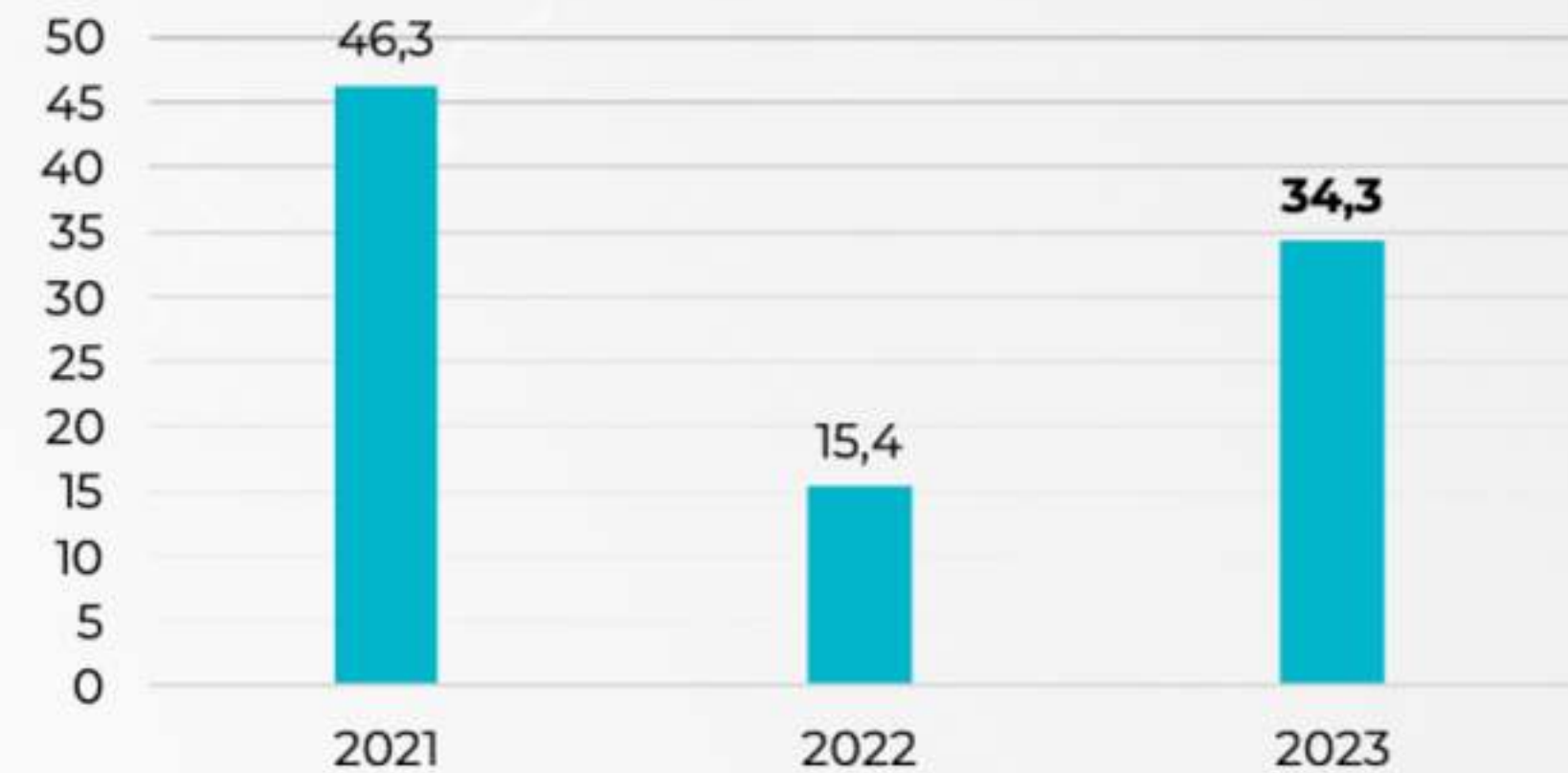
Turnover of cement, concrete or artificial stone products, reinforced or not, 2019-2023, mln USD



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

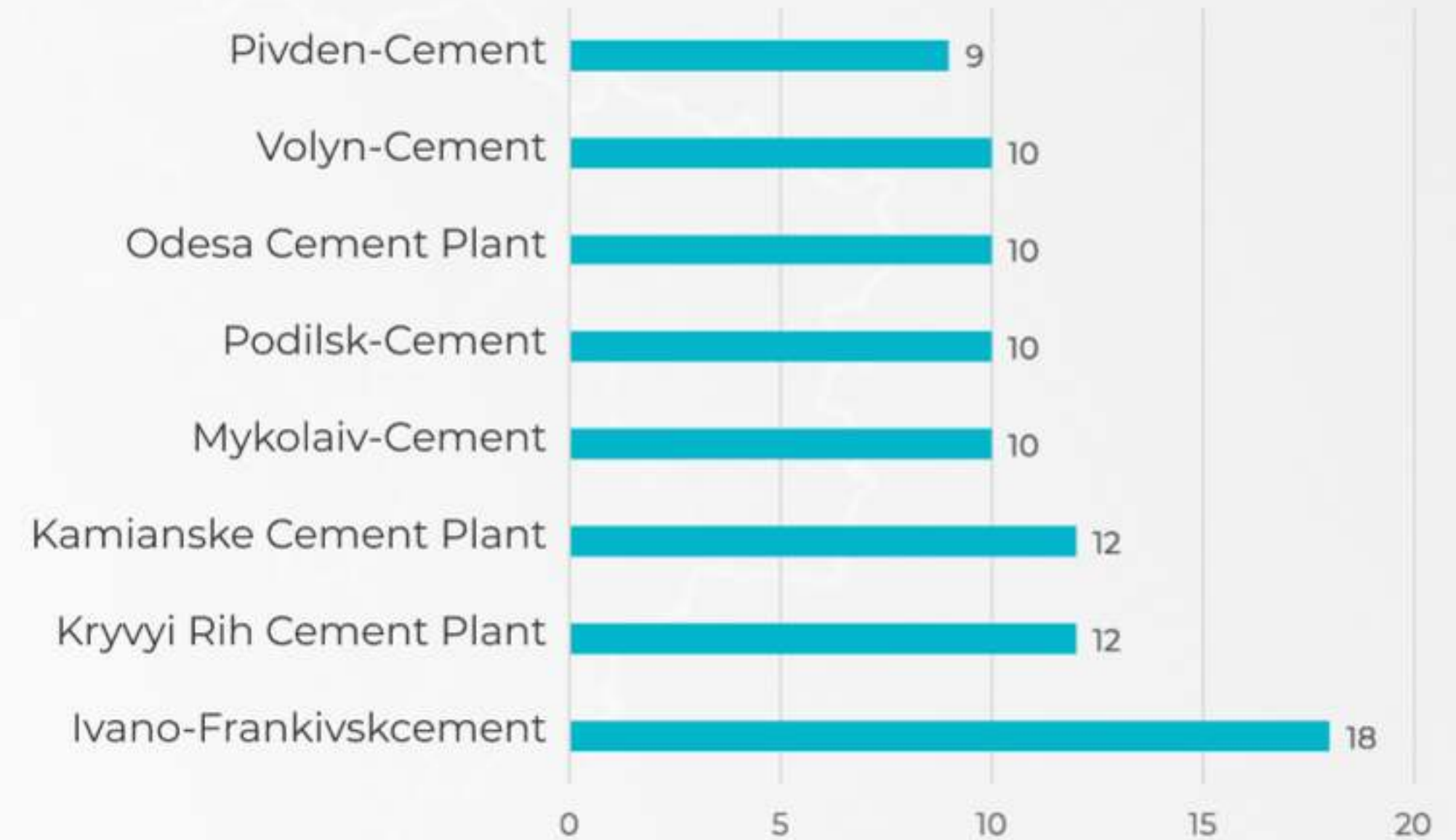
Dyckerhoff Cement Ukraine

- Volyn-Cement
- Pivden-Cement

CEMARK

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

Number of SKUs at Ukrainian cement plants, units

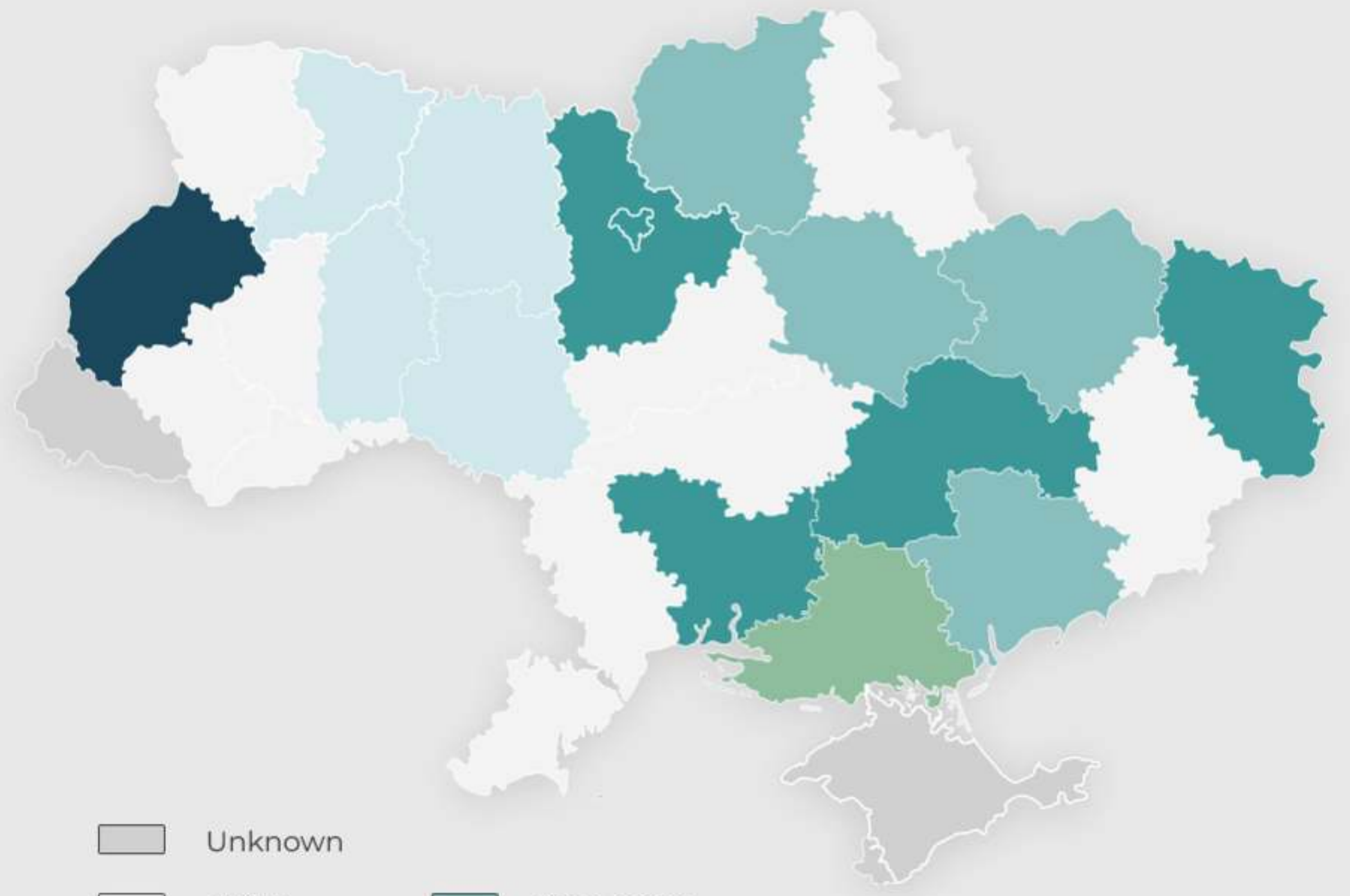
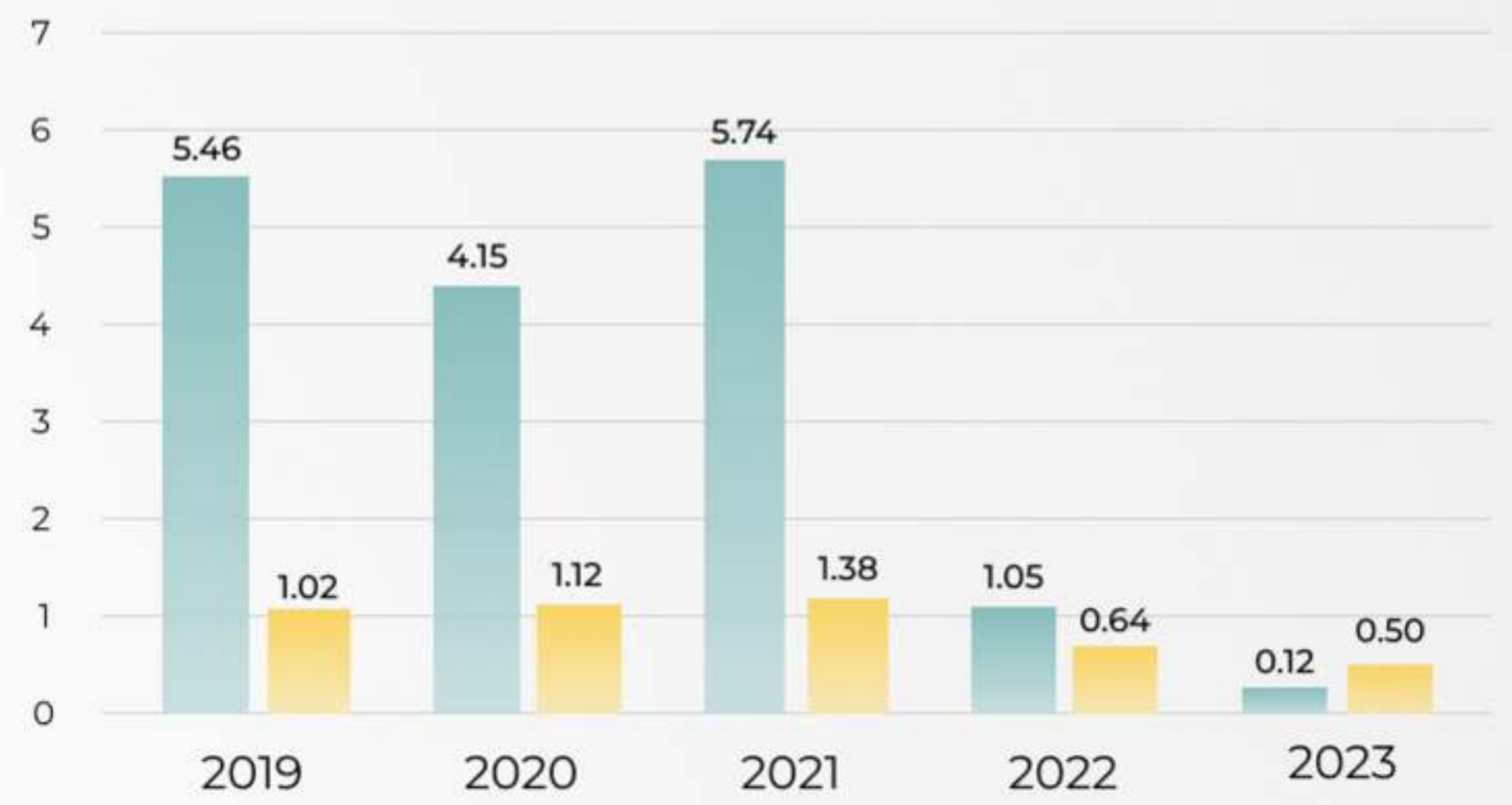


SAND



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

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

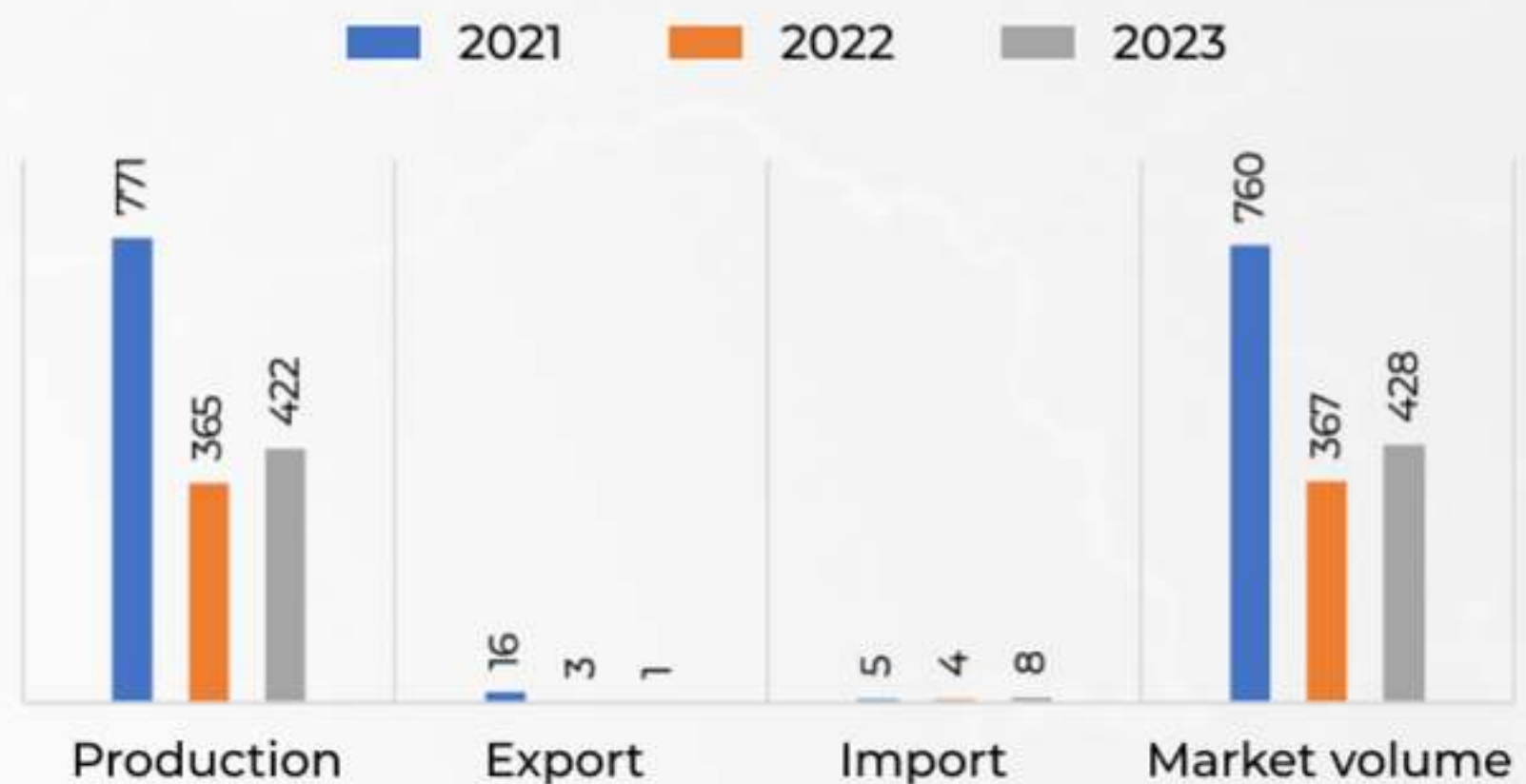


- Unknown
- <1500
- 1500-3000
- 3000-4500
- 4500-6000
- 6000-7500
- 7500<

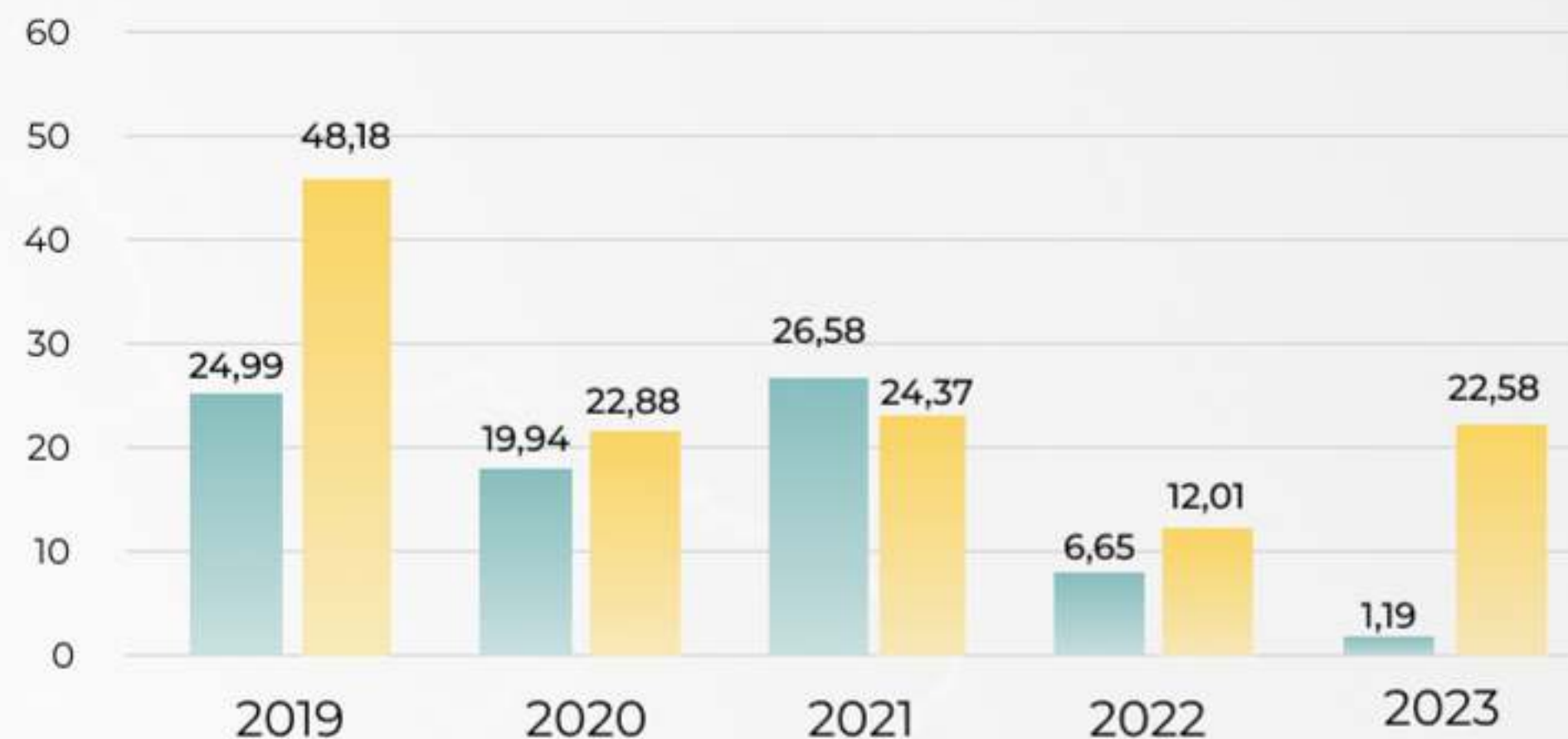


292-585 mln units/year
Market surplus

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



Brick turnover, 2019-2023, mln USD



Consumption volumes, 2021-2023, mln units

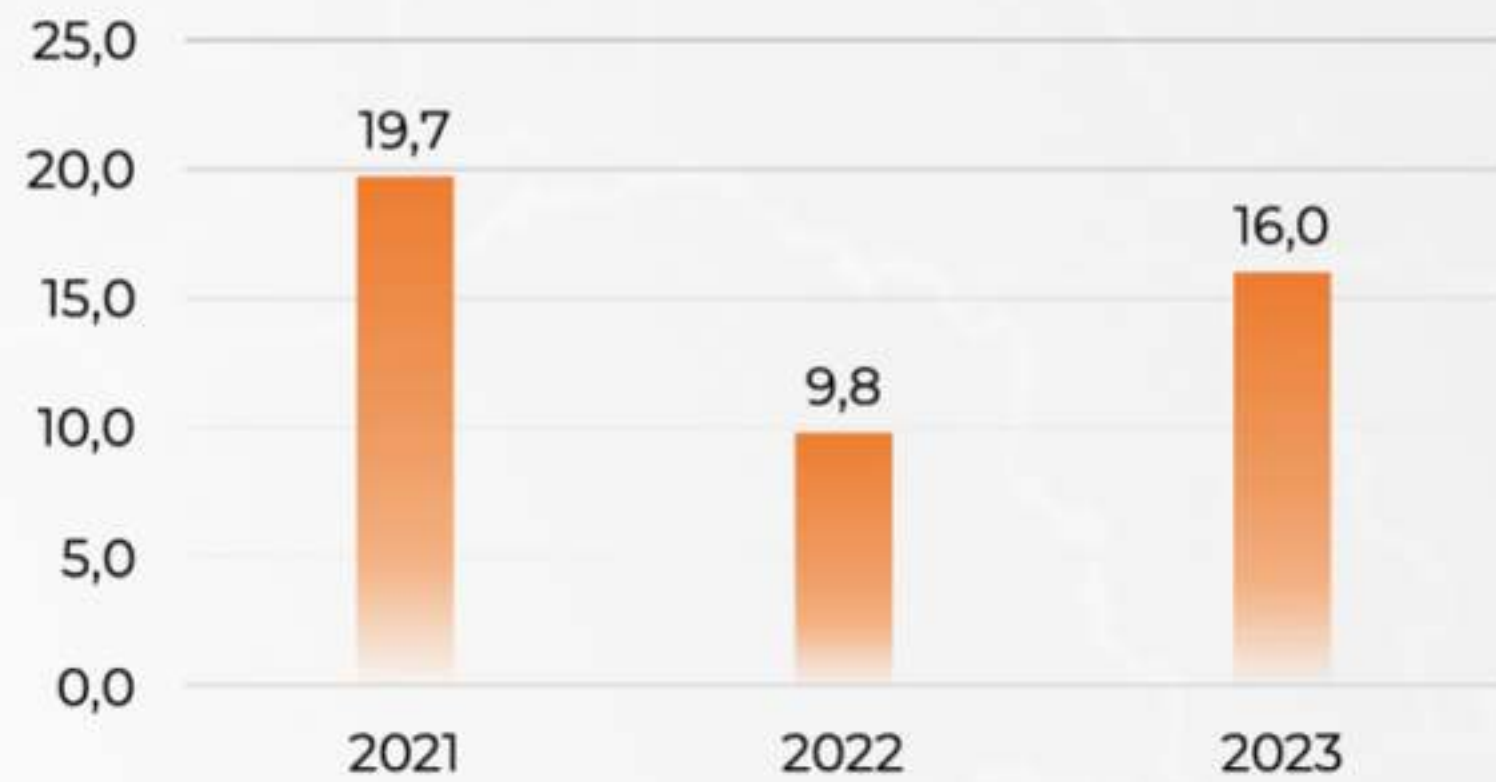


CONCRETE

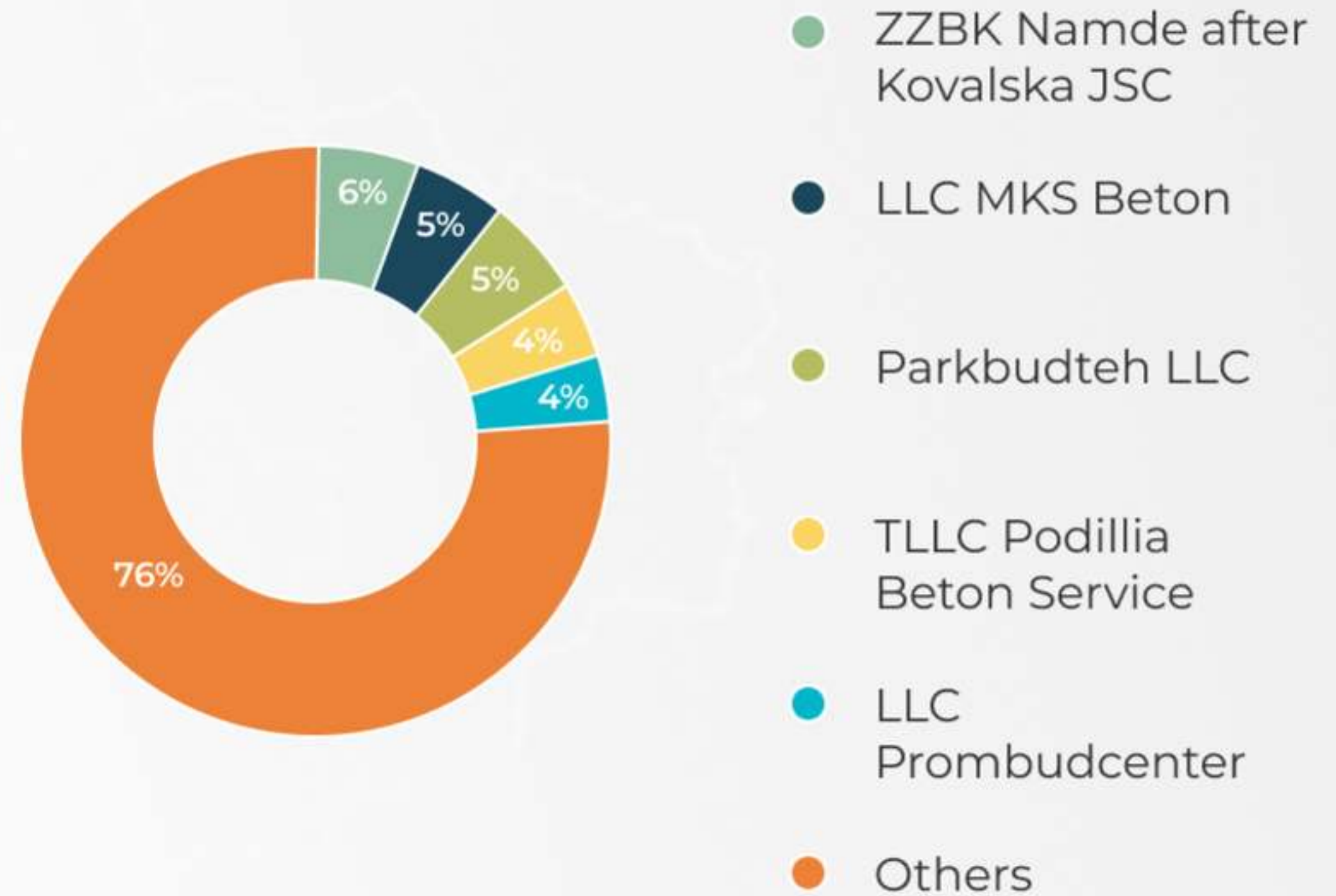


15.0-18.0 mln t/year
Market surplus

Consumption volumes, 2021-2023, mln t



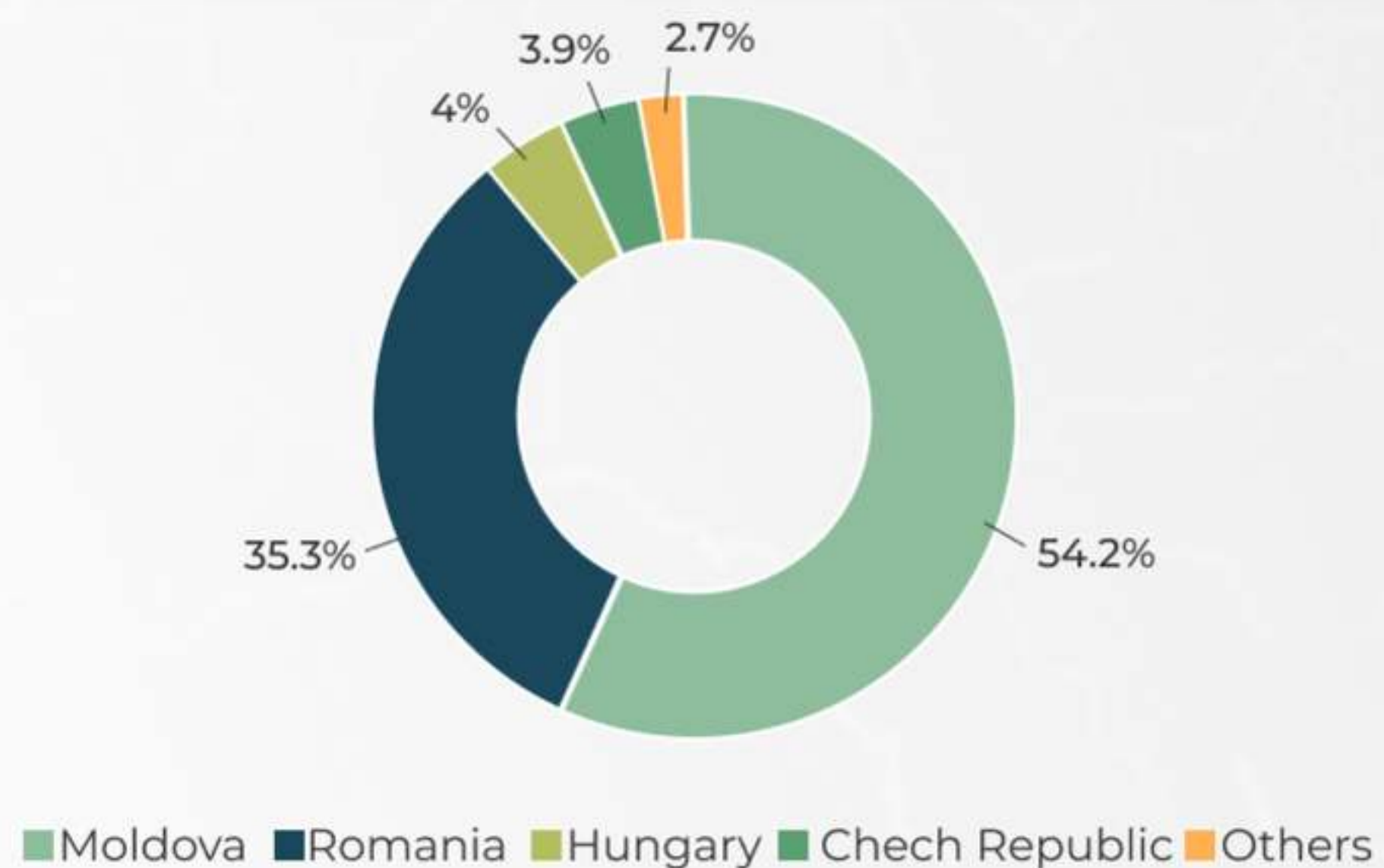
Major concrete market operators' share, 2023, %



AERATED CONCRETE



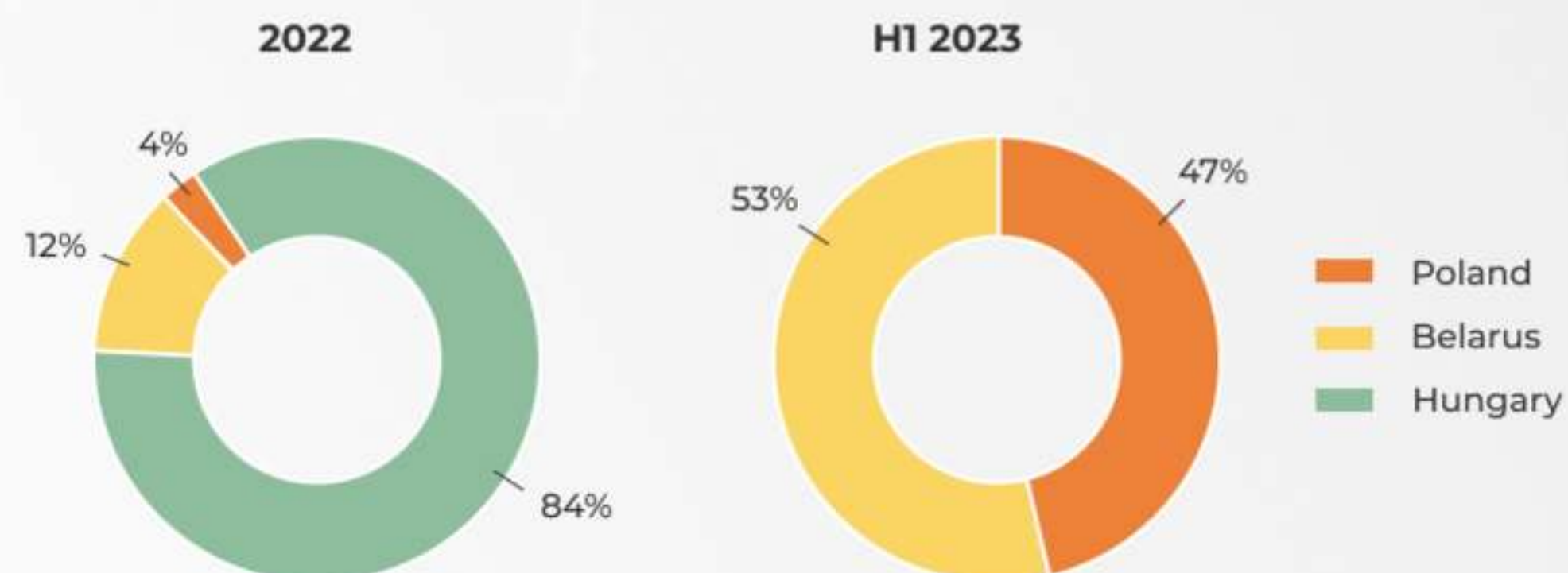
Geography of aerated concrete exports from Ukraine, %



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, %



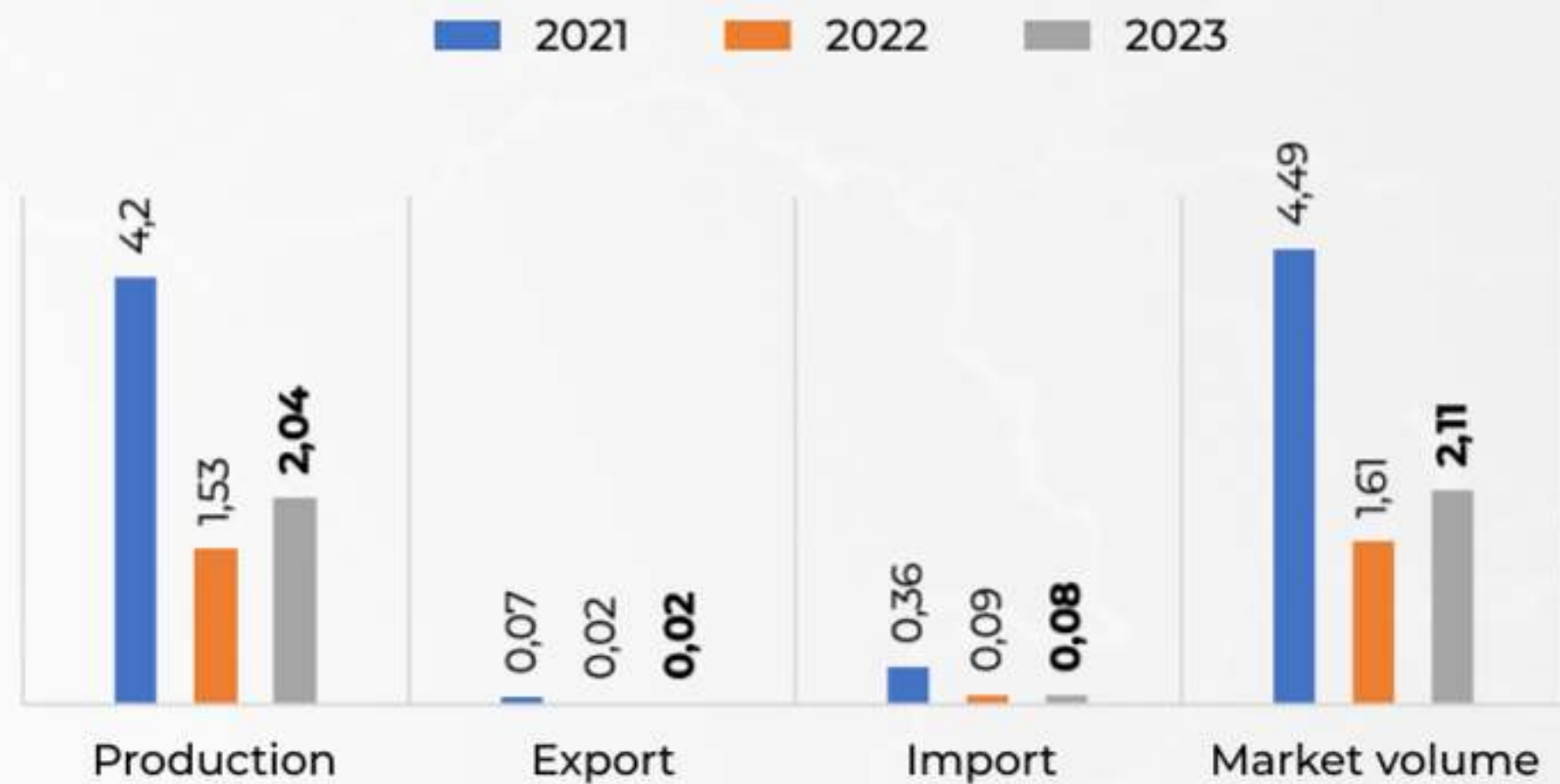
AERATED CONCRETE



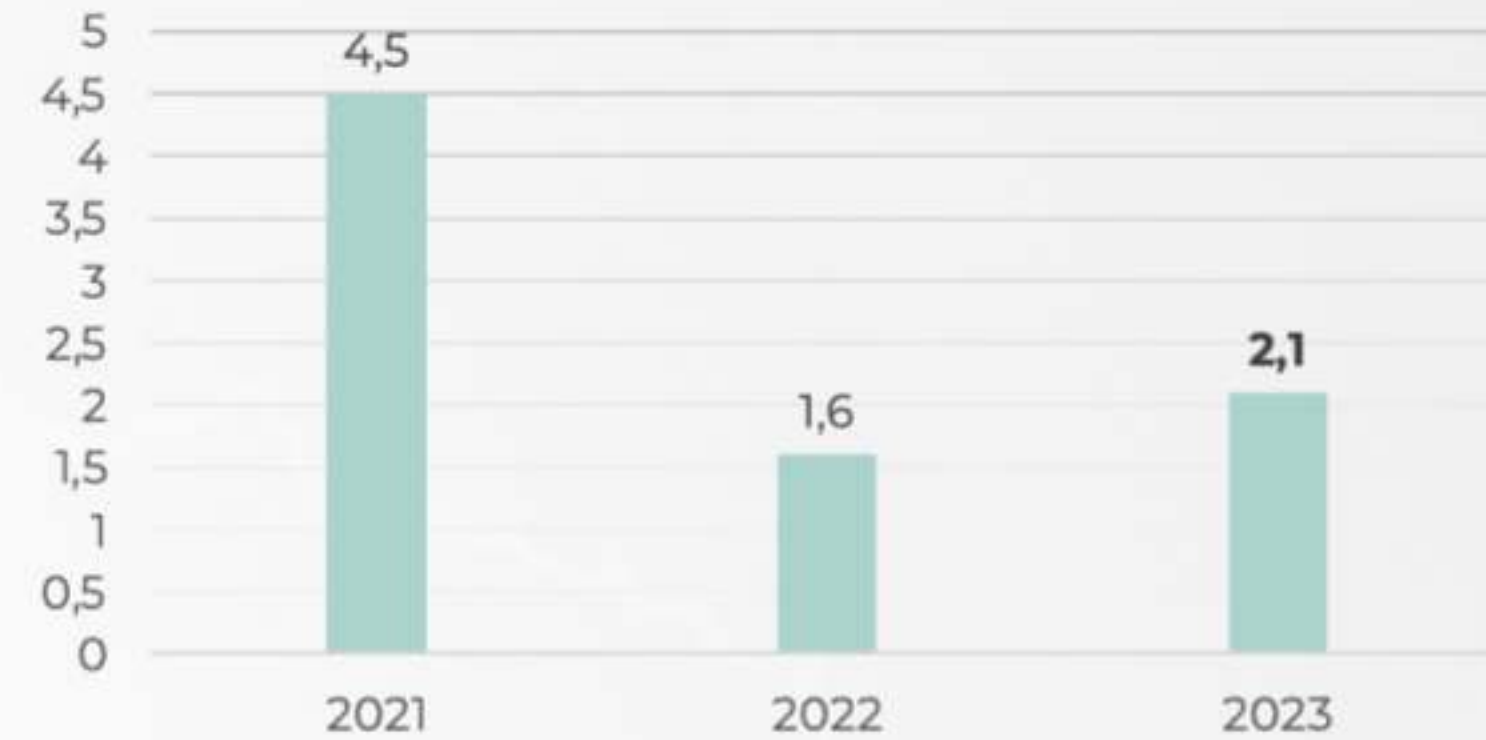
42 – 586 thousand m³

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



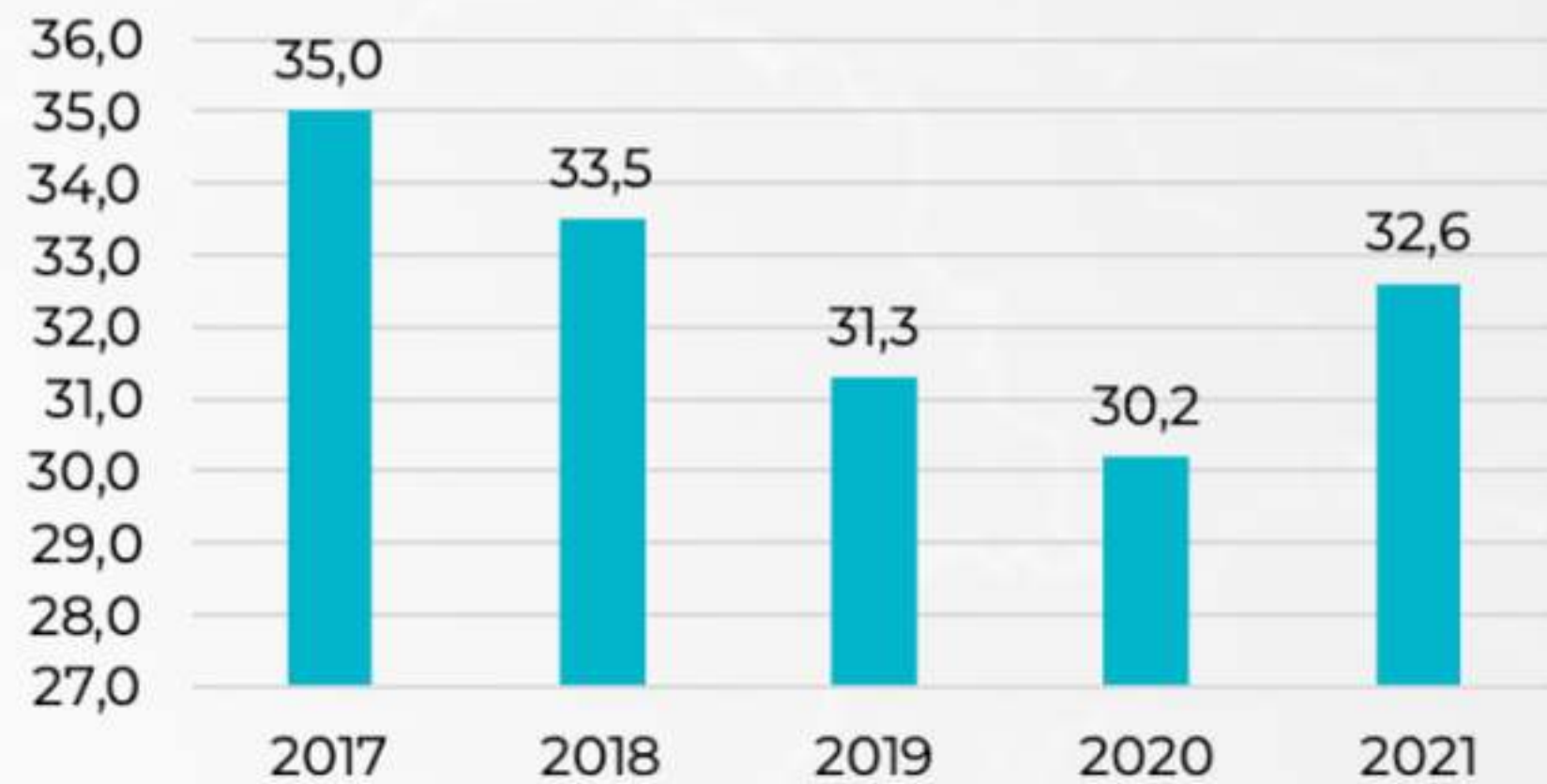
Energy Product LLC



4.0 – 8.1 mln m²

Annual projected demand/
supply gap volume, 2025-2034

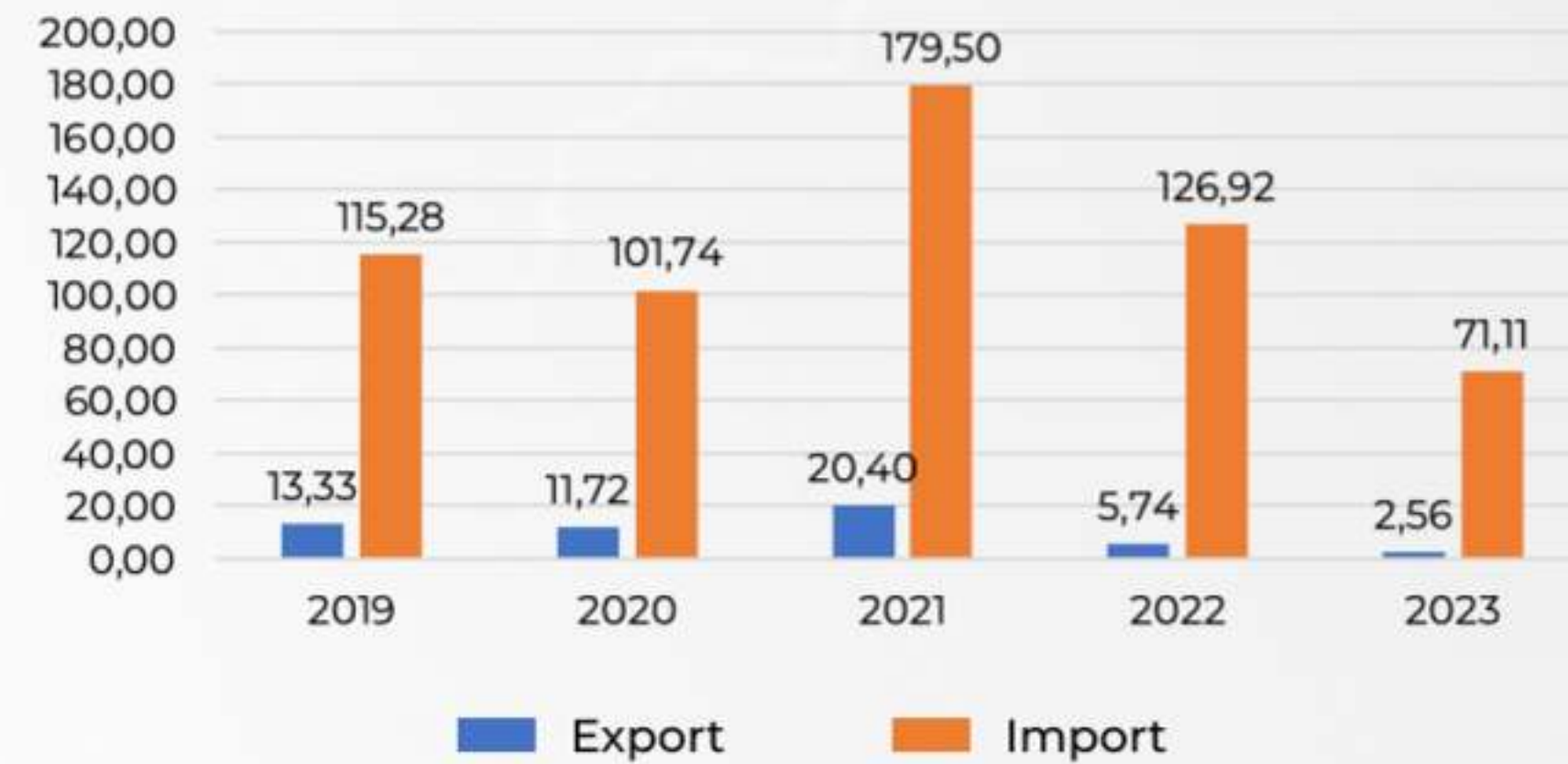
**Sales volume of float glass,
2017-2021, mln m²**



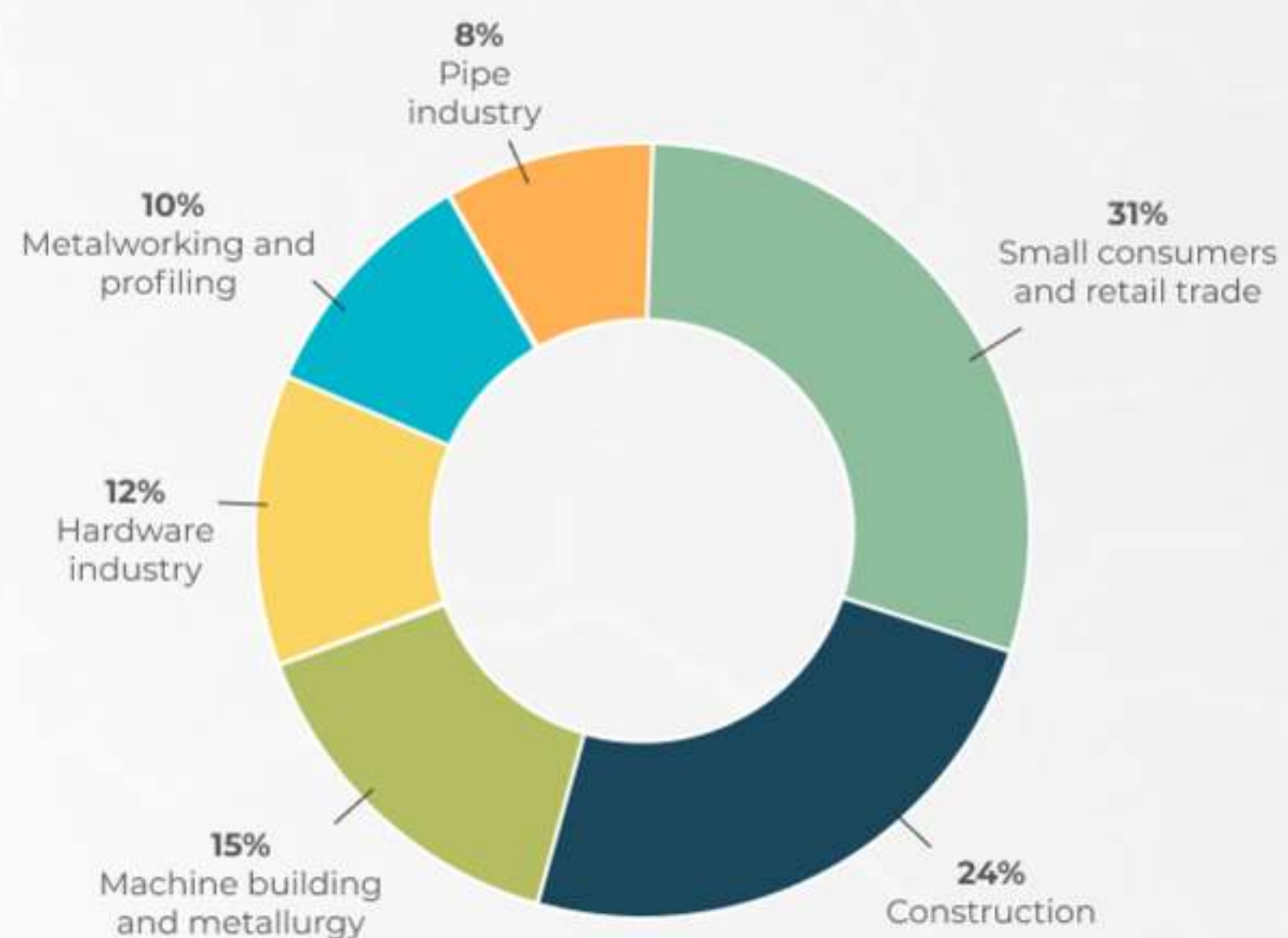
**Consumption volumes,
2021-2023, mln m²**



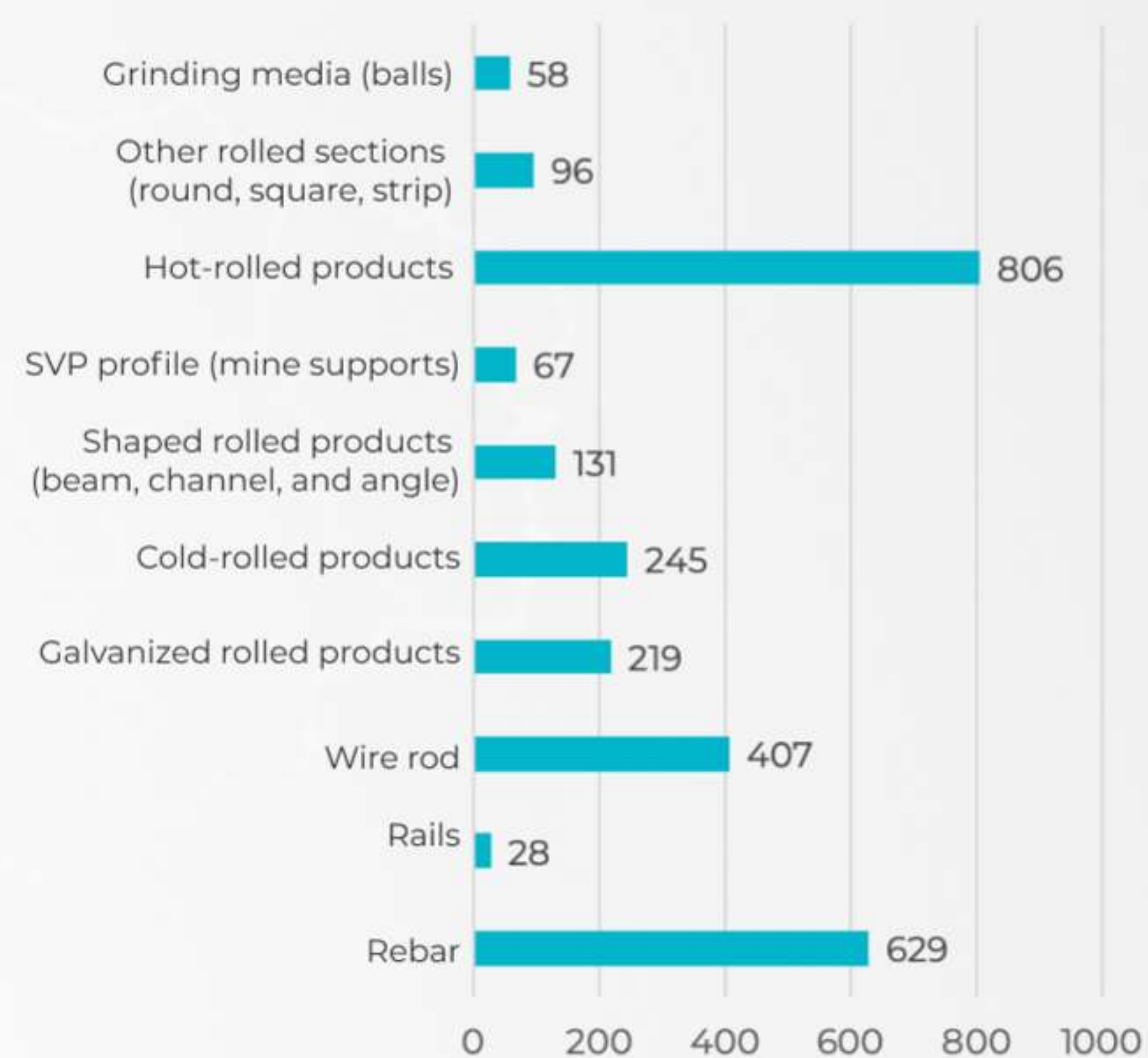
**Glass turnover,
2019-2023, mln USD**



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



Metal consumption volume in Ukraine, 2023, thousand t

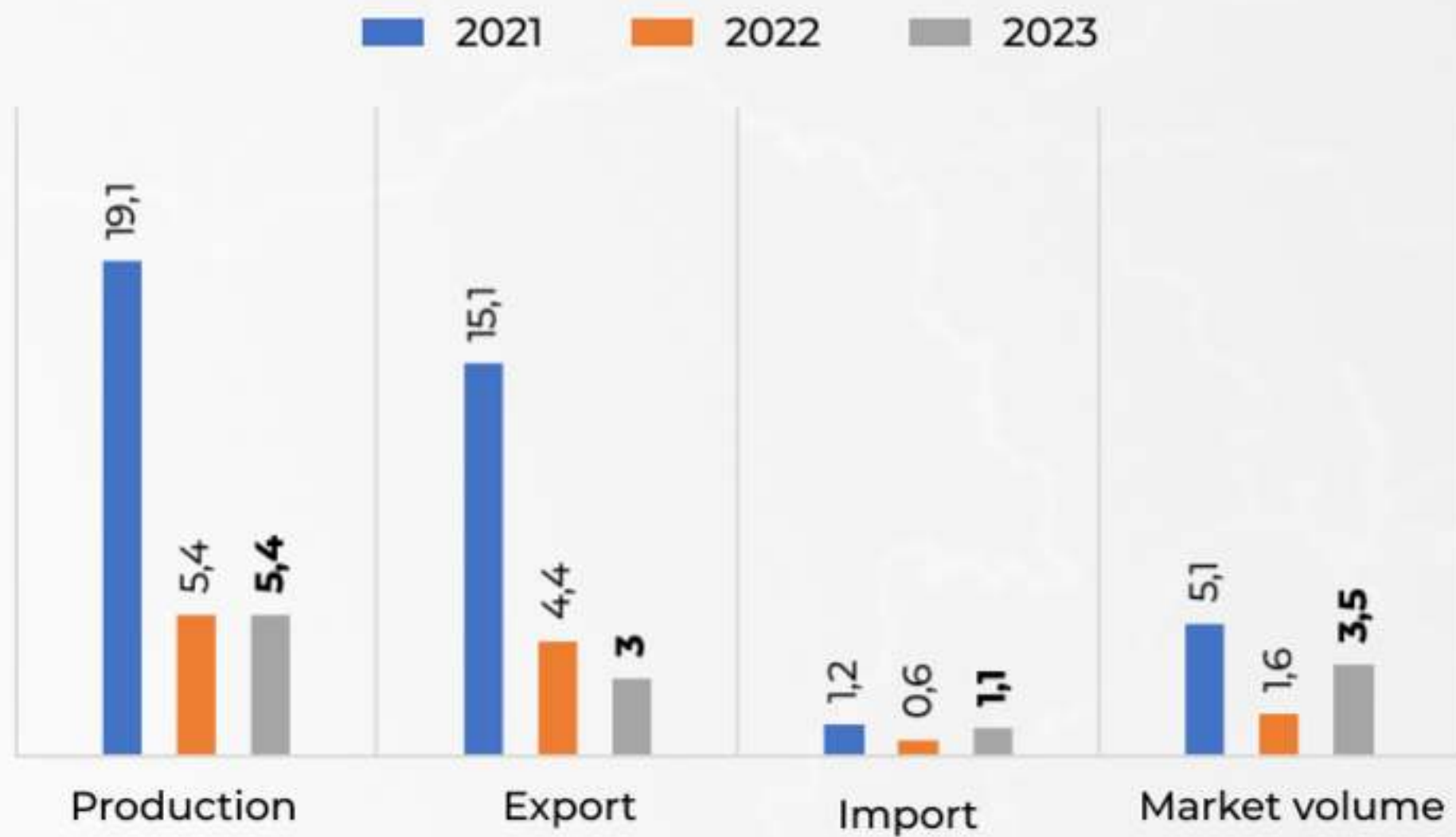


STEEL



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

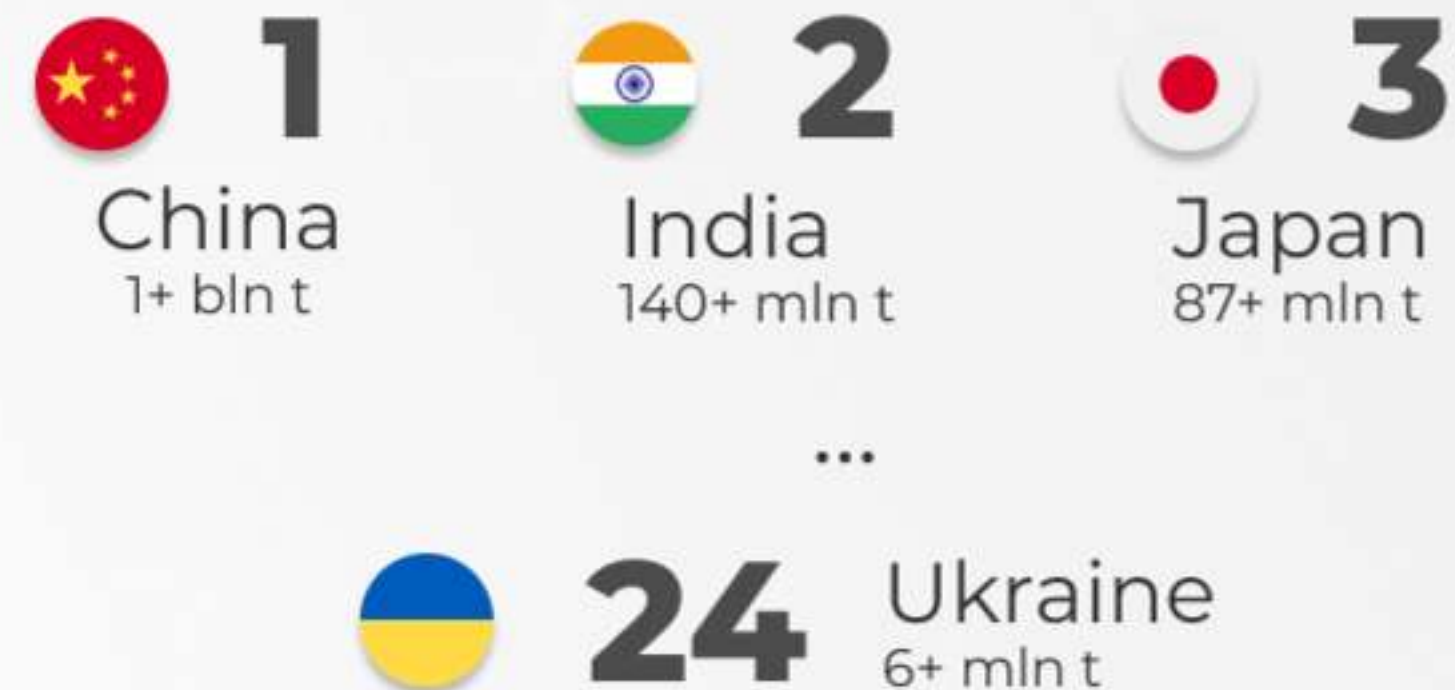
Production, export, and import volumes, 2021-2023, mln t



Steel consumption volumes, mln t



World's leading steel producers, 2023

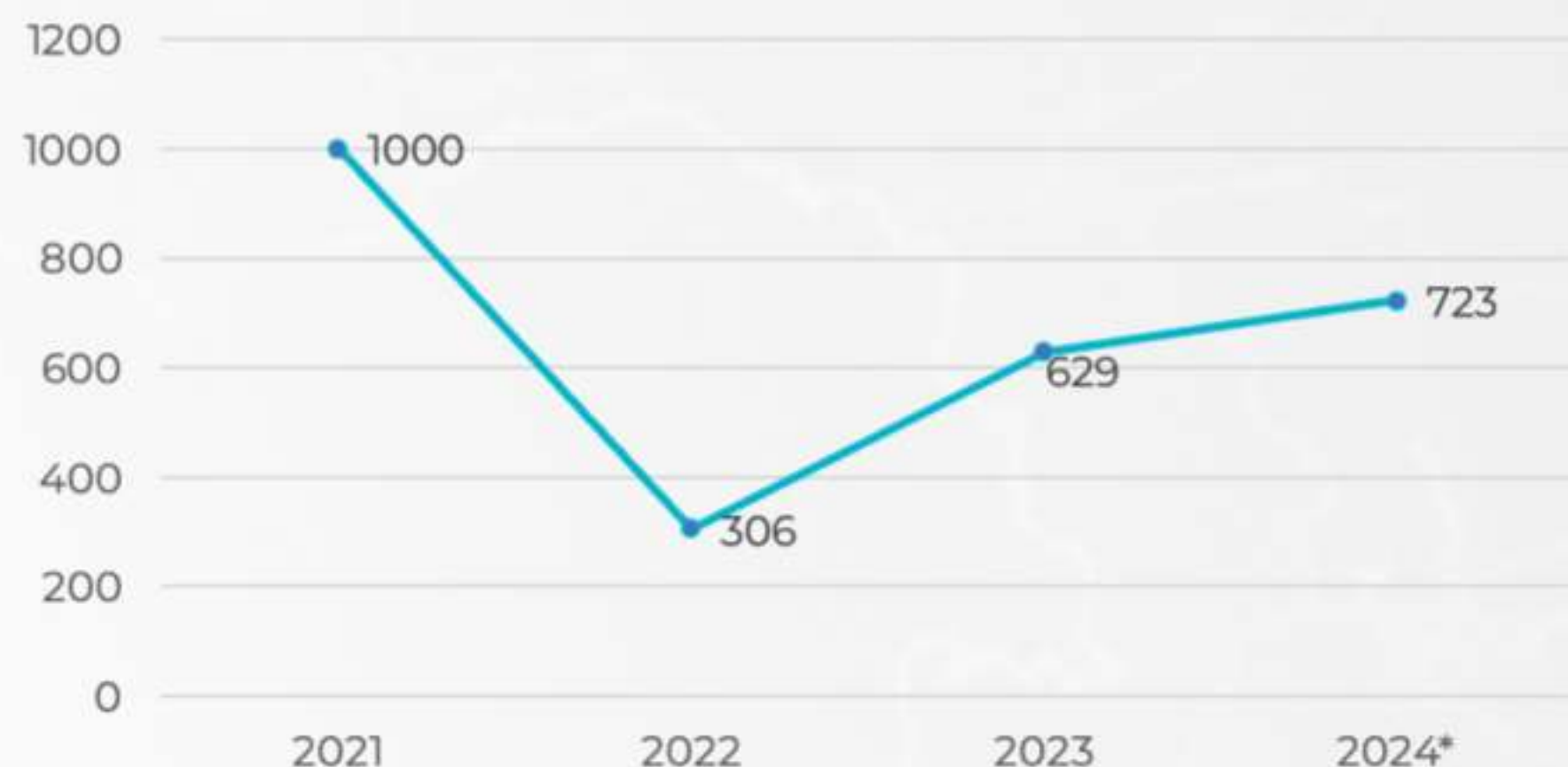




63%

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.



ArcelorMittal

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

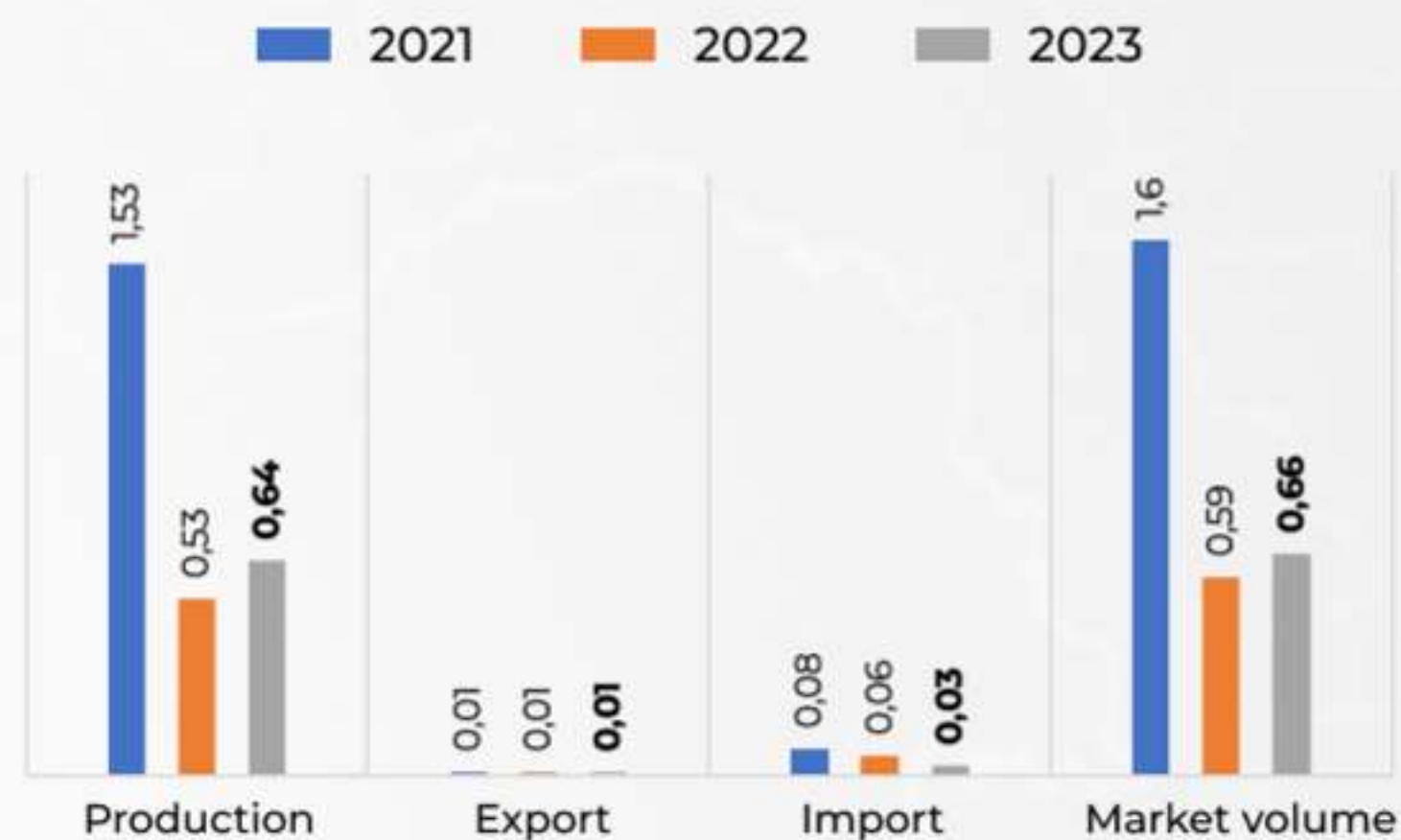
The main production facilities are located in Kryvyi Rih.

DRY BUILDING MIXES

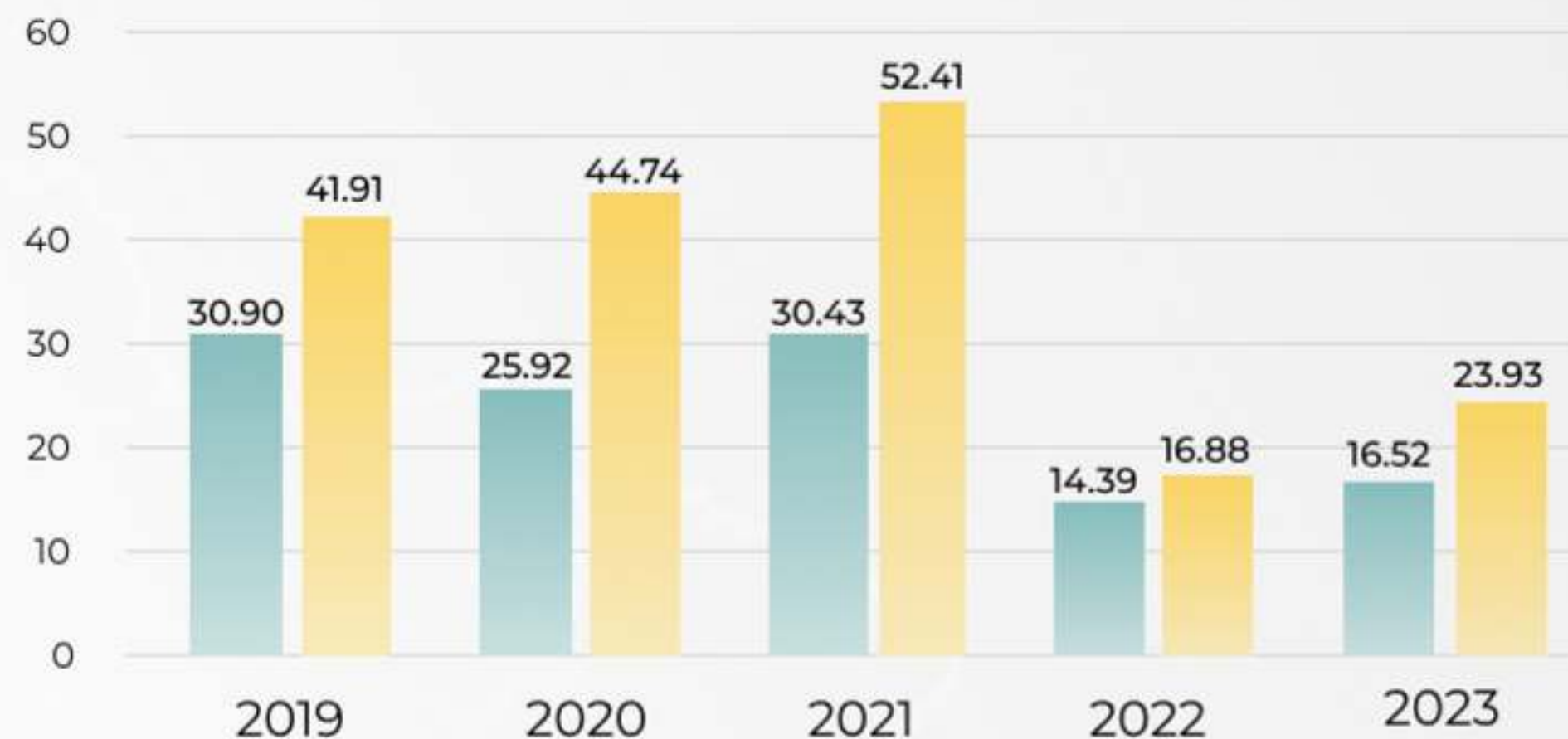


1.3 -1.4 mln t/year
Market surplus volume

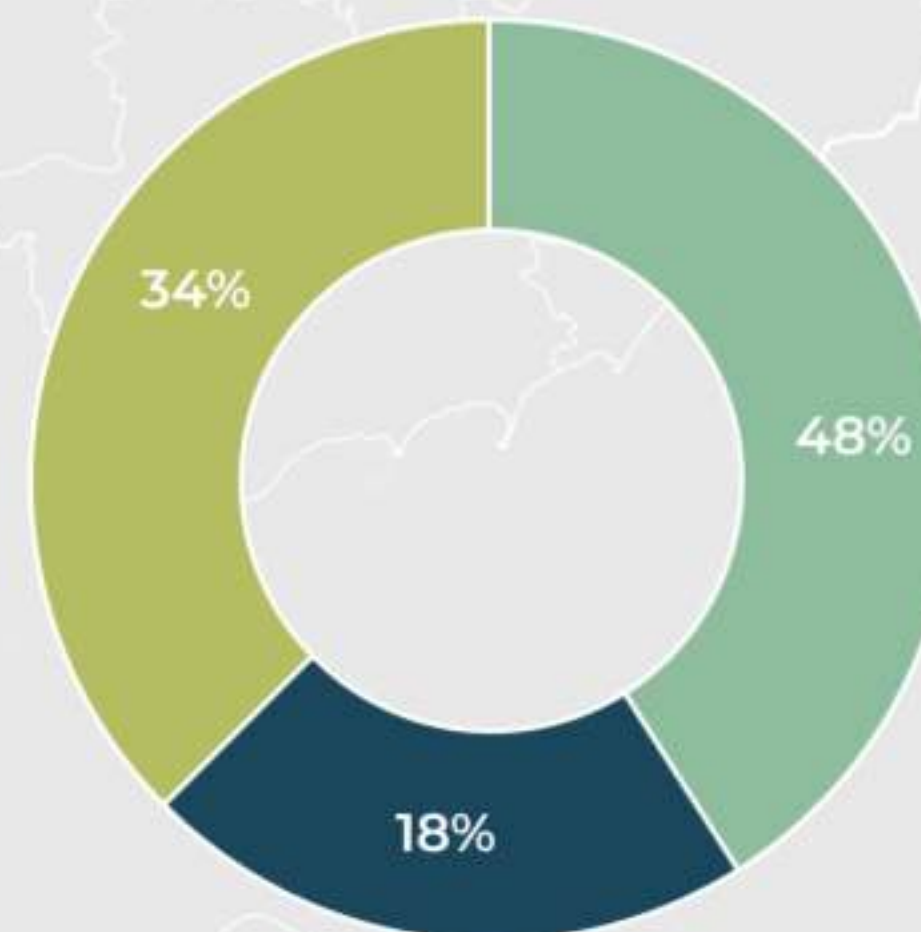
Production, export, and import volumes, 2021-2023, mln t



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



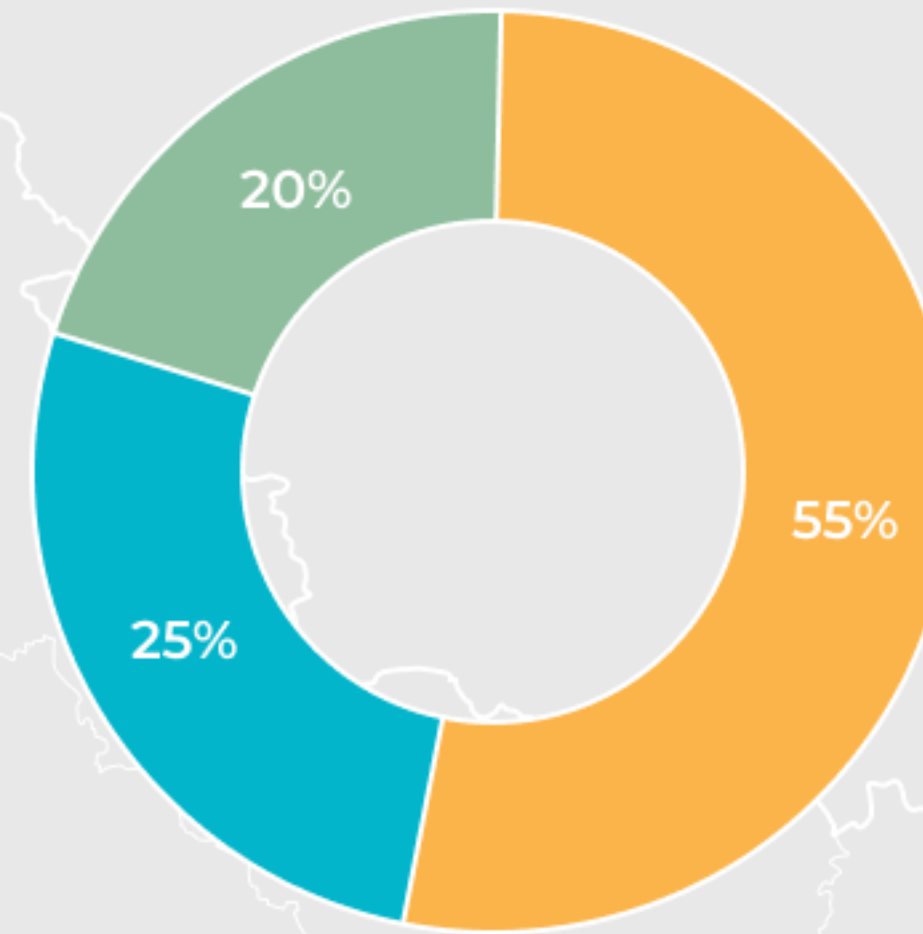
KNAUF – leading player in the world



Ceresit – a part of Henkel



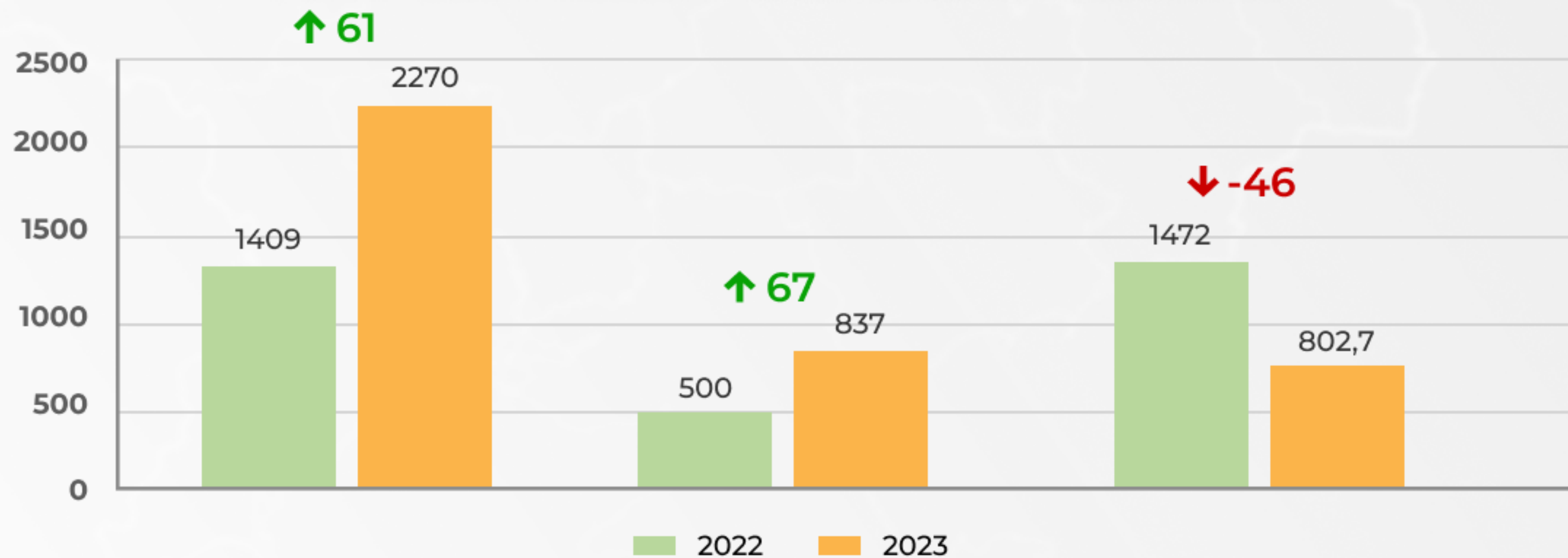
Kreisel – a more niche player



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

- B2C
- B2G
- B2B

Cement mixes market volume, mln UAH



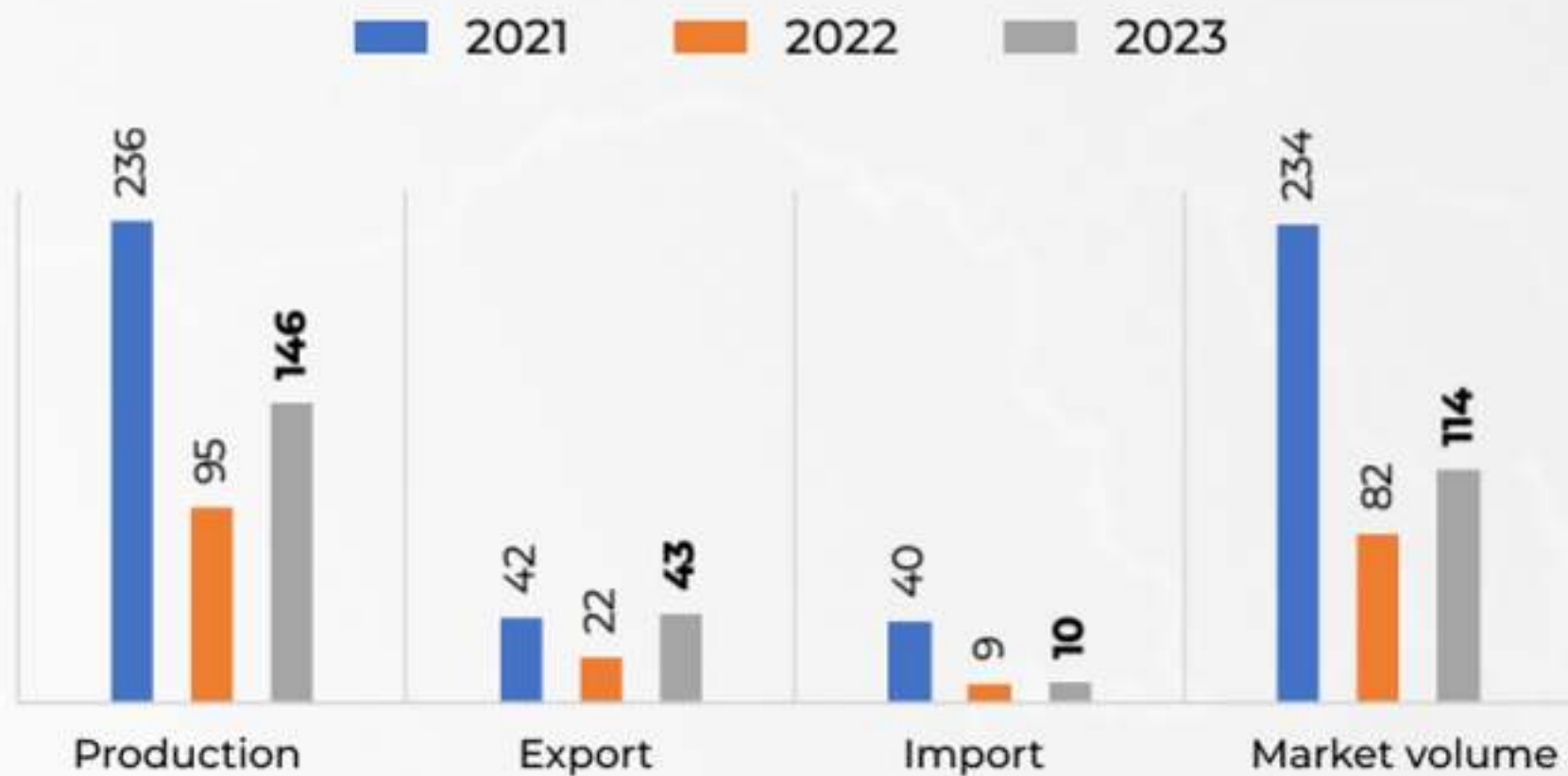
MINERAL WOOL



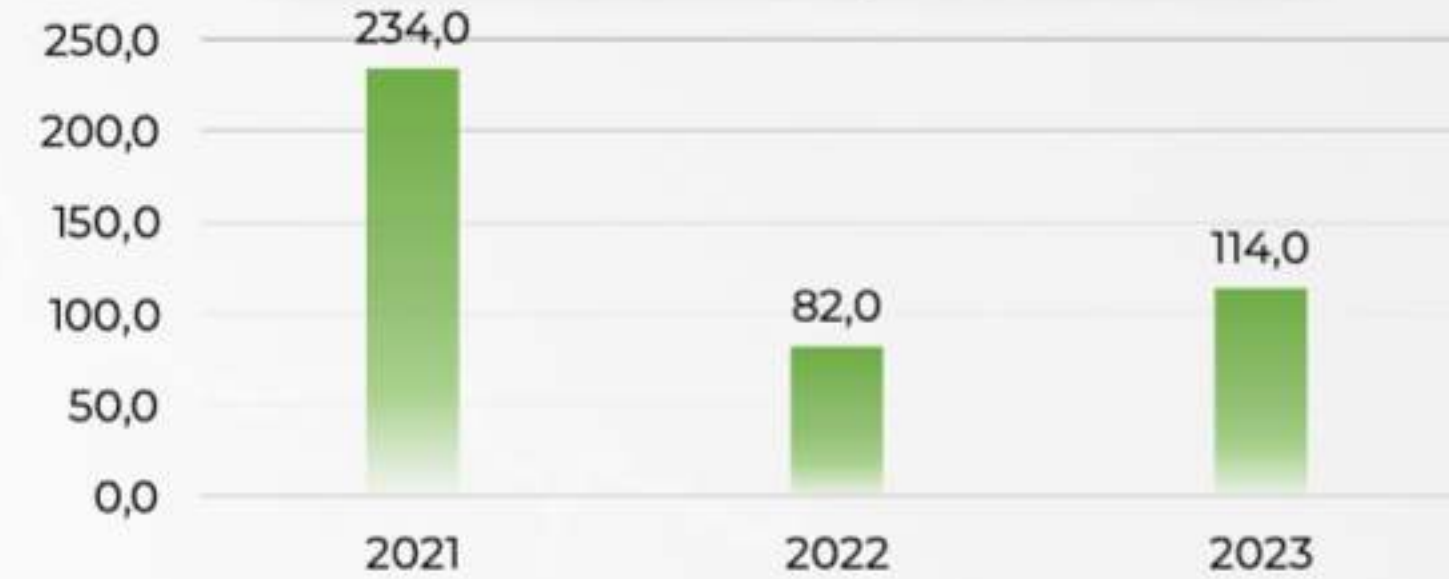
22 – 256 thousand t

Annual projected supply/demand gap volume, 2025-2034

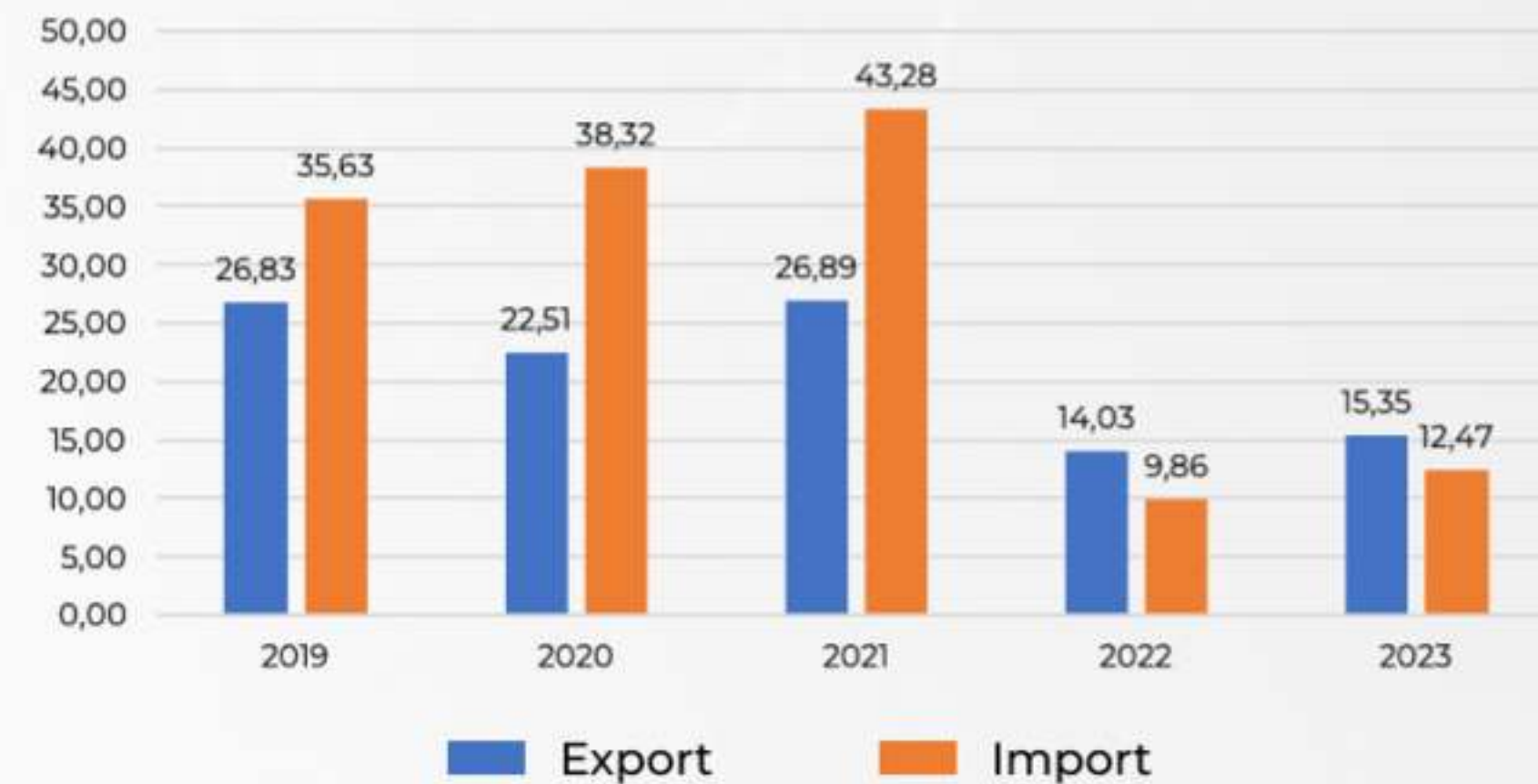
Market production, export and import, 2021-2023, thousand t



Consumption volumes, 2021-2023, thousand t



Mineral wool turnover, 2019-2023, mln USD

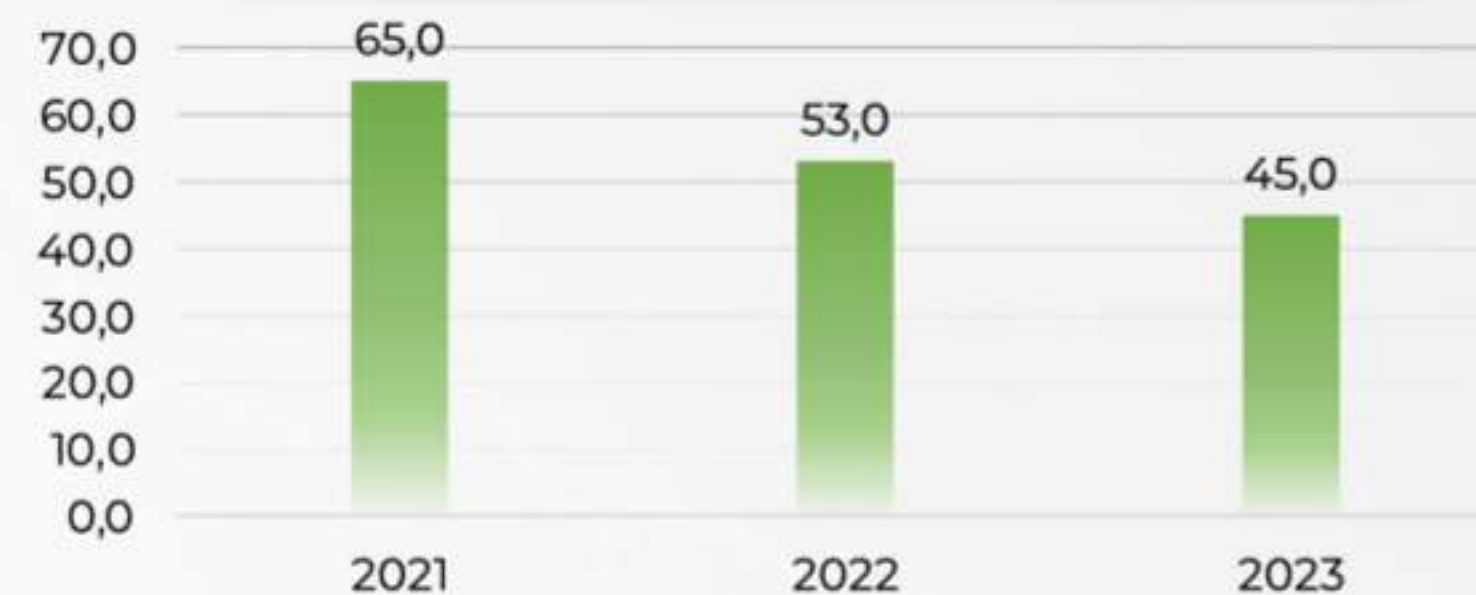


PVC PROFILE

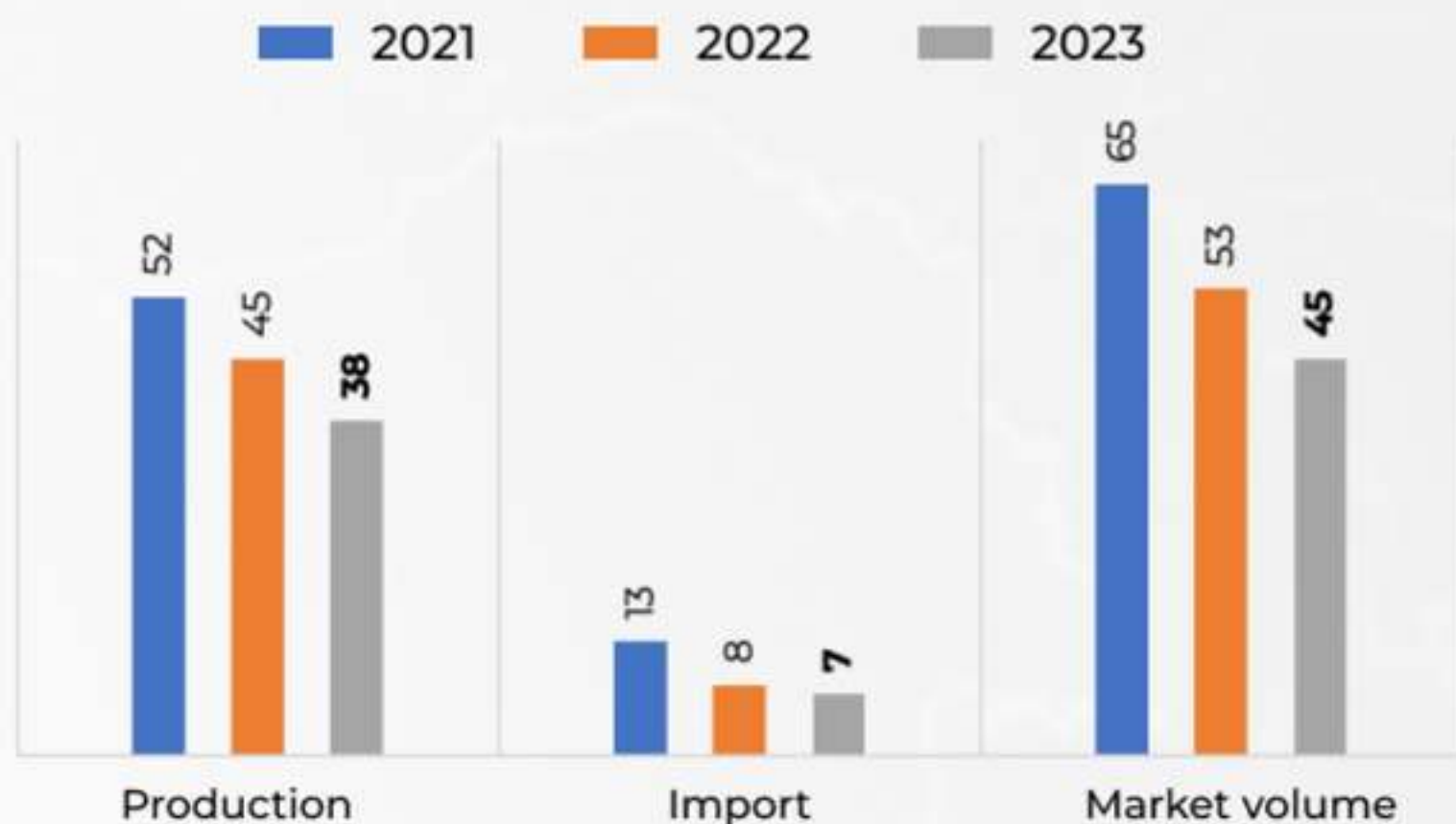


48-61 thousand t/year
Market surplus

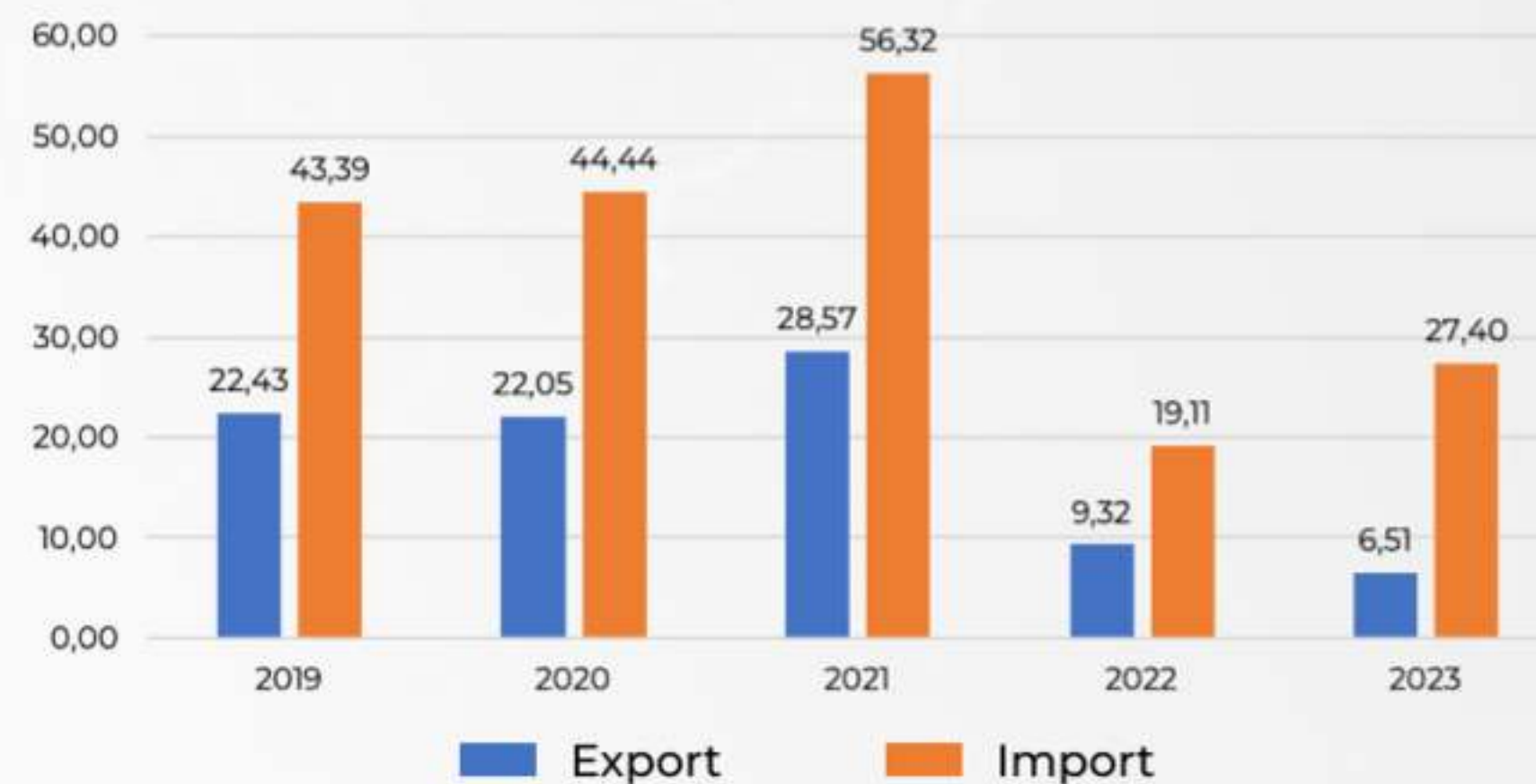
Consumption volumes, 2021-2023, thousand t



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



PVC profile turnover, 2019-2023, mln USD



SOLAR PANELS



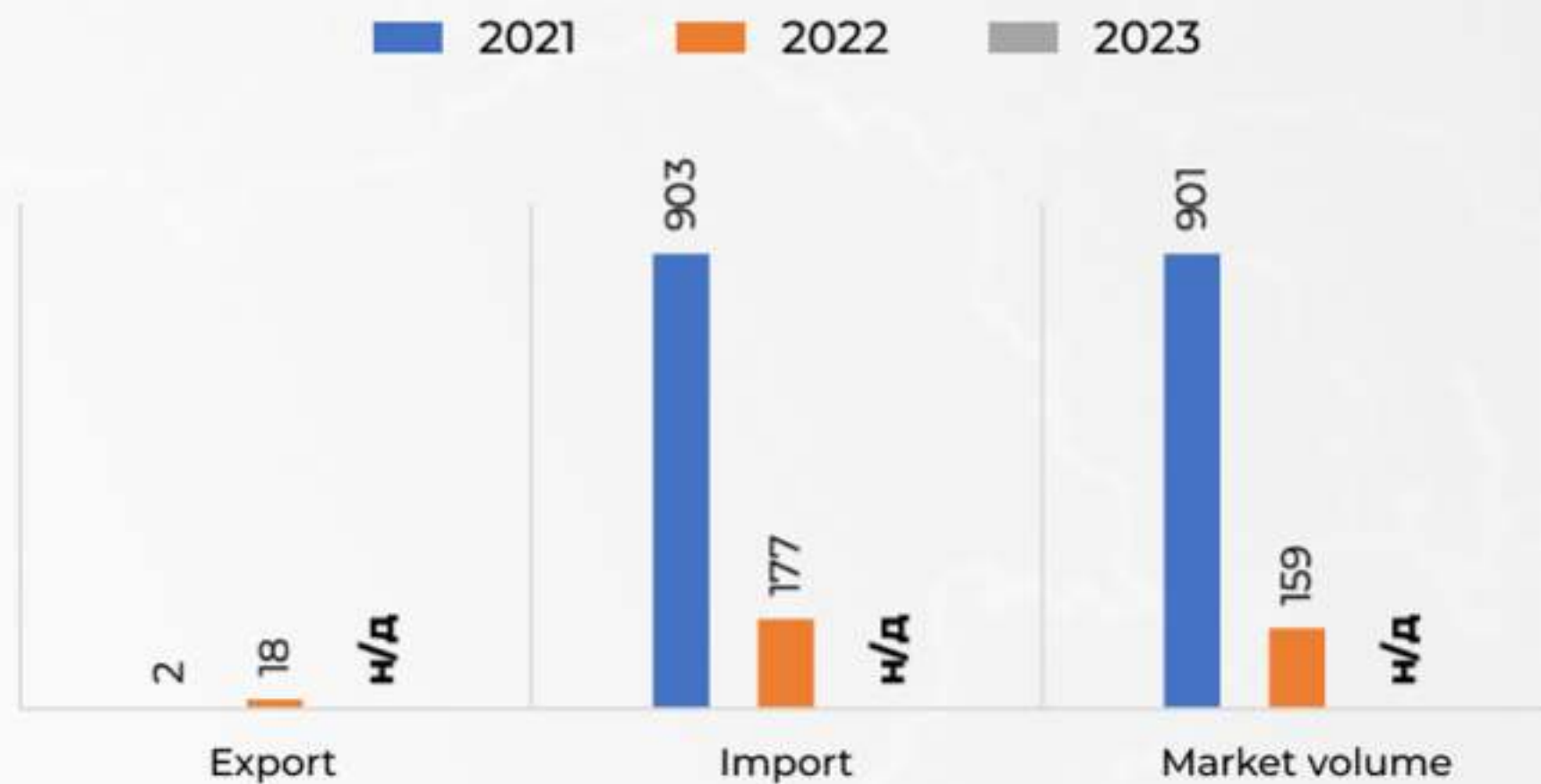
204 – 989 MW

Annual projected supply/demand gap, 2025-2034

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



Turnover and market volume, 2021-2023, MW



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

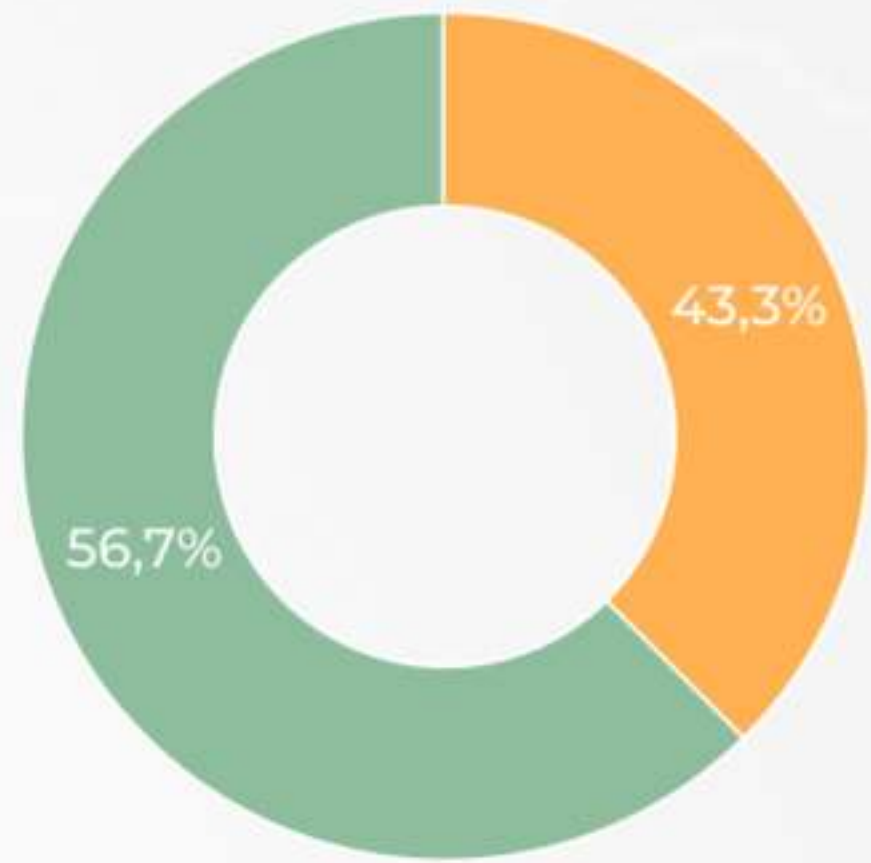
INVESTMENT OPPORTUNITIES

Energy efficiency

82%

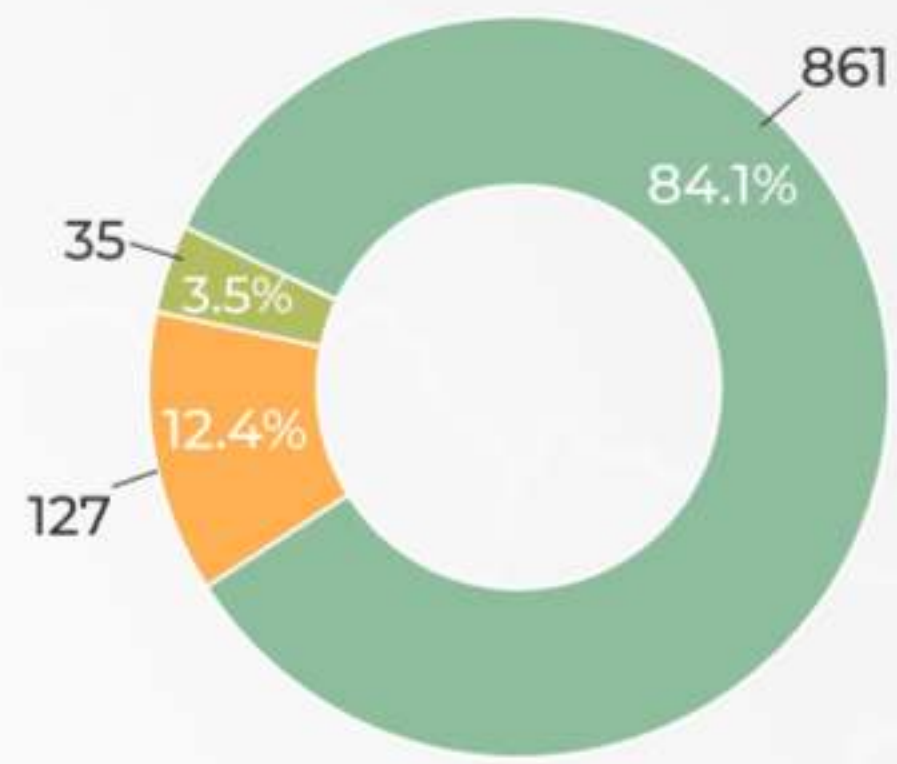
energy savings that can be achieved by implementing energy efficiency measures with a simple payback period of less than 2 years

Ratio of primary energy resources



- Electricity
- Natural gas

Energy consumption costs, thousand USD/year



- Production
- Heating
- Losses



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



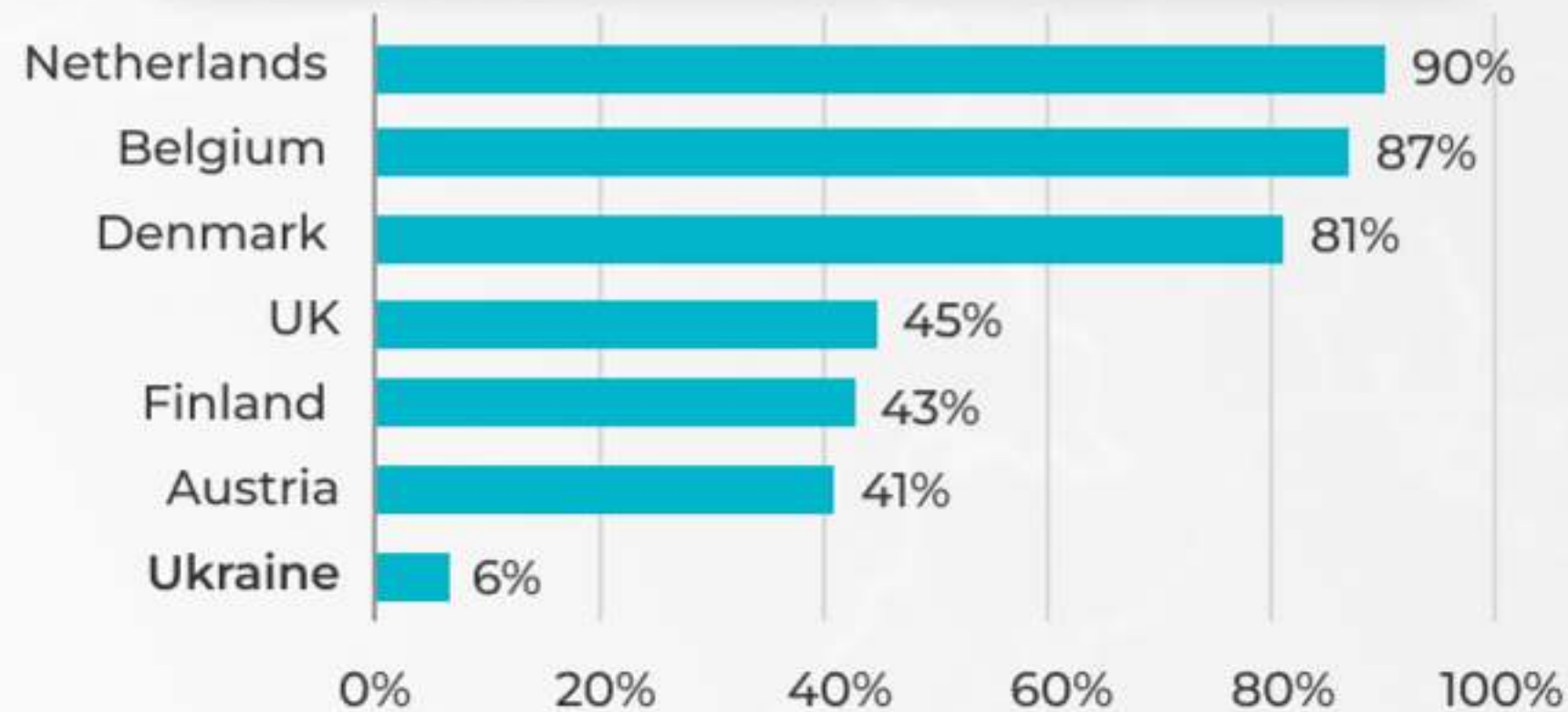
670 thousand tons

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

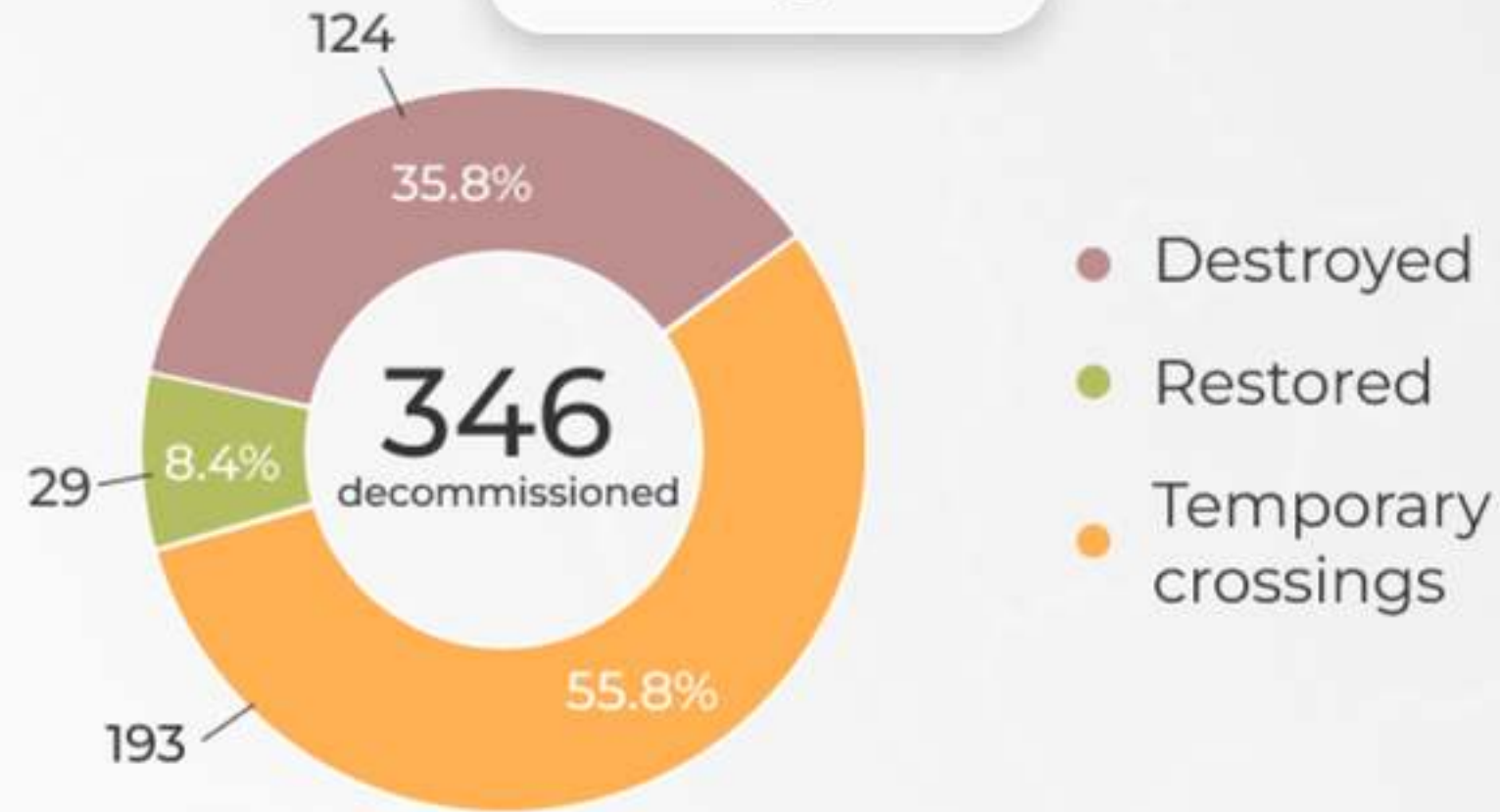
Investing in such enterprises can ensure high profitability, given the growing demand for building materials and the need for environmentally sustainable solutions in the context of Ukraine's large-scale reconstruction

INVESTMENT OPPORTUNITIES

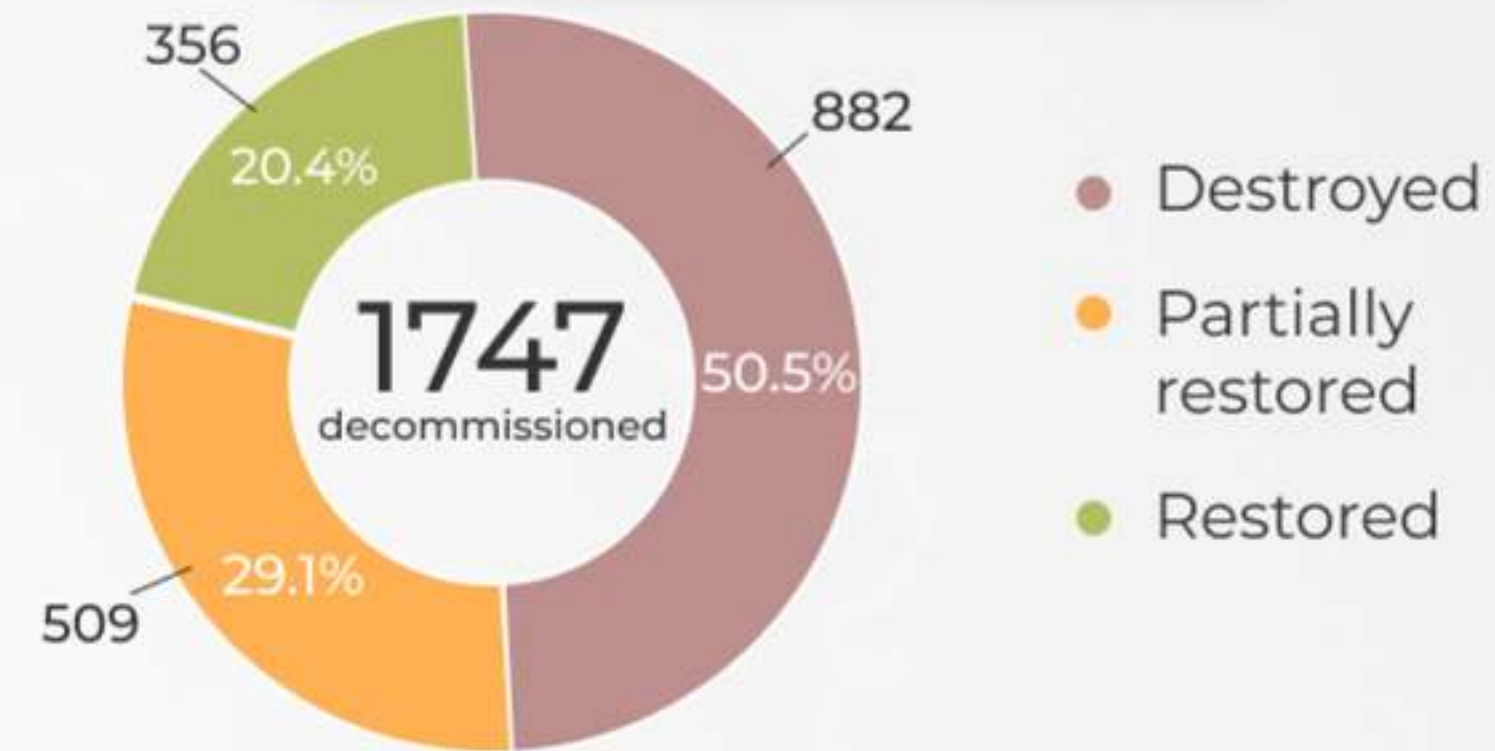


Infrastructure projects

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**

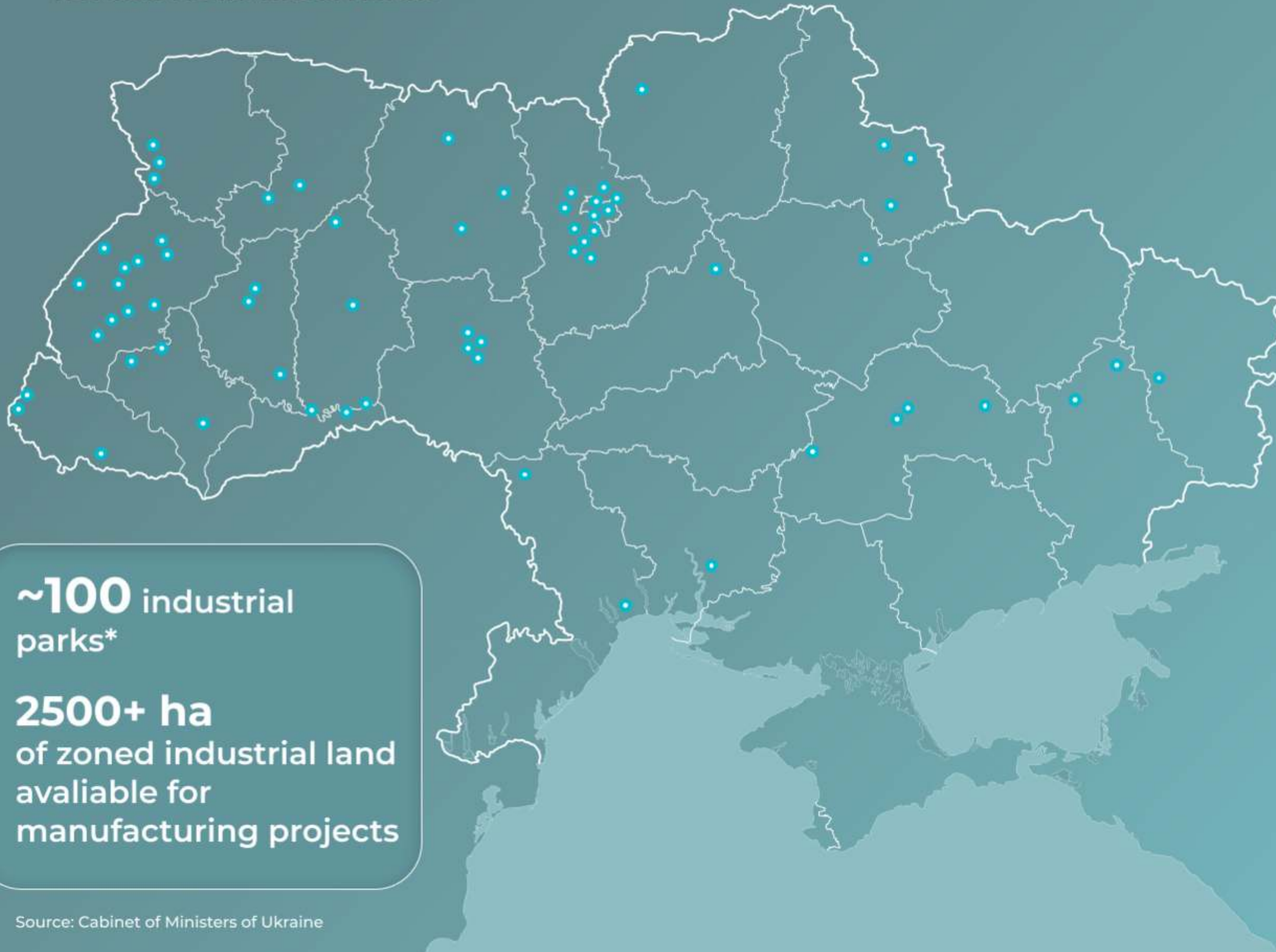


* Not applicable to projects in the field of extraction for the purpose of further processing and/or enrichment of natural resources.
** List and volume of equipment is approved by the CMU for each project.
*** The applicant, not earlier than 18 months before the date of submission of the application 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



~100 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**



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