

A yellow industrial robotic arm is shown in a dynamic pose, reaching towards the upper left. The background is a dark blue gradient with a network of white lines and glowing nodes, suggesting a digital or technological theme. The overall image conveys a sense of advanced manufacturing and automation.

**Ukraine Invest**

YOUR INVESTMENT MATTERS

# INVESTMENT OPPORTUNITIES IN THE HEAVY ENGINEERING INDUSTRY

# HEAVY ENGINEERING INDUSTRY



## Mechanical engineering in the world



Smart factories and industry 4.0 initiatives, automation, IoT, AI, and real-time data analytics emerge as fundamentals of the manufacturing schema

### Industrial machinery market



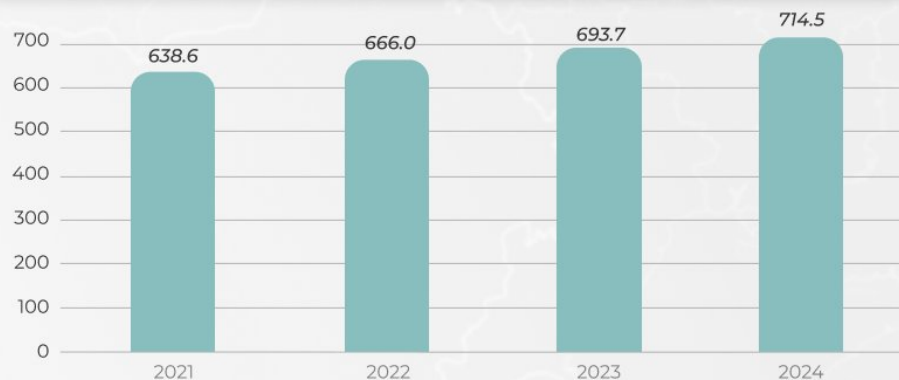
**714 billion USD**

market value (2024)

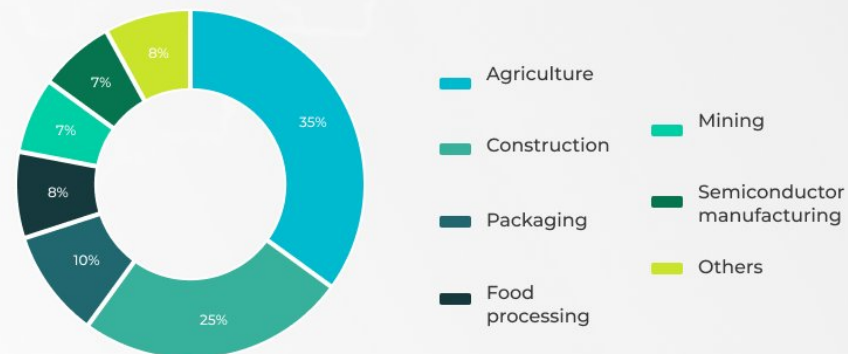
**9%**

CAGR (2025-2034)

### World industrial machinery market size, 2021-2024, billion USD



### World industrial machinery market share, by sectors, 2024, %



# HEAVY ENGINEERING INDUSTRY OF UKRAINE



## Industry overview in Ukraine

### Historical concentration



#### Kramatorsk

blast furnace  
equipment,  
excavators



#### Horlivka

coal combines,  
compressors



#### Kryvyi Rih, Dnipro

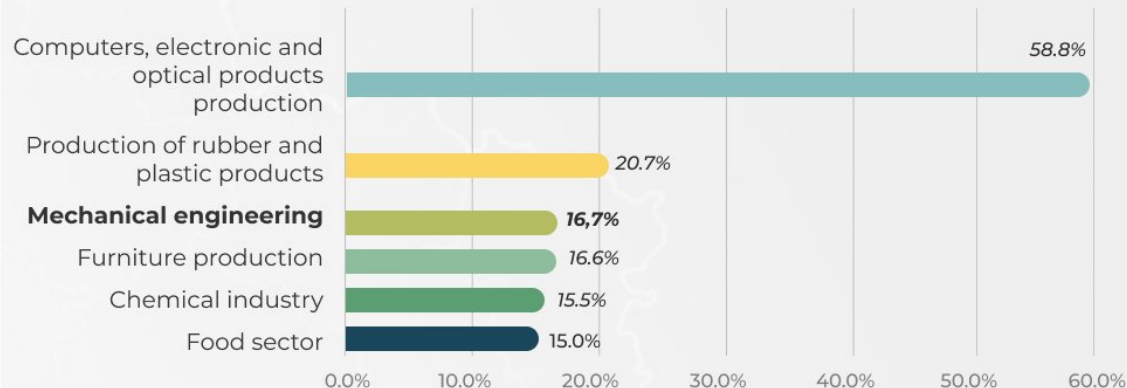
mining equipment



#### Kharkiv

energy, lifting and  
transport machinery  
manufacturing

### Industry growth, 2023, %



**Geographical concentration** – a weak point due to the war; key industrial centers have found themselves in the **conflict zone**. A rethinking of industrial policy is needed towards **decentralization and diversification**



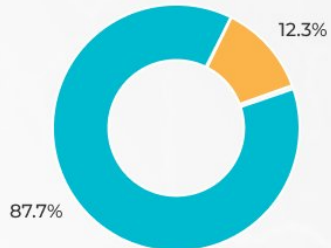
# HEAVY ENGINEERING INDUSTRY OF UKRAINE



## Macroeconomy

### Economy share, 2023

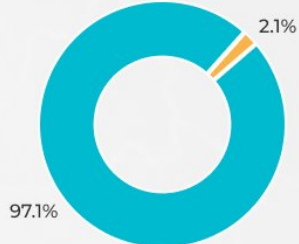
Share in industry



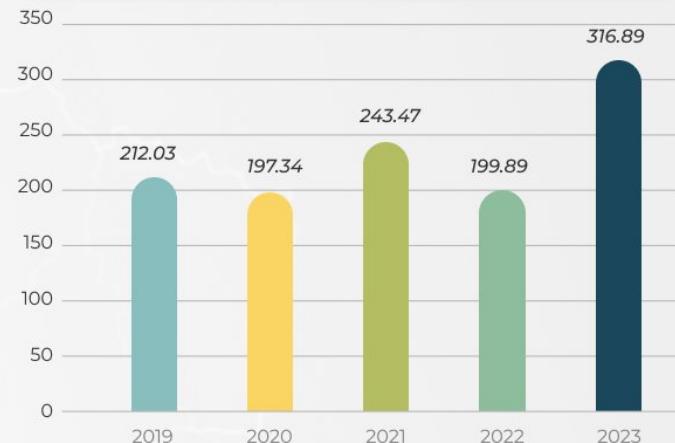
Mechanical  
engineering

Other sectors

Share in GDP



### Annual sales volume of mechanical engineering products, billion UAH



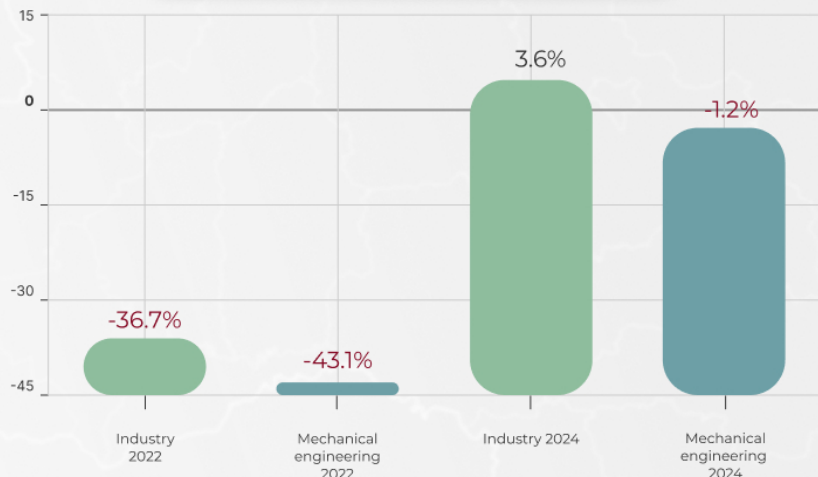
Operating profitability in mechanical engineering reached **11.4%** for the period January–September 2023, which is one of the highest indicators in the industry (for comparison, the average across all industrial sectors was 8.3%).

# HEAVY ENGINEERING INDUSTRY OF UKRAINE

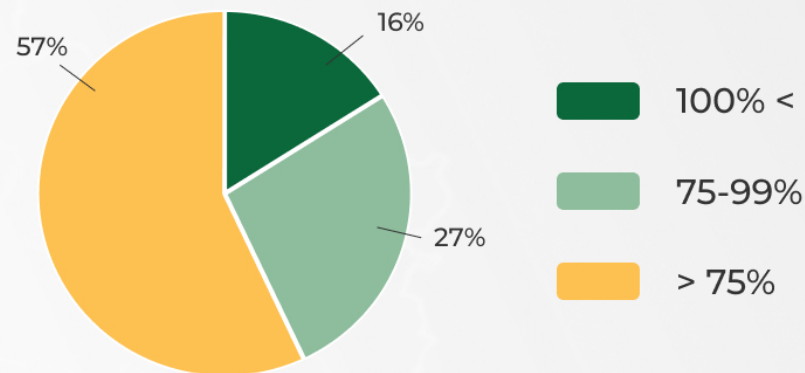


## Sector capacity

Change in production volumes



Capacity utilization  
(august 2024)



## Implemented projected changes for 2024



Expected growth in  
production volumes

**50.0%** enterprises



Expected growth  
in sales volumes

**53.3%** enterprises

# HEAVY ENGINEERING INDUSTRY OF UKRAINE



FDI snapshot

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



# HEAVY ENGINEERING INDUSTRY OF UKRAINE



Ukrainian mechanical engineering centers



Information is withheld for security reasons. For additional details, please contact UkraineInvest.

# HEAVY ENGINEERING INDUSTRY OF UKRAINE



Railway locomotives or motor trams



Information is withheld for security reasons. For additional details, please contact UkraineInvest.



# HEAVY ENGINEERING INDUSTRY OF UKRAINE



Tractors



Information is withheld for security reasons. For additional details, please contact UkraineInvest.

# HEAVY ENGINEERING INDUSTRY OF UKRAINE



Reactors, boilers, machinery and mechanical appliances

Information is withheld for security reasons. For additional details, please contact UkraineInvest.

# HEAVY ENGINEERING INDUSTRY OF UKRAINE



## Mining and underground engineering

This subsector specializes in equipment for the mining and metallurgical industries. It has faced stagnation due to the halt in coal extraction and the loss of assets in the East, but at the same time is finding new niches, such as the production of demining equipment, and is supported by demand from the defense industry.

### Novokramatorsky MZ (NKMZ)



One of the largest plants partially resumed operations in 2023. In 2024, revenue increased 3.2 times to 82% of which was from exports. It returned to profitability after significant losses.

### Kryvyi Rih Mining and Processing Plants (GZK)



Key players, such as **ArcelorMittal** and **Metinvest**, are investing in maintaining production. Metinvest plans to invest 5.7 billion UAH in 2025 to support extraction and achieve energy independence.

### Corum Group (DTEK)



Continues the production and modernization of mining equipment. In 2024, it introduced the updated tunneling combine RH110. In the first months of 2025, over 1,100 units of equipment have been manufactured and repaired.

# HEAVY ENGINEERING INDUSTRY OF UKRAINE



## Metallurgical engineering

The metallurgical equipment sub-sector has been hit hard by the destruction in Donbas and the occupation of Mariupol. The main challenges include energy shortages, expensive logistics and a lack of personnel. At the same time, demand from the defense industry is driving the steel market.

### ArcelorMittal Kryvyi Rih



The largest company in the sector was unable to break even in 2024 due to high energy and logistics costs. The mining division is operating at 70–75% capacity.

### Metinvest Group



Plans significant investments in Kryvyi Rih's mining and processing plants, but Inhuletskyi GZK is idle, and Pivdennyi GZK is on the verge of shutdown

## Power engineering

### JSC “Ukrenergomashyny” (Turboatom)

A key turbine manufacturer, whose revenue in 2024 fell by **2.7 times**. It is actively relocating, establishing branches in Western Ukraine. Future demand is tied to the restoration of energy facilities.

### Future demand

Energy restoration is a priority. The EBRD plans to provide **1 EUR bln** to support the sector. The focus on small gas turbines, solar, and wind energy is creating new demand for appropriate equipment.

# HEAVY ENGINEERING INDUSTRY OF UKRAINE



## Military transport engineering

Production has increased **35 times**, with an expected volume of **35 USD bln** in 2025.  
Ukraine produces **40%** of the required weaponry.

### LLC Ukrainian Armor

**UKRAINIAN  
ARMOR** Design and  
Manufacturing  
Company

The leader in revenue among Kyiv's engineering enterprises. Specializes in the production of military vehicles.  
**Revenue 2024: 58.24 UAH bln**

### LLC SPA Practice



A significant manufacturer of motor vehicles for military needs.  
**Revenue 2024: 7.47 UAH bln**

The industry is highly dependent on imported components, especially for heavy weaponry (air defense systems) and key elements such as microelectronics, explosives, and rocket fuel. Additionally, enterprises face logistical challenges and the need to ensure production security.

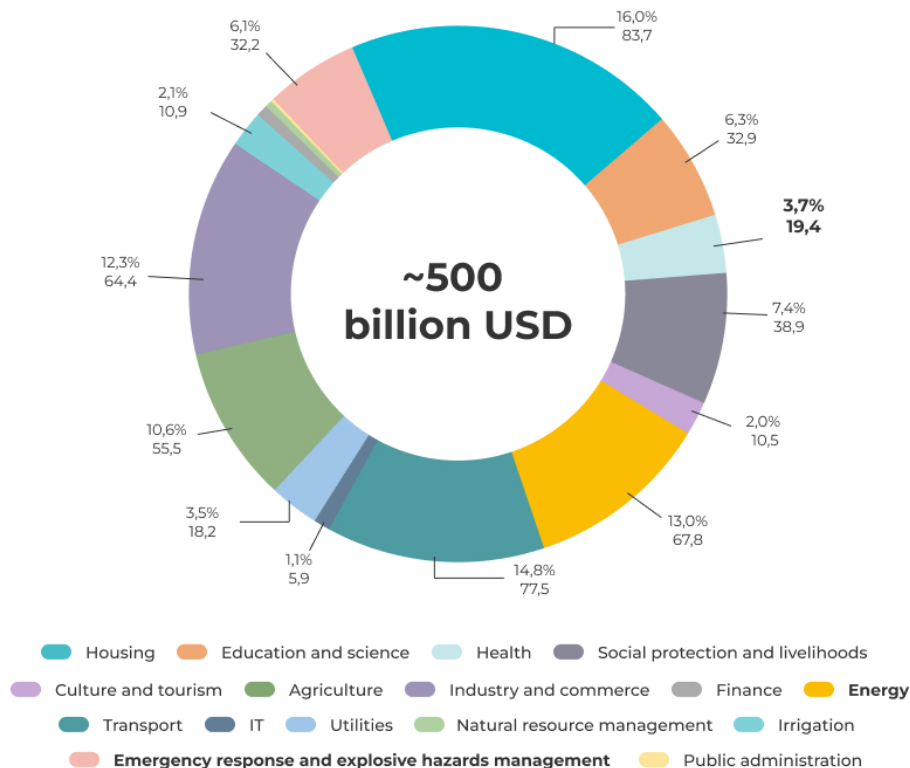


# HEAVY ENGINEERING INDUSTRY OF UKRAINE

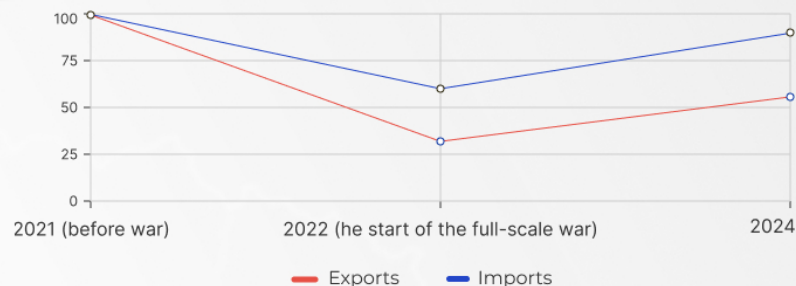


## Full-scale invasion impact

### Recovery and reconstruction needs, bln USD\*



### Trade balance changes



A significant loss of domestic production capacity was compensated by increased imports since 2022. The EU has become the main export destination (**73,9%** of companies in August 2024).



### Export decline

**-70%** exports of engineering products compared to 2021

**40,7%** of exporters reported a decrease august 2024

# HEAVY ENGINEERING INDUSTRY OF UKRAINE

## Sector issues and challenges



### Funds obsolescence

**~ 70%**

wear and tear of equipment at most enterprises, which limits production capacity and product quality



### Low innovation activity

**~ 10%**

share of enterprises implementing innovations mainly at their own expense



### Skilled labor shortage

**↓12%**

reduction of the labor force since the beginning of the war, chronic shortage of engineers and workers, exacerbated by mobilization



### Working capital shortage

**~ 5%**

industry profitability, which leads to low solvency and reduced competitiveness

# DEVELOPMENT PROSPECTS



## "Industry 4.0" Strategy

Identifies mechanical engineering, the defense industry, and the aerospace sector as key high-tech segments. The goal is reindustrialization (reshoring), creation of jobs based on new technologies, and support for SMEs.



## International cooperation

UkraineInvest and EU4Business promote the attraction of foreign investors and support for SMEs. However, there is a gap in export support tools (insurance, lending) compared to other countries.

<b>Reducing import dependence</b>	Development of domestic production capabilities, especially in the defense industry
<b>Green industrial recovery</b>	Integrating sustainability into industrial development (Program 2024-2028)
<b>High-tech production</b>	Prioritization of military-oriented production, which stimulates technological achievements
<b>Strengthening supply chains</b>	Growth in domestic demand for steel products driven by the defense industry

# DEVELOPMENT PROSPECTS

## Defense industry and dual-use technologies



Growth in defense production, acting as a locomotive for the entire engineering sector. Investments in the defense industry not only address urgent national security needs but also lay the foundation for the development of high-tech manufacturing with potential civilian applications after the war.

**Industrial output indices of the defense industry compared to the previous year, %**



### Key drivers

#### Production growth

Defense industry output has increased **35-fold**, with a projected volume of **35 USD bln** by 2025. Ukraine now produces **40%** of the required weaponry.

#### Government support

Substantial government spending on arms production (**55 UAH bln in 2025**), support programs for defense tech, and the involvement of foreign companies in modernization efforts.

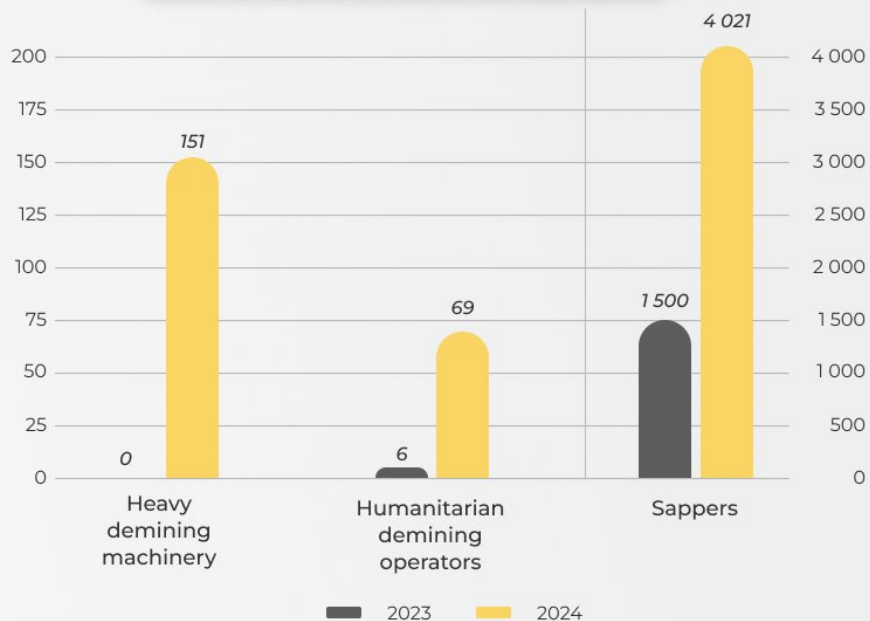
#### Technological advancement

The demand for precision weaponry, armored vehicles, and aviation equipment is driving innovation and the modernization of manufacturing processes.

# DEVELOPMENT PROSPECTS

## Demining equipment

### Demining capabilities dynamics



Emergence of a new, critically important niche in heavy engineering as a direct response to the consequences of war and urgent humanitarian needs



### Demining needs

**37 billion USD**

**10 thsd sappers**

### Key drivers

#### Large-scale demand

Ukraine is one of the most heavily mined countries in the world, creating a massive and long-term demand for specialized demining machinery

#### Lack of pre-war production

Before 2022, no domestically produced demining machines existed in Ukraine, opening a "blue ocean" of opportunity for new manufacturers

#### Export potential

Ukrainian experience and developments in this field can be exported to other mine-affected countries



# DEVELOPMENT PROSPECTS



## Power engineering machinery

The large-scale destruction of Ukraine's energy infrastructure is generating significant future demand for equipment aimed at its restoration and modernization, with a focus on decentralization and green technologies.

### Potential benefits

1. Long-term and stable demand for products
2. Opportunity to invest in green technologies and energy-efficient production
3. Contribution to Ukraine's energy security and independence
4. Attraction of international investment and partnerships

### Key drivers

#### Vast demand for recovery

The energy sector has suffered **14.6 billion USD** in damages, which will require substantial volumes of new equipment (turbines, generators, transformers, etc.)

#### Strategic shift

The shift from large centralized power plants to distributed energy systems (solar, wind, and small modular gas turbines) is generating new, specialized demand

#### Green recovery

Ukraine's Green Industrial Recovery Program (2024–2028) supports the sustainable development of industry

# DEVELOPMENT PROSPECTS



## Agricultural machinery manufacturing

A resilient sector supported by the critical role of agricultural exports for Ukraine's economy and by government programs that promote production localization.

### Potential benefits

1. Stable domestic market
2. Government incentives and support for local production
3. Opportunities for innovation in smart and sustainable agriculture
4. Contribution to food security and the country's export potential

### Key drivers

#### Resilience of the agricultural sector

Agricultural exports remain a primary source of state revenue (around **60%**), ensuring sustained demand for agricultural machinery

#### Government support for localization

A government program that reimburses **25%** of the cost of domestically produced agricultural machinery (with over 60% Ukrainian content) stimulates local manufacturing

#### Need for modernization

There is a growing need to implement modern, resource-efficient technologies (e.g., water-saving sprayers) to enhance productivity and efficiency

# DEVELOPMENT PROSPECTS

## Skilled and competitive labor force

Ukraine is known for skilled labor force and high education level

In 2024, **Ukraine was ranked 27th** in the Global Skills Index, largely due to its skills in computer science, applied mathematics, software engineering, Big Data, and machine learning

The Global Skills Index 2024



**Ukraine has a potential to become a regional leader in the field of complex and science-intensive engineering services such as:**



industrial automation and complex engineering;



programming in the field of industrial high-tech;



industrial design (electrical, mechanical, electronic etc.).

# 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

## Industrial parks

The implementation of investment projects on the territory of industrial parks does not exclude the opportunity to receive additional incentives, in particular, provided for by the Law of Ukraine "On State Support for Investment Projects with Significant Investments" or the legal regime of Diia.City.



**non-refundable financing** for arranging an industrial park and/or construction of related infrastructure facilities\* **up to UAH 150 million\*\***



**exemption** from compensation for losses of **forestry production\*\*\***



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



**compensation** for connecting 1 to engineering and transport infrastructure **up to UAH 150 million** (during martial law - only to power grids 2)



exemption from **real estate tax** for industrial buildings



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



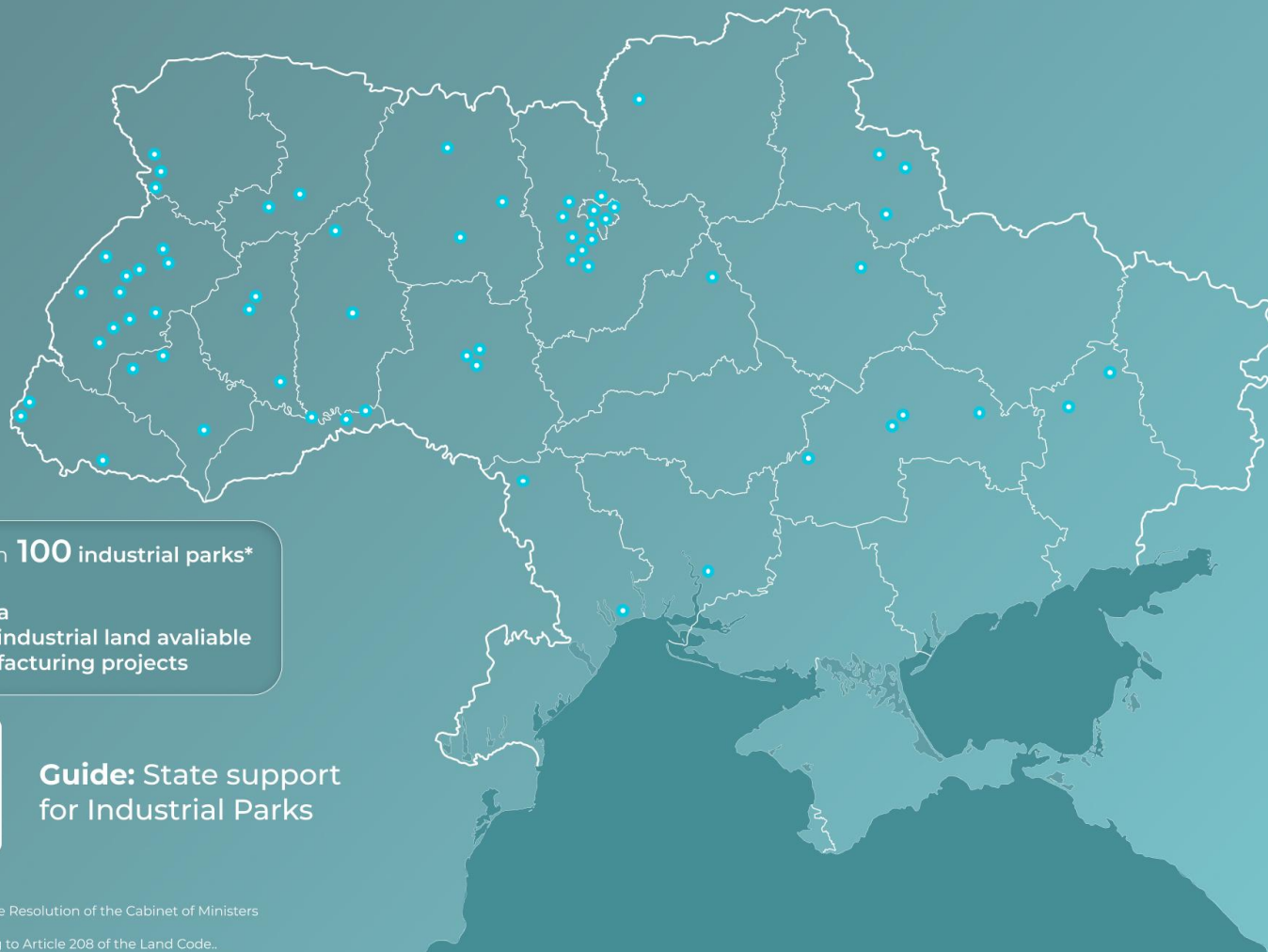
**CIT exemption** for 10 years (only if reinvestment)



**exemption** from **import duties** for new equipment



**VAT** exemption for importing new equipment



**Guide: State support  
for Industrial Parks**

\* - Provided to managing companies and initiators of creation of industrial parks.

\*\* - According to the Procedure for the provision of funds for the arrangement of industrial parks, approved by the Resolution of the Cabinet of Ministers of Ukraine dated June 4, 2024 No. 644.

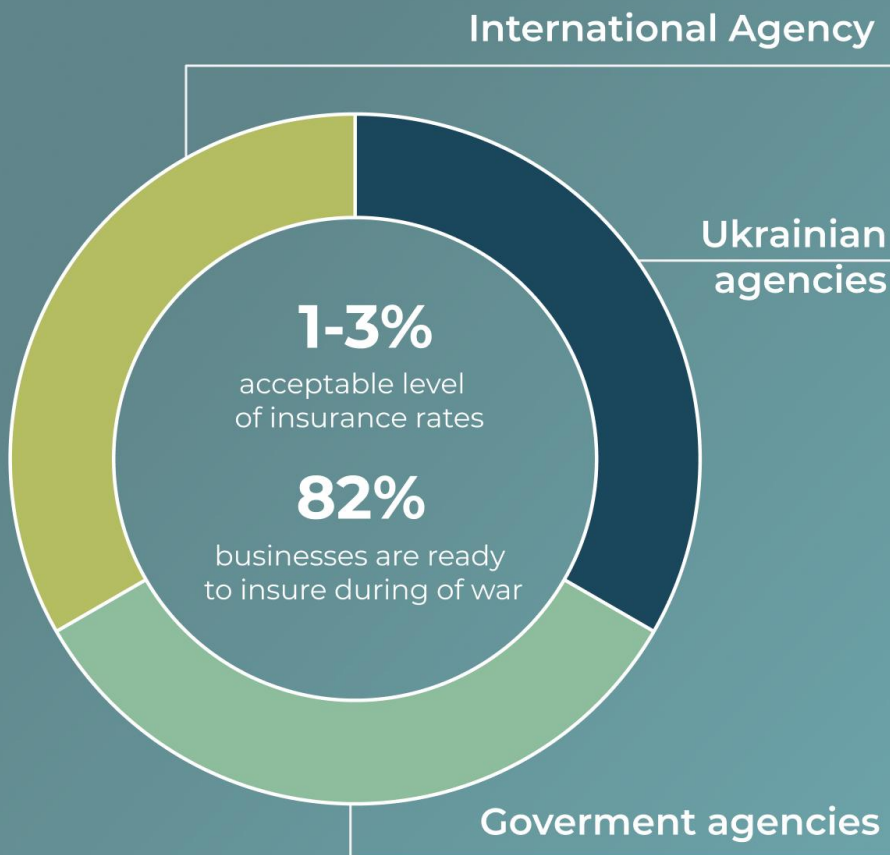
\*\*\* - Regarding the use of land plots with a change in purpose for the establishment of industrial parks according to Article 208 of the Land Code.

\*\*\*\* - During the period of martial law and for six months after it ends or canceled, the Procedure for providing full or partial compensation of interest rates on loans for the establishment and/or implementation of economic activities within industrial parks has been suspended.



# INVESTMENT INSURANCE

U



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**



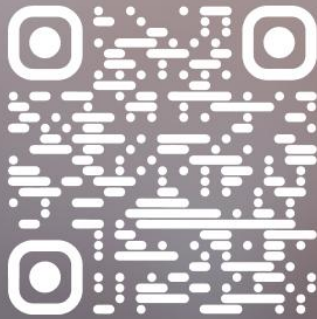
Ship insurance in the Black Sea: **2023**  
 Containers with grain, iron ore, and steel, electrical equipment, fodder  
 Annual rate: **0.75%**  
 Coverage amount: **USD 50 mln**



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**



UKRAINEINVEST  
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## TRANSFORMING UKRAINE

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