

# Ukraine's Reforms, Transitions, and Market Opportunities: Kyiv's Deal Pipeline in 2025

KI Insights Monthly Briefing, 20 May 2025

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**Your inside partner  
in Ukraine**

KI Insights is a commercial research, due diligence, and risk advisory that aims to facilitate the rebuilding of Ukraine

Supporting  
policy-shapers,  
companies and  
IOs that want to  
help Ukraine

- Trusted partner – leverages Kyiv Independent's brand and known financial and organizational independence
- Deep network and knowledge of Ukrainian business and political realities
- Know-how in delivering analytical products in challenging and fast-moving environments using mixed methods

Commercial research (own & white-label)

Subscriber analytical packages

# Non-subscriber Products: Commercial Research



## Tailored Research

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Provides an in-depth exploration of a specific question, customized to meet the unique needs of a single company or organization.

- Sectoral research, catalogues
- Stakeholder mapping



## White-label Reports

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Research published and branded under the client's name



## Sponsored Reports

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Research published under the KI Insights brand, backed by third-party sponsorship

- Thematic research
- Policy analysis



## Due Dilligence

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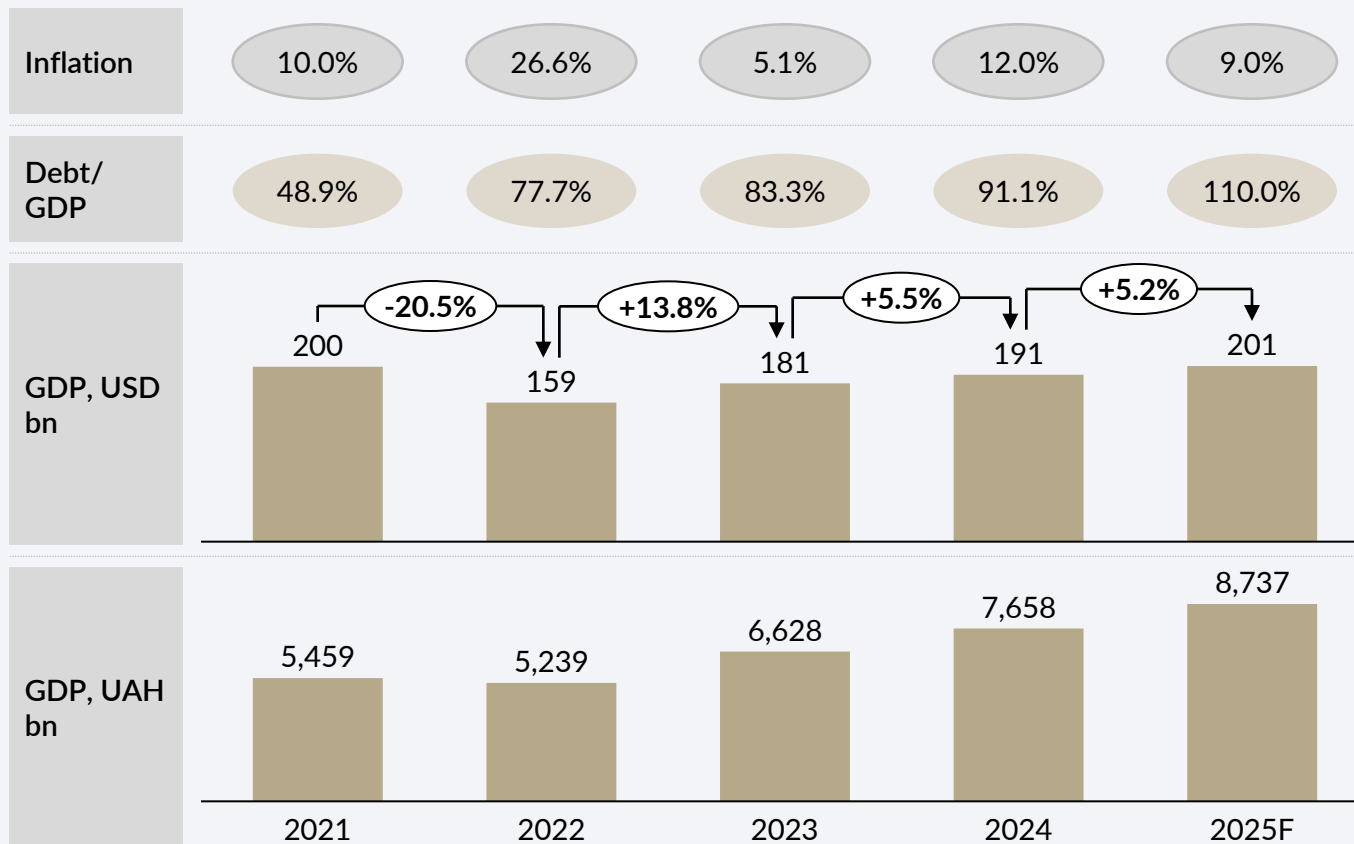
Actionable intelligence to mitigate risks

- Integrity Assessments
- Market Entry Support

- While significantly delayed, **a large-scale reconstruction project to rebuild Ukraine is expected**. It will have **government support** (external aid, frozen assets, domestic borrowing), but **private sector involvement** will also play a critical role
- Guarantees, insurance, and investor protection play an important role, but **the sector also needs to showcase success cases to stimulate the interest of international players** to come and invest in Ukraine
- **Cases of successful investment** into Ukrainian and Ukraine-related businesses, especially in the early phase of reconstruction, thus **set the tenor of private capital interest in Ukraine**

# Ukraine's economy has withstood, but at a price

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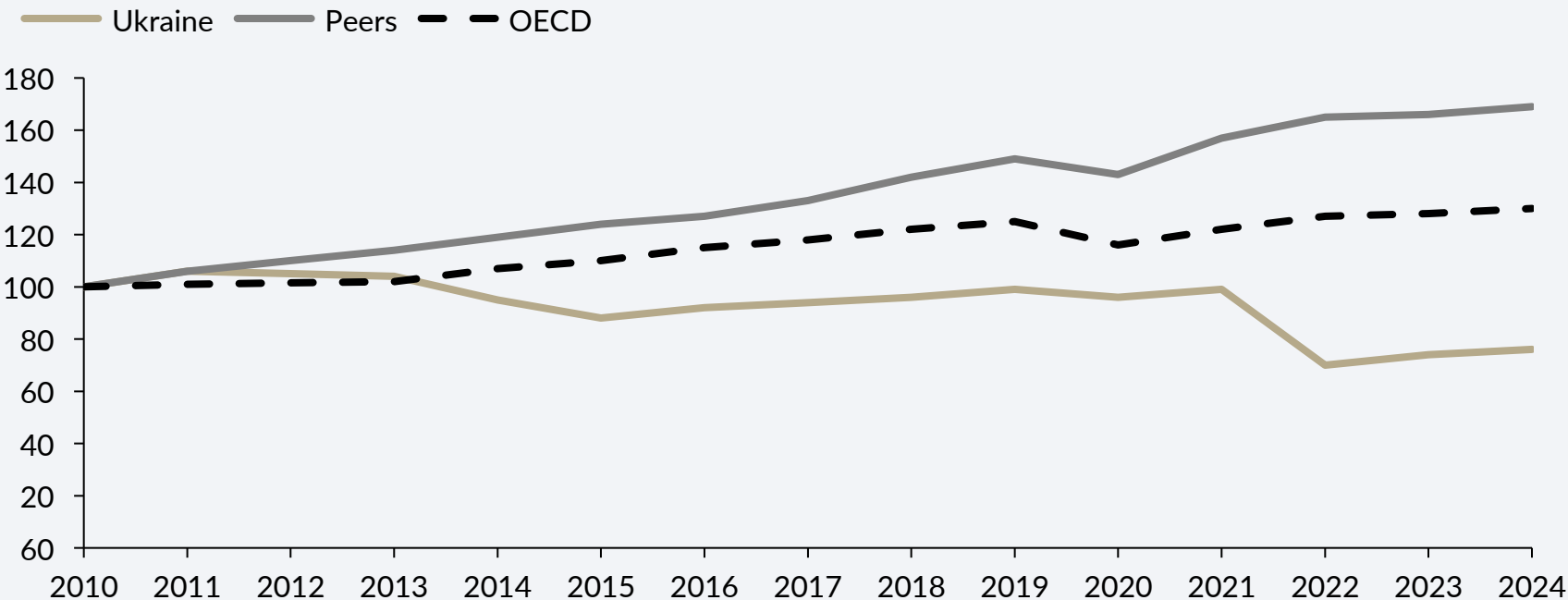
- Ukraine's economy has bounced back after a 28% crash (real GDP) in 2022
- The main drivers: **external aid**, **high borrowing** (via bank boom), **military economy** (payments to AFU, social payments for injury and deaths)
- However, Ukraine has a **debt overhang** and a **monetary overhang**, as well as rising inflation (which will get worse in the case of reconstruction)

# Ukraine massively lags peers – but catch-up is real

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After the initial shock of the full-scale invasion, Ukraine's economy has been resilient

GDP, 2010 = 100, constant prices, international USD at PPPs



Note: Unless otherwise indicated, data for Ukraine relate to the geographical area under the control of the Government of Ukraine at the time the data are collected, references to 'Peers' refer to the unweighted average of Hungary, Lithuania, Poland, Romania, Slovak Republic, and Türkiye, and to 'OECD' to the unweighted average of OECD countries.

Source: OECD, IMF World Economic Outlook (database).

# Ukraine is implementing an ambitious reform program

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## 1. Fundamentals

Liberalizing markets, business environment, public sector

## 2. Internal market

Remove restrictions, regulator accountability, info exchange

## 3. Competitiveness and inclusive growth

Deregulation, entrepreneurship...

## 4. Green agenda + sustainable connectivity

Transport and energy

## 5. Resources, agriculture, cohesion

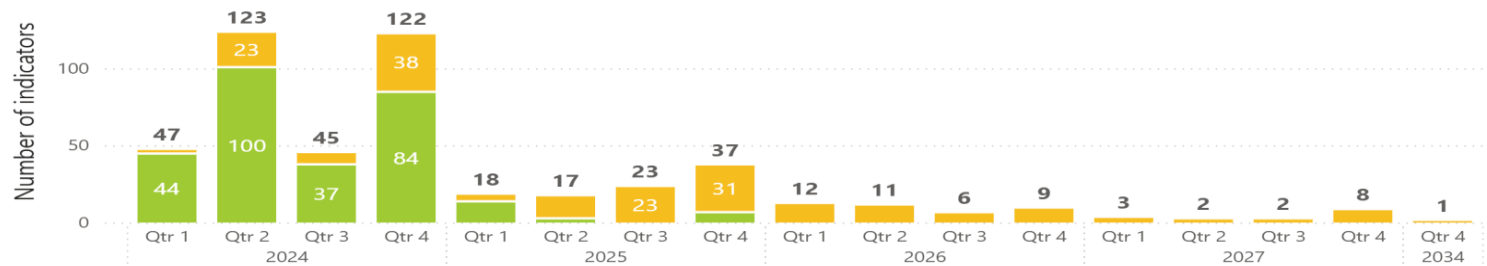
Aligning agricultural and rural development standards

## 6. External relations

Align foreign policy, WTO and EU aligned trade policy

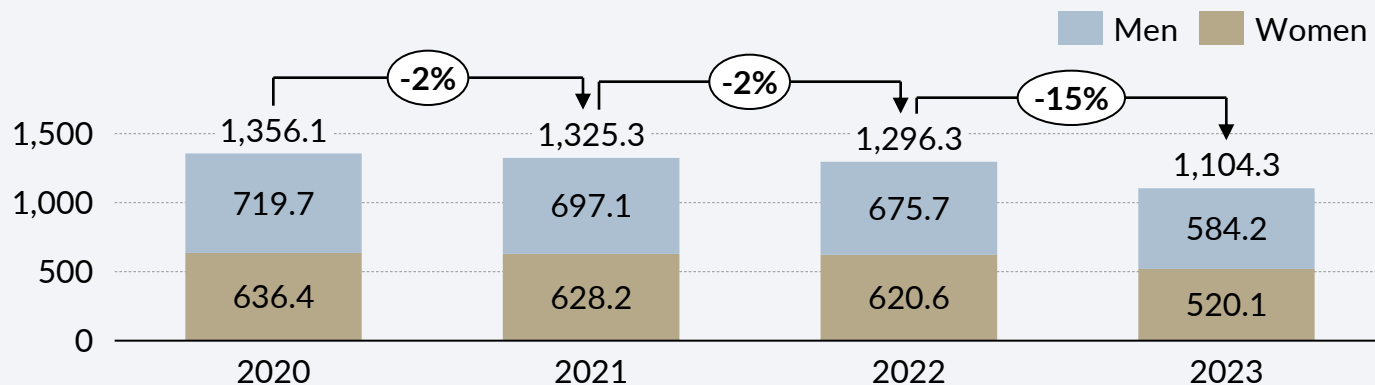
### Indicators timeline

Status ● Done ● In progress

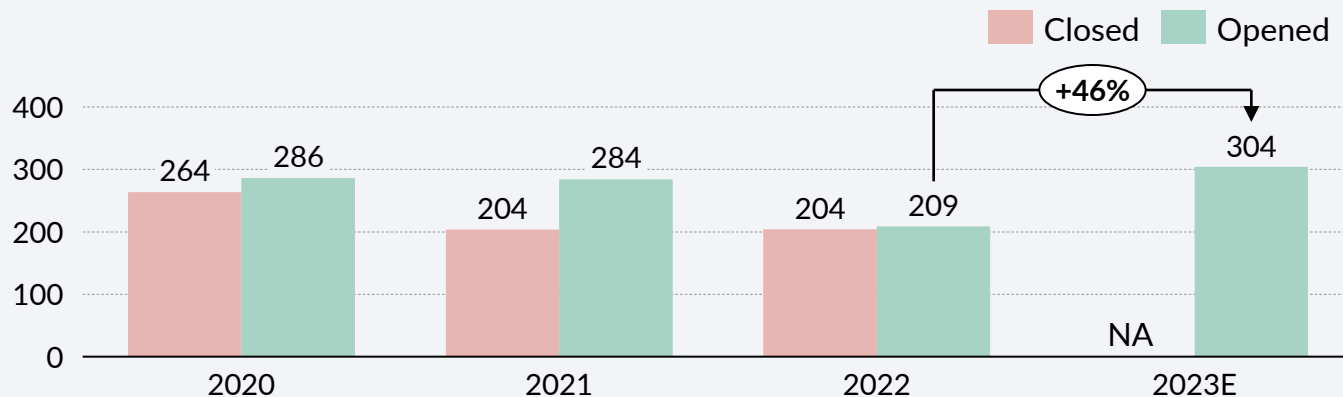


Data as of 01.04.2025

Ratio of  
opened and  
closed IEs by  
gender, '000s



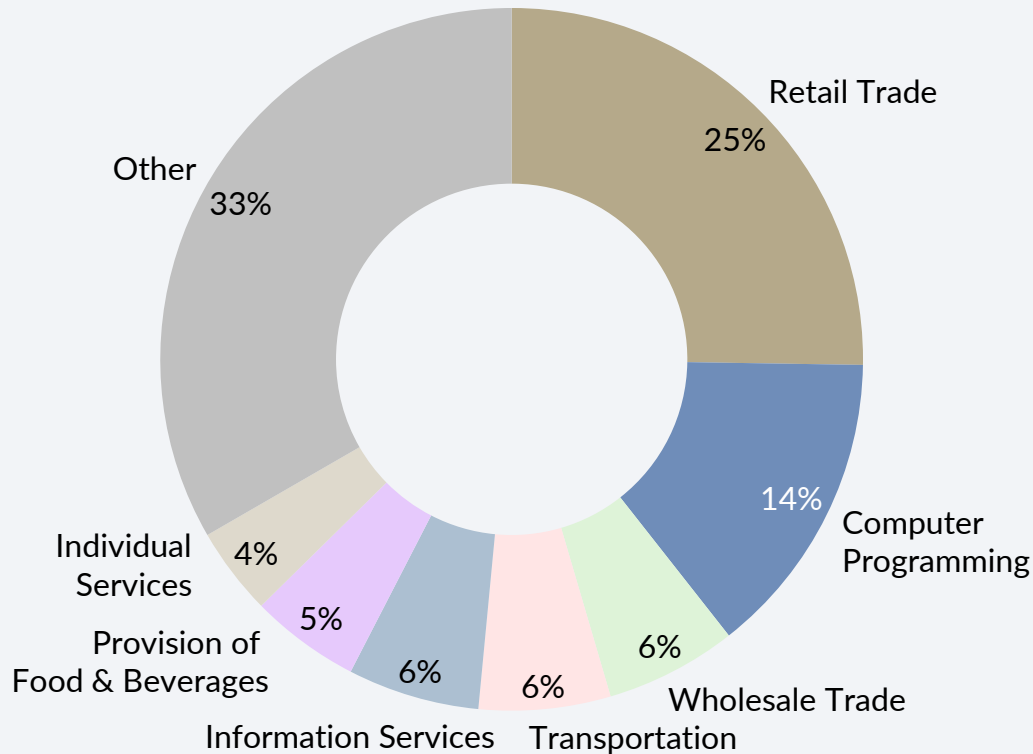
Opened and  
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# IEs – a Mix of Low-Skill Labor and Top Earners

Breakdown of IEs by Sector (2022)



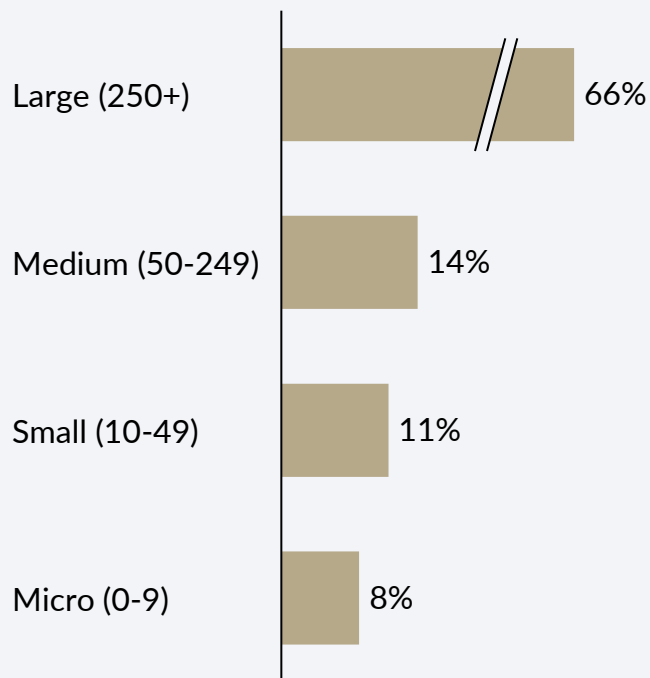
Source: Opendatabot

- Individual entrepreneur status is primarily used by relatively low-skilled labor (retail, service industry, transportation).
- However, a group of three high earners can leverage IE status to secure earnings up to \$224K annually with only ~6.5% tax burden.
- IEs offer high-earners a low-tax regime, while also delivering a tax-optimized solution for large firms to employ a large workforce

# Ukrainian employment remains a story of large firms

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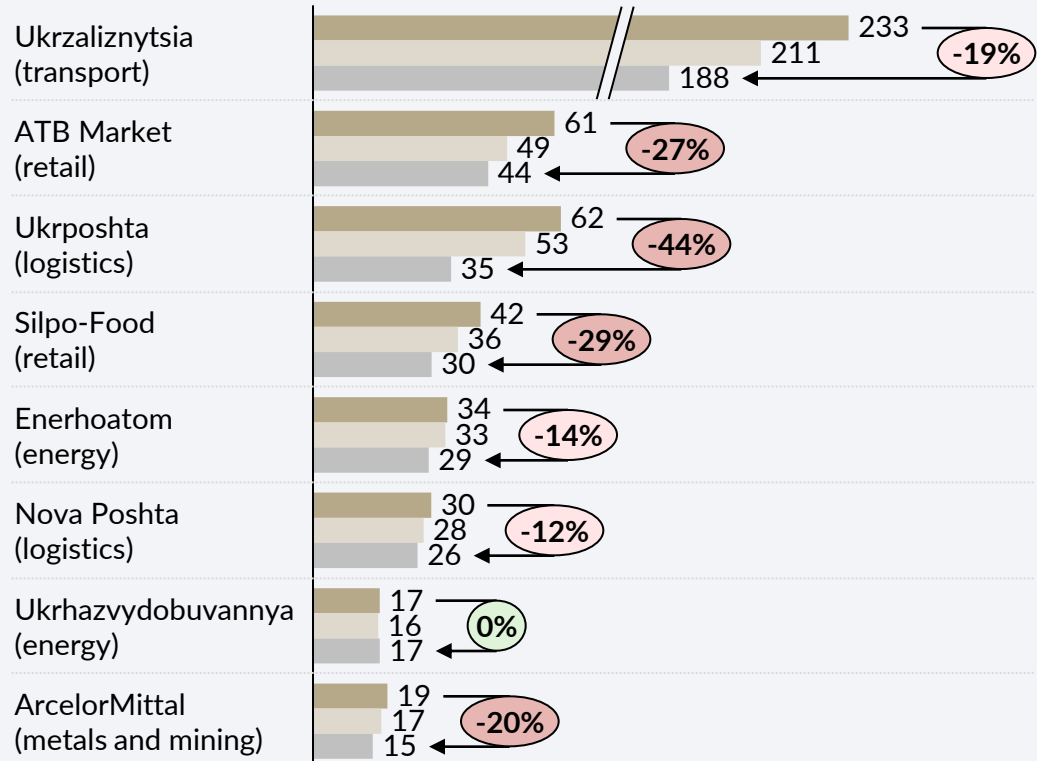
Employed workers by enterprise size (2023), %



Source: Helvetas, YouControl

Largest employers in UA ('000s, 2021-23)

2021 2022 2023

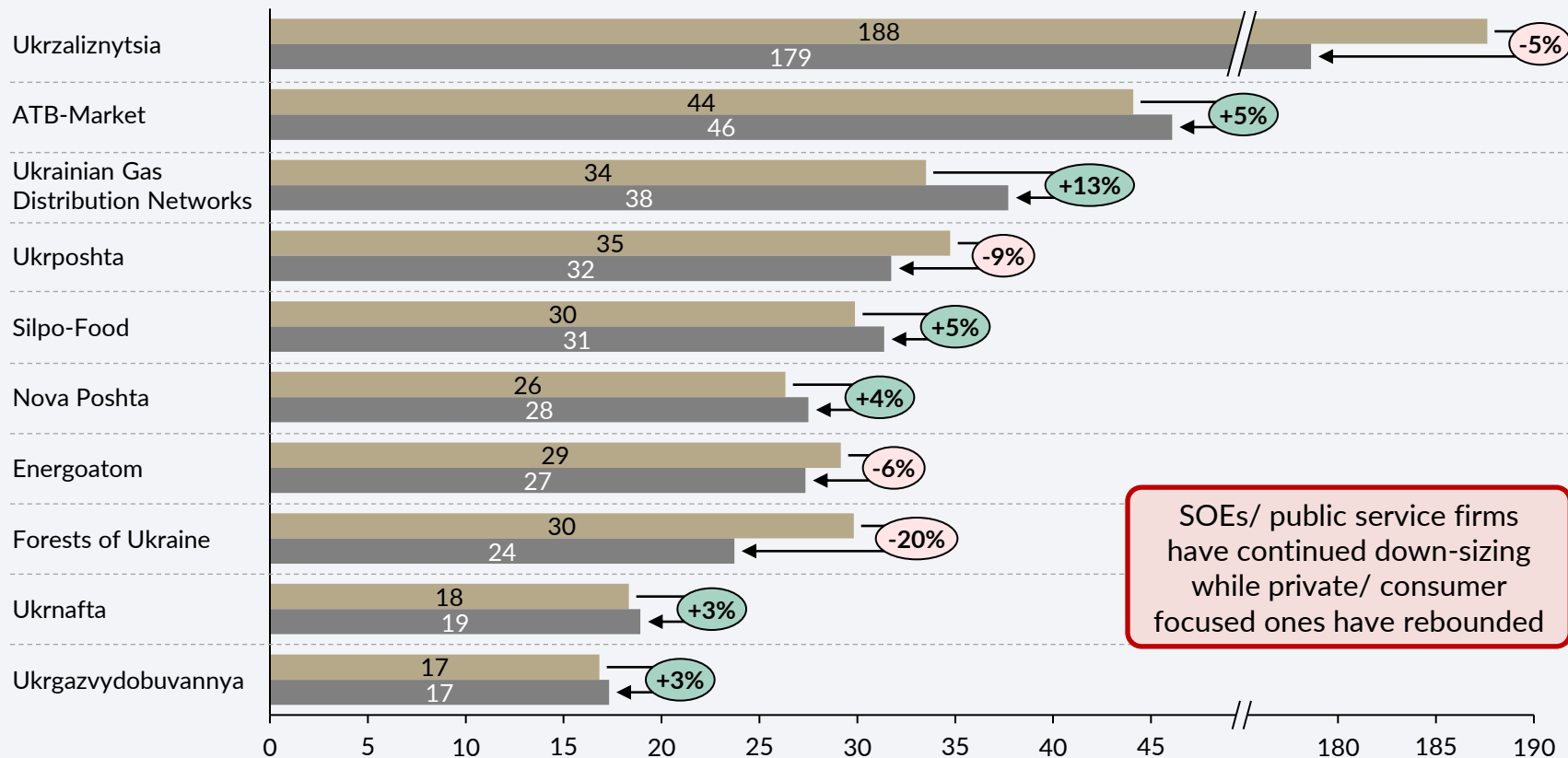


# Ukraine remains a country of big businesses

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How company staff numbers changed ('000s)

2023 2024



Source: YouControl

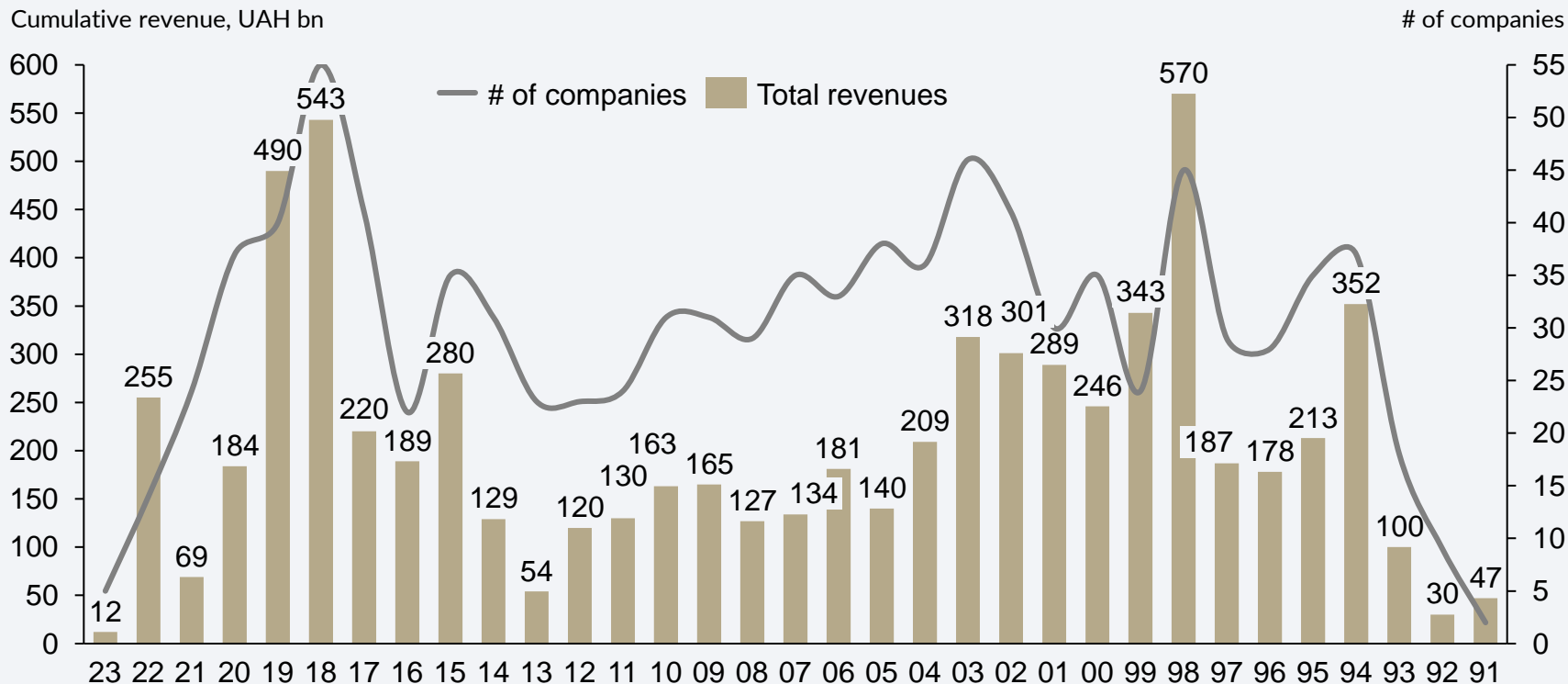
# Ukraine's Top-1000 companies by sector

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	Total revenues of Top-1000 firms by sector (UAH, bn)	Total # of firms in Top-1000, #	Change in % of revenue of Top-1000, ppts
Oil & Gas	1,204 //	115	-4.2%
Energy	1,142 //	104	-1.4%
Retail	761	60	+2.3%
Restaurants	590	139	+0.5%
Agribusiness	507	97	-1.0%
Metallurgy	464	48	-0.5%
Wholesale	379	70	+1.2%
Transport & Logistics	287	31	-0.2%
Tobacco	283	17	+0.9%
Cars/ Vehicals	221	47	+0.7%
Pharmaceuticals	220	34	+0.2%
Machine building	186	52	+0.9%
Chemicals	174	44	-0.3%
Coal industry	114	9	-0.2%
IT	81	22	-0.2%

Source: YouControl

## Revenue of Ukraine's Top-1000 companies by age of registration (UAH bn, 2024)



Source: UkrStat, EDR; analysis by YouControl

“Push” factors

“Pull” factors

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### Income of top 10 Ukrainian realtors

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ATB-Market					
Silpo					
Vygidna / Av					
Fo					
Rozet / Roz					
Novus U / NO					
Metro / Carry U					
RUSH					
Omega /					
Foodcom / Velika Kyshenya					

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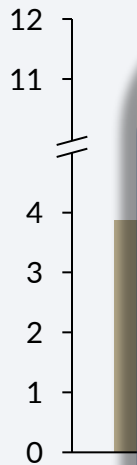
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### Selected recent cases

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- July 2024 – Re-launch of the “Great Privatization” after suspension at the start of the full-scale invasion
  - Sept 2024: First sale: Hotel "Ukraina" — a 4-star hotel in the heart of Kyiv. Starting price: over UAH 1 bn (USD 25.3 mn). Sold for UAH 2.5 bn (USD 60 mn) to TOV "Ola Fine" (owned by Maksym Kryppa).
  - Oct 2024: Sale of JSC "United Mining and Chemical Company" — Ukraine’s largest producer of titanium ore and concentrates. Starting price: UAH 3.9 bn. Sold to "Cemin Ukraine", owned by Azerbaijani businessman Nasib Hasanov, for UAH 3.94 bn.
  - Dec 2024: TOV "Aeroc" — Leading manufacturer of aerated concrete products with production facilities in Kyiv and Lviv regions. Confiscated from a Russian oligarch. Starting price: UAH 965 mn. Sold for UAH 1.89 bn to TOV "Trident Geoinvest Ukraine", part of the BVG group (owned by Hennadii Butkevych, co-owner of ATB).

- In 2024 Ukraine was aiming for UAH 4 bn (~\$100 mn) in revenue from privatization – it **exceeded the target by 2.5x, reaching UAH 9.7 bn** in revenue from the sale of 377 objects
- Note: potential issues with directed or insider privatizations

#### CONTEXT:

- “Great Privatization” - assets worth over UAH 250 mn, approx. USD 6 mn
- “Small Privatization” - assets worth under UAH 250 mn

Small privatization includes: Non-residential premises; Cultural and commercial properties (cinemas, shops, clubs); Complexes of various facilities; Industrial assets (plants and factories); Recreational facilities (health camps, resorts); Corporate rights (share packages); Equipment and other diverse assets; Buildings and structures with a completion rate of 50% to over 80%

### Older positions:

- TOV "Demurinsky Mining and Processing Plant" – development of the Vovchanske titanium and zirconium deposits.
- TOV "Investment Union Lybid" (Ocean Plaza mall) – one of the largest shopping and entertainment centers in Kyiv, partially confiscated.

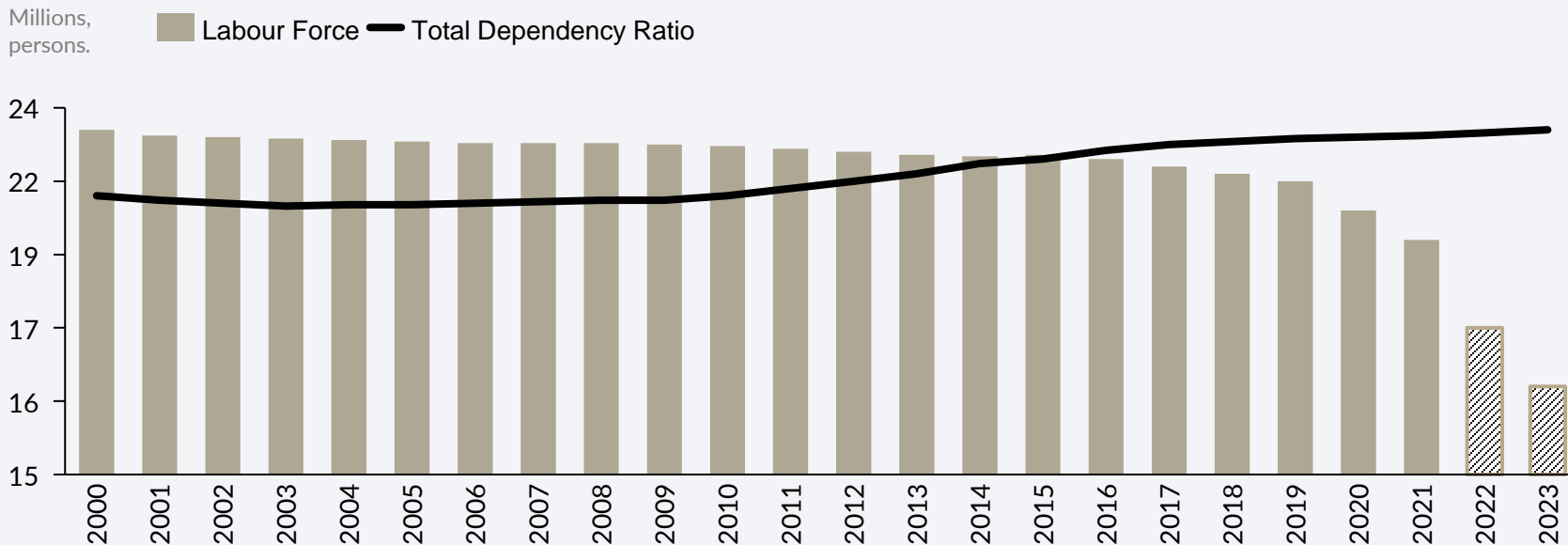
### New positions:

- June 11 – auction for JSC "Sumykhimprom", a chemical enterprise producing mineral fertilizers, titanium dioxide, inorganic chemicals for, among others, agricultural sector. Starting price: UAH 1.2 bn. Company debt: at least UAH 3.4 bn.
- June 18 – bidding scheduled for JSC "Developer Ukrbud" – formerly one of Ukraine's largest developers. Starting price: UAH 262.6 mn. Company debt: at least UAH 8.5 mn.
- After martial law is lifted, the legalization of land privatization for foreign companies is anticipated.

NB: For the first time in modern Ukrainian history, great privatization assets were sold via electronic auctions (Prozorro.Sale), offering transparency to the public. As a result, despite the war, the average number of bidders per auction increased from 3 to 5. However, USAID was a privatization supporter

# Key challenges – Labor issues

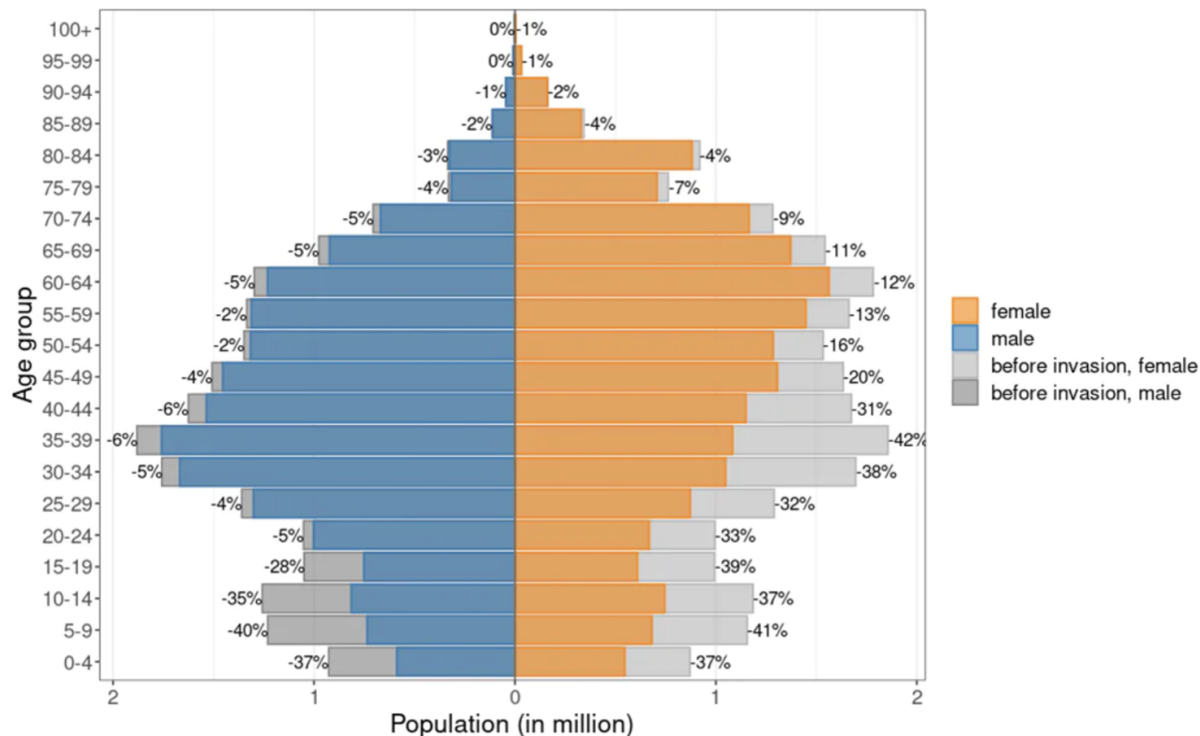
After the initial shock of the full-scale invasion, Ukraine's economy has been resilient



Note: Data for the labour force refer to the population of both sexes aged 15 years and over (before 2019 the reference age was 15–70 years), who during the reference week provided labour force on the labour market. Employed and unemployed is included in the labour force. 2022–2023 are OECD estimations.

Source: World Bank World Development Indicators (WDI), UN World Population Prospects 2024.

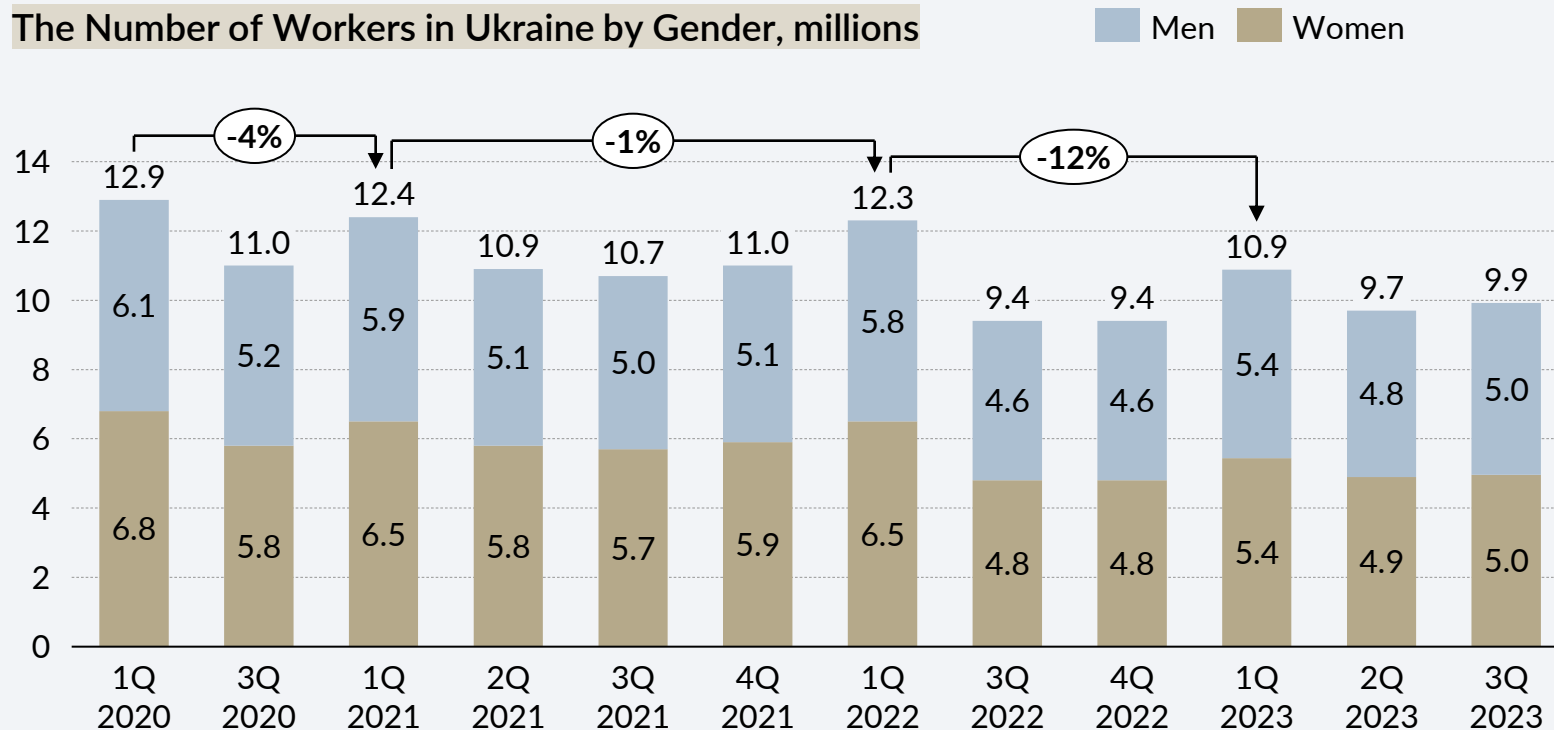
### Ukrainian Population by Age and Gender



- Refugee flows have continued through 2023 and 2024.
- Russia remains a major exit destination for Ukrainians – many later leave for Europe and other countries, but a sizable minority stay.,
- Poland and Germany collectively account for 30% of all Ukrainian refugees abroad (easier to maintain ties vs. historical emigration to the US and Canada).



The Number of Workers in Ukraine by Gender, millions



### 10,000-feet view of UA pre-election political field and key risks for the current administration

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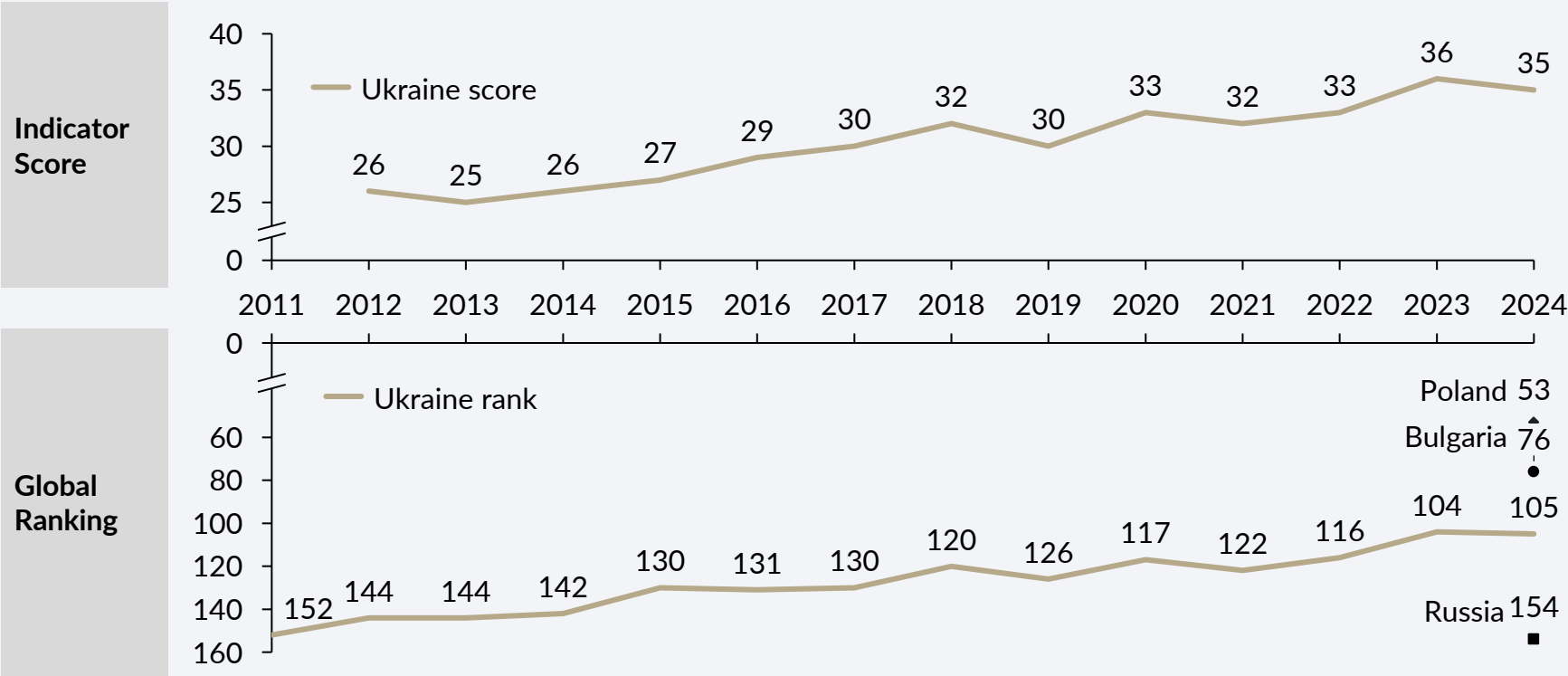
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Note: % figures  
indicate current  
potential targets

(Romania scenario)

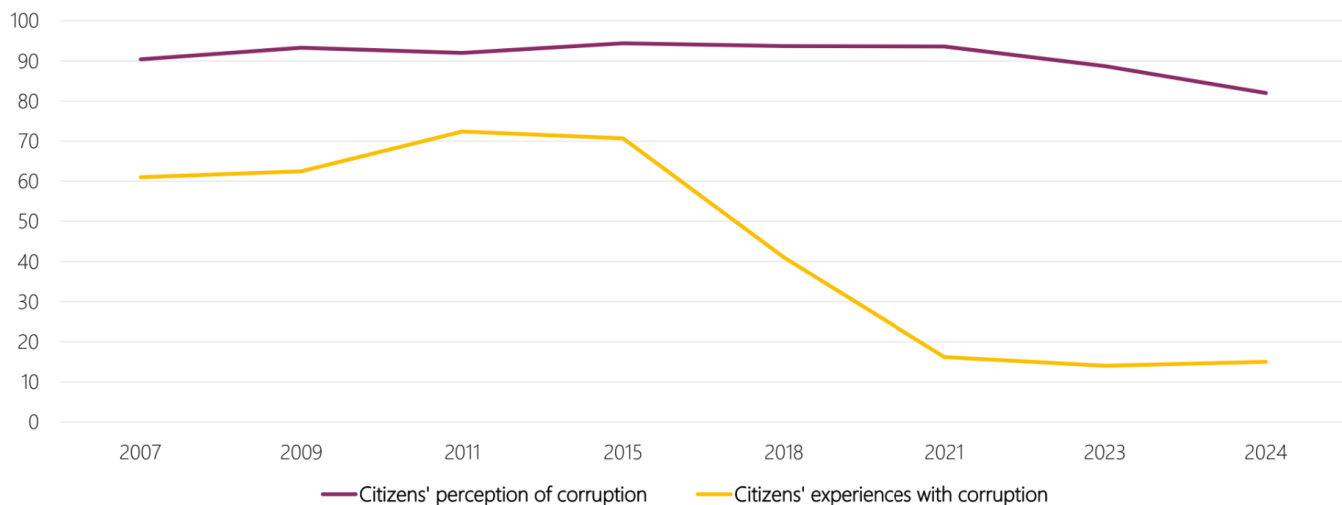
(~ 10%)

## Ukraine Performance in the Global Corruption Perceptions Index



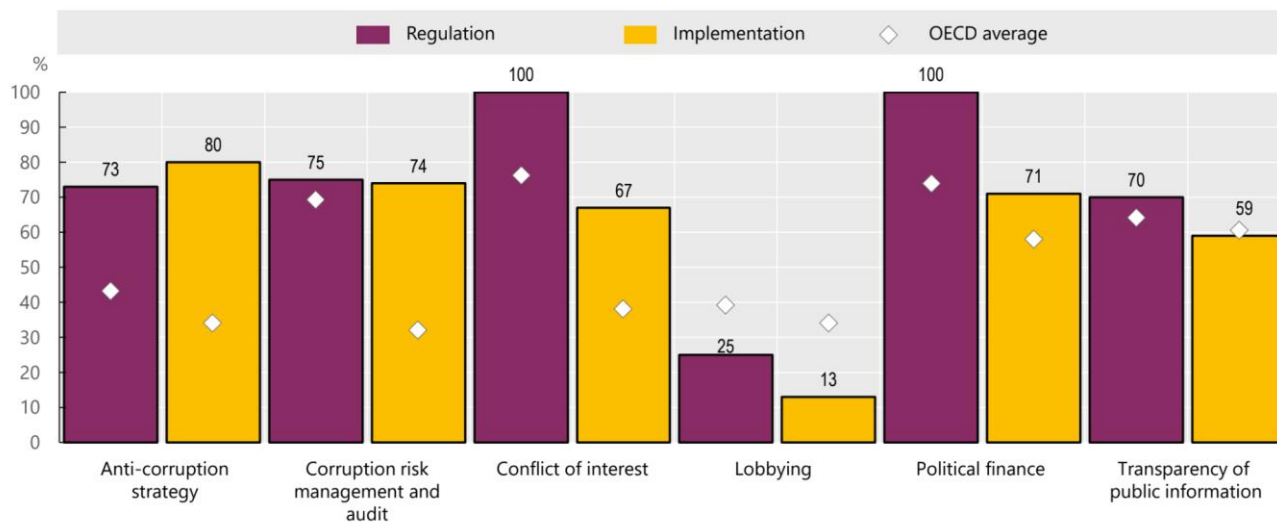
Source: Transparency International

### Public experiences with everyday corruption have declined since 2014



Note: The latest poll is part of the eighth Corruption Perception and Experience series (since 2007) and was conducted from June to August 2024 by the Kyiv International Institute of Sociology (KIIS). It surveyed 13 151 respondents across 3 groups: the general population, internally displaced Ukrainians (IDPs), and externally displaced Ukrainians (EDPs). Methodologies included stratified random sampling for the general population, in-person interviews for IDPs, and a mix of online and phone surveys for EDPs. The margin of error is  $\pm 1.5\%$  at a 95% confidence level. Source: ENGAGE.

### Ukraine's overall public integrity framework now compares well with the OECD average



Source: OECD Public Integrity Indicators (2024).

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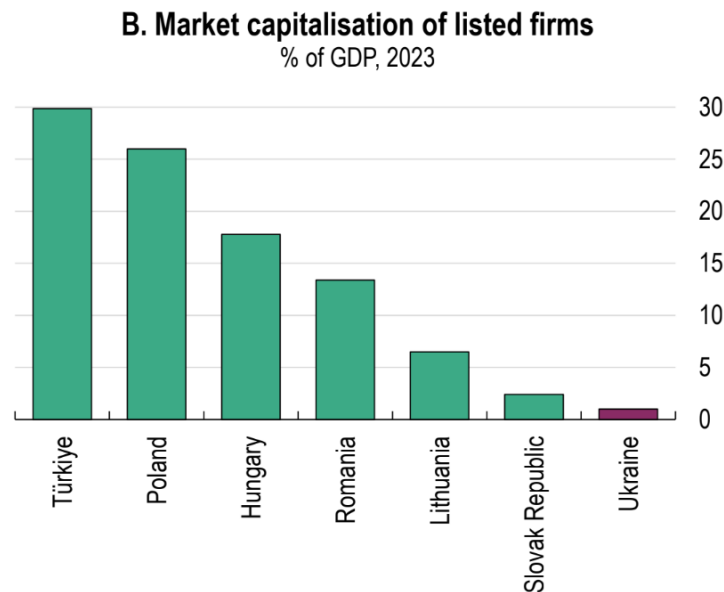
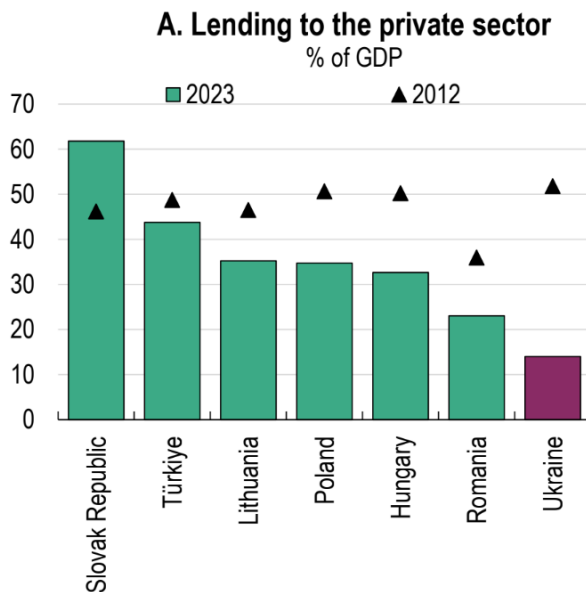
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### Better protecting creditors and simplifying listing processes would help finance new investment



Note: Panel B: The market capitalisation for Ukraine is based on the estimated market capitalisation of the 22 companies trading shares in the Ukrainian stock markets. The market capitalisation figures for other countries are from the OECD Capital Market Series Dataset.

Source: World Bank, World Development Indicators, London Stock Exchange Group; National Securities & Stock Market Commission (NSSMC), OECD Capital Market Series Dataset.

- **Ukraine continues to offer promising business opportunities**, even amid the full-scale war – however, there is a significant issue in terms of pricing (despite country/ war risk, **Ukraine does not trade at a typical frontier market discount**)
- **Labor shortages and continued degradation of infrastructure will continue to erode the value of Ukraine's firms.** Despite the hype about digital transformation, defense tech, creative industries... **Ukraine's economy is still dominated by large old economy players**
- The **prospect of European accession is promising**, regardless of the state of the broader reconstruction program – but it may alter the validity of certain business models + the EU itself

# KI INSIGHTS

Thank you!

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## Support our upcoming research!

Proposed research project

### Gen-U? Deciphering Ukraine's 1<sup>st</sup>-time voters

Shaped by social media, Covid-19 and war with Russia (but insulated from mobilization), Ukraine's 18-24 y.o. demographic stands apart from previous demographic co-hort. We want to understand their values, goals, concerns and role in potential elections.

Reach out to [insights@kyivindependent.com](mailto:insights@kyivindependent.com) to discuss potential collaboration.