

The logo for URN Network is centered on a dark blue background. It features the letters 'URN' in a large, bold, white, sans-serif font. The 'U' and 'R' are connected at the bottom. Below 'URN', the word 'NETWORK' is written in a smaller, bold, white, sans-serif font. The background is decorated with a faint, light blue geometric pattern of overlapping lines forming various polygons, and a blurred image of a crowd of people is visible in the background.

URN
NETWORK



War & Business

NOVEMBER 7, 2023 · KYIV, UKRAINE



ANDREW'S BIO

- Investor, Ukraine Business News (UBN) and UBN Network Founder
- 12 years of progressive experience in Investment Management
- Former investment banker with Goldman Sachs (NYC) and a financial analyst at Tishman Speyer (NYC).
- Founded Ukraine Business News in 2018 and is a Co-Founder of UBN Network.
- Holds an MBA from Case Western Reserve University (USA) and is a Zhytomyr Polytechnic State University graduate.



- 4500 unique subscribers
The Morning Economic Digest
EC, EU Parliament Members, Embassies, Foreign / Domestic Businesses, etc.
- 20 professionals
UBN News Team
Journalists, Researchers, Analysts, IT, Translators, Editors
- >1,000,000 visitors
UBN Website monthly
60-65% of our readers are from the US, Canada, and the EU
- 7 languages
presented on the website
German, French, Spanish, Polish, English, Ukrainian, Russian





ERU

ENERGY RESOURCES OF UKRAINE

Big **THANK YOU**
to the ERU Founders
Dale Perry and Yaroslav Mudriy



UBN NETWORK

PRIVATE COMMUNITY
OF DECISION MAKERS

UBN Network is a private community that includes industry leaders, business owners, and the top management of domestic and international companies doing business in Ukraine.

We would like to provide your business with additional tools to help you effectively navigate the Ukrainian market.



UBN Network member benefits include access to

PRIVATE EVENTS

Learn and Engage

- ✓ Exclusive discussions with 50-100 participants from different industries
- ✓ Be part of essential conversations with decision makers
- ✓ Forum for in-person networking and live benchmarking of issues and expectations

EXCLUSIVE MATERIALS

Research and Analysis

- ✓ Explore regional upcoming political and macroeconomic trends
- ✓ Benchmarking surveys, quarterly reports, and macroeconomic forecasts
- ✓ Budgeting, talent management research and Ukraine's development prospects

PERSONALIZED MEETINGS

Streamline Communication

- ✓ Request a private meeting with tailored briefings and research
- ✓ Holding personal meetings with each UBN Network member and his team for individual analysis of the market, needs and interests



MARK'S BIO

- Former Managing Director of Europe at FrontierView, specialising in CIS Markets.
- Published articles with Harvard Business Review, interviewed on television and in print by the BBC, Bloomberg, Forbes, Wall Street Journal, MSNBC, CNBC, and Intellinews.
- Taught courses on counterterrorism to CIA/FBI agents at the US Army Combating Terrorism Center
- Taught a course on Investing in Emerging Markets at the London Institute of Banking & Finance (LIBF)
- Interned for former US Secretary of State Madeline Albright
- Holds an MA in Eastern European & Eurasian Studies from John Hopkins SAIS; BA in History and Theology from the University of Notre Dame





War & Business

GRAND OPENING EVENT • KYIV, UKRAINE

2024

MACROECONOMIC OUTLOOK



AGENDA

- Key Takeaways
- Global Macroeconomic Outlook for 2024
- The War: Scenarios & Implications
- Ukraine Macro Outlook
- Ukraine Market Dynamics
- FAQs
- Q&A



KEY TAKEAWAYS

- Global growth is more resilient than expected, but unlikely to revive strongly in 2024
- Inflation remains sticky, with implications for politics, demand, and pricing
- The war looks set to last into 2025 without a major change in the line of contact
- Ukraine's economy has beaten expectations, encouraging further strength in 2024





War & Business

GRAND OPENING EVENT • KYIV, UKRAINE

2024

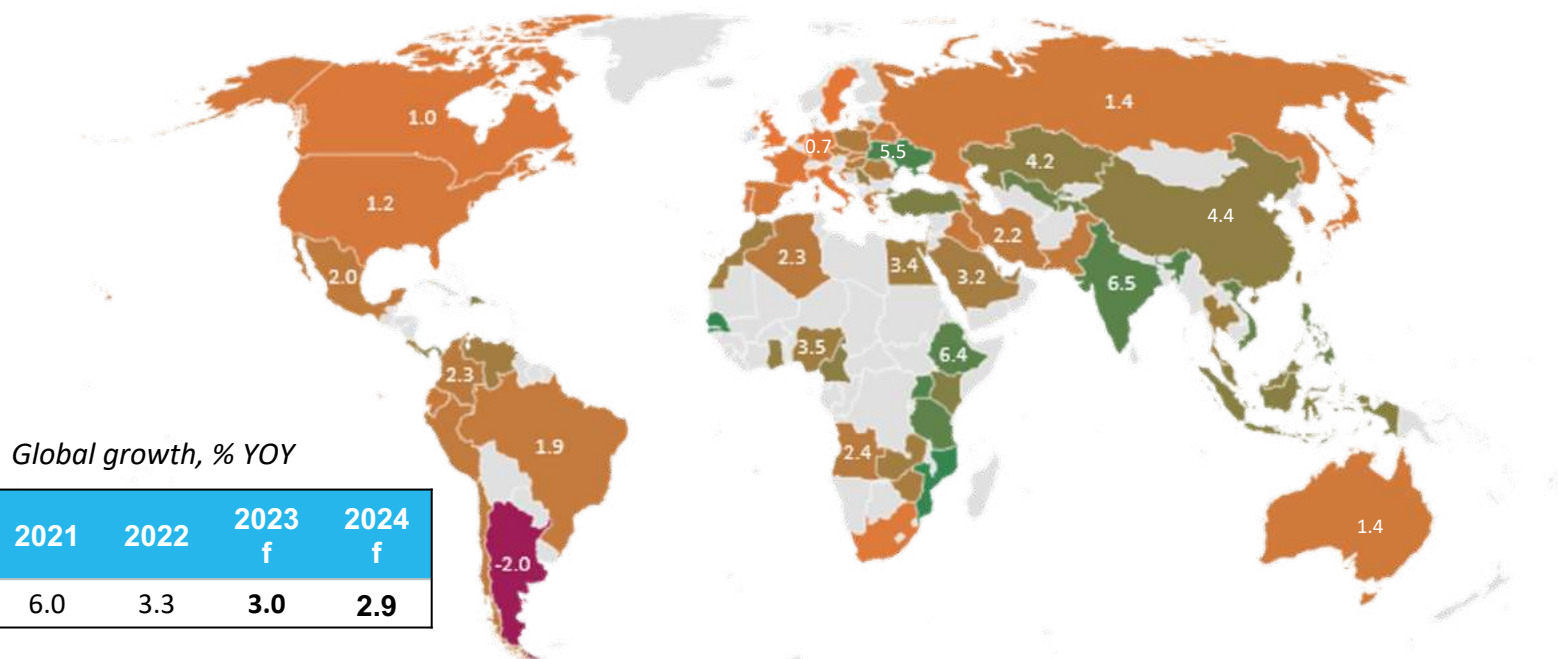
GLOBAL MACROECONOMIC OUTLOOK



Growth in 2024 will remain relatively flat compared with 2023

High interest rates will weigh on overall economic activity

2024 Real GDP growth forecasts



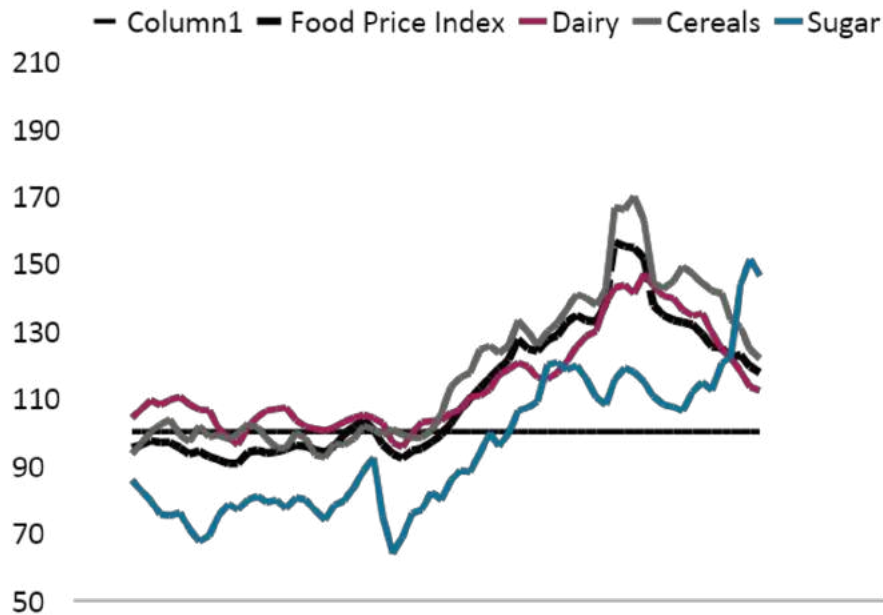
Why should Ukraine care?

- Investors become more accustomed to geopolitical risk at the global level
- Ukraine's growth rate is more appealing than most markets

Elevated commodity prices through 2024

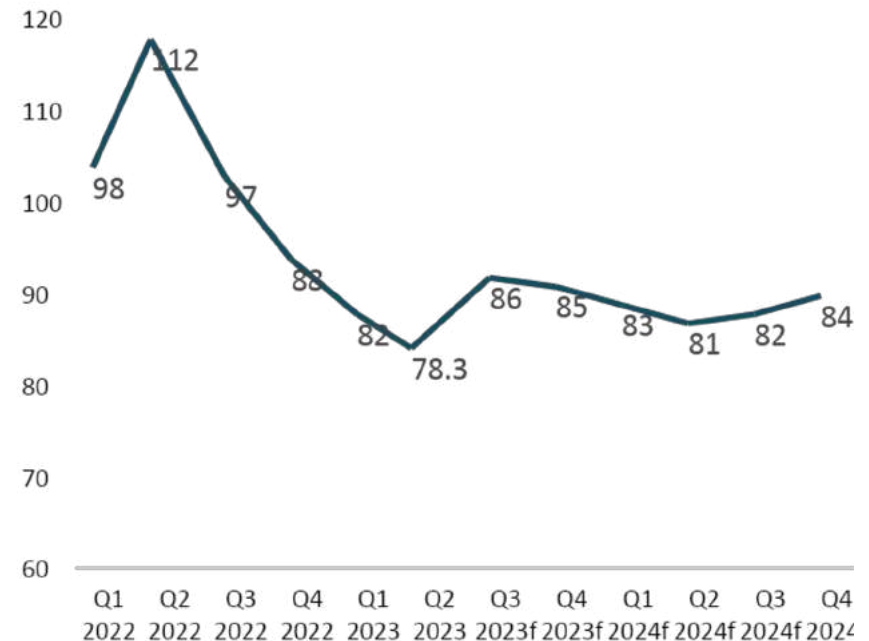
Several risks exist for further spikes in food prices

Food Price Index, 2014–2016 = 100



Oil is forecast to average US\$ 83/bbl. in 2023 and US\$ 82/bbl. in 2024

Oil price data and forecasts, 2022–2024



Why should Ukraine care?

- Domestic Inflation and Impact on Discretionary Income
- Russia's financing for the war

The dollar will remain strong into next year

The US dollar has weakened from last year's historic highs, but remains strong as Fed rates remain elevated



Why should Ukraine care?

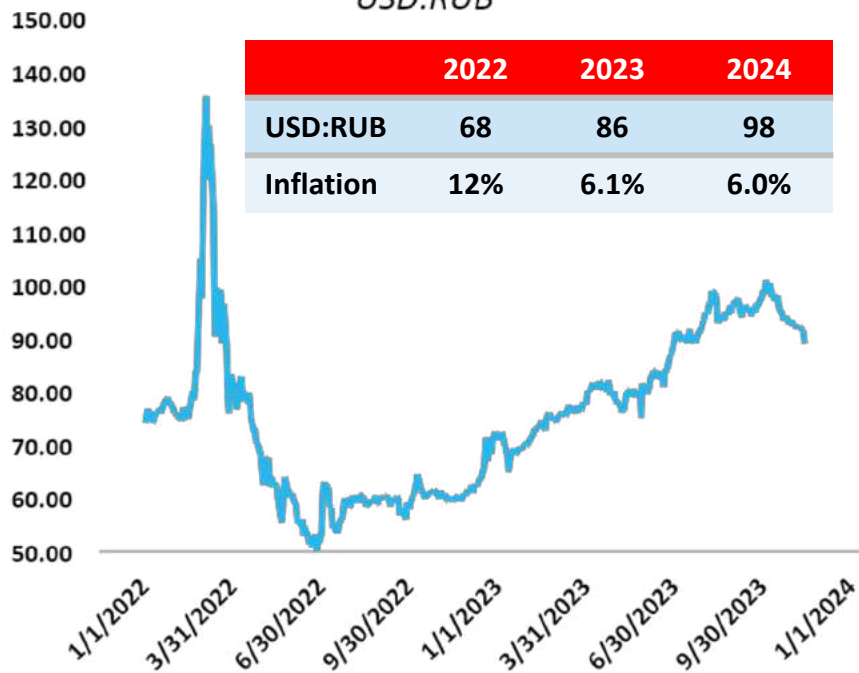
- Continued pressure on the hryvnia

Russia: Weak outlook as economic fundamentals deteriorate

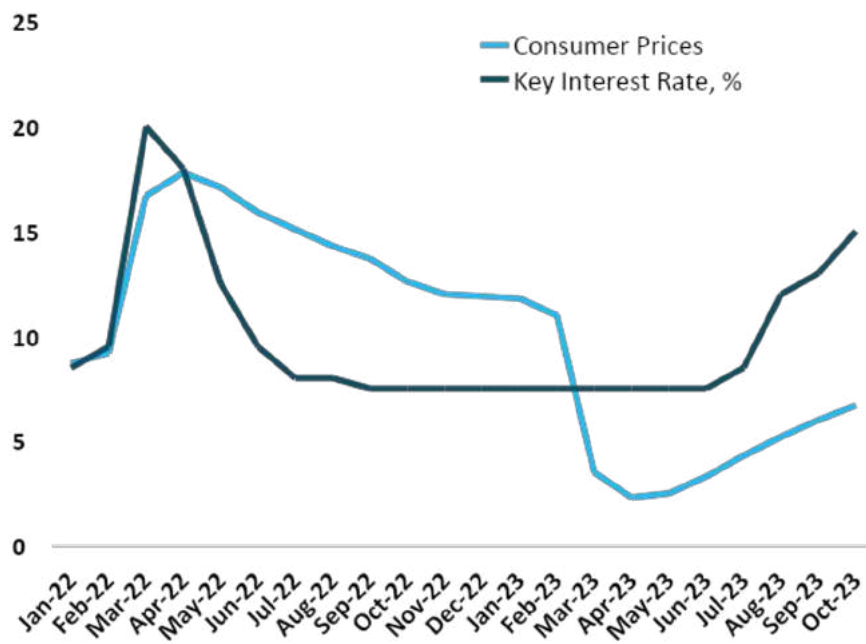
Growth will remain stagnant due to the war and sanctions

- *Consensus: GDP ~1-1.5% YOY in 2023 and 2024*

Ruble weakness will be an enduring trend through 2024
USD:RUB



Rising inflation and higher interest rates will weigh on lending, investment, and demand



Why should Ukraine care?

- Russia is going to have an economic crisis at some point

WAR IN UKRAINE

Scenarios and Implications



Russia-Ukraine war scenarios through 2025

End point	Scenario 1: Russian 'victory'			
Likelihood	10%			
Likely timeline	Late 2024/2025			
What it looks like	<ul style="list-style-type: none">• Western support cut off, likely due to a Trump presidency in the US.• Ukrainian government effectively forced to negotiate for peace.• Russia seizes more territory; Ukraine turns war into an insurgency.			

Russia-Ukraine war scenarios through 2025

End point	Scenario 1: Russian 'victory'	Scenario 2: Ukraine wins, Russia pulls out		
Likelihood	10%	50%		
Likely timeline	Late 2024/2025	Late 2024/2025		
What it looks like	<ul style="list-style-type: none"> • Western support cut off, likely due to a Trump presidency in the US. • Ukrainian government effectively forced to negotiate for peace. • Russia seizes more territory; Ukraine turns war into an insurgency. 	<ul style="list-style-type: none"> • More military defeats for Russia in multiple offensives over the next year. • Russia is forced to end the war and pulls troops back. • West provides Ukraine some form of security guarantees 		

Russia-Ukraine war scenarios through 2025

End point	Scenario 1: Russian 'victory'	Scenario 2: Ukraine wins, Russia pulls out	Scenario 3: Frozen conflict, fighting persists at lower level
Likelihood	10%	50%	35%
Likely timeline	Late 2024/2025	Late 2024/2025	Possible by mid-2024
What it looks like	<ul style="list-style-type: none"> • Western support cut off, likely due to a Trump presidency in the US. • Ukrainian government effectively forced to negotiate for peace. • Russia seizes more territory; Ukraine turns war into an insurgency. 	<ul style="list-style-type: none"> • More military defeats for Russia in multiple offensives over the next year. • Russia is forced to end the war and pulls troops back. • West provides Ukraine some form of security guarantees 	<ul style="list-style-type: none"> • Ukrainian advances gradually slow. • Western assistance to Ukraine wanes while an interest in negotiations in the West grows. • Kyiv becomes willing to negotiate, while Moscow can declare a "victory." • However, the two sides get bogged down by extended negotiations.

Russia-Ukraine war scenarios through 2025

Korea scenario

Israel scenario

End point	Scenario 1: Russian 'victory'	Scenario 2: Ukraine 'wins', Russia pulls out	Scenario 3: Frozen conflict, fighting persists at lower level	Scenario 4: Direct Russia-NATO confrontation
Likelihood	10%	50%	35%	5%
Likely timeline	Late 2024 or later	Late 2024/2025	Possible by mid-2024	Through 2024 and beyond
What it looks like	<ul style="list-style-type: none"> Western support cut off, likely due to a Trump presidency in the US. Ukrainian government effectively forced to negotiate for peace. Russia seizes more territory; Ukraine turns war into an insurgency. 	<ul style="list-style-type: none"> More military defeats for Russia in multiple offensives over the next year. Russia is forced to end the war and pulls troops back. West provides Ukraine some form of security guarantees 	<ul style="list-style-type: none"> Ukrainian advances gradually slow. Western assistance to Ukraine wanes while an interest in negotiations in the West grows. Kyiv becomes willing to negotiate, while Moscow can declare a "victory." However, the two sides get bogged down by extended negotiations. 	<ul style="list-style-type: none"> NATO and Russia are directly involved in a military confrontation, instigated by a Russian attack on a NATO country or tactical nuclear strike in Ukraine. The West responds with an overwhelming conventional response. Potential for a Russian nuclear retaliation in the West.

Longer-term War Outlook

Death of Russian Empire

Ukraine marks the real fall of the Soviet Union

Last European empire to collapse since the 20th century

Wars of Attrition won by:

Higher morale

Supply chain/logistics

Resources???

Question: Will Ukraine be open to a Land-for-Peace deal (with security guarantees)?

Zelenskiy will have political difficulties in ending the fighting

What to watch out for...

- **Current and Spring offensives determine the trajectory of the war**
How successful will Ukraine's counter-offensive be in spring 2024?
- **Oil price movements**
Further production cuts by Saudi Arabia and Russia?
West strongly enforce (and lower) the price cap?
- **Mobilization in Russia**
Continued 'shadow mobilization' or formal mobilization after March elections?
- **US politics**
End of Western support in 2024? Trump in 2025?

What to watch out for...

“Ukraine has to prevail”

Do you support more assistance to Ukraine? “We all do...we can’t allow Putin to prevail in Ukraine”

“Failing to stop Russia would encourage and empower China to perhaps make a move on Taiwan”

Strong Ukraine support:

- Within the US population
- Among both Democrats and Republicans
- Heads of congressional committees
- Biden administration



New Speaker of the House of Representatives Mike Johnson

Why should Ukraine care?

At worst Republicans reduce/delay aid, not end it

Ukraine Macro Outlook



Ukraine Forecast Summary

GDP forecasts raised for this year and next by NBU, World Bank, IMF

- 9% YOY growth in September; 5.3% Jan-Sept
- Inflation slowing notably, interest rates cut, hryvnia moved to flexible peg
- Retail sales up 7% YOY in H1; Major retailers expanding operations

End of grain deal and its impact

- Ukraine's agricultural output capacity roughly its current export capacity
- Opening of shipping lanes in western Black Sea

	2021	2022	2023	2024	2025
GDP, %YOY	3.4	-29.1	5.0	5.5	6.0
USD:UAH (avg)	27.29	32.70	36.80	40.00	41.00
Inflation, %YOY	9.4	20.6	13.5	9.5	7.5
Consumer Spending, %YOY	7.6	-16.9	5.0	7.0	6.5
Investment, %YOY	74.4	-34.0	5.0	12.0	15.0

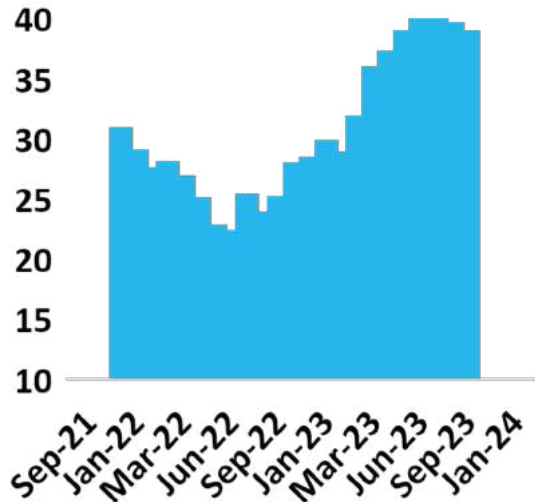
Hryvnia has been stable since last summer

Sufficient Western financial support has buoyed the hryvnia, allowing for consistency/predictability

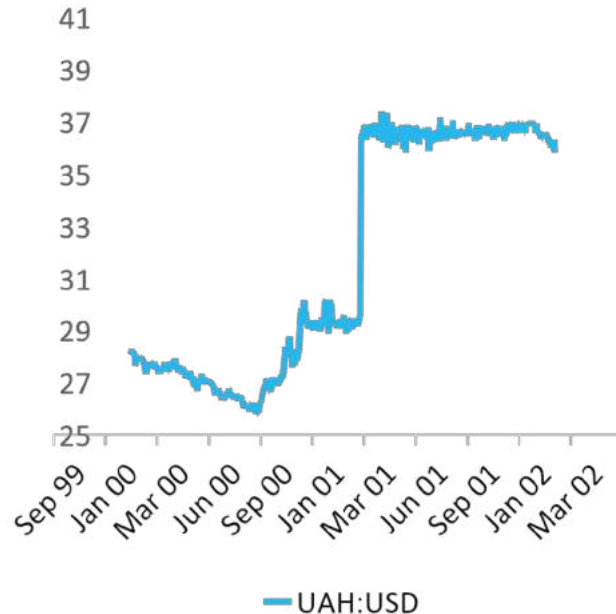
With exports falling/imports rising, the central bank is likely to devalue the hryvnia by ~10% in 2024

Western aid has raised reserves to historic highs

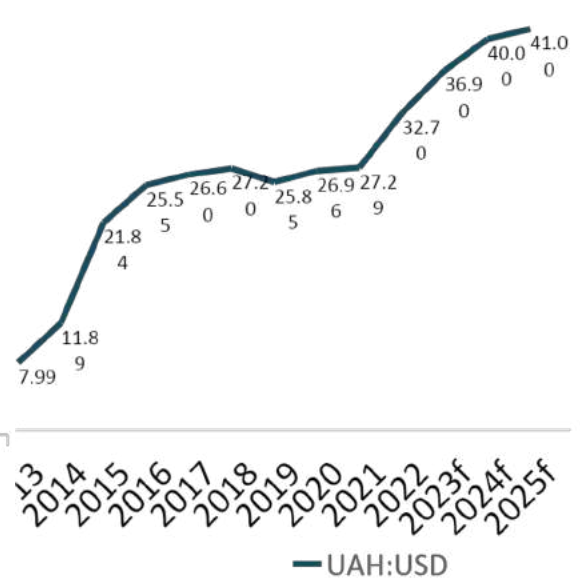
FX reserves in US\$ bn



UAH:USD has been stable despite expectations of worse depreciation



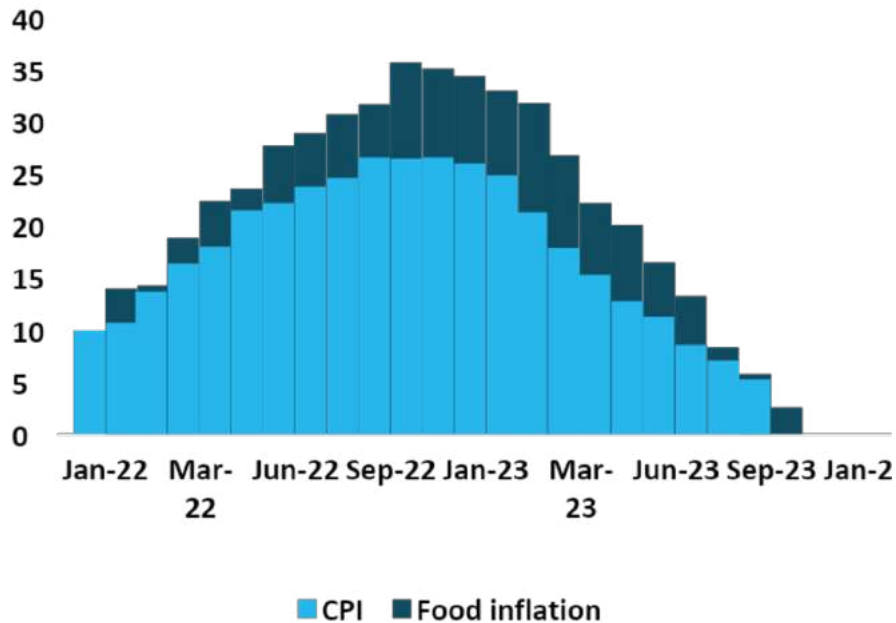
The hryvnia is expected to devalue mi



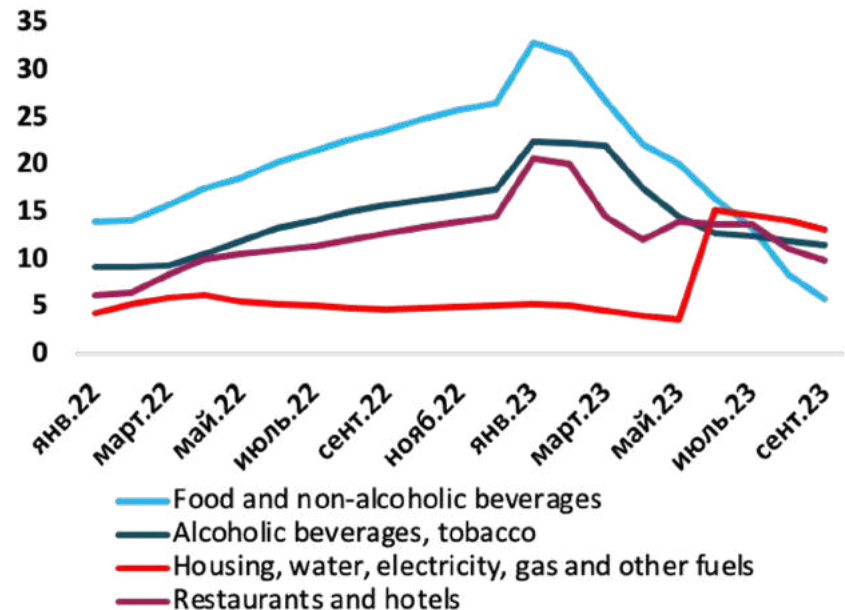
Inflation falls from extreme highs, but to remain elevated across 2024

Inflation slowdown allowed the NBU to cut the interest rate to 16%
Most firms reporting a need to raise prices to cover higher purchase prices

Inflation is slowing faster than expected across 2023



CPI is slowing in most categories, except utilities (% YoY)



Ukraine Market Dynamics



What businesses are saying...

Lack of investment guarantees

Talent shortages from mobilization

High inflation, cut utilities subsidies

Logistical issues at the border

“I’m embarrassed to talk about how well we are doing”

“Steady and stable”

“Business problems don’t feel like real problems now”

Business sentiment shows signs of positivity (1/2)

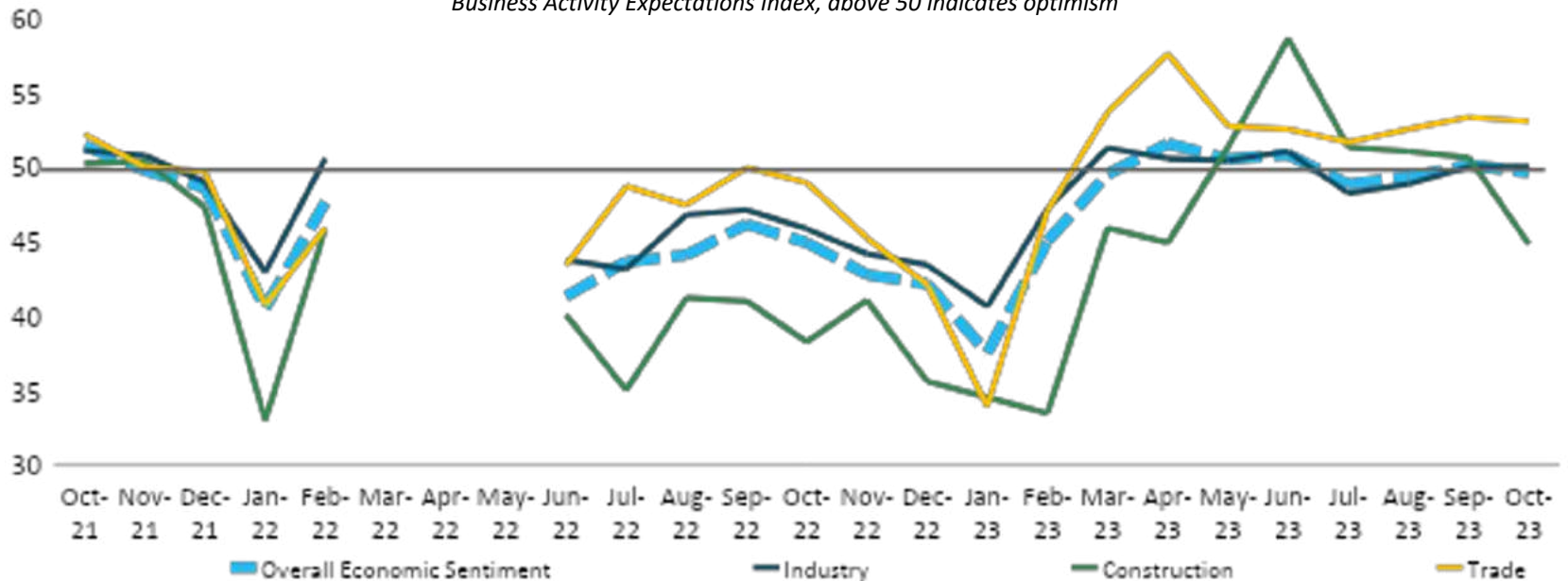
Economic activity recovering: business sentiment positive starting in Q2

Remains resilient, but moderated from higher electricity prices, end of grain deal, missile attacks

Retail sales up 7% in H1 2023; Retailers expanding; Car sales up 60% YOY

Business sentiment has picked up across the board across the year

Business Activity Expectations Index, above 50 indicates optimism

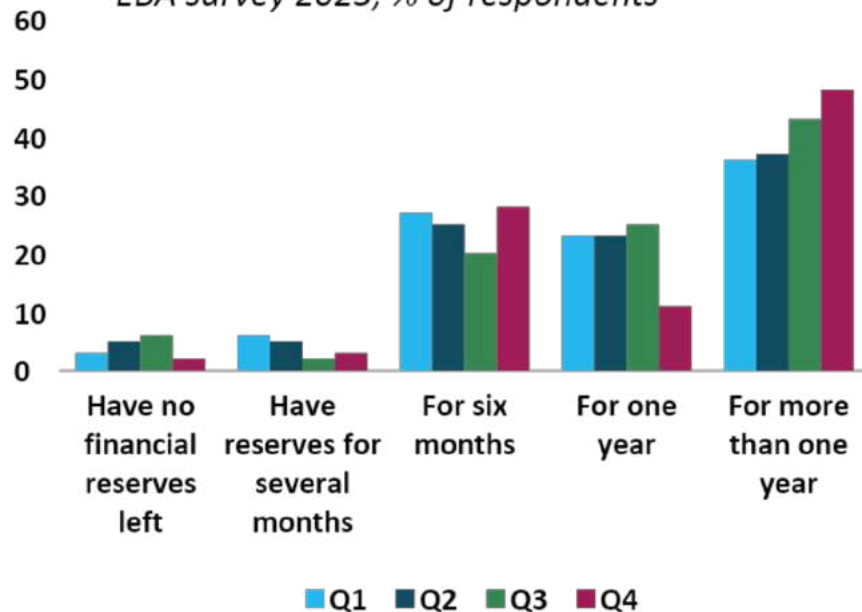


Business sentiment shows signs of positivity (2/2)

- ~80% of firms operating at full capacity again (from 44% a year ago)
Lower and declining though among Ukrainian firms...
- ~60% see positive dynamics for next year (13% negative); 40% increasing staff (12% cutting)
- Investors need insurance...*

Most Western firms have sizeable resources but are often still limiting investments

EBA survey 2023, % of respondents



Positives Driving the Business Environment

Stable Hryvnia

Resilient staff morale

Restoration of the energy system

Rebounding domestic demand

Return of some refugees from abroad

Slowing price growth

Re-established production and supply chains

Construction: rising new orders (until last month)

Frequently Asked Questions

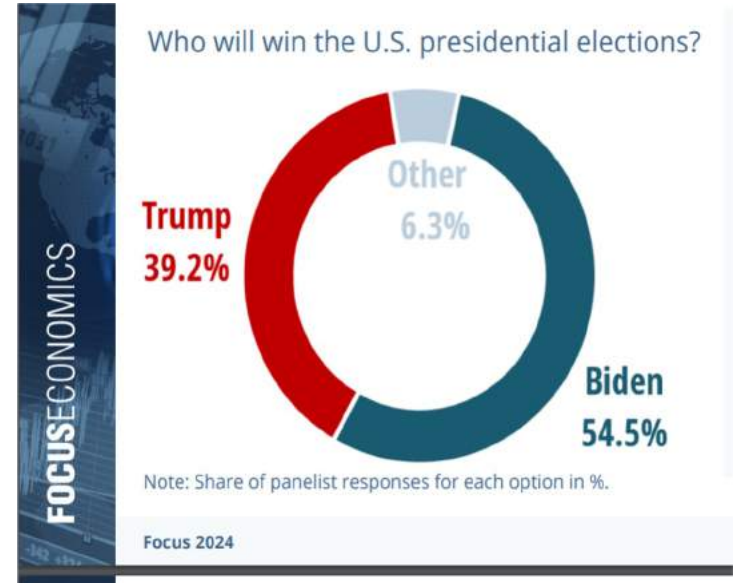


Trump or Biden???

Too early to tell...

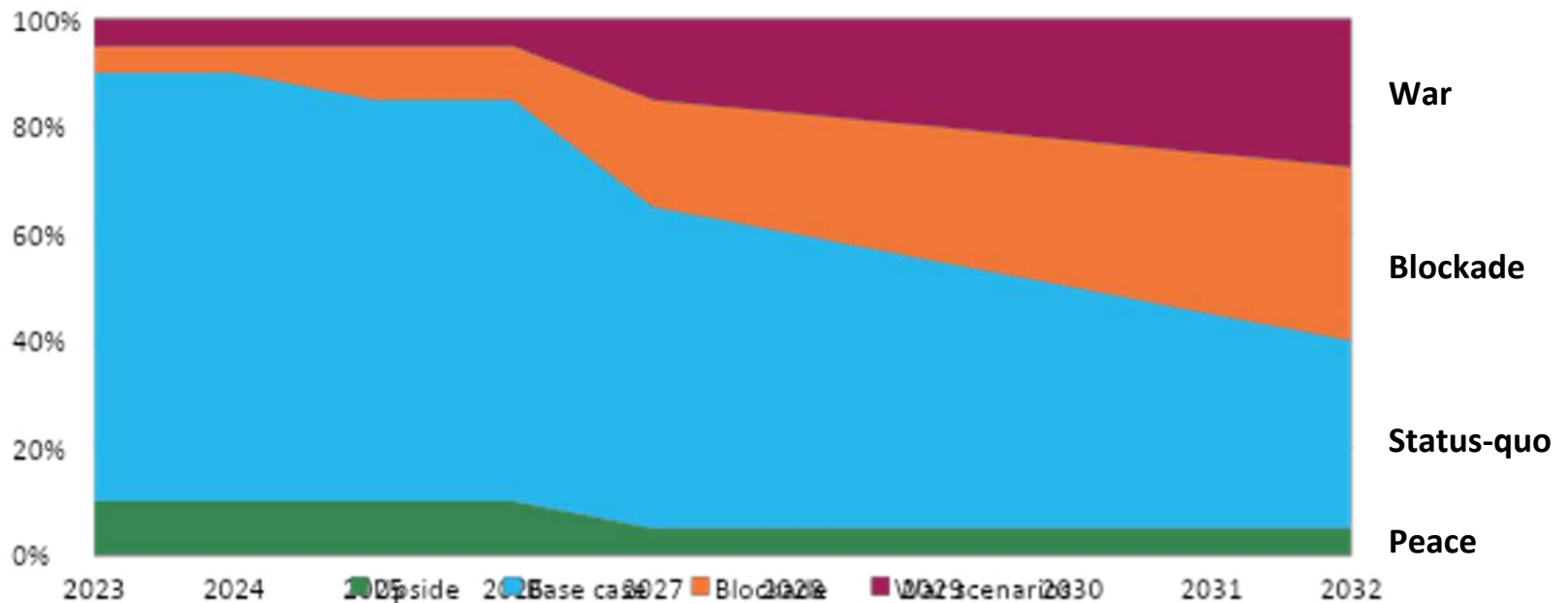
▪Are these the candidates?

Both vulnerable in different ways...



Will China invade Taiwan?

As China's military readiness improves, the likelihoods of different scenarios change
% likelihood in a particular year, reflecting the first step



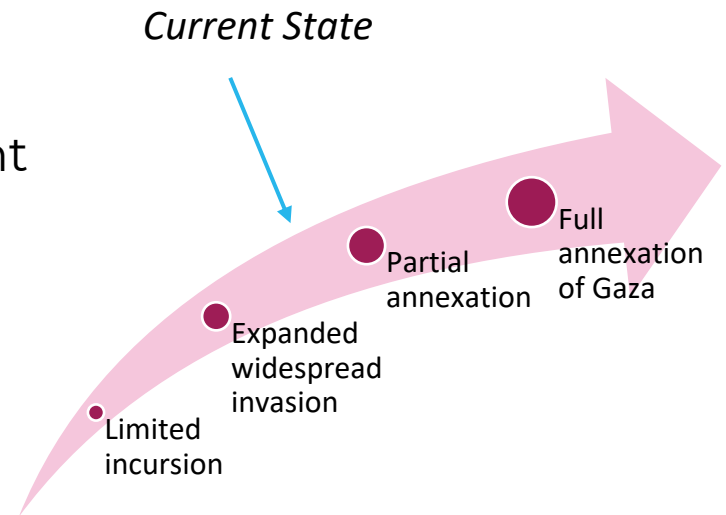
Will the Israel-Hamas crisis become a regional war? How long will it last?

Regional war becoming increasingly likely...

- Though none of the external actors want to expand the conflict (currently)

Israel likely has to moderate itself over time

- Pressure from the US and domestically



Extreme violence thru end-2023; crisis thru 2024

Why should Ukraine care?

Focuses minds in the US – a new Axis of Evil

When to start investing in Ukraine?

Don't wait too long...competition will start investing

- The recovery has already begun, with rapid acceleration likely in the future
- Ukraine now just one of many risks around the world
- Mild growth elsewhere by comparison

In honor of
Joanne McNamee
1943 – 2022



FIRST PANEL

WAR & UKRAINE



**YURI
SAK**

Advisor to the Minister
of Defence of Ukraine
(former)



**YEGOR
DUBYNSKYI**

Deputy Minister
of Digital Transformation
of Ukraine



**ANDREW
PRYMA**

UBN Group Founder,
Ukrtrade Capital CEO



**MARK
MCNAMEE**

UBN Network Co-Founder,
FrontierView Managing
Director (former)



War & Business

GRAND OPENING EVENT • KYIV, UKRAINE



KNOW THE DETAILS



SECOND PANEL

DOING BUSINESS & WAR



**YURI
DONETS**

General Manager of Ukraine
for Schneider Group



**PETER
DICKINSON**

UkraineAlert Editor
at Atlantic Council



**DENIS
GOLUBCHYKOV**

Country Manager Ukraine
Johnson & Johnson
Consumer Health



**MARK
MCNAMEE**

UBN Network Co-Founder,
FrontierView Managing
Director (former)

The logo for URN Network is centered on a dark blue background. It features the letters 'URN' in a large, bold, white, sans-serif font. The 'U' and 'R' are connected at the bottom. Below 'URN', the word 'NETWORK' is written in a smaller, bold, white, sans-serif font. The background is decorated with a faint, light blue geometric pattern of overlapping triangles and lines, and a blurred image of a crowd of people is visible in the background.

URN
NETWORK



War & Business

NOVEMBER 7, 2023 · KYIV, UKRAINE



KNOW THE DETAILS

