

Where will the growth come from?

Some thoughts from macro- and micro-economic perspective

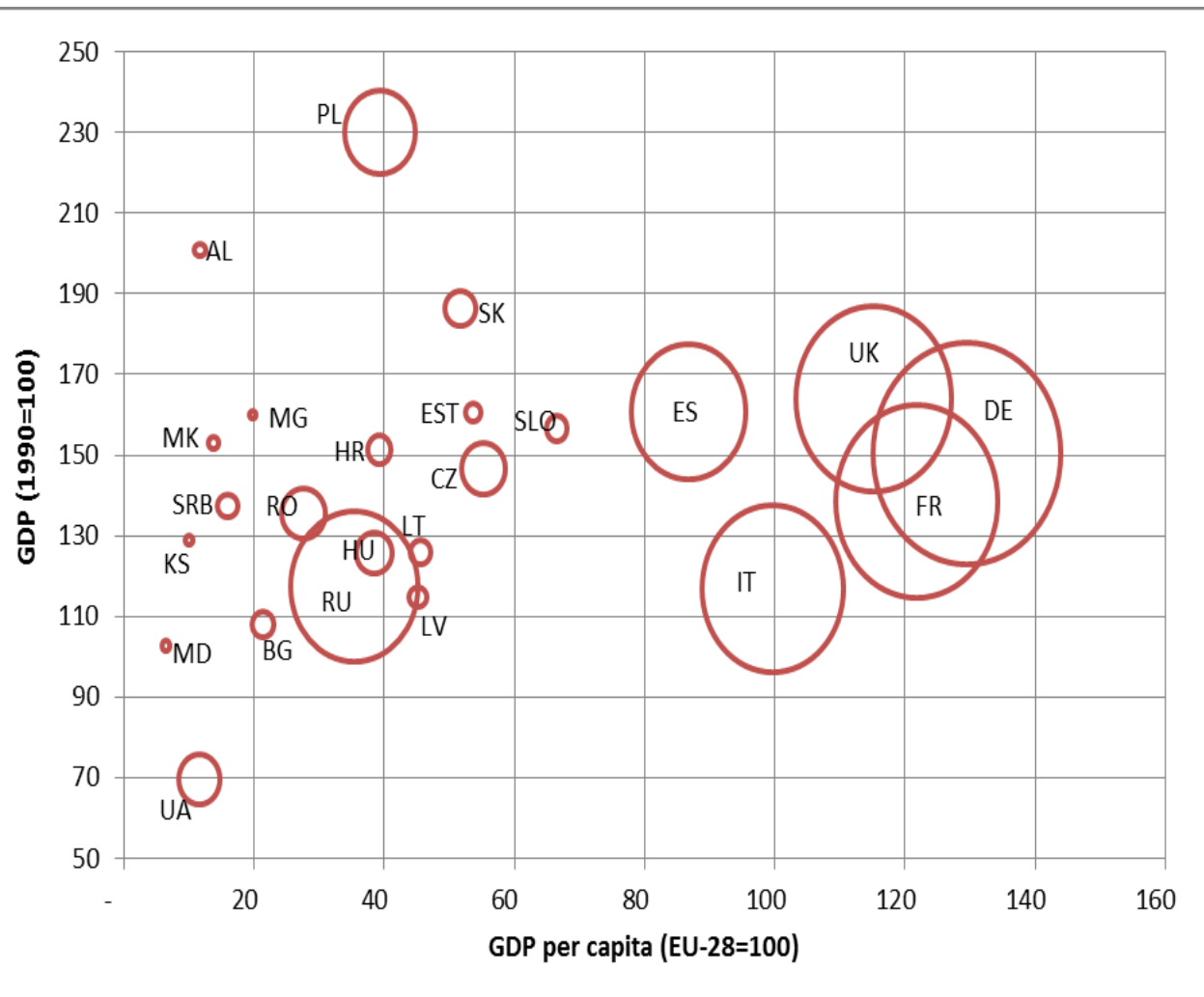
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Results of macroeconomic stabilization after 25 years of transition: Poland leads the catch-up, but distance from BIG5 still significant and differences among countries the CEE countries are striking

	GDP (1990=100)	GDP per capita (EU28=100)	GDP (EUR mld)
Albania	201	12	9 592
BH	501	13	12 930
Bulgaria	108	21	39 940
Croatia	151	39	43 128
Kosovo	129	10	4 916
Moldova	103	6	5 778
Montenegro	160	20	3 149
Rep. of Macedonia	153	14	7 454
Romania	135	28	142 245
Serbia	137	16	31 988
Slovenia	157	67	35 275
Estonia	161	54	18 435
Latvia	115	45	23 372
Lithuania	126	46	34 631
Czech Republic	147	55	149 491
Slovak Republik	186	52	72 134
Hungary	126	39	97 948
Ukraine	70	12	133 278
Russia	117	35	1 259 700
Poland	230	39	389 695
Germany	150	130	2 737 600
United Kingdom	164	115	1 899 098
France	139	122	2 059 852
Italy	117	100	1 560 024
Spain	161	87	1 022 988



Nuances of the transition process

➤ Some key dilemmas:

- Reform strategy – gradual or radical?
- Reorientation of economies – go West or East?
- Microeconomic reforms – foreign companies or domestic oligarchs?
 - Trade liberalization
 - Privatization
 - Banking sector

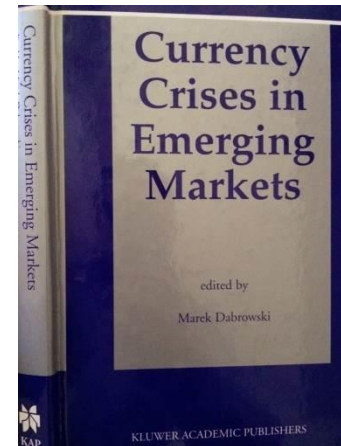
➤ "Currency Crises in Emerging Markets" by Marek Dąbrowski

Chapter 8: The Failure of the IMF in Preventing Currency Crises in CIS Countries

by Rafał Antczak, Małgorzata Markiewicz and Artur Radziwiłł

- Growth assumptions
- Fiscal policy and sustainability of programs
- Myopia in action
- Weak conditionality
- Soft financing

➤ The choice between fine-tuned and in-depth reforms is always made by domestic politicians, but external politicians make decisions on financing and reform ownership is the key nuance.



2008 CE Top500: 52 companies from Ukraine with a total revenue of EUR 73.2 bln (12% of total revenue)

Rank	Company name	Industry	Revenue from sales	Revenue change (%)	Net income
			2008	2007 - 2008	2008
3	MetInvest Holding	Manufacturing	9 136,1	60,5	1 938,1
6	Naftogaz of Ukraine	Energy and Resources	6 609,9	49,7	1 524,4
17	Energorynok	Energy and Resources	4 496,8	N/A	N/A
18	Ukrainian railway state company	Consumer Business and Transportation	4 379,6	9,7	-1,4
43	ArcelorMittal Kryvyj Rih	Manufacturing	2 891,7	6,0	611,8
62	Bogdan	Manufacturing	2 447,4	91,1	-142,9
82	TNK-BP Commerce	Energy and Resources	1 938,5	4,8	-63,3
85	Kyivstar	Technology, Media and Telecommunications	1 929,6	20,6	N/A
86	Linnik	Energy and Resources	1 895,2	-5,9	-103,9
88	Ukratnafta	Energy and Resources	1 859,3	-23,0	N/A
94	DTEK	Energy and Resources	1 696,7	30,4	15,6
95	Donetskstal	Manufacturing	1 689,2	20,8	-47,1
99	ZAZ	Manufacturing	1 668,5	-11,2	-51,1
102	Zaporizhstal	Manufacturing	1 642,5	16,2	-5,3
127	Ukrغاز-Energo	Energy and Resources	1 398,0	-73,1	N/A
130	Interpipe	Manufacturing	1 354,2	4,0	N/A
137	Atlant-M	Consumer Business and Transportation	1 322,2	12,6	38,8
162	Nibulon	Consumer Business and Transportation	1 156,5	220,7	125,3
164	UMC	Technology, Media and Telecommunications	1 149,2	-1,7	182,5
169	OWG Group	Energy and Resources	1 139,7	N/A	N/A

Source: 2008 CE Top500, Deloitte

2014 CE Top500: 53 companies from Ukraine with a total revenue of EUR 88.4 bln (14% of total revenue)

#	Company short name	Company long name	Industry	Revenues from sales	Revenues change % (2013-2012)	Net income
4	Metinvest	LLC Metinvest Holding	Manufacturing	9 619,0	-1,3%	294,4
5	DTEK	DTEK Holdings B.V.	Energy and Resources	8 721,6	8,9%	313,1
7	Energorynok	State Enterprise Energorynok	Energy and Resources	8 033,1	0,8%	4,7
11	Naftogaz of Ukraine	PJSC National Joint Stock Company Naftogaz of Ukraine	Energy and Resources	7 010,8	-25,8%	-1 176,6
21	Ukrzaliznytsia	State Administration of Railway Transport "Ukrzaliznytsia"	Consumer Business and Transport	4 796,9	-6,2%	51,2
53	Megapolis Ukraine	LLC Megapolis Ukraine	Consumer Business and Transport	2 696,8	1,3%	84,4
54	ATB Market	LLC ATB Market	Consumer Business and Transport	2 646,1	26,9%	22,1
56	ArcelorMittal Kryvyi Rih	PJSC ArcelorMittal Kryvyj Rih	Manufacturing	2 604,0	-7,1%	-144,5
60	Fozzy Group	PJSC Fozzy Group	Consumer Business and Transport	2 390,6	12,0%	
73	Kernel	Kernel Holding S.A.	Consumer Business and Transport	2 100,6	30,9%	86,0
78	Ostchem	Ostchem Holding AG	Manufacturing	2 020,4	0,0%	
92	OWG Group	West Oil Group Holding B.V. (TM WOG)	Energy and Resources	1 792,0	0,5%	
96	Ukratnafta	PJSC Transnational financial and industrial oil company Ukratnafta	Energy and Resources	1 728,8	-11,0%	23,7
104	Energoatom	State Enterprise National Nuclear Energy Generating Company "Energoatom"	Energy and Resources	1 619,7	-9,1%	-16,1
113	Epicentr K	LLC Epicentr K	Consumer Business and Transport	1 554,2	9,0%	41,3
126	Galnaftogaz	PJSC Concern Galnaftogaz	Energy and Resources	1 365,1	0,9%	56,5
129	Donetskstal	PJSC Donetskstal - metallurgical plant	Manufacturing	1 341,4	-23,8%	7,4
144	Kyivstar	PJSC Kyivstar	Technology, Media and Telecommunications	1 209,4	-6,9%	-1 296,0
149	Ferrexpo Group	Ferrexpo PLC	Manufacturing	1 187,7	7,6%	198,1
160	Interpipe	Interpipe Limited	Manufacturing	1 142,1	-16,8%	-55,2

Source: 2014 CE Top500, Deloitte

2014 CE Top500 comparison by countries and sectors, Ukraine vs. Poland

2013	Consumer Business and Transportation	Energy and Resources	Life Sciences and Health Care	Manufacturing	Public Sector	Real Estate	Technology, Media and Telecommunications	Grand Total
Albania	-	-	-	-	-	-	-	-
Bosnia and Herzegovina	-	3	-	-	-	-	-	3
Bulgaria	1	6	-	-	-	-	-	7
Croatia	4	6	-	-	1	-	1	12
Czech Republic	22	24	3	21	1	3	5	79
Estonia	3	1	-	-	-	-	1	5
Hungary	15	18	6	19	1	-	4	63
Kosovo	-	-	-	-	-	-	-	-
Latvia	4	3	-	-	-	-	-	7
Lithuania	6	4	-	3	-	-	-	13
Moldova	-	-	-	-	-	-	-	-
Montenegro	-	-	-	-	-	-	-	-
Poland	67	33	4	43	2	4	8	161
Republic of Macedonia	-	-	-	1	-	-	-	1
Romania	16	14	2	7	-	-	3	42
Serbia	4	4	-	1	-	-	1	10
Slovakia	4	9	1	10	1	-	3	28
Slovenia	7	6	2	-	-	-	1	16
Ukraine	26	15	-	9	-	-	3	53
Grand Total	179	146	18	114	6	7	30	500
<i>Poland (% Total)</i>	<i>37%</i>	<i>23%</i>	<i>22%</i>	<i>38%</i>	<i>33%</i>	<i>57%</i>	<i>27%</i>	<i>32%</i>
<i>Ukraine (% Total)</i>	<i>15%</i>	<i>10%</i>	<i>0%</i>	<i>8%</i>	<i>0%</i>	<i>0%</i>	<i>10%</i>	<i>11%</i>

Source: 2014 CE Top500, Deloitte

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