

UKRAINE AEROSPACE AND TECHNOLOGY INDUSTRY

Major financials of the sector for 2016–2015

UKROBORONPROM

Established in 2010, is the largest state defense holding group in Ukraine with over 100 subsidiaries operating in 5 major industries, as well as in R&D and Export-Import activities.

Aviation cluster of Ukroboronprom — around 30 companies engaged in aircraft engineering and maintenance.

STATE SPACE AGENCY OF UKRAINE

9 manufacturing enterprises, 5 design bureaus, 12 companies of other types.

Ukraine has the full cycle of the aircraft creation — from design to serial production and complex after-sale support.

>200

R&D, engineering centers and production companies in the industry

>100 000

engineers, specialists and workers employed in the industry

90+

Enterprises in private sector

Source: State Concern "Ukroboronprom", Ukrainian Chamber of Commerce, Ministry of Economic Development and Trade of Ukraine

UKRAINIAN AEROSPACE INDUSTRY

Financial Measures

	2015	1H 2016
Production volume growth	1,8%*	47,0%**
Sales volume growth	5,7%*	39,6%**
Sales proceeds	—	UAH 135 bln
Export sales growth	6,6%*	50,0%**
Export sales share	60,3%	60,0%

Source: State Space Agency of Ukraine
* comparing to 2014; ** comparing to 1H 2015



UKROBORONPROM FINANCIALS

Source: State Concern "Ukroboronprom"

2015

Net profit	UAH 1,5 bln
Budget payments	UAH 4,3 bln
Average wage	UAH 5,693
Prevention of corruption (saving)	UAH 456,4 mln



ENGINEERING GRADUATES PER ANNUM IN EUROPEAN COUNTRIES











Source: World Economic Forum, Forbes, 2014, IVC

Country Thousands students

Ukraine	130
France	105
Germany	93
Turkey	75
UK	71
Poland	66

THE GOOD COUNTRY INDEX

Science and Technology parameters reported to GDP, rank (out of 163 countries)

	United Kingdom	1		Ukraine	14
	Austria	2		United States	20
	Czech Republic	3		Poland	31
	Denmark	4		Russian Federation	47
	Cyprus	5		Romania	51

Source: <https://goodcountry.org/index/overall-rankings#UKR>

MAJOR PROBLEMS/ DIFFICULTIES IN THE SECTOR

- ⊖ State ownership is fragmented and scattered among numerous stakeholders (MOD, MIA, SSAU etc) with frequent overlap and conflict of interests
- ⊖ Lack of transparency and clear corporate governance in state owned enterprises
- ⊖ Lack of political will and senior leadership issues in the Government and President Administration: a number of reforms announced but not implemented
- ⊖ Existing legal restrictions (eg a requirement that the share of the state in JVs makes at least 50% restricts their ability to form strategic partnerships and do not provide investors with sufficient protection)

PROSPECTS, POSSIBILITIES, INNOVATIONS IN THE SECTOR

- ⊕ Privatization of non-strategic state owned enterprises
- ⊕ Improving corporate governance in state owned enterprises, establishing supervisory councils with independent directors
- ⊕ Creating a transparent procurement system
- ⊕ Reforming export/import control system, strengthening end-user control
- ⊕ Amending PPP and JV legislation
- ⊕ Reform of the system of protection of the state secret and other restricted information based on the EU and NATO practice
- ⊕ Implementation of NATO standards
- ⊕ Development of the secondary legislation to ensure the successful implementation of the provisions of strategic documents adopted in 2015–2016



“The Aerospace and Technology sector capabilities make it one of Ukraine’s largest potential export sectors and economic drivers. The primary goals are connecting the industry with 21st century processes already developed and implemented in the west / NATO countries, creating conditions for bringing in investments into the sector and implementing the announced reforms.”

Anastasiya Bolkhovitinova, Senior Associate, DLA Piper Ukraine,
Co-Chair of ACC Aerospace & Technology Committee