

Agriculture Business Climate climbs in November 2017

Kyiv, 28th November 2017.

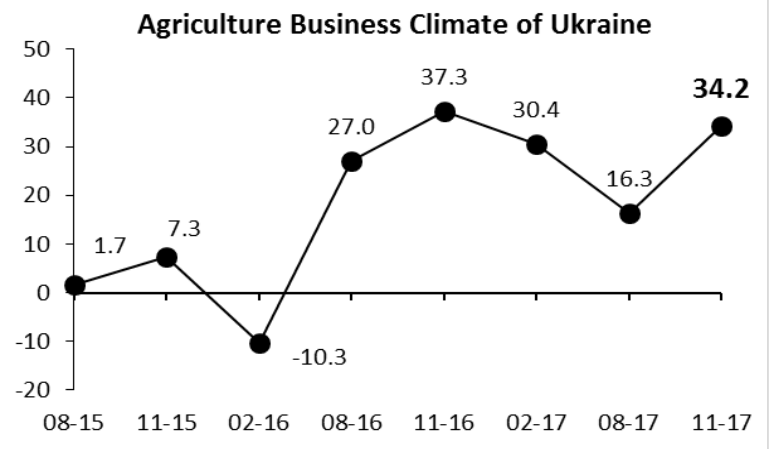
November survey on Agriculture Business Climate (ABC) demonstrates improvement of perception by agricultural producers of their business performance and opportunities in Ukraine.

The current survey indicates that agricultural producers are quite confident in their business feasibility, as due to the received responses, incomes have increased. Moreover, the respondents expect further increase in cash inflows. The profit expectations for the coming year are also

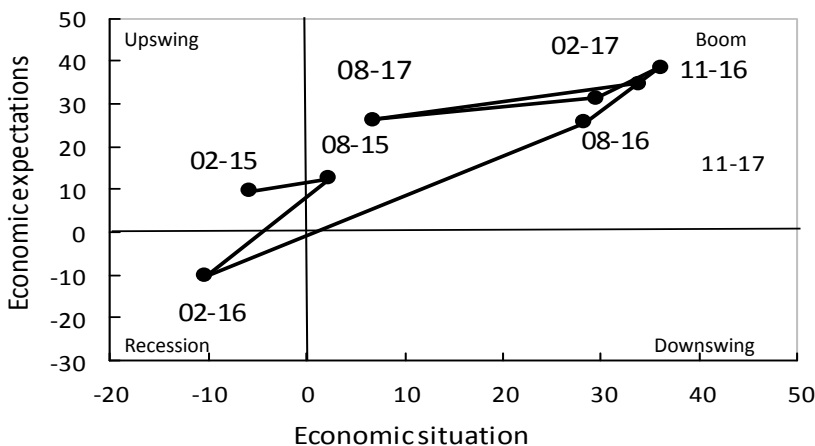
positive. Their assessment of willingness of the authorities to cooperate received a particularly positive 40.8 rating and is likely to be associated with ongoing administrative reform. As in previous surveys, the assessment of general political and economic conditions and government support in the agricultural sector remains negative. The assessment of the development of production costs is particularly negative- at the level of -36.7 points.

The estimation results are influenced significantly by the positive results in South regions, which are evaluated at the level of 45.4 points. Referring to production scale, lowest estimation of Agriculture Business Climate was provided by farms with less than 5000 ha at the level of 19.1 points, whereas farms with land bank more than 5000 ha demonstrated an estimation at the level of 59.6 points.

Producers of animal products have provided with very high estimation of ABC, i.e., at the level of 38.4 points. On the contrary, crop producers, which so far constantly provided higher estimates, have estimated ABC with just 27.4 points.



ABC Cycle Clock



ABC Cycle Clock demonstrates producers' evaluation of current situation and business expectations. November 2017 survey demonstrates that evaluation of economic situation improves strongly, while expectations remain more or less on the same level in upswing/booming area, compared to August 2017. It also attracts attention to the fact, that the business climate has developed from a rather uncertain, depressive phase - 2015 and early 2016 - into a relatively stable boom.

Note: Agriculture Business Climate (ABC) was developed and introduced by common efforts of German-Ukrainian Agricultural Policy Dialogue (APD) and the association "Ukrainian Agribusiness Club" (UCAB) on the base of German general business climate (ifo-Geschäftsklimaindex). The survey and analyses are carried out three times per year and determine subjective perceptions of Ukrainian producers on both, their current business situation and one-year outlook. ABC may change from -100 (very poor) over 0 (indifferent) to +100 (very good).

Starting from the current report, technical improvements in calculation of ABC have been implemented. In particular, only one question is reflected in the graphs shown (according to the methodology of ifo-Geschäftsklimainde). More detailed questions, e.g., on the business and macroeconomic framework, are now used for explanation of the results. ABI for all of the surveys have been recalculated which led to its steady and considerable increase.