



# WAR & ENERGY

## HOW IT IMPACTS BUSINESS

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# THE UBN NETWORK SURVEY

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# ANDREW'S BIO

- Investor, Ukraine Business News (UBN) and UBN Network Founder
- 12 years of progressive experience in Investment Management
- A 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



# UKRAINE BUSINESS NEWS (UBN)

The Morning Economic Digest subscribers list has over 4500 unique subscribers:

- (EC, EU parliament members, embassies, foreign/domestic businesses, etc.)

UBN Website has over 1,000,000 visits monthly:

- Written in 7 languages (German, French, Spanish, Polish, English, Ukrainian, Russian)
- 60-65% of our readers are from the US, Canada, and the EU

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# TYPES OF SUBSCRIPTIONS

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(INDIVIDUAL/CORPORATE)

- Everyday's Highlights
- Brief overview of 10-12 topics
- Hot Discussion Points
- Editor's note

**\$9.99 / \$99**

Individual  
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**\$599**

Corporate  
year

## UBN NEWS + UBN NETWORK 20 REPORTS

(INDIVIDUAL/CORPORATE)

- Everyday's Highlights
- Brief overview of 10-12 topics
- Hot Discussion Points
- Editor's note
- 12 Monthly Reports
- 4 Quarterly Reports
- 4 Benchmarking Surveys

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Individual  
year

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Corporate  
year

## UBN NETWORK ANNUAL MEMBERSHIP

(CORPORATE)

- UBN Morning Digest
- UBN Network 20 reports
- 4 Live events
- 2 Live briefings in your office.

**\$2800**

Corporate  
year

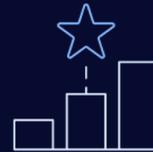
# THE UBN NETWORK MEMBERSHIP OFFERS

UBN Network membership is available to Ukraine Business News readers



## 4 LIVE EVENTS IN KYIV / YEAR

- Discussions with panelists from different sectors, with 80-100 attendees
- Macroeconomic, political, and business briefing, including best management practices
- Forum for in-person networking and live benchmarking of issues and expectations



## RESEARCH REPORTS & SURVEYS

- 4 Benchmarking Surveys focused on Budgeting, Talent Management, Channel Management, Digitization, etc...
- 4 quarterly reports on Ukraine's political, economic, and business outlook
- Monthly reports with macroeconomic forecasts for Ukraine, as well as analysis for the broader region and global markets



## NETWORK AND INSIGHTS

- Ad hoc webinars and two analyst briefings for your company with our in-house Ukraine expert
- Facilitation of introductions and relationship-building in the Ukraine business community

Feel free to reach out with any questions!

**NETWORK@UBN.NEWS**

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Special Thanks to Our  
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**GAMONDI**  
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**UBN**  
**NETWORK**

# MARK'S BIO

- Former Managing Director of Europe at FrontierView, specializing in CIS Markets
- Published articles with Harvard Business Review, interviewed on tv/in print by the BBC, Bloomberg, Forbes, Wall Street Journal, MSNBC, 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 ex-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 & ENERGY

HOW IT IMPACTS BUSINESS

2024-25

MACROECONOMIC  
OUTLOOK

General  
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# AGENDA

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Key Take-Aways

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Survey Results

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Global Macroeconomic Outlook

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The War: Scenarios & Implications

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Ukraine Market Dynamics

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# **KEY TAKE-AWAYS**



1 Global growth is resilient this year, sustaining high oil prices for Russia's economy

2 Russia's window of opportunity in the war is shrinking consistently

3 The West is moving towards a policy of containment of Russia

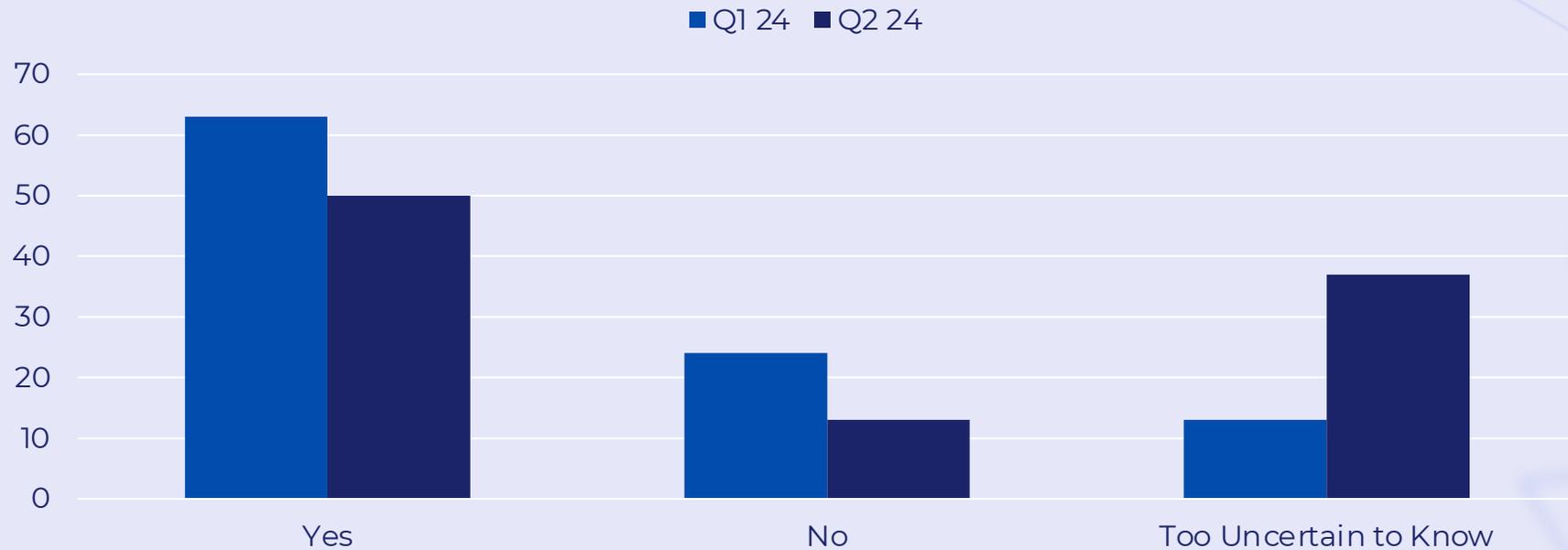
4 Power cuts and the tight labor market will keep pressure on Ukraine's economy in H2

# **SURVEY RESULTS**

# 2024 TOP-LINE TARGETS

Businesses have become less confident in their performance this year

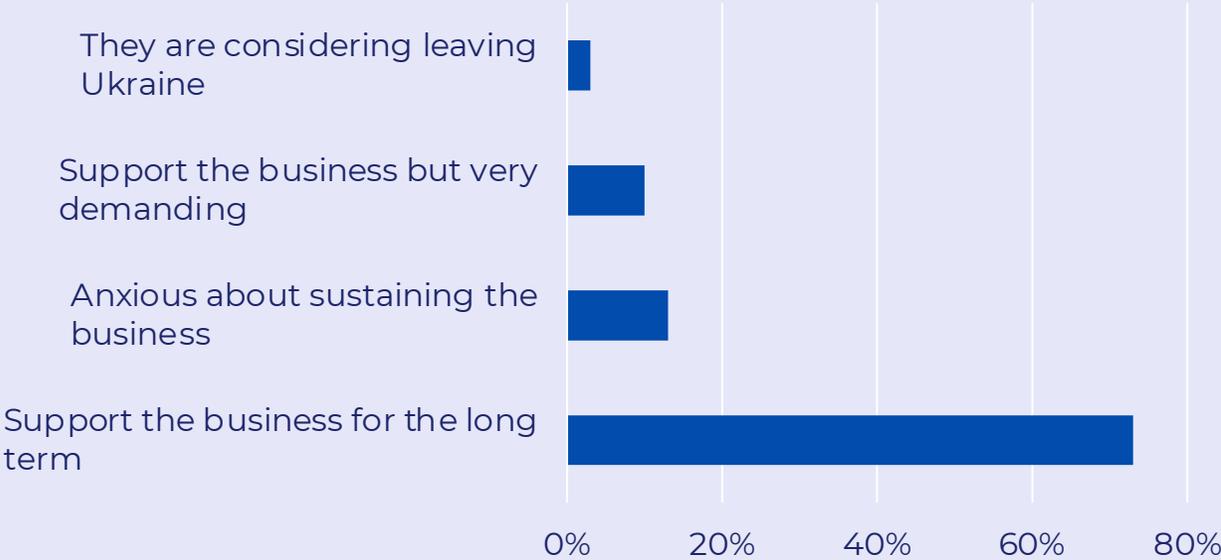
How confident are you that you will in fact achieve budgeted sales targets in 2024?



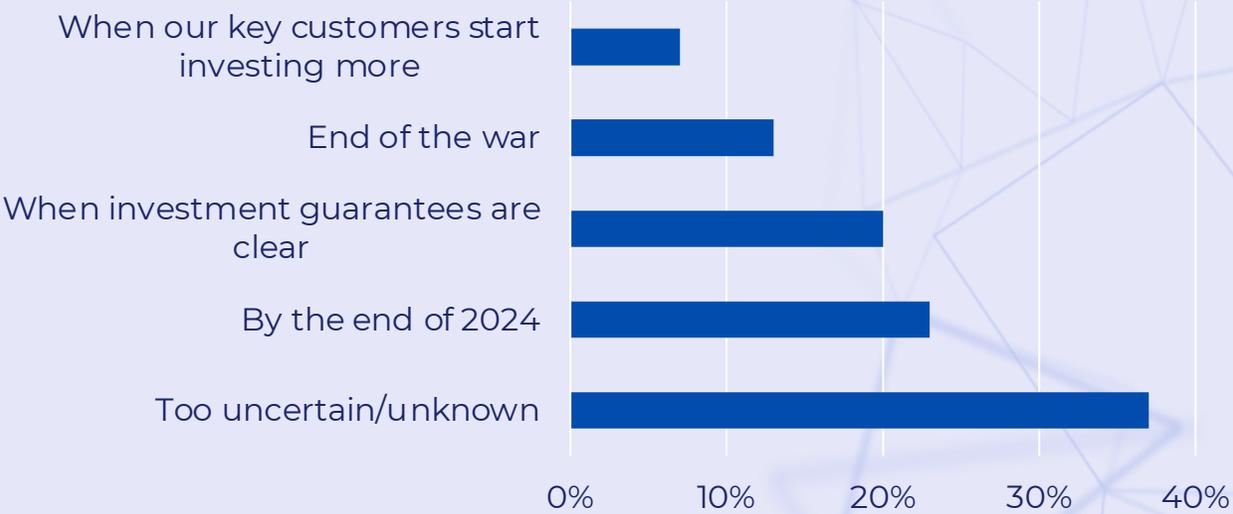
# SUPPORT FROM HEADQUARTERS

Very encouraging, HQ is happy to support the Ukraine business for the long term

### How would you describe your relations with HQ?



### When is HQ willing to start re-investing further in the business?

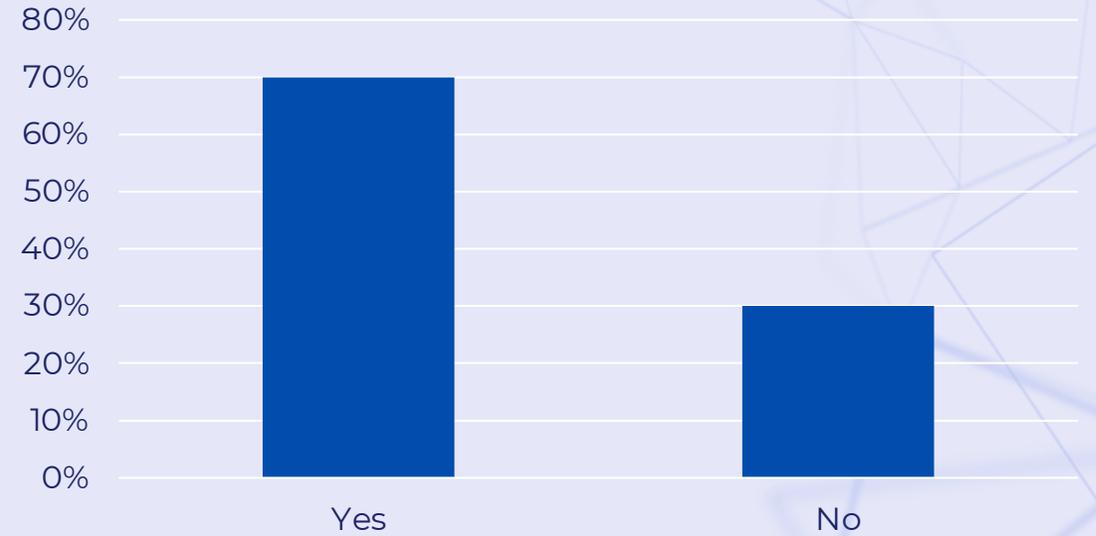


# WAR OUTLOOK

When do you think the war will be over?



Would you support a land-for-peace deal today? (land concessions in return for NATO membership)



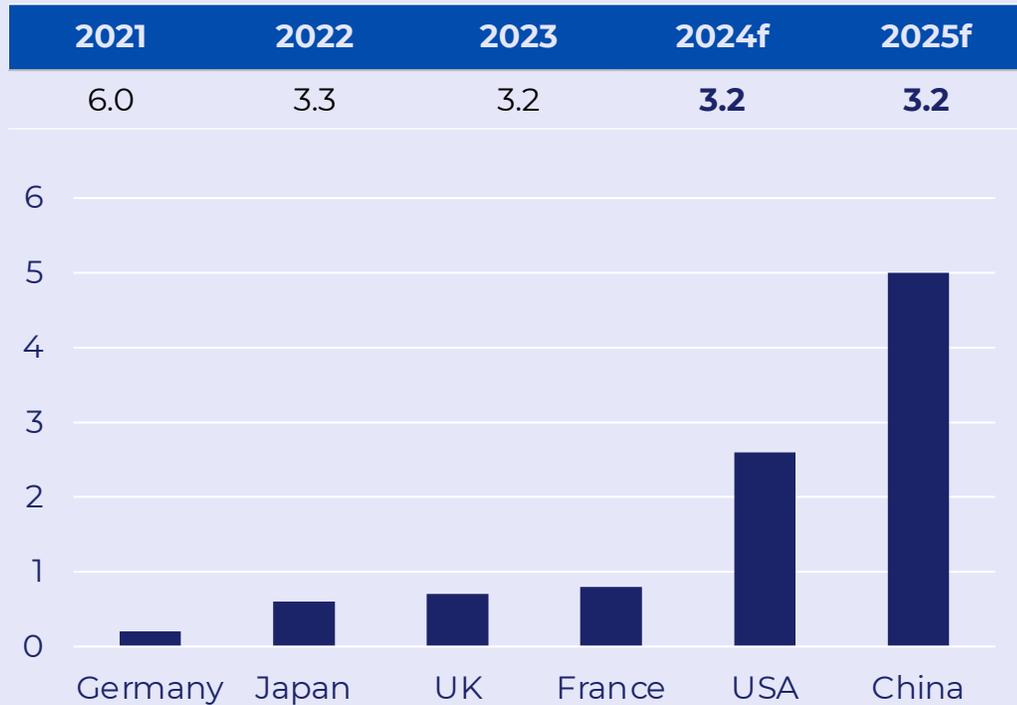


# **GLOBAL MACRO OUTLOOK**

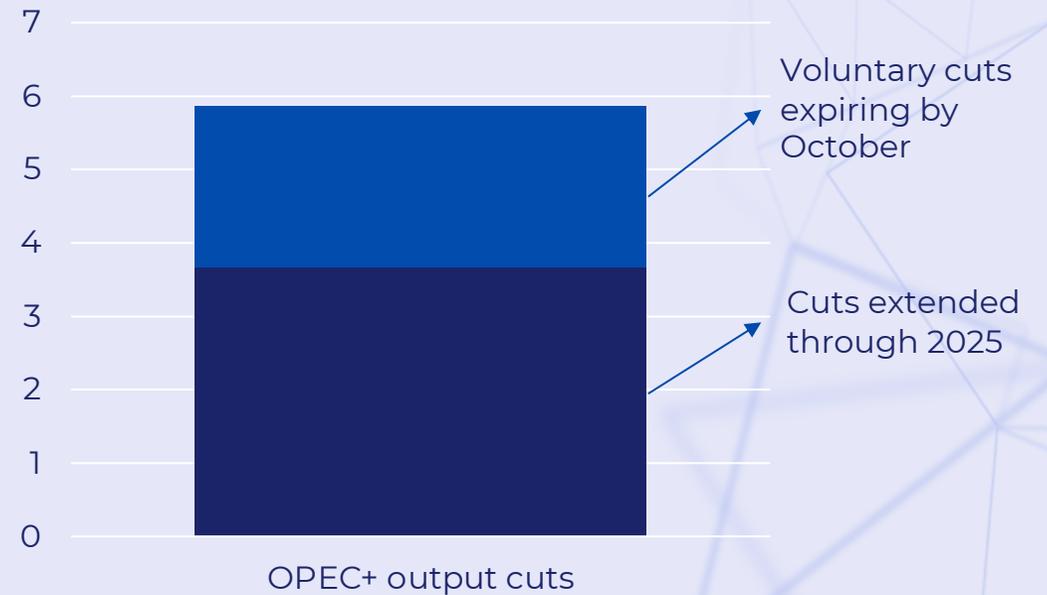
# FOCUS ON OIL

- Oil prices are where Russia is vulnerable
- High prices reliant on resilient global demand and artificially reduced supply

Global growth, % YOY



Saudi wants to keep prices above \$85 for its development programs  
*mn barrels/day*



# HIGH OIL PRICES MAY COME UNDER PRESSURE

- Russia needs to sell its oil at \$65-70, or major problems for the ruble and budget

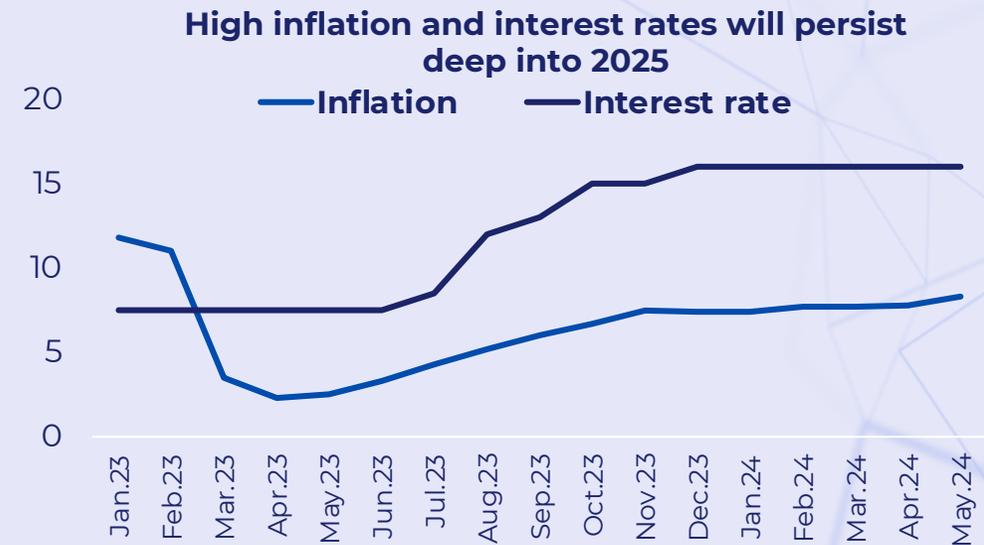


## What to watch for:

- Dissent within OPEC, non-compliance with cuts, delayed plans for Saudi's development projects
- Tighter financial sanctions and compliance with price cap

# RUSSIA: LABOR MARKET & INFLATION PRESSURES

- High inflation and interest rates will weigh on the economy for years
- Increased financial sanctions will have an impact



## What to watch for:

- Higher interest rates
- A weaker ruble, driving up inflation further



# **WAR IN UKRAINE**

## **SCENARIOS & IMPLICATIONS**

# THE WEST IS REALIZING RUSSIA NEEDS TO BE MET WITH FORCE

*“For us, Ukraine is an existential issue. If we lose this war, we will not be able to have any European security...Who can seriously believe that Putin would stop there?”*



**Emmanuel Macron,**  
President of France

*“If Russia does not agree to the peace points that will be presented to it, we will force it to surrender”*



**Giorgia Meloni,**  
Prime Minister of Italy

*“I think that Vladimir Putin would continue to march through Europe if he were allowed”*



**Mike Johnson,**  
Speaker of the US House of  
Representatives

# THIS HAS HAPPENED BEFORE

*“Russia seeks security only in patient but deadly struggle for the total destruction of a rival power, never in compromises with it...There can be no permanent peaceful coexistence”*

*“The main element of any US policy must be that of long-term, patient but firm and vigilant containment”*



**George Kennan,**  
The Long Telegram  
February 22, 1946

# A RETURN TO A COLD WAR POLICY OF CONTAINMENT

**Slowly moving to contain Russia, similar to post-World War II years**

**H1 2024 may prove to be beneficial for Ukraine in the long term**

- West needed to consider – and fear – what a Ukrainian defeat looks like
- Need to contain and oppose Russia with force, can't negotiate with it
  - Hitting Russian territory
  - Military Advisors and Bilateral Security deals
  - Tighter financial sanctions
  - \$50 bn loan from Russia's reserves

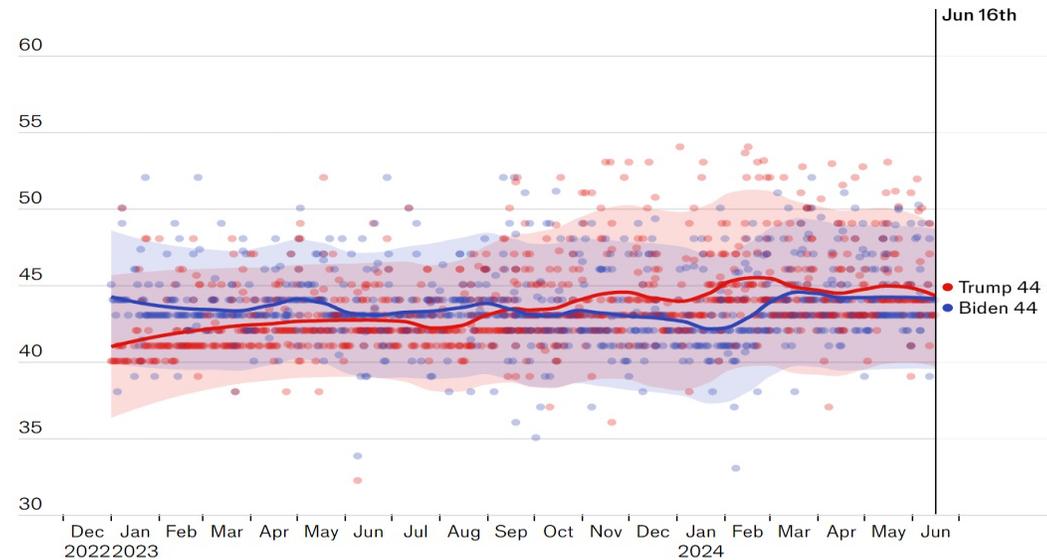
**Why does it matter for Ukraine?**

- This policy protected West Germany and South Korea during the Cold War, and now Ukraine

# TRUMP OR BIDEN?

- Trump has a narrow lead nationally, even after the conviction
- More importantly, leads in all 6 swing states too

Voting intention, %



## Why does it matter for Ukraine?

- Ukraine is likely to get high levels of US aid regardless of who wins, and maybe more with Trump

# **RUSSIA'S WINDOW OF OPPORTUNITY IS NARROWING**

**Russia is losing its advantages with each passing day**

- For Ukraine:
  - Mobilization is improving
  - Fortifications are improving
  - Western aid is picking up
  - Offensive actions in Crimea and Russia are picking up

**Creating conditions for Russia to seek more realistic negotiating terms next year**

# RUSSIA-UKRAINE WAR SCENARIOS THRU 2025/2026

End point	Scenario 1: Russian 'victory' (Collapse of Western order)	Scenario 2: Ukraine 'wins', land-for-peace deal	Scenario 3: Frozen conflict, fighting persists at lower level	Scenario 4: Direct Russia- NATO confrontation
Likelihood	10% (was 15%)	60% (was 50%)	20% (was 25%)	10%
Likely timeline	Early 2025	Mid-2025 at earliest	Mid-2025	Through 2024 and beyond
What it looks like	<ul style="list-style-type: none"> <li>Western support cut off, likely due to a Trump presidency in the US.</li> <li>Ukrainian government effectively forced to negotiate for a bad peace.</li> <li>Russia seizes more territory; Ukraine turns war into an insurgency.</li> </ul>	<ul style="list-style-type: none"> <li>Russia fails to capitalize on its advantages in 2024 to win the war on its terms</li> <li>Ukraine seizes the initiative in 2025 permanently</li> <li>Neither side can shift the line of contact decisively</li> <li>Russia is forced to end the war</li> <li>West provides Ukraine some form of security guarantees</li> </ul>	<ul style="list-style-type: none"> <li>Neither side can strategically shift the war in its favor</li> <li>Western aid to Ukraine wanes, Western demands for talks grow</li> <li>Kyiv is forced to negotiate, while Moscow can declare a "victory"</li> <li>The two sides get stuck in extended negotiations and fighting persists</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The West responds with an overwhelming conventional response.</li> <li>Potential for Russian nuclear retaliation in the West.</li> </ul>



# **UKRAINE MARKET DYNAMICS**

# UKRAINE FORECAST SUMMARY

## GDP consensus forecasts have all come down for this year

- GDP was over 4% YOY Jan-Apr., though will slow now
- Power cuts and labor shortages weighing on growth into 2025
- Mild hryvnia depreciation, Inflation to pick up in H2

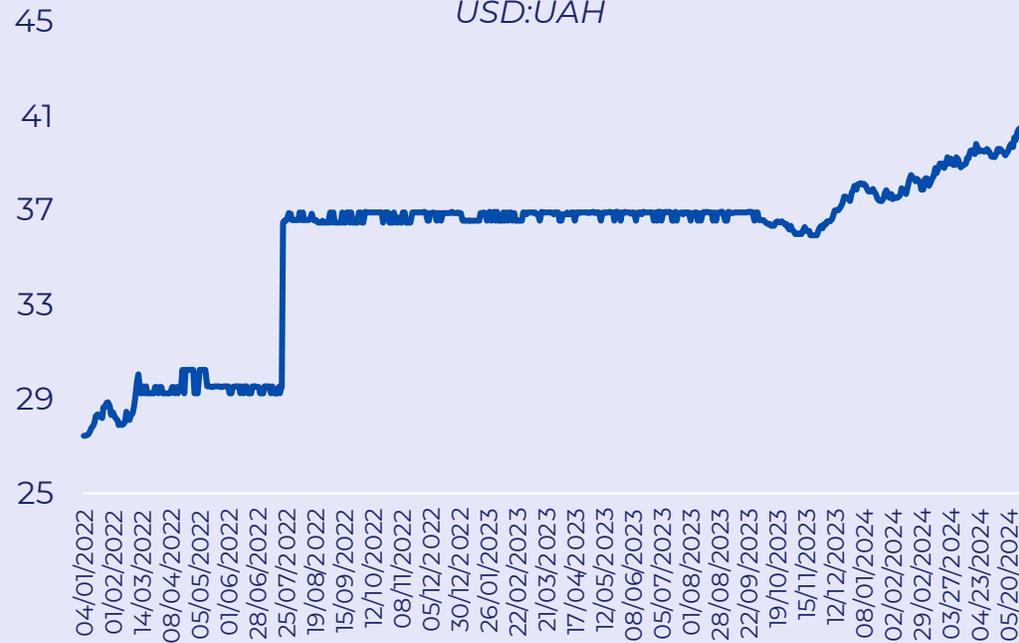
	2022	2023	2024f	2025f
<b>GDP, %YOY</b>	-29.1	5.0	3.9	6.0
<b>USD:UAH (avg)</b>	32.70	36.80	40.00	43.00
<b>Inflation, %YOY</b>	20.6	13.4	5.5	7.5
<b>Consumer Spending, %YOY</b>	-16.9	6.0	5.7	6.2
<b>Investment, %YOY</b>	-34.0	5.0	8.0	16.0

# UKRAINE FORECAST SUMMARY

Electricity prices, wage hikes, hryvnia depreciation, and higher food prices will drive up prices in H2

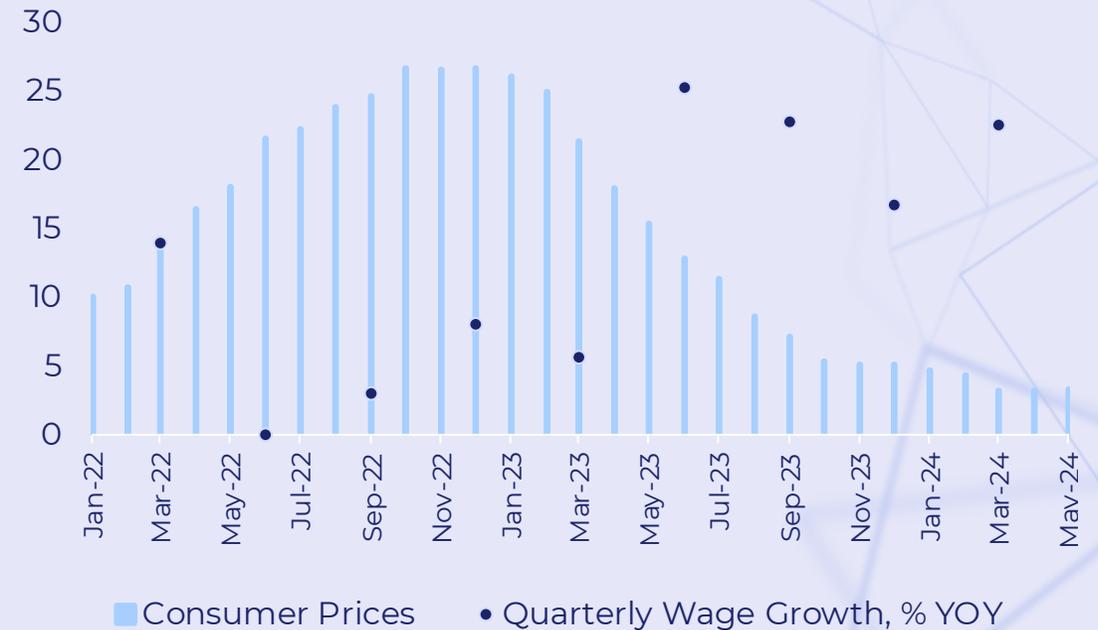
**The central bank will continue to devalue the hryvnia mildly the rest of the year**

USD:UAH



**Despite a mild uptick in inflation in H2, strong incomes will continue to drive consumer spending**

%YOY



# WHAT BUSINESSES ARE SAYING

War for Talent

“Business is tough, there’s no point in lying about it”

“Demand is ok but much more uncertain due to energy situation”

No plans to raise prices on customers to cover costs

“It’s amazing to see how large, global narratives dictate sentiment”

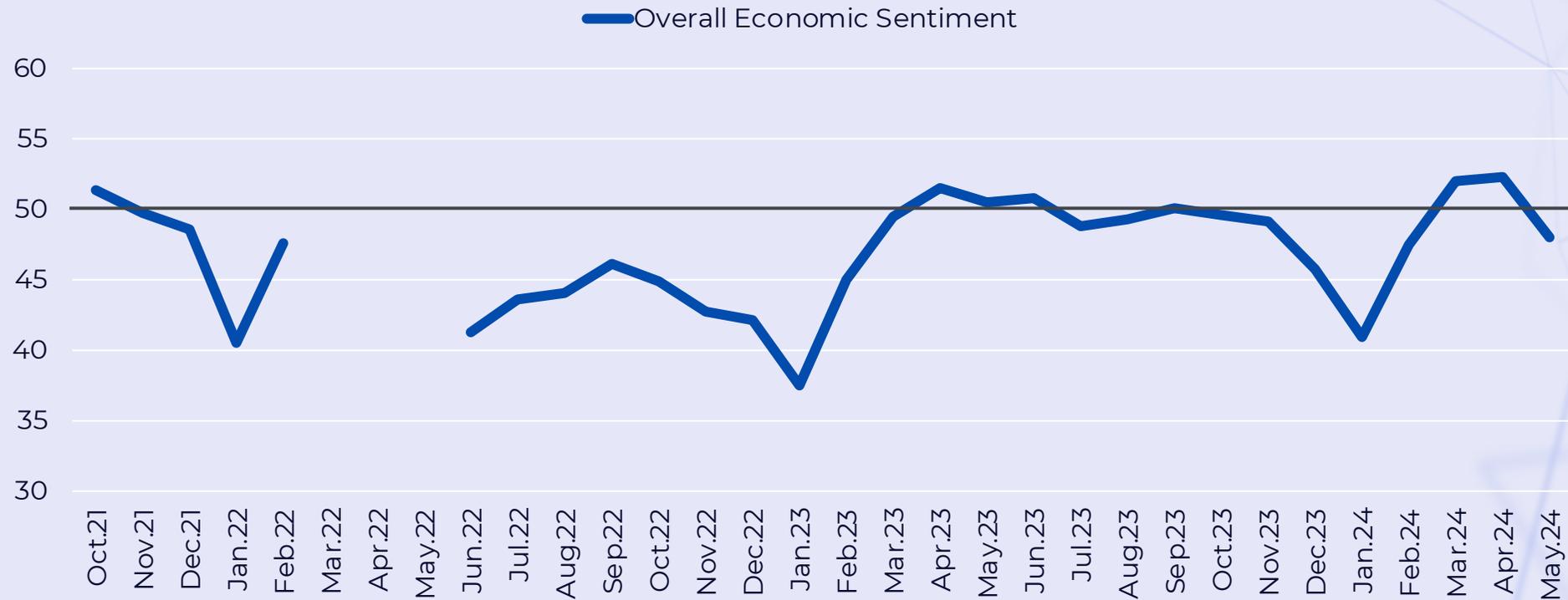
“Headquarters is still very supportive and even eager for finding the right time to invest”

“End of capital controls is great news, but too early to tell how helpful it is”

# POWER CUTS WILL CONTINUE TO RESTRAIN SENTIMENT

**Business sentiment is also negatively influenced by seasonal factors**

*Business Activity Expectations Index, above 50 indicates optimism*



# BUSINESSES/CONSUMERS NEED TO ADJUST TO A NEW REALITY

Less air defense, a notable decline in interception rate in H1 2024

Russia switched from attacking the electricity grid to the power plants themselves

All thermal power plants damaged/destroyed

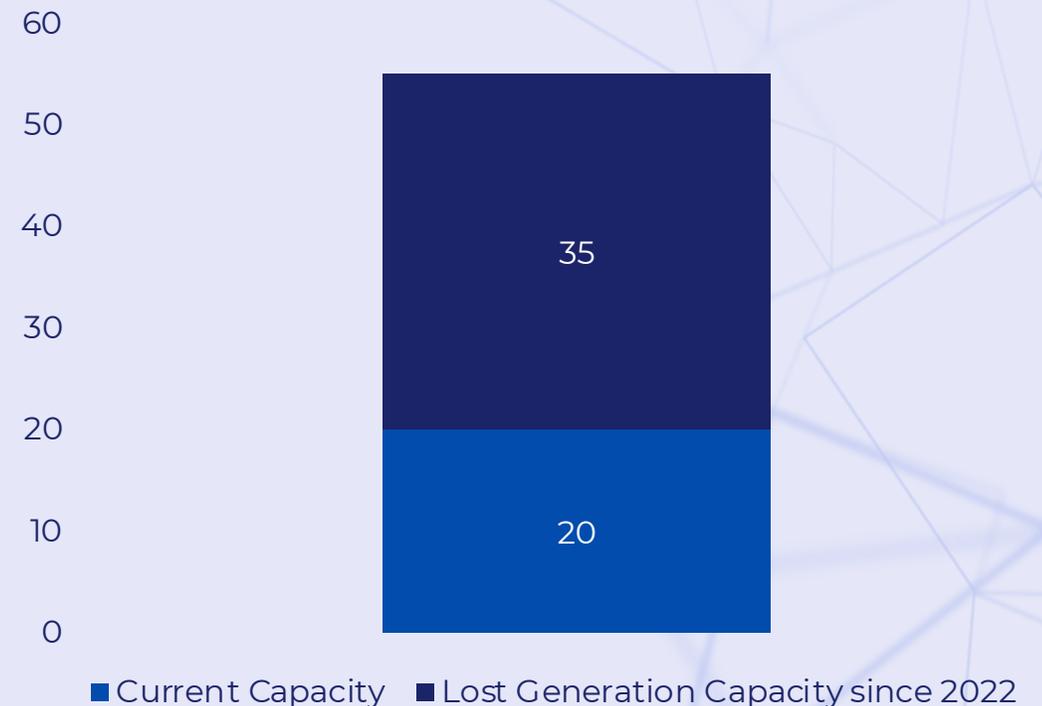
- 9.2 GW of generation capacity destroyed between March & June

What to do for this winter?

- *Import electricity*
- *Import generators and transformers*
- *Install gas generation plants*
- *Increase green energy sources*
- *Build small, decentralized energy units*

Ukraine has lost more than half its power generation capacity since February 2022

*GigaWatts (GW)*

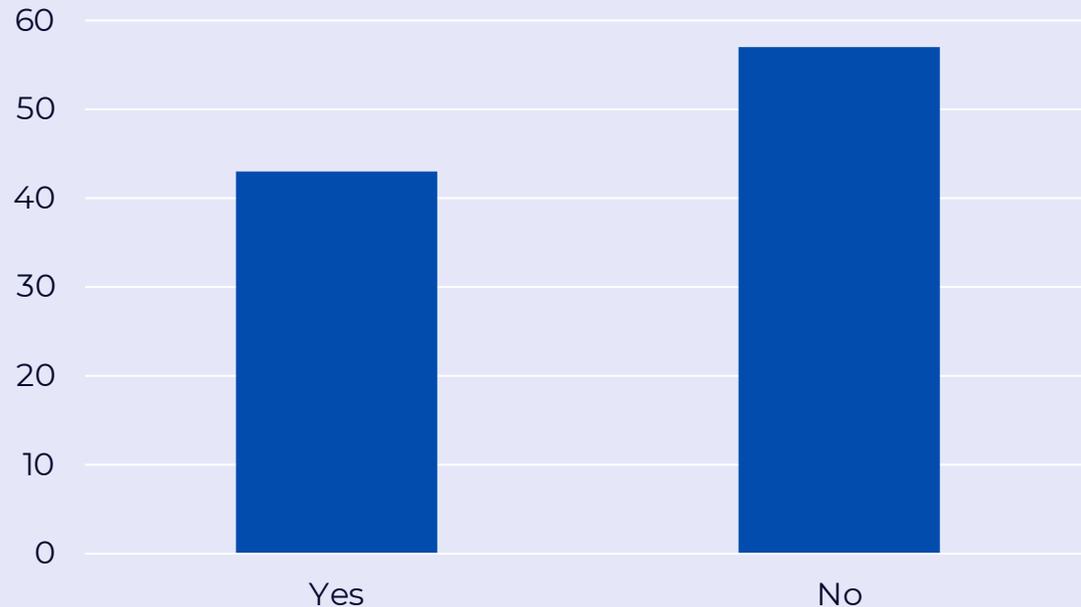


# LABOR MARKET PRESSURES

Raising salaries is not the primary way to retain/attract talent

Will labor shortages from mobilization force your business to discontinue some products/services?

%



What is the main way you are managing the impact of mobilization on your workforce?

%





In Honor Of  
**Joanne McNamee**  
1943 – 2022



# WAR & ENERGY

FIRST PANEL



SERHIY  
SMETANKO

Director of the Department on  
Security Economics and Defense,  
Ministry of Economy of Ukraine



LIUDMYLA  
YEROPKINA

HR Director of Ukrenergo

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# WAR & ENERGY

SECOND PANEL



ANDRIY  
HERUS

Head of Verkhovna Rada  
Committee on Energy,  
Housing & Communal Services



VOLODYMYR  
KUDRYTSKYI

CEO of Ukrenergo



DMYTRO  
SAKHARUK

Executive Director of DTEK



OLEKSIY  
RYABCHIN

Energy & Climate Expert,  
Ex-Deputy Minister of Energy

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