



2019 World Ceramic Tiles Forum

UKRAINE

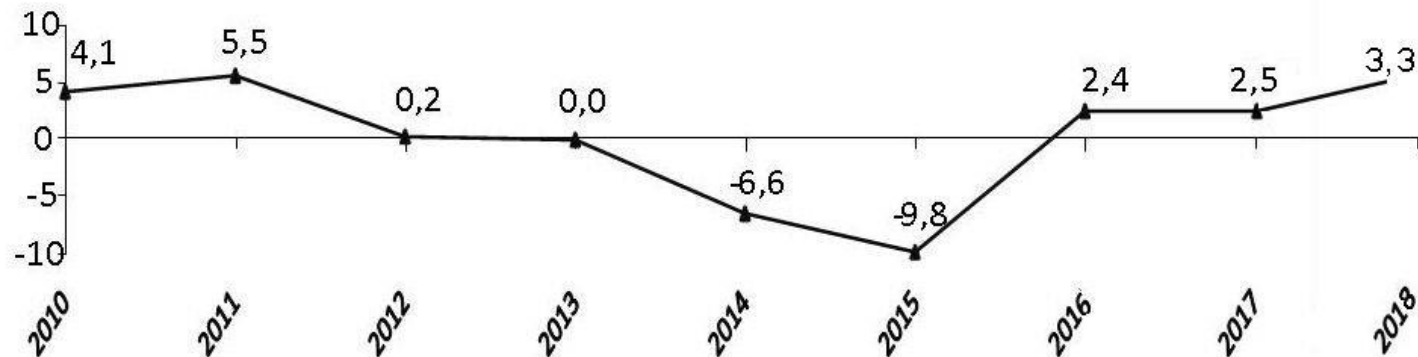
6 November - 9 November
Westin Grand Hotel Berlin
Berlin, Germany



The nominal GDP of Ukraine in 2018 amounted to **3 trillion 558,7 billion UAH**.
In terms of per capita GDP was **84,190 UAH**.

The real gross domestic product (GDP) of Ukraine in **2018** grew by **3,3%**, while over the previous **2017** year by **2,5%**.

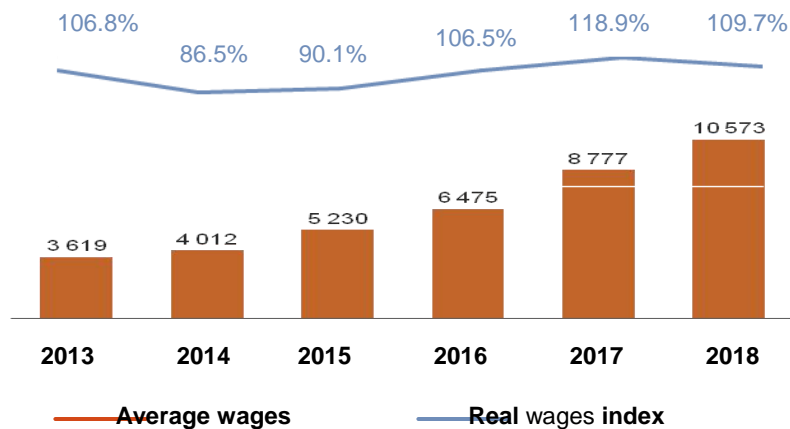
Change in real GDP (in% of the previous year)



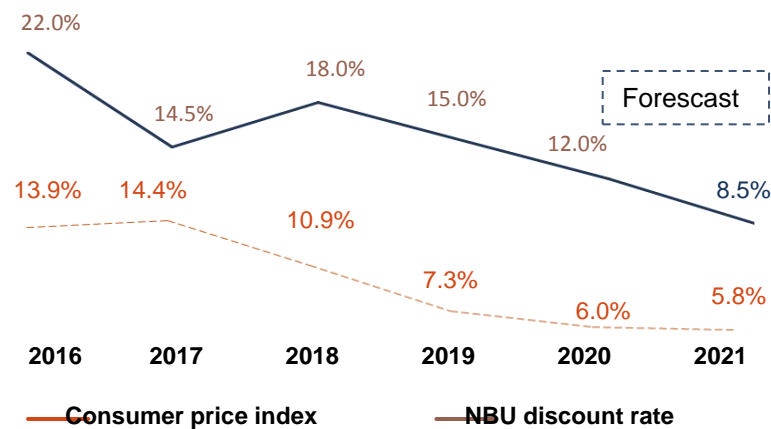
Macroeconomics of Ukraine

A reduction in the NBU discount rate will stimulate the mortgage market and, accordingly, an increase in demand for construction materials macroeconomics of Ukraine

Average wages and real wages Index for 2013-2018 [UAH /%]

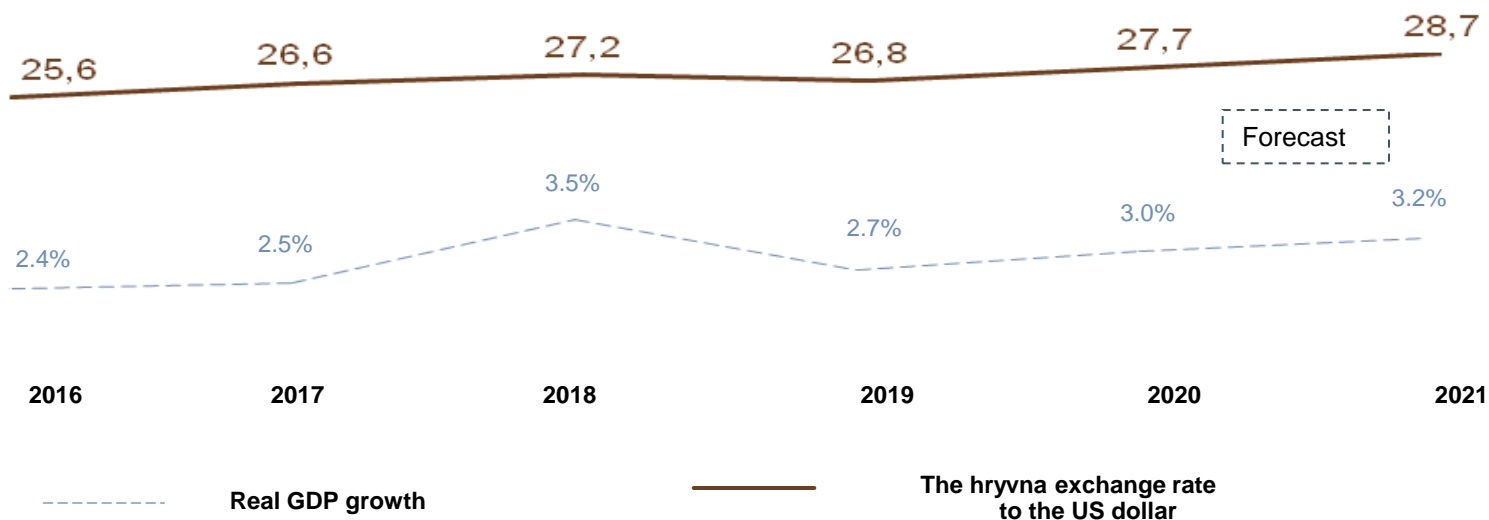


NBU discount rate and consumer price index for the period 2016-2021 [%]



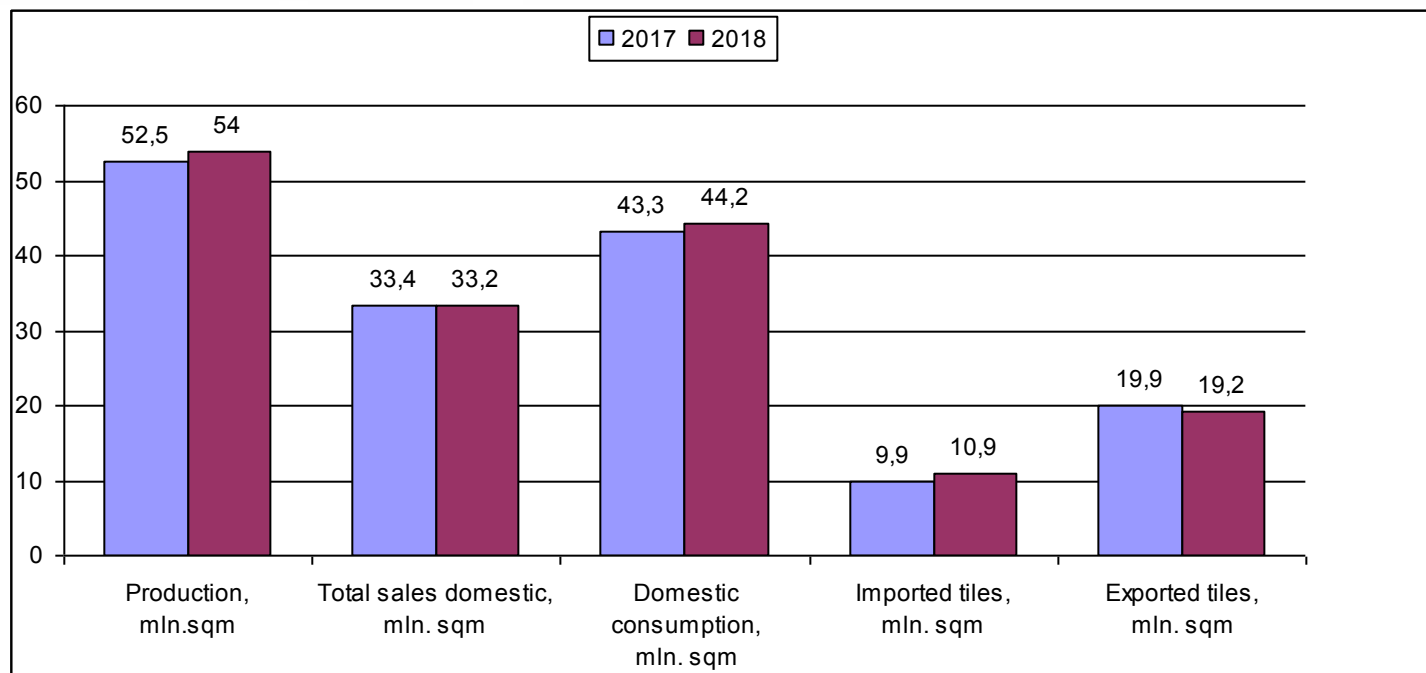
- After the fall in 2014-2015 Ukraine's economy in recent years has shown slight growth, which is mainly due to an increase in consumer demand. The consumer price index will continue to decline and, according to forecasts of the International Monetary Fund, will be ~ 5.8% at the end of 2021.
- The NBU plans to reduce gradually the discount rate to 8.5% by the end of 2021. This decrease will reduce the cost of both consumer and mortgage loans.
- The growth in real wages (which reflects the purchasing power of the national currency of Ukraine) will increase the volume of retail trade in Ukraine.

Real GDP and the hryvnia exchange rate to the US dollar for the period 2016-2021 [UAH /%]



- Retail trade volumes expressed in US dollars dipped strongly over the period 2014-2015, which was primarily due to the devaluation of the Ukrainian currency.
- According to the International Monetary Fund forecast, Ukraine is expected to see steady growth in real GDP, as well as stabilization of the hryvnia in the coming years. These factors will stimulate growth in consumer demand and the volume of investment by the population, including in real estate.

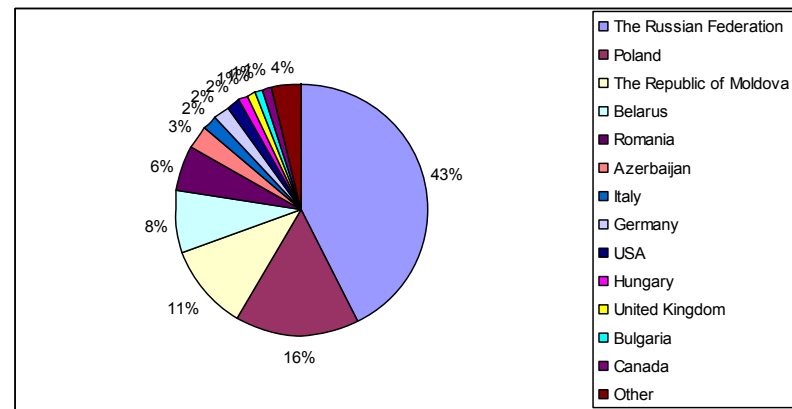
Ceramic tiles market review of Ukraine in 2018



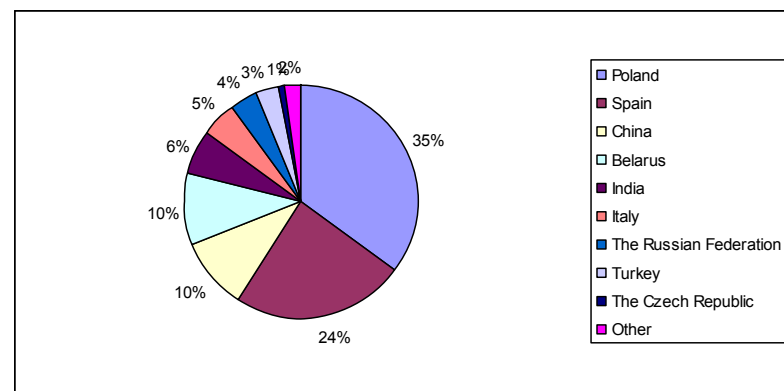
- In 2018 ceramic tiles **production volumes** in Ukraine increased by **3%** and made up **54,0 mln. sqm**.
- **Exports** decreased by **4%** compared to the same period of 2017 and made up **19,2 mln. sqm**.
- **Imports** of ceramic tiles increased in 2018 by **11%** and made up **10,9 mln. sqm**.
- In 2018, compared with the same period in 2017, **the consumption of ceramic tiles** in Ukraine increased, **the market volume** amounted to **44.2 million sqm**.

Export/ Import of ceramic tiles by countries

| Export | 1-9 2018 mln sqm | 1-9 2017, mln sqm | 1 9 2018 vs 2017 | Δ, sqm | Share 1 9 2018,% | Share 1 9 2017,% | Δ, % |
|-------------------------|---------------------|----------------------|---------------------|-----------|---------------------|---------------------|---------|
| The Russian Federation | 6,44 | 8,32 | -23% | 1,89 | 43% | 54% | -11,4% |
| Poland | 2,38 | 1,43 | 66% | 0,95 | 16% | 9% | 6,5% |
| The Republic of Moldova | 1,61 | 1,71 | -6% | 0,10 | 11% | 11% | -0,4% |
| Belarus | 1,19 | 1,03 | 15% | 0,16 | 8% | 7% | 1,2% |
| Romania | 0,84 | 0,61 | 39% | 0,23 | 6% | 4% | 1,6% |
| Azerbaijan | 0,47 | 0,25 | 90% | 0,22 | 3% | 2% | 1,5% |
| Italy | 0,34 | 0,49 | -30% | 0,15 | 2% | 3% | -0,9% |
| Germany | 0,33 | 0,29 | 12% | 0,04 | 2% | 2% | 0,3% |
| USA | 0,26 | 0,15 | 70% | 0,11 | 2% | 1% | 0,7% |
| Hungary | 0,2 | 0,15 | 29% | 0,04 | 1% | 1% | 0,3% |
| United Kingdom | 0,15 | | | 0,15 | 1% | 0% | 1,0% |
| Bulgaria | 0,1 | | | 0,10 | 1% | | 0,7% |
| Canada | 0,09 | | | 0,09 | 1% | | 0,6% |
| Other | 0,66 | 0,93 | -29% | 0,3 | 4% | 6% | -1,7% |



| Import | 1-9 2018 mln sqm | 1-9 2017, mln sqm | 1 9 2018 vs 2017 | Δ, sqm | Share 1 9 2018,% | Share 1 9 2017,% | Δ, % |
|------------------------|---------------------|----------------------|---------------------|-----------|---------------------|---------------------|---------|
| Poland | 3,02 | 2,68 | 13% | 0,35 | 35% | 35% | -0,3% |
| Spain | 2,08 | 2,01 | 4% | 0,07 | 24% | 26% | -2,4% |
| China | 0,86 | 0,76 | 14% | 0,10 | 10% | 10% | 0,0% |
| Belarus | 0,86 | 0,72 | 19% | 0,14 | 10% | 9% | 0,4% |
| India | 0,54 | 0,17 | 224% | 0,38 | 6% | 2% | 4,1% |
| Italy | 0,44 | 0,39 | 12% | 0,05 | 5% | 5% | -0,1% |
| The Russian Federation | 0,37 | 0,56 | -34% | 0,19 | 4% | 7% | -3,1% |
| Turkey | 0,22 | | | 0,22 | 3% | 0% | 2,6% |
| The Czech Republic | 0,10 | 0,09 | 20% | 0,02 | 1% | 1% | 0,1% |
| Other | 0,17 | 0,25 | -30% | 0,07 | 2% | 3% | -1,2% |

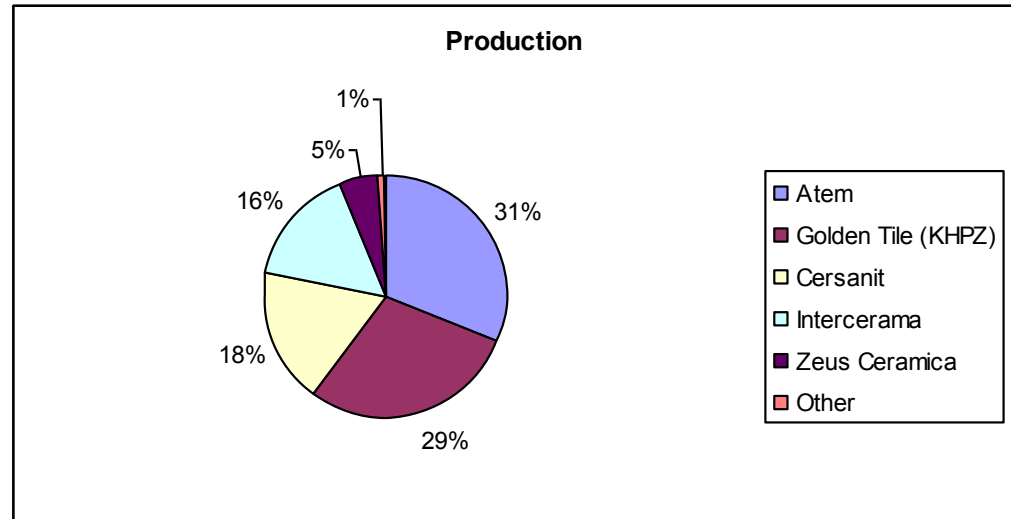


Import of ceramic tiles by countries

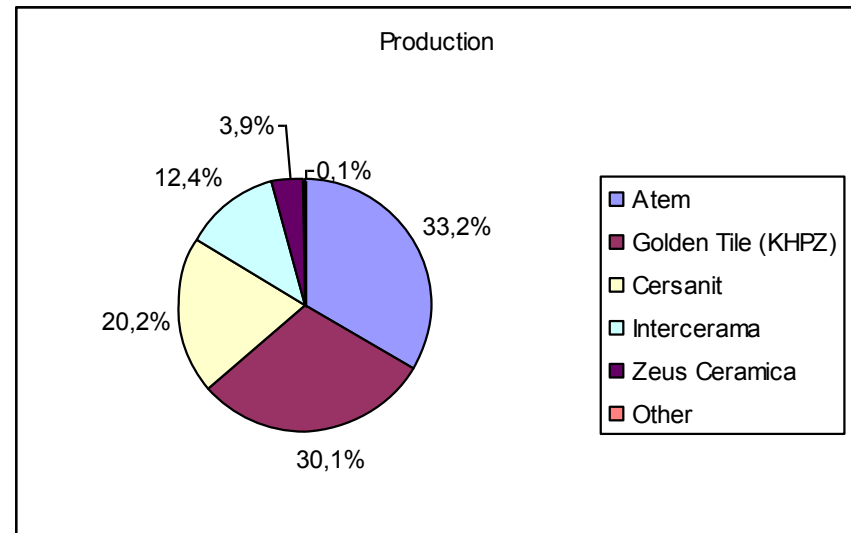
| Import | 1-6 2018 mln sqm | share % | 1-6 2019 mln sqm | share % | growth % |
|------------------------|---------------------|-------------|---------------------|-------------|-------------|
| Poland | 1,7 | 34,7% | 2 | 38,9% | 17% |
| Spain | 1,2 | 24,3% | 1,1 | 21,8% | -6% |
| Belarus | 0,39 | 8,1% | 0,53 | 10,2% | 32% |
| India | 0,31 | 6,2% | 0,38 | 7,2% | 23% |
| China | 0,45 | 9,2% | 0,36 | 7,0% | -20% |
| Italy | 0,26 | 5,3% | 0,29 | 5,5% | 8% |
| The Russian Federation | 0,24 | 4,9% | 0,21 | 4,1% | -12% |
| Turkey | 0,18 | 3,6% | 0,05 | 1,0% | -71% |
| Other | 0,18 | 3,7% | 0,22 | 4,3% | 23% |
| Total | 4,9 | 100% | 5,1 | 100% | 5% |

Production by Ukrainian tiles producers

| Producers | 2018 mln sqm | Share % | 2017 mln sqm |
|--------------------|-----------------|------------|-----------------|
| Atem | 16,7 | 31% | 16,1 |
| Golden Tile (KHPZ) | 15,3 | 29% | 14 |
| Cersanit | 10 | 18% | 10,1 |
| Intercerama | 8,7 | 16% | 8,7 |
| Zeus Ceramica | 2,8 | 5% | 2,8 |
| Other | 0,36 | 1% | 0,47 |
| TOTAL | 53,9 | | 52,2 |

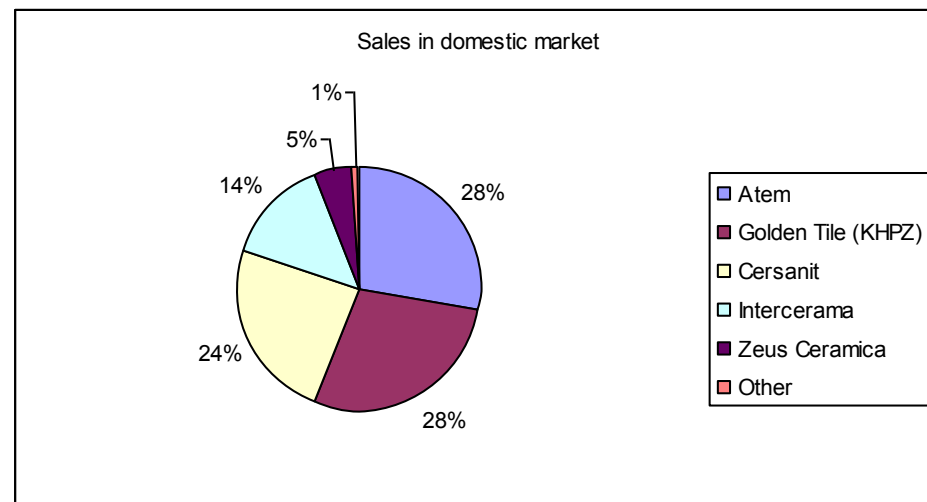


| Producers | 1-6 2018 | 1-6 2019 | Share % |
|--------------------|-------------|-------------|------------|
| | mln sqm | mln sqm | |
| Atem | 7,4 | 8,3 | 33,2% |
| Golden Tile (KHPZ) | 6,7 | 7,5 | 30,1% |
| Cersanit | 5,1 | 5 | 20,2% |
| Intercerama | 4,1 | 3,1 | 12,4% |
| Zeus Ceramica | 1,4 | 0,97 | 3,9% |
| Other | 0,14 | 0,03 | 0,1% |
| TOTAL | 24,8 | 24,9 | |

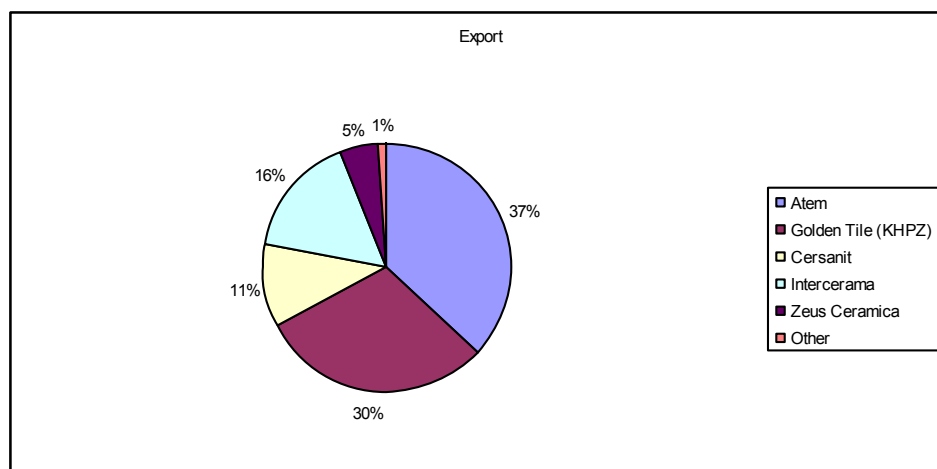


Sales by Ukrainian ceramic tiles producers

| Producers | 2018 mln sqm | Share % | 2017 mln sqm |
|--------------------|-----------------|------------|-----------------|
| Atem | 9,3 | 28% | 8,5 |
| Golden Tile (KHPZ) | 9,2 | 28% | 8,7 |
| Cersanit | 8 | 24% | 8,3 |
| Intercerama | 4,8 | 14% | 5,1 |
| Zeus Ceramica | 1,8 | 5% | 1,7 |
| Other | 0,25 | 1% | 0,66 |
| TOTAL | 33,3 | | 32,9 |



| Producers | 2018 mln sqm | Share % | 2017 mln sqm |
|--------------------|-----------------|------------|-----------------|
| Atem | 7,1 | 37% | 7,5 |
| Golden Tile (KHPZ) | 5,7 | 30% | 5,1 |
| Intercerama | 3,1 | 16% | 4,1 |
| Cersanit | 2,2 | 11% | 2,1 |
| Zeus Ceramica | 0,95 | 5% | 1,1 |
| Other | 0,12 | 1% | 0,15 |
| TOTAL | 19,2 | | 20 |



Sales by Ukrainian ceramic tiles producers

Sales in domestic market

Exports

| Producers | 1-6 2019 | Share | 1-6 2018 | | 1-6 2019 | Share | 1-6 2018 |
|--------------------|-------------|-------|-------------|--|------------|-------|------------|
| | mln sqm | % | mln sqm | | mln sqm | % | mln sqm |
| Atem | 4,4 | 31% | 4,3 | | 3,0 | 37% | 3,1 |
| Golden Tile (KHPZ) | 3,7 | 26% | 4,2 | | 3,0 | 38% | 2,8 |
| Cersanit | 3,9 | 27% | 4 | | 0,65 | 8% | 1,1 |
| Intercerama | 1,6 | 11% | 2,3 | | 0,98 | 12% | 1,63 |
| Zeus Ceramica | 0,52 | 4% | 0,82 | | 0,32 | 4% | 0,49 |
| Other | 0,01 | 1% | 0,13 | | 0,08 | 1% | 0,04 |
| TOTAL | 14,1 | | 15,8 | | 8,0 | | 9,2 |

Exports by Ukrainian ceramic tiles producers

Total Turnover – Exports (mln USD), 2017-2018

| Producers | 2018 | 2017 |
|--------------------|-------------|-------------|
| Golden Tile (KHPZ) | 28,7 | 23,3 |
| Atem | 24,9 | 24,1 |
| Intercerama | 18,4 | 22,2 |
| Cersanit | 10,6 | 8,1 |
| Zeus Ceramica | 7,6 | 7,2 |
| Other | 1,3 | 0,83 |
| TOTAL | 91,5 | 85,7 |

Average price, USD/sqm, 2017-2018

| Producers | 2018 | | 2017 |
|--------------------|------|--|------|
| Zeus Ceramica | 8,06 | | 6,49 |
| Intercerama | 5,87 | | 5,48 |
| Golden Tile (KHPZ) | 4,98 | | 4,62 |
| Cersanit | 4,83 | | 3,92 |
| Atem | 3,5 | | 3,22 |

Ukrainian ceramic tiles producers



Golden Tile (KHPZ) company presentation movie





Ceramic Group Golden Tile includes:

- **CJSC “Kharkiv Tile Plant”** – ceramic tile producer equipped with new modern Italian equipment from Sacmi with total annual capacity of **24.6 mln. sqm** that includes **14 mln. sqm** of porcelain tiles, **10 mln. sqm** of monoporosa tiles, and **0.6 mln. sqm** of decorating elements.
- Shakhtostroy Ltd. has the license for Veroliubovskoye quarry white clay. The company annually extracts 300 000 t of clay Shakhtostroy secures Kharkov Tile plant demand and exports mainly to Italy and Spain.
- Maydan-Vilskiy quarry Ltd is specialized in extraction and processing of feldspar necessary for ceramic tile body and glaze production. Annual production capacity of Maydan-Vilskiy quarry is 1 000 000 t.
- **Golden Tile Ltd.** – exclusive distributor of the Group’s products. It includes **12 regional distribution centers (RDC)**: 8 in Ukraine, 2 in Russia, 1 in Poland and 1 in the United Kingdom. Ceramic Group Golden Tile exports its products to **over 20 countries**, including Germany, US, Canada, Austria, Sweden, Poland, UK, UAE, Hungary, Czech Republic, Romania, Moldova, Russia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Belarus, Estonia, ...

Ukraine Potential On The World Ceramic Tiles Market

Raw materials

Ukraine has **unique reserves of white-burning clay**, which is required for the production of high-quality ceramic tiles.

About **500 mln. sqm** of ceramic tiles are produced from clay and feldspar exported from Ukraine.

Unique raw material stocks are Ukraine's irresistible competitive advantage in the global ceramic tile market.

Export of white-burning clay, th. t

| No | Exporters | 2018 | Share |
|--------------|-----------------|--------------|-------------|
| 1 | Ukraine | 5 534 | 80,7% |
| 2 | China | 790 | 11,5% |
| 3 | USA | 250 | 3,6% |
| 4 | Kazakhstan | 147 | 2,1% |
| 5 | Turkey | 30 | 0,4% |
| 6 | Czech Republic | 19 | 0,3% |
| 7 | Russia | 19 | 0,3% |
| 8 | Poland | 16 | 0,2% |
| 9 | Netherlands | 11 | 0,2% |
| 10 | Iran | 9 | 0,1% |
| 11 | Other countries | 37 | 0,5% |
| TOTAL | | 6 861 | 100% |

Main importers of clay from Ukraine, th. t

| No | Importers | 2018 | Share |
|--------------|-----------------|--------------|-------------|
| 1 | Spain | 1 652 | 30% |
| 2 | Italy | 1 632 | 29% |
| 3 | Russia | 849 | 15% |
| 4 | Poland | 467 | 8% |
| 5 | Turkey | 271 | 5% |
| 6 | Belarus | 192 | 3% |
| 7 | Other countries | 471 | 9% |
| TOTAL | | 5 534 | 100% |

Ukraine Potential On The World Ceramic Tile Market

- **High potential of the internal market** is a driving force for the growth of production
- **Geographic location** of the country between two huge markets - **EU and Russian Federation**, the ability to deliver tiles by sea to **the US, Arab countries, China**.
- Large reserves of basic raw materials required for the production of ceramic tiles - **clay and feldspar**
- According to the research by the University of Modena*, 10 years ago, Ukraine was the second most attractive place to invest in ceramic tiles production after China. Today, with the rise of salaries in China, we possibly have the first place



Production of ceramic tile in Ukraine in the near future may increase 10 times to 500 mln sqm/ year

* THE CERAMIC INDUSTRY: MARKET STRATEGIES AND COST CONDITIONS IN INTERNATIONAL COMPETITION, Tiziano Bursi, University of Modena and Reggio Emilia, 1st October 2007

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Thank you for your attention!

