



News Release

BUSINESS FORECASTS OF KEY INVESTORS IN 2017

Results of expert research of the European Business Association

Just before the new business season start, when most of companies actively plan their strategies of further development and budgeting for the next year, we asked top-managers from EBA member-companies to provide their economic prognoses in the framework of our specific research - **EBA Business Forecast 2017**.

This topical research covers the development of own business as well as vision of the company's future in 2017 following the world economic tendencies and globalisation processes.

We would like to share with you the summarised opinions from **117 key investors**, most of which work in services - 35%, as well as in such sectors as: manufacturing - 25%, construction - 7%, mining - 3% etc.

MAIN OUTPUTS

- Significant percent – 74% of respondents – predict positive dynamics of business growth in 2017;
- The most of respondents - 46% - do not plan any new investments for 2017. At the same time, 45% eager to launch of new projects next year;
- As it used to be last year the majority of respondents marks combating corruption as a main task for the Government – this time 26.61% of respondents think so;
- Vast majority of top-managers (48%) are not going to change the number of workers. At the same time, 44% have already scheduled the raise of staff members. 9% – will downsize workforce in 2017.
- Vast majority - 41% - forecast 10-20% growth of salaries;
- 23% respondents use currency rate 27-28 UAH for 1 USD while planning their budgets.

BUSINESS ACTIVITY TRENDS

The positive signal lies in high percent of respondents (74%), who expect a positive dynamics for their businesses' growth. 34% of directors forecast incomes 10-20% growth in UAH, 22% marked 20-30% income growth, 12% pointed 10% income growth. There is also a low percent (almost 4%), who fixed 50% income growth in 2017. In general our respondents are likely to consider the level of inflation when predicting incomes growth. Income growth in USD looks a bit different. For instance, 32% of respondents are likely to predict 10% income growth

This time we asked top-managers about the rate of growth in volume terms when budgeting for 2017. The highest percent of respondents (32%) look forward to receiving 20-30% growth. 22% of directors pointed their maximum growth rate as 10%, and other 21% forecast no growth at all. And only 2% of respondents marked 50% rate of growth in volume terms for their businesses.

BUSINESS CLIMATE

Corruption in Ukraine is number one barrier in the eyes of business-community. We notice such tendency in several researches simultaneously since we started measuring the status of investment attractiveness of Ukraine. That is why, combating corruption is obviously the most frequent answer (30%) for the question about the main tasks from

business for the Government team. Other top answers-tasks are – court system reform and the rule of law – 25%, tax and customs reform - 19%. 15% of respondents pointed that the Cabinet of Ministers should pay attention to the level of political stability and fix the effective management system. 5% more percent of top-managers marked the importance of progress in DCFTA issues and strengthening of EU-Ukraine relations. 4% mentioned the need for energy safety and energy efficiency and 3% think that the Government should cut its spendings.

HUMAN CAPITAL AND SALARIES

Taking into account the fact that a vast majority of respondents forecast the positive dynamics of business growth next year, we can see the trend for expanding the staff in many companies. Our statistics proves that almost 44% of respondents confessed that in 2017 they will probably employ new staff members. 48% are likely to keep the staff composition unchanged. And only 9% are likely to reduce the staff in 2017.

More optimistic figures (compared to last year results) we also received in terms of salaries. Thus 41% of respondents plan to increase the salaries for 10-20%. 37% leaders expect to increase salaries for 5-10%, a 10% of respondents forecast 5% salary increase. Only 4% will avoid the increase at all.

Anna Derevyanko, EBA Executive Director:

"The results of this year research prove that business is currently more confident as it used to be in 2015. And we can see that a vast majority of companies' leaders demonstrated quiet optimistic views as for dynamics of business growth in 2017. It means, there is a hope for some kind of boost for business-activity. Of course, investor dislike uncertainty of the economic situation in Ukraine, however some of them plan to grow their capitals including human one."

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