

# РІЧНИЙ ЗВІТ

головна пошта країни

2020



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# Introduction of the Director General

In 2016, Ukrposhta undergone major management change. It began a new era in the history of the national postal operator. There have been many important changes, victories and achievements during these five years. We fought, went through ups and downs, defended our right to life. We were not alone: there were people who supported and helped us implement changes. There were also those who would constantly criticize but instead of breaking us their criticism gave us a possibility to look at what has been done from other perspective and improve even further.

2020 became a real challenge for every business in the country, and Ukrposhta was no exception to the rule. The pandemic and other circumstances that no one has been prepared for taught us to be even more creative in the decisions we make, faster in the implementation of projects, more resilient to the ever changing environment. Today we have set ambitious goals, toward which we are moving step by step. This report shows not only what was achieved in 2020 but also enables us to look back and measure the last five years of Ukrposhta under the new management, scrutinizing areas and points that created this history. We invite you to take the tour that we compressed in the 95 pages of the report.



**Igor Smelyansky,**  
CEO of Ukrposhta

# Shareholder's evaluation of Ukrposhta's activity



**Vladyslav Kryklii,**  
former Minister of  
Infrastructure of Ukraine  
(08.2019 - 05.2021)

In 2020, Ukrposhta ranked among the top 30 post offices in the world. This was the result of a tremendous effort by the entire team, which allowed the company to significantly improve its marketing position notwithstanding the quarantine and concurrent restrictions. The steps that allowed Ihor Smilyanskyi's team to boost the company's growth and acquire the reputation of a socially responsible company included: mailing medicines throughout Ukraine, scaling up the Travelling Postal Offices project to 6 additional oblasts, implementing the investment program, selling non-core assets, promoting digitalization of business processes.

The company management's transparency and high quality of work are corroborated by the high level of trust from international financial institutions: In 2020, the Ukrainian Ministry of Infrastructure, the European Bank for Reconstruction and Development (EBRD) and Ukrposhta signed off the 63 million euros loan agreement for procurement of about 1,900 vehicles and associated equipment as travelling postal offices, and for the construction of three modern automated sorting centres. The sorting infrastructure project is co-financed by the European Investment Bank (EIB) who has contributed EUR 30 million. So far, this is a record investment in infrastructure modernization, enabling Ukrposhta to provide better services.

# The shareholder's assessment of the activities of SC "Ukrposhta"

The COVID-19 pandemic, which dominated the year of 2020, put the company in a state of continuous and unconventional challenges, which required prompt response. In my opinion, Ukrposhta coped well with them. Understandably, the company had to adjust its business processes, to invest in new logistics solutions and to develop a logistics model adapted to the new reality. Nevertheless, thanks to proper financial planning and cost control, not only did Ukrposhta manage to end 2020 with a profit and to pay a considerable amount of dividends to the state budget, but it also to exceeded the planned indicators of the approved financial plan.

I would like to make specific mention of the investment program, which was implemented despite all the difficulties and obstacles posed by the COVID-19 pandemic. Renewal of the car fleet, launch of mobile post offices, computerization of post offices, obtaining a license from the National Bank of Ukraine to transfer funds in the national currency without opening accounts, corporate reforms – all these are just some of major changes and transformations of Ukrposhta.

What lies ahead is the foundation of the first postal bank, modernization of the logistics network, bringing the services provided to a new quality level. I am sure that the team will be able to implement all its plans and projects. The year 2020 proved it!



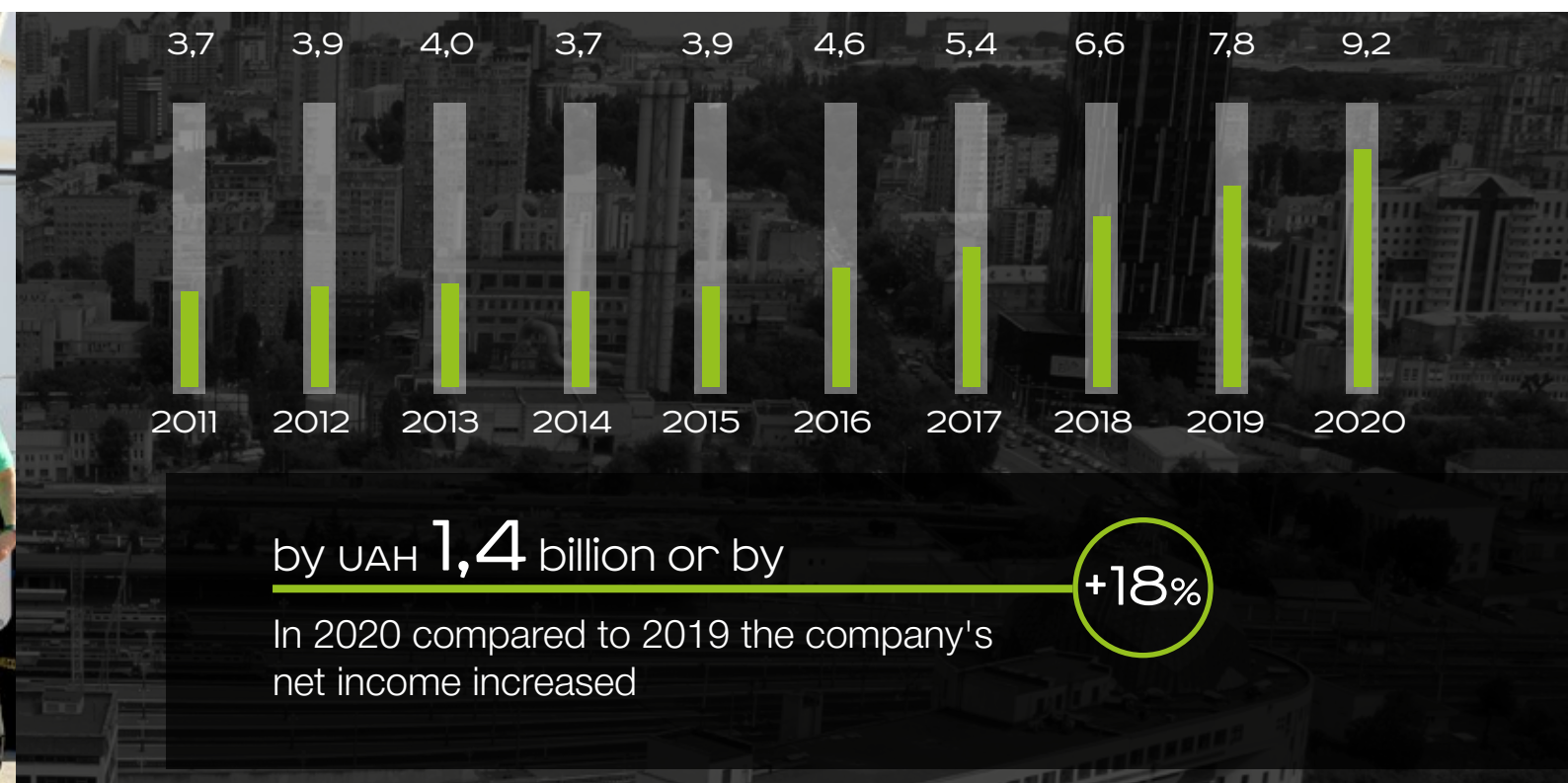
**Benoit Pleska,**  
Chairman of the Supervisory  
Board of Ukrposhta



# Ukrposhta - Ukraine's National Post

UAH **164,9** million  
net profit in 2020

UAH **9,2** billion  
net income SC "Ukrposhta"  
received in 2020 from sales  
of goods, works and services  
(X2.5 times of 2011-2020)



**Ukrposhta's network is the largest among all logistics companies**

**63,3** thousand  
employees

over **11** thousand  
postal facilities

**630**  
travelling postal offices

**288**  
newly refurbished  
postal offices

UAH **82,5** million  
dividends paid by  
Ukrposhta in 2020

UAH **2 992** million  
taxes paid by  
Ukrposhta in 2020


EBITDA  
amount

UAH **826** million  
2019

UAH **538** million  
2020



## Ukrposhta delivered

 **156,8** mln pcs.  
letter post within Ukraine  
and abroad

 more than **32,3** mln  
parcels within Ukraine  
and abroad



to **14 223 136**  
direct mail delivery is carried out  
subscriber boxes

## In 2020, Ukrposhta accepted and paid

 UAH **1,203** million  
worth of postal orders  
and payments

 UAH **2,627** million  
worth of pensions and  
social benefits



**272,7** million  
copies of periodicals were  
distributed in 2020  
(by subscription and retail)

**UA 3 069**

titles of periodicals  
of Ukraine

**809**

titles of periodicals  
from other countries






## Ukrposhta vehicle fleet


**4,3** thousand vehicles in use
 
 about **20%** of the fleet was upgraded


**684** new vehicles were purchased in 2020
 
**500** of them for travelling postal offices


**8,5** years the average age of vehicles was in 2020
 **And in 2016 it was 15 years**

## More than 50 different services for individuals and corporate clients

### Postal and logistics services:

- Subscription of periodicals
- Letter post
- Parcels
- International items
- Courier delivery and other services

### Financial services:

- Money transfers
- Delivery of pensions/social benefits
- Acceptance of payments (including utility bills)
- Cash withdrawal
- Insurance services

### Retail

- Consumer goods
- Periodicals (including available for order through the catalogue)

for over **70** years  
**member of the universal postal union**

**№1**  
**of international postal delivery.**

Ukrposhta cooperates with designated postal operators in 191 countries across the globe and delivers to Ukraine postal items from 230 countries and territories around the globe.

ranked **30<sup>th</sup>**  
**in the universal postal union**

ranking as per the Postal Development Index (2IPD) among 170 post offices in the world. In 2019, the company ranked 37th.



# Mission, vision, values

## Mission of Ukrposhta

We at Ukrposhta are striving to provide modern financial and logistics services throughout Ukraine and abroad; to bring fruits of civilization to the most remote villages in the form of innovative and convenient services.

## Vision of Ukrposhta

Building a successful, profitable, customer-oriented company that will bring dividends to the state. Introducing innovations, promoting digitalization of existing services and products, and improving operational and business processes.

## Fulfilling a number of social obligations effectively and efficiently, in particular:

- provide universal postal services
- ensure the availability of financial services, delivery of pensions, social benefits, goods
- distribute subscription periodicals across Ukraine, including the most remote villages



## Ukrposhta values:

- Responsibility of treating each client.
- The high quality of services we strive to provide.
- Reliability and efficiency of service provision.
- The team we strive to develop and motivate.

## Ukrposhta brand

The Ukrposhta brand is one of the important intangible assets of our company. It depicts a postal horn — a symbol of the post office of any country, and transforms into a geolocation sign - pin.



# The team is the main stimulus of Ukrposhta



**Liliia Bushina,**  
Deputy Director General  
for HR

Over the past five years, our team has created an effective company structure with centralized functions and management verticals. Developed and implemented new KPI-based motivation system, covering employees at all levels and providing cascading of the company's strategic goals to the level of post offices. The company's staff was renewed by 40%, which had a positive impact on the results of work. On average, about 29 thousand of our specialists are trained every year. Our company is open to young professionals who are at the beginning of their career. In five years, almost 2,000 students have completed internships at post offices across Ukraine. Up to 20% of them remained to work in the company. And they are new, young, inspired and motivated employees who, together with a large team, will introduce changes to Ukrposhta.

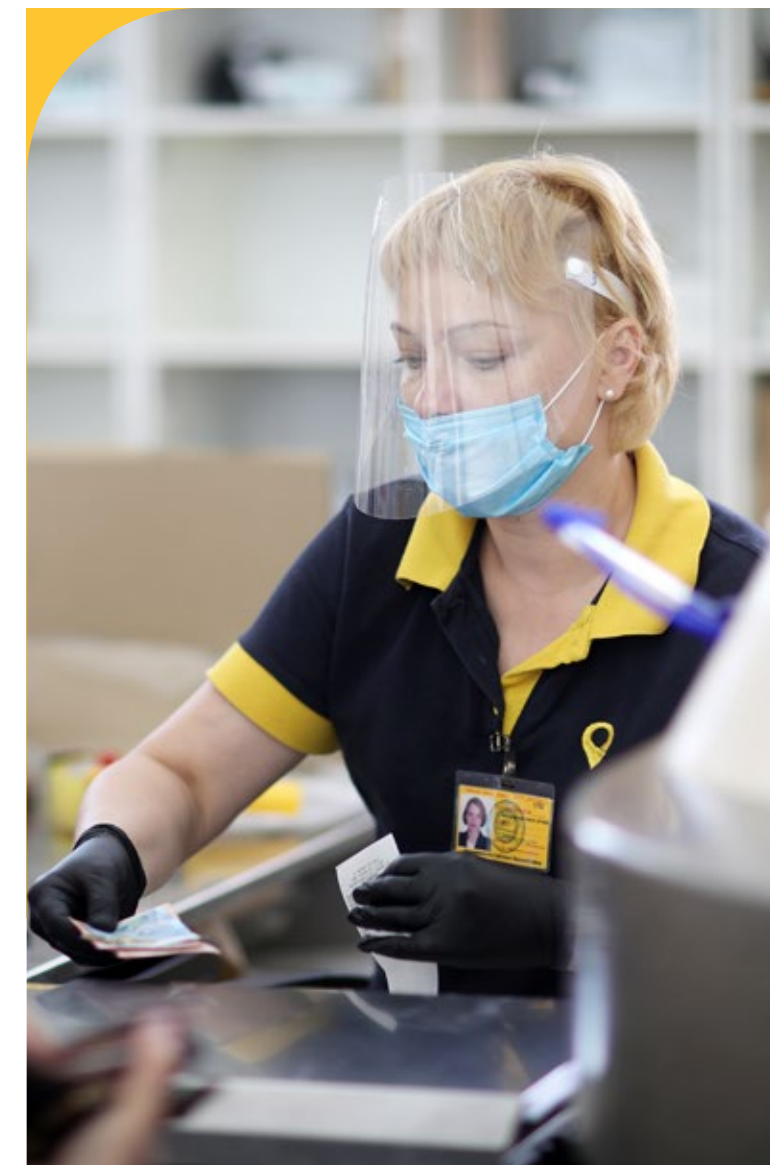
2020 created an unexpected challenge - the COVID-19 coronavirus pandemic for us and all the world. We accepted it and did our best to make our employees feel safe, continue to work and develop.



## COVID-19 and the operation of Ukrposhta

The COVID-19 pandemic has taught us to quickly adjust business processes and work in new conditions. First of all, we have provided personnel working with people - operators, postmen, drivers, etc. - with personal protective equipment. We also took care of the availability of antiseptics in all post offices. A system of special insurance for employees was introduced: in case of severe form of coronavirus COVID-19, each postman in addition to all state and hospital payments received UAH 25 thousand for treatment and rehabilitation. We also paid for employees to travel to work, in the absence of urban and interurban transport. Introduced a surcharge of 15% of salary for staff working on the first line: employees of post offices, including travelling, as well as couriers, drivers of international routes.

In addition, we continued to train postmen in the usual way. However, we had to adapt and transfer to the online format a large number of activities. Thus, in 2020, 18,422 employees studied remotely. In total, we conducted 550,331 events (remotely).



# Ukrposhta remains the employer No. 2 in Ukraine for many years

**63,3 thousand**  
employees are working for Ukrposhta at the end of 2020

**19,5 thousand**  
employees serving customers in branches

**26,3 thousand**  
postmen

**87%**  
women

**40%**  
women

**60%**  
men

**13%**  
men

**8%**  
management positions

**92%**  
production personnel

**45,8 years**  
The average age of Ukrposhta employees

**43,7 years**  
The average age of the company's top management

## Top management

## ukrposhta staff, 2020

**63 324**  
Total number

**58 259**  
Production personnel

**5 065**  
Administrative and managerial staff

**12 280**  
Heads of post offices (deputies)

**8 334**  
In village

**3 946**  
In city

**26 316**  
Postmen

**16 081**  
In village

**10 235**  
In city

**848**  
Mail escort postmen

**10 866**  
Postal operators

**3 707**  
Other postal operators

**7 159**  
Postal operators in PO

**930**  
In village

**6 229**  
In city

**1 777**  
Parcels and printed products sorters

**2 267**  
Drivers of motor vehicles

**3 905**  
Other production staff



## Employee salaries are rising

From 2016 to 2020 Ukrposhta increased:

by **2,13** times  
the salary fund

by **2,4** times  
the average salary  
of production staff

The average salary of production staff, UAH / month





# Learning is the path to growth

The development of professional knowledge and skills of our employees is an important component of corporate culture. We are constantly developing and implementing training programs and courses for various groups of postmen, which they can take both online and in classroom. Regular training gives our employees the opportunity not only to improve their professional knowledge and skills, but also to move up the career ladder.



## Ukrposhta cooperates with:

O. S. Popov Odesa National Academy of Telecommunications

State University of Telecommunications (DUT)

Kyiv College of Communication

Lviv College of DUT

Kharkiv College of DUT

Higher vocational schools in the regions

Centres for training, retraining and advanced training of employees

## Stories of success



**Anna-Maria Tarasyuk,**  
Head of the Post Office

Two years ago, Anna-Maria read an advertisement for a vacancy for a postal operator, called a recruiter, passed an interview and within a few days started working at the central Cherkasy PO 18001. In addition to hard work, she showed good professional skills and a desire for further growth and development. The management noticed this and offered Anna-Maria the position of Deputy Head of the Post Office, and later in September 2020 the position of the head of PO No.5 in Cherkasy.

Iryna came to Ukrposhta in 2005 as the operator of Kyiv PO 04136. She was the head of Kyiv POs No. 04060, 04071, 04205 and deputy head of the quality control department. In 2017, Iryna headed the Ukrposhta offices support service (SOS) - a department she contributed a lot into creation. Today Iryna is kind of "connector" improving the working conditions of colleagues from all regions of Ukraine.



**Iryna Movchanyuk,**  
Head of Internal Customer Support  
(Ukrposhta SOS Branch Support Service)



## Apprenticeship for students

We actively cooperate with a number of educational institutions, whose students have the opportunity to have an apprenticeship in Ukrposhta offices throughout Ukraine. Each trainee is guided by a mentor who helps to learn the profession of postal operator in real life. Between 2016 and 2020 1,782 students underwent apprenticeship at Ukrposhta's post offices, and 12% - 20% of them remained working in our company.



# Ukrposhta network is №1 by number of postal offices



**Polishchuk Dmytro,**  
Deputy Director General  
for network development

Ukrposhta is actively developing the network. In 2020, we opened 157 post offices - the largest amount in the "new" period of our company's history. The 250 busiest post offices in the regional centres were put into operation "7 days a week". The transition to the use of RRO software and electronic check has begun, which will increase the number of operating windows and optimize the cost of their installation. To provide customers with comfortable services, we are actively moving online. To this end, we have established close cooperation with the Ministry of Digital Transformation of Ukraine and are integrating our services into a single portal of public services Diia. One of the first steps in the framework of this cooperation was the opportunity for Ukrposhta customers to receive international items without post pay, as well as domestic items with post pay up to UAH 5,000 (Ukrposhta Express, Ukrposhta Standard) via electronic documents of the Diia mobile application. This allowed us to improve our services, which our customers could not help but notice. Thus, in the period from 2017 to 2020, the level of NPS increased from minus 20.5% to plus 24.9%. Despite the fact that with the start of the lockdown in 2020, we had to quickly change the work schedule of post offices, none of them stopped working even for a day.



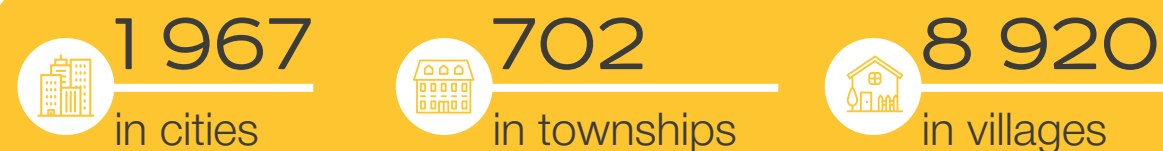
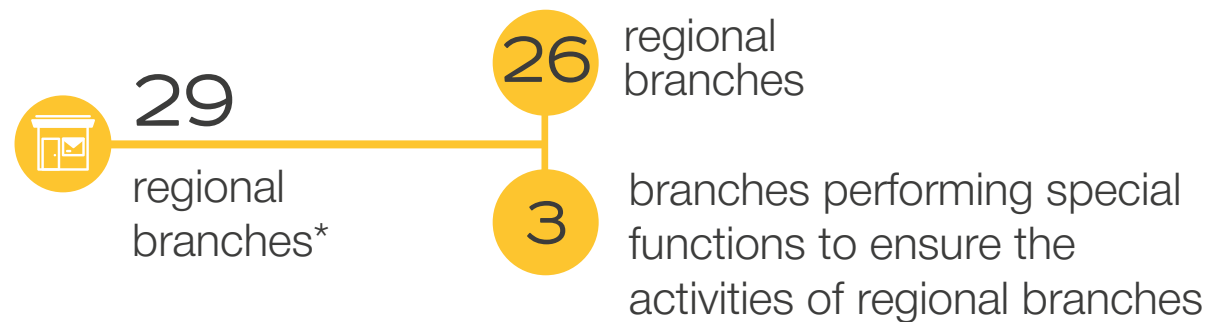
## COVID-19 and the operation of Ukrposhta

We have implemented contactless and secure delivery and have been able to provide all services despite all quarantine restrictions. To minimize the number of contacts, customers could receive services at home by ordering them over the phone. During the pandemic such service was especially relevant for the elderly. They did not have to go to the post offices and stand in line to receive a pension or pay utility bills, etc. All these actions could be performed by the postman, who came straight home.

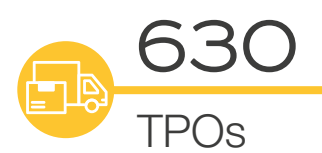
Moreover, we launched a number of initiatives (delivery of Easter cakes, medicines), which allowed people to stay home and not be exposed to danger. During the period of hard lockdown, when urban and interurban transport stopped, we ensured the transfer of employees to and from work.



## Largest network



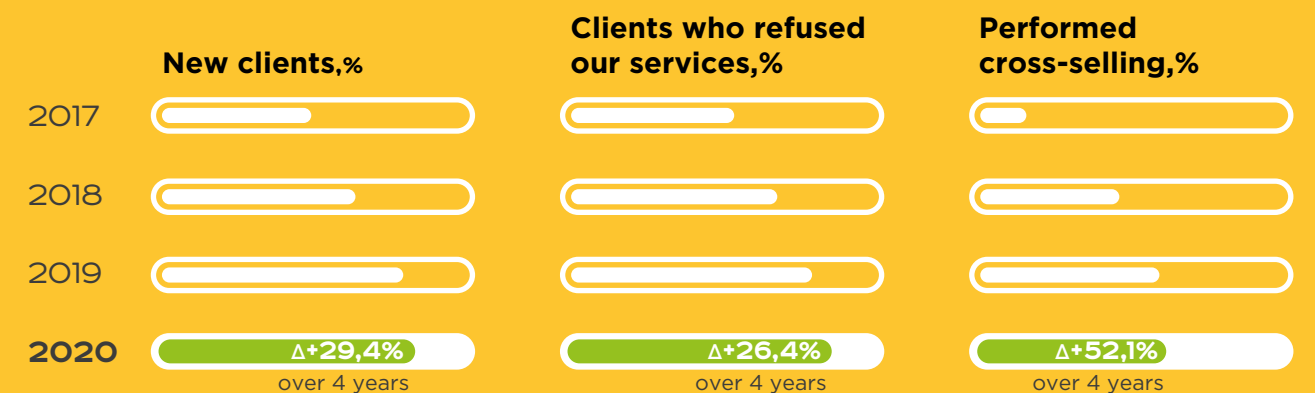
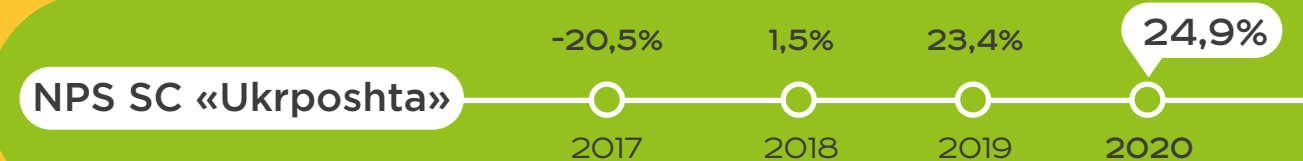
post offices, travelling post offices and points of presence throughout Ukraine, which cover 100% of the settlements of Ukraine.



\* Taking into account the temporarily occupied territories

## Quality of work

We understand that customer satisfaction depends on the quality of our work. Therefore, we are constantly working to improve processes, quality and speed of service provision. During the last 5 years we have managed to overcome the path from customer despair, which has been formed over 23 years, to their support and commitment. Our customers loyalty proves it: the level of NPS (Net Promoter Score - customer loyalty index) rose from 20.5% in 2017 to 24.9%\* in 2020\*.



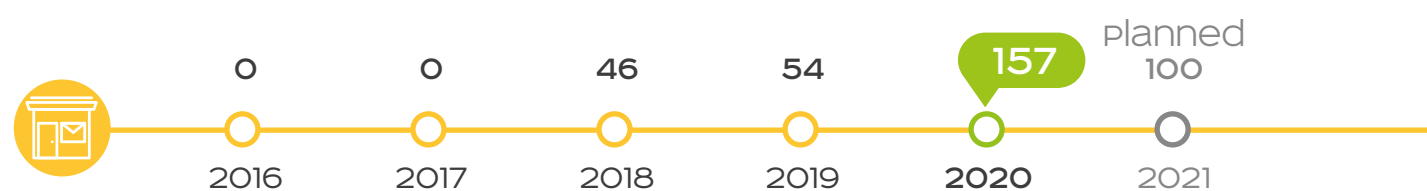
\*Due to the change of methodology in 2020, the average annual NPS indicators are compared (previously, the results were compared at the end of each year).





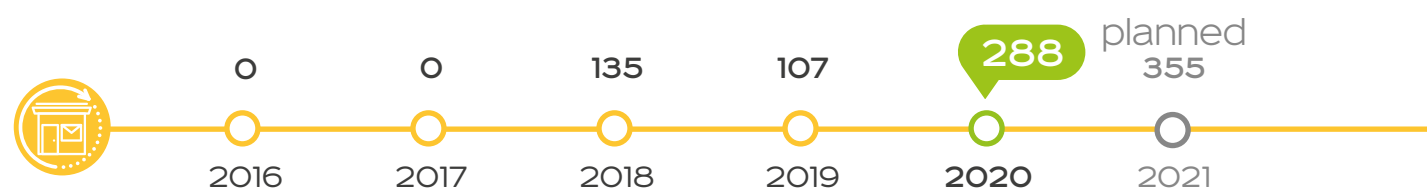
# Network update in 2020

## Opening of new post offices



The process of opening new post offices is always difficult, due to the need of repairs, new furniture, appliances and Internet connection. All our purchases are carried out through the ProZorro system. In addition, the choice of location for new post offices is extremely important, as one of the key requirements is the density of customer traffic and the presence of nearby businesses that could use our services. Thus, in 2020, we opened 43 post offices in new residential areas, the rest - in densely populated areas with a need for post offices within client's walking distance.

## Post offices refurbish (refreshing):



We understand that most of our offices need repairs. Therefore, from year to year we invest a lot of money in it. First of all, we are refurbishing POs with the largest flow of customers and business turnover. Currently, 20% of the city's post offices have been refurbished.

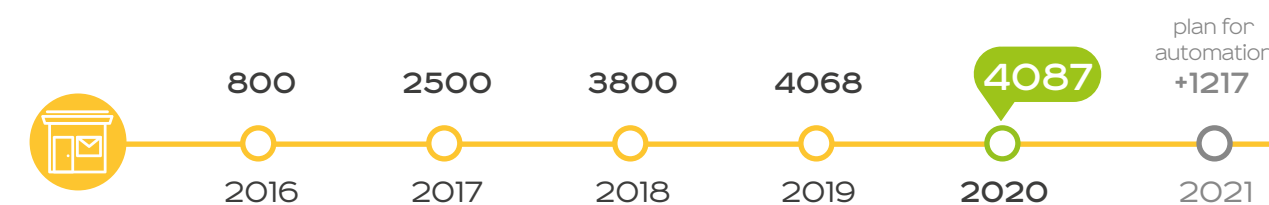


UAH **19,5** million

was spent in 2020 on post offices repairs

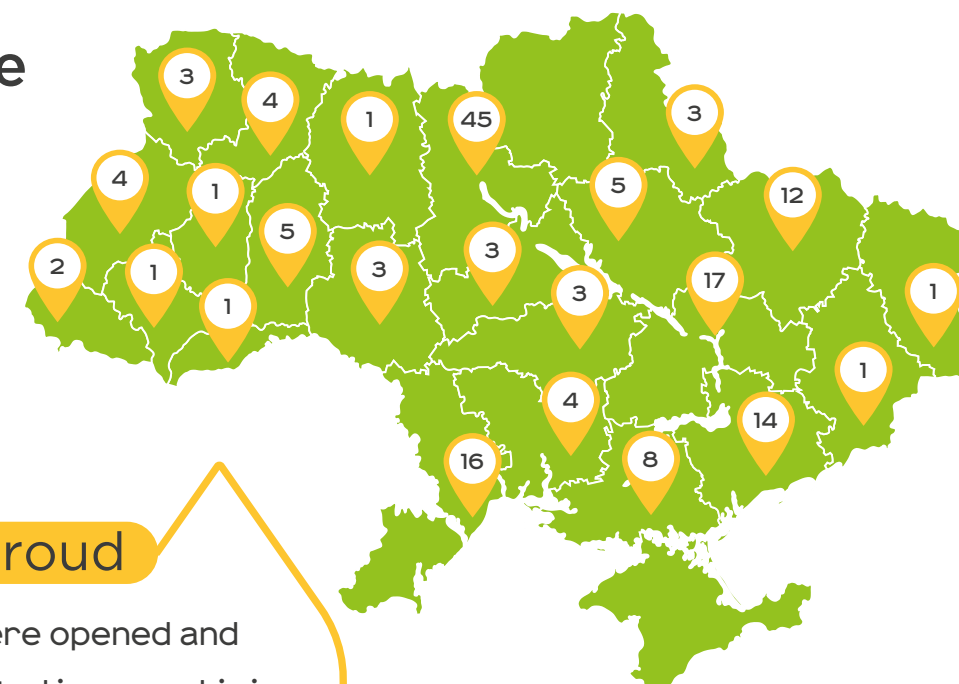


## Number of computerized Ukrposhta post offices:



By the end of 2021, we plan to computerize all offices located in settlements with a population over 1,200 people. The rest will be served by travelling offices.

## New post offices were opened



**We are proud**

**157** post offices were opened and **288** were renovated in 2020. This is the biggest amount in the last 5 years.



# Travelling postal offices change the lives of villagers

Ukrposhta is the only company represented in small settlements which are not profitable for banks, pharmacies or shops. As the only connection with the world for more than 13 million people, we have set ourselves the goal of qualitatively influencing the level of development of villages and providing their residents with 100% modern services. Travelling Post Offices (TPOs) is a project that improves the quality of postal, logistical and financial services to rural residents while leaving the post office in the countryside.



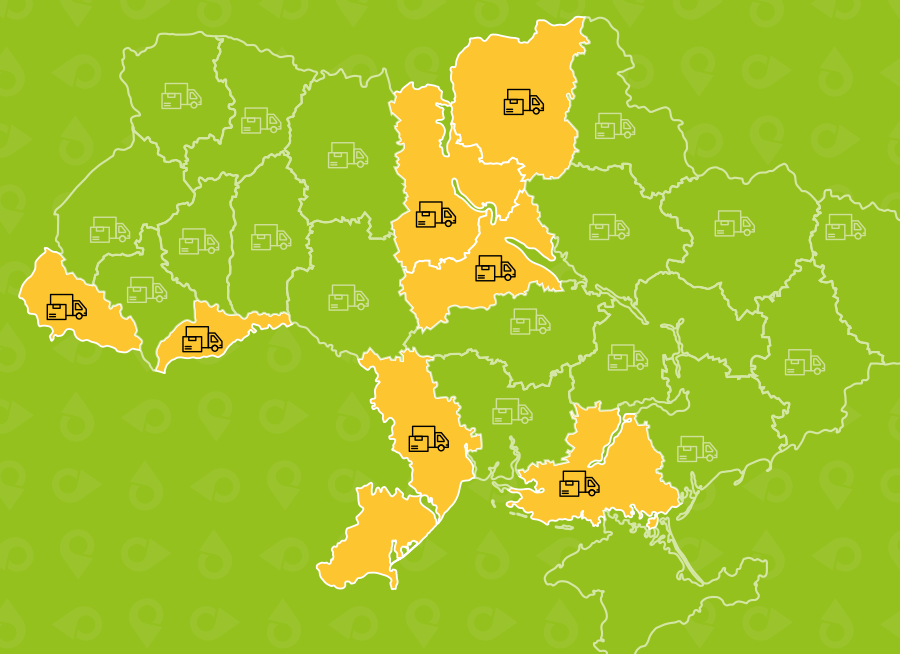
## In 2020 TPOs:

**29%**  
covered 29% of the  
entire territory of Ukraine

**7**  
regions of Ukraine

which is **5.1+ thousand**  
settlements and about  
**2 million** people in the  
service area

це **5,1+**  
пунктів  
**2 млн** н  
обслуго



2020

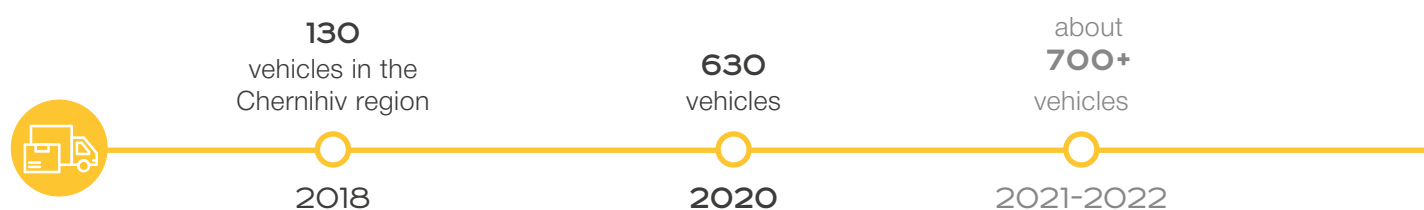
2021

**1 854**  
brigade members

**630**  
vehicles

**2 391**  
points of presence  
in 7 areas

**500**  
FIAT Doblo Maxi vehicles  
were purchased for travelling postal  
offices





# Financial indicators



**Pali Maksym,**  
Deputy Director General  
for the financial issues

Despite the COVID-19 pandemic, Ukrposhta increased in financial and operational indicators in 2020. Thus, the company increased the total revenue in 2020 by 18% to UAH 9.2 billion. EBITDA in 2020 amounted to UAH 538.2 million, while the company received a net profit of UAH 164.9 million. 50% of the profit were transferred to the state in the form of dividends.

We did not revise the financial plan approved by the Ministry of Infrastructure of Ukraine at the end of 2019 due to the circumstances under the influence of the pandemic. However, the reality in 2020 turned out to be stricter than we had set in the MIU financial plan. After all, we had a number of unforeseen expenses, including the purchase of personal protective equipment, rental of aircraft for the delivery of export and import items, surcharges for employees working on the first line, and so on.

As a result of the work on revenue growth and daily control over expenses, we managed not only to remain profitable (which is not often in state-owned enterprises), but also to exceed the planned indicators of the approved financial plan. This allowed us not to slow down the pace of the investment program, to implement a project on launch of Travelling postal offices in 6 regions and other projects regarding upgrade of our infrastructure, in particular in cooperation with banks on financial leasing terms. In addition, we have attracted loans from international financial institutions for the development of our key strategic projects.

Thus, we have signed loan agreements with the European Investment Bank and the European Bank for Reconstruction and Development for 93 million euros for the implementation of strategic projects "Modernization of the logistics network" and "Travelling postal offices". This will increase competitiveness, speed and quality of delivery.



	2020, UAH thousand	2019, UAH thousand
Net revenue from sales of goods, works and services	<b>9 182 437</b>	7 777 842
Net cost of sold products (goods, works, services)	<b>7,774,565</b>	6,596,957
<b>Gross profit</b>	<b>1 407 872</b>	<b>1 180 886</b>
Administrative expenses	<b>1 136,999</b>	1 014 143
Selling expenses	<b>211 367</b>	188 026
Other operating expenses	<b>126 104</b>	546 216
<b>Financial results from operating activities</b>	<b>185 610</b>	<b>524 933</b>
Other finance income and costs	<b>1 795</b>	17 371
Other income and costs	<b>23 481</b>	43 091
<b>Financial result before taxation</b>	<b>207 296</b>	<b>499 213</b>
Income tax (expense)/credit	<b>42 373</b>	93 856
<b>Net financial result</b>	<b>164 923</b>	<b>405 357</b>

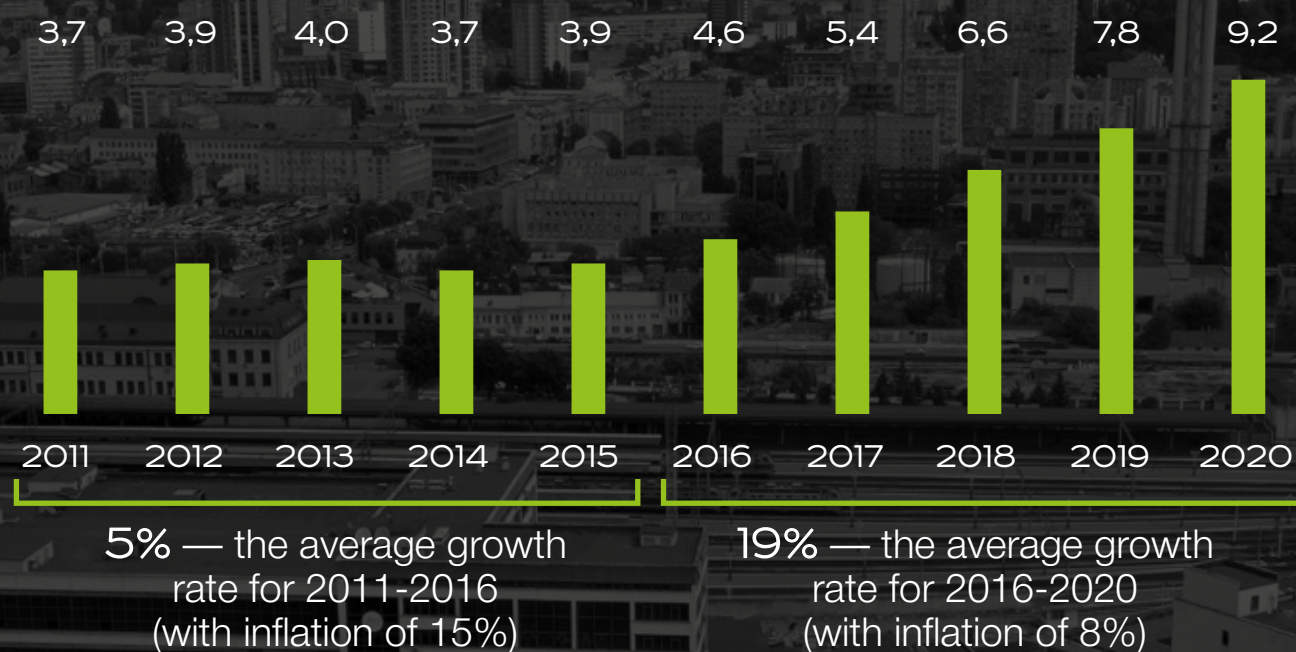


# Ukrposhta's net income for 2020

UAH **9,2** billion  
net income from the sale  
of goods, works, services  
of SC "Ukrposhta" in 2020

by **18%**  
compared to 2019  
the net income  
increased

Ukrposhta's net income has doubled  
in the last 5 years



## Revenues from sales of products 2020 VS 2019

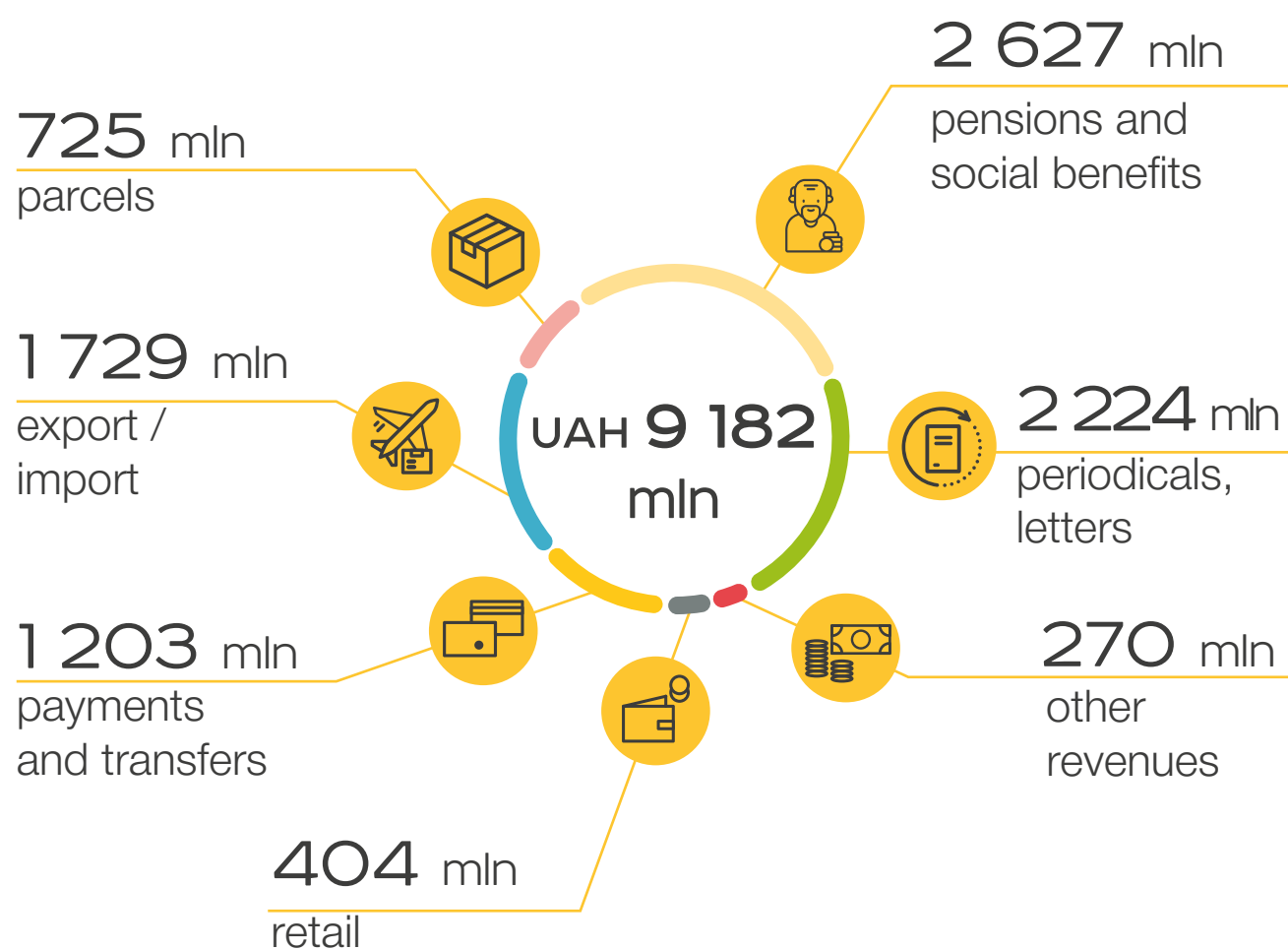
Services	2020 (mln UAH)	2019 (mln UAH)	% of growth
<b>Postal Services</b>	<b>4 871</b>	<b>4 668</b>	<b>104</b>
Letter post	1 778	1 870	95
Parcels (internal)	725	600	121
Export/import	1 729	1 527	113
Periodicals	446	482	93
Other income	193	188	102
<b>Financial services</b>	<b>3 905</b>	<b>2 729</b>	<b>143</b>
Pensions/social benefits	2 627	1 673	157
Payments	967	766	126
Postal money transfers	236	227	104
Other financial services	75	62	121
<b>Retail and other services</b>	<b>407</b>	<b>382</b>	<b>128</b>
<b>NET INCOME</b>	<b>9 182</b>	<b>7 778</b>	<b>118</b>







## Revenue structure



## We are proud



Ukrposhta received a **30 million euro** loan under state guarantees from the European Investment Bank for the modernization of the logistics network through the construction of three new sorting centres, 20 post offices, and the development of IT infrastructure.



Ukrposhta attracted **EUR 63 million** in loans under state guarantees for up to 12 years from the European Bank for Reconstruction and Development (EBRD).

30 million

for the construction of new sorting centres

33 million

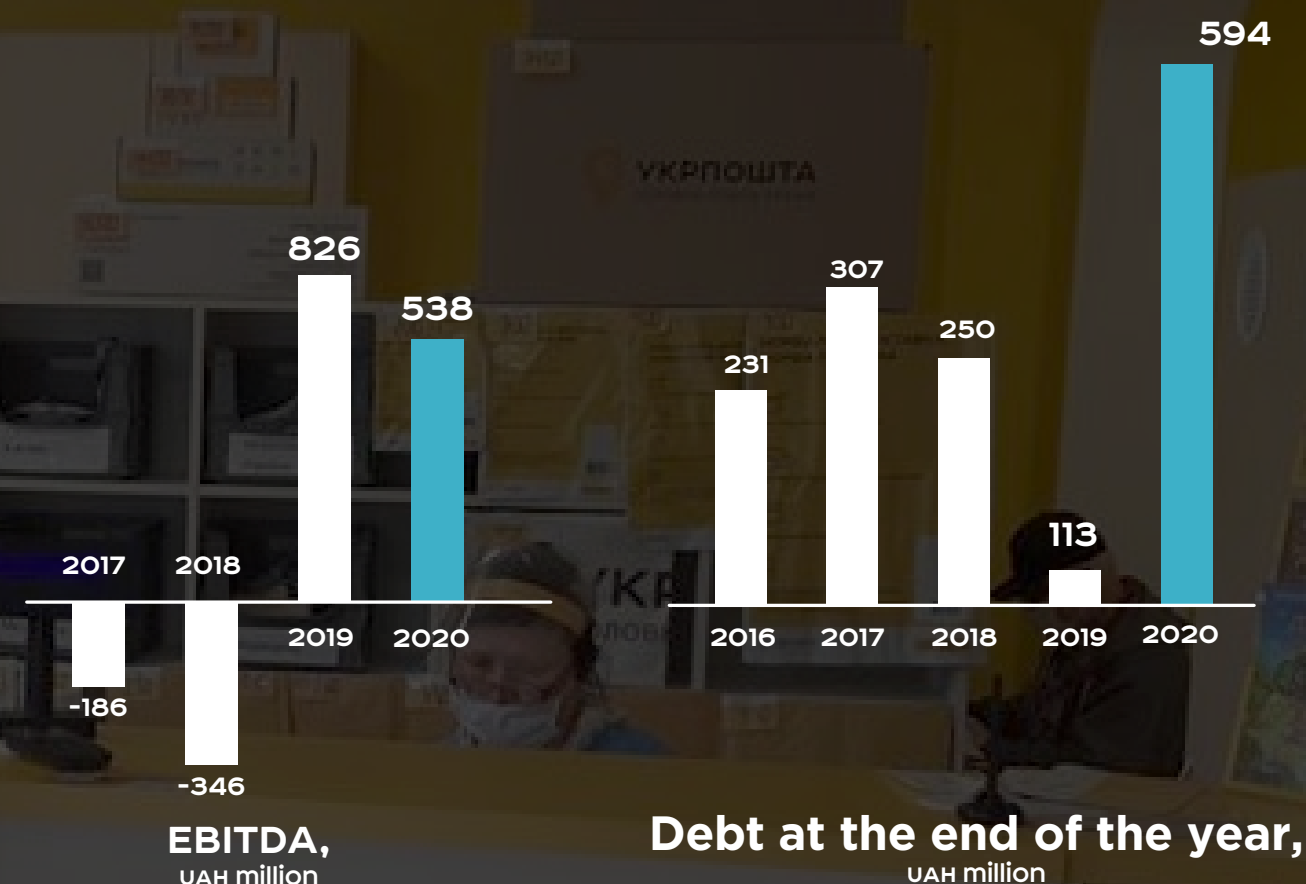
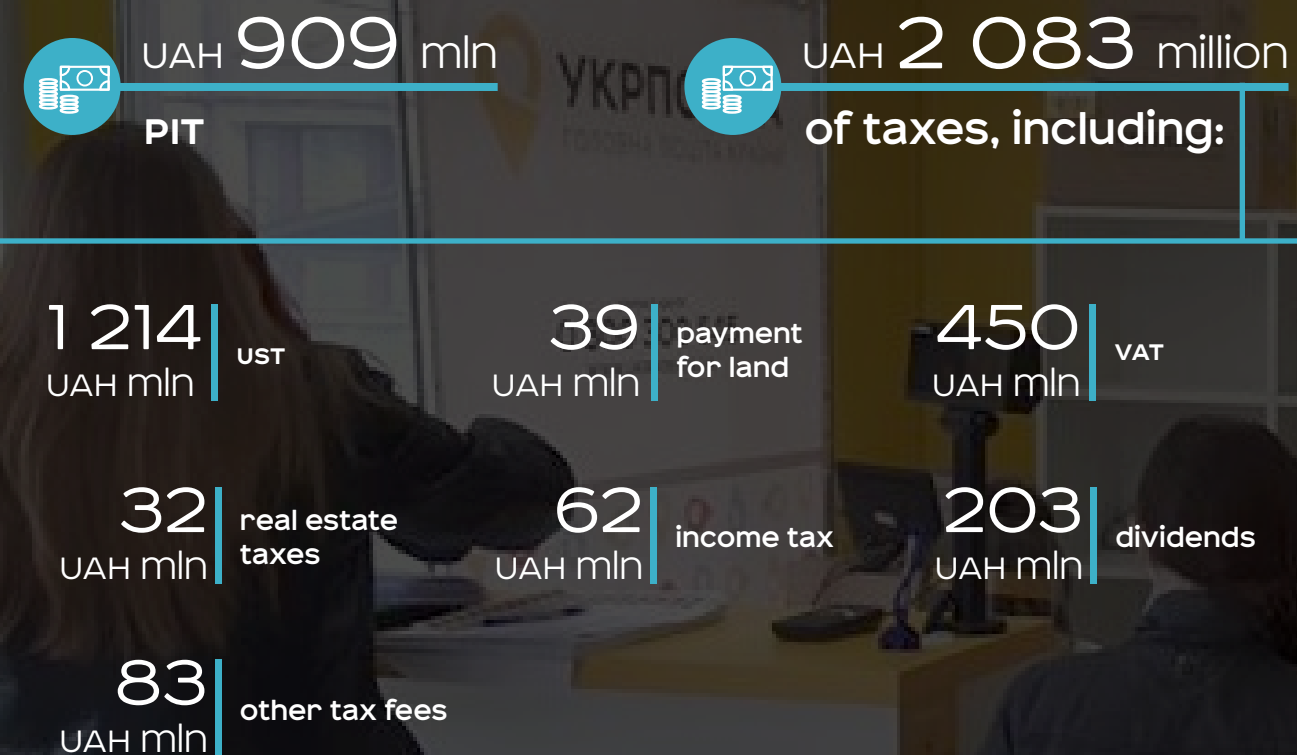
will go to 100% coverage of the country by travelling postal offices

# Ukrposhta is one of the largest taxpayers in the transport sector

In 2016-2020 alone, ukrposhta transferred to the budget more than 10.5 billion UAH in taxes and 3.3 UAH billion in PIT

Ukrposhta in 2020 has paid:

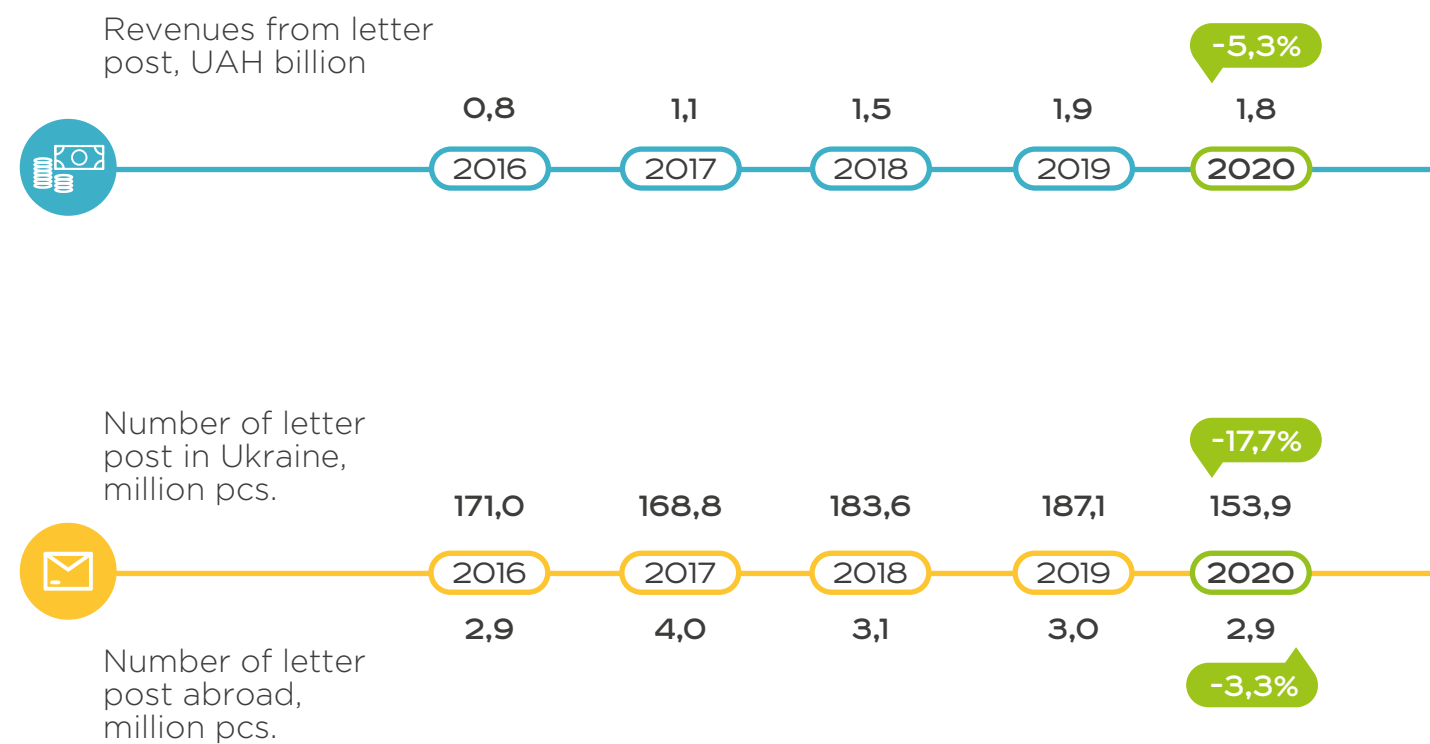
Year	Taxes, UAH million	PIT, UAH million	Dividends, UAH million	UST, UAH million	VAT, UAH million	Payment for land, UAH million	Real estate tax, UAH million	VAT, UAH million	Other tax fees, UAH million
<b>2016</b>	1 160	373	0	551	175	21	0	2	38
<b>2017</b>	1 650	537	0	787	218	36	9	10	53
<b>2018</b>	2 181	718	0	993	336	46	23	0	65
<b>2019</b>	2 494	793	0	1 070	483	42	31	1	74
<b>2020</b>	<b>2 992</b>	<b>909</b>	<b>203</b>	<b>1 214</b>	<b>450</b>	<b>39</b>	<b>32</b>	<b>62</b>	<b>83</b>





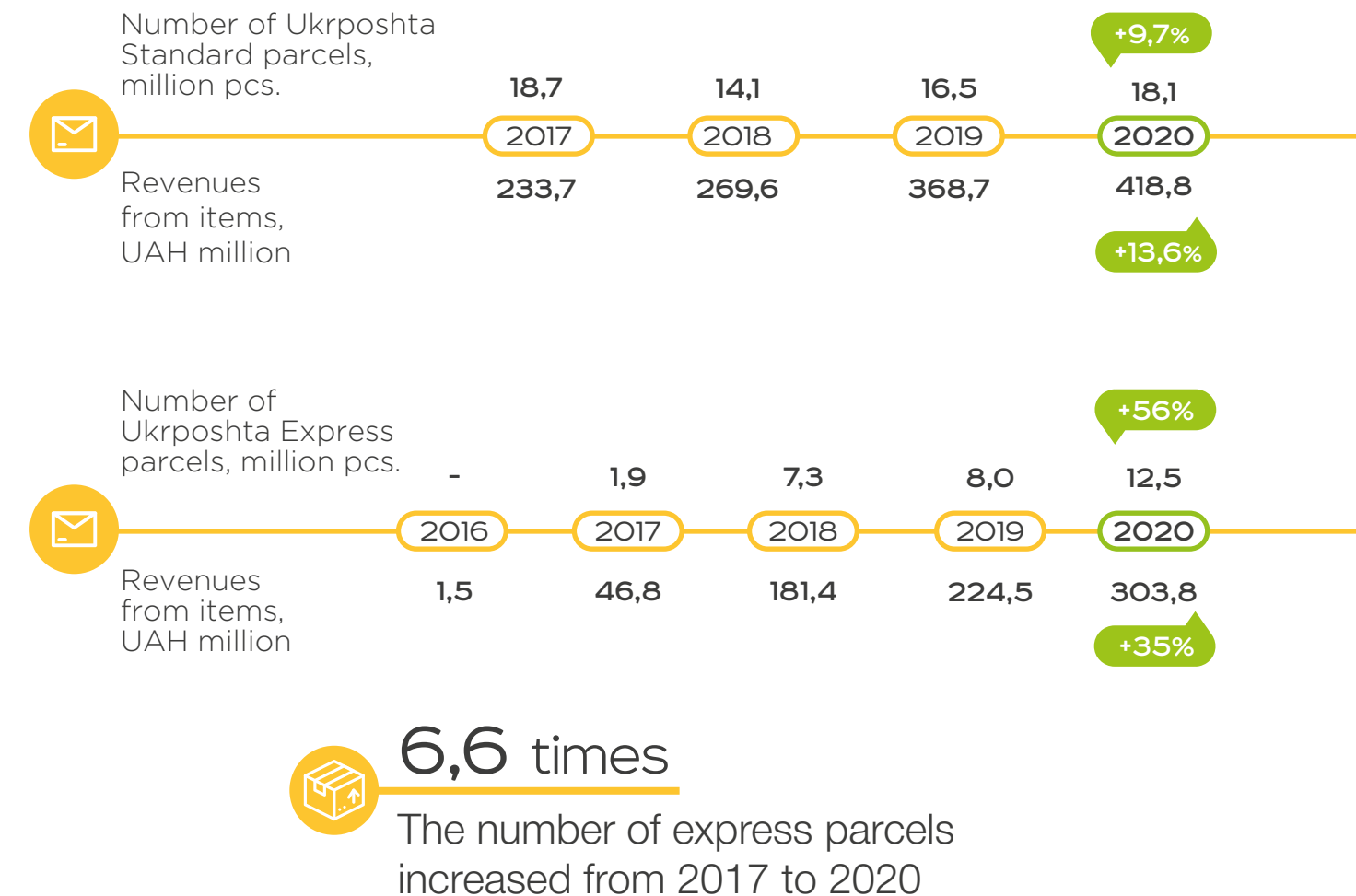
# Letter post in 2020

## Letter post – 2016 VS 2020



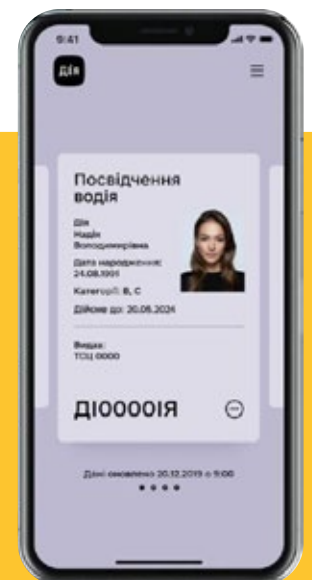
During the quarantine period, many organizations did not work, including the courts. This affected the amount of letter post they send through Ukrposhta as part of their business activities.

# Parcels in 2020

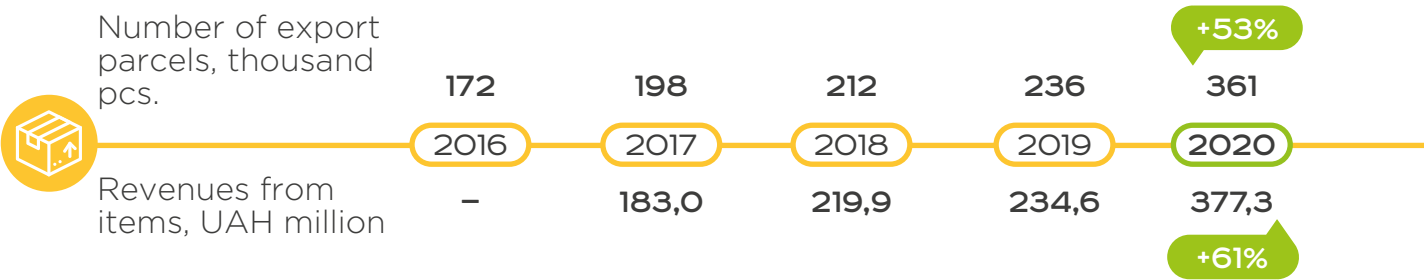


## Receiving a parcel through the Diia application

In **4000+** computerized offices, customers can receive domestic and international items, letters, etc. without a paper passport.



Export parcels 2016 VS 2020



The number of export items increased 2 times from 2016 to 2020.





# Ukrposhta is a reliable partner of online trade market players

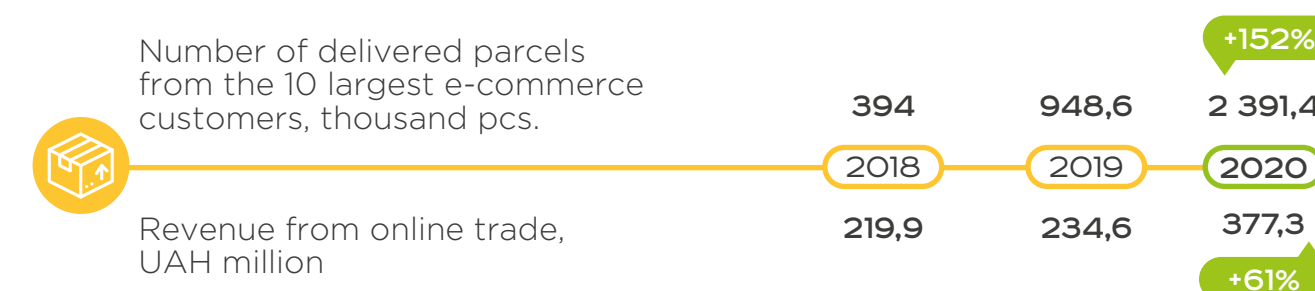


**Olena Stopina,**  
Deputy Director General  
for business development

The number of online purchases is growing every year. And more retailers and marketplaces trust us to deliver their products to customers. Thus, over the past three years, the number of parcels delivered from the 10 largest Ukrposhta customers in the e-commerce category has increased 6 times. According to the results of 2020, 8 out of the 10 largest companies in the online trade segment, as well as 60 out of the 100 most visited online platforms in Ukraine work with Ukrposhta. Our client portfolio includes the main marketplaces, online stores and companies whose business model involves the delivery of goods. We managed to achieve such results due to reorientation not to our own internal processes, as it was before, but to the needs of the end consumer. That is, we began to pay more attention to monitoring and measuring the quality of delivery to the customer, which allowed us to notice shortcomings in the work, make adjustments to internal processes, improve the quality of service and which is the most important - our customer's confidence.

## COVID-19 and the operation of Ukrposhta

Despite all the quarantine restrictions, reduced business activity, "downfall" of retail offline sales in 2020, we managed to double the number of key customers - from 37 to 68, double the corporate customer base from 2400 to 5400, to attract a large number of e-commerce players of Ukraine. These are mainly representatives of small and medium businesses that sell a variety of equipment, garden equipment, clothing, footwear, accessories etc.



**we are proud**

**1 020** new customers  
from the category of online stores were attracted to cooperate in 2020

The corporate customer base of Ukrposhta has **doubled** in 2020

## The largest e-commerce partners in 2020 in terms of the number of purchases delivered by Ukrposhta



## In 2020, they became Ukrposhta's corporate clients



# Periodicals in 2020



**Serhii Hrechko,**  
Director of the Postal  
Services Department

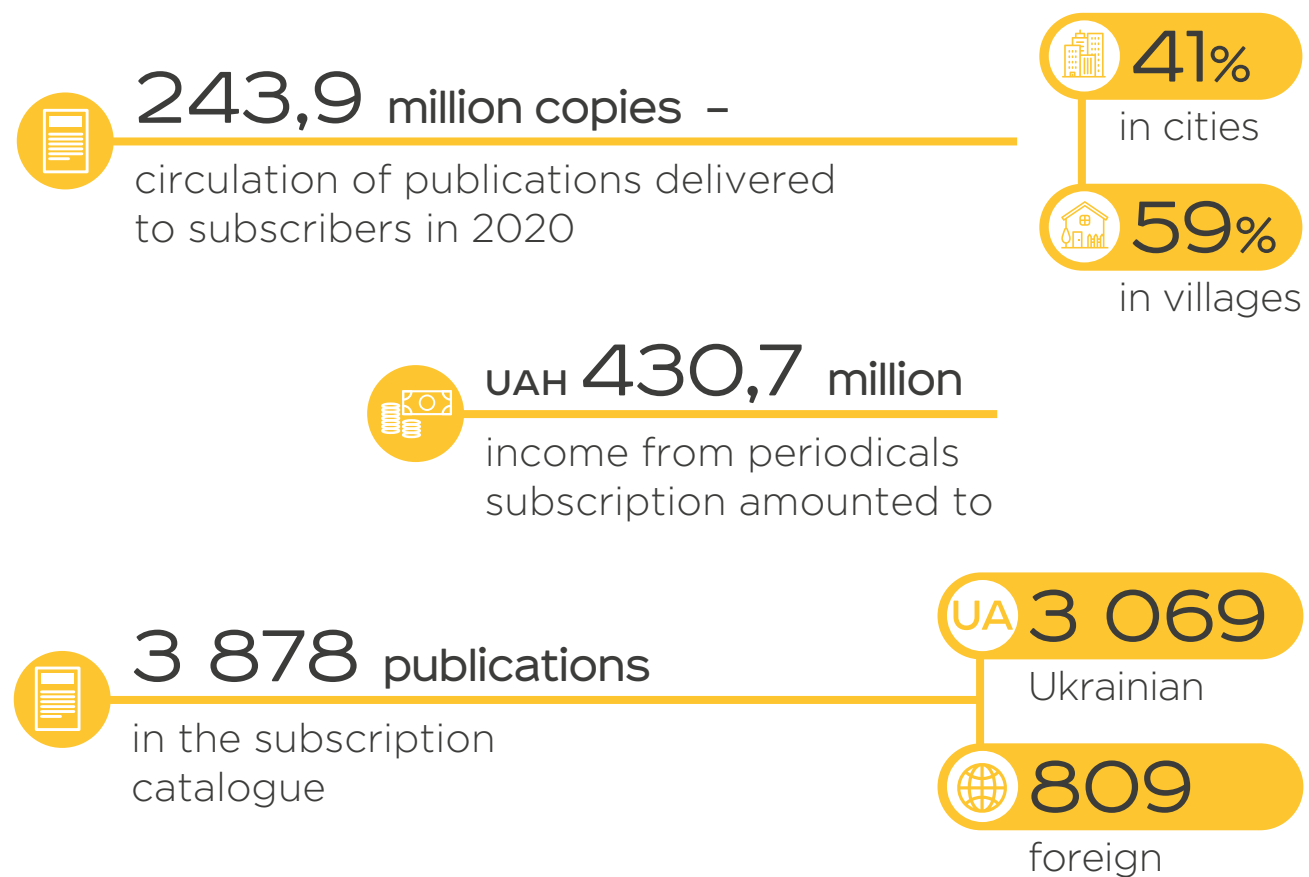
The world is changing, and for several years in a row, online media have been growing, and the demand for the print media is unfortunately declining. This trend is observed not only in Ukraine but also in the world. Thus, over the past 5 years, the number of publications in our catalogue has decreased by an average of 7% annually. It is pointless to fight against progress, but we can provide comfortable conditions for receiving services. Moreover, in 2020 alone, more than 240 million copies of printed publications were delivered to consumers on a subscription basis. Therefore, we focus on quality and customer convenience. In villages where printed newspapers and magazines are preferred, we are launching travelling postal offices so that our customers can quickly and reliably receive the press and other services even in the most remote settlements of the country. And in cities where people are used to ordering services online, we offer an online subscription, which is more convenient and fast. In addition, we do not forget about the vulnerable segments of the population. Thus, in the framework of the project “Open reading world for child” we offered clients to join the charitable subscription of children’s publications to the address of any boarding school in Ukraine. In 2020, Ukrainians subscribed to about 50,000 publications for orphanages and boarding schools.

## COVID-19 and the operation of Ukrposhta

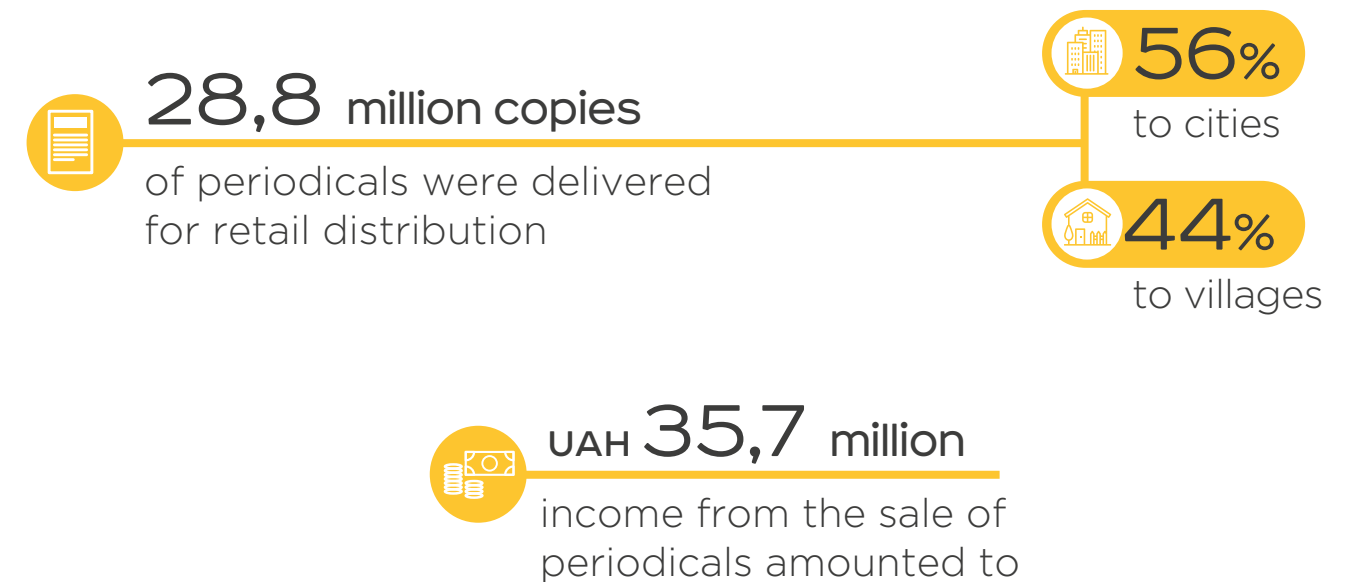
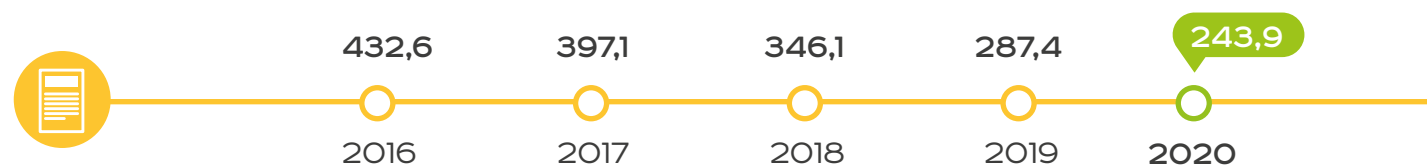
For us, as for many companies in the world, 2020 was a year of challenges. Thus, 299 periodicals got closed, unable to withstand the economic crisis. This could not but affect the subscription: in 2020, we delivered to customers 15% less printed publications than in 2019. Nevertheless, we have made every effort to ensure that our customers can subscribe to their favourite publications. The online subscription service, which was launched in 2019, became especially relevant during the quarantine and lockdown periods. It has reduced queues during the subscription period and protected people from active contacts.



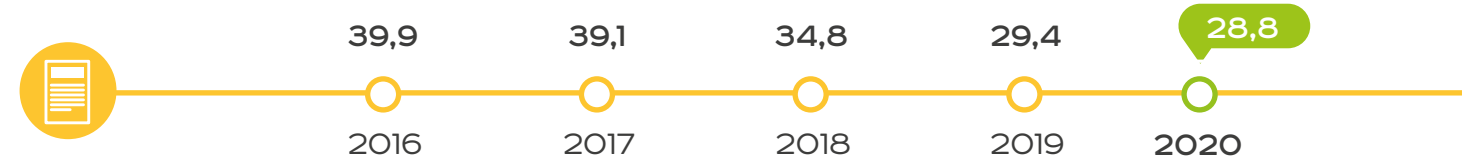




number of publications delivered to subscribers, million pcs.



Number of periodicals for sale, million pcs.



# Financial services



**Eugene Glinsky,**  
Deputy Director of  
the Financial Business  
Department

**Our postal offices provide clients with financial services, the range of which expands every year. Thus, in 2020 we introduced the following services:**

**Services for individuals available on the site:**

- Online transfers between cards of Ukrainian banks of Visa or Mastercard payment systems;
- Online transfers to cards issued by Ukrainian banks from cards of European banks (banks of Poland, the Czech Republic, etc.);
- Online payment for periodicals and electronic messaging services;
- Online transfers from cards of Ukrainian banks with delivery of funds to the address or to the post office.

**Services for legal entities:**

- A new account-to-card service allowing legal entities, including financial companies, to transfer funds to bank cards online using modern software.

**Regarding the direction of receiving payments from the population in 2020 all automated post offices have:**

- Ability to read QR-codes from payment receipts, allowing to speed up the payer's service and, accordingly, increase the efficiency of operational windows in post offices;
- Possibility to pay fines for traffic violations;
- Online interaction with aggregators of utility service providers in Ternopil, Lviv and Khmelnytskyi regions, which provides an opportunity to optimize the payer's service time through automatic processing of data transmitted from the aggregator to Ukrposhta systems.

**Regarding the direction of money transfers we managed to implement:**

- Payment of money transfers sent via the international payment system Western Union in the national currency at the rate of the payment system;
- Integration with the MoneyGram software and conduction of a pilot

project for the payment of money transfers in the national currency at the rate of Ukrposhta.

**The following services were implemented regarding acquiring in automated post offices:**

- Issuance of cash in hryvnias from bank cards of Prostir, Mastercard and Visa payment systems;
- Cash deposit of Visa and Mastercard bank payment cards.

**In addition, we have expanded the line of insurance products:**

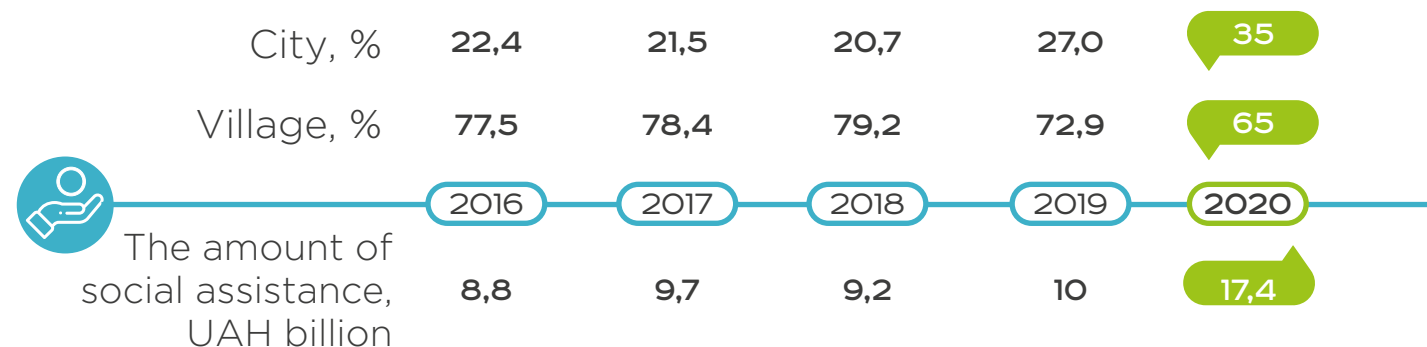
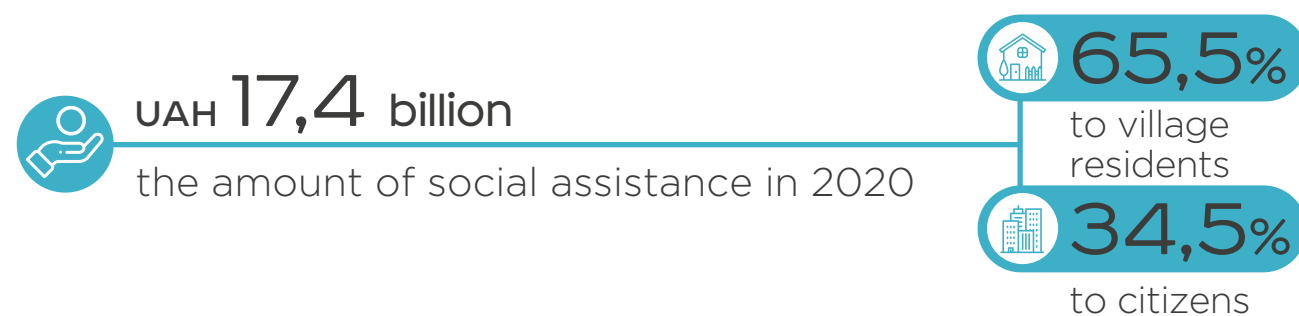
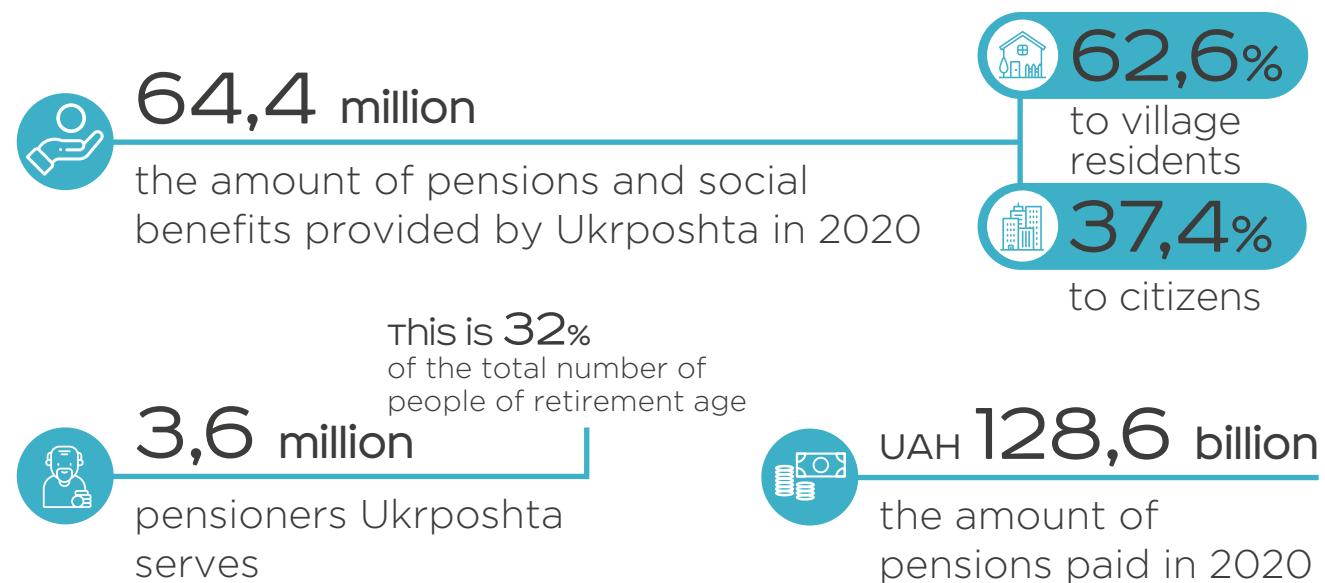
- Introduced an electronic policy of Universalna Insurance Company;
- Launched the registration of compulsory civil liability insurance policies for vehicles owners on IC "TAS" forms in non-automated post offices.

The volume of transactions for goods and services tripled in 2020 compared to 2019 — from UAH 1.4 billion to UAH 4.3 billion.

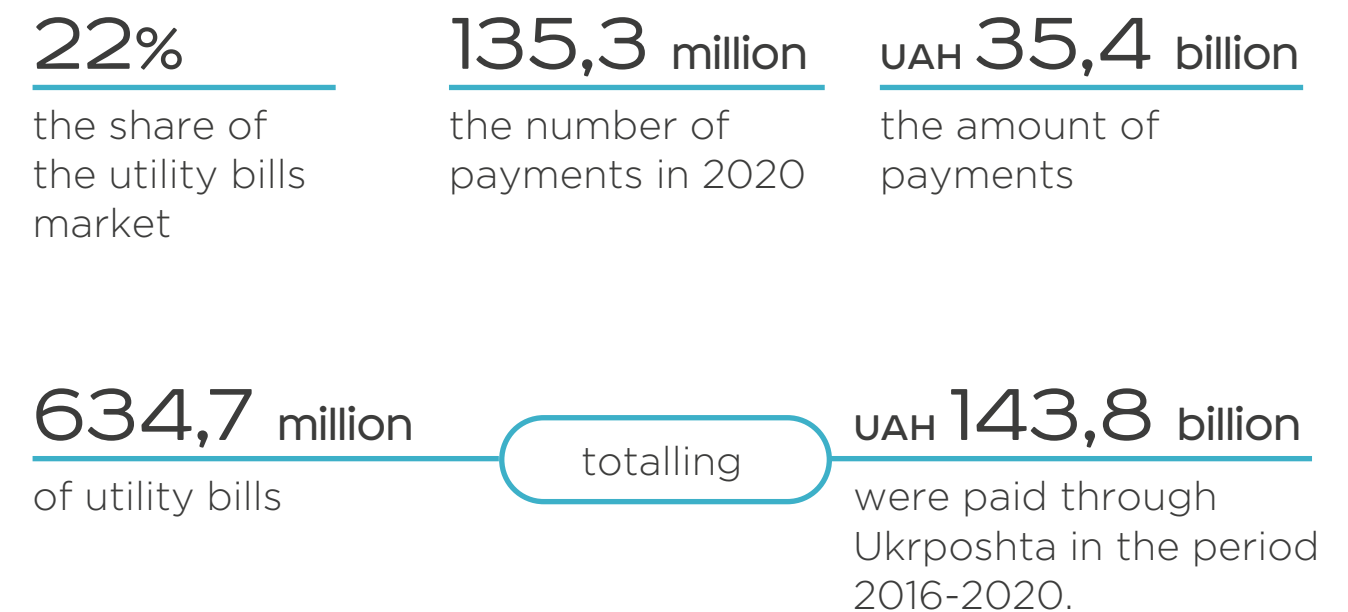




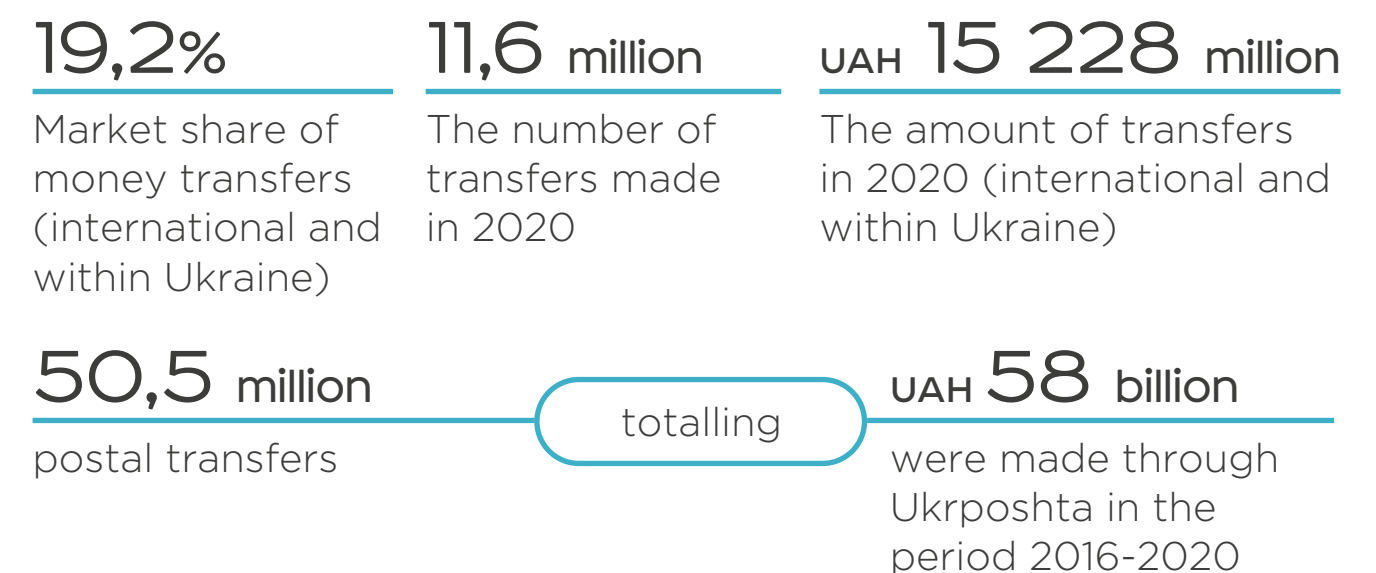
## Delivery of pensions/social benefits



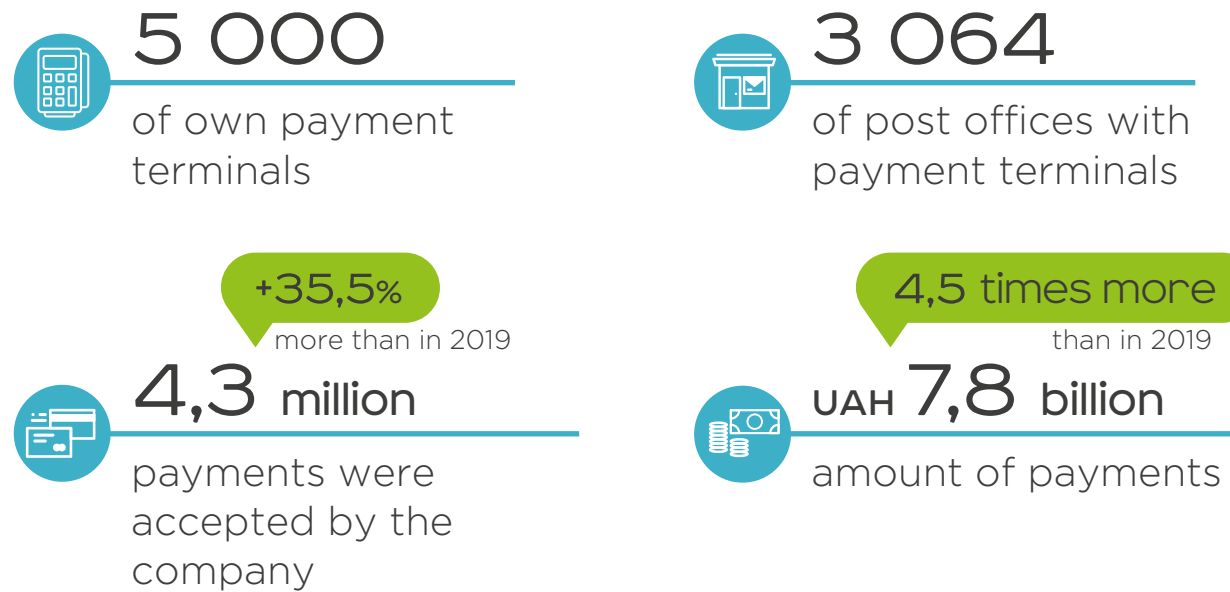
## Acceptance of utility bills



## Postal transfers



## Provision of acquiring services



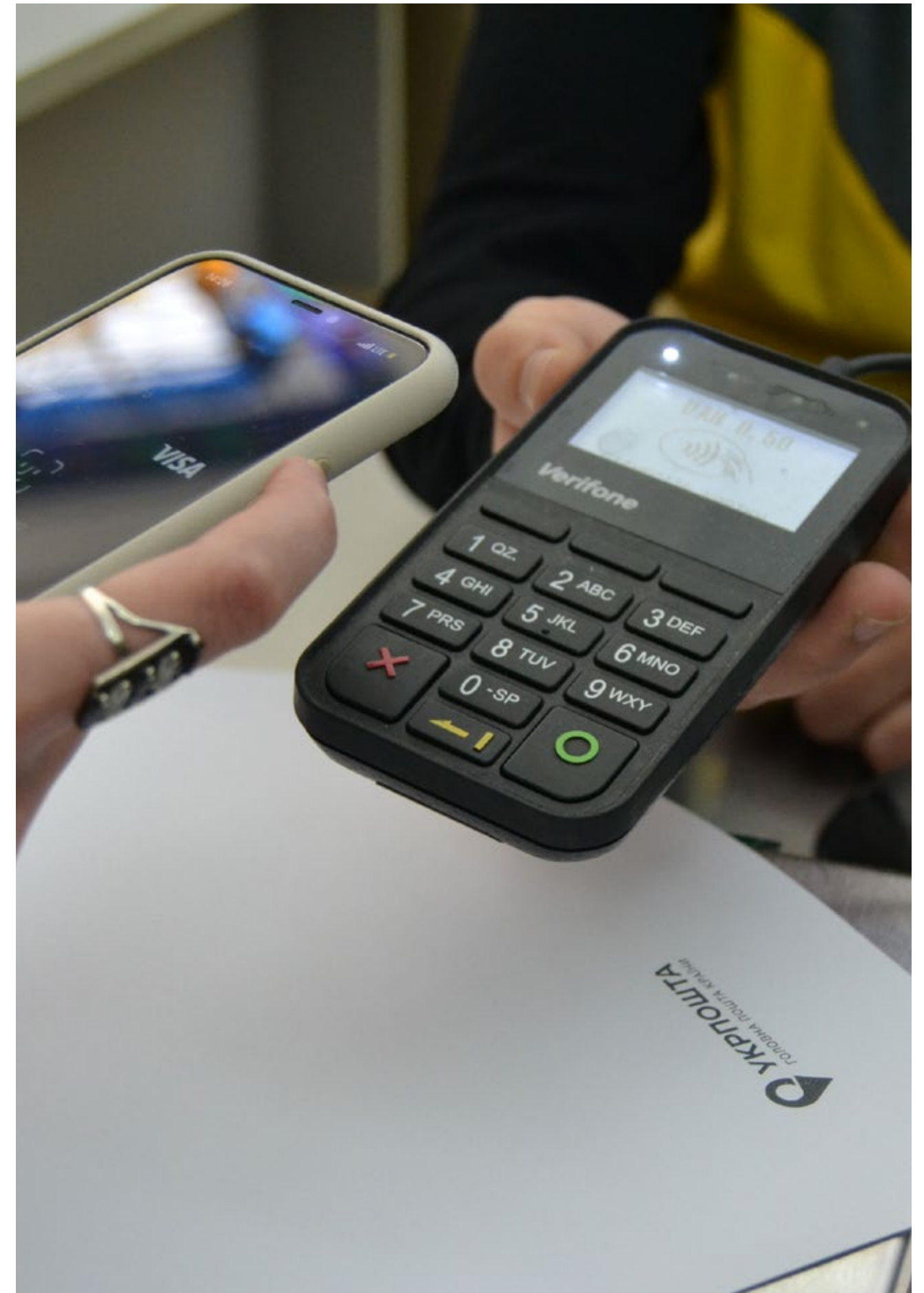
## Cash withdrawal from the card



### we are proud

The World Postal Union and the Government of Japan have provided Ukrposhta with amounting to **USD 80,000** for the purchase of **300** POS-terminals for installation in post offices in villages.

In 2020, Astarta-Kyiv agroholding was involved in the cooperation, which includes 11 companies that pay for postal transfers.





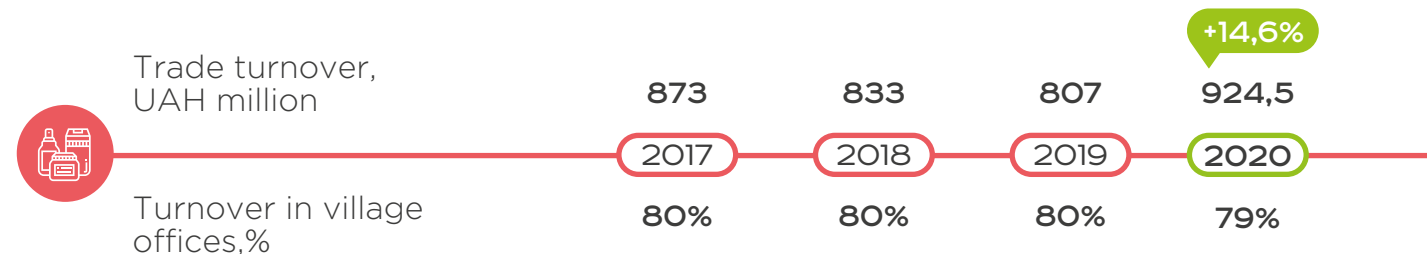
# Retail

The sale of essential goods is a service that is popular among our customers. Especially in rural areas, which is about 80% of Ukrposhta's turnover. The annual turnover of this service is almost UAH 1 billion.

**UAH 924,5 million**  
of trade turnover in 2020

**47**  
categories of goods

**79%**  
of Ukrposhta turnover is accounted for by village offices



## COVID-19 and the operation of Ukrposhta

During the hard lockdown, our goods became a real salvation for Ukrainians, especially residents of remote regions, who during the absence of public transport could buy food and basic necessities only in Ukrposhta. However, we were obliged to remove all goods from the shelves of post offices. Sales were allowed only as a delivery via postman. Nevertheless, we managed to keep trade volumes almost at the pre-quarantine level and gradually increase the number of essential goods sold.



## The most popular categories of goods sold by Ukrposhta in 2020



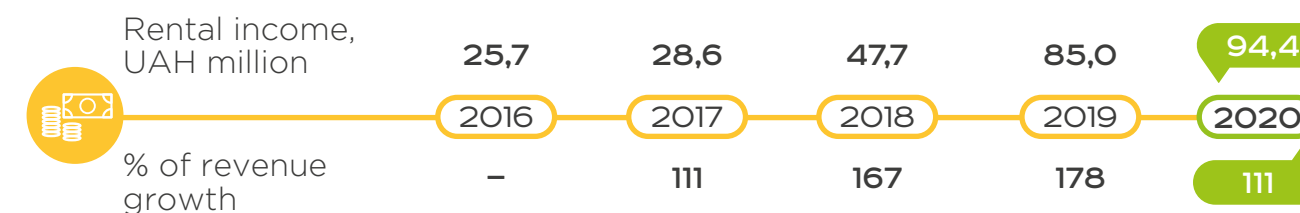
# Real estate income



**Igor Morma,**  
Director of Real Estate and  
Infrastructure Management

In 2016, we analysed the company's real estate and began a process of gradual optimization, allowing the most efficient use of available space, allowing our employees to work in comfortable premises, and place offices in the most convenient places for customers. In 2017, Ukrposhta was the first state-owned company to start renting unused real estate through ProZorro. Sales. Thus, in 2018, based on the results of the auction, we entered into an agreement with Rozetka.UA LLC to lease part of the Main Post Office at a price of UAH 1,001,000 per month for 1,510 m<sup>2</sup> of space. The agreement was signed for 5 year term. In total, the contract amount for the entire period will amount to UAH 70 million, taking into account the annual indexation of the lease value.

In 2020, we received permission to sell illiquid and non-core real estate. So we have another source of income allowing honest and transparent investment in the development of the company - that will bring profit. All agreements and transactions are carried out through the ProZorro system and are public. So, in 2020, we held 554 auctions and sold 24 real estate objects.



In 2020, a total of **340** real estate lease agreements worth **UAH 22,032,000** were concluded. Of these, the most profitable leases are:

- LLC “ATB - Market” the cost of the lease agreement is **UAH 1,800 thousand** per year (city of Dnipro)
- State Enterprise “Medical Procurement of Ukraine” - the cost of the lease agreement is **UAH 936 thousand** per year (Kyiv)

## Sales

In 2020, we began selling illiquid real estate on the company's balance sheet. Proceeds are used to repair and equip post offices. We invest part of the proceeds in the renewal of the fleet.

In 2020: **554** real estate auctions were carried out

**24** real estate auctions were sold

About **UAH 117 million** were received from the sale of real estate. The three most successful auctions brought almost half of this amount — **UAH 57 million**:

- the most expensive premises were sold near Lviv airport — over **UAH 21 million**;
- almost a dilapidated building in Lviv near the railway station — **UAH 18 million**;
- the building of the parcel base on the Military Passage in Kyiv — **UAH 18 million**.





# Procurement



**Mykhailo Stayetsky,**  
Director  
of the Procurement  
Department

We were the first state-owned company to enter into framework agreements through the ProZorro public procurement system. This allowed to save over UAH 161 million over 5 years exclusively on framework agreements. In addition, we are the first and only company in Ukraine to implement a project of factoring services\* in public procurement. It allowed combining the process of tender announcement, submission of proposals by small and medium enterprises and the provision of factoring services by a financial institution. In 2020, 500 Fiat Doblo Maxi vehicles worth almost 8.5 million euros were purchased for travelling postal offices. And 154 more vehicles worth UAH 93.7 million - 71 Fiat Doblo Maxi vehicles and 83 Citroen Jumper vehicles - for courier delivery and intra-city routes. In addition, we have successfully conducted a tender procedure for the implementation of the ERP system, which in two years will combine the functionality of more than 80 separate systems, which are now controlled and accounted for the company's resources.

\* **Factoring** is a set of services for enterprises that carry out their activities on the terms of deferred payment, which provides financing for the assignment of the right of monetary claim of the supplier / manufacturer to the customer.



## COVID-19 and the operation of Ukrposhta

In 2020, we opened a new procurement category - "Personal Protective Equipment" (PPE) to ensure the protection of postmen against the coronavirus COVID-19. Their cost amounted to about **UAH 124 million**. Despite the new simplified procurement procedure, which allows purchases directly from the supplier, we are almost the only one in Ukraine to continue the use of ProZorro to organize a competitive selection of suppliers. More than **180 suppliers** took part in more than **25 auctions** for the purchase of PPE for a total of more than **UAH 29 million** - an average of **7 suppliers** per auction. It was quite difficult to provide more than **63,000 workers** with personal protective equipment at the same time, and we did everything we could to secure the postmen. Thus, we managed to buy branded reusable protective masks at a price of UAH 10 per piece, while others purchased them at UAH 50.

**UAH 124 million** was spent on the purchase of personal protective equipment for more than **63,000 Ukrposhta employees**, most of whom worked on the front line during the entire quarantine, contacting customers on a daily basis and providing them with the opportunity to receive the desired services as quickly as possible.



more than **200** thousand  
litres of hand sanitizers



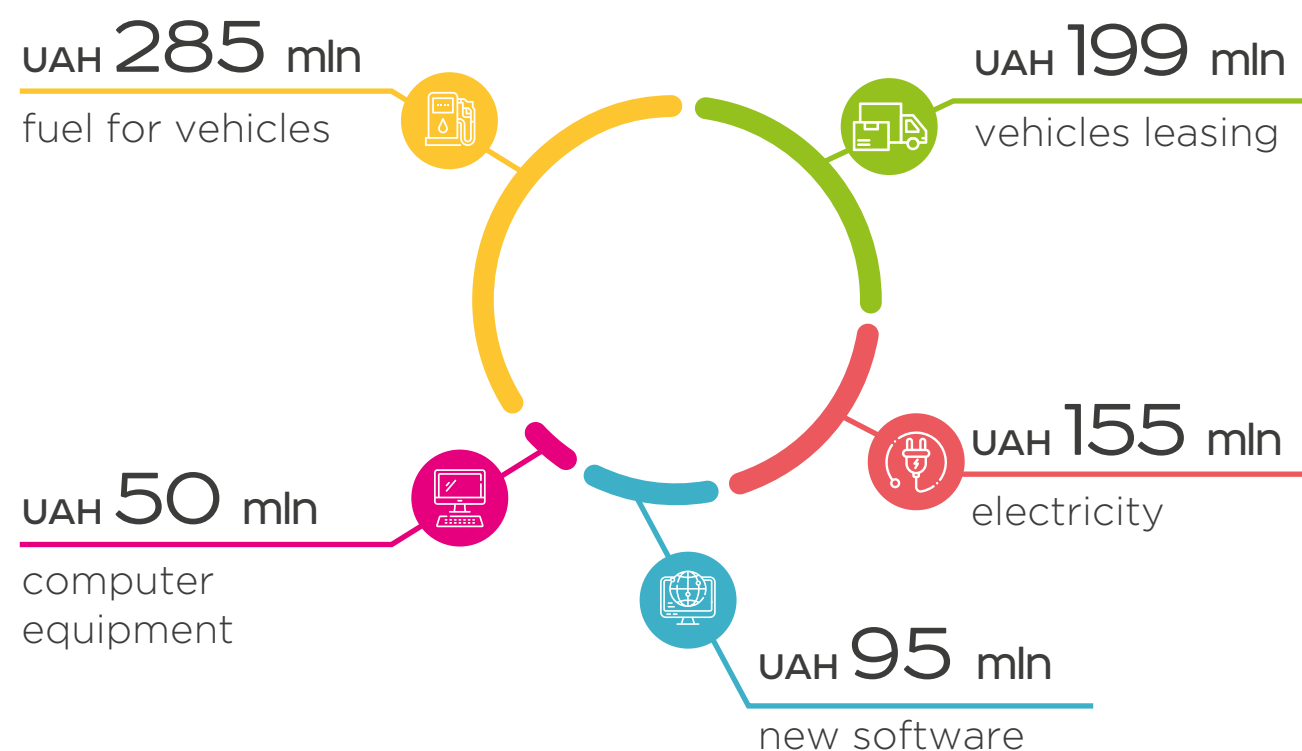
**9,5** million  
gloves



**2** million  
face masks

 **UAH 2,4 billion**  
in 2020 procurement  
was conducted for

## The main categories of procurement in 2020 by contract amount:



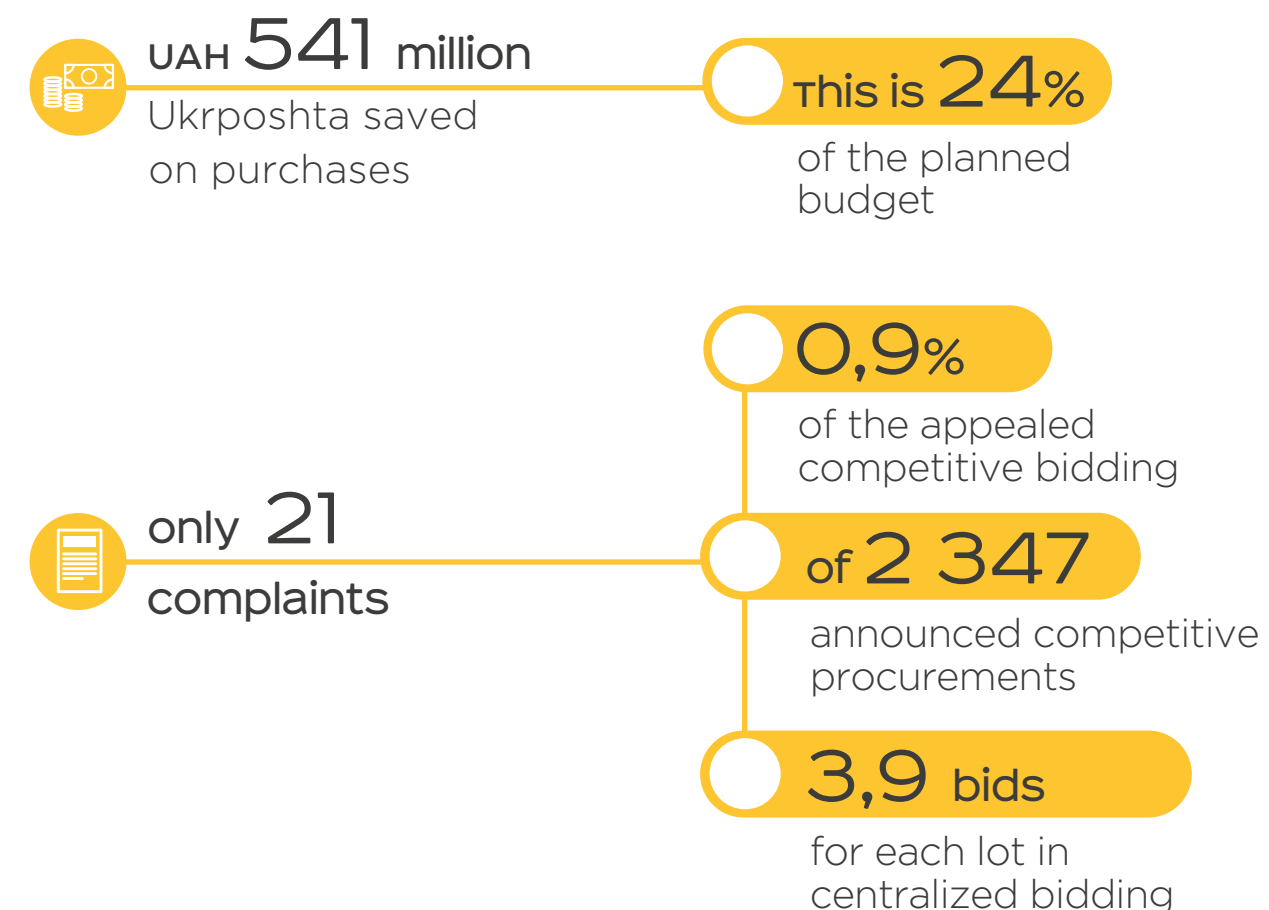
### We are proud

In 2020, according to the electronic procurement system Prozorro, **Ukrposhta topped the ranking of public procurement efficiency**. The results of the enterprise on 8 indicators are 51% better than the average in Ukraine.

**96% of the total budget** in 2020 was spent through competitive procedures with the use of auctions.

**The leader in the implementation of procurement procedures under framework agreements** — 21 concluded framework agreements out of 140, which were signed throughout Ukraine in 2020.

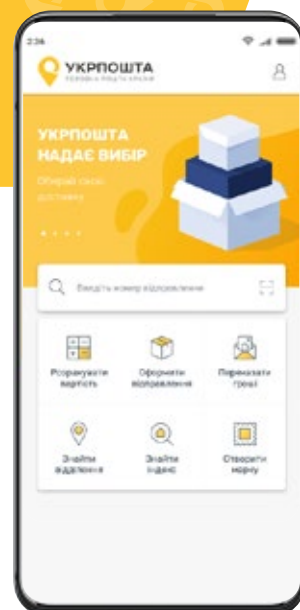
## Savings and transparency of procurement in 2020





# Online services

We use a variety of online services to be closer to customers, to provide them with quality and speed, and to provide the necessary information. It is convenient for our customers. Thus, between 2018 and 2020, the number of appeals through social networks increased by 169%, and through chatbots - by 216%. At the same time, in 2020, the client's request waiting time sent via social networks was reduced to 10 minutes against 14 minutes 19 seconds in 2018.



## Ukrposhta application

**208 thousand**  
active users at the  
end of 2020

**1,4 million**  
of total downloads

**1,2 million**

Android

**259 thousand**

iOS

We have created Ukrposhta chatbots, which are used by **747 thousand** users.

**486 thousand**  
Viber

**220 thousand**  
Telegram

**41 thousand**  
Facebook  
Messenger

## Dialogue with stakeholders

official website:  
[www.ukrposhta.ua](http://www.ukrposhta.ua)

**10,7 million**  
users visited the  
site in 2020

more than **66 thousand**  
subscribers on Facebook

more than **14 thousand**  
followers on Instagram

more than **300** videos  
on the channel

**8,5 million**  
views on Youtube

Facebook  
group for company  
employees

more than **6 thousand**  
participants

corporate publication  
«Postal Bulletin»

**52 thousand**  
copies are published  
twice a month

contact centre: **0 800 300 545**



# Ukrposhta International Championship: import, export



**Yulia Pavlenko,**  
Director of the International  
Operations Department

For us, as well as for all postal companies, 2020 was a year that completely changed the delivery business processes.

The key projects were:

- creation of an adaptive air delivery system during an air blockade caused by a pandemic;
- launch of EMS (Express Mail Service);
- resetting Ukrposhta's transit business to deliver mail to other countries during a pandemic.

In April 2020, the Ministry of Infrastructure appointed Ukrposhta as a national telecommunications operator for the Express Mail Service (EMS) in Ukraine. For a long time, this service was alienated from us, and Ukraine, as a member of the Universal Postal Union, took the lowest place in the international quality rating, lead by PricewaterhouseCoopers - 181 place out of 190 possible. But with the introduction of EMS by the end of 2020, our company has risen to the 92 place. Now residents of Ukraine have the opportunity to register their items abroad online, without standing in line or transferring them to one of the 4 thousand Ukrposhta automated postal offices.

During the quarantine year 2020 for international delivery services, we were able to increase exports from Ukraine by 35% compared to 2019. And also kept imports at the record level of 2019.





## COVID-19 and the operation of Ukrposhta

Before the introduction of quarantine restrictions 12 airlines delivered items to Ukrposhta by 32-47 flights per day, depending on the flight schedule, later with the start of quarantine 95% of passenger planes stopped their regular flights.

During the pandemic a large number of national post offices in other countries have decided to limit exports (including Korea, Japan, Canada, Australia, Spain, Latin America and Africa). During the period of strict quarantine, we invested in new logistics solutions and worked

out an adapted logistics model, by launching:

- weekly charter program to New York with UIA (May-September) and Windrose company (October to date);
- a number of regular cargo flights together with the "Eleron" airlines - from Lviv to Riga, Tel Aviv and Frankfurt with further ground travel in Europe;
- cargo program with Turkish Airlines

with transit in Istanbul to 38 cargo and passenger destinations;

- together with KLM and Lufthansa reshaped delivery to a number of countries in Asia, South America and the Middle East.

The key event was the project with the WindRose and Antonov airlines which started a regular program of charter cargo flights with the delivery of a fully loaded (with almost 120 thousand items) AN-124 Ruslan aircraft to the United States to the John F. Kennedy airport.

Prior to the quarantine, Ukrposhta, UIA

and Boryspil Airport actively developed air transit through Kyiv for other post offices, sending up to 100 tons of transit postal items per month. The introduction of air restrictions forced the airline to suspend the project completely. However, we were able to reconfigure operations by strengthening terrestrial delivery channels with neighbouring countries. It enabled processing of 320,000 kg of postal items for other postal operators in our hubs in 2020 with almost complete air blockade of passenger airlines and gave a possibility to such countries as Hong Kong, New Zealand and Canada to deliver to Poland, Belarus, Moldova and Slovakia.



## Support for export activities of Ukrainian entrepreneurs

In 2020, during the pandemic, we continued to support and develop Ukrainian entrepreneurs in their export activities. Together with the USAID's Competitive Economy program, we launched an educational course consisting of 55 videos on the first steps of selling goods abroad through trading platforms Etsy, Amazon, Shopify, eBay. Each video was viewed by an average of more than 60,000 users. In addition, a series of free webinars on key topics of e-export have been launched.



## Ukrposhta International superiority. Export/import

Weight of postal items, kg



In 2020 ukrposhta delivered **3,683,525** kg of postal items for export. Taking into account the volume of postal items:



almost **50** of the world's largest and most powerful transport aircraft "Mria", developed by the domestic aircraft plant "Antonov"



or **246** downloaded Airbus 330, which are currently used in the charter program of Ukrposhta together with the WindRose airlines



or **963** our IVECO EuroStar trucks that operate regular routes to Poland, Moldova and Belarus



or **3 069** Citroen Jumper, used for courier and city delivery

## Ukraine in the 2IPD rating



\* In the Development Index 2020 (2IPD) rating, each country is evaluated by an efficiency indicator (from 0 to 100) for 4 aspects of postal development: reliability of delivery, availability of delivery (network size, volumes of mail exchange), portfolio of products and services, innovations.



**we are proud**

Thanks to the work of Ukrposhta, Ukraine took **30th place** in the ranking of the Universal Postal Union (UPU) according to the Postal Development Index 2020 (2IPD)\* among the post offices of 170 countries. According to this indicator, our country has bypassed Norway, Qatar, Kazakhstan, which are investing heavily in the development of their national post offices. At the same time, Ukrposhta showed the best result in the group of countries with identical GDP per capita.

## Key international logistics partners

### Airline partners



### postal partners





# Philately 2020

The last five years have been fruitful for Ukrainian philately. We have developed and released a number of sheet of stamps and stamps that have won awards at prestigious international competitions. Each of these victories is also Ukraine's victory, promoting our country. In addition, we are constantly experimenting with the forms and artistic styles of postal issues, the choice of authors, technological decoration and formats of brand presentations.

In five years, we have cancelled postage stamps on the football field, in the theatre, in the temple, and during movie premieres. The participants of the ceremonies were the presidents of Ukraine, football and movie stars, polar explorers, ambassadors, our defenders, etc.





## 2020 in numbers

42 plots

of art postage stamps, blocks, sheets were put into circulation

84 artists

were invited to design postal issues

98 special repayments

were organized and carried out

## International victories in 2016-2020

11 international victories

have been won by Ukrainian postage stamps in the last 5 years

The “Slava Ukraini” (Glory to Ukraine) stamp, issued in 2019, won gold in 2020 for the most original format in the world at the international **Nexofil Award competition (Madrid, Spain)**



“Sorochka (fragment). Chernihiv region” (Shirt), 2019 issued as part of the series “Ukrainian embroidery - the code of the nation”, in 2020 took second place in the category “Best brand in the world for offset printing technology” at the international competition **Nexofil Award (Madrid, Spain)**



The stamp “Postman Fedir Feketa”, issued in 2020 by Iryna Medvedovska, won silver in the competition **“The best postage stamp of Europe 2020 - the choice of the jury”**



“Insects of Ukraine” sheet of stamps, issued in 2018 by Oleksandr and Serhii Haruk, on three prestigious **Grand Prix WIPA awards (Austria), Nexofil Award (Spain), Asiago (Italy) in 2019**



The “Alexander Vertinsky. 1889-1957” stamp issued in 2019, by Vasyl Vasylenko won the bronze medal of the **Yehudi Menuhin Trophy** competition for the best music postage stamp in the world in 2019.



Stamps “White Stork” and “Nightingale Oriental” issued in 2019, by Natalia Kohal won gold in the competition **“The best postage stamp in Europe - the choice of a collector 2019”**



“Viaduct. Plebanivka” stamp in 2018 won silver in the competition **“The best postage stamp in Europe - the choice of collector 2018”**

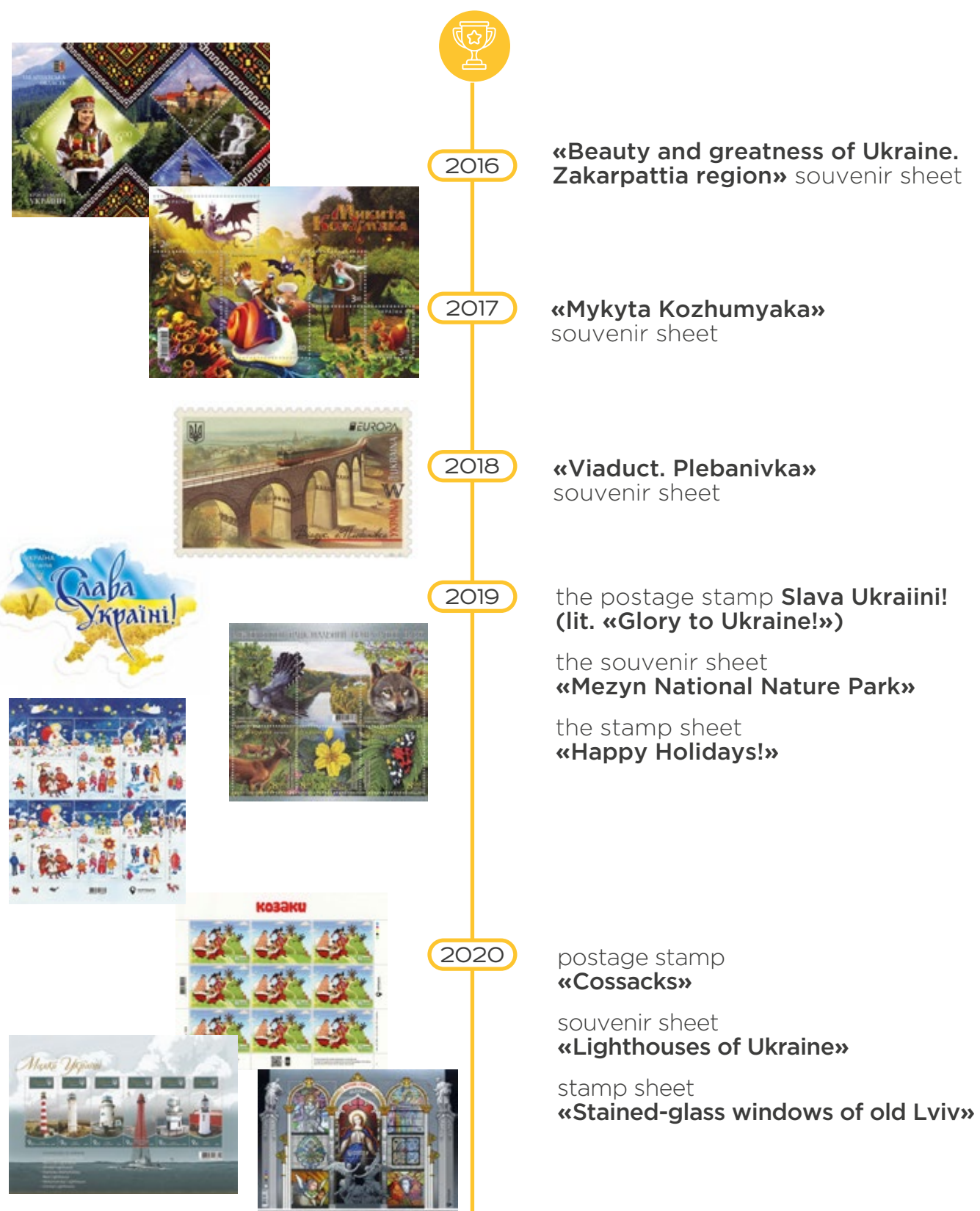
The collection of Ukrainian postage stamps “From Trypillia to the present time” won a silver medal in the **14th International Competition Class**, organized by the Universal Postal Union

Souvenir sheet “The Glorious Families of Ukraine”. The Ostrogski Princely Family of XIV–XVII centuries” issued in 2015, won silver at the international philatelic competition **Nexofil Award (Spain)** for the title of the Best Stamp of the World 2015





## Winners of the national contest “The best postage stamp of Ukraine”



## Important about philately in Ukraine



2017

publication of the first children's book about philately  
«**Magic country of stamps**»

2017

for the first time in the history of modern stamp publishing on standard postage stamps of Ukraine the **use of letter denominations** was introduced, which allowed to significantly reduce the cost of making stamps and labour costs for their gluing



2018

solemnly celebrated the 100th anniversary of Ukrainian postage stamps by holding in Kyiv in the Ukrainian House under the patronage of the President of Ukraine XVI National Philatelic Exhibition «**Ukrfilexpo 2018**»

2018

to promote the art of philately began **production of a line of souvenirs with the image of postage stamps and stamps** — T-shirts and sweatshirts, eco-bags and cups, gift bags and badges



2018

we joined the unprecedented number of participants in the project and carried out a 5-party joint issue of the **souvenir sheet «Maria Theresa»** with the postal administrations of Austria, Slovenia, Hungary and Croatia

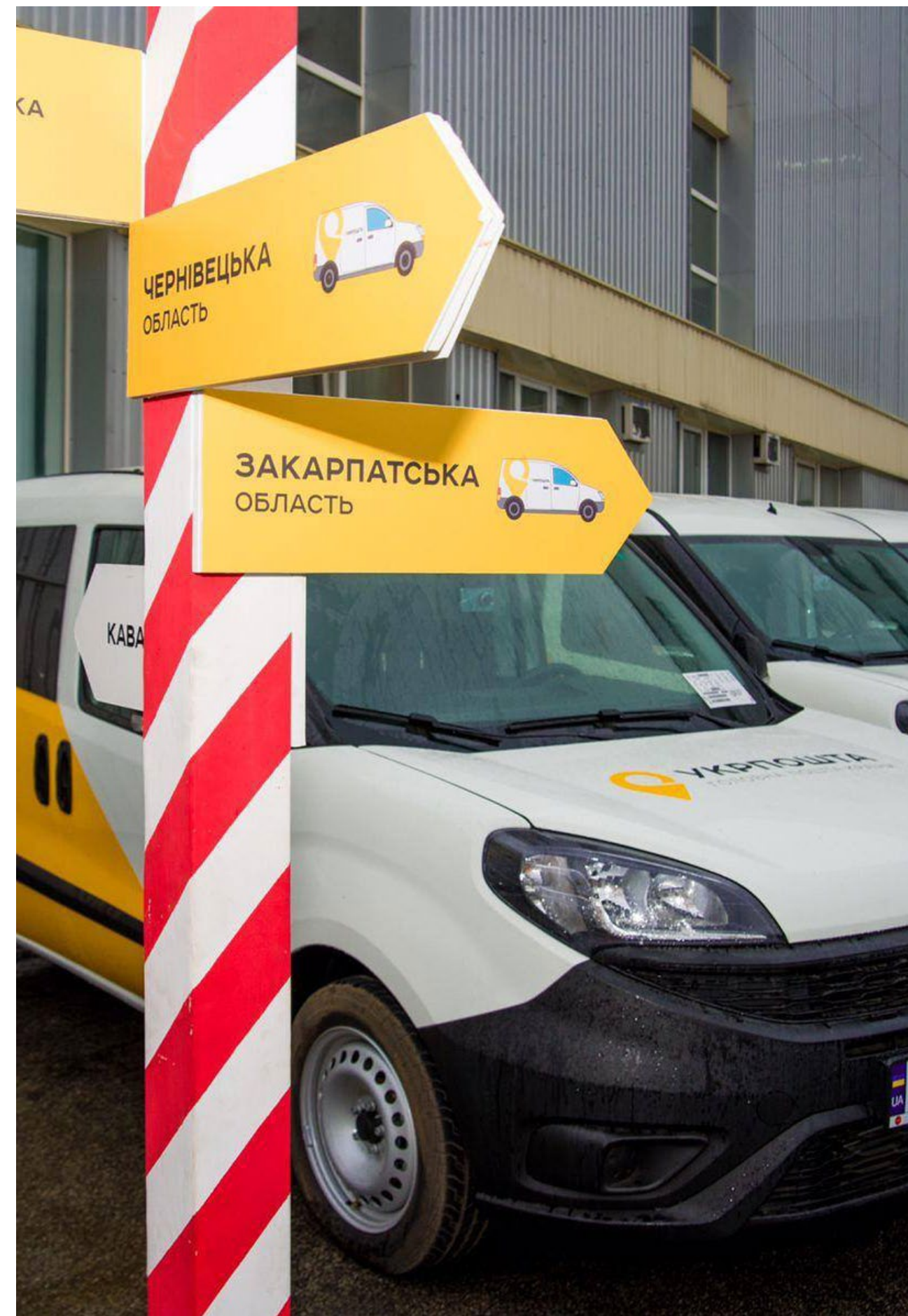
2020

In honour of the 30th anniversary of the Declaration of State Sovereignty of Ukraine, the XVIII National Philatelic Exhibition «**Ukrfilex - 2020**» was held in Kharkiv



# Ukrposhta: Socially responsible business

For many years we have been doing everything to ensure that Ukrainians, even in the most remote corners of our country, have access to the services and services that are important to them. Thus, for residents of small villages and settlements with a population not exceeding 1,200 people, where there is no access to basic infrastructure and services, we have launched travelling postal offices. In addition to the post office, they perform the functions of a shop, bank, pharmacy, etc. When the COVID-19 coronavirus pandemic closed Ukraine to quarantine, we began delivering drugs to all parts of the country. This has helped save the health and lives of many people. At Ukrposhta we also help microbusiness and craft manufacturers to establish sales of their products abroad. We promote the history and culture of Ukraine in the world. Every year we have new projects designed to make people's lives better...





# Social projects

## E-Export School to support small and medium business

World trade platforms are an opportunity for Ukrainian handmade manufacturers and small and medium businesses to sell their products around the world. This is especially true for entrepreneurs from the regions, because starting online selling only requires a post office, bank card and the Internet. Five years ago, in 2016, we launched the E-Export School project, an open information platform to support small and medium businesses to help them sell their products abroad. In 2020, the United States Agency for International Development (USAID) became the School's partner. As part of the USAID's Competitive Economy Program, we have developed a guide with recommendations **«E-Export: how to start a business from Ukraine: Legal, Tax and Customs Aspects»** and launched a series of educational videos on trade opportunities of international Internet platforms: Amazon, Etsy, eBay and Shopify.

We teach entrepreneurs to sell products on world markets:



## During 5 years of Export School:



## Success stories of E-Export School project participants



“It all started with the fact that in 2013 I decided to create an embroidered shirt. We are constantly expanding the geography of sales - embroidered shirts are worn in America, Japan and even Australia.”

**Valeria and Olena Masik,**  
founders of the brand  
«Modern Embroidered Boutique»

“We started developing our business in 2017 in Ivano-Frankivsk. To date, we have shipped our goods to more than 100 countries. And we are not going to stop for sure. Madagascar, Bali, French Polynesia and Martinique - customers from all over the world receive our sides and pillows.”

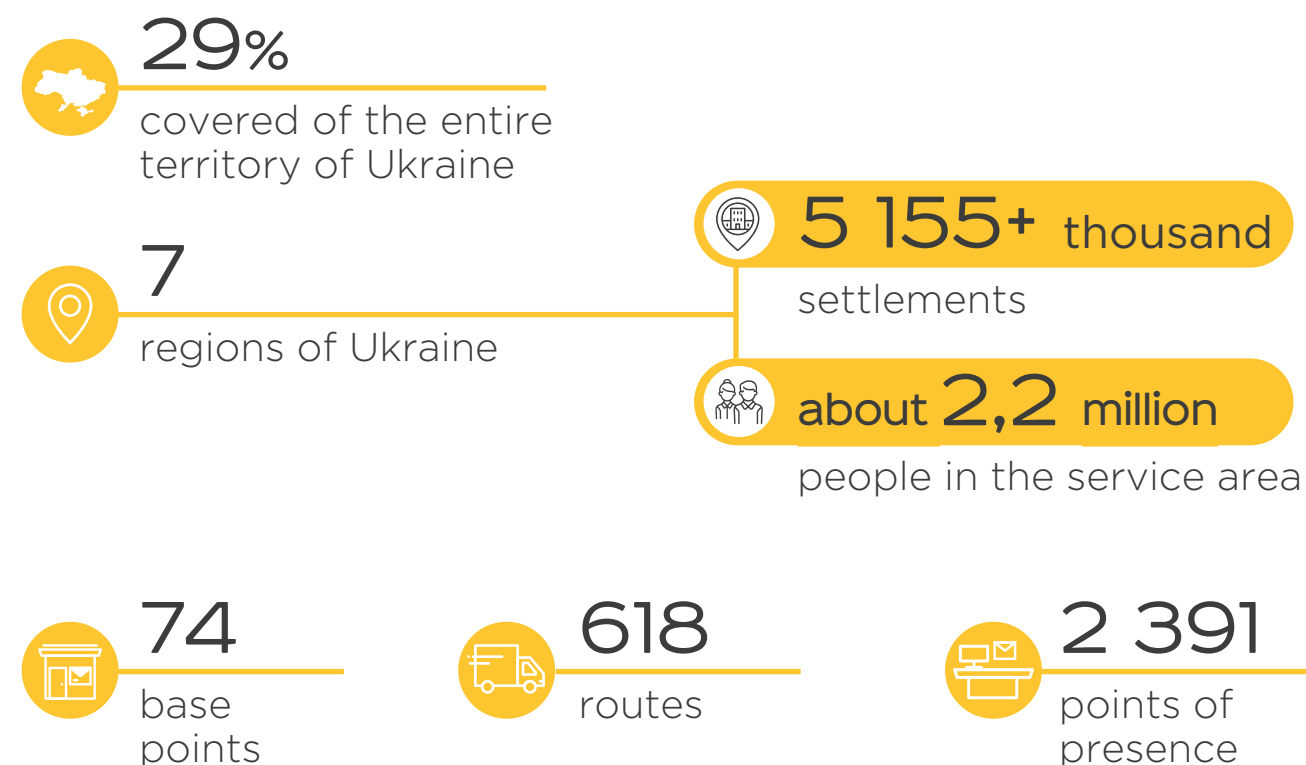
**Anna Ismailova,**  
founder of the Ukrainian children's decor brand «Kika kids»



# Travelling offices - a great support for small villages

Ukrposhta is the only national postal operator with 100% coverage. For more than 15 million inhabitants of hamlets, villages and settlements, the post office is the place where they can get all the services. After all, due to the low population density there is no basic infrastructure: pharmacies, banks, shops and other goods of civilization. We aimed to have a qualitative impact on the level of development of villages, and therefore transformed the stationary post office in the village into a new format - travelling post offices (TPOs). Thanks to TPOs, villagers will receive 100% of modern services at home. The brigade of the travelling postal office delivers drugs, pensions, periodicals and parcels, accepts utilities payments, etc. Thanks to TPOs, small businesses are developing in the villages - goods can be sent by mail to any part of the country and abroad.

## Now travelling postal offices are



## Reviews of TPOs customers

You will not find a better driver and postman than those who serve us. They are like relatives to us: they deliver everything on time. It is much better now than it was earlier. Earlier, the postman had to carry a heavy bag of groceries behind his back on a bicycle or on foot. Those times she took only the most necessary. And now everything is delivered by car. And the choice is much greater. We communicate a lot in the village, our people are all happy that the post office was moved to the car.

**Nadiya Vasylivna,**  
a resident of Sakhutivka village,  
Chernihiv region

We used to be served by two postmen. And now they bring a pension and everything we need by car. Services are provided by both girls and the driver. There are no queues. When they arrive, they stop in the centre, near the store. Many people are already waiting for them there. One of the girls goes into the room, and the rest of the workers provide services on the street. And then they go to the village to distribute mail to immobilized. They work like clockwork, even when the weather is bad, everything is on time. We are very pleased. And your employees are just great.

**Valentyna Ivanivna,**  
a resident of the Tikhonovychi village,  
Chernihiv region



# Support for the elderly

Often, the biggest challenge for older people is not age, but the feeling of loneliness. Understanding that no one needs you hurts heavier than any disease. And often such people are supported by postmen who not only bring them a pension, the press or help pay for utilities, but can also listen, like a psychologist, support and comfort. Realizing the importance of support for the elderly, we initiated a number of projects that enabled people across Ukraine to join and support elderlies by giving them care and warmth.

## Easter cakes for the elderly

For millions of Ukrainians, Easter 2020 was completely different from everyone was used to. It was also unusual for single grandparents living in nursing homes. Together with the Charitable Fund “Starenki”, we organized a charity event to raise funds for the purchase of Easter cakes for single elderly people. In two days, they collected **UAH 131 thousand**, which were used to purchase **5,000** consecrated Easter cakes. We took them to social care centres and nursing homes. Their happiness and gratitude knew no bounds.



Concerned about human health during the pandemic, we gave every Ukrainian the opportunity to order the delivery of consecrated Easter cakes directly to houses at our website. **In just 4 days, we received about 20,000 orders.**

## #Let'sHelpDoctors

The coronavirus pandemic has changed everyone's life. Requests for support and help were heard from everywhere. This was especially true for doctors who were at the forefront of the fight against the disease. We could not stay away and joined the initiative **#Let'sHelpDoctors**.



**more than 160 thousand**  
with protective equipment  
were delivered free of charge  
to medical institutions in two  
months

## Action “Thank the veteran from a distance”

On the occasion of the 75th anniversary of the victory over Nazism in World War II, in conditions of complete isolation, especially of the elderly, we initiated the All-Ukrainian action “Thank the veteran from a distance”. We created a platform where everyone who cared had the opportunity to greet one or more of the 11,000 participants in hostilities, who are up to 100 years old, and send them a greeting card. People also had the opportunity to help veterans by ordering a grocery set for UAH 100 or by subscribing for UAH 150. We delivered everything to the heroes' homes for free. The action was implemented in partnership with ICF «Let's help!».



**515 times**

the veterans were  
thanked for their victory  
in the World War II on the  
platform



**12 thousand**

postcards and  
greetings were sent  
to veterans



## Ukrposhta Saves Holidays Project

We know that at New Year people need more warmth, comfort and pleasant moments. Realizing that there are many people around us who may be left without support these days, we launched the project “Ukrposhta saves the holidays”. It has received the support of a number of business partners.

Together with partner online stores, we have prepared gifts for orphanages, nursing homes and hospitals struggling with COVID-19. Anyone could choose a recipient for support, any gift from the partners, pay for it, and we delivered them to the recipients. Also, people could transfer funds for the treatment of children with cancer, who are cared for by Tabletochki Charitable Foundation.

In addition, the New Year's postal residence of Ukrposhta resumed work.

Children from all over Ukraine wrote and sent letters to the New Year's magician. And the most interesting thing was that they received an answer from him. The authors of the most sincere letters received also valuable gifts from our partners.



## Project partners



### we are proud

**2,215 gifts** from project partners were delivered to orphanages, hospitals and nursing homes, including **1,600 gifts** from Visa - for residents of 10 penitentiaries

**UAH 29010** was collected for Tabletochki fund

**More than 5000** letters were sent by children to the New Year's magician

## We popularize Ukraine in the world

Our stamps are not only postage stamps, but also a source of information about the culture, history, literature, beauty and greatness of Ukraine. The plots of most of them are devoted to important historical events, cultural or public figures, the achievements of Ukrainians in various fields, the cultural heritage of our country.

In 2020 alone, Ukrposhta issued **42 plots** of art postage stamps, blocks, and sheets. Considerable attention was paid to the fighting power of Ukraine and its defenders. Thus, the series **«Armed Forces of the Ukrainian revolution of 1917-1921»** replenished with three new stamps - «Cossack of the Separate Detachment of Sich Riflemen», «Cossack of the 1st Ukrainian (Sinozhupanna Division)» and «Cossack of the 1st Ukrainian Regiment named after Bohdan Khmelnytsky». This was our joint project with the Ukrainian Institute of National Memory.



Together with Ukroboronprom, we issued two stamps depicting the **BTR-4MV1 armoured personnel carrier and the Berest BM-21UM system**, the most promising domestic models of armaments.

**«They persevered! The concrete couldn't stand!»** stamp is a tribute to the Ukrainian soldiers who defended the Donetsk airport for 242 days.



We continued the series **«Lighthouses of Ukraine»**, which was launched in 2009. In 2020, it was replenished with a stamp sheet with lighthouses of the Kherson region, which was cancelled at the highest lighthouse in Ukraine - Adzhigol.

An important place in the philatelic direction of our activity is occupied by honouring the cultural heritage of Ukraine. To honour the 150th anniversary of Lesya Ukrainka's birth, we have issued stamps with illustrations by the famous Ukrainian graphic artist **Sofia Karaffa-Korbut for the «Forest Song» — «Sofia Karaffa-Korbut. Lukash and Mavka (Forest Song)» and «Sofia Karaffa-Korbut. The Mermaid and Kuts (Forest Song)».**



To honour the 100th anniversary of the Ivan Franko National Academic Drama Theatre the stamp sheet was issued depicting the theatre itself, with the coupons depicting one of the founders of the theatre - Gnat Yura and Ambrose Buchma, actress - Natalia Uzhviy, theatre director - Sergei Danchenko and Bohdan Stupka, who headed the theatre in 2001-2012.

In addition, we are among the five countries in the world who were the first to launch a stamp dedicated to the fight against coronavirus. It received the symbolic name **«Peredova»** (“Frontline”) and is a sign of gratitude to the fighters of the two fronts: Ukrainian military and medics who are fighting for the independence of the country and the health of its citizens.

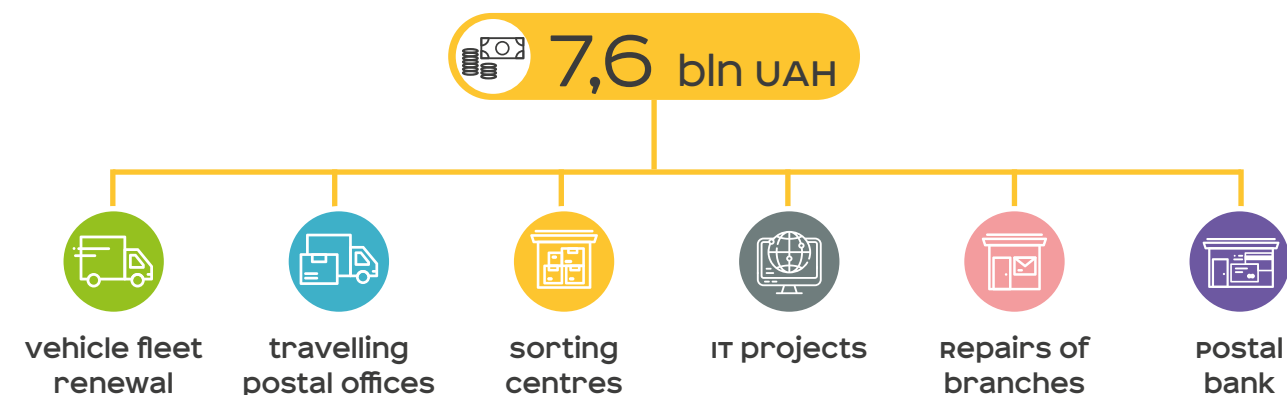




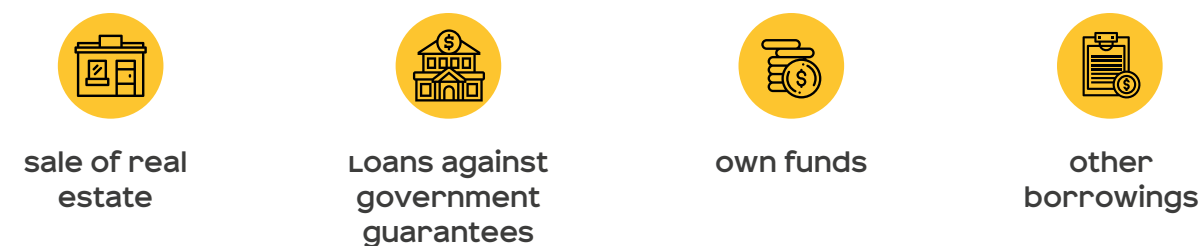
# Company's future: plans and goals until 2025

We plan to invest over UAH 7 billion in the company's development. This will improve the quality of existing, as well as introduce new services. In addition, we will continue to open and repair postal offices, as well as relocate existing POs to better locations. Our goal is to repair all branches in regional centres by 2022, to buy new furniture and equipment for them. We will also replace the software on the front line, which will reduce the time of services provision.

## Areas of investment



## Sources of financing



# Goals for 2025

## The current situation

**18 thousand settlements (from 27 thousand) do not have access to the Internet services.**

Digital public services are available only to 60% of Ukrainian citizens. The last population census was performed in 2001. Preliminary cost estimate of population census is up to UAH 5 billion.

**37% of citizens who remain uncovered by the banking system.**

Bank branches are present in only 3.9% of Ukrainian cities, and ATMs - in 4.3%. Significant reduction of the banking network. A significant number of Ukrainians, in particular farmers lack the credit history and, consequently, are not eligible for loans.

**Private company has 70% + market share.**

In the absence of competition from Ukrposhta, the monopolist will actually raise prices and limit the availability of e-commerce.

2/3 of settlements in Ukraine do not have pharmacies. Retail mark-up on medicines to cover network costs is as high as 30-40% of the price.



## Future goals

**Internet access of 100% of the country's settlements:**

for the first time in the history of Ukraine, access to banking, postal and government services throughout the country. Creating conditions for the first census in 20 years with subsequent monitoring of indicators.

**100% coverage of banking services for all population of Ukraine** and favourable conditions for crediting and servicing SMEs, ATCs, farms and the e-commerce segment.

**Develop competitive e-commerce and affordable medicines infrastructure** on 100% of the country.

## The current situation

**20-30% of correspondence is sent to non-existent or incorrect addresses. 20-40% of mailboxes are in poor condition.**

**Historically, salaries in Ukrposhta are up to 40% lower than the average salary in the country. Most of the employees have a salary at the level of the minimum wage.**

**Significant risks for the investor** through the operating model and the significant dependence of the results on the decision of the state.

**More than UAH 2 billion a year in pension delivery costs. Lack of revenue to the State budget.**



## Future goals

**Creation of a modern register** of addresses and the ability to save up to 200-300 million UAH per year due to postal services.

**Up to 70% increase in employees** income of the second largest employer in Ukraine. Creating new jobs.

**Creating conditions for attracting a strategic investor** (Alibaba, EBRD, etc.) and large-scale privatization.

**Reduction of pension delivery costs:** savings of 2+ billion UAH per year.

**Significant increase in government** income through dividends and privatization.



# Key projects

## Big construction: Logistics network development

Modernization of the logistics network is an opportunity to make postal services better. The new modern centres will be fully automated, which will reduce the number of manual operations, increase the speed of processing and maintenance of imported mail, unloading and loading cars, etc. In addition, we will be able to monitor balances and conduct online inventory in real time, as well as simultaneously process and ship all categories of postal items in one area. The capacity of the centres will increase 3-4 times compared to current levels.

The new logistics centres will be moved out of the city, which will significantly speed up the delivery of items both within Ukraine and abroad, and improve connections and the ecological situation in cities. All processes will be as automated as possible, logistics routes will be optimized, and the shipment distance will be reduced. All premises will be certified according to BREEAM standards.

**7**  
hubs

**62**  
depots

**240** thousand sq. m.  
The total area of all logistics facilities



**90** million  
items per year

**1,6** billion  
items per day - maximum  
equipment capacity  
(until 2028)

**93** million euros  
is planned to attract of credit  
funds for the modernization of  
Ukrposhta's logistics network

**EUR 30** million

by the European  
Investment Bank

**EUR 63** million

by the European Bank  
for Reconstruction and  
Development

**The plans for 2021** are to hold tenders for the selection of a contractor for the construction of sorting centres in Kyiv, Lviv, Ivano-Frankivsk, Dnipro, Kharkiv and Odesa, as well as to hold a tender for the selection of equipment and IT solutions suppliers.

## Upgrading the logistics network will allow:



**simulate  
optimal cargo  
flows**



**to improve  
the level of  
services**



**to reduce  
delivery time**  
especially for international  
and domestic parcels,  
letters and documents

# Travelling offices for 100% of villages

## TPOS advantages

- Even small villages in the most remote corners of the country will have access to the full range of postal, logistical, financial and other services they need.
- The transition to a travelling postal office format allows employees to work full time and earn an average of 70% more. In addition, their working conditions will significantly improve.
- After the launch of the postal bank, villagers will be able to use a full range of financial services.



**Postmen will receive smartphones** and tablets to automate the work of post offices (by the end of 2022)

**The purchase of a powerful ERP system and front-office solution** for effective digitalization of the postman's work is planned for 2021.





# Launch of a postal bank

Postal Bank is an opportunity for **100% of the population** of Ukraine to gain access to a full range of financial services.

**2021** — announcement of a tender for the search for a company that will conduct an audit and assessment of the value of financial institutions that Ukrposhta is considering for purchase

**2022** — opening of postal bank accounts



of settlements covered by banking infrastructure. There is no financial institution in settlements with less than 2,000 inhabitants



of Ukrainians do not have basic bank accounts and are outside the banking system



Ukrainians do not have any access to basic financial services



of the country's population is deprived of the opportunity to conduct e-commerce or it is too expensive for them

## Advantages of the postal bank for the country and the population:

- Modern payment infrastructure for farmers, craft producers, SMEs, ATCs and 15 million villagers
- The postal bank does not require any additional expenditures from the State Budget of Ukraine
- Reduction of budget expenditures by 2 billion per year, which the state now spends on the delivery of pensions
- Reduction of Ukrainians' expenses for utility bills due to lower Ukrposhta tariffs
- Attracting UAH 25-30 billion into the country's economy due to the inclusion of the population of villages and settlements to the banking system
- Expanding lending opportunities for the rural population
- Preservation of Ukrposhta postal offices in remote settlements

## Today Ukrposhta provides services for:



Acceptance of payments



delivery of pensions/social benefits



currency exchange



cash withdrawal

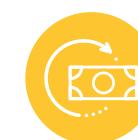


money transfers

## Postal Bank will provide an opportunity to expand the range of services to:



opening current accounts



opening deposit accounts



issuance of own payment cards

