NETWORK

VOICE OF THE MARKET REPORT

Q2 2025

Benchmarking Survey Results & What Businesses are Saying

““Everything is just so crazy these days, it’s impossible to predict anything”
General Manager of a B2C firm

Published July 2025

Powered By Ukraine Business News

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EXECUTIVE SUMMARY

Ukraine Q2 2025 Benchmarking Survey Results

KEY FINDINGS

- The survey was conducted in Q2 2025 with respondents all senior executives leading multinational businesses in Ukraine.
    - 40% Consulting/Financial/Legal Services, 36% B2B/Industrials, 16% Consumer Goods, 5% IT, 3% Healthcare
- Nearly 75% of companies are "somewhat" or "very" confident they can hit their sales target this year.
- Rising costs are an issue. ~66% of businesses expect costs in the coming year to increase "considerably" or "dramatically".
- Talent management remains the top concern for businesses. Two-thirds of companies report a "tight" or "extremely tight" HR market. Also, about two-thirds of businesses have trouble finding staff, while 40% of companies are planning to raise their headcount.
- The vast majority of executives (~80%) noted that labor shortages are not hindering their expansion plans or product offering.
- Nearly 75% of executives remain "slightly" or "very" optimistic about the Ukrainian market, with only 23% "somewhat pessimistic".
- 62% believe if they don't invest in the next 6 months they will get behind the competition, a slight drop from Q1 results of 71%.
- 50% of executives believed Trump would abandon Ukraine (up from 24% in Q1). Nearly the same amount (48%) continued to believe Trump would continue some level of support to Ukraine.
- 83% of businesses believe Europe will step up to fill a gap in US aid.
- Some 66% believe the war will last into 2027 and beyond. There is likewise pessimism about the return of refugees from abroad, with the most popular response (44%) believing less than 20% of refugees will return to Ukraine after the war.
- ***A consistent theme from executives: you need to be in Ukraine to succeed currently and in a future reconstruction.***

**The survey covered 60 respondents*

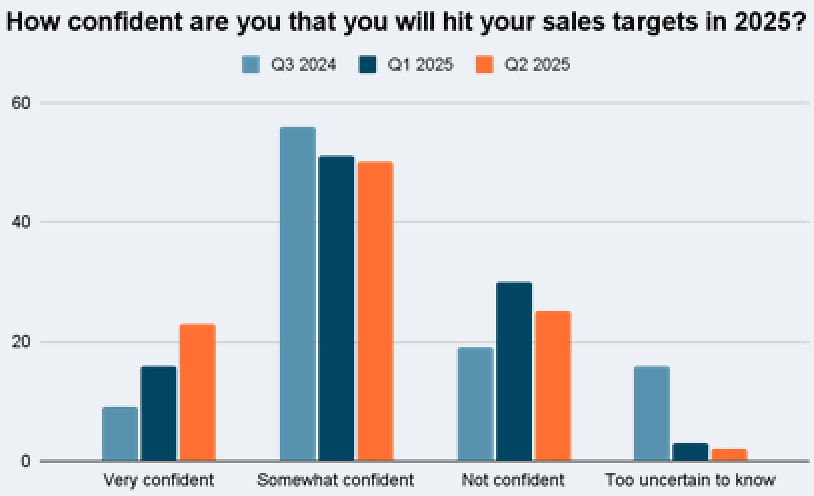
***All quotes in the report are edited as necessary to ensure anonymity and confidentiality*

****Note that all responses were collected before the end of June, prior to Trump's announcement of support*

2025 SALES TARGETS (1/2)

Businesses are increasingly confident they will hit their sales targets for 2025

- Nearly 75% of companies are “somewhat” or “very” confident they can hit their sales target this year, which is a positive result considering the disappointing economic growth overall in Q1.
- Business plans for 2025 are both more conservative and clearly more realistic than in 2024 considering this level of confidence.



2025 SALES TARGETS (2/2)

Business continue to succeed, though some worries about demand are arising

WHAT BUSINESSES ARE SAYING

- Across sectors, businesses largely continue to believe they will hit their annual sales targets as planned. However, many firms are enjoying somewhat more conservative targets this year after managing high and often unrealistic targets last year. Regardless, most executives remain relatively upbeat about their performance despite such weak overall GDP growth in Q1 (1% YOY), slowing real incomes amid rising inflation, and the continued drop in remittances from abroad in 2025.

- "We continue to ride the wave of strong incomes" to keep up our sales, said one B2C executive. With consumer spending continuing to drive overall economic growth, B2C firms continued to see solid sales growth in H1. In Q1, retail sales rose by 5% YOY, and rising each month compared to the previous month. However, several B2C executives have noted an increasingly greater difficulty selling in rural areas, with much of their sales growth driven by the large cities. B2B firms continue to see slower sales than their B2C counterparts, particularly amid rising costs since late 2024.

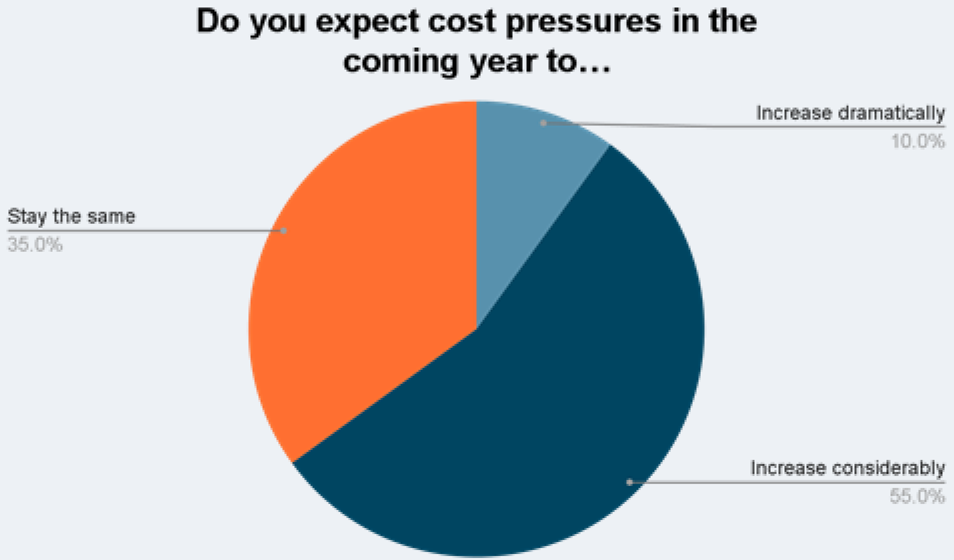
- Businesses across the board have noted a rising sense of a stagnation of the market. "The economy feels flat now, we can't see any new drivers for growth," noted the CEO of a professional services firm, reflecting a common sentiment among executives currently. With demand sentiment moderating, businesses are increasingly focusing on mass market, basic products in their portfolio, which in turn forces businesses to focus on market share and forego plans to expand their business. Also, particularly given the higher cost environment, margins continue to get tighter with fewer customers willing to trade up.

- At the same time, opportunities exist and businesses remain relatively optimistic, given the continuation of the war and impact on the economy. The CEO of a B2C business noted being "amazed" at the level of consumer confidence since the start of the year, and is "very pleased" with the state of the business considering the uncertainty this year. As another general manager of a major B2C business noted, demand is out there but you need to get it: "agility is the word I use constantly to describe how to win in the market."

COST PRESSURES (1/2)

Companies are not expecting elevated costs to moderate in the near future

- Roughly two-thirds of businesses expect costs in the coming year to increase “considerably” or “dramatically”. The rest of the respondents do not see any moderation in their costs.



COST PRESSURES (2/2)

Elevated costs and a strengthening euro are weighing on margins

WHAT BUSINESSES ARE SAYING

- Rising costs and consumer prices have increasingly become an issue for businesses. Beyond our survey results of western investors, a recent survey noted that 43% of domestic firms expect further increases in raw material and supply prices. Specifically, executives in our network cite the elevated labor and energy costs as weighing on business sentiment, and worry about it worsening looking ahead. As the general manager of a B2B firm said, “we hope we are prepared after last winter and our energy costs will be under control this winter, but there are so many questions again.”

- While B2C businesses have been enjoying the high salaries, it has now become more problematic for operations. Margins are getting tighter and tighter. As one B2C GM said, “It’s hard now to say the high wages are good for business – yes it has helped purchasing power, but it’s a huge problem in terms of costs.” This sentiment also reflects macroeconomic conditions, with real wages rising by just 6-8% YOY in H1 due to the high inflation eating into nominal wage growth, which remains consistent (~20%+).

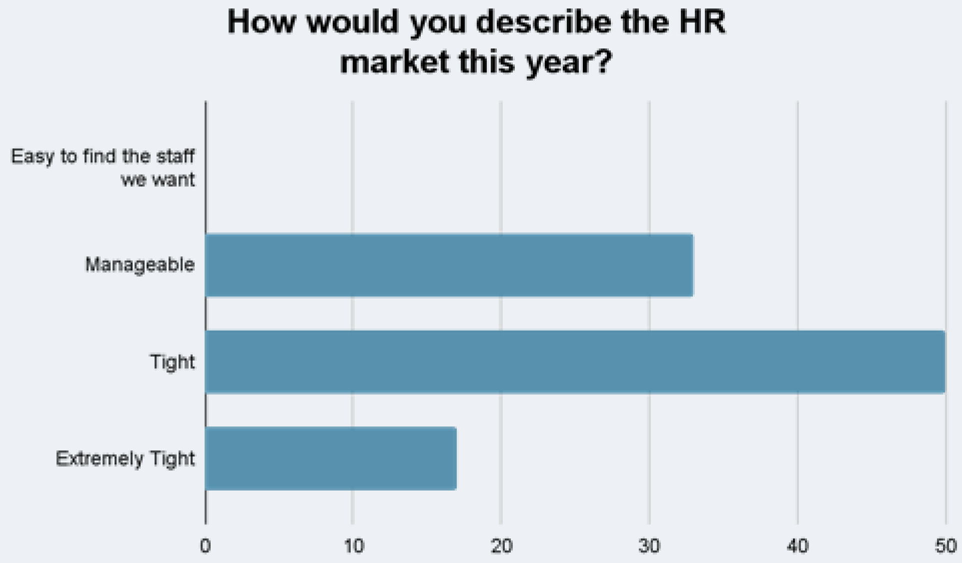
- B2C executives have also noted the negative impact on large purchases as a result of the rising inflation, and particularly in rural areas. With food inflation being a primary contributor to the price growth, disposable incomes have been hit hard this year in particular. According to an executive of a B2C retailer, “the accumulated inflation of the last few years, and especially the rising prices for food, is hitting consumers this year and causing hesitance for large purchases. It’s a change from last year.”

- In recent months, executives have become concerned by the strength of the euro. As a result of Trump’s trade wars, the dollar has weakened while the euro is strengthening to record levels and is forecast to strengthen notably further next year. An executive with several manufacturing plants in Ukraine noted being “worried about the euro now. We import most of our components in euros and its really a problem now, and not sure how we manage this.” His comments reflected what several others had recently said. The strength of the euro was a surprise most executives had not forecast in their plans and is a major worry for 2026.

HR & TALENT MANAGEMENT (1/3)

Businesses across sectors continue to struggle with a tight labor market

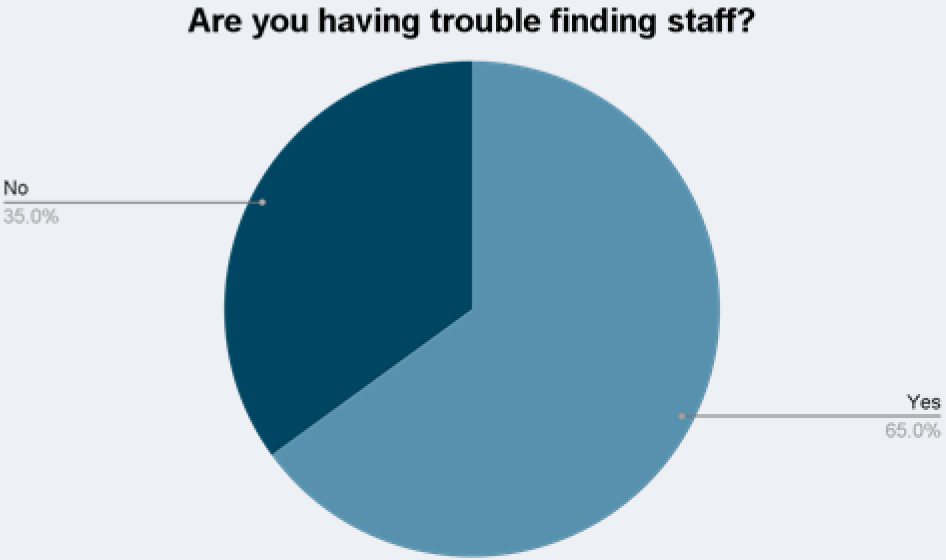
- Two-thirds of companies report a “tight” or “extremely tight” HR market this year, in line with expectations.

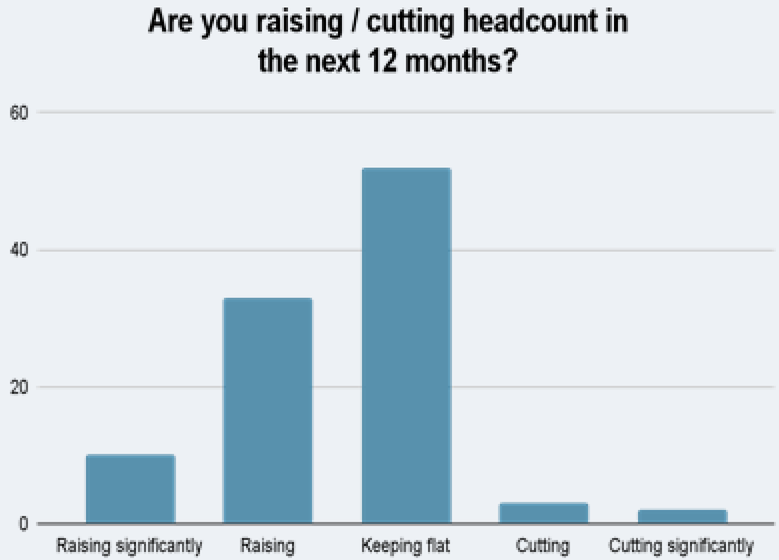


HR & TALENT MANAGEMENT (2/3)

Many companies plan to increase headcount, while having trouble finding staff

- About two-thirds of businesses have trouble finding staff, which is problematic as over 40% of companies are planning to raise their headcount. Even the majority (53%) which are keeping their headcount flat, will assuredly have to hire replacements for departing staff.
- Very positively, only 5% of the market are planning to cut staff.





HR & TALENT MANAGEMENT (3/3)

Talent management remains the top executional challenge

WHAT BUSINESSES ARE SAYING

- As has been consistent for the past year and a half, talent management has been the top challenge for most businesses across all sectors. Ukraine has lost 40% of its working-age population, and a survey of domestic businesses indicated that 74% of employers face personnel shortages and an average staffing gap of about 15%. These shortages have forced employers to not only hike salaries notably to stay competitive but also find new labor pools. “We look everywhere for workers: retired, students, women who we retrain. We do what we have to do,” said a B2B executive in a comment reflective of most businesses in our network.

- The general manager of a professional services firm noted how challenging the labor market is, though also how it is manageable still. “I actually thought things would be worse by now and our clients would have to cut back on their offering because of labor problems, but they have been adaptable and creative enough to actually avoid that.”

- While the labor market is under pressure across the board, the pressure is slightly worse for blue-collar workers given the higher proportion mobilized relative to white-collar workers. Nonetheless, several consultancies and professional services firms have noted the “dire situation” in finding and retaining white-collar staff as well.

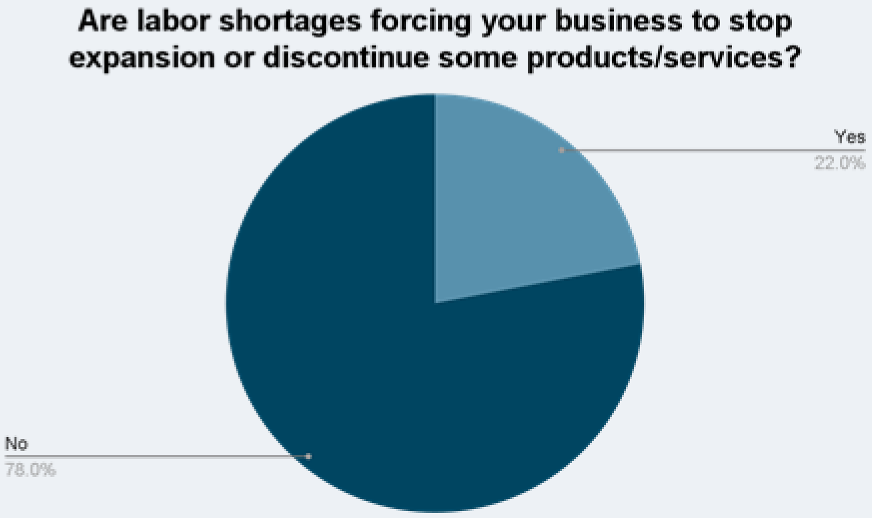
- Even major Western businesses with extremely strong global brands have problems in finding and retaining talent. As the general manager of a major B2C retailer noted, “Our biggest problem by far is finding people, which I did not expect considering who we are. It’s the same with other major Western brands - everyone has talent issues and we can’t rely on our name.”

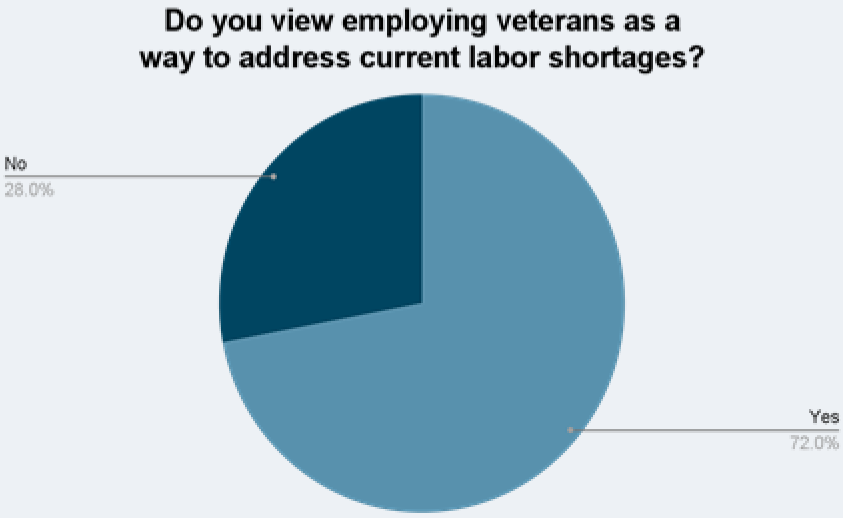
- Meanwhile, businesses have to contend with other issues. The general manager at a Western agricultural firm complained, “about 20% of our men have been mobilized, and it’s a fight to reserve the rest of our staff.” The manager also noted that job-seekers “have unrealistic expectations for salaries now,” reflecting a common mood amongst employers lately.

LABOR SHORTAGES (1/2)

Fortunately, labor shortages are not impacting production much yet

- The vast majority of executives (nearly 80%) noted that the labor shortages are not hindering their expansion plans or product offering.
- The clear majority (72%) see hiring veterans as an answer to the issue of labor shortages.





LABOR SHORTAGES (2/2)

Fortunately, labor shortages are not impacting production much yet

WHAT BUSINESSES ARE SAYING

- Though businesses are generally not cutting back on their offering due to the labor challenges, concern seems to be rising. Many successful companies may be hitting the limit currently. As the general manager of a Western IT firm noted, “business has been booming so much we struggle to handle the demand. We continue to hire but can always use more staff and we’re turning to automation as well to compensate.” Similarly, the general manager of a Western professional services firm reported that he can maintain his business currently, but “expanding would be hard because of the need to hire more staff.” Regarding his clients, “most can maintain what their business with some difficulty finding labor, but it is manageable overall.”

- Even if the tight labor market is not necessarily forcing businesses to reduce their offering, several executives noted that they feel their business is limited because of it. A general manager at a B2B consultancy noted that “our business is doing fine and we are growing, but I feel like we are still underperforming because of talent issues. We could be achieving more I think.”

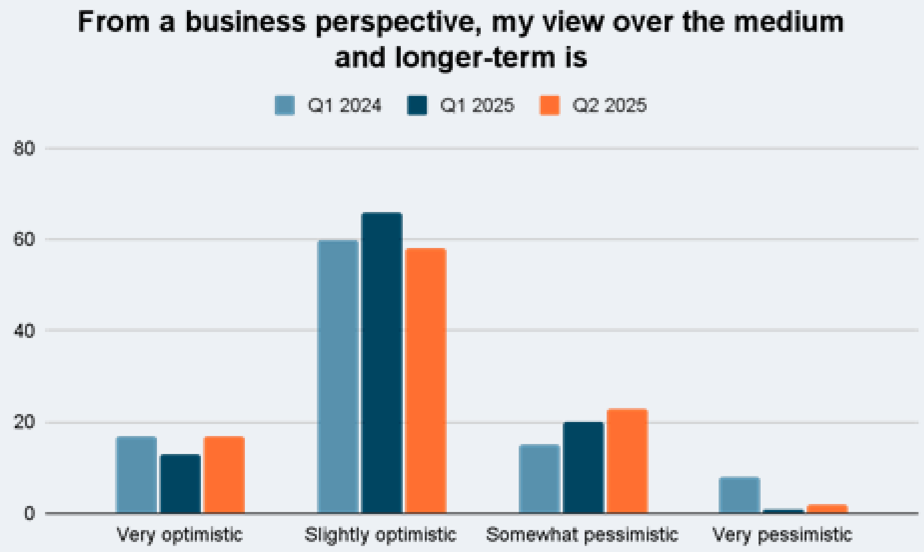
- Numerous executives have stressed the need to adapt to the nuances of the local conditions of the Ukrainian labor market, citing a need to “get crafty”. “Leave your HR book at the border in Poland,” stated the CEO of a B2C business. “Many executives come to Ukraine and assume what has worked for them in the West would work here. But you can’t. The market requires intelligent and specific analysis of HR and demographic issues of a traumatized population unlike anywhere else.”

- Unfortunately, a hesitance to hire veterans persists. While polling data indicates foreign investors are willing to hire veterans, domestic firms remain hesitant, and among both cohorts there is little hiring of veterans occurring, based on consistent anecdotal evidence. The Ministry of Economy is creating a new employment strategy to help the many citizens seeking employment - veterans, disabled, internally displaced, among others - to connect with the employers struggling to fill vacancies. However, as one executive noted, “we’re not seeing any help from the state or programs to help us hire veterans or others to address this problem.”

LONG-TERM PLANS (1/2)

Businesses remain optimistic for the long term

- In a very positive sign considering the geopolitical turmoil and Trump's threats to abandon Ukraine in H1, still around 75% of executives remain "slightly" or "very" optimistic about the Ukrainian market, with only 23% "somewhat pessimistic".



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LONG-TERM PLANS (2/2)

You need to be in the market to win now and in the future

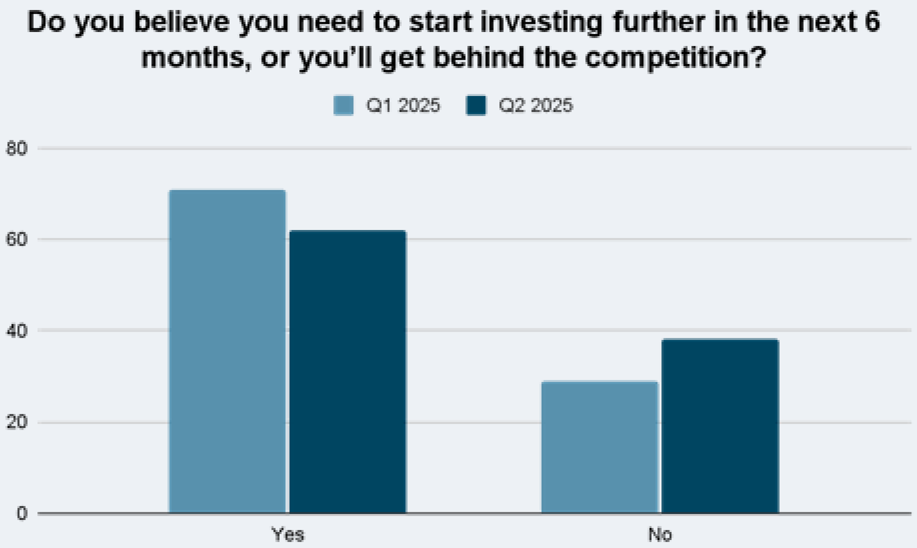
WHAT BUSINESSES ARE SAYING

- Nearly all companies continue to have a positive long-term view of the market, even despite the geopolitical turmoil of H1. However, those outside Ukraine remain restrained in the short term. “Most companies I speak with are very interested in Ukraine in the long term, but see it as too risky in the near term so stay out,” says an independent financial investor based in Europe encouraging large multinational corporations in his client base to invest in Ukraine. “Ukraine doesn’t have a ‘reward’ problem but a ‘risk’ problem. We need to sell Ukraine to investors by reducing risk perceptions.”
- B2C firms continue to enjoy opportunities now while setting up their business for the long term. Numerous prominent consumer goods businesses are rapidly expanding, very consciously taking advantage of the current times when competitors are hesitant. “We see ‘now’ as the opportunity because we can win and also get way ahead of our competitors. We will be so far ahead in the long term when the competition comes back,” said the GM of a major B2C firm. “I try to point to our competitor’s aggressive investment here, but corporate still isn’t moved,” complained another B2C executive.
- “I can’t stress it enough, and I say this every time we speak, but you can’t win now or in the future if you aren’t here on the ground,” said the CEO of furniture retailer. Managing the nuanced HR and customer issues demands a local presence. Beyond that, there is a clear trust aspect of being in Ukraine and developing relationships with your customers and local partners. “You need to earn trust from your customers – that’s how you win here. I now have strong customer loyalty because I kept my word and didn’t leave when things were tough.” As an executive at a prominent B2B firm said, “I was asked by a potential new client if we stayed in 2022. We did of course and he respected that so much that we’ve now done three projects and I know he’s turned down others who left in 2022.”
- Some current trends are discouraging some investors. “Our business is doing very well, but it’s hard to know the future. Ukraine is a bit sick with so many stress-related purchases and the rise of gambling, alcohol, cars, etc...But what happens when things go back to normal?” a GM of a pharma company said. Multiple financial investors complained about the lack of war risk insurance schemes, “otherwise we would see so much more investment.”

INVESTMENT PLANS (1/2)

Local teams continue to feel a sense of urgency to invest to get ahead of the competition

- Executives report concern about delaying their investments too long, with 62% believing if they don't invest in the next 6 months they will get behind the competition. However, this is a slight drop from Q1 results when 71% expressed this concern.



INVESTMENT PLANS (2/2)

Trump’s policies towards Ukraine and a rise in air attacks dampened investor urgency

WHAT BUSINESSES ARE SAYING

- A moderate but notable drop in investor urgency occurred in Q2, related clearly to Trump’s policies towards Ukraine and more specifically to the drop in USAID funding. “The cut in USAID hit media companies and SMEs across the country bad, and without warning. Things are much slower for us now,” noted the CEO of a financial services firm serving sectors hit by the USAID cut. “So now we’re going after new channels of business.” Multiple investors likewise noted the clear rise in attacks on Kyiv and the rest of the country as restraining investment moods.

- Likewise, the head of a business group aiding investors of a major European nation complained that attracting investment is harder this year than last. “The combination of the trade war, the Trump effect on Ukraine, and so many more air raids across the country this year are pushing away investors who were interested before.” The executive noted that investors in his group remain very interested but are delaying investment once again.

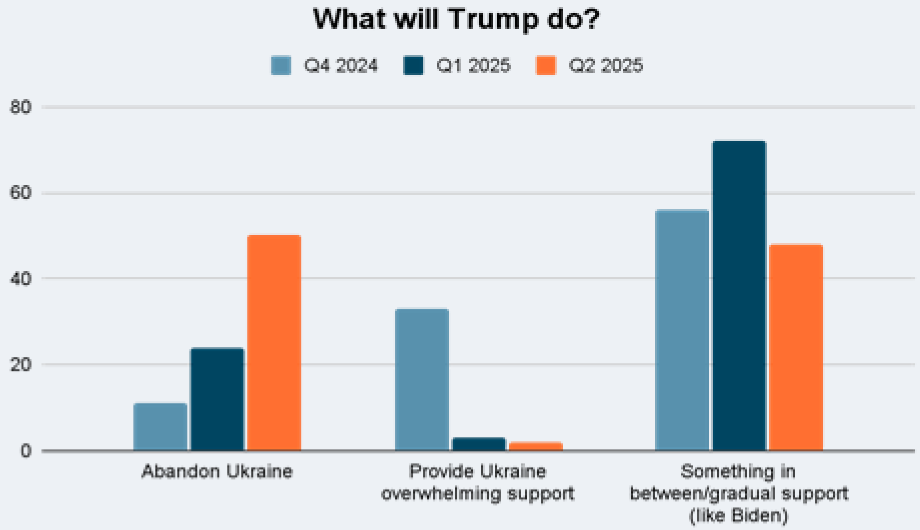
- “You needed to get in yesterday,” one executive noted, reflective of the sentiment of most of our business community. Another CEO of a B2C firm also stressed the importance of getting in now. “It took us 3 years to calibrate our business here, so anyone coming in a few years after the war will be WAY behind. The lost time now plus the years to adapt your business as you inevitably start with a flawed business model.” The manager went on to note, “If you’re waiting on the sidelines until reconstruction, you’ll be disappointed.”

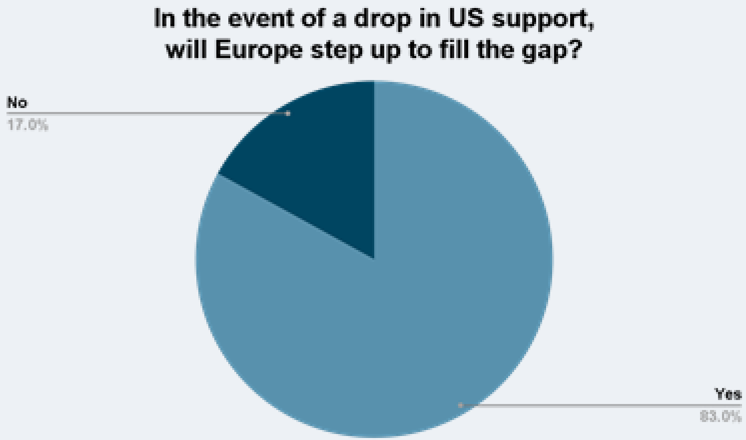
- “We’re still in hibernation status,” said the GM of a well-known global B2C business. The GM noted that headquarters since 2022 has continued to defer investment into Ukraine because of such uncertainty and unpredictability, which only worsened in 2025. “For us, a company with a global presence, Trump’s tariff wars and the uncertainty for the global economy and our global business has had a very bad impact on headquarters and our willingness to invest in Ukraine, which was already seen as too risky.”

WESTERN POLICY TOWARDS UKRAINE (1/2)

Executives lost much faith in Trump in Q2

- 50% of executives believed Trump would abandon Ukraine (up from 24% in Q1), which is in fact lower than the 66% polled at our Q2 live event on June 20.
- Meanwhile, nearly the same amount (48%) continued to believe Trump would continue some level of support to Ukraine.
- Positively, 83% of businesses believe Europe will step up to fill the gap in US support.
  - ***Note that all responses were collected before the end of June, prior to Trump's announcement of support***





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WESTERN POLICY TOWARDS UKRAINE (2/2)

Worries about Trump created problems for planning and communication with corporate

WHAT BUSINESSES ARE SAYING

- "Everything is just so crazy these days, it's impossible to predict anything," said the GM of a major Western B2C retailer, reflecting the sentiment of most of our client base since the start of the year. "It makes planning and discussions with corporate very difficult. But fortunately my boss (outside Ukraine) understands." To manage this extreme uncertainty, this GM noted in particular how much he and his team focus on building scenarios and the effectiveness of scenarios in discussions with headquarters.

- Convincing corporate for more investment becomes an even more difficult matter with the uncertainty from Trump's policy to Ukraine, even for companies growing strongly. As the general manager of a successful Western IT firm noted, "it's hard to make the case for more investment to corporate even with our strong results because it's Ukraine. We're a conservative company, Ukraine is a risky market, and just too small a market to justify the risk. We need to de-risk better, but hard to do with Trump."

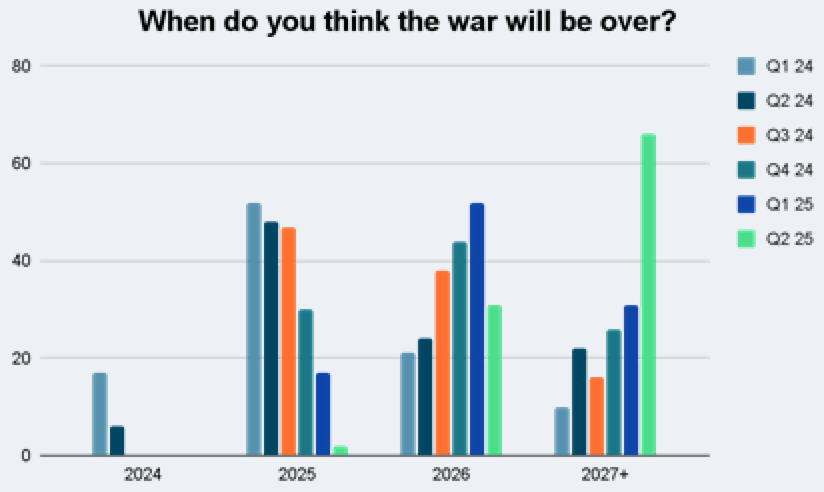
- Conversations with our business network during Q2 deteriorated dramatically regarding expectations of support from the US under Trump. "We went from 'hoping for the best, prepare for the worst' to simply expecting the worst," one executive said. Since then, with some US support set to continue as indicated by Trump in July, moods have improved, though skepticism abounds still. A GM of a B2B firm said, representative of current moods, "what will he (Trump) do tomorrow? Sure he might be providing some support now, but it can change and how long will it last?"

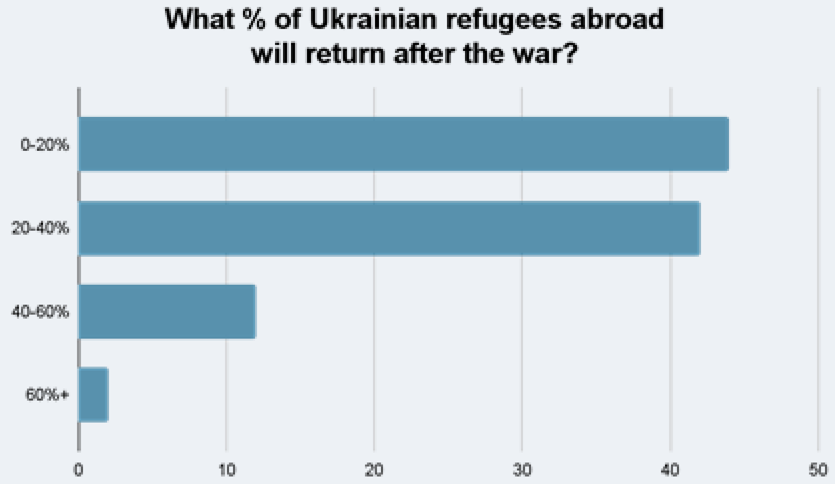
- However, even just after the signing of the US-Ukraine Minerals Deals – and before Trump announced selling weapons to the EU/Ukraine – executives in the mining sector as well as top government officials noted their optimism regarding rising US investment in Ukraine as well as greater political and security support from the US now. Specifically, a top executive of a major mining firm and a top member of the Rada reported their belief that up to 3 or 4 deals would be underway within the year.

WAR & RECONSTRUCTION OUTLOOK (1/2)

Much greater pessimism is apparent regarding how long the war will last

- While last year most businesses believed the war would end in about a year or so, pessimism has now taken hold. Some 66% now believe the war will last into 2027 and beyond.
- Executives are likewise pessimistic about the return of refugees from abroad, with the most popular response (44%) believing less than 20% of refugees will return to Ukraine after the war. Only about 15% believe more than 40% will return.
    - ***Note that all responses were collected before the end of June, prior to Trump's announcement of support***





WAR & RECONSTRUCTION OUTLOOK (2/2)

The prolonged nature of the war is weighing on moods and investor interest

WHAT BUSINESSES ARE SAYING

- Disappointment with war prospects was palpable over the course of Q2 as Russia's attacks across the country picked up and Trump's reluctance to support Ukraine continued. While earlier most companies had a timeline in mind of the war perhaps ending in a year roughly, hopes were dashed across H1. "We started to believe that maybe late this year or early 2026 this war could end, investment return, and our business would pick up. Even corporate started to believe us," said the GM of a consultancy (before Trump's turnaround in July). Numerous other executives shared this sense of disappointment, which was particularly discouraging for them to lose hope after more than 3 years of war. "So now we keep going and wait for 2026," the same executive said.

- Regardless, firms and headquarters abroad remain hopeful for the long-term prospects for Ukraine and their business. Anecdotal evidence and survey results demonstrate this. "Headquarters abroad just keep waiting patiently, are committed to Ukraine, but feel no rush; however, I want to start moving faster but can't because of there's no end in sight for the war," a B2C GM noted.

  (cont'd) An EBA survey in July indicated ~80% of foreign investors remain interested in reconstruction, with just 8% uninterested. Some 50% are already invested in Ukraine, 17% ready to invest before the war ends, and another 23% waiting until the war ends.

- A top executive at a major B2B Ukrainian company, with investments abroad as well, became more pessimistic this year, noting that "we will be living in this situation for another 3 years" and that in the meantime "we do only maintenance" for the domestic market, with no further investments.

- A financial executive noted his headquarters is very supportive of the business and for the long term; however, the executive has concerns about the country's future after the war. "The central problem is the country is shrinking," with a smaller and older population, which creates fiscal issues, "and destruction of the mining sector," creating macroeconomic and financial problems. "We will need a lot of reconstruction money to balance things out."

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