



Private Enterprise
VATOIL

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Приватне підприємство
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Project on logistics centre in Southern Ukraine

Fruit and vegetables “from field to fork”

BUSINESS IDEA: To use the opportunities presented by rapidly growing market of fruits and vegetables and develop business on fruits and vegetables postharvest handling and logistic in Southern Ukraine.

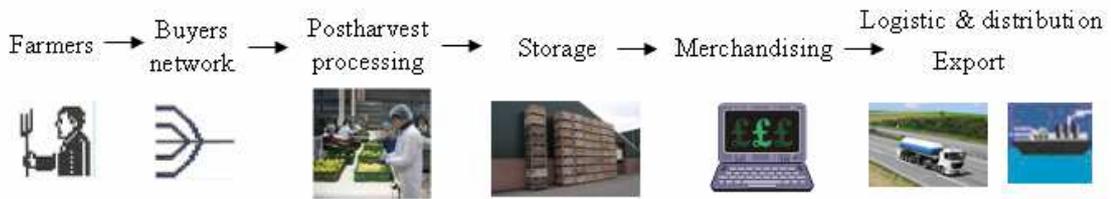
THE COMPANY: Private Enterprise “VATOIL”, Bratskyi district, Mykolajivska oblast Ukraine. The Company is owned and managed by three professionals, one of which has an extensive experience in grain and a vegetable trading business and agricultural services, second is professional on agricultural finance and fruit and vegetable supply chain management and third one is an expert on alternative energy technologies and export trading.

PROJECT DESCRIPTION: It is planned to develop high-tech postharvest processing of fruits and vegetables (washing, sorting, and packaging) and cold storage with further distribution to supermarkets in Ukraine.

Currently there is no developed cold chain between producers (farmers) and buyers (supermarkets). Farmers do not have enough resources and knowledge to invest in postharvest handling, cold storages and transportation and supermarkets are not willing to invest in cold chain from field to shelves, as usual they have only distribution centers for delivered products. According the experts estimations there are around 800 mln USD annual product losses in fruits and vegetables supply chain in Ukraine, and there is unique investment opportunity.

It is planned to implement integrated supply chain model with fruit and vegetable producers in order to insure the best quality and safety of the product.

BUSINESS MODEL: VATOIL will be an integrated supply chain manager, the primary skill of which is managing operations in the region originating raw and semi-processed agricultural commodities for major clients, which include supermarket chains and export traders. There is emerging need in integrated supply chain management due to increasing demand for quality, speed of response, improved communications and reduction in costs which in turn will result in more interdependent supplier - customer relationships. Integrated supply chain management is principally concerned with the flow of products and information between supply chain participants; including procurement, postharvest processing, storage and distribution of the product to customers.



PROJECT BUSINESS RATIONALE:

The business rationale for VATOIL involvement in this business is unique opportunity presented by not satisfied market demand for vegetables and fruits and not developed postharvest and logistic infrastructure of these agricultural commodities to fresh markets and export.

In Ukraine estimated need in vegetables and fruit is 2,112,500 tons per annum, at the same time there is limited amount of local fruits and vegs are sold in supermarkets because local farmers are not able to satisfy supermarket requirements on quality, packaging and terms of product delivery. Such a situation creates unique opportunity to enter this market and build strong competitive position of integrated supply chain manager for supermarket chains in Ukraine with use of IP competitive advantages.

Competitive advantages of Southern Ukraine climatic zone which allows producing of early and high-quality vegetables & fruit and reaching high productivity with use of intensive growing technologies.

Low cost and high quality raw material availability in combination with high-tech processing and logistic capacity will enable the Company to produce the products competitive on domestic and international markets.

The Company has an experienced and qualified team which is capable to implement successfully this Investment Project.

Not satisfied growing demand in Ukraine creates opportunities for further Project expansion.

FINANCIAL PLAN

The Project investment costs are € 48.9 mln.

Cost item	Euro
Design and engineering	1,205,000
Storage	24,659,399
Post harvest treatment, packaging	5,220,998
Input resources and factory start-up	14,798,660
Transportation	3,059,993

Project pay-back period for investment capital and start-up working capital costs is 4.3 years.

Annual sales income: €24.1 mln.

Annual costs: €12.3 mln (including raw material costs).

Costs / sale prices ratio indicates about good sustainability of the business even in case of fluctuation of the prices for raw material or/and final product.

Project cash flow indicates that business will generate enough cash to cover the costs for business development, credits pay-back and payment of interest according the schedule. Interest will be paid on monthly basis, and during first months it will be paid by own company resources and then from sales income.

PE "VATOIL"

A handwritten signature in black ink, appearing to read 'Anatoliy Maksymyuk', with a horizontal line extending to the right.

Anatoliy Maksymyuk

Financial Director