

# PE Investment Opportunities. Ukraine



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## PPP in Ukrainian Municipal Water Cleaning

### Investment Highlights

- ▶ Offered is up to 50% ownership in about 20 PPP projects of building and operating 20 water cleaning plants in Ukrainian mid-size cities.
- ▶ Use of reverse osmosis technology from worldwide leading supplier of water cleaning plants GE Osmonics Labstore. Turn-key delivery of equipment.
- ▶ Projects economics is based on existing standard water supply tariffs. No external state or municipal aid or special tariffs are required.
- ▶ The first pilot project has been put into operations in 2009 and has overperformed its estimated economics.
- ▶ Now protocols about intensions to construct similar plants are signed with 11 municipalities.
- ▶ 12 months completion period for each plant, 3-4 years - for 10 plants, up to 6 years - for 20 plants.
- ▶ Operating period of one plant: 20 years.
- ▶ Total capex budget for each plant: USD 5-7 million. Total capex for 10 plants: up to USD 70 million.
- ▶ Financing: 30/70 equity-debt. Debt to be provided by an international bank with MIGA insurance.
- ▶ IPO in Warsaw (a stock exchange with largest "Ukrainian" segment in Europe) and in Kiev.
- ▶ Return on equity (IRR): over 30%.

### Transaction Summary

The beneficiary owners of the Project are private individuals, Ukrainian residents. They are offering to a strategic investor up to 50% in the holding company, which owns 100% in each single water treatment plant. The old owners and management team will remain "in the boat". An exit is possible in 2012 through an IPO.

## Wood Saw Mills and Processing Facilities

### Investment Highlights

- ▶ Offered is 100% ownership in the leading Ukrainian wood processing company. An established business with substantial room for further development in the domestic and export markets.
- ▶ 8 enterprises compactly located in the Sub-Carpathian region of Ukraine. Total space of workshops is 30,000 m<sup>2</sup>.
- ▶ Production: sawn wood products such as edged timber, pallets, floorings, door beams, wall panels, as well as glued panels and glued wall beams. The total annual production capacity exceeds 60,000 m<sup>3</sup>.
- ▶ Over 1,000 employees. Vertically integrated operations from wood logging to production of high quality glued furniture panels for export. Deep utilization of production waste.
- ▶ Well-diversified and high quality customer base. Stable sales during many years to Western European and Ukrainian furniture industry. Export share is over 50% of total production.
- ▶ Secured timber supply. Opportunity to acquire a meaningful share in one of Europe's largest and cheapest wood resources in close proximity to European furniture enterprises.
- ▶ Established and good relationships with regional and central governments.
- ▶ Return on equity (IRR): over 30%.

### Transaction Summary

The present owners have acquired Project Deep Forest several years ago as non-core financial asset. Now they are considering a divestment of 100% shareholding in a Ukrainian holding company, which has 100% ownership in 8 subsidiary companies. (saw mills and wood products).

## All Round Security Company

### Investment Highlights

- ▶ Offered is up to 50% the fast growing Ukrainian security company.
- ▶ Current owners are founders of the biggest security services company in Eastern Europe and two leading private security companies in Russia. They intend to repeat the same success story in Ukraine.
- ▶ Now the company has central office in Kiev and representations in 5 regions. Customer portfolio already includes leading supermarket chains and factories.
- ▶ The goal is to acquire about 10% share of Ukrainian security services market in 5 years with revenues USD 200 million p.a.
- ▶ Ukraine's security market has experienced rapid growth, with market increasing almost twice as economic growth. Despite the rapid growth, Ukraine's security market volume per capita is still significantly lower than in developed and even developing. Ukrainian security market main trends are: continuous growth, great potential, shift in demand, lack of competence, lack of investments.
- ▶ Ukrainian market is very fractured with the five biggest companies accounting for only 30% of market share, giving the good momentum to consolidate and aggressively take over the market.
- ▶ International players will be entering market in few years perspective. There are not many companies to be acquired as local companies don't have significant market share and/or are not in due-diligence readiness.
- ▶ Return on equity (IRR): over 40%.

### Transaction Summary

The present owners are looking for one or several financial investors able to acquire up to 50% shareholding in the business consisting of a holding company and five regional offices.

## Volchanske and Birzulivske Mines (Ilmenite, Rutile, Zircon)

### Investment Highlights

- ▶ Up to 100% the two world-class mining assets with long term production licenses.

#### *Volchanske deposit (TOV "Demurinskiy GOK")*

*Volchanske is a placer deposit located in Dnepropetrovsk oblast, Ukraine. The deposit combines five stripes of 20 km by length and 1 km by width. The site enjoys developed infrastructure, including access roads, power and water supply. Reserves at 3.0% cut off are: 5 million t of ilmenite, 0.7 million t of rutile, 1.2 million t of dysten-sillimanite, 0.7 million t of staurolite and 0.2 million t of zircon. Content of heavy minerals in sands: 9.2 %. Overburden: 30 m. USD 15 million of equity capital and USD 2 million debt were invested until now into development of the deposit including pit construction, one one-site primary processing module and processing factory. Additional investment need is about USD 20 million. Revenue potential is over USD 450 million until 2027. Expected net income after completion until 2027 is over USD 200 million.*

#### *Birzulivske deposit (TOV VKF "Velta")*

*Birzulivske is a placer deposit located in Kirovograd oblast, Ukraine. Licensed area is 1,200 hectares. The site enjoys developed infrastructure, including access roads, power and water supply. Reserves at 3.5% cut off are: 5 million t of ilmenite, Content of heavy minerals in sands: 9.4 %. Overburden: 23 m. An amount of ca. USD 60 million shall be invested into development of the deposit including pit construction and processing factory. In December 2010 USD 40 million bank loan was obtained. Revenue potential is over USD 500 million until 2027. Expected net income after completion until 2027 is over USD 250 million.*

- ▶ *Ukraine accounts for about 10 % of discovered world titanium mineral reserves. As of January 1<sup>st</sup>, 2010 state geologic register included 26 explored deposits of various titanium-containing minerals, mainly ilmenite. For over 40 years now, an integrated industrial complex has been in operation combining extraction of titanium ore with production of metal and titanium dioxide.*
- ▶ *Ilmenite and rutile concentrates are produced in Ukraine by 3 enterprises: Krymskiy Titan (at leased Irshansky and Volnogorsky Mining and Processing Plant), Valki-Ilmenite (Irshansk area), and Ukraine Minerals (tails at Volnogorsky Mining and Processing Plant). Country's average annual production during past five years was about 500 thsd. tons. About 50% of total mined titanium concentrates have been exported.*
- ▶ *Worldwide until 2015 a 20% deficit in supply of titanium feed stock is estimated due to growing demand in China and post-crisis recovery.*

### Transaction Summary

The present owners are looking for one or several financial investors able to acquire up to 100% in both projects.

## Hemafund. The Stem Cells Bank

### Investment Highlights

- ▶ *Up to 50% the fast growing bio-technology business with global market access.*
- ▶ *Hemafund is a leading Ukrainian biotechnology company which provides services on treatment and long term storage of cord blood stem cells since 2005.*
- ▶ *Over 3,000 cord blood samples of private clients are gathered so far.*
- ▶ *Own modern clinic, research, and processing laboratories in Kiev. Conservation and storage technique is approved by the Ministry of Health of Ukraine.*
- ▶ *Cord blood treated and stored at Hemafund was successfully used in several dozens of cardio surgery operations as well as for leukemia treatment of children in Ukraine and abroad.*
- ▶ *In 2010 Hemafund has combined its scientific and technological potential with the largest Russian cord blood bank and research centre Institute of Human Stem Cells (IHSC), Moscow.*
- ▶ *End of 2010 an IPO shall take place in Ukraine. A similar Russian IPO of IHSC was carried out in 2009 with IPO market capitalization USD 26 million.*
- ▶ *Stem cells are the Holy Grail of medicine and no country has a clear advantage as yet. USA could have had the lead but the Bush administration delayed research into stem cells on ethical grounds. Obama Administration has announced an increase in government funding for stem cell research. Also China, India, Israel, South Korea currently develop actively stem cell research lines.*
- ▶ *Research and therapy are depending on availability of stem cell material. The easiest way is getting stem cells from the cord blood. Currently there are about 400 cord blood banks worldwide. Largest banks are in USA, Germany, China and Singapore. By 2020 there will be 1,000 banks.*

### Transaction Summary

The beneficiary owners of Hemafund are private individuals, Ukrainian residents. They are offering to a strategic investor up to 50% ownership. The present owners and management team will remain. An exit for an investor is possible after IPO, which will take place in 2010.

## Who we are: Exim-Consulting

Exim-Consulting is an independent financial and investment banking company focused on arranging of financing for corporates. We help to attract “long” and cheap money for our clients and their projects.

We are one of a few Ukrainian banks and financial companies providing world class services in structured and project finance. We successfully co-operate with PE and debt teams of major international banks focused on Ukraine.

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