

A Desire for Western Goods

An Interview with **Andrii Osypov**,
General Manager, Ergopack Limited, Boyarka Town, Kiev Region

EDITORS' NOTE *Andrii Osypov attended the Kyiv State Light Industry Academy and worked for ComputerLand Kyiv before founding Ergoline (now Ergopack), a producer and distributor of household products, in 1996.*



Andrii Osypov

COMPANY BRIEF *Founded in 1996 as Ergoline, Ergopack (www.Ergopack.com.ua) is an importer of industrial and retail products, particularly household products. In 2001, the company began producing its own line of sponges, clothes, and garbage bags, and opened a PE-recycling plant. With a network of subsidiaries in major cities in Ukraine, Ergopack employs approximately 600 people. The U.S. investment fund WNISFE entered into an agreement with the company in 2006.*

In general, how would you compare the consumer habits of Ukrainians to those of people from other countries in the region?

Our consumer habits are much more similar to those in Poland, Slovakia, and the Czech

Republic than those in Russia, for example. Ukraine was much more open to Western goods after the Soviet Union fell. Our consumers were used to good quality by the time the local producers emerged. It was also a challenge for us when we decided to establish our manufacturing, as Russian standards are lower. The household items in any Moscow supermarket are of a quality that would be unacceptable in Ukraine. Poland's consumption of household items is five to six times higher than ours, per family. That is

further evidence of our market perspective.

Ergopack is exporting products to Moldova, Belarus, and Russia. Will you soon be establishing a Moscow-based office?

One cannot plan overseas sales if one has nothing to surprise those customers and competitors. It could be a unique product or low cost. Our export potential comes out of our unique competencies, among which are patented types of foam and our own recycling plant.

With three main supermarket chains, you've called Ukrainians' retail-level options

"different than other Eastern European countries." Do you see this changing in coming years?

The difference is that Ukraine did not open the doors to foreign retailers as Poland and the Czech Republic did in the early '90s. Now we have very strong local retail chains. Certainly, the world's retail giants are coming; but they will have to ally with or buy local retailers. Aushan has just allied with the local Furshet. As far as I know, it is the first time they have done so in their history, though for us it doesn't matter; we are sure we will be leading wherever retailers come from. We had that experience when a foreign retailer brought a household items supplier from abroad. After one year, he refused the foreign producer and worked with us instead.

Ergopack purchases waste from supermarket chains for its active recycling business. In what ways will this business evolve?

For the moment, we have to buy that waste. At the same time, European waste collectors are paid for taking garbage. We have been looking for changes in the situation, though even now, we have a good return from our investments in recycling. ●

Dragon Capital

www.dragon-capital.ua

Completed 3/4 of Ukrainian IPOs/Private Placements in 2006

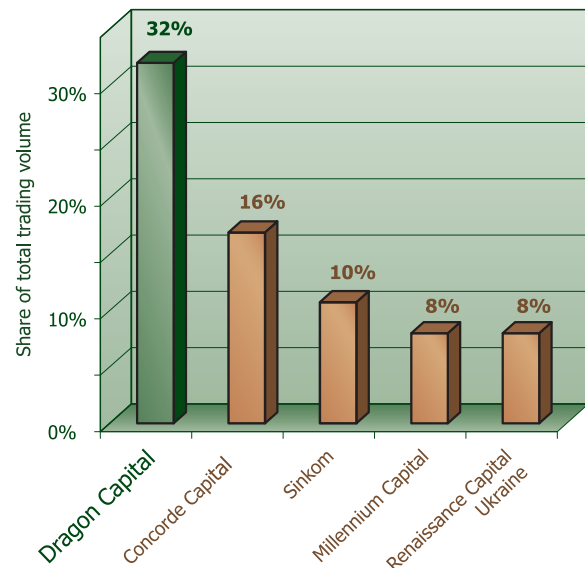
	Company	Sector	Lead Manager	Raised
1	Bank Nadra	Banking	Dragon Capital	\$58m
2	Sablink	Real Estate	Dragon Capital	\$48m
3	Rodovid Bank	Banking	Dragon Capital	\$47m
4	VK Development	Real Estate	Dragon Capital	\$37m
5	Ukrinbank	Banking	Dragon Capital	\$36m
6	Velyka Kyshenya	Retail Trade	Dragon Capital	\$35m
7	Furshet	Retail Trade	Dragon Capital	\$34m
8	IMB Group	Banking	Dragon Capital	\$32m
9	Astarta	Agriculture	ING	\$31m
10	Galnaftogaz	Oil & Gas	Concorde Capital	\$27m
11	Cantik Development	Real Estate	Dragon Capital	\$26m
12	LuAZ	Automobile Assembly	Dragon Capital	\$26m
13	Megabank	Banking	Concorde Capital	\$22m
14	Laona	Pharmaceuticals	Dragon Capital	\$21m
15	Ekvin	Consumer Electronics	Concorde Capital	\$14.5m
16	KP Media	Media	Dragon Capital	\$11m

Raised more than \$410m for 12 Ukrainian companies
Source: media reports and other open sources

Our Awards



No. 1 Broker on Ukrainian Stock Market in 2006



32% of total stock trading volume in 2006
Source: PFTS

LEADING UKRAINE'S CAPITAL MARKETS