

AVELLUM PARTNERS

• Internationally Ukrainian •



Recent Trends in Agricultural and FMCG Sectors

by Mykola Stetsenko, Managing Partner

Agricultural and food processing sectors have recently become key drivers of Ukrainian economy along with metals and heavy machinery. We have witnessed last year and early this year significant consolidation in these sectors. In particular, the sugar production sector has undergone major changes with acquisitions of Dakor and Rise by Uklandfarming Plc, while Kernel purchased UkrRos Group. Large agricultural producers are tapping international capital markets by doing IPOs and Eurobonds: MHP, Avangard and recently Mriya have attracted approximately \$780 million by issuing Eurobonds, while Agroton, Milkiland and, again, Avangard did successful IPOs attracting approximately \$345 million. MHP and Kernel did their SPOs.

We also see uprise in trade financing. Consolidated agricultural groups with proper IFRS accounts became attractive borrowers both for leading commercial banks and for international financial institutions. We believe that further strengthening of large agricultural producers will increase competition for consolidated arable lands in Ukraine and may lead to more private and even public acquisitions in the sector. Improved access to financing creates opportunities to expand production, to grow export potential, and to acquire competitors. This trend also creates opportunities for development of sectors, which service agriculture, namely storage, logistics, and transportation.

www.avellum.com
+38 044 220 0335

Avellum Partners is the law firm specializing in sophisticated corporate finance advice.