



УКРАЇНА
Закрите акціонерне
товариство

«AVK»

УКРАИНА
Закрытое акционерное
общество

03062, м. Дніпро, 1-а Сталеварська, 3. Р/р: 260001280025561 в КС «Київбанк-Україна». Дніпропетровський філіял. МФО 322583 Код ОКТО 30482582
03062, г. Днепро, 1-я Александровская, 3. Р/р: 260001280025561 в КС «Київбанк-Україна». Дніпропетровський філіял. МФО 322583 Код ОКТО 30482582

Press Release

AVK Increases Its Competitiveness Through Acquisition of Dnipropetrovsk Confectionery

Kyiv, Ukraine – May 14, 2003 – AVK, the nation’s second largest confectionery and market leader in chocolate glazed candies, increased its share of domestic production volume in the highly competitive Ukrainian confectionery market to 14.2% as a result of acquiring a controlling stake in Closed Joint Stock Company “Dnipropetrovsk Confectionery Plant”. Prior to this acquisition, AVK operated five plants in Ukraine with sales revenues in 2002 totaling UAH 445 million (\$83.5 million).

“Growing demand for AVK products makes us constantly look for the most effective ways to increase our production capacities. From this perspective, we saw Dnipropetrovsk Confectionery as the best fit,” said Iryna Starodubova, General Director of AVK. “We believe that this is a winning situation for both companies -- Dnipropetrovsk Confectionery will benefit from AVK’s strong distribution network of more than 27 thousand points of sales in Ukraine, stable export to 12 countries, as well as profound experience in marketing.”

Lyudmyla Musarova, Director of Dnipropetrovsk Confectionery, added: “We are very pleased to form a strategic alliance with AVK. Joining forces with this first-class and distinguished company provides the necessary impetus we need in order to enter new markets, develop new and competitive products that satisfy the needs of our customers.” Dnipropetrovsk Confectionery sales revenues in 2002 amounted to UAH 160.24 million (\$30 million). The company is equipped with modern production lines and highly qualified personnel. Its product assortment includes a number of products similar to AVK’s assortment. In addition, both companies share the same high level of dedication and commitment to manufacturing high-quality, delicious products made of natural ingredients.

“As AVK’s shareholders, we welcome this recent acquisition”, said Natalie A. Jaresko, President and Chief Executive Officer of Western NIS Enterprise Fund, a private equity fund that holds a 25.1% stake in AVK. “WNISEF’s mission is to build market leaders in Ukraine and Moldova through enhancing companies’ competitiveness. The acquisition of Dnipropetrovsk Confectionery is a significant step towards increasing AVK’s competitive advantage, increasing its market share and, ultimately, creating value for all shareholders.”

AVK is a portfolio company of Western NIS Enterprise Fund (WNISEF), the region’s leading private equity fund that invests in small- and medium-sized private enterprises in Ukraine and Moldova. WNISEF has contributed to AVK’s success by providing the company with over \$8 million in capital to grow and post investment value-added activities such as introduction of western corporate governance principles, implementation of a world-class management information system, marketing support, as well as numerous management trainings and seminars. Since inception, WNISEF has invested approximately \$80 million in 24 companies in Ukraine and Moldova.

For additional information, please contact:

Hennadiy Harmash
Head of Communication Department
CJSC “AVK”
Phone: +380 (62) 350-0050
Fax: +380 (62) 350-0050
www.avk.com.ua

Oksana Markarova
External and Corporate Relations Manager
Western NIS Enterprise Fund
Phone: +380 (44) 490-5580
Fax: +380 (44) 490-5589
E-mail: omarkarova@wnisefk.com
www.wnisef.org