

PURIFICATION AND SALE OF DRINKING WATER

Executive summary

Organizing the network of vending machines for purification and sale of drinking water

Contact Information

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Industry

Finance

Development stage

startup

Year founded

2011

Funding

Opportunity

EUR 14,420,884.8

Use of Fund

91,9% Equipment
3,2%; Operating costs
4,9 % Other spending

Revenue

EUR 17,298,981.8
for five years

Existing Debt

EUR 0

Existing Investors

N/a

PROBLEM / OPPORTUNITY

Ukraine's population (about 46 million people), as in most other countries, suffers from a lack of quality drinking water. Providing clean water is the largest natural market in terms of turnover production. Until 1992 the state has been the sole monopolist on sales of drinking water. Today the state has lost the opportunity to dominate on the market of quality drinking water. As a result, about 1 / 4 of the Ukrainian population (11.5 million), currently use, bottled water from different manufacturers (data of marketing companies). Along with this, about the same numbers of people are using tap water, as well as temporary surrogate sources of drinking water: artesian wells, the melt water, water treated by various cleaning devices and purification of drinking water.

The average person consumes 1.5 liters per day. Consequently, 11.5 million people use - 517,500,000 liters of water per month.

Water purification system, based on reverse osmosis technology is inexpensive technology that ensures consistently high quality drinking water. This system purifies water and makes it suitable for drinking without further treatment.

Cost of individual household water purification system, based on reverse osmosis technology is from 1,500 Euros. It is not available for more than 80% of the population of Ukraine.

SOLUTION / PRODUCT

Solution - the creation of a leasing company for organizing the network of vending machines for cleaning and sale of drinking water using reverse osmosis technology.

Establishment of a leasing company due to:

- the availability of funds received in repayment of investment, from the first day of the start of the equipment through a lease payment;
- the presence of guarantees on equipment transferred ownership to the lessee, through a lease agreement;
- possibility of creating a network of vending machine without significant initial costs. In this case, the profit is from the first day of starting to work equipment, which significantly increases the attractiveness of the business as a whole.

POTENTIAL RETURN

Return the investment is planned in a period of 5 years.

Cost of 1 liter of purified water using reverse osmosis technology - 0.055 Euro. 0.037 Euro is a profit and 0.018 Euro is an expenditure part of the (service of vending machines, supplies, etc.).

A vending machine for purification and sale of drinking water is designed to produce 1,000 liters of purified water per day. In case of the implementing 400 liters of purified water per day, by one vending machine (average volume, depending on where the installation machine), the income will be 14.55 Euro / day or 436.36 euros / month (excluding taxation). The cost of a one vending machine is 4090.9 Euro. Estimated payback of a one vending

machine is 10 months.

COMPETITION

After analyzing the market sales purification drinking water in Ukraine, it is obviously, that the Ukrainian market there is weak competition of manufacturers of vending machines for purification and sale of drinking water between producers from China, Taiwan and Russia. In this case, our products have several advantages:

- opportunity for the customer to choice of mineralization of purified water;
- possibility cashless payment ;
- a system for remote monitoring of technical state of the machines and the system as a whole.

Also we have a new idea, which did not have place before in Ukraine. It is a plan to spread a network of vending machines through Ukraine.

EXECUTION PLAN

The project implementation is planned through the creation of a leasing company to be leased out vending machines of purification and sale of drinking water. First and foremost, we plan to implement this equipment to pharmacy and other distributors networks in Ukraine.

The project already has:

- Pharmaceutical Company "Edelweiss". It has the network of pharmacies in Ukraine , and is planning to establish more than 200 vending machines;
- manufacturing capacity to build 40 certified vending machines to purify drinking water a month (model «Ecosoft Vo -Combi ») with the ability to increase production to 80 machines per month;
- State certificate for the system to treatment of tap water by double osmosis technology.

Availability of preliminary agreements with potential buyers in the leasing allows to place more than 300 vending machines for purification and sale of potable water in accordance with the draft, that corresponds to 10% of realizing of this project.

Opportunities for optimizing project:

- expansion of production vending machines, with the participation of companies with their own money, on the bases of cheaper certified purification unit (price reduction of the vending machine will be from 4 to 12%);
- search for sites for the installation of vending machines with large volume of water consumption (up to 500 liters per day) - schools, social service agencies;
- receipt of funds and incentives through participation in the national project "Clean Water" (a program of the State agencies for the national projects).

TEAM

Viktor Vasylykiv, 50 years old.

Founder of All-Ukrainian network of pharmacies (over 200) and network of optometrist; establishment of a specialized magazine and newspapers; establishment of charitable foundation; the organization of agricultural production.

Sergei Seregin, 48 years old.

Experience in commercial structures 15 years .

developer and organizer of the project:

- energy audit and energy saving technologies (LLC "Energokonsalt", Kiev);
- consulting of agricultural projects;
- introduction of innovative and energy saving technologies;
- experience of managing a team of up to 100 people.

Aleksandr Malis, 42 years old, director of investment consulting company "Maximum IPIC».

Experience in the State company to promote foreign investment.

FINANCE

The project requires an investment of EUR 14,420,884.8.

Among them: to purchase 3,000 vending machines to purify and sale of drinking water (with delivery and installation) (91,9%); the cost of maintaining the leasing company's activities (3,2%); licensing, copyright protection, the creation of the brand, unforeseen costs (4,9 %).

The expenditure part:

- the cost of maintaining the leasing company's activities for five years (including taxation) - EUR 464,727.3;
 - first year: installation of vending machines (310 units) - EUR 1,791,450;
 - second year: installation of vending machines (652 units) - EUR 2,863,631.4;
 - third year: installation of vending machines (652 units) - EUR 2,863,631.4;
 - forth year: installation of vending machines (652 units) - EUR 2,863,631.4;
 - fifth year : Install vending machines (652 units) - EUR 2,863,631.4.
- Total cost: EUR 13,710,703 (excluding licensing copyright, trade marks, extraordinary expenses).

The revenue part, if the sales of one vending machine is 400 litters water per day (excluding taxation):

- first year: EUR 792,000;
- second year: EUR 3,330,327.3;
- third year: EUR 6,744,436;
- forth year: EUR 10,158,545.5;
- fifth year: EUR 13,572,654.5.

Revenue of the sale water for five years : EUR 34,597,963.6, with the condition of installation of vending machines in accordance with the schedule under the terms of the project (without Accounting taxation).

Return of funds invested is Euro 17,298,981.8 in condition that the lease payment is 50% of income (excluding taxation).

Investors invited to be a co-founder of the leasing company with a share of 80% of shares and shall have priority of profit to a return on their investment and interest rates. Conditions for participation in the further development of the draft are possible as an additional agreement.