

Kyiv National University of Trade and Economics
Department of international economic relations

FINAL QUALIFYING PAPER

on the topic:

**“Export strategy of the woodworking industry enterprises”
(based on the data of LLC “Production company “Dionis”, Lutsk)**

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ВИПУСКНА КВАЛІФІКАЦІЙНА РОБОТА

на тему:

**«Експортна стратегія підприємства деревообробної
промисловості»**

(на матеріалах ТОВ “Виробнича компанія “Діоніс”, Луцьк)

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The object of investigation is the process of export strategy development of the woodworking industry enterprise.

The subject of is theoretical and methodological aspects of the export strategy development of the woodworking industry enterprise.

Enterprise that is a basis for writing master diploma work is LLC "Production company "Dionis".

Purpose of final qualifying work work is to develop ways to improve the export strategies of the enterprises of the woodworking industry.

Task: to study the types and concepts of export strategies; characterize the organizational mechanism of implementing the export strategy of enterprises; characterize the methods of assessing the effectiveness of the export strategy of the enterprise; to analyze the dynamics and structure of the woodworking industry market in Ukraine; to carry out the analysis of financial and economic activity of LLC "Production Company" Dionis"; to evaluate the economic efficiency of the export strategy of "Dionis" Production Company; to identify the main directions of improvement of management of the export potential of the enterprise; to develop export strategies for "Dionis" Production Company; to evaluate the effectiveness of the proposed measures

Methods of investigation: analysis - in assessing the export activity of the enterprise and the main financial and economic indicators; method of comparison; generalization; abstraction and deduction; economic analysis; modeling.

In the introduction to the work actuality and the practical value of the chosen topic are explained; the purpose and the urgency of its practical significance are formulated, the research object, the subject of research and its tasks are represented. Also methodological and theoretical part of the study, methods that were used in the work are described.

In the first part of work "THEORETICAL AND METHODOLOGICAL ASPECTS OF EXPORTS STRATEGY OF THE WOODWORKING

INDUSTRY ENTERPRISE” The essence, main types and concepts of the enterprise's corporate strategy are defined. The economic interdependence between export strategy and indicators of the efficiency of foreign economic activity realization is substantiated. The analysis of modern methods of determining the effectiveness of export operations are determined

In the second part of the work "RESEARCH OF EXPORT STRATEGY OF LLC “PRODUCTION COMPANY” DIONIS" Analysis of the financial and economic activity of "Dionys" Production Company LLC was conducted. Analysis of the Ukrainian woodworking industry market and analysis of its dynamics and structure was carried out.

In the third part of the work "WAYS TO IMPROVE OF EXPORT STRATEGY OF THE WOODWORKING INDUSTRY ENTERPRISE” the main directions of improving the management of the current potential of "Dionys" Production Company LLC are identified and substantiated

Conclusions and proposals contains theoretical generalization and ascertain solutions to the given scientific problem, the essence of which is in the comprehensive study, assessment and effective management of import substitution in the researched company. A new strategy was developed for "Dionys" Production Company LLC, and its economic feasibility was evaluated.

АНОТАЦІЯ

Лоряна Р.А. Експортна стратегія підприємства деревообробної промисловості (на матеріалах ТОВ “Виробнича компанія “Діоніс”, Луцьк)

Випускна кваліфікаційна робота на здобуття освітнього ступеня магістра за спеціальністю 051 “Економіка”, спеціалізацією “Міжнародна економіка”. Київський національний торговельно-економічний університет, 2018.

У випускній кваліфікаційній роботі визначено сутність, основні види та концепції експортної стратегії підприємства, описано організаційний процес формування та реалізації експортної стратегії, визначено основні підходи для визначення експортного потенціалу підприємства. Проведено аналіз сучасних наукових праць та визначено основні методи визначення ефективності експортних операцій. Обґрунтовано економічну взаємозалежність між експортною стратегією та показниками ефективності реалізації зовнішньоекономічної діяльності.

Було проведене комплексне дослідження ринку деревообробної промисловості України, та проведено аналіз його динаміки та структури, виконано SWOT-аналіз деревообробної галузі України. Проведено широкий аналіз фінансово-господарської діяльності ТОВ “Виробнича компанія “Діоніс” та оцінено економічну ефективність експортної стратегії підприємства. Проаналізовано динаміку та структуру експорту ТОВ “Виробнича компанія “Діоніс”, визначено основні країни імпортери.

Визначено та обґрунтовано основні напрямки вдосконалення управління експортним потенціалом ТОВ “Виробнича компанія “Діоніс”, запропоновані заходи що дозволять підприємству розвивати свої позиції на зовнішніх ринках. Була розроблена нова експортна стратегія для ТОВ

“Виробнича компанія “Діоніс”, та проведено оцінку її економічної ефективності.

Ключові слова: експорт, експортна діяльність, експортна стратегія, деревообробна галузь, стратегічне планування, експортний потенціал, зовнішньоекономічна діяльність, стратегія управління експортним потенціалом підприємства.

ABSTRACT

Lorian R. Export strategy of the woodworking industry enterprises

(based on the data of LLC "Production company "Dionis", Lutsk)

Qualifying work for obtaining a master's degree in specialty 051 "Economics", specialization "International Economics". Kyiv National University of Trade and Economics, 2018.

In the final qualification work the essence, main types and concepts of the enterprise's corporate strategy are defined, the organizational process of formation and implementation of the exportation strategy is described, the main approaches for determining the export potential of the enterprise are described. The analysis of modern scientific works and the main methods of determining the effectiveness of export operations are determined. The economic interdependence between export strategy and indicators of the efficiency of foreign economic activity realization is substantiated.

A comprehensive study of the Ukrainian woodworking industry market and analysis of its dynamics and structure was carried out. A broad analysis of the financial and economic activity of "Dionys" Production Company LLC was conducted and the economic efficiency of the export strategy of the enterprise was estimated. Analyzing the dynamics and structure of exports by "Dionys" Production Company Ltd., the main importing countries are identified.

The main directions of improving the management of the current potential of "Dionys" Production Company LLC are identified and substantiated. The measures proposed will allow the company to develop its position in foreign markets. A new strategy was developed for "Dionys" Production Company LLC, and its economic feasibility was evaluated.

Key words: export, export activity, extraterrestrial strategy, woodworking industry, strategic planning, export potential, foreign economic activity, strategy of managing the export potential of the enterprise.

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INTRODUCTION

Relevance of research. Strengthening of European integration processes, Ukraine's active participant has a significant influence on all spheres of public life. These processes affect the activities of national enterprises, especially those with external connections. Access to foreign markets gives them not only access to new sources of resources and technologies, but also the opportunity to expand their activities, which is a prerequisite for their sustainable economic development. The change of the state's integration vectors necessitates the enterprises to choose new directions, forms and types of external activity, the need to find new markets and consumers; it's important that their products are in demand. Therefore, when entering the foreign markets for domestic enterprises, it is important to provide such advantages that would guarantee the possibility of their consolidation and development in the international competitive environment. At a significant level of globalization of economic processes, the development and implementation of strategies of foreign economic activity of enterprises, in particular export, in the foreign market, provides the preconditions for its further functioning.

Consequently, in the current conditions of globalization of the global economy and of fierce competition before enterprises, there is a problem of constructing an effective strategy for the organization's entrance the external market. The key to the success of the company in the process of conquering the share of the foreign market is a well-formed and properly selected export strategy, defined goals and ways to achieve them.

The research of the mechanism of strategic management, the principles of the formation and implementation of the export strategy, approaches to strategic planning in this area of development is represented in works of many domestic and foreign scholars, including among them: Ansoff I., Baula O., Golovko T., Hevko O., Druker P., Zub A., Kuzmin O., Kyrychenko O., Kovtun E.,

Mishchenko A., Porter M., Piddubnyi I., Saienko M., Fatkhutdynov R., Shveda N., Chorna L., Bilovodska O., Maslak O., Melnyk T., Kravhenko S., Petryna N., Hrebelnyk A., etc. But, given the intensification of international economic relations, the expansion of the vectors of international cooperation, the issues of this subject require further study.

The purpose of the work is to develop ways to improve the export strategies of the enterprises of the woodworking industry.

According to the purpose, a range of tasks was defined:

- to study the types and concepts of export strategies;
- characterize the organizational mechanism of implementing the export strategy of enterprises;
- characterize the methods of assessing the effectiveness of the export strategy of the enterprise;
- to analyze the dynamics and structure of the woodworking industry market in Ukraine;
- to carry out the analysis of financial and economic activity of LLC "Production Company" Dionis";
- to evaluate the economic efficiency of the export strategy of "Dionis" Production Company;
- to identify the main directions of improvement of management of the export potential of the enterprise;
- to develop export strategies for "Dionis" Production Company;
- to evaluate the effectiveness of the proposed measures.

The object of research is the process of export strategy development of the woodworking industry enterprise.

The subject of the study is theoretical and methodological aspects of the export strategy development of the woodworking industry enterprise.

Research methods. In the process of research, the following general scientific and special research methods were used, in particular: analysis - in assessing the export activity of the enterprise and the main financial and economic indicators; method of comparison; generalization; abstraction and deduction; economic analysis; modeling. The paper uses statistical, abstract-logical methods, comparative and technical-economic analysis, generalization of expert assessments. In the analysis of economic (including foreign economic activity) statistical methods of research of numerical data were used: vertical (structure of indicators) and horizontal (dynamics of indicators) analysis; the method of coefficients (in the analysis of the main indicators of the enterprise and the effectiveness of foreign economic activity); when calculating the efficiency of the proposed project, a modeling method was used based on constructing a regression model; structural and logical analysis (in the construction of the logic and structure of the final qualifying paper).

The information base of the study consisted of economic literature and periodicals, analytical data on various activities of the enterprise, materials of the State Statistics Service of Ukraine, the accounting documents of LLC "Production Company "Dionis" for 2013-2017, programs for the development of the enterprise, as well as the results of research carried out by the author.

The practical value of the results. The level of export potential of LLC "Production Company "Dionis" is analyzed. The most effective export strategies of the enterprise development, the best promising entrance of the company into new international markets, suggestions on the improvement of foreign policy were proposed and the most priority directions of development of LLC "Production Company "Dionis" were chosen. All this will bring the company new, better market positions, increase the economic efficiency of the export strategy and improve its financial position.

CHAPTER 1. THEORETICAL AND METHODOLOGICAL ASPECTS OF EXPORTS STRATEGY OF THE WOODWORKING INDUSTRY ENTERPRISE

1.1. Types and Concepts of Export Strategy of the Enterprise

The success of the planned foreign-economic operations of the firm depends not only on taking into account all the peculiarities of doing business on an international scale, but also on well-defined and respected long-term goals.

At the present stage, an increasing number of domestic enterprises understand the need for perspective management of activities based on a scientific methodology for predicting its prospects and development trends. An effective tool for the future management of an enterprise is the formation of an export strategy.

Export is considered as export outside the country of goods for their sale on the external market, or as the quantity and value of goods exported abroad. However, if we consider exports as a significant factor in the impact on economic growth, on the integration of the country into the world economy, then it acquires signs of potential, that is, the hidden ability to ensure the achievement of the goal and the solution of a particular problem of social development. Such a dualistic view of the essence of exports is important for deepening the methodological basis for developing the directions for its development, increasing the opportunities for a positive impact on the economy as a whole. Samuelson P. and Nordhaus V. define exports as goods and services that are produced internally and sold abroad [47].

Export strategy of the enterprise - a complex economic category, the only interpretation of the essence of which today does not exist. So, according to

Rokocha V., the export strategy is a long-term export activity course that includes a set of tasks for the development of not only commercial, but also investment, scientific, technical, production and service activities with foreign partners and a system of measures aimed at solving tasks set. It can be noted that in the study of the essence of the export strategy, the author uses a systematic approach, since he considers the entire set of actions of the enterprise in the foreign market as a system of operations affecting each other.

In general, this approach can be considered justified, since the active integration of enterprises into foreign trade may ultimately become a factor in the intensification of investment and research and production components of foreign economic activity. However, such an interconnection can usually be traced if the enterprise exports regular exports to more than one market [14, p. 183], which can be considered a deficiency of the definition proposed by the author.

Olins B. defines the export strategy as a fundamental program of action, which defines the priority directions of the enterprise's activity on the foreign market, taking into account its available resources and requirements of the foreign market [39, p. 76]. The author can be considered a proponent of a targeted approach to the definition of an export strategy, since in the proposed definition the emphasis is on the goals of export activity, and not on the tools that can facilitate their implementation.

In the work of Shevelov D. the export strategy of the company is defined as a complex of actions aimed at deepening and expanding export activities in order to more fully meet the economic and social needs of this business, along with the observance of national interests. This definition is, in our opinion, one of the most meaningful, since it emphasizes the exclusive role of well-founded export activity in ensuring national prosperity.

According to Bochaieva Z., the export strategy is the process of considering alternatives in the field of exports that are part of long-term goals

and their rationale for decision-making [7, p. 101, 103]. This interpretation is more suitable for determining strategic planning, but it emphasizes the expediency of continuity of this process, which is its undoubted advantage.

Determining the export strategy as a management process to create and maintain a strategic match between the goals of the company in the field of exports and its potential opportunities are also found in the work of Kredisova A. and Derevianenko O. [57]. These authors are supporters of the process approach, which is reflected in their interpretation of the export strategy as a continuous set of actions. At the same time, researchers have not identified the tools that can be used to achieve the balance of goals and capabilities, which in our opinion greatly reduces the practical value of the proposed definition.

Deniels D. and Radeb H. define the export strategy as a set of actions for assessing the export potential of the enterprise by comparing its capabilities and resources, obtaining expert advice, selecting the market and defining export objectives for the company's access to foreign markets. These researchers are obviously supportive of the process approach to strategic management, since their proposed definition is based on the recalculation of the stages of the development and implementation process of the export strategy [15, p. 541].

Popov S. defines the export strategy as a long-term plan of the firm's activities related to the export of goods, services, works, capital abroad to a foreign counterparty, which includes a set of tools and methods that will be used by the enterprise to achieve its goals. In this case, the author defines 5 components of the export strategy: analysis of production and sales opportunities of the enterprise, definition of commodity policy, definition of pricing policy and definition of communication policy of the company. This definition, in our opinion, is the most thorough, since it represents a synthesis of target, system and process approaches.

So, let's give a generalized classification of approaches to the concept of export strategy in Table 1.1.

Table 1.1

Classification of Approaches to the Definition of the Essence of the Export Strategy

| Approach | The essence of the export strategy | Supporters | Advantages | Disadvantages |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| System approach | The export strategy of the enterprise is formed taking into account the capabilities of all divisions of the enterprise in order to expand the company's activity in geographical and functional dimensions. | Rokocha V., Shevelova D. | Allows you to take into account all the strengths of the company and is developed taking into account the actual potential of the enterprise | There is a certain scattering of goals, because the hierarchy in the formulation of tasks is absent |
| Target approach | The complex of measures within the export strategy is determined by the ultimate goal | Olins B., Popov S. | All elements of the strategy are fully subject to the ultimate goal | Formation of the strategy takes place without taking into account the possibilities of the enterprise |
| Process approach | Export strategy is considered as a set of actions aimed at consolidating in foreign markets | Bochaieva Z., Kredisova A., Derevianenko O., Daniels D., Radeb X. | The phases of development and implementation of the export strategy are envisaged, which allows for its operational adjustment | The export strategy is virtually unrelated to the actual performance of the enterprise, adjusted only in the process of its implementation |

Source: conducted by the author on the basis of [14,7,57,15]

Thus, the export strategy is a long-term plan for using a set of instruments of production, marketing, legal and service character in order to enter external markets and / or consolidate their own positions.

In order to form and implement an export strategy, internal factors must be taken into account (Table 1.2).

Table 1.2

Factors for the Formation and Implementation of Export Strategy

| Factor | Characteristic |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Industrial potential | Provides manufacturing of products with the definition of technical parameters and compliance with a certain volume of production at certain times. |
| Human resources | The presence of qualified specialists capable of producing exported products, which differs from the model of manufactured products. |
| Informational base | Timely collection of information about all the opportunities and threats that an enterprise expects when entering the foreign market. The main focus should be on to share economic, competitive, technological, social, as well as political factors |
| Financial opportunities wisdom | Approved list of procedures for allocation of resources, characterized in quantitative form, and also presented in value terms. That is, in order to implement the export strategy, it is necessary to determine the amount of financial resources that are directed separately to the external market |

Source: conducted by the author on the basis of [1]

The export activity strategy should be selected and coordinated with all departments and reflect the main objectives of the enterprise. Having formed an effective strategy, the company chooses the direction and rationally uses all the main resources.

It should also be noted that each of the common strategies is implemented through a system of functional strategies that logically and structurally must be subordinate and realize the purpose of the overall strategy (Table 1.3).

The effectiveness of implementing the export strategy is achieved due to the ability of the exported products to meet the requirements of the external market, which is ensured by a high level of competitiveness and conformity of the basic functional capabilities of the product to the requirements of consumers.

Therefore, in the process of assessing the impact of the environment, the evaluation of competition and the assessment of the existing and hidden needs of the consumer is the key to its implementation.

Table 1.3

Value of General and Export Strategies of the Enterprise

| General strategy | Export strategy | |
|-------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------|
| | B2B (business for business) | B2C (business for consumer) |
| Growth | Expansion into new markets; Absorption of competitors; Acquisition of foreign enterprises | Commodity diversification of exports |
| Stabilization | Strategy of cooperation; Strategy of differentiation | Formation of distribution in each of the markets |
| Survival | Market segmentation strategy | Product optimization |

Source: conducted by the author on the basis of [5]

Based on marketing approaches, there are two types of markets: B2B (business for business) and B2C (business for the consumer). Ukrainian enterprises for a long period of time exported to B2B markets (agricultural, metallurgical, mining, chemical, timber, textile, machine-building enterprises). Enterprises of the food, light, woodworking industry in the form of ready-made food products, test materials and textiles, footwear, hats, furniture are oriented on the implementation of export strategies in B2B markets. The peculiarities of functioning of both markets are determined by the peculiarities of the implementation of export strategies depending on the type of market. Vendor-oriented B2B markets, with a narrow range of products and limited opportunities for commodity diversification, implement export strategies aimed at the "breadth" of development. Such strategies are the geographical diversification and absorption of competitors. In the B2C market, the strategy of

enterprise growth is realized through commodity diversification of exports and the formation of distribution in each of the markets. The formation and implementation of the export strategy is carried out within the framework of the general strategy of the industrial enterprise.

The strategy of intensive growth has several sub-strategies, each of which can be selected in the presence of external and internal capabilities of the enterprise. Thus, the strategy of deep penetration can be used with insufficient market saturation with a certain product and provided the company has resources to expand production. In fact, the use of this marketing strategy involves an increase in sales and market share of the company without changing its commodity-market positions due to existing products in existing markets.

The strategy of deep penetration into the market is characterized by low commercial risk and is realized through such means as activation of advertising activity, use of means of stimulation of sales, increase of level of service of consumers and development of distribution network. In our opinion, such a marketing strategy can be used in the export of consumer goods in the presence of funds from the manufacturer for large-scale advertising activities. Otherwise, the choice of deep penetration strategy can be considered unwarranted, since underfunding of marketing will not deliver the expected results, will lead to unwarranted increase in costs and will not allow to achieve the goals of the export strategy.

The market development strategy means adapting existing products to new markets. This strategy provides for modification of the product to the needs and preferences of consumers. It is characterized by significant implementation dates, high risk and significant costs for the development and production of new products. In our view, the choice of a marketing strategy for market development is appropriate for transnational corporations, whose products are characterized by high degree of processing, and sales volumes are significant.

Instead, for companies that specialize in exporting raw materials or just starting to export, the use of this strategy can lead to significant losses.

An alternative to marketing intensification strategies are integrated growth strategies, the use of which is characterized by the loss of the enterprise-exporter of autonomy in making managerial decisions and joining efforts with other market players. Depending on who the enterprise joins with, the following types of marketing strategies are distinguished: direct integration, reverse integration, vertical integration, horizontal integration.

The strategy of direct integration involves the association of the manufacturer with a reseller who is familiar with the conditions of doing business in a specific market, which allows both parties to achieve optimal results of economic activity. Conversely, the strategy of return integration, on the contrary, involves merging the manufacturer of finished products with the supplier of raw materials and resources. Implementation of this strategy allows manufacturing companies to solve the problem of raw material supply, suppliers guarantee the marketing of their products.

The strategy of vertical integration can be considered a symbiosis of direct and reverse integration marketing strategies, since in this case the efforts of suppliers, producer and intermediary are combined to improve the efficiency of the operation.

Thus, the strategy is a set of solutions that in the long run will provide the company with access to new markets and will enable to identify possible ways of negative influence and take measures to prevent them. The export strategy is a fundamental program of action that determines the priority directions of the enterprise's activities on the foreign market, taking into account the resources and requirements of the external market available to the company. In order to form and implement an export strategy, the company must take into account the factors of the external and internal environment and factors influencing the strategy. An effective export strategy will enable the company to adapt to the

external environment and provide competitive advantages in areas where there is greatest chance of success.

1.2. Organizational Mechanism for Implementing the Export Strategy of Enterprises

The export strategy is a peculiar model of the actions of the personnel of the enterprise for achieving the planned goals. That is why the formation of the strategy can be defined as a special type of activity, which requires a creative approach to the definition of prospects, predictions of the future state, the behavior of competitors, the directions of increase of resource and financial support for expansion of both internal and external markets of products.

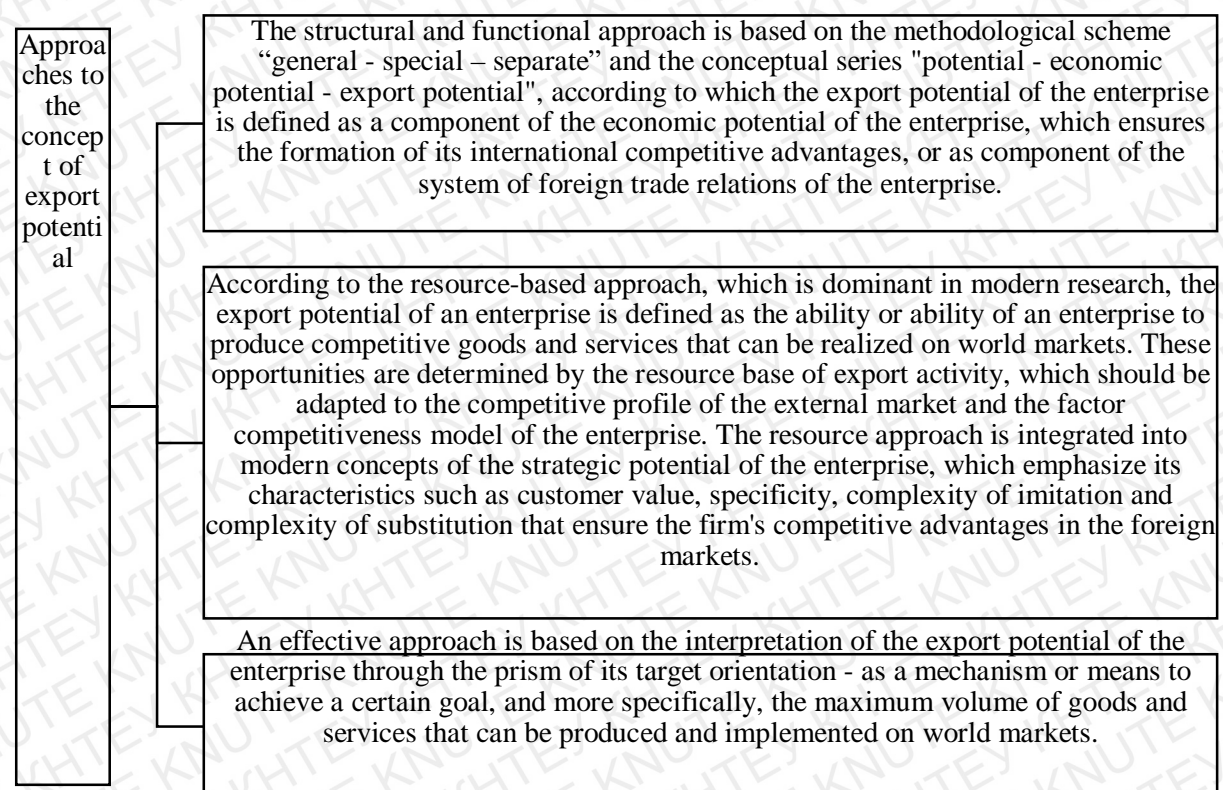
Each entity has its own vision for strategy formation, but usually its main components are determined by management personnel. Responsible structural units are also involved in shaping the strategy, but in general their task is to apply its provisions.

The formation of the export strategy is carried out with an analysis of both the internal situation and external factors of influence on the management of the enterprise. The most significant of these are:

- economic factors of influence;
- political situation in the country;
- level of risks and rates of development of the sphere of operation of the enterprise;
- principles on which the financial and economic activity of the enterprise is carried out;
- the life cycle of manufactured products, the ability to attract various kinds of resources, etc.

At the same time, the formation of the export strategy is influenced by both internal and external factors, which, in turn, form the export potential of the enterprise, which is the basis for the formation of the strategy.

The theoretical and applied aspects of the analysis of the export potential of the enterprise are highlighted in many works of domestic and foreign scientists. They offer various theoretical models and approaches to the clarification of the essence, structural characteristics and features of the



formation of the export potential of the enterprise. However, the generally accepted definition of the export potential of the enterprise, as well as the method of its assessment, does not exist until now.

The analysis of modern scientific works allows to distinguish three main approaches to the interpretation of the essence of the export potential of the enterprise - structural-functional, resourceful and productive (Fig. 1.1).

Figure 1.1. Approaches to the Concept of Export Potential

Source: conducted by the author on the basis of [34]

Some authors also define comparative, systemic, structural and functional approaches to the interpretation of export potential.

The system-structural approach to the study of the company's export potential involves the study of processes occurring in the enterprise's internal environment, reflecting its relationship with the environment. The system-structural approach to the interpretation of the concept of "export potential of the enterprise" is deeply developed by Ukrainian experts Pylypenko I., Ponomarenko V. , Piddubna L.. Among foreign scientists who reveal the essence of export potential from the point of view of system-structural approach, it should be noted Dixon P., Nordhaus V. [47].

According to the vision of these scientists, export potential is the ability of the enterprise to survive, preserving it as a holistic system of technological, economic, organizational, social and other elements on the expense of both internal forces and additional "energy "from the external environment.

The export potential presents the adaptive capacity of the enterprise to the requirements of the environment in its market-product, technology, space-time and other dimensions. It reflects the constant of the cycle "input - process - output", which implies the dynamic balance of its elements and functioning on the principles of economic rationality and market feasibility.

Investigating the conceptual foundations of export potential, Melnyk T. claims that the export potential of the country consists of export potential of individual industries, first of all - industry as the most important producer of finished products [33].

Piddubna L. considers export potential as a component of the economic potential of the enterprise, ensuring its interaction with export markets on the basis of mutual satisfaction of economic and other interests of exporters and importers, while applying the functional and structural approach.

Dudchenko M. defines the export potential as a real system of internal economic relations and external relations. It focuses on resource, economic, technological and other comparative advantages of the country.

Thus, the combination of these approaches into one allowed to interpret the concept of "export potential of the enterprise" as a systemic phenomenon that characterizes the ability of an enterprise to act as a subject of international economic activity, satisfying the needs of external markets, the nature of which is associated with the export business of the enterprise.

Among the internal factors are the organization of enterprise management, information provision of foreign economic activity, planning of export production, accounting and analysis of export supply, human resources management.

External factors in the formation of export strategy include the following:

- economic (level and rate of inflation, price level, demand, growth and decline of production, taxation, fluctuations of the national and foreign currency, terms of obtaining credit and interest rate, solvency of counteragents, etc.);
- political and legal
- scientific and technical (level of development of science and technology in the country, the level of implementation of NTP achievements in production, availability of advanced technologies, etc.);
- demographic (population, age, sex, marital status, etc.);
- Socio-cultural (differences in the attitude of people to themselves and to others, attitude towards social institutions, nature, main cultural values, differences in needs, etc.);
- natural (features of climatic conditions, the possibility of natural emergencies, etc.) [4, p. 65].

External factors in building the export strategy of the enterprise more closely determine its export opportunities.

Instead, the company's internal position is of great importance in a strategy formation:

- peculiarities of the organization;
- operation of control subsystems;
- grouping and research of information sources;
- planning process;
- peculiarities of conducting expert analysis, etc.

The export strategy of enterprises is a functional strategy, as part of the overall strategy of the company it is interlinked with a set of strategies, such as resource, competitiveness strategy, innovation strategy, etc. The export strategy has a set of features that include the characteristics that are inherent in most strategies and those features that are inherent in the export strategy alone. In particular:

- complex character;
- consideration of isolated factors;
- determination of the priorities of taking into account the internal features and influence of the external environment;
- systematization of measures taken by management personnel;
- in relation to the selection of decisions on entering a particular segment of the market, the individual country of the business partner.

Formation of the export strategy of enterprises is a complex process, which involves the passage of several stages. At the beginning, the relevant specialists of the company, conduct a detailed analysis of all factors of the external environment for the formation of forecasts for the development of international relations, determining the level of competitiveness of products, relatively similar products of the country's business partner.

Determine the potential of the enterprise in this area of development, the strengths and weaknesses of the activity with the formation of forecasts of the future state of the entity.

After grouping all the necessary information, management personnel, in the context of the general objectives of the financial and economic activity of the enterprise, the purposes of development of foreign economic activity of the enterprise are singled out. It should be noted that managers need to take into account the need to compare the data obtained from the foreground analysis and formed, management of the enterprise, development goals in the field of international economic relations. Often, in practice, there are significant differences with the overestimation of their own capabilities. Therefore, managerial staff should be formed alternative strategies.

Specialists of the company substantiate various variations of the deployment of the event, comparing them with the variety, allocated earlier, alternative plans for the development of export activity. Therefore, the selection of the most effective export strategy, the details of the measures that are being formed [46].

It is expedient to carry out market research of the market for revealing of needs and tastes of consumers, estimation of activity of suppliers (definition of quality of raw material and level of prices for it in a separate branch). To determine if the market is attractive in the export business of the company, it is worthwhile conducting a matrix analysis. When conducting a matrix analysis of the export business of the company, the following matrices are most often used:

- BCG matrix - analysis of growth rates and market share;
- matrix GEM - analysis of comparative attractiveness of the market and competitiveness;
- ADL matrix - analysis of the industry's life cycle and relative market position;

- Shell / DPM matrix - analysis of the attractiveness of a resource-intensive industry, depending on the level of competitiveness [31, p. 174].

In our opinion, the work of such a structural unit as the department of foreign economic relations should be improved at the enterprise. It is in this section that a set of fundamental management decisions regarding foreign economic activities is being formed, and the most effective ones are selected in terms of strategic orientations chosen.

After the established strategic plans of export activity, a short-term and operational plan for the development of the export strategy in the integrated strategic management mechanism is being developed.

Upon the completion of the management activities of strategic planning in this area of management, processes are implemented to implement the developed strategy. Under the strategic plan, in the mechanism of strategic management in an enterprise, the process of organizing the implementation of strategic plans of export activity, continuous monitoring of their implementation, with the introduction of changes (adjustments) in the general strategy is formed. It is important to have feedback, especially in determining inconsistencies, to identify non-refinements in the formation of the strategy of foreign economic activity. As noted by Karachyna N. and Zozulia I. sometimes such a feedback involves partial changes in the mission and the goals of foreign economic activity if they were to some extent unrealistic. Feedback is possible at any of the stages of strategy formation [28, p. 25].

Consequently, the formation of an export strategy of an enterprise is a very complex and complex process, which is divided into two stages: the formation of a strategy and its implementation. Formation of the strategy of foreign economic activity begins with the definition of the mission of the enterprise, which reveals the purpose, priority values and directions of activity. The main purpose of the formation of the export strategy is to ensure the

development and achievement of long-term goals by each functional service, in compliance with the principles of corporate and competitive strategies of the enterprise.

Financial and investment, human resources, production, innovations and marketing are the determining and limiting factors. In the process of forming the export strategy of an enterprise, one of the important is the stage of studying, analyzing and forecasting of changing factors of the external and internal environment. Further stages of strategy formation will be based on the results of this strategic analysis. Among the main is the stage of formation of criteria and possible scenarios for the development of export activity of the enterprise and industry.

The next step is to plan the development of export activities. The products produced by the company and which will be implemented in foreign markets, its cost, price and sales volumes determine the effectiveness of the strategy. It is then necessary to assess the competitiveness of the selected products in potential markets and the demand for products of a particular type in certain markets, taking into account the influence of competitors and other external factors.

The results of the previous stages are the basis for the formation of a system for bringing products to consumers in foreign markets [14]. The choice of the most preferred forms and measures for the development of export activity is carried out at the next stage of the formation of the export strategy of the enterprise.

In accordance with the proposed methodical toolkit it is necessary to solve the problem of optimizing the plan for the development of export activity. Next, measures are being taken to develop export activities, which were formed at previous stages. At the same time, an important step is to manage the implementation of the developed strategy. This process involves accounting, monitoring and analysis of the implementation of the export strategy of the

enterprise under consideration, as well as making decisions on the return to the previous stages of the strategy's formation or its continuation.

In a simplified form, the formation of an export strategy involves making decisions about what an enterprise should engage, and implementation - the practical implementation of the planned actions.

At the stage of forming an export strategy, the identification of goals and the development of strategic plans for their achievement. In the process of developing a strategy for the development of foreign economic activity, managers take a well-informed decision on which markets the company needs to penetrate (or which markets to leave), as well as how to ensure the competitiveness of products and enterprises in each of these markets.

At the stage of implementing the export strategy, the tactics of achieving the goals set before the enterprise in the process of strategy formation is substantiated.

Typically, the implementation of an export strategy depends on a well-established organizational structure, the formalization of the responsibilities of individual departments for the management of foreign economic activity, the coherent work of the staff and its due motivation, the effectiveness of the systems and processes that control and regulate.

In our opinion, the basic strategies for entering the external market are:

- strategies related to the market share that the company wants to occupy in a foreign market, the definition of the range of target customers;
- strategies related to the development of measures for each component of the marketing mix in order to achieve the goals.

Given the research, the company's readiness to change external factors, threats and risks is directly related to its competitiveness: the more competitive it has, the higher its readiness. At the same time, the formation of an export strategy must be consistent with the objectives of the enterprise, as well as the

possibility of achieving them. To do this, it is necessary to solve a number of problems faced by enterprises.

In the process of forming an export strategy, it is equally important to carefully analyze all alternative options in the field of foreign economic activity that are related to long-term goals and their rationale for the adoption of certain decisions and includes a number of tasks, which is a prerequisite for survival of the enterprise.

Therefore, for the development and implementation of an export strategy, it is necessary to conduct a financial-economic analysis, as well as an analysis of the external environment. After conducting an analysis of the economic activity of the company, a list of strategic alternatives is created, that is, a system of strategies with the calculation of the probability of their implementation towards achieving the overall goal.

Thus, under the current conditions of a changing market environment, domestic enterprises are faced with the issue of integration into the international economic space.

In order to achieve this goal, the formation of an effective export strategy, which should be developed only in conjunction with the general strategic plan for the operation of the enterprise, is a prerequisite. It is the development of a specific action plan that will give domestic enterprises the opportunity to determine the main types of actions for entering the external markets and consolidate their positions as competitive business entities.

1.3. Methods of Assessing the Effectiveness of the Export Strategy of the Enterprise

To successfully implement the company's presence strategy in international markets, an integrated approach to valuation at all levels of the company's operation, from strategic to operational, should be used. Export

potential is a significant and basic part of the economic potential of the enterprise, it forms a competitive position in the international market.

An assessment of the efficiency of an enterprise's activity also allows us to identify existing patterns and relationships between different objects and phenomena, to create reserves of productivity increase.

To assess the effectiveness of the export strategy indicators of export effectiveness and export potential assessment are used.

Different scholars have excellent views on the performance of export operations. In Table (1.4) describes the main indicators that used by Ukrainian and foreign scholars in assessing export efficiency.

Table 1.4.

Indicators Used by Scientists in Assessing Export Efficiency

| Scholars | Indicators |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Vichevych A., Maksymets O. | <ul style="list-style-type: none"> - economic efficiency of export operations; - currency export efficiency; - indicators of the export effect |
| Myroliubyva T. | <ul style="list-style-type: none"> - absolute efficiency of exports, - economic efficiency of the export of goods on the domestic market; - efficiency of use of production and circulating assets at export; |
| Yakovlev A. | <ul style="list-style-type: none"> - the efficiency of an enterprise that independently carries out foreign trade in comparison with the efficiency of an enterprise that sells products through government agencies; - the effect that receives the state budget when selling products directly to the foreign consumer; - the effect of the intermediary company, which sells the products of the company in the foreign market; - coefficient of credit influence on the results of export activity); |
| Popovich P. | <ul style="list-style-type: none"> - indicators of dynamics of volume and structure of export operations; - rate of growth for each year and average annual growth rate for the whole period); |
| Bahrova I., Fedinina N., Vlasiuk V., Hetman O. | <ul style="list-style-type: none"> - indicators of the effect of export operations; - performance indicators of export operations ; |
| Semenova T. | <ul style="list-style-type: none"> - performance indicators for contractual obligations; - rational use of working capital during export transactions; - financial results of export operations; - export performance indicators, etc. |
| Demianenko A. | <ul style="list-style-type: none"> - the level 1 level is the level of economic efficiency of the foreign economic activity of the enterprise; - its constituent elements are income and expenses - Level 2 indicators; - indicators of income include such indicators of level 3 as the price of |

| |
|-----------------------------------------------------------------------------------------------------------------|
| products, sales volume, sales structure, and costs - cost of sales, transport costs, insurance, tax payments) ; |
|-----------------------------------------------------------------------------------------------------------------|

Source: conducted by the author on the basis of [28,31]

Kuzmenko S. asserts that the effectiveness of organization of export operations depends on the operation of the enterprise as a whole. Thus, the author argues that the organization of export operations depends on the qualifications of the sales manager, on the chosen marketing policy, on the activities of agents for the search for markets, on the quality of products, on the price of products, on the costs of organizing export operations.

According to Shkurupii O., the condition of efficiency exports the provision of two defining conditions for foreign trade, which is carried out by the enterprise: first, it is necessary that export income exceed export costs; Secondly, it is necessary that the export profit exceeds the internal profit of the enterprise from the sale of this commodity within the country [49].

Also, to determine the economic efficiency of export activity at the enterprise level, we propose to calculate three indicators of economic efficiency.

1. Indicator export efficiency (E_e) is determined by dividing the amount of net revenues in foreign currency for goods sold, translated at the official rate on the day of receipt of foreign exchange earnings, the amount of total costs on exports:

$$E_e = \frac{N_r}{T_c}, \quad (1.1)$$

where:

N_r – the amount of net revenues in foreign currency for goods sold, translated at the official rate on the day of receipt of foreign exchange earnings;

T_c – the amount of total costs on exports.

It shows the amount of hryvnia income from the sale of export goods, which falls on each hryvnia spent by the company. Let's suppose its value is greater than 1.

2. The second indicator of export efficiency (E_e^2) indicates the profitability of sales on the domestic market and is defined as the ratio of the value of exports in domestic prices and exports production costs:

$$E_e^2 = \frac{E_c}{P_c} \quad (1.2)$$

where:

E_c – the ratio of the value of exports in domestic prices;

P_c – exports production costs.

Export of the goods advantageous for the company, provided that > 1 , and when the yield of implementation of export products on the international market yield than the implementation of the same products in the domestic market - $E_e > E_e^2$.

3. The third indicator of export efficiency (E_e^3) is used to determine the effectiveness of the use of assets during the export and calculated as the product of the coefficient of export revenue and net asset turnover ratio:

$$E_e^3 = \frac{N_r - T_c}{N_r} \cdot 100\% \cdot \frac{N_r}{A_e} \quad (1.3)$$

where:

N_r – the amount of net revenues in foreign currency for goods sold, translated at the official rate on the day of receipt of foreign exchange earnings;

T_c – the amount of total costs on exports;

E_c – the ratio of the value of exports in domestic prices;

P_c – exports production costs.

This indicator indicates the level of asset utilization efficiency, with the first part of the formula indicating the percentage of export earnings from the enterprise being export earnings, while the second part of the formula

determines how many times the export-backed capital could return to the investigated period.

Thus, the larger the two parts of the formula, the greater the value of the indicator and the more favorable export of these goods.

Pan M. argues that when conducting export-import operations an important precondition for their successful conduct is the analysis of the effectiveness of potential operations [40]. The author considers it expedient to analyze the efficiency of export activities to calculate efficiency ratios, which include:

- the basic factor of export efficiency;
- an alternative coefficient of export efficiency.

In order to compare export earnings and expenses incurred for the export operations, calculate the base export efficiency factor :

$$E_b = \frac{E_e}{(C_0 + T_e + O_e)}, \quad (1.4)$$

where:

E_b - the basic coefficient of export efficiency;

E_e - export earnings;

C_0 - cost of goods;

T_e - transport costs;

O_e - organizational costs.

If E_b is more than 1, export can be considered effective. The higher this coefficient, the higher the efficiency of exports.

For the analysis of export efficiency in terms of the possibility of alternative sales of goods within the country, an alternative coefficient of export efficiency is calculated:

$$E_a = \frac{E_e - C_0 - T_e - O_e}{I_r - C_0}, \quad (1.5)$$

where:

E_a - an alternative coefficient of export efficiency;

I_r - internal revenue (proceeds from the sale of goods in the national market);

E_b - the basic coefficient of export efficiency;

E_e - export earnings;

C_o - cost of goods;

T_c - transport costs;

O_c - organizational costs.

If E_a is more than 1 then export is effective. A prerequisite is that all proceeds from sales and expenses must be submitted in the same currency.

Methods of assessing the export potential, which allow it to be determined in cost indicators, that is, cost methods, make it possible to measure the state of the system at a given time. And since in this case the result will be influenced by inflationary processes, therefore the indicator will require constant adjustment. It is also important to take into account the specifics of the markets in which this potential will be realized, because it is necessary to understand that products can be sold at different prices on different markets, even in the case of the same quality.

In order to create a universal tool for diagnosing changes in the size and structure of the company's potential, use of valuations for foreign economic operations should be used. At the same time from a strategic point of view, there are three key points of management of this process: the strategic effectiveness of enterprise management in international markets, assessment of the tactics of the implementation of a group of operations in a specific geographical segment and assessment of the effectiveness of the implementation of a specific transaction at the current level of management. The end result of the evaluation is the maximum possible value that the enterprise must strive to minimize alternative costs and maximize alternative revenues.

As for the export potential management object, in the scientific work [54] the export potential of the enterprise (economic system) is investigated from the standpoint of two approaches: adaptive and instrumental. Thus, according to the first approach, the object of management of export potential is the economic system, which the practical result of management involves the growth of exports. At the same time, the instrumental approach characterizes the parameters (factors, indicators), under the influence of which the volume of exports affects the increase in the efficiency of the economic system [23, p. 106].

In view of the above, it should also be emphasized that the main components of the export potential of the enterprise are [44, p. 128]:

- 1) resources;
- 2) technology;
- 3) institutions;
- 4) export activity of the enterprise;
- 5) the needs of the external market.

It should also be noted that the assessment of the effectiveness of using the export potential of the enterprise is based on the analysis of such key (key) its structural elements as production (technological, technical), intellectual (personnel), innovation-investment, marketing potential.

In turn, Druzhynina V. and Riznechenko L. [18] argue that the mathematical interpretation of the export potential of the enterprise is a calculation formula in the form of products of such indicators as:

- 1) production potential;
- 2) the coefficient of competitiveness of products;
- 3) the coefficient of demand for products on the international (world) market;
- 4) the coefficient of supply for products in the international (world) market.

At the same time, it is recommended that the production potential be calculated as the sum of the resource potential, the coefficient of production technology, the capacity of the processing industry and the potential of the industrial infrastructure. Resource potential is calculated as the sum of the total investment volume, the cost of labor resources, the cost of material and technical resources and the level of entrepreneurial qualities of managers that organize the production process [18, p. 248-249]. At the same time Kozmenko S. adheres to the opinion that the export potential of the enterprise is calculated by the formula (1.6):

$$E_p^t = E_p \cdot I_e \cdot \beta = E_p \cdot (N_p \cdot F_a \cdot E_c) \cdot \beta \quad (1.6)$$

where:

E_p^t - the export potential of the enterprise in the t period.

E_p - export potential of the enterprise.

I_e - Integral assessment of export competitiveness of the enterprise;

β - correction factor;

N_p - weighted average number of employees (personnel) of the enterprise;

F_a - weighed fixed assets of the enterprise;

E_c - weighted equity capital.

Methods of assessing the export potential, which allow it to be determined in cost indicators, that is, cost methods, make it possible to measure the state of the system at a given time. And since in this case the result will be influenced by inflationary processes, therefore the indicator will require constant adjustment. It is also important to take into account the specifics of the markets in which this potential will be realized, because it is necessary to understand that products can be sold at different prices on different markets, even in the case of the same quality.

It is also worth noting that Bondarieva T. and Osadchuk A. [8] for the generalization of the export performance of the enterprise offer (recommend) the following areas of assessment:

- 1) market efficiency of exports;
- 2) budget efficiency;
- 3) production-technological efficiency;
- 4) efficiency of innovation and investment activity;
- 5) social efficiency;
- 6) financial performance;
- 7) the effectiveness of marketing and sales activities;
- 8) the effectiveness of reducing export risks [8, p. 99-100].

On the basis of the conducted research, 4 directions of methodological support for the assessment of the export potential of the enterprise were identified, which are given in Table 1.4.

Table 1.4

Generalization of Methodical Approaches to the Assessment of the Export Potential of the Enterprise

| Group of evaluation methods | I | II | III | IV |
|-----------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------|
| Evaluation criterion | Efficiency of foreign economic activity of the enterprise | The effect of a particular operation on the foreign market | Integrated dynamic assessment of the enterprise development strategy in the foreign market | The product of a particular operation |
| Representatives | Iliasova Y., Kolomiets V., Demianchenko A., Dyshko I. | Dovhenko Y., Shkarpetina M., Pyrets N., Stychishyn P., Kovalchuk M. | Karakai Y., Derevianko O. | Koblianska G., N. Filipova |
| Resulting indicator | Relative value - the profitability of foreign economic activity of | Absolute indicator - profit | Vector development of general directions | Profitability operations |

| | | | | |
|-----------------------------------------|------------------------------------------------------------|---------------------------------------|---------------------------------------------------------|---------------------------------------|
| | the enterprise | | | |
| Level of assessment of export potential | The effectiveness of the strategy in international markets | The success of operational management | Potential implementation of strategy in foreign markets | The success of operational management |

Source: conducted by the author on the basis of [14, 18]

Different groups of methods for assessing the export potential of the enterprise are considered, the method of the first authors involves the calculation of the relative value, which allows to determine the effectiveness of the export business of the company using the base rate of export efficiency.

The result of the calculation of the second indicator is the balance model, to determine the optimal projected volumes of export products. This indicator was used to calculate the export potential of grain. Elements of the balance model are absolute indicators.

The third indicator is the vector development of the company's exports, which represents the successful implementation of the selected strategy of the company in foreign markets. Thus, non-fulfillment of the basic equation on it indicates the inexpediency of extending the export activity of the enterprise, which is quite categorical and limited in the use of a limited number of indicators presented in this methodology.

The last method of determining the export potential involves calculating the rates of its profitability. The basis of calculations is the indicator of export activity of the enterprise, with which the enterprise can estimate the level of its activity in a certain market; determine which indicators increase or decrease this activity and affect the result of export activity.

Thus, diagnosis of export potential of the company is the process of identification, analysis and evaluation of the potential and readiness of the company to implement export activities in terms of problems and use chances environmental performance and taking into account the impact of interrelated

internal variables (goals, technology, structure, tasks, educational -first potential of the personnel) and factors of the environment of the enterprise (consumers, competitors, suppliers, intermediaries, contact audiences etc.) in order to provide a qualitatively new level of its development and the formation of perspectives.

The key business indicators of the system of diagnostics of export potential of the enterprise are: the level of competitiveness of the enterprise in the international (world) market; the level of competitiveness of the company's products; the level of competitiveness of the company's export products; level of resource capabilities of the enterprise; the level of efficiency of the export activity of the enterprise.

CONCLUSIONS TO CHAPTER 1

1. The strategy is a set of solutions that in the long run will provide enterprise exit to new markets and will enable to identify possible ways of negative influence and take measures to prevent them. The export strategy is a fundamental program of action that determines the priority directions of the enterprise's activities on the foreign market, taking into account the resources and requirements of the external market available to the company. In order to form and implement an export strategy, the company must take into account the factors of the external and internal environment and factors influencing the strategy. An effective export strategy will enable the company to adapt to the external environment and provide competitive advantages in areas where there is the greatest chance of success;

2. Under the current conditions of a changing market environment, domestic enterprises are faced with the issue of integration into the international economic space. In order to achieve this goal, the formation of an effective export strategy, which should be developed only in conjunction with the general

strategic plan for the operation of the enterprise, is a prerequisite. It is precisely the development of a specific action plan that will enable domestic enterprises to determine the main types of actions for entering the external markets and consolidate their positions as competitive business entities;

3. The diagnostics of the export potential of the enterprise is a process of identification, analysis and evaluation of the level of potential capability and readiness of the enterprise for the export activity in the conditions of problems and use of the chances of the external environment of functioning and taking into account the influence of interdependent internal variables (goals, technology, structure, tasks, educational and professional the potential of the personnel) and factors of the enterprise environment from the purpose of providing a qualitatively new level of its development and the formation of perspectives. The key business indicators of the system of diagnostics of export potential of the enterprise are: the level of competitiveness of the enterprise in the international (world) market; the level of competitiveness of the company's products; the level of competitiveness of the company's export products; level of resource capabilities of the enterprise; the level of efficiency of the export activity of the enterprise.

CHAPTER 2. RESEARCH OF EXPORT STRATEGY OF LLC “PRODUCTION COMPANY” DIONIS”

2.1. Analysis of Dynamics and Structure of the Woodworking Industry Market in Ukraine

The woodworking industry is considered one of the traditional branches of the domestic economy. The role and significance of the timber and timber products market for the development of the national economy of Ukraine is determined by the widespread use of this group of goods in construction,

industry, transport, agriculture and communal services. In Ukraine, there are over 300 items of commodity products that are supplied to domestic and foreign markets. At the same time, despite the high resource potential, the enterprises of the branch work in conditions of raw material deficit in the domestic market.

Forest resources in Ukraine are limited. Lack of resources is offset by imports. The logging of own wood is carried out in the Carpathians and Polissya. The main centers are: Chernivtsi, Rakhiv, Kovel, Ovruch, Malin, Korosten, Stryi, Svalyava, Nadvirna.

Table 2.1

Main Indicators of Forestry Activities in Ukraine in 2000-2017

| Year | Volumes of forestry products (in actual prices), mln. UAH | Area of felling, ha | Harvesting of wood, ths. m ³ | | Number of forest fires, units | Area of forest lands, traversed by fires, ha | The forest has been burned down and damaged by stumps, m ³ | Damage caused by forest fires, ths. UAH | Area of reproduction of forests, thousands hectares |
|------|-----------------------------------------------------------|---------------------|-----------------------------------------|------------------------------------|-------------------------------|----------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------|
| | | | Of all | incl. from the cutting of main use | | | | | |
| 2000 | 744,4 | 455100 | 11261,7 | 5236,4 | 3696 | 1610 | 20249 | 1367,6 | 37,8 |
| 2005 | 1991,1 | 484673 | 17124,3 | 6918,4 | 4223 | 2325 | 32101 | 3535,0 | 58,6 |
| 2010 | 4097,7 | 402205 | 18064,6 | 7767,4 | 3240 | 3668 | 343840 | 26728,4 | 70,1 |
| 2011 | 5674,8 | 421750 | 19746,2 | 8647,5 | 2526 | 1049 | 11804 | 3215,9 | 72,4 |
| 2012 | 5911,6 | 417005 | 19763,6 | 8433,2 | 2163 | 3479 | 289291 | 56062,7 | 70,1 |
| 2013 | 6363,9 | 415420 | 20340,6 | 8484,0 | 1113 | 418 | 2496 | 1376,2 | 67,7 |
| 2014 | 7739,9 | 382623 | 20672,4 | 8853,1 | 2003 | 13778 | 144694 | 51701,8 | 58,0 |
| 2015 | 10778,2 | 399296 | 21924,2 | 9097,7 | 3813 | 14691 | 170686 | 20164,5 | 60,4 |
| 2016 | 12838,8 | 386382 | 22612,8 | 9282,2 | 1249 | 1249 | 32559 | 8619,2 | 63,2 |
| 2017 | 13774,6 | 419113 | 21923,0 | 9390,6 | 3131 | 5939 | 149775 | 45877,6 | 64,7 |

Source: conducted by the author on the basis of [62]

The woodworking industry accounts for almost 70% of output. The woodworking industry includes the production of wooden building components, furniture, dictated, match and other industries.

Table 2.2

Preparation of Liquid Wood in Ukraine in 2010-2017

| Indicator | Amounts of billets, ths m ³ | | | | | | | |
|------------------------------------------|----------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Liquid wood | 16145,6 | 17510,3 | 17506,7 | 18021,9 | 18333,2 | 19267,7 | 19605,7 | 18913,9 |
| Roundwood (business wood) for production | 7536,0 | 7989,4 | 7850,8 | 8102,1 | 8158,8 | 8302,6 | 8311,3 | 7296,6 |
| lumber and | 5731,5 | 6300,0 | 6306,0 | 6644,8 | 7053,7 | 7019,8 | 6946,1 | 5909,2 |

| | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|------|
| Spruce wood and fir. Along spruce or split, split into layers or peeled, more than 6 mm thick, ths.m? | 283 | 232 | 244 | 239 | 274 | 294 | 274 |
| Pine wood along spruce or split, split into layers or peeled, thicker than 6 mm, ths.m? | 684 | 719 | 741 | 773 | 776 | 897 | 1286 |
| Wood of coniferous species along spruce or peeled, divided into layers or peeled, of a thickness exceeding 6 mm. ths.m? | 411 | 392 | 339 | 301 | 398 | 438 | 411 |
| Wood (other than coniferous or tropical roots) along spruce or split, divided into layers or peeled, of a thickness exceeding 6 mm (except bars, strips and friezes for parquet or wood flooring, oak), ths.m? | 423 | 398 | 384 | 373 | 396 | 458 | 472 |
| Wood of coniferous species in the form of molding, profiled along any of the ribs or planes, including slats and friezes for parquet flooring, unassembled, thousand tons | 6,6 | 7,1 | 9,1 | 11,3 | 14,1 | 13,5 | 18,3 |
| Wood, including strips and friezes for parquet flooring, not assembled, in the form of molding (tufted, grooved, folding, strapped, V-shaped, grooved, shaped, rounded, etc.) along any of the edges, ends or planes, planed or unstressed, polished or connected to a spike (except for coniferous species and bamboo), thousand tons | 40,2 | 42,8 | 50,4 | 53,2 | 69,1 | 63,9 | 64,3 |
| Wood chips from wood, unworked or simply polished, thsd.m? | 1545 | 1433 | 1389 | 1313 | 1269 | 1304 | 1388 |
| Plywood glued, veneered panels and similar laminated materials, from other wood ⁴ , ths.m? | 168 | 167 | 175 | 191 | 186 | 181 | 180 |
| Parquet wooden shield for mosaic floors, ths.m ² | 184 | 371 | 313 | 364 | 448 | 523 | 417 |

Source: conducted by the author on the basis of [62]

The largest amount of pine wood produced in Ukraine during the research period was 1286 thousand m³. It should also be noted that only in 2017 its volume increased by 43.36%, while in the other groups of goods the increase was in the range of 3-5%.

Large furniture factories are oriented towards the consumer and located in Kiev, Kharkov, Dnipro, Lviv, Chernivtsi. Furniture production, oriented to forest resources, is distributed in Zakarpatia, Lviv, Ivano-Frankivsk and Chernivtsi regions.

The largest number of enterprises in the paper industry is located in the west and north of Ukraine: Zhidachevsky (Lviv region), Poninkivka

(Khmelnyskyi region) cardboard and paper mills, Malinska (Zhytomyr oblast) paper mill, Lviv and Rakhivska (Zakarpattia oblast) cardboard factories, Koryukivska (Chernihiv region) factory of technical papers. In other regions: Tsyurupinskaya paper company (Kherson region), Izmail pulp and paper mill (Odessa region), Kyiv cardboard and paper mill.

Table 2.4

Dynamics of Export and Import by the Group of Goods "Wood and Wood Products" in Ukraine in 2013-2017

| Year | Export | | | Import | | |
|------|--------------|---------------------------|--------------------------|--------------|---------------------------|--------------------------|
| | Thousand USD | in % to the previous year | In % to the total volume | Thousand USD | in % to the previous year | In % to the total volume |
| 2013 | 1246778,7 | 10,1 | 2 | 1901961 | 4,9 | 2,5 |
| 2014 | 985583 | -20,8 | 1,8 | 1289682 | -32,4 | 2,4 |
| 2015 | 1107197 | 12,3 | 2,9 | 148211 | -49,7 | 0,4 |
| 2016 | 1131597 | 2,2 | 3,1 | 196738 | 32,7 | 0,5 |
| 2017 | 1205909 | 6,6 | 2,8 | 250472 | 27,3 | 0,5 |

Source: conducted by the author on the basis of [62]

During the period of investigation, the export of wood products increased the by 12.3% in 2015, by 2.2% in 2016 and by 6.6% in 2017.

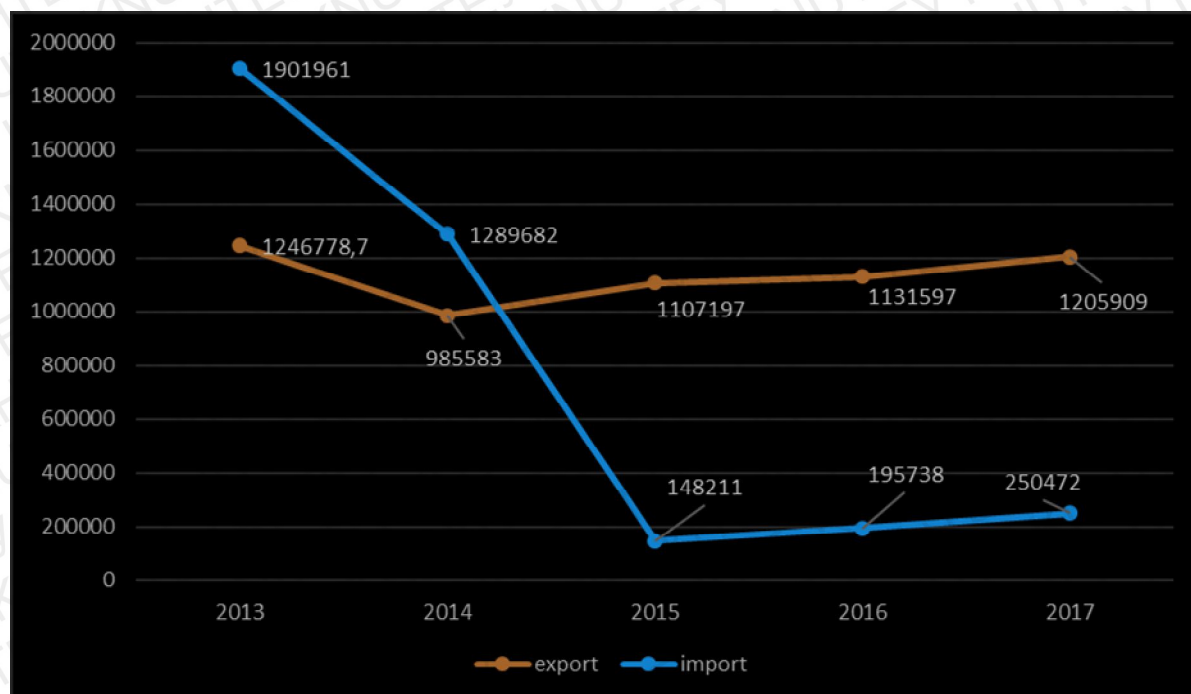


Figure 2.1. Dynamics of Export and Import by the Group of Goods

"Wood and Wood Products" in 2013-2017 in Ukraine, thousands USD

Imports during the 2014-2015 biennium grew to 32.4% in 2014 and 49.7% in 2015 to 148.211 million USD by 2015. In 2016 imports by the commodity group "Wood and Wood Products" grew by 32.7% and amounted to 196,738 million USD. In 2017, the trend of import growth continued at 27.3% to 250.5 million USD.

Table 2.5

Dynamics of Export and Import by the Group of Goods "Mass of Wood or Other Fibrous Cellulosic Materials" in Ukraine in 2013-2017

| Year | Export | | | Import | | |
|------|---------------|---------------------------|-------------------------|---------------|---------------------------|--------------------------|
| | Thousands USD | in % to the previous year | in% to the total volume | Thousands USD | in % to the previous year | In % to the total volume |
| 2013 | 1246779 | 10,1 | 2 | 1901961 | 4,9 | 2,5 |
| 2014 | 985583 | -20,8 | 1,8 | 1289682 | -31,8 | 2,4 |
| 2015 | 617096 | -37,4 | 1,6 | 878068,9 | -31,8 | 2,3 |
| 2016 | 536903,4 | -13 | 1,5 | 915296,7 | 4,2 | 2,3 |
| 2017 | 518033,7 | -3,5 | 1,2 | 954963,4 | 4,3 | 1,9 |

Source: conducted by the author on the basis of [62]

During 2014-2015, the volume of export and import by the product group "Mass of wood or other fibrous cellulosic materials" was reduced by 30% in average. However, by 2016, imports grew by 4.2%, and by 2017 - growth was 4.3%.

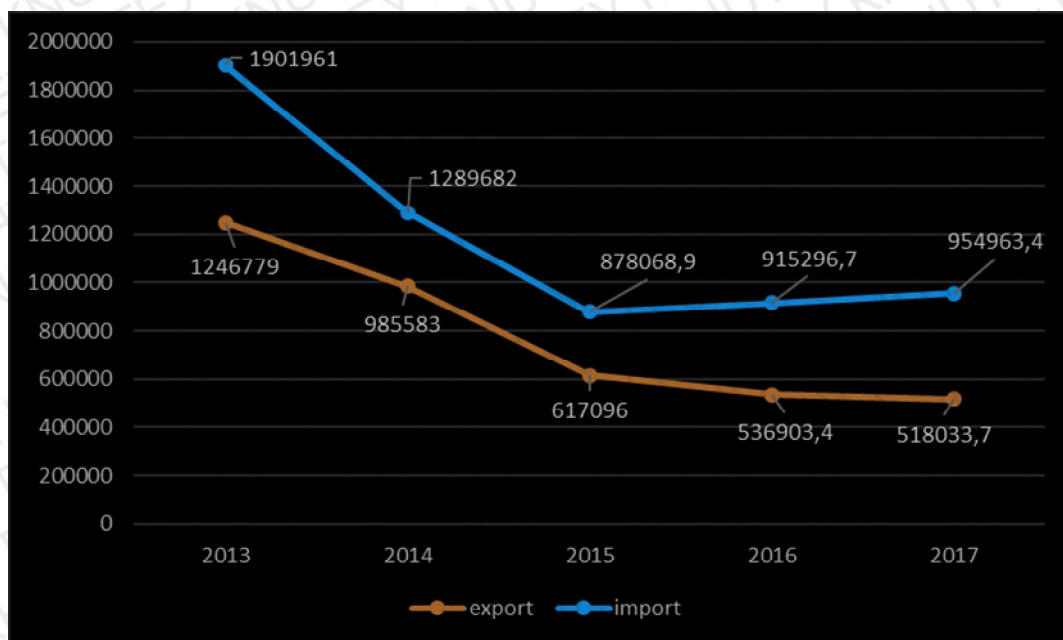


Figure 2.2. Dynamics of export and import by the group of goods "Mass of wood or other fibrous cellulosic materials" in 2013-2017, thousands USD.

For most regions of Ukraine, the forest sector plays a significant role both in terms of creating added value and in raising the level of employment of the local population. The level of capitalization of this sector is largely determined by the availability of the production and technical basis of wood processing, which makes it possible to increase the efficiency of the attraction of forestry potential in economic circulation.

In connection with the introduction of a moratorium on the export of untreated timber, the resource conditions for expanded reproduction of the potential of woodworking production are considerably expanding.

Table 2.6

The Matrix of the Primary SWOT Analysis of the Ukrainian Woodworking Industry

| The strengths of the woodworking industry | Possibilities of the woodworking industry in the external environment |
|-------------------------------------------|-----------------------------------------------------------------------|
|-------------------------------------------|-----------------------------------------------------------------------|

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - the presence of domestic and foreign markets; - increasing demand for products; - availability of natural resources; - availability of skilled labour; - undiscovered potential of market size; - the presence of voluntary associations of enterprises of the woodworking industry, whose activities are aimed at creating more favourable conditions for their development. | <ul style="list-style-type: none"> - the development of integration processes to strengthen the link between trade and productive capital by combining enterprises and achieving competitive advantage on this basis; - the development of specialization processes through the transition to a full cycle of wood processing, from the production of timber and completing the production of furniture and other finished products. - restoration of inter-branch connections of technologically related industries: woodworking with forestry, engineering, chemical and light industry due to the formation of new territorial structures; - gaining positive effects from accession to the WTO (increased competition, access to new markets due to lower prices for products compared to European ones); - technological upgrading of production, in particular, with the help of the enterprises - members of the UADO to woodworking and furniture manufacturers to reduce the cost of production through the introduction of modern technologies; - carrying out at the state level measures to protect the domestic market, optimizing import duty rates on furniture and wood processing products, abolishing anti-dumping quotas on imports of chipboards, improving the provision of forestry enterprises, attracting investments, etc. |
| Weaknesses of the woodworking industry | Threats to the environment for the woodworking industry |
| <ul style="list-style-type: none"> - lack of proper technological level; - a fairly significant entry threshold in the woodworking business (300-500 thousand dollars). - increase in prices for energy resources and materials, which creates a non-competitive environment in the domestic market; - problems of the raw material nature: now in Ukraine, wood processors do not have enough 200-300 thousand cubic meters of forest; - significant pressure on the domestic market by importers; - low share of industry in total GDP; - difficult financial situation of enterprises; - weak link between the trade and the production capital; - insufficient state support. | <ul style="list-style-type: none"> - increased import; - aggravation of competition; - full or partial absorption of domestic producers by Western companies; - negative effects from accession to the WTO (growing requirements of international standards and environmental safety, requirements of consumers for quality, service maintenance, technological level of production, use of modern energy and resource saving technologies by highly developed countries, relaxation of restrictions on them from developed countries); - stagnation processes in the economy of Ukraine that threaten long-term processes of breaking the banking system crisis and the long-term decline in purchasing power of the population |

Source: conducted by the author on the basis of [43]

Domestic wood processing companies should use a combined innovation and logistics approach that combines key elements of logistics management and provides effective management solutions to ensure their resource and economic security. In the context of ensuring the resource and economic security of

woodworking enterprises, another problem is the inefficient use and outdated equipment.

Thus, it can be concluded that the wood industry, despite a certain growth, suffers from raw material "famine" in the domestic market, because, despite the moratorium on the export of raw materials, the forest harvesters continue to find a way to it. One of the ways to solve this problem is to ensure strict control over compliance with the moratorium that will save Ukraine's forests. It is also expedient to intensify the state and municipal assistance for the development of domestic wood processing enterprises through the creation of opportunities for preferential lending, attracting cheap loan capital, tax holidays for the enterprises of the woodworking industry in order to create conditions for the successful development of the woodworking industry within the country.

2.2. Analysis of Financial and Economic Activity of LLC "Production Company "Dionis"

Enterprise "Dionis" started its work in 1999. In 2005, the company was reorganized, resulting in the creation of the LLC "Production Company "Dionis". The main activities are sawmilling and planing and timber impregnation, trade in lumber and oak barrels for cognac.

The main product that produced for export is oak barrels. The company also produces and exports wooden pallets and wooden building materials. Suppliers of this raw material are mostly logging enterprises of the Volyn and Ivano-Frankivsk regions. The enterprise exports products to such countries as Austria, Romania, France, Portugal, Moldova and other EU countries.

The head office of the company is located in the city of Lutsk, the production facilities are located in the Ozertse village, Volyn region.

Table 2.7

Dynamics of Assets of LLC "Production Company "Dionis " in 2013-2017, ths. UAH

| Indicator | 31.12. 2013 | 31.12. 2014 | 31.12. 2015 | 31.12. 2016 | 31.12. 2017 | Growth rate, % | | | |
|------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| | | | | | | 2015/ 2014 | 2016/ 2015 | 2017/ 2016 | 2017/ 2013 |
| Non-current assets | | | | | | | | | |
| Intangible assets | 69533 | 70328 | 73143 | 73265 | 74223 | 4,00 | 0,17 | 1,31 | 6,74 |
| initial value | 77894 | 78956 | 82104 | 82365 | 84176 | 3,99 | 0,32 | 2,20 | 8,06 |
| accumulated depreciation | 8361 | 8628 | 8961 | 9100 | 9953 | 3,86 | 1,55 | 9,37 | 19,04 |
| Incomplete capital investment | 10129 | 69493 | 287 | 2365 | 3470 | -99,59 | 724,0 | 46,72 | -65,74 |
| Fixed assets: | 180418 | 171094 | 241495 | 214325 | 285835 | 41,15 | -11,25 | 33,37 | 58,43 |
| initial value | 273020 | 285069 | 386918 | 393389 | 505620 | 35,73 | 1,67 | 28,53 | 85,20 |
| depreciation | 92602 | 113975 | 145423 | 179064 | 219785 | 27,59 | 23,13 | 22,74 | 137,34 |
| Long-term financial investments: accounted for using the equity method of other enterprises | 8688 | 8688 | 8688 | 8688 | 8688 | 0,00 | 0,00 | 0,00 | 0,00 |
| Total per section | 268768 | 319603 | 323613 | 299191 | 373695 | 1,25 | -7,55 | 24,90 | 39,04 |
| Current assets | | | | | | | | | |
| Inventories | 24070 | 22565 | 33266 | 51479 | 67553 | 47,42 | 54,75 | 31,22 | 180,65 |
| Final product | 565 | 361 | 2273 | 3117 | 4171 | 529,6 | 37,13 | 33,91 | 638,8 |
| Accounts receivable for products, goods, works, services | 586 | 67 | 0 | 0 | 0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Accounts receivable for internal settlements | 37022 | 39897 | 46437 | 104382 | 86674 | 16,39 | 124,8 | -16,96 | 134,11 |
| Accounts receivable with budget | 2792 | 8796 | 18178 | 8993 | 1292 | 106,6 | -50,53 | -85,63 | -53,72 |
| Accounts receivable on issued advances | 2028 | 2620 | 1800 | 3319 | 7794 | -31,30 | 84,39 | 134,83 | 284,32 |
| Other Current Accounts Receivable | 512 | 138 | 87 | 146 | 62 | -36,96 | 67,82 | -57,53 | -87,89 |
| Money and their equivalents | 8377 | 14332 | 9820 | 2850 | 18597 | -31,48 | -70,98 | 552,53 | 122,00 |
| Bank accounts | 8377 | 14332 | 9029 | 842 | 13850 | -37,00 | -90,67 | 1544,9 | 65,33 |
| Other current assets | 68 | 133 | 50 | 354 | 887 | -62,41 | 608 | 150,56 | 1204,4 |
| Total per section | 76106 | 89253 | 109920 | 171863 | 183931 | 23,16 | 56,35 | 7,02 | 141,68 |
| Total | 344874 | 408996 | 433533 | 471054 | 557626 | 6,00 | 8,65 | 18,38 | 61,69 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

During 2013-2017, fixed assets of the company grew by 58.4%, while the volume of non-current assets grew by 39%. In general, non-current assets increased in 2017 by 24.9% from the level of 299.191 million UAH to 373,695 million UAH.

Table 2.8

**Dynamics of Assets Structure of LLC "Production Company"
Dionis" in 2013-2017, ths. UAH**

| Indicator | 31.12. 2013 | 31.12. 2014 | 31.12. 2015 | 31.12. 2016 | 31.12. 2017 | Growth rate, % | | | |
|------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| | | | | | | 2015/ 2014 | 2016/ 2015 | 2017/ 2016 | 2017/ 2013 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Non-current assets | | | | | | | | | |
| Intangible assets | 69533 | 70328 | 73143 | 73265 | 74223 | 4,00 | 0,17 | 1,31 | 6,74 |
| initial value | 77894 | 78956 | 82104 | 82365 | 84176 | 3,99 | 0,32 | 2,20 | 8,06 |
| accumulated depreciation | 8361 | 8628 | 8961 | 9100 | 9953 | 3,86 | 1,55 | 9,37 | 19,04 |
| Incomplete capital investment | 10129 | 69493 | 287 | 2365 | 3470 | -99,59 | 724,0 | 46,72 | -65,74 |
| Fixed assets: | 180418 | 171094 | 241495 | 214325 | 285835 | 41,15 | -11,25 | 33,37 | 58,43 |
| initial value | 273020 | 285069 | 386918 | 393389 | 505620 | 35,73 | 1,67 | 28,53 | 85,20 |
| depreciation | 92602 | 113975 | 145423 | 179064 | 219785 | 27,59 | 23,13 | 22,74 | 137,34 |
| Long-term financial investments: accounted for using the equity method of other enterprises | 8688 | 8688 | 8688 | 8688 | 8688 | 0,00 | 0,00 | 0,00 | 0,00 |
| Total per section | 268768 | 319603 | 323613 | 299191 | 373695 | 1,25 | -7,55 | 24,90 | 39,04 |
| Current assets | | | | | | | | | |
| Inventories | 24070 | 22565 | 33266 | 51479 | 67553 | 47,42 | 54,75 | 31,22 | 180,65 |
| Final product | 565 | 361 | 2273 | 3117 | 4171 | 529,6 | 37,13 | 33,91 | 638,8 |
| Accounts receivable for products, goods, works, services | 586 | 67 | 0 | 0 | 0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Accounts receivable for internal settlements | 37022 | 39897 | 46437 | 104382 | 86674 | 16,39 | 124,8 | -16,96 | 134,11 |
| Accounts receivable with budget | 2792 | 8796 | 18178 | 8993 | 1292 | 106,6 | -50,53 | -85,63 | -53,72 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Accounts receivable on issued advances | 2028 | 2620 | 1800 | 3319 | 7794 | -31,30 | 84,39 | 134,83 | 284,32 |
| Other Current Accounts Receivable | 512 | 138 | 87 | 146 | 62 | -36,96 | 67,82 | -57,53 | -87,89 |
| Money and their | 8377 | 14332 | 9820 | 2850 | 18597 | -31,48 | -70,98 | 552,53 | 122,00 |

| | | | | | | | | | |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| equivalents | | | | | | | | | |
| Bank accounts | 8377 | 14332 | 9029 | 842 | 13850 | -37,00 | -90,67 | 1544,9 | 65,33 |
| Other current assets | 68 | 133 | 50 | 354 | 887 | -62,41 | 608 | 150,56 | 1204,4 |
| Total per section | 76106 | 89253 | 109920 | 171863 | 183931 | 23,16 | 56,35 | 7,02 | 141,68 |
| Balance | 344874 | 408996 | 433533 | 471054 | 557626 | 6,00 | 8,65 | 18,38 | 61,69 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise.

During 2013-2017, the largest increase in the structure of assets was recorded in production stocks, the volume of which in the structure amounted to 5.14% over the period under study.

Current assets in the structure for 2013-2017 increased by 10.92% and as a result of 2017 amounted to 32.98%. Non-current assets during the investigated period prevailed in the structure of assets and amounted to over 67%.

Table 2.9

**Dynamics of Liabilities of LLC "Production Company "Dionis"
in 2013-2017, ths. UAH**

| Indicator | 31.12 | 31.12. | 31.12. | 31.12. | 31.12. | Growth rate, % | | | |
|------------------------------------|------------|------------|------------|------------|------------|----------------|---------------|---------------|---------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2015/ 2014 | 2016/ 2015 | 2017/ 2016 | 2017/ 2013 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Equity | | | | | | | | | |
| Registered (share) capital | 8800 | 8800 | 8800 | 8800 | 8800 | 0,00 | 0,00 | 0,00 | 0,00 |
| Additional capital | 654 | 654 | 654 | 654 | 654 | 0,00 | 0,00 | 0,00 | 0,00 |
| Capital in surplus | 55964 | 55925 | 55888 | 55885 | 52640 | -0,07 | -0,01 | -5,81 | -5,94 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Retained earnings (uncovered loss) | 15684 7 | 22837 0 | 29713 1 | 37311 9 | 35785 1 | 30,11 | 25,57 | -4,09 | 128,2 |
| Total per section | 22226 4 | 29374 9 | 36247 3 | 43845 8 | 42126 5 | 23,40 | 20,96 | -3,92 | 89,53 |
| Long-term commitment | | | | | | | | | |
| Deferred tax liabilities | 30992 | 22002 | 15740 | 1793 | 1999 | - 28,46 | -88,61 | 11,49 | -93,55 |
| Total per section | 30992 | 22002 | 15740 | 1793 | 1999 | - 28,46 | -88,61 | 11,49 | -93,55 |

| | | | | | | | | | |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Current liabilities | | | | | | | | | |
| Current debt on long-term liabilities | 31968 | 9448 | 16418 | 184 | 106 | 73,77 | -98,88 | -42,39 | -99,67 |
| for goods, work, services | 47771 | 71655 | 28140 | 16701 | 41241 | -60,73 | -40,65 | 146,9 | -13,67 |
| from received advances | 1 | 194 | 0 | 61 | 0 | 0,0 | 0,0 | 0,0 | 0,0 |
| with budget | 5769 | 7274 | 4409 | 5858 | 8073 | -39,39 | 32,86 | 37,81 | 39,94 |
| from insurance | 208 | 11 | 386 | 292 | 300 | 3409,1 | -24,35 | 2,74 | 44,23 |
| from wages | 494 | 0 | 814 | 903 | 1172 | 0,00 | 10,93 | 29,79 | 137,25 |
| Other current commitments | 1086 | 753 | 818 | 752 | 1284 | 8,63 | -8,07 | 70,74 | 18,23 |
| Total per section | 91617 | 93245 | 55320 | 30803 | 134362 | -40,67 | -44,32 | 336,2 | 46,66 |
| Total | 344874 | 408996 | 433533 | 471054 | 557626 | 6,00 | 8,65 | 18,38 | 61,69 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

Own capital of the company for 2013-2017 grew by 89.53% and as a result of 2017 amounted to 421.265 million UAH. It should also be noted that equity in the structure of liabilities amounted to more than 64% (as a result of 2013), and each year has a dynamism to increase its share (by 2017 it was 75.5% in 2017).

Long-term liabilities of the enterprise during the investigated period had a clear dynamic to decrease by 93.5% for 2013-2017. Their volume in 2013 amounted to UAH 30.992 million, and in the result of 2017 only UAH 1.99 million. Their share in the structure was only 0.36% as a result of 2017.

Table 2.10

Dynamics of Liabilities Structure of LLC "Production Company" Dionis" in 2013-2017, %

| Indicator | 31.12. 2013 | 31.12. 2014 | 31.12. 2015 | 31.12. 2016 | 31.12. 2017 | Growth rate, % | | | |
|----------------------------|-------------|-------------|-------------|-------------|-------------|----------------|-----------|-----------|-----------|
| | 2 | 3 | 4 | 5 | 6 | 2015-2014 | 2016-2015 | 2017-2016 | 2017-2013 |
| 1 | | | | | | 7 | 8 | 9 | 10 |
| Equity | | | | | | | | | |
| Registered (share) capital | 2,55 | 2,15 | 2,03 | 1,87 | 1,58 | -0,12 | -0,16 | -0,29 | -0,97 |

| | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Additional capital | 0,19 | 0,16 | 0,15 | 0,14 | 0,12 | -0,01 | -0,01 | -0,02 | -0,07 |
| Capital in surplus | 16,23 | 13,67 | 12,89 | 11,86 | 9,44 | -0,78 | -1,03 | -2,42 | -6,79 |
| Retained earnings (uncovered loss) | 45,48 | 55,84 | 68,54 | 79,21 | 64,17 | 12,70 | 10,67 | -15,0 | 18,69 |
| Total per section | 64,45 | 71,82 | 83,61 | 93,08 | 75,55 | 11,79 | 9,47 | -17,5 | 11,10 |
| Long-term commitment | | | | | | | | | |
| Deferred tax liabilities | 8,99 | 5,38 | 3,63 | 0,38 | 0,36 | -1,75 | -3,25 | -0,02 | -8,63 |
| Total per section | 8,99 | 5,38 | 3,63 | 0,38 | 0,36 | -1,75 | -3,25 | -0,02 | -8,63 |
| Current liabilities | | | | | | | | | |
| for goods, work, services | 13,85 | 17,52 | 6,49 | 3,55 | 7,40 | -11,0 | -2,95 | 3,85 | -6,46 |
| from received advances | 0,00 | 0,05 | 0,00 | 0,01 | 0,00 | -0,05 | 0,01 | -0,01 | 0,00 |
| with budget | 1,67 | 1,78 | 1,02 | 1,24 | 1,45 | -0,76 | 0,23 | 0,20 | -0,23 |
| from insurance | 0,06 | 0,00 | 0,09 | 0,06 | 0,05 | 0,09 | -0,03 | -0,01 | -0,01 |
| from wages | 0,14 | 0,00 | 0,19 | 0,19 | 0,21 | 0,19 | 0,00 | 0,02 | 0,07 |
| Other current commitments | 0,31 | 0,18 | 0,19 | 0,16 | 0,23 | 0,00 | -0,03 | 0,07 | -0,08 |
| Total per section | 26,57 | 22,80 | 12,76 | 6,54 | 24,10 | -10,0 | -6,22 | 17,56 | -2,47 |
| Total | 100 | 100 | 100 | 100 | 100 | 0,00 | 0,00 | 0,00 | 0,00 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

Current liabilities in the structure of liabilities for 2013-2017 decreased by 2.47% and as a result of 2017 amounted to only 24.1%. It should also be noted that the volume of current liabilities for 2017 increased to the level of 134.362 million UAH. (+ 336.2%).

The next step is to analyze the liquidity of the balance sheet based on the grouping of assets and liabilities by liquidity.

Table 2.11

**Grouped Assets of LLC "Production Company" Dionis " in 2013-2017 ,
ths. UAH**

| Asset group | On 31.12 | | | | | Growth rate, % | | | |
|---------------|----------|--------|--------|--------|--------|----------------|---------------|---------------|---------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2014/ 2013 | 2015/ 2014 | 2016/ 2015 | 2017/ 2016 |
| Highly liquid | 8377 | 14332 | 9029 | 842 | 13850 | 71,09 | -37,0 | -90,7 | 1540,89 |
| Fast liquid | 5332 | 11554 | 20065 | 12458 | 9148 | 116,69 | 73,66 | -37,9 | -26,57 |
| Slowly liquid | 24635 | 22926 | 35539 | 54596 | 71727 | -6,94 | 55,02 | 53,62 | 31,38 |
| Heavy Liquid | 268768 | 319603 | 323613 | 299191 | 373695 | 18,91 | 1,25 | -7,55 | 24,90 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

The largest volume of assets of the company was made up of heavy-liquid assets, which in 2017 increased by 24.9% to 373.695 million UAH, and slowly liquid assets, which in 2018 increased by 31.38% to 71.727 million UAH.

Table 2.12

Grouped Liabilities of LLC "Production Company" Dionis" in 2013-2017

| Liability group | On 31.12 | | | | | Growth rate, % | | | |
|-----------------|----------|--------|--------|--------|--------|----------------|-----------|-----------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2014/2013 | 2015/2014 | 2016/2015 | 2017/2016 |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| The most urgent | 47771 | 71655 | 28140 | 16701 | 41241 | 50,00 | -60,73 | -40,65 | 146,94 |
| Short-term | 6472 | 7479 | 5609 | 7114 | 9545 | 15,56 | -25,00 | 26,83 | 34,17 |
| Long term | 30992 | 22002 | 15740 | 1793 | 1999 | -29,0 | -28,46 | -88,61 | 11,49 |
| Permanent | 222264 | 293749 | 362473 | 438458 | 421265 | 32,16 | 23,40 | 20,96 | -3,92 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

Among liabilities, the largest volume was recorded in permanent liabilities, which includes the equity capital of the enterprise.

Thus, by comparing the indicators, we can conclude that the balance of the enterprise is illiquid, as the following conditions are not fulfilled: highly liquid assets are less than the most urgent liabilities, quick-acting assets are less than short-term liabilities.

Table 2.13

Dynamics of Financial Results of LLC "Production Company" Dionis " in 2013-2017, ths. UAH

| Indicator | Years | | | | | Growth rate, % | |
|-----------|-------|------|------|------|------|----------------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2016/2015 | 2017/2016 |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Net income from sales of products | 518887 | 559711 | 553478 | 661630 | 738572 | 11,63 | 42,34 |
| Other operating income | 2919 | 3520 | 20418 | 5926 | 10785 | 81,99 | 269,48 |
| Gross profit | 157429 | 164700 | 112730 | 117103 | 102890 | -12,14 | -34,64 |
| Cost of sold products | 361458 | 395011 | 440748 | 544527 | 635682 | 16,74 | 75,87 |
| Other operating expenses | 4475 | 4103 | 10987 | 3653 | 10235 | 180,18 | 128,72 |
| Administrative expenses | 10510 | 11412 | 14273 | 13845 | 15943 | 15,15 | 51,69 |
| Selling expenses | 9378 | 10383 | 11751 | 11632 | 15329 | 31,78 | 63,46 |
| Financial result before tax: profit | 122968 | 139884 | 85625 | 84604 | 71689 | -15,27 | -41,70 |
| Income tax expense | 27248 | 27180 | 16901 | 8619 | 12903 | 49,70 | -52,65 |
| Net financial result: profit - loss | 95720 | 112704 | 68724 | 75985 | 58786 | -22,63 | -38,59 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

In 2016, net income of the company increased by 19.54% and amounted to 661.630 million UAH. In 2017 there was a similar growth of this indicator by 11.63%, according to which the indicator increased to 738.572 million UAH. On the whole, over the period 2015-2017, net income increased by 33.44%.

Other operating income of the company for 2017 increased by 81.99% and amounted to 10.785 million UAH (in spite of 5.926 million UAH in 2016).

The cost of sales of goods in the dynamics had a clear dynamic to the growth in which in 2015 the cost was 440.748 million UAH, in 2016 - increased by 23.55% and 16.74% in 2017 and amounted respectively to 544.527 million UAH and 635,682 million UAH.

Gross profit of the company in 2016 increased by 3.88% and amounted to 117.103 million UAH. In 2017, gross profit decreased by 12.14% due to a significant increase in the cost of production of the enterprise.

Administrative costs during 2017 had a dynamism to increase in which in the dynamics of this type of expenditure increased by 15.15%. It should also be noted that in 2016 there was a significant reduction in the company's costs, namely, sales expenses decreased by 1.01%, other operating expenses - by 66.75%, administrative expenses - by 3%.

The financial result before tax in the dynamics decreased for 2015-2017 by 16.5%. Thus, in the last two years the negative growth of the financial result was 1.19% (in 2016) and 15.27% (in 2017).

The net financial result in the dynamics decreased for 2015-2017 by 14.46% after increasing dynamics in 2013-2015.

Thus, on the basis of the conducted research, we can conclude that the enterprise annually increases the volume of sales, according to which the amount of net income received annually increases.

Growth of the enterprise costs is higher than the growth of the company's revenues, resulting in a decrease in the volume of the financial result before taxation during the years 2013-2017.

In order to study the impact of enterprise profitability on profitability indicators, we analyze profitability of products, profitability of core business and equity.

Table 2.14

Dynamics of Profitability of LLC "Production Company" Dionis"

in 2013-2017

| Indicator | Years | | | | | Growth rate, % | | | |
|-----------------------------------|-------|-------|-------|-------|-------|----------------|-----------|-----------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2015-2014 | 2016-2015 | 2017-2016 | 2017-2013 |
| Profitability of sold products, % | 43,55 | 41,70 | 25,58 | 21,51 | 16,19 | -16,12 | -4,07 | -5,32 | -27,37 |

| | | | | | | | | | |
|---------------------------------------|-------|-------|-------|-------|-------|--------|-------|-------|--------|
| Profitability of the main activity, % | 27,76 | 27,56 | 15,85 | 16,13 | 10,54 | -11,70 | 0,28 | -5,59 | -17,21 |
| Return on aggregate capital, % | 27,76 | 27,56 | 15,85 | 16,13 | 10,54 | -11,70 | 0,28 | -5,59 | -17,21 |
| Return on equity, % | 43,07 | 38,37 | 18,96 | 17,33 | 13,95 | -19,41 | -1,63 | -3,38 | -29,11 |
| Profitability ratio, % | 18,45 | 20,14 | 12,42 | 11,48 | 7,96 | -7,72 | -0,93 | -3,52 | -10,48 |
| Asset Profit, % | 55,41 | 29,91 | 16,32 | 16,80 | 11,43 | -13,59 | 0,48 | -5,37 | -43,98 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

Profitability of sold products decreased in 2016 compared with 2015 by 4,075%. The reason for this is that the gross profit has grown at a lesser percentage than the company's expenses. In 2017, a similar decrease in the profitability of products was observed at 5.319%.

The coefficient of profitability of activity is calculated as the ratio of net profit of the enterprise to the net proceeds from the sale of products (works, services). The increase of this indicator shows an increase in the efficiency of the economic activity of the enterprise, and decrease the opposite. During 2015-2016, the growth rates of profitability of the main activity from the level of 15.852% in 2015 to the level of 16,131 in 2016 were observed. In 2017 there was a reduction of this indicator by 5,589% to the level of 10,542%. Thus, we can conclude that the decrease in the indicator in 2017 indicates a reduction in the efficiency of the enterprise's business.

During 2015-2017, there was a decrease in the return on equity of the company by 1.63% in 2016 and by 3.345% in 2017. The decrease of this indicator in the dynamics indicates a decrease in the level of return on equity of the enterprise.

The coefficient of profitability shows that at the enterprise during 2015-2017 years the net profit of the enterprise received from 1 UAH decreased. sold products at 3,525 UAH. in 2017, and the index was 7,959 UAH.

Table 2.15

Dynamics of Indicators of Business Activity of LLC "Production Company" Dionis" in 2013-2017

| Indicator | Years | | | | | Growth rate, % | | |
|--------------------------------------------------|-------|-------|-------|-------|-------|----------------|-----------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2016-2015 | 2017-2016 | 2017-2013 |
| Turnover rate of working capital | 6,82 | 6,27 | 5,04 | 3,85 | 4,02 | -1,19 | 0,17 | -2,80 |
| Duration of turnover of circulating assets, days | 52,80 | 57,41 | 71,50 | 93,51 | 89,65 | 22,02 | -3,86 | 36,85 |
| Turnover rate of inventories | 21,56 | 24,80 | 16,64 | 12,85 | 10,93 | -3,79 | -1,92 | -10,62 |
| Duration of inventory turnover, days | 16,70 | 14,51 | 21,64 | 28,01 | 32,93 | 6,37 | 4,92 | 16,23 |
| Turnover rate of accounts receivable | 97,32 | 48,44 | 27,58 | 53,11 | 80,74 | 25,52 | 27,63 | -16,58 |
| Duration of turnover of receivables, days | 3,70 | 7,43 | 13,05 | 6,78 | 4,46 | -6,27 | -2,32 | 0,76 |
| Turnover rate of accounts payable | 7,57 | 5,51 | 15,66 | 32,60 | 15,41 | 16,94 | -17,19 | 7,85 |
| Duration of turnover payable, days | 47,58 | 65,30 | 22,98 | 11,04 | 23,36 | -11,94 | 12,31 | -24,22 |
| Duration of the operating cycle, days | 20,40 | 21,94 | 34,69 | 34,79 | 37,39 | 0,10 | 2,60 | 16,99 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

Thus, the analysis showed that the duration of the operating cycle during this period increased by almost 17 days (+2.6 days in 2017) and amounted to 37.39 days in 2017 compared to 20.4 days in 2013. This growth is negative for the company's activity, as it indicates an increase in the period of conversion of inventories and receivables into cash.

Table 2.16

Dynamics of Indicators of Financial Stability and Solvency of LLC "Production Company" Dionis "in 2013-2017

| Indicator | On 31.12. | | | | | Growth rate, % | | | |
|-----------------------------|-----------|-------|-------|-------|-------|----------------|-----------|-----------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2015-2014 | 2016-2015 | 2017-2016 | 2017-2013 |
| The coefficient of autonomy | 0,644 | 0,718 | 0,836 | 0,931 | 0,755 | 0,118 | 0,095 | -0,175 | 0,111 |

| | | | | | | | | | |
|-------------------------------------------------|--------|--------|-------|--------|-------|--------|--------|--------|--------|
| The coefficient of financial dependence | 1,552 | 1,392 | 1,196 | 1,074 | 1,324 | -0,196 | -0,122 | 0,249 | -0,228 |
| Coefficient of concentration of loan capital | 0,266 | 0,228 | 0,128 | 0,065 | 0,241 | -0,100 | -0,062 | 0,176 | -0,025 |
| Financing factor | 2,426 | 3,150 | 6,552 | 14,234 | 3,135 | 3,402 | 7,682 | -11,09 | 0,709 |
| Debt ratio | 0,412 | 0,317 | 0,153 | 0,070 | 0,319 | -0,165 | -0,082 | 0,249 | -0,093 |
| Stock availability ratio | -0,630 | -0,174 | 1,536 | 2,584 | 0,691 | 1,710 | 1,047 | -1,893 | 1,321 |
| Coefficient of collateral for current assets. | -0,204 | -0,045 | 0,497 | 0,821 | 0,269 | 0,541 | 0,324 | -0,551 | 0,473 |
| Coefficient of coverage (total liquidity ratio) | 0,831 | 0,957 | 1,987 | 5,579 | 1,369 | 1,030 | 3,592 | -4,211 | 0,538 |
| Quick liquidity ratio | 0,120 | 0,185 | 0,198 | 0,151 | 0,168 | 0,014 | -0,047 | 0,017 | 0,048 |
| Absolute liquidity ratio | 0,091 | 0,154 | 0,163 | 0,027 | 0,103 | 0,010 | -0,136 | 0,076 | 0,012 |
| Residual liquidity ratio | 0,269 | 0,246 | 0,642 | 1,772 | 0,534 | 0,397 | 1,130 | -1,239 | 0,265 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

The coefficient of autonomy is calculated as the ratio of the total amount of equity to the balance sheet. This coefficient characterizes the share of assets of the owners of the enterprise in the total amount of assets advanced in its activities. It has been practically discovered that the total amount of debt should not exceed the sum of its own sources of funding, that is, the critical value of the autonomy coefficient is 0.5. In 2016, the autonomy ratio increased by 0,0095 points compared to 2015 and amounted to 0,931. In 2017, the Autonomy Index dropped to 0,175 and amounted to 0,755, but it remains above the normative value. That is, it can be assumed that all liabilities of an enterprise can be covered by their own assets.

The financial stability of an enterprise for this indicator is estimated by the coefficient of the ratio of attracted and equity capital, which is a fraction of the division of the entire amount of liabilities on borrowed funds into the amount of own funds. It shows how many borrowed funds the company

attracted to one hryvnia invested in assets of its own funds. If it is more than one unit, financial autonomy and enterprise stability reach a critical point. This indicator depends on the nature of the economic activity of the enterprise and the rate of turnover, primarily working capital. Normative value of this indicator is 0.5. The coefficient of the ratio of attracted and equity in 2016 decreased from 0.056 points in comparison with 2015 and amounted to 0.065. In 2017, this ratio increased by 0,176 and amounted to 0,241. That is, this indicator remains above the normative value, which means that the company remains relatively independent from its lenders. There is also a tendency towards a decrease in the share of borrowed funds, which is quite positive, since in 2017 this indicator was 0.025 points less compared to 2013.

The index of the coefficient of autonomy is the coefficient of financial dependence. It shows how much of the total value of an enterprise's assets is 1 UAH own funds.

If the coefficient of financial dependence is less than the normative value, which is equal to 2, this means a decrease in the financial dependence of the enterprise on external sources. The coefficient of financial dependence in 2016 decreased by 0.122 and amounted to 1,074. According to data in 2017, this ratio increased by 0.249 and amounted to 1.324, but it remains below the normative value. The decrease of this indicator for 2013-2017 by 0.228 at the enterprise indicates that it became less dependent on external sources of financing. The stock of own sources of funds is a stock of financial stability of an enterprise provided that its own funds are larger than borrowed.

Thus, we can conclude that the balance of the enterprise is illiquid, and the bulk of liabilities is equity. The enterprise annually increases the volume of sold products, according to which annual volume of the received net income increases. Growth of the enterprise costs is higher than the growth of the company's revenues, resulting in a decrease in the volume of the financial result before taxation during the years 2013-2017. Also, indicators of financial

sustainability indicate that all obligations of the enterprise may be covered by their own assets and in the dynamics of the enterprise becomes less dependent on external sources of financing.

2.3. Estimation of the Economic Efficiency of the Export Strategy of LLC "Production Company "Dionis".

The assessment of the economic efficiency of the export business of the enterprise will be based on the analysis of exports, its structure and dynamics, as well as the indicators of profitability and the effect of exports.

Exports of the company during 2013-2017 grew by 172.04%. Thus, exports in 2015 increased by 0.63%, and in 2016 - by 23.28% and reached the level of 436.676 million UAH. In 2017, the volume of exports amounted to UAH 502.229 million, which is 15.01% more than in the previous period.

Expenditure on export of goods in 2015 increased by 13.7% to 12.392 million UAH. In 2016, expenditures on exports decreased by 70.9% to 10.430 million UAH. In 2017, export expenditures increased by 819% to 18.982 million UAH.

Table 2.17

Indicators of Economic Efficiency of Exports

| Indicator | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------------------------------------|-------|-------|-------|-------|-------|
| Export value, mln. UAH | 291.9 | 352 | 354.2 | 436.7 | 502.2 |
| The share of costs in the company's total costs, % | 49.35 | 55.80 | 57.02 | 59.72 | 61.94 |

| | | | | | |
|----------------------------------------------------|-------|--------|--------|--------|-------|
| The share of exports in the enterprise's income, % | 56.26 | 62.89 | 64 | 66 | 68 |
| Expenditure on export, mln. UAH | 3.14 | 6.19 | 12.39 | 10.43 | 18.98 |
| Costs of purchasing goods, mln UAH | 185.2 | 228.67 | 260.04 | 332.16 | 400.4 |

Source: calculated by the author on the basis of the balance sheet and the report on the financial results of the enterprise

The cost of goods purchases had increase by 13.72% in 2015, 27.73% in 2016 and 20.57% in 2017.

On the whole, total export expenditures amounted to 49.75% in 2013, up 61.94% in 2017.

Table 2.18

The Dynamics of the Geographical Structure of Exports of LLC "Production Company "Dionis" in 2013-2017, ths. UAH

| Country | Years | | | | | Growth rate, % | | | |
|-----------------|--------|--------|--------|--------|--------|----------------|---------------|---------------|---------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2015/ 2014 | 2016/ 2015 | 2017/ 2016 | 2017/ 2013 |
| Austria | 198200 | 237248 | 242291 | 304363 | 349049 | 2,13 | 25,62 | 14,68 | 76,11 |
| Romania | 32985 | 43648 | 38611 | 48034 | 58761 | -11,54 | 24,41 | 22,33 | 78,15 |
| Other countries | 60715 | 71104 | 73325 | 84278 | 94419 | 3,12 | 14,94 | 12,03 | 55,51 |

Source: calculated by the author on the basis of the company data

It should also be noted that in the period of 2013-2017, the main country importing goods from Dionysus Production Company was Austria, which accounted for over 67%.

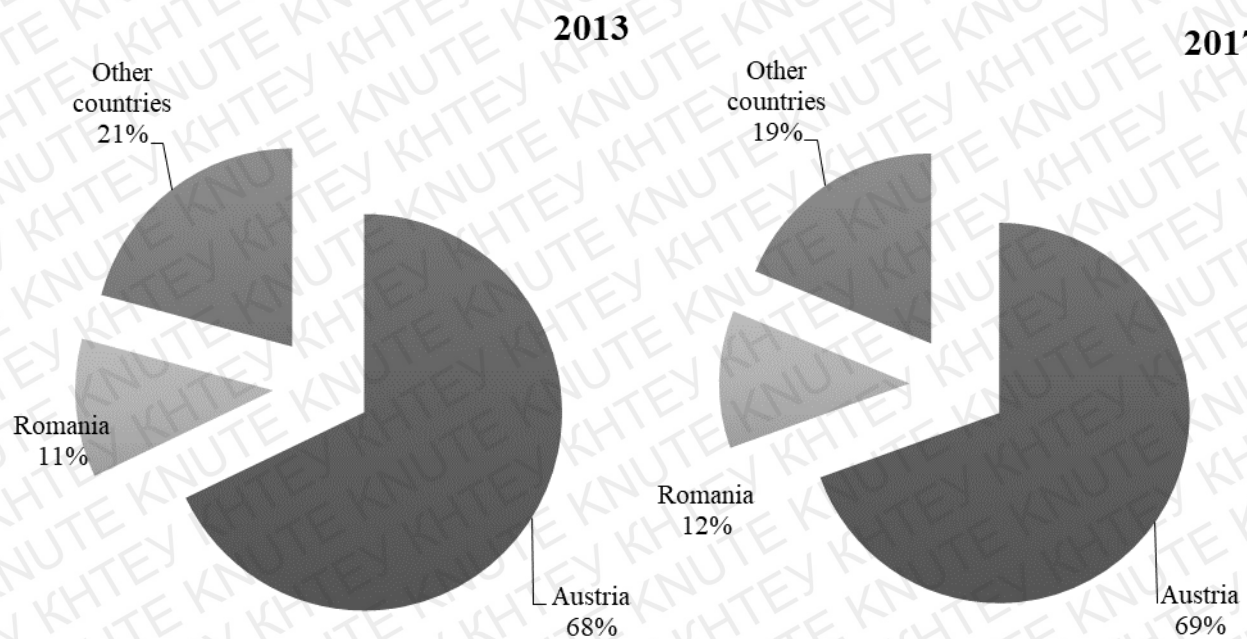


Figure 2.3. Geographical Structure of Export of LLC "Production Company "Dionis" in 2013-2017, %

Romania ranked second in terms of volumes in the volume of exports of timber in the amount of 58.761 million UAH in 2017, accounting for 11% in the structure of export goods.

Table 2.19

The Dynamics of the Export Structure of LLC "Production Company "Dionis" in 2013-2017, %

| Country | Years | | | | | Growth rate, % | | | |
|-----------------|-------|------|------|------|------|----------------|-----------|-----------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2014-2013 | 2015-2014 | 2016-2015 | 2017-2016 |
| Austria | 67,9 | 67,4 | 68,4 | 69,7 | 69,5 | -0,5 | 1 | 1,3 | -0,2 |
| Romania | 11,3 | 12,4 | 10,9 | 11 | 11,7 | 1,1 | -1,5 | 0,1 | 0,7 |
| Other countries | 20,8 | 20,2 | 20,7 | 19,3 | 18,8 | -0,6 | 0,5 | -1,4 | -0,5 |

Source: calculated by the author on the basis of the company data

Profit before taxation in 2016 increased by 61,52% to the level of 94,085 million UAH. In 2017, profit before tax decreased by 12% and amounted to 82,768 million UAH.

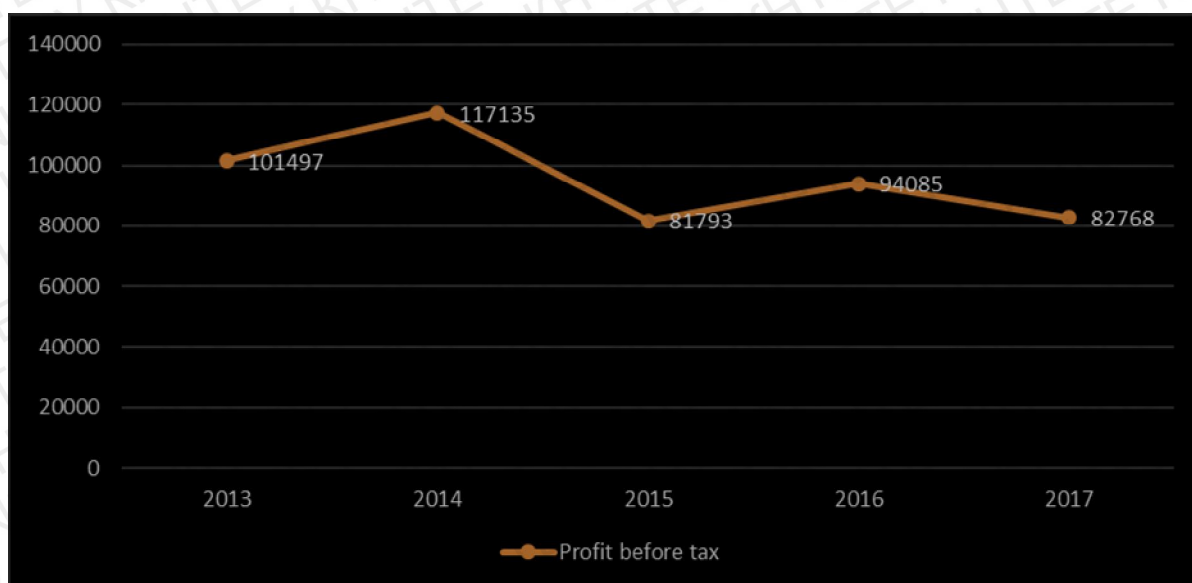


Figure 2.4. Dynamics of Profit Before Tax as a Result of Export of LLC "Production Company" Dionis" in 2013-2017, ths. UAH.

A similar dynamic was observed in net profit from export activity, which in 2016 amounted to 77.1702 million UAH, and as a result of 2017 - it decreased to 67.9124 million UAH.

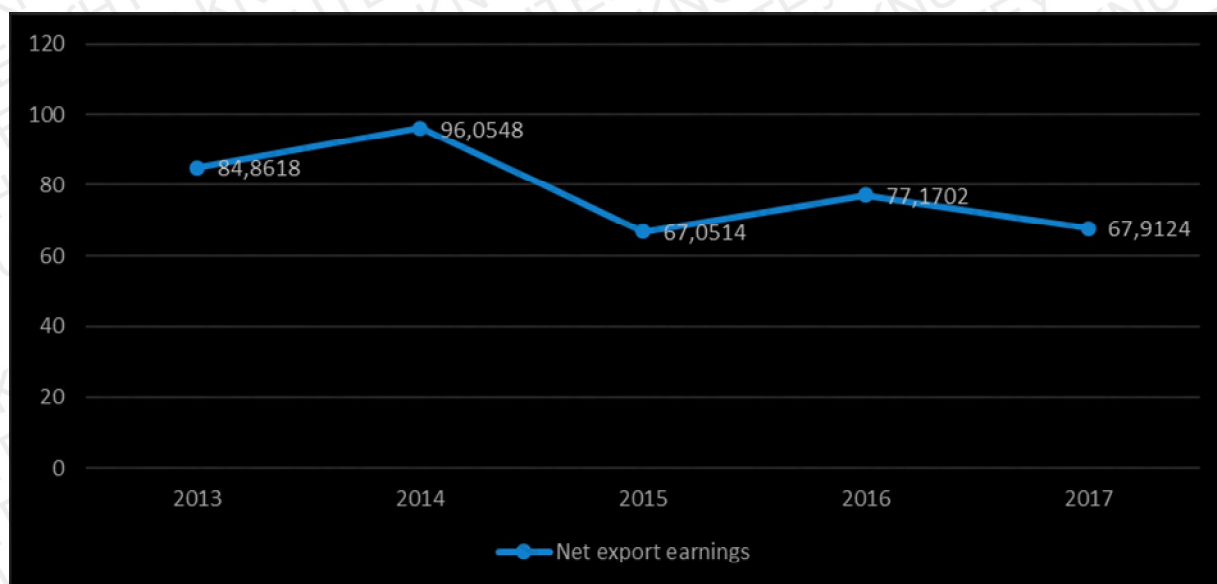


Figure 2.5. Dynamics of Net Profit as a Result of Export of LLC "Production Company" Dionis" in 2013-2017, mln. UAH.

The profitability of exports during the period under review was clearly in line with a decline from the figure of 9.6% in 2013 to 3.55% in 2017.

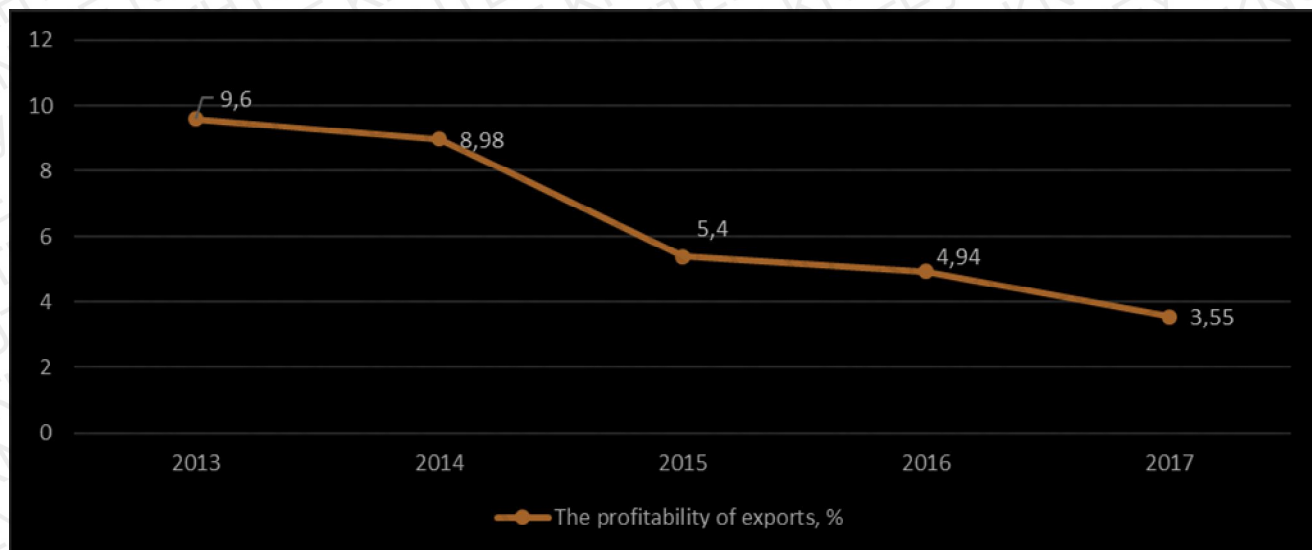


Figure 2.6. Dynamics of Profitability of Export Activity of LLC "Production Company" Dionis" in 2013-2017, %

Efficiency of export activity during the investigated period had a clear dynamic to decrease, which during 2013-2017 decreased from the level of 1.53 to 1.2 by 2017.

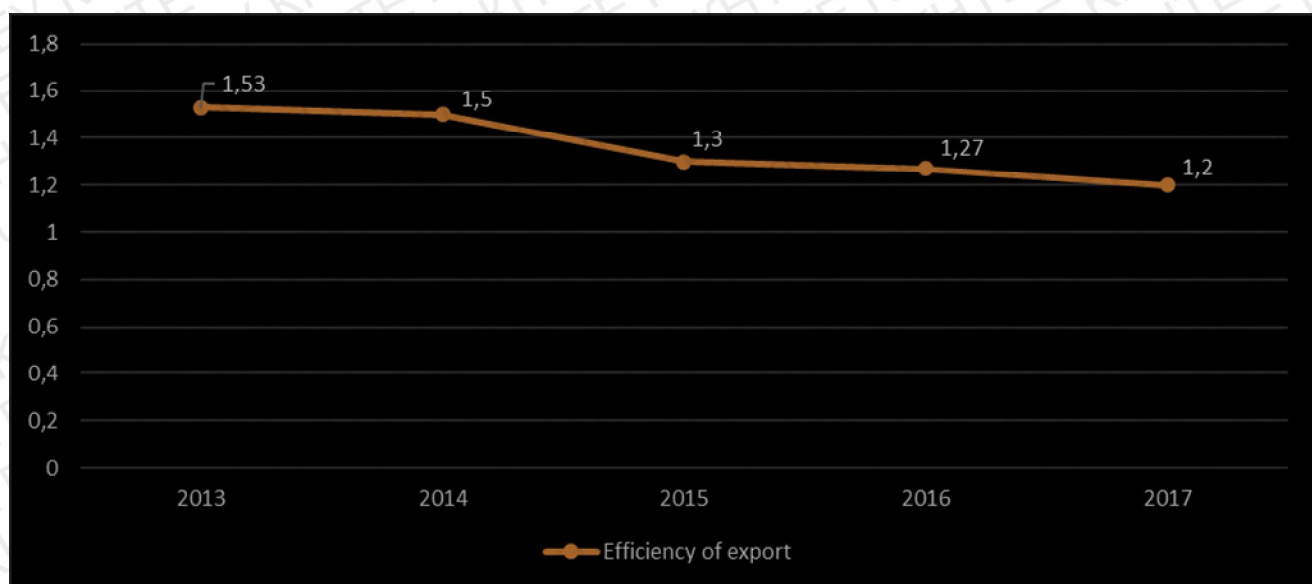


Figure 2.7. Dynamics of Export Efficiency of LLC "Production Company" Dionis" in 2013-2017

CONCLUSIONS TO CHAPTER 2

On the basis of the analysis we can draw the following conclusions:

- during the period of investigation, the export of wood and wood products by the product group for 2015-2017 had a steady growth of exports by 12.3% in 2015, by 2.2% in 2016 and by 6.6% in 2017 year.. by 2015 In 2016, imports by the commodity group "Wood and Wood Products" grew by 32.7% and amounted to 196,738 million USD. In 2017, the trend of import growth continued at 27.3% to 250.5 million USD. The woodworking industry, despite some growth, suffers from raw "hunger" in the domestic market, because in spite of the imposed moratorium on the export of raw materials, forest harvesters continue to find a way for it;
- the analysis conducted shows that the balance of the enterprise is illiquid, and the bulk of liabilities is equity. The enterprise annually increases the volume of sold products, according to which annual volume of the received net income increases. Growth of the enterprise costs is higher than the growth of the company's revenues, resulting in a decrease in the volume of the financial result before taxation during the years 2013-2017. Also, indicators of financial sustainability indicate that all obligations of the enterprise may be covered by their own assets and in the dynamics of the company becomes less dependent on external sources of financing;
- the export of the company during 2013-2017 grew by 172.06%. Thus, exports in 2015 increased by 0.63%, and in 2016 - by 23.28% and reached the level of 436.676 million UAH. In 2017, the volume of exports amounted to 502.229 million UAH, which is 15.01% more than in the previous period. On the whole, total export expenditures amounted to 49.75% in 2013, up 61.94% in 2017. The main country importing goods from LLC "Production company "Dionis" was Austria, which accounted for over 67%. The profitability of

exports during the period under review was clearly in line with a decline from the figure of 6.4% in 2013 to 15.65% in 2017.

Efficiency of export activity during the investigated period had a clear dynamic to decrease, which during 2013-2017 decreased from the level of 1.53 to 1.2 by 2017.

CHAPTER 3

WAYS OF IMPROVEMENT OF EXPORT STRATEGY OF THE WOODWORKING INDUSTRY ENTERPRISE

3.1. Main Directions of Improvement of Management of Export Potential of the Enterprise

Foreign economic activity of enterprises at all historical stages affects the resolution of the problems of their economy and the state as a whole. The effectiveness of economic cooperation between countries is a concept that is complex and multidimensional and points to a variety of ways to optimize foreign economic activity. Finding ways to optimize the enterprise's foreign economic activity is a prerequisite for obtaining sustainable competitive advantages and a means of improving the efficiency of operations.

For the development of foreign economic activity, the enterprise needs to improve organizational and economic mechanisms for the implementation of their foreign economic activity. Ways to increase the efficiency of the export business of the company is represented in Table. 3.1.

Table 3.1

Ways to Increase the Efficiency of Export Business

| № | Direction of improvement | Characteristic |
|----|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | 2 | 3 |
| 1. | Management of export activity at the enterprise | Monitoring of the decision-making process concerning export activity, including planning, definition of methods of conducting activities, establishment of responsibility of different departments and coordination of their activities in the framework of the export activity of the enterprise Structure of data on products, raw material accounting, accounting of technological routing and production facilities |
| 2. | Management accounting and control | Structure of data on products, raw material accounting, accounting of technological routing and production facilities |
| 3. | Resource Management | Monitoring of rational use of available resources: capital, technical, technological, marketing, information |

| 1 | 2 | 3 |
|----|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. | Assessment of consumer demand and inventory management | Collection and analysis of data on competitors 'goods and foreign consumers' tastes, order administration, monitoring; determining the required size of stocks and components, as well as the volume of work in progress |
| 5. | Estimation of export activity of the enterprise | Monitoring and evaluating the effectiveness of export activities through internal control methods, which include: preparation of production for export; production of exported products; sale of exported products; after sales service |
| 6. | Search and research of potential sales markets | One of the main prerequisites for increasing export volumes is the company's exit into new markets. To do this, the company should conduct a campaign to search and study the woodworking markets of foreign countries, and determine the expediency of the company to enter them. |
| 7. | Creating a marketing strategy | For successful promotion in foreign markets, the company must develop a marketing strategy that will include such items as creating a brand and company's site. |

Source: compiled by the author on the basis of [47]

The experience of foreign economic activity of the enterprise confirms the necessity of taking into account the peculiarities of the external market. And this is primarily the consideration of a promising change in demand for products and the possibility of changes in production, fluctuations in world prices, changes in production costs with changes in output.

In our opinion, the main direction of increasing the efficiency of export activity for the LLC "Production company "Dionis" can be determining the ways of influence on consumer demand. For this purpose, the company should conduct a detailed analysis of consumer demand and consumer preferences in order to determine the resources needed to meet consumer demand, as well as direct investments in the various management accounting and control mechanisms that have a direct impact on the satisfaction of consumer demand.

It is also advisable to improve certain elements of the information support system for managing the export potential of a wood-processing enterprise in order to develop export potential can be realized in the following directions (Figure 3.1).

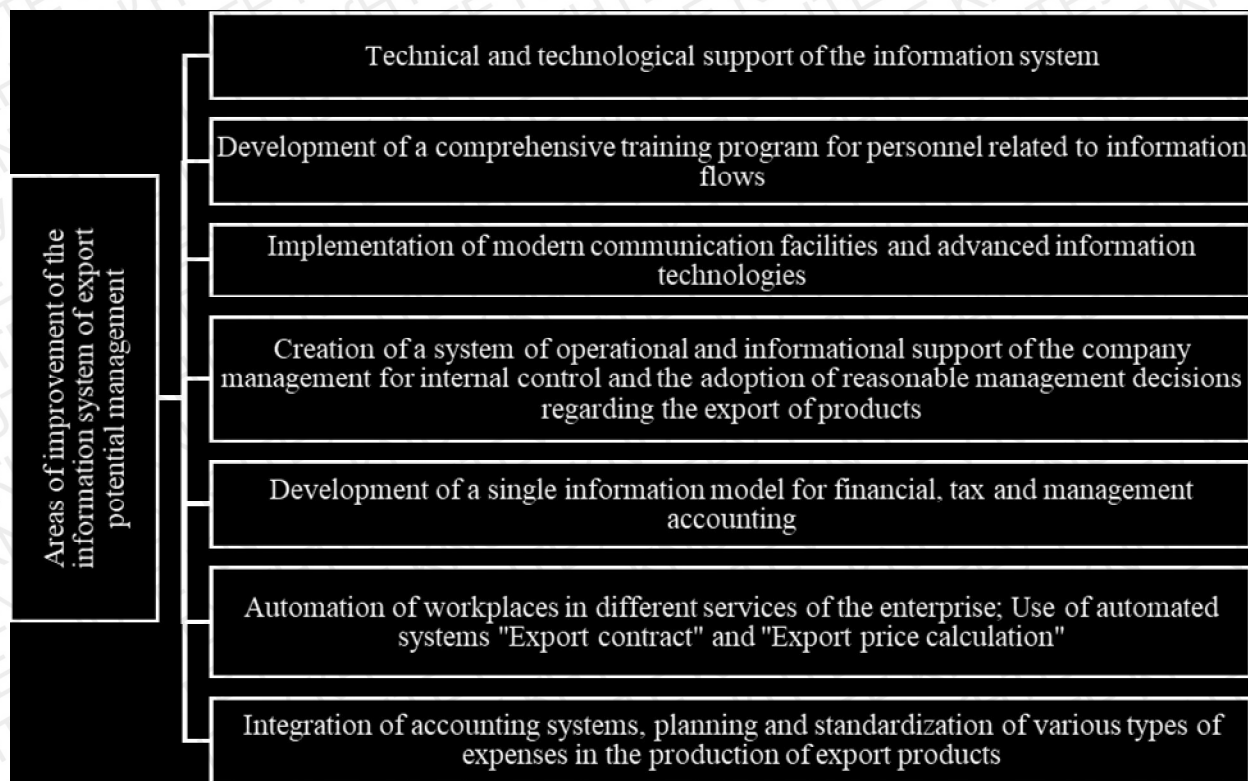


Figure 3.1. Directions of Improvement of Information Support of Export Potential Management of LLC "Production Company "Dionis"

For the effective management of foreign economic activity of enterprises, when planning export activities, it is necessary to take into account certain external and internal factors. The following factors affect the internal factors affecting the system of export activity of the enterprise:

- planned scale of foreign economic activity;
- expenses accompanying this activity;
- the complexity of the products planned to be exported or imported;
- experience in conducting foreign economic activity;
- control of the activity and its results.

External factors include:

- economic freedom;
- competition;

- presence in the country;
- risks.

Thus, for the organization of the whole system of management of foreign economic activity of the enterprises of mechanical engineering, and the planning of their export-import activity, in particular, it is impossible to ignore at least one of these factors. The factors of both the external and internal environment of the company influence the rationality and effectiveness of the tools and methods that will be chosen by the firm's management to conduct its foreign economic activity.

For wood-processing enterprises, however, it is more common to have access to foreign markets without the use of intermediary firms. Therefore, it should be noted that the primary function of the organization of management of foreign trade activities of the enterprise of the woodworking industry should be the deepening of trade relations with foreign partners. Depending on this task, all forms of organization of management of export activities of LLC “Production Company “Dionis” should be limited to the following functions:

1. Planning, organization and direct implementation of foreign economic agreements within the limits of own nomenclature of products.
2. Increase of export volumes, improvement of its commodity and regional structure.
3. Increasing the competitiveness of products abroad, promoting its quality through the collection and analysis of complaints and customer reviews, bringing relevant information to developers and manufacturers of enterprise products.
4. Studying and analyzing the market conditions of the relevant products, developing proposals for improving foreign economic operations.
5. Systematic study of the activities of significant domestic and foreign competitors, analysis of their strengths and weaknesses.

6. Establishment of scientific and technical, production-investment community with foreign firms.
7. Participation in foreign trade pricing, the development of pricing strategy and policy of enterprises.
8. Control over fulfilment of obligations under signed contracts; analysis of the efficiency of foreign economic operations.
9. Preparation of proposals for promotional actions, participation in international exhibitions and fairs.
10. Creation of own site and its adaptation and localization under the international partners.

All these and many other functions and tasks can perform different divisions of the management of foreign economic activity of the enterprise, but the activities of these divisions and units should be coordinated and well-coordinated.

Therefore, in order to constantly monitor and collect information on external and internal factors affecting export activity, the state of formation, use and increase of efficiency of export activity of LLC “Production Company “Dionis” it is proposed to create a department or export monitoring. In accordance with the theoretical foundations of the modern concept of managing the export activity of an enterprise, monitoring of export activities can be presented as a coherent process of monitoring business processes at the enterprise.

This department should be formed in accordance with the following principles:

- competence: all employees of the department must have the education and / or experience of professional activity in the field of enterprise activity monitoring;
- modularity: the team of the department should be able to ensure the participation of employees in the working groups formed for the execution of a

particular business project or contract (contract) in the enterprise, without violating the course of the routine tasks department;

- material and technical security: implementation of the tasks of monitoring the export activity within the line-functional organizational structure of the enterprise as well as in the composition of temporary working groups must be ensured by availability of appropriate logistical resources in the department;

- constancy and comprehensive monitoring: personnel and logistical support of the department should enable continuity and comprehensiveness of monitoring processes of export activity at the enterprise (economic and business processes, cooperation with clients and contractors, influence of the external environment on export activity, etc.);

- automation: the processes of monitoring export activities (monitoring the state of formation, implementation, increase the efficiency of export activities) should be carried out with the help of automated means of collecting, processing and storing information (special software, automated workplaces, local electronic data exchange networks, etc.);

- self-monitoring: the activity of the monitoring department should also be attributed to the monitoring objects.

The department for monitoring the export potential of the enterprise must carry out a number of functions:

- observational: realization of constant and complex monitoring of the activity of the enterprise in order to monitor the state of export activity;

- preparatory and managerial: the accumulation in the process of monitoring of an ordered array of data on the state and dynamics of export activity, which may serve as the basis for taking decisions of the company management on the management of formation, implementation of the increase in the efficiency of export activities;

- preparatory-adaptive: the identification in the process of observing new indicators of the state of export activity and factors affecting it, which were not part of a comprehensive system for assessing the state of export activity at the time of isolation;
- preparatory and coordination: the activity of the monitoring department ensures the creation and updating of the state of the data on its condition at the enterprise-exporter - this data can be used in the activities of any of the departments of the enterprise, as well as to coordinate the activities of these departments for performing current and future tasks;
- information: continuous monitoring by the monitoring department on the state of export activity contributes to improving the management reporting at the enterprise and makes it possible for management at all levels of company management to receive current, complete, accurate and verified data on the state of export activity and its dynamics;
- initiative-implementation: in the process of implementation of the department for monitoring activities, initiatives can be initiated by the department's staff and initiative groups are created to facilitate the implementation of specific measures to improve the effectiveness of monitoring the activities of the exporter;
- self-monitoring: continuous monitoring by the monitoring department over the course of its activities contributes to improving the monitoring system at the enterprise.

In the management of export potential controlled parameters are the characteristics of the company's presence in foreign markets. At the same time, the result of management of the export potential of enterprises is expressed in the values of the level of its export potential and the stability of financial and economic activity in system unity. In this regard, the management of export potential consists in choosing the parameters determining the degree of presence of the enterprise in different markets and finding the volumes of production and

sales of different types of products, taking into account the constraints associated with the choice of market strategy, the most efficient use of resources and requirements provision of financial and economic security of the enterprise. The formation of a strategy for managing the export potential of an enterprise in modern conditions should take into account the following requirements:

1. Management of export potential should be based on the diversity of its potential components and include the subsystems of their management as part of the overall system for managing the efficiency of the enterprise. In this case, the export potential of the company includes the following components of the potential:

- resource and raw materials (total volume of available for use material and natural resources);
- production (aggregate result of economic activity);
- personnel (characteristic of employees of the enterprise);
- financial (aggregate financial opportunities, including stock market opportunities);
- infrastructure (economic and geographical position and quality of industrial infrastructure, including the system of national logistics);
- innovation (the level of development of research activities and the possibility of introducing scientific and technological progress);
- institutional (degree of development of leading institutes of a market economy).

2. Export potential management should be provided taking into account the requirements of economic security of the enterprise. It is necessary to assess the possible state of internal and external conditions, with the change of which the role of export activity is changing in ensuring the efficiency of the enterprise and its economic security.

3. Export potential management should be based on the coordination of the strategy of managing the export potential of the enterprise and resource

conservation. Resource saving in the conditions of innovative economic changes, emergence of crisis situations, decline in many industries, increasing competition on the domestic and foreign markets by domestic and foreign producers becomes one of the key components of the market behavior of woodworking enterprises, along with a strategy for development and a strategy to improve product quality, which is released. It determines the margin of safety in the company's activities, since it is aimed at reducing production and commercial costs, and thus to increase the competitiveness of the business entity, its innovative development.

Thus, an important component of the export potential of the enterprise is its management as a system of technologies and tools for managing activities, which allows us to correctly formulate development priorities and choose the ways to achieve them, taking into account situations that constantly arise in the conditions of the turbulence environment of its functioning. The effectiveness of management activity to a large extent depends on the effectiveness of the managers of different levels of management, which assumes the responsibility to make quality decisions and make maximum effort for their effective implementation. Actually, the development of human resources of the enterprise, as evidenced by world practice, allows to achieve the effectiveness of management. And in the conditions of globalization and intensification of foreign economic activity, in particular of export, human resources and management form the competitive advantage that allows enterprises to occupy and maintain stable positions in foreign markets of products.

Consequently, improving the management of the export potential of the company is a prerequisite for its development, especially when the company is focused on the production of products, which potentially has markets for sales abroad. Exports have a number of advantages, including: new markets, sales of currency, the need to comply with technical and qualitative parameters of products, making it competitive, experience with actual and potential foreign

partners, strengthening the image of the enterprise. The ability to achieve them depends on how active the company is in developing the export potential and knows and is able

3.2. Development of Export Strategies for LLC “Production Company “Dionis”

The export-oriented policy of the LLC “Production Company “Dionis” should be a long-term, visionary in anticipation of the future exportability and viability of the enterprise. This requires the setting of clear goals and the formation of strategic directions for its development. The main ones can be formulated as follows:

- to develop a long-term export-oriented strategy of the enterprise, which would include: increasing the stability and completeness of technological cycles in creating competitive export-oriented products, improving the quality of the products being exported, increasing the depth of its processing, optimizing price conditions, flexible use of the company's aggregate potential depending on the external environment markets, system accumulation of data on the existing export potential of the enterprise by automation of information-analytics activities through the use of new information technologies; staffing and training of the personnel of the enterprise working with export products, etc.;
- to overcome the influence of negative factors of the environment by forming protection against them; limit the influence and number of negative environmental factors by segmenting the market and determining those positions where the effect of these factors is the weakest;
- to manage the functioning of the management system to achieve strategic goals and tasks of export activity, develop the internal mechanism of its self-regulation and ensure synchronization of managerial influence with the

dynamics of negative and positive factors, that is, the flexibility of the export activity of the enterprise as a process;

- to use a strategic vision of leadership management processes.

The listed generalized strategic directions for the development of export-oriented policy of enterprises should be systematic in the context of the long-term foreign-economic activity strategy.

Having considered the theoretical basis of the efficiency of export operations, it is possible to develop a set of measures to improve the organization and increase the efficiency of export operations, in particular export operations to LLC "Production Company" Dionis ".

Let's consider the main ones:

1. To increase the competitiveness of products manufactured by LLC "Production company "Dionis", planned for export, because competition in the world market is more solid and consumers bring products of higher requirements.

2. Create a department for collecting and processing information. The LLC "Production company "Dionis" does not have a department that directly deals with the search, analysis and processing of information on competitors. The main activity of the enterprise is the woodworking industry and in the region there are no competitors for the main type of activity, which is why the company does not use data to monitor competitors (commercial periodicals, state and regional trade and industrial statistics, state research materials, visits to competitor firms, questionnaires, etc.).

3. Diversification of production in order to bring new types of products to foreign markets. LLC "Production company "Dionis" has all the prerequisites for the production of new wood products, as a result of diversification, the best conditions for economic manoeuvring will be created, the opportunities for influencing the economy of an enterprise of the unfavourable world economic situation, including deterioration of the terms of trade.

4. Creation of a business portfolio of LLC "Production company "Dionis". An analysis and planning of its economic portfolio is important for the development and selection of strategic decisions of the enterprise in the field of foreign trade. The latter is a set of products, which produces or plans to release an enterprise in the future.

5. Improvement of the qualifications of the personnel taking part in the organization of export operations through regular training and certification, as well as by stimulating and motivating staff. Execution of foreign economic activity by the enterprise, the output of products that would be competitive in foreign markets, depends not only on the technical equipment of the enterprise, the availability of modern technologies, resources, a clearly set quality control system of products, marketing research market environment and the consistent implementation of the concept of promotion of goods to foreign markets, but also from the qualifications of the employees of the company, effective personnel management.

6. The next step is to improve and optimize the process of contracting and contacting counteragents. LLC "Production company "Dionis" need more intensive use of such means of search of counterparts, as:

- 1) information in the periodical press;
- 2) information published by the firms themselves (annual and balance sheet activity reports; prospectuses and catalogs of firms);
- 3) information provided by specialized organizations (credit reference bureau of banks, unions of entrepreneurs, chambers of commerce, consulting firms, state organizations). The most famous credit and reference company "Dan and Bredstreet" annually publishes the bulletin "Basic business ratios", which contains data on firms in 125 industries.
- 4) information of internal use;
- 5) national and international business directories. The international ones include Konapass, Moody, Kelly's Directory, Nordisk Handels Calendar, and

ABC. These directories are divided into commodity companies; addressable; on joint-stock companies; General sectoral; about financial ties between firms.

6) information from the World Wide Web.

7. Improvement of the logistics and the usage of material resources is also reflected in the reduction of raw material consumption norms and materials, reducing of their costs by reducing the harvesting and storage costs.

Certain reserves to reduce the cost are based in eliminating or reducing the costs that are not necessary for normal organization of the production process (excess consumption of raw materials, fuel, energy surcharges working for a departure from the normal working conditions and overtime payments for regressive claims and so on). It also may include such the most common production losses, as losses from marriage. Identifying these unnecessary costs requires specific methods and focus of the enterprise. The elimination of these losses is a significant reserve of reducing production costs;

The next step is the improvement of the usage of natural resources. This takes into account: changes in the composition and quality of raw materials. These factors include the effect of natural conditions on the value of the variable costs.

8. LLC "Production company "Dionis" is required to use the most advantageous for the exporter forms of letters of credit, in which the company will have a guarantee of payment of the goods.

The advantage of applying the Letter of Credit to the seller (exporter) is that the seller has a firm guarantee that he will receive payment for the delivered goods or services rendered against the submitted documents, which are executed in accordance with the terms of the letter of credit. A Letter of Credit is the obligation of the buyer's bank to the seller; payment can not be detained or not made by the buyer, since the letter of credit is the obligation of the issuing bank to pay the documents submitted in accordance with the terms of the letter of credit.

9. Apply the basic terms of delivery, minimizing the costs of LLC "Production Company" Dionis "for the transportation of goods. The use of framework conditions simplifies the preparation and agreement of contracts, helps contractors find ways to divide responsibility and resolve emerging discrepancies.

10. Use of effective quality control systems in order to prevent the buyer from refusing the goods or reducing the price;

11. Deliveries on time in order to secure obligations for the execution of the contract;

12. It is proposed to pursue a flexible pricing policy. As the measures to improve the LLC "Production Company "Dionis" of the pricing policy is proposed the reorientation of the process of pricing from the cost-oriented approach based on costs to the marketing approach oriented market research and needs.

13. Development and implementation of the marketing complex when entering a new market.

The complex of marketing includes everything that the firm can apply to carry out actions on the demand of its goods. Multiple opportunities can be grouped into four main groups: commodity, price, distribution methods and incentives.

Formation of the export strategy of LLC "Production Company "Dionis" should start with the definition of the mission of the enterprise, which reveals the purpose, priority values and directions of activity. The main purpose of the strategy development of LLC "Production company "Dionis" is to ensure the development and achievement of long-term goals by each functional service, adhering to the principles of corporate and competitive strategies of the enterprise. Financial and investment, human resources, production, innovations and marketing are the determining and limiting factors.

3.3. Evaluating the Effectiveness of the Proposed Measures

The LLC “Production Company “Dionis” does not have its own marketing department, and it will need to use the services of professional marketing companies. Since the company is interested in studying the entire Europe market of woodworking industry and its participants, and most potential buyers, then the price of the services of marketing company will be high. The target price for a matrix survey of the woodworking industry in Europe will range from 200 ths. UAH to 1120 ths. UAH.

After exploring the markets for wood products in Europe and identifying promising markets, the company can launch an advertising campaign to attract new partners and increase product exports

Advertising of products and activities of the enterprise - this is an important part of the complex of marketing events, a kind of informational output on the consumer. With the right organization advertising is very effective and promotes the rapid uninterrupted implementation of manufactured products. But in order for the advertisement to work, you need to develop a strategy of advertising campaign.

Advertising strategy - a large-scale long-term program aimed at solving the most important advertising goal. The development of advertising strategy involves the definition of the following elements: target audience; product concept; the media, and / or advertisements, which are used to convey an advertisement; development of advertising appeal.

LLC “Production company “Dionis” advertising campaign will include:

1. creation of a brand and a company logo;
2. creation a company website;

3. advertising of the company's website in the World Wide Web;
4. participation in international exhibitions;
5. advertising in print media.

Expenditures on the implementation of the proposed advertising measures in the media are presented in Table (3.2).

Table 3.2

Expenditure on the implementation of promotional activities

| Cost item | Description | Price, UAH |
|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Creation of a brand and a company logo | Involving a professional creative agency to create a brand and logo of the company | 240 000 |
| Creation a company website | Creation company website which contain all the information about company | 360 000 |
| Advertising of the company's website in the World Wide Web | Placement of the company's tangent advertising on the Google search engine and on the European Market Places during the year | 1 700 000 |
| Participation in international exhibitions | Participation of the company in international exhibitions of producers of woodworking products, producers of wine and cognac drinks | 900 000 |
| Advertising in print media. | Advertising in economic journals and other specialized print media | 500 000 |
| Attracting advertising agencies | Use of advertising agency services to prepare advertisements, and to find places for their placement | 700 000 |
| TOTAL | - | 4 400 000 |

Source: calculated and compiled by the author.

In order to assess the effectiveness of the proposed measures, the forecast indicators of the volume of export operations and the forecast efficiency of export activity.

Forecast of indicator will be based on formula (3.1):

$$y = 106.28x + 95.408 \quad (3.1)$$

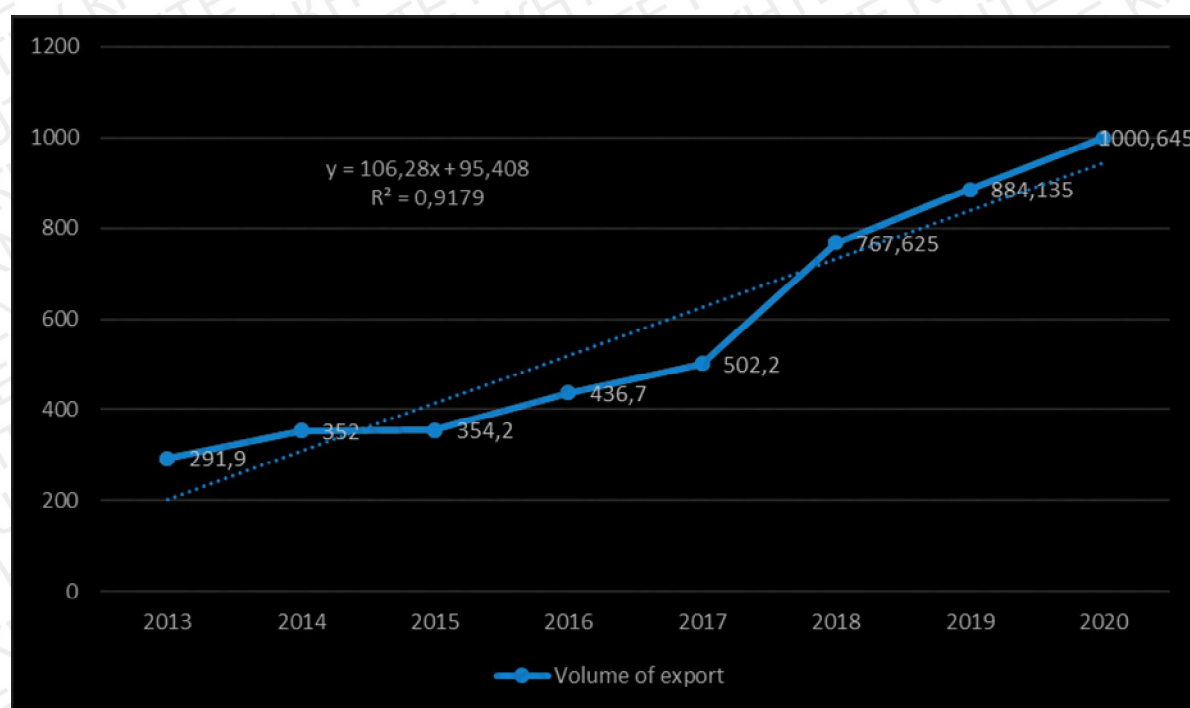


Figure 3.2. Forecast indicators of export volumes of LLC "Production Company" Dionis " for 2018-2020, mln. UAH

As a result of the creation and implementation of an advertising campaign, we forecast a significant increase in the export of the company.

According to the forecast, the export of the enterprise will increase in 2018 by 52.85% to 767.625 million UAH. In 2019, the company's exports will increase by 15.17% to 884.13 million UAH. In 2020, exports are expected to grow by 13.17% to 1000.645 million UAH (Figure 3.2).

The forecast of expenses for the purchase of goods will be based on formula (3.2):

$$y = 80.617x + 53.862 \quad (3.2)$$

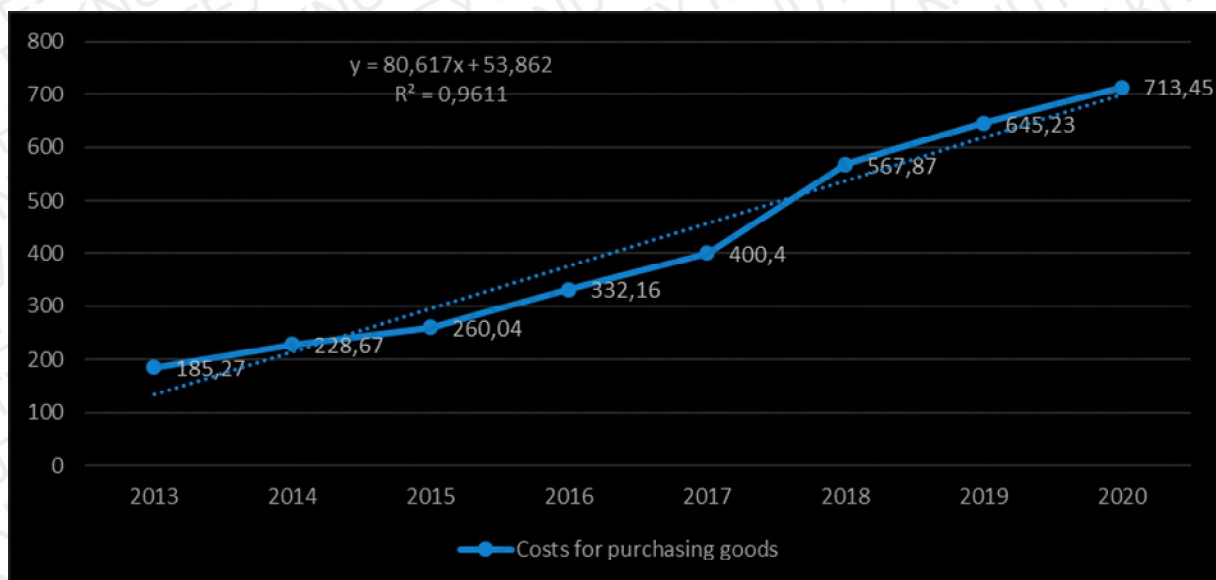


Figure 3.3. Projected indicators of expenditures for purchasing goods for export by Dionysus Production Company LLC for 2018-2020, mln. UAH

As a result of growth of export volumes, it is also forecasted to increase the cost of purchasing wood. The cost of purchasing goods for LLC “Production Company “Dionis” will be on track to increase by 41.82% in 2018, by 13.62% in 2019 and by 10.57% by 2020 (Figure 3.3).

Expenditure on exports will be determined by the formula (3.3):

$$y = 9.1223x - 14.424 \quad (3.3)$$

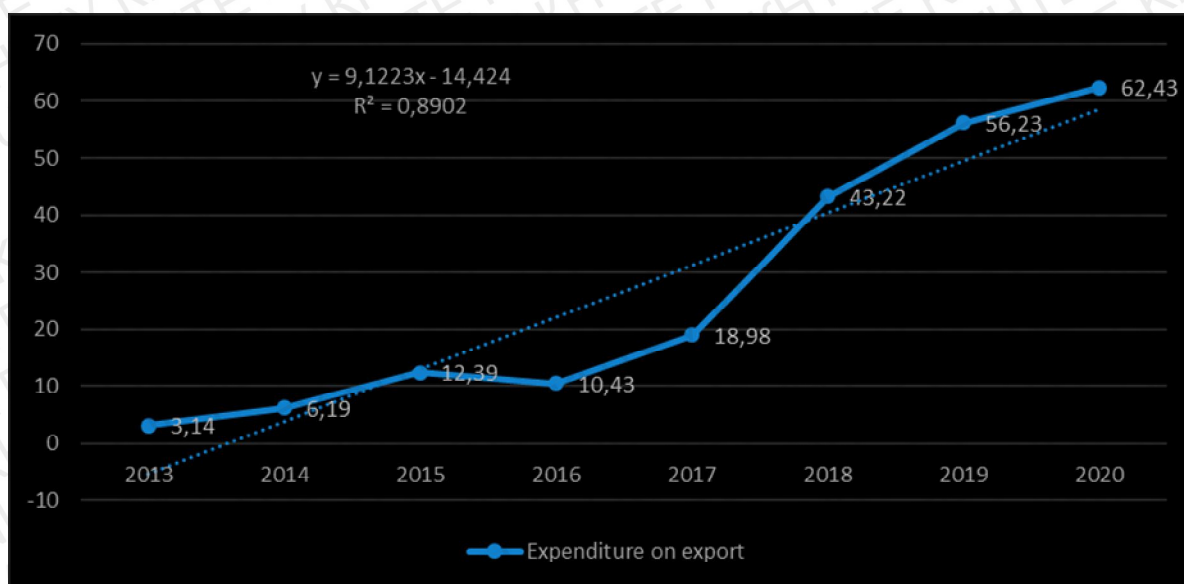


Figure 3.4. Forecast Indicators of Expenditures for Export of LLC “Production Company “Dionis” for 2018-2020, mln. UAH

Expenditure on exports will have a similar dynamics of growth of 127.71% and will amount to 43.22 million UAH in 2018. In 2019, this indicator will increase by 30.1% and will amount to 56.23 million UAH. According to the forecast in 2020, export expenditures will increase by 11.02% to 62.43 million UAH (Figure 3.4).

Net export earnings for the company's exports during 2018-2020 will have a dynamics of growth of 89% in 2018 and a 16.69% increase in 2019. By the year 2020, net export earnings will increase by 23.04% to 184.3073 mln UAH (Figure 3.5).

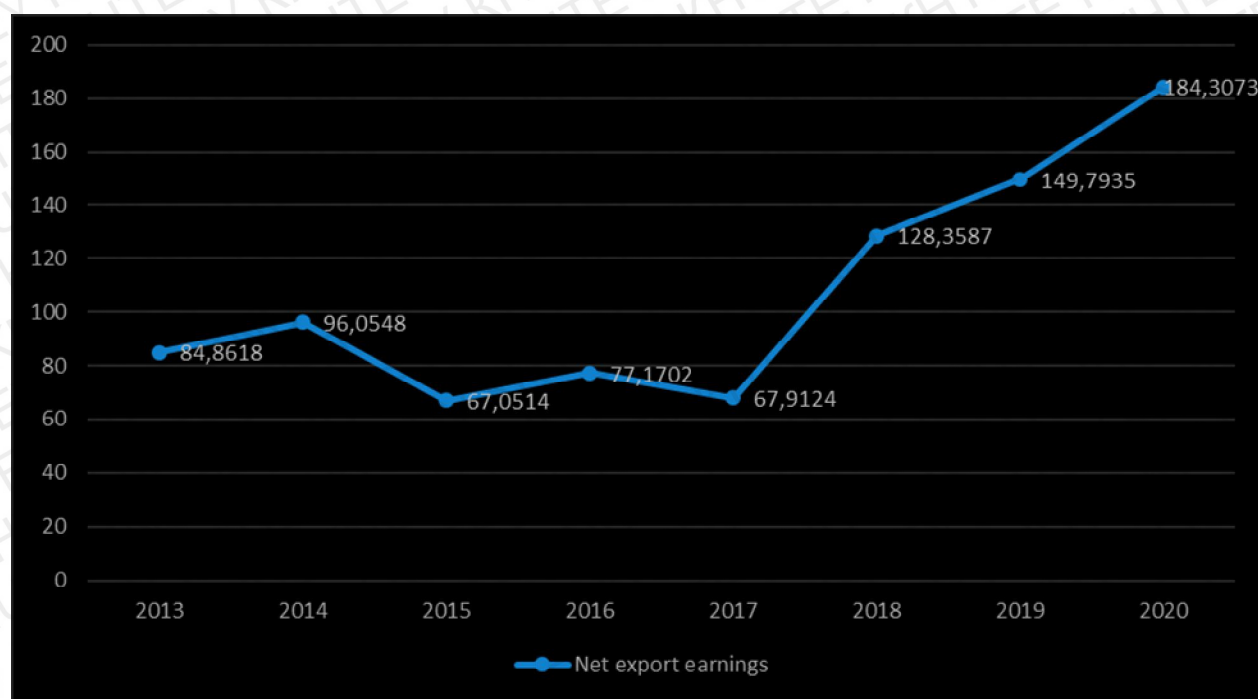


Figure 3.5. Projected Indicators of Net Profit for Exports by LLC “Production Company “Dionis” for 2018-2020, mln. UAH.

The export profitability over 2018-2020 will be on track increase by 6.5% in 2019 and 11.29% in 2020 to 18.17% and 26.48% respectively (Figure 3.6).

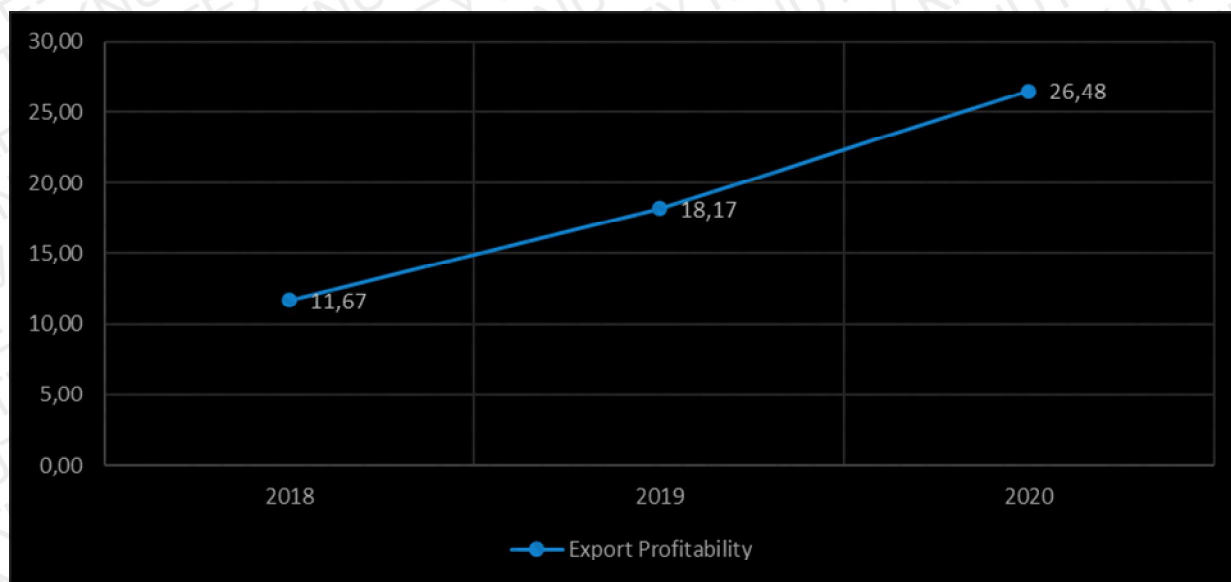


Figure 3.6. Forecasts of Export Profitability LLC "Production Company" Dionis" for 2018-2020

By forecasting the rates of export of the enterprise, we can be sure of the effectiveness of the proposed measures.

CONCLUSIONS TO CHAPTER 3

On the basis of the analysis we can draw the following conclusions:

- improvement of the management of the export potential of the enterprise is a prerequisite for its development, especially when the enterprise is oriented on the production of products, which potentially has markets for sales abroad. Exports have a number of advantages, including: new markets, sales of currency, the need to comply with technical and qualitative parameters of products, making it competitive, experience with actual and potential foreign partners, strengthening the image of the enterprise. The ability to achieve them depends on how active the enterprise is in developing the export potential and knows and is able to use it effectively;

- the export-oriented policy of the LLC "Production Company" Dionis" should be a long-term, far-sighted, anticipating future exportability and viability of the enterprise. This requires the setting of clear goals and the formation of strategic directions for its development. The main ones can be formulated as follows: development of long-term export-oriented strategy of the enterprise, which would include: increasing the stability and completeness of technological cycles in creating competitive export-oriented products, improving the quality of the products being exported, increasing the depth of its processing, optimizing price conditions, flexible use of aggregate capacity enterprises depending on the situation of external markets, systematic accumulation of data on available export potential of By means of automation of information-analytical activity on the basis of application of the newest information technologies; staffing and training of the personnel of the enterprise working with export products, etc .; to overcome the influence of negative factors of the environment by forming protection against them; limit the influence and number of negative environmental factors by segmenting the market and determining those positions where the effect of these factors is the weakest; to manage the functioning of the management system to achieve strategic goals and tasks of export activity, to develop the internal mechanism of its self-regulation and to ensure synchronization of managerial influence with the dynamics of negative and positive factors, that is, the flexibility of the export activity of the enterprise as a process; use a strategic vision of leadership management processes;

- according to the forecast, the company's exports will grow by 52.85% in 2018 to UAH 767.62 million. In 2019, the company's exports will increase by 15.17% to UAH 884.135 million. In 2020, exports are expected to grow by 13,17 to 1000 million UAH. The cost of purchasing goods for businesses will be on track to increase by 41.82% in 2018, by 13.62% in 2019 and by 10.5% by 2020. Expenditure on exports will have a similar higher dynamics of growth of

127% and will amount to 43.22 million UAH in 2018. In 2019, this indicator will increase by 30.1% and will amount to 56.23 million UAH;

-according to the forecast in 2020, export expenditures will increase by 11.02% to 62.43 million UAH. Net profit for the company's exports during 2018-2020 will have a dynamics of growth of 89% in 2018 and a 16.69% increase in 2019. By the year 2020, net export earnings will increase by 23.0% to 184.3 mln. UAH. The export profitability of exports over 2018-2020 will be on track to increase by 0.75% in 2019 and 2.6% in 2020 to 21.75% and 24.35% respectively.

CONCLUSIONS

A survey of the export strategy of wood-processing enterprises conducted by the example of LLC "Production Company" Dionis " allows us to draw the following conclusions:

It has been established that the strategy represents a set of solutions that in the long run will provide the enterprise exit to new markets and will enable to identify possible ways of negative influence and take measures for their prevention. The export strategy is a fundamental program of action that determines the priority directions of the enterprise's activities on the foreign market, taking into account the resources and requirements of the external market available to the company. In order to form and implement an export strategy, the company must take into account the factors of the external and internal environment and factors influencing the strategy. An effective export strategy will enable the company to adapt to the external environment and provide competitive advantages in areas where there is greatest chance of success.

Determined that in the current situation changing market environment to domestic companies there is a question of integration into the international economy. To achieve this prerequisite is to develop an effective export strategy that should be developed only in conjunction with the overall strategic plan of the enterprise. It is the development of a specific action plan that will give domestic enterprises the opportunity to determine the main types of actions for entering the external markets and consolidate their positions as competitive business entities.

It was investigated that the diagnostics of the export potential of the enterprise is a process of identification, analysis and evaluation of the level of potential capability and readiness of the enterprise for the export activity in the

conditions of problems and use of the chances of the external environment of functioning and taking into account the influence of interdependent internal variables (goals, technology, structure, educational and professional potential of the personnel) and factors of the external environment of the enterprise (consumers, competitors, suppliers, intermediaries, contact auctions etc.) in order to ensure a qualitatively new level of its development and the formation of prospects. The key business indicators of the system of diagnostics of export potential of the enterprise are: the level of competitiveness of the enterprise in the international (world) market; the level of competitiveness of the company's products; the level of competitiveness of the company's export products; level of resource capabilities of the enterprise; the level of efficiency of the export activity of the enterprise.

It was established that during the investigated period exports by the product group "Wood and Wood Products" for 2015-2017 had a growing export dynamics of 12.3% in 2015, by 2.2% in 2016 and by 6.6% in 2017 Imports during the 2014-2015 biennium grew to 32.4% in 2014 and 49.7% in 2015 to \$ 148.211 million. by 2015 In 2016, imports by the commodity group "Wood and Wood Products" grew by 32.7% and amounted to 196,738 million USD. In 2017, the trend of import growth continued at 27.3% to 250.5 million USD. The woodworking industry, despite some growth, suffers from raw "hunger" in the domestic market, because in spite of the imposed moratorium on the export of raw raw materials, forest harvesters continue to find a way for it. One of the ways to solve this problem is to ensure strict control over compliance with the moratorium that will save Ukraine's forests. It is also expedient to intensify the state and municipal assistance for the development of domestic wood processing enterprises through the creation of opportunities for preferential lending, attracting cheap loan capital, tax holidays for the enterprises of the woodworking industry in order to create conditions for the successful development of the woodworking industry within the country. This will

contribute to the natural reduction of wood exports and the satisfaction of domestic demand in it.

The analysis shows that the enterprise balance is illiquid, and the bulk of liabilities is equity. The enterprise annually increases the volume of sold products, according to which annual volume of the received net income increases. Growth of the enterprise costs is higher than the growth of the company's revenues, resulting in a decrease in the volume of the financial result before taxation during the years 2013-2017. Also, indicators of financial sustainability indicate that all obligations of the enterprise may be covered by their own assets and in the dynamics of the enterprise becomes less dependent on external sources of financing.

It was analyzed that the export of the company during 2013-2017 grew by 172.06%. Thus, exports in 2015 increased by 0.63%, and in 2016 - by 23.28% and reached the level of 436.676 million UAH. In 2017, the volume of exports amounted to UAH 502.229 million, which is 15.01% more than in the previous period.

Expenditure on exports will have a similar dynamics of growth of 127.71% and will amount to 43.22 million UAH in 2018. In 2019, this indicator will increase by 30.1% and will amount to 56.23 million UAH. According to the forecast in 2020, export expenditures will increase by 11.02% to 62.43 million UAH (Figure 3.4).

Net export earnings for the company's exports during 2018-2020 will have a dynamics of growth of 89% in 2018 and a 16.69% increase in 2019. By the year 2020, net export earnings will increase by 23.04% to 184.3073 mln UAH (Figure 3.5). The main country importing goods from LLC "Production company "Dionis" was Austria, which accounted for over 67%.

It has been determined that improvement of the management of the export potential of the enterprise is a prerequisite for its development, especially when the enterprise is focused on production of products, which potentially has

markets of sales abroad. Exports have a number of advantages, including: new markets, sales of currency, the need to comply with technical and qualitative parameters of products, making it competitive, experience with actual and potential foreign partners, strengthening the image of the enterprise. The ability to achieve them depends on how active the company is in developing the export potential and knows and is able to use it effectively.

It was established that the export-oriented policy of the "Production Company" Dionysus "LLC should be long-term, far-sighted in anticipation of the future exportability and viability of the enterprise. This requires the setting of clear goals and the formation of strategic directions for its development. The main ones can be formulated as follows: development of long-term export-oriented strategy of the enterprise, which would include: increasing the stability and completeness of technological cycles in creating competitive export-oriented products, improving the quality of the products being exported, increasing the depth of its processing, optimizing price conditions, flexible use of aggregate capacity enterprises depending on the situation of external markets, systematic accumulation of data on available export potential of by means of automation of information-analytical activity on the basis of application of the newest information technologies; staffing and training of the personnel of the enterprise working with export products, etc .; to overcome the influence of negative factors of the environment by forming protection against them; limit the influence and number of negative environmental factors by segmenting the market and determining those positions where the effect of these factors is the weakest; to manage the functioning of the management system to achieve strategic goals and tasks of export activity, to develop the internal mechanism of its self-regulation and to ensure synchronization of managerial influence with the dynamics of negative and positive factors, that is, the flexibility of the export activity of the enterprise as a process; use a strategic vision of leadership management processes.

It is determined that according to the forecast, the export of the enterprise will increase by 2016 to 767.6 million UAH. In 2019, the company's exports will increase to 884.1 million UAH. In 2020, exports are expected to grow to 1000.645 million UAH. The cost of purchasing goods for businesses will be on track to increase by 41.82% in 2018, by 13.62% in 2019 and by 10.57% by 2020.

Expenditure on exports will have a similar dynamics of growth of 127.71% and will amount to 43.22 million UAH in 2018. In 2019, this indicator will increase by 30.1% and will amount to 56.23 million UAH. According to the forecast in 2020, export expenditures will increase by 12.02% to 62.43 million UAH.

Net profit for the company's exports during 2018-2020 will have a dynamics of growth of 89% in 2018 and a 16.69% increase in 2019. By the year 2020, net export earnings will increase by 23.04% to 184.3 million UAH.

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ANNEXES

Annex A

Table 1

Balance Sheet (Statement of Financial Position) at 31.12.2017

| Assets | Line code | At the beginning of the reporting period | At the end of the reporting period |
|----------------------------------------------------------------------------------------------------------|-----------|------------------------------------------|------------------------------------|
| I. NON-CURRENT ASSETS | | | |
| Intangible assets: | 1000 | 73265 | 74223 |
| initial value | 1001 | 82365 | 84176 |
| accumulated depreciation | 1002 | 9100 | 9953 |
| Incomplete capital investment | 1005 | 2365 | 3470 |
| Fixed assets: | 1010 | 214325 | 285835 |
| initial value | 1011 | 393389 | 505620 |
| depreciation | 1012 | 179064 | 219785 |
| Investment Property: | 1015 | 0 | 0 |
| initial value | 1016 | 0 | 0 |
| depreciation | 1017 | 0 | 0 |
| Long-term biological assets: | 1020 | 0 | 0 |
| initial value | 1021 | 0 | 0 |
| accumulated depreciation | 1022 | 0 | 0 |
| Long-term financial investments: which are accounted for using the equity method of other enterprises | 1030 | 8688 | 8688 |
| other financial investments | 1035 | 0 | 0 |
| Long-term receivables | 1040 | 0 | 0 |
| Deferred tax assets | 1045 | 0 | 0 |
| Goodwill | 1050 | 0 | 0 |
| Deferred aquaculture expenses | 1060 | 0 | 0 |
| Balances of funds in centralized insurance reserve funds | 1065 | 0 | 0 |
| Other non-current assets | 1090 | 548 | 1479 |
| Total for Section I | 1095 | 299191 | 373695 |
| II. Current assets | | | |
| Stocks | 1100 | 51479 | 67553 |
| Inventories | 1101 | 48362 | 63382 |
| Unfinished production | 1102 | 0 | 0 |
| Final product | 1103 | 3117 | 4171 |
| Goods | 1104 | 0 | 0 |
| Current biological assets | 1110 | 0 | 0 |
| Deposits of reinsurance | 1115 | 0 | 0 |

| | | | |
|-----------------------------------------------------------|------|------|------|
| Promissory notes received | 1120 | 0 | 0 |
| Accounts receivable for products, goods, works, services | 1125 | 0 | 0 |
| Accounts receivable by settlement: on advance payments | 1130 | 3319 | 7794 |
| with budget | 1135 | 8993 | 1692 |
| including income tax | 1136 | 8993 | 1692 |
| from accrued income | 1140 | 0 | 0 |

Continuation of Table 1

| | | | |
|-----------------------------------------------------------|------|--------|--------|
| from internal settlements | 1145 | 104382 | 86674 |
| Other Current Accounts Receivable | 1155 | 146 | 62 |
| Current financial investments | 1160 | 0 | 0 |
| Money and their equivalents | 1165 | 2850 | 18597 |
| Cash | 1166 | 0 | 0 |
| Bank accounts | 1167 | 842 | 13850 |
| Costs of future periods | 1170 | 340 | 672 |
| The share of a reinsurer in insurance reserves | 1180 | 0 | 0 |
| including: | | | |
| reserves of long-term liabilities | 1181 | 0 | 0 |
| provisions for losses or provisions for due payments | 1182 | 0 | 0 |
| reserves of unearned premiums | 1183 | 0 | 0 |
| other insurance reserves | 1184 | 0 | 0 |
| Other current assets | 1190 | 354 | 887 |
| Total for Section II | 1195 | 171863 | 183931 |
| III. Non-current assets held for sale and disposal groups | 1200 | 0 | 0 |
| Balance | 1300 | 471054 | 557626 |

| Passive | Line code | At the beginning of the reporting period | At the end of the reporting period |
|------------------------------------------|-----------|------------------------------------------|------------------------------------|
| I. Own capital | | | |
| Registered (share) capital | 1400 | 8800 | 8800 |
| Contributions to unregistered capital | 1401 | 0 | 0 |
| Capital in surplus | 1405 | 55885 | 52640 |
| Additional capital | 1410 | 654 | 654 |
| Emission Income | 1411 | 0 | 0 |
| Accumulated exchange rate differences | 1412 | 0 | 0 |
| Reserve capital | 1415 | 0 | 1320 |
| Retained earnings (uncovered loss) | 1420 | 373119 | 357851 |
| Unpaid capital | 1425 | (0) | (0) |
| Capital withdrawn | 1430 | (0) | (0) |
| Other reserves | 1435 | 0 | 0 |
| Total for Section I | 1495 | 438458 | 421265 |
| II. Long-term commitments and collateral | | | |
| Deferred tax liabilities | 1500 | 1793 | 1999 |
| Pension obligations | 1505 | 0 | 0 |
| long-term bank credits | 1510 | 0 | 0 |
| Other long-term liabilities | 1515 | 0 | 0 |

| | | | |
|--------------------------------------------------------------------------|------|---|---|
| Long-term security | 1520 | 0 | 0 |
| Long-term maintenance of staff costs | 1521 | 0 | 0 |
| Targeted financing | 1525 | 0 | 0 |
| Charity | 1526 | 0 | 0 |
| reserve of unearned premiums; (At the beginning of the reporting period) | 1533 | 0 | 0 |
| other insurance reserves; (At the beginning of the reporting period) | 1534 | 0 | 0 |

Continuation of Table 1

| | | | |
|--------------------------------------------------------------------------------|------|--------|--------|
| Investment contracts; | 1535 | 0 | 0 |
| Prize fund | 1540 | 0 | 0 |
| Reserve for jackpot payment | 1545 | 0 | 0 |
| Total for Section II | 1595 | 1793 | 1999 |
| III Current liabilities and security | | | |
| Short-term bank credits | 1600 | 0 | 0 |
| Promissory notes issued | 1605 | 0 | 0 |
| Current payables: for long-term obligations | 1610 | 184 | 106 |
| for goods, work, services | 1615 | 16701 | 41241 |
| according to calculations with the budget | 1620 | 5858 | 8073 |
| including for income tax | 1621 | 0 | 0 |
| on insurance calculations | 1625 | 292 | 300 |
| on payroll calculations | 1630 | 903 | 1172 |
| on receipt of advances | 1635 | 61 | 0 |
| according to the calculations with the participants | 1640 | 0 | 22479 |
| from internal settlements | 1645 | 404 | 50277 |
| for insurance activity | 1650 | 0 | 0 |
| Current provision | 1660 | 5648 | 9430 |
| future revenues | 1665 | 0 | 0 |
| Deferred commission income from reinsurers | 1670 | 0 | 0 |
| Other current commitments | 1690 | 752 | 1284 |
| Total for Section III | 1695 | 30803 | 134362 |
| Iv Liabilities related to non-current assets held for sale and disposal groups | 1700 | 0 | 0 |
| V. Net asset value of non-state pension fund | 1800 | 0 | 0 |
| Balance | 1900 | 471054 | 557626 |

Table 2

Report on Financial Results (Cumulative Income Statement) for 2017

I. FINANCIAL RESULTS

| Article | Line code | For the reporting period | For the same period of the previous year |
|--------------------------------------------------------------------------------|-----------|--------------------------|------------------------------------------|
| Net income from sales of goods (goods, works, services) | 2000 | 738572 | 661630 |
| Net earned insurance premiums | 2010 | 0 | 0 |
| Awards signed, gross amount | 2011 | 0 | 0 |
| Awards transferred to reinsurance | 2012 | 0 | 0 |
| Change in reserve of unearned premiums, gross amount | 2013 | 0 | 0 |
| Change in the share of reinsurers in the reserve of unearned premiums | 2014 | 0 | 0 |
| Cost of sold products (goods, works, services) | 2050 | (635682) | (544527) |
| Net losses incurred on insurance payments | 2070 | 0 | 0 |
| | | | |
| Gross profit | 2090 | 102890 | 117103 |
| Gross: Damage | 2095 | (0) | (0) |
| Income (expense) from changes in long-term liability provisions | 2105 | 0 | 0 |
| Income (expenses) from changes in other insurance reserves | 2110 | 0 | 0 |
| Change in other insurance reserves, gross amount | 2111 | 0 | 0 |
| Change in the share of reinsurers in other insurance reserves | 2112 | 0 | 0 |
| Other operating income | 2120 | 10785 | 5926 |
| Income from changes in the value of assets measured at fair value | 2121 | 0 | 0 |
| Income from initial recognition of biological assets and agricultural products | 2122 | 0 | 0 |
| Revenue from the use of funds released from taxation | 2123 | (0) | (0) |
| Administrative expenses | 2130 | (15943) | (13845) |
| Selling expenses | 2150 | (15329) | (11632) |
| Other operating expenses | 2180 | (10235) | (3653) |
| Cost of changes in the value of assets that are measured at fair value | 2181 | 0 | 0 |
| Costs from the initial recognition of biological assets and | 2182 | 0 | 0 |

| | | | |
|-----------------------|--|--|--|
| agricultural products | | | |
|-----------------------|--|--|--|

Continuation of Table 2

| | | | |
|-----------------------------------------------------------------|------|---------|-----------|
| Financial result of operating activities: profit | 2190 | 72168 | 93899 |
| Financial result of operating activities: loss | 2195 | (0) | (0) |
| Income from equity participation | 2200 | 0 | 0 |
| Other financial income | 2220 | 0 | 0 |
| Other income | 2240 | 31 | 9972 |
| Income from charity | 2241 | 0 | 0 |
| Financial expenses | 2250 | (357) | (1315) |
| Losses from equity participation | 2255 | (0) | (0) |
| Other expenses | 2270 | (153) | (17952) |
| Profit (loss) from the influence of inflation on monetary items | 2275 | 0 | 0 |
| Financial result before tax: profit | 2290 | 71689 | 84604 |
| Financial result before tax: Loss | 2295 | (0) | (0) |
| Income from income tax | 2300 | -12903 | -8619 |
| Profit (loss) from discontinued operations after tax | 2305 | 0 | 0 |
| Net financial result: profit | 2350 | 58786 | 75985 |
| Net financial result: Loss | 2355 | (0) | (0) |

II. COMULATIVE INCOME

| Article | Line code | For the reporting period | For the same period of the previous year |
|------------------------------------------------------------------|-----------|--------------------------|------------------------------------------|
| Revaluation (subtraction) of non-current assets | 2400 | 0 | 0 |
| Revaluation (subtraction) of financial instruments | 2405 | 0 | 0 |
| Accumulated exchange rate differences | 2410 | 0 | 0 |
| Share of other aggregate income of associates and joint ventures | 2415 | 0 | 0 |
| Another cumulative income | 2445 | 0 | 0 |
| Other comprehensive income before tax | 2450 | 0 | 0 |
| Income tax linked to other comprehensive income | 2455 | 0 | 0 |
| Other comprehensive income after tax | 2460 | 0 | 0 |
| Total revenue (amount of lines 2350, 2355 and 2460) | 2465 | 58786 | 75985 |

III. OPERATING EXPENSES

| | | | |
|------------------------------|------|--------|--------|
| Material costs | 2500 | 542324 | 461803 |
| salary expenses | 2505 | 27872 | 21797 |
| Deductions for social events | 2510 | 5897 | 7896 |
| Amortization | 2515 | 47898 | 34509 |
| Other operating expenses | 2520 | 46779 | 46427 |
| Together | 2550 | 670770 | 572432 |

IV. CALCULATION OF SHARES PROFITABILITY

| | | | |
|---------------------------------------------------|------|----------|----------|
| Average annual number of ordinary shares | 2600 | 880000 | 880000 |
| Adjusted average annual number of ordinary shares | 2605 | 880000 | 880000 |
| Net profit (loss) per one ordinary share | 2610 | 66.80227 | 86.34659 |
| Adjusted net profit (loss) per one ordinary share | 2615 | 66.80227 | 86.34659 |
| Dividends for one common share | 2650 | 0 | 0 |

Table 3

Balance Sheet (Statement of Financial Position) at 31.12.2016

| Assets | Line code | At the beginning of the reporting period | At the end of the reporting period |
|----------------------------------------------------------------------------------------------------------|-----------|------------------------------------------|------------------------------------|
| I. NON-CURRENT ASSETS | | | |
| Intangible assets: | 1000 | 73143 | 73265 |
| initial value | 1001 | 82104 | 82365 |
| accumulated depreciation | 1002 | 8961 | 9100 |
| Incomplete capital investment | 1005 | 287 | 2365 |
| Fixed assets: | 1010 | 241495 | 214325 |
| initial value | 1011 | 386918 | 393389 |
| depreciation | 1012 | 145423 | 179064 |
| Investment Property: | 1015 | 0 | 0 |
| initial value | 1016 | 0 | 0 |
| depreciation | 1017 | 0 | 0 |
| Long-term biological assets: | 1020 | 0 | 0 |
| initial value | 1021 | 0 | 0 |
| accumulated depreciation | 1022 | 0 | 0 |
| Long-term financial investments: which are accounted for using the equity method of other enterprises | 1030 | 8688 | 8688 |
| other financial investments | 1035 | 0 | 0 |
| Long-term receivables | 1040 | 0 | 0 |
| Deferred tax assets | 1045 | 0 | 0 |
| Goodwill | 1050 | 0 | 0 |
| Deferred aquaculture expenses | 1060 | 0 | 0 |
| Balances of funds in centralized insurance reserve funds | 1065 | 0 | 0 |
| Other non-current assets | 1090 | 0 | 548 |
| Total for Section I | 1095 | 323613 | 299191 |
| II. Current assets | | | |
| Stocks | 1100 | 33266 | 51479 |
| Inventories | 1101 | 30933 | 48362 |
| Unfinished production | 1102 | 0 | 0 |
| Final product | 1103 | 2273 | 3117 |
| Goods | 1104 | 0 | 0 |
| Current biological assets | 1110 | 0 | 0 |
| Deposits of reinsurance | 1115 | 0 | 0 |
| Promissory notes received | 1120 | 0 | 0 |
| Accounts receivable for products, goods, works, services | 1125 | 79 | 0 |
| Accounts receivable by settlement: on advance payments | 1130 | 1800 | 3319 |
| with budget | 1135 | 18178 | 8993 |
| including income tax | 1136 | 18177 | 8993 |
| from accrued income | 1140 | 0 | 0 |
| from internal settlements | 1145 | 46437 | 104382 |
| Other Current Accounts Receivable | 1155 | 87 | 146 |

| | | | |
|-------------------------------|------|---|---|
| Current financial investments | 1160 | 0 | 0 |
|-------------------------------|------|---|---|

Continuation of Table 3

| | | | |
|-----------------------------------------------------------|------|--------|--------|
| Money and their equivalents | 1165 | 9820 | 2850 |
| Cash | 1166 | 0 | 0 |
| Bank accounts | 1167 | 9029 | 842 |
| Costs of future periods | 1170 | 203 | 340 |
| The share of a reinsurer in insurance reserves | 1180 | 0 | 0 |
| including: reserves of long-term liabilities | 1181 | 0 | 0 |
| provisions for losses or provisions for due payments | 1182 | 0 | 0 |
| reserves of unearned premiums | 1183 | 0 | 0 |
| other insurance reserves | 1184 | 0 | 0 |
| Other current assets | 1190 | 50 | 354 |
| Total for Section II | 1195 | 109920 | 171863 |
| III. Non-current assets held for sale and disposal groups | 1200 | 0 | 0 |
| Balance | 1300 | 433533 | 471054 |

| Passive | Line code | At the beginning of the reporting period | At the end of the reporting period |
|--------------------------------------------------------------------------|-----------|------------------------------------------|------------------------------------|
| I. Own capital | | | |
| Registered (share) capital | 1400 | 8800 | 8800 |
| Contributions to unregistered capital | 1401 | 0 | 0 |
| Capital in surplus | 1405 | 55888 | 55885 |
| Additional capital | 1410 | 654 | 654 |
| Emission Income | 1411 | 0 | 0 |
| Accumulated exchange rate differences | 1412 | 0 | 0 |
| Reserve capital | 1415 | 0 | 0 |
| Retained earnings (uncovered loss) | 1420 | 297131 | 373119 |
| Unpaid capital | 1425 | (0) | (0) |
| Capital withdrawn | 1430 | (0) | (0) |
| Other reserves | 1435 | 0 | 0 |
| Total for Section I | 1495 | 362473 | 438458 |
| II. Long-term commitments and collateral | | | |
| Deferred tax liabilities | 1500 | 7382 | 1793 |
| Pension obligations | 1505 | 0 | 0 |
| long-term bank credits | 1510 | 8174 | 0 |
| Other long-term liabilities | 1515 | 184 | 0 |
| Long-term security | 1520 | 0 | 0 |
| Long-term maintenance of staff costs | 1521 | 0 | 0 |
| Targeted financing | 1525 | 0 | 0 |
| Charity | 1526 | 0 | 0 |
| reserve of unearned premiums; (At the beginning of the reporting period) | 1533 | 0 | 0 |
| other insurance reserves; (At the beginning of the reporting period) | 1534 | 0 | 0 |
| Investment contracts; | 1535 | 0 | 0 |
| Prize fund | 1540 | 0 | 0 |

| | | | |
|--------------------------------------------------------------------------------|------|--------|--------|
| Reserve for jackpot payment | 1545 | 0 | 0 |
| Total for Section II | 1595 | 15740 | 1793 |
| III Current liabilities and security | | | |
| Short-term bank credits | 1600 | 0 | 0 |
| Promissory notes issued | 1605 | 0 | 0 |
| Current payables: for long-term obligations | 1610 | 16418 | 184 |
| for goods, work, services | 1615 | 28140 | 16701 |
| according to calculations with the budget | 1620 | 4409 | 5858 |
| including for income tax | 1621 | 0 | 0 |
| on insurance calculations | 1625 | 386 | 292 |
| on payroll calculations | 1630 | 814 | 903 |
| on receipt of advances | 1635 | 0 | 61 |
| according to the calculations with the participants | 1640 | 0 | 0 |
| from internal settlements | 1645 | 352 | 404 |
| for insurance activity | 1650 | 0 | 0 |
| Current provision | 1660 | 3983 | 5648 |
| future revenues | 1665 | 0 | 0 |
| Deferred commission income from reinsurers | 1670 | 0 | 0 |
| Other current commitments | 1690 | 818 | 752 |
| Total for Section III | 1695 | 55320 | 30803 |
| Iv Liabilities related to non-current assets held for sale and disposal groups | 1700 | 0 | 0 |
| V. Net asset value of non-state pension fund | 1800 | 0 | 0 |
| Balance | 1900 | 433533 | 471054 |

Table 4

Report on Financial Results (Cumulative Income Statement) for 2016**I. FINANCIAL RESULTS**

| Article | Line code | For the reporting period | For the same period of the previous year |
|-----------------------------------------------------------------------|-----------|--------------------------|------------------------------------------|
| Net income from sales of goods (goods, works, services) | 2000 | 661630 | 553478 |
| Net earned insurance premiums | 2010 | 0 | 0 |
| Change in reserve of unearned premiums, gross amount | 2013 | 0 | 0 |
| Change in the share of reinsurers in the reserve of unearned premiums | 2014 | 0 | 0 |
| Cost of sold products (goods, works, services) | 2050 | (544527) | (440748) |
| Net losses incurred on insurance payments | 2070 | 0 | 0 |
| Gross profit | 2090 | 117103 | 112730 |
| Gross: Damage | 2095 | (0) | (0) |
| Income (expense) from changes in long-term liability provisions | 2105 | 0 | 0 |
| Other operating income | 2120 | 5926 | 20418 |
| Income from changes in the value of assets measured at fair value | 2121 | 0 | 0 |
| Administrative expenses | 2130 | (13845) | (14273) |

| | | | |
|------------------|------|-----------|-----------|
| Selling expenses | 2150 | (11632) | (11751) |
|------------------|------|-----------|-----------|

Continuation of Table 1

| | | | |
|-----------------------------------------------------------------------------------|------|-----------|-----------|
| Other operating expenses | 2180 | (3653) | (10987) |
| Cost of changes in the value of assets that are measured at fair value | 2181 | 0 | 0 |
| Costs from the initial recognition of biological assets and agricultural products | 2182 | 0 | 0 |
| Financial result of operating activities: profit | 2190 | 93899 | 96137 |
| Financial result of operating activities: loss | 2195 | (0) | (0) |
| Income from equity participation | 2200 | 0 | 0 |
| Other financial income | 2220 | 0 | 1032 |
| Other income | 2240 | 9972 | 10842 |
| Income from charity | 2241 | 0 | 0 |
| Financial expenses | 2250 | (1315) | (1818) |
| Losses from equity participation | 2255 | (0) | (0) |
| Other expenses | 2270 | (17952) | (20568) |
| Profit (loss) from the influence of inflation on monetary items | 2275 | 0 | 0 |
| Financial result before tax: profit | 2290 | 84604 | 85625 |
| Financial result before tax: Loss | 2295 | (0) | (0) |
| Income from income tax | 2300 | -8619 | -16901 |
| Profit (loss) from discontinued operations after tax | 2305 | 0 | 0 |
| Net financial result: profit | 2350 | 75985 | 68724 |
| Net financial result: Loss | 2355 | (0) | (0) |

II. COMULATIVE INCOME

| Article | Line code | For the reporting period | For the same period of the previous year |
|------------------------------------------------------------------|-----------|--------------------------|------------------------------------------|
| Revaluation (subtraction) of non-current assets | 2400 | 0 | 0 |
| Revaluation (subtraction) of financial instruments | 2405 | 0 | 0 |
| Accumulated exchange rate differences | 2410 | 0 | 0 |
| Share of other aggregate income of associates and joint ventures | 2415 | 0 | 0 |
| Another cumulative income | 2445 | 0 | 0 |
| Other comprehensive income before tax | 2450 | 0 | 0 |
| Income tax linked to other comprehensive income | 2455 | 0 | 0 |
| Other comprehensive income after tax | 2460 | 0 | 0 |
| Total revenue (amount of lines 2350, 2355 and 2460) | 2465 | 75985 | 68724 |

III. OPERATING EXPENSES

| | | | |
|------------------------------|------|--------|--------|
| Material costs | 2500 | 461803 | 354813 |
| salary expenses | 2505 | 21797 | 21470 |
| Deductions for social events | 2510 | 7896 | 7460 |
| Amortization | 2515 | 34509 | 33901 |

| | | | |
|--------------------------|------|--------|--------|
| Other operating expenses | 2520 | 46427 | 58362 |
| Together | 2550 | 572432 | 476006 |

IV. CALCULATION OF SHARES PROFITABILITY

| | | | |
|---------------------------------------------------|------|--------|----------|
| Average annual number of ordinary shares | 2600 | 880000 | 880000 |
| Adjusted average annual number of ordinary shares | 2605 | 880000 | 880000 |
| Net profit (loss) per one ordinary share | 2610 | 86.35 | 78.09545 |
| Adjusted net profit (loss) per one ordinary share | 2615 | 86.35 | 78.09545 |
| Dividends for one common share | 2650 | 0 | 0 |

Table 5

Balance Sheet (Statement of Financial Position) at 31.12.2015

| Assets | Line code | At the beginning of the reporting period | At the end of the reporting period |
|----------------------------------------------------------------------------------------------------------|-----------|------------------------------------------|------------------------------------|
| I. NON-CURRENT ASSETS | | | |
| Intangible assets: | 1000 | 70328 | 73143 |
| initial value | 1001 | 78956 | 82104 |
| accumulated depreciation | 1002 | 8628 | 8961 |
| Incomplete capital investment | 1005 | 69493 | 287 |
| Fixed assets: | 1010 | 171094 | 241495 |
| initial value | 1011 | 285069 | 386918 |
| depreciation | 1012 | 113975 | 145423 |
| Investment Property: | 1015 | 0 | 0 |
| initial value | 1016 | 0 | 0 |
| depreciation | 1017 | 0 | 0 |
| Long-term biological assets: | 1020 | 0 | 0 |
| initial value | 1021 | 0 | 0 |
| accumulated depreciation | 1022 | 0 | 0 |
| Long-term financial investments: which are accounted for using the equity method of other enterprises | 1030 | 8688 | 8688 |
| other financial investments | 1035 | 0 | 0 |
| Long-term receivables | 1040 | 0 | 0 |
| Deferred tax assets | 1045 | 0 | 0 |
| Goodwill | 1050 | 0 | 0 |
| Deferred aquaculture expenses | 1060 | 0 | 0 |
| Balances of funds in centralized insurance reserve funds | 1065 | 0 | 0 |
| Other non-current assets | 1090 | 0 | 0 |
| Total for Section I | 1095 | 319603 | 323613 |
| II. Current assets | | | |
| Stocks | 1100 | 22926 | 33266 |
| Inventories | 1101 | 22565 | 30993 |
| Unfinished production | 1102 | 0 | 0 |
| Final product | 1103 | 361 | 2273 |
| Goods | 1104 | 0 | 0 |
| Current biological assets | 1110 | 0 | 0 |

| | | | |
|-------------------------|------|---|---|
| Deposits of reinsurance | 1115 | 0 | 0 |
|-------------------------|------|---|---|

Continuation of Table 1

| | | | |
|-----------------------------------------------------------|------|--------|--------|
| Promissory notes received | 1120 | 0 | 0 |
| Accounts receivable for products, goods, works, services | 1125 | 67 | 79 |
| Accounts receivable by settlement: on advance payments | 1130 | 2620 | 1800 |
| with budget | 1135 | 8796 | 18178 |
| including income tax | 1136 | 8792 | 18177 |
| from accrued income | 1140 | 193 | 0 |
| from internal settlements | 1145 | 39897 | 46437 |
| Other Current Accounts Receivable | 1155 | 138 | 87 |
| Current financial investments | 1160 | 0 | 0 |
| Money and their equivalents | 1165 | 14332 | 9820 |
| Cash | 1166 | 0 | 0 |
| Bank accounts | 1167 | 14332 | 9029 |
| Costs of future periods | 1170 | 151 | 203 |
| The share of a reinsurer in insurance reserves | 1180 | 0 | 0 |
| including: reserves of long-term liabilities | 1181 | 0 | 0 |
| provisions for losses or provisions for due payments | 1182 | 0 | 0 |
| reserves of unearned premiums | 1183 | 0 | 0 |
| other insurance reserves | 1184 | 0 | 0 |
| Other current assets | 1190 | 133 | 50 |
| Total for Section II | 1195 | 89253 | 109920 |
| III. Non-current assets held for sale and disposal groups | 1200 | 140 | 0 |
| Balance | 1300 | 408996 | 433533 |

| Passive | Line code | At the beginning of the reporting period | At the end of the reporting period |
|-------------------------------------------------|-----------|------------------------------------------|------------------------------------|
| I. Own capital | | | |
| Registered (share) capital | 1400 | 8800 | 8800 |
| Contributions to unregistered capital | 1401 | 0 | 0 |
| Capital in surplus | 1405 | 55925 | 55888 |
| Additional capital | 1410 | 654 | 654 |
| Emission Income | 1411 | 0 | 0 |
| Accumulated exchange rate differences | 1412 | 0 | 0 |
| Reserve capital | 1415 | 0 | 0 |
| Retained earnings (uncovered loss) | 1420 | 228370 | 297131 |
| Unpaid capital | 1425 | (0) | (0) |
| Capital withdrawn | 1430 | (0) | (0) |
| Other reserves | 1435 | 0 | 0 |
| Total for Section I | 1495 | 293749 | 362473 |
| II. Long-term commitments and collateral | | | |
| Deferred tax liabilities | 1500 | 7671 | 7382 |
| Pension obligations | 1505 | 0 | 0 |

| | | | |
|-----------------------------|------|-------|------|
| long-term bank credits | 1510 | 14078 | 8174 |
| Other long-term liabilities | 1515 | 253 | 184 |

Continuation of Table 5

| | | | |
|--------------------------------------------------------------------------------|------|--------|--------|
| Long-term security | 1520 | 0 | 0 |
| Long-term maintenance of staff costs | 1521 | 0 | 0 |
| Targeted financing | 1525 | 0 | 0 |
| Charity | 1526 | 0 | 0 |
| reserve of unearned premiums; (At the beginning of the reporting period) | 1533 | 0 | 0 |
| other insurance reserves; (At the beginning of the reporting period) | 1534 | 0 | 0 |
| Investment contracts; | 1535 | 0 | 0 |
| Prize fund | 1540 | 0 | 0 |
| Reserve for jackpot payment | 1545 | 0 | 0 |
| Total for Section II | 1595 | 22002 | 15740 |
| III Current liabilities and security | | | |
| Short-term bank credits | 1600 | 0 | 0 |
| Promissory notes issued | 1605 | 0 | 0 |
| Current payables: for long-term obligations | 1610 | 9448 | 16418 |
| for goods, work, services | 1615 | 71655 | 28140 |
| according to calculations with the budget | 1620 | 7274 | 4409 |
| including for income tax | 1621 | 0 | 0 |
| on insurance calculations | 1625 | 11 | 386 |
| on payroll calculations | 1630 | 0 | 814 |
| on receipt of advances | 1635 | 194 | 0 |
| according to the calculations with the participants | 1640 | 0 | 0 |
| from internal settlements | 1645 | 492 | 352 |
| for insurance activity | 1650 | 0 | 0 |
| Current provision | 1660 | 3418 | 3983 |
| future revenues | 1665 | 0 | 0 |
| Deferred commission income from reinsurers | 1670 | 0 | 0 |
| Other current commitments | 1690 | 753 | 818 |
| Total for Section III | 1695 | 93245 | 55320 |
| Iv Liabilities related to non-current assets held for sale and disposal groups | 1700 | 0 | 0 |
| V. Net asset value of non-state pension fund | 1800 | 0 | 0 |
| Balance | 1900 | 408996 | 433533 |

Table 6

Report on Financial Results (Cumulative Income Statement) for 2015**I. FINANCIAL RESULTS**

| Article | Line code | For the reporting period | For the same period of the previous year |
|-----------------------------------------------------------------------------------|-----------|--------------------------|------------------------------------------|
| Net income from sales of goods (goods, works, services) | 2000 | 553478 | 559711 |
| Net earned insurance premiums | 2010 | 0 | 0 |
| Awards signed, gross amount | 2011 | 0 | 0 |
| Awards transferred to reinsurance | 2012 | 0 | 0 |
| Change in reserve of unearned premiums, gross amount | 2013 | 0 | 0 |
| Change in the share of reinsurers in the reserve of unearned premiums | 2014 | 0 | 0 |
| Cost of sold products (goods, works, services) | 2050 | (440748) | (395011) |
| Net losses incurred on insurance payments | 2070 | 0 | 0 |
| Gross profit | 2090 | 112730 | 164700 |
| Gross: Damage | 2095 | (0) | (0) |
| Income (expense) from changes in long-term liability provisions | 2105 | 0 | 0 |
| Income (expenses) from changes in other insurance reserves | 2110 | 0 | 0 |
| Change in other insurance reserves, gross amount | 2111 | 0 | 0 |
| Change in the share of reinsurers in other insurance reserves | 2112 | 0 | 0 |
| Other operating income | 2120 | 20418 | 3520 |
| Income from changes in the value of assets measured at fair value | 2121 | 0 | 0 |
| Income from initial recognition of biological assets and agricultural products | 2122 | 0 | 0 |
| Revenue from the use of funds released from taxation | 2123 | (0) | (0) |
| Administrative expenses | 2130 | (14273) | (11412) |
| Selling expenses | 2150 | (11751) | (10383) |
| Other operating expenses | 2180 | (10987) | (4103) |
| Cost of changes in the value of assets that are measured at fair value | 2181 | 0 | 0 |
| Costs from the initial recognition of biological assets and agricultural products | 2182 | 0 | 0 |
| Financial result of operating activities: profit | 2190 | 96137 | 142322 |
| Financial result of operating activities: loss | 2195 | (0) | (0) |
| Income from equity participation | 2200 | 0 | 0 |
| Other financial income | 2220 | 1032 | 2601 |
| Other income | 2240 | 10842 | 2421 |
| Income from charity | 2241 | 0 | 0 |
| Financial expenses | 2250 | (1818) | (3630) |

| | | | |
|----------------------------------|------|-----------|----------|
| Losses from equity participation | 2255 | (0) | (0) |
| Other expenses | 2270 | (20568) | (3830) |

Continuation of Table 6

| | | | |
|-----------------------------------------------------------------|------|--------|--------|
| Profit (loss) from the influence of inflation on monetary items | 2275 | 0 | 0 |
| Financial result before tax: profit | 2290 | 85625 | 139884 |
| Financial result before tax: Loss | 2295 | (0) | (0) |
| Income from income tax | 2300 | -16901 | -27180 |
| Profit (loss) from discontinued operations after tax | 2305 | 0 | 0 |
| Net financial result: profit | 2350 | 68724 | 112704 |
| Net financial result: Loss | 2355 | (0) | (0) |

II. COMULATIVE INCOME

Continuation of Table 1

| Article | Line code | For the reporting period | For the same period of the previous year |
|------------------------------------------------------------------|-----------|--------------------------|------------------------------------------|
| Revaluation (subtraction) of non-current assets | 2400 | 0 | 0 |
| Revaluation (subtraction) of financial instruments | 2405 | 0 | 0 |
| Accumulated exchange rate differences | 2410 | 0 | 0 |
| Share of other aggregate income of associates and joint ventures | 2415 | 0 | 0 |
| Another cumulative income | 2445 | 0 | 0 |
| Other comprehensive income before tax | 2450 | 0 | 0 |
| Income tax linked to other comprehensive income | 2455 | 0 | 0 |
| Other comprehensive income after tax | 2460 | 0 | 0 |
| Total revenue (amount of lines 2350, 2355 and 2460) | 2465 | 68724 | 112704 |

III. OPERATING EXPENSES

| | | | |
|------------------------------|------|--------|--------|
| Material costs | 2500 | 354813 | 345931 |
| salary expenses | 2505 | 21470 | 17026 |
| Deductions for social events | 2510 | 7460 | 5858 |
| Amortization | 2515 | 33901 | 27120 |
| Other operating expenses | 2520 | 58362 | 21908 |
| Together | 2550 | 476006 | 417843 |

IV. . CALCULATION OF SHARES PROFITABILITY

| | | | |
|---------------------------------------------------|------|----------|-----------|
| Average annual number of ordinary shares | 2600 | 880000 | 880000 |
| Adjusted average annual number of ordinary shares | 2605 | 880000 | 880000 |
| Net profit (loss) per one ordinary share | 2610 | 78.09545 | 128.07273 |
| Adjusted net profit (loss) per one ordinary share | 2615 | 78.09545 | 128.07273 |
| Dividends for one common share | 2650 | 0 | 0 |

Table 7

Balance Sheet (Statement of Financial Position) at 31.12.2014

| Assets | Line code | At the beginning of the reporting period | At the end of the reporting period |
|----------------------------------------------------------------------------------------------------------|-----------|------------------------------------------|------------------------------------|
| I. NON-CURRENT ASSETS | | | |
| Intangible assets: | 1000 | 69533 | 70328 |
| initial value | 1001 | 77894 | 78956 |
| accumulated depreciation | 1002 | 8361 | 8628 |
| Incomplete capital investment | 1005 | 10129 | 69493 |
| Fixed assets: | 1010 | 180418 | 171094 |
| initial value | 1011 | 273020 | 285069 |
| depreciation | 1012 | 92602 | 113975 |
| Investment Property: | 1015 | 0 | 0 |
| initial value | 1016 | 0 | 0 |
| depreciation | 1017 | 0 | 0 |
| Long-term biological assets: | 1020 | 0 | 0 |
| initial value | 1021 | 0 | 0 |
| accumulated depreciation | 1022 | 0 | 0 |
| Long-term financial investments: which are accounted for using the equity method of other enterprises | 1030 | 8688 | 8688 |
| other financial investments | 1035 | 0 | 0 |
| Long-term receivables | 1040 | 0 | 0 |
| Deferred tax assets | 1045 | 0 | 0 |
| Goodwill | 1050 | 0 | 0 |
| Deferred aquaculture expenses | 1060 | 0 | 0 |
| Balances of funds in centralized insurance reserve funds | 1065 | 0 | 0 |
| Other non-current assets | 1090 | 0 | 0 |
| Total for Section I | 1095 | 268768 | 319603 |
| II. Current assets | | | |
| Stocks | 1100 | 24656 | 22926 |
| Inventories | 1101 | 24070 | 22565 |
| Unfinished production | 1102 | 0 | 0 |
| Final product | 1103 | 565 | 361 |
| Goods | 1104 | 21 | 0 |
| Current biological assets | 1110 | 0 | 0 |
| Deposits of reinsurance | 1115 | 0 | 0 |
| Promissory notes received | 1120 | 0 | 0 |
| Accounts receivable for products, goods, works, services | 1125 | 586 | 67 |
| Accounts receivable by settlement: on advance payments | 1130 | 2028 | 2620 |
| with budget | 1135 | 2792 | 8796 |

| | | | |
|-----------------------------------|------|-------|-------|
| including income tax | 1136 | 0 | 8792 |
| from accrued income | 1140 | 0 | 193 |
| from internal settlements | 1145 | 37022 | 39897 |
| Other Current Accounts Receivable | 1155 | 512 | 138 |
| Current financial investments | 1160 | 0 | 0 |

Continuation of Table 7

| | | | |
|-----------------------------------------------------------|------|--------|--------|
| Money and their equivalents | 1165 | 8377 | 14332 |
| Cash | 1166 | 0 | 0 |
| Bank accounts | 1167 | 8377 | 14332 |
| Costs of future periods | 1170 | 65 | 151 |
| The share of a reinsurer in insurance reserves | 1180 | 0 | 0 |
| including: | | | |
| reserves of long-term liabilities | 1181 | 0 | 0 |
| provisions for losses or provisions for due payments | 1182 | 0 | 0 |
| reserves of unearned premiums | 1183 | 0 | 0 |
| other insurance reserves | 1184 | 0 | 0 |
| Other current assets | 1190 | 68 | 133 |
| Total for Section II | 1195 | 76106 | 89253 |
| III. Non-current assets held for sale and disposal groups | 1200 | 140 | 0 |
| Balance | 1300 | 344874 | 408996 |

| Passive | Line code | At the beginning of the reporting period | At the end of the reporting period |
|-------------------------------------------------|-----------|------------------------------------------|------------------------------------|
| I. Own capital | | | |
| Registered (share) capital | 1400 | 8800 | 8800 |
| Contributions to unregistered capital | 1401 | 0 | 0 |
| Capital in surplus | 1405 | 55964 | 55925 |
| Additional capital | 1410 | 654 | 654 |
| Emission Income | 1411 | 0 | 0 |
| Accumulated exchange rate differences | 1412 | 0 | 0 |
| Reserve capital | 1415 | 0 | 0 |
| Retained earnings (uncovered loss) | 1420 | 156847 | 228370 |
| Unpaid capital | 1425 | (0) | (0) |
| Capital withdrawn | 1430 | (0) | (0) |
| Other reserves | 1435 | 0 | 0 |
| Total for Section I | 1495 | 222265 | 293749 |
| II. Long-term commitments and collateral | | | |
| Deferred tax liabilities | 1500 | 8600 | 7671 |
| Pension obligations | 1505 | 0 | 0 |
| long-term bank credits | 1510 | 22392 | 14078 |
| Other long-term liabilities | 1515 | 0 | 0 |
| Long-term security | 1520 | 0 | 0 |
| Long-term maintenance of staff costs | 1521 | 0 | 0 |
| Targeted financing | 1525 | 0 | 0 |
| Charity | 1526 | 0 | 0 |
| reserve of unearned premiums; (At the beginning | 1533 | 0 | 0 |

Continuation of Table 7

| | | | |
|--------------------------------------------------------------------------------|------|--------|--------|
| of the reporting period) | | | |
| other insurance reserves; (At the beginning of the reporting period) | 1534 | 0 | 0 |
| Investment contracts; | 1535 | 0 | 0 |
| Prize fund | 1540 | 0 | 0 |
| Reserve for jackpot payment | 1545 | 0 | 0 |
| Total for Section II | 1595 | 30992 | 22002 |
| III Current liabilities and security | | | |
| Short-term bank credits | 1600 | 0 | 0 |
| Promissory notes issued | 1605 | 0 | 0 |
| Current payables: for long-term obligations | 1610 | 31968 | 9448 |
| for goods, work, services | 1615 | 47771 | 71655 |
| according to calculations with the budget | 1620 | 5769 | 7274 |
| including for income tax | 1621 | 0 | 0 |
| on insurance calculations | 1625 | 208 | 11 |
| on payroll calculations | 1630 | 494 | 0 |
| on receipt of advances | 1635 | 1 | 194 |
| according to the calculations with the participants | 1640 | 0 | 0 |
| from internal settlements | 1645 | 167 | 492 |
| for insurance activity | 1650 | 0 | 0 |
| Current provision | 1660 | 4153 | 3418 |
| future revenues | 1665 | 0 | 0 |
| Deferred commission income from reinsurers | 1670 | 0 | 0 |
| Other current commitments | 1690 | 1086 | 753 |
| Total for Section III | 1695 | 91617 | 93245 |
| Iv Liabilities related to non-current assets held for sale and disposal groups | 1700 | 0 | 0 |
| V. Net asset value of non-state pension fund | 1800 | 0 | 0 |
| Balance | 1900 | 344874 | 408996 |

Table 8

Report on Financial Results (Cumulative Income Statement) for 2014

I. FINANCIAL RESULTS

| Article | Line code | For the reporting period | For the same period of the previous year |
|---------------------------------------------------------|-----------|--------------------------|------------------------------------------|
| Net income from sales of goods (goods, works, services) | 2000 | 559711 | 518887 |
| Net earned insurance premiums | 2010 | 0 | 0 |
| Awards signed, gross amount | 2011 | 0 | 0 |
| Awards transferred to reinsurance | 2012 | 0 | 0 |
| Change in reserve of unearned premiums, gross amount | 2013 | 0 | 0 |

| | | | |
|-----------------------------------------------------------------------|------|------------|------------|
| Change in the share of reinsurers in the reserve of unearned premiums | 2014 | 0 | 0 |
| Cost of sold products (goods, works, services) | 2050 | (395011) | (361458) |
| Net losses incurred on insurance payments | 2070 | 0 | 0 |
| Gross profit | 2090 | 164700 | 157429 |
| Gross: Damage | 2095 | (0) | (0) |

Continuation of Table 8

| | | | |
|-----------------------------------------------------------------------------------|------|-----------|-----------|
| Income (expense) from changes in long-term liability provisions | 2105 | 0 | 0 |
| Income (expenses) from changes in other insurance reserves | 2110 | 0 | 0 |
| Change in other insurance reserves, gross amount | 2111 | 0 | 0 |
| Change in the share of reinsurers in other insurance reserves | 2112 | 0 | 0 |
| Other operating income | 2120 | 3520 | 2919 |
| Income from changes in the value of assets measured at fair value | 2121 | 0 | 0 |
| Income from initial recognition of biological assets and agricultural products | 2122 | 0 | 0 |
| Revenue from the use of funds released from taxation | 2123 | (0) | (0) |
| Administrative expenses | 2130 | (11412) | (10510) |
| Selling expenses | 2150 | (10383) | (9378) |
| Other operating expenses | 2180 | (4103) | (4475) |
| Cost of changes in the value of assets that are measured at fair value | 2181 | 0 | 0 |
| Costs from the initial recognition of biological assets and agricultural products | 2182 | 0 | 0 |
| Financial result of operating activities: profit | 2190 | 142322 | 135985 |
| Financial result of operating activities: loss | 2195 | (0) | (0) |
| Income from equity participation | 2200 | 0 | 0 |
| Other financial income | 2220 | 2601 | 123 |
| Other income | 2240 | 2421 | 3591 |
| Income from charity | 2241 | 0 | 0 |
| Financial expenses | 2250 | (3630) | (10929) |
| Losses from equity participation | 2255 | (0) | (0) |
| Other expenses | 2270 | (3830) | (5802) |
| Profit (loss) from the influence of inflation on monetary items | 2275 | 0 | 0 |
| Financial result before tax: profit | 2290 | 139884 | 122968 |
| Financial result before tax: Loss | 2295 | (0) | (0) |
| Income from income tax | 2300 | -27180 | -27248 |
| Profit (loss) from discontinued operations after tax | 2305 | 0 | 0 |
| Net financial result: profit | 2350 | 112704 | 95720 |
| Net financial result: Loss | 2355 | (0) | (0) |

II. COMULATIVE INCOME

| Article | Line code | For the reporting period | For the same period of the previous year |
|----------------------------------------------------|-----------|--------------------------|------------------------------------------|
| Revaluation (subtraction) of non-current assets | 2400 | 0 | 0 |
| Revaluation (subtraction) of financial instruments | 2405 | 0 | 0 |

| | | | |
|------------------------------------------------------------------|------|---|---|
| Accumulated exchange rate differences | 2410 | 0 | 0 |
| Share of other aggregate income of associates and joint ventures | 2415 | 0 | 0 |
| Another cumulative income | 2445 | 0 | 0 |
| Other comprehensive income before tax | 2450 | 0 | 0 |
| Income tax linked to other comprehensive income | 2455 | 0 | 0 |

Continuation of Table 8

| | | | |
|-----------------------------------------------------|------|--------|-------|
| Other comprehensive income after tax | 2460 | 0 | 0 |
| Total revenue (amount of lines 2350, 2355 and 2460) | 2465 | 112704 | 95720 |

III. OPERATING EXPENSES

| | | | |
|------------------------------|------|--------|--------|
| Material costs | 2500 | 345931 | 314929 |
| salary expenses | 2505 | 17026 | 14173 |
| Deductions for social events | 2510 | 5858 | 4910 |
| Amortization | 2515 | 27120 | 27739 |
| Other operating expenses | 2520 | 21908 | 21714 |
| Together | 2550 | 417843 | 383465 |

IV. CALCULATION OF SHARES PROFITABILITY

| | | | |
|---------------------------------------------------|------|-----------|-----------|
| Average annual number of ordinary shares | 2600 | 880000 | 880000 |
| Adjusted average annual number of ordinary shares | 2605 | 880000 | 880000 |
| Net profit (loss) per one ordinary share | 2610 | 128.07273 | 108.77273 |
| Adjusted net profit (loss) per one ordinary share | 2615 | 128.07273 | 108.77273 |
| Dividends for one common share | 2650 | 0 | 0 |

