

# TOMATO PASTE PRODUCTION PROJECT

«AGROPLAST» SERVICE COOPERATIVE



# KYRGYZSTAN



## Project Initiator

Agroplast SC (Service Cooperative)

## Brief Project Description

The project involves the construction of a canning plant for 38-40% tomato concentrate production with 750 tons/day capacity, in accordance with ISO 22000. It is planned to cultivate tomatoes on 600 hectares to ensure raw materials supply. Tomato paste production and tomato cultivation is planned in Kadamjay district, Batken region.

## Project Initiator Description:

The Project initiator is Agroplast Service Cooperative located in Kyzyl-Kiya, Batken region. The company produces canned fruits and vegetables, direct squeezed juices. The utilized capacity of the facility is 60% of its designed capacity. Most of the products are exported to the north of Russia.

## Agroplast SC CEO: Berdigul Abdibaitov

- ✓ More than 30 years of experience in agricultural processing
- ✓ More than 30 years in management

## Project Cost: USD \$4,563,950

- ✓ Tomato paste line - USD \$2,250,000
- ✓ Construction - USD \$1,000,000
- ✓ Drip irrigation - USD \$300,000
- ✓ Infrastructure - USD \$775,000
- ✓ Working capital - USD \$203,500

**Investment Required: USD \$4 563 950**

**Payback period: 2.97 years**

# PROJECT DESCRIPTION

The project involves the construction of a canning plant for the production of tomato concentrate on the basis of the existing plant for the production of canned fruits and vegetables.



## Key indicators of the project:

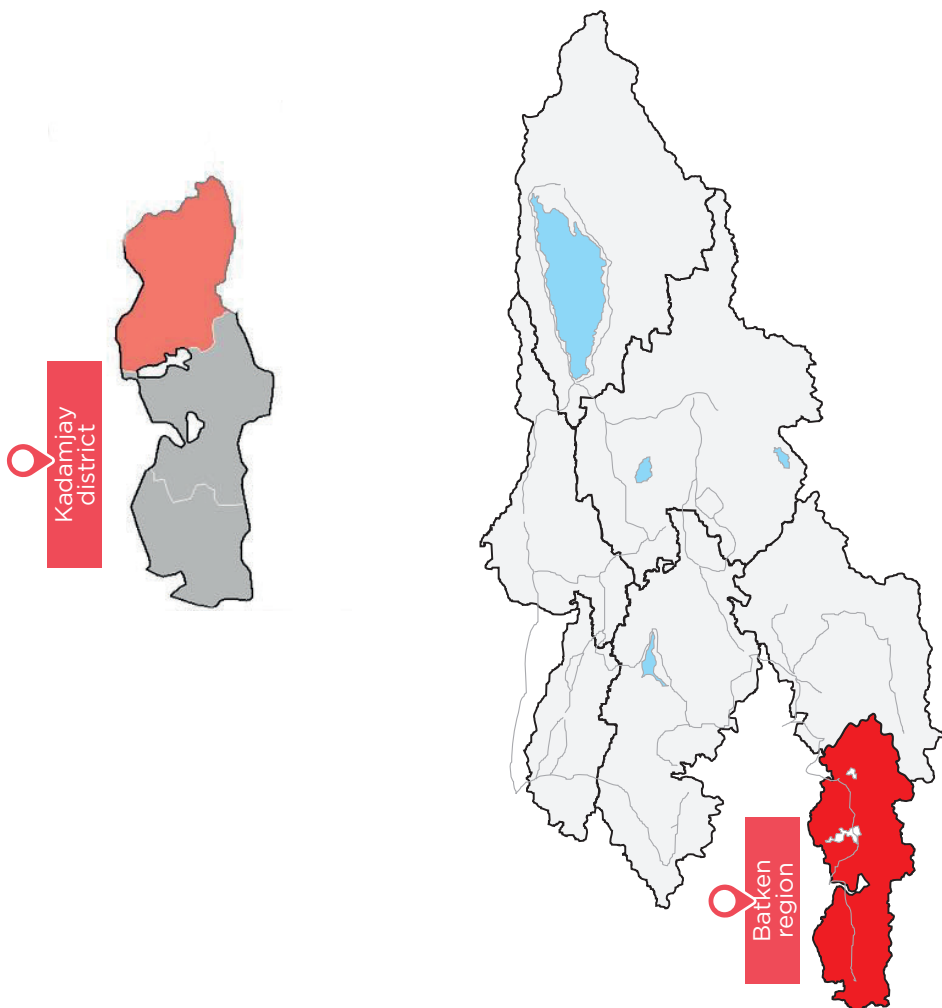
- ✓ Production capacity - 750 tons / day
- ✓ Final product - tomato paste 38-40%
- ✓ Production area - 3,500 m<sup>2</sup>
- ✓ Total area of the land plot - 1 hectare
- ✓ Sown area for tomatoes - more than 600 hectares
- ✓ Minimum tomato yield - 70 tons / ha
- ✓ Manufactured in accordance with ISO 22000

In addition to own tomato production, the Project involves cooperation and support, provided for the farmers in tomato production through building business relationships.

Name	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Purchase of the production line												
Installation of the production line (6 months)												
Construction of the building												
Construction of infrastructure facilities												
Agricultural work												
The first launch of the plant												

# GEOGRAPHIC LOCATION

The launch of the Project is expected in the Kadamjay district, Batken region, which is the area of operating production. However, Agroplast SC is considering other options of the geographical location of the Project.



# PROJECT INITIATOR

## DESCRIPTION

The initiator of the Project, Agroplast Service Cooperative, is located in Kyzyl-Kiya, Kadamjay district, Batken region. The company produces canned fruits and vegetables, and directly squeezed juices. The company managed to keep the plant built under the USSR in a good and efficient working condition.

### Production capacity of the plant

Products	Unit	Productivity (unit/year)
Tomato paste	1 litre	250,000
Vegetable salad	0,72 litre	80,000
Vegetable marinades	1 litre	280,000
<b>Compotes:</b>		
peach	1; 3 litre	40,000
cherry	1 litre	20,000
apricot	0,72 litre	20,000
<b>Jam:</b>		
figs	0,43 litre	15,000
apricot	0,43 litre	15,000
quince	0,43 litre	15,000
peach	0,43 litre	15,000
<b>Directly squeezed juices:</b>		
grape	3 litre	10,000
tomato	3 litre	20,000
apple-grape	3 litre	20,000
apple	3 litre	20,000



The plant was founded in 1968 and is currently the leading processor of fruits and vegetables in the region. The workload of the enterprise is 60 percent of its design capacity. The number of working personnel, including engineering and technical personnel and office workers, is 60 people during the active season and 35 people during the off-season.



# SUSTAINABLE COMPETITIVE ADVANTAGES OF PROJECT

- ✓ **International operator.** With the aim of successful launch and effective work, the Project will involve an experienced management company that supply both production processes and introduce modern technologies for growing tomatoes.
- ✓ **Compliance with standards.** The introduction of the international standards, such as ISO 22000, is required to increase the competitiveness of tomato paste in the world market. This would be the main competitive advantage when concluding contracts with potential customers.
- ✓ **Low competitive environment.** There are two plants, engaged in the production of tomato paste in Kyrgyzstan. They are located in the northern part of Kyrgyzstan. The southern region remains relatively free for local sales and export to Uzbekistan and Tajikistan
- ✓ **Cooperation with farmers.** The project is supposed to support farmers and stimulate the agricultural sector for growing tomatoes. The climate of the Southern regions of Kyrgyzstan has an advantage in early harvesting. It allows to outstrip tomato paste producers from the Northern part.



# FORECAST FINANCIAL INDICATORS

Production volumes, tons	2022	2023	2024	2025	2026
Gross harvest of tomatoes	42 000	70 000	70 000	70 000	70 000
Tomato paste production	5 250	8 750	8 750	8 750	8 750

Revenue, USD	2022	2023	2024	2025	2026
Tomato paste	1 260 000	7 140 000	10 500 000	10 500 000	10 500 000
EBITDA	-319 347	2 434 525	4 828 726	4 828 758	4 828 790

- ✓ IRR 11.6%
- ✓ Project payback period 2.97 years. Discounted payback period 4.27 years

## FUNDING SOURCES AND USE OF FUNDS

Funding sources	Amount, USD
Financial investor	4 563 950
<b>Total:</b>	<b>4 563 950</b>

Use of funds	Amount, USD
Tomato paste line on a turn-key basis	2 250 000
Drip irrigation	300 000
Construction of an industrial building	1 000 000
Infrastructure	775 000
Equipment	35 450
Working capital	203 500
<b>Total:</b>	<b>4 563 950</b>

# BRIEF OVERVIEW OF THE TOMATO MARKET IN KYRGYZSTAN AND EXPORT POTENTIAL

In 2015–2019, the production increased for almost all types of agricultural products. The production of grapes, rice, fruits and berries, barley, and raw cotton increased by more than 20 percent. The production of pulses and corn for grain increased by more than 10 percent. The production of vegetables and grain increased up to 10 percent. The latter group also includes sugar beets with growth by 5 percent between 2016 and 2019.

Tomato production	Sown area, ha	Productivity, tons / ha	Gross harvest, tons
2015	11 386	19,91	226 709
2016	11 655	20,14	234 718
2017	11 496	19,92	228 952
2018	11 580	19,41	224 737
2019	11 914	20,21	240 734

Along with an overall increase in vegetable production across the country, tomato production grew by 7 percent in 2019 compared to 2018.

At the same time, due to increased export volumes the production of tomato paste in the country has grown significantly by more than 16 times.

Export of tomato paste, tons	2015	2016	2017	2018	2019
Kazakhstan	9	0	40	0	85
Russia	6	0	0	0	189
Tajikistan	5	16	17	5	0
Mongolia	0	8	0	0	0
Afghanistan	0	0	0	9	337
Uzbekistan	0	0	0	153	2099
<b>Total:</b>	<b>20</b>	<b>24</b>	<b>57</b>	<b>167</b>	<b>2710</b>

**Potential markets for tomato concentrate export are the EAEU countries, as well as neighboring countries - Uzbekistan and Tajikistan.**

The table shows that the most of export falls on Uzbekistan. Today, the largest tomato paste plant is “Tomato KG” with a production capacity of 5,000 tons of tomato paste per year. The plant is located in the Chuy region, Kyrgyz Republic.



# INVESTMENT PROPOSAL

<b>LEGAL MECHANISM</b>	✓ Limited Liability Company
<b>FUNDING TYPE</b>	✓ Direct investment in capital
<b>AMOUNT</b>	✓ USD 4,563,950
<b>TERM</b>	✓ 5-10 years
<b>NUMBER OF TRANCHES</b>	✓ Tranche No.1 – purchase of equipment ✓ Tranche No.2 – construction of premises and infrastructure ✓ Tranche No.3 – cultivation of tomatoes
<b>COLLATERAL</b>	✓ 100% of the Company's share

