

BUSINESS PLAN



Pig-Breeding Complex



2014

Adaptation of this business plan is possible for similar project worldwide.

The financial model in separate file is attached to this business plan, which makes it easy to build a new financial plan by entering the appropriate data.

Description of Typical Business Plan of Pig-Breeding Complex

| | |
|--|--|
| Project purpose | Construction of pig-breeding complex with fattening capacity of 13,100 heads per year. |
| Project content | <p>Construction of pig-breeding complex with fattening capacity of 13,100 heads per year.</p> <p>The enterprise will also include the own mixed fodders guild.</p> <p>Thanks to the usage of high genetic potential animals on projected enterprise with modern innovative and resource-saving technologies of keeping, raising and fattening, food preparation, waste disposal, etc. there will be provided sustainable and highly profitable meat production for supplies to consumers in Ukraine.</p> |
| Estimated Project Cost, EUR | <p>General cost of construction and equipment: *** EUR, including:</p> <p>construction and installation works: *** EUR</p> <p>equipment: *** EUR</p> |
| Indicative financing structure | Presumptive calculated credit for 100% of project capital cost (*** EUR, 5 years term, 10% per annum) |
| Projected production indicators | <p>Pig meat (live weight) – *** thsd. tones/year</p> <p>The total volume of sales (net)– *** EUR/year</p> |

| | |
|------------------------------------|--|
| Basic efficiency indicators | Internal rate of return – 12,03 % Net Present Value for 5 years – *** EUR Payback period of investment – 45 months |
| Fiscal efficiency | Annual tax payments of the pig-breeding complex exceed *** thsd. EUR, including the region budget – 277 thsd. EUR. |
| Capitalization | According the financial forecast, capitalization (market value) of pig-breeding complex in 2011-2015 will be between *** to *** mln. EUR. After finishing of investment loan the indicate of capitalization is projected at level of *** mln. EUR (year 20**) |
| Exchange Rate | Is recalculated on date of project calculation. |

Planned object details

The pig-breeding complex will include the contour of industrial pig-breeding (fattening complex) and mixed foddors guild. Nowadays (June 2011) project is in the initial phase of implementation. The enterprise allocation is scheduled for lands, which are in long-term lease. The calculated area of land allocation are 10 hectares for objects of pig-breeding complex contour and mixed foddors guild in *** region.

Projected pig-breeding complex with a complete production cycle will be intended for even producing and fattening of pigs on the basis of industrial technology. The walkless technology of animal keeping and feeding by liquid, pasty and dry food will be applied.

The base of technological cycle of pork production will be a commodity reproducer of fattening complex (landrace + duroc, landrace + yorkshire, landrace +

large white), on its basis the reproduction of the main feeding livestock will be implemented.

Final product of pig breeding complex

Data about projected volumes of pig complex final product in the amount of its units and contours.

| Final pig-breeding product by units | | |
|--|-------------|------------|
| A. Fattening complexes - commodity products | | |
| Fattened animals | heads | 13 078 |
| Grown high fatness pigs (culled sows) | heads | *** |
| B. Pigs for the implementation (by live weight) | | |
| Commodity pigs weighing 110 kg | heads | *** |
| Culled sows weighing 200 kg | heads | *** |
| Total live weight of pigs for slaughter | tons | *** |

Aggregate cost structure for the construction of pig-breeding complex

| By the composition of costs: | thsd. EUR |
|--|------------|
| Construction and installation works | *** |
| Equipment | *** |
| including basic | *** |
| including auxiliary | *** |
| TOTAL | *** |
| By chapters: | thsd. EUR |
| Preparation for construction | *** |
| Main construction objects | *** |
| Objects of auxiliary destination | *** |
| Objects of power sector | *** |
| Objects of transport sector | *** |
| External networks and constructions of water supply, sewerage and heating supply | *** |
| Beautification and landscaping of construction territory | *** |
| Other expenses and reserves | *** |
| TOTAL | *** |

Excerpts from the research

Industrial pig-breeding is concentrating around large consumer markets – in ***, Donetsk, Dnepropetrovsk and Zaporozhye region (the share of industrial pigs in livestock is 70-80%). Large meat processing plants are focused in the western Ukraine – about *** % of domestic production of sausages (Dnepropetrovsk region– *** %, Donetsk and Poltava regions – *** % each, Kharkov and Lugansk – *** % each).

Regional concentration of pig livestock and meat processing enterprises defines the difference between regional purchase prices for live pigs (which reaches *** %). The highest prices in Ukraine was observed in Lugansk region and also in *** and neighboring Zhytomyr and Chernihiv regions (+ *** % to average in Ukraine).

Pig raising and fattening technology in the complex

In industrial complexes of pig raising and fattening the 3-phase technology (growing – growing up – fattening) is adopted.

Flow-guild technology of pork production requires a high level of animals' concentration, narrow specialization of facilities and service staff.

With the flow-guild technology on the crevice floor in 7-day rhythm at regular time intervals in standard technological groups piglets grow on suckling for 28 days with following distribution on growing up for 49 days and then – on fattening for 105 days. The maximum period before slaughter is no more than 182 days.

The continuity of the flow production depends on reproductive period, which includes: idling period – 7 days; gestating – 115 days; suckling – 28 days. So, reproductive period is 150 days, under the most favorable conditions it allows to obtain 2.4 farrowing a year.

| Key indicators of economic efficiency | | |
|---|-----------|-----|
| Financial rates | | |
| Internal Rate of Return (IRR) | % | *** |
| Net Present Value (NPV) under the discount rate 5% | thsd. EUR | *** |
| Net Present Value (NPV) under the discount rate 10% | thsd. EUR | *** |
| Net Present Value (NPV) under the discount rate 12% | thsd. EUR | *** |
| Net Present Value (NPV) under the discount rate 15% | thsd. EUR | *** |
| Profitability index (PI) | | *** |
| under the discount rate 5% | | *** |
| under the discount rate 10% | | *** |
| under the discount rate 12% | | *** |
| under the discount rate 15% | | *** |
| Discounted payback period, years | | *** |

Contents

| | |
|---|-----|
| Content of Table Material | 4 |
| Content of Graphical Material | 7 |
| Short List of Basic Reductions and Conditional Names | 8 |
| Executive Summary | 9 |
| 1.0. Market Analysis | 11 |
| 1.1. Pock market tendencies in Ukraine and in the World | 11 |
| 1.2. State Program of Pig-Breeding Stimulate | 15 |
| 2.0. Basic Parameters of Projected Pig-Breeding Complex | 17 |
| 2.1. Conceptual characteristics of Pig-Breeding Complex | 17 |
| 2.2. Final Product of Pig-Breeding Complex | 19 |
| 3.0. Plan of Production Activities and Construction | 20 |
| 3.1. Characteristics of Placement of Pig-Breeding Complex | 20 |
| 3.2. General Pig-Breeding Complex Plan (principal scheme) | 20 |
| 3.3. Equipment and Production Structure of Pig-Breeding Complex | 26 |
| 3.4. Equipment and Production Structure of Mixed Fodders Guild | 29 |
| 4.0. Assessment of Project Budget Cost | 31 |
| 5.0. Production Plan | 41 |
| 5.1. Peculiarities of technological process organization | 41 |
| 5.2. Pig Growing and Fattening Technology in the Complex | 43 |
| 5.3. Sows Farrowing | 45 |
| 5.4. Herd Completing | 49 |
| 5.5. Veterinary Protection of the Complex | 50 |
| 5.6. Final Product, Planned Production Volumes and Selling Prices | 50 |
| 5.7. Feeds Providing | 51 |
| 5.8. Providing the working capital requirements | 54 |
| 6.0. Project Financial Forecast | 58 |
| 6.1. Principles of Calculation and Consist of Financial Tables | 58 |
| 6.2. Project Financing | 59 |
| 6.3. Tables of Financial Forecast | 62 |
| 7.0. Results of Financial Forecast and Their Analysis | 101 |
| 7.1. Basic Results | 101 |
| 7.2. Analysis of Project Results Sustainability in Case of Risk Events Occurrence | 102 |
| INFORMATION ABOUT «VTS Consulting» COMPANY | 107 |

Applications

| | |
|---|-----------|
| Table 1.1. Forecast of Pock Balance in Ukraine in 2011-2015, thsd. tones | 14 |
| Table 2.1. Projected Volumes of Final Product of Pig-Breeding Complex | 19 |
| Table 3.1. Explication of Objects of Pig-Breeding Complex General Plan | 21 |
| Table 3.2. Short Characteristic of Objects of Pig-Breeding Complex | 23 |
| Table 4.1. Assessment of Project Budget Cost of Pig-Breeding Complex Construction | 31 |
| Table 4.2. Aggregate Cost Structure for Pig-Breeding Complex Construction | 39 |
| Table 5.1. Indicative Forecast of Livestock Turnover of Pig Complex | 41 |
| Table 5.2. Basic Planned Indicators of Technological Process Efficiency of Pig Complex | 42 |
| Table 5.3. Planned Volume of Commodity Product of Pig Complex | 50 |
| Table 5.4. Wholesale Prices for Commodity Products of Pig Complex | 51 |
| Table 5.5. Balance of Requirements for Mixed Fodders of Pig Complex | 51 |
| Table 5.6. Balance of Recipe Ingredients for Mixed Fodders Production (in tons per year) | 53 |
| Table 5.7. Calculation of Working Capital Requirements for Pig Complex | 54 |
| Table 6.1. Indicative Plane of Servicing and Repayment of Investment Credit for Pig Complex Construction | 61 |
| Block of Tables of Financial Forecast of Investment Forecast | 63 |
| I. Contour of Pig-Breeding – Basic Technical Parameters | 63 |
| 1. Fattening Contour | 63 |
| II. Commodity Product and Calculated Sales Volume | 67 |
| 2. Commodity Product | 67 |
| 2*. Presumptive Calculated Sales Volume | 67 |
| III. Definitions of Semi-Variable Costs of Pig-Breeding (Considering the Intraeconomic Production of Mixed Fodders) | 69 |
| 3. Fodders Consumption by Groups of Animals | 69 |
| 4. Mixed Fodders Consumption | 71 |
| 5. Ingredient Composition of Fodders. Calculated Prices for Ingredients | 73 |
| 6. Consumption of Mixed Fodders Ingredients | 74 |
| 7. Labor Costs | 76 |
| 8. Energy Carriers | 78 |
| 9. Water | 84 |
| 10. Veterinary and other costs | 85 |
| IV. Gross Pig-Breeding Revenue (Considering the Intraeconomic Production of Mixed Fodders) | 88 |
| 11. Presumptive Calculated Gross Revenue | 88 |
| V. Working capital requirements | 89 |
| VI. Gross Revenue on Actual Commodity Product | 92 |
| VII. Semi-Fixed Costs | 94 |
| VIII. Financing and Servicing of Credit Resources | 95 |
| IX. Financial Results | 97 |
| X. Cash Flows | 99 |
| XI. Key Indicators of Economic Efficiency | 100 |
| Table 7.I. Reduction of Production Capacity Level (for Definition – by 15%) | 102 |
| Table 7.II. Forced Reduction of Selling Prices for Final Commodity Product | 103 |
| Table 7. III. Prices Growth for Fodders | 104 |
| Table 7.IV. Growth of Tariffs for energy carriers/gas, electricity | 104 |

*We thank you for your confidence
and would like to remind you that:*

- ✓ with the purchase of the business plan of the
«VTSConsulting» company you'll have a guarantee of
getting a consultation from specialists who have
worked on a specific business plan*
- ✓ during one to two hours our team will be ready to
answer all questions related to the structure and
content of the business plan*

*Respectfully,
«VTSConsulting» team*

INFORMATION ABOUT THE «VTSConsulting» COMPANY

«VTSConsulting» company was founded in May 2010 by a team of professionals led by Vladyslav Tsygoda. Vladyslav Tsygoda is a business consultant, a recognized leader in the field of business planning in the CIS countries (according to the portal free-lance.ru), today he is the head of the rating of the consulting company.

Development of business plans, feasibility studies, investment memorandums, financial models and business presentations are the main directions of the team, which includes highly skilled analysts.

Experience of the team in the development of investment documents is more than 6 years, and today «VTSConsulting» is the only company in Ukraine, which is a partner of the project «RBC. Market research».

«VTSConsulting» team and principles of work

- ✓ a unique approach to solving problems;
- ✓ an impeccable reputation and a high degree of customer confidence;
- ✓ high professionalism regardless of field of study;
- ✓ practical experience, including the implementation of complex highly specialized projects.

We appreciate greatly the cooperation with each customer.

And we are proud of our customers!

LLC «Zemleugodie-Invest», OJSC «Votkinsky plant», SPE «Stealth», State Enterprise UkrSRIPRI «Masma», «Reproto Technologies», «VOK Montage Service» company, LLC «PRIIMAS» «Petrovizard» company, Port Temryuk, LLC «Spetsbudproekt», group of companies «SEMPROGROUP», LLC «Maximus Construction», «Rosmolodezh», LLC «Sisif Service», LLC «Plant TITAN», LLC «Project K», LLC «Portal Logistics», SPK «Nauka», I.N. Frantsevich Institute of Materials of NAS of Ukraine, NTUU «KPI», Science Park «Kyiv Polytechnic», The Russian Government, Verkhovna Rada of Ukraine

This is not a complete list of those

who was pleased with the cooperation with «VTSConsulting».

«VTSConsulting» company is a team of professionals, whose knowledge and experience will allow you to save money, nerves and time: preparation of investment documents will take from 4 to 10 days.

Our customers recommend us to their friends and partners, because we work for the results and complete satisfaction of a Client. Thus, ordering business plan, information or investment memorandum from us, you do not just spend money.

You invest.

*Respectfully,
Vladyslav Tsygoda,
the head of «VTSConsulting»*