

BUSINESS PLAN



Pig-Breeding Complex



2014

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

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	<p>Internal rate of return – 12,03 %</p> <p>Net Present Value for 5 years – *** EUR</p>

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		***

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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.

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