

MEAT PROCESSING PLANT CONSTRUCTION AND MEAT CLUSTER DEVELOPMENT PROJECT

«DORDOI BALYKCHY» LIMITED LIABILITY COMPANY



KYRGYZSTAN



Project Initiator:

«Dordoi Balykchy» LLC

Brief Project Description:

The project aims to launch an advanced and modern meat processing plant in Balykchy, Issyk-Kul region. Construction of the meat processing plant is currently at its final stage.

Capacity of the meat processing plant is 100 head of cattle and 1000 head of small cattle per shift.

The company's mid-term development strategy includes the following stages: waste processing, launching sausage and canning departments, launching cattle fattening farms in several parts of Kyrgyzstan, production of hydroponic green fodder for fattening farms.

Project Initiator Description:

The project is initiated by three successful entrepreneurs with extensive experience in management also representing different activity areas of the Dordoi Association.

CEO: Marat Zarypbek uulu

- Author of the idea, Project implementer since 2016
- More than 5 years of experience in meat cluster development
- Trained over 5000 people in business management and planning

Project cost - \$ 3,300,486

- Sausage and canning departments - \$1,000,000
- Cattle fattening farm - \$1,585,882
- Equipment for blood processing - \$50,000
- HGF production - \$150,000
- Feed production facility - \$514,964

Investment required - \$3,300,486

Payback period - 1.63 years

PROJECT DESCRIPTION

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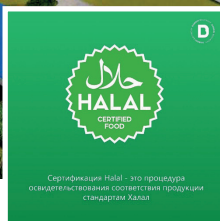
Construction and subsequent production are carried out in accordance with international quality and food safety standards - ISO 22000, ISO 9001, Halal IHAF.

The meat products are to be distributed on the local Bishkek market and exported to Arab countries.

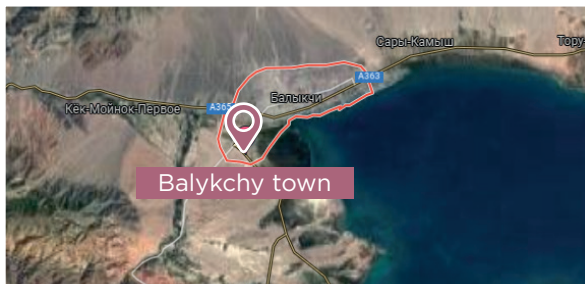
The company's mid-term development strategy includes the following stages:

- ✓ waste processing
- ✓ launching sausage and canning departments
- ✓ launching cattle fattening farms in several parts of Kyrgyzstan
- ✓ production of hydroponic green fodder for fattening farms

The company develops a meat cluster that will involve local farmers to secure primary produce supply for the Project.



GEOGRAPHICAL LOCATION OF THE PROJECT



PROJECT INITIATOR DESCRIPTION

The project is initiated by three successful entrepreneurs with extensive experience in management also representing different activity areas of the Dordoi Association.

The Dordoi Association is one of the outstanding representatives of national business and unites entrepreneurs creating jobs for our citizens. The organization creates thousands of jobs and substantially supports and funds budgets at all levels.

TRADE

- ✓ Naryn Plaza Shopping Center
- ✓ Auto parts Market
- ✓ Dordoi Market
- ✓ Dordoi Plaza Shopping Center in At-Bashi
- ✓ Muras Sport
- ✓ Alamedin Market
- ✓ Dordoi Asia Shopping Mall
- ✓ ZIMALETTO
- ✓ Dordoi Dyikan

MANUFACTURING

- ✓ Kyrgyzmebel Company
- ✓ Ak-Tash Dordoi
- ✓ Juma SFC

CULTURE

- ✓ AC Art Gallery
- ✓ Koshoi Korgon Museum

SERVICES

- ✓ Dordoi-Security
- ✓ Koy-Tash RC
- ✓ Umay-Nur EC
- ✓ Kosmopark RC
- ✓ Cyprus Guest House
- ✓ Tatyr Complex
- ✓ Sinematica LLC
- ✓ TOP Design group

SPORT

- ✓ Dordoi FC
- ✓ Dordoi SC

HEALTHCARE

- ✓ Dordoy Ophthalmic Service
- ✓ Oculus
- ✓ Medical Laser Centre
- ✓ Dordoi MC in At-Bashy

MANAGEMENT TEAM



MARAT ZARYPBEK UULU
Co-Founder/ Director General

- ✓ BA in Law from the Academy of the Ministry of Internal Affairs and MBA from the Diplomatic Academy of the MFA of the Kyrgyz Republic.
- ✓ Author of the idea, Project implementer since 2016
- ✓ More than 5 years of experience in meat cluster development
- ✓ More than 5 years in managerial positions. CEO in three companies
- ✓ Member of the Sodruzhestvo youth union board under the State Duma of the Russian Federation
- ✓ Trained over 5,000 people in business management and planning

MANAGEMENT TEAM



BOLOTBEK ASHIMOV
Deputy Director General

- ✓ BA in Law from the Academy of the Ministry of Internal Affairs
- ✓ Deputy Director General since 2018
- ✓ Member of the Sodruzhestvo youth union board under the State Duma of the Russian Federation
- ✓ Participation and training of young people
- ✓ SBK - Business Assembly of Kyrgyzstan
- ✓ YLK - Kyrgyzstan's Young Leaders
- ✓ YLK - Young Leaders of Kyrgyzstan

SUSTAINABLE COMPETITIVE ADVANTAGES

- ✓ **Available markets in Bishkek.** Dordoi Balykchy LLC is a member of the Dordoi Association, which is active in various sectors of economy, including trade: wholesale and retail Alamedin market, wholesale Dordoi-Dyikan market. These markets are among the largest food markets in Bishkek.
- ✓ **Export opportunities.** The project aims to enter the markets of Arab countries. The company management has already met with several major market players in the UAE , who expressed preliminary interest in meat imports. In addition, the company has been taking steps to prepare for future exports: implementation of ISO 22000, HACCP, Halal, and ISO 9001 standards. Adjusting to these standards will allow exporting food products to any country. The company has also designed a brand book specifically targeting foreign consumers.
- ✓ **Export of finished products.** The company plans not only to export carcass meat, but also finished products, such as: packaged meat parts, steaks, culinary delights.
- ✓ **Meat cluster development.** Cattle breeding within the meat cluster will contribute to solution of socio-economic issues observed in the regions of Kyrgyzstan, including growth of production, increasing income, and well-being of cattle farmers, as well as increasing employment and reducing labor migration.
- ✓ **Waste-free production.** The project aims at recycling waste from slaughtering operations. The largest waste is blood, which is to be processed into powder and used in the production of feed for fish and pets. In addition, bone remains after deboning are to be processed meat-and-bone meal, which is actively used in production of feed for poultry and livestock.
- ✓ One other direction to ensure waste-free production within the project is tinned stewed meat and sausage products.
- ✓ Italian technology. All equipment was ordered from the leading Italian manufacturer in the meat processing market, which will also provide follow-up training and services.

PROJECT FINANCIAL PROJECTIONS

Commercial Slaughter Number of Head	2021	2022	2023	2024	2025	2026	2027	2028
Cattle	195	10 330	19 650	26 500	26 500	26 500	26 500	26 500
Small cattle	330	23 400	52 800	105 600	158 400	237 600	261 360	263 974

Key financial indicators, USD	2021	2022	2023	2024	2025	2026	2027	2028
Sales	260	14 301	28 216	44 573	51 197	61 131	64 112	64 440
EBITDA	-179	1 639	3 354	7 801	9 531	12 127	12 906	12 991

- ✓ IRR 33,05%
- ✓ Payback period 1.63 years, Discounted payback period 2.56 years

FUNDING SOURCES AND USE OF FUNDS

Funding sources	Amount, USD
Financial investor	3 300 846

Use of funds	Amount, USD
Sausage and canning departments	1 000 000
Cattle fattening farm	1 585 882
Blood processing equipment	50 000
HGF production	150 000
Fodder production base	514 964

Total: 3 300 846

Total: 30 000 000

BRIEF OVERVIEW OF THE MEAT MARKET IN KYRGYZSTAN

- ✓ The meat market in Kyrgyzstan is mainly shaped by the products of private subsidiary farms and the lack of organized marketing channels for produce, which leads to a large number of sales intermediaries.
- ✓ The EU survey data of meat sellers revealed that the meat gets to the market stall through resellers, each adding their own margin. As a result, the cost increases from KGS 30 to 60 per kilogram of the initial producer's price. In other regions, according to territorial subdivisions, there are practically no resellers.
- ✓ According to Akipress policy brief, out of the total cattle in the republic, the main population (51.8%) is bred in the South of the country: 22.9% in Osh region, 20.1% in Jalal-Abad and 8.8% in Batken region. In the North of the republic a large share is concentrated in Chui and Issyk-Kul regions 18.4-13.7% respectively. The main livestock of sheep and goats is concentrated in Jalal-Abad region -19.5%, Osh region -18.9%, Naryn region -17.8% and Issyk-Kul region 14.3%. This is mainly due to the availability and use of extensive mountain pastures.

Cattle, heads	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Kyrgyz Republic	1298825	1338583	1367466	1404168	1458377	1492517	1527763	1575434	1627296	1680750	1715776
Batken region	115938	119800	122164	123493	127123	129118	130585	139628	149012	151419	153360
Jalal-Abad region	259010	266614	273136	286313	294557	302659	311925	321334	329623	342403	351223
Issyk-Kul region	179203	184907	191974	199978	209948	212816	216833	226085	237564	248783	255740
Naryn region	129810	133518	136552	138623	141950	145687	153570	163743	174650	182239	187249
Osh region	300282	308488	314647	321239	340891	351601	357448	362140	366327	374659	383180
Talas region	64049	65353	66291	66896	67061	67243	66991	67030	67596	68678	66928
Chui region	239830	248886	251824	256603	265882	272242	278745	283506	289952	299951	305861
Bishkek city	1034	1053	1065	1058	873	734	676	643	589	550	537
Osh city	8887	9046	9123	9275	9471	9831	10284	10670	11362	11402	11189
Special registration	782	918	690	690	621	586	706	655	621	666	509

EXPORT OPPORTUNITIES (ISR CONSULT RESEARCH)

Import of meat products has generally demonstrated some positive dynamics, the net increase in cattle for 2015-2018 was +3.1% tons or +19.8 thousand tons, the increase in GAP (uncovered consumption) was 948 thousand tons in the studied markets (Kyrgyzstan, Kazakhstan, Russia, Belarus, Armenia, Uzbekistan, Tajikistan, Qatar, UAE, Kuwait, Saudi Arabia).

The proportional ratio of the import-export component growth indicates the growing consumption of cattle in the countries. The most promising markets for cattle include:

- ✓ Qatar and Kuwait are the most marginal markets
- ✓ Russia (USD 6,22 per 1 kg with per capita consumption of 3 kg a year) remains a potential market for early launch
- ✓ Saudi Arabia (USD 5.40 per 1 kg with per capita consumption of 4 kg per year).

The largest cattle exporter according to the results of the mentioned countries is the Republic of Belarus with 76.4% of the cattle export market share. Negative values of the sales market GAP show - 262,398 tons of cattle in 2018, which indicates the overproduction of cattle. Analyzing the data for Belarus, only about 3.7% to 4.2% (from 2015 to 2018) account for by-products, which indicates very low exports of by-products due to the products specification.

TOP - 3 cattle markets:

- ✓ Russia, GAP market +681,156 tons or 71.8% share of the studied markets;
- ✓ UAE, GAP market +215,856 tons or 22.8% share of the studied markets;
- ✓ Armenia, GAP market +179,136 tons or 18.9% share of the studied markets.

TOP - 3 small cattle markets:

- ✓ Saudi Arabia, +32,830 tons or 25.2% share of the studied markets;
- ✓ UAE, +50,463 or 38.7% share of the studied markets;
- ✓ Qatar, +31,044 or 23.8% share of the studied markets.

INVESTMENT PROPOSAL

LEGAL MECHANISM	✓ LLC
FUNDING TYPE	✓ Direct investment in capital
AMOUNT	✓ USD 3,300,846
TERM	✓ 5-7 years
NUMBER OF TRANCHES	✓ Tranche No. 1 - for launching of a fattening farm and feed production, HGF ✓ Tranche No. 2 - for blood processing equipment ✓ Tranche No. 3 - for sausage and canning departments
COLLATERAL	✓ Fixed assets





