



NATIONAL INVESTMENTS AUTHORITY
UNDER THE PRESIDENT
OF THE KYRGYZ REPUBLIC



Organization for Security and
Co-operation in Europe
Programme Office in Bishkek

HONEY PRODUCTION AND PROCESSING EXPANSION PROJECT

“Dary Tyan-Shanya” LLC



KYRGYZSTAN



Name of the company:

“Dary Tyan-Shanya” LLC

Brief description of the Project:

The project provides for an increase in the production and processing of honey by “Dary Tyan-Shanya” LLC.

At the moment, the Company’s own annual honey production is around 13 tons. As part of the Project, the Company plans to increase its own honey production to 100 tons per year by purchasing additional hives, bee colonies, production equipment, etc. The production capacity of the plant is 8 tons of honey per shift per day. The Company processes about 100 tons of honey annually, including 13 tons of its own honey. The increase in the Company’s own honey production will make it possible to bring the annual processing capacity to 200 tons of honey, including up to 100 tons of its own honey. Stage 2 of the project provides for upgrading the technological equipment of the plant laboratory and its accreditation

Description of the Project Initiator:

The Project Initiator is “Dary Tyan-Shanya” LLC, which was founded in 2010 and is currently the largest company producing and exporting ecologically friendly and natural beekeeping products in the Kyrgyz Republic. The Company processes about 100 tons of honey each year, 90 percent of which it exports to 30 countries. In 2013, the Company took part in the Apimondia International Beekeeping Congress in Kiev (Ukraine) and won 3 gold medals: For the Best White Honey - At-Bashy honey, for the Best Honey Showcase and for the best wax model. As of today, the Company has won more than 43 International Beekeeping and Product Quality Awards.

Project cost - \$355,000

- ✓ Purchase of hives, bee colonies and beekeeping equipment – \$261,000
- ✓ Laboratory equipment – \$85,000
- ✓ Laboratory accreditation – \$9,000

Amount of investments - \$355,000

Payback period - 2.62 years

DESCRIPTION OF THE PROJECT

The project provides for an increase in the production and processing of honey by “Dary Tyan-Shanya” LLC. A working beekeeping farm (modular apiaries on wheels) is located near the village of Krasnaya Rechka, Chuy Region.

At the moment, the Company’s own annual honey production is around 13 tons. As part of the Project, the Company plans to increase its own honey production to 100 tons per year by purchasing additional hives, bee colonies, production equipment, etc. In the first two years of scaling up, the Company will take effective measures to strengthen the bee colonies, thus helping to gradually increase honey production in the future.

The production capacity of the plant is 8 tons of honey per shift per day. The Company processes about 100 tons of honey annually, including 13 tons of its own honey. The increase in the Company’s own honey production will make it possible to bring the annual processing capacity to 200 tons of honey, including up to 100 tons of its own honey. The plant complies with all national and international quality standards, including the HACCP food safety standard. About 85-90% of all processed honey is planned for export, for which the Company has established partnerships in about 30 countries worldwide.



Stage 2 of the project provides for upgrading the technological equipment of the plant laboratory and its accreditation, including, but not limited to, the following types of equipment:

- Multiplex analyzer (screening for antibiotics)
- Spectrophotometer (screening for hydroxymethylfurfural)
- Refractometer (determination of the sugar and moisture content of the product)
- Photoelectric colorimeter
- Air supply system
- Auxiliary laboratory equipment and materials



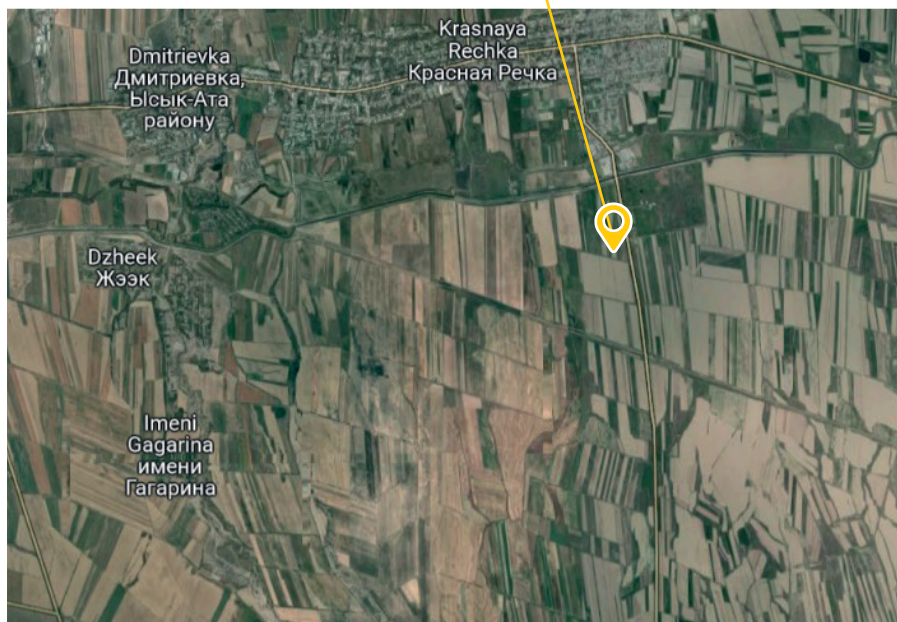
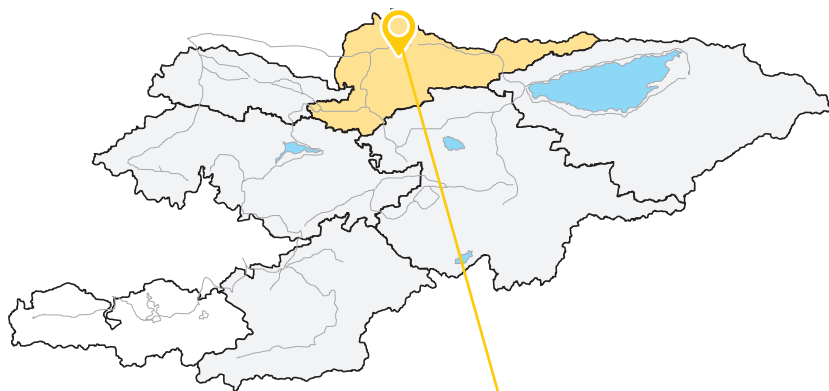
The laboratory will be accredited to the ISO/IEC 17025 standard and will allow conducting close examinations on equipment calibrated to the appropriate standards set by European (CEN) or international (ISO) standardization bodies. Accreditation of the laboratory will also allow it to ensure high quality of honey, which will have a positive impact on the sales and exports of Kyrgyz honey, giving foreign partners full confidence in the Company as a reliable supplier.



In addition to expanding its own production, the Company also intends to maintain and increase mutually beneficial cooperation in raw material collection with individual beekeepers and large cooperatives of the Kyrgyz Republic.



GEOGRAPHICAL LOCATION OF THE PROJECT



DESCRIPTION OF THE PROJECT INITIATOR



«Dary Tyan-Shanya» LT

“Dary Tyan-Shanya” LLC was founded in 2010 and is currently the largest Company producing and exporting ecologically friendly and natural beekeeping products in the Kyrgyz Republic.

“Dary Tyan-Shanya” LLC operates in retail, wholesale and export. The Company sells around 100 tons of honey annually, including 13 tons of its own honey. The Company exports 90 percent of its products to 30 countries.

“Dary Tyan-Shanya” LLC is an exclusive distributor of the Public Organization “Kyrgyz Union of Beekeepers”, the largest association of beekeepers throughout Kyrgyzstan. The Company is also a member of major international beekeeping federations.

In 2013, the Company took part in the Apimondia International Beekeeping Congress in Kiev (Ukraine) and won 3 gold medals:

- ✓ For the Best White Honey - At-Bashy honey.
- ✓ For the Best Honey Showcase.
- ✓ For the best wax model.

The Company also won 2 silver medals (for wax candles, for the best Dark Honey - Issyk-Kul honey) and the Grand Prix “Apimondia Shield”. Thus, the Company proved the quality of its products to the entire beekeeping world, vastly contributing to the development of the brand “Kyrgyz Honey”.

As of today, the Company has won more than 43 International Beekeeping and Product Quality Awards.

“Dary Tyan-Shanya” LLC has the best equipment and strict technology quality control.



SUSTAINABLE COMPETITIVE ADVANTAGES

- ✔ **Vast experience.** The Company has more than 12 years of experience in the honey industry and is currently the largest company producing and exporting ecologically friendly and natural beekeeping products in the Kyrgyz Republic. The main business strategy of the Company is customer-oriented, with operations in retail, wholesale and export. The company is an exclusive distributor of the Public Organization “Kyrgyz Union of Beekeepers”, the largest association of beekeepers throughout Kyrgyzstan.
- ✔ **Technologies used.** “Dary Tyan-Shanya” LLC has the best foreign equipment available in the country and strict technology quality control.
- ✔ **Environmentally friendly and high quality products.** Kyrgyz honey is an environmentally friendly product, as proven by the awards it has won in recent years at many international trade fairs. In 2013 in Kiev, Kyrgyz honey was recognized as the best among similar products from 146 countries. In 2014 and 2015 at the fairs in Turkey and South Korea, Kyrgyz honey was also recognized as the best.
- ✔ **High demand for Kyrgyz honey abroad.** Due to its high quality and excellent taste, Kyrgyz honey is highly demanded in the international market. Kyrgyzstan currently exports honey to 30 countries, including the USA, Japan, China, the UAE, Qatar, Saudi Arabia, Russia, Spain, Malaysia and others.



HISTORIC PRODUCTION AND FINANCIAL INDICATORS OF THE COMPANY

Production by volume, kg	2020	2021
Honey (mountain, forest, sainfoin, etc.), including	64 000	96 000
• own honey	8 000	13 000
• honey from beekeepers and cooperatives	56 000	83 000

Historic financial indicators, USD	2020	2021
Revenue	4 055 882	4 294 118
EBITDA	1 158 824	1 352 941





HONEY

PROJECTED FINANCIAL INDICATORS

The Company's own honey sales plan by volume, kg	Year 1	Year 2	Year 3	Year 4	Year 5
Honey (mountain, forest, sainfoin, etc.)	20 000	38 000	62 000	85 000	100 000

Key Financial Indicators, USD	Year 1	Year 2	Year 3	Year 4	Year 5
Sales revenue	120 000	228 000	372 000	510 000	600 000
EBITDA	24 000	68 400	130 200	204 000	252 000

- ✓ IRR at the end of Year 5 is 18.82%
- ✓ Project payback period is 2.62 years, discounted payback period is 3.51 years

SOURCES OF FINANCING AND APPLICATION OF FUNDS

Source of financing	Amount, USD
Financial investor	355 000
Total:	355 000

Application of funds	Amount, USD
Purchase of hives, bee colonies and beekeeping equipment	261 000
Laboratory equipment	85 000
Laboratory accreditation	9 000
Total:	355 000

A BRIEF OVERVIEW OF HONEY MARKET IN KYRGYZSTAN

Kyrgyzstan is a mountainous country with vast high mountain pastures covered with a variety of nectar sources. Meadows in the lower mountains, foothill pastures and hayfields are also rich in valuable nectar sources: barberry, currants, mint, sage, oregano, eremurus, dragonhead, yellow melilot, wild strawberry, sainfoin, etc. The southern slopes are covered with natural fruit-bearing forests, while at the northern slopes and along the mountain rivers there are flowering shrubs and many other nectar sources.

The climate and a unique variety of nectar sources of the Kyrgyz Republic make it possible to produce large quantities of high quality honey. Kyrgyz honey is one of the best in the world. The results of many international competitions confirm this. For example, in 2013 at the 43rd Apimondia International Beekeeping Congress in Kiev, At-Bashy white honey (At-Bashy District is located in the Naryn Region in the south-east of the country) won a gold medal. Other brands of Kyrgyz honey were also awarded at the Congress. Kyrgyz honey also received the highest praise at the 44th Apimondia Congress in Daejeon (South Korea) in 2015.

Today, according to estimates by various experts, the annual volume of honey production in the Kyrgyz Republic is more than 2.3 thousand tons. The Republic has the potential to produce up to 100,000 tons of honey, mostly for export.

In recent years, the honey production and processing industry has received close attention from the government. Mechanisms to support beekeepers have been proposed, including the removal of fees for placing apiaries on pastures. The current legislation limits the period of free placement to one month, but the Ministry of Agriculture of the Republic proposes to remove this restriction.

A mapping project has also been initiated to create a map of the movement of beekeepers in pastures, which can be used as a planning tool and will further be included in the Pasture Management Plan.





HONEY EXPORT POTENTIAL

Kyrgyzstan exported 491 tons of honey worth more than USD 1.7 million in 2020, according to the statistics from the International Trade Center.

The main importers of Kyrgyz honey (by volume) were China, Saudi Arabia, the UAE, Andorra, Kuwait, the USA, Japan, Kazakhstan and Russia. In total, honey was exported to 25 countries in 2020.

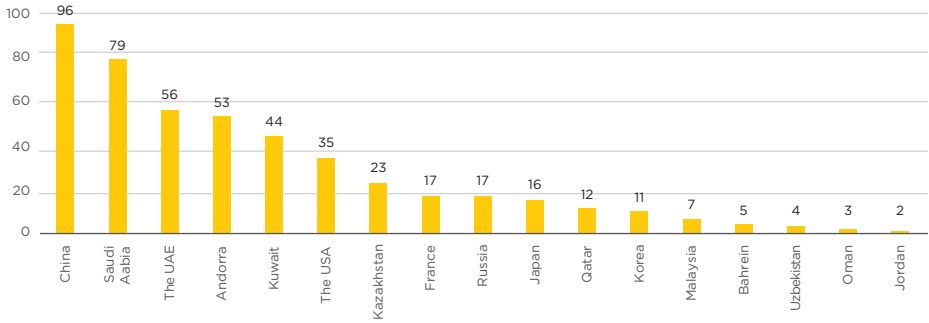
In monetary terms, the biggest importer of Kyrgyz honey was China, which bought USD 280 thousand worth of honey. It was followed by Saudi Arabia with up to USD 250 thousand, and then Kuwait with USD 248 thousand.

Slightly smaller shipments were made to the USA (USD 185 thousand), Japan (USD 177 thousand), the UAE (USD 150 thousand), France (USD 79 thousand), Andorra (USD 73 thousand), Russia (USD 53 thousand), Malaysia (USD 50 thousand), Qatar (USD 46 thousand), and Oman (USD 35 thousand). In 2020, the average price per ton of Kyrgyz honey was USD 3,546.

The world market for honey exports in 2020 was USD 2.270 billion. On an annualized basis, world exports of natural honey increased by 15.3% from 2019 to 2020. The top 10 honey importing countries are:



Honey exports by country in 2020 (tons)



No.	Country	2020	
		million USD	thousand tons
1	The USA	441	197
2	Germany	279	90
3	Japan	174	49
4	France	129	35
5	The United Kingdom	121	no exact data available
6	Saudi Arabia	105	24
7	China	89	4
8	Italy	84	22
9	Poland	79	37
10	Belgium	70	28

Rapid urbanization and increasing disposable income for honey consumers around the world have changed purchasing habits, as consumers tend towards healthier lifestyles and are willing to spend more on healthier products. Honey is in increasing demand as its use in place of sugar in various products grows. The medicinal properties of honey have been well known in the region since ancient times, and its use in cough syrups and food supplements is also growing.

Tendency to healthy life, reduction in sugar consumption, use of honey as sugar substitute and artificial sweeteners, sweet taste of honey, its affordable nature and easy accessibility with a wide range of applications due to its nutritional value and medicinal properties will further drive the growth of the honey market.

The world honey market is expected to grow from USD 10.5 billion in 2021 to USD 17.44 billion by 2030 at a compound annual growth rate (CAGR) of 5.8% during the 2022-2030 forecast period.

OFFER FOR INVESTOR

LEGAL MECHANISM	✓ Limited liability company
TYPE OF FINANCING	✓ Direct investment in capital/ borrowings
AMOUNT	✓ USD 355,000
FINANCING TERM	✓ Up to 5 years
NUMBER OF TRANCHES	✓ Tranche No. 1 - Expansion of honey production - purchase of bee colonies, modular apiaries ✓ Tranche No. 2 - Purchase of laboratory equipment and laboratory accreditation
FINANCIAL SUPPORT	✓ Fixed assets of the Company



