



NATIONAL INVESTMENTS AUTHORITY
UNDER THE PRESIDENT
OF THE KYRGYZ REPUBLIC



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

MANUFACTURE OF KNITTED AND TEXTILE CLOTHING

“GLOBAL GARMENT” LIMITED LIABILITY COMPANY



KYRGYZSTAN



Project Initiator:

Global Garment LLC

Brief Project Description:

The project involves an increase in production at the existing Global Garment facility. It is expected to double production capacity to 400,000-800,000 items per month. The Company will also provide social rewards through 300 new jobs. Aiming at increasing production, the company needs to procure sewing equipment and renovate the facility premises.



Project Initiator Description:

The Project initiator is Global Garment LLC - the largest garment factory in the south of Kyrgyzstan.

The facility production capacity is 300,000 - 625,000 items per month depending on the season and garment type; while the factory employs 350 people throughout the year.

The project was developed in 2019, and launched in May 2020 in Kyzyl-Kiya, Kadamjay district, Batken region. The total facility workshops area is 6,920 m²



CEO, Global Garment LLC: Ulukbek Kojoev

- ✓ Garment factory management experience
- ✓ Garment manufacturing expertise

Project Cost: USD \$500,000

- ✓ Sewing equipment - USD \$400,000
- ✓ Facility premises renovation - USD \$100,000



Investment Required: USD \$500,000

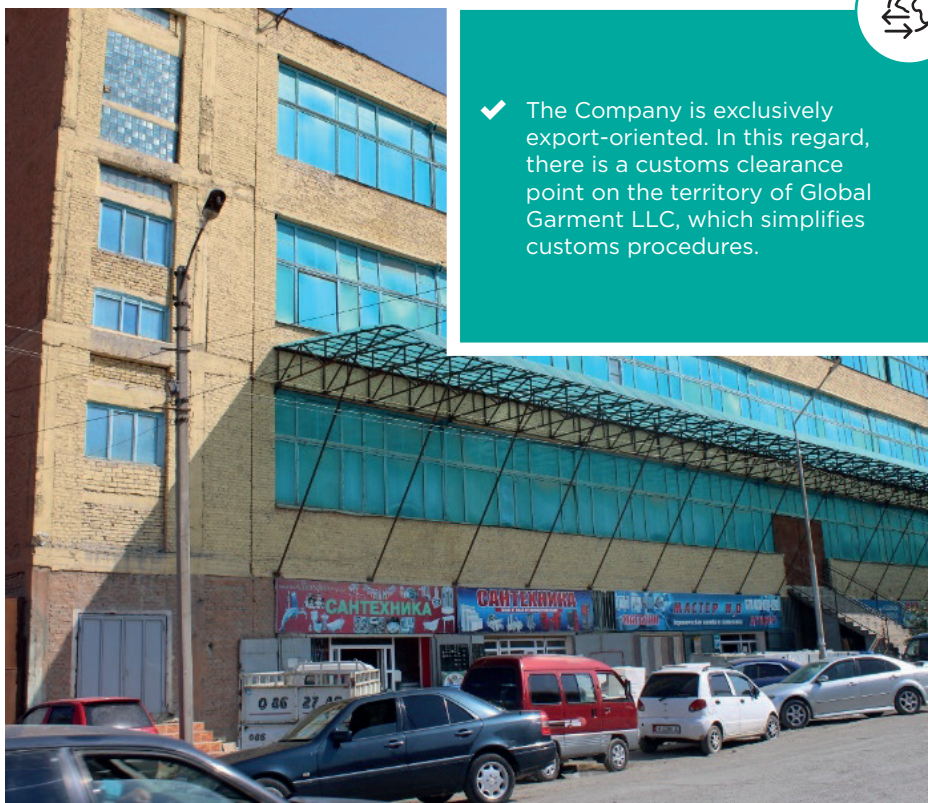
Payback Period: 2.79 years

PROJECT DESCRIPTION

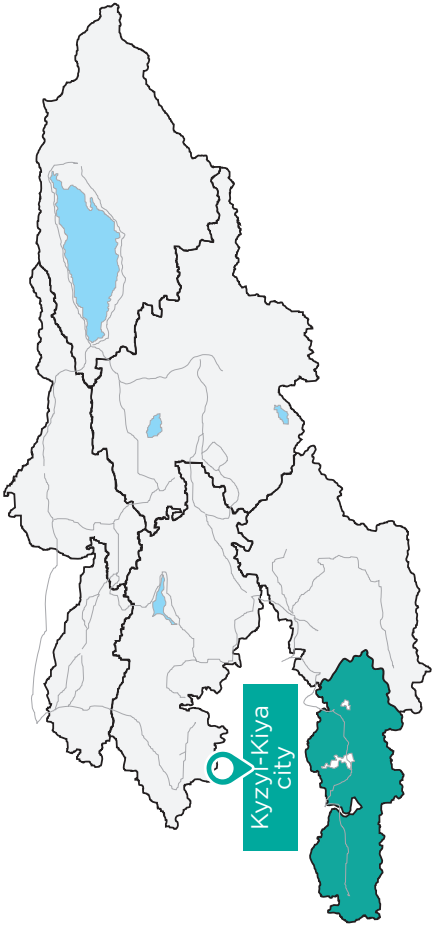
The project implies an increase in production volumes of the existing enterprise, the Global Garment LLC, which is engaged in the adult and children's clothing production.

Production is expected to double and reach 400,000 items per month. Since the Company creates additional 300 new jobs, it contributes into solving the unemployment and thus has a social effect.

Increase in productivity requires purchase of sewing equipment and renovation of the current production premises.



GEOGRAPHIC LOCATION



PROJECT INITIATOR DESCRIPTION

The Project Initiator, Global Garment LLC, is the largest garment factory, represented in the Southern part of Kyrgyzstan and located in Kyzyl Kiya, Batken region.

The production capacity of the factory is 300,000 - 625,000 items per month, depending on the season and type of clothing, while the factory employs 350 people throughout the year.

The project was started in 2019 and launched in May 2020 in Kyzyl-Kiya, Kadamjay district, Batken region. The total production area of the enterprise is 6,920 m².



Global Garment LLC is the third garment factory of the «Cool Bros» Company, which has been operating for over 10 years. There are two additional garment factories of the Cool Bros located in the Chuy region of the Kyrgyz Republic. The total production capacity of all factories exceeds 40,000 items per day. In total, 1,500 employees are involved in the production.

As of now, the Global Garment LLC has produced 7.5 million pieces of clothing.

SUSTAINABLE COMPETITIVE ADVANTAGES OF THE ENTERPRISE AND PROJECT

- ✓ **Established sales.** The Company exports clothing to Russia, Kazakhstan and Europe. Regular customers, as well as long-term contracts with chain retail stores, allowed the Company to firmly gain a foothold in the market. It cooperates with the following stores: Sela, Detsky Mir, Magnit, Familia, Magnum, Fix Price.
- ✓ **Full cycle of production and logistics.** The Company carries out a full cycle of production: starting from the development of patterns and samples to sewing clothing and their delivery. The factory operates in accordance with all the necessary international standards, which means production of clothes according to all the requirements of large international customers.
- ✓ **Turkish specialists.** The Company employs 4 specialists from Turkey who monitor the effectiveness of work.
- ✓ **High production capacity.** At the moment, Global Garment produces up to 300,000 pieces of clothing per month. The factory employs 350 people.
- ✓ **Modern high-production equipment.** The factory is equipped with 275 sewing machines.
- ✓ **The point of customs clearance** on the territory of the factory allows to save time and reduce logistics costs for customs clearance of goods for export.



FORECAST FINANCIAL INDICATORS

Quantity of clothing items, USD	2022	2023	2024	2025	2026
Clothes, spring-summer	400 000	450 000	475 000	500 000	500 000
Clothes, autumn-winter	240 000	270 000	285 000	300 000	300 000
Total:	640 000	720 000	760 000	800 000	800 000

Key financial indicators, USD	2022	2023	2024	2025	2026
Sales	760 000	855 000	902 500	950 000	950 000
EBITDA	114 000	153 900	180 500	209 000	237 500

- ✓ IRR 20.21%
- ✓ Project payback period 2.79 years. Discounted payback period 3.59 years

FUNDING SOURCES AND USE OF FUNDS

Funding sources	Amount, USD
Financial investor	500 000
Total:	500 000

Use of funds	Amount, USD
Sewing machines	400 000
Renovation of the premises	100 000
Total:	500 000

BRIEF OVERVIEW OF THE SEWING INDUSTRY MARKET IN KYRGYZSTAN AND EXPORT POTENTIAL

Light industry is one of the leading sectors of the Kyrgyz economy in terms of volume, multiplier effect, as well as a way to solve social problems.

The light industry's share made up 3% in the structure of the entire industry (2019). In terms of volume the production of precious metals traditionally dominates in the Kyrgyz Republic (in 2019, total production amounted to KGS 278 billion). If the component «Production of basic metals» is excluded from the total industrial production (51 percent in total industrial production in 2019), then the share of light industry will be 7 percent.

In 2018, the export of goods related to garments and textile products amounted to over USD 150 million, which is the maximum volume in recent years. As the table below shows, in 2019, even before the COVID-19 pandemic, exports by commodity groups 61, 62 and 63 decreased by almost 1.5 times

Code	Export of garments from Kyrgyzstan (mln USD)	2015	2016	2017	2018	2019	6 months 2020
61	Apparel and clothing accessories, knitted or crocheted	48,7	56,8	98,9	140,5	73,3	29,4
62	Articles of apparel and clothing accessories, not knitted or crocheted	47,9	15,8	19,8	9,1	25,2	4,9
63	Other made-up textile products; sets; clothing and textiles	1,3	1,4	2,6	1,9	2,6	1,1
Total		97,9	74,0	121,3	151,5	101,1	35,4

In 2019, the export of products by groups 61, 62, 63 of the EAEU TN VED amounted to 5.1 percent in the total export volume. Most of the manufactured products are exported to the EAEU countries – 98 percent in 2019. The Russian Federation is main customers for Kyrgyz clothing.

Since 2005, a patent system has been introduced, which allowed the vast majority of enterprises to work openly. The way out of the shadows was supported by the enterprises of the sewing industry and obviously was associated with the achievement of a stage, when working in the shade brings more costs than benefits.

INVESTMENT PROPOSAL

LEGAL MECHANISM	✓ Limited Liability Company
FUNDING TYPE	✓ Direct investment in capital
AMOUNT	✓ USD 500,000
TERM	✓ 5 years
NUMBER OF TRANCHES	✓ Tranche No.1 – purchase of sewing machines ✓ Tranche No.2 – renovation of premises
COLLATERAL	✓ 100% of the Company's share



