



NATIONAL INVESTMENTS AUTHORITY  
UNDER THE PRESIDENT  
OF THE KYRGYZ REPUBLIC



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

# “ZIL” SKI BASE EXPANSION PROJECT

“ZIL COMPANY” LLC





### **Name of the company:**

“ZiL Company” LLC

### **Brief description of the Project:**

The project involves the expansion of the “ZiL” Ski Base by constructing an additional 5 km ropeway (funicular) to a new descent point from the Kentor Glacier, located at an altitude of 3,500 meters. Professional skiers can also be delivered to the 4,000 meter descent point. Descent from this altitude is possible all year round. Since placing the ropeway supports on the glacier could harm the glacier and the environment, skiers will be delivered in high-speed snowmobiles.

Moreover, a year-round recreation center will be built at an altitude of 3,050 meters, with a restaurant for 150-200 people, 10 cottages, a recreation area, a children’s playground and an ice rink that will serve as a lake in summer time.

### **Description of the Project Initiator:**

The Project Initiator is “ZiL Company” LLC, one of the most popular places for winter recreation in Kyrgyzstan. For three years in a row, the “ZiL” Ski Base has ranked number 1 in the country and received a gold medal (among 17 ski bases). The advantage of the “ZiL” Ski Base is its close proximity to Bishkek (35 km). It is located in a beautiful picturesque place at an altitude of 1,850 meters above sea level. Excellent access roads with eight well-equipped car parking lots for 700 cars are a great convenience for tourists and skiers.

### **Project cost - \$6,550,000**

Ropeways – \$5,650,000

Construction of infrastructure facilities and utility connections – \$ 600,000

Transport - \$300,000

### **Amount of investments - \$6,550,000**

**Payback period - 3.28 years**

# DESCRIPTION OF THE PROJECT

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Glaciers are special ski areas which, like ordinary trails, are available for skiing and recreation in the winter and summer seasons. However, skiing will only be allowed on the marked part of the trail.

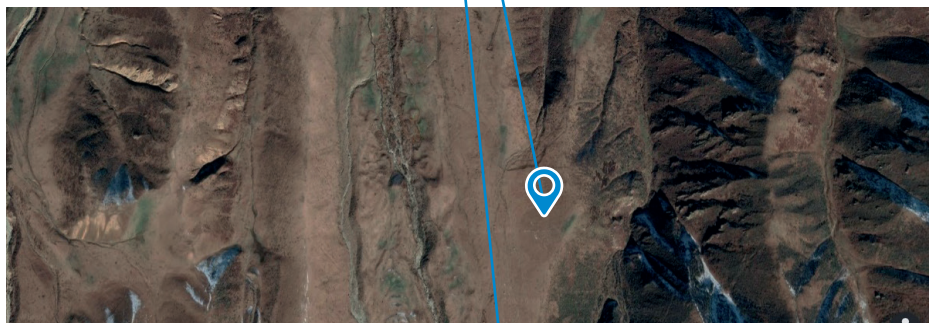
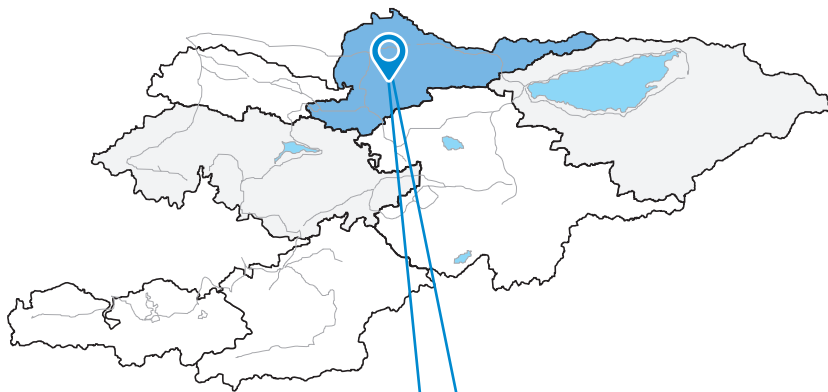
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At present, ski season at the “ZiL” Ski Base starts in November or December and ends in March. The ski season from the new 3,500 meter point will start in October or November and end in May, and skiing from 4,000 meters will be possible all year round.

Once implemented, this project will make it possible to create the first year-round ski base, open 365 days a year. In addition, snow cannons will be installed to guarantee snow in any weather and season.



# GEOGRAPHICAL LOCATION OF THE PROJECT



# DESCRIPTION OF THE PROJECT INITIATOR

The Project Initiator is “ZiL Company” LLC, one of the most popular places for winter recreation in Kyrgyzstan. For three years in a row, the “ZiL” Ski Base has ranked number 1 in the country and received a gold medal (among 17 ski bases). The advantage of the “ZiL” Ski Base is its close proximity to Bishkek (35 km). It is located in a beautiful picturesque place at an altitude of 1,850 meters above sea level. Excellent access roads with eight well-equipped car parking lots for 700 cars are a great convenience for tourists and skiers.

## **Right now, there are five mountain rope lifts operating at the base:**

- ✓ The first ropeway, 1.3 km long, uses a rope tow lift;
- ✓ The second ropeway, 1.5 km long, uses a two-person chairlift with an insulated seat;
- ✓ The third, 1.4 km ropeway is suitable for advanced skiers and uses the ULITKA system lift;
- ✓ The fourth ropeway, 1.2 km long, uses the ULITKA system lift;
- ✓ The fifth, 400 m ropeway is suitable for children and beginner skiers.

## **Additional services at the “ZiL” Ski Base:**

- ✓ Ski and Snowboard School, children’s ski school;
- ✓ Equipment rental;
- ✓ Year-round zip-lining and tubing;
- ✓ Three cafes, with one located at 2,300 meters;
- ✓ 19 room hotel complex;
- ✓ Eight well-equipped parking lots for 700 cars;
- ✓ Transfer customers to the “ZiL” Ski Base
- ✓ Medical station.





# SUSTAINABLE COMPETITIVE ADVANTAGES

- ✓ **Year-round skiing.** The “ZiL” Ski Base will be the first ski base providing its clients with accessible year-round skiing from the Kentor Glacier, with the highest descent point starting at 4,000 meters above sea level.
- ✓ **Convenient location.** The “ZiL” Ski Base is located only 35 km from Bishkek in a beautiful, picturesque place at an altitude of 1850 meters above sea level and has parking lots for 700 cars.
- ✓ **Year-round recreation.** The “ZiL” Ski Base, in addition to winter recreation, provides lots of entertainment options and services in summer time, when visitors can enjoy the beautiful nature of the Kyrgyz Republic, making it a destination for a year-round family recreation, where every tourist will find something to do.
- ✓ **Quality infrastructure.** There are several different types of lifts and all the ski trails have special systems for additional artificial snow cover. This keeps the trails in good condition throughout the ski season. Specially for children, there is a special conveyor lift, and an open air ice rink will be built.
- ✓ **A place for family recreation.** The “ZiL” Ski Base has all the conditions for family recreation. The base has the first children’s ski school, tubing, zip-lining, an ice rink, and trails for beginners, advanced and professional skiers.





# PROJECTED FINANCIAL INDICATORS

Number of visits	Year 1	Year 2	Year 3	Year 4	Year 5
Winter time	80 000	100 000	120 000	125 000	130 000
Summer time	40 000	50 000	60 000	65 000	65 000
<b>Total:</b>	<b>120 000</b>	<b>150 000</b>	<b>180 000</b>	<b>190 000</b>	<b>195 000</b>

Key Financial Indicators, USD	Year 1	Year 2	Year 3	Year 4	Year 5
Sales revenue	7 090 800	8 161 140	9 216 297	9 932 172	10 372 605
<b>EBITDA</b>	<b>829 624</b>	<b>1 224 171</b>	<b>1 843 259</b>	<b>2 979 652</b>	<b>3 111 782</b>

- ✓ IRR at the end of Year 5 is 12.68%
- ✓ Project payback period is 3.28 years, discounted payback period is 4.04 years

## SOURCES OF FINANCING AND APPLICATION OF FUNDS

Source of financing	Amount, USD
Financial investor	6 550 000
<b>Total:</b>	<b>6 550 000</b>

Application of funds	Amount, USD
Ropeway	5 650 000
Construction of infrastructure facilities and utility connections	600 000
Transport	300 000
<b>Total:</b>	<b>6 550 000</b>

# A BRIEF OVERVIEW OF SKI TOURISM MARKET IN KYRGYZSTAN

Skiing is one of the key winter tourism activities in Kyrgyzstan. Kyrgyzstan has potential for further developing ski tourism. Kyrgyzstan's geographical location and a large difference in altitudes have resulted in its extraordinary nature. There are plenty of potential trails of varying lengths and difficulty, and interesting skiing for skiers of all levels. The climate is very favorable for skiing, with snow present from November to March and 365 days a year in the highlands. The weather in the area around most mountain resorts is usually warm with plenty of sunny days, which is why the ski season lasts from early December to early March.

At the moment, there are 12 ski bases in the country. Their operation mode - opening/closing of the winter season - depends on their location and weather conditions. These ski bases provide an opportunity for skiing on trails of varying difficulty - from trails for children to freeriding. Most of them are located in the city of Bishkek, the Chuy Region, and in the eastern part of the Issyk-Kul Region. These regions already have a well established tradition of winter tourism. The ski resort market in the south of the country is completely free, with not a single ski base there.

It is worth noting that the level of services currently offered by Kyrgyzstan ski bases is far below the requirements of European ski resorts, especially in terms of infrastructure, which prevents them from attracting large numbers of foreign tourists to Kyrgyzstan for ski tourism. In addition to improving infrastructure, it is necessary to intensify work on the launch and promotion of new tourist products for a greater development of ski tourism, improving services, and to involve other regions for market stabilization. Statistics shows that domestic tourists account for 95% of visits to Kyrgyz ski resorts.

It could further be argued that the total amount of direct investment in the construction and reconstruction of ski resorts and accommodation facilities for winter tourists from 1991 to 2020 does not exceed mere 20-30 million dollars.

Kyrgyzstan's terrain contributes to the country's huge potential for ski tourism, as about 94 percent of its territory is covered by mountains. About 90 percent of the area is at an altitude of more than 1,500 meters above sea level. With the proper development of this tourism sector and foreign investment, it may be possible to create a dozen new ski resorts across the country, with quality infrastructure meeting international standards. This would help turn Kyrgyzstan into a beloved ski tourism destination for all of Central Asia.

# OFFER FOR INVESTOR

<b>LEGAL MECHANISM</b>	✓ Limited liability company
<b>TYPE OF FINANCING</b>	✓ Direct investment in capital/ borrowings
<b>AMOUNT</b>	✓ 6,550,000 USD
<b>FINANCING TERM</b>	✓ 5-7 years
<b>NUMBER OF TRANCHES</b>	✓ 1-2 tranches
<b>FINANCIAL SUPPORT</b>	✓ Company share



