

Investment Offer

I. General information about the project

- 1. Project name:** Organization of new semi-finished meat products processing
- 2. Project branch:** Ministry of Agriculture and Food of the Republic of Belarus
- 3. Project location:** K.Marks str. 333, Bobruisk, Mogilev region, Republic of Belarus

4. Project description (the essence of the investment project, prerequisites, goals, what is expected from investor, why can the project be of interest to investor)

Organization and introduction of new technologies for the processing of semi-finished meat products that are produced and packaged using modern automated production lines on the existing areas of JSC “Bobruisk meat processing plant”.

The prerequisites for the development of this project is a steady consumer demand for the ready to cook products, a shift in priorities in home cooking towards using products that do not require much time for pre-treatment and are subjected to heat treatment in a convenient package for some minutes as well as giving the opportunity for both children and the elderly people to cook without any effort and skill using modern household appliances at home.

The objective of this project is to increase the production volume of the enterprise through production of new (innovative) products of high quality and obtain a guaranteed stable income as well as forcing the image of the company that implements significant investment projects on the territory of the Republic of Belarus.

From the investor's side it is expected to have experience in the development of the meat industry in developed countries and accordingly experience in the joint implementation of the project of semi-finished meat products processing beginning from the equipment, technology ending with its implementation. It is possible to co-operation in various forms: from the creation of a joint venture, or introduction of new technologies or production under the brand name of existing companies or certain companies.

JSC “Bobruisk meat processing plant” may be of interest to investors because it has an established approach to implementation of investment projects with foreign companies as key partners in the development of new technology projects, their

5. Degree of the project readiness (availability of business plan, feasibility study, marketing research or other preparatory work/studies carried out (or in progress) and the date, when they were prepared)

1. Marketing research: 06.06.2016

2. Feasibility study: 10.06.2016

II. Information about the project initiator

- 1. Organization full name:** Joint Stock Company “Bobruisk meat processing plant”.
Registration date: 30.01.2012
- 2. Authorized fund structure, %:**

Legal entities:	Share
- state ownership form	98,82
- private ownership form	
Individuals	1,18

III. Description of the market of the product intended for manufacture

A. Description of the product intended for manufacture:

1. product name and description: packed large-sized and small-sized natural semi-finished meat products and semi-finished meat products (meat for roasting, kebabs, meatballs, fresh sausages, minced meat, etc.).
2. main consumers: large trade enterprises, hypermarkets, educational institutions (kindergartens, schools, colleges, universities), fast food chains, the population on the territory of the Republic of Belarus, the Russian Federation.
3. main competitors (producers of similar product performance goods): OJSC "Brest Meat Packing Plant ", OJSC "Grodno Meat Packing Plant", JSC "Gomel Meat Packing Plant", JSC "Minsk Meat Packing Plant", OJSC "Vitebsk Meat Packing Plant."

B. Domestic market description

1. current market capacity (over the latest reporting period) (over 2015 -1,7%)
2. prospective domestic market share: fivefold sales increase
3. strategy for operating in the domestic market:
 - lower prices
 - better product quality
 - better service
 - state support (protection from import, guaranteed state public purchases and other support)
 - other (specify)
4. state regulation (price regulation, licensing of the activities etc.): absent
5. return on sales (%): in 2015 0,5%; in 1 quarter of 2016 1,0%.
6. market concentration degree (approximate total market share of five largest market players, %): 95,7% for 2015

Semi-finished meat products processing:

OJSC "Grodno Meat Packing Plant"- 19 816 ton (30,3%);
OJSC "Brest Meat Packing Plant"- 15 528 ton (23,7%);
JSC "Gomel Meat Packing Plant"- 14 448 ton (22,1%);
JSC "Minsk Meat Packing Plant"- 10 405 ton (15,9%);
OJSC "Vitebsk Meat Packing Plant"- 5 270 ton (8%).

TOTAL: 65 467 ton

7. other (specify)::

C. External market description

1. Estimated sales volume distribution by core regions, %:

EEU countries (Eurasian economic union)	Incl. Belarus market	EU countries	Other countries
30%	70%	*	**

* When selecting a foreign investor it is possible to deliver semi-finished meat products in EU countries. При выборе иностранного инвестора возможен вариант поставки полуфабрикатов в страны ЕС.

**It is possible to launch production of semi-finished meat products from raw materials of JSC "Bobruisk meat processing plant" in other countries (Adzharia).

2. Does the company have experience in exporting to these countries: yes; no
3. Do other Belarusian producers export these products to the main target markets: yes; no

IV. Description of available infrastructure

Railways and motor drive ways:

- company's own branch railway

- Belarusian Railway line (distance from the site, km): 2,4
- State motor roads (distance, km): 10
- other roads with improved surface (distance, km): 0

Communications:

- electricity network (voltage: 10000/400, distance, km: 0,8)
- water pipeline
- gas pipeline

Land plot and manufacturing facilities:

- land plot availability (area: 11,921ga, purpose of use: for the maintenance and servicing of industrial buildings and facilities)
- presence of constructions (area: 34283m², purpose of use: specialized engineering buildings; specialized buildings for repairs and maintenance of foodstuffs, beverages and tobacco production facilities; warehouses, supply depots, material supplies storage areas, storage sites; multi-purpose buildings)

Other infrastructure:

- warehouses, logistics terminals (area: 4865m², description: refrigerator)
- possibility of production expansion and installation of additional production capacities
- possibility of construction of the necessary infrastructure via state budgetary financing (description:)
- Other (specify):

V. Key advantages of the project

Short description of each is expected:

- developed brand: premium sausages: salami “Jewish lux”, salami “Shalom”, boiled meat sausage Doctoral by 1936 recipe, cooked smoked sausage “Moskovskaya”, pork and beef chips.

- profiled staff: The company is sufficiently staffed with highly qualified personnel, who have higher education (21.3%), specialized secondary education (20.0%) and vocational education (22.2%).

Categories	Education, person														
	Higher education			Specialized secondary education			Vocational education			Secondary education			Basic education		
	2014	2015	Growth rate 2015 to 2014	2014	2015	Growth rate 2015 to 2014	2014	2015	Growth rate 2015 to 2014	2014	2015	Growth rate 2015 to 2014	2014	2015	Growth rate 2015 to 2014
Executive staff	65	65	100,0	30	28	93,3	4	6	150,0	3	1	33,3	-	-	-
Specialists	99	98	99,0	26	25	96,1	3	2	66,7	1	1	100	-	-	-
Officials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Workers	40	34	85,0	140	132	94,3	219	198	90,4	360	304	84,4	39	32	82,0
Total:	204	197	96,6	196	185	94,4	226	206	91,1	364	306	84,1	39	32	82,0
% of the total number	19,8	21,3	107,6	19,0	20,0	105,3	22,0	22,2	101,0	35,4	33,0	93,2	3,8	3,4	89,5

women	151	120	79,5	137	120	87,6	135	144	106,7	215	186	86,5	15	12	80,0
% of the total number of women	23,1	20,6	89,2	21	20,6	98,1	20,7	24,7	119,3	33,0	32,0	97,0	2,3	2,1	91,3

- supply chain of raw materials and components: signed contracts for the supply of cattle in 2016 in the amount of 10,900 tons at a distance of no more than 300 km in Mogilev region
- (commodity) distribution network: TUP TD "Tsimus" (6 shops, 1 kiosk)
- guaranteed volume of orders: at least 250 tons per year.
- presence of valid patents, licenses, permits:
- provision of benefits within the project implementation:
- core partners: hypermarkets, retail chains, Communities of Consumer Cooperatives, trade commissioners in all regions of the Republic of Belarus
- other (specify):
text entry space.
text entry space.
text entry space.

VI. Project financing

A. Total investment amount: 1000 thousand euro.

B. Investment sources: 900 thousand euro.:

Source	Amount, thousand euro.
<input checked="" type="checkbox"/> Own resources	
<input checked="" type="checkbox"/> Investor's resources	900
<input type="checkbox"/> State financing	
<input type="checkbox"/> Grants	
<input checked="" type="checkbox"/> Long-term loans	100
<input type="checkbox"/> Short-term loans	
<input type="checkbox"/> Other (specify): text entry space	
<input type="checkbox"/> text entry space	
<input type="checkbox"/> text entry space	
Total:	1000

C. Investment resources allocation:

- research and development
- infrastructure development
- construction
- purchase of real estate
- purchase of equipment, technologies, licenses
- preparation of production
- working capital financing
- other (specify):

D. Form of investor participation in the project:

Forms of investor participation	Investor's share in authorized fund under the intended participation form, %
<input checked="" type="checkbox"/> Contribution to the authorized fund of a newly established enterprise	90
<input type="checkbox"/> Purchase of shares (share in the authorized fund) of the existent enterprise	
<input type="checkbox"/> Purchase of the enterprise as an asset complex	

<input type="checkbox"/>	Additional issue of shares for selling to investor	
<input type="checkbox"/>	Other (specify):	
	text entry space	
	text entry space	
	text entry space	

E. Preliminary indicators of the project efficiency

Indicator	Value
Annual revenue (select, excl. of VAT, after reaching the project capacity)	165 billion rubles
Period for reaching the project capacity, years	1 year
Pay-back period, years	1 year 5 months
Dynamic pay-back period, years	1 year 9 months
NPV [*] , select	10,7 billion rubles
IRR [*] , %	51%
Discount rate, %	22%

* IRR and NPV are indicated as of year 2019 of the project implementation

VII. Contact information

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The present document is translated from Russian into English. I certify that the translation is identical to the text of the document.

Translator
 Registration number 93 from 17.06.2016.
 Director of Bobruisk Branch
 of Belarusian Chamber of Commerce and Industry

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