



# Investment Opportunity

### Financial Performance Indicators:

- Investment - 435,000 USD
- Fixed assets - 100,000 USD
- Working Capital - 335,000 USD
- Sales 1<sup>st</sup> year - 470,000 USD
- Sales 5<sup>th</sup> year - 1,300,000 USD
- Average EBIT over five years period —25%
- Pay Back Period —2.5 years
- IRR —32%

Georgia has 10% of mandarin market in Russia with 15,000 tons.

With Improved grading and packaging Georgian mandarins can command higher prices in key target markets

## Mandarin Consolidation, Packing & Export

### The Business

Establishment of mandarin consolidation/packhouse facility in the Adjara-Guria region with an eventual throughput of 3,000 tons per season.

Fruit will be purchased during the harvest period from November- December, sized, graded, packaged, and then exported, primarily to Russia and the Ukraine.

As appropriate, some fruit may be harvested early and de-greened in order to command higher prices that can be realized if the market can be reached several weeks earlier than other product.

### The Opportunity

There is a growing demand for high quality, properly packed mandarins in most major export markets to include Russia and the Ukraine.

At present, most Georgian mandarins are sold in the lower-end, tail gate



markets with low prices. However, with proper grading, sorting and packaging, Georgian exporters can become competitive

in the wholesale and higher-end markets.

There are necessary quantities of appropriate quality mandarins available in Georgia.

There is a geographic concentration of production.

Labor costs are low for consolidation and packing. Proximity to the Black Sea for lower cost, alternative modes of transport and access to markets.

Available idle structures suitable for consolidation facility

### The Challenge

- Adverse weather and/or disease problems affecting product supply
- Inappropriate packaging undermining Georgian mandarin competitiveness

### Mandarin Industry

Georgia produces an estimated 25,000 tons of mandarins annually although this can vary considerably due to weather, the alternate bearing nature of the tree, and other factors.

It is primarily an export oriented industry dominated by mostly smaller scale buyer-sellers who purchase truckloads directly from farmers and move the product into Russia or the Ukraine. In

spite of acceptable fruit quality, volume, and market recognition and acceptance, Georgian mandarins typically command lower prices due to poorer sizing, grading, and packaging than other product in the end markets.

In addition to mandarins in the primary producing regions, several other crops (e.g., kiwis, persimmons, lemons) are available which can be moved through the same facility without significant addi-

tional investment due to differences in harvest seasonality

