

GREENHOUSE VEGETABLE PRODUCTION: BUSINESS PLAN AND MARKET ANALYSIS

2011

Issue 2





1. PROJECT SUMMARY

Full Project Title:

«Establishing a technologically advanced greenhouse complex with the area of 3 hectares for cultivating vegetables».

Project Aims:

The aim of this project is to attract investments and to analyze economic efficiency of starting a commercial greenhouse business, to sell products and gain profit.

Pages: 185

Language: English

The Report includes: 50 Tables, 69 Figures (Graphics, Diagrams)

Date of Issue: 20 December, 2011

Price: 45,000 RUB (1,500 USD)

Greenhouse Complex Areas:

Areas	Area, hectares
Greenhouse Area, including:	3.0
<i>Cucumbers</i>	***
<i>Tomatoes</i>	***
<i>Greens</i>	***
Auxiliary Buildings and Facilities	***
Others	***
Total Area:	***

Sales Plan:

Product	Average Yield, kg/m ²	Production, Metric Tons	Selling Price, 1,000 RUB/Metric Ton	Yield Value, 1,000 RUB
Cucumbers	***	***	***	***
Tomatoes	***	***	***	***
Greens	***	***	***	***
Total	-	***	-	***

Investments:

Investments of the project account for *** million RUB. The term of the investment period is 13-14 months.

Preconditions for Successful Project Implementation:

- ***
- Currently greenhouse vegetable production amounts to *** thousand metric tons with a share of ***% of the overall vegetable production.
- Cucumbers and tomatoes are the major items growing in greenhouses with shares of ***% and ***% respectively. The share of pepper, eggplants and greens accounts for ***%. **Cucumbers, greens and tomatoes are the most profitable items.**
- The majority of greenhouse vegetable production in Russia occurs in the Volga Federal District with a share of ***%. ***
- Domestic demand for greenhouse products is met by domestic vegetables less than 50%. ***

Efficiency Ratios:

Efficiency ratio	Value
Yearly discount rate, %	***
Net Present Value (NPV)	***
Discounted Payback Period (PBP), years	***
Internal Rate of Return (IRR), %	***
Modified Internal Rate of Return (MIRR), %	***
Average Business Value	***
Revenues of the Government	***

SAMPLE



3. INDUSTRY ANALYSIS

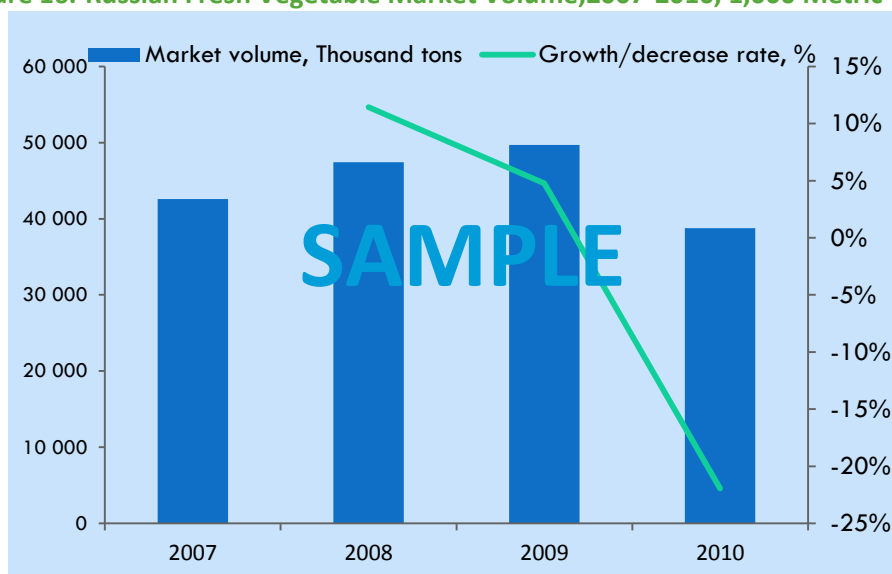
3.2. Russian Fresh Vegetable Market

3.2.1. Market Volume

Market Volume Dynamics

In 2010 Russian fresh vegetable market volume reached *** million tons, that is in volume terms ***% less than in 2009. Summer droughts in 2010 caused sharp decrease in vegetable production. ***

Figure 16. Russian Fresh Vegetable Market Volume, 2007-2010, 1,000 Metric Tons

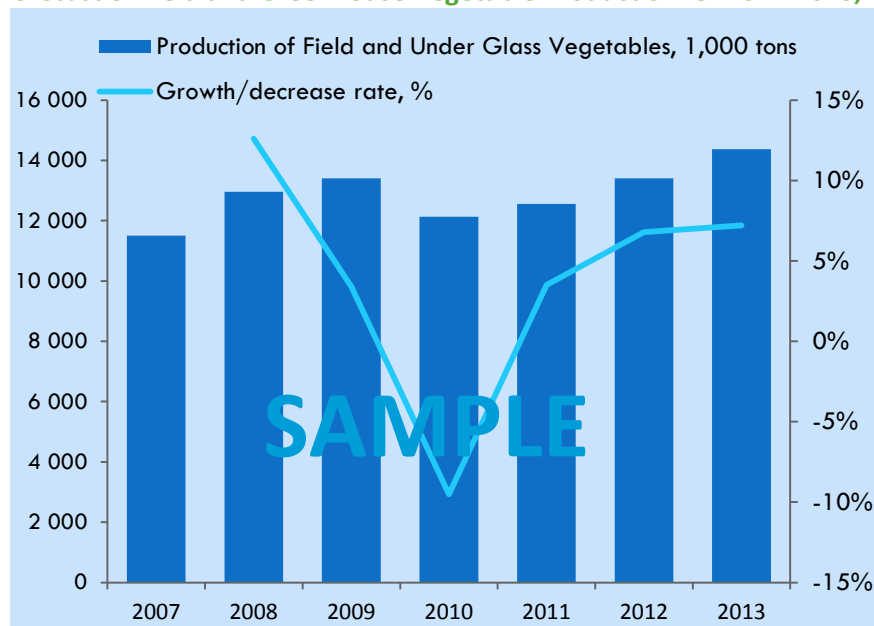


3.2.4. Fresh Vegetable Market Forecast for 2011-2013

Fresh Vegetable Production Forecast

Complete recovery of field and greenhouse vegetable production is forecast to reach the indices of 2009 by 2013. ***

Figure 17. Forecast of Field and Greenhouse Vegetable Production for 2011-2013, 1,000 and %



Source: ***

4. INVESTMENT PLAN

4.1. Investment Costs

Investment volume amounts to *** million RUB. Investment period accounts for 13-14 months

Table 32. Project Investment Costs (in 1,000 RUB)

№	Name of phase	Total Cost,	Investment Plan, in 1,000 RUB incl. VAT				
		in 1,000 RUB incl. VAT	1 y.	2 y.	3 y.	4 y.	5 y.
1	Building and construction works	***	***	***	***	***	***
	Design works	***	***	***	***	***	***
	Construction and equipment of greenhouses	***	***	***	***	***	***
	Construction and equipping of auxiliary facilities	***	***	***	***	***	***
	Installation and commissioning	***	***	***	***	***	***
		***	***	***	***	***	***
2	Equipment and machinery	***	***	***	***	***	***
	Packing equipment	***	***	***	***	***	***
	Containers for storage and transportation of vegetables	***	***	***	***	***	***
	automotive equipment	***	***	***	***	***	***
		***	***	***	***	***	***
3	Deferred expenses	***	***	***	***	***	***
	Initial permitting documentation	***	***	***	***	***	***
		***	***	***	***	***	***
4	Working capital	***	***	***	***	***	***
	Wage Fund	***	***	***	***	***	***
		***	***	***	***	***	***
-	Total:	***	***	***	***	***	***

7. ECONOMIC EFFICIENCY

7.1. Economic Efficiency Analysis

7.1.4. Efficiency Ratios

Table 33. Project Efficiency ratios

EFFICIENCY RATIOS	Value
Yearly discount rate,%	****
Net Present Value (NPV) , 1000 RUB	***
Discounted Payback Period (PBP), years	***
Internal Rate of Return (IRR), %	***
Modified Internal Rate of Return (MIRR), %	***
Average Business Value, 1000 RUB	***
Revenues of the government, 1000 RUB	***

7.2.3. Sensitivity Analysis

Table 34. Sensitivity Analysis

NPV, 1000 RUB	***	***	***	***	***	***	***
Sales Volume	***	***	***	***	***	***	***
Product Prices	***	***	***	***	***	***	***
Total Costs	***	***	***	***	***	***	***
Investments in Permanent Assets	***	***	***	***	***	***	***
Sales Volume	***	***	***	***	***	***	***
IRR, %	***	***	***	***	***	***	***
Sales Volume	***	***	***	***	***	***	***
Product Prices	***	***	***	***	***	***	***
Total Costs	***	***	***	***	***	***	***
Investments in Permanent Assets	***	***	***	***	***	***	***
Sales Volume	***	***	***	***	***	***	***
DPB, years	***	***	***	***	***	***	***
Sales Volume	***	***	***	***	***	***	***
Product Prices	***	***	***	***	***	***	***
Total Costs	***	***	***	***	***	***	***
Investments in Permanent Assets	***	***	***	***	***	***	***
Sales Volume	***	***	***	***	***	***	***

Figure 64. Sensitivity Analysis (NPV, in 1 000 RUB)

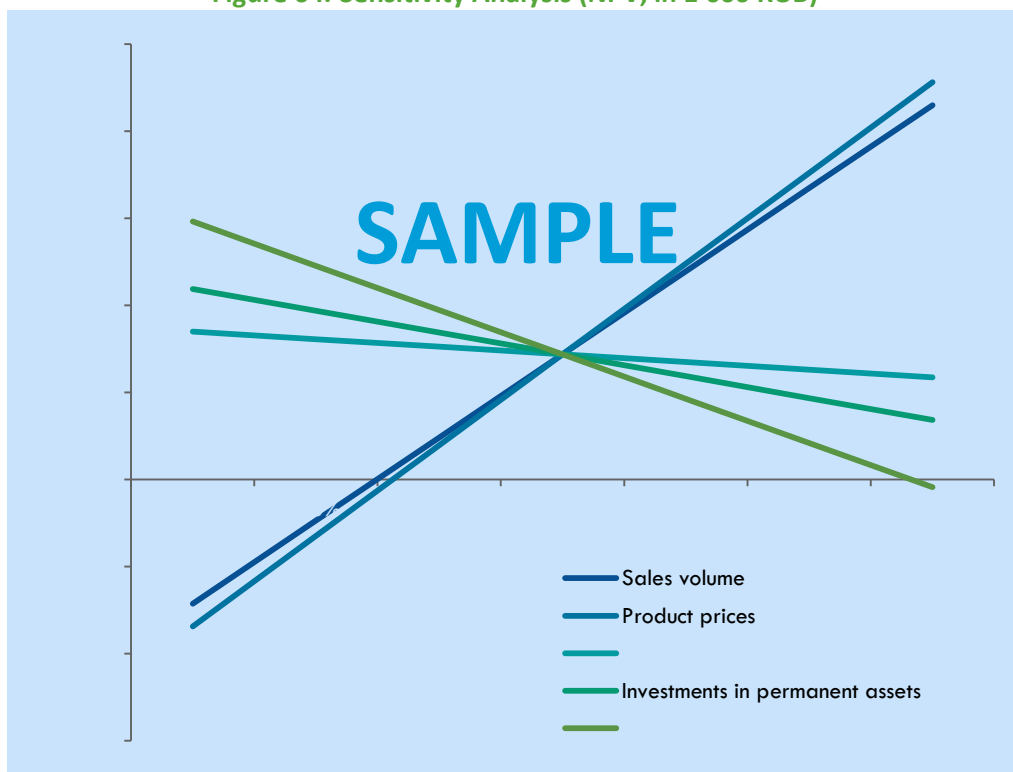


Figure 68 and Table 49 show that the Project is highly sensitive to changes in *** and *** (almost ***) and *** (circa ***). At the same time the project is less sensitive to ***.

ABOUT GLOBAL REACH CONSULTING (GRC)

GLOBAL REACH CONSULTING is specialized in developing high-quality marketing research and business plans for different industries and regions of Russia and other countries. We give our customers practical ways to achieve competitive advantages by providing reliable business data, analysis and recommendations based on sound research methods.

Among **GLOBAL REACH CONSULTING** clients are Russian and International companies, governmental organizations, large, medium, and small businesses as well as startups and investors, including the Economic Mission of the French Embassy to Russian Federation, Trade Exchange Development Department (ICE) of the Embassy in Italy in Russian Federation, Sberbank, Zurich, S7Airlines, Bobcat, Knauf, Mareven Food Central, Estee Lauder and many other companies.



GLOBAL REACH CONSULTING unique methods of work and service, a highly professional team, extensive knowledge of markets and rich experience allows us to focus on results and complete satisfaction of our customers.

Our business is to help our clients to identify and implement initiatives that lead to growth and prosperity.

Our goal – is your global reach!