



Production of wool worsted fabrics

Annual capacity:

- 552 tonnes of worsted fabric.

Investment attractiveness of the project:

Investment – 8,174 thousand USD

NPV – 8,030 thousand USD

IRR – 24.2%

Payback – 6.5 years

Project

This investment project (the “Project”) provides for the expansion of the primary wool processing factory into a textile production of worsted fabric in Tekes village of Almaty oblast.

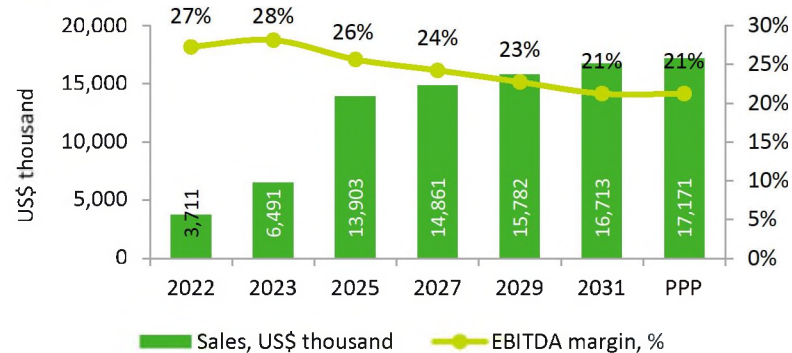
Company

Kuat LTD factory limited liability partnership is a project Initiator, whose core activity is wool processing. The company has been operating in the wool market for 30 years: currently, the company specialises in the production of scoured wool of all types. The Initiator has a land plot of 2 hectares with a total area of production facilities of over 5,000 sq. m.

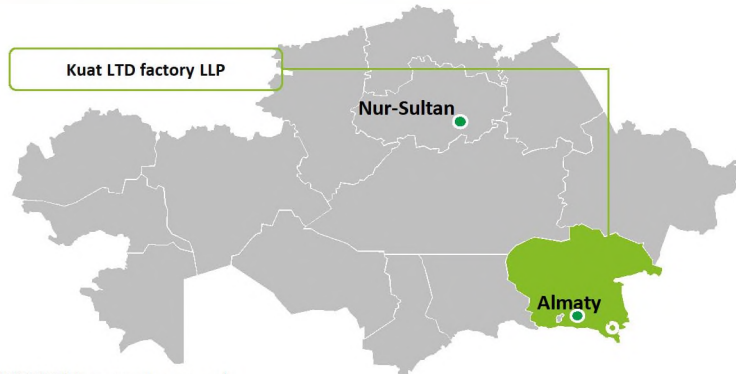
Market

- According to Mordor Intelligence, the textile market will show stable growth over the next 5 years increasing from US\$ 791 billion in 2021 to US\$ 967 billion with CAGR of 5.2%.
- In 2019, the woolen fabric production in the country ceased due to an increase in the supply of cheap imported raw materials from China, the countries of Southeast Asia and Turkey, as well as the violation of cooperation ties.
- In 2020 the volume of imports of fabrics containing predominantly wool mixed with synthetic fiber increased by 48.1% compared to the previous year. The potential volume of import substitution for this product amounted to US\$ 819 thousand.

Project profitability



Location of the Project



What is the attractiveness of the project?

- **Favorable location.** Almaty region with favourable climatic conditions is the best zone for breeding mutton-wool sheep in Kazakhstan, which is confirmed by the region's leading position in the production of sheep wool in 2020.
- **Access to infrastructure.** The company is a primary wool processing factory and owns a land plot with production workshops. It also has own treatment facilities with a sewerage system, water supply, a boiler room for heating and production of technical steam.
- **Full cycle of fabric production.** The formation of own herd of fine-wool merino breed will ensure the production of high-quality raw materials and reduce wool supply risks. Organization of an enterprise with a full cycle of production of fabrics used in the manufacturing of finished textile products for final use will allow achieving low production costs and ensuring the competitiveness of production.

Investment proposal

The Project requires investment of US\$ 8,174 thousand, of which:

- 70% (US\$ 5,722 thousand) – debt financing subject to collateral;
- 30% (US\$ 2,452 thousand) – Investor participation.

The proposed financing structure and state support measures are indicative. The final financing structure and Project interests will be determined based on the results of negotiations with the investor.