

PROYECTO DE INVERSION #197

Installation of an intensive pig breeding facility to produce 300 sows a year and sell barrows of about 110-130 kg. body weight

Sector

AGRIBUSINESS

Subsector

STOCKBREEDING

Brief description of the business opportunity

The business opportunity lies in the installation of an intensive swine breeding facility to produce 300 sows within a year's time and make weekly sales of around 100 barrows of about 110-130 kg body weight. The special characteristic of this project is that the swine will be fed with a combination of corn, soy (which are fiber-rich) and cheese whey (which is protein and lactose-rich). Cheese whey will be received completely free of charge, allowing the producer to save 20%-30% in feeding costs without causing any nutritional deficiency in the swine. The company's profitability is therefore around 25 % over sales. The swine market is experiencing a 20% annual increase in the number of slaughtered heads at a compellingly attractive price of \$9.80/kg.

Brief description of the product/service

Sales will include suckling pigs and barrows. Barrows will be produced on a regular basis, while the production of suckling piglets of 15-20 kg will be seasonal: local demand will reach a peak every December as roasted suckling pig is a traditional dish during Christmas and New Year's holidays. We also plan to venture in the processed pork market eventually, once our business has grown and consolidated itself.

Brief description of the target market(s) of the product/service

During the first stage, suckling piglets will be sold to butcheries through a retail sale circuit. Barrows will be sold to large processed food producers or large distribution chains. This market's giants are Swift and Paladini, which produce around 10,000 sows in their own facilities. However, they also purchase from other producers because their production is not sufficient. China is the leader in pork consumption worldwide, followed by the UE, the US, Brazil and Japan. Global consumption is growing significantly, especially in Asia. The export stage will be launched once the company has consolidated itself in the local market and production can meet export demands.

Brief description of the advantages of the company or cooperative to carry out the investment project

With regard to production, the annual average birth rate is around 20 piglets per sow, providing excellent possibilities for a rapid increase in stock volumes. The current stock is composed of 50 sows and 3 boars, which generate weekly sales of 30 suckling pigs of 10-15 kg. body weight. Our customers include a large-sized hypermarket. The work team includes a veterinary specialized in pig farming and a nutritionist that makes regular visits to the facility and designs balanced diets for the pigs. The project owner has more than 10 years' experience in pig farming.

Brief description of the context of the investment opportunity

The context is favorable for a number of reasons: in the first place, pork is the most widely consumed meat in the world (above beef and poultry), with a per capita average of 16 kg./year. In 2002, per capita consumption in Argentina reached 5kg per year, while the current annual per capita consumption is 9 kg. Additionally, the local market fails to meet local demand. Last, the progress achieved in the field of animal genetics is paving the way for great innovation that is highly favorable for investors.

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More information about the investment project

City/Area: MORTEROS, Córdoba, Argentina

Total amount of the Investment Project: US\$ 1.000.000,00

Percentage of the investment contributed by the Company or cooperative submitting the project: 25% - 50%

Minimum amount required from investor: US\$ 500.000,00

Payback period: 2-5 years

Purpose of the Investment: New productive unit, Increase of production capacity, Breaking into new markets in Argentina

Destination of the Investment: Machinery and Equipment, Working Capital

Investment Project's stage of development: Advanced development - Project started - The owner has leased land for this purpose. Current production amounts to 50 sows. Additionally, all the steps required to receive cheese whey free of charge have been taken, and its supply is guaranteed. Thanks to the recently started marketing efforts, a large hypermarket is included among our clientele.

Brief description of the main stages of the project:

Year	Amount	Destination
1	300.000,00	SHEDS, GENETIC ENGINEER PIGS, EQUIPMENT
2	300.000,00	INVESTMENTS FOR A FIRST-LEVEL BREEDING FACILITY
3	200.000,00	INVESTMENTS FOR A FIRST-LEVEL BREEDING FACILITY
4	200.000,00	INVESTMENTS FOR A FIRST-LEVEL BREEDING FACILITY
Rest		
Total	1.000.000,00	

Type of public incentives available for the Investment Project: Subsidised credits, Financial facilities

Type of investor required: Irrelevant

Preferred investment mode: Equity

Información de la empresa/cooperativa titular del proyecto de inversión

Length of time in business: 5-10 years

Annual sales of the Company/Cooperative (in US\$ millions): < 2

Percentage of annual sales derived from exports: 0%

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Number of employees: < 50

If you're interested in learning more about this project, send an email to bapip@mrecic.gov.ar