

ESTABLISHMENT OF VEGETABLE GREENHOUSE

Company: SPAYKA LLC
Location: Hrazdan, Kotayk Region, Armenia
Project cost: USD 100M

General information about the initiator of the project:



Starting as an international freight forwarding company, Spayka is now a group of companies, which, in addition to providing transportation services to EU and CIS markets, also involved in fresh fruits and vegetables exporting, operating orchards and vegetables greenhouses, manufacturing of variety of juices with desserts, pickles and preserves. Packaging is another core activity of the company – it produces boxes and

pallets from polystyrene foam to the best international standards and health requirements for fishery and pharmaceuticals.

The company started its operations in 2001 as a freight forwarding company and now has a fleet of more than 200 trucks. In 2010, it launched production of packaging boxes and pallets from polystyrene foam and PP, made by cutting edge German technology. In 2011, company established a new production line – Araratfood and Araratfruit canned products. Currently, the company is the biggest exporter of agricultural products from Armenia. It directly purchase agricultural products from farmers, process, package it, and distribute through own controlled sales channels in CIS countries. During the years, the company has developed long-term business relationships with the largest trading networks in target markets, which allows organizing successful exports of high quality agricultural produce from Armenia with a potential of more than 300 thousand tons.



Recently Spayka has established a new line of business – vegetable production in greenhouses, constructed in line with latest available technological achievements in the field. The greenhouse complex with total area of 35ha and open ground with total area of radish production is located in Ararat region and is operated since March 2015 by Spayka's agrotechnical team. Currently company achieved a 20% radish market in Russia, successfully targeting European market and planning to enter Iranian market shortly.

Project description:

Within the project an up-to-date greenhouse complex will be established in Hrazdan region with total area of around 100ha. It will be equipped with modern technology to ensure high yields, minimum cost and maximum quality using natural advantages of local climate and labor.

It is planned to grow tomato and pepper in this greenhouse. The projected production season will be from October to July and the projected annual production capacities will be 5,000 tons of pepper and 44,000 tons of tomato. The new semi closed greenhouse technology adding new value in competitive climate advantages of the region which will allow decreasing production costs by 15-35% and ensuring comparable quality. Current sales contracts with retail chains in Russia allow covering about 5% of the tomato and 3% of the pepper demand of the Russian market with this project.

Greenhouse complex will be constructed during 2017-2018 and come in full operation in November 2018.

Project financial indicators:

Investment	USD 100M
Sales	USD 69M
EBITDA	USD 41.5M
Net Profit	USD 33M
IRR	24%
Payback Period	4.1