



## WINE PRODUCTION FROM OWN VINEYARD

Investor: XXXXXXXXXXXX

Project Location: Serbia

Currency: EUR

Date Activity: 21.03.2022

### Description and Goal of the Investment

The five-member registered agricultural farm intends to plant a vineyard on 3 hectares of its own land in order to produce bottled wine. Estimated investment costs are a total of 52,300 EUR. In the fourth year, when full fruit is expected, it will produce about 12,000 bottles. Calculations were made with 50% of direct sales of wine to customers, and 50% through wholesalers. Sales prices are about 10% lower than competitors' prices. All the work around the vineyard will be done by the family. The farm has a basement. The projections do not include the work of household members, because the owner intends to generate income for the farm from the accumulation of the project, taking into account liquidity according to financial flow (cash flow on the account), because inflows and outflows during the year may be uneven, depending on implementation and collection, the Budget shows that it will be able to withdraw significantly more per year from that hectare for personal consumption. than from current cereal revenues. The high value of NPV (net present value) shows that from the accumulation of the project, if it does not spend everything for personal consumption, it will be able to expand its plantations and business even before the return on investment. He grows cereals on 10 ha of his own land.

The life of the project

Tax of profit

Discount Rate

Realization of Investment in 1st  
year

Realization of Investment in  
2nd year

Estimation of Future Annual  
Inflation

15

10

3

2

0

3

Investment value and investment dynamics

! Items	Invested			Year 1			Year 2		
	Price	Durability	Amortization	Price	Durability	Amortization	Price	Durability	Amortization
	EUR	(Years)	Depreciation	EUR	(Years)	Depreciation	EUR	(Years)	Depreciation
Projects, permits, supervision	0	0	0	300	0	0	0	0	0
Land	0	0	0	30.000	0	0	0	0	0
Poles and wire	0	0	0	6.450	20	323	0	0	0
Seedlings 6,350 pcs x 0.9 eur	0	0	0	5.760	20	288	0	0	0
Courts 5,000 liters	0	0	0	5.000	20	250	0	0	0
Wells	0	0	0	1.550	15	103	0	0	0
Cultivator	0	0	0	720	12	60	0	0	0
Cultivator	0	0	0	200	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Credit processing	0	0	0	0	0	0	0	0	0
Working capital	0	0	0	0	0	0	1.016,67	0	0
Total	0	0	0	49.980	0	1.024	1.016,67	0	0
Total Investment	50.996,67	Working capital turnover ratio		6					

Sources of financing for new investments

	Sources	Year 1	Year 2	Total
Loan	Own capital	19.980	1.017	20.997
	Amount	30.000	0	30.000
	Repayment	10	0	0
	Grace period	2	0	0
	Interest	3	0	0
	Shareholders	0	0	0
	Donations	0	0	0
	Total	49.980	1.017	50.997

Loan repayment plan

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annuity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Loan in Year 1

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Interest	0	0	955	840	722	601	475	347	214	77	0	0	0	0	0
Repayment	0	0	3.819	3.934	4.052	4.173	4.299	4.427	4.560	4.697	0	0	0	0	0
Annuity	0	0	4.774	4.774	4.774	4.774	4.774	4.774	4.774	4.774	0	0	0	0	0

Loan in Year 2

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annuity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Total loans

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Interest	0	0	955	840	722	601	475	347	214	77	0	0	0	0	0
Repayment	0	0	3.819	3.934	4.052	4.173	4.299	4.427	4.560	4.697	0	0	0	0	0
Annuity	0	0	4.774	4.774	4.774	4.774	4.774	4.774	4.774	4.774	0	0	0	0	0

## Operating income and expenses

At current prices (excluding inflation)

Items	Unit of	Unit	Annual volume				Annual amount			
	measure	Price	Year 1	Year 2	Year 3	Next year	Year 1	Year 2	Year 3	Next year
INCOMES		0	0	0	0	0	0	6.100	30.500	73.200
Direct sales to customers	liter	7,2	0	500	2.500	6.000	0	3.600	18.000	43.200
Wholesale sales	liter	5	0	500	2.500	6.000	0	2.500	12.500	30.000
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
EXPENSES		0	0	0	0	0	1.600	5.940	17.746	38.460
Yeast and oenological agents	eur	1	0	42	208	500	0	42	208	500
Packaging (stopper, bottle, label)	pic	2,5	0	1.000	5.000	12.000	0	2.500	12.500	30.000
Fertilizer	eur	1	0	398	1.988	4.770	0	398	1.988	4.770
Fuel	lit	1,8	500	500	500	550	900	900	900	990
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
Gross wages of workers	Number of employees	0	0	0	0	0	0	0	0	0
Average per month	Gross wages	0	0	0	0	0	0	0	0	0
Gross management salaries		0	0	0	0	0	0	0	0	0
Maintenance		0	0	0	0	0	0	300	300	300
Insurance		0	0	0	0	0	200	300	350	400
Marketing		0	0	0	0	0	0	1.000	1.000	1.000
Other		0	0	0	0	0	500	500	500	500
OPERATIONAL RESULT		0	0	0	0	0	-1.600	160	12.754	34.740

## Income statement

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOMES	0	6.100	31.415	77.658	79.988	82.387	84.859	87.405	90.027	92.728	95.509	98.375	101.326	104.366	107.497
Operating expenses	1.600	5.940	18.278	40.802	42.026	43.287	44.586	45.923	47.301	48.720	50.182	51.687	53.238	54.835	56.480
EBITDA	-1.600	160	13.137	36.856	37.961	39.100	40.273	41.481	42.726	44.008	45.328	46.688	48.088	49.531	51.017
Amortization	853	1.024	1.024	1.024	1.024	1.024	1.024	1.024	1.024	1.024	1.024	1.024	1.024	1.024	1.024
EBIT	-2.453	-864	12.113	35.832	36.937	38.076	39.249	40.457	41.702	42.984	44.304	45.664	47.064	48.507	49.993
Interest	0	0	955	840	722	601	475	347	214	77	0	0	0	0	0
EBT	-2.453	-864	11.158	34.992	36.215	37.475	38.774	40.110	41.488	42.907	44.304	45.664	47.064	48.507	49.993
Tax of profit	0	0	1.116	3.499	3.622	3.748	3.877	4.011	4.149	4.291	4.430	4.566	4.706	4.851	4.999
NET PROFIT	-2.453	-864	10.042	31.492	32.594	33.728	34.897	36.099	37.339	38.616	39.873	41.097	42.358	43.656	44.994

The years are not calendar, but are calculated from the day of providing financial resources.

## Cash Flow

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. INFLOWS	49.980	7.117	31.415	77.658	79.988	82.387	84.859	87.405	90.027	92.728	95.509	98.375	101.326	104.366	107.497
Equity	19.980	1.017	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans	30.000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating income	0	6.100	31.415	77.658	79.988	82.387	84.859	87.405	90.027	92.728	95.509	98.375	101.326	104.366	107.497
2. OUTFLOWS	51.580	6.957	28.387	56.783	50.810	52.209	53.649	55.133	56.661	58.235	55.076	57.451	58.436	60.192	62.001
Investments	49.980	1.017	4.219	7.707	388	400	412	424	437	450	464	478	492	507	522
Payment of old obligations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement of fixed assets	0	0	0	0	0	0	0	0	0	0	0	720	0	0	0
Operating expenses	1.600	5.940	18.278	40.802	42.026	43.287	44.586	45.923	47.301	48.720	50.182	51.687	53.238	54.835	56.480
Loan annuities	0	0	4.774	4.774	4.774	4.774	4.774	4.774	4.774	4.774	0	0	0	0	0
Tax of profit	0	0	1.116	3.499	3.622	3.748	3.877	4.011	4.149	4.291	4.430	4.566	4.706	4.851	4.999
FINANCIAL FLOW (1-2)	-1.600	160	3.028	20.875	29.178	30.179	31.210	32.272	33.366	34.493	40.434	40.924	42.890	44.174	45.496
Financial flow cumulative	-1.600	-1.440	1.588	22.463	51.641	81.819	113.029	145.301	178.667	213.160	253.594	294.518	337.407	381.581	427.077

## Note

From the future accumulation, the program automatically included in the projections the replacement of fixed assets with a shorter lifespan than the project life Residual (residual value of the project) after the project life is not calculated in the last year of the project life because the market value of fixed assets after the end of the project life cannot be realistically estimated, and can significantly affect the financial effects.



## Financial results of the investment

Parameter	Amount
Investment	50.997 EUR
Average Income	75.976 EUR
Average Net profit	30.898 EUR
$\Sigma$ Net profit / Investment	9,09
Liquidity in all years	No
Average Net profit / Average Income	40,67 %
NPV (net present value)	259.203 EUR
IRR (internal rate of return)	27,33 %
Return time discounted	5 Years

## SWOT Analysis

### Strength

Your strengths can be qualified staff, team, experience, available resources (technological equipment, raw material base), market position, innovative products, investment and creditworthiness.

### Weaknesses

Poor creditworthiness, lack of team, experience, qualified staff, creditworthiness, ie. financial resources (especially for beginners in business), inflexibility (poor adaptation to market changes), poor financial analysis to prove the profitability of the idea and attract co-investors...

### Opportunity

Innovative product, developed more advanced technology, profitability of the idea, favorable market situation, ie. favorable economic-socio-political environment,....

### Threats

Unfavorable economic, socio-political environment, lack of state incentives and favorable loans,especially for business start-ups, strong competition in the planned activity, strong competition that quickly develops more innovative products.

## Appendix

Agency	Standard and Poor's	Fitch Ratings	Moody's Service
Rating	BB+/stable appearance <a href="#">↗</a>	BB+/stable appearance <a href="#">↗</a>	Ba2/stable appearance <a href="#">↗</a>
Date Activity	6/11/2021 <a href="#">↗</a>	9/3/2021 <a href="#">↗</a>	3/12/2021 <a href="#">↗</a>
Activity	Rating confirmed <a href="#">↗</a>	Rating confirmed <a href="#">↗</a>	Increased rejting <a href="#">↗</a>

You can download the current Rating via the link [https://nbs.rs/sr/finansijsko\\_trziste/informacije-za-investitore-i-analiticare/rejting\\_RS/](https://nbs.rs/sr/finansijsko_trziste/informacije-za-investitore-i-analiticare/rejting_RS/). Attached is the latest rating rating from STANDARD & POOR'S, MOODY'S INVESTORS SERVICE and RATING FITCH. It is important if foreign investments or foreign investors are planned. More in the blog <https://investasistent.com/investiciona-i-kreditna-sposobnost-investitora/>

## Note

An investment is eligible for realization if all indicators in the Financial Result have recommended values, if the SWOT analysis is realistic (more in the blog [SWOT Analysis](#)) and if the investment and creditworthiness is realistically assessed and accepted by a potential lender or co-investor (more in the blog [Investment and Investor Creditworthiness](#)). The key parameters on the basis of which it is concluded whether the investment is financially justified are: NPV (Net present value), which must be positive, and shows how much the investor will earn in the project life at current prices, IRR (internal rate of return) which is an indicator of interest invested capital, which in the basic variant must be at least 2 times higher than the discount rate, Discounted return on investment, which must be shorter than the life of the project, Average annual Net profit min 15-20% of average income. If the budget shows a loss on the Income Statement and / or illiquidity in the Financial Flow (often occurs in the first years of the project life if production is gradually established and / or due to the need to conquer the market, due to employee salaries, depreciation and due loan installments), and other above parameters are good, does not mean that you should give up the investment, but indicate that in those years it is necessary to invest additional external funds to maintain liquidity.

## Disclaimer

We did not check the reliability of the input data (investment value, income and expenses, SWOT analysis), as well as investment and creditworthiness. Therefore, before starting the investment, all entered data should be checked again, especially the procurement and sales market.

[INVESTMENT ASSISTANT TEAM](#)

If you want our opinion on the investment in question, contact our consultants by [e-mail](#) with specific questions.