

EMPACOTADORA CAMPO NOVO

Uarini - AM

DESCRIPTION

NAME	Empacotadora Campo Novo
SECTOR	Agriculture
LOCAL	Uarini

ECONOMIC

Revenue	R\$ 379.750,00
Profit by invested real (1.00 R\$)	R\$ 0,69
Margin	27%
Payback	3 years and 1 month

SOCIAL

Families	90
Monthly production	4,8 ton.

ENVIRONMENTAL

Score for greenhouse gas emission	5
Score deforestation reduction	4
Score for waste management	4

General description. Located next to the municipality of Tefé, Empacotadora Campo Novo produces a new type of gourmet flour using traditional ingredients.

High revenue. With distribution in a series of hotels and restaurants, the venture has one of the highest revenues in the portfolio of initiatives incubated and supported by the Fundação Amazonas Sustentável (FAS).

High profitability with reduced capital. For each R\$ 1.00 invested in the initiative over the next 5 years, it is expected to produce a net profit of R\$ 0.69, which implies a broad return on assets.

Payback long and susceptible to variations. The payback time on the investment is relatively long (3 years and 1 month). In the same way, in financial projections this indicator showed great sensitivity to variations in two important raw materials: “ovinha” flour and “fillet” flour. This indicates a need to verticalize production in order to avoid risks associated with shocks in the prices of these inputs.



GOAL #1: SOCIAL IMPACT

Score: 3,8/5,0

SPECIAL FEATURES

Strong social/economic gains. The project enables families to increase their incomes and projected hourly wage for non-directly remunerated work (such as farm work) towards the minimum wage.

Valuing the local culture. Flour is one of the most popular products in the state of Amazonas, being closely associated with the productive culture of the riverside populations. An economic and symbolic valorization of this product, distributing it in large urban centers, re-enforces the prestige and pride of riverside culture.

Reduction of rural exodus. Empacotadora Campo Novo is close to the municipality of Tefé. In the absence of decent jobs in the town of Uarini, especially young people tend to migrate to the larger cities such as Tefé. The Empacotadora Campo Novo helps reduce this trend.

Fig. 2: Farinha Ribeirinha distribution in Manaus' markets



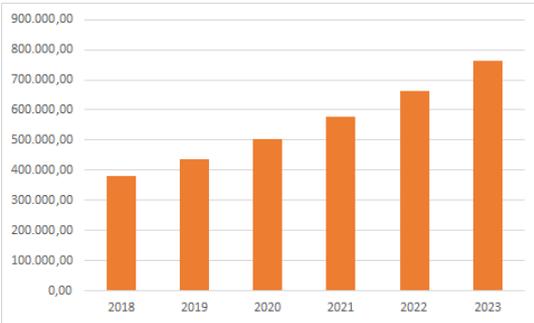
Source: FAS

GOAL #2: ENVIRONMENTAL IMPACT

Score: 4,3/5,0

SPECIAL FEATURES

Fig. 3: Revenue growth projection



Source: FAS

Important environmental services. Farinha Ribeirinha's production has a high index of self-sufficiency, as it depends on raw material produced locally. This contributes to the reduction of emissions of greenhouse gases.

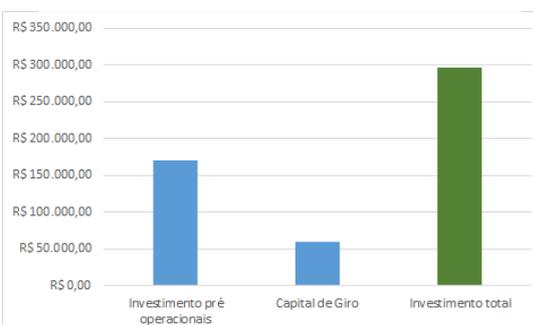
Agroecological management. Production in agroforestry systems is one of the main strategic directions for the consolidation of sustainable management of natural resources. Also in the same direction is organic production, without pesticides.

GOAL #3: INVESTMENT ATTRACTIVENESS

Score: 3,8/5,0

SPECIAL FEATURES

Fig. 4: Types of planned investments



Source: FAS

Strong growth rate. With a total planned investment of approximately BRL 296,000 (USD 74,000), Empacotadora Campo Novo is projecting, between 2018 and 2023, a 101% increase in gross revenue (Figure 3).

High profitability. For each R\$ 1.00 invested, a net profit of R\$ 0,69 is projected.

High operating margin. According to the estimates for the next 5 years of operation, a gross return of R\$ 1,50 is expected for each R\$ 1.00 cost of raw material acquisition, labor costs and other fixed and variable costs. This scenario shows that, ultimately, revenues exceed the total cost structure by 50%. Personnel expenses are one of the smallest in the total cost structure, representing only 5,5% of gross revenue.

Investment structure. Under half (47%) of the planned and required total investments are pre-operational investments, such as formalization, capacity building and legal structuring (Figure 4).

Payback long and vulnerable. However, the time for total return on investment (payback) shows to be slightly higher when compared to ventures also incubated by the FAS. It is estimated that the payback for this enterprise is 3 years and 1 month. This value, however, shows to be intensely susceptible to changes if there are positive percentage changes in the price of two important raw materials: the “ovinha” type flour and the “fillet” type flour. Although variations in these products can be passed on to the consumer, this would reduce the demand and this reduction is difficult to predict in this investment model. In this way, it was only possible to calculate the variation in the payback according to changes in the prices of both raw materials (Figure 5).

Fig. 5: Análise de sensibilidade do Payback

		Farinha Filé					
	Variação	5%	10%	15%	20%	25%	30%
Farinha Ovinha	5%	3,45	3,55	3,66	3,76	3,88	4
	10%	3,8	3,92	4,05	4,18	4,32	4,48
	15%	4,23	4,37	4,53	4,7	4,88	5,08
	20%	4,76	4,95	5,15	5,37	5,6	5,87
	25%	5,44	5,69	5,96	6,25	6,58	6,94
	30%	6,36	6,7	7,07	7,49	7,96	8,5

Source: FAS

