

## + INTRODUCTION



- Exporting since 1974
- 100% Bolivian Private Capital
- 1999 becomes 100% FSC Certified
  - Currently has 220,000 hectares of FSC certified forests
  - Certified in Forest Management and Chain of Custody
- Member of the Global Forest Trade Network (GFTN), a WWF initiative
- Named by FAO as an exemplary case of Sustainable Forest Management in Latin America
- Manage the complete chain of production, from forest to final product





## OBJECTIVE OF INVESTMENT

Increase production of 100% Pure FSC timber for Export

- Reach production levels allowed by the 30 year cutting cycle
- Use 100% of installed sawing capacity
  - 2009 Investment of new saw mill which increases capacity by 40%, a U\$500,000 investment





## OBJECTIVE OF INVESTMENT

- Work with the local indigenous communities to increase production
  - Get the communities FSC certified
  - Provide work for the communities
- Extract an additional 20,000m<sup>3</sup> of sawn timber
  - Cambara
  - Cuta (Garapa)
  - Yesquero Negro (Jequitiba)
  - Paquio (Jatoba)
  - Yesquero Blanco





## INVESTMENT NEEDS

FSC Certification	U\$20,000 x 5 =	U\$100,000
Skidder	U\$100,000 x 7 =	U\$700,000
Tractor Trailer	U\$90,000 x 17=	U\$1,530,000
Drying Kilns	U\$30,000 x 17=	U\$510,000
Steam Turbine		U\$350,000
TOTAL INVESTMENT		U\$3,190,000

The investment needed would be loaned for the project and would be return in yearly instalments, based on the profit generated per year.

All operating cost would be covered by the company using the cash flow generated by the wood sale.



# + INVESTMENT RETURN

## INCOME

20,000m <sup>3</sup> of trees =	3500m <sup>3</sup> of sawn timber
m <sup>3</sup> of sawn timber ≈	U\$600 FOB Arica, Chile
3500m <sup>3</sup> x U\$600 =	U\$2,100,000



## + INVESTMENT RETURN

### OPERATING COSTS

600 lt per trip x 833 Trips =	499,800l x U\$ 0.60 =	U\$299,880
Salaries 51 truckers=	U\$37,000 per month x 6 =	U\$214,200
Truck maintenance=	U\$0.5 per km x 249,900 km =	U\$124,950
Cost in electricity of processing additional wood* =		U\$0
Packing and transportation to port of 3500m <sup>3</sup> =		U\$180,000
TOTAL COSTS =		U\$818,950

\* Currently La Chonta use a steam turbine which burns wood waste to generate electricity

**\$2,100,000 – \$818,950 = U\$1,281,050 PROFIT PER YEAR**





## INVESTMENT NEEDS AND RETURN

### INTERNAL RATE OF RETURN

Investment	-U\$3,190,000
Year 1	U\$1,281,050
Year 2	U\$1,281,050
Year 3	U\$1,281,050
Year 4	U\$1,281,050
<b>IRR=22%</b>	





## SWOT ANALYSIS

- Strengths
  - Complete control over chain of production
- Weaknesses
  - Long distance between concessions and saw mills
- Opportunities
  - Increase in demand of 100% Pure FSC Woods
  - Working with certified indigenous communities
  - Species already known by market
- Threats
  - Unpredictable weather
  - Government regulations limit supply of diesel
  - New Government regulations
  - Slow European Market

