Integrated Leather, Gelatin & Wool Processing Opportunity

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Integrated Leather, Gelatin & Wool Processing Opportunity

An investment opportunity to establish a modern industrial processing platform for cattle and sheep hides, leather, gelatin feedstock and wool products in Kazakhstan. Kazakhstan has a substantial livestock base, extensive pasture resources and an established supply of raw hides and wool. The opportunity is designed to capture additional value by moving from the export and sale of raw materials toward higher-value processed leather, gelatin raw materials and finished wool products.

The project is supported by growing international demand and Kazakhstan's strategic access to major markets across China, Europe and Central Asia.

KEY INVESTMENT HIGHLIGHTS

- US$17M indicative investment requirement
- 16.9% target IRR
- US$3.1M NPV
- 6.05-year simple payback
- Significant domestic livestock and raw-material base
- Kazakhstan has approximately 180M hectares of pasture, of which only around 30% is currently utilized
- Approximately US$7B of livestock production generated in 2024
- Opportunity to process cattle hides, sheep/goat skins and wool
- Multiple downstream products with higher value-added potential
- Strong international demand from China, Italy, Vietnam, India, the United States and European markets
- Export duties on hides and wool abolished from April 2025
- Government program supports development of agricultural product processing
- Potential investment subsidies of up to 25% for hide and wool processing
- Potential livestock-related subsidies of up to 50%
- Strategic opportunity to establish a modern processing complex in an underdeveloped segment of Kazakhstan's agro-industrial sector

MARKET OPPORTUNITY

The global market for processed leather, hides and wool remains substantial, with established international trade flows.

Global Export Markets — 2024

Cattle Hide Products
Approx. US$12.7B

Sheep & Goat Skin Products
Approx. US$4.4B

Major importing markets include:

China | Vietnam | Italy | Indonesia | USA | India | Germany

Kazakhstan's geographic position provides potential access to both Asian and European buyers, while growing domestic processing can reduce reliance on exports of lower-value raw materials.

TARGET PRICE
$17,000,000

GROSS REVENUE
$21,500,000

EBITDA
$3,400,000

BUSINESS TYPE
Agricultural Enterprises

COUNTRY
Kazakhstan

BUSINESS ID
L#20261141

RAW MATERIAL BASE

Kazakhstan benefits from extensive livestock and pasture resources supporting a long-term domestic raw-material supply.

The country has:

- Approximately 180M hectares of pasture
- Significant cattle and small-ruminant production
- Established cattle and sheep farming traditions
- Large agricultural and feed resources
- Potential to increase hide and wool collection and processing efficiency

A key market opportunity is the modernization of the fragmented hide-collection and processing ecosystem through centralized procurement, modern processing technology and higher-value downstream production.

VALUE-ADDED POTENTIAL

The project offers significant value creation through deeper processing.

Cattle Hides

Raw Hide → Tanned Leather → Finished / Processed Leather

Indicative value uplift per tonne:

- Raw hides: ~US$378
- Tanned leather: ~US$700
- Processed leather: ~US$3,614

Wool

Raw Wool → Combed Wool Yarn → Retail Wool Products

Indicative value uplift per tonne:

- Raw wool: ~US$253
- Combed wool yarn: ~US$763
- Retail wool yarn: ~US$1,150

The downstream processing model provides an opportunity to capture substantially more value from Kazakhstan's existing agricultural raw-material base.

PROJECT ECONOMICS

Metric	Indicative
Investment Requirement	US$17M
NPV	US$3.1M
IRR	16.91%
Simple Payback	6.05 years
Discounted Payback	8.72 years

The project model indicates progressive profitability during the operating period, with indicative gross profit reaching US$10.3M and net profit reaching US$6.8M by 2035.

GOVERNMENT SUPPORT & INCENTIVES

The project aligns with Kazakhstan's agricultural-processing development priorities.

Available support mechanisms may include:

- Investment incentives and tax preferences

- Agricultural investment subsidies
- Up to 25% reimbursement of investment costs for hide and wool processing
- Up to 50% livestock-related subsidies
- Support for wool collection equipment
- Potential customs and tax preferences subject to eligibility
- Government support for the establishment of additional hide and wool processing facilities

Kazakhstan's 2024–2028 agricultural product processing program specifically identifies hides and wool as priority processing areas and targets the development of additional processing projects.

STRATEGIC INVESTMENT RATIONALE

The opportunity combines abundant agricultural resources, established livestock production, strong international demand and significant downstream value creation potential.

A modern processing platform could address several structural gaps in the market:

Raw Material Availability
→ Extensive livestock and pasture resources

Collection Infrastructure
→ Opportunity to consolidate fragmented supply

Modern Processing
→ Limited availability of advanced tanning and wool-processing facilities

Value Addition
→ Significant uplift from raw materials to finished products

Export Potential
→ Access to major international leather and wool markets

TRANSACTION OVERVIEW

Project: Integrated Leather, Gelatin & Wool Processing

Location: Kazakhstan

Raw Materials: Cattle Hides / Sheep & Goat Skins / Wool

Investment Requirement:US$17M

Indicative IRR:16.91%

NPV:US$3.1M

Simple Payback:6.05 years

Target Markets: Kazakhstan / China / Europe / Central Asia / International

Investment Stage: Development Opportunity

Status: Confidential — Qualified Investors Only

All financial, market and production figures are indicative and subject to detailed feasibility studies, market conditions, technical validation and independent due diligence.

Parameter / Metric	Conservative (Downside)	Moderate (Base Case)	Aggressive (Upside)

Gross Initial Capex	US$19.5M (+15% cost overrun)	US$17.0M (Baseline)	US$16.0M (-6% procurement optimization)
Govt. Capex Reimbursement	10% (US$1.95M net subsidy)	15% (US$2.55M net subsidy)	25% (US$4.00M maximum statutory)
Net Equity/Debt Capex Outlay	**US$17.55M**	**US$14.45M**	**US$12.00M**
Collection & Tannery Utilization	65% capacity at maturity	80% capacity at maturity	95% capacity at maturity
Finished Leather Yield	Bias toward semi-finished (wet blue / crust)	Balanced mix (wet blue & finished)	Maximized finished leather & retail yarn
Mature Gross Revenue (2035)	US$21.5M	US$31.2M	US$44.8M
Mature Gross Profit (2035)	US$6.2M	US$10.3M	US$15.6M
Mature Net Profit (2035)	US$3.4M	US$6.8M	US$10.9M
EBITDA Margin at Scale	~20%	~27%	~31%
Project IRR	**10.4%**	**16.91%**	**23.8%**
Project NPV (@ 12% WACC)	**-US$1.2M**	**US$3.1M**	**US$9.8M**
Simple Payback Period	8.2 years	6.05 years	4.4 years
Discounted Payback Period	>11.0 years	8.72 years	6.1 years

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