

01 BRIEF DESCRIPTION OF THE PROJECT

Setting up an industrial unit to manufacture small and medium-sized agricultural machinery and equipment, with a focus on family farming and small rural producers. The initiative aims to meet demands for affordable mechanization and promote the strengthening of regional production chains, reducing logistical costs and expanding access to rural technology in the Northeast.

02 JUSTIFICATION AND OPPORTUNITY

Opportunity: Bahia is home to around 665,000 family-run rural enterprises, representing 77% of the state's farmers and forming the basis of a production chain that is essential for food security. In the Northeast, this number reaches approximately 1.8 million properties, making for a robust market, but one that is still marked by low mechanization, which limits its share of total agricultural production to just 24.6%. This shows that there is a great opportunity to invest in machinery and equipment that is accessible to small and medium-sized producers. In addition to strong pent-up demand, the sector has ample institutional and financial support. There are several lines of credit for small producers, such as Pronaf Mais Alimentos and lines of credit for agribusiness. In the 2024/2025 Crop Plan, the federal government has earmarked R\$85.7 billion for Family Farming alone. The New Brazil Industry also provides for investments of R\$20 billion to encourage the expansion of the use of agricultural machinery for family farming. To set up the industry, there are also a variety of support lines and institutions such as BNDES, BNB, BB, DESENBAHIA, SUDENE and others, as well as tax incentives for the industrial sector in Bahia. In addition to direct purchases by farmers, the volume purchased by the public sector is also quite significant. In 2024, just considering MDA and Codevasf nationally and CAR in Bahia, the volume of purchases of agricultural machinery aimed at family farming/small producers exceeded R\$6.6 billion. With the private market experiencing rapid expansion and thousands of producers looking for solutions to increase productivity and income, the combination of direct sales to rural retailers, a technical assistance structure and widespread distribution will consolidate a mixed and scalable business model that is financially attractive and prepared to serve the entire Northeast.

03 INVESTMENT NEEDED

A total investment of around US\$ 23 million is estimated for setting up the industrial unit, acquiring machinery, structuring the production line, training staff and distribution logistics for initial service to Bahia and other states in the Northeast.

04 EXPECTED RETURN

An annual net cash flow of between **USD 540,000** and **USD 2 million** over 7 years is projected. Even under a conservative scenario, it has an **IRR of 27.95%** per year, with a **discounted payback of 4.02 years** and an **NPV of USD 12.89 million**, ensuring a solid and consistent return for industrial investors.

05 SOCIAL AND ENVIRONMENTAL IMPACT

The project promotes productive inclusion in the countryside, generating income, access to technology and strengthening local chains. With 68% of properties headed by women, it promotes gender equality and the reduction of inequalities. It contributes directly to goals such as poverty eradication, zero hunger, decent work, innovation and sustainability, aligning with ten Sustainable Development Goals (SDGs), including SDGs 1, 2, 3, 5, 7, 8, 9, 10, 11, 12 and 17. This is a strategic opportunity, with a strong social impact, high adherence to public policies and the generation of long-term value for investors.

CONTACTS

More information about this and other projects:

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