

ROYAL HOUSE CHOCOLATE

EXOTIC CONFECTIONERY PROJECT

EXECUTIVE SUMMARY

In order to support the implementation of a confectionery plant specializing in cocoa and fruits that stands out from any other chocolate and/or bonbon in the market and meets the highest international quality standards, an execution agreement is proposed, which includes:

- **PRODUCTIVE DEVELOPMENT.** – Selection and industrialization of high-quality differentiated cocoa and exotic fruits from across the country in the Central Sierra region.
- **SOLVING AGRICULTURAL WASTE.** – By creating fine confectionery using unique cocoa and exotic fruits from the Amazon, we will produce one-of-a-kind chocolates and bonbons.
- **ADDING VALUE.** – Producing goods that significantly exceed the value of non-industrialized products.
- **COMMERCIALIZATION.** – Establishing a commercial network for the produced goods.
- **TRAINING.** – Techniques for collection, transformation, and business management.

The total cost of the project is eight million one hundred sixty two thousand and eighty six, with twenty six cents of dollars (\$8.162.086,26), which includes the aforementioned points.

Ecuador has an extensive variety of fruits and unique types of nuts, known to very few but highly valued by those familiar with them. The objective of this project is to implement production plants for innovative confectionery, with bonbons featuring unique fillings.

No other known invention of bonbons exists with the characteristics and ingredients described here.

Additional working capital will be required to cover the costs of around 10 employees, including brokers, basic services, and international connectivity. Maintenance controls and logistics costs are also included in the budget.

LOCATION

La confectionary plant of cocoa beans will be situated in the Santo Domingo de los Tsáchilas Province in Santo Domingo County

JUSTIFICATION

Ecuador is one of the most favored countries for cocoa production, particularly renowned for its fine aromatic cocoa, including some varieties that are not yet scientifically classified and others that are supposedly extinct.

Another advantage is that it is the most biodiverse country in the world, and among its unique products are many highly exotic fruits, which are notable not only for their exotic nature but also for their exquisite flavor.

Finally, we can find countless native nuts and almonds, most of which are completely unknown. By combining these three advantages, we can create a product with extremely high added value, inimitable and highly desirable, but most importantly, without competition.

The production of exclusive bonbons is divided into five major stages:

1. Special cocoa production
2. Post-harvest processing of cocoa
3. Production of special chocolate
4. Creation of unique fruit fillings
5. Fine confectionery production

The production of fruits is excluded, as this step will be handled by specialized farmers.

The initial steps are overlooked, and only the last step is developed, outsourcing the delivery of the chocolate needed for making the bonbons and the required fruits and oilseeds.

Creating these products is the result of a successful project, where production can begin just nine months after initiation, generating revenues that cover financing costs, with an internal rate of return (IRR) exceeding 40% and a return on investment (ROI) approaching five years, all with an investment in plant CAPEX and OPEX of around \$5 million and a logistics and commercialization investment similar to that of production.

OBJECTIVES

General:

The "Royal House Chocolate" project conducted a market analysis to gather data demonstrating the product's acceptance and its added value, thanks to the use of high-quality chocolate and unique fillings. Sensory analyses determined a high level of product acceptance. Tests for color, flavor, texture, and aroma were conducted with excellent acceptance. The "Royal House Chocolate" project conducted a market analysis to gather data demonstrating the product's acceptance and its added value due to the use of high-quality chocolate and unique fillings. Sensory analyses determined a high level of product acceptance.

Specific:

- Support small farmers with differentiated cacaos to maintain their crops and improve their cultivation, post-harvest, and drying techniques.
- Develop highly differentiated chocolates for exclusive clients using unique cacao varieties.
- Develop bonbon fillings using highly exotic fruits and nuts.
- Produce bonbons using self-developed chocolates and fillings.
- Register and patent the unique advancements achieved in this project.

- Develop a unique international marketing system.

INVESTMENT

The investment required for the physical implementation of the plant includes:

ITEM	DESCRIPCION	VALOR
CAPEX 01	Equipamiento	\$1.032.086,26
CAPEX 02	Estructura Principal	\$288.000,00
CAPEX 03	Bodegaje	\$100.000,00
CAPEX 04	Estudios, Terrenos y Adecuación	\$390.000,00
CAPEX 05	Control Post Cosecha y laboratorio	\$152.000,00
OPEX 01	Compra de grano seleccionado, primer año	\$1.750.000,00
OPEX 02	Compra de insumos base	\$600.000,00
OPEX 03	Compra de insumos para rellenos	\$400.000,00
OPEX 04	Compra de material de empaque	\$300.000,00
OPEX 05	Costo operativo en MOD y MOI	\$3.150.000,00
TOTAL		\$8.162.086,26

BENEFITS

The economic benefits are reflected in the financial projection calculated over 10 years, showing:

- **Internal Rate of Return (IRR):** 62%
- **Net Present Value (NPV):** 277 million dollars
- **Return on Investment (ROI):** 3 years

Producing unique bonbons requires extensive knowledge and a secured market, both of which are present in this case. Therefore, the most relevant economic indicators, calculated over 10 years with an interest rate of 5%, are as follows:

- **TOTAL INVESTMENT:** \$8.162.086,26
- **IRR:** 62%
- **NPV:** 277 million dollars
- **ROI:** 3 years