



Business and Investment Snapshot

Inputs: Drilling

Sector(s):	Infrastructure
Location(s):	Addis Ababa, Ethiopia (office)
Product Line(s):	The company has been engaged in the drilling business since 2005 and is looking to strengthen and expand its current business.
Management:	The manager has been in the importing business mainly in agriculture equipment and spare parts. Has ample experience in working with Israeli and Italy based irrigation equipment producers.
Opportunity:	<p>Established in 2005 by civil engineers, the Company focuses on water well drilling and associated services. The Company currently has one drilling rig that has been in service for over seven years, but recently with multiple mechanical challenges. The Company has experience drilling in a wide range of geological formations with an excellent reputation for timely completion of projects. The Company is planning to expand its fleet of rigs and increase capacity by procuring two heavy duty drilling rigs with all accessories, including supporting crane trucks and other related equipment.</p> <p>The Company is seeking \$3.3M of investment to buy two higher capacity drilling rigs with all accessories. With this investment, the Company will be able to provide its service to its customers at competitive prices and qualify as a Grade 1 drilling company (expanding the types of government projects it can bid on).</p> <p>The investment will increase gross revenue to over \$8M during the first year of operations. According to the company's plan, the proposed expansion project is financially viable with a positive NPV of \$5.3M. The project profit/loss statement also indicates that the business will be profitable throughout the project period. The payback period of the investment will be less than two years after operation.</p>
Market Trends:	<p>The demand for water well drilling is increasing and due to Millennium Development Goals (MDG) there is greater opportunity in the future for the sector. However, limited water well drilling capacity in the country has slowed the realization of several Government initiated projects. Therefore the sector badly requires investment to create an additional capacity to drill deep and big diameter wells.</p> <p>Groundwater resource is the main source of water for domestic, industrial and agricultural purposes in Ethiopia. It is estimated to constitute over 80% of the total domestic supply and many of the big cities, including Addis Ababa, are becoming increasingly dependent on groundwater resources.</p>
Investment Amount:	\$3.3M
Current Revenue:	\$35,000
Projected Revenue:	\$8M
Average Projected Net Profit Margin:	21%
Social Impact:	The investment will create job opportunities for more than 29 permanent employees.

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