

Waykana

ECUADOR



Waykana is an exporter of guayusa, a caffeine-rich leaf native to the Ecuadorian parts of the Amazon rainforest. They work with over 100 small-scale indigenous Quechua farmers to grow the leaf using ancestral and sustainable practices. Company sales are primarily derived from bulk orders from extract companies which, in turn, sell to food and beverage companies who use guayusa as a key ingredient in their products such as energy drinks, energy bars and cosmetics. Waykana also sells tea and energy drinks under the Waykana brand primarily in Ecuador.

Impact Background

According to data from the World Bank, while poverty in Ecuador has declined, economic improvement has not been evenly distributed. As of September 2019, Ecuador’s National Institute of Statistics and Census (INEC) reports that compared to the 24% national poverty rate, 40% of its rural population is poor, and 17% are deemed to be living in extreme poverty. This is an increase in incidence of 5%

IMPACT OVERVIEW

Promotion of sustainable agricultural practices and improvement of income of Quechua farmers in the Amazon

No. of beneficiaries	100+ families
Average increase in income	USD 400/month

COMMUNITY

Country	Ecuador
Cities	Chimaltenango, Huehuetenango, Quiché, Sololá, San Marcos, Quetzaltenango
Indigenous communities	K’iche’, Kaqchikel, Mam, Q’eqchi’, among others



and 3%, respectively, since 2014. The statistics are significantly worse for its indigenous population 88% of which, according to the UN, are poor. This is more than 2x the incidence of poverty of its rural population and nearly 4x the national rate.

Waykana’s supply chain ensures preservation of ancestral traditions and lands. It trades directly with farmers incentivizing them to sustainably grow guayusa by providing them the support to achieve organic certification and the opportunity to earn a better livelihood.

This results to an increase in income to Quechua farmers that is meaningful. Waykana’s network of farmers, while currently small, earn 15% higher than fair trade standards.



Impact Delivery

Waykana creates significant impact in its work to improve small-holder coffee farmers’ livelihoods, as well as its promotion of organic, value-added agriculture and projects that promote gender equality and food security in the Western Highlands of Guatemala. Its subsidiaries include:

Name	Role
Exportadora De Café Especial De Guatemala (ECEG)	Packages and exports members’ coffee to the United States (90%), Spain, Australia, France, Germany, Belgium and Japan where the beans command premium prices.
Kishé Foods USA	Retailers Kishé, Waykana’s own roasted coffee brand, that focuses on improving the welfare of their farmers and connecting them directly with consumers

Technical Assistance

Waykana enhances the technical capabilities of members to adapt to sustainable agricultural practices, improve

LOAN OVERVIEW

Loan amount	USD 75,000
Tenor and structure	22 quarterly payments
Interest rate	8% p.a.
Collateral	None

Financial overview

2019E Revenue	USD 12.1 M
Outstanding loans as of 3Q2019	USD 0.5 M
Net assets as of 3Q2019	USD 1.9 M

Company information

Legal name	Comercializadora de Café Especial de Guatemala, S.A.
Incorporation date	2006
Corporate address	Quetzaltenango, Guatemala
Nature of operations	Livelihoods
Website	www.fecceg.com

Note: FX rate assumed at 1 USD: 7.7 GTQ



Transaction Overview

Waykana is seeking USD 30,000 of financing to acquire a new cutting machine as it accommodates the growing demand for guayusa. The loan will be documented by Ecuadorian law firm Pérez Bustamante & Ponce on a pro bono basis. We will not register the collateral with the relevant authorities as it is not practical for such a small loan.

Financial Overview

In 2019, Waykana began selling its products through private labels. This has become a major growth vehicle for the company contributing 20% of revenue for the period through August (8M2019).

The financial position of Waykana has significantly improved through the years, current position is very strong as of 3Q2019 with more than USD 1.3M of working capital. The Company borrows seasonally so that it can pay its members for their coffee immediately after harvest but maintains more than adequate DSCR, Debt/Equity, and current ratios to service its debts.

in USD M	2016	2017	2018	3Q2019
Assets				
Current assets	2.0	2.1	2.8	2.4
Non-current assets	0.4	0.5	1.0	1.1
Total assets	2.4	2.6	3.8	3.5
Liabilities and shareholders' equity				
Current liabilities	1.6	1.2	2.3	1.0
Non-current liabilities	0.0	0.5	0.5	0.6
Total liabilities	1.7	1.7	2.8	1.6
Shareholders' capital	0.7	0.9	1.0	1.9
Total liabilities and shareholders' equity	2.4	2.6	3.8	3.5

Debt Service Coverage Ratio (DSCR)	0.2x	0.4x	0.2x	31.7x
Debt-to-Equity (D/E)	2.3x	1.9x	2.9x	0.8x
Current Ratio	1.2x	1.8x	1.2x	2.4x

Waykana achieved great economies of scale in 2019 with overhead costs only marginally increasing despite more than doubling its revenue from 2018. We estimate YoY EBITDA margin increasing from 6% to 21% and full year 2019 EBITDA to be USD 2.5 M.

