

INVESTMENT BRIEF

Business Summary

Livestock populations in Rwanda are growing, but productivity levels are low, primarily due to a lack of quality concentrated feeds. SOPAR offered the only local solution for quality feed, but has suffered since privatization due to management and a price sensitive market unwilling to pay for quality feeds. SOPAR's animal feed mill is of high quality, but has not been operated in over four years. The positive impacts associated with improving Rwandan feed concentrates could affect over 3,500 farmer households, half a million livestock, and ultimately, the egg, dairy and meat food chains that impact millions of Rwandan consumers

Opportunity Summary / Strategic Importance

- Only large scale commercial feed mill in Rwanda
- Projected Investor / Shareholder IRR of more than 23%
- Benefits to over 500,000 livestock, 700 farms, and 3,500 farmer households

Issues to be Addressed

- Organization requires committed owners and capable management
- Raw material prices of feed inputs are volatile, costly and require importing. Large, infrequent input purchases, and storage, may improve economics
- Adoption of quality feed requires low (subsidized) entry price and recognized brand

Market Demand

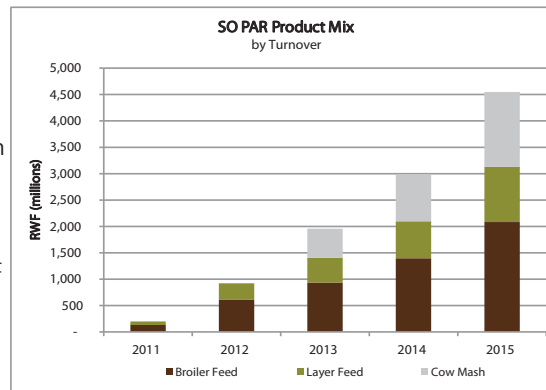
Worldwide demand for animal feed is growing at a rate of about 2% a year. Rwandan demand is projected to reach 12,000MT by year 4, with an export market to D.R. Congo and Burundi of 3,500MT.

Competition

The most relevant competitors to SOPAR are the commercial farmers themselves (who mix their own feed on site) and the small feed traders that currently serve these commercial chicken and cattle farmers. Such feed traders offer input importing, aggregation and mixing services. None of these small competitors have high-volume milling facilities, established standards or a reputation for quality.

Sales / Marketing

This plan calls for marketing three primary products to two different market segments. The primary focus must be on the commercial poultry farmer raising either layer or broiler chicken for the Rwandan market. Focusing on those poultry farmers with large farms is likely to prove difficult at first, but with increased yields, small farmers will be more likely to follow suit. A secondary market will be that of the commercial dairy farmer, but since this market is very fragmented at present, and compound feeds are not deemed as necessary for grazing cattle, this market will be more difficult to secure.



Financials

Financial Statement Summary	2011	2012	2013	2014	2015
Total Turnover	197,425,491	922,341,808	1,958,470,995	2,982,987,945	4,547,968,596
Turnover Growth		367%	112%	52%	52%
COGS	239,522,579	845,243,844	1,717,624,920	2,616,719,177	3,990,434,317
Gross Margin	(42,097,088)	77,097,964	240,846,075	366,268,768	557,534,279
Gross Margin %	-21%	8%	12%	12%	12%
Turnover per kg	195	228	210	222	235
COGS per kg	237	209	184	195	207
Gross Margin per kg	(42)	19	26	27	28
Operating Expenses	94,466,298	117,920,713	185,551,543	218,937,727	267,365,696
EBITDA	(136,563,386)	(40,822,749)	55,294,532	147,331,041	290,168,583
EBITDA Margin	-69%	-4%	3%	5%	6%

COMPANY PROFILE:

Industry/Sector:
Animal Feed Mill
Employees: 6
Founded: 1987 (SOPAB)

PRODUCT INFO:

Three major concentrate or compound feed products:

- Broiler Feed;
- Layer Feed; and
- Cow Mash

Production Status:

Not in Production

FINANCIAL INFO:

Current Shareholding:

- Sam Rubagumya, Managing Director (50%);
- Janvier Kivuye, Production Manager (30%);
- Jacqueline Iryaruranga, Wife of Sam (10%);
- Lilian Bucagu, Wife of Janvier (10%)

Investment Required:

- New equity investment of one million USD
- New debt of 400M RWF

MANAGEMENT TEAM:

- Sam Rubagumya, Managing Director
- Janvier Kivuye, Production Manager

CONTACT INFO:

Carter Crockett
Carter@karisimbipartners.com