

INVESTMENT BRIEF

Business Summary

The core product focus for Ikirezi Natural Products is the production of quality organic geranium oil. Ikirezi currently has approximately 30 Ha of current land under cultivation and distillation capacity to produce over 2.5 MT of geranium oil annually. The five year plan targets an expansion to 400 Ha of geranium and patchouli producing 6MT and 9MT respectively, with an annual turnover of approximately two million USD/yr.

Opportunity Summary / Strategic Importance

Essential oils represents a key sector with the opportunity to:

- Become regional leader as premium producer of essential oils
- Projected Investor / Shareholder ROI greater than 30% and IRR of 22%
- Provide return to farmers (1,600 families impacted; agricultural incomes total 2.5M USD)

Issues to be Addressed by Investment

- Limited land under cultivation leading to inefficiencies and lower production volumes
- Development of new marshlands (irrigation, drainage, inputs)
- Distillation Capacity – CAPEX for additional units in alignment with incremental land
- Expansion into Patchouli oil

Market Demand

The global essential oils import market represents 5 billion USD annually. Organic geranium commands a price premium over conventional oil. Market demand for geranium and patchouli oil continues to increase 5% annually.

Competition

Regional competition is effectively non-existent given the overall market demand for the products. All product is for export and Ikirezi is currently the only producer of organic geranium oil in Rwanda.

Products and Services

Four major products: 1) Organic Geranium oil; 2) Patchouli oil; 3) Lemongrass oil; and 4) Eucalyptus oil

Sales / Marketing

Geranium and patchouli oil represent the priority products and focus of this five year plan given their higher market value and existing customer commitment.

Customer	Country	Product	Annual Commitment (MT)	Est. Price (USD/Kg)	Est. Turnover (USD)
Teubes	South Africa	Geranium Oil (organic)	2	185	370,000
S & D Aromas	U.K.	Geranium Oil (organic)	2	185	370,000
MANE	Switzerland	Patchouli Oil (conventional)	2	70	140,000
Total			6		880,000

Target Market

Ikirezi finds itself in the unique position of having guaranteed purchase commitments from several buyers located in South Africa and the UK. These orders are for quantities far in excess of the company's current capacity to produce (see above).

Financials

Financial Statement Summary (USD)	2012	2013	2014	2015	2016
Total Production (MT)	0.87	2.83	6.34	11.04	15.22
Total Turnover	140,212	356,950	763,341	1,355,045	1,954,540
Turnover Growth		155%	114%	78%	44%
COGS	98,239	265,589	560,230	990,521	1,393,325
Gross Margin	41,973	91,361	203,111	364,524	561,215
Gross Margin %	30%	26%	27%	27%	29%
Overhead Expenses	143,104	198,075	232,777	258,150	283,729
EBITDA	(101,130)	(106,714)	(29,666)	106,374	277,487
EBITDA Margin	-72%	-30%	-4%	8%	14%

COMPANY PROFILE:

Industry/Sector:
Essential Oils Processor
Employees: 13
Founded: Aug 2005

CONTACT INFO:

Greg Urquhart
greg@karisimbipartners.com

FINANCIAL INFO:

Product Stage:
Product in market (Itd)
Current Shareholding:
Equal shareholding w/
Nicholas Hitimana;
Augustine Mvunabandi;
Antoine Rutayisire;
World Relief Rwanda;
Together Partnership UK
Investment Required:
• GoR grant support (via IFAD) of ~700K USD over the next five years
• 1M USD in new equity (FDI)
• 250K USD in debt

MANAGEMENT TEAM:

- Nicholas Hitimana, Managing Director
- Dennis Overton, Managing Director – Aquascot UK
- Etienne Ndatimana, SME Management Solutions Officer (IFC)
- Clive Teubes, CEO / Owner – Clive Teubes SA
- Phil Smith, Former Country Director, World Relief Rwanda
- Consolate Mukabutera, Marketing Director UTEXRWA
- Alfred Munyentwari, Country Director SOS Rwanda