



Investment in Wheat Milling, Ghana

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Investment highlights

- ✿ Invest US\$31.5 million in a greenfield 500 MT/day wheat milling facility in Ghana
- ✿ Wheat mill to be located near Tema Port in Accra, close to the largest flour market in Ghana
- ✿ Work will commence in Mar 2010 and the mill will be commissioned in Sep 2011
- ✿ Flour production to reach 115,000 MT in 3 years (FY2014), becoming the 3rd largest in Ghana

Investment rationale

- ✿ Part of our strategy to build a configuration of port-based wheat milling assets in Africa
- ✿ To this end, our first investment was our acquisition of Crown Flour Mills in Nigeria in Jan 2010 and this constitutes our second investment
- ✿ Significantly strengthen our competitive position in our distribution business in Ghana by adding wheat flour to our current distribution portfolio which includes Rice, Sugar, Dairy Products, Tomato Paste and Edible Oil
- ✿ Achieve supplier, customer, cost and channel synergies by leveraging our sourcing, freight management, marketing and distribution capabilities. This improves our “winnability” in Ghana.

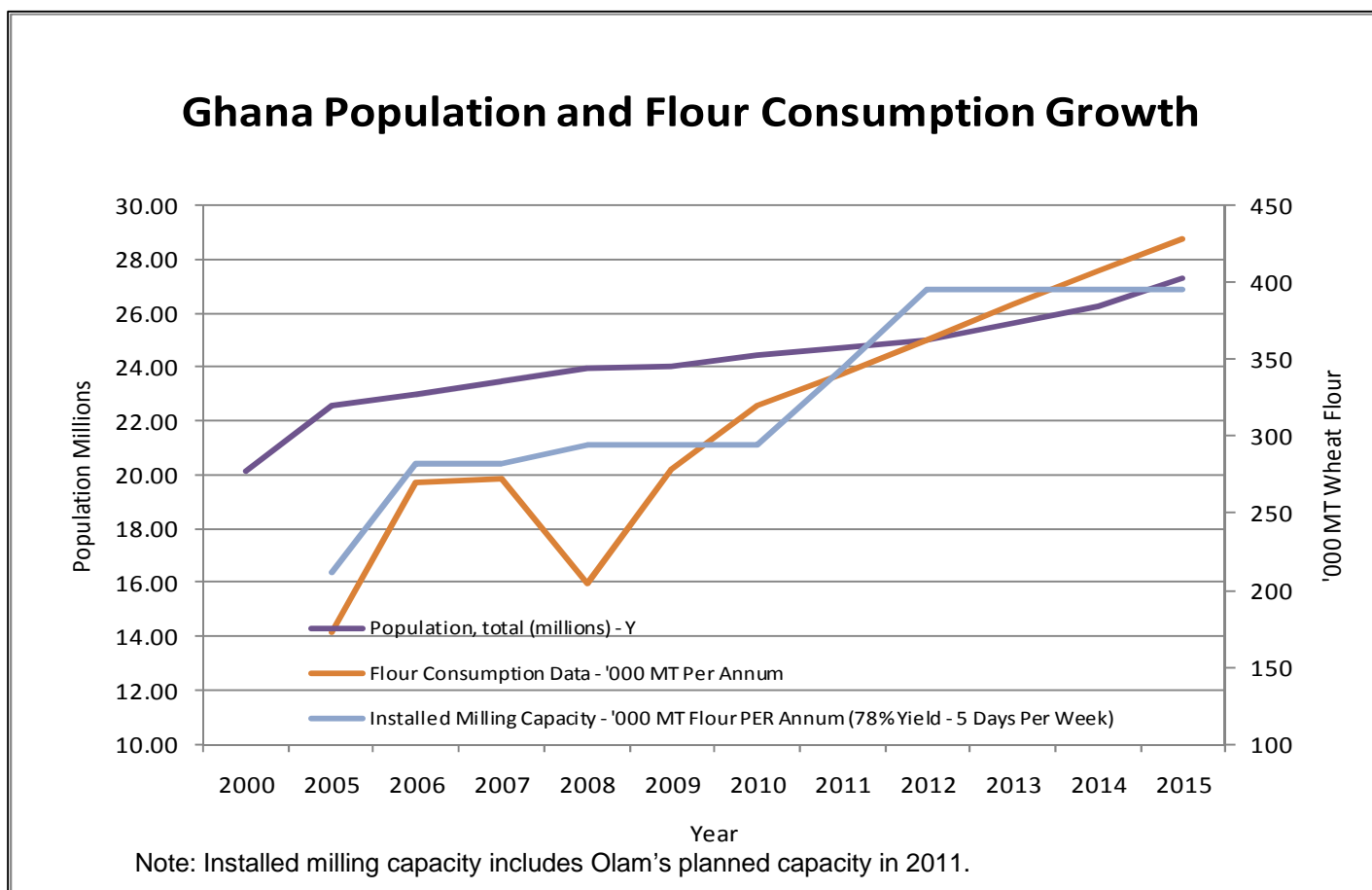
Wheat milling in Ghana: Why greenfield?

- ✿ Market entry through acquisition a limited possibility due to lack of favourably priced targets/assets. Greenfield investment in this case is much cheaper although with longer gestation.
- ✿ Existing players have no port-based assets – No port land is available today and “asset-based” barriers (eg. port location) are low or surmountable
- ✿ Competitive parity on landed wheat cost achievable
- ✿ Growing flour market offers new players opportunity to participate without impacting industry margins
- ✿ Opportunity to incorporate the latest state-of-the-art technology in a greenfield plant, ensuring low operating overheads

Ghana wheat milling industry fundamentally attractive

- ✿ Ghana is a large market for wheat flour in West Africa of approx. 270,000 MT per annum and imports all its wheat requirements
- ✿ Protection from flour imports: Current government imposes 20% tariffs on imported flour (wheat at 5%), offering significant protection to millers
- ✿ Oligopolistic industry structure comprising 3 millers, of which the 3rd largest has become financially insolvent
- ✿ Attractive milling margins given industry structure
- ✿ Market offers sufficient room for millers or potential entrants to increase capacity to meet growing flour consumption

Ghana milling growth opportunity



- ✿ Flour consumption has outpaced milling capacity in 2009 and this trend is expected to continue
- ✿ Flour consumption is expected to reach 406,000 MT in 5 years, supported by population growth of approx. 2-3% p.a (Source: Worldbank)

Ghana wheat milling industry: Wheat imports & per capita consumption

Ghana	Year	Wheat Imports MT	Flour Consumption MT	Population Millions	Flour Consumption Kg Per Capita
ACTUAL	2005	207,284	172,502	23.01	7.50
	2006	336,062	270,392	23.46	11.53
	2007	342,992	272,803	23.95	11.39
	2008	261,642	204,711	24.41	8.39
	2009	355,368	278,887	24.89	11.20

Country	Flour Kg Per Capita (2007)
Ghana	11.39
Congo	24.99
Cote D'Ivoire	10.72
Nigeria	16.85
Senegal	19.15
Togo	9.1
Average SSA	17.0

- 2005 – 2007 flour market grew at a CAGR of 14.4% per annum
- Market recovered from global grain crisis within 1 year
- Projected CAGR from 2009 – 2015 at 7.5% per annum
- Ghana flour consumption 33% below Sub-Saharan Africa average of 17 kg (2007, Worldbank)

Financial impact

	FY2014 (Steady State)
Flour (MT)	115,000
Revenues (US\$m)	64
EBITDA (US\$m)	14.9 (23%)
Capital Spread (%)	14%
ROE (%)	44%
Enterprise IRR (%)	25%