

INVESTMENT PROJECT RESUME

Production and trade start-up «Organization of industrial site on production of sugar products»

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1. Offer for investor and entrance of investor in the project

Dear sirs!

We offer you to consider the possibility of investing in a business project on organizing of industrial site in the EU and the subsequent organization of trade in products in the EU market.

A business partner is required to implement the project, which:

- has an area appropriate to sanitary standards of 300 – 400 sq. m for placement of technological equipment, warehousing of raw materials and finished products, with connection to the mains water supply and 380V;

- will fund (€0.05-0.1 million) manufacturing, delivery and installation of a set of equipment, commissioning of industrial site, receiving the certificate of production of the EU country;

- provide working capital (€0.1 million) for the launch of production and subsequent distribution of products;

- is a local manufacturer of sugar from raw sugar, or refiner of sugar, or wholesale distributor to retailers.

The investor will enter the business project by buying a share (60%) in the limited liability company being created.

The investor will take part in the process of organization of trade of the produced products.

Possible payback period is of **1-2** years.

Expected revenue is **€0.5** million (1 year of sales).

Expected dividends on invested capital are 20-40 % per annum.

If you are interested, we are ready for more detailed negotiations.

2. Project description

The project provides organization of a processing plant in the EU, where the additional processing of purchased sugar will be made in order to fill and expand the range, reduce overhead costs, avoid difficulties with customs clearance and certification. It will also be required to fund the development of a prototype and subsequently the manufacturing of high-performance equipment to automate the conversion process, which is now performed semi-automatically and manually, and reduce the technological cost of a unit of production.

It is planned to gradually increase sales by covering new territories and developing new products for different market segments.

Food products made of sugar like crushed and fruit lump sugar are in demand in the market, attracts the views of consumers and corresponds to their tastes. At the moment, there are all the prerequisites for the successful sales of these products in the

markets of the EU, where there are few such manufacturers. The products are included in the premium segment with high added value.

Commercial suggestions for organization of production:

1. High profitability and fast payback of start-up costs
2. Relatively low operating costs
3. Multiple sectors of product consumption, constantly high rate of consumption in the segments
4. Sugar is a consumable component in the diet
5. Stable demand for sugar products, stable EU economy
6. The industrial site can also be located in the place of growth of raw materials, which will significantly reduce the cost of production.
7. Synergy of partners' capabilities will provide commercial stability and competitiveness of the enterprise in the EU market: cheap and skilled labour, technology and equipment from Ukraine, investment and working capital, know-how in management, energy-saving technologies, raw materials at wholesale prices, renewable resources from the European Union.

Investments are needed to launch and effectively develop the project:

- €0.1 million from the project initiator (intellectual property, equipment)
- €0.2 million from the EU country' partner (funds)

Direct investment and / or long-term lending of the project for a period of 2 to 5 years are suitable.

The initiator of the project will organize production, marketing, operational and administrative activities.

Business experience, business understanding and calculations show the possibility to reach the break-even point at the end of the first year of sales.

3. Description of the business model

The business is based on the production and sale of cost-effective types of sugar products under the Private Label system, which involves the production and sale of high-quality goods under its own brand.

Existing distributors, trading networks, online trading tools will be used to generate cash flow. If the partner from EU country have a current trade relations it will allow to organize sales growth.

The selection of the necessary trade partners, target buyers, importers and wholesalers will be carried out at exhibitions, from printed and online catalogs, which will ensure the supply of raw materials and sales of products. Distributors and retail chains will be motivated by a high trade premium.

Registration in the EU will give additional advantages in business development, low costs of doing business, the right to trade both in Europe and around the world.

Communication with customers will be carried out through advertising and appropriate marketing tools.

Promotion of products on the market will provide a specially selected range, attractive packaging, consumer product quality, promotions for new products.

4. Strategic goals of the business

The strategy of the project development is to introduce a new brand and a line of goods of daily demand to the EU market, the subsequent saturation of the EU market with products of processing of imported and/or local sugar.

Project goals:

- to master 1-3% of the EU market in the target sector within 3 years
- to achieve sales revenue of €1.3 million in 1 year of sales through active involvement and cooperation with retailers
- to organize the growth of trade revenue up to €2-5 millions in 2-5 years of sales due to the active expansion of the range and sales territory.

5. Target market and market opportunities

The target is the duty-free market of the European Union with a population of five hundred million people.

Market sectors are retail chains, HoReCa, premium shops, public institutions (bars, restaurants, cafes, hotels, night clubs).

Sugar products meet the need for a beautiful product with an original taste and shape. This need already exists.

The buyer take their decision to purchase with highlighting of their favorite original product. The solution to meet this need is original with respect to existing technologies for the production of sugar, taking into account the mentality of consumers.

It is possible to expand the range and enter into adjacent market segments.

Detailed information about the market can be obtained from statistical data, cost analysis, marketing research data, including:

- Volume of the European sugar market;
- Main competitors and their products;
- Competitive differences and product advantages;
- Types of buyers and main driving forces of this market segment;
- The volume of direct deliveries of sugar to the EU;
- The potential size of the market segments;
- Expected growth of market of sugar products;
- Demand for sugar products in local and international markets.

6. Product and technology overview

Product differences are: the lump sugar is more dense than refined sugar for consumption right in. Fruit sugar has a special natural fruit composition and flavor.

The advantages of the technology are: low energy consumption, easy to adjust the weight in the package, little waste in production.

It is necessary to apply for patents in the EU for the protection of intellectual property like technology and formulation of products.

7. SWOT - analysis of the investment project

<p>Strengths:</p> <ul style="list-style-type: none"> - professional team with high loyalty and successful experience in the industry; - high profitability of the project; - break-even level below 50%; - availability of new developments; - low cost of basic resources; - stable and growing consumption of products; - high qualification of local specialists. 	<p>Weaknesses:</p> <ul style="list-style-type: none"> - lack of capital to scale; -weak support of the state; -no experience in the EU; - long turnaround time; - low solvency of the local population.
<p>Opportunities:</p> <ul style="list-style-type: none"> - ever-growing market, food shortage grows by 2-3% per year; - weak local competition; - increase of profitability due to the introduction of new positions; -advantageous geographical position; - attraction of additional investments and 	<p>Threats:</p> <ul style="list-style-type: none"> - lack of political stability; - aggravation of the financial crisis and falling demand for products; - local economic crisis; -rise in price of resources; -the theft of material assets; - prohibition of import of raw materials or

occupation of a significant market share; - lobbying for state support; - cost reduction through the introduction of monitoring systems and automatic equipment.	imposition of duties; - Turnover of local specialists.
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Risks and threats: methods to reduce their impact

Turnover of local specialists

- efficient work of procurement specialist with full pre-planning;
- organization of import supplies for important items;
- careful selection of staff at a high level of payment will allow you to choose the best local staff and keep them;
- multi-stage quality control of personnel and motivation system;
- interviewing, training and employment of the best graduates of specialized Universities;
- signing of long-term employment contracts with bonuses for years of service;

Weak state support

- cooperation with relevant government agencies and competent economic and legal approach;
- consideration of changes in grants in economic planning;

Long turnaround time

- implementation of processing to reduce the average period of turnover;
- attraction of investment loans to reduce dependence on the invested capital;

Low solvency of the local population

- orientation to the external consumer;
- revision of the range of products, if necessary, targeting the local population;

Lack of political stability

- refusal to participate in political processes and maintaining normal relations with all participants of the political process;
- providing social support for high loyalty of the local population;

Aggravation of the financial crisis and the fall in global demand for products

- implementation of processing, own retail and reorientation to the local consumer;
- transition to alternative sectors;

Local economic crisis

- orientation to the external consumer;
- organization of own export Department;

The rise in price of resources

- occupation of the market share of retired competitors;
- revision of the economic strategy;

Theft of material assets

- establishment and control of an effective security service;
- active cooperation with the local police;

Prohibition of import of raw materials or imposition of duties

-focus on the local provider.

8. Project initiator

The initiator of the project is private enterprise "Yasen", the owner of technology and production site, which produces food products from sugar, and sells it on the market of Ukraine for 5 years.

We have partners that are available to ensure the production of special technological equipment.

Distinctive features of business

Personnel of private enterprise "Yasen" has the necessary knowledge, mastered processing technology, experience in sales organization, and will provide a set of existing technological equipment for the production of sugar products.

Previous success story and unique competencies

- Start of activity was in 2012
- Form of ownership is private enterprise
- Location in Ukraine, Dnipro city
- Business development stage is technology start-up, R & d, small-scale production, sales

The list illustrating achievements of PE "Yasen»:

- Previously disbursed funding is €0.1 million
- 3 positions of original products were developed and brought to market
- Sales in 2017 were amounted to €85 000. The expected sales volume in 2018 is €120 000.
- Relationships with key trading partners are established
- Contracts with key distributors and customers were executed
- Key specialists are hired and trained
- Marketing plan was developed and are implemented

This information shows the ability of the PE "Yasen" to achieve the stated goals and success in the market. It confirms that the investor's money will be used to create value and will bring him income in the near future.

9. Team of managers and key specialists

- Project Manager
- Production manager
- Head of the trading Department
- Chief process engineer
- Project efficiency consultant

Each participant has professional knowledge, management experience, motivation for the successful implementation of the project, and is able to cope with new challenges.

Thanks for your kind attention!