



UK-Ethiopia Trade & Investment Forum

- We are an Asset Manager based in London. We have been focused on Ethiopia so far, with a presence in Morocco as well
- We are extremely positive about the country's outlook, and we believe that the industrial sector will play a major role in transforming the country over the next decade
- Since our inception in 2013, we have invested into 7 businesses within the Fast Moving Consumer Goods sector. These are companies that manufacture a vast array of consumer goods for local market consumption
- We have been impressed by our local teams, as well as the market dynamics and the growth we have witnessed in a short period of time
- We believe that through empowering our local teams, while bringing expert assistance and advice from established manufacturing powerhouses, Ethiopia can become Africa's manufacturing hub – serving both the local economy and, in the future, its neighbouring countries

1

Superior consumer spending growth per capita

- Rapid and sustained rise in consumer spending is fuelled by key factors:
 - ➔ GDP/capita growth superior to African peers (historically/expected)
 - ➔ 2nd largest population in Africa (to Nigeria)
 - ➔ Faster urbanisation rate than the average for the rest of the continent
- As a result Ethiopia heralds the fastest growth in consumer spending per capita, resulting in a catch-up to African peers (the “Ethiopian catch-up effect”)

2

Improved investment climate

- Stable political environment
- Improved macroeconomic/social situation – reduced inflation, lower FX depreciation, ease of exchange controls and reduced poverty
- Significant investment in infrastructure and in agriculture which should further fuel growth and profitability for FMCG companies whilst reducing imports by encouraging local manufacturing

3

FMCG in its infancy

- Lack of supply due to a combination of absence of capital/working capital planning, old capacity, deficiency in technical expertise → evidenced by Ethiopia importing finished consumer products (and semi-finished) on a significant scale
- Fragmented supply with no multinational present in the market; only under-capitalised small local players

All ingredients are present to allow well capitalised/well managed FMCG companies to capture the lion share of the under supplied/fast growing FMCG market in Ethiopia

Our Ethiopian businesses



- A diversified holding company established in 2014 with significant interests across the Fast Moving Consumer Goods (FMCG) manufacturing sector in Ethiopia.
 - ✓ Pasta, flour and biscuit
 - ✓ Edible oil
 - ✓ Soap & Detergent
 - ✓ Confectionery
 - ✓ Dairy Products



- A leading mineral water bottling company in Ethiopia

And we are in the process of closing a US\$42 million investment into the pharmaceutical sector

No table actions...

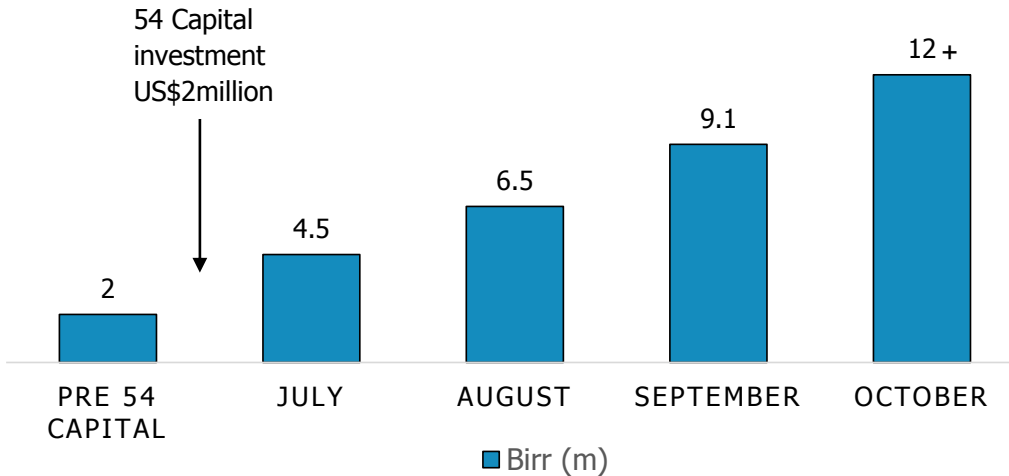


- When selecting our portfolio companies and investing into the FMCG sector we selected companies that combine the following features:
 - ✓ All had significant unused capacity at time of investment (need to bring new technology or transfer of certain manufacturing know how to ensure that they produce at the highest possible level)
 - ✓ Companies with historical brands (as owners have bought these assets through the privatisation process), notably Gullele and Ada, that were in need of a turn around to bring them back to the market
 - ✓ Strong understanding of the market by owners, and our local team, especially with regards to market needs and route to market
 - ✓ Potential horizontal integration: we deploy a synergistic model – **combined there are many** potential “cross-overs” throughout all of our companies in terms of raw material acquisition, distribution and product strategy. We believe that sharing knowledge will be key to our future success

This can only happen in Ethiopia - 2 examples

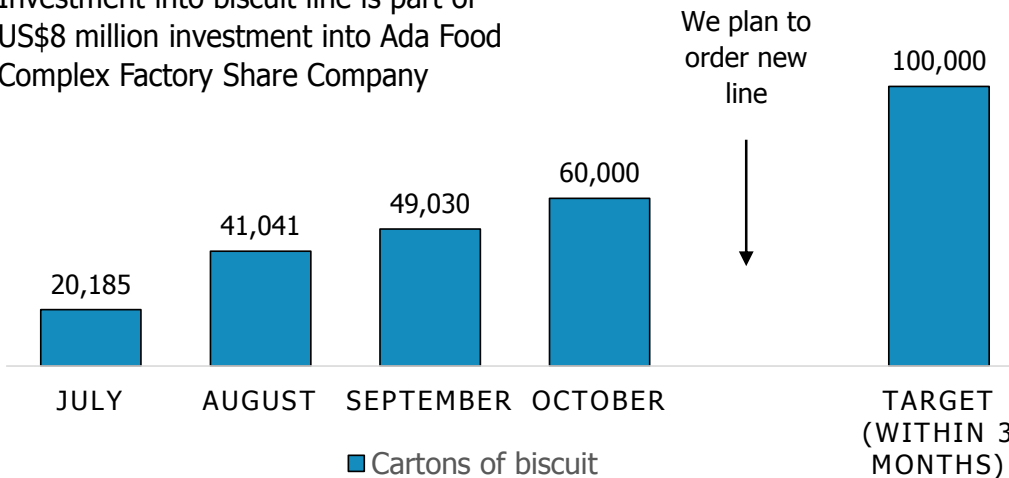


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Investment into biscuit line is part of US\$8 million investment into Ada Food Complex Factory Share Company



Asset Quality Improvement

New lines

- 120t/day Wheat Flour line (a total 200t/day across our factories)
- 64t/day pasta line
- 15t/day biscuit line
- 50t/day oil refinery
- 5,600 bph water bottler
- 14t/day hard candy and toffee line
- New 60t/day milk line