

Agromoz – Agribusiness de Moçambique, S.A.

Mozambique

Overview

The Company was formed to implement a project of modern and sustainable large scale cultivation of grains, predominantly soybean, in the province of Zambézia in Mozambique. AgroMoz is focused on two main crops (Soybeans and Maize), forecasting a high steady price mark-up in Mozambique, also allowing crop rotation to strengthen soil quality, general structure and drainage. The company is currently looking to expand its cultivated areas from 1,500 hectares to a total of 4,500 hectares within six years, growing soybeans as the primary crop in one or two crop-cycles per year

The product

AgroMoz has two main products:

- Soybeans and Maize, targeted for the poultry industry located in the centre and south regions of Mozambique.
- GMO free grain, a plus for human consumption soybean markets.

The market

Soybean is used primarily for the production of edible oil (ca. 20% of original weight) and of soymeal (or oilcake – 80% of original weight) which is the main component in feeding of broilers (i.e., chicken for meat) or egg-laying chicken, an industry that is growing in Mozambique.

While 32,000mt of soybean were harvested in the country in 2014/15, Mozambique's demand for soybean oil equates to more than 200,000mt of soybean with steady growth expected by the Company. The demand for soymeal equates to more than 60,000mt of soybean and expected to more than double by 2020.

The company targets the following clients:

- Domestic customers – poultry and sourcing inputs;
- Broiler farms;
- Export companies;

Agromoz is currently selling the all production to the national market. 2018 will be the first year to sell soybeans for human consumption to India and China.

Actions are currently in place for the first successful trial in exporting human consumption soya to Japan (Yokohama).

The competition

Soybean is a commodity and any grower that can place tonnage at competitive prices will be able to sell almost indefinite amounts, especially for export. Competition is not a major concern, because in Mozambique there are no big players.

Key facts

Name of Organization	Agromoz – Agribusiness de Moçambique, S.A.
Country of operations	Mozambique
Headquarters	HQ: Quelimane OP: Province of Zambézia
Website	n.a.
Year operational	2012
Sector	Agro-food
Legal structure	Joint Stock Company Incorporated (Mozambique)
Number of employees	155
Revenues	USD 3,325,000

Proposed investment structure

Proposed investment amount	USD 11,000,000
Type of investment	Equity/Loan
Type of investor needed	Long-term investor
Use of proceeds	<ul style="list-style-type: none"> • Expand cultivation areas and add irrigations; • Expand to additional national and international markets; • Source raw material.

Management & Advisors

- **Mr. Justiniano Gomes, Executive Board Member** - Background in Commercial and Investment Banking. International Manager. Country Manager of Amorim for Southern Africa.
- **Mr. André Luft, General Manager** - Working for more than 30 years as international general manager of soya and seed companies. More than 27 years' experience in top managing farms in Brazil.
- **Mr Heinrich Merwe, Operational Manager** – Strong leadership profile. Experienced field manager in biofuels projects.
- **Mrs Mana Luft, Human Resources and Social Responsibility Manager** – Working for more than 27 years with local communities in sub-developed countries. Extensive knowledge in social and human developing skills.

Investment Proposal

The company is raising USD 11 Million in equity and/or term-debt, to:

- Expand cultivation areas and add irrigations;
- Expand to additional national and international markets;
- Source raw material.

A detailed description of all investment expenses are available upon request.

The management team is enthusiastic in installing a Seed Processing Unit, ultimately allowing the production of in-house seed and the sale of “Made in Mozambique” seed to the local market.

The expansion of the company will be implemented over six seasons from 2018 to 2024. Every year during the Project Implementation Period, the Company will add ca. 500 ha to its cultivation (except in the last 3 seasons)

Implementation of the project requires \$55m. Out of this, \$44m will be covered by project results, resulting in a mobilization of \$11m in equity and/or term-debt.

Considering available funds of \$3,5M from a current loan agreement and the cash flow generated by the Project, the new funding requirements are \$7,5M, out of which 50% (\$3,8M) will be supported by the current investor, and the remaining 50% through external investment and/or credit financing of \$4M.

Social Impact

While the unemployment rate in the region of the Project is more than 50%, AgroMoz created more than 140 direct jobs in a single year making a big impact on the local community and the economy of the region. The Company's employees now can afford a more nutritious diet for them and their families, some of them bought electric appliances, bicycles and are now helping members of their extended families.

Financial details

Company's financials are available upon request.



Fig. 1. Soybean crop



Fig. 2. Maize



Fig. 3. Processing plant



Fig. 4. Soybean

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