

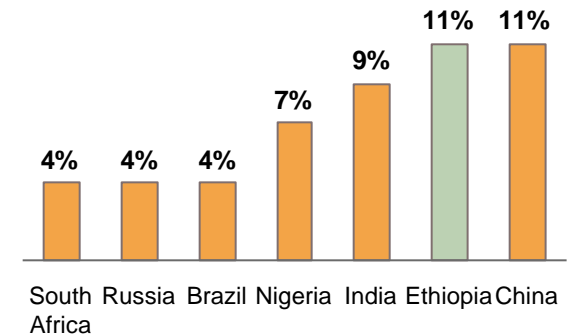
Agricultural Investment Opportunities in Ethiopia



Strong Economy, Business Environment and Investment Incentives

- 11% annual GDP growth rate since 2005
- Projected to be 3rd fastest growing economy in the world for the next four years by *The Economist*, behind China and India
- Political stability which fosters a peaceful and secure working environment
- Simple taxation structure and tax breaks for investors
- Full repatriation of profits
- Zero tolerance to corruption and fraud
- Large domestic market (~83M); good access to regional/international markets e.g. COMESA (~350m)
- Generous investment incentives e.g. import/export duty exemptions, income tax holidays

GDP Growth Rates, 2005-2010



Robust Agro-Climactic Conditions & Land Availability




- Ethiopia is home to 18 major agro-ecological zones and 49 agro-ecological sub-zones
 - The country has the soils and climate suitable for growing over ~150 types of crops, including high value commodities such as coffee, sesame and other oilseeds, cereals, spices, fruits and vegetables

Key Land Statistics

Land (ha): 111.5M
Arable land (ha): 74.5M
Cultivated land (ha): 15.4M
Annual Rainfall (western region): 200 cm

Key Value Chains for Investment

Near Term

-  **Sesame** – High value export crop with potential for improving foreign exchange earnings through value addition
-  **Chickpea** - Important nutritional crop in Ethiopia with high domestic consumption
-  **Barley** – Grown by 4M farmers and key for producing malt for the booming brewing industry

Longer Term (*not exhaustive*)

-  **Fruits and Vegetables** – Large domestic market, and export potential to Middle East/Europe
-  **Wheat** – Staple crop with significant potential for import substitution
-  **Livestock** – High potential for export to Middle Eastern markets

VISIT ETHIOPIA TO SEE THE OPPORTUNITIES FOR YOURSELF

Contact: Khalid Bomba, CEO, ATA (khalid.bomba@ata.gov.et); Mirafe Marcos, Special Programs Officer, ATA (mirafe.marcos@ata.gov.et)

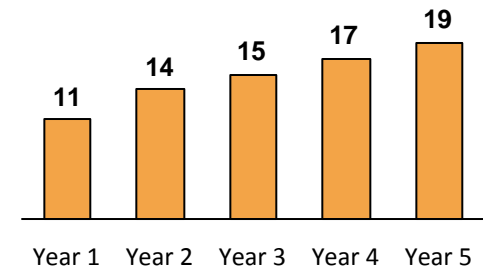
Agricultural Investment Opportunities in Ethiopia



Sesame – Hulling Facility

- Ethiopia is the world’s 3rd largest sesame exporter, accounting for 14% of global exports but exports the majority of seeds raw
- Limited domestic processing capacity creates an opportunity to establish a high-quality value-addition hulling facility
- An investment of \$6.5M in a **sesame hulling facility** will return an attractive IRR of 43% at the close of a 5-year investment period with 11% Net Profit margin
- Potential for positive social benefits for up to 5,000 smallholder farmers (through nucleus farm/out-grower scheme), resulting in an average of 17% income increase

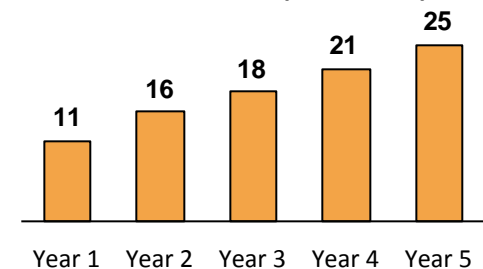
Projected Hulling Plant Revenues (\$ millions)



Chickpea – Flour Processing Plant

- Ethiopia offers an attractive market for chickpea flour, with domestic demand for processed products expected to grow
- Limited competition and market gap offers a high potential opportunity to secure early mover advantages
- A \$6.5M investment in a **chickpea flour processing plant** should result in an IRR of 34% and a steady state Net Profit margin of 7%
- Potential to involve up to 27,000 farmers in out-grower schemes

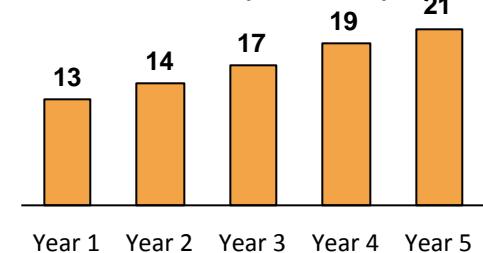
Projected Flour Processing Plant Revenues (\$ millions)



Barley – Malting Plant

- The Ethiopian brewing industry is fast-growing at 15-20% per year, and consequently, so is the market for malt barley
 - Recent \$400M acquisitions of breweries by Heineken/Diageo, with at least 3 additional plants in pipeline
- Malting in Ethiopia is under-developed, leading brewers to import ~60% of their malt requirements
- An investment of \$25M in a **malting plant** will yield an IRR of 24% after 5 years, with a Net Profit margin of 10-12%
- Potential to involve up to 30,000 farmers in out-grower scheme, improving incomes by upwards of 60% on average

Projected Malting Plant Revenues (\$ millions)



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