



AMATHEON AGRI

JAPAN-AFRICA BUSINESS FORUM

June 2014



Amatheon Agri Holding N.V.

Japan-Africa Business Forum

Tokyo, Japan

June 2014

Presented by Yukiko Omura

Amatheon Zambia, 2013

Growing Value.



- 1. Background**
- 2. Executive Summary**
- 3. Vision & Strategy**
- 4. Corporate Social Responsibility**

Growing Value.

BACKGROUND





Global Trends – Food demand increasing, food supply struggles: Why invest in Africa now

Food demand and supply

Growing food demand, rising prices

- **Increasing population**
 - 9bn by 2050 globally, 2bn in Africa
- **Higher demand and shifting diet patterns** due to rising income



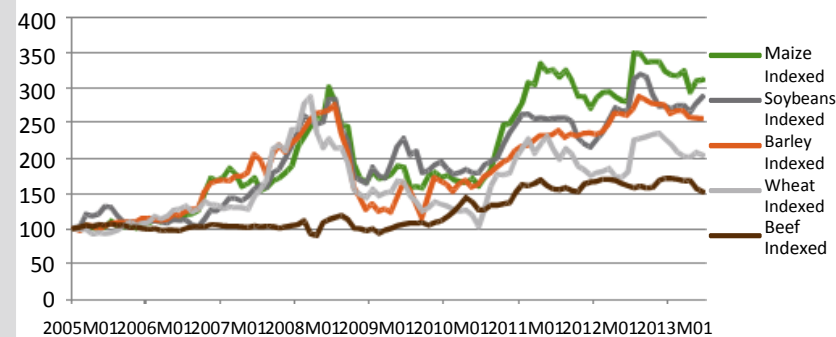
Limited food supply

- **Scarcity of quality arable land**
- **Scarcity of irrigated land**
- **Capped productivity in mature markets** and **low productivity** in e.g. Africa
- **Urbanisation**



Development of prices

Food commodity prices reaching peak levels since 2005



Sources: FAO Statistical Yearbook, FAO How to feed the world in 2050, Atlas des Futures du Monde (2010); IMF

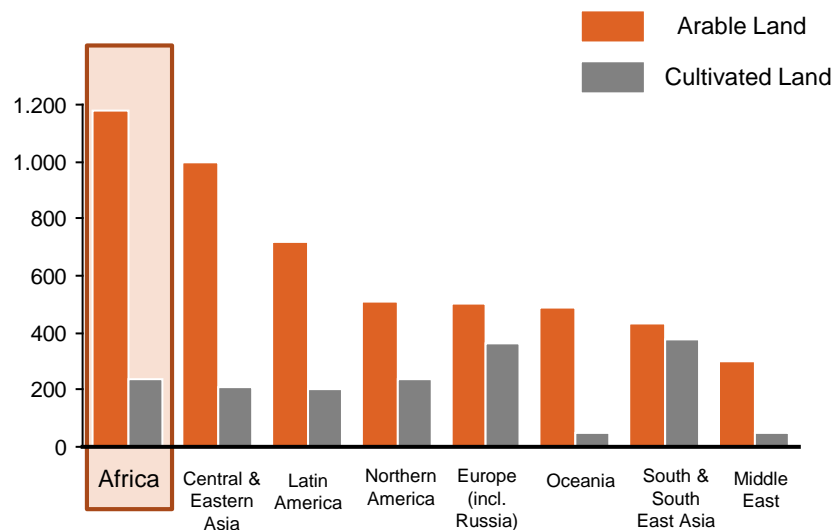
Worldwide population increase and growing food demand are coupled with low productivity in developing countries. Food prices are rising.



Global Trends – Undermanaged markets: Why invest in Africa now

Availability of arable and cultivated land

Year 2010, in millions of ha



- The FAO expects **global food production to increase by 70 percent** between 2005/2007 and 2050
- Africa is Food importer, e.g. **50m tons of grain per annum** - local **food security** therefore on top of **political agenda**
- **Sub-Saharan Africa poised to grow by 5-6%** (global economy only to grow 2-3%). Some countries - including Zambia and Mozambique - forecasted to grow by 7-10%.
- Domestic consumer spending is rising driven by population growth, significant **decrease in poverty and rapid urbanisation**.
- Rising income levels and a growing middle class lead to changes in dietary habits.
- **Demand for protein from meat expected to rise by 43%** until 2030 in SSA compared to 13% in industrialised countries

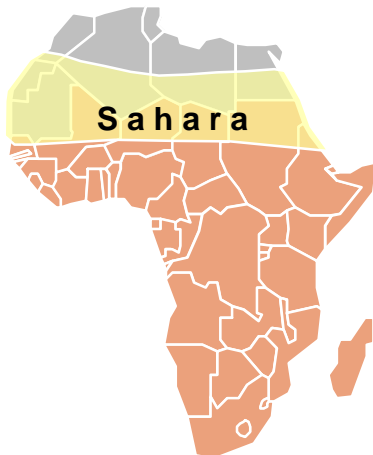
Undermanaged agricultural markets in Africa provide a promising business opportunity for Amatheon.

Evaluating target countries and regions: Knowing what to look for is essential



Sub-Saharan Africa

- Sub-Saharan Africa is still the **main repository of large areas** of undeveloped arable watered land and valuation levels are still reasonable
- Double cropping is possible in most SSA countries



Country assessment and selection

- Various **focus countries** were **analyzed** by a set of macro- and micro-economic dimensions, **target countries** were **identified**

Amatheon Africa Factcheck						
Chapter 1: Management summary						
Chapter 2: Country profiles						
I.1	Macroeconomic Facts		I.2	Microeconomic Facts		
	I.1.1	Economy, politics & legal system		I.2.1	Market place "Farming"	
	I.1.2	Socio-demographics & culture		I.2.2	Market place "Agribusiness"	
	I.1.3	Infrastructure and technology		I.2.3	Customers	
	I.1.2	Climate & agricultural potential		I.2.4	Competitors	
Chapter 3: Potential targets and partnerships						
Chapter 4: Implications for Amatheon						

EXCECUTIVE SUMMARY

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Amatheon Agri in a nutshell

- **Amatheon Agri Holding N.V.** is a **German based** agribusiness and farming company **developing sustainable projects in Sub-Saharan Africa**
- Amatheon's three business pillars consist of **farming, trading and food & consumer goods**
- Since inception in **2011**, Amatheon developed its **first subsidiary in Zambia**
- The company **develops its land** in Zambia **step by step** for **farming** as well as **cattle ranching**
- **Third harvest** in Zambia took place in **April 2014 (maize and soy)**
- **In Due Diligence** with various projects in **farming, trading and consumer goods**
- **Amatheon Agri Uganda** was incorporated in **December 2013**

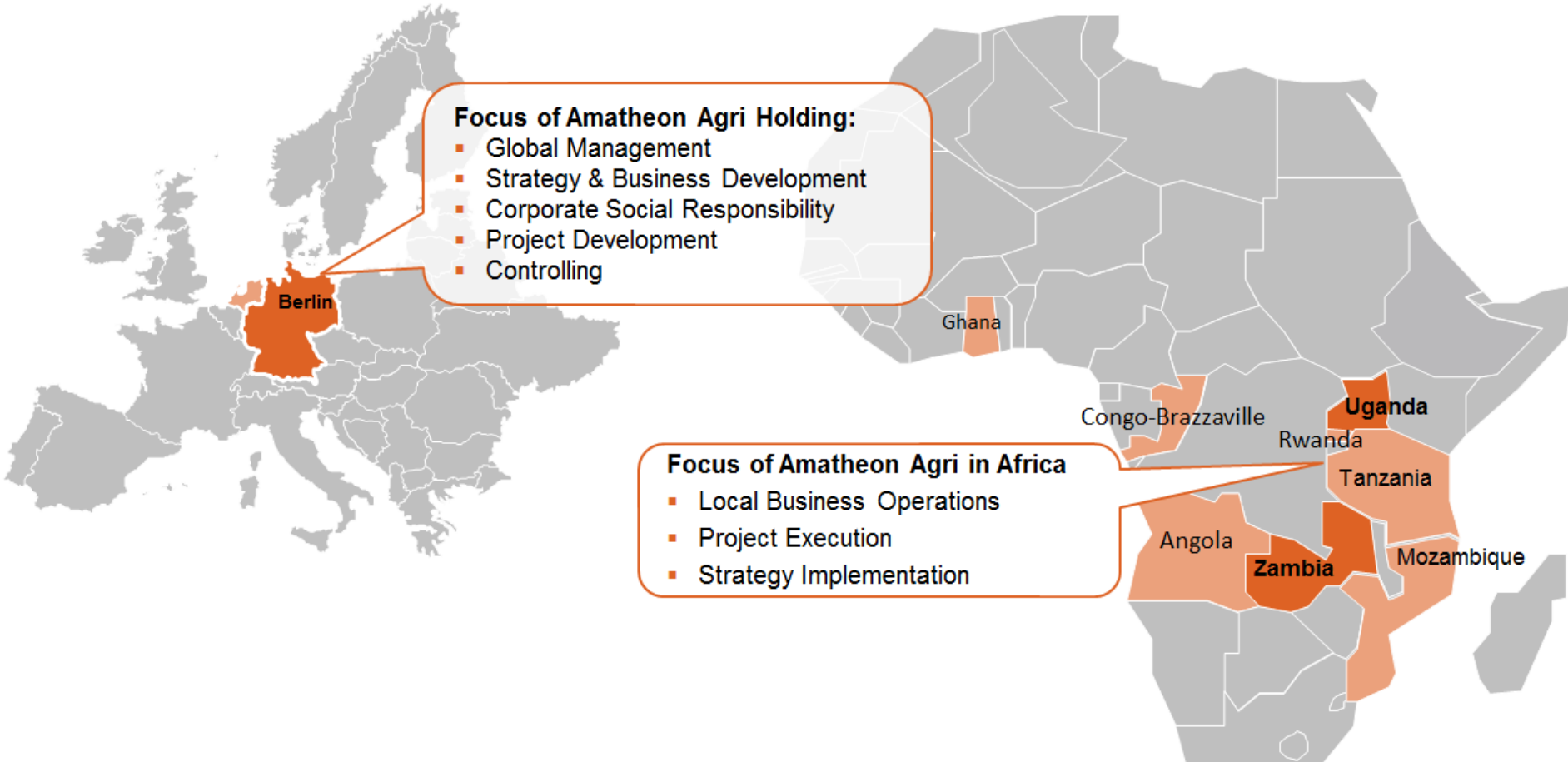


Amatheon Agri is steered from Germany but operates locally in Sub-Saharan Africa



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Amatheon management and operational structure



Close to 200 African workers are employed in Zambia as farm operators, arable supervisors, security officers, etc.

VISION & STRATEGY

03



Amatheon Agri would like to partner with Japanese investors



AMATHEON AGRI

- Vision:** Contribute to the world's food supply and reduce poverty in SSA by being the leading agribusiness and food creator
- Goal:** Develop and operate sustainable agri and food projects in Sub-Saharan Africa
- How?** Secure success through the development of new, large scale irrigated agriculture operations, apply state-of-the-art farming techniques and vertical integration across the agricultural value chain

Benefits to Japanese Investors by Partnering With Us

- We can operate on your behalf with your equity/finance contribution
- No headache of learning how to operate locally
- We manage, operate and manage the risks and challenges for you
- Partnering on site is of course an option
- Good returns on investment

Amatheon Agri is growing the value of agricultural assets in three dimensions



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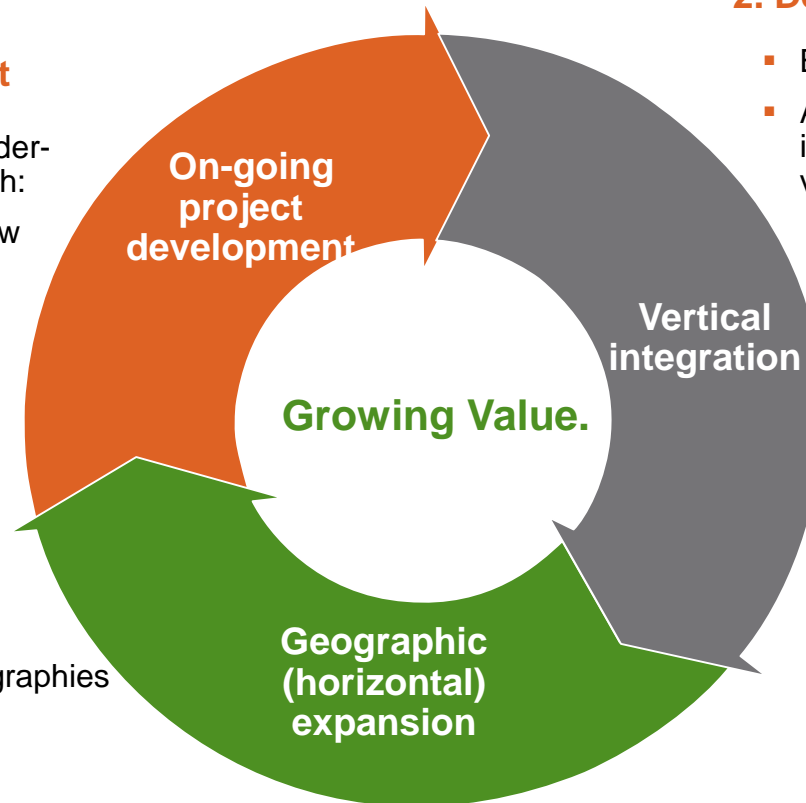
Amatheon's „Wheel of Growth“

1. Grow each individual project

- Harness reasonably valued and under-managed agricultural assets through:
 - State-of-the-art agricultural know how and technology
 - Commercial and sustainable approach
 - Learning curve effects

3. Replicate business model and grow in size

- Replicate businesses in other geographies
 - Zambia
 - Uganda
 - Angola
 - Ghana
 - Congo Brazzaville
 - Tanzania
 - Mozambique
 - Rwanda
- Synergies from economies of scale



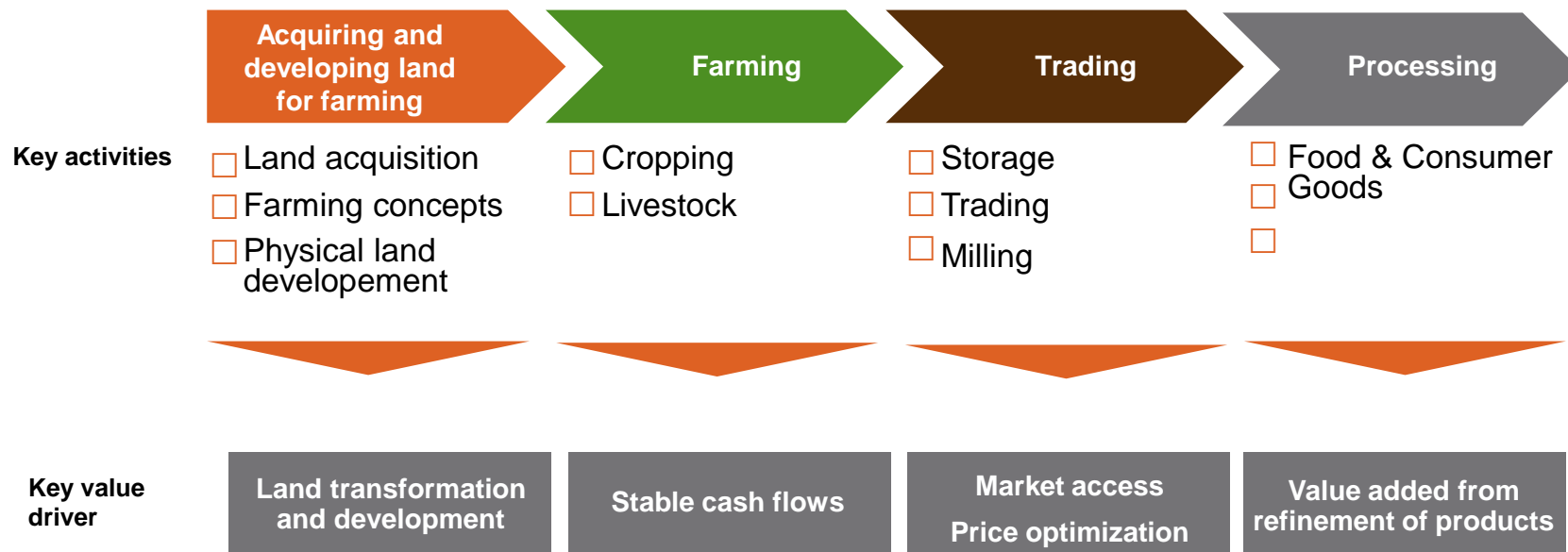
2. Develop adjacent businesses

- Better access to markets
- Added value from vertical integration across the agricultural value chain
 - Farming
 - Trading, Storage, Milling
 - Food & Consumer Goods

In summary: Amatheon's business model



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Land transformation

+ **Land development**

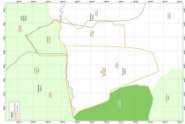


+ **Cash flow generation from running operations**

+ **Added value from vertical integration**

= Significant value creation

Amatheon successfully proved the concept of large-scale commercial and sustainable farming in Zambia

ZAMBIAN PROJECT STATUS: November 2011 – May 2014

1	Due Diligences & land acquisition	2	Infrastructure	3	Land development	4	Farming operations
<ul style="list-style-type: none"> 30.000 ha contracted Hydrological surveys have been conducted and groundwater aquifers and dam sites have been identified Soil quality has been proven Social studies were conducted Permissions acquired 	<ul style="list-style-type: none"> Power lines installed Utilization of generators for centre pivot irrigation during first season Upgrade of roads implemented 	<ul style="list-style-type: none"> First farm was established in 2012, expansion ongoing First pivots under irrigation Boreholes successfully established 	<ul style="list-style-type: none"> 200 African workers Three successful harvests 2000 cattle Storage activities 				

1-4 Relationships with local communities

- Full support from the Zambian government
- Well connected with the local authorities and community
- Established network on the ground








1-4 Large international network

- Global and local network with strong connections to investment opportunities in Africa
- Identified and screened more than 100 potential agribusiness investment projects in Sub-Saharan Africa

Amatheon replicated the Zambian model in Uganda and gained considerable speed through applied learnings

UGANDAN PROJECT STATUS: October 2013 – May 2014

1	Due Diligences & land acquisition	2	Infrastructure	3	Land development	4	Farming operations
<ul style="list-style-type: none">1,800 ha contractedSoil quality has been provenSocial studies were conductedPermissions acquired 	<ul style="list-style-type: none">Upgrade of roads in progressFarm infrastructure being planned (farm house, storages, warehouse, fuel tank) 	<ul style="list-style-type: none">First farm established in 2014, expansion ongoing 	<ul style="list-style-type: none">40 African workersFirst harvest in July 2014Second harvest in November 2014Evaluation of further crops and cattle 				

1-4	Relationships with local communities
<ul style="list-style-type: none">Full support from the local Ugandan communities and local governmentEstablished network on the ground	



Key risk assessment and mitigation strategies

Political instability	<ul style="list-style-type: none">Careful evaluation of geography and political status/developmentsPolitical risk insurance when deemed necessary
Business environment	<ul style="list-style-type: none">Assessment of governance structures and transparencyStrong network to minimise potential negative impacts
Infrastructure	<ul style="list-style-type: none">Employ leading experts to analyse existing infrastructureFactor infrastructure solutions into business plan
Operations /execution	<ul style="list-style-type: none">Leverage on best practices and the Amatheon team's long-standing expertiseDue Dilligence with designated experts before investement decisions are takenCooperate with market-leading partners where additional expertise is needed
Currency /commodity price fluctuations	<ul style="list-style-type: none">Agricultural market prices are forecasted to remain high or even increase furtherPrimarily targeting demand in domestic marketsAmatheon's business plans have taken erosion of domestic prices to world-market levels into account
Third party dependence	<ul style="list-style-type: none">Company mainly relies on in-house staffVertical integration across the agricultural value chain and long-term contracts with reputed parties will minimize dependence
Reputation	<ul style="list-style-type: none">Commitment to responsible and sustainable management while engaging dialogues with all its stakeholdersEstablishment of risk monitoring processes to address any upcoming issues immediately

We are aware of the environment in which we operate.

Frontier markets bring about more than average risks with more than average returns. The risk/return profile for the agricultural sector in SSA makes it a highly attractive investment, consistently outperforming asset classes.

CORPORATE SOCIAL RESPONSIBILITY

04





Amatheon Agri's values at a glance

Amatheon's ethical values are based on the **OECD Guidelines for Multinational Enterprises (2011)** as well as several other internationally recognized conventions. Please see an overview of our values below:

BUSINESS

- Integrity and accountability
- Constant improvement of social and environmental performance
- Socially responsible decision making
- Sustainability Reporting

OUR EMPLOYEES

- Protection of human rights
- Respect of International Labour and Employment laws
- Commitment to safety
- Value employee's opinions highly

ENVIRONMENT

- Sustainable development
- Monitor environmental impact to improve performance
- Raise awareness on environmentally responsible work
- Minimize waste and energy consumption

COMMUNITIES

- Stakeholder engagement
- Community Development
- Development of human capital
- Improve livelihoods



Amatheon's value creation is based on a socially and environmentally responsible conduct of business



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Social & ethical responsibility

- **Stakeholder management and integration**
 - **Early communication** with local communities
 - **Recommendations** are being **integrated** into decision-making processes
 - **Mechanisms** for **stakeholders** to **raise concerns** at any time are provided for
- **Transparent land leasing practices**
 - **Transparent land lease** from **private lessors** and **standard market prices** paid
 - Often only **parts of farms leased** so that **farmers can reinvest** in their remaining portion
- **Health**
 - **HIV/AIDS** at the work place combated through **corporate programmes**
 - Company plans to **expand the programme** to some of the **surrounding communities**
- **Gender Policy**
 - **Equal employment** opportunities to both women and men ensured
- **Labour Policy**
 - **Commitment to employ local staff** whenever possible and to **adhere to international labour policies**

Environmental responsibility

- **Environmental Impact Assessment**
 - **EIAs/EPBs** conducted **according to International IFC Performance Standards**
 - Potential negative **impacts** on the environment and community are identified **early** and **mitigated** accordingly
- **Sustainable soil management**
 - **Erosion of soils prevented** through holistic approach
 - **Crop rotation** and **low tillage** where it benefits the soil
- **Water quality monitoring**
 - **Water quality is monitored** and documented
 - Water **baseline analysis taken** at beginning of projects



Meeting with parents of school nearby Amatheon farm in Zambia



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