



INVESTMENT IN DEEP WHEAT PROCESSING PLANT IN KAZAKHSTAN

Project overview

- Starting new production facility for wheat deep processing products in Kazakhstan
- End products are wheat starch, gluten, wheat bran and compound feed additives. These products are used in food and nutrition, papermaking, textile, pharma, cosmetics and other industries. The global market for these products is constantly growing with an average CAGR of 4-7%.
- 4 off-take contracts with Chinese buyers for these end products are currently agreed.
- The project will use cost advantages of closely located wheat supply base with extensive harvesting of high-quality wheat for processing and low-cost location.
- Due to low level of local Cost of Sales and high global demand for its value-added end products the project will generate high margins above average in the industry.
- The project company is a modern, experienced, dynamically developing enterprise, whose main task is to provide Kazakh high-quality wheat processing products for global markets

Project location and production facility

- The production facility will be located in northern Kazakhstan, Aqmola region, Kokshetau city. The northern Kazakhstan is famous for its high-quality wheat fields.
- The location is optimal from the logistics point of view. It's being connected by all means of transport with Russia, China, Central Asia and world.
- The plant will have a capacity of 200,000 tons per year, thereof wheat starch - 130,000 tons, gluten - 20,000 tons and compound feed additives - 50,000 tons.
- Preliminary equipment supply contract is signed with a Chinese equipment manufacturer.
- The project is supported by local officials in terms of land plot and all infrastructure needed.



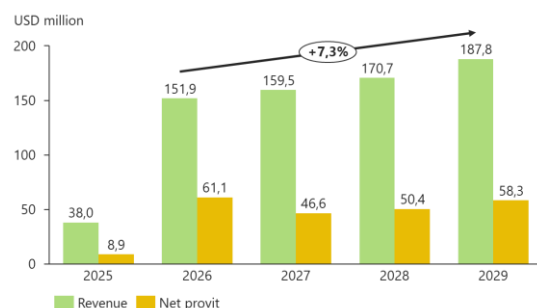
Implementation costs

Building the production facility and starting the operations will require USD 55m to cover the following cost items:

Cost item	Cost, USDm
Building the production facility, warehouses for wheat and end products, office and laboratory, auxiliary facilities	19,7
Purchase of main production and service equipment, commissioning and engineering works	12,8
Buying raw materials, working capital increase, direct labor and selling, general & administrative expenses for the 1st year of operations	22,5
In total:	55,0

Proposition for investors

- The investment needed - 55 USDm
- Currently - Search for investors to finance the 15% of investments needed (8 USDm). The rest (47 USDm) will be financed by China Construction Bank.
- For the 15% of investments volume (8 USDm) the project team can provide collateral
- For prospective investors the mix of equity and debt financing are considered to be as possible entry options
- Key financials of the project:



- The company demonstrates significant average yearly revenue growth rates
- The average net profit margin is 31%