Meet Azumi.
Azumi farms 1.5 Hectares of land in Jos, Nigeria. He sells maize and tomatoes.
Trapped in a Cycle of Poverty

Access to Inputs  Production Gluts  Low Yields
Losing Out on a $2.5 Billion Market

Nigeria’s Annual Tomato Market ($ bn)

- **Total Demand**: $2.5bn
- **Tomatoes Grown**: $2.1bn
- **Tomatoes Sold**: $1.3bn
- **Imported Tomato Paste**: $0.4bn
- **Supply Gap**: $0.7bn

$1.1bn of tomatoes rot
Giving Farmers a Better Life

Our Mission

To make tomato farming a sustainable, profitable business for Nigerian farmers.

The Solution

We give farmers the tools and the incentive to sell a greater proportion of an increased tomato yield at a consistent, fair price.

We provide consumers domestic tomato paste that matches the quality of imported products at a lower cost.
Producing Nigerian Tomato Paste for the Nigerian Market

**Farm**
- Better farming inputs & agricultural education

**Transport**
- “Last mile” logistics & transportation services

**Market**
- Consistent sales to a tomato paste processing facility
Assembling a Team with On-the-Ground Experience

Management Team

Mira Mehta, CEO
- Sales & marketing
- Supply chain
- 4 years in Nigeria

Shane Kiernan, CFO
- Finance & investing
- Real estate
- 2 years in East Africa

Nike Lawrence, COO
- Food processing
- Corporate strategy
- 2 years in West Africa

Jared Westheim, CTO
- Agribusiness
- Agriculture value chains
- 3 years in East Africa

Board of Advisors

Farming
Nanpan Guyit
Nigerian Tomato Farmer
Mary Shelman
Director, HBS Agribusiness Program
Shachi Sharma
Director, Syngenta Nigeria Ltd.

Processing
David Bell
HBS Professor of Agribusiness
Raj Vardhan
Senior Vice President, Olam Intl.

Supply Chain
Macani Toungara
Senior BD Manager, TechnoServe

Financing
Dr. Abdu Mukhtar
Partner, Sahel Capital Partners.
Creating a Sustainable Competitive Advantage

- Improved Inputs
- Agronomic Training
- Forward Pricing Contracts
- Market Transport

Dami System

- Consistent Product
- Competitive Margin
- High Turnover
- Traceability

Retail Brand

Dami System + Retail Brand
Increasing Tomato Yields and Farmer Incomes

- **Baseline**: Yield 7 MT/Ha, Farmer Profit $1,000
- **Bronze Tier**: Yield 30 MT/Ha, Farmer Profit $4,250
- **Silver Tier**: Yield 45 MT/Ha, Farmer Profit $6,500
- **Gold Tier**: Yield 80 MT/Ha, Farmer Profit $11,000

Yield (MT/Ha) vs Farmer Profit per Hectare

- **Greenhouse**
- **Irrigation System**
- **Improved Inputs**

= Farmer Profit per Hectare
Sharing Value: Unit Economics

Share of 40 Naira Selling Price
Actual Allocation in Naira per sachet

Year 5

Share of Costs
Actual Allocation in Naira per sachet

Network Farm
Electricity & Fuel
Fertilizer
Seed
Agro-chemicals
Transport
Skilled Labor
Unskilled Labor
Security

Blended variable costs per Ha
Cost of inputs per Ha in $

- Labor
- Fertilizer
- Fuel & Transport
- Seeds
- Agro-chemicals

- $416
- $328
- $148
- $146
- $89
- $1,128
Scaling to Profitability

**Prove Concept**

**Phase 1**
- **Year 1**
  - 0% Outgrowers
  - 30 MT / ha Our Yield

**Launch Product**

**Phase 2**
- **Years 2 & 3**
  - 50% Outgrowers
  - 50 MT/day capacity
  - 200 farmers
  - 45 MT / ha Yield

**Attain Scale**

**Phase 3**
- **Years 4 & 5**
  - 70% Outgrowers
  - 1,000 MT/day capacity
  - 1,500 farmers
  - 80 MT / ha Yield

- **Phase 2 & 3**
  - 1,000 MT/day capacity

- **Phase 3**
  - 1,500 farmers
  - 80 MT / ha Yield

- **Year 1**
  - 30 MT / ha Our Yield

- **Phase 2**
  - 45 MT / ha Yield

- **Phase 3**
  - 80 MT / ha Yield

- **Phase 2 & 3**
  - 50% Outgrowers

- **Phase 3**
  - 70% Outgrowers
Navigating the Nigerian Context

**Operational**
- Personnel
- Electricity
- Environmental

**Political**
- 2015 elections
- Job creation
- Local benefits

**Regulatory**
- Open to foreign investment
- Specific food issues - traceability

**Conflict**
- Boko Haram
- State choice crucial

**Tax**
- Predictable
- Capex favourable

**Market**
- Forward contracting
- Microfinance lending
Growing the Bottom Line

Operational Performance Metrics

Average Yield (MT / Ha)
- Year 3: 30
- Year 4: 45
- Year 5: 80

Processing Capacity Utilization (%)
- Year 3: 79
- Year 4: 82
- Year 5: 86

Year 1 | Year 2 | Year 3 | Year 4 | Year 5
--- | --- | --- | --- | ---
$(46,608) | $(142,330) | $508,729 | $1,116,170 | $2,037,242
Revenues (Actual in Green)  
Net Income (Actual in Blue)
Measuring Triple Bottom Line Benefits

**SUSTAINABILITY**

<table>
<thead>
<tr>
<th>Utilization of Drip Irrigation</th>
<th>Sustainable Farming Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Farmers utilizing technology</td>
<td>% of farmers using sustainable practices</td>
</tr>
<tr>
<td>Year 5</td>
<td>50%</td>
</tr>
<tr>
<td>Baseline</td>
<td>2%</td>
</tr>
</tbody>
</table>

**SOCIAL IMPACT**

<table>
<thead>
<tr>
<th>Greater Farmer Income</th>
<th>Families Impacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Income in $</td>
<td>Tomato Jos Workforce</td>
</tr>
<tr>
<td>Year 5</td>
<td>$6mm economic benefit</td>
</tr>
<tr>
<td>Baseline</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

Baseline Year 5 $4,250 $2,700
Funding Our Growth

Year 1 - $100k
% Allocation

- SG&A
  - Site selection
  - Setup expenses
  - Agronomist salary
  - 50%

- COGS
  - Agri inputs
  - Nucleus farm labor
  - 40%

- PP&E
  - Irrigation system
  - 10%

Year 2 - $500k
% Allocation

- SG&A
  - Marketing salaries
  - 10%

- COGS
  - Agri inputs
  - Nucleus farm labor
  - 25%

- PP&E
  - Greenhouse construction
  - Small-scale processing equipment
  - 65%

Year 4 - $3mm
% Allocation

- SG&A
  - Marketing salaries
  - 5%

- COGS
  - Agri inputs
  - Nucleus farm labor
  - 20%

- PP&E
  - Greenhouse construction
  - Large-scale processing equipment
  - 75%

SOURCES OF FINANCE

SEED CAPITAL
- HBS NVC prize money
- Founder Capital

DEVELOPMENT CAPITAL
- Development agencies – DFID, USAID, GIZ, CIDA
- CSR programs – Walmart, Heinz
- Angel Investors

GROWTH CAPITAL
- Strategic partners – Olam, Heinz, Morning Star
- Private equity – Frontier funds
Appendix: Pro Forma Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Y1</th>
<th>Y2</th>
<th>Y3</th>
<th>Y4</th>
<th>Y5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>$14,374</td>
<td>$862,366</td>
<td>$4,166,373</td>
<td>$8,802,005</td>
<td>$13,360,074</td>
</tr>
<tr>
<td><strong>COGS</strong></td>
<td>$11,599</td>
<td>$824,747</td>
<td>$2,967,632</td>
<td>$6,619,430</td>
<td>$9,827,191</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>$2,775</td>
<td>$37,619</td>
<td>$1,198,741</td>
<td>$2,182,576</td>
<td>$3,532,883</td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td>$49,383</td>
<td>$127,037</td>
<td>$398,102</td>
<td>$479,970</td>
<td>$488,042</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$-(46,608)</td>
<td>$(89,418)</td>
<td>$800,639</td>
<td>$1,702,606</td>
<td>$3,044,841</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>-</td>
<td>$52,911</td>
<td>$73,883</td>
<td>$108,078</td>
<td>$134,494</td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit Before Tax</strong></td>
<td>$-(46,608)</td>
<td>$(142,330)</td>
<td>$726,756</td>
<td>$1,594,528</td>
<td>$2,910,346</td>
</tr>
<tr>
<td><strong>Tax @30%</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$218,027</td>
<td>$478,358</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$-(46,608)</td>
<td>$(142,330)</td>
<td>$508,729</td>
<td>$1,116,170</td>
<td>$2,037,242</td>
</tr>
</tbody>
</table>
Appendix: Pro Forma Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Y1</th>
<th>Y2</th>
<th>Y3</th>
<th>Y4</th>
<th>Y5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$ (46,608)</td>
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<td>$ 508,729</td>
<td>$ 1,116,170</td>
<td>$ 2,037,242</td>
</tr>
<tr>
<td><strong>Add Depreciation</strong></td>
<td>$</td>
<td>- $ 52,911</td>
<td>$ 73,883</td>
<td>$ 108,078</td>
<td>$ 134,494</td>
</tr>
<tr>
<td><strong>Changes in Working Capital</strong></td>
<td>$</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
</tr>
<tr>
<td><strong>Cash from Operations</strong></td>
<td>$ (46,608)</td>
<td>$ (89,418)</td>
<td>$ 582,612</td>
<td>$ 1,224,247</td>
<td>$ 2,171,737</td>
</tr>
<tr>
<td><strong>Purchase of Assets</strong></td>
<td>$ (6,987)</td>
<td>$ (548,702)</td>
<td>$ (78,602)</td>
<td>$ (2,503,133)</td>
<td>$ (332,448)</td>
</tr>
<tr>
<td><strong>Cash from Investing</strong></td>
<td>$ (6,987)</td>
<td>$ (548,702)</td>
<td>$ (78,602)</td>
<td>$ (2,503,133)</td>
<td>$ (332,448)</td>
</tr>
<tr>
<td><strong>Equity Subscriptions</strong></td>
<td>$ 100,000</td>
<td>$ 500,000</td>
<td>- $</td>
<td>$ 3,000,000</td>
<td>- $</td>
</tr>
<tr>
<td><strong>Cash from Finance</strong></td>
<td>$ 100,000</td>
<td>$ 500,000</td>
<td>- $</td>
<td>$ 3,000,000</td>
<td>- $</td>
</tr>
<tr>
<td><strong>Net Cash Flow</strong></td>
<td>$ 46,405</td>
<td>$ (138,121)</td>
<td>$ 504,010</td>
<td>$ 1,721,115</td>
<td>$ 1,839,289</td>
</tr>
<tr>
<td><strong>Beginning Cash</strong></td>
<td>$</td>
<td>- $ 46,405</td>
<td>$ (91,716)</td>
<td>$ 412,294</td>
<td>$ 2,133,408</td>
</tr>
<tr>
<td><strong>Change in Cash Position</strong></td>
<td>$ 46,405</td>
<td>$ (138,121)</td>
<td>$ 504,010</td>
<td>$ 1,721,115</td>
<td>$ 1,839,289</td>
</tr>
<tr>
<td><strong>Ending Cash</strong></td>
<td>$ 46,405</td>
<td>$ (91,716)</td>
<td>$ 412,294</td>
<td>$ 2,133,408</td>
<td>$ 3,972,698</td>
</tr>
</tbody>
</table>
## Parsing the Competitive Landscape

<table>
<thead>
<tr>
<th>Companies</th>
<th>Domestic Producers</th>
<th>Re-Packagers and Importers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vital Group</td>
<td>DANGOTE</td>
<td>Tropical General Investments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Olam</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Boss JGJ- Sino Limited</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conserveria Africana</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Brands</th>
<th>In development</th>
<th>Not ‘true’ Nigerian products</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Limited customization of brands for Nigerian market</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Our Opportunity</th>
<th>• Not yet an active player in the Nigerian market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Processes tomatoes from a distant, different region</td>
</tr>
</tbody>
</table>