



NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION
REPUBLIC OF BELARUS



THE
WORLD
BANK



OJSC «Minsk Margarine Plant»

Investment opportunity

November, 2018

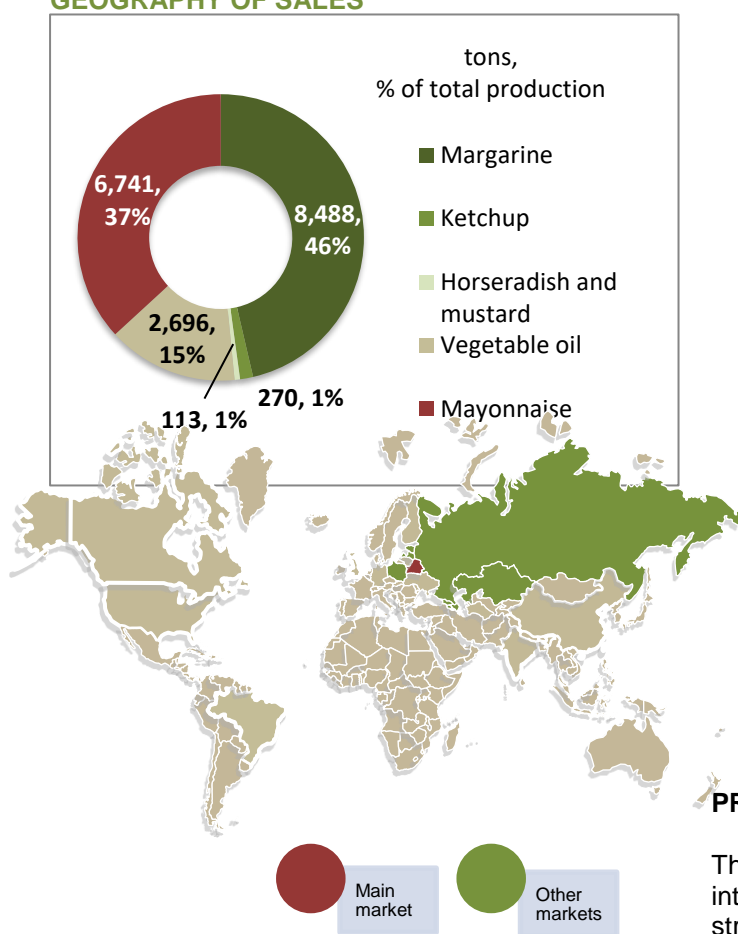
OJSC «MINSK MARGARINE PLANT»

State institution "National Agency of Investments and Privatization" (NAIP) with support of the World Bank is implementing the project of attracting strategic investors to Belarusian food industry enterprise and invites you to consider investing in OJSC "MINSK MARGARINE PLANT" (hereinafter called the "MMP") – the largest enterprise of fat-and-oil industry in the Republic of Belarus.

The purpose of this document is to present MMP to potentially interested investors. The recipients of this document are invited to sign a confidentiality agreement to obtain more detailed information about the company.

VOLUME AND STRUCTURE OF PRODUCTION (in physical terms)

GEOGRAPHY OF SALES



COMPANY OVERVIEW

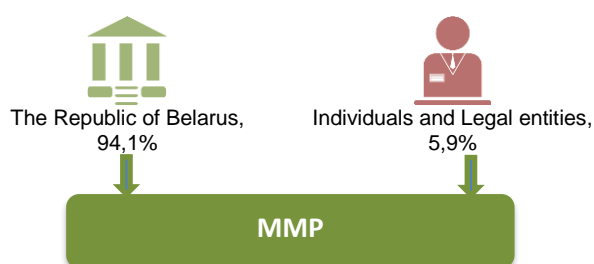
- ✓ MMP was founded in 1951 and for more than 65 years of its history has formed a stable tradition of producing high-quality products and has taken a leading position in food industry in the Republic of Belarus.
- ✓ The company produces more than 50 items of products, including refined oils and fats, margarine, spices and seasonings (mayonnaise, ketchup, horseradish, mustard and other sauces). The main priorities of the MMP product line policy are the quality and safety of manufactured products, its compliance with the highest industry standards.
- ✓ By the end of 2017, the volume of production in physical terms exceeded 18 thsd tons, revenue from product sales amounted to 23 mln US dollars.
- ✓ MMP products are supplied mainly to the domestic market of the Republic of Belarus (93% of the total production in 2017). Among the main export markets of the enterprise are Russian Federation, Poland, Estonia, Latvia, Georgia, Armenia, Kazakhstan and Azerbaijan. In 2017 MMP exported 2.5 thsd tons of products to the amount of 1 mln US dollars.

PROPOSED TRANSACTION

The Government of the Republic of Belarus is interested in the partnership of MMP with a strategic investor in order to further develop the company.

NAIP is ready to consider various forms of cooperation which may include purchase of state owned shares, purchase of additionally issued shares, a joint venture and/or other investment models.

PROPERTY STRUCTURE



FACTORS OF INVESTMENT ATTRACTIVENESS



ACCESS TO THE MARKET DEMONSTRATING SUSTAINABLE GROWTH

- ✓ In 2019, according to EBRD analysts, a further acceleration of the development of the Belarusian economy is expected – GDP growth is projected at 2.5%. This lays the foundation for further positive dynamics of earnings and profits of the MMP, as the Belarusian market is the key to sales of the company's products.
- ✓ Membership of the Republic of Belarus in the Eurasian Economic Union opens to the Company unimpeded access to the markets of Russia and other EEU's members, forming a significant potential for further expansion.



STRONG BRAND AND HIGH QUALITY OF PRODUCTS

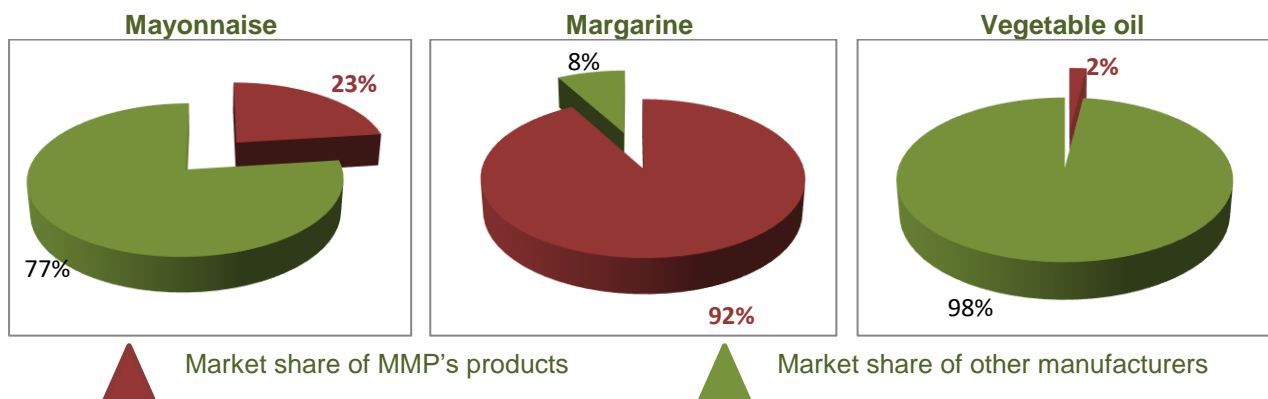
- ✓ Long-term work experience and high business reputation of MMP allowed creating the strong brand with high consumers' credibility. Since 2001 MMP's products have been produced mainly under the "Golden Drop" trademark.

- ✓ Taking into account market conditions in the relevant segment, the company is actively developing cooperation with major retailers in the Republic of Belarus producing products under their trademarks.
- ✓ In order to expand the consumer segment and occupy free market niches, MMP is continuously working on drawing up new formulas of products and introducing modern production technologies.



- ✓ The quality management system according to the standard STB ISO 9001, operating at the enterprise since 2006, allows to maintain and strengthen the results achieved in the production of goods with the highest customer appeal of the products. Since 2012, the MMP has introduced a food safety management system based on the analysis of hazards and critical control points (HACCP) for the production and storage of products.

- ✓ MMP's products occupy significant share in the respective segments of the Belarusian retail consumer market. Data on the share of the domestic market for the company's products (in %) by key product groups in 2017 are shown in the following diagrams:



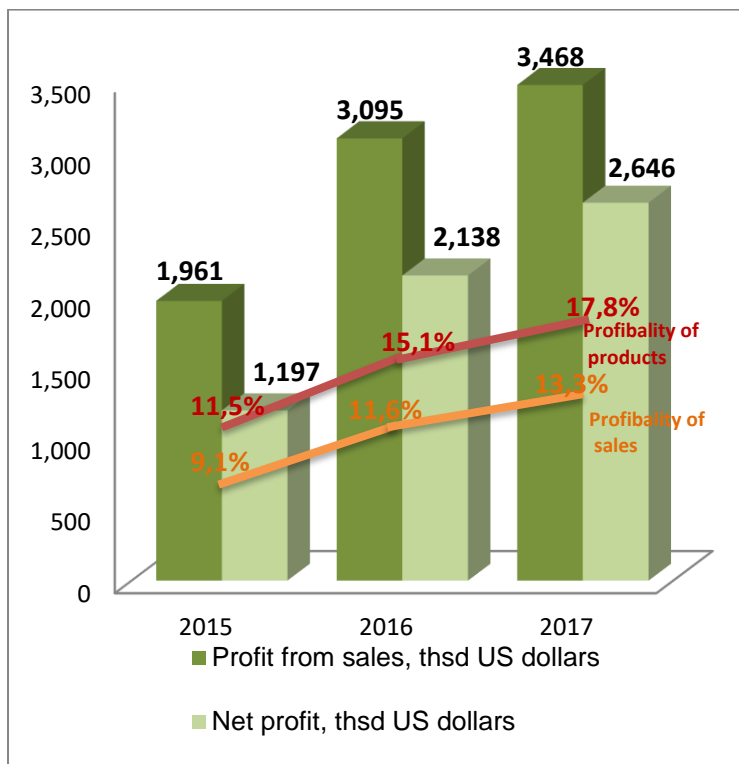
INDICATORS OF ECONOMIC EFFICIENCY AND FINANCIAL SUSTAINABILITY

HIGH PERFORMANCE INDICATORS



MMP has achieved high economic efficiency indicators:

- ✓ At the end of 2017, the company received a net operating profit in the amount of 3.6 mln US dollars, net profit amounted to 2.6 mln US dollars. Sales margin and profitability of sales in the specified period reached 17.8% and 13.3% respectively.
- ✓ During 2015-2017, there was a steady trend towards improvement in the financial results of the MMP: the values of the main indicators of profitability in the specified period increased by 1.5 - 2 times.



INDICATORS OF FINANCIAL STABILITY IN THE RANGE OF NORMATIVE VALUES

The company has a stable financial position. The values of key parameters of financial stability are presented in the following table:

Indicator	01.01.2016	01.01.2017	01.01.2018	Normative value
Current liquidity ratio	3,7	5,3	2,5	>1,3
Working capital financed by equity to total assets ratio	0,7	0,8	0,6	>0,2
The ratio of financial liabilities assets	0,2	0,1	0,2	<0,85

PRODUCTION AND PERSONNEL

FAVORABLE LOCATION AND DEVELOPED INFRASTRUCTURE

- ✓ MMP is located in the center of Minsk – at Kozlova str., 27. The company occupies a territory exceeding 3.3 hectares, the production area (including administrative and auxiliary premises) is 23 thousand square meters.



QUALIFIED PERSONNEL



- ✓ The list number of employees of the MMP for the year 2017 was 446 people, of which 426 people are directly involved in production.
- ✓ The personnel policy of the company provides for a program of continuous staff development. In 2017, 32 employees have passed trainings.

FURTHER STEPS OF THE INVESTOR AND CONTACT INFORMATION

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In case of interest, you can contact the contact persons at the addresses and phone numbers listed below.



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