

## CEMEX VENTURES LIMITED

Business Cum Financial Model - Sunflower Oil Refining & Processing

### Executive Summary:

The following business plan outlines a Sunflower Oil Refining Venture. Sunflower oil is a widely consumed and versatile cooking oil with a growing demand in various international markets. This business plan covers the essential aspects of starting and operating a sunflower oil refining, distribution and selling operation in Tanzania.

### Business Overview:

CEMEX Ventures Ltd (CVL) is a 100% Tanzanian owned entity has intended to commence Sunflower Oil refining, distribution and Selling in the Dodoma manufacturing facility. The manufacturing facility consist of seed sorter, oil expeller machines, refinery, packaging & filling machines.

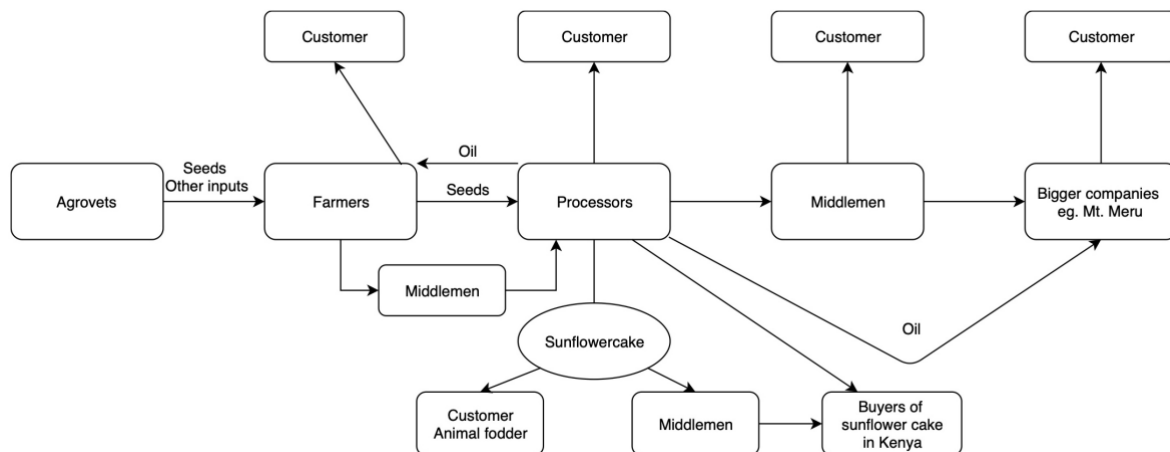
### Objectives:

- Establish a state-of-the-art sunflower oil refining facility in Dodoma.
- Produce high-quality refined sunflower oil for consumer and industrial markets.
- Build a reputable brand known for product quality and sustainability.
- Achieve profitability and growth.

### Mission Statement:

To provide consumers with premium quality refined Sunflower Oil while ensuring environmental sustainability, ethical sourcing, and customer satisfaction.

### Sunflower value Chain in Tanzania



### Tanzania Market Analysis:

CVL are in the sunflower oil production line of business to produce edible sunflower oil all in commercial quantities for retail outlets, food businesses and household consumption. With an annual output of around 350,000 tons of sunflower oilseeds, corresponding to about 90,000 tons of oil, Tanzania is one of the top ten sunflower oilseed producers in the world. Tanzanians consume nearly 600,000 MT of edible oils per year. Imported oil is 64% of this consumption.

Tanzanian sunflower producers and processors are well-positioned to meet growing domestic demand for cooking oil – estimated to be upwards of 500,000 MT. The

sunflower value chain is inclusive and accessible to economically vulnerable demographics, offering competitive margins across the value chain.

### **Demand for sunflower seeds and oil in global markets**

The global sunflower oil market is forecasted to witness a compound annual growth rate (CAGR) of 5.67% during the forecast period (2020-2025). Sunflower oil has high demand in developing countries, as it is healthy and cheaper than most of its counterparts. The growing sunflower oil consumption is offsetting declines for palm, cottonseed, and rapeseed oil, globally. Europe being the largest consumer of the crop, the region imports a considerable volume of sunflower oil to meet the exceeding product demand. A large share of around 85% of the total European imports is derived from Intra-European trade with Romania, Spain, Bulgaria, France and Hungary being major suppliers. The application of sunflower oil is being increasingly used in personal care products, with giant players of the market incorporating sunflower oil in their clean-label and sustainable products.

### **Fluctuating prices of other vegetable oils drives the demand**

Sunflower oil is witnessing an upsurge in the global market, mainly driven by the fluctuating/unstable prices of other vegetable oils, such as palm oil, soybean oil, and others. The fluctuating prices often affect the overall sales of the end-user products; thus, firms are inclining toward stable-priced options like sunflower oil to utilise them for various purposes.

The manufacturers of snacks are readily opting for sunflower oil due to its capability to impart healthier properties to the products at a comparatively lower cost than olive oil. Moreover, the snack industries are choosing sunflower oil as a convenient alternative to palmolein oil as it does not require any kind of additional heating in cold temperature conditions, thus reducing the cost required for putting extra heating setup, unlike for palmolein oil, which has a higher freezing point.

Sunflower oil also provides cost-effective solutions in other industries as well. Sunflower oil is rich in essential fatty acids and helps moisturise, regenerate, and condition the skin. Thus, it is considered for a variety of skin care products due to its lower pricing as compared to other nourishing oils, like argan oil, almond oil, and olive oil. Additionally, it is also used as the primary vegetable oil in bath oil and body oil formulations<sup>7</sup>.

### **Sunflower market in Tanzania**

Sunflower is mostly produced by smallholder farmers in Tanzania, and around 1,000,000 smallholders produce sunflower each season. These farmers cultivate 1.7 acres on the average, with production of about 500kg per farmer. There is a high but unknown number of small oil millers that crush the grains with an inexpensive but inefficient technology. They do not achieve the TBS standard, but can supply the larger oil processors with crude sunflower oil and cake. There are five large oil mills in Tanzania, including one solvent extraction and five oil refineries. They have very modern technology and sufficient capacity to meet the demand for refined sunflower oil and processed cake.

Singida region, which is the second largest sunflower producing region in Tanzania has a total of 175 processing industries, out of which two are large, seven are medium and 166 are small scale processors. For sunflower processing, the region has two large processing plants, three medium and 115 are small processing facilities. Distribution by district shows that Iramba

district is the leading with 45 processors followed by Singida Rural with 29, Singida Urban with 22, and Ikungi and Manyoni with eight each.

The sunflower seed market is mainly driven by domestic consumption. Tanzania's share of the world's total sunflower seeds' exports in 2019 was less than 1%. Tanzania is ranked 75<sup>th</sup> in world exports of sunflower seeds. Tanzania's top export markets for sunflower seeds are Malawi, Burundi, China, the Netherlands and Kyrgyzstan. The main sunflower related export business for Tanzania is sunflower cake which is mainly exported to India and Kenya.

The market for cooking oil is growing among Tanzanian consumers, with an estimated annual demand of 600,000 MT. However, more than half of demand is met through imported palm oil – committing \$80 million of Tanzania's foreign currency reserves on something that can be produced domestically. Sunflower processors throughout Tanzania have responded to the growing demand and earn reliable profits through value addition: under optimal conditions, margins can reach 18% among small-scale processors. Tanzanian farmers, traders, and processors have a strong foundational infrastructure for aggregation, trade, and processing and are well-positioned to scale in response to the growing demand for sunflower oil.

From the installed capacities and the daily outputs, it is evident that the large processors have a higher demand for raw sunflower, despite there being only four such processors in the whole country. These include large processors like Mount Meru and Murzah Oil, which purchase sunflower seed from a number of regions.

### Target Market:

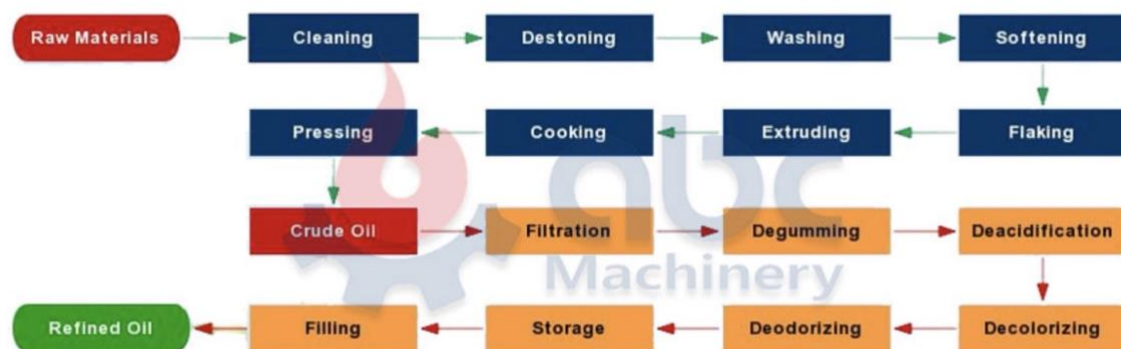
- Retail consumers: Households, restaurants, and foodservice businesses.
- Industrial consumers: Food processing companies, bakeries, snack manufacturers, etc.
  - East African neighbouring states

### Product Description:

#### Refined Sunflower Oil:

High-quality sunflower oil produced through a refining process that removes impurities and enhances stability and flavor.

The whole sunflower oil manufacturing process doesn't use chemical solvents and doesn't contain chemical preservatives and antioxidants to avoid chemical contamination of oil products, which fundamentally ensures the safety and nutrition of the oil and improves the yield of the refined oil.



Complete Sunflower Oil Manufacturing Process Flow Chart

- Different product variants based on purity levels, organic certification, and

packaging options.

**Raw Materials:**

- Establish dealership arrangements with reliable sunflower seed agents across regions of Tanzania.
- Ensure a consistent supply of high-quality sunflower seeds for processing.
- Import of raw sunflower crude and other chemicals used for refining process.

**Organogram** (provided as annexure)

**Brands** – Golden Harvest, Zeti and Kitchen Pride.

**Financial Projections:** As attached with Key assumptions.