



**MG/P.I./FMCG-FUND/04.07.2021**

**To The Executives Directors  
Fund managers and  
Private Investors**

**RE: Proposed investment in Africa FMCG Investment Fund**

MegaGroup Capital is proposing an investment of \$100 million in MegaGroup Africa FMCG Infrastructure Investment Fund

**Overview**

- ❖ MegaGroup Africa FMCG Investment Fund is an Africa fast-moving consumer goods (FMCG) Investment fund. The fund will invest in established FMCG businesses with exceptional growth prospects, targeting consumers in Africa
- ❖ Africa FMCG Investment Fund was established for the exclusive purpose of acquiring moribund FMCG Production Infrastructures and expanding existing established local FMCG Production factories that can tap into the growing demand for consumable goods in Sub Saharan Africa.
- The Fund portfolio will consist of Food, Beverage, Personal Hygiene, Pharmaceutical and Industrial goods companies with local brands. The Fund will pursue factory resuscitation, expansion, turnaround and distressed situations, where companies require additional capital and debt restructuring.
- ❖ The objective of the Fund is to acquire investment with the potential to deliver superior cash flow, and provide working capital to established companies seeking factory expansion capital, which have suffered in the past from scarcity of finance.
- ❖ Africa FMCG Investment Fund is seeking \$100 million capital commitment from investors and Institutions.
- ❖ The fund seeks to expand existing factories with modern technologies and facilities and meet Africa's grown demand for consumable goods.

Specifically the Fund seeks to carry out FMCG investment in:

**Food  
Beverage  
Pharmaceuticals**

**Personal Hygiene's  
Industrial Goods**



## THE INVESTMENT RATIONALE

- ◆ **Value Creation** - Huge value will be created when the Fund acquires 60% - 100% equity ownership in FMCG production factory with huge returns potential.
- ◆ **Anticipated Returns** – Fund targets generating between \$500 million - \$1billion investment returns in 10 – 20 years investment period.
- ◆ **Attractive Returns** - Fund intends to distribute 90% of Fund interest to its investors.
- ◆ **Exit Strategy** – The Fund seeks to help businesses and companies grow in size and operational efficiency, through acquisitions, such that they are more attractive to potential acquirers and investors upon exit.

## NIGERIA MORIBUND FACTORIES PERSPECTIVITY

1. The Fund seeks to acquire Flour mill sitting on a 40 acres of land. The Factory was used to produce flour and wheat with a 50,000 MT wheat storage capacities. All Weigh bridge, industrial, machines and equipment are still in working condition. The factory stopped production due to lack of proper management. By resuscitating the factory it will create 2,500 jobs for graduate's youths of tertiary institutions, and wealth for both the Investors and the Government.
2. The Fund seeks to acquire Biscuit factory with installed 40,000 MT per annum capacity. All industrial oven, machines and equipment are still in working condition. The factory stopped production due to lack of proper management, but the plant is still in good condition. By resuscitating the factory it will create 2500 jobs for graduate's youths of tertiary institutions, and wealth for both the Investors and the Government.
3. The Fund also seeks to acquire Breweries factory with an installed capacity of 500,000 hectoliters per annum. The factory stopped production due to lack of proper management, but the plant is still in good condition. By resuscitating the factory it will create 2,500 jobs for graduate's youths of tertiary institutions, and wealth for both the Investors and the Government.
4. The Fund also seeks to acquire Ceramics tiles manufacturing company. The factory stopped production due to lack of proper management, but the plant is still in good condition. By resuscitating the factory it will create 2,500 jobs for graduate's youths of tertiary institutions, and wealth for both the Investors and the Government.

MegaGroup Africa FMCG Infrastructure Investment Fund will invest in the acquisition and production expansion of these FMCG factories and other growth business with huge cash generating potential, and then create job employment for thousands of youths. The proposed factory will be upgraded with modern technology and will create irresistible revolutionary brands.



## Investment Area Geographical Lesson in Nigeria



### NIGERIA MARKET POTENTIAL

- Africa's largest consumer market by volume. Low-cost products with a short shelf life such as consumables and cleaning products are constantly in high demand.
- One of the highest urbanization rates on the continent. Twenty cities are already reporting a population above 2 million people.
- FMCG sector has a strong cash generating potential with cash flow from operations averaging 1.4x earnings.
- E-commerce segment contribute 11% to the overall FMCG. Consumer interest in ready-to-eat (TRE) snack foods is growing due to their convenience, value, attractive appearance, taste and texture.
- Rapid industrialization and urbanization have resulted significant shift towards western food cultures, especially snacks ready-to-eat (RTE).
- Beverage Biscuit, snacks, cereal food and pharmaceutical product has a higher demand in Nigeria. Their sales in retail are a profitable venture for retailers in Nigeria.



- Adequate and attractive packaging has proven to be very efficient on the Nigerian market.
- More than 70 percent of the 50 largest packaged goods producers in the world are already tapping into Africa's rapidly growing consumer market. Of these corporations, one in three generates more than 5 percent of their global sales in Nigeria —as high as 14 percent for Diageo and 10 percent for Parmalat.

## Conclusion

The Managing Director of MegaGroup Capital is proposing for a capital commitment of \$100 million into MegaGroup Africa FMCG Investment Fund. The fund is for the acquisition of these factories and also to spearhead factories production unit expansion. We believe that import substitution and local product development present huge opportunities for investors in Africa at large.

Lack of access to Foreign Direct Investment has resulted to lot of moribund FMCG factories in West Africa. Low-and middle-income consumers, a mass-market segment that covers more than 70 percent of Nigeria's population has a growing demand for consumables.

Some of the Major MULTI nationals FMCG companies such as Nestlé, Kellogg's, United Biscuit Holding Ltd, Unilever, Indorama, BAT, Coca-Cola, Heineken, British American Tobacco, Japan Tobacco International, Phillip Morris International and several others, that recognized Nigeria's potential, and have made substantial investments, are all having vibrant presence in Nigeria. These companies appear attracted by the substantial market growth potential offered by Nigeria, as well as the potential to grow regional markets, from a Nigerian base.

In Nigeria, the average mother has between five and six children in her lifetime. That's a lot of busy mothers, and a lot of mouths to feed. Nigeria's young and growing population is acquiring a taste for packaged foods and beverages. These increasing populations of youths and children and growing socialization culture among adults offer a good market for FMCG brands.

With Nigeria's population getting wealthier and growing at a rapid pace, it is expected that the import of fast moving consumer goods into the country will increase rapidly, leading to a request for the increase of production of local and international brands. These investments Fund is aimed at expanding Africa FMCG industries to create job empowerment to millions of Africa youths and also sustainable wealth in Africa for investors.

While thanking you in advance for an anticipated consideration and approval, please accept as always the assurances of my highest esteem.



## Summary of Terms

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<b>Fund Name:</b>	<b>MegaGroup Africa FMCG Investment Fund</b>
<b>Fund Size:</b>	\$100 million
<b>Investment Strategy:</b>	Buyout/Equity/
<b>Sector Focus:</b>	Fast Moving Consumables Goods (FMCG)
<b>Geographic Focus:</b>	Africa & West Africa
<b>Country:</b>	Nigeria
<b>Fund Terms:</b>	10 years
<b>Investment Period:</b>	3-5 years
<b>Fund Address:</b>	Africa
<b>Fund General Managers:</b>	MegaGroup Capital
<b>Organization Expenses:</b>	The Fund will bear up to \$1 million of organizational Expenses

**Catch Up:** First, the Limited Partner (“LP”) will receive 100% return of Capital invested, plus the annual preferred return on these amounts. Thereafter, 80% stake to the Principal Partner and 20% to the General Partners

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