

**DRAFT**

**Business Plan:  
Fertilizer sales - urea**

**Revision 1.0**  
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## **EXECUTIVE SUMMARY**

In 2020, it was identified that due to various interferences between countries in Europe, and together with the growth of national production, it would be clear that fertilizers would be lacking to meet the national market. CBM, which has been working in the commodity import and export market for over 20 years, started the process of analyzing the market and producing its business plan in order to make the new business viable within its portfolio.

at the end of 2021, after studies, it validated that all competing means of importing urea fertilizer started or still have the participation of a foreign importer in their corporate structure for the operation of import and sale of urea.

Today, CBM, seeing the opportunity, looks for a partner in the international market to jointly develop the import and distribution in the national market, taking advantage of its know-how in import, export, logistics throughout the Brazilian market.

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY</b> .....	<b>2</b>
<b>GLOSSARY OF TERMS</b> .....	<b>7</b>
<b>LIST OF TABLES</b> .....	<b>9</b>
<b>LIST OF FIGURES</b> .....	<b>10</b>
<b>1 INTRODUCTION</b> .....	<b>11</b>
1.1 Intent and rationale.....	11
1.2 Opportunity and business description.....	11
1.3 Feasibility results.....	12
1.4 Overall implementation plan.....	14
<b>2 BUSINESS AND PRODUCTS</b> .....	<b>14</b>
2.1 Policy and strategy alignment.....	14
2.2 Provincial and local economic context.....	15
2.3 Location and site.....	15
2.4 Business concept.....	15
2.5 Institutional arrangements.....	16
2.6 Products.....	16
<b>3 MARKET RESEARCH, ANALYSIS AND PLAN</b> .....	<b>17</b>
3.1 Customers.....	17
3.2 Market demand and sales forecast.....	17
3.3 Market prices.....	18
3.4 Competition and competitive edge.....	18
3.5 Marketing and distribution.....	19
3.6 Market implementation plan.....	19
<b>4 MANUFACTURING AND OPERATIONS PLAN</b> .....	<b>20</b>
4.1 Production inputs.....	20
4.2 Facility.....	20
4.3 Equipment.....	21
4.4 Regulatory and legal issues.....	22
4.5 Systems, processes and procedures.....	22
4.6 Supply chain and materials handling.....	23
4.7 Operations implementation plan.....	23
<b>5 HUMAN RESOURCES AND GOVERNANCE</b> .....	<b>24</b>
5.1 Key management personnel.....	24
5.2 Industry role players.....	24
5.3 Supporting professional advisors and services.....	25
5.4 Human resource requirements.....	25

5.5	Governance .....	25
5.6	Human resource and governance implementation plan .....	26
<b>6</b>	<b>RISK MANAGEMENT .....</b>	<b>26</b>
<b>7</b>	<b>FINANCIAL PLAN AND ECONOMICS OF THE BUSINESS .....</b>	<b>27</b>
7.1	Costs .....	27
7.2	Predicted ten year financial statements .....	30
7.3	Financial analysis .....	32
7.4	Economic benefits of the business .....	33
<b>APPENDIX A -</b>	<b>SITUATIONAL ANALYSIS .....</b>	<b>34</b>
A.1.	Introduction and background .....	35
A.2.	Opportunity .....	35
A.3.	Methodology .....	37
A.4.	Local context.....	38
<b>APPENDIX B -</b>	<b>MARKET ANALYSIS .....</b>	<b>48</b>
B.1.	Introduction .....	49
B.2.	Industry context .....	49
B.3.	Industry trends .....	52
B.4.	Market size .....	56
B.5.	Competition.....	59
B.6.	Distribution.....	61
B.7.	Promotion .....	62
<b>APPENDIX C -</b>	<b>TECHNICAL ANALYSIS .....</b>	<b>63</b>
C.1.	Introduction .....	64
C.2.	Products .....	64
C.3.	Production.....	66
C.4.	Supply chain logistics .....	72
C.5.	Regulatory compliance .....	72
C.6.	Land tenure.....	74
C.7.	Organisational design .....	74
C.8.	Risk management.....	76
<b>APPENDIX D -</b>	<b>FINANCIAL ANALYSIS .....</b>	<b>77</b>
D.1.	Introduction .....	78
D.2.	Costs .....	78
D.3.	Sales.....	85
D.4.	Predicted ten year financial statements .....	86
D.5.	Financial analysis .....	92
D.6.	Economic benefits of the proposed business.....	94

**APPENDIX E - FINANCIAL ASSUMPTIONS.....95**  
**APPENDIX F - BIBLIOGRAPHY .....103**  
**APPENDIX G - RELEVANT GOVERNMENT POLICIES.....105**

## GLOSSARY OF TERMS

ARC	-	Agricultural Research Council
COMFAR	-	UNIDO Computer Model for Feasibility Analysis and Reporting
CSIR	-	Council for Scientific and Industrial Research
DARD	-	Department of Agriculture and Rural Development
DEDECT	-	Department of Economic Development, Environment, Conservation and Tourism (former name)
DEED	-	Department of Economy and Enterprise Development
ECD	-	Enterprise Creation for Development Unit of the CSIR
EIA	-	Environmental impact assessment
EIP	-	Province Environmental Implementation Plan
GAIF	-	Global Agro Industry Forum
GDP	-	Gross domestic product
GVA	-	Gross value added
IDP	-	Integrated Development Plan
IPAP	-	Industrial Policy Action Plan
IRR	-	Internal rate of return
ISRDP	-	Integrated Sustainable Rural Development Programme
km <sup>2</sup>	-	Square kilometre
LED	-	Local economic development
LIC	-	Low income country
LM	-	Local municipality
LMIC	-	Lower to middle income country
m <sup>2</sup>	-	Square metre
NDP	-	National Development Plan
NGP	-	New Growth Path
NIPF	-	National Industrial Policy Framework
NPO	-	Non-profit Organisation
NPV	-	Net present value
NW	-	North West
NWDC	-	Development Corporation
NWU	-	University
QMS	-	Quality management system
RIDS	-	Regional Industrial Development Strategy
SEZ	-	Special Economic Zone
SIP	-	Strategic Integrated Project of the National Infrastructure Plan 2022
SMME	-	Small, Medium and Micro Enterprise

- UNIDO - United Nations Industrial Development Organization
- URP - Urban Renewal Programme
- VAT - Value added tax
- WIP - Work-in-progress

## LIST OF TABLES

Table 1: Overall action plan .....	14
Table 2: Market implementation action plan .....	20
Table 3: Operations implementation action plan .....	24
Table 4: Human resource and governance implementation action plan .....	26
Table 5: Risk summary .....	26
Table 6: Income statement .....	31
Table 7: Balance sheet .....	31
Table 8: Cash flow statement .....	31
Table 9: Agro-processing machines to be manufactured .....	36
Table 10: Relevant policies .....	39
Table 11: Municipal Statistics .....	41
Table 12: Orkney industrial village qualities .....	47
Table 13: Machine prices and projected annual sales .....	59
Table 14: Agricultural machinery manufacturers .....	60
Table 15: Products .....	64
Table 16: Product specification .....	66
Table 17: Raw material costs .....	68
Table 18: Annual consumption for electricity and water .....	68
Table 19: List of equipment .....	69
Table 20: Major machines and functions .....	69
Table 21: Waste generated and mitigation measures .....	73
Table 22: Human resource requirements .....	75
Table 23: Risk factors, impact and mitigation .....	76
Table 24: Investment costs .....	79
Table 25: Direct costs for products .....	80
Table 26: Indirect costs .....	84
Table 27: Sales forecast .....	85
Table 28: Income statement .....	87
Table 29: Balance sheet .....	89
Table 30: Cash-flow statement .....	91
Table 31: Sensitivity analysis .....	93



## LIST OF FIGURES

Figure 1: Phased approach.....	14
Figure 2: Governance structure .....	16
Figure 3: Market implementation approach.....	19
Figure 4: Process flow .....	21
Figure 5: Operations implementation approach .....	23
Figure 6: Human resource and governance implementation plan.....	26
Figure 7: Investment costs.....	28
Figure 8: Direct cost breakdown .....	29
Figure 9: Indirect cost of the enterprise.....	29
Figure 10: Methodology .....	37
Figure 11: Geographical location .....	40
Figure 12: Province.....	41
Figure 13: District economy size, 2011 .....	42
Figure 14: Sector contribution to the GDP .....	42
Figure 15: Formal employment per sector .....	43
Figure 16: Level of education.....	44
Figure 17: Armazem area .....	44
Figure 18: São Paulo, Goiás, Mato grosso .....	45
Figure 19: road infrastructure.....	45
Figure 20: Site Location .....	47
Figure 21: Industrial .....	47
Figure 22: Signage on the Site .....	47
Figure 23: Agro-processing value chain.....	50
Figure 29: SA agro-processing .....	56
Figure 30: Dominant .....	57
Figure 31: Market share per product.....	58
Figure 32: Process flow .....	67
Figure 33: Proposed factory layout .....	72
Figure 34: Organogram.....	75
Figure 35: Capital investment costs.....	79
Figure 36: Direct cost breakdown .....	81
Figure 37: Direct cost breakdown – Shelling machines .....	81
Figure 38: Direct cost breakdown – De-hullers .....	82
Figure 39: Direct cost breakdown – Threshers .....	82
Figure 40: Direct cost breakdown – Winnowers.....	83
Figure 41: Indirect cost of the enterprise.....	85
Figure 42: Profitability .....	92

# 1 INTRODUCTION

In 2022, the CBM technical team identified the possibility, through contacts abroad, of a partnership to make the import of urea fertilizer feasible.

From that date, several studies were carried out to analyze the economic viability that in fact became interesting and possible.

## 1.1 Intent and rationale

The fertilizer sector is crucial for Brazil's economic diversification. It is a key sector with high potential for impacting the country's economy. The sector aims to convert primary agricultural products into consumer commodities.

CBM intends, together with its technical staff, who are knowledgeable about the domestic market, its internal policies and compliance, to develop in partnership with a foreign company a new framework for the distribution of urea fertilizer throughout the national territory.

## 1.2 Opportunity and business description

The company is established in Brasilia/capital, in the center of the country, to distribute the fertilizer, the creation of 3 new warehouses with a logistical strategy will be adopted and to serve the entire national territory, mainly for small and medium producers, which are responsible for more than 50% of the national commodity production.

## 1.2 Feasibility results

Some of the main results of the feasibility study are as follows:

- Situational analysis (Appendix A):

The logistical distribution in 3 points of the national territory will facilitate the distribution and sale of the product more quickly, being to the south São Paulo, center to Goiás and North Mato Grosso in addition to other regional offices for sales in Bahia and Minas Gerais.

Employees CBM already has a technical team for the purchase and sale of commodities operating throughout the national territory, requiring only the inclusion of people linked to the technical part of urea.

The provision of essential services for the development of the business, the front, and

There is a good road infrastructure network that connects the enterprise to the main cities to transport finished products to the market.

- Market study (Appendix B):

With the growth of national production, as well as the various interferences in the international market due to more current consequences to the war, indicate that Brazil still needs a great policy of negotiation with abroad for the acquisition of fertilizers;

Large fertilizer distribution companies are still unable to meet the demand of the entire domestic production market, we also mention that some are not able to meet more due to the loss and reduction of contracts abroad.

The competitive advantage for the enterprise would be its ability to access the market for small and medium farmers, who are the focus of government agencies and incentives; and

- The company would sell 50% of its capacity in cash and 50% in installments with a guarantee or rural letter of credit in all regions of the country. ).

- 
- o The physical part of the CBM will work eight hours a day and five days a week; and 24 hours through your website and trade.
- o At full capacity, the unit will be able to distribute 30 thousand MT per month.
- o Quality assurance will be essential for partnership growth; and
- o Capital expenditures would be approximately R\$ 4.4 million, most of which would be used to acquire equipment and vehicles for field sales, CBM's proposal would be to enter with 50% of this amount and finance the remainder within the operation itself ; the opex for the whole year is estimated at approximately USD 27 million. finally, in approximate numbers and with properly allocated error margins, the operation with 20 thousand MT per month would have an annual EBITDA of approximately R\$ 30 million.

It was therefore recommended that the enterprise be established, and that a phased implementation approach is adopted, as outlined below:

- Phase 1 – Production facility set-up:
  - o During this phase, investments in the form of grant funding will be made, to ensure that the production facility is fully operational in preparation for production.
  - o This phase is estimated to take about six months.
- Phase 2 – Recruitment, training and procurement:
  - o During this phase, the staff members will be recruited, training will be provided, and production machinery and equipment will be procured.
  - o This is estimated to take a further six months.
- Phase 3 – Production and sales:
  - o Products will have to be marketed and promoted to potential buyers, users and funders.
  - o Production will start in the first year of operation, with the factory operating at 70% of its full capacity.
  - o The production volumes will increase by about 10% per annum, until it reaches the full production capacity in the fourth year of operation.

The remainder of this document contains an operational business plan for these phases. This business plan could be used for securing investments into the enterprise.

## 1.2 Overall implementation plan

The overall implementation plan for the establishment of the enterprise is illustrated in Figure 1.

Phase	Activities	Year 0			
		Q1	Q2	Q3	Q4
1	1. Decision on investment				
	2. Set up legal entity				
	3. Implement governance activities				
2	4. Recruitment, market and training				
	5. Procurement of machinery and equipment				
3	6. Import and sales				

Figure 1: Phased approach

Table 1 sets out the high level activities required for the implementation.

Table 1: Overall action plan

Activities	Detailed activities	Accountability	Target start date	Target end date
1. Decision on investment	Approval of funding and conditions	DEED, Implementing Agent	Year 0, Month 1	Year 0, Month 2
2. Set up legal entity	Table 4	DEED, Implementing Agent	Year 0, Month 3	Year 0, Month 4
3. Implement HR & governance activities	Table 4	Board, Implementing Agent	Year 0, Month 5	Year 0, Month 5
4. Recruitment, market, & training	Table 4	Management, Board, Implementing Agent	Year 0, Month 5	Year 0, Month 7
5. Procurement of Machinery and Equipment	Table 3	Management	Year 0, Month 5	Year 1, Month 2
6. Import and sales	Table 2, Table 3	Management	Year 1, Month 1	Year 10, Month 22

## BUSINESS AND PRODUCTS

### 2.1 Alignment of policy and strategy

Various policies and strategies were considered during the feasibility study. These include the Integrated Development Plan for logistics and national production areas and the Growth and Development Strategy.

The purpose of the policy review was to ensure that the venture was aligned with the regional economic development agenda.

### 1.3 Provincial and local economic context

The Southeast has several important economic activities that include agriculture, general