



PROVIDENCE GROUP 365 PASTA

Business Plan

CONFIDENTIALITY AGREEMENT

The undersigned reader acknowledges that the information provided by **Providence Group T/A 365 Pasta** in this business plan is confidential; therefore, the reader agrees not to disclose it without the express written permission of **Providence Group T/A 365 Pasta**.

The reader acknowledges that information in this business plan is in all respects confidential, except information which is in the public domain through other means, and any disclosure or use of such confidential information by the reader may cause serious harm or damage to **Providence Group T/A 365 Pasta**. In such a case, **Providence Group T/A 365 Pasta** has the right to take necessary legal actions against you.

Upon request, this document is to be immediately returned to **Providence Group T/A 365 Pasta**.

Signature

Owner

Date

CONTENTS

CONFIDENTIALITY AGREEMENT	2
CONTENTS.....	3
1.0 BUSINESS OVERVIEW.....	4
1.1 EXECUTIVE SUMMARY.....	4
1.2 OBJECTIVES.....	7
1.3 VISION.....	8
1.4 MISSION.....	8
1.5 OUR PHILOSOPHY.....	8
1.6 KEYS TO SUCCESS.....	9
2.0 COMPANY SUMMARY.....	9
3.0 PRODUCTS AND SERVICES.....	11
4.0 MARKET RESEARCH AND ANALYSIS	12
4.1 THE MARKET.....	12
4.2 MARKET SEGMENTATION	17
5.0 STRATEGY AND IMPLEMENTATION SUMMARY	20
5.1 COMPETITIVE ADVANTAGE.....	20
5.2 TARGET SEGMENT MARKET STRATEGY	23
5.3 MARKETING STRATEGY.....	24
6.0 MANAGEMENT SUMMARY	25
6.1 MANAGEMENT DESCRIPTION.....	25
7.0 PROPOSED FINANCIAL PLAN	26
Important Assumptions	27
Chart: Yearly Cash Flow	31

Providence Group T/A 365 Pasta will focus on ensuring superior quality pasta products, taking advantage of world-class manufacturing processes and a team of passionate people. We



will offer exceptional quality based on the cohesive years of artisan food manufacturing experience, training, and a passion for perfection that would be a requirement for each member of our team. Founded by Shirley Ketsile Molapisi, the company will strive to produce the tastiest products in the market. Our pasta products

will be produced with care and attention to detail just like artists when taking paint to canvas.

Providence Group will uphold a flourishing local food system, which would benefit the environment, our communities, health, and the overall strength of the economy.

We are excited as to what the future holds for this business of producing pasta, packaging and distributing it across the country, and hopefully across the world. We look forward to adding value to the people of Botswana by manufacturing and supplying a unique product line that not only provides nutritional meals but provides employment opportunities. We will offer top quality services at a reasonable price. This will be one of our major selling points.

Our business structure will be built on a learning curve as we will continue to learn daily on how to grow the business based on the dynamic knowledge of the market. This way, we intend to build the business into a top player in the pasta industry.



Another aspect of our business structure will be our focus on customer service and ethical standards. We will always try to give our customers that personal touch. All our customers will experience value whenever they purchase and consume our products.

In a bid to become a pioneer in our industry, our business is open to investment opportunities. Providence Group T/A 365 Pasta is constantly open for new business partners to establish solid, long-lasting relationships that would ensure the sustainability of the business. We believe that networking and partnerships can help to fuel our development. This is why we are reaching out



to investors, who are willing to invest in our business, and benefit from our profit prospects. With the help of investors and business partners, we believe that together we will be able to actualize

Providence Group T/A 365 Pasta's interest in becoming the nation's leading food company.

To boost and support the economy of Botswana, we will use locally sourced materials to develop and produce unique consumer products for local markets. This means that we will not depend on imported raw materials, creating value for other businesses, consumers and the country at large. In addition, Providence Group T/A 365 Pasta plans to make huge investments in milling technology and human capital to create and maintain a competitive advantage in the Botswana pasta industry.

To establish a solid business and ensure its sustainability, the Providence Group seeks investors. With the help of investors, we will be able to gather enough funds to meet our budget. The investments we get will also help us to ensure the continued viability and sustainability of

our food operations in a way that would be highly beneficial continuously for our consumers and investors.

We are very much aware of the presence of competitions in the industry that have been around for a while and have acquired an extensive range of experience. However, we are not daunted a bit by this because we are quite certain that our unique quality product-line and offerings will distinguish us in the market. Actually, we are motivated by their presence as they will always keep us on our toes at all times to deliver top-notch services.



To reach our target market and gain significant ground in the market, both conventional and digital marketing strategies will be adopted to create a positively strong awareness about our brand and products. We will utilize various social media platforms to reach out to and connect with consumers.

Sales forecasts indicate that Providence Group T/A 365 Pasta has the potential to achieve high revenue in the first year of operation and grow as fast as possible. We likewise believe we will continue to achieve sterling sales and our net profit will correspondingly be impressive.

1.2 OBJECTIVES

The following are our business objectives:

- To maximize long-term intrinsic value for our consumers and investors.
- To become one of the leaders in the pasta industry.
- To expand the business and widen our scope and coverage.
- To maintain a sustainable growth standard for our food business
- To become the most sought and most reckoned company for pasta.

- To be best known for the quality of offerings.
- To be present in key and profitable locations.
- To innovatively surpass customers' expectations by setting the standard for quality and service in the industry.
- To build a unique culture of delivering superior customer service and satisfaction in an environment that's filled with energy, opportunity, and fun.
- To provide direct and indirect employment and support hundreds of distributors, suppliers, and their employees across the country.
- To utilize all marketing channels fundamentally connected to our business success
- To ensure an increase in the customer base
- Achieve steady growth in revenue annually

1.3 VISION

To be the leading food group in Africa, committed to consumer delight and increasing investors' value.

1.4 MISSION

To produce and supply products of premium quality and value to the country, thereby, enriching the lives of consumers, communities, employees and all stakeholders.

To focus on helping people to be happy by sharing memorable moments together while consuming good food.

1.5 OUR PHILOSOPHY

Listen

Everyone is different, so there is really only one way to understand what our consumers need.

That's why we will always listen to your needs.

Create

Using our creative expertise, we will bring your products to life in fresh ways that will grab attention, stimulate interest and excite our consumers. Our custom-made professional touch, together with superior recipes and ingredients and our intense focus on every detail of the production process is what will set us apart in the pasta world

Our Belief

Our belief is to create products that our consumers will find satisfactory and to ensure that all stakeholders benefit from the business as we continue to grow into a top pasta brand.

1.6 KEYS TO SUCCESS

- Our pasta will come in a unique and colorful packaging that stands out from the other pasta brands
- Our pasta quality will be outstanding. Our production team will ensure that we make the pasta in a way that they do not stick together or get soggy when cooked.
- Our pasta will retain its freshness and firmness for much longer after preparation; so it can be prepared well ahead and kept in a cooler. This makes it a very good brand for sale by food vendors.
- Our pasta will have a unique aroma and pleasant taste. This makes it very pleasurable for eating.
- Our pasta will swell up when cooked, yielding larger quantity. This attribute is important for larger families as well as food vendors.
- Our services will be customer friendly as we will prioritize the needs of the consumers in everything we do.

2.0 COMPANY SUMMARY

Providence Group T/A 365 Pasta will engage in various types of long and short pasta production. Our factory will comply with the quality and safety requirements. Owned by Shirley Ketsile Molapisi, the company will use the latest machinery equipped with the highest technology in the world to manufacture the finest types of pasta. Providence Group T/A 365 Pasta will be built on the combined experience of the founder and other team members in the pasta manufacturing industry to ensure the success of the company in the production, manufacturing, packaging and distributing of pasta products across and beyond the country. The laboratories at Providence Group will be equipped with the latest equipment to ensure the most accurate results.. The company will be structured to cover all markets of the world, supported by the modern technology used in the expansion of its production lines. The marketing and sales policy will be based on the excellent quality of our products and our commitment for good customer service.



We will follow the “Green” initiatives as it is our responsibility to help our environment to the best of our ability. The projects include installing environmentally friendly lighting, windows, heating systems, roofing materials in various areas of our business. This will help us to minimize the use of electricity and decrease our thermal heat consumption. We will add special nozzles for all our water taps to save our waters. Several of our pasta drying methods in the manufacturing process will be re-engineered to re-use the generated heat and steam back into the manufacturing process.

Our vision is for a new standard of perfection and quality in the pasta manufacturing business. We will embrace the latest technological innovations coupled with the beautiful art of pastamaking in establishing Providence Group T/A 365 Pasta. Our objective is that every bite of our

products will provide a sensational food experience for our beloved customers and bring new meaning to what quality food should taste like.

3.0 PRODUCTS AND SERVICES

Providence Group T/A 365 Pasta will be situated in Gaborone, Botswana. At this location, we will produce long, short, special short and nest pasta as well as offer a variety of packaging options including 500g and 1000g. To achieve excellence in our production process, we will be using the latest technological innovations in conjunction with our own secret recipes,



training, and experience in pasta production. Our major concern is to deliver quality pasta products for the Botswana and International markets.

Ensuring the best quality pasta is the focus of our company. We will use the highest quality flour coupled with the purest water sources to ensure that we create an extraordinary food experience.

Quality control will be a daily ritual at Providence Group, where we check the color, smell, taste, and cooking behavior of every shape manufactured. The pasta should have a beautiful bright yellow color, firm shape, flour scent, silky smooth touch, and gentle cooking behavior.

Pasta is sturdy, but during production, it can be temperamental — a host of factors can ruin a batch of dough. For example, our process must take into account the nature and moisture level of each raw ingredient, how much water is added during the mixing process and exactly what temperature water is ideal for the particular recipe, how much time is the mix allowed to churn, how much air is applied to the pasta as it is being formed, how much ambient humidity is present and what is the ambient temperature of the dough room.

In addition, the “flavorings” we use in our pasta will be sourced from the industry’s highest quality producers. We will not use preservatives or unnatural flavorings in our pasta. Everything will be natural.

Aside from ingredient and environmental issues, our pasta makers also have to undergo training to ensure that they offer nothing short of their best in our services to our consumers. Providence Group is looking forward to satisfying all consumers in Botswana, Southern Africa, and Africa by offering the best quality products.

4.0 MARKET RESEARCH AND ANALYSIS

4.1 THE MARKET

There are 12 companies including major players like Tiger Brands and Pioneer Foods which together control over half the local pasta market.

The South African pasta manufacturing industry is estimated at approximately 100,000 tons in 2017. Based on the value of Tiger Brands' Fatti's and Moni's dry pasta market share, the dry pasta segment of the industry is valued at R4bn in 2017. Other major pasta manufacturing segments include fresh pasta, ready-made meals, and noodles, with the latter accounting for R960m in 2017.

Pasta remains a relatively small segment of the food industry. While South African consumption of maize is 60kg per person and of wheat is 56.76kg per person, for pasta, it is only 1.9kg of per person yearly. Nevertheless, urbanization, a growing middle class, product innovation and convenience have been driving the growth of the sector.

**Pasta Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast
2019-2024**

The global pasta market reached a value of more than US\$13 Billion in 2018, registering a CAGR of 2.3% during 2011-2018. Pasta is a traditional Italian dish and represents one of the most accessible and healthy carbohydrate-rich foods. It is made from unleavened dough consisting of wheat durum flour and water or eggs. There is a large variety of pasta and it is usually available in different sizes and shapes. It can be added to soups; boiled and served with a sauce; served cold with other ingredients in a salad; and stuffed with meat, cheese or vegetables and then boiled and baked. The consumption of pasta has increased among the health-conscious consumers around the world as it is cholesterol-free and low in sodium.



On account of rapid urbanization, hectic lifestyles, and western influences, consumers are shifting towards easy-to-cook food items which require trivial cooking time and skills. As pasta is a convenient and healthy food product, the consumption of pasta is increasing, especially for vermicelli, fusilli and macaroni.

Apart from this, several regional and international manufacturers are introducing a wide variety of pasta in emerging and potential markets for catering to the changing tastes and preferences of consumers. They are also experimenting with different ingredients, such as carrot, spinach, beet juice and herbs, and launching innovative pasta variants including organic, vegan and gluten-free pasta to attract consumers. By 2024, IMARC Group estimates the market to reach a value of nearly US\$16 Billion.

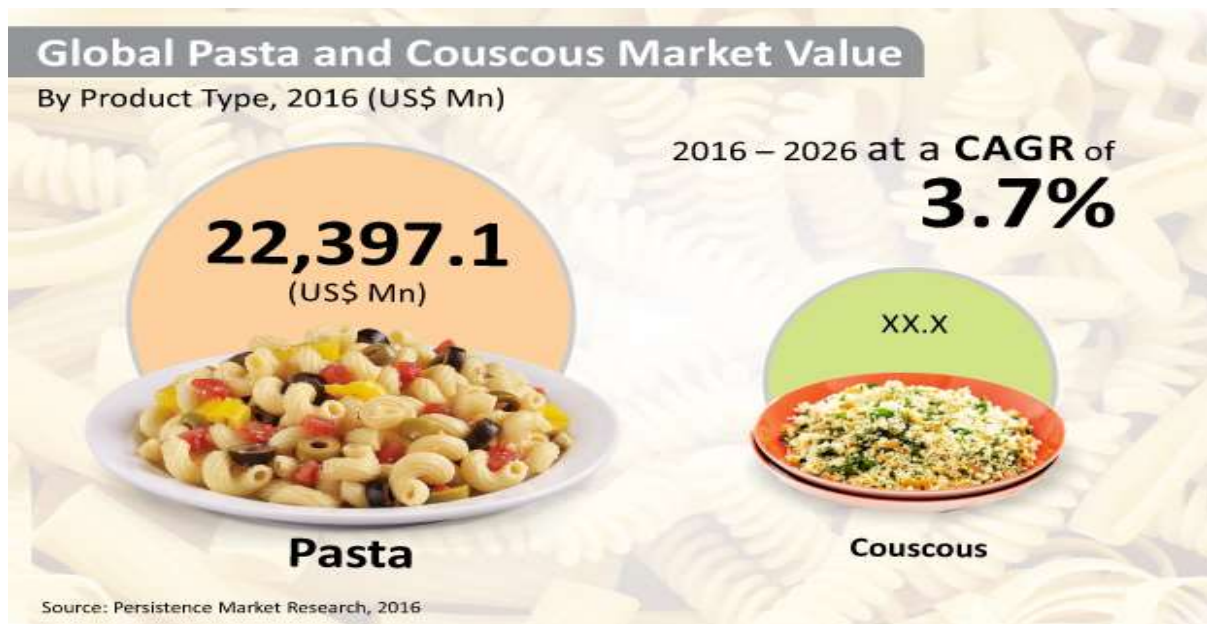
The pasta industry is anticipated to account for a relatively high revenue share in the global pasta and couscous market over the forecast period. The segment is projected to be valued at more than US\$20 Billion by the end of 2017 and is estimated to increase at a CAGR of 3.6% over the forecast period, to be valued at a little more than US\$30 Billion by the end of 2026. The pasta segment is anticipated to remain dominant in the global pasta and couscous market throughout the forecast period with a revenue share of more than 70% by 2026.

Increasing awareness regarding the benefits of pasta is likely to create a positive impact on the pasta segment

An increasing number of young consumers with a hectic and fast-paced lifestyle prefer convenient, easy to cook, and affordable food options. Pasta products are convenient, ready-to-cook, affordable, offer versatility, and come with health claims such as gluten-free and whole-grain food. Apart from this, pasta is a healthy and convenient food option among families especially with children. The growing number of working women and younger populations with busy lifestyles in countries of the Asia Pacific and the Middle East preferring the convenience and healthy food options is another major factor expected to drive the growth of the pasta segment over the forecast period.

Owing to rapid development in various economies, the lifestyle of the middle-class section has improved significantly in the recent past. Also, a growing number of working members in a family and increasing disposable income has resulted in changing food consumption patterns. Convenience food consumption is on the rise and this change is likely to significantly fuel the growth of the pasta segment in the years to come. The raw material needed for the production of pasta such as wheat, barley, rice, maize etc. is widely grown in almost all parts of the world and is therefore easily available. This factor is creating a positive impact on the pasta segment.

Increasing obesity with changing lifestyle and eating habits is resulting in a rapid consumer shift towards high protein content and gluten-free and low-calorie food products. Consumer demand for such healthy food options is increasing significantly in countries such as the U.S., U.K., and Japan. Increasing demand for value-added products in various countries is prompting manufacturers to offer healthy pasta and other convenience food products with additional nutritional benefits. This increasing demand for pasta is creating robust development in the pasta segment. A substantial percentage of total revenue from pasta products comes from the organized retail format. With economies growing, the retail chain is growing rapidly, which is predicted to drive demand for pasta in developing economies.



Pasta segment is anticipated to account for a relatively high revenue share in the North America pasta and couscous market over the forecast period

The pasta segment is estimated to be valued at more than US\$5 billion by the end of 2017 and is anticipated to increase at a CAGR of 3.4% over the forecast period, to be valued at more

than US\$7 billion by the end of 2026. In Europe, the segment is likely to increase at a CAGR of 3.5% over the forecast period.

Global Pasta Market 2019-2023: Evolving Opportunities



The market is driven by new product launches. In addition, the growing popularity of health and wellness pasta is anticipated to further boost the growth of the global market. The launch of new products will be one of the major drivers in the global pasta market. Pasta manufacturers are adopting innovative strategies to increase their market share. Therefore, with many such launches, the market is expected to witness a positive outlook during the forecast period.

Growth Opportunities, Competition and Challenges

Global Pasta markets are witnessing robust growth due to ongoing drive towards investments and plans for market expansion into developing countries. The year 2020 is expected to remain strong for the Pasta market growth, primarily due to widening applications and strengthening buyer power.

Companies in the food & beverage industry are continuously aligning themselves to consumer preferences and recent food consuming trends to emerge as key players in local markets as well

as international markets. Growth in imports and exports of Pasta along with increasing support sectors are further fueling the market growth.

New growth opportunities will emerge across the Pasta market value chain with both suppliers and distributors focusing on adapting to shifting consumer preferences. On the other hand, intensifying competition, demand for high-quality products at low costs act as challenges for the market growth to 2025.

The global food and beverage industry is mainly driven by consumer shift towards healthy foods, population expansion, improved cold chain logistics, adoption of automation systems &



products and others. However, the industry may experience vulnerability due to climatic and environmental factors, resource scarcity and periodically due to governing regulatory. Macro-economic factors such as political uncertainty, price fluctuations, environmental issue, and technological

advancement are factors affecting the global market size.

4.2 MARKET SEGMENTATION

Breakup by Product Type:

- Dried Pasta
- Chilled/Fresh Pasta
- Canned/Preserved Pasta
- Others

Currently, dried pasta represents the leading product type, owing to its affordable price, longer shelf-life, and convenience offered during cooking as well as storing.

Breakup by Raw Material:

- Durum Wheat Semolina
- Wheat
- Mix
- Barley
- Rice
- Maize
- Others

At present, durum wheat semolina accounts for the majority of the total market share.

Breakup by Distribution Channel:

- Supermarkets
- Hypermarkets
- Discounters
- Independent Small Groceries
- Online Stores
- Others

Supermarkets represent the dominant segment as they offer ample shelf space and a wide range of products from different bands. This provides convenience to consumers in terms of selecting a product from a single place.

Regional Insights:

- Europe
- North America
- Asia Pacific
- Latin America
- The Middle East and Africa



On the geographical front, Europe enjoys the leading position in the market on account of strong demand for organic and healthier variants of pasta.

Competitive Landscape:

The competitive landscape of the industry has been analyzed along with detailed profiles of the key players operating in the market. Some of the leading players

are:

- **Barilla**

Barilla operates the businesses under various segments such as meal solutions and bakery. The company offers a wide range of pasta, including Classic Blue Box, Collezione, Gluten-Free, Whole Grain, ProteinPLUS, Pronto, White Fiber, and others.

- **Ebro Foods**

Ebro Foods operates the business under two segments, which include the rice business and the pasta business. The company offers a wide range of pasta products through its subsidiaries, including Riviana Group, the Panzani Group, and Garofalo.

- **F.lli De Cecco di Filippo - Fara San Martino**

F.lli De Cecco di Filippo - Fara San Martino has business operations under various segments, namely semolina pasta, egg pasta, special pasta, whole wheat products, organic products, flours, rice and gnocchi, oil & vinegar, tomatoes & sauces, bakery, and gift ideas. The company offers a range of pasta products.

- **Nestlé**

Nestlé operates the business through the following segments: Zone AMS, Zone EMENA, Zone AOA, Nestlé waters, Nestlé nutrition, and other business segments. The company offers a range of pasta under the Buitoni brand and others.

- **TreeHouse Foods**

TreeHouse Foods operates the business under the following segments: baked goods, beverages, condiments, meals, and snacks. The company offers a wide range of pasta products under the MUELLER'S, R&F, Pasta Lensi, Heartland Pasta, Montalcino, and other brands.

5.0 STRATEGY AND IMPLEMENTATION SUMMARY

5.1 COMPETITIVE ADVANTAGE

Sustainability

Sustainability is at the heart of our business, not just because it is the right thing to do, but because there are clear business benefits.

We will:

- Increase food production for a growing population without overextending the earth's capacity to provide
- Satisfy increasing demand from customers and consumers who want to know the food and fiber they buy are ethically sourced
- Ensure farmers and rural communities see farming and related activities as a viable livelihood, particularly younger generations
- Reduce risks to our business, such as climate change and water scarcity
- Inspire our employees by giving additional meaning to their work.
- Provide youths with employment opportunities.
- Be driven by an ambitious corporate Purpose to Re-imagine Global Food Systems within our ethos of Growing Responsibly.

Talented and Competent Staff

Providence Group will build a team of the best engineering people available. We strongly believe that to be a top-class company with 100% reliability, we need to have the most talented technicians and engineers in the team.

The team will have a combined experience in the art of pasta-making as well as in the mechanical and electrical components of the pasta manufacturing process. With the aid of our team, we hope to successfully build complete pasta manufacturing lines including extruders, dryers, and packaging machines.

Providence Group will work with several of the leading suppliers to constantly seek to improve the pasta manufacturing process. Providence Group will build a very good reputation not only as a pasta manufacturer but also as an innovator in the pasta manufacturing process.



Quality

At Providence Group T/A 365 Pasta, quality will be more than just a concept; it will be our most fundamental operating principle. Our Quality Assurance will rely on the world's most advanced production technology to deliver our customers the best quality. We aim to have an aligned business model that features a quality control department in charge of monitoring the production process from receiving the raw material to the delivery of the final product.

E-commerce

A global trend which we will take advantage of is the emergence and popularity of e-commerce. Brand-focused web retailers that can provide information and the intangible, emotional buy-in by the customer are becoming hugely successful. For now, we will focus on retail outlets.

Excellent Services at all times

We are confident of delivering the best services at all times to the satisfaction of our consumers. We will always align our products to market needs and based on what we believe is best for our consumers.

Goal-Specific Approach to Business

We are of the belief that each customer has a unique request, hence, we will pay absolute attention to their details and approach their taste bud bearing in mind that our business success lies in fulfilling their goals.

Friendly Attitude and Affordable Prices

A well-done job enhances a good relationship that builds our trust in clients and promotes our business. All our services are also discharged at affordable prices which makes us a good choice for customers.

Research and development

Through research and development, we intend to create better quality, great-tasting and more reliable products. Through innovation, we will ensure yield optimization, disease resistance, and ensure we meet our customers' needs.

Culinary experimentation and creativity

This will allow us to create and share different types of fresh pasta with our customers and allow them to experience a unique journey of taste with different fresh pasta dishes from all over the world. We believe in avoiding cultural barriers, and we will absorb unique traditions and cultural differences to add an extra touch to our products. We will focus on creating an inspiring and innovative full taste experience where pasta making is the center of it all.

5.2 TARGET SEGMENT MARKET STRATEGY

Backward Integration

Volatile commodity prices arising from unpredictable changes in global supply and demand, exchange rate fluctuations and punitive tariffs and import barriers, have made our reliance on imported raw materials risky, expensive and unsustainable. The need to create value further back in the supply chain and reduce dependence on imported raw material has been identified as a strategic imperative for our Group. The investment will, therefore, focus on a strategy of backward integration to maintain growth and sustained profitability.

Raw materials will be imported locally wherever possible to ensure that good quality fair value



products are developed through the full supply chain from growing to final consumer consumption – from farm to fork.

Franchising Options

The major benefits to successful franchisees include leveraging off our strong brand image and gaining access to our innovative business model, popular products, excellent site selection strategy, advanced training programs, strong marketing support initiatives, and other intangible assets: the ideal combination to help one to quickly and efficiently

establish a lucrative business.

5.3 MARKETING STRATEGY

In today's world, smart marketing strategies and packaging appeal play an important role. We strongly believe that for a business to make it, it has to be in the faces of all and sundry. We plan to work with an in-house brand and publicity consultants to help us map out publicity and advertising strategies that will help us walk our way into the heart of our target market. For a successful business, we understand that it will take a concerted promotion plan to drive people to our brand.

Below are the platforms we intend to leverage on to promote and advertise our brand and products;

Online Reviews

Providing poor customer service could fuel a customer with the motivation to denounce a business online. In essence, good customer service is considered to be good advertising. People love seeing those stars. Five (5) stars tell people "you've made the right decision". We know that having reviews displayed on our website will absolutely help turn prospects into customers.

Social Media Content

The internet is a great platform for networking. Social media is amazing, and it is gradually changing the ways people do business. In this modern age, it is one more way to interact with customers. Providing quality content on social media is another facet of customer service. Providing tips on health benefits, DIY meals, and other helpful hints is something that will develop customer appreciation and help to build loyalty. That could also extend to informational videos posted on social media sites. Customer interaction is beyond face-to-face with the existence of social media.

6.0 MANAGEMENT SUMMARY

6.1 MANAGEMENT DESCRIPTION

Providence Group will create a well-structured organization with well-defined roles and responsibilities for all staff. There will be a management team in charge of operations and ensure the good performance of other staff members. They will all work to ensure the overall development and expansion of the company

The company will work with a very robust Human Resources policy on staffing issues.

Our Human Resources Policy will uphold attitudes such as passion, integrity, innovation and encourage open communication and cooperation. We also



believe that our long-term success depends on our capacity to attract, develop, protect and retain the right and best employees. We will respect government regulations concerning employees' rights, and will not tolerate discrimination for reasons such as origin, nationality, religion, race, gender, age or sexual orientation or engage in any kind of verbal or physical harassment based on any of the above or any other reason. We will be an equal opportunity organization.

CORPORATE GOVERNANCE

We value corporate governance. We will conduct our business with high regard for the interests of our major stakeholders, namely: consumers, employees, investors, business partners, and the government.

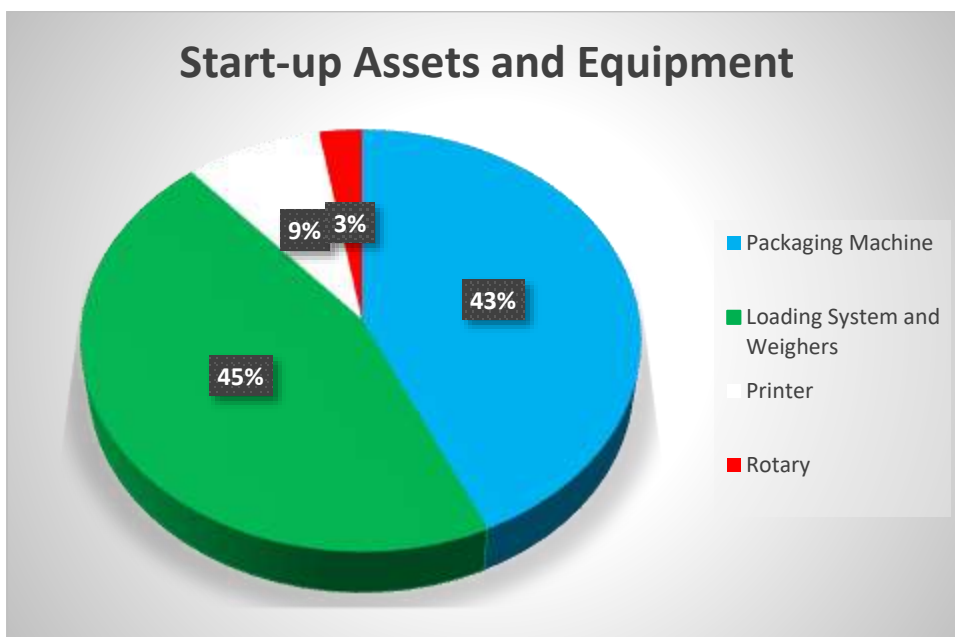
We crave for long term benefits, and goodwill builds in us a futuristic mindset that guides all that we do in the organization. The Group will have regular meetings to deliberate and approve the strategic and annual operating plans and to review its operating performance.

7.0 PROPOSED FINANCIAL PLAN

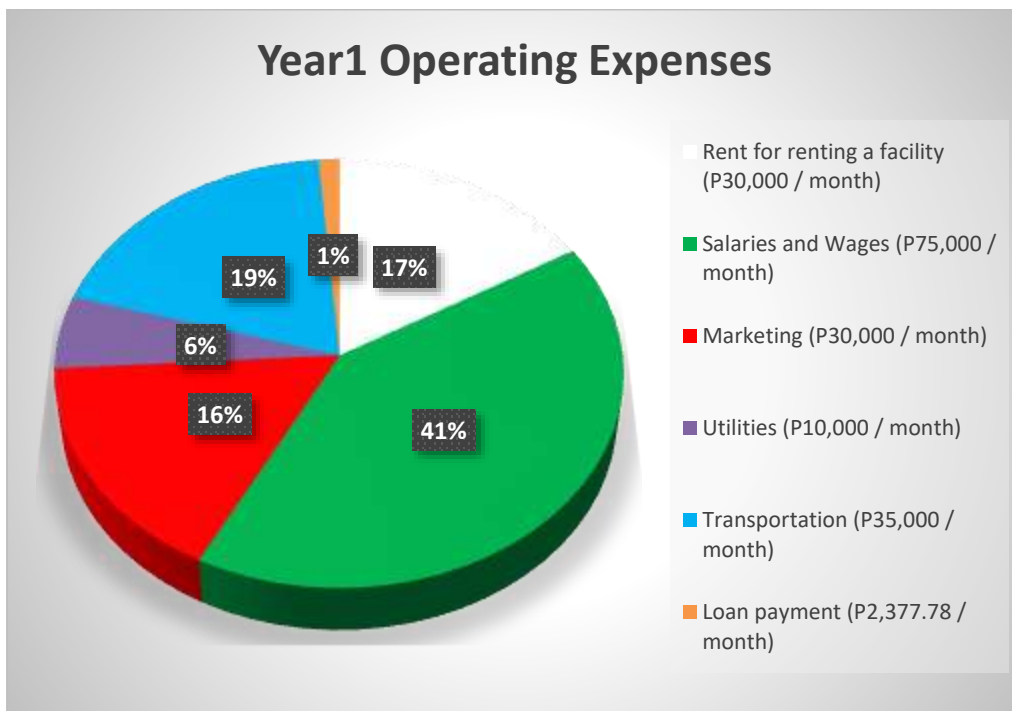
The following sections contain financial information for **Providence Group T/A 365 Pasta**. Tables show annual projections for (5) five years.

Start-up Analysis

Start-up Assets and Equipment	
Description	Amount (P)
Packaging Machine	474,000
Loading System and Weighers	497,700
Printer	94,800
Rotary	29,625
Total Cost	BWP 1,096,125.00



Year1 Operating Expenses	
Description	Amount (P)
Rent for renting a facility (P30,000 / month)	360,000
Salaries and Wages (P75,000 / month)	900,000
Marketing (P30,000 / month)	360,000
Utilities (P10,000 / month)	120,000
Transportation (P35,000 / month)	420,000
Loan payment (P2,377.78 / month)	28,533
Total Cost	BWP 2,188,533.33



Important Assumptions

The financials of this plan are predicated on the following tables. The **Corporate Income Tax rate** in Botswana stands at 25%. To achieve and accomplish this project, we are seeking the sum of P400,000 from the potential investor / government funded bank to begin operations in the first year. The business is forecasted to generate revenue of P5,385,150 in the first year of operation and progress thereafter. From the net-profit, 90% would be re-invested back to the business until stability.

Table: General Assumptions (Yearly)

General Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5
	P	P	P	P	P
Tax Rate	25%	25%	25%	25%	25%
Loan	400,000	0	0	0	0
Investment	0	90%	90%	90%	90%
Sales Growth	0	98%	39%	58%	50%
Expense Growth	0	3%	4%	4%	5%
Bank Loan	400,000				
Interest Rate	7%				
Interest Amount	28,000				
Expected Amount	428,000				
Instalment	15 Years (180 months)				
Monthly Payment	2,377.78 / month				
Yearly Payment	28,533.33 / year				

Projected Profit and Loss

The below table is the profit and loss projection for five business years. The sales are seen to increase each business year, causing a considerable increase in the net profit too.

Pro Forma Profit and Loss	Year 1	Year 2	Year 3	Year 4	Year 5
	P	P	P	P	P
Total Sales	5,385,150	10,645,470	14,795,925	23,446,425	35,085,900
Gross Margin	5,385,150	10,645,470	14,795,925	23,446,425	35,085,900
Gross Margin %	100%	100%	100%	100%	100%
Operating Expenses					
Rent for renting a facility	360,000	370,800	385,632	401,057	421,110
Salaries and Wages	900,000	927,000	964,080	1,002,643	1,052,775
Loan payment	28,533	28,533	28,533	28,533	28,533
Marketing and Utilities	480,000	494,400	514,176	534,743	561,480
Transportation	420,000	432,600	449,904	467,900	491,295
Total Operating Expenses	2,188,533	2,253,333	2,342,325	2,434,877	2,555,194

Operating Income	3,196,617	8,392,136	12,453,599	21,011,548	32,530,706
Operating Margin	0.59	0.79	0.84	0.90	0.93
EBITDA	3,196,617	8,392,136	12,453,599	21,011,548	32,530,706
Interest Expense	0	0	0	0	0
Tax Incurred	799,154	2,098,034	3,113,400	5,252,887	8,132,676
	Year 1	Year 2	Year 3	Year 4	Year 5
Net Profit	2,397,462	6,294,102	9,340,199	15,758,661	24,398,029
Net Profit/Sales %	45	59	63	67	70

From the above analysis, the business is projected to have a sale of **P5,385,150** in the first year of business activities. Every business always aspires to increase its sales. With the marketing strategy adopted, it is assumed that this will yield an increase in sales in the subsequent years of business activities, causing the revenue for each year to increase.

Chart: Profit Yearly

The volume of sales influences the amount of profit that will be made during the year.

This then results in increased net profit.

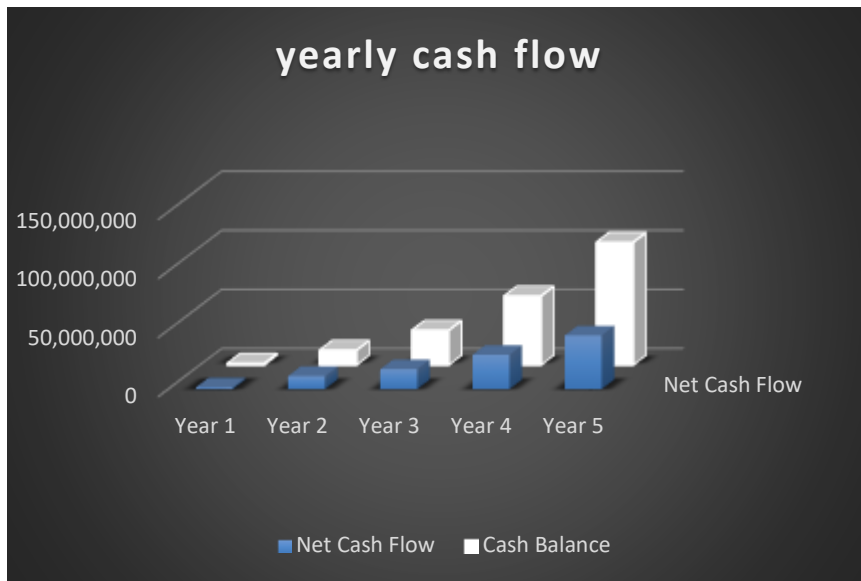


Projected Cash Flow

Below is a cash flow statement projection for five years showing the movement of cash within the business:

Pro Forma Cash Flow					
	Year 1	Year 2	Year 3	Year 4	Year 5
	P	P	P	P	P
<i>Cash From Operations</i>					
Cash Sales	5,385,150	10,645,470	14,795,925	23,446,425	35,085,900
New Investment Received	0	5,664,692	8,406,180	14,182,795	21,958,226
Subtotal Cash Received	5,385,150	16,310,161	23,202,104	37,629,219	57,044,126
Cash Spending	360,000	370,800	385,632	401,057	421,110
Bill Payments	2,627,688	3,980,567	5,070,093	7,286,707	10,266,760
Subtotal Spent on Operations	2,987,688	4,351,367	5,455,725	7,687,764	10,687,871
Sales Tax, VAT, HST/GST Paid Out	799,154	799,154	799,154	799,154	799,154
Principal Repayment of Current Borrowing	87,792	87,792	87,792	87,792	87,792
Subtotal Cash Spent	3,874,634	5,238,314	6,342,671	8,574,710	11,574,817
	Year 1	Year 2	Year 3	Year 4	Year 5
Net Cash Flow	1,510,516	11,071,848	16,859,433	29,054,509	45,469,309
Cash Balance	1,510,516	12,582,364	29,441,797	58,496,306	103,965,616

Chart: Yearly Cash Flow



The graph above shows an upward movement of closing cash balance which indicates that there is an increase in cash balance at the end of every period

Projected Balance Sheet

Below is five years financial forecast of the balance sheet for the business. The net worth is seen to increase each year, showing the profit-yielding tendency of the business.

Balance Sheet	Starting Bal.	Year 1	Year 2	Year 3	Year 4	Year 5
		P	P	P	P	P
Assets						
Current Assets						
Cash	0	1,510,516	12,582,364	29,441,797	58,496,306	103,965,616
Total Assets	0	1,510,516	12,582,364	29,441,797	58,496,306	103,965,616
Long-term Liabilities	400,000	400,000	400,000	400,000	400,000	400,000
Total Liabilities	400,000	400,000	400,000	400,000	400,000	400,000
Retained Earnings	0	2,397,462	8,691,565	18,031,764	27,371,964	36,712,163
Earning	0	2,397,462	6,294,102	9,340,199	9,340,199	9,340,199

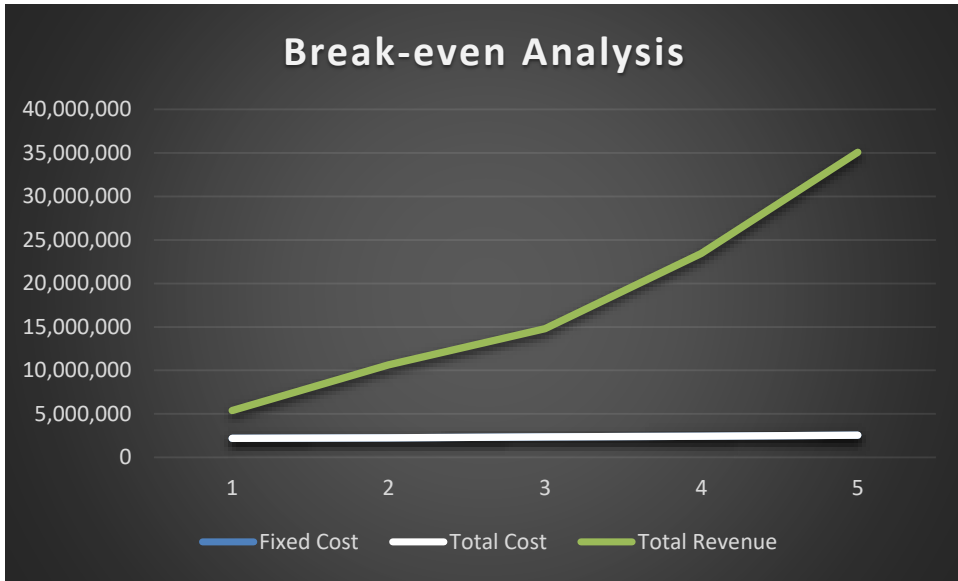
Total Capital	400,000	1,510,516	12,582,364	29,441,797	58,496,306	103,965,616
Total Liabilities and Capital	400,000	1,910,516	12,982,364	29,841,797	58,896,306	104,365,616
Net Worth	-400,000	1,110,516	12,182,364	29,041,797	58,096,306	103,565,616

Break-even Analysis

Break-even is the point where the business neither makes profit nor loss. This means that at break even, the business is only able to pay up its expenses both fixed and variable cost without any excess. The essence of break-even is to determine the number of sales that could lead to profitability. Below is the table showing the breakeven.

Break even Analysis					
	Year 1	Year 2	Year 3	Year 4	Year 5
	P	P	P	P	P
Fixed Cost	2,188,533	2,253,333	2,342,325	2,434,877	2,555,194
Total Cost	2,188,533	2,253,333	2,342,325	2,434,877	2,555,194
Total Revenue	5,385,150	10,645,470	14,795,925	23,446,425	35,085,900

The above analysis indicated that there must be more than P2,188,533 worth of sales before any profit can be achieved in the year1. This means that the business will break even in the first year. The above analysis can be seen in the below graph showing the curve of Total Cost and Revenue



Sales Forecast

