



ETHIOPIAN™
INVESTMENT
HOLDINGS

Ethiopian Investment Holdings - SDG aligned Investment Project



SDG
Investment_{fair}

Ethiopia Country overview



>116 million population, 21% living in urban cities, close to 70% of the population is below the age of 30



The 5th largest economy in Africa—GDP reached \$113 Billion in 2021



The third fastest growing economy of the millennium—10% av. growth since 2010



Top/favorable FDI destination in East Africa—USD 4.3 billion in 2021



A member of preferential trade agreements and bilateral investment treaties - COMESA, EBA, Africa Free Trade Agreement etc.



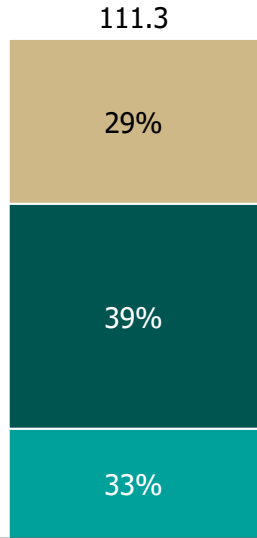
Offers attractive fiscal and non-fiscal investment incentives (Customs and tax exemptions and loss carry forward)

Ethiopia's Macro Economy at a glance



Agriculture contributes to ~33% of GDP...

\$113 USD Bn (2021)

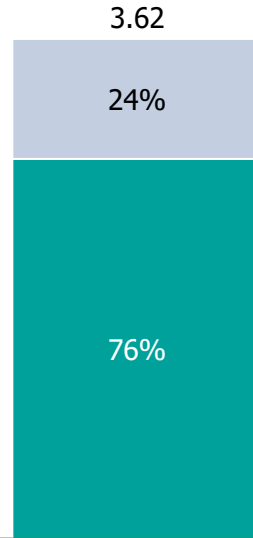


GDP

Industry Services Agriculture

...~76% of exports...

\$3.62 USD Bn (2021)

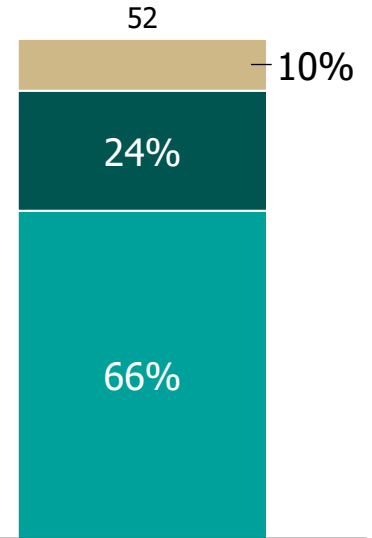


Exports

Others Agriculture

...and ~66% of employment

52 People Mn (2021)



Employment

Industry Service Agriculture

Ethiopia is back on track – peace deal agreed



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Ethiopia's Tigray conflict: Truce agreed

World Africa Americas Asia Australia China Europe India Middle East United Kingdom

Warring parties in Ethiopia agree on 'permanent cessation of hostilities'

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News

Ethiopia peace deal hailed as a 'new dawn'

World and regional leaders welcome the peace agreement, stressing this is the first step to end the bloody war.

Ethiopia Country Current Context and the Ethiopian Investment Holdings



Averting Crisis Immediate Stabilization

While Ethiopia's long-term development strategy requires substantial investment- it has become evident that **relying on debt and donor support** is not sustainable to **generate long-term value**



Realizing the vision 10 years Prosperity Plan

The implementation of this **10-year plan will require a significant amount** in capital investments including achievement of SDG goals and archiving Ethiopia's NDCs



Formation of Ethiopian Investment Holdings (EIH)



Mandate and objectives of EIH

01

Maximize value for current and future generations through professional management of funds, state-owned enterprises and asset

02

Serve as a strategic investment arm of the government of Ethiopia

03

Provide a strategic vehicle to attract foreign investment and unlock value from unutilized assets



EIH has 26 portfolio companies active across multiple sectors



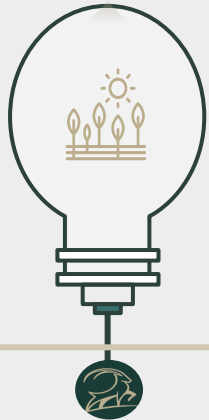
1	Transport and Logistics						
2	Manufacturing						
3	Hospitality and Services						
4	Construction and Real Estate						
5	Trade						
6	Agriculture						
7	Financial Services						
8	Communications and Utility						
9	Mining						

Current Pipeline of Investments



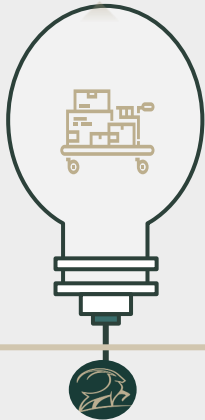
Ethiopian Investment Holdings will be a vehicle to mobilise resources required to bridge the financing need required to achieve various SDG goals - **EIH has taken a sectorial approach to structure its investment projects**

Food Security



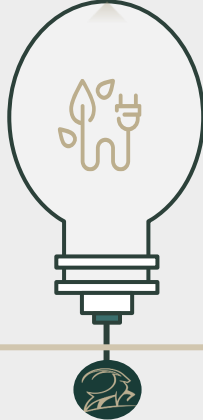
Agriculture Sector

Trade Facilitation



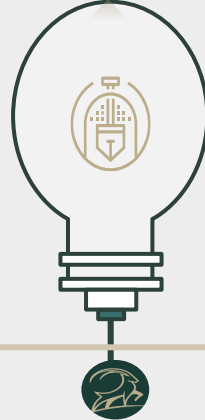
Logistics Sector

Energy Security



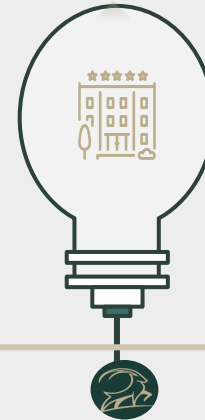
Energy Sector

Job Creation



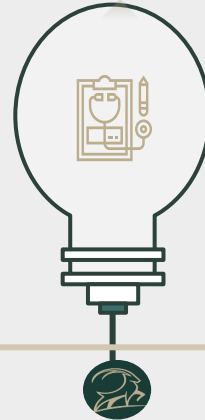
Manufacturing/
Mining

Affordable Housing

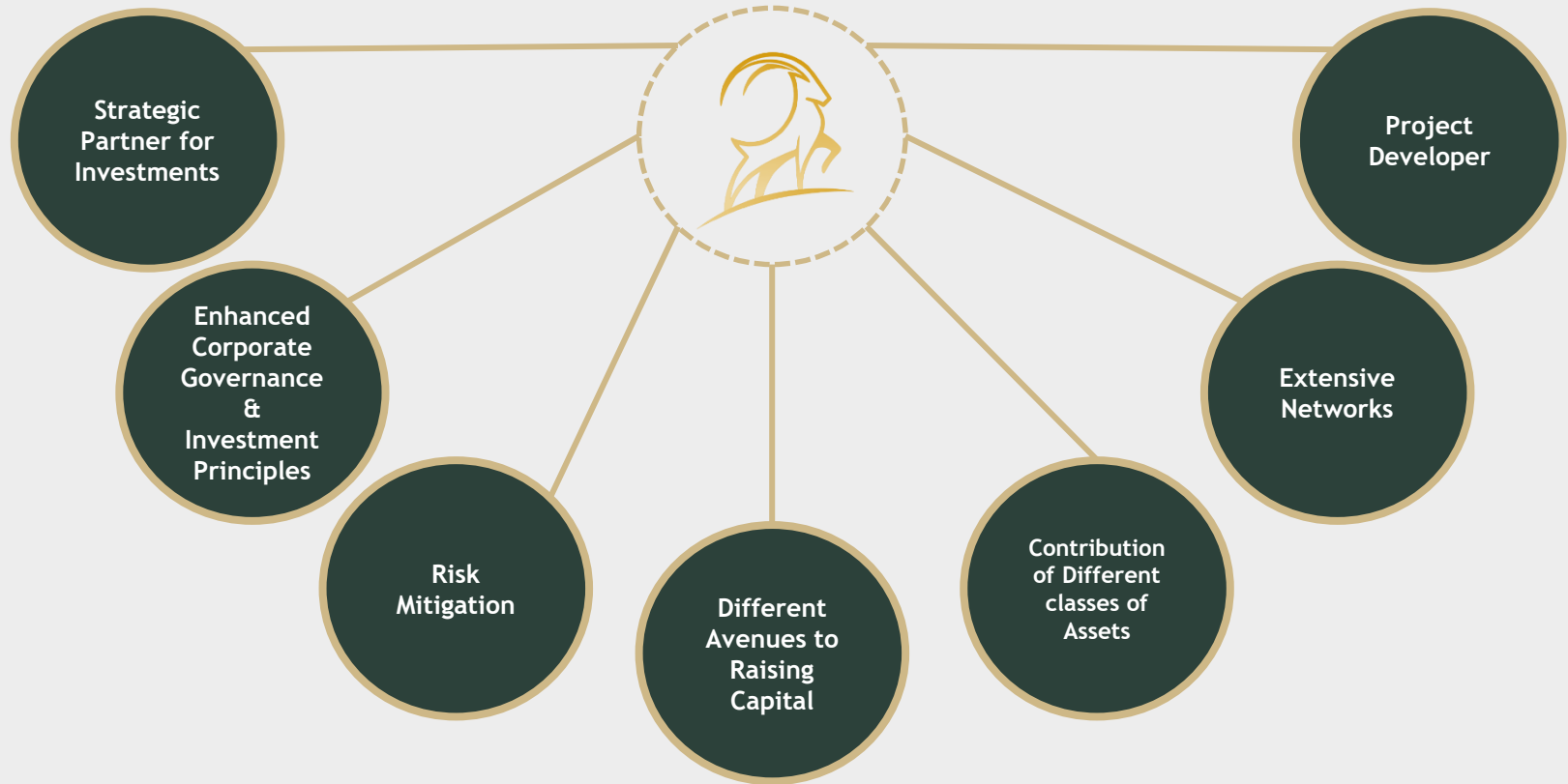


Real Estate

Access to health



Life Science





H.E. Dr Abiy Ahmed

Prime Minister of Federal Democratic Republic of Ethiopia
Computer Engineering, MBA, Peace and Security (PhD)



H.E Ahmed Shide
Minister of Finance
Economics



H.E. Amb Girma Birru
Macro Economic Advisor to the Prime
Minister Economics



H.E Pro. Birhanu Nega
Minister of Education
Economics



Mr. Teklewold Atnafu
Advisor to the Prime Minister
Economics



Ms. Firehiwot Tamiru
CEO: Ethio Telecom
MBA



H.E. Dr Eyob Tekalign
State Minister of Finance
Economics



Dr. Tegenetwork Gettu
Board Chairman: DBE
Economics



**Mr. Abdurehman Eid
Tahir**
CEO, EIH
Economics, Policy

From the pipeline of projects EIH will present three projects it has developed that align to global, regional and national priorities



1



Integrated Farm Project
(from Seed to Feed)

2



Rubber Plantation and
Manufacturing Project

3

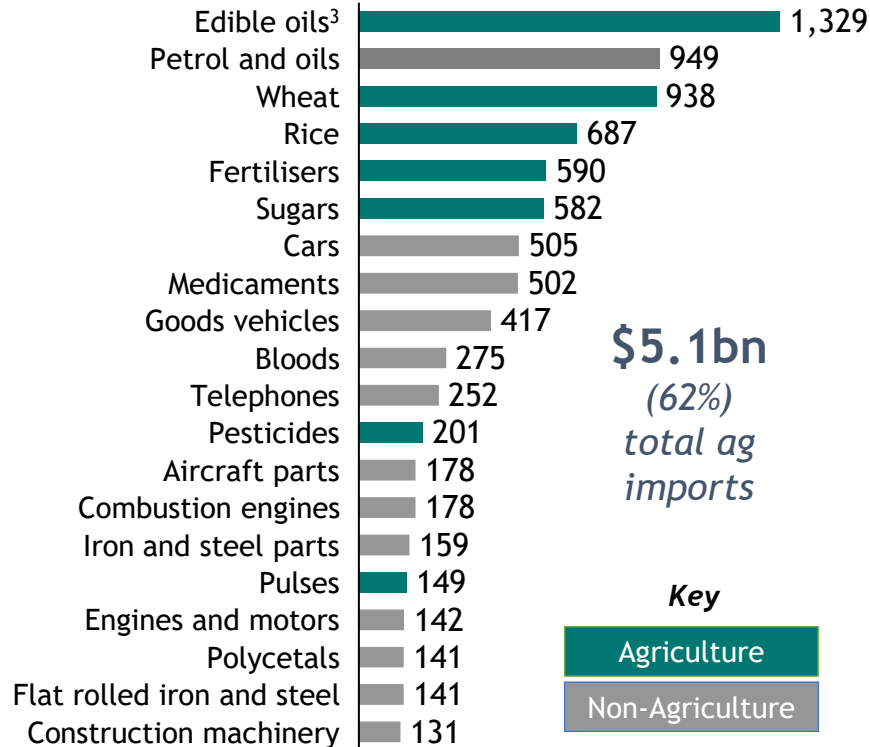


Aluminum Sulfate - Water
Purification Project

Despite large arable land, Ethiopia is a net importer of Agricultural products and has a rising population growth



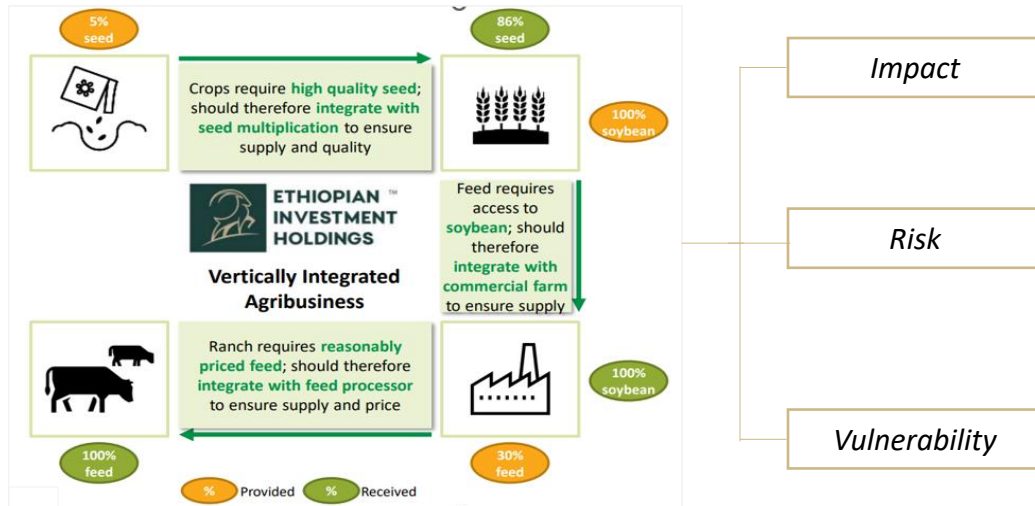
Top 20 products imported by Ethiopia (\$USD Mn, 2021)



Key Challenges of the Agriculture Sector

- Key inputs required to scale the production of agriculture products are expensive or unavailable
- one of the key inputs that is lacking are improved seeds -There is a huge, 12 million hectares of unmet demand for improved seeds - only 8% of the market use improved seeds,
- Smallholder farmers lack the ability to scale production or to have access to farming best practices - operator with know-how and financial resources needs to step in
- The route-to-market is multi-layered, with sizeable inefficiency & lack of price discovery - grass roots presence and understanding is required

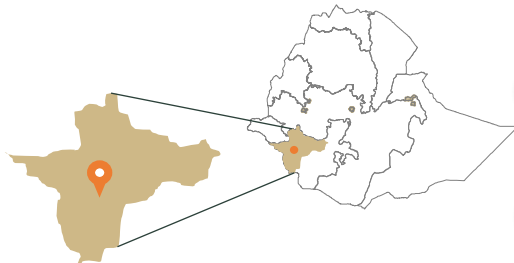
Integrated Seed and Farm Project



Purpose of the Project

- The purpose of the project is to scale the supply of seeds and by closing the demand gap for breeder seed,
- One of EIHs portfolio, Ethiopian Agricultural Business Corporation is the second biggest seed supplier in Ethiopia that has the required know-how and grass roots presence
- Current land of 30,000 hectares is available for cultivation To scale seed production, a larger land area is required, and a partner can support development and construction of a laboratory
- Our current focus is on the seed multiplication project which is the first phase and,
- The second phase of the project would be a commercial farm, the third phase would be production of animal feed and the last phase would be engaging in livestock production

Project Location



- Location**
Lat.: 5.93 - 6.33 E
Lon.: 35.73 - 36.27 N
- Altitude**
 900 - 1,150 m
- Temperature**
 Lowest - 17.3°C
 Highest - 32.9°C
- Soil type**
 Loamy clay
- Precipitation**
 989 - 1,797 mm

What makes the project Sustainable



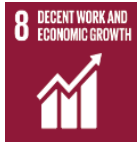
1 Increased yields- SDG 2 (Zero Hunger)

- The use of improved seeds will boost food production



2 Resilient seeds- SDG 13 (Climate Action)

- Sustainable agriculture management practice (rotational farming technique and utilizes organic inputs to sustain fertility)
- Reforestation and afforestation efforts to keep the soils erosion



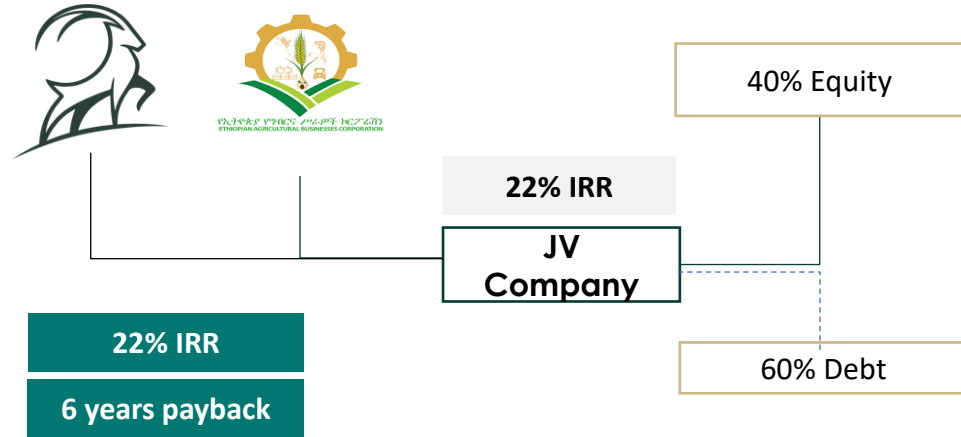
3 Economic Opportunity - SDG 8 (Economic Development)

- The seeds can be supplies to sell to EABC at a margin, to sell to other farmers or be utilise for their own use (production) - thus, creating income generating source for the surrounding community which is pastoralist
- This is done in a way that would reduce dependency on the project - selecting seeds that can independently be produced by the farmers
- Transfer of international best practice for seed multiplication will be provided to the surrounding community - throught capacity building
- The project will expand to commercial farming, animal feed and cattle ranching and significant job opportunity would be provided

Structure of the Project - Finance and partnerships



Description	Investment Cost
Capital cost	
Building and civil work	2,581,728
Machinery, Equipment, and Vehicles	22,600,417
Pre operating expense	3,339,173
Total capital cost	28,521,337
Working capital	
Raw materials	2,988,463
Land lease	8,333
Total Working Capital	2,996796
Total investment cost	31,544,133

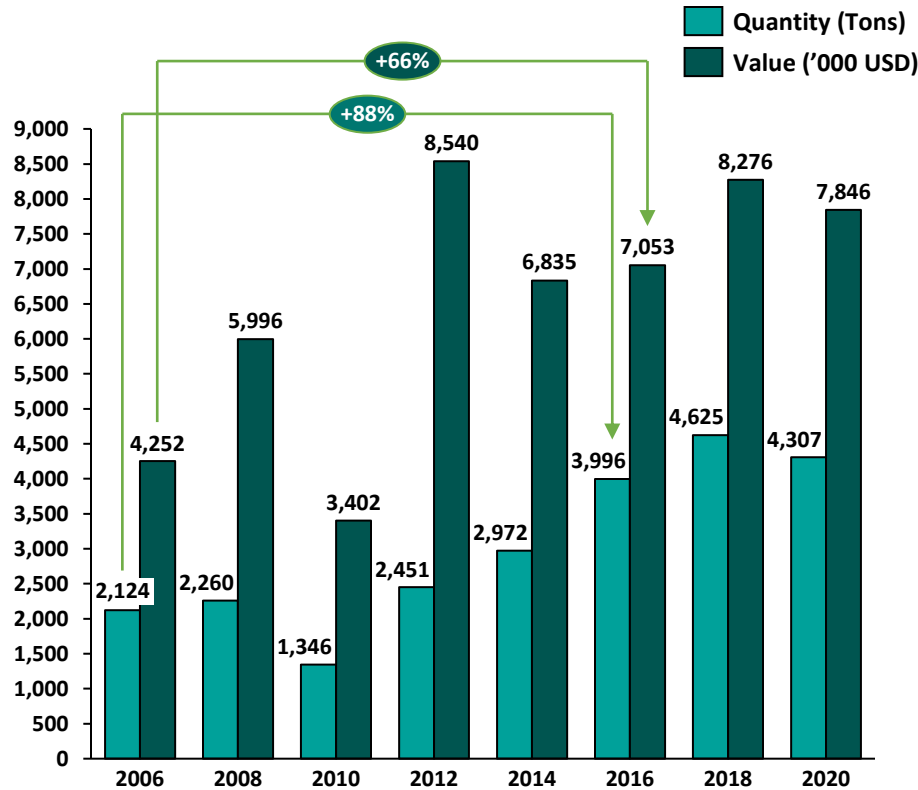


- EIH is looking for both equity and debt finance for the project and we are open to see potential partnership and structure
- Prefeasibility has been conducted with positive financial returns - next step would be to conduct feasibility study

Despite suitable conditions for rubber plantations , Ethiopia importers for natural and synthetic rubber is on the rise



Import data for natural rubber

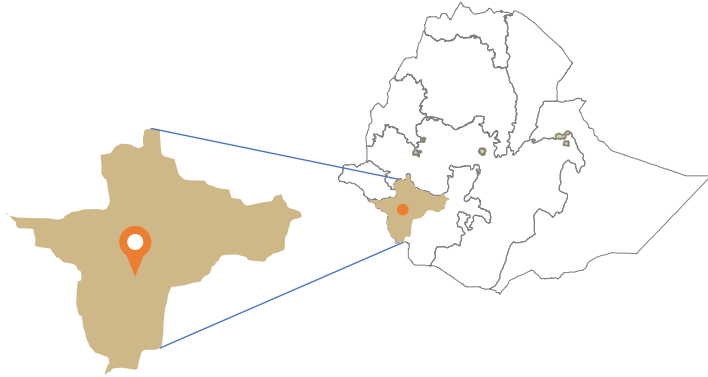


Key Challenges of the Rubber Sector

- Rubber plantation are very recent in Ethiopia, the first Nucleus farm for rubber trees were planted in 1997 E.C. on 500 hectares of land, the trail was successful
- Production of Rubber sheets started in 2007 and there are currently 430,000 rubber trees that can be used to process rubber sheets
- EIHs portfolio company is the only company that has a rubber plantation as well as produce natural rubber sheets - however, they currently have only 25% of the overall market size
- This portfolio company has now cultivated close to 3,800 hectares with Rubber trees and is only extracting 55% of available latex from this plantation
- Key challenge are lack of adequate labour and use of outdate latex processing



Project Location



Location

Lat.: 34.10 - 35.40 E

Lon.: 6.30 - 7.10 N



Woreda

Guraferda, SNPPR



Soil type

Nitisols



Altitude

900 - 1,000 m



Temperature

Lowest -

15.83°C

Highest -

32.71°C



Rainfall

1,862.9 mm

with 154 even dist

Purpose of the Project

- **Brownfield:** Develop the required infrastructure for the plantation site to attract the required labour and expertise - the current plantation needs X3 times the current labour
- Current production capability is very traditional and has various limitations to scale the production the production - **Invest in new capital machineries** that will improve the quality and quantity of the current rubber sheets
- Develop expansion schemes for current plantation through the current portfolio and out-grower schemes
- **Greenfield:** Undertake agronomy studies for other potential site in Ethiopia (Overall a total of additional 80,000 Hectares is available for cultivation)

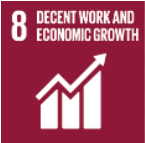
What makes the project Sustainable



1

Increased yields- SDG 9 (Industry, Innovation and Infrastructure)

- The project plans to build a small community with the required infrastructure to support the community (energy, food source, clean water, roads..) these will use sustainable and affordable energy, water and food sources
- Natural Rubber is an input for multiple medium scale and large scale industries and availing the supply of natural rubber can support the growth of various industries



2

Economic Opportunity - SDG 8 (Economic Development)

- Expansion on out grower scheme -The plantation plans to upskill nearby communities on latex extraction so that they can have an improved livelihood through increased income
- Creation of new employment for the extraction of the latex and the manufacturing process



3

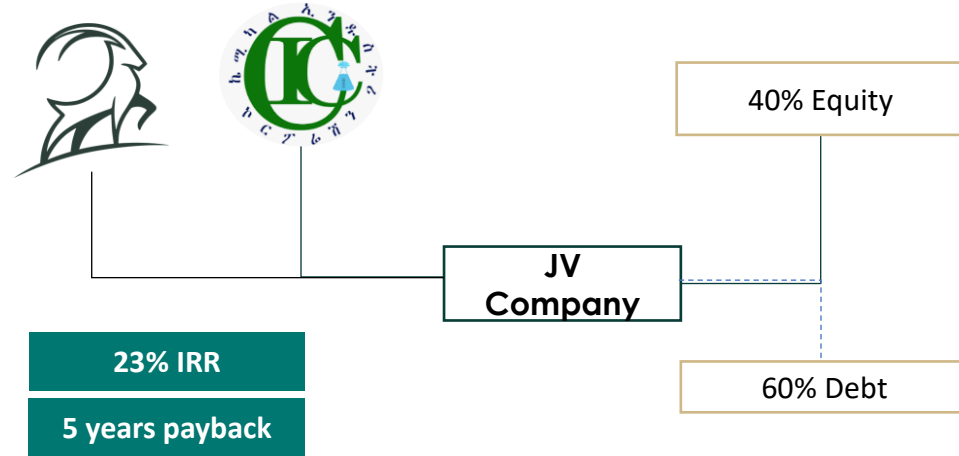
Rubber Plantation- SDG 13 (Climate Action)

- Rubber trees are known to have good climate mitigation impact by sequestering carbon
- Current method of rubber production utilises traditional methods that are not sustainable like using dry wood as an energy source. modern processing methods to be established would ensure no negative impact would arise. No chemical discharge or the use of renewable energy.

Structure of the Project - Finance and partnerships



Description	Investment Cost
Capital cost	
Infrastructure and Civil works	5,000,000
Machinery, Equipment, and Vehicles	2,500,000
Pre operating expense	250,000
Total Fixed cost	7,750,000
Working capital	
Working Capital	1,200,000
Total investment cost	8,950,000

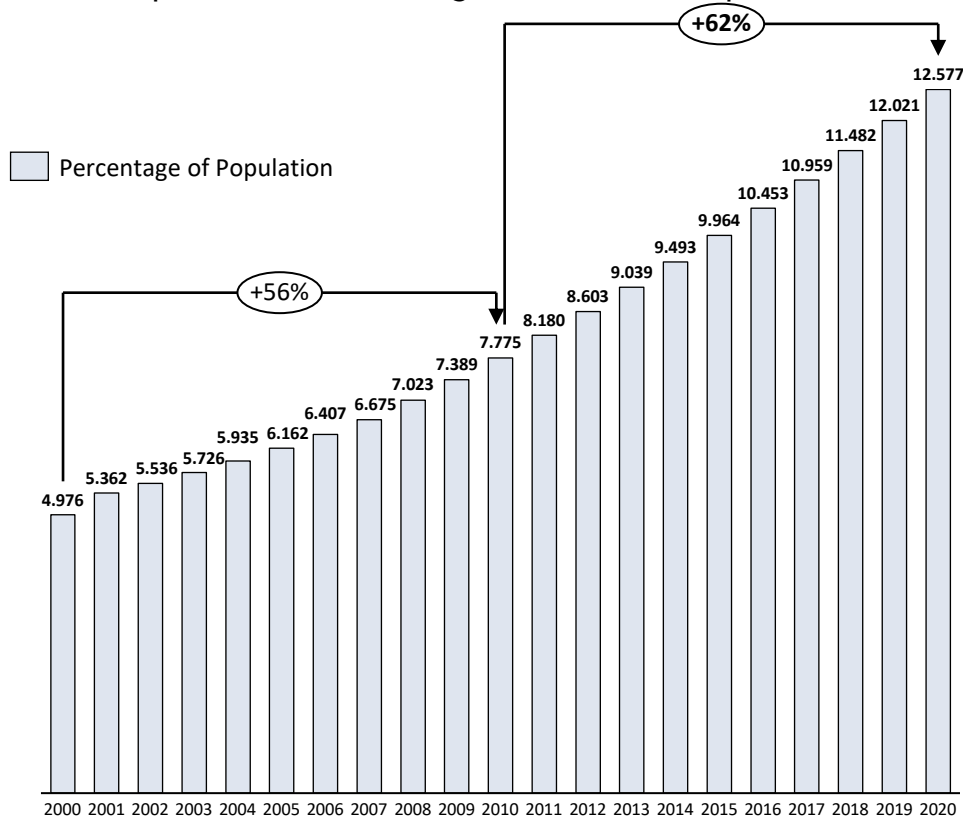


- EIH is looking for equity and debt finance for the project, and we are open to see potential partnership and structures
- Prefeasibility and feasibility has been conducted with positive financial returns, EIA and SIA needs updating but it has been conducted

Access to clean water is a strategic objective of the GoE and needs the required support infrastructure and input



YoY improvement in drinking water from an improved source



Key Risk Facing Access to Clean Water

- One of EIHs portfolio company (CIC) is engaged in the manufacturing of Aluminium Sulphate and Sulphuric acid and Hydrogen Per Oxide.
- Aluminium Sulphate is critical input for water purification and water treatment.
- This portfolio company (CIC) is the only domestic source that has this manufacture capability for Aluminium Sulphate
- The major customers for the Aluminium Sulphate are the municipality and Industrial park that use to purify water used for drinking and industrial purpose respectively
- The Current facility is outdated and needs rehabilitation as its has been more than 30 years in operation
- Both the municipality and Industrial Parks rely on import of Aluminium sulphate to compensate for lack of supply from CIC

Aluminium Sulphate Production facility



Project Location



Location

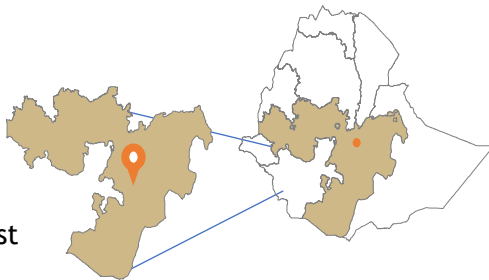
Lat.: 39° 19' 44" E

Lon.: 8° 25' 23.5" N



Region

Adama / Nazreth,
Ethiopia (107km east
of Addis Ababa)



Purpose of the Project

- Brownfield investment: Ensure current supply of Aluminium Sulphate is sustained,
- Production meets the rising demand for water purification
- Improve quality of the product so that its effectiveness can increase the purification of water
- Ensure the production process is inline with the best technology and standards of production
- Backward integrate with the production of Sulfuric acid which is a critical input for Aluminium Sulphate
- The successful rehabilitation for this project would open new opportunities in investing in kaolin and sulphur mining and processing, which can be considered at a later point

What makes the project Sustainable



1

Economic Opportunity - SDG 6 (Clean Water and Sanitation)

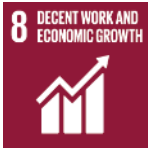
- Ensuring access to clean water is not disrupted and effectiveness is increased



2

Increased yields- SDG 9 (Industry, Innovation and Infrastructure)

- Sulphuric acid is an input for multiple medium scale and large scale industries and availing the supply of Sulphuric acid can support the growth of various industries
- Large export market for East African Countries



3

Economic Opportunity - SDG 8 (Economic Development)

- Creation of new employment for the plant and improved and safer working conditions for the current employees



4

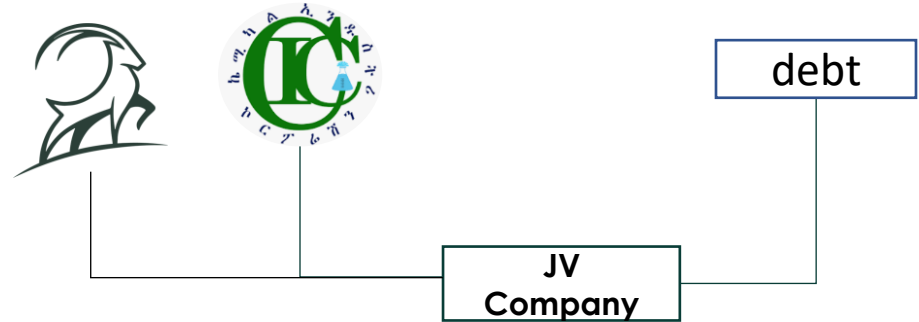
Reduced Emission- SDG 13 (Climate Action)

- Current plant does not meet the standard emission targets and the rehabilitation will help achieve 99% of emission targets

Structure of the Project - Finance and partnerships



Description	Investment Cost
Capital cost	
Rehabilitation of Machinery, Equipment	5,500,000
Vehicle and Other CAPEX	500,000
Total capital cost	6,000,000
Working capital	
Total Working Capital	1,250,000
Total investment cost	7,250,000



22% IRR

5 years payback

- EIH is looking for financing for the project (debt) and business development support (targeting export market). we are open to see potential partnership and structures
- Prefeasibility and feasibility has been conducted with positive financial returns, SIA needs updating but it has been conducted
- EIA needs to be conducted



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Thank You



Ethiopia also offers a comprehensive set of incentives in priority areas (including agro-processing), which comprise of:



Customs duty free privilege on capital goods and construction materials, and on spare parts whose value is not greater than 15% of the imported capital goods' total value.



Investors have the right to redeem/refund customs duty paid on inputs (raw materials and components) when buying capital goods or construction materials from local manufacturing industries.



Income tax exemption of up to 6 yrs. for manufacturing and agro-processing, and up to 9 yrs. for agricultural investment. Additional 2-4 yrs. for exporting investors located within IPs 10-15 yrs. exemption for IP developers.



Exporters can retain indefinitely 30% of their foreign exchange proceeds, but must sell the remaining 70% to commercial banks within four weeks. Foreign investors may repatriate all of their profits abroad.



Loss Carry Forward for half of the tax holiday period. Several export incentives, including Duty Draw-Back, Voucher, Bonded Factory, and Manufacturing Warehouse, and Export Credit Guarantee schemes.



The right to employ expatriate experts and management staff; there is also an exemption of 2 years corporate income tax for exporting companies of expat employees.