

# Prio Foods SGPS

Corporate Presentation

January 2011





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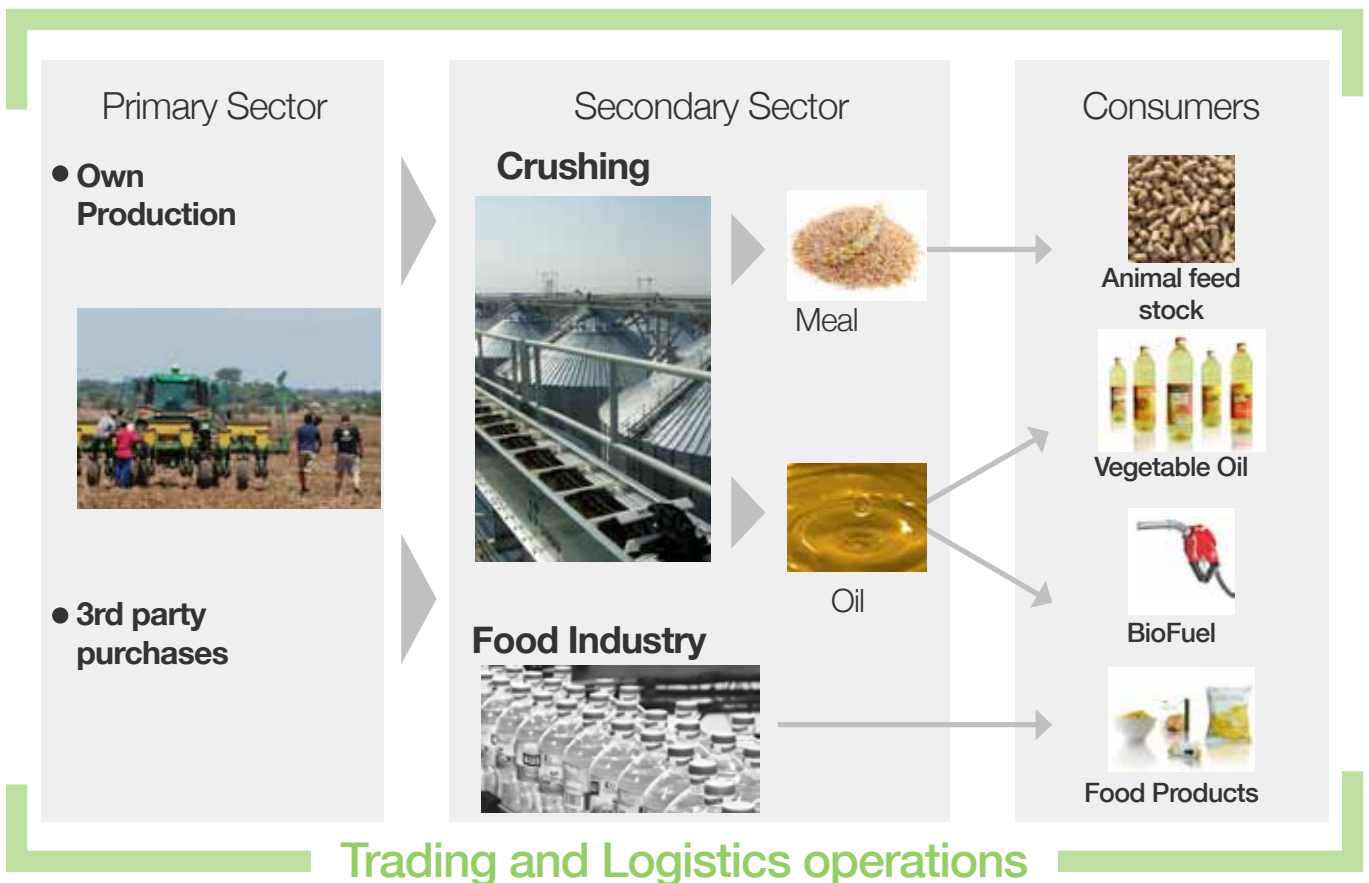


## Mission:

Developing an integrated and efficient supply chain of agro-food business, creating value for shareholders, employees and customers, with environmental and social responsibility.

# 1. Our business

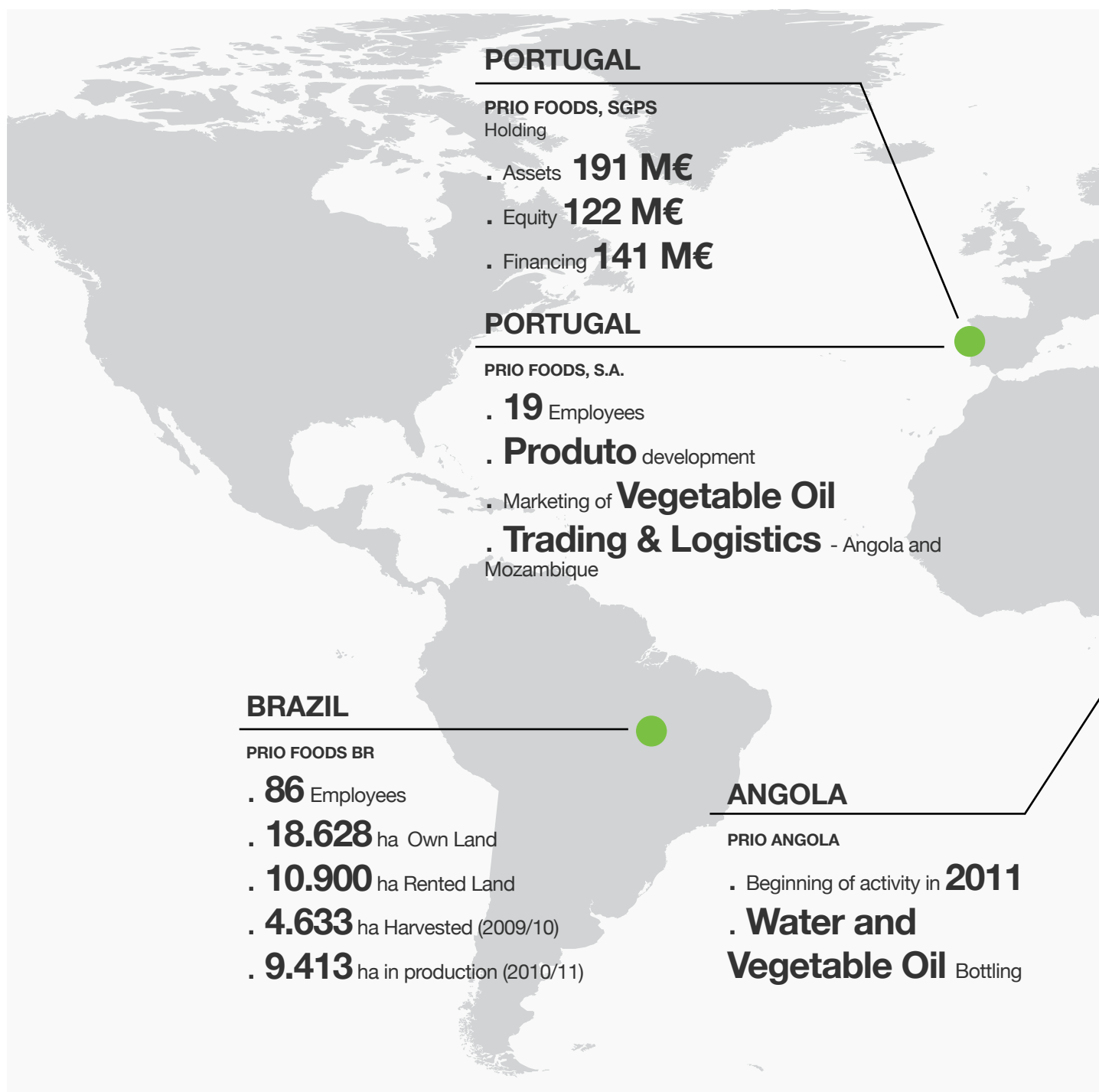
Developing an agro-food business by incorporating the full value chain, focusing on cereals and oilseeds.



## Vision:

Being a reference player in the agro-food market, focusing on cereals and oilseeds and incorporating the full value chain on a global scale.

## 1. Our Business - Portfolio



# We are in 3 Continents.

## ROMANIA

### PRIO AGRICULTURA SRL

- . **121** Employees
- . **25.244** ha controlled Land
- . **17.199** ha in production (2010/11)

### PRIO EXTRACTIE SRL

- . Beginning of operation in the end of **2010**
- . **35** Employees
- . Beginning of tests in Jan **2011**

### PRIO BIOCOMBUSTIBIL SRL

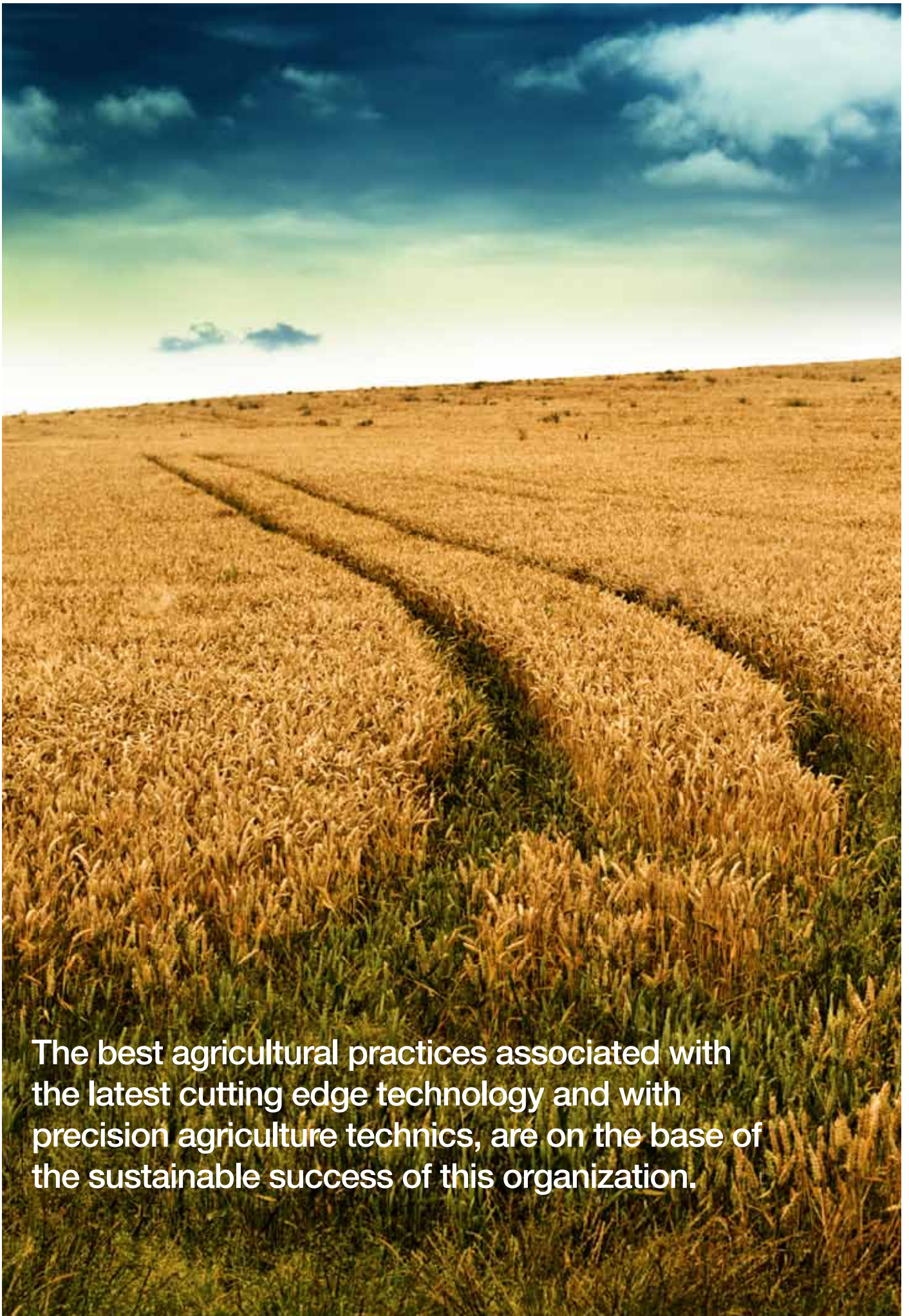
- . **36** Employees
- . Capacity of **100.000** tons per year for the production of **Biodiesel**

## MOZAMBIQUE

### PRIO FOODS MZ

- . **157** Employees
- . **24.234** ha Concessioned Land
- . **1.009** ha Rented Land
- . **1.808** ha Harvested (2009/10)
- . **3.000** ha in production (2010/11)





The best agricultural practices associated with the latest cutting edge technology and with precision agriculture technics, are on the base of the sustainable success of this organization.



## 2. Agriculture

The basis of the development of Prio Foods project is the farming activity, a primary activity that with the use of cutting-edge technologies becomes crucial in the supply of raw materials like oilseeds and cereals.



### Practice of Agriculture

- . Using the latest cutting edge technologies
- . Employs the best practices for the cultivation of agricultural land

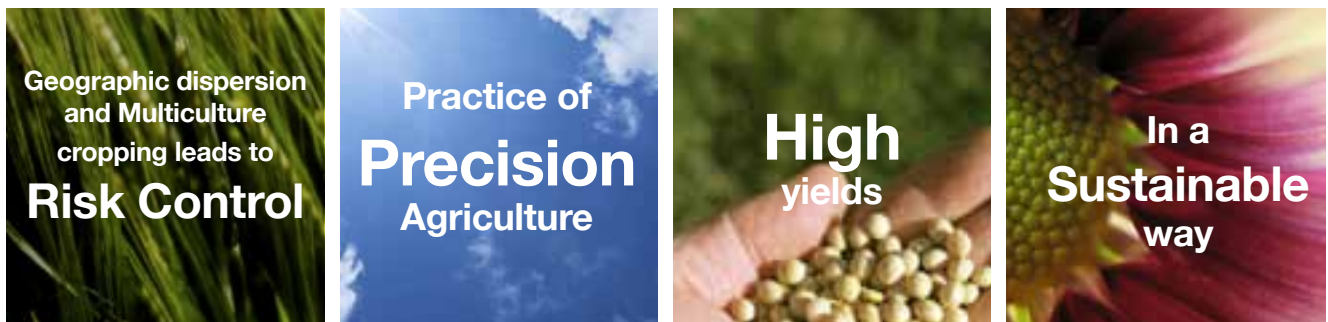
. Ensures operational excellence

. Farming sustainability

- . Ensures the raw material needed to manufacture the meals and Vegetable Oils processed for technical proposes or food.



## 2. Agriculture



### . Own Agricultural production

### . Promotion with Local Farmers

Allowing Local farmers to have access to the World market, assisting them in obtaining funding, thereby encouraging the development of local agriculture.

### . Mitigating the climatic risk

Geographical dispersion of the agricultural business :



ROMANIA



PORTUGAL



BRAZIL



MOZAMBIQUE

Multicultures:



Sunflower



Rapeseed



Corn



Barley



Wheat

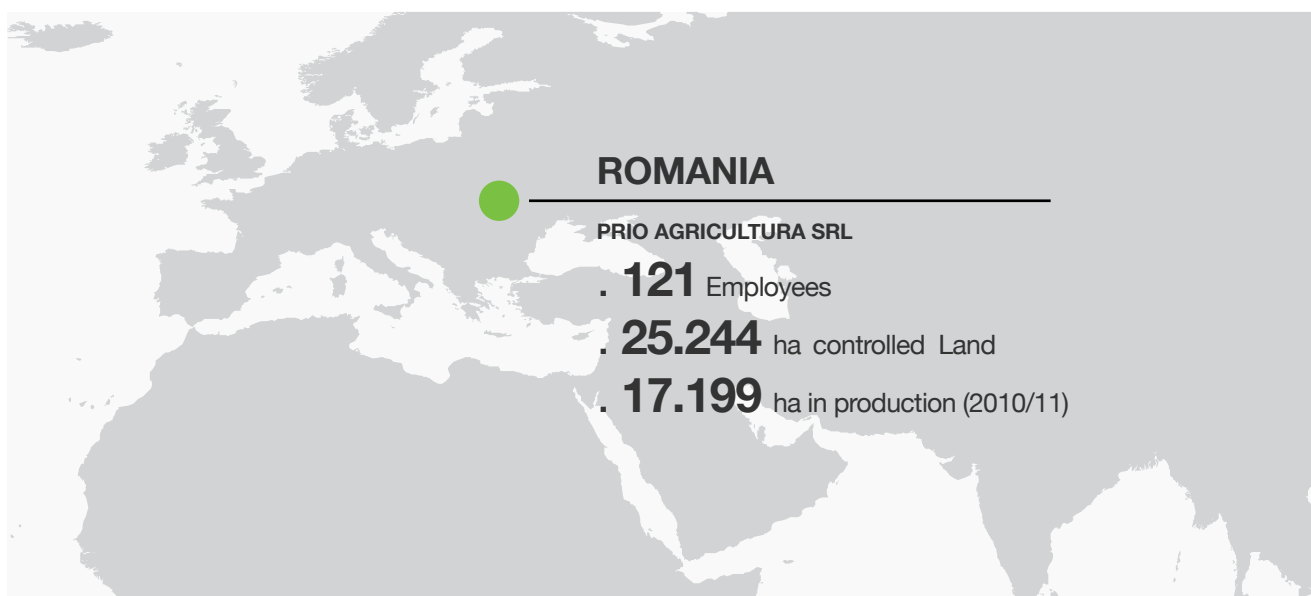


Soybean



Prio supports the development of **local populations** in countries where it has activity, through the production of products that **mitigate food shortages**.

# Romania



### 1. High agricultural potential.

**2.** It lies in a **strategic point for Europe**, within one major logistic corridor.

**3.** Serves as a **gateway to the East**.

**4.** Bridges with more distant markets , with great potential such as Asia.

**5.** Proximity to an **industrial cluster** that ensures the flow of agricultural production.

**6.** **European supports** to agriculture.

. Beginning of activity

**2005**

. **25.244** ha Total Surface

. **17.199** ha Land in production

. High

**Yields**

. Production of **Cereals and Oilseeds**:

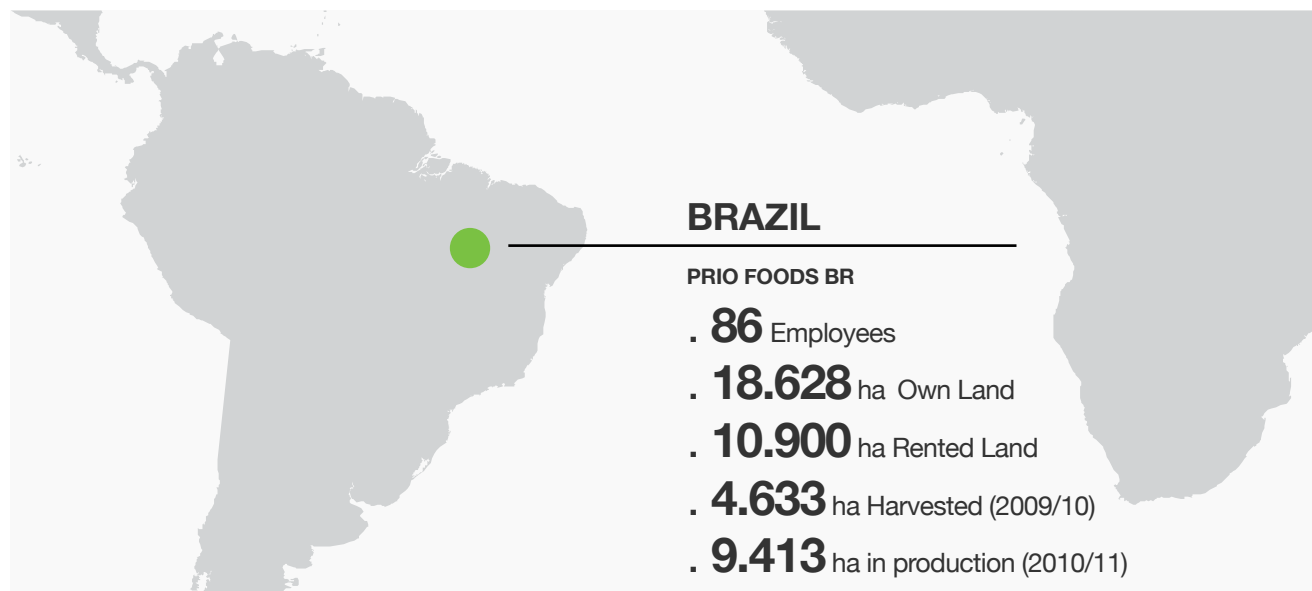
**Corn, Barley, Wheat, Sunflower and Rapeseed**

During the last 3 years Prio Specialized itself in:

- . High tech agricultural production.
- . Crops with higher economic return for the activity.
- . Multicrops that insure the mitigation of the climatic risk



# Brazil



- 1.** Prio's bet in Brazil aimed to **develop and diversify** the portfolio of crops.
- 2.** Farms Located in areas with high potential to the cultivation of **soybean**.
- 3.** Bet on **R & D** with a professional team that uses a research area of 100 ha, performing tests on cultures such has **rice, corn** and **peanuts**.
- 4.** **Development of niche markets**, such as Peanut, whose oil is highly valued in the world market.

- . Began activity in **2008** with the cultivation of the first **500** ha
- . **29.400** ha Total Surface
- . **9.923** ha in production, mostly with **Soybean**
- . In the next **5** will expand activity to **13.900** ha, to ensure the critical dimension
- . Production of a highly valued commodity in world markets:

## Soybean

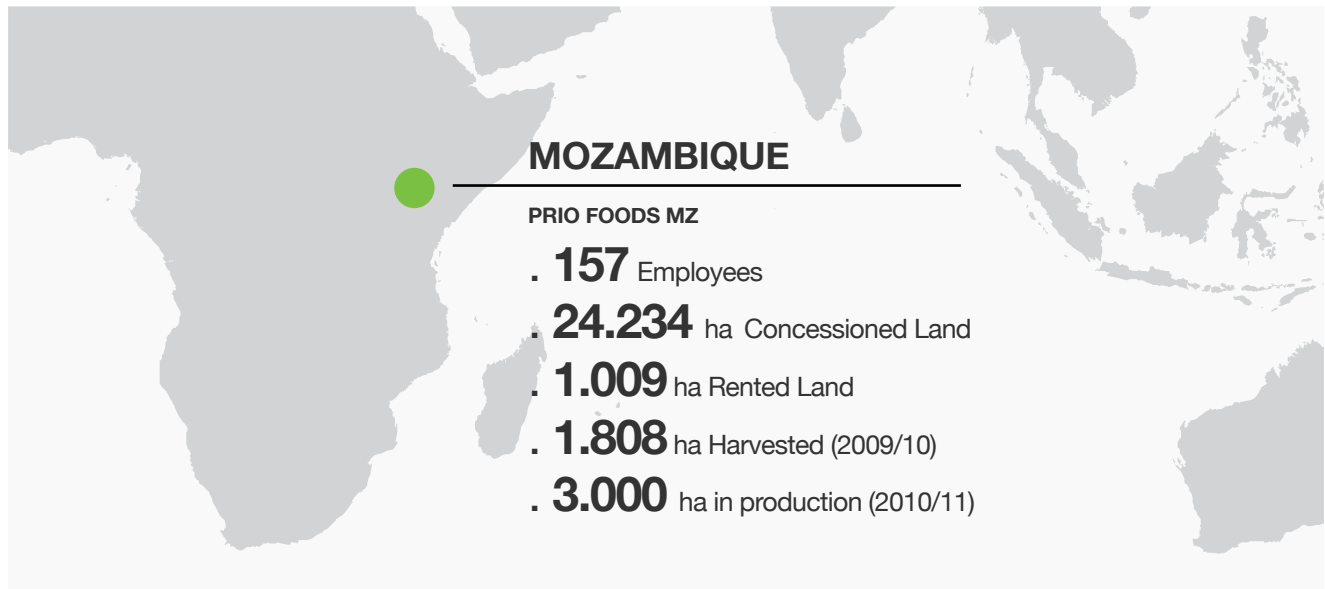
## Why Soybean?

Soy market booming worldwide.

Brazil has high expertise in the cultivation of soybean, with great technological mastery of this culture.

Brazil is the second largest producer and exporter of soy in the world and is projected to exceed the U.S. as early as 2015.

# Mozambique



1. Mozambique is a country in deficit of **cereal and oilseed crops**.
2. Reliance on imports to eliminate **food shortages**.
3. The **country grows only 10% of 36 million hectares** of arable land available.
4. Strong government incentive to **reduce external dependence** in terms of food.

### Agricultural activity

- . Own production :
  - Using cutting **edge technology**.
  - Practice of **Precision Agriculture**.
- . Supporting the **development of local agriculture** through programs of financing the farmers.
- . Establishing **Protocols with ONG's** to provide food and support to local inhabitants.

### . High Potential

- . Beginning of activity in **2008** with cultivation of the first **300** ha of **Sunflower**
  - . In **2011** growing **3.160** ha and crop diversification and the range of crops
  - . Over the next **5** years it will expand the local farmers activity
- Corn, Soybean and Peanut**
- . Production of **Cereals** and **Oilseeds**:
- Sunflower, Corn, Soybeans and Peanut**





## 3. Crushing

Prio, developing her activity with an integrated and global agro-food business perspective, decided to expand her activity into the vegetable oil industry, becoming a producer of meal and veg oil for industrial and food proposes.

### **Mission:**

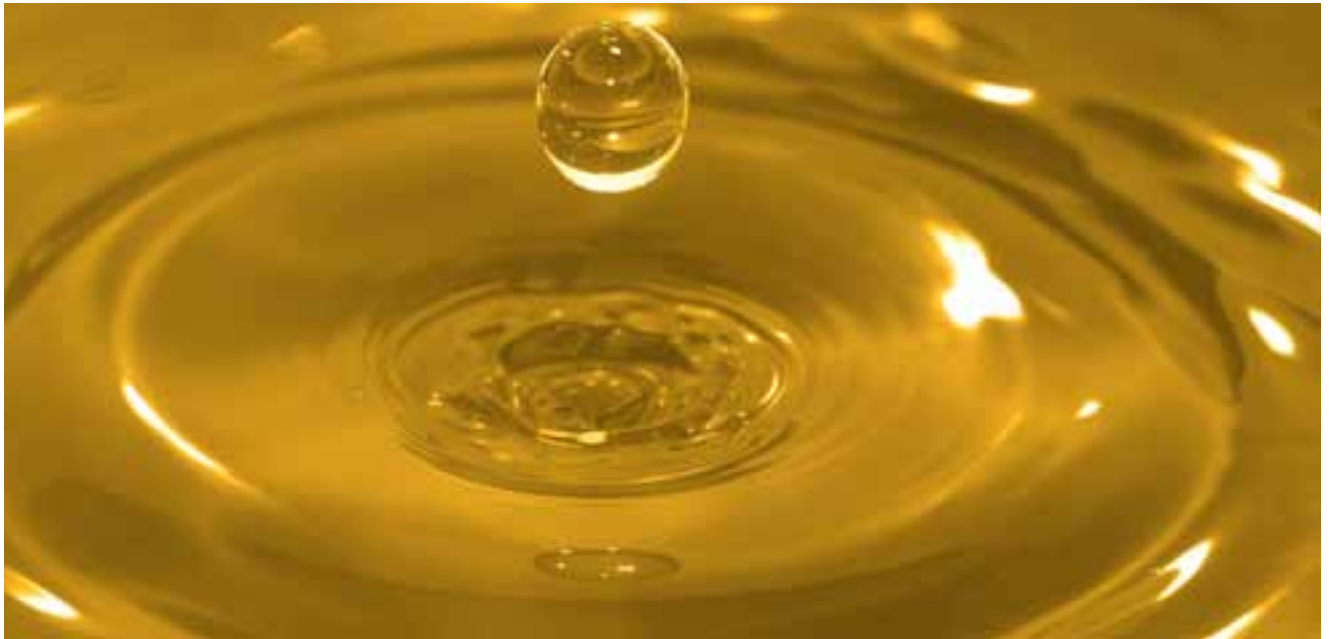
Produce products with high quality standards in a safe environment that provides the satisfaction of consumer needs, promoting sustainability and a fair return for shareholders and employees.



### **Vision:**

Be a reference player in the market of vegetable oil in Europe

### 3. Crushing



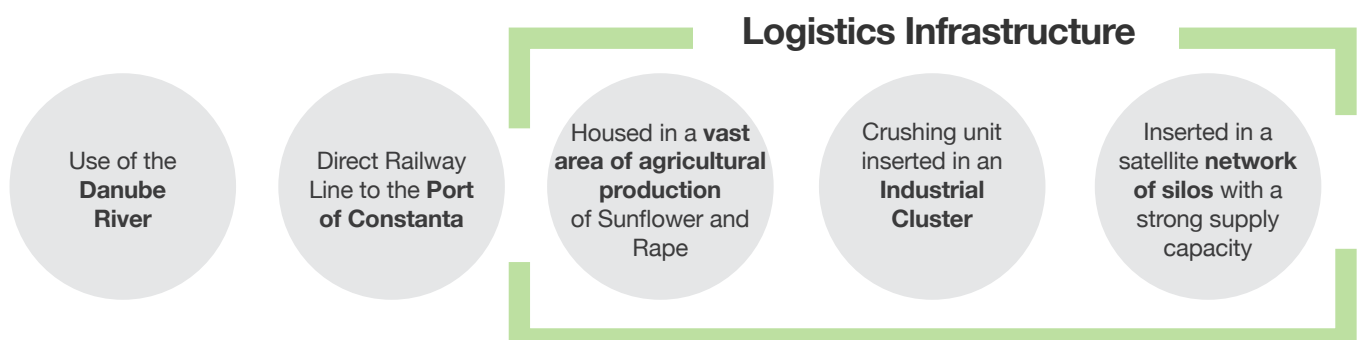
## Romania – Strategic Location.

. Efficient access for **commercializing** and **export**.

**Proximity**  
to Port  
Constanta

**Strategic  
Point** the  
logistics corridor  
for all of  
**Europe**

. Privileged location of the Crushing facility that allows easy access to the supply of commodities as well as to the distribution of the final product.



### 3. Crushing

#### Crushing Unit

**93M€**  
Investment



- Storage of commodities

**15 Vertical Silos** of  
**10.000** m<sup>3</sup> each



• The extractive Unit uses  
**Cutting Edge Technology**

• Extraction Process  
with **Chemical Solvent**

- Storage capacity for

**32.000** tons  
of **Meal**



- Production capacity

Oil **293.000** tons  
Meal **546.000** tons



• Capacity to process **1.800**  
tons of **Rapeseed** or  
**Sunflower Seed** and  
**800** tons of **Soy Beans**  
or **Rapeseed** on a daily  
basis



- Storage

**4 tanks** of  
**4.000** m<sup>3</sup> each  
+  
**4 tanks** of  
**1.000** m<sup>3</sup> each

**8.000** hours  
per year

**865.500** tons/year  
of Oil Seeds





## 4. Biofuels

The environmental issues related to climate change and the greenhouse effect, have long been part of the concern of world economies. The policy guidelines determine the encouragement of alternatives that reduce dependence on oil, with the ultimate aim of reducing the rate of CO<sub>2</sub> emissions.

### **Mission:**

Develop an efficient business strategy, creating value for shareholders, employees and customers, with environmental and social responsibility.



### **Vision:**

Being an important european biodiesel producer.

## 4. Biofuels

### Biodiesel – Energy for the Future

Investment in productive unit as a result of:

**1. Growing demand for green fuels** in the European Union.

Growing  
**Environmental**  
Concern

**2. Exploiting synergies resulting from the Agro Industrial Cluster** already developed by Prio Romania.

**Agricultural**  
Production

**Crushing**  
Unit



#### Prio biofuels in Romania:

- 1. was one of the first** units of biodiesel production in the country.
- 2. Created lasting business relationships** with customers.



## 4. Biofuels

**2005**

Beginning of the Biodiesel  
Plant construction in  
Romania

**2007**

Start of  
production

Production capacity of

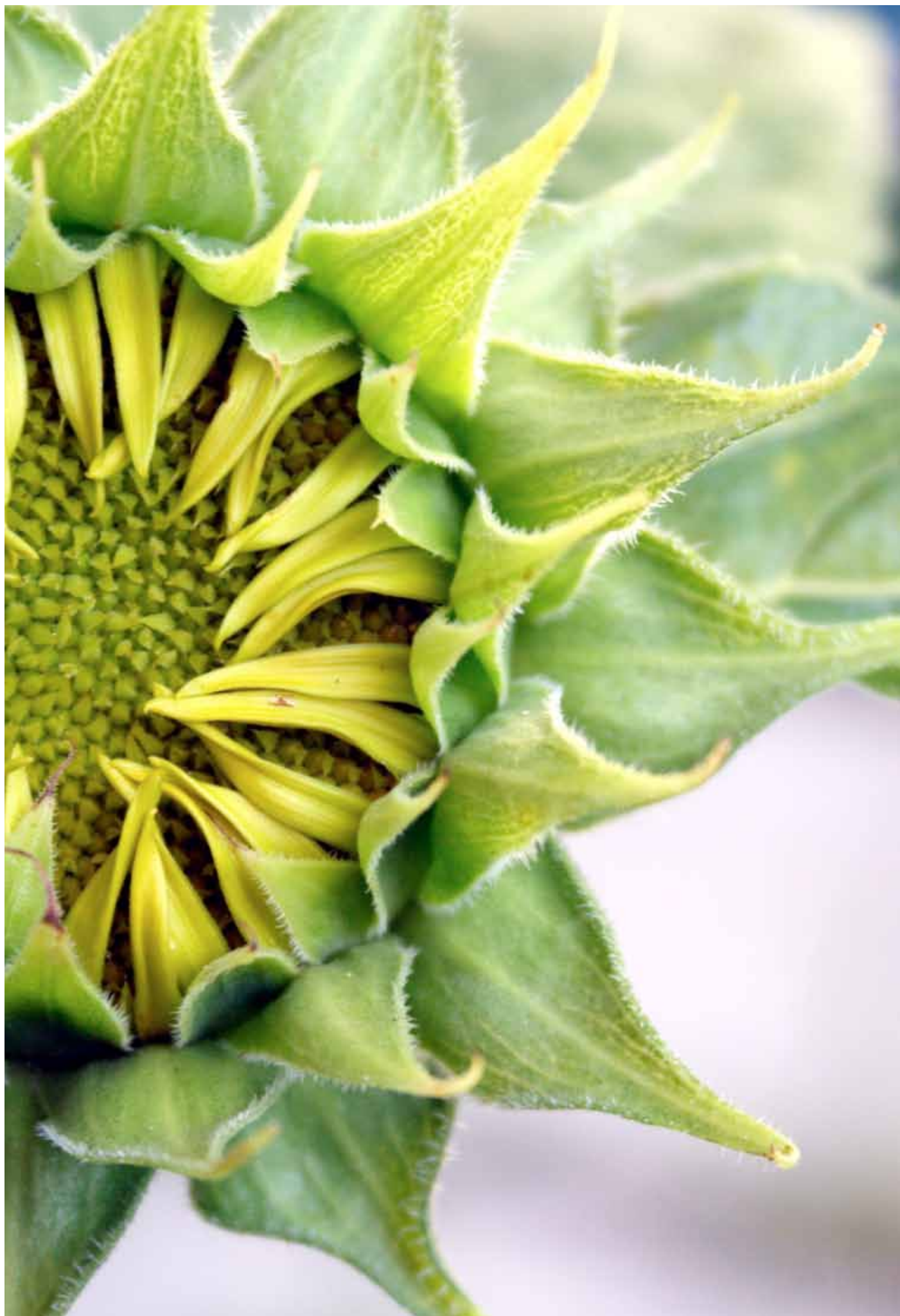
**100.000**

tons  
per year of biodiesel



**60.000**

tons  
Sales in  
2011



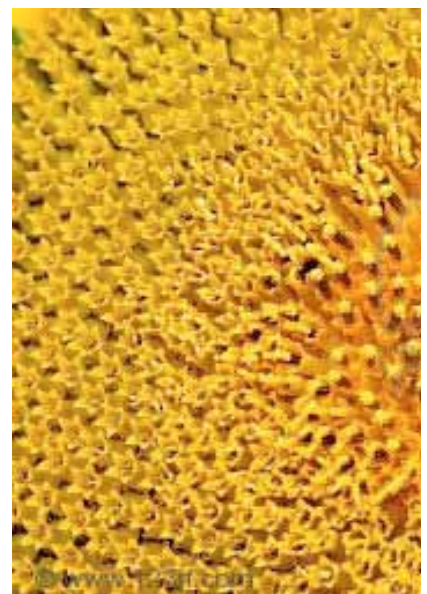


# 5. Marketing of Vegetable Oil

Prio, having a strategy of becoming one important player in the Agrofood sector, invested on developing a chain of products that allow the company to address the final consumer.

## Mission:

Develop distribution chains and efficient management, creating value for shareholders, employees and customers, with environmental and social responsibility.

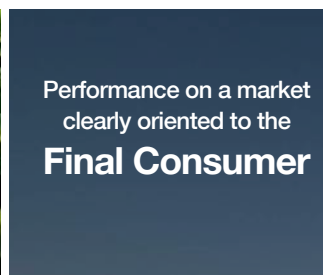


## Vision:

Hold a position visible and relevant in the Portuguese Agro-food Market.



## 5. Marketing of Veg Oil



**. Buys**  
**Sunflower** from domestic producers

▪ Tool parts  
**Crushing** and **Refining** capacities for **Vegetable Oil**

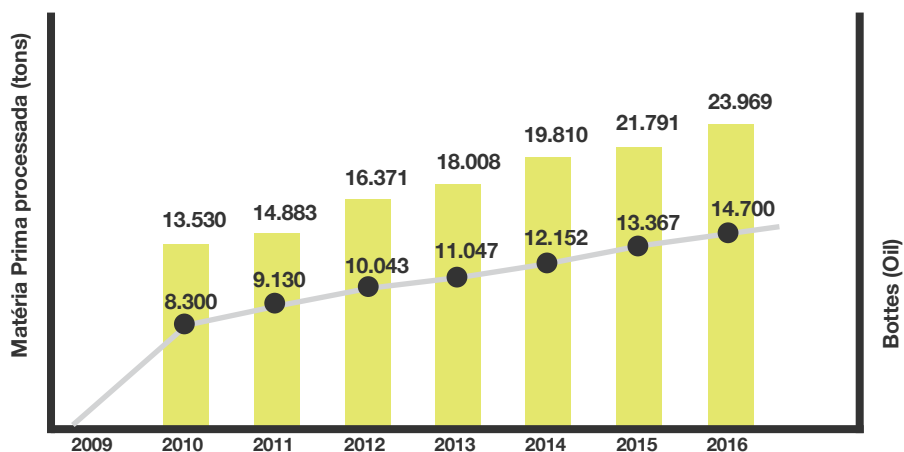
**. Extracção e Refinação** de Óleos Vegetais

**. Sells** Veg oils to retailers

1. Activity supported by strategic partnerships with companies that are recognized in the market.



2. Management of the supply chain from manufacturer to the retailer.



## 5. Marketing of Veg Oil

Guarantees the supply of commodities for the production of Oil Food

### Campaign fundraising Sunflower + "Sunflower Production" by national farmers.



In **2010**  
Program Sunflower + with  
**1.600**  
Portuguese farmers for the  
production of  
**Sunflower**

Buy  
**8.000** tons  
of Sunflower Seed

**300**  
farmers in  
exclusivity regime



### Sunflower + Program

- 1.** Partners with Syngenta for the supplying of seeds to the farmers.
- 2.** Guarantees the payment at the end of the campaign with crops.



## Mission:

Connecting producers and consumers of agricultural commodities, ensuring the creation of value for shareholders, employees and customers.



# 6. Trading & Logistics

Maximize the assets owned by Prio in order to capture the full value of the value chain, from the farmer, to the end consumer.

**. Buying** Commodities

Sunflower, Corn, Wheat,  
Soybean, Rapeseed, Barley ...

**. Storing** cereals and oilseeds in order to sustain a policy of regular supplies throughout the season

BRAZIL  
1 Silo with the capacity of  
**30.000** tons of **Soybean**

ROMANIA  
1 Silo with **15** cells with the capacity of  
**10.000** m3 each (150 000m3)

MOZAMBIQUE  
Construction of silos with a capacity of  
**8.000** tons

**. Transporting** bulk agricultural commodities, veg oils and meals to the final consumer

By Sea, Rail  
and Road

**. Trading** Biofuels Hedging the activity, locking in margins

Using OTC's , Future and options  
**Operations**



## 7. New Projects

With the purpose of maximizing the full value of the agro-food value chain, Prio is developing new projects related to Trading & Logistics in Brazil, and to Food Products.

### Trading & Logistics Brazil



### Food Products





## 7. New Projects - Trading & Logistics Brazil

### Logistics Network



#### Trading & Logistics Operation

**400.000**  
tons / year

#### Storage

Maranhão

**30.000** tons / year

Piauí

**60.000** tons / year

Port of Pecém

**60.000** tons / year

#### Soybean Oil Crushing Unit

Port of Pecém **250.000**  
tons / year

## 7. New Projects - Trading & Logistics Brazil



### Piauí

Production of **1 Million** tons of **Seeds**

Production Area **1,1 Thousand** ha

Production of **868.000** tons of **Soybean**

**Soybean** production growth of **13%** and **25,6%** of production land when compared to the 2008/09 harvest

### Oportunities

**Precarious** Road Network

**Inexistent** Rail Network

Lack of Logistic infra-structures

**Precarious** storage and flowing capacity

**Dificulty** to transport to Internal and Global Markets (exportation)

1. Guarantee the **storage capacity** (150.000 tons/year) which allows to cover the domestic market, and an efficient access to the exportation market.
2. Developing startegic partnerships of **transportation and logistics** of seeds from Piauí to the Port of Pecém and Itaquí (Transnordestina).
3. Partnerships with international transporters to guarantee the flow of seeds into the **external market**.
4. **Added value products** - Soybean Oil Production, made essentially to the exportation market and Soybean Meal to the internal cattle production market.
5. **Risk management** through activity hedging, negotiating the best price opportunities in both local and international Stock markets on a global scale.

## 7. New Projects - Food Products



**10 M€**  
Total investment

. Creation of a  
**Manufacturing Unit** for own  
production

. Development of a  
**Distribution Logistics  
Network**





## 7. New Projects - Food Products

- . Soybean based milk and juices
- . Cookies and biscuits
- . Desserts
- . Ultra frozen meals



### Soybean Products Market

#### Portugal 2009

Sales = **29 M€**

Amount sold = **13 M Litros**

Growth value = **12%**

Milk and derivatives segment = **76%** of  
Soybean Market

#### Spain 2009

Sales = **165 M€**

Amount sold = **127 M Litros**

Growth value (2006-2010) = **59%**

Milk and derivatives segment = **80%** of  
Soybean Market



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