

MANUFACTURING AFRICA – KENYA



Manufacturing Africa aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO).

AGRI-PROCESSING DEAL SUPPORT – GLACIER

Expanding chocolate production to support local farmers and substitute imports

Incorporated in 1979, Glacier Products Ltd is an ice-cream and chocolate producer renowned for its Dairyland brand. It is the sole chocolate producer in East Africa. Based in Nairobi, Glacier has experienced strong growth over the years and is a common household name in Kenya, Tanzania, Uganda, South Sudan, Ethiopia and Rwanda.

THE CHALLENGE

Glacier was seeking to raise \$6 million to buy new machinery to diversify into the yogurt space and expand its chocolate-making facilities. Access to this capital would promote local economic activity, enable Glacier to achieve high growth returns and create new jobs.



50

Direct jobs



500

Indirect jobs

OUR SUPPORT

Manufacturing Africa helped Glacier to raise capital by:

- Undertaking a high-level review of the Information Memorandum to identify areas of particular interest to potential investors and enhance the information, e.g., strategy, market potential, governance and procedures;
- Supporting investor outreach efforts and introducing potential investors that were highly likely to invest;
- Guiding shareholders through the transaction documentation process, including the share purchase and subscription and shareholder agreements.

IMPACT

In December 2020, Glacier secured funding from Exeo Capital's AgriVie, a South African- based private equity fund. Glacier's expansion has the potential to:

- **Create jobs:** 50 direct and 500 indirect jobs
- **Promote farmer welfare.** Glacier procures their milk from local farmers at stable, fair prices. Its high value add on milk and stable selling price lowers price volatility for farmers, boosts their cash flows and lowers price and market risks.
- **Enable import substitution.** Expansion of the chocolate facility will increase the quantity of locally manufactured multi-use chocolate and reduce the market need for imported chocolate.
- **Women employment:** Glacier's top management is 40% women and it intends to maintain this ratio as the company continues to expand.



40%

Women in top
management

LESSONS LEARNED

Communicate regularly with key stakeholders.

It was challenging to structure the deal during the uncertainty caused by the COVID-19 pandemic, as fluctuating market performance resulted in unfavourable valuation adjustments, which led to mismatching of expectations and delays or risk of project failure. Manufacturing Africa advised the promoters on the impact of the market performance to push the transaction forward despite timeline delays.



Seated left to right: Paul Nguru (Exeo Capital), and Sunil Shah (Glacier Products Limited)
Standing left to right: Karan Shah (Exeo Capital), and Minesh Shah (Glacier Products Limited)

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