



cultivating  
change  
to stimulate  
growth.



# COMPANY BACKGROUND

- IL MOLINO is situated in Johannesburg South, within close proximity to the Johannesburg CBD.
- IL MOLINO is the **ONLY** non-white small scale **wheat** miller in the country. It was founded in 2006 with humble beginnings has overcome various difficulties of a mill start-up in anti-competitive environment dominated by the big millers to increase production from 500 metric ton per month to currently processing 2,500 metric ton per month of wheat.
- Due to its positional advantage has thrived on delivering to small bakeries, confectioners and biscuit factories within a 60km radius.
- IL MOLINO has grown from a staff compliment of 10 in 2006 to 55 this year.



# MILL PICTURES





# The BAKER'S DREAM brand



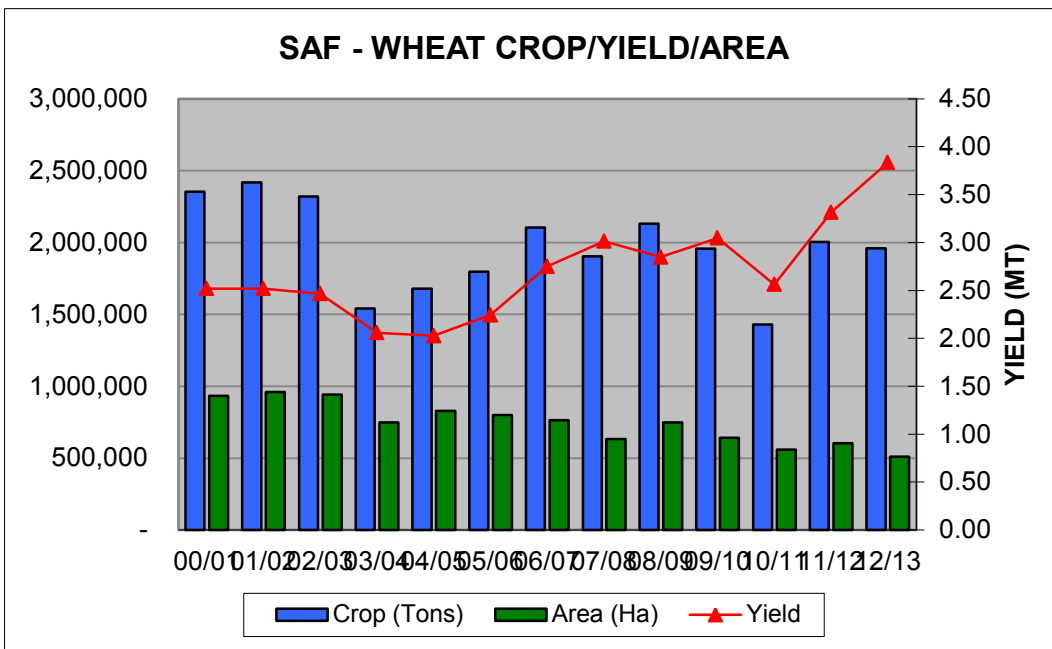
  
il molino  
SPECIALITY GRAINS



# TRUCK BRANDING



# SOUTH AFRICA WHEAT MARKET



- **Storage of this grain controlled by certain market players.**
- **Farmers now protected by duties to encourage planting but driving the price of flour up but still no increase in production.**

- **South Africa consumes in excess of 3mmt of wheat per annum.**
- **Local production is declining every year and today provides for about 40% of total demand.**
- **Imports of wheat in South Africa on the rise.**
- **Main production regions in the Cape and Freestate.**



# WHEAT MILLING SECTOR

- Milling sector dominated largely by 4 main players: Tiger, Pioneer, Premier, Foodcorp.
- Barriers to entry extremely high given economies of scale and long term establishment by larger players.
- Mid to small scale milling sector very small and threatened by large dominant mills aggressive pricing strategies.
- There is a need for more competition and growth among smaller millers to bridge the gap between the large and small scale sector.
- In order to compete, need strong milling knowledge and presence as well as strong supply partners
- The above provide opportunities and hence the reason for IPAP but also lay the framework for many challenges in the industry.



# CHALLENGES

- Price fixing and price targeting in certain areas. Bigger millers can average, smaller millers can not.
- Access to world-class machinery comes at a price. Bigger mills have this advantage of access to capital. Quality, pack weights and forms.
- Grain Storage and Procurement
- **Access to working capital. IDC DD? Banks? Competition Council fine money? Bond everything.**
- Skill shortages. Opportunity in Milling School.
- Sales are not an issue (BEE as well) but because of the above there is bottleneck.
- Time to put deals together, banks not convinced with financing – specialised assets/silos, security/colateral
- We want to create jobs but ...



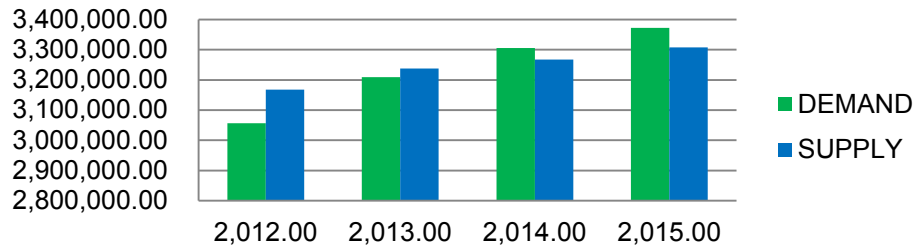


# OPPORTUNITIES – MILLERS and OTHER STAKEHOLDERS

- Speciality Flours being imported.
- A Fund for the upliftment of small millers? Distress funds dedicated.
- Milling School – together with which Stakeholders? Clear strategy is required.
- Working Capital Workshops or cells within banks dedicated to small scale milling
- Better incentive scheme dedicated to milling machinery – 25% to 30% not enough. Thus far the DTI have committed well but can we do more?
- How else can small millers gain access to world class machinery?
  - Cluster MCEP but what is the way forward, 5 members?
- Down stream integration help like the big millers? Access to new products?
- Farmers incentive to supply small millers or to grow for small millers?
- Assistance with Marketing Budgets...



## Wheat Consumptive Demand vs Milling Capacity



“WE ARE GROWING”

## THE FUTURE

- The demand for wheat flour in South Africa is only growing and forecasts are for it to continue to grow over the next 5 years.
- The threat of the 4 major players increasing capacity and growing even bigger is imminent and the need for small scale millers to begin to growth and supply the ever increasing demand is at hand.
- The market needs more competition to allow the best priced flour to be available to consumers.
- Growth continues mainly at urban centres and regions.
- **To keep fighting, to keep growing and keep feeding our people!**



# CONTACT DETAILS

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