

$$\frac{M}{S}$$

# McGill StLaurent

*The future of perpetual motion*

SMURFIT CONSULTING

GEAROID O BRIAIN – MARIA BARRY – RUTH LALOR – ANDREW GEBELIN

# The Goal

- Attain a gross margin of \$50M by 2020
  - EBITDA of \$17-18M by 2020
- Build a 100 year responsible and sustainable company

# Recommendations

3

## 2020

Chinese Joint Venture - Wood

Focus on Biofuel & Renewables  
supply chain

Expand energy trading to  
Europe & LATAM

## 2030

Expand AI capabilities to wood  
business/ other commodities

Deploy supply chain logistics for  
renewables

Build and licence B2B energy  
trading platform

# Agenda

4



What

Why

How

# Analysis

Maria Barry

## Mission

Build,  
feed  
and  
power  
the  
planet

## Vision

To develop a  
world-class  
trading  
company,  
fuelled by the  
best  
entrepreneurial  
and creative  
minds

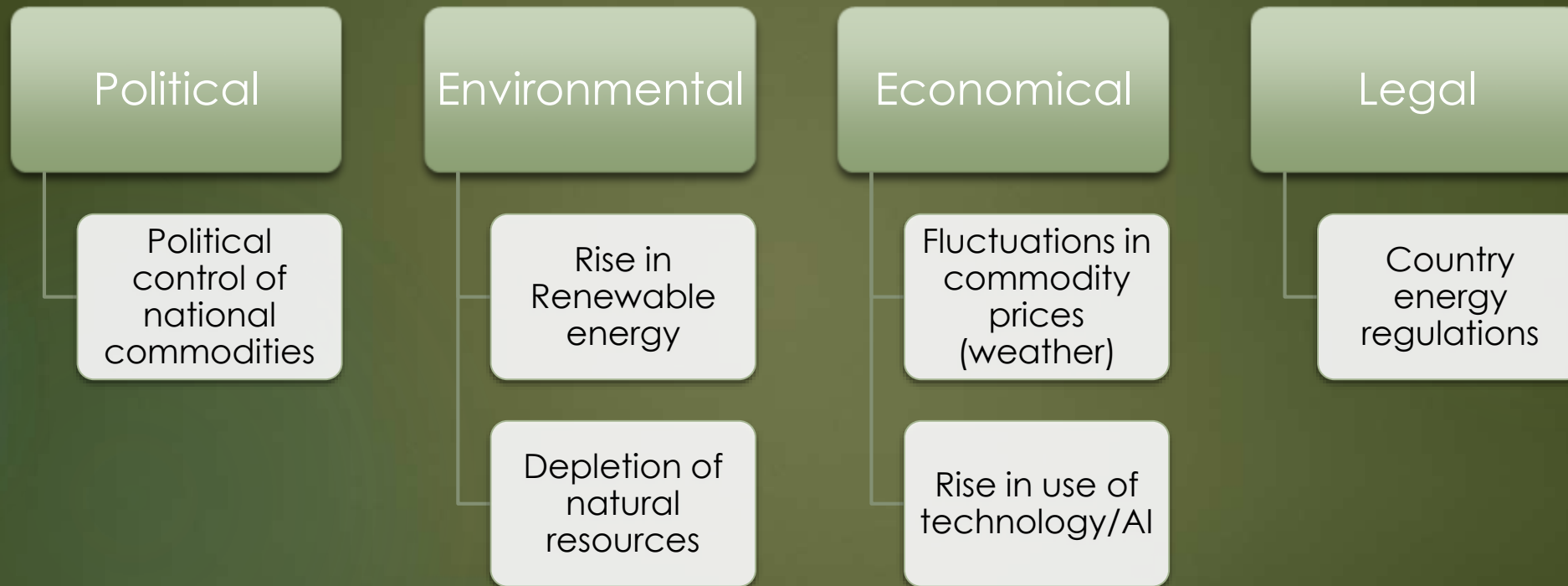
## Values

We are  
entrepreneurial

We are  
professional

We are  
committed

# EXTERNAL ANALYSIS



Multiple challenges

# INTERNAL ANALYSIS – COMPETENCIES



On-time and on-price commodity delivery (Key Success Factor) - Supply Chain Management

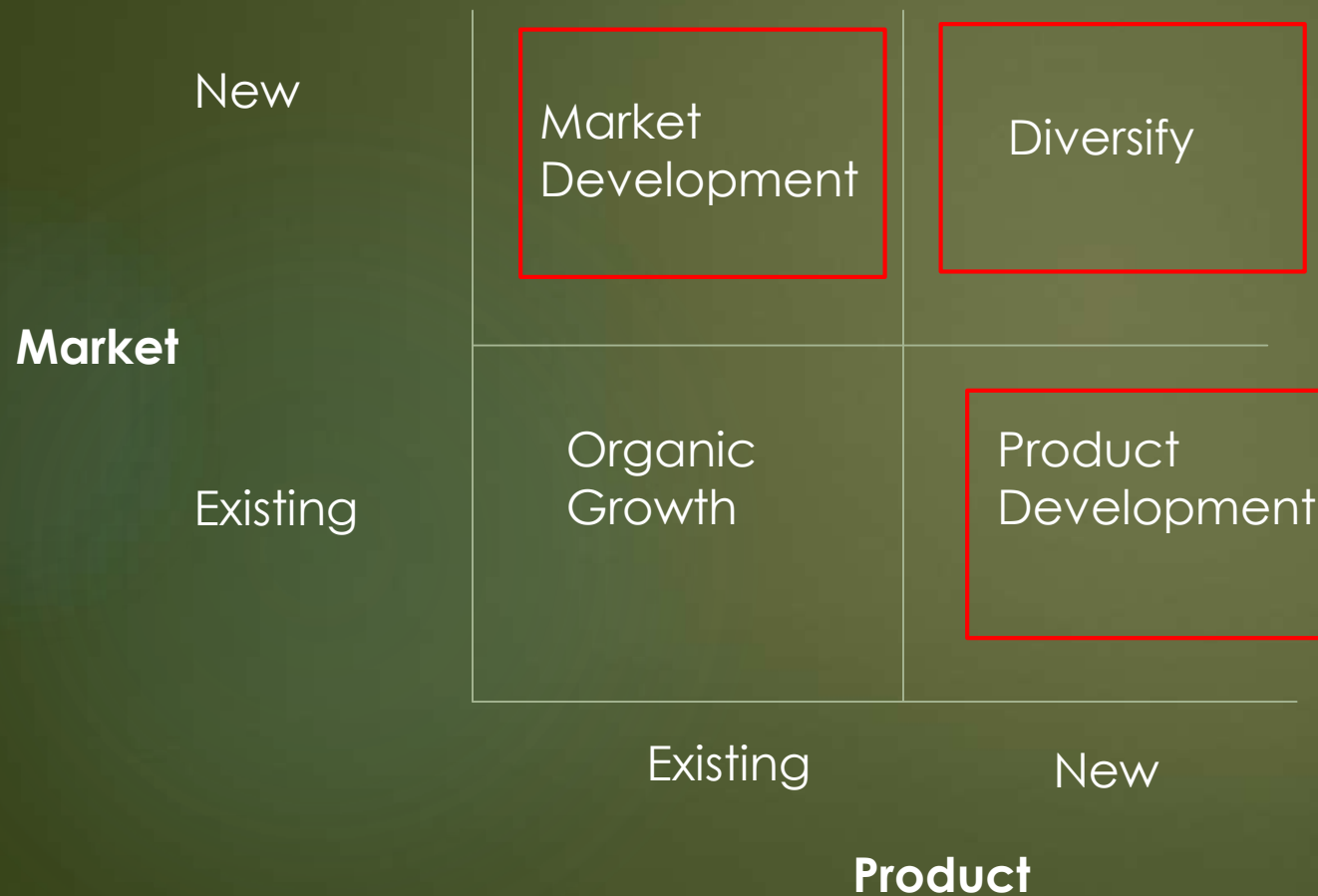
Procurement and handling of feed ingredients

People Management and relationship building

People and supply chain management



# ANALYSIS – FUTURE GROWTH OPTIONS



1. Market Development:  
Joint venture in China

2. Product Development: Supply chain for renewables (solar wind)

3. Diversify  
Expansion of energy trading in LATAM and Europe

# ANALYSIS – STRATEGY DEVELOPMENT

- Commodities (Wood, Energy, Grain)
- Technology
- Americas, Europe and China

- Short-term (to 2020)
- Long-term (to 2030)



- Joint venture and debt for 2020
- Private placement for 2030

- Customer Relationships and AI

Strong position for growth

# Recommendations & alternatives

Ruth Lalor

# Recommendations & Alternatives

12

	Commodity diversification	Regional Diversification	Vertical Integration	Organic Growth	Divest & Reinvest	Disrupt value chain with tech
Risk	Green	Orange	Orange	Green	Red	Green
Competence	Green	Orange	Orange	Green	Orange	Orange
Vision	Green	Green	Orange	Green	Red	Green
Complexity	Green	Orange	Red	Green	Red	Red
Growth Potential	Orange	Green	Orange	Red	Orange	Green

# 2020 Recommendations & Implementation

Ruth Lalor

# 2020 Recommendations

14



Regional Diversification: Chinese Joint Venture - Wood

Commodity Diversification & vertical integration: Focus on biofuel and renewables supply chain

Regional Diversification: Expand energy trading in Europe & LATAM

Leverage core competence

# 2020 Implementation

15

## Joint Venture

Partner with local wholesaler

Establish Hong Kong Office

Leverage Northern European suppliers

Cost: \$10M

## Biofuels & Renewables

Partner with university energy researchers

Leverage established energy contacts to develop supply chain solution

Cost: \$2M/ year

## Expand Energy Trading

Establish Offices in Germany & Mexico

Apply AI technology to Europe & LATAM

Cost: \$0.8M

Expand now – building for future

# FINANCIALS – PROJECTED GROWTH



## Assumptions:

- Grain gross profit to double each year
- Energy gross profit to increase by 100% in 2018, by 50% in 2019 and 2020
- Wood gross profit to increase by 33% in 2018, double in 2019 and increase by 50% in 2020

Reach 2020 targets



# 2030 Recommendations & Implementation

Andrew Gebelin

# 2030 Recommendations

18



Expand AI capabilities to wood business/  
other commodities

Develop supply chain logistics for  
renewables

Build and licence B2B energy trading  
platform

Leverage technology to build a 100 year company

# 2030 Implementation of AI

19

## By 2025

Hire 5 new staff members to focus on AI capabilities for supply chain logistics (\$500,000)

## By 2030

Automate 50% of logistics

Slow hiring rate by 50% while growing business

Support further global expansion with AI

Scale existing commodities business

# 2030 Implementation of Renewable SC

## By 2022

Raise \$20M in  
funding through  
private  
placements for  
launch

## By 2025

Launch end-to-  
end delivery for  
renewables

# 2030 Implementation of B2B Platform

21

## By 2022

Acquire start-up trading (fintech)  
platform (1\$M)

Use AI to refine

## By 2024

Move 80% energy trading to online  
platform

Connect B2B platform uses directly

Licence usage as 3% of transaction  
fees

Initially launch only in Canada & US

## By 2030

Expand to relevant global markets

Expand to trade execution for  
other commodities

Next generation B2B

# Risks & Mitigants

22

## Risks

- Technology development fails
- New entrant disruption
- Chinese business fails
- Renewable energy flops

## Mitigants

- Technology can be sold
- R&D now protects against disruption
- Chinese business risk shared
- Maintain diversified business



Risk is appropriate for potential reward

# The way forward

# Questions

Smurfit Consulting