



# Business Plan Oil Company

Edible Oil Packaging & Distribution

## Business Plan Sample

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# Company Overview

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Power Oil is a dynamic and forward-thinking enterprise that is dedicated to revolutionise the edible oil market in the UAE and beyond. Our mission is to establish a state-of-the-art packing unit in the UAE, where we will import high-quality sunflower and palm oil via flexitank and package them locally for distribution. We will leverage our strategic partnerships with suppliers from Russia, Ukraine, Indonesia, and Malaysia to ensure a steady supply of premium oil. In this way, we will meet the demands of our diverse customer base in the local market, GCC, and Africa.

## What is Your Mission?

Our vision is to become a leading player in the edible oil industry.

We will do so by achieving our short-term goal of selling 1500-2000 MT of oil per month and by expanding our operations to include a full-fledged refinery in the UAE. This expansion will allow us to produce refined oil and further enhance our product offerings and increase our market share.

## What are our Products and Services?

We specialise in packaging and distributing high-quality sunflower and palm oil. Our products will meet the needs of various segments, including hypermarkets, supermarkets, restaurants, HORECA traders, and labor camps in the local market, as well as traders and end-users in the export markets.

## What is our Unique Selling Point?

Our USP is our commitment to quality, competitive pricing, and exceptional service.

We significantly reduce costs by importing crude oil and packaging it locally, due to which we will offer competitive prices without compromising on quality. Our dedication to timely deliveries and customer satisfaction sets us apart from local importers such as ADVOC, IFFCO, VITAL, United Foods, and Mumin Oil Factory.

We are on the verge of a significant expansion and are looking for an investment of 1 million dirhams to bring our vision to life. With the anticipation of 85 million dirhams as our annual revenue, we are excited to offer investors an appealing return on investment, with profit shares ranging from 5 to 10% per year.

We invite you to join us in revolutionizing the edible oil market and benefit from the vast opportunities that lie ahead.

# Executive Summary

02

Power Oil is set to revolutionize the edible oil market in the UAE by providing high-quality, competitively priced sunflower and palm oils.

## Opportunity

The need for affordable, high-quality edible oils in the GCC and African markets.

## Solution

Local packaging of imported crude oil reduces costs and ensures quality

## Market Focus

Targeting hypermarkets, supermarkets, restaurants, and HORECA traders in the UAE, GCC, and Africa.

## Expected Returns

Achieve sales of 1500-2000 MT per month, reaching AED 124 million revenue and AED 16 million net income by Year 5.

## Mission

To offer premium edible oils at competitive prices with exceptional service.

## Competitive Advantage

Cost efficiency, strategic location, and superior service

## Ownership

Cost efficiency, strategic location, and superior service

## Investor's Share:

5-10% profit share per year to investors.

### BREAKEVEN POINT

680,000 litres

### FIXED COSTS

AED 10,200,000



# Customer Analysis

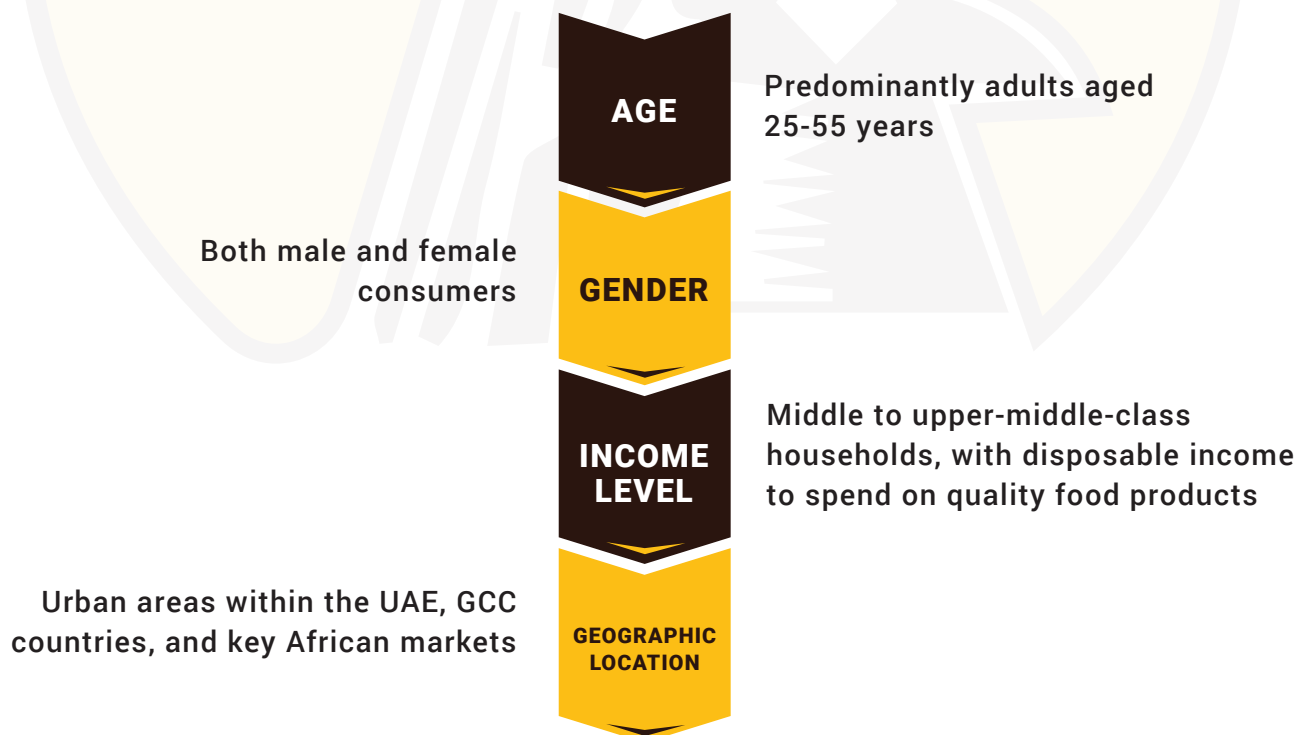
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## Target Customer

Our target customers span both local and international markets, focusing on two primary segments: business-to-business (B2B) and business-to-consumer (B2C). In the local UAE market, our B2B customers include supermarkets, hypermarkets, restaurants, HORECA (Hotels, Restaurants, and Cafés) traders, and labor camps. These entities require consistent, high-quality edible oils for cooking and food preparation. In the B2C segment, we target end-users purchasing our products from retail outlets. Internationally, we focus on traders and end-users in the GCC and African markets, capitalizing on the growing demand for packaged edible oils in these regions.

## Demographics

Our B2B customers are primarily large-scale retailers and food service providers within the UAE and export markets. They are characterized by significant purchasing power and a need for bulk quantities of reliable, high-quality cooking oils. Our B2C customers encompass a diverse demographic, including households of various sizes, income levels, and cultural backgrounds. Key demographics include:



# Psychographics

Our customers prioritize:



# Needs and Preferences

Our customers have specific needs and preferences that drive their purchasing decisions:

<b>High-Quality Products</b>	Demand for premium-grade sunflower and palm oils that meet quality standards
<b>Affordable Pricing</b>	Competitive pricing without compromising on quality, making our products accessible to a broad audience
<b>Convenient Packaging</b>	Packaging that ensures easy handling, storage, and use, catering to both large-scale commercial kitchens and individual households
<b>Health Benefits</b>	Preference for oils that offer nutritional advantages, aligning with a growing trend towards healthier eating habits

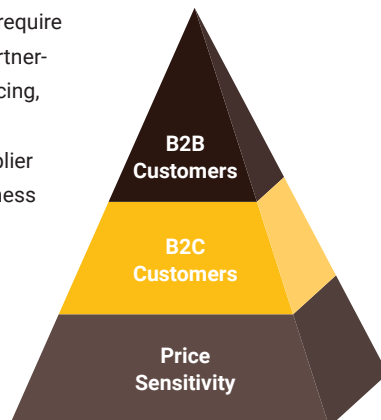
# Buying Behavior

## ▲ B2B Customers:

These customers typically purchase in bulk and require consistent, reliable supply chains. They value partnerships that offer timely deliveries, competitive pricing, and consistent product quality. Their purchasing decisions are influenced by factors such as supplier reputation, product reliability, and cost-effectiveness

## ▲ Price Sensitivity:

Both segments show some level of price sensitivity, especially in competitive markets. Offering value for money is crucial in attracting and retaining these customers.



## ▲ B2C Customers:

Retail customers often make purchasing decisions based on product visibility, brand reputation, and perceived health benefits. They are influenced by marketing campaigns, in-store promotions, and word-of-mouth recommendations. These customers tend to make frequent purchases, seeking products that align with their health and quality standards.

# Pricing Strategy

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## Competitor Pricing

In the UAE edible oil market, key competitors such as ADVOC, IFFCO, VITAL, United Foods, and Mumin Oil Factory offer their products at competitive prices. Generally, these companies price their sunflower and palm oils within the following ranges:

- Sunflower Oil: AED 15-20 per litre
- Palm Oil: AED 10-15 per litre

These prices reflect the costs associated with importing, packaging, and distributing high-quality edible oils while maintaining profitability in a competitive market.

## Our Pricing Strategy

To penetrate and capture a significant share of the market, our pricing strategy focuses on balancing competitiveness with quality and service excellence. Our proposed pricing ranges are:

- Sunflower Oil: AED 14-18 per litre
- Palm Oil: AED 9-13 per litre

This pricing strategy ensures that we are slightly below or within the same range as our competitors, offering a compelling value proposition to both B2B and B2C customers.

## Why this Pricing Decisions?

Our pricing decisions are driven by several key factors:

### Cost Efficiency:

By importing crude oil in bulk via flexitank and packaging it locally, we reduce overall costs. This cost-saving allows us to price our products competitively without sacrificing quality.

### Market Penetration:

Pricing our products slightly lower than established competitors helps us attract price-sensitive customers and gain market share quickly. It also positions us as a cost-effective alternative without compromising on the quality that consumers expect.

### Value Proposition:

Our commitment to quality, timely delivery, and excellent customer service adds value beyond just the product price. Customers are likely to perceive our oils as high-quality yet affordable options, enhancing our market appeal.

### Volume Sales:

By focusing on selling large volumes (1500-2000 MT per month), we can leverage economies of scale. Lowering the price slightly can stimulate higher sales volumes, offsetting the reduced margin per litre with increased overall revenue.

### Customer Loyalty:

Competitive pricing combined with superior service and quality is designed to foster customer loyalty. Satisfied customers are more likely to become repeat buyers, providing us with a steady revenue stream and enhancing long-term profitability.

### Market Differentiation:

While our pricing is competitive, our emphasis on service, reliability, and local packaging sets us apart from others. This differentiation allows us to justify our pricing strategy while appealing to a broad customer base.

# Income Statement Projections

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Year	Revenue (AED)	COGs (AED)	Gross Profit (AED)	Operating Expenses (AED)	Operating Profit (AED)	Interest Expense (AED)	EBT (AED)	Taxes (AED)	Net Income (AED)
1.	85000000	59500000	25500000	10200000	15300000	850000	14450000	3612500	10837500
2.	93500000	65450000	28050000	11220000	16830000	850000	15980000	3995000	11985000
3.	102850000	71995000	30855000	12342000	18513000	850000	17663000	4415750	13247250
4.	113135000	79194500	33940500	13576200	20364300	850000	19514300	4878575	14635725
5.	124448500	87113950	37334600	14933820	22390780	850000	21540780	5385195	16155585

## Key Assumptions:

### Revenue Growth

#### Market Penetration:

Successful penetration into the local UAE market, GCC, and African markets with our competitive pricing and high-quality products.

#### Sales Volume:

Achievement of sales targets of 1500-2000 MT of oil per month, gradually increasing due to market expansion and customer acquisition efforts.

#### Price Stability:

Maintenance of stable selling prices for sunflower and palm oil, allowing for consistent revenue growth.

### Cost of Goods Sold (COGS)

#### Cost Efficiency:

Efficient import and packaging processes leading to controlled costs of crude oil, packaging materials, and logistics.

#### Supplier Stability:

Stable relationships with suppliers from Russia, Ukraine, Indonesia, and Malaysia ensuring consistent pricing and supply of crude oil.

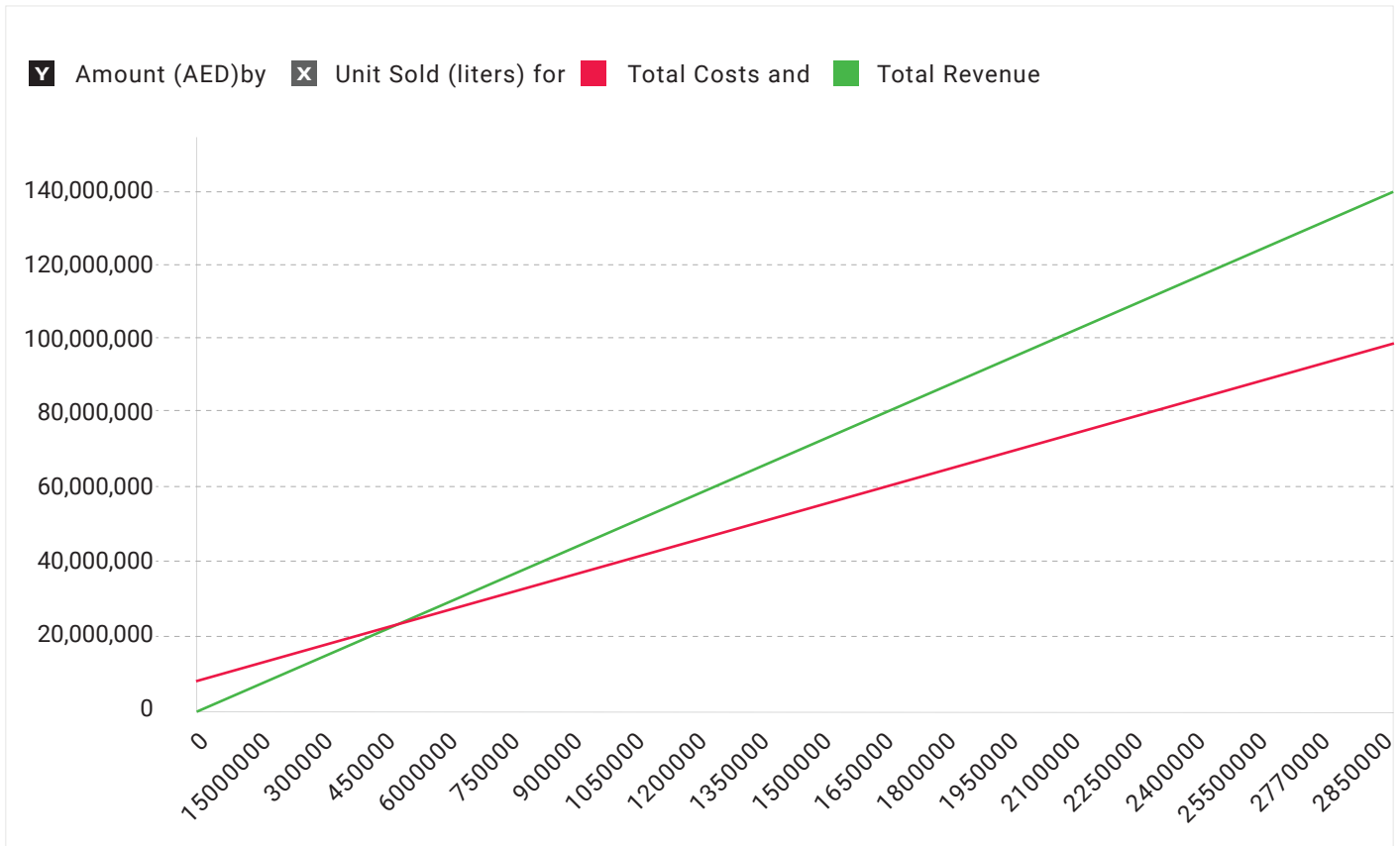
#### Economies of Scale

Increasing sales volumes leading to better negotiation power with suppliers and reduced per-unit costs.



# Breakeven Analysis

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## Assumptions

### Fixed Costs:

AED 10,200,000 per year (includes operational costs such as rent, salaries, utilities, etc.).

### Variable Cost per Unit:

AED 30 per litre of oil (cost associated with producing and packaging each litre of oil).

### Selling Price per Unit:

AED 45 per litre of oil (price at which each litre of oil is sold).

## Break-Even Calculation

The break-even point is calculated using the formula:

$$\text{Breakeven Point} = \frac{\text{Fixed Costs}}{\text{Selling Price per unit} - \text{Variable Costs Per Unit}}$$

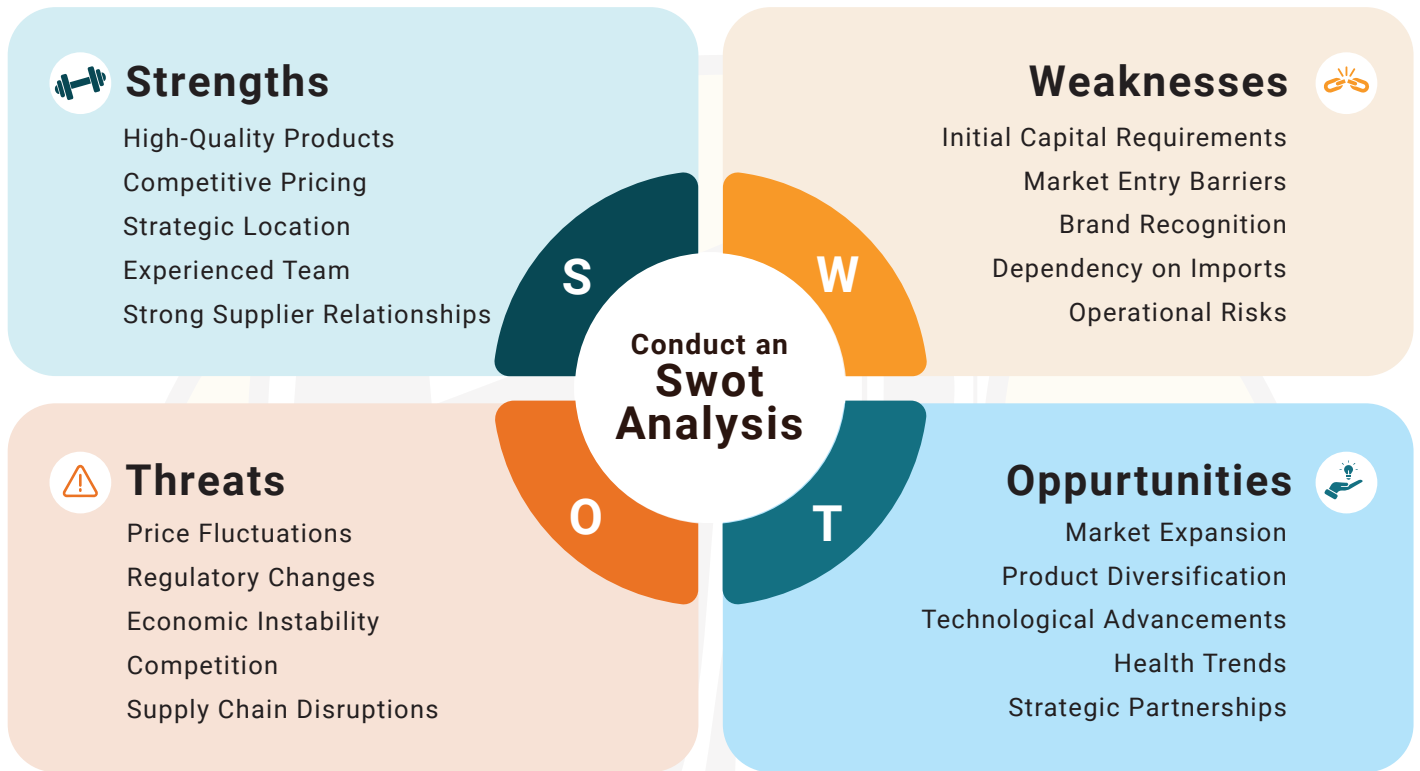
$$\text{Breakeven Point} = \frac{10,200,000}{45 - 30}$$

$$\text{Breakeven Point} = \frac{10,200,000}{15}$$

The business needs to sell 680,000 litres of oil annually to cover all its costs. At this point, the total revenue will equal total costs, resulting in zero profit but also zero loss.

# Swot Analysis

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## Strengths

### High-Quality Products:

Superior quality of sunflower and palm oils, ensuring customer satisfaction and repeat business.

### Competitive Pricing:

Efficient cost management allows for competitive pricing, attracting price-sensitive customers.

### Strategic Location:

Located in the UAE, a major trade hub, facilitating easy access to GCC and African markets.

### Experienced Team:

Skilled management and operational team with extensive industry knowledge.

### Strong Supplier Relationships:

Reliable sourcing from countries like Russia, Ukraine, Indonesia, and Malaysia ensuring steady supply.



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