

# SWEDFUND

## HOW TO MAKE AN INVESTMENT PROPOSAL

For an initial assessment of an investment proposal we need information on the business concept, products, customers etc., a preliminary business plan including financial projections. If a decision is taken to proceed to do a deeper analysis of the investment proposal, the business plan then becomes the most important document in the due diligence process. Swedfund has a relatively small and flexible organisation, which speeds up the decisionmaking process. All major investment decisions are made by Swedfund's board.

### A. INFORMATION ABOUT THE STRATEGIC INVESTMENT PARTNER – USUALLY A SWEDISH COMPANY

- Annual reports for the two last years and the latest quarterly report
- Principal owners (only applicable for unlisted companies)
- Business concept and long-term strategy
- Previous experience and track record from investments in emerging markets
- Management team responsible for carrying out the proposed investment and their previous experience

### B. INFORMATION ABOUT THE LOCAL COMPANY OR PARTNER

- Latest annual report (if available)
- Principal owner(s)
- Previous business experience and track record
- Financial resources
- Management team

### C. INFORMATION ABOUT THE INVESTMENT PROPOSAL

- Summary. Short summary of the most important parts of the business plan for the investee company.
- Business Concept. Describe thoroughly the business concept of the company.
- Product/Service. Describe the product/

service of the company. Which are the major competitive advantages of the product? In what way is the product unique?

- Market. Which are the company's markets? Quantify market size in volume and sales revenues. Divide the market into different product segments and geographical areas. How is the market expected to develop?
- Customers. Describe the customers of the investee company. What "added value" do the customers get by buying the company's products/services? Who are its key customers? From whom do they currently buy?
- Competitors. Describe the competitors. If the product/service is new on the market, describe the alternatives that are currently available.
- Marketing, distribution and sales. How is the product/service going to be marketed? How will the products/services be distributed? Inhouse distribution or in co-operation with other companies? If the products are to be exported, please indicate countries and sales channels.
- Organisation. Describe the organisation of the investee company. How will it develop during a five-year period?

Describe the key individuals' qualifications and track record. What other competence does the company need? When?

- Investment. Specify the costs for land, buildings, machinery, office equipment, working capital and pre-operational costs.
- Financing. Specify the need for share capital and the estimated contribution from each of the shareholders. Specify the loan financing and probable lenders.
- Profitability. Describe the product calculations and their volume dependence. Describe the company's projected income statement and balance sheet as well as cash flow analysis for the five-year period.
- Risk analysis. Which are the major strategic, financial, operational, technical and commercial risks? What actions are planned to handle and minimise the risks?

### D. EXIT

If Swedfund is going to be a shareholder in the joint venture, a feasible exit strategy should be suggested. Give examples of possible buyers.