



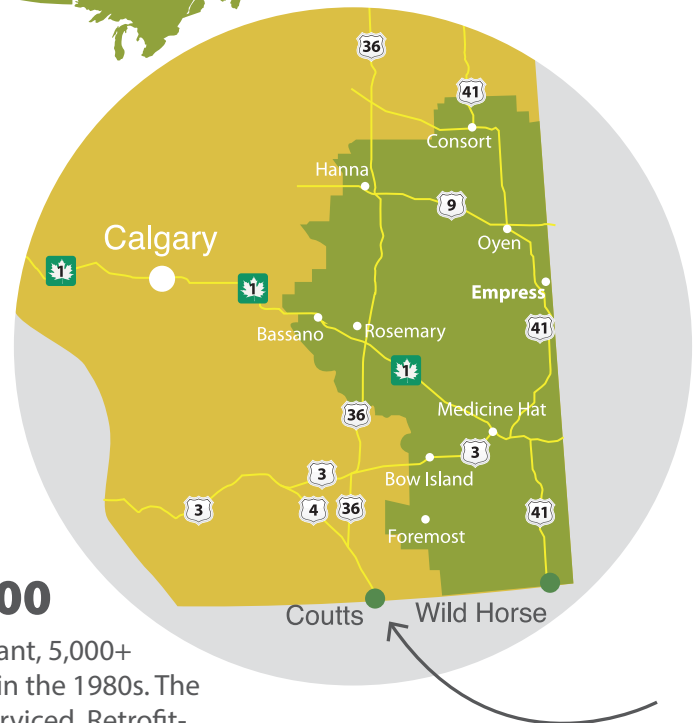
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## Start Your Flour Mill in Empress

Alberta's Palliser region is home to some of the best ingredients in the world, with excellent market access into Alberta's major cities, and markets abroad.

A small group of local investors would have the means to bring flour milling to the village of Empress. Surrounded by world-class ingredients, available talent, market access, and some local investment dollars, a flour mill is a real possibility.



## A Pre-Existing Facility for \$125,000

The Village of Empress has a unique asset at its disposal - a vacant, 5,000+ square foot facility constructed by the Government of Alberta in the 1980s. The facility has undergone engineering assessments, and is fully serviced. Retrofitting the facility for use as a flour mill would bring down costs when compared to new construction, making it a great investment, in a great location.

## Growth Story



Flour is a mature market in Canada and globally. Canada's consumption of wheat flour has seen a slight increase since the 1970's.

In 2020, Canada's wheat milling produced 3,267,000 Metric tonnes of product. About 82% of the grain becomes flour and the remainder is a by-product called millfeeds which is diverted into the animal food pipeline.

## Numbers Matter

### \$1.5 Million Gross Revenue

At full capacity, running two, ten hours shifts, revenue is projected at \$1.5 million

### %20 Return on Investment

With 25% cash contribution, the return on the investment is 20% after year five.



### \$649,000 Gross Profit

The cost of goods sold is \$851,000 for a gross profit of \$649,000

### 4.05 Debt-Servicing Coverage Ratio

At 20 hours/day, the debt-servicing ratio is 4.05.





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## Milling in Empress

Empress is home to some of the Palliser region's most dramatic landscapes. The Red Deer and Saskatchewan rivers meet at Empress and are two of the Canadian Badlands' famous rivers. The potential for adventure-seekers along the rugged river valleys is abundant. The Empress Hospital facility is for sale, along with a number of other serviced and unserviced lots available for between \$3,500 and \$8,000.

Beyond the village, farmers grow some of Canada's best grain crops, making a mill in Empress an easy drive for area farmers looking to sell their product.

## The Opportunity

\$125,000 Returns 20% in Five Years

If the flour industry is seeing tighter margins and, as a result, mergers are occurring in order to gain the necessary scales of operation in order to provide a reasonable return, how can a small, start-up mill be successful?

The flow of funds for a flour mill in Empress looks like this:



Source		Use	
Ownership Group	\$125,000	Purchase and renovation of building	\$125,000
Bank Financing	\$375,000	Retrofitting of Building	\$375,000
Total	\$500,000	Total	\$500,000

## Mill Financial Picture

	20 Hours / Day	16 Hours / Day	8 Hours / Day
Cashflow	\$144,203.55	\$118,008.48	\$48,154.93
Annual Loan Payments	\$35,585.71	\$35,585.71	\$35,585.71
Debt-Service Coverage	4.05	3.32	1.35

The basis for the financial estimate comes from StatsCan and is considered to be an excellent source because the information is taken from the actual information submitted for tax purposes.

Available cash for debt-servicing is \$144,000, and the debt-servicing coverage ratio is 4.05. EBITDA:Interest is 8.16. For reference, traditional lenders consider debt-servicing coverage ratio of 1.25 to be suitable.

**A complete business analysis is available upon request.**

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