

Executive Summary

BioChoice Company Limited has been established for manufacturing probiotic additives for animal feeds, which replace antibiotics. **Bio Poultralac**, the first product of BioChoice Company Limited, is made from a bacteria strain naturally occurring in the digestive systems of chickens. When **Bio Poultralac** is introduced into the chicken as an additive to the chicken's feed, it stimulates the natural production of a number of organic materials, such as lactic acid, which kill harmful pathogens such as *E.Coli* and Salmonella. Furthermore, **Bio Poultralac** also helps strengthen immune systems in chicken, which enable chickens to become healthier and less susceptible to other diseases. This makes **Bio Poultralac** an effective weapon against diseases found in chickens, and a suitable alternative to antibiotics, which leave harmful residues in the chicken meat, and are linked to cancer in humans.

Because of the known bad effects of antibiotics, a number of leading chicken importers, led by the EU, will begin banning the imports of chickens that have been raised using antibiotics. This is a major threat to Thailand—the world's fourth largest chicken exporter, and which currently relies heavily on antibiotics in production—but at the same time provides an excellent opportunity for BioChoice. Moreover, healthy, chemical-free chickens raised with **Bio Poultralac** not only meet the needs of Thailand's export customers; they will also serve the growing number health-conscious consumers in the Thai domestic market.

The major product advantage of **Bio Poultralac** is the resilience of probiotic bacteria it contains. These bacteria have been cultured in Thailand and have proven to be able to withstand a wider range of temperatures and acidic conditions. Probiotics that have been produced in other countries cannot withstand the hotter climate in Thailand, which kills large amounts of the bacteria they contain, limiting their effectiveness. In addition, **Bio Poultralac** probiotic can withstand the temperatures necessary to spray dry the bacteria into powder form. This means **Bio Poultralac** can be mixed with the chicken feeds, in precise doses. Other probiotics, produced by Thai competitors, are in liquid form, and can only be administered in the chicken's drinking water, which does not allow for the same level of control, limiting their effectiveness in combating disease and stimulating growth.

In addition to its technological advantage, BioChoice will succeed because of an aggressive marketing program, which emphasizes both pull and push strategies. The push strategy includes relationship-building activities between BioChoice and the major chicken producers and agricultural product distributors.

BioChoice's pull marketing strategy emphasizes building a strong ingredient brand, making *BioChoice – the Natural Choice*[™] a message aimed directly at consumers in both export markets and in Thailand. This message, in the form of a stylized logo, is presented on the packaging of chicken raised with BioChoice, strengthening the company's competitive position, and differentiating Thai chickens from other commodity producers.

The management team consists of four graduate students in Master of Management program at Mahidol University, and Associate Professor Dr. Sunee Nitisinprasert, the inventor of Bio Poultralac and an expert in microbial genetics at Kasetsart University. The team brings together a broad range of skills in biotechnology, management, marketing, and finance.

To reach its strategic goals, BioChoice is seeking investors to work with BioChoice for long-term success. Investors will contribute THB 39 million in July 2004 to prepare production facilities, train staff, conduct marketing activities and launch Bio Poultralac. In return, investors will receive 40% ownership and two seats on the board of directors, of a company that will generate a net present value of THB 99 million, at discount rate of 30%, and a project IRR of 96%. This results in a payback period for the investor of just over three years. The investors will realize a compounded annual return of 35%, and a share of the projected enterprise value of THB 177 million by the end of 2008 when the firm is taken public in an IPO.