Palm Oil Investment Feasibility Executive Summary

Investor: Nigerian–German multi-millionaire

Objective

Assess where and at what scale a palm oil plantation in Nigeria can generate ₦1 billion annual profit, using cost, yield, and price benchmarks.

Key Findings (Base Scenario)

- Average profit per hectare: ₦3.39 million
- Top 3 states:
  • Edo – ₦4.60M/ha (217 ha for ₦1bn)
  • Cross River – ₦4.05M/ha (247 ha for ₦1bn)
  • Akwa Ibom – ₦3.50M/ha (285 ha for ₦1bn)
- Base cost per hectare: ₦3.65M
- Investment to reach ₦1bn: ₦792M–₦1.04B
- ROI (Profit ÷ Cost): 96–126 % Payback: 0.8–1.0 years
  (Single-year indicators; full IRR requires multi-year cashflow.)

Recommendations

1. Pilot 200–500 ha in Edo — highest profit/ha and best infrastructure.
2. Secure mill access or offtake deal before planting to cut logistics and extraction losses.
3. Verify land titles and labour costs prior to capital commitment.
4. Scale in 1,000 ha tranches once pilot yields and prices meet base scenario.
5. Develop a 5-year cashflow model covering establishment (years 0–4).

Risks

Palm oil price swings, Early-year yield delays, Land title disputes, Mill capacity limits.

Method Summary

Model uses yield data by state, 22 % oil extraction rate, 2025 base price ₦2.5 M/MT, and total cost ₦3.65 M/ha.
Formulas:
Profit/ha = (CPO_yield × Price) − Cost | Hectares = ₦1 B ÷ Profit/ha

Conclusion

Edo, Cross River, and Akwa Ibom present the best profit potential.
Starting with a verified pilot in Edo can confirm yields before national scale-up.
With efficient cost control and secured offtake, a ₦1 billion annual profit target is realistically attainable within 1–2 years post-maturity.