

**TANZANIA INVESTMENT CENTRE
DAR ES SALAAM**

PROGRESS REPORT

SBC TANZANIA LIMITED

2011-TO DATE

1. Planned activities for the period

2011-2012

*Mbeya New Glass Line & Building
New Glass/Crates
Machinery for PET Line -1
New Warehouse
R.O.Plant
New RGB Line for Dar
Route Trucks/pickups
IT Equip, Furniture etc
Cooling Equipment's for Market*

2012-2013

*New PET Line-1
New Glass/Crates
New Building
Dar new Glass Line-1
Water Reclamation
Agro Boiler - Mbeya
Sales Office Building
Warehouse
Route Trucks/pickups
Cooling Equipment's for Market*

2013- 2014

*PET Line -2
New Glass/Crates
RGB Line-1
Line - 1 PET additional equip
Route Trucks/pickups
Cooling Equipment's for Market*

2016-2017

*New ETP in Dar & Mbeya
RGB line-2 in Mwanza
New Glass/Crates
New Building for Syrup & CIP rooms
New Warehouse in Dar, Igogo, Mwanza
RGB & PET line equipment for Dar
Route Trucks/pickups
IT Equip, Furniture etc
Cooling Equipment's for Market*

2017-2018

*New Building for PET line in Mbeya
New ETP in Arusha
New Warehouse / offices in Morogoro
New Glass/Crates
New Equipment for Syrup room in Dar
Dar new Filler for RGB Line
Machinery for Mbeya PET Line
Route Trucks/pickups
IT Equip, Furniture etc
Cooling Equipment's for Market*

2018-2019

*New Roads in Kipawa warehouse
New Bottle Washer for Dar RGB Line-1
Water Coagulation Tank at Mbeya
New Glass/Crates
Route Trucks/pickups
IT Equip, Furniture etc
Cooling Equipment for Market*

2014 – 2015

Mwanza new Glass line
PET Line -2
New Glass/Crates
Warehouse
Line - 1 PET additional equip
Route Trucks/pickups
Cooling Equipment's for Market

2019-2020

Additional equipment for new PET packs
New FG storage building in Mbeya
New equipment for PET line in Mbeya
New ERP implementation
New Glass/Crates
Route Trucks/pickups
IT Equip, Furniture etc
Cooling Equipment's for Market

2015 – 2016

New Glass/Crates
Mwanza new Glass line
Route Trucks/pickups
Cooling Equipment's for Market
Warehouse

2. Achievements made on the project implementation to date:

We are pleased to be able to report that all of the above projects have been completed and we are happy with the quality and high standard of the work.

We are embarking on further investments over the remainder of year 2020 and into 2021, which we will provide the requisite details in our next six monthly report.

Describe the status of activities that have already been undertaken e.g. construction of buildings, acquisition of supplies, installation of equipment, etc.

We have been able to successfully complete the construction of an additional six buildings over the period from 2011 – 2020. Our buildings include four state of the art warehouses, together with a new modern Sales Office among others.

Our major investment in supplies, outside of the raw materials inherent to the business, has been a major restocking of glass bottles. We are happy to be able to report that we have been able to source these glass bottles within Tanzania, thereby supporting a fellow local manufacturer while carrying on our efforts to support the Tanzanian economy through our business policy of priority to domestic sourcing.

Our most considerable investments over the period have been directed towards upgrading to most state of the art, efficient and sanitary bottling equipment. We have made this our primary concern, so as to provide Tanzanians with the highest quality of product both in terms of taste and hygiene, at an affordable price. All our investments in new equipment over the period have been commissioned with great success and we will be providing the status of our latest investments in equipment in our next six monthly report.

3. Project Financial Expenditure 2011 – 2016:

2011 – 2012	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings		
New Warehouse	638	1,043
Plant and machinery		
Mbeya New Glass Line & Housing Unit	9,399	15,357
Machinery for PET Line -1	3,570	5,833
R.O.Plant	1,344	2,196
New RGB Line for Dar	1,806	2,952
Equipment Other		
Cooling Equipment for Market	1,902	3,108
Supplies Bottling		
New Glass Bottles & Crates	6,683	10,921
Vehicles/Aircrafts		
Route Trucks/pickups	1,632	2,667
Office, IT Equipment & Furniture & Others		
IT Equip, Furniture e.t.c.	927	1,514
Insurance Cover		
Pre-operational expenses		
Working sub-total capital		
TOTAL	27,902	45,592

2012 – 2013	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings		
New Warehouse	330	535
New Building	2,760	4,469
Sales Office Building	805	1,303
Plant and machinery		
New PET Line – 1	6,872	11,126
Dar New Glass Line	1,598	2,588
Agro Boiler Mbeya	429	695
Equipment Other		
Cooling Equipment for Market	1,280	2,073
Water Reclamation	438	709

Supplies Bottling		
New Glass Bottles & Crates	6,562	10,623
Vehicles/Aircrafts		
Route Trucks/pickups	1,277	2,068
Office, IT Equipment & Furniture & Others		
IT Equip, Furniture & Others	1,739	2,815
Insurance Cover		
Pre-operational expenses		
Working sub-total capital		
TOTAL	24,091	39,004

2013 – 2014	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings		
Plant and machinery		
PET Line – 2	8,433	13,814
RGB Line – 1	506	829
Line – 1 PET Additional Equipment	289	473
Equipment Other		
Cooling Equipment for Market	2,362	3,870
Supplies Bottling		
New Glass Bottles & Crates	4,266	6,988
Vehicles/Aircrafts		
Route Trucks/pickups	850	1,393
Office, IT Equipment & Furniture & Others		
IT Equip, Furniture & Others	447	733
Insurance Cover		
Pre-operational expenses		
Working sub-total capital		
TOTAL	17,155	28,099

2014 – 2015	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings		
Warehouse	88	152
Plant and machinery		
Mwanza New Glass Line	3,689	6,364
PET Line – 2	2,859	4,931
Equipment Other		
Cooling Equipment for Market	1,639	2,828
Supplies Bottling		
New Glass Bottles & Crates	5,122	8,835
Vehicles/Aircrafts		
Route Trucks/pickups	399	688
Office, IT Equipment & Furniture		
IT Equip, Furniture etc	132	228
Insurance Cover		
Pre-operational expenses		
Working sub-total capital		
TOTAL	13,928	24,025

2015 – 2016	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings		
New Warehouse	56	119
Plant and machinery		
Mwanza New Glass Line	1,060	2,264
Equipment Other		
Cooling Equipment for Market	1,336	2,853
Supplies Bottling		
New Glass Bottles & Crates	5,489	11,724
Vehicles/Aircrafts		
Route Trucks/pickups	937	2,002
Office, IT Equipment & Furniture		
IT Equip, Furniture etc	182	389

Insurance Cover
 Pre-operational expenses
 Working sub-total capital

TOTAL **9,060** **19,351**

2016 – 2017	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings		
Building for RGB line-2	822	1,811
Warehouses	370	815
Syrup & CIP Rooms	686	1,512
Plant and machinery		
RGB line -2 Machinery	3,813	8,400
RGB line equipment - Dar	1,428	3,145
PET line equipment	2,025	4,460
Effluent Treatment Plant	594	1,309
Air Conveyors / DG / Others	588	1,295
Equipment Other		
Cooling Equipment for Market	927	2,042
Supplies Bottling		
New Glass Bottles & Crates	6,601	14,542
Vehicles/Aircrafts		
Route Trucks/pickups	503	1,108
Office, IT Equipment & Furniture		
IT Equip, Furniture etc	239	526
Insurance Cover		
Pre-operational expenses		
Working sub-total capital		
TOTAL	18,594	40,963

2017 – 2018	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings		
Civil Work for ETP (Dar/Arusha/Mbeya)	331	745
Building for PET Line - Mbeya	882	1,985
Additional civil works at Dar	517	1,165
Warehouse / Offices	230	518
Plant and machinery		
Machinery for PET line - Mbeya	2,662	6,001
CO2 Tank / RGB / PET equipment	1,634	3,685
RGB Filler in Dar	1,521	3,429
Additional equipment for ETP	400	902
Water Treatment Plant - Mwanza	136	306
Equipment Other		
Cooling Equipment for Market	597	1,344
Supplies Bottling		
New Glass Bottles & Crates	7,174	16,146
Vehicles/Aircrafts		
Route Trucks/pickups	641	1,441
Office, IT Equipment & Furniture		
IT Equip, Furniture etc	98	221
Insurance Cover		
Pre-operational expenses		
Working sub-total capital		
TOTAL	16,823	37,888

2018 – 2019	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings		
Construction at Kipawa	207	476
Additional civil works at Dar Plant & Mbeya	255	586

Plant and machinery		
Bottle Washer for Dar RGB line	503	1,157
Case Packers	302	694
Water Coagulation system	257	591
Equipment for new products	454	1,045
DG / Transformers / Others	1,081	2,486
Equipment Other		
Cooling Equipment for Market	264	606
Supplies Bottling		
New Glass Bottles & Crates	6,201	14,317
Vehicles/Aircrafts		
Route Trucks/pickups	464	1,066
Office, IT Equipment & Furniture		
IT Equip, Furniture etc	90	209
ERP Implementation	110	261
Insurance Cover		
Pre-operational expenses		
Working sub-total capital		
TOTAL	10,188	23,494

	2019 – 2020	Foreign (USD'000)	Local (Tsh Million)
Land and Buildings			
Warehouse at Mbeya		90	208
Additional civil works at Dar Plant & Kipawa WH		174	403
Plant and machinery			
Equipment for new packs		298	689
Shrink wrap machine		245	568
Water Tank at Dar		136	316
Bottle Washer / DGs / Others		803	1,860
Equipment Other			
Cooling Equipment for Market		419	970
Supplies Bottling			
New Glass Bottles & Crates		6,097	14,123

Vehicles/Aircrafts		
Route Trucks/pickups	916	2,122
Office, IT Equipment & Furniture		
IT Equip, Furniture etc	125	289
ERP Implementation	172	397
Insurance Cover		
Pre-operational expenses		
Working sub-total capital		
TOTAL	9,474	21,946

GRAND TOTAL	147,215	280,362
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4. Project Financing

Explain how the project is being financed e.g. equity, loans, sources of loans, conditions, etc.

All long-term infrastructure related projects are being financed through Long Term loans and Shareholders equity.

5. Problems and Solution

Explain problems, which the management is encountering in executing the project and the steps being taken to solve them.

• Problem-1: Sugar Deposit Refund

- 15% of imported sugar value collected on import as refundable duty
- To-date pending refunds stand at TZS 17,473 Mn (Last refund paid in Nov-18)
- Severe strain on Working Capital – interest cost is TZS 1,660 Mn per annum

Proposed Solution: Our request is to abolish the requirement of 15% refundable duty on imported sugar from Jul 2020.

As periodic custom audit for Sugar imports and consumption is completed till Mar-19, we request TRA to expedite the refund process and help avoiding liquidity issues. In addition, implementation of the measures announced by Finance Minister in Jun-2017 on refund process, by establishing an Escrow Account may also help getting timely refunds.

- **Problem-2: Water Supply**

- Water Supply from Dawasco is erratic in Dar Es Salaam and no prior information on any stoppages of water resulting in loss of production due to unplanned water stoppages. This is forcing us to purchase expensive water from private operators in Dar.
- Erratic water supply in Mwanza and also at exorbitantly high rate
- Additional charges are being imposed on water drawn from the boreholes.

Proposed Solution: Uninterrupted water supplies and rationalization of water charges would facilitate SBC to protect its margins at the prevailing prices and avoid incurring additional cost towards higher dependency on private operators and transportation of product from other SBC plants to service the market demand.

- **Problem-3: Work Permits**

- High rate of rejection for senior management positions
- “Final grant” in first permit
- Long lead time for approval process
- No clarity on no of positions allowed for our size of operations/business

Proposed Solution: SBC recruits talent to support its sustainable business growth objective and hence continuously investing (Tzs 280 bn in last 5 years) in business expansion. SBC has 1,230 direct employees and 2,000+ of contract employees working in 4 plants and 9 depots across the country. Hence, request to rationalize the allocation of work permits based on the size of business and also to expedite the approval process.

6. Future Plans

Explain future plans for the next coming six months and planned financial commitments

SBC is committed to invest in the business growth and expansion and planning to upgrade its production facilities in order to enhance its production capacities. However, we will keep update you with details in our six monthly report.

7. Recommendations and any other comments

8. ETC.