



A-One Products And Bottlers Ltd

Soft Drinks & Packing Materials Manufacturing

Business Plan

Expansion Project -

Development of Beverage Plant in:

Mbeya

Plot 1/1, IYUNGA industrial area, Iyunga, Mbeya

Prepared by:

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P.O. Box 22196,
DAR-ES-SALAAM
TANZANIA

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Project Metrix

A-ONE Products And Bottlers Ltd

Project Metrics

<i>Project Concept</i>	Expansion of Soft Drinks Manufacturing Industry
<i>Existing Operation</i>	Soft Drinks Manufacturing Plants <ul style="list-style-type: none">• Carbonated Soft Drinks (CSD) Producing Plant• Bottled Water Producing Plant• Flavoured Juice Producing Plant• Plastic Bottles Manufacturing Plant
<i>Existing Project Location</i>	Kiwalani Industrial Area, Dar-es-salaam, TANZANIA
<i>Expansion Project</i>	Soft Drinks Manufacturing Plants <ul style="list-style-type: none">• CSD Producing Plant• Bottled Water Producing Plant• Flavoured Juice Producing Plant• Plastic Bottled Manufacturing Plant
<i>New Projects Locations</i>	Tanzania <ul style="list-style-type: none">• Mbeya..... 40,000 bottles/Hour Plant
<i>Groundbreaking</i>	April, 2021
<i>Commissioning</i>	August, 2023
<i>Implementing Agency</i>	A-One Products & Bottles Ltd
<i>Year Established</i>	1997
<i>Annual Revenues</i>	TZS 213.3 billion (FY 2020)
<i>Number of Employees</i>	3,921 employees (FY 2020)
<i>Contact Person</i>	Gulam Dewji Chairman

Company Information

Company Premises : MeTL Complex, Plot no. 69-73,

Kiwalani Industrial Area, Nyerere Road,
Dar-es-salaam

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Website: www.metl.net
- Shareholding** : (i) Gulam Dewji..... 50 shares (50%)
(ii) Dixita Mohammed Dewji..... 30 shares (30%)
(iii) Hussein Dewji20 shares (20%)
- Company Auditor** : SHEBRILA & COMPANY
Certified Public Accountants in Public Practice
P.O. Box 22121,
Dar-es-salaam, TANZANIA
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- Bankers** : Standard Chartered Bank (Tanzania) Ltd
Dar-es-salaam, TANZANIA
Call #: +255 22 2164609
- Products Brand** : "MO" brand name for Beverages
- Market Share** : FY2020: CSD(70%); Bottled Water(20%); Juice(10%)
- Company CEO : **C B Reddy**
E-mail: cbreddy@metlgroup.co.tz
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Background of the Project

Introduction

Tanzania lags behind both in terms of the quantity and quality of industrial goods produced and exported. It relies heavily on an unproductive agricultural sector, the extractive sector and low manufacturing value-added (MVA). MVA as a share of GDP has mostly stagnated at roughly 9.5 percent between 2000 and 2010, which is still below the average for the region, making Tanzania one of the least industrialized countries in the world.

The country's industry is vulnerable to international competition. Food and beverages alone account for nearly half of total MVA, followed by non-metallic mineral products (11percent), tobacco (7percent) and textiles (5percent).

Tanzania's dependency on imported goods is reflected in the deficit on its trade balance. The economy's inability to be self-sufficient in terms of consumer goods is a major obstacle as more than 35percent of merchandise imports are consumer goods, of which nearly half is accounted for by the demand for food products.

The beverage industry comprises industries producing alcoholic and non-alcoholic drinks. The alcohol sub-sector includes the distilling of ethyl alcohol, the distilling and blending of spirits and the brewing of wines, cider and beer. The soft drinks sub-sector comprises the processing and bottling of juices, carbonated drinks, natural spring water and mineral water.

The Proposal

This Business Plan has been prepared by A-ONE Products & Bottlers Ltd, an associate company of MeTL Group of Dar-es-salaam, Tanzania. The Plan provides a roadmap for expansion of an integrated soft drinks and packing materials manufacturing plants into other regions/cities of the country. The project is being implemented by A-ONE PRODUCTS AND BOTTLERS LTD ("A-ONE") which is currently has similar production facilities at Kiwalani Industrial area in Dar-es-salaam.

Under this expansion project estimated to cost USD 53.7 million, A-ONE is positioning to increase production capacities of its water bottling plant, juice processing plant and plastic bottles manufacturing plant (HDPE Plant). The company is seeking for external financing to part-finance the proposed expansion project.

Project Concept

1.1 Background

- A-ONE PRODUCTS AND BOTTLES LIMITED (“**A-One Products**”) is a soft drink manufacturing company. It is one of the leading local producers and distributors of soft drinks in Tanzania.
- Currently, the company operates soft drinks manufacturing facilities in Dar-es-salaam, Tanzania producing carbonated soft drinks (CSD), bottled water and favoured juice which are sold in the local Tanzania market.
- The company, also, produces plastic packages for own use and others for use to the sister company for packaging refined palm oil and sunflower oil and cosmetics.
- AONE is planning to expand its operations in other regions of the country and the neighbouring country of Mozambique.



1.2 Soft Drinks Producing Plants

- Capitalising on the market experience and knowledge of the industry, AONE Products is moving production facilities for beverages closer to the consumers in three cities.
- Mbeya, Mwanza, Moshi and Zanzibar cities have high soft drinks per capita consumption. The cities are a choice for development of soft drinks producing plants.
- The company is planning to install the following additional plants:
 - 80,000 bottles/Hour plant in Dar-es-salaam
 - 40,000 bottles/Hour plants in each in Mbeya, Mwanza and Moshi cities;
- In future, AONE, also, intends to enter a neighbouring country of Mozambique, Rwanda and the Central African Republic.
- In Dar-es-salaam, A-ONE is experiencing persistent demand-supply gap as its current operation is unable to meet the daily market requirements.

1.3 Packages Manufacturing Plant

- Parallel with the investment in soft drinks producing factories, the company will expand its current plastic packages manufacturing capacity to meet the projected requirements following expansion in other regions. This plant will be located in Dar-es-salaam from where bottles will be transported to the rest of producing plants.
- The project will invest in Injection Machines, Cap Moulding System and Film making machine for manufacturing of bottles, caps and shrink wrap.
- Plastic packages manufacturing plant has capacity to produce the required quantities of packages for the new plants.

1.4 Other Investments

- AONE is intending to invest in cost-saving infrastructure to produce CO2 gas which is raw material in the production of Carbonated Soft Drinks. The plant will have capacity to produce 2,000kg of CO2 gas per hour.
- The company is, also, investing in Plastic Bottles recycling plant that will recycle the company's plastic bottles of re-use. The plant will have capacity to process 3,000kg of plastic bottles per hour.
- Both, the CO2 gas plant and the recycling plant will be located in Dar-es-salaam.

1.5 Initial Working Capital

- The project will require working capital amounting to USD 10 million to cover for the initial beverage materials costs, packages costs and other productions costs; to finance current assets including debtors, advance payments, inventories and other current assets of the project.
- The initial working capital will be financed through bank short-term loan, shareholders equity and sales proceeds.

About A-ONE Products & Bottlers Ltd

2.1 Background

- A-ONE PRODUCTS AND BOTTLES LIMITED (“**A-One Products**”) is a soft-drinks manufacturing company. It is one of the leading local producers and distributors of soft drinks in Tanzania.
- A-One Products is an associate company of the MeTL Group of companies of Dar-es-salaam, Tanzania. MeTL Group, through A-One Products, has positioned itself to capture Tanzania’s opportunities in the soft drinks industry.
- Currently, A-One Products is MeTL Group’s third largest company, and primarily produces beverages (soft drinks) and plastic packages. The company has grown to become one of the leading producers of drinking bottled water and flavoured drinks in Tanzania.

2.2 Company Legal Status

- Registration –
 - A-One Products is a local Tanzania company registered under Tanzania’s company law and is recognised by the Tanzania’s Business Registration and Licencing Agency (BRELA). A-One Products is a private limited liability company by shares.
- Shareholding –
 - A-One Products is a corporate firm, an associate company of the MeTL Group of companies. The registered shareholders of the company are family members of the MeTL Group. The company’s shareholding structure is as presented below:

Shareholders’ name	Number of Shares	% Shareholding	Position
Mr. Gulam Dewji	50	50%	Executive Director
Mrs. Dixita Mohammed Dewji	30	30%	None-Executive
Mr. Hussein Gulam Dewji	20	20%	Executive Director
Total	100	100.00%	

- All the shareholders are Tanzanian nationals

2.3 Company Business

Products Development

- A-One Products started with a mere small-sized plastic packages manufacturing line in 1997 to become a medium-sized drinking water and flavoured juice company in 2000 before emerging as the leading beverages company in Tanzania.

- With the growing demand for soft drinks, in year 2000, A-One Products introduced new packages for bottled water by investing in a new production line to meet the demand for bottled water in the city of Dar-es-salaam.
- Different product pack-sizes for bottled water and juice were introduced using new technology machines in the period between year 2000 and 2014. This went parallel with the replacement of old beverage production plants.
- Overtime, through use of the Group's well-equipped marketing and distribution networks, A-One Products quickly established itself with a strong brand presence in the market with products such as *Masafi*, *Maisha*, and *Just Chill* drinking water and *Pride* juices - all upheld as trusted household names across the country.

Products Diversification

- **Plastic Packages**
 - New bottled water producing plants were installed simultaneously with the installation of plastic packages manufacturing plant. In 2003, the company installed new lines to enhance bottles manufacturing for water and juice packing.
 - Further, in year 2006, A-One Products ventured into manufacturing of plastic packages for refined cooking oil for supply to a sister company, **East Coast Oil and Fats Ltd** (ECOF) which manufactures refined cooking oil, margarine and cooking fats, laundry soap and cosmetics.
 - ECOF, the largest palm oil refinery plant in East and Central Africa and with 60% market share for refined palm oil in Tanzania, consumes plastic buckets and jerry cans for packing refined palm and sunflower oil. The company, also, uses containers for packing margarine and cooking fats as well small bottles for packing cosmetics. Most of the packages are produced by A-One Products.
 - As a sole supplier to ECOF, A-One Products produced over 12 million PP buckets and more than four million HDPE jerry cans per annum for ECOF. In the beverages, the plant had a filling capacity of 20 million cases of water and flavoured drinks per annum and the plant produced the same amount of PET pre-forms/ bottles/ cups for filling beverages.
 - Later on, A-One Products introduced machinery line to produce plastic packages for cosmetics to supply to ECOF, as an internal market.

- **Carbonated Soft Drinks**

- In 2014, A-One Products introduced carbonated soft drinks (CSD) plant producing a variety of CSD flavours. The CSD plant had production capacity of 36 million crates per annum. A year later, all products were branded the name "MO" which afforded the products to become households' products throughout the country.

- **Other Investments**

- A-One Products, also, invested in a modern Reverse Osmosis Plant that delivers 100M³ of mineral-rich water per hour. This is one of the largest water treatment plants in the East African region.
- In 2006, A-One Products invested in a larger plastic bottles recycling plant.
- Further, a mobile sales unit was established after the company purchased over 300-motor vehicles, 50-Tricycles and over 10,000-cooler bags for door-to-door delivery of its beverage products.

2.4 Continued Expansion

- Positive market response on "MO" branded products and the growing market competition was behind company desire for continued investment to stay aloof.
- Year-on-year, since 2017 through to 2020, A-One Products undertook expansion and modernisation program for its production facilities with the aim to bring production efficiency and match with the ever-growing demand. Currently, plastic packages contribute about 35% of the company revenues.
- In the beverages market, the company's Energy Drink ("MO Bomba and now MO Xtra") became the most preferred energy drinks in the market, swooping over 70 percent market share for Energy drinks in the country.
- Pricing and better flavour for "MO" brands products were behind the success. The company introduced a variety of flavours for its CSD and different pack-sizes for the bottled water. In the CSD, it introduced MO Cola, MO Chungwa, MO Lemon, MO Mint, MO Portello, MO Apple, MO Bomba, MO Energy, MO Passion, MO Malt and MO Mango. For the past five years, A-One Products experience supply shortage for its beverage products in the market particularly during summer seasons.
- In 2020, the company has launched a natural cereal-based energy drink, MO Sheeba Shake, a carbohydrate and protein-rich product that is suitable for children and adults.

About MeTL GROUP

3.1 Introduction

- **MeTL Group**, taking its name from Mohammed Enterprises (Tanzania) Limited (shortly, "MeTL") is a Tanzania's successful Corporate Group of companies. The Group's investments are in the agriculture, industry, energy, transport and logistics, financial services, communication services, infrastructure, Real Estate and trading.
- This milestone has been achieved by dealing in a wide range of products which touch lives of majority in Tanzania and African region.

3.2 Group History

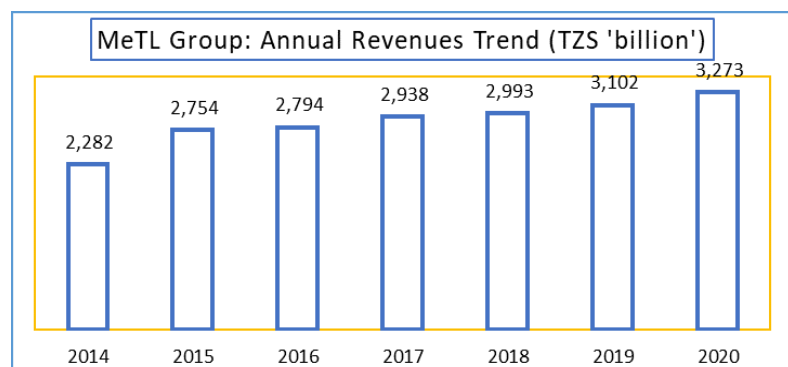
- The Group, with a total of 28,770 employees (FY2020), finds its beginning in early 1970's when Mr. Gulam Dewji, the founder and Chairman of the now MeTL Group, established Mohammed Enterprises Tanzania Ltd ("MeTL"). Initially it was a mere trading house which ventured into local trading and later import and export of consumer goods.
- In 1998, MeTL identified opportunities in other economic sectors. Major investments started to be executed, specifically, in Agriculture and manufacturing sectors. The Group's fifty-years of presence in the market, identifies itself with vertical integration in six core sectors of the economy:

Trade	Agriculture	Manufacturing	Transport & logistics	Energy	Financial Services
• 1	• 2	• 3	• 4	• 5	• 6

3.3 Group Performance

- MeTL Group's revenues growth from 2014 to 2020 averages 6.4%.

- The growth is entrenched in the Group's strategy to



- capture opportunities in the important sectors of the economy and focusing on consumer basic goods.

The Project Investments

4.1 Introduction

- The expansion project for the integrated soft drinks plant will be implemented in the existing land at A-ONE factory in Kiwalani Industrial Area, Dar-es-salaam as well as in other four cities of the country – Mbeya, Mwanza, Moshi and Zanzibar.
- The project will invest in additional buildings and civil works, plant and machinery, utilities including electricity and water infrastructures, motor vehicles and other support facilities.

4.2 Investment Costs

- The total project investment cost is estimated at TZS 126.4 billion equivalent to USD 53.7 million, of which TZS 115.8 billion is the additional investment and TZS 10.6 billion forms part of existing investment.
- The investment costs include project designing, existing buildings, infrastructure development and pre-operating costs as summarised below:

Projected Investment and Financing Plans

Investment Plan	Amount in Tzs '000'			
	Add Investment		Total Investment	USD Equiv.
	2020	2021		
Exchange Rate (USD/TZS)	2,350	2,350		
Machinery & Equipment	0	26,263,333	26,263,333	11,175,886
Utilities	0	47,000	47,000	20,000
Motor Vehicles	0	0	0	0
Furniture, Fittings & Equipment	0	52,875	52,875	22,500
Pre-Operating costs (Finance)	0	359,550	359,550	153,000
Pre-Operating costs (Others)	0	705,000	705,000	300,000
Total Capital Expenditure	0	27,427,758	27,427,758	11,671,386
Working Capital	0	4,271,794	4,271,794	1,817,784
Total Investment	0	31,699,552	31,699,552	13,489,171

The Project Financing

5.1 Introduction

- In order to achieve the proposed investments, A-ONE is required to pull in financial resources for the development of the proposed facilities including buildings and civil works, plants and machinery and other support facilities.

5.2 Financing Structure

- The proposed project will be financed through equity and external loans facilities in the form of medium-term loan and Overdraft Bank facilities.
- The proposed financing plan is as summarised below:

	Amount in Tzs '000'		Total Investment	USD Equiv.
	Additional Financing			
	2020	2021		
Equity Financing				
Ordinary Share capital	-	-	-	-
Shareholders' funds (capex)	-	523,091	523,091	222,592
shareholders' funds (W/capital)	-	4,271,794	4,271,794	1,817,784
Retained Earnings	-	-	-	-
Total Equity	-	4,794,885	4,794,885	2,040,376
External Financing				
Long-Term Loan	-	26,904,667	26,904,667	11,448,795
Short-term Loans	-	-	-	-
Creditors	-	-	-	-
Total External Financing	-	26,904,667	26,904,667	11,448,795
Total Financing	-	31,699,552	31,699,552	13,489,171
Exposure				
Shareholders' Commitment	0%	15%	15%	15%
External financing	0%	85%	85%	85%

Tanzania's Business Environment

6.1 An Overview

- Tanzania is the largest country in East Africa in terms of land with 883,749km² (881,289km² mainland 2,460km² Zanzibar), plus lakes totalling to 59,100km³. The country has about 1,400km of coastline along the Indian Ocean.
- It is well situated geographically bordering Burundi, Kenya, Malawi, Mozambique, Rwanda, Uganda, Zambia and the Democratic Republic of Congo (DRC).
- Tanzania has a tropical type of climate. In the highlands, temperatures range between 100c and 200c.during cold and hot seasons respectively. The rest of the country has temperatures never falling lower than 200c. The hottest period spreads between November and February (250c - 310c) while the coldest period occurs between May and August (150c - 200c).



6.2 Socio-Economic Development

[a] Population

- Tanzania population has increased more than four times from 12.3 million people in 1967 to 54.2 million people in 2018. The average annual intercensal growth rate according to the 2012 Population and Housing Census is 2.7 percent.
- Below table provides a summary of the country's population trend from 1967 to 2018:

--	--

Year	1967	1978	1988	2002	2012	2018
Population	12.3	17.5	23.1	34.4	44.9	54.2

Source: Tanzania in Figures, 2018. NBS, June 2019

[b] Urbanisation

- Tanzania cities and towns are rapidly urbanizing. This urbanization is a manifest of rural-to-urban migration as well as natural population increase. The four largest cities are Dar-es-salaam, Mwanza, Arusha and Mbeya.
- In 2018, Tanzania's urban population was 33.8% which is an increase from 7.3% in 1969 to 33.8% in 2018 growing at an average annual rate of 3.19%.

Year	1967	1978	1988	2002	2012	2018
Urban						
Population	685,092	2,257,921	3,991,882	7,554,838	12,701,238	17,785,328
Growth Rate	-	11.50%	5.90%	4.70%	5.30%	
Dar-es-salaam						
Population	272,821	769,445	1,205,443	2,336,055	4,364,541	5,147,070
Growth rate	-	9.90%	4.60%	4.80%	6.50%	6.5%
Tanzania (Mainland)						
Population	11,975,757	17,036,499	22,507,047	33,461,849	43,625,354	52,619,314
Growth Rate	-	3.30%	2.80%	2.90%	2.70%	2.70%

[c] Macro-economic Performance

- Tanzania maintains an economy highly dependent on agriculture, contributing an estimated 30% to the country's Gross Domestic Product (GDP) and employing nearly 70% of the working population.
- The economy continued to expand steadily in the aspects of GDP, inflation rate and exchange rate. The real GDP grew by 7.1% in 2017, maintaining the high growth momentum of the past 5-years.
- In nominal terms, GDP increased to TZS 116.1 trillion from TZS 103.7 billion with per capita nominal income improving to TZS 2.27 million from TZS 2.13 million in 2016.
- During 2017/18, output growth was to a large extent driven by construction, transport and storage, and agriculture; altogether contributing almost half of the total growth.

Year	2013	2014	2015	2016	2017	2018
GDP Growth	7.3%	7.0%	7.0%	7.0%	7.1%	7.0%
Inflation Rate	7.9%	6.1%	5.6%	5.2%	5.3%	3.5%
Exchange Rate (TZS/USD)	1,598	1,653	1,985	2,177	2,229	2,242

Source: Annual Report 2017/18, Bank of Tanzania; Tanzania in Figures, NBS June 2019

- Real gross national disposable income (GNDI), which comprises compensation of employees, property income, current transfers, and operating surplus, grew by 6.3% in 2017 compared with 6.1% in the preceding year. Final consumption grew by 4.4% and accounted for 80.7% of the disposal income and 76.3% of nominal GDP.

Existing Products

7.1 Introduction

- Currently, A-One is one of the largest producers of soft drinks in Tanzania producing CSD, bottled water and flavoured juice as summarised below.

7.2 Soft Drinks

- A-One Products produces and distributes the following beverage Products:
 - (a) Bottled Water
 - A-One Products produces and markets bottled water under the following brand names - Masafi brand and Maisha Brands
 - The products are packed in the following pack-sizes:
 - Small sizes bottles.....350ml, 500ml, and 600ml bottles
 - Bulk sizes bottles.....1,000ml, 1,200ml, 1,500ml, 1,700ml, 7-litres, 12-litres, 14.5 litres and 18.5 litres bottles.
 - (b) Juice
 - Fresh juice and flavoured juice under Price brand name.
 - Pride Fresh juice (bottles):
 - 180ml..... Mango, Cocktail, Passion, Pineapple flavours.
 - Pride flavoured juice (Bottles):
 - 200ml.....Orange, Mango, cocktail, Passion and Pineapple flavours.
 - Flavoured juice (cups)
 - 200ml..... Orange, Mango, Cocktail, Pineapple and Passion
 - (c) Carbonated Soft Drinks (CSD)
 - CSD are produces and packed in bottles in the following brands:
 - 320 ml.....MO Xtra, Mo Orange, Mo passion, Mo Portello, Mo pineapple, Mo Apple pop. Mo Malto
 - 400 ml.....MO Xtra, Mo Orange, Mo passion, Mo Portello, Mo pineapple, Mo Apple pop. Mo Malto, Mo Berry, Mo Fresh, Mo Club Soda, Mo kola Kola, Mo kola Kick,

7.3 Plastic Packages

- A-ONE produces plastic packaging materials for own-use including:

- PET Pre-forms,
- PET bottles and lids,
- Cups and sheet products.
- The company, also, produces PP buckets and lids, Jerry cans, Petroleum Jerry Containers, Plastic Jars and small plastic bottles for its sister companies.
- Additionally, the company has Plastic Bottles Recycling Plant which recycles re-usable plastic bottles for own use in the CSD plant and bottled water producing plant.

Additional Products

8.1 Introductions

- The proposed expansion projects in Da-es-salaam, Mbeya, Mwanza, Moshi and Zanzibar will produce carbonated soft drinks (CSD), bottled water and favoured juice.

8.2 Soft Drinks

(a) Bottled Water

- The Brand Names for bottled water will be - Masafi brand and Maisha Brands
- The products are packed in the following pack-sizes:
 - Small sizes bottles.....500ml bottles
 - Bulk sizes bottles.....1,000ml bottles

(b) Juice

- Fresh juice and flavoured juice under Price brand name.
 - Pride Fresh juice (bottles):
 - 300ml.....Mango, Cocktail, Passion, Pineapple favours.
 - Pride flavoured juice (Bottles):
 - 300ml.....Orange, Mango, cocktail, Passion and Pineapple flavours.

(d) Carbonated Soft Drinks (CSD)

- CSD are produces and packed in bottles in the following brands:
 - 300 ml.....MO Xtra, Mo Orange, Mo passion, Mo Portello, Mo pineapple, Mo Apple pop. Mo Malto
 - 400 ml.....MO Xtra, Mo Orange, Mo passion, Mo Portello, Mo pineapple, Mo Apple pop. Mo Malto, Mo Berry, Mo Fresh, Mo Club Soda, Mo kola Kola, Mo kola Kick,

8.3 Plastic Packages

- A-ONE will continue to produce plastic packaging materials for own-use including:
 - PET Pre-forms,
 - PET bottles and lids,

- Cups and sheet products.

World Market Overview for Soft Drinks

9.1 Introduction

- Soft drinks are enormously popular beverages consisting primarily of carbonated water, sugar, and flavourings. Nearly 200 nations enjoy the sweet, sparkling soda with an annual consumption of more than 34 billion gallons.
- The year 2012 was the third consecutive year of Global Value growth for soft drinks. While many tie this growth to recovery from the global economic recession, the plethora of choice available to consumers continues to dictate the taste and function of today's beverages.

9.2 Local Brands Versus World Brands

- As consumer spending power in Developing Countries' markets continues to grow, many of the consumers move from unpackaged beverages such as water, lemonade or fresh juices to packaged drinks.
- A-ONE produces soft drinks of local brand. In the past, choosing megabrands like Coca-Cola or Pepsi meant joining a global culture. But, manufacturers are learning that today's consumers are starting to make choices based on regional taste instead of just global identity. Consumers in China, for instance, are now able to choose from, not only Coke and Pepsi, but Hangzhou Wahaha's Future Cola; or Master Kong's Iced Tea; or Jiaduobao, a canned, ready-to-drink herbal tea that sold almost 1.4 billion litres in 2012 compared to 2.5 billion for Coca-Cola.
- The proliferation of local brands and familiar flavours in developing nations is a trend that global manufacturers cannot ignore. Whether it is kvass based drinks in Eastern Europe, guarana carbonates in Latin America, or lemon-lime drinks in India, large companies are realising the potential of beverages similar to the unpackaged varieties

that epitomise local culture. The result is a diverse portfolio of soft drinks. The Coca-Cola Company, in particular, realised the potential in 2008, when examining the company's performance in Russia. Competitor Ochakovo MPBK ZAO quickly took market share from Coca-Cola due to the popularity of their Kvas Ochakovo, a kvass packaged beverage popular with many Russians. In response, Coca-Cola developed Kruzhka i Bochka, their own take on kvass.

- Global brands and marketing campaigns still have tremendous value; but tapping into local cultures with sub-brands allows conglomerates to compete with local manufacturers. As the developing markets like Tanzania become the key growth areas for soft drinks, the expectations are that manufacturers will acquire or formulate beverages more familiar to local taste.

9.3 Natural Versus Artificial Soft Drinks

- A-ONE produces artificial soft drinks. While sales in categories such as sports and energy drinks have skyrocketed due to their added functionality, high calorie, high sugar full flavoured carbonates have struggled. Low calorie sodas appeared as an alternative, but the aftertaste of artificial sweeteners left many consumers wanting.
- In response, manufacturers reformulated their blend of sweeteners, including mid-calorie offerings. Yet differing consumer perceptions on health, in particular natural versus artificial, will continue to take their toll on diet soda. Diet carbonates in particular are expected to see a 30% global volume decline between 2012 and 2017.
- This battle of health perception will continue to rage in the coming years. Many consumers are still calorie conscious – avoiding sugary drinks that lead to weight gain, even when offered in healthy blends such as 100% fruit juices. On the other hand, many seek natural products and view the artificial sweeteners of diet soft drinks as anathema.
- A compromise may come from 100% fruit and vegetable juice blends; a category that performed poorly in the past. Although high price points and high calories deterred many, the use of vegetable juices as part of these blends can lower calories while still allowing for natural ingredients. Should new technologies and increased competition lower prices, 100% fruit and vegetable juice blends could grow in the future.

Soft Drinks History in Tanzania

10.1 Introduction

- The beverage sector comprises alcoholic and non-alcoholic drinks. The alcohol sub-sector includes the distilling of ethyl alcohol, the distilling and blending of spirits and the brewing of wines, cider and beer.
- The soft drinks sub-sector comprises the processing and bottling of juices, carbonated drinks, natural spring water and mineral water. According to a 2009 survey of manufacturing firms by the National Bureau of Statistics, there were 37 large and medium-sized establishments in the sector, of which 10 are foreign-owned and seven are owned jointly by Tanzanian and foreign investors.
- About 15 firms were located in Dar es Salaam, including most of the larger ones. About a third of the firms were established after 2000.

10.2 Early Players

- In the soft drinks area, the first entrants, who remain dominant in the sector, were franchisees of Coca-Cola and PepsiCo. The first soft drink bottling plant was set up in 1952 when Greek businessman Aris Cassolis established Tanganyika Bottlers Limited to make Coca-Cola products.
- Renamed as Tanzania Bottlers in 1964, it was bought by the Mac Group in 1986. The business remained in private hands during the socialist period.
- In 1995 the South African Bottling Company bought Tanzania Bottlers from Mac Group. SBC Tanzania, a producer of Pepsi soft drinks, began its operations in 2001. In the juices sub-sector, a number of government-owned processors were established in the 1970s. These ventures were already in financial distress at the time when they were privatized. Subsequently, a number of new private firms entered the sector,

using concentrates to make juices. Only recently has one firm, Bakhresa Food Products, begun making juices from fresh fruit as opposed to concentrates.

- Bonite Bottlers Ltd was the first Tanzanian company to bottle mineral water; it began its operations in 1990. Several firms entered the market later; these included both small and large firms, and some PepsiCo and Coca-Cola franchisees. A-ONE joined the sector in 1997.

Current Major Industry Players

11.1 General Overview

- Tanzania's soft drinks supply chain includes soft drinks manufacturers, importers, wholesalers and retailers. In terms of soft drinks categories, there are three major categories of soft drinks produced and distributed in the Tanzania market:
 - **Carbonated soft drinks**
 - Tanzanian firms produce local brands of carbonated drinks. The most prominent of these are Azam Cola, produced by Bakhresa Food Products, and Sayona Cola, produced by Sayona Drinks (part of Motisun Holdings) and Mo-Cola produced by A-One Products.
 - **Fruit juices**
 - Until 2015, domestic production met only 8% of demand. However, this has changed, in large part due to the entry of the Bakhresa Group into large-scale fruit juice processing. The juices available in Tanzania include orange, guava, coco-pine, peach, tropical plum and passion fruit.
 - **Bottled water**
 - Bottled water is produced by Coca-Cola and PepsiCo franchisees as well as by large, medium and small-sized local companies. The larger local firms include Sayona Drinks, Bakhresa Food Products, A-One Products, Kilimanjaro Water and Jambo.
 - In recent years, local small-scale producers have emerged producing local brands including Hill Water and other brands.

11.2 Major Soft Drinks Producers

Besides A-One Products, other major producers of soft drinks in Tanzania include the following:

(i) Coca-Cola Brands

- Created and developed in Atlanta, Georgia in 1886, Coca-cola is a US-based soft drinks giant. The Coca-Cola Company (TCCC) is the largest beverage company in the world, serving 1.7 billion consumers a day in more than 200 countries. The production and distribution of Coca-Cola follows a franchising model in which TCCC provides a syrup concentrate to its bottling partners who then manufacture, package, distribute, and sell products for local consumption.
- The US-based TCCC in conjunction with its Tanzanian bottling partners is involved in marketing, manufacturing and distribution of soft drinks in Tanzania.
- Coca-Cola's three bottling partners in Tanzania are **Coca-cola Kwanza Bottlers** in Dar es Salaam, **Bonite Bottlers** in Moshi and **Nyanza Bottlers** in Mwanza.
- Over the last three years Coca-Cola has invested in excess of USD 358 million in Tanzania. In the past decade, the company invested over USD 6.0 billion in the African continent and intends to invest another USD 12 billion by 2020. The investments are part of its ambitious long-term plans to double its net revenues globally, from USD 100 billion in 2010 to over USD 200 billion by 2020.
- Coca-cola brands in Tanzania include the following:
 - Coca-cola – favoured carbonated soft drink
 - Sprite – lemon-lime flavoured soft-drink
 - Fanta – fruit-testing flavoured soft drink
 - Coce Diet - sugar and calorie-free soft drink
 - Coca-cola Zero – zero sugar flavoured soft drink
 - Sparlleta – flavoured carbonated soft drink
 - Dasani – flavoured mineral water
 - Krest – digestive carbonated soft-drink

(ii) Pepsi-Cola Brands

- Created and developed in 1893, Pepsi-Cola is a carbonated soft drink that is produced and manufactured by PepsiCo, an American multinational food and beverage corporation headquartered in New York, United States.

- SBC Tanzania Ltd is the sole franchisee and bottler of the Pepsi Cola range of products in Tanzania. In 2010, the company recorded an annual turnover of more than US USD 93 million.
- SBC Tanzania Limited was incorporated in 2001 with the mission to “revive the Pepsi Cola business in Tanzania and to transform Pepsi brands into sizeable and serious contenders for volume and share of mind in the Tanzanian market.
- The company has its headquarters in Dar es Salaam and operates plants in Mwanza, Arusha and Mbeya. It has distribution depots in Moshi, Shinyanga, Dodoma, Iringa and Morogoro. The company has a sophisticated distribution network, with agents, wholesalers and retailers throughout the country.
- SBC Tanzania produces, distributes and markets various product brands including Pepsi, 7UP, Mirinda, MountainDew and Evervess in the following pack sizes:

	Products	Pack sizes	
1	Pepsi	200ml	350ml
2	Pepsi PET		500ml 1.5 litre
3	Pepsi Light PET		500ml
4	Pepsi Max PET		
5	Pepsi Can	300ml	
6	Pepsi Diet Can	300ml	
7	7up		350ml
8	7 up PET		500ml 1.5 litre
9	7Up can	300ml	
10	Mirinda Orange		350ml
11	Mirinda Orange PET		500ml 1.5 litre
12	Mirinda Fruity		350ml
13	Mirinda Mango		350ml
14	Mirinda Pineapple		350ml
15	Mirinda Can	300ml	
16	Mountain Dew		350ml
17	Mountain Dew PET		500ml
18	Mountain Dew Can	300ml	
19	Evervess Club Soda	300ml	
20	Evervess Tonic Water	300ml	
21	Evervess Tonic Water PET		500ml
22	Evervess Tonic water can	300ml	
23	Evervess Club Soda Can	300ml	

(iii) **Bonite Bottlers Limited**

- Bonite Bottlers Ltd was the first Tanzanian company to bottle mineral water; it began its operations in 1990. Several firms entered the market later; these included both small and large firms, and some PepsiCo and Coca-Cola franchisees.
- Bonite Bottlers, part of the IPP Group of Companies, produces Kilimanjaro Drinking Water, the leading bottled water in Tanzania selling under its own brand, Kilimanjaro Drinking Water.
- The company operates in four regions of Northern Tanzania: Kilimanjaro, Arusha, Manyara and Singida.
- Bonite Bottlers Ltd also bottles and distributes coca-cola soft-drinks brands.

(iv) Bakhresa Food Products Limited

- Bakhresa Food Products Ltd was established by the Bakhresa group in 1998 and it's based in Dar es Salaam. Bakhresa Food Products Ltd is involved in the production and marketing of a range of food products including dairy products, ice-cream products, bottled water, juices and carbonated drinks.
- The company's fruit juice processing plant is the first aseptic packing facility for fruit juices in Tanzania, with a capacity of 41 million litres per annum.

#	Products	Pack sizes	
1	Azam Cola	300ml	500ml
2	Azam Cola Orange	300ml	500ml
3	Azam Soda Orange	300ml	500ml
4	Azam Soda Fursana	300ml	500ml
5	Azam Soda Apolina		500ml
6	Azam Soda Komamanga	300ml	
7	Azam Cream Soda	300ml	
8	Azam Energy Drink	300ml	
9	Azam Malti Apple	300ml	500ml
10	Azam Malti Pineapple	300ml	500ml
11	Azam Malti Coffee	300ml	
12	Azam Malti Ginger & Lime-Lemon	300ml	
13	Azam Embe	300ml	
14	Tropical	300ml	
15	Safina Premium Drinking Water		500ml 1000ml
16	Safina Sparkling Drinking Water		500ml

(v) **Sayona Drinks Ltd**

- **Sayona Drinks Limited** is part of the Motisun Holding Group and was the first Tanzanian firm to produce carbonated soft drinks in plastic bottles. It produces cola soda, orange soda, lemon soda and mango juice.
- Motisun Group is a privately owned diversified business conglomerate based in Tanzania with various manufacturing companies in steel and roofing products, mining and power, cement, plastic tanks and pipes, hospitality, paint, industrial products, beverage and food processing, construction and logistics. The company has presence in Zambia, Mozambique and Uganda.
- Sayona Drinks Limited produces quality beverages ranging from carbonated soft drinks to ready to drink juice and packaged drinking water under the brands – Twist and Sayona. These are local brands of soft drinks.
- The company’s manufacturing facility has capacity to produce 300 Bottles Per Minute (BPM) of carbonated drinks and 200 BPM of packaged drinking water.
- The company produces the following products:
 - Sayona water available in various pack sizes: 350ml, 500ml, 600ml, 1000ml, and 1,500ml and in bulk water jars of 5Litre, 10 Litres and 20 Litres.
 - Sayona “twist” carbonated soda available in 350ml PET bottles with 7 different varieties of flavours.
 - Sayona juice, artificial juice available in different flavours.

(vi) **Jambo Food Products Limited**

- Jambo Food Products is a limited company incorporated in Tanzania. It is a subsidiary of the Jambo Group of Companies Limited located in Shinyanga, a strategic location in the Lake Region.
- The company is a new entrant in the beverages industry in the country. Its CSD plant was launched in June 2016.
- The company has installed capacity consists of three bottling lines with an average total capacity of 96,000 Bottles per Hour or 80,000 cartons per day of 24 bottles for carbonated soft drinks, fruit juice drinks and drinking water.

- The company produces Jambo Soda, Jambo Malta, Jambo Juices, Jambo Energy, and Jambo Drinking Water. From these brands mix the plant is producing an average of 44 SKUs in 300ml, 500ml, 1Litre and 1.5 Litre pack sizes.

11.3 Other Players

- Besides the major players, there are small players in the market of the beverage products particularly in the bottled water sub-sector.
- There are also imported juices in market.

Company Market Positioning

12.1 Introduction

A-One Products considers the following factors when influencing consumer to choose its products:

- Psychological Factors: such as motivation, perception, lifestyle, personality and self-concept, learning, and attitudes influence the consumers' behaviour towards a product.
- Sociocultural factors: such as culture, subculture, socio-economic status, family and reference groups influence the consumers' behaviour towards a product.
- Economic factors: such as Disposable income and discretionary income. A-One Products maintains a low price on the price of its products.
- Government Factors: such as new regulations, inflation, interest rates all influence consumer spending and choice.

12.2 Market Objectives

- A-One Products main market objectives are to supply everyone their favourites drink and to satisfy the consumer needs and wants. The company also has the objective of generating returns to its shareholders and increase the market share.
- The specific marketing objectives of A-One Products include the following:

- Market Share: gain 40% of market for soft drinks industry by 2025.
- Profitability: achieve a 20% return on capital employed.
- Promotional: increase awareness of the product on the market.
- Growth: continue to invest in soft drinks producing infrastructure.

12.3 The Strategies

A-One Products focuses on the following strategic issues when marketing its soft drinks:

(i) Product Range

- The business has over 10 brands of soft drinks with the main ones being Pride Juice, Masafi and Just Chill bottled water.
- The carbonated drinks brands include MO-Cola, MO-Orange, MO-Lemon, MO-Portello, MO-Malt Apple, MO-Malt Pineapple, and MO-Bomba.
- The Company packages its beverages into plastic bottles of sizes: 2 litres, 1.25 litres, 600ml, 500ml, 350mL and 250ml.

(ii) Product Differentiation

- A-One Products uses marketing strategies to differentiate its product from its competitors to gain a competitive advantage.
- Product branding in using "MO" brand name has become a unique selling name which goes together with product quality, flavour, pack-sizes and pack types.

(iii) Prices and Pricing

- The prices of A-One Products vary according to the brand and the size.
- Pricing of A-One Products is usually priced below, above or equal to its competitors' prices.
 - Discount price of A-ONE products are often marked down during sale periods and special occasions.
 - Pricing strategy is that of meet-the-competition pricing. The A-ONE products pricing are set around the same level as its competitors.

(iv) Place and Distribution

- There are four types of distribution strategies that A-One Products could have chosen from, namely, intensive, selective, exclusive and direct distribution.
- **Physical Distribution Issues**
 - A-One Products considers a number of issues relating to the physical distribution of its soft drink products, namely, order processing, warehousing, materials handling, inventory control, transportation.
 - Order Processing: A-ONE makes sure that it does not delay in its processes for consumer deliveries (i.e. delivery to selling centers).
 - Warehousing and inventory control: warehousing of A-ONE products done through MeTL Group's network of warehouses.
 - Materials handling: this deals with physically handling the product and using machinery such as forklifts and conveyor belts.
 - Transportation: Transporting A-ONE products is the one most important components of physical distribution. The choice of the transport means depends on the geographical position of the market (city or up-country), and depends on the associated costs. The most beneficial transportation method for A-ONE would be ROAD if the product were moved around from storage to the cost centers.

(v) **Promotion**

- Effective communication with the target market is essential for the success of the product and business. A-ONE uses combination of personal selling, advertising, sales promotion and public relations.
- A-ONE also uses Above-the-line-promotions which refer to mainstream media: Advertising through common media such as television, radio, transport, and billboards and in newspapers and magazines.
- A-ONE has used this as the main form of promotion for extensive range of products. Although advertising is usually very expensive, it is the most effective way of reminding and exposing potential customers to A-One Products.

(vi) **Quality Certification**

- The products produced by A-One Products are certified by the Tanzania Bureau of Standards (TBS). This is an available tool to improve its position against competitors' particularly imported products.

(vii) **Brand identity**

- The main stakeholders of the international market control the most important brands in their respective market sectors, and they have financial and marketing resources to combat the ever-increasing threat of competition.
- A-One Products markets its soft drinks products through MeTL Group distribution network and carry MeTL Group brand identity which is well known countrywide and internationally.

(viii) **Market Penetration**

- A-One Products markets include the urban and rural markets. The company's products penetrate to the rural population through the MeTL Group sales and distribution channel.
- In the export market, the company will explore exporting to neighbouring countries of Zambia, Malawi, Rwanda, Burundi and the Democratic Republic of Congo.

(ix) **Market share Versus Profitability**

- With the increase of both domestic and global competition, A-One Products has to reconcile two conflicting elements in marketing strategy – namely profitability and market share. Greater market share involves higher marketing costs and lower profitability.
- Therefore, ability to juggle these concepts can become the best strategy to obtain the best results in the market. Cost leadership is a strategy that A-One Products is adopting through investment in production of the main packaging materials for soft drinks and through use of MeTL Group's transport and distribution network.
- The company's market share for its products has experienced growing trend as follows:

Product	Year 2018	Year 2019	Year 2020
CSD	40%	42%	45%

Bottled Water	30%	35%	35%
Flavoured Juice	13%	12%	10%

(x) The Packaging

- Packaging is a key way of differentiating a product from the competition and enhancing brand identity.
- A-One Products is very innovative and it quickly responds to consumer preferences on packaging. The company packs its products in over 20-pack sizes.

Company Distribution Model

13.1 Introduction

- A-One Products markets include the urban and rural markets. The company's products penetrate to the rural population through the MeTL Group sales and distribution channel.
- The company's distribution network includes primary and secondary distributors. The primary distributors include wholesale distributors, MeTL Group Central Sales Unit, MeTL Group's Sales Branches, MeTL Group's Mobiles sales Unit, Food Vendors and Supermarkets.

13.2 Primary Distributors

- ✓ These procure CSD, bottled water and juice direct from the factory and they include:
 - (i) Wholesale distributors
 - Wholesalers of various merchandize located in urban and peri-urban centres in all regions of the country
 - They maintain own infrastructure for selling various goods to retailers
 - Account for about 70% of the sales
 - (ii) MeTL Group Central Sales Unit (CSU)
 - This is the Group's distribution unit dealing with selling of all products produced and traded by MeTL Group of companies
 - It maintains two departments
 - ✓ Sales branches
 - ✓ Mobile sales unit
 - MeTL Group's Sales Branches

- ✓ Wholesale outlets owned by MeTL Group located in urban centres
- ✓ They maintain warehouses and wholesale outlets for selling various goods traded by MeTL Group of companies to retailers
- ✓ Account for about 10% of the sales

- MeTL Group's Mobile Sales Unit

- ✓ This is in Dar-es-salaam
- ✓ It involves products distribution to retailers through use of company trucks
- ✓ Accounts for about 19.5% of the sales

(iii) Supermarkets and

- These are large retail outlets mainly located in Dar-es-salaam
- Account for about 0.5% of the sales

13.3 Secondary Distributors

- ✓ These comprise of retailers maintaining large and small retail shops in urban, peri-urban and rural areas.
- ✓ These, also, include hotels, restaurants, pubs, bars, roadside vendors and other kiosks.
- ✓ They distribute about 99% of the products
- ✓ These procure beverages from Primary Distributors as follows:
 - (i) Wholesale distributors
 - (ii) MeTL Group Sales Branches
 - (iii) MeTL Group Mobile Sales Unit

13.4 Sales Divisions (Sales Depots)

- In Dar-es-salaam, the company has established four Sales Division equipped with large warehouse and support facilities. The Divisions are distributed as follows:

(i) Factory Depot –

- This is located within the factory at Kiwalani. The Division accounts for about 60 percent of sales revenues in Dar-es-salaam.
- The Division operates 5-wholesale shops located in 5-locations (Magomeni, Tandale, Ilala, Kariakoo, and city center).
- The Division is in-charge of the Mobiles Sales Unit which distributes on daily basis soft beverages to wholesalers, sub-wholesalers and retailers at their door-steps in various parts of the city of Dar-es-salaam and the suburbs.
- The Division maintains 10-Sales Agents equipped with large storage facilities for beverages, and they are located in various parts of the Dar-es-salaam region.
- The Division is in charge of distribution of refrigerators and cooler bags to retailers in

- (ii) Mbezi Beach Depot –
 - This is wholesale Division with a large storage facility for soft beverages that caters for the northern suburbs of the Dar-es-salaam region.
 - The depot serves middlemen and retailers of beverages located in the areas of Mbezi, Tegeta and other nearby traders.
 - The Depot accounts for about 15 percent of the company sales revenues generated in Dar-es-salaam city.
- (iii) Mbagala Depot –
 - This is wholesale Division with a large storage facility that serves wholesalers and retailers of soft beverages located in the southern suburbs of the Dar-es-salaam city.
 - The Division serves the areas of Mbagala and the surrounding suburbs and its accounts for about 10 percent of the total sales revenues generated in Dar-es-salaam region.
- (iv) Kurasini Depot –
 - Like the other depots, the Division has an established large storage facility for beverages and strategically located to serve the industrial area close to the Port of Dar-es-salaam.
 - The Division accounts for about 5 percent for the company's sales revenues in Dar-es-salaam.
- In Dar-es-salaam, all the sales are on cash bases, however, the company considers goods distributed to Depots as Debtors until the physical cash is transacted to the AOne sales account.

13.5 MeTL Group's Trading Division

- A-one Products, also, sales its products through the MeTL Group's Trading Division. The Trading Division, which generates about 10 percent of Aone annual sales revenues, maintains 24 branches all-over the country.
- The Trading Division is responsible for selling and marketing all products under the MeTL Group of companies.
- Each branch has mobile sales and shops as well Sales Agents.
- Additionally, Trading Division maintains five large Depots in Mwanza, Nbeya and Morogoro, Moshi and Tanga.
- The Trading Division is in-charge of large wholesalers and supermarkets in the regions as well as in Dar-es-salaam.

- It's the Trading Division which can sale the products on credit terms to its Wholesale Distributors. The company gives 10 to 60-days credits to wholesale distributors against collateral which may be in the form of a mortgage property or FDR.
- MeTL Group's Trading Division is treated as Debtor when receiving goods from A-One Products until cash is transacted to A-One Bank Account for goods rendered for sale.
- The Debtors of the Trading Division do not reflect in the accounting books of A-one Products.

Market Outlook

14.1 Introduction

- The market demand for soft drinks during the forecast period in 2022 to 2023 shows a growing trend as the economy is gaining momentum following slow growth due to the covid-19 pandemic of 2019/2020.
- The demand for soft drinks will be influenced by myriad factors including price changes, consumer preferences and health issues. Larger players in the soft drinks industry are expected to strengthen their distribution channel and offer competitive prices to their customers for the beverages.
- Effective promotional activities, products availability and growing disposable incomes of the population and changes in the demographic structure will drive growth in soft drinks consumption.

14.2 Market Prospects

- Tanzanian households are expected to return to more normal shopping patterns during 2022 as the threat of the Covid-19 pandemic subsides. While this will result in lower growth rates than were seen in 2021 in food and non-alcoholic drink spending, Tanzania's food and drink industry will continue to see robust year-on-year growth.
- The country's strong economic outlook following change of government business and investment policies and large young adult demographic will support growing

household incomes and present significant opportunities for food and drink spending growth across MeTL Group's medium-term forecast period to 2025.

- Hotel and tourism sector is projected to increase in 2022 as the government has changed its stance on dealing with Covid-19 pandemic. The government has now recognised the prevalence of Covid-19 and has allowed its citizen to get vaccination.

14.3 Competition Landscape

- Local brands of carbonated soft drinks as well as bottled water are projected to continue to dominated the Tanzania market. Kenya's Juices are expected to bring competition in the juice product line as the countries have resolved the trade barriers that had caused clearance hurdles at the border.

SWOT Analysis

15.1 Strength

- A-ONE has been operating successfully for over 15-years. The company is the third largest industry under the MeTL Group. The MeTL Group is the most recognized trademark in Tanzania.
- A-ONE has been a complex part of Tanzania culture. The product's image is loaded with over-romanticizing, and this is an image many people have taken deeply to heart.
- A-ONE is locally owned and operated by independent strong management team.

15.2 Weakness

- Carbonated soft drinks contain sugar by which continuous drinking of the drink may cause health problems. Being addicted to carbonated soft-drinks also is a health problem, because drinking of carbonated soft drinks daily has an effect on the body after few years.

15.3 Opportunity

- A-ONE and the industry have significant growth opportunities. The company has sufficient capital to expand. It has the potential to innovate and differentiate the company's products to sustain a competitive advantage.

- A-ONE may merge with other global businesses to eliminate competitors.
- A-ONE is capable of expanding into other markets other than the soft drink market.

15.4 Threats

- Even though Coca-Cola and Pepsi control nearly 40% of the entire beverage market, the changing health-consciousness of the market could have a serious affect.
- Consumer buying power also represents a key threat in the industry.
- Consumers can easily switch to other beverages with little cost or consequence.

Implementation Requirements

16.1 Project Management

- AONE Products will set up Project Implementation team that will oversee the designing, construction works, building works and other infrastructure development as well as procurement of support facilities.
- The company will use the services of the own experienced staff. Additional qualified individuals will be deployed to help in the implementation of the project.

16.2 Statutory documentation

- The company will process for statutory documents when the plants installation works are near completions.
- Statutory documents include the following:
 - Projects registration documents; and Business licenses
 - Quality certification; and Environmental protection
 - Workplace certification; and other registrations

16.3 Land acquisition

- The project has already identified and secured suitable land for setting up the factories in Dar-es-salaam, Mbeya, Mwanza and Moshi.

- The land in Dar-es-salaam, Mbeya, Mwanza and Moshi is owned by the sister companies under the MeTL Group. The Land in Zanzibar is leased from the government of Zanzibar.

16.4 Buildings and Civil Works

- Except in Mwanza, the other two locations (Dar-es-salaam, Mbeya, Moshi and Zanzibar) have existing buildings which will be converted into beverage producing factories. The project will construct additional buildings and renovate the existing buildings and civil works to meet the industrial requirements.
- In Mwanza, the project will design and construct new buildings and undertake civil works. The designing works for project are in progress both in Dar-es-salaam, Mwanza, Mbeya, Moshi and Zanzibar.

16.4 Plant and Machineries

- The project has already identified the plants and machineries. The project will procure four major types of plants: beverages producing plant; plastic packages manufacturing plant; CO₂ gas manufacturing plant; and plastic bottles recycling plant.
- The beverage manufacturing plant include preparation plant, water treatment plant, chiller, boiler, cooling plant, CO₂ storage tanks, ETP, lab equipment and other machineries.
- The beverage plants will produce CSD, bottles water and flavoured juice at varied production capacities as follows: Dar-es-salaam (80,000 bottles/Hour), Mwanza, Mbeya and Moshi (40,000 bottles/Hour each) and Zanzibar (24,000 bottles/Hour).
- The project will procure and install one Packages Manufacturing plant which will be located in Dar-es-salaam. The plant is designed to produce packages for all the other plants. The packages will be transported from Dar-es-salaam to the other plants by roads.
- The project will install machineries to produce Pre-forms with capacity to produce 120,000 pre-forms per hour; caps manufacturing plant with 110,000 caps/hour production capacity.

16.5 Utilities

- This refers to electricity and water connections and installations. All the premises are connected to electricity from the main national grid.
- Underground water will be used for the production of beverage (CSD, bottled water and juice).
- The project will install standby diesel-powered electric generators that will provide energy during power fluctuations from the national grid.

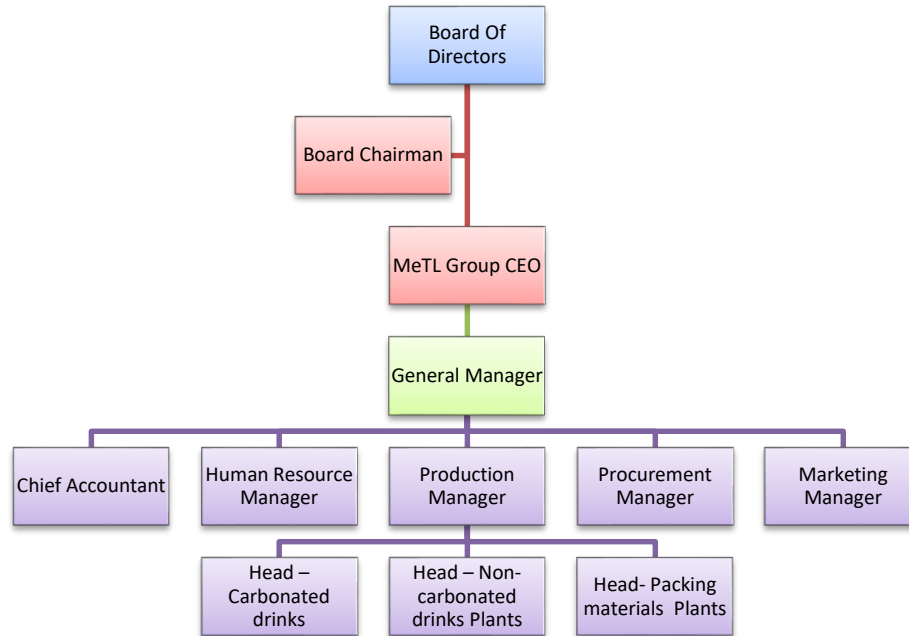
16.6 Support Facilities

- Support facilities include motor vehicles, fork-lifts, office furniture and office equipment and other facilities.
- The project will purchase trucks for distribution of the beverage to the market in their respective localities.

Management And Organisation

17.1 Organisation Structure

- A-ONE is under the general management of the Board of Directors of MeTL Group which is responsible for major policy and strategic decisions of the project. The Board is under the Chairmanship of Mr. Gulam Dewji, the founder of the MeTL Group.
 - At the strategic level, the day-to-day management of the project is under the supervision of the MeTL Group CEO who is being assisted by a team of professionals in treasury, finance, production and in other relevant fields to the project at the Group Head Office.
 - At the operational level, the company is under a qualified and highly experienced General Manager.
-



- The company General Manager oversees daily operational activities of the project and reports directly to the MeTL Group CEO. The General Manager is in-charge of production, procurement, finance, marketing and all other aspects of the project.
- The General Manager is being assisted by a competent team of managers in finance, human resources, production, marketing and procurement. The company employs experienced personnel in the respective fields of operation.
- The Production Manager is being assisted by Heads in Carbonated Soft drinks; Non-carbonated soft drinks; and packing materials plants.

17.2 Manpower Complement and Cost

Presently, A-ONE has a contingent of 3,900- permanent staff and over 300 casual labourers. The number of people employed in the plants will increase as production increases over-time.

The salaries and wages have been taken at the going market rates, and an additional 20% is provided to cover the benefits and pre-requisites that shall be given to all employees.

It is noted that the project has trickle-down effect by generating additional indirect employment mainly in the transport sector and trading industry.

17.3 Manpower Training

Beverage industries are fairly new in the Tanzania economy. MeTL Group employs expatriates in key technical positions.

Like other establishments for the MeTL Group, the sales and marketing functions are undertaken by the MeTL Group marketing directory.

The management mostly recruits new workers so that they can easily adopt the system and good practices involved in efficient running of the plants. The management usually identifies the training needs of all the employees and adopt systematic and focused training programs and refresher courses.

Implementation And Operational Plan

18.1 Implementing Agency

The project will be implemented by A-ONE. The management of the company undertakes to organize all the aspects of the project as follows:

- Ordering and procurement of the raw materials including:
 - Polythene materials, master batch, and other materials for the packing materials manufacturing plant
 - Sugar, flavours, emulsion, carbonated gas and other materials for the production of soft drinks.
- Pre-operating expenses and initial working capital.

- Provide working capital for the variable and fixed costs of the company such as marketing and transport expenses, salaries and wages, insurance and other administrative costs.
- Finance all cost over-runs resulting from operations.

18.2 Implementation Plan

- The company has identified raw materials suppliers from abroad and locally who have been supplying the ingredients for the continued operations.
- The procurement of raw materials is subject to placing a supply order for products delivery in Dar-es-salaam, Tanzania or at the factory.
- The ordering and delivery of the raw materials usually take a period of two months
- Implementation of the expansion project to the envisaged level is subject to availability of funds from the external financier.
- Refinancing of existing loans will be done directly to the creditors' account by the lender.
- Equity Release funds will directly be transferred to A-ONE bank account.

18.3 Operational Plan

- A-ONE management team undertakes to manage and operate the project including sourcing of raw materials, production and marketing.
- MeTL Group provides strategic and policy directives to the project.

Risks And Uncertainties

19.1 Local Currency Depreciation

Most of the raw materials for manufacturing of packing materials are imported. The price of raw materials increases when the Tanzania currency depreciates against the US Dollar. The company will, in the long-run, procure adequate raw materials stock to cover for 3 to 4 months of production to avoid price fluctuation of raw materials resulting from local currency depreciation.

19.2 Inflation risks

There is a potential risk that inflation might raise at higher rates than projected. This may increase the price of the final products hence reduce the demand for the product. While this risk usually prevails in Developing Countries like Tanzania, the government appears committed to continue maintaining the macroeconomic stability and bring inflation further down.

19.3 Political risks

The government may from time to time issue new directives which may affect on the project implementation and operations. However, this risk is strongly addressed by the government long-term commitment of involving private sector in policy decisions.

19.4 Managerial risks

Managerial risks - Management of beverages industries requires close supervision and production and marketing expertise. The company has employed personnel with experience in the soft drinks production and marketing.

Additionally, the MeTL Group is part of the management team to drive the finance and marketing departments and other business strategic decisions.

Conclusion And Recommendation

Tanzania is a country with a population of about 60 million people belonging to different income levels and use different soft-drinks brands, which fall under different segments, but all income levels use soft drinks.

Beverages are for many people. Whether it might be alcoholic or non-alcoholic, fresh or artificial products are a part of people daily lives. Tanzania's economy is growing rapidly while investments into a number of fast-moving consumer good sectors continue to pick-up as spending at the middle class level rises.

Rural consumers in Tanzania constitute 80% of the population. Rural demand is growing, with more and more soft drinks brands being launched in the discount segment targeting the lower socio-economic strata of consumers. A-ONE originally targeted its products to the lowest income strata in urban as well as rural areas, positioning its brands as a way to remove dirt and clean the body.

The study shows that the project is financially and economically viable with long-term returns on investments. The project is projected to register positive Net Present Value and an Internal Rate of Return which is above the cost of funds.
