



# 2022 Knauf Gypsum Tanzania Business Plan

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East Africa



# Knauf Gypsum Tanzania Mkuranga II Business Plan

# Why Further Investment in Tanzania



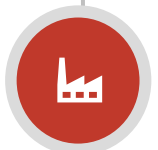
## **Tanzania is Neighboring 6 landlocked countries**

Tanzania is bordering 6 landlocked green market countries i.e., Uganda, Rwanda, Burundi, DR Congo, Zambia and Malawi



## **Unsaturated Export Markets and Growing Regional Integration (EAC, SADC)**

Export markets bordering Tanzania are unsaturated due to high logistics costs and duties from importing overseas



## **Only Tapered Edge Plasterboard Production Plant in East Africa**

Knauf Tanzania is the only tapered edge plasterboard production plant withing East Africa



## **East Africa is the Only Region on the Continent to Have Avoided A Recession in 2020 (source: AfDB)**

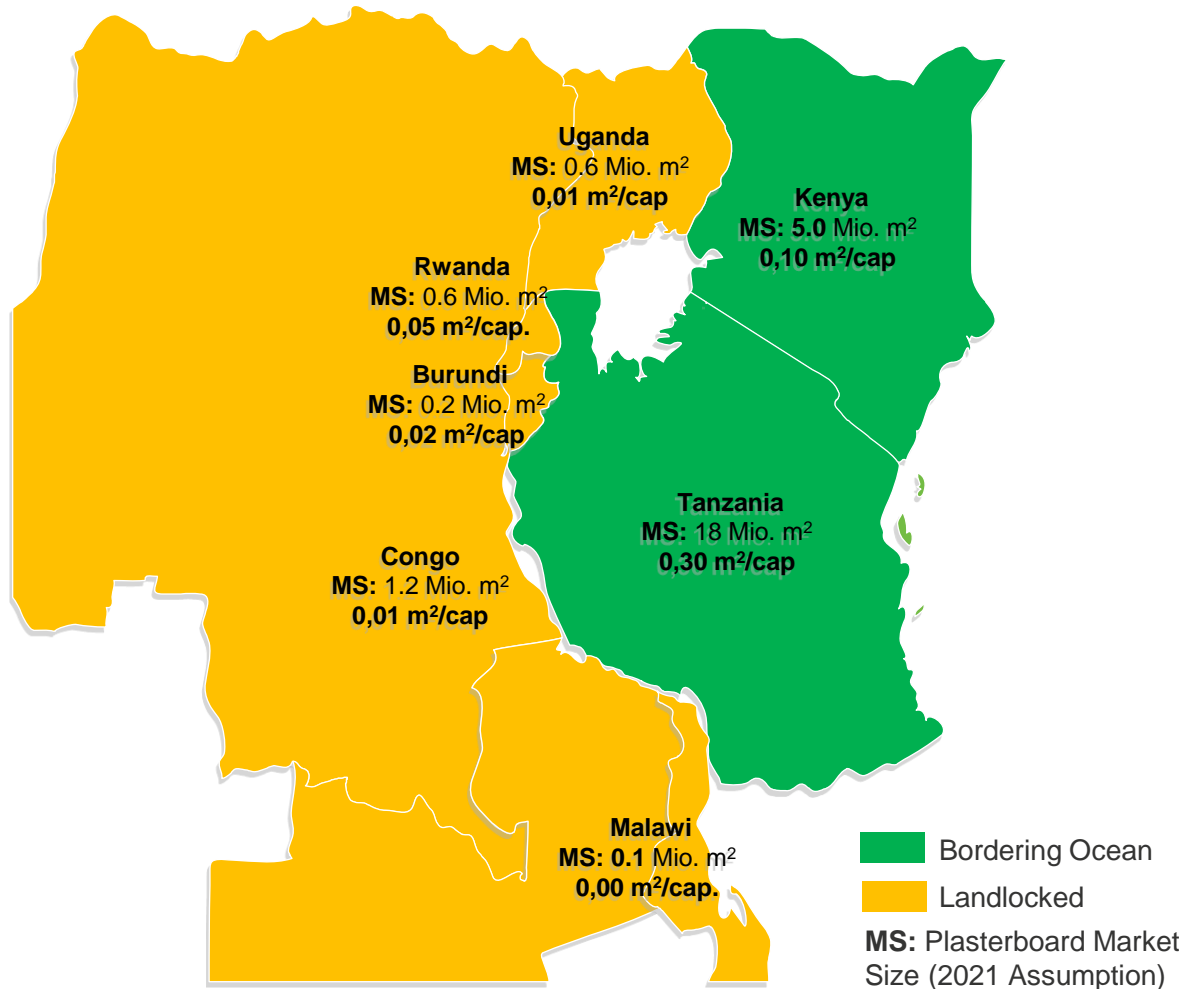
Due to agriculture, sustained public spending on large infrastructure projects, and increased regional economic integration



## **East Africa's +310m Population Forecast to See 25 Years of Stable, High Growth (source: NewAfrica Ltd)**

East Africa has seen 5-6% economic growth since 2000, led by Tanzania and Rwanda at 7% pa (before Covid-19 impact)

# Tanzania and Kenya are the Only Countries Neighboring Indian Ocean



Only Tanzania and Kenya are bordering Indian Ocean within Eastern Africa



Tanzania Port serves **Rwanda, Burundi, DR Congo, Zambia and Malawi**



Tanzania **informal markets** e.g., Kariakoo, supplies all retail products to DR Congo, Zambia and Malawi



Tanzania Ports Authority (TPA) is **implementing major projects** i.e., upgrading Port Berths 1-7 valued at **602 MEUR**



Dar es Salaam port is the **fourth largest port** on the African continent's Indian Ocean coastline after Durban, Mombasa and Maputo

# Tanzania Plasterboard Market Developments Update

## Government Projects are Boosting Local Plasterboard Demand



### Change on Political Environment

New president, Samia Suluhu has changed government priorities from civil construction to housing construction



### Preparation for 2025 General Election

Government is expected to increase spending to finish pending projects before 2025



### Foreign Direct Investment to Tanzania Hit Record With 3.6 BEUR in 2021

This is 300% more than the 0.9 BEUR FDIs in 2020



### Arab Development Bank to Lend Tanzania 2.6 BEUR for Development Projects

The Arab Development Bank (BADEA) has pledged to provide Tanzania with affordable loans and grant for the next five years



### Tanzania's Parliament Speaker Resigned After Debt Fight With President

Tanzania secured nearly 524 MEUR from IMF for COVID-19 relief

# Tanzania Investment Assumptions



## **BNBM Startup Challenges, BBG is Sold Out, Saint-Gobain is Having Industrial Challenges**

BNBM will start at a 50% Capacity Utilization, BBG is Sold Out, Saint-Gobain (Lodhia) will not operate at full capacity



## **Knauf Plasterboard Sales Volume Assumption**

Knauf Plasterboard Sales Volume, and Local Market growth assumption in 15% growth year-on-year



## **Export Market Sales Volume Growth to Increase Capacity Utilization**

Key target to increase sales volume to Kenya (2<sup>nd</sup> best plasterboard market size in East Africa)



## **Construction Period is 3 years**

It takes 3 years to build and connect the new line with existing line



## **6 weeks Stock before the Joining the New Line**

To build up the stock for 6 weeks



## **Knauf to Lose Local Market Share Due to 100% Capacity Utilization**

Knauf will start losing local market share in 2030

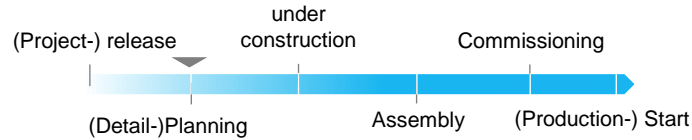
# Project overview – Extension of Plasterboard Plant in Mkuranga, Tanzania

## Project details

Area of responsibility	Mr. Akyildiz
Region	Africa
Country	Tanzania
Location	Mkuranga
Project Implementation	Knauf Engineering
Project management	Mr. Frey
Date	15.05.2023
Project status	Ongoing

## Status Gate Reviews

A:	Feasibility Study Midway Review	✓
B:	Ready for Initialization	✓
C:	Project Setup Review	✓
D:	Design Freeze	✓
E:	Procurement Strategy Review	✓
F:	Ready for Execution	✓
G:	Ready for Commissioning	
H:	Project Completion Review	
J:	Local Plant Performance Review	
K:	Final Review and Lessons Learned	



## Current Project Status

Project	Project Manager	Plant	Capacity	approved Budget in Mio.€
E.3652 Mkuranga II	Mr. Frey	Extension of plasterboard plant	+28 Mio. / 9mm	47,34 Mio. €

## Source of Suplay

- Design & civil works of plant building & infrastructure **ADVENT CONSTRUCTION LIMITED**
- Design & development of equipment Knauf Engineering GMBH
- Supply of plasterboard line dryer including installation **Sanjin Bucher Emhart Glass**
- Supply of silo including installation **Quarry Mining LLC**
- Supply and installation of equipment for plasterboard take of area **Luxson Technologies**

## Engineering



## Key technical figures

Capacity	Plasterboard plant 12,5 mm	12 to 33 mn. m <sup>2</sup> /a
	9mm	15 to 43 mn. m <sup>2</sup> /a
	Property size	8,6 ha to 14,9 ha
	Storage area of the plasterboard	2.000.000m <sup>2</sup> GBP

Operating figures independent of location	Investments	
	Plasterboard capacity 12,5 mm	33mn. m <sup>2</sup> /a

## Key business figures

Actual budget	47,34 mn. EUR
Actual value of delivery and services	
Commissioning	Jan-25
Shut down	Oct 24 - Dec 24
Production start	Mar-23

# Time Schedule – Extension of Plasterboard Plant in Mkuranga, Tanzania

Time schedule	Year	2021												2022												2023												2024												2025	
		Project month		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41							
Phase 1: Machbarkeit / Feasibility, Phase 2: Projektinitialisierung / Project Initialization Phase 3: Projektausführung / Project Execution, Phase 4: Inbetriebnahme & Übergabe / Close out & Transition	Phase	Start	End	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25							
Feasibility study	1	Jul-22	Sep-22																																																
Project initialization phase	2	Mar-22	Jul-22																																																
Project clearance and Project start	3	Oct-22	Oct-22																																																
Detailed Engineering KE		Jun-22	Feb-23																																																
Design civil works		Mar-23	May-23																																																
Applying construction permit		Apr-23	Jun-23																																																
Purchasing machines		Nov-22	Apr-23																																																
Manufact. machines		Dec-22	Nov-23																																																
Delivery period plant engineering		Jun-23	Mar-24																																																
Tendering and appointment civil works		Nov-22	Feb-23																																																
Civil works		Jun-23	Sep-24																																																
Machine assembly		Nov-23	Jul-24																																																
Electrical assembly		Jan-24	Aug-24																																																
Hard- und Softwaretest		4	Sep-24	Oct-24																																															
Wet commissioning	Nov-24		Nov-24																																																
Shut down	Oct-24		Dec-24																																																
Start of Production	Dec-24																																																		
Ramp up	Jan-25		Feb-25																																																

Feasibility study "sustainability"

# Mkuranga II Turnover and Financial Projection

## Quantities & Turnover

In 1000 units	2023	2024	2025	2026	2027	2028	2029
Boards [T Square meters]	16,000	18,400	21,160	24,334	27,984	32,182	37,009
Plasters [T tonnes]	3	4	5	6	7	8	9
Profiles [T meters]	963	1,030	1,103	1,180	1,262	1,351	1,445

In 1.000 EUR	2023	2024	2025	2026	2027	2028	2029
Revenue Board	28,277	32,640	38,257	43,925	50,475	58,041	66,788
Revenue Plasters	638	765	902	1,052	1,229	1,441	1,695
Revenue Profiles	383	409	475	531	588	646	704
Revenue other merchandise	194	210	244	274	304	336	336
<b>Total</b>	<b>29,492</b>	<b>34,024</b>	<b>39,877</b>	<b>45,782</b>	<b>52,597</b>	<b>60,464</b>	<b>69,523</b>

## Income Statement

In 1.000 EUR	2023	2024	2025	2026	2027	2028	2029
Revenue	29,492	34,024	39,877	45,782	52,597	60,464	69,523
<b>EBITDA</b>	<b>5,397</b>	<b>7,485</b>	<b>10,622</b>	<b>13,442</b>	<b>16,706</b>	<b>20,419</b>	<b>24,799</b>
<b>EBITDA %</b>	<b>18%</b>	<b>22%</b>	<b>27%</b>	<b>29%</b>	<b>32%</b>	<b>34%</b>	<b>36%</b>
Depreciation	3,778	3,892	6,817	6,896	6,977	7,060	7,144
Interest	175	2,755	2,860	2,860	2,405	1,845	1,005
<b>Earning Before Tax</b>	<b>1,443</b>	<b>839</b>	<b>946</b>	<b>3,686</b>	<b>7,325</b>	<b>11,515</b>	<b>16,650</b>
Tax (30%)	130	76	85	332	659	1,036	1,499
<b>Net Profit</b>	<b>1,314</b>	<b>763</b>	<b>861</b>	<b>3,355</b>	<b>6,665</b>	<b>10,478</b>	<b>15,152</b>
<b>Gross Cashflow</b>	<b>3,418</b>	<b>4,559</b>	<b>8,549</b>	<b>11,048</b>	<b>13,776</b>	<b>17,499</b>	<b>21,521</b>

# Mkuranga II Financial Projection

## Mkuranga II 25,0 Mm2/a Extension

### Tanzania

no data input necessary



Display in	1000	total investment budget (nominal):	+47,300	KEUR	Year	2037
Currency:		Payback time	Months	Years	Return on investment	154%
EUR	pre-tax	after start of investment:	104.5	8.71	Net present of the investment	+61,796
Euro		<b>after start of production:</b>	73.5	<b>6.13</b>	EVA discounted (WC inclusive)	+27,273

start of investment

Jun 2022

start of production

Jan 2025

Weighted Average Cost of Capital (WACC)

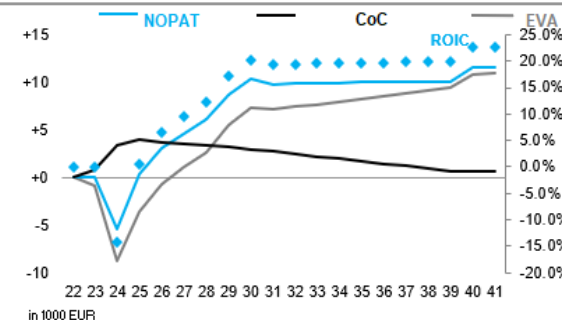
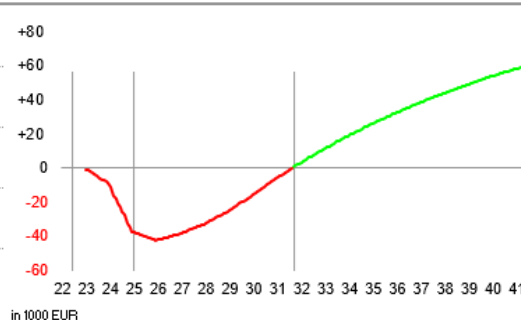
WACC 8.80%

Conversion rate

2022: 1.00 1 EUR = EUR

Calculation of EVA:

EVA incl. Working Capital



Year	Months	Currency: EUR	Discount factor	Investive amount paid out		Operat. cash flow incl. change of working capital		Surplus of deposits		Capitalized pre-tax C	Payback time	EVA (post-tax) incl. Working Capital		ROIC
				Nominal a	Discounted	Nominal e	Discounted	Nominal (e - a)	Discounted Cash value (e-a) (1+ WACC) <sup>n</sup>			Nominal	Discounted	
2022	6-12	1.000	1.00000											#DIV/0!
2023	1-12	1.000	0.91912	-9,745	-8,957			-9,745	-8,957	-8,957	12.00	-858	-788	0%
2024	1-12	1.000	0.84478	-27,965	-23,624	-5,400	-4,562	-33,365	-28,186	-37,143	12.00	-8,718	-7,365	-14.3%
2025	1-12	1.000	0.77645	-9,590	-7,446	+2,649	+2,057	-6,941	-5,389	-42,532	12.00	-3,665	-2,845	+0.6%
2026	1-12	1.000	0.71365			+5,465	+3,900	+5,465	+3,900	-38,632	12.00	-638	-455	+6.4%
2027	1-12	1.000	0.65593			+8,653	+5,676	+8,653	+5,676	-32,957	12.00	+1,077	+707	+9.5%
2028	1-12	1.000	0.60287			+12,278	+7,402	+12,278	+7,402	-25,554	12.00	+2,698	+1,626	+12.2%
2029	1-12	1.000	0.55411			+16,556	+9,174	+16,556	+9,174	-16,381	12.00	+5,510	+3,053	+17.3%
2030	1-12	1.000	0.50929			+19,552	+9,958	+19,552	+9,958	-6,423	12.00	+7,354	+3,745	+20.3%
2031	1-12	1.000	0.46810			+19,311	+9,040	+19,311	+9,040	+2,617	8.52	+7,119	+3,332	+19.4%
2032	1-12	1.000	0.43024			+19,263	+8,288	+19,263	+8,288	+10,904		+7,420	+3,193	+19.5%
2033	1-12	1.000	0.39544			+19,347	+7,651	+19,347	+7,651	+18,555		+7,705	+3,047	+19.5%





# Knauf East Africa 2022 Strategy

## Our Mission

**To be the leading plaster board and system brand in East Africa and to grow our profitability**

A large, stylized logo of the word "KNAUF" in a bold, italicized, blue font. The letters are thick and slanted to the right.A smaller version of the "KNAUF" logo, located in the bottom right corner of the slide. It is in the same bold, italicized, blue font as the larger logo.

# 2022 Strategic Pillars

## Knauf East Africa



**Mission:**  
To be the leading plaster board and system brand in East Africa and to grow our profitability

1

**Establish Leadership in Plasterboard Market by Increasing Local and Export market share (maintain local and grow export market share)**

- › Business readiness for BNBM entry into the local and export market (volume impact and pricing challenges)

2

**Volume Growth: Domestic by 10% and Export by 14%**

- › Knauf boards growth (value substitution across all segments)
- › Maintain and grow the export markets

3

**Profitability**

- › Revenue growth to improve EBITDA

4

**Increase Plaster products market share**

- › Maintaining positioning as per applications
- › Develop broader offers

5

**Customer claims close to zero**

- › Ensuring +95% achievement on OTIFIC (On-Time, In-Full and Invoice-Correctly)

# 2022 Strategic Ambitions

## Plasterboards Volume and Turnover (Double Elephant and Knauf Boards)

Double Elephant		Knauf Boards	
<b>2021 FC</b> <b>8.1 Mio. m<sup>2</sup></b> Sales Volume	<b>2022 Budget</b> <b>8.3 Mio. m<sup>2</sup></b> Sales Volume <i>(3% higher than 2021)</i>	<b>2021 FC</b> <b>1.8 Mio. m<sup>2</sup></b> Sales Volume	<b>2022 Budget</b> <b>2.7 Mio. m<sup>2</sup></b> Sales Volume <i>(45% higher than 2021)</i>
<b>2021 FC</b> <b>10.8 Mio. EURO</b> Turnover	<b>2022 Budget</b> <b>11.7 Mio. EURO</b> Turnover <i>(9% higher than 2021)</i>	<b>2021 FC</b> <b>3.2 Mio. EURO</b> Turnover	<b>2022 Budget</b> <b>4.8 Mio. EURO</b> Turnover <i>(51% higher than 2021)</i>
Distribution + Retail	Distribution + Retail	Premium + Projects	Premium + Projects

# Commercial Strategy 2022 Overview – East Africa



**Mission:**  
To be the leading plaster board and system brand in East Africa and to grow our profitability

1

## Establish Leadership In Plasterboard Market

- › Business readiness for BNBM entry into the local and export market (volume impact and pricing challenges)
- › Knauf boards growth (value substitution across all segments)
- › Maintain and grow the export markets

2

## Increase Plaster products market share

- › Maintaining positioning as per applications
- › Develop broader offers

3

## Metal Profile

- › System Test for certification purposes for the Omega ceiling system
- › Test to be of 0.5mm with focus on the statics of the ceiling

4

## Other Knauf Products

- › Ceiling Solution / Danoline / Insulation / Aquapanel



# Establish Leadership In Plasterboard Market

Business readiness for BNBM entry into the local and export market (volume impact and pricing challenges)



# Establish Leadership In Plasterboard Market

Knauf boards growth (value  
substitution across all segments)

# Volume Switching and Growth Across All Segments

## Double Elephant to Knauf Boards

**Converting Local customers from Double Elephant to Knauf Boards and acquiring new Knauf boards customers**  
The target is to double the volume of Knauf boards sold to key customers in 2022



**Substituting Double Elephant to Knauf Boards on top Double Elephant customers**

2022 target ratio between Double Elephant and Knauf Boards is 80:20



**New value proposition to offer customers needs (2021 market research)**

Variety, quality, innovation, international brand, price and aspiration

**Growing Knauf Boards faster than Double Elephant**

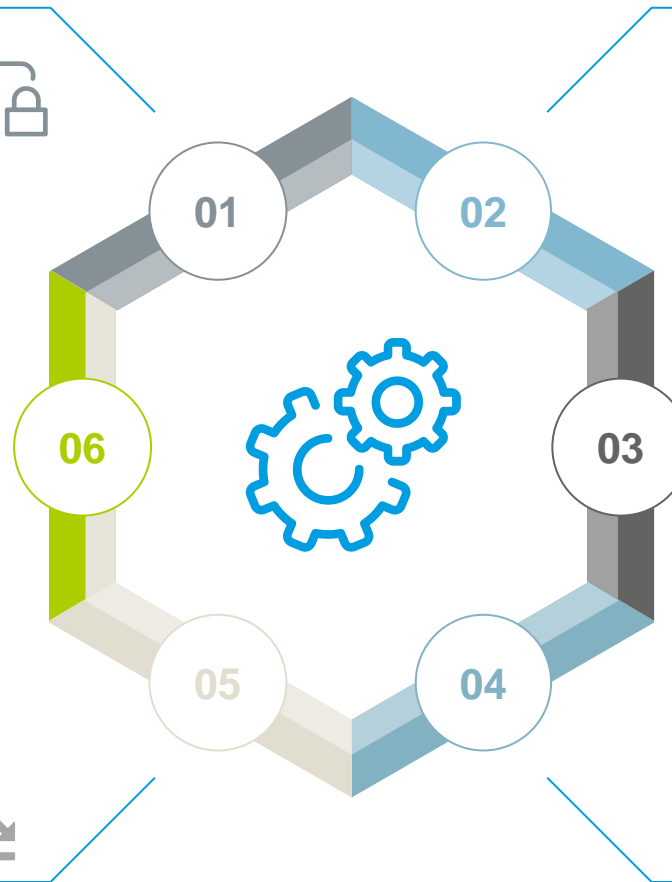
2022 Knauf boards volume target growth is 23%

**Bundle Pricing for Knauf Boards and Double Elephant**

Introducing bundle prices for switching between Double Elephant and Knauf Boards

**Growing Double Elephant at a decreasing rate**

2022 Double Elephant volume target growth is 9% vs 2021 growth of 61%



# External Analysis

## Customer Segmentation Overview (August 2021 Market Research)

### Distributors

("I stock fast moving product that my customer prefer")

#### Key understandings:

- › Origin of the product does matter
- › Quality is not a priority
- › Focus on turnaround of brand
- › Prefer wide product range
- › Sell products in bundle
- › Stock what is preferred by Fundi
- › Sensitive on price to maximize profit
- › Prefer products which are certified by Tanzania Bureau of Standard (TBS) certification



### Fundi

("Direct brands influence freedom of choice")

#### Key understandings:

- › Prefer Thailand boards due to;
  - Quality and easy of use
- › Prefer products which are certified by Tanzania Bureau of Standard (TBS)
- › Provide guidance on own experience
- › Customers buy what the Fundi recommends
- › Market demand on Moisture Resistant boards is increasing
- › Increase on product range demand
- › A consistent need to protect personal brand
- › Prefer to work with quality plasterboards for workmanship and reputation
- › Involved in products buying decisions of my customers
- › Check brand labels

**"Key Decision Maker"**

### End Users

("No awareness on brands, follows Fundi's decision/advice")

#### Key understandings:

- › Prefer wide product range and sensitive to price
- › Local manufactured products are of low quality
- › Prefer quality products for durability and creativity/innovation
- › Follow advice/decision of Fundi
- › Plasterboards are the latest trend
- › Getting most information from Fundi
- › Buy from close shops (proximity), and prefer one stop shop
- › Prefer products which are certified by Tanzania Bureau of Standard (TBS) certification (most local produced products are not certified by TBS)

### Project Managers

#### Key understandings:

- › Compare products
- › Prefer wide product range and are sensitive in pricing
- › Prefer gypsum products which are white
- › Prefer quality products for durability

# Segmentation

## Perceptions and Importance of Category

### DISTRIBUTORS

- › Market is divided between imports and local produced
- › Perception of varying levels of quality
  - Import boards have superior quality
  - Locally produced boards have lower quality

- › Brand must be accepted by customers
  - Affordable
  - Quality products
- › Understanding the technical specification of the gypsum product is important
- › Availability of the brand preferred by my customers is key

### PROJECT MANAGERS

- › Low brand differentiation
- › Product compared based on quality and price – not brands
- › Lack of knowledge that leads to price decision
- › Products from Europe not readily available and are perceived as expensive
- › Imported boards are perceived as high quality versus locally produced boards

- › Appearance of the product to give assurance of the quality
- › Brand variety required to use through a project

### FUNDI

- › Satisfied with boards available especially imported boards
- › Locally produced boards are perceived as low-quality boards
- › Price and availability vary in different regions especially imported boards

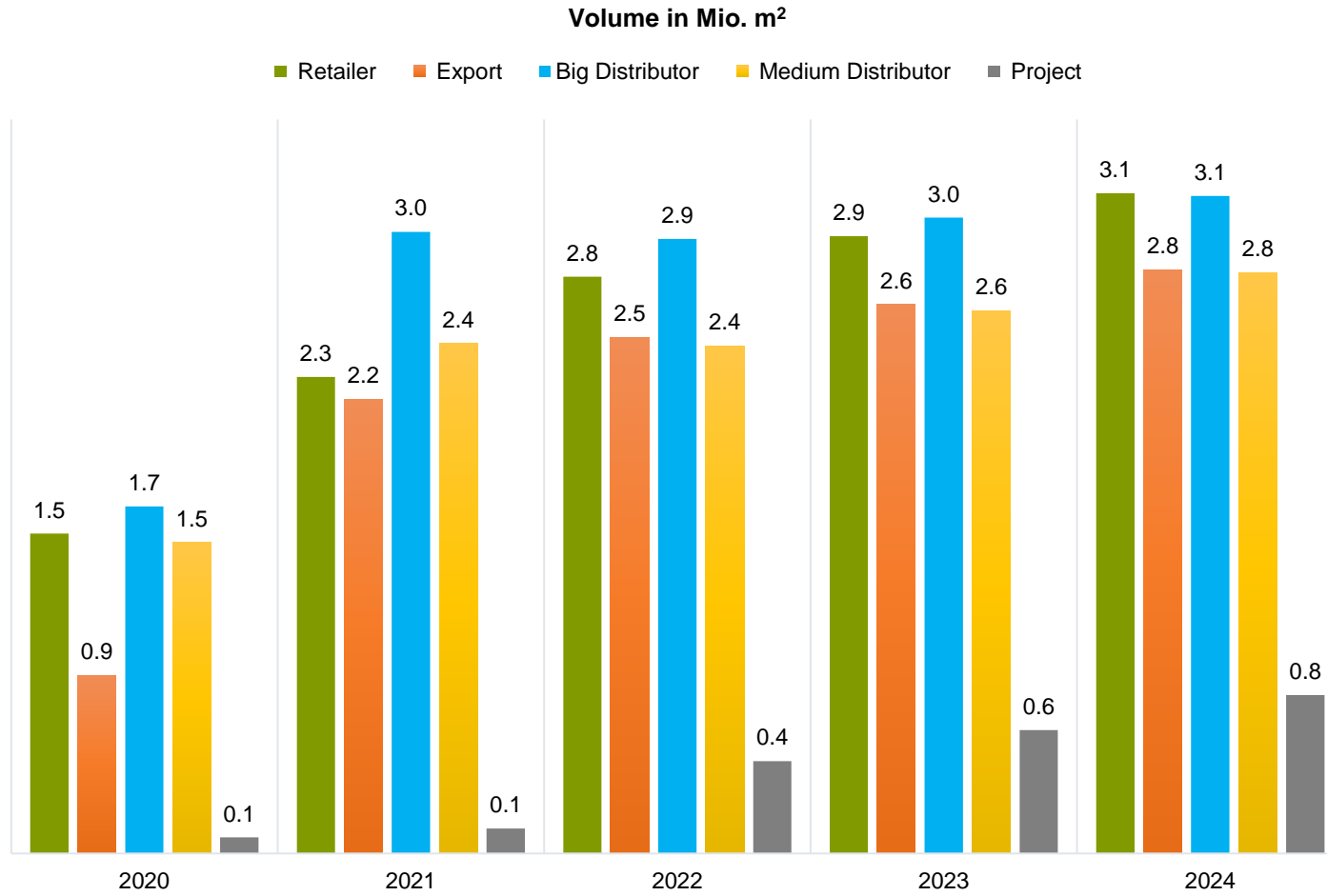
- › Origin of the product is important
- › Product characteristics that guarantees;
  - Good workmanship
  - Water resistant
- › Consistent quality

### END USER

- › Wide range of products, quality and price are available
- › Local brands have inferior quality which means extra cost and effort
- › Purchase on the recommendation of Fundi

- › Quality
- › Durability
- › Ability to create new designs

# Tanzania Segment Volume Growth Plan 2020 – 2024



## 2022 Ambition:

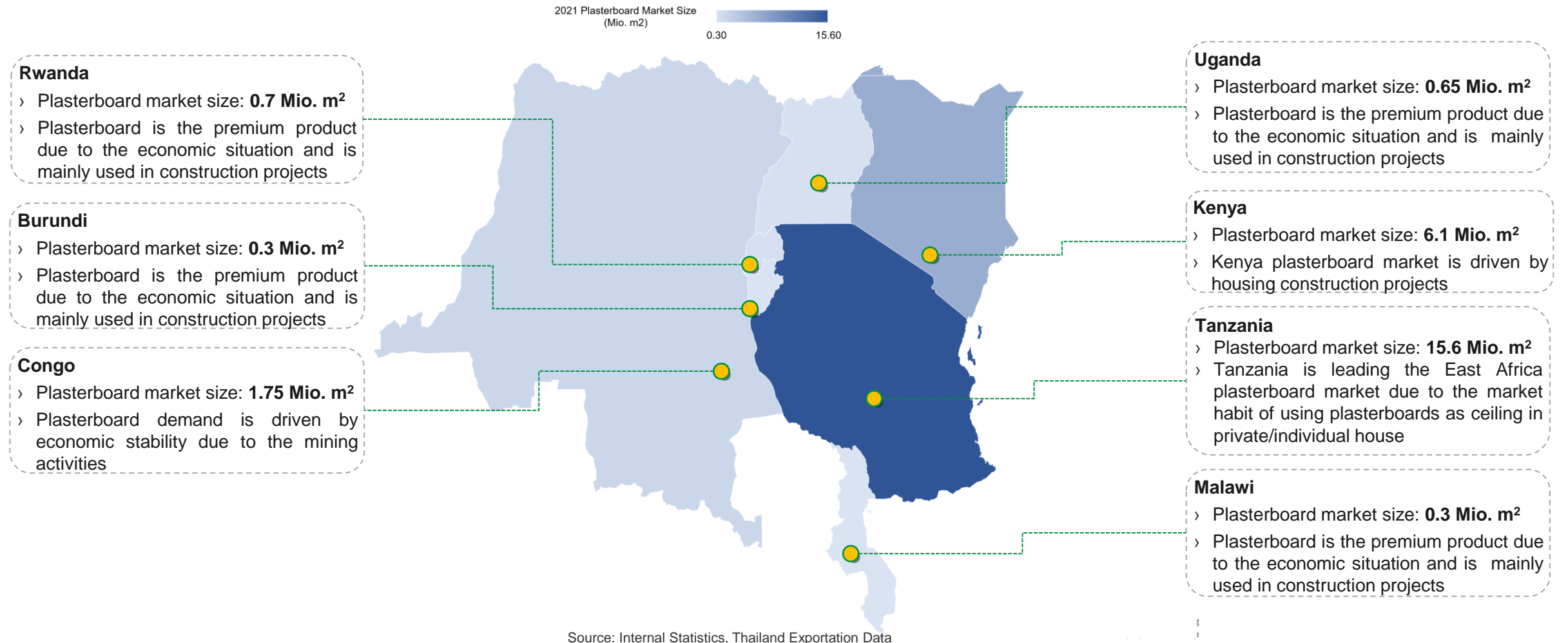
- › Increase customer base from **+206** to **+350** customer i.e., 10 new customers on average per month (regular buyers - buying more than once in a calendar year)
  - YTD August 2021 new customers are 163 i.e., 20 new customers on average per month
- › Increase distributors volume at a decreasing rate and increase export and retailers' segment at an increasing rate
  - Reducing power buyers and increasing premium segments)



# Establish Leadership in Our Export Markets

Maintain and grow the export  
markets

# 2021 East Africa Market Sizes Overview



# Increase Plaster products market share from 3% to 5% i.e., 1.7k t to 2.7k T

## Finish Bora (Knauf)

- › Interior Application.
- › Compete with setting type imported & locally produced products.
- › Positioning product according to application (skimming only).
- › Packaged in valve bag of 25kgs
- › Pricing at **EUR/T - 154**
- › Distribution 70% : Projects 30%

**2k T**

## Joint Bora (Knauf)

- › Joint Filler.
- › New product in the market
- › To be produced in Tanzania after formulation.
- › Product positioning as single or dual-purpose application. (jointing or jointing & cornice sticking)
- › Packaged in valve bag of 25 kg
- › Pricing as **EUR / T**  
Dual purpose: **196** | Single purpose: **184**

**0.36k T**

## Rocket (Knauf)

- › Exterior Application .
- › Compete with Exterior putty & white cement products
- › Product re - formulation and rebranding to Knauf product.
- › Positioned as an exterior application only product.
- › Pricing as **EUR/T - 190**
- › Distribution 70% : Projects 30%

**0.36k T**

- › 2% market share growth in 2021 volume growth with a single product
- › Offer is not sufficient (Does not meet all user requirements)
- › Andika & Montania most popular in the market
- › Other product considerations; Cornice glue, cornice molding plaster

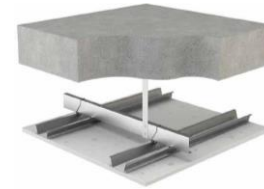
# Interior Plaster Product Action for 2022

	White Skimming Plaster	Jointing	Sticking Cornices	Exterior
Preferred Market Product Offering	Thailand Setting (Montania, Gyproc & Saint Gobain)			White Cement / Dolomite X White cement mixed
Knauf Product Offering	Finish Bora	Joint Bora	Cornice solution	Rocket / Rocket Alternative
Characteristics of Knauf's Offering	<ul style="list-style-type: none"> <li>Airdrying compound</li> <li>Positioned for a single purpose</li> <li>Priced above other local produced products</li> <li><b>USP:</b> Ease of application(mixing, troweling, sanding &amp; long open time)</li> <li><b>Weakness:</b> Difficult to use as a multipurpose product Takes long to stick cornices Takes long to dry in joints Shrinkage in joints</li> </ul>	<ul style="list-style-type: none"> <li>Setting / Airdrying</li> <li>Positioned for a single purpose</li> <li>Priced above Finish Bora</li> <li><b>USP:</b> Low shrinkage in joints Fast setting/drying in joints Seamless joint with no crack Preferably white compound</li> </ul>	<ul style="list-style-type: none"> <li>Positioned for a single purpose</li> <li>Ideally Level / low pricing compared to Finish Bora.</li> <li><b>USP:</b> Very good at sticking cornices</li> </ul>	<ul style="list-style-type: none"> <li>Fit for outdoor uses.</li> <li>Positioned as a single purpose product..</li> <li>Priced Above Finish Bora.</li> <li><b>USP:</b> Ease of application(mixing, troweling, sanding &amp; long open time)</li> </ul>
		Jointing & Cornice Sticking		



# 2022 Metal Profiles Strategy

# Ceiling Systems Market Overview



	Timber	0.4mm Profile Profiles	0.5mm Ceiling Profiles
<b>Characteristics</b>			
<b>Suppliers</b>	Local Timber supplies	Marango   DIY   Import International	Omega Ceiling System
<b>System Types</b>	Single Level Draft	Two Level Omega System	Two Level Omega System
<b>Protection</b>	Locally treatment against termites is favored	Z30-Z45   Z40-Z60   Z50-Z60	Z100
<b>Average Cost</b>	2.7307 euro per m <sup>2</sup>	3.81 euro per m <sup>2</sup>	4.0911 euro per m <sup>2</sup>
<b>Market Shares</b>	96% , 46mio. lm (Derived from 9mm market size)	2%, 1mio. lm	2%, 1mio. lm
<b>Market perception:</b>	<ul style="list-style-type: none"> <li>› Favored by installers cause spacing.</li> <li>› Also favored because they can walk on the timber after installation.</li> <li>› Perceived to be cheaper than timber.</li> <li>› Most popular in residential projects due to cost &amp; demand from</li> <li>› 90% of installers in a survey of 30 installers said they always use timber systems.</li> </ul>	<ul style="list-style-type: none"> <li>› Generally accepted especially for decorative applications</li> <li>› Harder to install than 0.5mm profiles</li> <li>› Has failed in some construction sites.</li> <li>› Customers that purchase profiles tend to purchase boards from the same area as well</li> <li>› Used in medium to large projects</li> </ul>	<ul style="list-style-type: none"> <li>› Preferred choice by top contractors</li> <li>› Easier to use</li> <li>› Technical backing &amp; performance are widely accepted</li> <li>› Customers that purchase profiles tend to purchase boards from the same area as well</li> </ul>

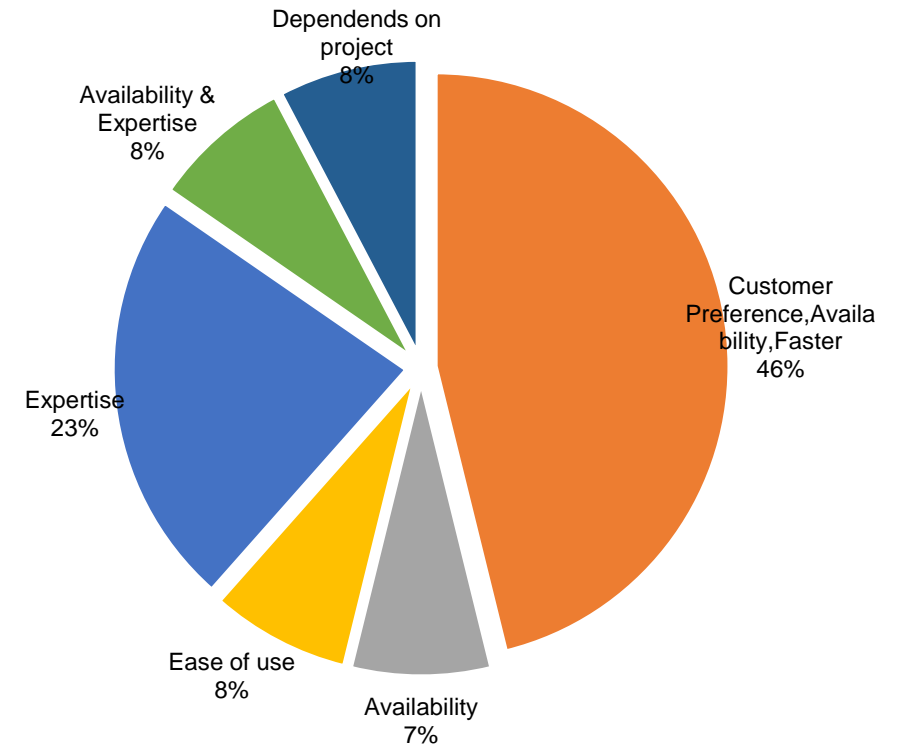
# Market Preferences for Ceiling Application

In percentage, by how much do you use this system in your projects/sites

93%

- › The customers seem to be the key driving force to using timber.
- › According to the Fundis, this is because most projects are residential.
- › Cheaper cost timber makes it also a viable option
- › Also, the customers see timber used in many other sites, so they request for same blundering as well

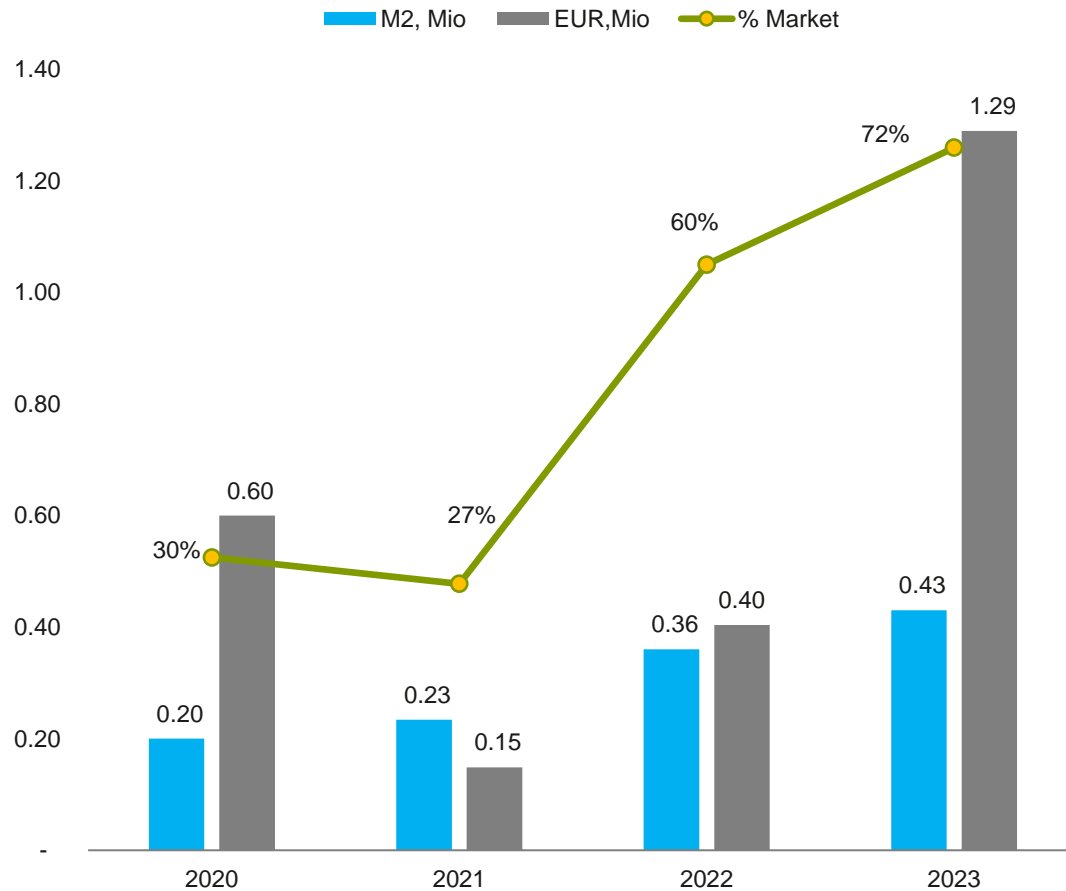
## Why Timber is Used (Customer's Feedback)



# Projects Strategy

## Position Knauf as the System & Performance Oriented Manufacturer in East Africa

Plasterboard Project Market share Projection



### Project Segmentation (Government Entities):

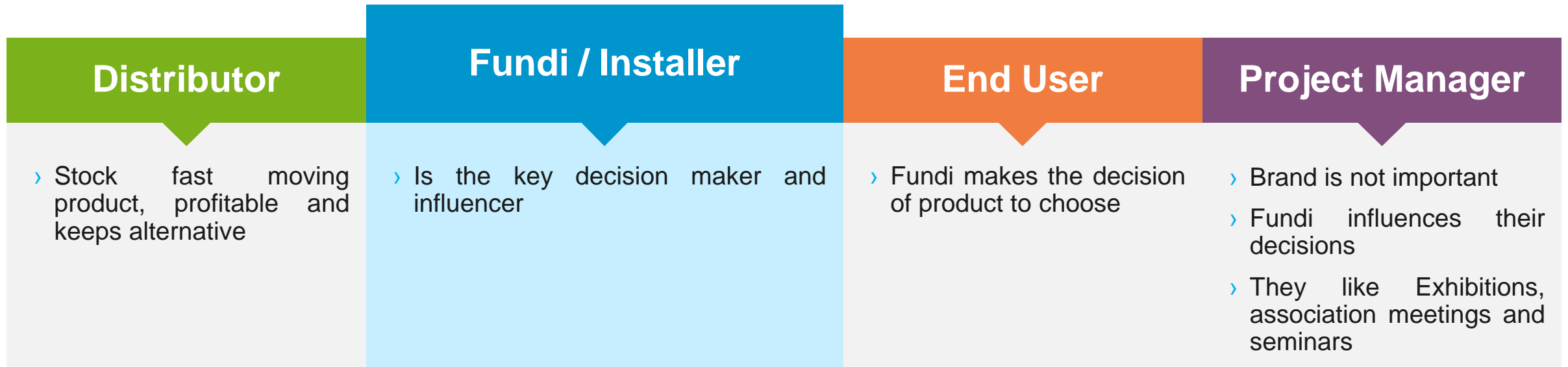
- › Bigger share of total project market TZ (approx. 57% projects share in TZ)
- › Key targets – Municipal & Town councils, Ministries, NHC, TANROADS, TBA
- › Housing schemes, hospitals, airports, offices
- › **Housing** – Government to build 30K units through NHC & Watumishi housing (approx. 3Mio m<sup>2</sup> / € 1.0Bio)

### Actions:




- › Communicate the ‘Locally produced – German quality’ as local manufacturers are given priority in government projects
- › Promote Knauf Omega ceiling system in with 9mm Knauf board for ceiling applications
- › Quarterly regional visits for project mapping and meetings/presentations esp. Lake Zone, Central Zones & Zanzibar
- › Identifying and working with capable distributors to increase our reach in projects (Further Development of system sales distributors i.e ABM & Kamaka).
- › **Uganda, Rwanda, Burundi Congo:** Project Mapping for market development & Supply on project requirement basis.

# Marketing Plan

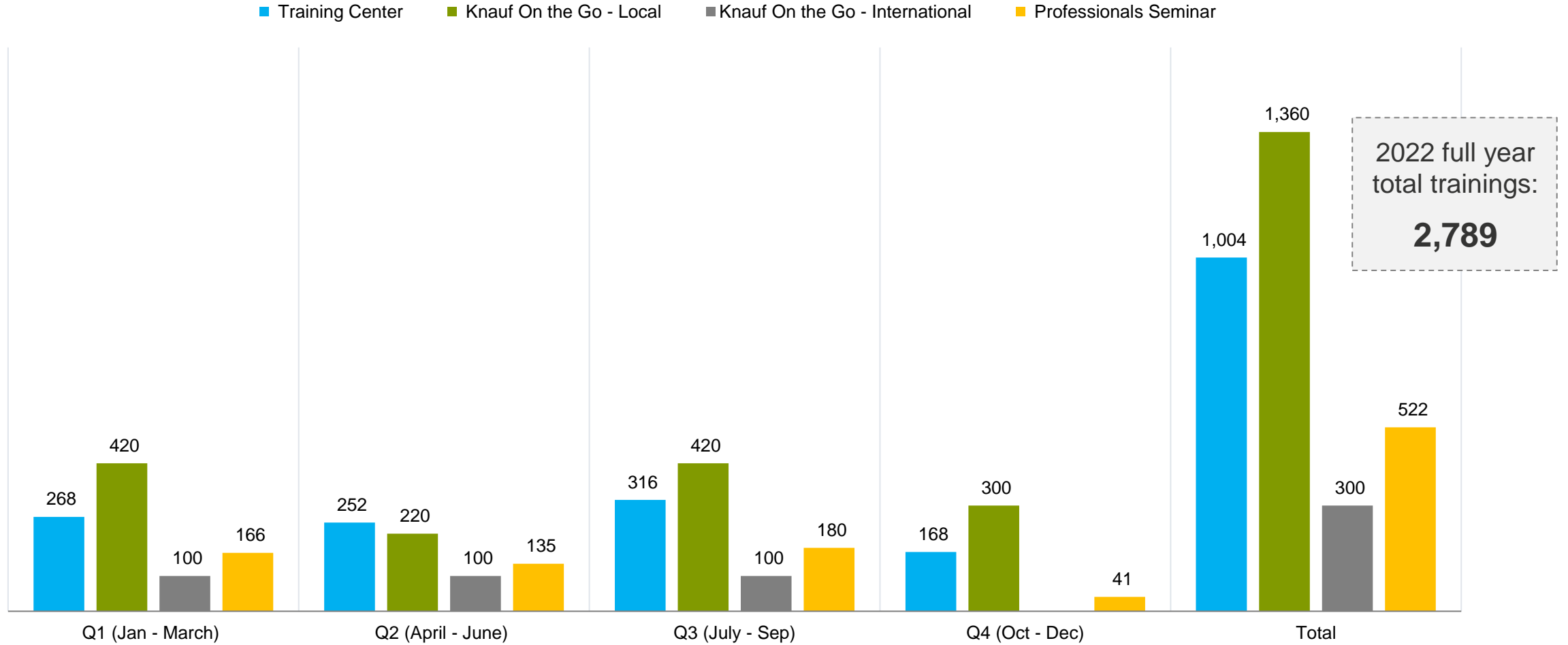
## 2021 Market Research and 2022 Strategic Direction



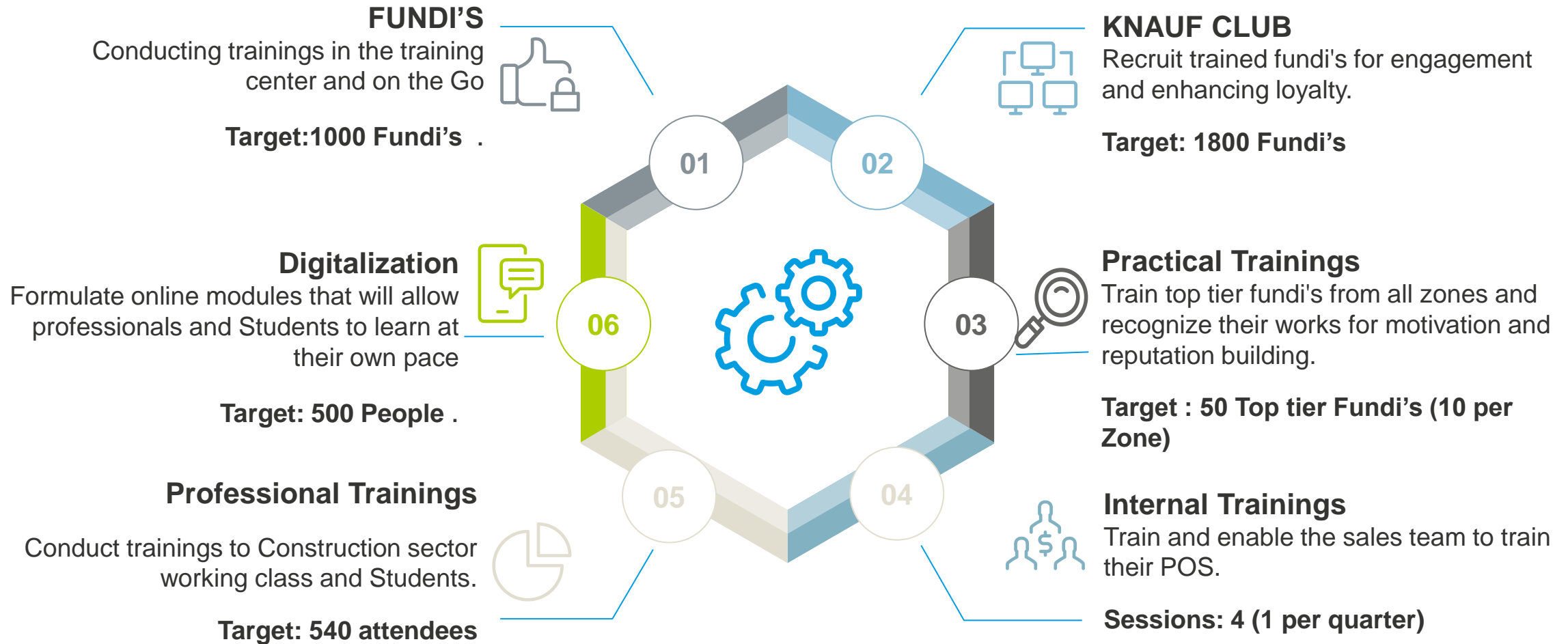
### Strategy Direction

-  Workmanship, reputation, grow my business, variety, creativity and business manner
-  Training center, roadshows, van on the Go
-  Use distributors as a platform to communicate e.g., WhatsApp groups

# Tanzania 2022 Quarterly Training Summary



# Strategy 2022 Summary



# Internal Trainings

## Sales Team Trainings

Train Internal sales team on the products theoretically and practically so they can support distributors and conduct refresher trainings to the point-of-sale team. The aim is:

- › The sales team conducts all staff trainings for the distributors
- › Boosted confidence for the sales team when explaining the products.
- › To enable them to answer basic technical questions

### Target

Conduct at least 1 trainings quarterly.



## Staff Training

The plant team and the head quarters team to be trained on the products and how to properly explain the basics of our products

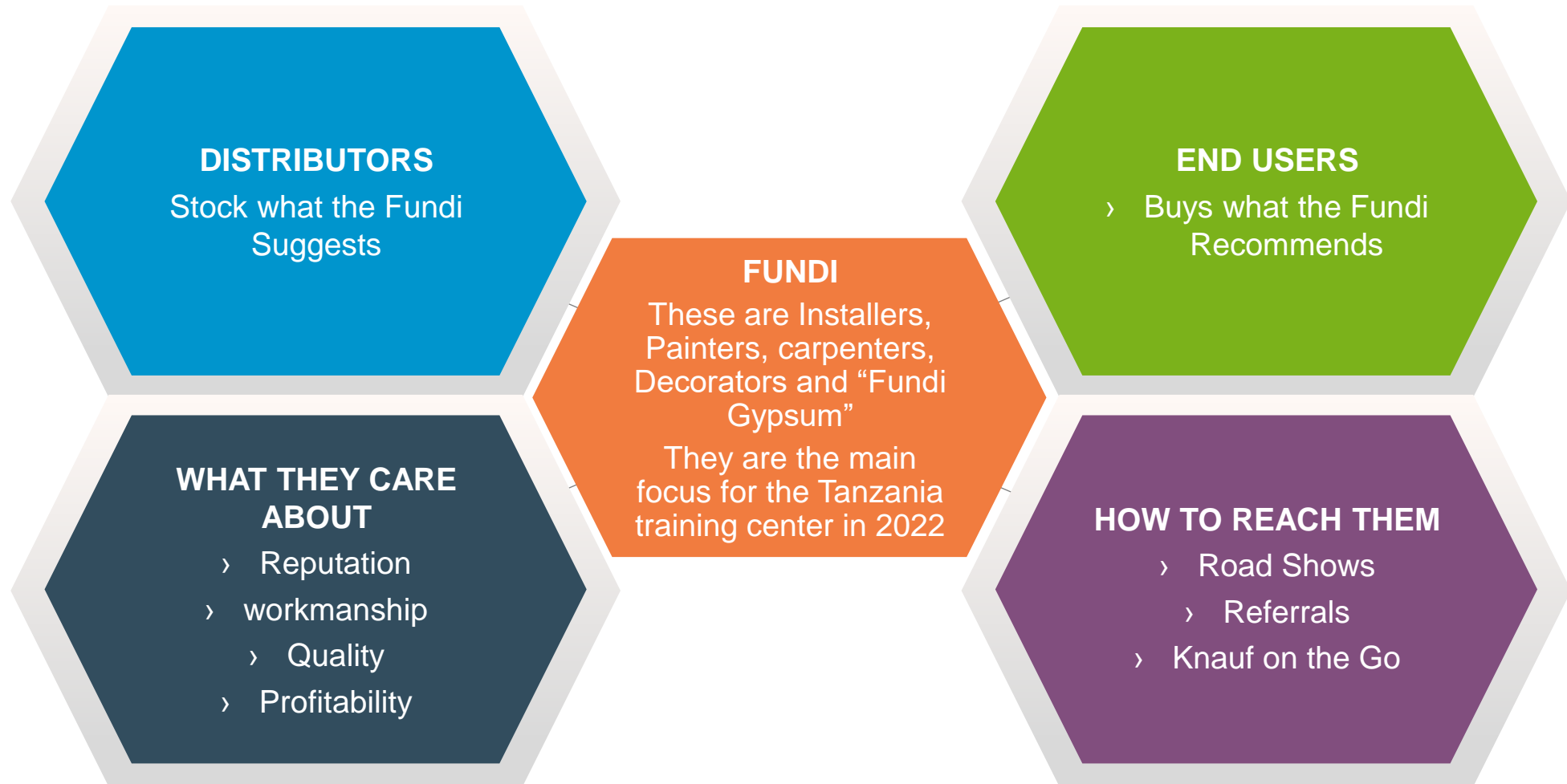
- › To have all Knauf Staff as brand ambassadors
- › To promote engagement using our products

### TOPICS

- › Ceiling and partitioning basics
- › Plaster Basics
- › Metal profiles Basics

# Knauf Fundi's

## Fundi's are the Key Decision Makers and Market Drivers



# Efforts for the Fundis

## REPUTATION

(WHAT WILL KNAUF TZ DO FOR FUNDI'S?)

- › Assure them on the quality of Boards
- › Provide certificates after the trainings
- › Include Fundi's in the Knauf TZ website
- › Register and Provide ID's as Knauf Club members

## QUALITY

(HOW WILL WE PROVE KNAUF PRODUCTS QUALITY?)

- › Do impromptu tests during the trainings
- › Have a Knauf TBS Certificate at our products POS
- › Use success Stories from the past (From Fundi's)
- › Use references of completed monumental projects using Knauf products (i.e PPF tower Mlimani)

## WORKMANSHIP

- › Emphasize on the workability of the product
- › System selling (One stop shop concept)
- › Variety of products in our portfolio (i.e MR, FR boards, Connectors in Ceilings etc.)
- › Ease of availability due to local production.

## Practical Trainings

*Increase loyalty and establish Knauf trusted support team in every region. This will then boost the Fundi's reputation as they would be:*

- › Be Listed in the Knauf Fundi part in the Website
- › Recognition for proper executed projects
- › Eligibility to participate in Club competitions and win rewards
- › Receive Knauf Toolkit and Knauf Fundi Uniform



## AWARENESS

(WHAT DO THE FUNDI'S KNOW ABOUT KNAUF TZ?)

- › Train the fundi's on the origin of Knauf
- › Inform them on the variety of products we have
- › Keep close contact and promote engagement
- › How to identify Knauf products (Branding, tapered edges etc.)

## MODULES

(WHAT ARE OUR TRAININGS ABOUT?)

- › Boards
- › Plasters
- › Metal Profiles
- Emphasis on our unique selling proposition

## PROFITABILITY

(WHAT IS IN IT FOR THEM?)

- › Incentives and Reward systems for best performers
- › Recognition (Star ratings and Special Certificates)
- › Engagement in activities- Exposure to others
- › "Work on a special discount scheme with distributors"

# Knauf Club



## AIM

- › Engage with Fundi's from across Tanzania
- › Promote Awareness of Knauf products and Activities
- › Positioning of the Training Center



## RECRUITMENT

- Members of the club will be obtained through
- › Existing Database
  - › Launch date attendees
  - › Referral's
  - › Fundi Associations



## ACTIVITIES

- To promote engagement the following will be done:
- › Creation of WhatsApp groups for communication
  - › Annual installer gatherings
  - › Regular Scheduled trainings as communicated
  - › Fundi competitions (i.e., best Ceiling designers, Finishers)



## TARGETS

- 2,000 Active Fundi's by December 31<sup>st</sup> 2022
- › 800- Dar es Salaam & Coast
  - › 300- Central Zone
  - › 200- North Zone
  - › 200- Southern Zone
- At-least 400 active members from international trainings
- › 200- Kenya
  - › 100- Uganda
  - › 100- Malawi, Rwanda & Congo

# Training Professionals and Strengthening the Foundation

## Training Professionals

These include

- › Architects (Project Managers)
- › Engineers
- › Quantity surveyors

### Target

To train atleast 300 professionals in the construction sector

### Collaborations

- › Architects and Quantity Surveyors Board
- › Engineers Registration Board
- › Contractors Registration Board

### Advantage

- › Improve company credibility and promote brand awareness
- › Specification of our products in projects
- › System trainings to push system selling



## Strengthening The Foundation

Training the technical students and University students in the construction sector. For long term results

### Target

- › Vocational Education and Training Authority
- › University of Dar es Salaam
- › Ardhi University
- › Dar es Salaam Institute of Technology

### Topics

- › Basics on Plasters, Boards and Metal Profiles
- › Moisture resistant boards and its concept
- › Sound and Fire resistant

Work on getting a long-term contract/ Memorandum Of Understanding with these institutions for sustainability.

# Digitalization of the Training Center

## Online Modules

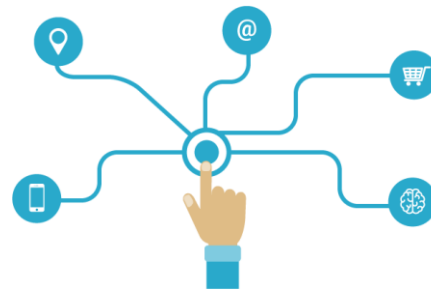
### Targeted Audience

- › Professionals (i.e architects, engineers etc.)
- › Students
- › End Users

### Topics of Seminars

- › Ceilings and Partitions
- › Metal Profiles
- › Plasters
- › Advanced Ceilings and Partitions
- › Fire and Acoustics in relation to Knauf gypsums

**Note: Must include engagement QnA's**



### Advantages of Digitalization:

Overcoming geographical barriers

Time Saving

Flexibility on course time taking schedule

Can be revised

## How to Videos

### Targeted Audience

- › Fundi's
- › Professionals (i.e architects, engineers etc.)
- › Students
- › End Users

### Types of Seminars

- › Ceilings and Partitions
- › Metal Profiles
- › Plasters
- › Advanced Ceilings and Partitions
- › Fire and Acoustics in relation to Knauf gypsums

### Note

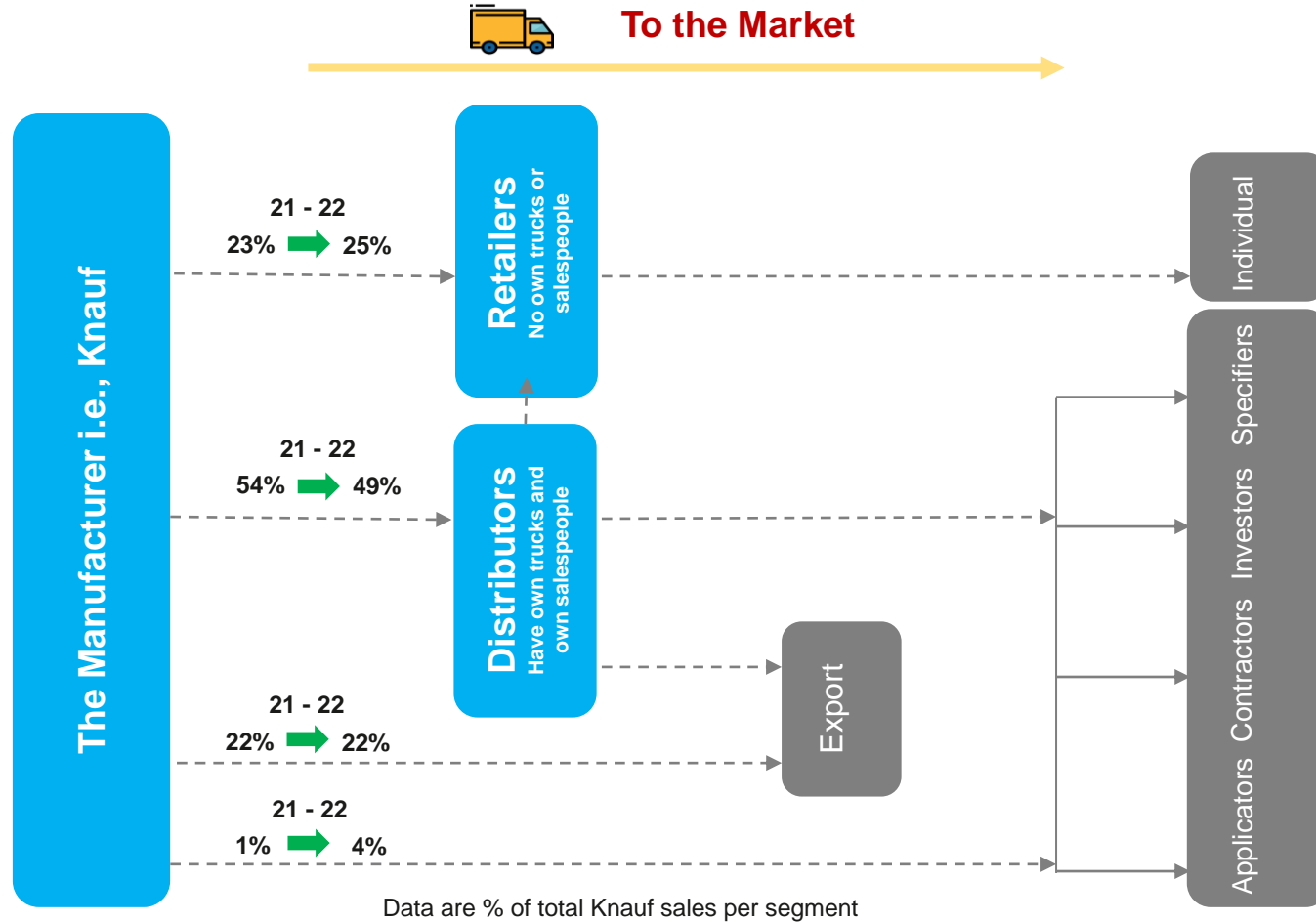
These will be short videos that can be shared on the company social media groups, and the training center YouTube channel.



# Route to Market Strategy

# 2022 Route to Market and Distribution Strategy

## Volume Distribution Plan



### Retailer delivery:

- › **Source Transporters (Knauf have no liability).**
  - Knauf to source transporters and give indicative rates to the customer – customer pays the transporter.
- › **Third Party Transportation – Knauf Paying Transporters**
  - Knauf to source transporters through tender .
- › **Split Deliveries through own trucks and third-party transporters.**
  - Knauf to outsource transporters and use own trucks to deliver in split to small retailers in urban area.

### Export delivery:

- › Landlocked countries have a high demand of road transportation through self collection or direct deliveries i.e., outsourced transportation.
- › Sea transport to South Africa, Nigeria, Kenya



# Human Resources Strategy

# Human Resources Update - Commercial



## It takes +2 Months to Get Candidates that Fit Positions (takes 6 to 8 months for managerial positions)

- › In general recruitment of skilled and competent candidates in Tanzania may take more than two months to get candidates that fit professional positions. It takes longer time between 6 to 8 month for managerial positions because of the general gap in the skills or experience in managerial positions locally.
- › For all management positions currently at Knauf Tanzania, the recruitment process took almost a year to fill them while other mid-level commercial positions takes between 4 to 6 months of interviews before getting a perfect fit.



## Commercial Manager / Director for an international companies in Tanzania is among the few critical positions

- › For Commercial manager / Director position it may take a year to get a perfect fit even through head hunting
- › Being a strategic position, majority of international companies in manufacturing industry use experts for this position



## 5 Open Positions in the Commercial Department

- › In Commercial Department, we currently have 5 open positions i.e., Commercial Manager, Technical Sales Manager, National Sales Manager and 2 Sales Representatives
- › Commercial manager has been open for 1.5 year while Technical sales Manager has been open for 9 months

# Knauf International GmbH

## Written resolutions of the Shareholders

The undersigned being all of the shareholders of Knauf International GmbH, a company incorporated and existing under the laws of Germany (the "Company"), DO HEREBY APPROVE AND CONSENT, in accordance with the Company's bye-laws (*statuts*), the resolutions set out below, such resolutions requiring shareholder approval under the Company's bye-laws and therefore being presented by the directors of the Company to the shareholders, which resolution shall be valid and effective as resolutions adopted under the bye-laws of the Company.

The effective date of the resolution is the date which the last shareholder to sign the resolution signs same. This resolution may be executed in counterparts.

Together representing all shareholders of the Company and as such competent to approve the resolution herein;

### WHEREAS:

1. On **21<sup>st</sup> July 2023** the Company agreed to lend **EUR 40,850,000** (Euro Forty million eight hundred and fifty thousand) (the "**Loan**") at the interest rate of **7%** per annum to Knauf Gypsum Tanzania Limited (the "**Company**"). And make loan agreement (the "**Loan Agreement**") between the Company, as lender and its affiliated company Knauf Gypsum Tanzania Ltd., a company incorporated in Tanzania with registered company number 113236 and those registered office is at Plot 17, block 186030, Mwindu Lane street Off Kinondoni Road P.O. Box 31873 Dar Es Salaam Tanzania.
2. The directors of the Company have taken cognizance of the Loan Agreement and the Company's financial exposure thereunder after the entry into the Loan Agreement and have determined that it is in the best interests of and of the commercial benefit to the Company to consummate the transaction contemplated by the Loan Agreement.

### IT IS HEREBY RESOLVED THAT:

1. The terms and conditions of the Loan Agreement be and are hereby accepted and approved.
2. The Company's entry into and the execution of the Loan Agreement to which it is a party be and is hereby approved.
3. The directors of the Company are authorised to execute the Loan Agreement.



Gebr. Knauf KG:



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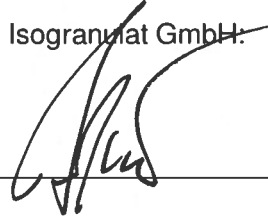
Name: Jörg Kampmeyer  
Title: Komplementär/ Personally Liable Partner  
Date:



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Name: Alexander Knauf  
Title: Komplementär/ Personally Liable Partner  
Date:

Isogranulat GmbH:



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Name: Martin Stürmer  
Title: Geschäftsführer / Managing Director  
Date:

# Loan Agreement

This Agreement is made on July 24<sup>th</sup>, 2023

Between:

**Knauf International GmbH**, Am Bahnhof 7, 97346 Iphofen, Germany (the **Lender**);  
and

**(P. O. Box 31873 Dar es Salaam) Knauf Gypsum Tanzania**, Plot 17 Block 186030  
14110, Off Kinondoni Road, Mwindu Lane street, Dar-Es-Salaam, Tanzania (the  
**Borrower**);

(together the **Parties**).

The Parties wish to enter into this loan agreement (hereinafter the **Agreement**) on the date stated above and on the terms and conditions set out below:

## Article 1: Amount, maturity, purpose and utilization of the Loan

- 1.1 The Lender grants the Borrower a loan in the total amount of **EUR 40,850,000.00** (in words: **Euro forty million eight hundred fifty thousand**) - (the **Loan**) until 31 January 2031 (the **Maturity Date**). The Loan will be given in one or several installments as per the Borrower's written request. The Loan amount shall be paid by the Lender (i) pay the suppliers of the equipment based on the instruction of the Borrower and (ii) the balance will be paid to the bank account of the Borrower as set out below:

Account holder: Knauf Gypsum Tanzania  
Account no.: 8002094  
Sort Code: 020001  
BIC: BARCTZTZ  
Bank: ABSA Bank Tanzania

- 1.2 The Borrower may also request the disbursement of the loan in USD to the bank account of the Borrower as set out below:

Account holder: Knauf Gypsum Tanzania  
Account no.: 8003422  
Sort Code: 020001  
BIC: BARCTZTZ  
Bank: ABSA Bank Tanzania

In such case the amount in USD will be translated in EUR at a EUR/USD reference rate of the European Central Bank (currently published under [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates)) for the date of transfer from the Lender's account, and the Lender will arrange a transfer in USD under this Agreement.

- 1.3 The Loan shall be used by the Borrower for financing of capital expenditures and current assets. The funds will be used to pay the invoices of suppliers of equipment to the Borrower and for the installation services. The Lender is not obliged to investigate or monitor the use or application of Loan proceeds.

*J. Knauf* *M. Knauf* 1

## Article 2: Repayment, interest rate and interest payments

- 2.1 The Borrower shall repay the loan in several instalments as set out in **Annexure A**.

The Borrower may not reborrow any part of the loan which is repaid. There shall be no outstanding loan amount beyond the Maturity Date.

- 2.2 The Borrower shall pay interest on the Loan. The interest rate shall be equal to 7.0% p.a. (in words: seven percent per annum). Any interest accrues from the day of the disbursement by the Lender until the day of the receipt of repayment and is calculated on the basis of the actual number of days elapsed and a year of 360 days. The basis for interest calculation are the value dates of debiting of the Lender's bank account for the loan disbursements and value date of crediting of the Lender's bank account for the loan repayments. The Parties agree that the interest will be accrued for the dates of the loan repayments (i.a. for the amounts repaid), but no interest will be accrued for the dates of disbursement on the amount disbursed.

2.3

Interest shall be calculated and invoiced by the Lender on the last day of each calendar quarter, for the first time after the initial loan disbursement has been credited to the Lender's bank account stated in this agreement. Interest payments shall be made by the Borrower to the Lender's account within 3 months after the end of the respective quarter. There shall not be any outstanding interest amount beyond the final loan repayment.

If the interest payment is due on a day that is not a bank working day (either in Tanzania or Germany), the interest payment is due on the immediately preceding bank working day. There shall not be any outstanding interest amount beyond the final loan repayment.

- 2.4 All repayments of drawings and accrued interest shall be made to the Lender's bank account as set out below:

Account holder: Knauf International GmbH  
Account no.:  
IBAN: DE DE46790200760001465104  
SWIFT: HYVEDEMM455  
Bank: UniCredit Bank-HypoVereinsbank

- 2.5 If the Borrower fails to pay any sum payable under this Agreement when due, the Borrower shall on demand, pay an additional late payment interest on such sum from and including the due date to the date of the actual payment at a per annum interest rate equal to 1%.

## Article 3: Covenants and events of default and remedies

### Positive Covenants

- 3.1 The Borrower agrees to
- (i) Carry on its business and apply the monies hereby borrowed with due diligence and efficiency, in accordance with sound financial and business practice and with due regard to environmental factors;
  - (ii) Cause all the moneys advanced by the Lender to be applied exclusively in accordance with Article 1;
  - (iii) Promptly inform the Lender of any default or any circumstances or event under this Agreement or any actual or threatened major litigation which has, threatens to cause or constitute, a material adverse effect on the performance of the Borrower of its obligations under any finance documents;



- (iv) Employ suitable qualified and experienced staff and obtain such technical financial and other advice as maybe from time to time necessary to ensure efficient conduct of its operations;
- (v) Keep all of its assets as are of reparable nature in a state of good and proper repair and condition;
- (vi) Ensure that its business and accounting books and records are maintained and clearly show the operations relating to the financing and control of assets; and
- (vii) To deliver details of any litigation arbitration or administrative proceedings which, if aversely determined, would have a material adverse effect.

### Negative Covenants

3.2 The Borrower will not:

- (i) Enter into any amalgamation, reconstruction consolidation or voluntary winding-up;
- (ii) Sell, lease, lend, transfer nor otherwise dispose of nor part with possession of the whole or any substantial part of its assets other than in the ordinary course of the business;
- (iii) Enter into any other borrowings without the explicit permission of the Lender;
- (iv) Make any significant changes to the business without consulting with the Lender.

**"Material Adverse Effect"** means a material and adverse effect, in the opinion of the Lenders (acting reasonably), on:

- (i) the business, operations, property, condition (financial or otherwise of the Borrower;
- (ii) the ability of the Borrower to perform its payment obligations under the Agreement; or
- (iii) subject to the legal reservations and the perfections requirements in accordance with the terms of the Agreement, the validity or enforceability of any of the Agreement or the rights or remedies of the Lenders under the Agreement.
- (iv)

### Events of default and remedies

3.3 The following events are considered events of default under this contract:

- (i) Any representation or warranty of the Borrower proves to have been untrue when made or renewed;
- (ii) Dissolution, liquidation, insolvency or bankruptcy (voluntary or involuntary);
- (iii) Change in the ownership or control that materially and detrimentally affects the ability to perform its obligations under this Agreement in the reasonable opinion of the other Party; or
- (iv) Breach of any material term of this Agreement including without limitation the covenants, which continues unremedied for 30 (thirty) working days after notice therefore from the Lender;
- (v) any litigation, arbitration or administrative proceedings are instituted or threatened against that Party, which would endanger, impair, or otherwise materially and negatively affect the proper implementation of this Agreement and/or cause substantial reputational risks for the other Party, it being understood, however, that such risks would imply that formal criminal or equivalent investigations have been opened;
- (vi) the occurrence of an event or circumstance which could (whether or not with the giving of notice and/or the passage of time and/or fulfilment of any other requirement) constitute an event of default; or
- (vii) any amount payable under this Agreement is not paid within any applicable grace period; or

*F. H. R. M. f.* 3

- (viii) any other breach of this Agreement which has or is reasonably likely to have, in the opinion of the Lenders, a Material Adverse Effect.
- 3.4 When becoming aware or when reasonably anticipating the occurrence of an Event of Default, the defaulting Party shall make prompt notification to the other Party ("Default Notice").
- 3.5 Any default notice shall include the following information:
- (i) full details of the event of default; and
  - (ii) the likely delay before the event of default can be remedied.
  - (iii) If the defaulting Party fails to demonstrate that the event of default has been cured within ten (30) working days of service of the default notice, the Lender at its sole discretion may decide (i) to charge a default interest rate equal to 1% (two percent) if it relates to a late repayment of the loan, (ii) demand an immediate payment if it relates to unpaid interest, (iii) consider the alternatives available to the Lender to enforce the Borrower obligations under this Agreement and (iv) as a last resort may consider capitalising a portion or the whole of the outstanding loan depending on the options and economic facts at the time.

### Article 3: Miscellaneous

- 3.6 All payments by the Borrower in accordance with this Agreement shall be made without set-off, without deduction of withholding tax or any deduction whatsoever, except to the extent required by law. In the event that the Borrower is required by law to withhold amounts of tax on any payments to the Lender, the Borrower shall deliver to the Lender as soon as practicable withholding tax receipts issued by the competent authorities of Tanzania. If the Borrower fails to deliver withholding tax receipts, the Borrower shall pay to the Lender such additional amounts as may be necessary to ensure that the Lender receives the full amount which the Lender would have received if payment had not been subject to such tax.
- 3.7 This Agreement constitutes the entire agreement between the Parties. There are not and shall be deemed not to be any verbal statements, undertakings or other agreements between the Parties. This Agreement may only be amended, novated or varied only in writing signed by duly authorized representatives of both Parties.
- 3.8 This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original but all the counterparts together shall constitute one and the same instrument.
- 3.9 If any term or provision hereof becomes invalid due to any change in any legislative or regulatory act, or due to any decision passed by a court of law, regulatory authority, or otherwise, all other terms or provisions hereof shall continue to remain valid as if this Agreement had been executed without including the invalid term or provision. If any term or provision becomes invalid, the Parties will negotiate further terms of the Agreement so as to preserve the original intentions of the Parties.
- 3.10 This Agreement shall be construed and interpreted in accordance with, enforced according to and governed by the laws of the Federal Republic of Germany.


[signature pages to follow]

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**SIGNATURES**

For the Borrower

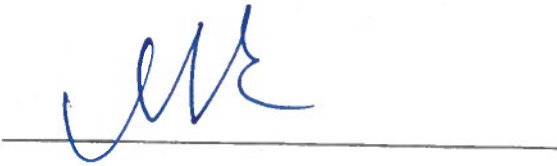
**Knauf Gypsum Tanzania**



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Name: Ilse Elizabeth Venter

Title: Director



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Name: Murat Akyildiz

Title: Director

*Fillan-r* *Mf*<sup>5</sup>

## SIGNATURES

For the Lender

**Knauf International GmbH**



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Name: Alexander Knauf

Title: Managing Director



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Name: Jörg Kampmeyer

Title: Managing Director