

# Mwanza Aquarock PET Project

## **Company Profile:**

**SBC Tanzania Limited (SBC)** a limited liability company duly incorporated under the Companies Act, Cap. 212 R.E. and licensed to carry on the business of franchised bottler and distributor of PepsiCo Inc. products in United Republic of Tanzania with its registered office at Plot 54/57, P O Box 4162, Nyerere Road, Kipawa Industrial Area, Ilala Municipality, Dar es Salaam. The Company's Taxpayer Identification Number is 100-793-717 and has been one of the large taxpayers in Tanzania.

SBC Tanzania LTD has a national manufacturing and distribution footprint, consisting of 4 Plants and 9 Depots, with our manufacturing plants being strategically located in Dar, Arusha, Mwanza, and Mbeya. Our sales strategy is to be “# 1 at Customer” thus have brand and cold product availability and visibility at the point of purchase (Duka), across Tanzania, thus our go to market (GTM) strategy is equally focused to both Urban and Rural territories across the country.

Our GTM approach is via Stockists, we distribute to roughly 6,023 Stockists & 83 Distributors across the country, who then deliver to retail/duka's. Our ambition is to cover all accessible areas/ villages across Tanzania, therefore making our product range available everywhere.

## **Company's Strategy:**

Key growth levers to support our volume growth and market expansion are,

- Quality, affordable product portfolio
- People/ investing in training and capability
- Expansion of Route to Market
- Driving consumer engagement through marketing initiatives
- Product innovation and new product launches
- Investing in enhancing manufacturing capacity

SBC is currently operating through 4 production facilities located at Dar es Salaam Arusha, Mbeya, and Mwanza and 9 depot locations situated at Upanga in Dar es Salaam, Morogoro, Dodoma, Moshi, Singida, Iringa, Songea, Shinyanga and Igogo in Mwanza.

## **Manufacturing facility in Mwanza:**

One of the production facilities of SBC Tanzania Limited is in Mwanza consisting of 2 returnable glass bottle (RGB) manufacturing line with an installed production capacity of 9.6 million RGB cases per annum. The plant not only services the Mwanza Upcountry markets, but also feed Mwanza urban and Shinyanga market through the depots situated in both locations. To cater the market with PET products SBC Mwanza sources all PET requirements from the production facility in Dar es Salaam.

The target markets for SBC that are serviced through Mwanza plant, Shinyanga and Igogo depots includes regions like Mwanza, Tabora, Shinyanga, Geita, Simiu, Mara, Kigoma and Kagera. SBC in these regions compete with players like Coca-Cola, Sayona, Jambo, Azam, and MO of the beverage industry to grow sales and market share.

To service the markets mentioned above, SBC has continuously invested in its Mwanza operations including but not limited to market expansion and enhancement of its production facilities. Till date SBC’s investment in Mwanza operations is as follows:

<b>Mwanza</b>	<b>Amount in Tzs Million</b>
Buildings	12,112
Machinery & Equipment	19,429
Coolers	5,311
Sales Trucks	3,598
Glass & Crates	34,300
<b>Total</b>	<b>74,750</b>

The shareholders of SBC Tanzania limited have witnessed a stable growth opportunity in Tanzania including an increase in the customer demand for PET products.

In pursuant to its mission and commitment “to grow the beverage business ethically, manufacturing and distributing world class brands whilst serving its customers and trade partners with uncompromising integrity and striving to create evermore employment opportunities for citizens of Tanzania and add value to the country’s economy whilst generating fair returns to shareholders”, the company’s shareholders, as part of their medium to long-term business strategy have expressed their interest to pursue and expand the footprint of SBC in lake region of Mwanza by increasing its PET production capacity through a new facility in Mwanza.

#### **About the Project:**

The new project “Mwanza Aquarock PET Project” is planned to have a production capacity of 24,000 BPH that roughly translates to 11.0 million cartons per annum with an investment of around Tzs 27.4 billion (US\$ 12.0 Million). The new project would serve the region’s demand for beverage products in PET format and explore the opportunity of exports to the neighboring countries and help generate forex for the nation.

The proposed project is planned to be executed by one of the local construction companies and major portion of machinery and equipment be imported from original equipment manufacturers located in various countries like, Italy, India, etc.

#### **Investment Details:**

The PET project is planned to be executed at its recently acquired plot no. 13, Isegeng’he “A”, Mhandu, Nyamagana district, Mwanza region. The project capex would broadly be spent to acquire the below property, plant and equipment over the next 6 to 9 months.

<b>Mwanza</b>	<b>Amount in Tzs Million</b>
Land	2,950
Buildings	3,500
Machinery & Equipment	19,800
Coolers	500
Sales Trucks	650
<b>Total</b>	<b>27,400</b>

The layout and drawings are under review and scheduled to commence the project in the month of May-23 targeting to complete by end of 2023. The commercial production is planned to start in Jan-24.

### Sources of Funds:

The source of funds to execute the project and meeting the working capital requirements shall be through term loans and overdraft facility availed from the local banks to the tune of Tzs 23.2 billion and Tzs 5.0 Bn respectively.

### Projected Turnover and Value addition:

The Company's operations in Mwanza have an estimated annual net turnover of Tzs 65.0 billion for the year 2023-24 from both RGB lines. However, post commissioning of the PET production facility the turnover is estimated to cross Tzs 85.0 billion per annum in year 1, generating an additional revenue to the exchequer of Tzs 7.0 billion per annum towards taxes and duties.

Further, the company is exploring the export opportunities to Rwanda and Burundi from year 2 onwards, generating additional revenue in forex.

### Value-added statement:

Amount in Tzs Mn	Year-1	Year-2	Year-3	Year-4	Year-5
Gross Turnover	50,343	70,446	81,160	91,962	100,494
Expenses	-41,933	-53,892	-63,201	-71,256	-79,588
<b>Value added</b>	<b>8,410</b>	<b>16,554</b>	<b>17,959</b>	<b>20,706</b>	<b>20,906</b>
<b>Value allocated</b>					
<b>To employees:</b>					
- Staff Costs	1,510	2,113	2,435	2,759	3,015
<b>To Government:</b>	<b>6,614</b>	<b>9,658</b>	<b>10,815</b>	<b>12,093</b>	<b>12,814</b>
- Net VAT	2,073	2,901	3,343	3,788	4,139
- Excise Duty	2,049	2,486	2,841	3,123	3,387
- Direct Tax	939	2,387	2,480	2,818	2,722
- Customs Duties	1,552	1,883	2,151	2,365	2,565
<b>To Retain for expansion &amp; growth:</b>					
- Depreciation	1,967	2,136	2,142	2,136	2,136
<b>To Shareholders:</b>					
- Retained Earnings	-1,680	2,647	2,567	3,718	2,942

The Company's activities in Mwanza have facilitated almost 155 employees on board with unspecified contract terms. In addition, the Company is using the services of an unskilled work force of 361 on a contractual basis. Further, the new project is expected to create direct / indirect employment for 200 aspirants from year 1.

The Company is performing and capturing transactions through an ERP system, Microsoft Dynamics Navision and all its operating locations are connected and integrated to its central server at the Head office in Dar es Salaam.