

BUSINESS PLAN

Year 2022 - 2027



SIKA Tanzania Construction Chemicals Limited

BUILDING TRUST



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COUNTRY PROFILE

<i>Name:</i>	Tanzania
<i>Capital City</i>	Dodoma (official and legislative); diplomatic, presidential and most government functions remain in Dar es Salaam
<i>Population</i>	62 million (According to 2022 Ce)
<i>Political system</i>	Republic
<i>Area :</i>	945,087 km ²
<i>Languages :</i>	Swahili and English (co-official)
<i>Currency :</i>	Tanzanian shilling TZS 1USD = 2,316 TZS 1CHF = 2,589TZS
<i>Time zone</i>	GMT + 3



Interesting factors:

- Platform for import / export for Burundi and Rwanda and for landlocked neighbors, Congo, Malawi, Uganda and Zambia.
- Coastline of 800 km of the Indian Ocean and longstanding relationship with the Middle East and Asia.
- Recent **natural gas discoveries** (2011–2013) with reserves at 40 trillion cubic feet (tcf) but the government expected this to rise to more than 100 tcf.
- Building SGR Project
- JN Hydropower Plant & Dam
- Infrastructure investment needs
- Rapid population growth and urbanization

ECONOMICAL BUSINESS ENVIRONMENT

- Economy is based on:
 - 27% agriculture (employs 70% of workforce and accounts for 85 % of exports)
 - 31% industry & construction (mainly building and mining)
 - 42% services

- Main increasing activities
 - Oil and gas: offshore + Tanganyika Lake proved reserves.
 - Transports and communications
 - Finances (more than 50 banks)
 - Construction and Public works
 - Mining: gold, uranium, nickel

- Rapidly growing economy with development and investment into transport, energy, water and port infrastructures and large urbanization projects.
- Political stability: Tanzania remains one of the most politically stable countries in the region.
- Open-door policy towards foreign investors with the Tanzania Investment Centre (TIC) to coordinate and facilitate investment.
- Business friendly environment, introducing online registration services.

	2021	2027 Estim	yoy %
<i>GDP (B\$)</i>	70	124	10%
GDP / Capita (\$)	1171	1735	7%
Population (Mio)	62	71	2%
Urbanization rate	37%	40%	

Source: World Economic Outlook data, Knoema, Statista & internal forecast

TARGET MARKETS TRENDS

Concrete	<ul style="list-style-type: none"> • Only used by Ready Mix and big contractors • High price of RMX ex B25: 120 – 130 USD/m3 • Big potential increase through education of middle size contractors • Products : middle range superplasticiser and waterproofer • Precast : only light precast for blocks and pavers, no admixture
Waterproofing Roofing	<ul style="list-style-type: none"> • Huge market for basements and roofs (3 months rain season) • Bituminous membranes and liquid waterproofing are the main products • For basements, crystallisation process (XYPEX) is very well known
Refurbishment	<ul style="list-style-type: none"> • Big projects in concrete repairs for bridges and building structure • Repair mortars are used for new concrete after demoulding (poor surface quality, no use of demoulding agents) • Grouting: big volume in Oil & Gas, sugar plants, substations • Tiles adhesives: huge market but still traditional application. Only 10 % of tiles are settled with Tiles adhesive mortar • Sikadur very well known on the market
Flooring	<ul style="list-style-type: none"> • Potential with Warehouses, malls and food industry (agricultural country) • Main products : Dry shake and Epoxy floors • Local applicators need training and support
Sealing & Bonding	<ul style="list-style-type: none"> • Full range on the market (PU, Silicone and acrylic) but education to make the difference between the cartridges • Large competition from South Africa, Europe, Turkey • Sikaflex 11 FC is well known

MARKET OVERVIEW

Contractors

- Large Chinese contractors (mainly for infrastructure projects): CCECC, CRJE, Sinohydro, Group Six, Beijing Construction Engineering Group, TBEA, DHC
- 10-12 local contractors with 200 – 500 workers: Estim, Advent, CSI Construction, Reynolds Construction, Mohamed Builders, etc.
- Foreign (non-Chinese) contractors: Arab Contractors, Yapi Merkezi, Daltre, Kay Bouvet, Sogea Satom, etc.

Ready mix concrete

- 6 ready mix plants : Tembo Concrete, Gulf Concrete, Gulf Premix, Camel Concrete, Dippsi, Kerai Construction
- Production 3000 – 5 000 m³/month / plant
- 8 – 10 contractors with batching plants on sites

Precast

- Only concrete blocks and pavers precast plants: Kerai, Tembo, Italframe...

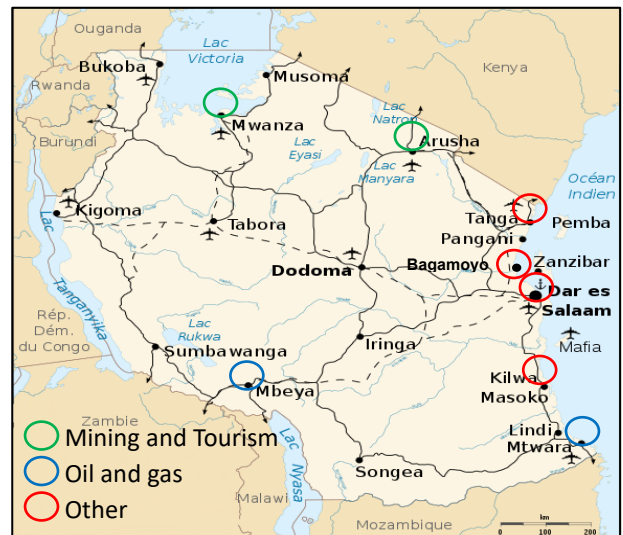
Specifiers

- Very poor local specification
- Big projects specification is made in Dubai or in India

Infrastructure and urbanisation / some examples of on-going & starting projects

- New Rail Network Construction Project (SGR)
- Steiglers Gorge Hydraulic Electric Power Project
- East African Crude Oil Project (EACOP)
- AR Water Supply Project
- New Selander Bridge Project
- Dar es salaam Metropolitan Development Project
- MISUFINI/JUNACO New Chlorine Plant - US\$112mio
- BRT
- New Mwanza Airport
- Fumba Town Dev. Project
- Karema port
- Bagamoyo port
- Towns Water Supply projects
- Several Agricultural Sector Development Project (warehouses, irrigations channels, roads)

Main economic development areas



MARKET POTENTIAL

Potential market is evaluated at **44 MCHF** across various Target markets

Addressable Market (Mio CHF)	2022	2027	% CAGR
Concrete	14	17.9	5%
Refurbishment	2.5	3.5	7%
Sealing & Bonding	2.5	3.5	7%
Waterproofing	4.2	5.9	7%
Flooring	2.4	3.4	7%
Roofing	2.5	3.5	7%
Building Finishing	4.5	6.3	7%
Total	33.0	44.0	6%

• Estimate based on local interviews: Distributors, Contractors, Ready Mix and Precast plants.

COMPETITION

- No local production (only DIPPSI distributor and tiles adhesives producer)
- Competitors started to visit customers and sell but without local sales force and support.
- CONPAC and Dr FIXIT have announced to customers they will produce locally

Full range	MBCC (TZ), CONMIX (UAE), MAPEI (UAE), FOSROC (UAE),
Waterproofing	XYPEX (CAN), KRYTON (UK), CONMIX (UAE)
Tiles Adhesive	YAPFIX (TZ), TANFIX (TZ), PROGRIP (ZA)
Sealants	AKFIX (TUR), ASMACO (UAE)
Concrete	SOBUTE (TZ), JUYE (TZ)

* CONPAC Mix has been created in India by 2 ex-employees of CONMIX



Product	Selling Price
Superplasticiser (mid-range)	1,20-1.50 CHF/kg
Acrylic sealant	2.80 – 3.30 CHF/cart.
Silicone sealant	3.30 – 3.90 CHF/cart.
PU sealant	10.80 – 11.70 CHF/cart.
Tile adhesives	0.425 CHF/kg (basic)
	0.70 CHF/kg (high range)
Repair mortar, grouts	0.90 – 1.10 CHF/kg

STRATEGY AND NEXT STEPS

Next steps

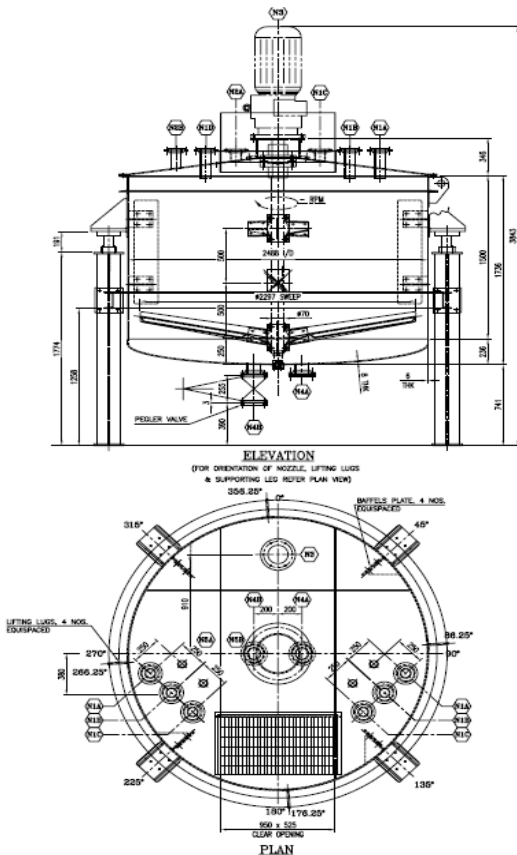
- Expansion of warehouse capacity to meet increased need for space (installation of new automated racks).
- Investment in additional warehouse to extend office space and storage ability.
- Increase the range of mortar products for newly installed plant.
- Domestication of mining products
- Development of people and skills

Strategy

- Develop more distributors and extend the network to better cover the country.
- Develop export business to neighbouring countries.
- Winning projects through specification
- Defend market share in cement additives
- Education and training as a main marketing tool (VETA, ARDHI University, Project Inspire etc.)

EQUIPMENT AND MACHINERY DESCRIPTION

Admixture Liquid Equipment

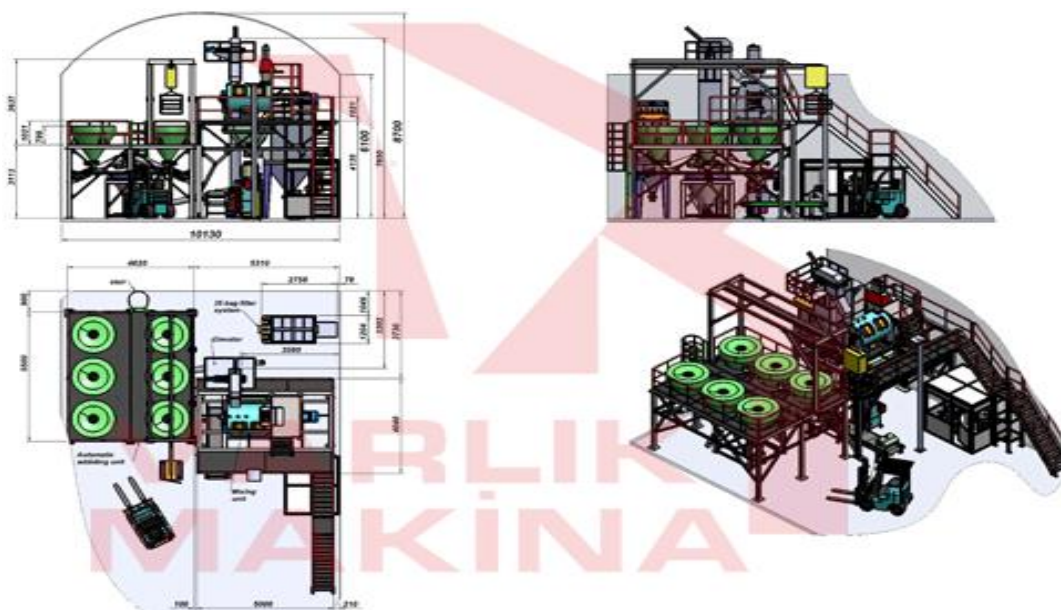


Modular Mortars Equipment





Modular Mortars Equipment



NET SALES FORECAST

Target Market	2023	2024	2025	2026	2027
Concrete	7,261.80	7,915.36	8,786.05	9,752.52	10,825.29
Waterproofing	1,655.00	1,986.00	2,383.20	2,859.84	3,431.81
Sealing and bonding	672.00	777.60	902.02	1,046.34	1,213.75
Refurbishment	1,482.00	1,778.00	2,133.60	2,560.32	3,072.38
Roofing	540.00	648.00	777.60	933.12	1,119.74
Flooring	1,110.00	1,332.00	1,531.80	1,761.57	2,025.81
Industry	50.00	60.00	66.00	72.60	79.86
Building Finishing	905.00	1,357.50	2,036.25	3,054.38	4,581.56
Total	13,675.80	15,854.46	18,616.52	22,040.68	26,350.21

Sika development will allow us to reach approx. 15% market share by 2019 of which 20% in Concrete.

Sales Growth from 2020 to 2022 in CHF

Figures in TCHF	2020	2021	2022
Net Sales	3,638.00	6,093.00	8,131.00

Additional Investment planning

In CHF'000	Total	2023				2024			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Investment Amount	1,840	-	-	175	-	1,365	-	150	150

FINANCING PLAN

No.	Financing	Amount (CHF"000")
1	Existing equity	4,654.34
2	Existing IC Loan	2,119.96
3	Additional equity	
4	Additional Loan	1,840.00
	Total	8,614.30

SCHEDULE OF ADDITIONAL INVESTMENT COST

No.	Item	Amount (CHF "000")
1	Land & Building	1,315
2	Machinery & equipment	325
3	Vehicles	150
4	Furniture & Fixtures	50
5	Add. Working capital	-
	Total	1,840

PRODUCTS

The following products shall be manufactured:

1. Admixtures
2. Mortars and Tile adhesives
3. Coating & resins

Description of Products:

Product	Main raw materials	Additives
Admixtures	<ul style="list-style-type: none"> • Water (Average 50 - 75 %) • All average 30 - 50 % • Lignosulphonate • Naphtalene sulphonate • Sodium gluconate • Melamine sulphonate • Polycarboxylate ether 	<ul style="list-style-type: none"> • Vinyl copolymers • Sodium gluconate • Aluminium sulfate • Molasses • Biocides
Mortars & Tile Adhesives	<ul style="list-style-type: none"> • Aggregates, fillers (Average 50 - 60 %, mainly limestone sand and silica sand) • Mineral binders (Average 30 - 40 %, different cement types, hydrated lime, fly ash, furnace slag, micro silica) • Polymer binder (Redispersible powders) 	<ul style="list-style-type: none"> • Cellulose ethers • Pigments • Polycarboxylate ether (Powder)

MARKETING

Demand:

- High market potential fast growing with lot of infrastructure and building projects
- New / starting market for construction products : customers education, training and support is the way to take a leading position
- High price level : manufacturing locally will allow Sika to lead and benefit from competitive advantage

Consumers:

- Ready mix Plants like as Gulf Concrete, Keria Construction etc.
- Construction Companies like as Esteem construction etc.
- Government Projects like as Tazara Flyover, NHC Housing Project, TBA etc

ENVIRONMENTAL TREATMENT

Admixtures

- No significant effluent from production to be expected
- Cleaning water will be reused in production, otherwise treated/disposed according local regulations

Mortar & Tile adhesives

- Plant will be equipped with dust extraction system
- Waste will be disposed according local regulations.
- No effluent

Coatings & Resins

- Plant will be equipped with dust extraction system
- Waste will be disposed according local regulations.
- No effluent