

# Indovida Tanzania Limited

## Table of Contents

1. Executive Summary
2. Introduction to Indorama Ventures Limited
3. Product summary and business of the group
4. Indorama Ventures Limited – a packaging company., the beginning
5. Project Description
6. Project location
7. Process
8. Indovida in Tanzania
  - Time lines
  - Capacity of Machines
  - Growth
  - Manpower
  - Mission
  - Investment
  - Competition
  - Market share and opportunities
  - Payback
  - Project Risks and Risk Management
  - Impact on Environment
9. Project Risks and Risk Management
10. Impact on Environment
11. Financial Plan
  - (i) Projected Profit & Loss A/c
  - (ii) Projected Balance Sheet
12. Budget of the project
13. Sources of Funds

## **1. Executive Summary**

Indovida Tanzania Limited, is a subsidiary of Indorama Ventures Limited.,

Indorama Ventures limited is a listed company headquartered in Bangkok, Thailand, with interest in plastics, fibres, intermediates and packaging businesses to name a few.

Indovida Tanzania Limited is entering the Tanzanian market, to be a part of the growth in Beverage Industry and the growing economy - Quality beverage to everyone, at affordable prices., to bring about level playing field for every convertor

## **2. Introduction to Indorama Ventures Limited**

Indorama Ventures limited, is a Professionals run Global business

Every employee is involved in the process of building the company along with building the society around the business

Indorama Ventures has been operating in 35 countries within 6 continents., building one by one over the last 3 decades. The company operates in the following markets

- Africa
- Asia
- Australia
- Europe
- North America
- South America

Indorama Ventures, is a multi-dimensional / multiproduct company with diverse products.

### **3. Product summary and business of the group**

Indorama Ventures Limited has pioneered in the polymer business for the past 3 decades. The main focus business has been in the following

- Polyethylene Terephthalate (PET)
  - used to make variety of products., including PET bottles for water, carbonates, juices
  - used to make trays for food packing
  - films for food grade applications
  - special filaments for special applications
  - wide variety of applications
- PET for special applications
- PET for fibers, yarns
- Feedstocks
- Recycled products
- PET packaging
  - PET preforms
  - Closures
  - Bottles

Indorama Ventures has in 2023, a Gross revenue of \$16.2 Bn with EBITDA of \$1.3B

### **4. Indorama Ventures Limited – a packaging company., the beginning**

Food has been a very important and necessary part of the society. Families have loved to cook and eat food. However, in the past 50 yrs, the families grew, joint families became fusion families and time for cooking declined. The growth was faster than anyone's imagination.

Food Industry worldwide is projected to be USD 9.5 trillion in 2024., growing at 6%+ every year

The need for eating outside became very challenging and large. Packaged food was the nearest choice available with life style changes – a modest small beginning in 80's and there on a big boom business

Beverages, a part of the food chain also started to look up, with water taking the lead for many reasons

- quality of water available from general sources
- dependability on raw water
- increase in floating population
- affordability
- life style changes....

Soft drinks took the next lead with the big names taking Carbonates head-on

Glass and PVC were considered as good packing materials for food contact applications. PVC took away a lot of space from Glass – as glass was expensive, energy consuming .....

As time passed, many bottles came back to the waste bins, concern on usage caught up. Scientific community started to get worried on the safety of use of PVC for food. Cleanliness, smell, migration, haze etc., PVC had started to go away out of the space leaving some vacuum

Glass packing remained as best available packing material, but expensive. Inherent issues of weight, handling, cost, breakages, cleaning issues, dirt, power needed, cleaning chemicals, Pollution issues .... Beverage cos were growing but packing material was becoming a draw back in the growth. Many companies started considering reduction of Glass as a packaging material

Indorama Ventures saw an opportunity, to make packing available at affordable prices to everyone., decided to getting into the packaging business, in mid-90's, as a backward integration company, to support one of their Beverage customers in Thailand - started manufacture of PET preforms, slowly moved to bottle blowing and then manufacture of closures. We kept growing the business year after year.

Over the past 15+ years, the packaging business has placed its foot in

- Nigeria
- Myanmar
- Philippines
- North Ireland

- Ghana
- Egypt
- Vietnam
- Thailand

Our quest for newer markets has not stopped us and we are continuously making investments in countries with the best of available technologies., making the businesses more efficient and competitive. Indorama Ventures packaging business is looking at Tanzania, as our 9<sup>th</sup> country destination

## **5. Project Description**

Given the back ground of the business looking good, the markets growing in th eorganised and un organized areas, Indorama Ventures Limited sees an opportunity in this market

Indovida Tanzania Limited will be catering to the large and medium scale customers, more specifically in Beverages and water businesses. In the next 1 – 2 years, we see that there will be a large shift to PET bottles, in the Juices, energy drinks, natural drinks, alcohol, malt, spirit packing ( to name a few )

Indovida Tanzania limited also sees opportunities in the non-beverage markets, which will be the next target audience.

Indovida Tanzania plans to start with 2 state of art Preforms machine from the world's top class machine manufacturer. We expect that we will add more capacity in the next 1-2 years.

The company also sees scope in closures and bottles blowing

## **6. Project location**

The plant is proposed top be set up in Kisamvule., Pwani area – closer to Dar es salaam. The choice of this location is based on available clean, large space, clean space, proximity to the clients and plans for expansion in short times

Indovida has taken a 5040 sq mtr space on long lease to set up the manufacturing facility at Kisemvule industrial area at Mkuranga, Pwani Dt.

## 7. Process

PET Preforms are made from PET raw material., through the injection molding process ( there are other technologies in use too ). At Indovida, we are committed to make the best available product on shelf. We use technology that is well proven for the past many decades. The machinery used is from Canada - we have not changed this principle from inception

The processing parameters are maintained at such standards that, there is very low waste generation and the carbon foot print is maintained within world standards

HDPE/ PP closures are used for closing the beverage bottles. We manufacture this, using RMs that are universally accepted. The machinery used is from Italy and technology is Compression moulding

We also, plan to get into bottle blowing for food, oil, beverages, liquor, cosmetics..... As business opportunities come in

## 8. Indovida in Tanzania

### Time lines

- We plan to start the facility before end of 2024.
- To start our focus customers will be large beverage manufactures

### Capacity of Machines

- We plan to start with 2 injection moulding machines, having a capacity of about 40 MM preforms per month
- All the anxilleries to support a manufacturing faciulity will be added along side
- We target a annual volume of about 360-380 MM preforms

## Growth

- We plan to build a facility for 5 machines – 200 MM preforms in Year 5
- 2 closure machines of 120 MM of total capacity
- 1 or 2 blowing machines – depending on the market demand
- We anticipate that the over-all beverage market will grow at 5-6% annually
- The PET consumption industry will grow at about 8%, which essentially means that we grow organically at 5-8% pa
- We will also project a growth from new business areas that will come up for grabs

## Manpower

- We plan to have a few experts in place, who are able to manage the business efficiently
- Our focus will be to attract the local communities, to learn, work and let the company grow
- We anticipate a labor force of 30-50
- We have been successful in indigenizing labour force from local communities in most of the other projects world wide & expect this to happen in Tanzania too

## Mission

- Indovida Tanzania Limited, as a company plans to stay put with the local community, grow this market in Tanzania and bring level playing field to all the players in the market place, using the best technologies
- Quality of the product at its best

## Investment

- We are proposing to invest around USD 6-7 MM in Y1
- We plan to add more capacity to the business - as we grow.
- Our aim is to invest about 20 MM in next 3- 5 years

## Competition, Market share and opportunities

- Beverage market in Tanzania is projected USD 46MM in 2024
- Expected to grow at 5% to reach 60 MM by 2030.
- Some reports suggest 8% + growth in next 5 yrs

- We understand that there are players already in place in the market
- Many of the beverage brands make their own packing materials
- There are few players, who sell their produce to the market place., but there is shortage during season, there is a over charging and quality issues
- There are products that are being imported from outside of Tanzania – in turn affecting the forex balance, waste of fuel, time and affecting the compityitiveness of the final product
- Indovida proposes to take a market share of
  - 30 – 40% of the preforms requirements from beverage brands, that do not manufacture preforms
  - 20% of preforms volumes of brands that hv facility to make packing materials, but run short during peak times
  - Add new products that would have been in Glass/ paper / Aluminum
  - New lines of businesses

### Payback

- Indovida plants to bring machineries from outside, they being the world's best technologies
- The machineries are of high capital cost
- The plants will be state of art facility with all the quality standards kept alive as required by the food industry and big brands – which again costs a lot of money
- We look at ROI will be about 7-8 yrs.

## **9. Project Risks and Risk Management**

- Beverage markets are not closing down in near future, unless there is a big game changer
- Labour laws in Tanzania can be a game changer
- Forex scenario and depreciation are 2 real risks that we will carry
- There is no written National policy of Beverages consumption / manufacture – if the Govt brings legislations that brings standards – will be very helpful. On the contrary, if the rules are unfriendly – we carry risk of investment

## **10. Impact on Environment**

- We do not produce any waste in the process nor we contaminate
- Not to forget, the company is focusing on lowering the load of pollution on earth.
- We work with many brands in the Recycling PET stream.
- Recycling program will be a long-drawn plan for the company and are ready to work with partners and the Govt
- In order to reduce the load on power dependency, the company has been working in many places for solar power and Gas based power



(ii) Projected Balance Sheet

(InTZS'Mln)

Liabilities	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Equity	7,757	10,020	12,382	14,794	19,265	19,265	19,265	19,265	19,265	19,265	19,265
Retained Earnings	0	108	361	1,248	1,989	4,306	8,122	13,096	19,815	27,960	36,815
<b>Total Equity</b>	<b>7,757</b>	<b>10,128</b>	<b>12,744</b>	<b>16,042</b>	<b>21,254</b>	<b>23,571</b>	<b>27,387</b>	<b>32,360</b>	<b>39,080</b>	<b>47,225</b>	<b>56,080</b>
Long-Term Debt	14,406	18,608	22,996	27,474	32,527	28,367	22,647	15,706	7,386	0	0
<b>Non-Current Liabilities</b>	<b>14,406</b>	<b>18,608</b>	<b>22,996</b>	<b>27,474</b>	<b>32,527</b>	<b>28,367</b>	<b>22,647</b>	<b>15,706</b>	<b>7,386</b>	<b>0</b>	<b>0</b>
Bank Overdraft	0	1,682	777	0	0	0	0	0	0	0	0
Creditors	0	2,026	2,449	3,089	3,843	4,437	4,923	5,245	5,568	5,883	6,217
Other Current Liabilities	0	279	340	428	535	618	686	732	778	823	870
<b>Current Liabilities</b>	<b>0</b>	<b>3,987</b>	<b>3,565</b>	<b>3,517</b>	<b>4,378</b>	<b>5,055</b>	<b>5,609</b>	<b>5,977</b>	<b>6,347</b>	<b>6,705</b>	<b>7,087</b>
<b>TOTAL Liabilities</b>	<b>22,163</b>	<b>32,723</b>	<b>39,305</b>	<b>47,034</b>	<b>58,159</b>	<b>56,993</b>	<b>55,643</b>	<b>54,043</b>	<b>52,812</b>	<b>53,931</b>	<b>63,167</b>
Tangible Assets	0	22,581	27,023	31,258	48,429	45,935	43,441	40,948	38,900	37,000	35,101
CWIP	22,163	4,940	5,850	6,890	0	0	0	0	0	0	0
<b>Non-Current Assets</b>	<b>22,163</b>	<b>27,521</b>	<b>32,873</b>	<b>38,148</b>	<b>48,429</b>	<b>45,935</b>	<b>43,441</b>	<b>40,948</b>	<b>38,900</b>	<b>37,000</b>	<b>35,101</b>
Inventories	0	1,622	1,960	2,473	3,076	3,552	3,940	4,198	4,457	4,708	4,976
Trade Receivables	0	2,961	3,606	4,547	5,681	6,558	7,283	7,774	8,265	8,738	9,241
Other Current Assets	0	279	340	428	535	618	686	732	778	823	870
Cash & Cash Equivalent	0	340	527	1,438	439	331	293	392	412	2,661	12,979
<b>Current Assets</b>	<b>0</b>	<b>5,202</b>	<b>6,432</b>	<b>8,886</b>	<b>9,731</b>	<b>11,058</b>	<b>12,202</b>	<b>13,096</b>	<b>13,912</b>	<b>16,930</b>	<b>28,066</b>
<b>TOTAL Assets</b>	<b>22,163</b>	<b>32,723</b>	<b>39,305</b>	<b>47,034</b>	<b>58,159</b>	<b>56,993</b>	<b>55,643</b>	<b>54,043</b>	<b>52,812</b>	<b>53,931</b>	<b>63,167</b>

**12. Budget of the Project**

- Install two Husky machines with 4 molds (5 months delivery lead time) and a SACMI machine with two molds (10 months delivery lead time)
- Targeting Q4'24 start in a leased premises of 6,000 m2 about 40 KMs from Dar-Es-Salaam
- The total project Investment over the period of next 5 years to be \$21M-
- Year 2024 - \$8.5M – Includes 2 Husky and 4 molds
- Year 2025 - \$2.5M – Includes 1 Preform Mold, 1 Sacmi with 2 molds
- Year 2026 - \$2.6M – 1 Husky with 1 mold
- Year 2027-2028 - \$7.6M – 1 Husky with 2 mold, 1 Sacmi with 2 Mold and 1 Closure Printer
- Payback of the project 7-8 Years

### **13. Sources of fund**

Mix of Equity and Debt. 2024 Equity infusion will be \$3M and rest will come from debt. We are engaged with Banks for the purpose and target to finalize in near term.

Thank you