



**AFRICA
OIL SOLUTIONS**

**TIN:168-558-821
KINONDONI MUNICIPAL COUNCIL
MZIMUNI-RUAHA**

BUSINESS PLAN

APPLICATION FOR INVESTMENT CERTIFICATE

OCTOBER 2024



Business Plan for Transport Business

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I. BACKGROUND INFORMATION

1. Brief overview

AFRICA OIL SOLUTIONS is a private company limited by shares created on 04/12/2003. Its current shareholding is detailed in the below table:

No	Shareholder	No of Share	Share Capital
1	KALINGANIRE Yusuf	334	\$ 334,000.00
2	UMUTONI Yousra	333	\$ 333,000.00
3	UMUTONI Nouriat	333	\$ 333,000.00
TOTAL		1000	\$ 1,000,000.00

2. Description of the project

AFRICA OIL SOLUTIONS, a Private Limited Company incorporated in 2023 with a registered capital of United State Dollars **(\$1,000,000)**, is based in the United Republic of Tanzania, where its regional headquarters are located.

At its inception, the company has made a significant investment in the transportation sector, importing 65 brand new heavy-duty trucks and tankers specifically for the transportation of petroleum products. This strategic move strengthens its position in the fuel supply chain, enhancing logistics efficiency and ensuring reliable delivery of petroleum across the region.

3. Objectives of the company

- Feeling the gap between the low local offer of truck services on the international routes as well as the fuel facilities and the local high demand which is frequently services by East Africa and foreign operators.
- Offering competitive prices.
- Promotion of the export of Various Tanzanian Product as well.
- Providing world-class transportation services.
- Contribution to the economic development of United Republic of Tanzania (taxes, employment, competitive transportation services etc.
- Creation of addition value for the owners, the country and the population by creating New Job for more than 100 Employees both Local and few Foreigners
- Online follow-up of the fleet and quick resolution of the problems as well as quick/sure information to the clients.



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4. Area of operations

The company operates in East African region but also it operates inside Rwanda as well as in other countries such as Zambia, Sudan, Democratic Republic of the Congo, etc.

This business is facilitated by the experience already acquired by the shareholders and the management team and the sufficient fleet of trailer trucks and tanks that are in very good operating condition.

II. MANAGEMENT TEAM

Executive Chairman: Mr. Yusuf KALINGANIRE who has an excellent and proven experience in business management in general and with the international transportation operations in particular.

Regional Managing Director: Mr. Umutoni Yousra, Bachelor of Business Administration and excellent experience in business management for more than 15 years.

Country Managing Director: Jamal Hassan KINYANGE, Bachelor of Business Administration and excellent experience in business management for more than 7 years.

Country Operation Manager : Mr. Mtunda Zubeir, Bachelor of Business Administration and excellent experience in business management for more than 4 years.



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IV. REQUIRED NEW INVESTMENT

1. Project implementation plan

Phase	Scheduled activities	Proposed financing plan
Phase 1 Year 1 - Sep-Nov 2024	Acquisition of 65 tractors and 55 trailer tanks,	Own funds from cash flow combined with bank loan if required
Phase 2 Year 2 - Sep 2025	Acquisition of 100 tractors and 100 trailer tanks and Renovation of Existing buildings.	Own funds from cash flow combined with bank loan if required
Phase 3 Year 3 - Sep 2026	Acquisition of 150 tractors and 110 trailer tanks and 40 Flatbed Trailers.	Own funds from cash flow combined with bank loan if required
Phase 4&5 Year 4&5 -March 2028	Acquisition of 150 tractors and 150 trailer tanks	Own funds from cash flow combined with bank loan if required



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2. Breakdown of the costs

Phase	Description	Number of trucks	Unit Cost	Total Cost	Comment
Phase 1	Tractors	65	\$ 48,695.65	\$ 3,165,217.39	
	Trailer tanks	55	\$ 51,845.65	\$ 2,851,510.87	
Total Phase 1				\$ 6,016,728.26	
Phase 2	Tractors	100	\$ 52,347.83	\$ 5,234,782.61	7.5% increase of costs
	Trailer tanks	100	\$ 55,734.08	\$ 5,573,407.61	7.5% increase of costs
Total Phase 2				\$ 10,808,190.22	
Phase 3	Tractors	150	\$ 56,273.91	\$ 8,441,086.96	7.5% increase of costs
	Trailer tanks	110	\$ 59,914.13	\$ 6,590,554.50	7.5% increase of costs
	Flatbed Trailer	40	\$ 27,347.83	\$ 1,093,913.04	7.5% increase of costs
Total Phase 3				\$ 16,125,554.50	
Phase 4	Tractors	150	\$ 60,494.46	\$ 9,074,168.48	7.5% increase of costs
	Trailer tanks	150	\$ 64,407.69	\$ 9,661,153.75	7.5% increase of costs
Total Phase 4				\$ 18,735,322.23	
TOTAL NEW PROJECT COSTS				\$ 51,685,795.21	



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3. Depreciation

Year 1	Vehicles
Acquisition value of Vehicles	\$ 6,016,728.26
Depreciation	\$ 1,203,345.65
Year 2	Vehicles
Acquisition value	\$ 10,808,190.22
Depreciation	\$ 2,161,638.04
Year 3	Vehicles
Acquisition value	\$ 16,125,554.50
Depreciation	\$ 3,225,110.90
Year 4 & 5	Vehicles
Acquisition value	\$ 18,735,322.23
Depreciation	\$ 3,747,064.45

V. FINANCIAL PROJECTION (assumptions & calculations)

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Number of trailer tank trucks	55	100	110	100	50
Number of Flatbed trailer	10		40		
Exchange rate USD vs RWF	2,750	3,163	3,637	4,182	4,810
1 trailer tank carries 45m ³ @100\$/m ³ Flatbed trailer carries 30m ² @100\$/m ² and it makes a minimum of 3 trips per month (Kigali - Kisumu - Kigali or Kigali - Dar Es Salaam - Kigali)	\$ 1,699,200.00	\$ 27,851,760.00	\$ 49,784,400.00	\$ 65,984,400.00	\$ 74,084,400.00
TOTAL TURNOVER	\$ 1,699,200.00	\$ 27,851,760.00	\$ 49,784,400.00	\$ 65,984,400.00	\$ 74,084,400.00
Overheads/expenses for trailer tanks					
Fuel (1100L/truck/trip and 3 trips/month)	\$ 514,800.00	\$ 7,840,800.00	\$ 14,968,800.00	\$ 19,720,800.00	\$ 22,096,800.00
Mileage (\$594/truck/trip)	\$ 231,660.00	\$ 3,528,360.00	\$ 6,735,960.00	\$ 8,874,360.00	\$ 9,943,560.00
Tyres & spare parts (7.5% of turnover)	\$ 127,440.00	\$ 2,088,882.00	\$ 5,822,712.00	\$ 10,771,542.00	\$ 16,327,872.00
Insurance (TZS1,541,176/truck/year)	\$ 36,427.80	\$ 80,409.18	\$ 143,973.75	\$ 180,822.78	\$ 188,993.65
Driver salaries (TZS392,127/driver/month)	\$ 18,536.91	\$ 245,505.60	\$ 439,605.42	\$ 552,113.00	\$ 601,029.34
Service, maintenance & repairs (5% of TO)	\$ 84,960.00	\$ 1,477,548.00	\$ 3,966,768.00	\$ 7,265,988.00	\$ 10,970,208.00
GPS installation (TZS274,510/truck)	\$ 3,325.64	\$ 12,005.79	\$ 23,327.74	\$ 29,891.19	\$ 32,744.86
GPS service (TZS40588/month/truck&trailer)	\$ 1,918.71	\$ 16,360.33	\$ 36,448.57	\$ 48,093.92	\$ 53,157.12
Administrative costs (1% of turnover)	\$ 16,992.00	\$ 278,517.60	\$ 776,361.60	\$ 1,436,205.60	\$ 2,177,049.60
Utilities, cleaning, washing (1% of turnover)	\$ 16,992.00	\$ 278,517.60	\$ 776,361.60	\$ 1,436,205.60	\$ 2,177,049.60
Marketing, Ads, missions, representations (0.5% of TO)	\$ 8,496.00	\$ 139,258.80	\$ 388,180.80	\$ 718,102.80	\$ 1,088,524.80
Miscellaneous Expenses (2% of TO)	\$ 33,984.00	\$ 557,035.20	\$ 995,688.00	\$ 1,319,688.00	\$ 1,481,688.00
Total overheads/operating costs	\$ 1,095,533.05	\$ 16,543,200.11	\$ 35,074,187.49	\$ 52,353,812.89	\$ 67,138,676.97
OPERATIONAL PROFIT	\$ 603,666.95	\$ 11,308,559.89	\$ 14,710,212.51	\$ 13,630,587.11	\$ 6,945,723.03
Loan interests					
Depreciation	\$ 1,203,345.65	\$ 2,161,638.04	\$ 3,225,110.90	\$ 2,498,042.96	\$ 1,249,021.48
PROFIT BEFORE INCOME TAX	\$ (599,678.70)	\$ 9,146,921.85	\$ 11,485,101.61	\$ 11,132,544.14	\$ 5,696,701.54
Income taxation		\$ 2,286,730.46	\$ 2,871,275.40	\$ 2,783,136.04	\$ 1,424,175.39
NET PROFIT	\$ (599,678.70)	\$ 6,860,191.38	\$ 8,613,826.21	\$ 8,349,408.11	\$ 4,272,526.14
CASH FLOW	\$ (599,678.70)	\$ 9,021,829.43	\$ 11,838,937.11	\$ 10,847,451.07	\$ 5,521,547.64
CUMULATIVE CASH FLOW	\$ (599,678.70)	\$ 8,422,150.73	\$ 20,261,087.84	\$ 31,108,538.91	\$ 36,630,086.55

Note:

- The cash flow to be generated by this new business component is enough for renewal of the fleet, self-financing the growth of the business, payment of loan interests if required and contributing to the development of the country.

- After 5 years, this new business will have generated a cumulative cash flow of **\$ 9,365,317**

- After 5 years, this new business will have generated income taxes totaling **\$36,630,087**



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VI. CONCLUSION

The information provided in this business plan shows that the operations of AFRICA OIL SOLUTIONS from the projected new investment of **USD 51,685,795** consisting in the acquisition of 465 Units Tractor Trucks ,415 Units trailer tanks and 50 Units Flatbed sound technically and financially viable. Not only the business will generate excellent profits for the owners but it has many socio-economic benefits that will boost the whole economy of United Republic of Tanzania.

It is in this respect that AFRICA OIL SOLUTIONS is applying for an investment certificate in order to implement this new project subject of this Business Plan.