

Mwanza Expansion Plan

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 5 Plants and 10 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 Stockiest, we distribute roughly 6,592 Stockiest & 93 Distributors across the country, who then deliver to Retail/Dukas. 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 5 production facilities located at Dar es Salaam Arusha, Mbeya, and 2 factories in Mwanza and 10 depot locations situated at Upanga in Dar es Salaam, Morogoro, Dodoma, Moshi, Singida, Iringa, Songea, Sumbawanga, Shinyanga and Igogo in Mwanza.

Manufacturing facility in Mwanza:

One of the key levers to support volume growth and profitability for SBC Tanzania Limited is expansion of Route to Market and cost-effective operations. Despite commissioning a new PET line in Plot 13, Nyakato Industrial Area during the year 2024, considering the increasing demand for Carbonated Soft drinks (CSD) and shift of consumer preference towards convenient PET packs across Lake region and to have an effective distribution model for better customer service, the company has in its strategy to commission a new PET line with an annual installed capacity of approximately 15 million cartons, next door to its existing manufacturing facility at Plot 6, Nyakato Industrial Area, Mwanza.

Considering the increasing demand and the company's pricing strategy, SBC Mwanza has decided to hold its prevailing prices of PET and launch new products in small packs that suit the consumer requirement. With the increasing number of products/SKUs, it's required to maintain adequate inventory at the

manufacturing facilities, hence, need an additional storage facility for finished goods, raw material, loading / offloading bays and parking additional fleet within plant premises. Hence, SBCT is looking for additional land adjacent to its existing plant in Mwanza. This will help the business maintain adequate inventory levels and service its consumers faster to expand its footprint in various territories of lake region.

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 (RGB & PET) operations is as follows:

Mwanza	Amount in Tzs Million	Amount in USD 000
Land	2,950	1,204
Buildings	15,612	6,825
Machinery & Equipment	39,229	16,445
Coolers	5,811	2,512
Sales Trucks	4,248	1,837
Glass & Crates	39,987	17,288
Total	107,837	46,111

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 2nd PET” is planned to have a production capacity of 32,000 BPH that roughly translates to 15.0 million cartons per annum with an investment of around Tzs 29.2 billion (US\$ 11.0 Million). The new project would serve the region’s demand for beverage products in PET format and expand the opportunity of exports to the neighboring countries and help generate forex for the nation and SBCT that will help meet partially its forex payment obligations against importation of key raw materials.

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. 71, Nyakato Ilamela Municipal, Mwanza region. The project capex would broadly be spent to acquire the property, plant and equipment below.

Mwanza	Amount in Tzs Million	Amount in USD 000
Land	2,000	769
Buildings	6,200	2,255
Machinery & Equipment	20,050	7,291
Coolers	500	182
Sales Trucks	450	164
Total	29,200	10,660

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 23.4 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 136.0 billion for the year 2025-26 from both RGB & PET production facilities. However, post commissioning of the PET production facility the turnover is estimated to cross Tzs 175.0 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 planning to expand its export opportunities further in Rwanda, DRC and Burundi generating additional revenue in forex.

Value-added statement:

Amount in Tzs Mn	Year-1	Year-2	Year-3	Year-4	Year-5
Gross Turnover	52,921	85,687	135,732	172,932	208,670
Expenses	-43,782	-70,250	-109,188	-141,818	-173,327
Value added	9,139	15,436	26,545	31,114	35,343
Value allocated					
To employees:					
- Staff Costs	1,588	2,571	4,072	5,188	6,260
To Government:	6,709	10,668	15,487	19,050	22,142
- Net VAT	1,615	2,614	4,141	5,276	6,366
- Excise Duty	2,195	3,523	4,964	6,400	7,704
- Direct Tax	927	1,366	2,995	3,007	2,816
- Customs Duties	1,972	3,165	3,387	4,367	5,256
To Retain for expansion & growth:					
- Depreciation	2,295	2,421	2,427	2,421	2,421
To Shareholders:					
- Retained Earnings	-1,452	-223	4,558	4,455	4,521

The Company's activities in Mwanza have facilitated almost 214 employees on board with unspecified contract terms. In addition, the Company is using the services of an unskilled workforce of 452 on a

contractual basis. Further, the new project is expected to create direct / indirect employment for 100 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.