

## BOHETA AGRO PROCESSING COMPANY LTD

### FINANCIAL PROJECTION

The financial Projection of **8 round trips per truck per year** is based on the analysed below factors. This increased trip frequency will significantly impact the revenue.

#### Revised Calculations:

1. **Annual Revenue per Truck:**

- TZS 20,100,000/trip \* 8 trips/year = TZS 160,800,000

2. **Total Annual Revenue (15 Trucks):**

- TZS 160,800,000/truck \* 15 trucks = TZS 2,412,000,000

3. **Annual Direct Cost per Truck (Outbound only):**

- TZS 7,425,000/trip \* 8 trips/year = TZS 59,400,000
- Total Annual Direct Cost (15 Trucks): TZS 59,400,000/truck \* 15 trucks = TZS 891,000,000

4. **Annual Operating Cost per Truck:**

- TZS 2,010,000/trip \* 8 trips/year = TZS 16,080,000
- Total Annual Operating Cost (15 Trucks): TZS 16,080,000/truck \* 15 trucks = TZS 241,200,000

5. **Truck Depreciation:** (Remains the same as it's based on purchase price)

- Total Annual Depreciation (15 Trucks): TZS 750,000,000

6. **Finance Costs and Loan Principal Paid:** (Remain the same as they are based on the loan schedule)

- **Year 1:** TZS 292.8 million
- **Year 2:** TZS 228.2 million
- **Year 3:** TZS 153.3 million
- **Year 4 & 5:** TZS 0.0 million
- **Total Principal Paid over 3 years:** TZS 2,100.0 million

### Financial Projections (TZS '000,000):

Year	Total Revenue	Direct Costs	Operating Costs	Depreciation	Finance Costs	Profit Before Tax	Tax (Assume 30%)	Net Profit
Year 1	2,412.0	891.0	241.2	750.0	292.8	237.0	71.1	165.9
Year 2	2,412.0	891.0	241.2	750.0	228.2	301.6	90.5	211.1
Year 3	2,412.0	891.0	241.2	750.0	153.3	376.5	113.0	263.5
Year 4	2,412.0	891.0	241.2	750.0	0.0	529.8	158.9	370.9
Year 5	2,412.0	891.0	241.2	750.0	0.0	529.8	158.9	370.9

### Key Observations with Increased Trip Frequency:

- **Profitability Achieved:** With 8 round trips per truck per year, the business becomes profitable from the first year onwards. This highlights the significant impact of operational efficiency (number of trips) on the bottom line.
- **Substantial Net Profit:** The net profit margins are quite healthy after accounting for all costs, including depreciation and finance in the initial years.
- **Strong Growth After Loan Repayment:** Once the loan is fully repaid at the end of Year 3, the profit before tax and net profit see a further increase due to the elimination of finance costs.

### Management of the Company will focus on the following to improve the profitability of the Company

- **Focus on Maintaining High Trip Frequency:** Ensure operational efficiency to consistently achieve the assumed 8 round trips per truck annually. This will be critical for sustaining profitability.
- **Monitor Costs Closely:** While the business is projected to be profitable, vigilant monitoring of direct and operating costs is still essential to protect profit margins.
- **Consider Future Investments:** The strong projected profitability could allow for future investments, such as expanding the fleet or upgrading equipment, after the initial loan is repaid.
- **Working Capital Management:** Pay close attention to managing working capital effectively to ensure smooth cash flow, especially with the increased volume of transactions.