

# Land at Mbeya for Storage / Project Expansion

## **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 Stockists, we distribute to roughly 6,592 Stockists & 93 Distributors across the country, who then deliver to retail/duka's. 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.

## **Project Expansion in Mbeya:**

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. Considering the increasing demand for Carbonated Soft drinks (CSD) in Mbeya, Songwe, Songea, Iringa and Sumbawanga regions and to have an effective distribution model for better customer service, the company has decided to commission a new PET line its Mbeya Plant that has been completed by Nov-24 with an annual manufacturing capacity of 12million cartons.

Considering the increasing demand and the company's pricing strategy, SBC Mbeya 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 facility, hence, need an additional storage facility for finished goods, raw material, loading / offloading bays and parking additional fleet within plant premises. Hence, SBC is looking for additional land adjacent to its

existing plant in Mbeya. This will help the business maintain adequate inventory levels and service its consumers faster to expand its footprint in various territories of southern highlands region.

Currently SBC has storage capacity to just hold a minimum quantity that is hampering the production process and adversely affecting efficiencies leading to outputs less than expected and affecting the timely distribution of finished goods to the market. However, with a view to reduce the storage issues that is jeopardizing the business objectives, SBC Tanzania is looking expand its storage capacities and integrate with the existing plant operations.

Further, SBC has a plan to consider backward integration of manufacturing preforms / closures in the medium to long term, to achieve its targeted cost to manufacture and reduce the overall cost to serve and protect its margins against the inflationary increases and currency devaluation, including the lower dependency on imports and forex. To execute its strategic plans and integrate these activities with the existing manufacturing facilities, the company will require additional space in the adjacent areas of the existing plant. These will involve an investment as mentioned below for the company to have a self-sustained model.

The shareholders of SBC Tanzania limited have witnessed a stable growth opportunity in Mbeya territories and intending to support meeting the production and market requirements.

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 storage capacities and eventually increase footprint of SBC in Mbeya region.

#### **Investment Details:**

To increase the storage facilities and service the markets mentioned above effectively, SBC has plans to invest in Mbeya, as follows:

<b>Mbeya</b>	<b>Amount in Tzs 000</b>	<b>Amount in US\$</b>
Land	2,520,000	933,333
Buildings	7,414,547	2,746,129
Machinery	6,369,122	2,358,934
Vehicles	337,500	125,000
Furniture and Others	18,900	7,000
<b>Total</b>	<b>16,660,069</b>	<b>6,170,396</b>

#### **Sources of Funds:**

The source of funds to execute the project and meeting the working capital requirements shall be through overdraft facility availed from the local banks.

#### **Value addition:**

The Company’s activities in Mbeya are expected to create direct / indirect employment for 45 aspirants from year-1.

The Company performs and capture transactions through an ERP system, MS Dynamics Navision and all its operating locations are connected and integrated to its central server at the Head office in Dar es Salaam.