

EAST AFRICA CABLES TANZANIA

**NATIONAL INDUSTRIAL MODERNISATION, TURNAROUND &
EXPANSION PROGRAMME**



East African Cables
Connecting lives

EXECUTIVE SUMMARY

East Africa Cables Tanzania (EAC), under Msufini, is undertaking a **strategic industrial modernisation, turnaround and expansion programme** with a total investment commitment of:

- **Capital Investment** – machinery modernisation and working capital
- **Capital Investment** – new high-capacity warehouse and logistics facility
- **Working Capital** – resume operations and turnaround business sustainability

This investment is designed to:

- Restore Tanzania's leading cable manufacturing capacity
- Reduce import dependency on electrical cables and conductors
- Strengthen local value addition
- Support national electrification and grid expansion
- Position Tanzania as a regional cable manufacturing hub

COMPANY OVERVIEW – EAST AFRICA CABLES TANZANIA

- Established 1977; pioneer cable and conductor manufacturer in Tanzania
- Currently technically insolvent due to:
 - Lack of working capital and raw material stock
 - Ageing production technology (batch annealing)
 - Poor management and operational inefficiencies
- Installed capacity:
 - Copper – 104 MT/month (40% utilisation)
 - Aluminium – 520 MT/month (40% utilisation)
 - Current production limited by bottlenecks in annealing and stranding
 - Ownership: 51% East African Cables PLC (Kenya), 49% Tanzanian shareholders



ACQUISITION OF EAC BY MSUFINI

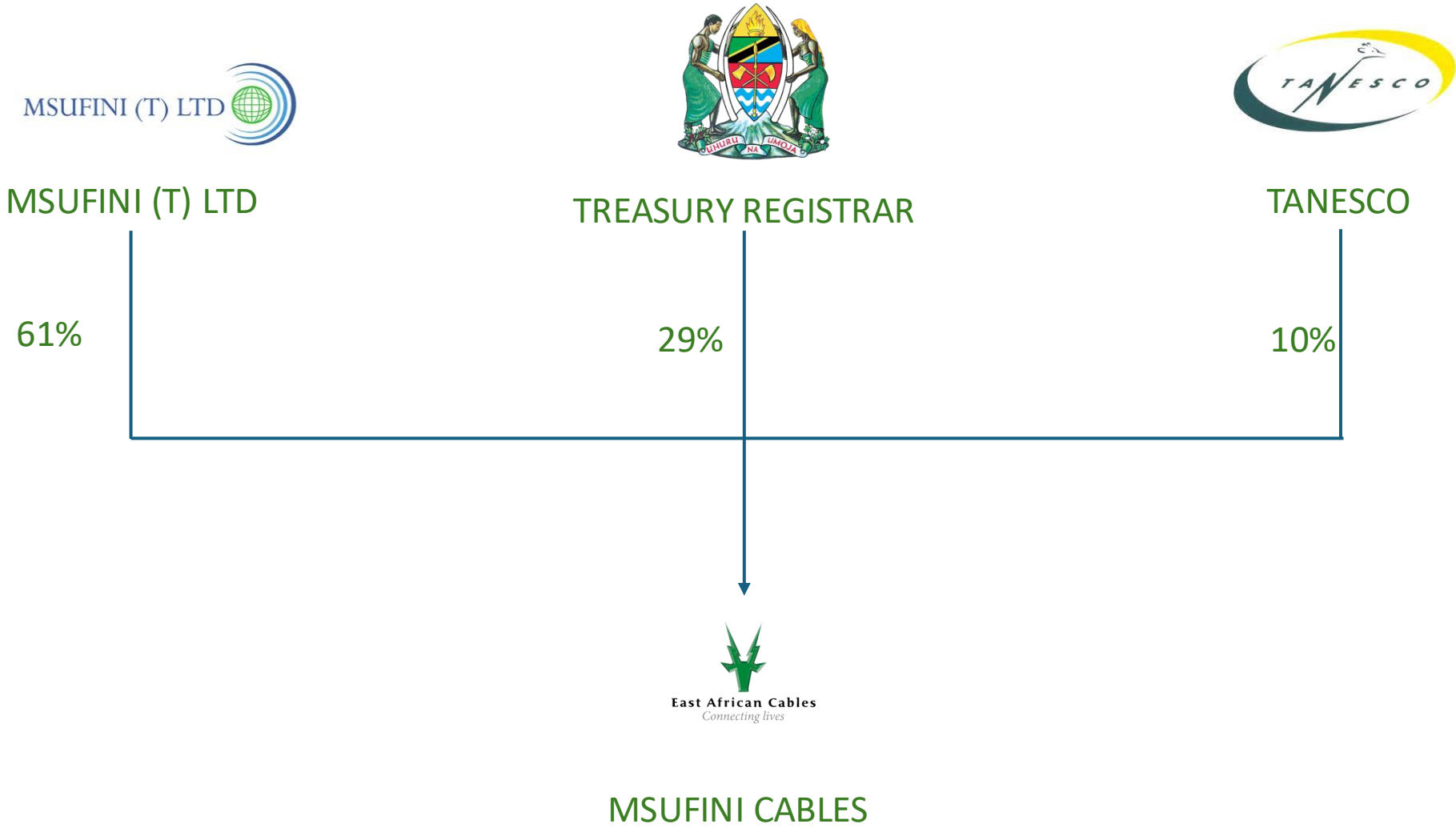
- Transaction overview (Msufini acquiring 61% of EACTz for \$6 million ≈ **TZS 15.6 billion**)
- Additional investment of **TZS 10.4 billion** for working capital (USD 4 million)
- **TZS 13 billion** for new equipment and technology (USD 5 million)
- Total investment: **TZS 39 billion**
- Objective: restore solvency, modernise operations, and achieve profitability by FY2026
- Target outcomes:
 - **Revive** operations and **modernise** production
 - Market share increase from <5% to **20% by 2026**, 35% by 2028
 - Revenues of **TZS 50 billion by FY2026**, rising to **TZS 80 billion by FY2028**
 - EBITDA margin: 18–22%
 - IRR >20%

CURRENT CHALLENGES

- Lack of working capital (missed TZS 11Bn orders)
- Outdated technology (batch annealing)
- Slow manufacturing lead times
- Poor management
- Poor procurement strategies
- Lack of business development
- Low capacity utilisation
- Underutilisation of strategic partners – TANESCO
- No export efforts to regional countries
- Conflict of interest with majority shareholder
- Ageing warehouse – unsuitable working environment



POST-ACQUISITION SHAREHOLDING



East African Cables
Connecting lives



East African Cables
Connecting lives

INVESTMENT CLASSIFICATION AND CAPITAL COMMITMENT

Component	Value
Machinery Modernisation	TZS 39 Billion
Industrial Warehouse Facility	TZS 5 Billion
Working Capital Injection	TZS 5 Billion
Total Investment Commitment	TZS 49 Billion

This qualifies as a **major manufacturing investment** under TIC criteria and supports Tanzania's strategic industrialisation objectives.

The investment includes:

- Advanced continuous annealing technology
- High-capacity stranding and drum twister systems
- Automation and digital production control
- Modern warehousing and logistics infrastructure

STRATEGIC IMPORTANCE OF CABLE MANUFACTURING IN TANZANIA

Currently, Tanzania imports a significant portion of:

- Aluminium conductors
- ACSR
- ABC cables
- LV & MV power cables

Electrical cables are foundational to:

- Power generation & transmission
- Rural electrification (REA)
- Urban infrastructure
- Industrial development
- Renewable energy integration
- Housing & commercial construction

Estimated annual imports exceed **TZS 80 billion**

The revitalisation of EAC will directly reduce this dependency





PRODUCT PORTFOLIO

Copper Cables:

- Low voltage electrical cables for domestic, industrial and commercial use
- Armored and non armored power cables
- Control cables
- House wires
- Winding wires
- Flexible cables

Aluminium Cables:

- Aerial Bundle Conductors (ABC)
- ACSR Bare Conductors
- Concentric Neutral Cables



MARKET OVERVIEW

- The Tanzanian electrical cable market is growing and becoming a significant regional player, with strong domestic demand driven by:
 - Projects
 - Government initiatives
 - Growing local manufacturing base
 - Industrial mining
- In 2021, the market showed high competitiveness, with China as a dominant exporter, though local players are gaining ground
- The market is characterized by a wide range of cable products including power cables, communication cables, and specialty cables for various industries such as construction, telecommunications, and energy
- Tanzania Electric Supply Company Limited (TANESCO) owns most of the generation, transmission and distribution facilities in mainland Tanzania
- TANESCO sells bulk power to the Zanzibar Electricity Corporation (ZECO), which in turn sells it to the public on the islands of Unguja and Pemba

COMPETITIVE LANDSCAPE

- **Key local players**

- Multi Cable Limited (MCL) - a significant local manufacturer, supplying Tanzania Electric Supply Company (Tanesco) and the Rural Electrification Agency (REA)
- EACTz – a legacy local manufacturer with significant potential

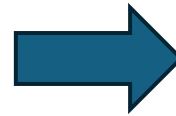
- **Market share**

- El Sewedy (Egypt): 25%
- Everwell (China): 20%
- Multi-Cables (Tz): 10%
- **EAC (Tz): <5%, legacy brand, underutilised capacity**

INVESTMENT OVERVIEW – MACHINERY MODERNISATION

Key upgrades:

- Continuous annealing line (replacing batch annealing)
- High-efficiency rod breakdown lines
- Modern stranding systems
- Drum twister lines
- Automation upgrades (PLC-controlled systems)
- Process optimisation and quality systems



Impact of Technology Upgrade:

- 30 – 40% improvement in production efficiency
- Reduced scrap rates
- Lower energy consumption per ton
- Improved conductor consistency
- Higher compliance with international standards



INVESTMENT OVERVIEW – NEW INDUSTRIAL WAREHOUSE

EAC will construct a new:

- Modern storage and logistics facility
- Climate-controlled cable storage
- High-capacity dispatch zone
- Integrated ERP-linked inventory system
- Improved loading bays for faster dispatch

Strategic Benefit:

- Reduced logistics bottlenecks
- Improved delivery times
- Enhanced safety standards
- Better working capital management
- Increased export readiness



INVESTMENT OVERVIEW – WORKING CAPITAL

The additional TZS 5 billion will:

- Procure copper and aluminium raw materials
- Stabilise payroll and retain skilled workforce
- Restore supplier confidence
- Resume full production cycles
- Reduce downtime and restart delays

This ensures:

- Immediate economic activation
- Immediate tax contribution resumption
- Immediate employment protection
- Sustainable operational continuity
- Improve supplier relationships



NATIONAL ECONOMIC IMPACT

Import Substitution

Within 3 years, EAC aims to:

- Substitute 20–35% of cable imports
- Supply major domestic infrastructure projects
- Reduce foreign currency outflows

Employment Creation

Direct employment:

- Retention of existing workforce
- Creation of 80–150 new skilled jobs

Indirect employment

- Transport & logistics
- Engineering and other services

Skills & Technology Transfer

- Training of Tanzanian engineers on modern machinery
- Apprenticeship programmes
- Technical partnerships with VETA and universities
- Exposure to advanced automation and manufacturing systems

Fiscal Contribution

Over 5 years, the modernised EAC is expected to significantly increase:

- Corporate income tax contributions
- VAT contributions
- PAYE contributions
- Import duty savings through local production



STRATEGIC MANUFACTURING IMPACT

Import Substitution & Foreign Exchange Conservation

Current estimated annual cable imports exceed TZS 80 Billion

The upgraded EAC facility will:

Year	Import Substitution	FX Savings
Year 1	10%	~TZS 8 Billion
Year 3	25%	~TZS 20 Billion
Year 5	35%	~TZS 28 Billion

This directly strengthens:

- National trade balance
- Currency stability
- Industrial resilience

5-Year Cumulative FX Impact:

≈ TZS 90 – 100 Billion reduction in import reliance

EMPLOYMENT AND SKILLS DEVELOPMENT

Direct Employment

- Preservation of existing manufacturing workforce
- Creation of 80–150 new skilled industrial jobs

Indirect Employment

- Logistics and transportation
- Electrical contractors
- Raw material suppliers
- Maintenance and engineering services

Estimated total employment impact:

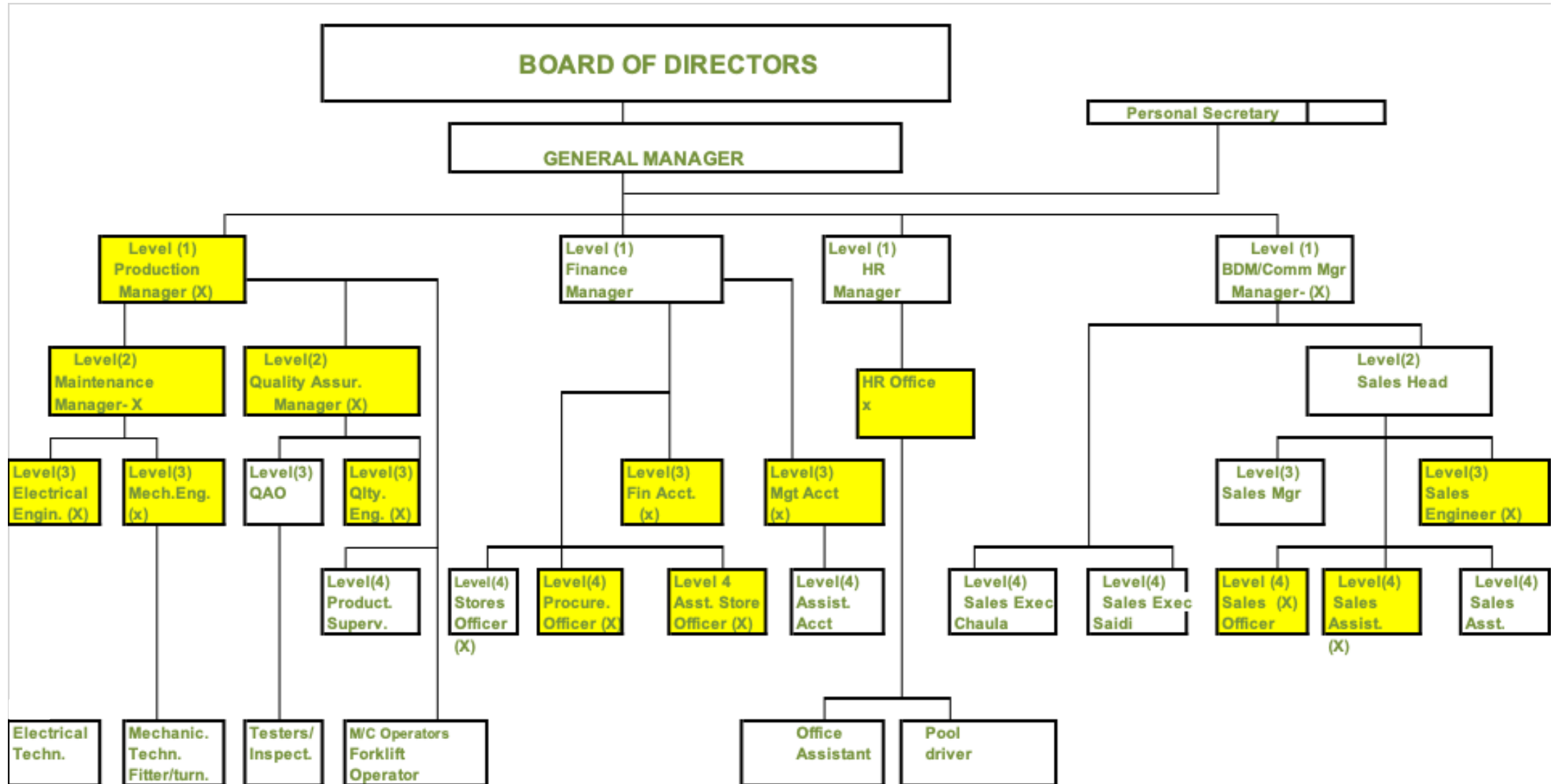
500+ jobs supported

Annual payroll injection:

≈ TZS 3–4 Billion into the domestic economy



ORGANISATIONAL STRUCTURE



TECHNOLOGY TRANSFER AND INDUSTRIAL UPGRADING

This investment introduces:

- Continuous annealing (energy-efficient, higher productivity)
- PLC-driven automation systems
- Improved conductor compaction and stranding precision
- Modern quality assurance systems



Impact:

- Increased productivity per worker
- Reduced material wastage
- Enhanced compliance with international electrical standards
- Skills transfer to Tanzanian engineers and technicians



CONTRIBUTION TO GDP AND MANUFACTURING OUTPUT

Projected annual revenue post-modernisation:

TZS 120 – 150 Billion

Applying conservative manufacturing multiplier (1.9x):

Total annual economic activity generated:

TZS 228 – 285 Billion

This strengthens:

- Manufacturing sector contribution to GDP
- Domestic industrial supply chain
- Regional export capability



EXPORT DEVELOPMENT AND REGIONAL COMPETITIVENESS

Phase 4 of the growth plan includes:

- Regional exports to SADC
- Participation in regional infrastructure projects
- Positioning Tanzania as a cable manufacturing hub
- Tanzania will be a net contributor to regional industrial value chains

Target:

30% of production allocated to export markets within 5 years

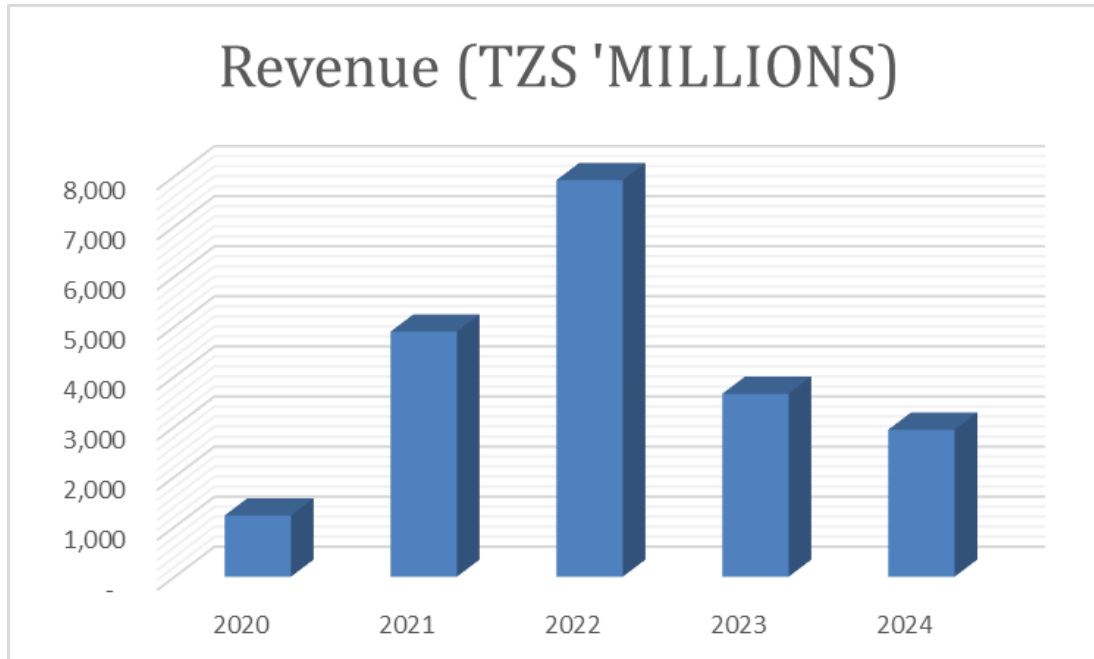
This generates:

- Hard currency inflows
- SADC trade integration
- Regional industrial leadership



KEY FINANCIAL HIGHLIGHTS

Year	Revenue (TZS 'MILLIONS)	Gross Margin %	EBITDA (TZS 'MILLIONS)	Net Profit/Loss (TZS 'MILLIONS)	Total Assets (TZS 'MILLIONS)	Total Liabilities (TZS MILLIONS)	Debt (TZS MILLIONS)
2020	1,224	-26%	(2,814)	(9,138)	39,436	29,585	8,007
2021	4,894	20%	(1,024)	(479)	36,070	27,218	8,433
2022	7,920	20%	(1,024)	(3,571)	34,903	28,022	9,746
2023	3,655	21%	(2,939)	(3,541)	33,122	30,042	9,448
2024	2,936	22%	(1,387)	(6,042)	30,497	29,470	12,702

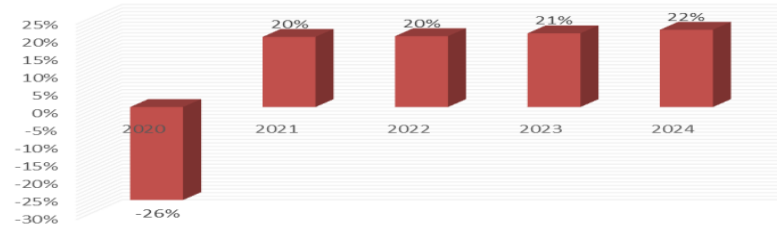


- Decline in revenues from the year 2022 is due to the inability to service customers orders by the company due to lack of working capital;
- For example, in 2023, the company was unable to fulfill orders from contractors and TANESCO worth TZS 11bn due to lack of working capital.
- Capacity under utilization > 2% of factory capacity utilized

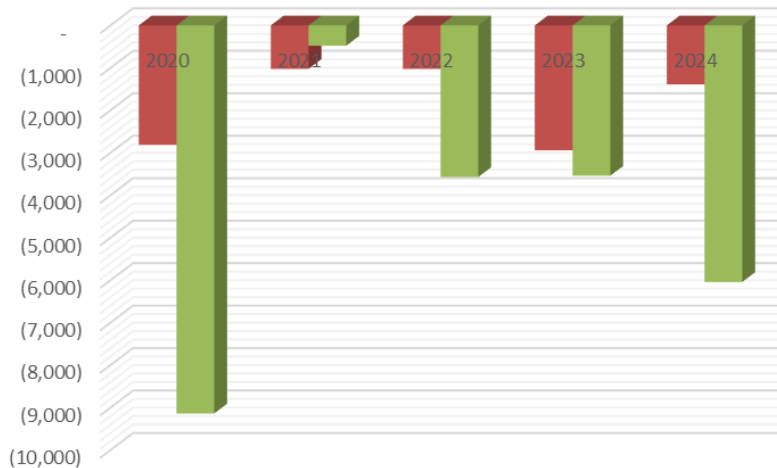
KEY FINANCIAL HIGHLIGHTS

Year	Revenue (TZS 'MILLIONS)	Gross Margin %	EBITDA (TZS 'MILLIONS)	Net Profit/Loss (TZS 'MILLIONS)	Total Assets (TZS 'MILLIONS)	Total Liabilities (TZS MILLIONS)	Debt (TZS MILLIONS)
2020	1,224	-26%	(2,814)	(9,138)	39,436	29,585	8,007
2021	4,894	20%	(1,024)	(479)	36,070	27,218	8,433
2022	7,920	20%	(1,024)	(3,571)	34,903	28,022	9,746
2023	3,655	21%	(2,939)	(3,541)	33,122	30,042	9,448
2024	2,936	22%	(1,387)	(6,042)	30,497	29,470	12,702

Gross Margin %



Gross margins improved slightly, however still below targeted margins of above 27% due to low turnover with the same fixed direct costs



The company recorded net loss over the past 5 years due to low turnover which resulted in company being able to service customer orders due to working capital constraints



FINANCIAL PROJECTIONS

TZS BILLION

Year	Revenue	EBITDA	EBITDA Margin	PAT	ROCE
2024	4.8	(0.7)	-	(1.0)	-
2025	25.0	3.0	12%	1.2	4%
2026	49.5	8.9	18%	3.0	10%
2027	65.0	13.0	20%	4.8	13%
2028	80.0	17.6	22%	6.0	15%

RETURN ON INVESTMENT INDICATORS

Indicator	Definition / Basis	Result / Trend	Interpretation
EBITDA Margin	EBITDA ÷ Revenue	Rises from 12% (2025) → 22% (2028)	Shows improving operating efficiency and cost control after technology upgrade.
Net Profit Margin	Net Profit ÷ Revenue	Improves from 4.8% (2025) → 7.5% (2028)	Indicates profitability recovery as utilisation increases.
ROCE (Return on Capital Employed)	EBIT ÷ (Debt + Equity – Current Liabilities)	Increases from 4% → 15%	Reflects stronger asset productivity and better capital efficiency.
IRR (Internal Rate of Return)	Discount rate yielding NPV = 0 for cash inflows/outflows	>20% (projected)	Indicates high return relative to cost of capital (~12–14%).
Payback Period	Time to recover invested capital	<4 years	Capital recovery achieved by FY2028.
Revenue CAGR	Compound annual growth (2025–2028)	~47% per annum	Reflects rapid revenue expansion after turnaround.
EBITDA Growth CAGR	Annualised EBITDA growth over same period	>80% per annum	Driven by modernisation and operational leverage.



TURN-AROUND STRATEGY

PHASE 1 - STABILISATION

(0-6 Months)

- Inject TZS 10.4 Bn working capital.
- Restart production and clear supplier arrears.
- Restore trust with TANESCO and contractors
- Introduce cashflow control and ERP dashboards

PHASE 2 – EQUIPMENT

(6-18 Months)

- Invest TZS 10.4 Bn in:
 - Continuous annealing line.
 - Modern stranding line and automation.
- Increase production capacity utilisation from 2% to 75%.
- Reduce unit cost by 25–30%.

PHASE 3 - MANAGEMENT

(6-12 Months)

- Replace legacy management team.
- Identify existing talent
- Appoint experienced Msufini-led Board.
- Introduce performance KPIs (EBITDA, OEE, ROCE).
- Staff retraining and culture realignment.

PHASE 4 - EXPANSION

(12-36 Months)

- Expand domestic and regional market reach.
- Rebrand: “EAC by Msufini – Powering Tanzania’s Future.”
- Launch new product lines (solar, control, industrial cables).
- Target export share: 30% of total sales by 2028.



FISCAL CONTRIBUTION

The modernised operation will generate sustained fiscal contributions:

Category	Estimated Annual Impact
Corporate Tax	TZS 4 – 6 Billion
PAYE	TZS 0.8 – 1.2 Billion
VAT Circulation	TZS 20+ Billion (gross)

This supports long-term government revenue stability

ALIGNMENT WITH TIC STRATEGIC OBJECTIVES

This project supports:

- Industrialisation under FYDP III
- Import substitution
- Technology-driven manufacturing
- Employment creation
- Regional export growth
- Domestic value addition

EAC represents a **productive industrial investment**, not a trading or assembly operation.

SUPPORT SOUGHT FROM INVESTMENT MINISTRY

To accelerate national impact, EAC respectfully seeks:

1. Strategic Investor Status recognition
2. Capital equipment import duty exemptions
3. VAT deferment on machinery imports
4. Preferential procurement recognition for locally manufactured cables
5. Export support incentives
6. Fast-tracked regulatory coordination

These measures will maximise the macroeconomic return of the investment to the Republic of Tanzania.

CLOSING STATEMENT

East Africa Cables Tanzania is committing substantial capital to modernise strategic manufacturing capacity within the country.

This project is not merely a private investment in machinery; it represents a structural strengthening of Tanzania's manufacturing base, contributing to macroeconomic stability, employment creation, foreign exchange conservation, and long-term industrial competitiveness

We respectfully seek TIC's partnership in designating this project as a strategic manufacturing investment of national importance.