



DEMOCRATIC REPUBLIC OF CONGO

PROVINCE OF SOUTH - UBANGI



“BALANGOY CEMENT PLANT PROJECT”

Project Files

Estimated Budget: 272,867,538 USD

MABENZE GBEY BENZ, Governor

Update on March 2022



PROJECT NAME: PROJECT TO CREATE A CEMENT PLANT

Contracting company	SOUTH UBANGI PROVINCE
GENERAL CHARACTERISTICS	
Brief description	<p>As part of the development of activities in the building materials sector, the South-Ubangi province has decided to build a modern cement plant with an estimated production capacity of around 1.4 million tons of cement per year. This means a cement plant with a nominal capacity of 3600t/d of clinker with a single production line.</p> <p>Indeed, the national consumption of cement recorded is over 1%. This increase is mainly due to the growth of the infrastructure sector with the launch of major infrastructure works and the gradual recovery of buildings due to the dynamism of self-construction and the difficulty of real estate developers in the DRC, CAR and the neighboring provinces of South-Ubangi.</p>
Location	BALANGOY - South-Ubangi Province, North-Western Democratic Republic of Congo
Interest of the Project	<ul style="list-style-type: none"> ➤ Environmental interest with the consideration of indicators of characterization factors ➤ The demand for cement is very high and its import is not sufficient to cover all the demand. ➤ This project creates 1,179 new direct jobs, and in turn, more than 3,114 indirect jobs through inter-company contracts with distributors of the product. ➤ Revitalize the economy of the sub-region ➤ Increase the supply of these products for various national and sub-regional users ➤ Positive effects on the public purse through income and profit taxes and various taxes and royalties ➤ Ensure better security of goods and people through public lighting.
Estimated cost	272, 168,038 USD
ECONOMIC AND FINANCIAL STUDIES	
Repayment period	B.O.T with specified legal terms and conditions
Annual rate	None
Characteristic feature	None
Profitability indicators	<p>A. <u>Forecast Turnover</u></p> <ul style="list-style-type: none"> ✓ FY 1 : 84,000,000 USD - ✓ FY 2 : 98,000,000 USD ✓ FY 3 : 112,000,000 USD ✓ FY 4 : 126,000,000 USD ✓ FY 5 : 140,000,000 USD <p>B. <u>Forecast Economic Result</u></p> <ul style="list-style-type: none"> ✓ FY 1 : 52,081,665 USD ✓ FY 2 : 66,380,079 USD ✓ FY 3 : 80,661,962 USD ✓ FY 4 : 94,926,786 USD ✓ FY 5 : 109,169,023 USD



C. Return On Assets (ROA)

- ✓ FY 1 : 19.13 %
- ✓ FY 2 : 24.38 %
- ✓ FY 3 : 29.63 %
- ✓ FY 4 : 34.87 %
- ✓ FY 5 : 40.11%

D. Return On Equity

- ✓ FY 1 : 0.03 %
- ✓ FY 2 : 1.47 %
- ✓ FY 3 : 2.94 %
- ✓ FY 4 : 4.41%
- ✓ FY 5 : 5.87 %

E. Financial cost of debt : None

F. Financial Leverage : Positive

G. Target Financial structure of the project : 276,842,091 USD

H. WACC

- ✓ FY 1 : 0.51 %
- ✓ FY 2 : 1.69 %
- ✓ FY 3 : 2.87 %
- ✓ FY 4 : 4.05 %
- ✓ FY 5 : 5.22 %

Threshold of Profitability(Break - even point) : 93,448,824 USD

Critical turnover: 45,358,335 USD

Neutral point:

Discounted Cash flow : (DCF) : 9,988,415 USD

Cumulative Cash-Flow : 223, 495,392 USD

- N. Recovery time: Internal Rate of Return (IRR) = higher than the various market returns over the 5 years**
- O. It is an investment that creates wealth because the wealth generated by the investment is greater than its cost.**

Socio-economic impact :

- ✓ Implication for the Balance of Payment: They are easily visible by reading different conclusions of the projected income statement and the sensitivity analysis through the aggregation of the figures.
- ✓ Number of the cement bags produced over five years: 112,000,000 bags.
- ✓ Forecast turnover: The forecast turnover for the five years is USD 560,000,000.
- ✓ Economic impact and direct jobs: The various local and international purchases, as well other external charges, give rise to tax and parafiscal payments: And through our purchases, our activities have an indirect impact on the country's economy because from these purchases, our various off-takers are able to pay their staff salaries, taxes, and rent and reap profits.

These purchases, supplies and external charges consume an amount of 145,519,190 USD, or 26 % of the turnover.

- ✓ Direct Jobs: This project creates 1,179 direct jobs. These direct jobs generated by our activities contribute to improving the living conditions



	<p>of Congolese employees of CIBAL and their various family and their beneficiaries. Through the salaries received, they assume their various family and social responsibility by taking care of basic social needs such as food, schooling, health care, and housing for their dependants. And as a legalpayer, they participate in the economic recovery effort of the DRC through the payment of the Professional income Tax.</p> <p>✓ Effects on the Public Treasury</p>
INFORMATION SPECIFIC TO THE STRUCTURING OF THE PROJECT	
<p>Scope of activities of the financial partner</p> <p>➤ Financing of the investment sought</p>	<p>Planned distribution of investments:</p> <ul style="list-style-type: none"> ✦ South UBANGI PROVINCE: The guarantees that will have to be submitted : Indeed, as Governor of the Province of South-Ubangi, His Excellency Jean Claude MABENZE GBÉY BENZ confirms in full legal and corporate responsibility that the Province of South-Ubangi is ready, willing and very interested in concluding an agreement for the "DESIGN - CONSTRUCTION - FINANCING - OPERATION - TRANSFER" of Balangoy cement Plant project in the form of a BOT "Build - Operate - Transfer", as specified below on the basis of the following: The legal terms and conditions are: Guarantee / Collateral: Mining concession for a period of 25 years. ✦ Financial Partner: 272,867,538 USD
<p>Method of remuneration of the financial partner</p>	<p>Type of partnership considered:</p> <ul style="list-style-type: none"> 🌍 Public Private Partnership (PPP) with “Financing corporate “and “financing project” approaches with creation of a Special Purpose Vehicle (SPV). 🌍 B.O.T: Return on Investment Model: 100 % Profit for the INVESTOR for a period of 25 years. After 25 years, the Balangoy cement plant and all assets remain full property of the South Ubangi Province. 🌍 Investor Responsibilities: Creating Job opportunities for the population. 🌍 Type of Contract: BOT partnership Contract, “Build - Operate - Transfer” with full 100 % control of share and profit for a period of 25 years by the investor to recover the investment.
PROJECT STATUS	
<p>Status of the project</p>	<ul style="list-style-type: none"> ✓ Availability of technical feasibility studies: YES ✓ Business Plan Availability: YES ✓ Project not yet started due to lack of funding and investment
<p>Available information</p>	<ul style="list-style-type: none"> ✓ List of Project Partners: YES ✓ Contract for the Good Execution of Programmes ✓ Security guarantee ✓ Project Business Plan ✓ Project Steering Committee ✓ Asset Valuation ✓ Technical Partners
<p>Next step</p>	<ul style="list-style-type: none"> ✓ Search for financing ✓ Signing of partnership agreements

**GENERAL INFORMATION ON THE PROPONENT**

Company name	SOUTH UBANGI PROVINCE
Legal form	Decentralized Territorial Entity with management autonomy
Head Office	Avenue MOBUTU N°4922, Quartier du Congo, Commune de Labo, GEMENA
Operating headquarters	WENZE VILLAGE
Number of Shareholders	To be defined
Proponent	MABENZE GBHEY BENZ , GOVERNOR
Project Coordinator	MUPEYA N'GHEMBANG CHOU - AIME , Governor's Senior Advisor