

Global Commercialization Workshop



VISION TOBACCO FZE

A SUBSIDIARY OF THE PAN AFRICAN TOBACCO GROUP



فيجن توباكو ش.م.ح
VISION TOBACCO FZE

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PTG GROUP- Who are we?

- ▶ The Pan African Tobacco Group (PRG) is a privately owned company committed to creating a more prosperous Africa- hence the core of our business is there. We market our products in more than half of Africa's **54** nations (almost all of sub-Saharan Africa countries).
- ▶ PTG's manufacturing and associated operations are strategically placed throughout Africa and the United Arab Emirates to meet market and consumer demand.



History:

- ▶ PTG was born in **Burundi** in the 1970s, gradually expanding throughout the 1980's to Eastern and Central Africa including the Democratic Republic of Congo, Tanzania and Uganda. Then, in the 1990s, PTG moved into South Africa and Angola, and later into Nigeria in West Africa, the United Arab Emirates and South Sudan.
- ▶ Currently- We have 9 tobacco factories, growing and processing tobacco and manufacturing cigarettes. Manufacturing of cigarettes comprise of both a Primary (Processing Plant) and Secondary (Cigarette making) in **Angola, Burundi, Congo DRC, Nigeria, South Africa, South Sudan, Tanzania, Uganda and UAE (*Vision Tobacco*)**

Our Markets:



West African States

WEST AFRICA

In the Economic Community of West African States (ECOWAS), PTG products are sold in Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Togo and Sao Tome.



EAST AFRICAN COMMUNITY

EAST AFRICA

In the East African Community (EAC), PATG's brands are marketed in Burundi, Kenya, Rwanda, Tanzania and Uganda. PTG also markets its products to Somalia and South Sudan.



SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

SOUTHERN AFRICA

In the Southern African Development Community (SADC), our brands are sold in Angola, Democratic Republic of the Congo (DRC), Mozambique, South Africa and Zambia.

The Future:

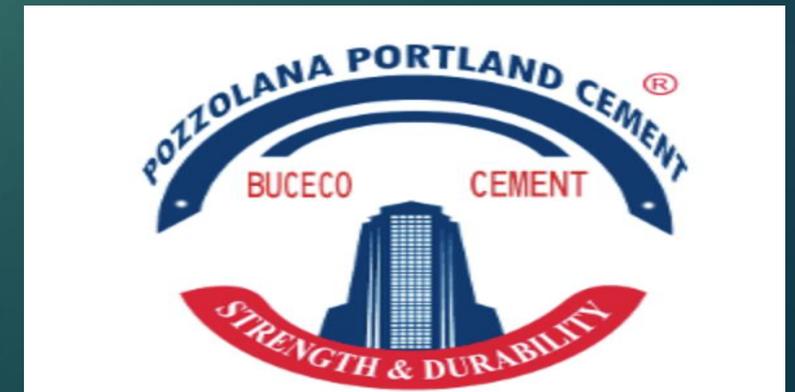
- ▶ Although 80% of our investments is in the Tobacco Industry- There is a focus by **PTG Group Chairman** to diversify our portfolio:

1. Cement Manufacturing and Trading
2. Energy (Power Generation by Bupec LTD)
3. Gold Mining (African Mining LTD)



Cement Industry

- ▶ In January of 2011- **Burundi Cement Company (BUCECO)** in the **Cibitoke** Province launched its operations after a 3 year construction period.
- ▶ This is Burundi's first and only cement producer.
- ▶ **BUCECO**, which began production in January 2011 and employs about 80 people, produced 70,500 tons of cement in 2012 compared to 34,500 tons in 2011.



BUCECO (Cement)

- ▶ The factory's profits have also skyrocketed: In 2012, Buceco's profits were \$31.4 billion Burundian francs (BIF) or \$22 million USD, compared to \$12.9 BIF (\$10 million USD) in 2011.
- ▶ The factory's current capacity is 100,000 tons of cement per year; however **BUCECO** is eyeing an expansion and installation of a new raw material plant to double that capacity.
- ▶ On average, a 50-kilogram bag of BUCECO cement costs \$16 USD, about \$1 less than the imported product from nearby EA and SA countries- **Tanzania and Zambia**

Challenges?

- ▶ In 2014, **Phase 2** plans were underway for an expansion and installation of a new raw material plant to extract the essential minerals to produce Clinker.
- ▶ This next phase has since been put on hold mainly due to the main obstacle the whole manufacturing industry in Burundi (*and most sub-Saharan African countries) face: ENERGY
- ▶ Hydropower is the most important technology for power generation in Burundi, representing 95% of the total national generation capacity.
- ▶ Most of the electricity supply is generated by seven REGIDESO hydroelectric plants with a combined installed capacity of **33MW**.
- ▶ Burundi also benefits from imports from the regional hydro plants of Rusizi I and II, which are operated by **Société Nationale d'Electricité (SNEL)**, and **SINELAC**, respectively.

Burundi's hydropower potential was evaluated in 1983 to be of 1,700 MW of which approximately **300 MW** were economically exploitable. The potential could be even greater today as the recent evaluation of certain sites has demonstrated a capacity higher than the one initially calculated in 1983.

Table 2: Burundian hydropower plants currently operative

Name	Location	Capacity installed or imported (MW)	Energy produced (GWh/year)	Estimated cost of production (US\$/kWh)	Operator	Implementation date
Imports						
Ruzizi I	International Burundi - DRC	3	34	0.029	SNEL	1958
Ruzizi II	International (Burundi-DRC-Rwanda)	13.3 (part of Burundi)	73	0.043	SINELAC	1989
Sub-total		16.3	107			
National production						
Rwegura	Kayanza	18	55	0.04	REGIDESO	1986
Mugere	Bujumbura	8	40	0.04	REGIDESO	1982
Nyemanga	Bururi	2.88	24.4	0.04	REGIDESO	1987
Ruvyironza	Gitega	1.5	11	0.04	REGIDESO	1980
Gikonge	Muramvya	1	6.8	0.04	REGIDESO	1982
Kayenzi	Muyinga	0.85	1.3	0.04	REGIDESO	1984
Marangara	Kirundo	0.25	2	0.04	REGIDESO	1986
Buhiga	Karuzi	0.24			REGIDESO	
6 stand-alone hydropower plants	Various	0.47			ABER	
12 private hydropower plants	Various	0.65			Private (The Burundi Tea Office and religious missions)	
Sub-total		33.84				
TOTAL		50.14				

Energy Investment

- ▶ In 2015- The group was awarded a concession by the Burundi Gov. to carry out a study and build a biomass-fired power plant (**PEAT**) to produce electricity.
- ▶ **Peatlands** - Swamps in the northeastern provinces of Gisozi, Ngozi and Ruyigi comprise 70% of the total swamp area in the country.
- ▶ Burundi possesses a peat potential estimated at 600 million tons. The exploitable potential would be around 47 to 58 million tons. **Annual production is estimated 10,000 tons of dry peat at 30% humidity per year.**

Peat: An organic fuel consisting of spongy material formed by the partial decomposition of organic matter, primarily plant material, in wetlands such as swamps, bogs, fens, and moors.



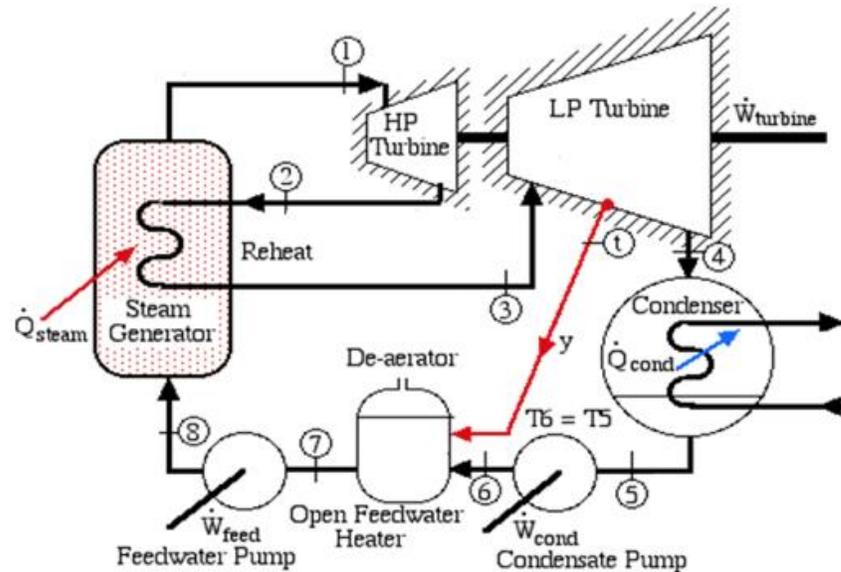
PEAT POWER PLANT:

- ▶ We have since assigned a USA based consulting firm (**TerraStar Energy**) in agreement with **BUPEC** to carry out a bankable feasibility study of a peat management plan. This will showcase how to manage a peat bog and run **26MW** peat biomass power plant at a site, to be selected, sufficiently close to the peat bog suitable to operate the power plant.
- ▶ For BUPECO to operate, the cement factory is in need of **6MW**. Rest of the Energy produced from the Project (**20MW**) will be sold to the a state-owned off-taker at a pre-agreed price which is currently under negotiation.
- ▶ **BUPEC**- **Burundi Peat Electrical Company** is a new company that will manage the project and run the power plant all the way to the point when we commercialize some of the energy produced.

Peat Power Plant : (Continued)

- ▶ Below is an alternative currently being proposed in order to reach the **26 MW** power production. The feasibility study will also show which alternative is cost effective and environmentally friendly.

The design will be of a 26 MW unit with two steam turbines (High and Low pressure), a single boiler, de-aerator and condenser.



Current needs?

- ▶ Upon completion of the study- we anticipate to begin assessing all the **CAPEX** investment required to prepare the peat bog and construction of the Power Plant.
 1. Interested to meet local firms and other attendees that possess the technology and expertise to run a project of this magnitude.
 2. Interested and we welcome a local party that would be interested to partner with **BUPEC** in the completion of this project.

Mining (African Mining Ltd Project)

- ▶ Burundi's key natural resources include **Gold, Copper, Uranium, Tungsten nickel, tin, peat, platinum, limestone** and **cobalt**.
- ▶ However due to the highly underdeveloped manufacturing sector in the country- many studies were carried out to measure the deposits of all these resources but it wasn't until post 2010 that extraction of minerals e.g Copper were actually launched.
- ▶ **Example:** Musongati nickel-cobalt-copper deposits were estimated to be about 250 million metric tons; grades were estimated to be 1.31% nickel, 0.17% copper, and 0.08% cobalt in a previous assessment. (World Bank Group 2008)

Gold Mining

- ▶ African Mining Ltd (**PTG Group**) is amongst the first companies to have been awarded a concession to carry out a study on the Gold mine believed to be in the **Muyinga** region (North of Burundi).
- ▶ The plan is to start small and make the first site work before we invest further. However there is strong evidence of the potential for far larger scale mining as we continue to explore our concession.



Fig 1. Burundi Map- Muyinga mines situated in the East of Burundi.

Gold Mining:

- ▶ Currently, we are in the process of completing the feasibility study (or scoping study) and there are four companies assisting us:
 - ▶ a. Shango Solutions (RSA) - 3D modeling of the orebody and resource estimation.
 - ▶ b. Bara Consulting (RSA) - Mine design
 - ▶ c. Deswik (RSA) - Aerial survey of the mine and surrounding area.
 - ▶ d. Great Lakes Geoserve (Burundi) - Geotechnical support

Gold Mining

- ▶ The anticipated launch date for this project- JANUARY OF 2018
- ▶ **Needs?**
 1. Meet and a chance to network with interested partners and companies that have launched similar projects in Africa.
 2. The project is 100 % privately funded- being that we are Tobacco industry experts- it would be beneficial to assign the technical management of this project to a party with the capabilities, equipment and expertise in this area.

That's it

Thank you for your time and attention!