



Botswana Development Corporation Limited

"Your Investment Partner"

Date: 13 February 2006
Communication Collateral: Press Release
Subject: Can Manufacturing Botswana (Pty) Ltd.

Botswana Development Corporation (BDC) is at an advanced stage in the establishment of a can manufacturing company, Can Manufacturing Botswana (Pty) Ltd.

The objectives of Cans Manufacturing Botswana (Pty) Ltd is to take advantage of the huge economic opportunity that food can manufacturing in Botswana can offer and stimulate related industry linkages.

In 2002 BDC undertook a full-scale feasibility study on can manufacturing to service the meat, fruit, vegetable and fish canning market in the Southern African Development Community (SADC). The study concluded that can manufacturing could be a commercially viable project.

The study indicated that the current demand for food cans in the five SADC countries is over 1.75 billion food cans per annum, valued to be P623.34 million. Research indicates that the market will continue to grow over the next five years.

Although the market is dominated by one group of South African companies called Nampak it was apparent that technology used in the SADC region especially South Africa, which is the main player, needed to be complimented with additional advanced technology. The study shows that Botswana imports all her can requirements especially, the Botswana Meat Commission (BMC), which is the major bringer of food cans in the country. The feasibility study indicated that consumers need an alternative supplier other than the existing monopoly.

Can Manufacturers Botswana (Pty) Ltd plans to concentrate in the production of cans, which are most popular in the market. These cans are the 7x110, 65x102 and 52x89 millimeter sizes. The Botswana Meat Commission, the meat industry as a whole, the SADC fishing industry, the fruits and vegetables industry and the food processing industry in general use these sizes.

The initial target markets will be Botswana, South Africa, Swaziland and Namibia. The estimated market for cans in the region is 3 billion cans and the initial estimated quantities of cans to be produced by Can Manufacturers at 80% capacity will be 97 million cans. Can Manufacturers Botswana (Pty) Ltd will aim for a 5 to 10% share of the region's market and hope to increase its output in the latter phases of the project.

The project will require raw material in sheet form and pre lacquered, to reduce the high cost of this process which will require high costly standards of quality assurance and in order to further reduce the costs of production, the lids will be imported complete from Europe and Asia. Production of lids and lacquered sheets is a complicated and costly process, as well as a very risky venture, and the company does not plan to manufacture these.

A Motswana with the requisite technical expertise has been identified to manage the company. The projects employment objective is to strike a balance between value creation and employment to ensure project sustainability and a good return on investment.

Can Manufacturing Botswana (Pty) Ltd will be sourcing state of the art machinery from SIG Germany who are the most reputable food can machinery manufacturers in the world. SIG will also assist in training and technical support during the life of the project.

The manufacturing plant is to be located in Lobatse where raw materials will be sourced nearer from the sea ports and finished goods will be closer to the targeted market. Production is expected to commence in October 2006.

BDC is the promoter and financier of the P28 million project. This project is considered to be of strategic importance to Botswana and the economy of SADC as a whole.

As a Development and Investment Financier BDC believes that with the existence of a can manufacturer, more down stream industries will emerge.

For further information contact:

Sayi Dewah
Public Affairs Officer
Tel: +267 3651 339
Mobile: +267 71322032
sayi@bdc.bw