

# Nakuru Mining Company: Establishing an Integrated Cement Plant

Analyzing the establishment and financial viability of the integrated cement plant in Kenya, exploring the strategic advantages and project structure.

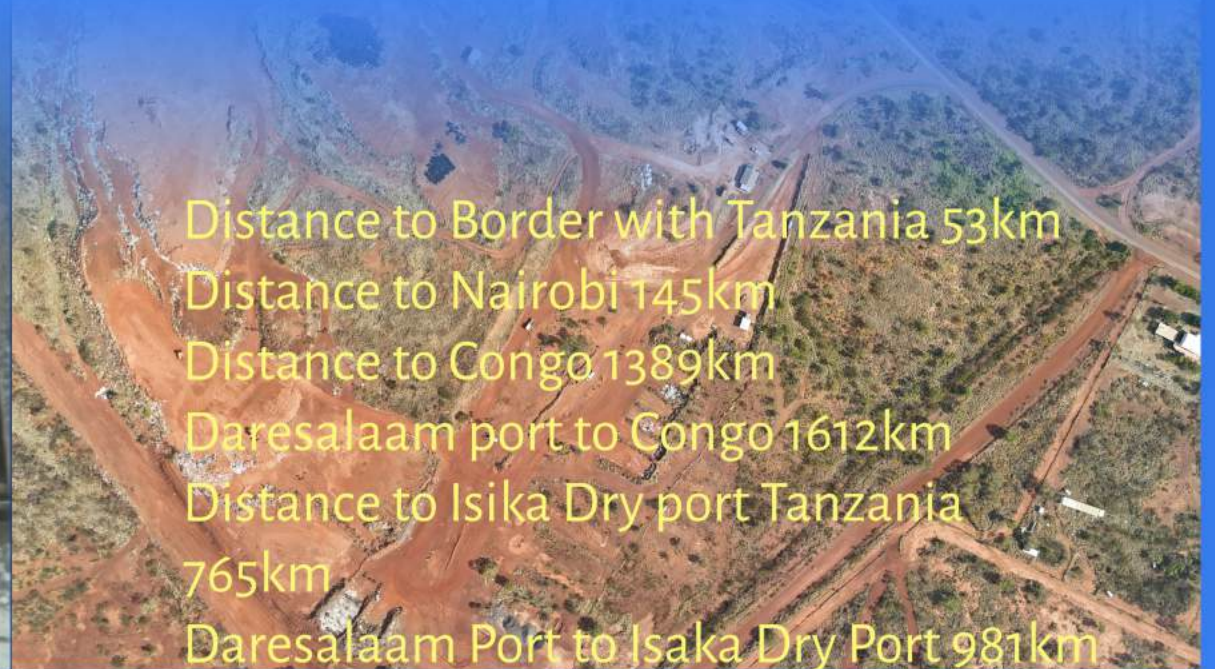
# Nakuru Mining Company: Cement Production in Kenya





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Nakuru Mining Company is initiating the development of an integrated cement plant. This ambitious project necessitates USD 363.3 million in debt financing and will be strategically positioned in Mailua Kajiado, capitalizing on nearby limestone deposits to ensure sustainable production.



Distance to Border with Tanzania 53km

Distance to Nairobi 145km

Distance to Congo 1389km

Daresalaam port to Congo 1612km

Distance to Isika Dry port Tanzania  
765km

Daresalaam Port to Isaka Dry Port 981km



# Project Overview and Location

This timeline outlines the key milestones and production capabilities of the integrated cement plant.

## Project Announcement

Nakuru Mining Company announces the establishment of an integrated cement plant at Mailua in Kajiado, Kenya, leveraging local limestone deposits.

## Production Capacity Established

The plant is designed with a production capacity of 6,000 metric tons of clinker per day, translating to an annual output of 2,040,000 metric tons.

## Cement Production Goals

Additionally, the facility will produce 10,000 metric tons of cement daily, totaling 3,400,000 metric tons per annum, to meet regional demand.

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# Project Financing Overview

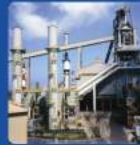
## Total Project Cost: \$519 Million

The total estimated cost for the integrated cement plant is USD 519 million, which includes all necessary expenses for construction and operation.



## Debt to Equity Ratio: 70:30

A debt to equity ratio of 70:30 is established, where 70% will be financed through debt and 30% through equity capital from project promoters and partners.



## Term Loan of \$363.3 Million

The financing structure includes a term loan of USD 363.3 million designated for plant and equipment costs, along with incidental expenses necessary for the project's completion.



## Initial Term Loans: 30% Coverage

Initial term loans will cover up to 30% of the value of the plant and equipment, ensuring adequate funding for the project's early stages.



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# Integrated Cement Plant Production Capacity

The plant will have a significant production capacity of 6,000 metric tons of clinker and 10,000 metric tons of cement daily, resulting in annual outputs of 2,040,000 metric tons of clinker and 3,400,000 metric tons of cement. This robust output is essential to satisfy the increasing demand for cement and clinker in both local and regional markets.





## Experienced EPC Contractor

BilimMakina has extensive experience in engineering, construction, and development projects in the cement industry, making them a reliable choice as the EPC contractor for the integrated cement plant. Their expertise ensures that all phases of the project are executed efficiently and to the highest standards.



## Operational Excellence

As the O&M contractor, BilimMakina will leverage their operational experience to ensure that the cement plant runs smoothly and efficiently post-construction. Their proven track record in managing similar facilities will contribute to long-term operational success.



# EPC and O&M Contractors Overview

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# Facility Financing Structure

Overview of the financing strategy for the integrated cement plant.

## Project Cost

The total project cost is estimated at USD 519 million, comprised of 30% equity and 70% debt financing.

## Debt Financing

Debt financing totals USD 363.3 million, which covers plant and equipment costs as well as incidental expenses.

## Equity Contribution

Equity capital from project promoters and partners contributes 30% of the total project cost, ensuring stakeholder commitment.

## Financing Structure

This financing structure is designed to ensure the financial viability of the integrated cement plant, balancing risk and investment.

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# Estimated Project Costs Breakdown

## Manufacturing Plant Costs

Manufacturing plant costs are estimated to be around USD 260 million, which includes expenses such as equipment, machinery, and 16% VAT on the manufacturing plant.

## Civil Works and Road Work

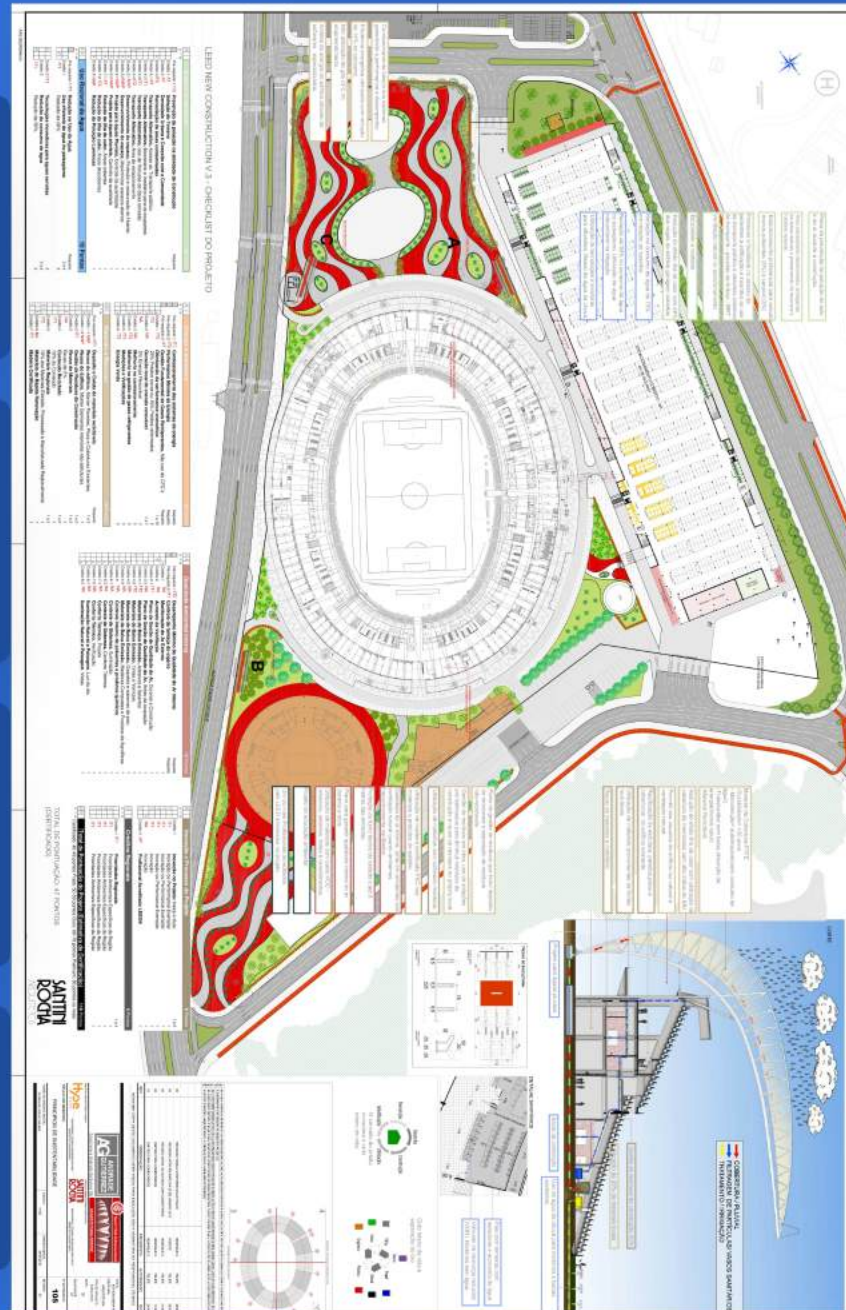
Civil works are projected to cost approximately USD 22 million, covering local components, site preparation, and leveling, while road work expenses are estimated at USD 9.2 million.

## Foundation and Equipment Costs

Foundation pilling is budgeted at around USD 16.4 million, which is essential for ensuring structural stability. Additional costs include various equipment purchases and facilities, totaling USD 14 million.

## Total Estimated Project Cost

The overall estimated project cost is approximately USD 519 million, encompassing all necessary components for the integrated cement plant's successful operation.





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# Strategic Engagement with Potential Funders





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The success of the Nakuru Mining Company's integrated cement plant hinges on effective funding strategies. The company plans to proactively engage with a diverse range of financial institutions, investment firms, and potential private investors. This outreach will focus on presenting the project's unique value proposition, financial viability, and the strategic importance of cement production in the East African region.





## Cost Leadership and Local Resources

The project benefits from reduced costs of major inputs, particularly through local limestone mining, which significantly lowers raw material expenses. This cost leadership positions the company favorably against competitors who rely on imported materials.



## Strategic Market Access and Technological Advancements

Strategically located to access both the Kenyan and Tanzanian markets, the integrated cement plant can efficiently supply its products to a growing demand in these regions. The use of new, efficient equipment from Turkey also enhances production capabilities, ensuring high-quality output.







### Cement Sales Through Distributors

Cement sales will be facilitated through established distributor networks, ensuring broad market reach and effective distribution channels. This approach leverages existing relationships to enhance market penetration and customer satisfaction.



### Clinker Sales to Producers

Clinker sales will target cement producers within Kenya and the East African Community (EAC) region. This strategy aims to secure a stable revenue stream by partnering with local manufacturers who require high-quality clinker for their production.



### Sales Market Split

The sales strategy anticipates a market split of 40% for local sales in Kenya and 60% for exports to neighboring countries such as Tanzania, Burundi, and the Democratic Republic of the Congo (DRC). This diverse market approach aims to maximize sales potential across the region.



# Sales and Marketing Strategy Overview

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# Opportunities in the Kenya Cement Industry

The Kenya cement industry currently experiences a significant clinker shortage, which creates a favorable environment for local production. Imported clinker is priced around USD 130 per metric ton, while local production costs are estimated at just USD 50 per metric ton. This cost advantage positions the integrated cement plant to meet regional demand effectively and enhance profitability.





# Overview of the Tanzania Cement Industry

Examining the growth and dynamics of the cement sector in Tanzania.

2021

Cement production increased to 6,614,359 tons, reflecting a steady growth trajectory in the industry.

2022

Production surged to 7,598,073 tons, marking a 14.9% increase from the previous year, driven by rising infrastructure demands.

2023

Cement consumption continued to rise, reaching 7,532,173 tons, attributed to robust economic growth and urbanization.

Future Outlook

The Tanzanian cement sector is poised for further growth, with an increasing number of integrated plants and favorable economic conditions anticipated to drive demand.





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### Projected Revenue Growth

The projected income statement indicates a steady revenue growth aligned with increasing cement and clinker production. Expected profitability is anticipated to improve significantly over the first five years of operation, with a projected annual growth rate of 15%.



### Positive Cash Flow Projection

Cash flow analyses suggest a positive cash flow within the second year of operation, with the project expected to reach operational breakeven by the end of the first operational year, supporting ongoing expenses and debt servicing.



### Strong Financial Health Indicators

Financial health indicators such as return on investment (ROI) and profit margins are projected to be favorable, with ROI expected to exceed 20% by year five, demonstrating the project's strong financial viability.



# Financial Summary and Projections

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# Engage and Clarify



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The Q&A session provides an opportunity for stakeholders to address their concerns, clarify doubts, and gain deeper insights into the Nakuru Mining Company's project and its financial aspects. This interactive dialogue will ensure transparency and foster collaboration among all parties involved in the project's success.





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