



KILOMBERO
SUGAR COMPANY
AN ILOVO SUGAR AFRICA COMPANY

EXPANSION PROJECT - K4

KILOMBERO SUGAR COMPANY



The Kilombero Sugar Company is the largest sugar producer in Tanzania in which Illovo Sugar Africa holds 75% of the shareholding and the Government of the United Republic of Tanzania holds 25% of the shares.

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BIDHAA YA
KILOMBERO
SUGAR COMPANY

Supporting Tanzania to achieve its vision for self-sufficiency in Sugar

About Kilombero Sugar Company Limited

Kilombero Sugar Company Limited (KSCL) is the largest producer of sugar in Tanzania under the strong "Bwana Sukari" brand name.

KSCL is part of the Illovo Sugar Africa Group, Africa's biggest sugar producer with extensive agricultural and manufacturing operations in six African countries; including South Africa, Malawi, Mozambique, Eswatini, Zambia and Tanzania. Illovo Sugar Africa is a wholly-owned subsidiary of Associated British Foods plc (ABF), listed on the London Stock Exchange.

Background

Kilombero Sugar Company Limited is a Miller Cum Planter (MCP) growing cane within its estates in Msolwa and Ruembe and produces sugar at its two mills. Together, the two mills produce an average of 126,000 tons of sugar per year.

In May 2021, Kilombero Sugar Company (KSCL) shareholders approved a sugar factory expansion project with a cost of approximately 566 billion shillings which is expected to be completed in July 2024.

Scope of Expansion

Construction of a new, state-of-the-art factory dubbed K4 is being implemented at the company estate with some of the work being done onshore and others being done offshore. The factory is expected to double the company's sugar processing capacity and support the government's goal of sugar sufficiency in the country.

The factory construction will go in line with the construction of additional sugar storage and packaging facilities in order to reduce costs and increase the company's branded pre-packaged capability.



Expansion Impact



The factory is expected to more than double the company's sugar processing capacity by producing an additional 144,000 tons of sugar per year and reach a total production of 271,000 tons from the current 126,000 tons per year.



The growers will almost triple their income as the number of sugar cane sourced from growers is expected to grow from 600,000 tons to 1,500,000 tons and their revenue will increase to about TZS 170 billion by 2028.



Total taxes paid by the company are expected to increase three-fold from the current TZS 54 billion to TZS 150 billion.

Kilombero Sugar Company's total contributions to the economy will more than double from the current TZS 340 billion per year to an estimated TZS 750 billion.



The expansion will create self-employment opportunities as the number of growers is expected to increase from the current 8,000 to between 14,000 and 16,000 growers.

In addition to opportunities for growers, more employment opportunities will be created in the supply chain.



KSCL will generate additional electricity and produce a total of 20MW of electricity after the Expansion Project. Part of the electricity to be used for the Kilombero manufacturing complex and part will be available for export to the Tanzanian grid upon agreement.



The new factory will increase the production of ethanol at the adjacent ethanol distillery by 4,000 kilolitres, bringing total annual production up to 16,000 kilolitres in order to meet growing local and East African export demand for potable alcohol.