



# Montagna Distillery & Spirits Limited™



## Vision

According to National Bureau of Statics (NBS), Tanzania has the potential of producing about 4010 million litres of ethanol per year due to adequately availability of raw materials. The local annual demand for ethanol is estimated 568 million liters of which 90% of demand is met by importation at high cost due to port charges, duties, and taxes. On the other hand, the global ethanol market size was valued at USD 89.1 billion in 2019 and is anticipated to register annual growth rate of 4.8% from 2020 to 2027. The demand for ethanol is driven by growing usage of ethanol as a biofuel. There is also market for ethanol in the pharmaceutical, spirit and chemical industries which are currently growing.

In Tanzania, demand for ethanol is mainly met by import from South Africa and other foreign countries. Prices are high due to import duties, taxes charged by the government and port clearance charges. Ethanol can be produced with locally sourced raw materials and labour, keeping production costs low and creating economic stimulation for the community. Ethanol can be sold at a competitive price in both the local and export markets.

Principal Salvatory Lyakurwa is developing Montagna Distillery & Spirits Limited in the Kilimanjaro Region of Tanzania. With daily target production at 30,000 litres of ethanol, Montagna can achieve annual revenue of more than USD \$10 million within five years.

# Montagna

Montagna Distillery & Spirits™ Limited (“MDS”) is a new venture formed to develop and operate the ethanol distillation plant. This enterprise will be a key employer in Holili Village, Rombo District, Kilimanjaro Region, Tanzania. Using locally sourced raw materials and labour, Montagna can produce ethanol cost-effectively and create economic stimulation for the community. Custom packaging will cater to customer needs across multiple industries including chemical, pharmaceutical, and beverage.



30,000 litres of ethanol  
can be produced daily  
driving significant  
revenue and local  
economic stimulation

MDS is a Limited Liability Company incorporated on 2nd February 2021 under the laws of the United Republic of Tanzania and issued with Certificate of Incorporation No. 150198453. The Company is owned by Mr. Salvatory Faustine Lyakurwa (50%) and Mr. Ladygrace Benedict Lyakurwa (25%), who are family members, while the other 25% shares are available to prospective investors who are interested in becoming shareholders.

The installation and operation of this plant will stimulate community to improve their living standards especially creating 600 direct and indirect employments, provide ready market and value addition to farmers crops and hence increase agricultural productivity.

## Challenge

The local annual demand for ethanol is estimated 568 million liters of which 90% of demand is met by importation at high cost due to port charges, duties, and taxes. On the other hand, the global ethanol market size was valued at USD 89.1 billion in 2019 and is anticipated to register annual growth rate of 4.8% from 2020 to 2027. The demand for ethanol is driven by growing usage of ethanol as a biofuel. There is also market for ethanol in the pharmaceutical, spirit and chemical industries which are currently growing.

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# Solution

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The ethanol market in Tanzania consists of several consumers in chemical, beverage, industrial, and pharmaceutical sectors. These customers use ethanol as main raw materials to produce a range of products. Currently demand is primarily met through imported ethanol.

Closely observing the beverage industry shows one of the most recent trends is that distillers prefer to create their own micro-distillery within their current operation. This approach boosts sales and takes their business closer to local communities. Another trend in industry is that most distillers now produce expensive distilled drinks for the high-end clients. Statistics show that consumers have experienced appreciable increasing disposable income, and as a result seek out expensive alcoholic brands that are perceived to be classy and of higher quality.

## Competition

Ethanol is one of the commodities that is consumed in Tanzania and globally. Those who are in the business of producing ethanol are known to generate sales and profit comfortably year-over-year if the business is well-managed. In Tanzania, the main player is ILOVO Sugar Factory producing ethanol using molasses and sold to Tanzania Breweries Limited (TBL) dealing with manufacturing of beer and portable spirit.

A close study of the beverage industry – specifically alcohol and beer production - reveals that the market has become much demanding on ethanol due to high demand of spirits processing factories. Existing companies are unable to meet demand. Imports pose the strongest rivalry, and competitive pricing would be draw in early-stage customers without much resistance.

Although the competition is not considered a concern at the moment, Montagna intends to build customer relationships that will sustain potential competitive threats in the future. MDS will be highly creative, customer centric, and proactive in order to build a strong customer base across several industries.

The company is aware of the competition from importers and will ensure favorable business conditions to reduce the import of ethanol in the Tanzania markets by selling products at competitive price.

# Plan

Mr. Lyakurwa bring vast experience in building businesses from concept to international phenomenon. He will leverage his personal network and expertise to recruit a highly skilled management team.

Custom ethanol packaging will be tailored to the needs of each buyer. Core strengths will include an extensive national and international distribution network, as well as excellent customer service. Employees will be well taken care of, and their compensation will be among the best in the industry, which will help deliver set goals and achieve all aims and objectives.

Montagna will excel  
by offering  
international distribution,  
excellent customer service,  
and custom packaging



Over and above, ethanol production industry is a profitable industry and is open for any aspiring entrepreneur to come in and establish his or her business. If you look at the ethanol industry there has been increased the number portable spirit producers and pharmaceuticals plant year by year. This implies that demand for ethanol as the main materials to produce liquor, drugs and chemicals is increasing.

## Team

Mr. Salvatory Faustine Lyakurwa is the Principal, Founder and Chief Executive Officer of Montagna Distillery and Spirits™ Limited. He has vast experience, bringing more than 20 years in Engineering Civil Consulting Services and Geotechnical Engineering and Management.

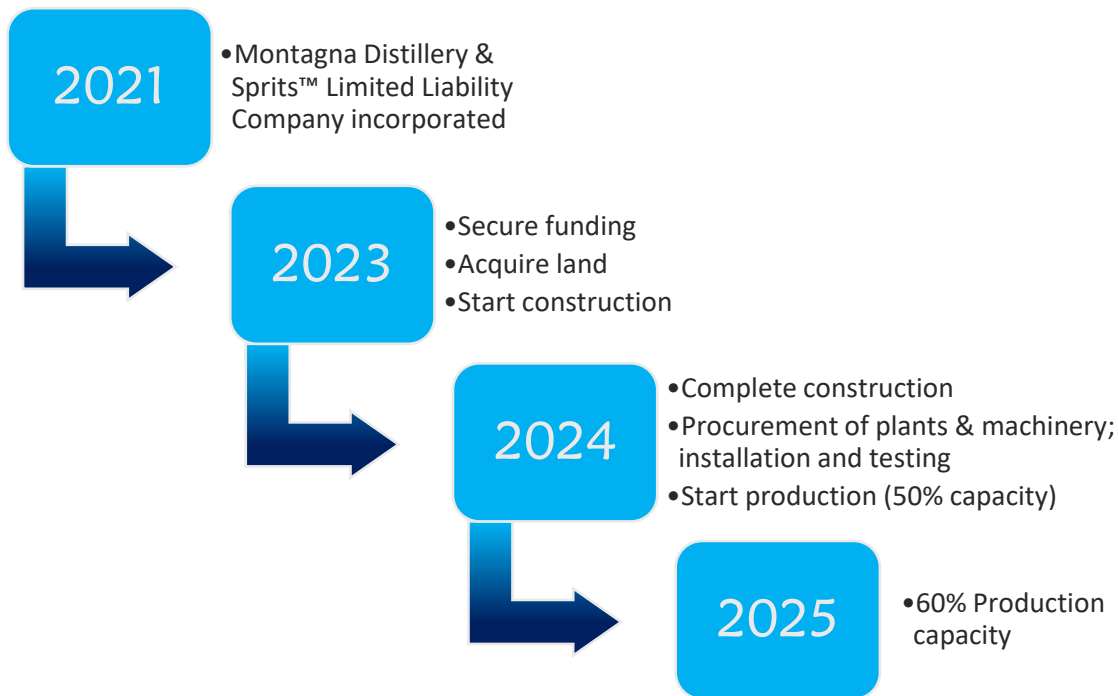
Ms. Ladygrace Benedict Lyakurwa is an owner (25% equity) and a Director of Montagna Distillery and Spirits™ Limited. She has over 15 years' experience as Principal Aerodrome Management Officer acquired from Tanzania Civil Aviation Authority.

Montagna Distillery and Spirits Limited is the new venture which has not started operation. Currently, the project planning, financing and implementation activities is coordinated by Mr. Hatibu Njuwila as Business Development Manager. He has over fifteen (15) years experience in project development and financing acquired from TIB Development Bank Limited.

The company will be led by the Board of Directors, responsible for handling policy issues, approving strategic plan, and following up on the activities of the Chief Executive Officer. A General Manager (Plant Manager) will be recruited, with responsibility for management of day-to-day business operations.

# Milestones

Montagna Distillery has spent the last year liaising with local authorities and establishing general agreement for the plan to create the ethanol plant. Once funding is secured, the process is expected to move quickly through land acquisition and will begin construction promptly.





# Financials

Revenue will initially be generated through ethanol sales. Production will start at 50% capacity, and there will only be a partial year of production in Year 2 after construction completes. Year 3 will be the first year running production over the course of 12 months. This year has conservatively been projected with 50% capacity, using 10% capacity increases for each year following up to 100%.

Operating Statements	Year 1	Year 2	Year 3	Year 4	Year 5
% of Full Capacity	-	25%	50%	60%	70%
<b>Revenue</b>					
Revenue	0	4,250,000	8,500,000	10,200,000	11,900,000
Cost of Goods Sold	0	-2,125,000	-4,250,000	-5,100,000	-5,593,000
<b>% of Full Capacity+G41:G42</b>	0	2,125,000	4,250,000	5,100,000	6,307,000
<b>Operating Expenses</b>					
Staff	0	0	0	0	0
Operations (systems, travel, legal, etc)	1,000,000	1,100,000	1,210,000	1,331,000	1,464,100
Sales and Marketing	0	0	0	0	0
<b>Total Operating Expenses</b>	1,000,000	1,100,000	1,210,000	1,331,000	1,464,100
<b>Pre-Tax Income</b>	-1,000,000	1,025,000	3,040,000	3,769,000	4,842,900

## Conclusions

Montagna Distillery will drive economic progression on a number of levels. Demand within the country for ethanol will be met with more cost-effective options as compared to the imports currently addressing that need. Ethanol products will help increase the volume of exports from Tanzania, while creating permanent jobs across a range of skill levels. This type of investment creates sustainable economic improvements.

Principal Salvatory Lyakurwa is seeking an initial investment of USD \$1.5 million. These funds will enable a 40% return on investment (ROI) payback by month 36.



**Montagna Distillery  
& Spirits Limited™**



**5th Avenue Capital**  
Private Funding from \$10M to \$2B

**Reagan Rodriguez**

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