



## Investment opportunity: Manufacturing

### Otavi Rebar Manufacturing

Namibia held off the global economic slowdown, posting growth rates above 5% since 2010. Its economic recovery remains on course despite the winding down of official fiscal stimulus measures. The 3-year Targeted Intervention Programme for Employment and Economic Growth was implemented in 2012 and anchored the expansionary policy. This policy was wound down as scheduled in 2013/14 and to its credit, it created an estimated 83 315 jobs, about 19% of them permanent. Gross domestic product (GDP) growth accelerated to 5.6% in 2015 from 5.3% in 2014 with robust construction activity and high consumer demand. Growth is expected to improve to 4.2% in 2016 and 5.4% in 2016 as external demand improves and new mines start production and exporting.

#### Project Overview

The company, Otavi Rebar Manufacturing (Pty) Ltd (ORM) was founded in 2012 and commenced with the development of a feasibility study to establish a reinforcing steel bar (rebar) manufacturing plant in Otavi, situated strategically on the Walvis Bay Corridor network. The company is based on a Public Private Partnership (PPP) between private investors and the Otavi town Council. A South Korean plant has been identified as the most favorable and cost effective solution to achieve the project's objective.

MK international (Pty) LTD, (MK) has indicated interest in the project. A joint venture agreement has been concluded between the two parties. The shareholding agreement will be matured in a Special Purpose Vehicle in a 49% (ORM) and 51% (MK) ratio.

The plant's output capacity will be 580, 000 ton per annum in the first phase, with subsequent phases increasing the capacity up to 1000,000 tons per annum in rebar and steel products in a variety of profiles.

There is no rebar manufacturing facility in Namibia and all rebar used in the country has to be imported. In 2014 the market for rebar in Namibia was estimated at 155,000 tons and the demand is projected to grow in excess of 9% per annum in line with the projected growth in infrastructure and construction projects.

The projected investment in the rebar manufacturing plant is estimated at USD 250 million, N\$3,6 billion of which the project promoters has contributed N\$1 billion.

#### Project Timeline Summary

24 months after finalising financials

#### Investment Opportunity

Total Project Cost:

USD 250 million or NAD 3, 6 billion (NAD: USD = 14.3)

Funding split	USD million	NAD million
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#### Dividend policy 50%

The owners are seeking investment or loan finance to the value of N\$1, 8 billion which is 49% of the total investment amount.

Project brief available from:  
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