OLYMPIA CAPITAL CORPORATION LTD (OCCL)
BUSINESS PLAN

- **Nature of Business**
  Investment holding company

- **Registered Office**
  Plot 50371
  Fairgrounds
  Gaborone
  Botswana

- **Auditors**
  PricewaterhouseCoopers (Proprietary) Limited
  Certified Public Accountants

- **Bankers**
  First National Bank of Botswana Limited
  Stanbic Bank Botswana Limited
  First National Bank of South Africa Limited
  Banc ABC

- **Attorneys**
  Modimo & Associates

- **Investment Portfolio**
  Kalahari Floor Tiles (Pty) Ltd – 100% owned subsidiary
COMPANY BACKGROUND
OCCL experienced significant deterioration in the performance of its South African businesses. The board eventually decided to exit its operations in Johannesburg and Capetown, South Africa, as a result we these were reported in our results as discontinued operations. The deterioration in the business brought about by high interest charges.

Notwithstanding the global recession and that the majority of our sales are in South Africa, the Botswana operations continue to deliver good results. The products we export to South Africa are not geared for the high-end retail sector of the building trade.

Botswana currently includes two companies Gaborone Enterprise, a real estate concern, and Kalahari Floor Tiles which carries out four lines of business: Manufacturing of PVC floor tiles, making of industrial chemicals and personal care products, the fabrication of Aluminium window frames and the distribution of window covering products and custom blinds

The company was incorporated in 1988 with its core activities been the manufacturing of Vinyl Floor Tiles. It’s a wholly owned subsidiary of Olympia Capital Corporation Ltd, that’s listed on the Botswana Stock Exchange. The company is the sole manufacturer of vinyl floor tiles in Botswana with an installed capacity of one million square metres (1,000,000m2) per anum and it operates for 24 hours a day (three shifts). The company has a total work force of 120 employees spread across its three divisions.
The company exports about 60-80% of the vinyl tiles produced to the SADC region.

The company manufactures in accordance with SABS Standards and is an ISO 9001:2015 certified company.

FUTURE OUTLOOK

Our Commitment Statement
OCCL strives for excellence and continual improvement in all it does; taking pride in providing quality products and services, innovative planning, hands-on delivery and commitment to clients’ satisfaction earning us a loyal and growing client base.

**Past performance/Projected**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>45,356,217</td>
<td>43,941,937</td>
<td>41,000,000</td>
<td>44,000,000</td>
<td>45,000,000</td>
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<tr>
<td>Return</td>
<td>5%</td>
<td>7%</td>
<td>5%</td>
<td>7%</td>
<td>8%</td>
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**PLANS**

Currently as new revenue streams are sought our main focus area for growth has been in the vinyl's sector. We specifically draw on to this as it our focal export product and other lines of business that we may seek to venture in would need to follow mirror this.

1.1 **Users and buyers**

Our main costumers for quartz products are:

i. Government

ii. Individuals

iii. Contractors

iv. Wholesalers

v. Hardware shops

These customers have different motivation for use e.g. government use most of our product in their staff house and classrooms, yet individual tile their personal houses.

Our tiles are 20-year life time guaranteed as that maintenance is only done when necessary. And it’s very easy and cheap to maintain because only damaged tiles will be removed and replaced.

The frequent buyers of our products are government and whole sales. Government buy frequently as they have projects and maintain time and again. Whole sellers
are our stock distributor; they sell to end users and other retails and hardware’s. For the past years these have been the main users and pusher of our product.

1.2 Vinyl Flooring Market
(Source: http://www.futuremarketinsights.com/reports/vinyl-flooring-market)
Vinyl flooring is a robust flooring. They are manufactured in many parts of the world and it still remains one of the most popular products these days. Scratch free, easy to maintain and wear resistant are some of the major advantages vinyl flooring over other floorings that are keeping it at a competitive edge. Also, vinyl flooring has its availability in several colours, designs, and patterns which has made it more striking and tempting.
There is growing consumer attention in decorating their houses. Increasing preferences towards environment friendly products are also responsible for driving this market.

Drivers & Restraints
Growing consumer demand of residential floorings and increasing purchasing power is raising the global vinyl flooring market. Its cost effectiveness and environment friendly nature of the consumers is inducing more and more consumers, ultimately increasing the global vinyl flooring market. Nominal maintenance and increased strength and durability are some of the major reasons why these surface floorings are also preferred in non-residential market. Technological advancement also playing an enormous role to stay ahead in the competition.
The major challenge of the global vinyl flooring market is that it needs a higher level of skill to install it which needs a specific training. The manufacturers are responsible to offer extensive factory training for professional installers. If not installed properly it can lead to some problems like wrong patching, irregular surface and cracking.

Region-wise Outlook
Global Vinyl flooring market is expected to register a favourable growth which is backed by the growth of global decorative paints market that has grown noticeably in the last few years. The growing demand for vinyl flooring due to the rise in infrastructural projects and urbanisation is responsible for raising the global vinyl
flooring market. The growth in global vinyl flooring market is also due to an increasing purchasing power. Also, the increased commercial consumption of vinyl flooring in healthcare, manufacturing, retail and education is growing the global vinyl flooring market immensely.

**Key Players**
The market participants such as material suppliers, manufacturers and distributors play a key role in the supply chain of the industry.

**Market characteristics / South Africa and Namibia**

1. Current market size is significant compared to the domestic market
2. Positively projected market growth rate
3. There are 2 main competitors – namely Belgotex and Marley/Floorworx.
4. The intensity is quite ferocious especially since the other 2 competitors are actually based in the export market. Deployment of marketing resources is easier and cheaper for them.
5. Technological skills are required
6. Production/operations skills required
7. Capital requirements entering into the market are moderate to high.

**Trends, development, changes**
Knowing what market trends affect our market also allows us to take advantage of positive changes and handle the negative ones.

Kalahari Floor Tiles will begin to formally monitor market trends including pricing, technological aspects, economies and global factors.

**Main competing product range**
We get competition from people who sale the same product as us and substitute.

As competition continues, we also have other treads or competition from substitute. These are products that can be use on behalf of our products. And these products include:

1. Ceramic
2. Cement
iii. Porcelain

### 1.3 Distribution
Kalahari Floor Tiles makes use of 3 different distribution channels in South Africa as listed below:

i. Warehouses: we have set up a warehouse in South Africa where we keep our tiles to distribute to the rest of South Africa and other southern African countries.

ii. Agents: the company makes use of agents in South Africa who act in our interest and represent the company. They do all the marketing, customer contact and site visitations that have to be carried out in South Africa

iii. Wholesale distributors: They make use of both internal agents and the warehouses. Wholesalers make their purchases from agents and then collect their stock from the warehouse for distribution to other customers.

The company has opted to make use of the above distribution channels to efficiently reach the market and meet its demand. This the most cost-effective strategy for Kalahari Floor Tiles to employ at the moment given constricted human and financial resources. We have also found the following advantages in this strategy:

- Easy to control and manage
- Easy to run promotions through an established pipeline
- Easy to monitor
- Reduced costs
- Reduced risk

Therefore, we plan to duplicate strategy of distribution as we enter into other countries in future.
### 1.4 Promotion

Presently, we are using the following methods to promote and market our products at various levels of distribution and entry:

i. **Brochures** – a standard brochure detailing our full product line and contacts for general distribution to all our customers. This has not been segregated for the different markets we serve.

ii. **Colour Charts** – these are in house made. It displays all our 23 different colours of vinyl tiles that we offer to our customers.

iii. **Radio- Adverts** are run on radio periodically. Normally we broadcast our adverts in August to target the oncoming government project as most of our projects are government projects.

iv. **Website**- we have established a website which includes information on our full product range across our 4 divisions. The website is updated only when necessary. It includes our address, contact details, agents and SABS certificates to really prove our quality certification.

v. **Project site visits**- site visits are carried out now and then to aid with fitting because tiling is 100% complete only after fitting.

vi. The company has engaged with BITC (Botswana Investment and Trade Centre), and it has participated in trade missions aimed at its continuous diversification. Some of these are the SAITEX exhibition (biggest in Africa) in Midrand last year, Business to Business meetings in Namibia and recently the trade exhibition in Zimbabwe. The above including missions into SADC in general are driving us to embark on various diversification investment models.

vii. **Plant expansion** into a specific product range is another thing that we are looking into. The manufacturing plant traditionally produces 300mm x 300mm tiles, we are looking at expanding the range to have a 600mm x 600mm and 600mm x 300mm tiles. The aforementioned expansion will entail the purchase of certain equipment from Norway at a cost about Pula Five million (P5,000,000). We are also looking into widening the sheet that is rolled out from a 660mm wide sheet to a 1,200mm-2,000mm wide one. This is likely to happen in the next 3-5 years as the capital outlay is quite large ($4-$6 million).
It is through these types of promotion methods that we are reaching most of our current and potential customers and these materials are relatively easy and cheaper to transport, access and produce in other countries.

2.0 Export Product / Market Combination

2.1 Market selection
Considerations made when selecting South Africa and Namibia as our export markets:
   i. Easy entrance procedures
   ii. Market
   iii. Currency stability
   iv. Social and economic stability

South Africa is our biggest market and consumes 60% of what we manufacture. It has the best growth potential for revenue. We have also realised that RSA market is bigger than other South African countries.

So far, South Africa is largely still at peace and stable. Despite recent tensions over the country’s economic outlook and general fiscal downgrading, South Africa still guarantees continued political and economic stability.

It is important, however, to focus resources on market segments whose size, growth and profitability is good, both immediately and in the long run. We have chosen target regions of Johannesburg, Durban, Cape Town and Port Elizabeth to put up our warehouses and establish agents.

Similarly, Namibia is a low-risk country in the region. It has good infrastructure and a strong transport network facilitating quick transport and lower transport costs. However, Kalahari Floor Tiles is aware that it is not feasible to set up their own facility in-country because the population there is vastly dispersed and relatively poorly educated labour force and with highly bureaucratic systems.
Namibia is also vulnerable to fluctuations in global commodity prices which would affect the profitability of our company.

So, we sell our products directly to Namibia through a building supplies shop based in Windhoek. The market represents about 10% of our exports. These tiles are stocked and distribute by Furntech Wholesale CC which is our sole supplier and distributor.

2.2 Competition
The following companies compete with us as they supply the same products as us. As such they become competition:

   i. Marley
   ii. Belgotex

Even though we have competition from the same product supplier and manufacturer, competition still continues as we face substitutes. These are products that can be used on behalf of our products e.g.

   i. Ceramic
   ii. Porcelain
   iii. Cement

Comparison strengths/weaknesses vs. own products.

   i. Maintenance is cheap
   ii. 20 years life time guarantee
   iii. Easy to install

<table>
<thead>
<tr>
<th>Kalahari Floor Tiles Pty Ltd SWOT</th>
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<tr>
<td><strong>Strengths</strong></td>
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### Internal

| i. Short chain of command | i. Marketing products and strategy not effective. | i. Mass low-cost infrastructure initiatives remain neighbouring governments’ priorities - thus the need for affordable and durable building material. | i. Inability to adapt to changes in customer preferences (obsolescence) |
| ii. Costs are mostly fixed and kept to a minimum. | ii. Distant from the “action” | ii. Improvement in roads and customs regimes should enable easier access to the product. | ii. Cheaper imports from Asia |
| | iii. Lack of human resources | iii. Rand appreciation likely to increase sales as prices are fixed for 12 months. | ii. Exchange control tightening |
| | iv. Unable to adapt to changing trends. | | v. Up and coming substitute products (e.g. sheeting) pose an innovation threat |

### Product

| i. Quartz tiles flexible and durable | i. It needs polish to shine as compared to porcelain and ceramic | i. Government still specify our product on their projects | i. Entrance of new products in markets |
| ii. Pricing very competitive | | | ii. Our prices versus that of our competitor and substitute |
| iii. Easy to maintain | | | |
| iv. Easy to install | | | |
| v. All colours are always available | | | |

### 3. Objectives

The Marketing Plan should cover preferably 3 (operational) years

#### 3.1. Marketing Objectives

i. Increase export sales by at least 40% in the southern African region over the next 5 years, ensuring that the increase in sales should significantly exceed the cost of the marketing. This should also be seen in inquiries coming from our website. Currently there are no enquiries coming from the website.

ii. Improve product awareness; we need to invigorate interest in our existing products to build a positive reputation

iii. To establish and increase our market share in the region by becoming a recognisable Botswana brand.

iv. To increase our market visibility through more publicity and advertising.

#### 3.2. Financial objectives

- Profits and Income – Annual Income – P38m, Annual Profit – P4m
- Operational Results – Production of 90,000 boxes per annum

### 4. FUNDING
Our current funding will depend on the domestic market turnover and organisational priorities. It is important to know that OCCL operations are being adversely affected by the current political economic environment in South Africa. This drives us more into planning to enter other countries/markets as well. Resources will be drawn from our current operational budget. The Board has been convening to look into areas that would lead to sustainable growth and stability for the group, however we have in the past restricted ourselves to manufacturing, but are now willing to look into other sectors that could bolster our growth. The company has had various parties/stakeholders wanting to come on board on condition that the projects that we participate in will fundamentally change the fortunes of the company and shareholders in general. Growth has been earmarked as a must.